

## FRANCHISE DISCLOSURE DOCUMENT



The franchise is for a SweetWater Technologies Business (the “**SW Business**”) that is a full-service drone application and business development company, offering the next generation of American farmers and ag professionals turn-key, owner-operator partnerships within precision agriculture and other products and services, using our System.

The total investment necessary to begin the operation of a SW Business franchise ranges from \$89,145 to \$190,930. This includes \$70,000 that must be paid to the franchisor or affiliate.

This disclosure document summarizes certain provisions of your franchise agreement and other information in plain English. Read this disclosure document and all accompanying agreements carefully. You must receive this disclosure document at least 14 calendar days before you sign a binding agreement with, or make any payment to, the franchisor or an affiliate in connection with the proposed franchise sale. **Note, however, that no government agency has verified the information contained in this document.**

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Hannah Gripp, 401 West Main Street, Wyanet, Illinois 61379; email: [hannah@sweetwatertechnologies.com](mailto:hannah@sweetwatertechnologies.com); telephone number: (574) 933-4285.

The terms of your contract will govern your franchise relationship. Don’t rely on the disclosure document alone to understand your contract. Read all of your contracts carefully. Show your contract and this disclosure document to an advisor, like a lawyer or accountant.

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as “*A Consumer’s Guide to Buying a Franchise*,” which can help you understand how to use this disclosure document, is available from the Federal Trade Commission (the “**FTC**”). You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, DC 20580. You can also visit the FTC’s home page at [www.ftc.gov](http://www.ftc.gov) for additional information. Call your state agency or visit your public library for other sources of information on franchising.

There may also be laws on franchising in your state. Ask your state agencies about them.

Issuance Date: August 21, 2025

## How to Use This Franchise Disclosure Document

Here are some questions you may be asking about buying a franchise and tips on how to find more information:

QUESTION	WHERE TO FIND INFORMATION
<b>How much can I earn?</b>	Item 19 may give you information about outlet sales, costs, profits and losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibits K and “L.”
<b>How much will I need to invest?</b>	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor’s direction. Item 7 lists the initial investment to open. Item 8 describes the supplies you must use.
<b>Does the franchisor have the financial ability to provide support to my business?</b>	Item 21, or Exhibit B includes financial statements. Review these statements carefully.
<b>Is the franchise system stable, growing or shrinking?</b>	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
<b>Will my business be the only Franchised Business in my area?</b>	Item 12 and the “territory” provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
<b>Does the franchisor have a troubled legal history?</b>	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
<b>What’s it like to be a SweetWater Technologies powered by Gripp® franchisee?</b>	Item 20 or Exhibits K and L lists current and former franchisees. You can contact them to ask about their experiences.
<b>What else should I know?</b>	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

## What You Need to Know About Franchising *Generally*

**Continuing responsibility to pay fees.** You may have to pay royalties and other fees even if you are losing money.

**Business model can change.** The franchise agreement may allow the franchisor to change its manuals and business model without your consent. These changes may require you to make additional investments in your franchise business or may harm your franchise business.

**Supplier restrictions.** You may have to buy or lease items from the franchisor or a limited group of suppliers the franchisor designates. These items may be more expensive than similar items you could buy on your own.

**Operating restrictions.** The franchise agreement may prohibit you from operating a similar business during the term of the franchise. There are usually other restrictions. Some examples may include controlling your location, your access to customers, what you sell, how you market, and your hours of operation.

**Competition from franchisor.** Even if the franchise agreement grants you a territory, the franchisor may have the right to compete with you in your territory.

**Renewal.** Your franchise agreement may not permit you to renew. Even if it does, you may have to sign a new agreement with different terms and conditions in order to continue to operate your franchise business.

**When your franchise ends.** The franchise agreement may prohibit you from operating a similar business after your franchise ends even if you still have obligations to your landlord or other creditors.

### Some States Require Registration

Your state may have a franchise law, or other law, that requires franchisors to register before offering or selling franchises in the state. Registration does not mean that the state recommends the franchise or has verified the information in this document. To find out if your state has registration requirements, or to contact your state, use the agency information in Exhibit “D.”

Your state also may have laws and require special disclosures or amendments be made to your franchise agreement. If so, you should check the State Specific Addenda. See the Table of Contents for the location of the State Specific Addenda.

## Special Risks to Consider About *This Franchise*

Certain states require the following risk(s) be highlighted:

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in Illinois. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in Illinois than in your own state.
2. **Sales Performance Required.** You must maintain minimum sales performance levels. Your inability to maintain these levels may result in loss of any territorial rights you are granted, termination of your franchise, and loss of your investment.
3. **Short Operating History.** The franchisor is at an early stage of development and has a limited operating history. This franchise is likely to be a riskier investment than a franchise in a system with a longer operating history.
4. **Spousal Liability.** Your spouse must sign a document that makes your spouse liable for all financial obligations under the franchise agreement even though your spouse has no ownership interest in the franchise. This guarantee will place both your and your spouse's marital and personal assets, perhaps including your house, at risk if your franchise fails.
5. **Inventory/Supplier Control.** You must purchase all or nearly all of the inventory or supplies that are necessary to operate your business from the franchisor, its affiliates, or suppliers that the franchisor designates, at prices the franchisor or they set. These prices may be higher than prices you could obtain elsewhere for the same or similar goods. This may reduce the anticipated profit of your franchise business.

Certain states may require other risks to be highlighted. If so, check the "State Specific Addenda" pages for your state.

**THE STATE OF MICHIGAN PROHIBITS CERTAIN UNFAIR PROVISIONS THAT ARE SOMETIMES IN FRANCHISE DOCUMENTS. IF ANY OF THE FOLLOWING PROVISIONS ARE IN THESE FRANCHISE DOCUMENTS, THE PROVISIONS ARE VOID AND CANNOT BE ENFORCED AGAINST YOU.**

Each of the following provisions is void and unenforceable if contained in any documents relating to a franchise:

- (a) A prohibition on the right of a franchisee to join an association of franchisees.
- (b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.
- (c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.
- (d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) the term of the franchise is less than 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise.
- (e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.
- (f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.
- (g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:
  - (i) The failure of the proposed transferee to meet the franchisor's then current reasonable qualifications or standards.
  - (ii) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.
  - (iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.

(iv) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.

(h) A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. This subdivision does not prohibit a provision that grants to a franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if the franchisee has breached the lawful provisions of the franchise agreement and has failed to cure the breach in the manner provided in subdivision (c).

(i) A provision which permits the franchisor to directly or indirectly convey, assign, or otherwise transfer its obligations to fulfill contractual obligations to the franchisee unless provision has been made for providing the required contractual services.

If the franchisor's most recent financial statements are unaudited and show a net worth of less than \$100,000.00, the franchisee may request the franchisor to arrange for the escrow of initial investment and other funds paid by the franchisee until the obligations, if any, of the franchisor to provide real estate, improvements, equipment, inventory, training or other items included in the franchise offering are fulfilled. At the option of the franchisor, a surety bond may be provided in place of escrow.

THE FACT THAT THERE IS A NOTICE OF THIS OFFERING ON FILE WITH THE ATTORNEY GENERAL DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION, OR ENDORSEMENT BY THE ATTORNEY GENERAL.

Any questions regarding this notice should be directed to:

State of Michigan  
Department of Attorney General  
CONSUMER PROTECTION DIVISION  
Attention: Antitrust & Franchise  
G. Mennen Williams Building, 6th Floor  
525 West Ottawa  
Lansing, Michigan 48909  
Telephone Number: (517) 373-7117

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**SWEETWATER TECHNOLOGIES®**  
**FRANCHISE DISCLOSURE DOCUMENT**

**ITEM 1.**  
**FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES**

The Franchisor is Sweetwater Technologies Franchise, LLC, referred to as “we,” “us,” or “our.” We also do business under our corporate name and the names “SWEETWATER TECHNOLOGIES®.” “You” or “your” means a person who acquires a franchise from us. If you are a corporation, partnership or other entity, certain provisions of our Franchise Agreement also will apply to your owners. This disclosure document will indicate when your owners also are covered by a particular provision.

**The Franchisor**

We are an Illinois limited liability company that was formed effective January 19, 2024. Our principal business address is 401 West Main Street, Wyanet, Illinois 61379 and our telephone number is (574) 933-4285. Our agents for service of process in the states that require franchise registration are listed in Exhibit D to this Disclosure Document. We do not do business under any names other than our corporate name and the trade name “SWEETWATER TECHNOLOGIES®.”

We offer franchises (each, a “**Franchised Business**” and collectively, the “**Franchised Businesses**”) to qualified and capable candidates who want to operate a SweetWater Technologies business (the “**SW Business**”) that is a full-service drone application and business development company, offering the next generation of American farmers and ag professionals turn-key, owner-operator partnerships within precision agriculture and other products and services, such as our proprietary agricultural chemicals (the “**Products and Services**”), using our System. Our franchisees are help local growers to maximize yield potential through agronomics and application of chemicals to agricultural acreage. In addition, each Franchised Business offers a full portfolio of agronomic products exclusive to SweetWater Technologies. These products are specifically designed for drone application and tailored to increase crop yield and maximize plant potential.

We have been offering franchises for Franchised Businesses since February 7, 2024. We do not operate the type of business being offered under this Disclosure Document, but our affiliate does. We have not conducted business in any other line of business. We have not offered franchises in any other line of business.

**Parents, Predecessors and Affiliates**

We do not have a parent or any predecessors. Our affiliates are:

<b>Name</b>	<b>Address</b>	<b>Entity Information</b>	<b>Business</b>
Sweetwater Technologies, LLC (“SWT”)	401 West Main Street, Wyanet, Illinois 61379	Illinois limited liability company formed on July 12, 2023	This entity will operate a SWEETWATER TECHNOLOGIES business moving forward. This entity will lease equipment to franchisees.

Name	Address	Entity Information	Business
Gripp Custom Farming Corp. (“Gripp CFC”)	3981 1945 North Avenue Sheffield, IL 61361-9417	Illinois corporation formed on August 5, 2014	This entity will provide products and lease equipment to franchisees. This entity owns the intellectual property licensed to franchisees.

Our affiliates do not have any other business activities and do not offer franchises in any lines of business.

### **The Business**

SW Businesses market, sell and perform drone application services within precision agriculture for, and market and sell Products to farmers using our System under distinctive formats, methods, marketing plans, policies, procedures, standards, specifications, information, sales and training techniques, business relationships, marks and copyrights developed by us or our affiliates, all of which we may change, alter, amend, further improve, discontinue, develop or otherwise modify from time to time (collectively, the “System”). You may not sell the branded Products or Services on a wholesale basis. You may sell unbranded Products on a wholesale basis, as is outlined in the Manual (as defined later in this Item 1).

### **The Franchise Offered**

The SW Business that you will establish and operate will be referred to in this disclosure document as your “**Franchised Business**.” You will acquire a license to use certain logos, service marks and trademarks, including the service mark “SWEETWATER TECHNOLOGIES®” (collectively, the “**Marks**”) and proprietary systems, procedures and technology in the operation of your Franchised Business. The “**Marks**” also include our distinctive trade dress used to identify Franchised Businesses, whether now in existence or created in the future. You must sign a franchise agreement (the “**Franchise Agreement**”). You will operate your Franchised Business in accordance with the Franchise Agreement in the form attached to this disclosure document as Exhibit A

Franchised Businesses are characterized by the System which includes our methods and procedures for the establishment, management and operation of Franchised Businesses, including our logos, concept, style, trade secrets, proprietary products, programs and products, confidential operations manuals and operating system. The operational aspects of a SW Business are contained within our confidential operating manuals (collectively, the “**Manual**”). You will operate your SW Business as an independent business using the Marks, the System, the SWEETWATER TECHNOLOGIES® name, as well as the support, guidance and other methods and materials provided or developed by us. For uniformity and brand integrity, you may not offer other services or products without our prior written approval.

### **Market and Competition**

The market for application of crop protection products by aerial businesses is developing. You will compete with other aerial applications and ground spraying rigs. The business is seasonal. You will experience a higher volume in the growing season and a lower volume in nongrowing. This seasonal difference is more pronounced in climates without a farming community.

## **Laws and Regulations**

There may be local, state and/or federal laws or regulations pertaining to your Franchised Business with which you must comply. Certain local municipalities and state governments require medical examinations, and there may be additional requirements. These requirements vary from state to state, and, within states, they vary across municipalities and other political subdivisions. We strongly suggest that you investigate these laws before investing in this Franchised Business as it is solely your responsibility to comply with local, applicable law. In order to fly a drone under the FAA's Small UAS Rule (Part 107), a person must obtain a Remote Pilot Certificate from the FAA and comply with applicable state law. This certificate demonstrates that you understand the regulations, operating requirements, and procedures for safely flying drones. You must also comply with any licensing requirements with respect to pesticides. We will not assist in your compliance with local laws in connection with the operation of your Franchised Business.

## **ITEM 2. BUSINESS EXPERIENCE**

Unless otherwise stated, all of the following individuals are located in Wyanet, Illinois.

### **Chad R. Gripp – Owner, President**

Mr. Gripp has served as our Owner, President since January 2024 and has served as Gripp CFC's Owner, President since July 2014. Mr. Gripp has been involved in the farming industry since the early 1980's.

### **TeNeille J. Gripp – Owner, Secretary, Treasurer**

Mrs. Gripp has served as our Owner, Secretary, Treasurer since January 2024 and has served as Gripp CFC's Owner, Secretary, Treasurer since July 2014. Mrs. Gripp has been involved in the farming industry since 2002.

### **Hannah Gripp – Strategic Partnership Director**

Mrs. Gripp has served as our Strategic Partnership Director since January, 2024 and has served as Gripp's Strategic Partnership Director since November 2023. Prior to that, Mrs. Gripp served as Regional Sales Manager for Topcon Positioning Systems from July 2020 to November 2023. Mrs. Gripp was a student during any gaps in employment.

### **Michelle Dykstra – Strategic Development Director**

Mrs. Dykstra has served as our Development Partnership Director since our inception and has served as Gripp's Strategic Development Director since March 2023. Prior to that, Mrs. Dykstra served as (a) Service Manager for AC McCartney-Agco Dealer in Fulton, Illinois from October 2022 to March 2023; (b) Store Manager/Sales and Service Regional Manager for Altorfer Caterpillar Agriculture Division in Rock Falls, Illinois from March 1993 to October 2022.

## **ITEM 3. LITIGATION**

No litigation is required to be disclosed in this Item.

**ITEM 4.  
BANKRUPTCY**

No bankruptcy is required to be disclosed in this Item.

**ITEM 5.  
INITIAL FEES**

**Initial Franchise Fee**

You must pay us an initial franchise fee of \$10,000 in connection with a standard Franchised Business. The initial franchise fee is payable upon the signing of the Franchise Agreement in a lump sum. The initial franchise fee is uniform for all franchisees purchasing the right to operate in a standard territory. This fee includes the costs associated with obtaining the Products to provide the Services for the period of time beginning on the effective date of the Franchise Agreement and expiring on December 31 of the first year of the initial term.

**Equipment Fee**

You must pay our affiliate, SWT, an equipment fee, which varies based upon the equipment package you agree to use in connection with the Franchised Business and whether you purchase certain of your equipment from us or a third-party supplier.

The packages are as follows:

<b>Equipment</b>	<b>Equipment Fee</b>
Brush Truck (1 drone)	\$60,000
Truck and Trailer (2 drones)	\$102,000
1 drone (available if purchasing the equipment)	\$40,000

The Equipment Fee is due and payable upon execution of the lease and the fees are uniform for all franchisees. This fee includes the costs associated with obtaining the Products to provide the Services for the period of time beginning on the effective date of the Franchise Agreement and expiring on December 31 of the first year of the initial term.

All leased equipment is subject to your execution of the Equipment Lease attached to the Franchise Agreement as Exhibit G.

If you wish to purchase the equipment from SWT, we may sell the equipment to you for the following prices:

<b>Equipment</b>	<b>Amount</b>
Brush Truck	\$ 116,985.00
Truck and Trailer	\$ 175,165.00

We are not the sole approved supplier of the brush truck or trailer, however, it must be constructed and equipped in accordance with our standards.

There are no other amounts that must be paid to us or our affiliates prior to opening your Franchised Business.

All of the above fees are fully earned by us when paid and nonrefundable.

**ITEM 6.  
OTHER FEES**

<b>Type of Fee <sup>(1)</sup></b>	<b>Amount</b>	<b>Due Date</b>	<b>Remarks</b>
Equipment Fee	\$3,333 per month if only leasing a drone \$5,000 per month if leasing drone and truck \$8,500 per month if leasing truck, trailer and 2 drones	No later than tenth (10 <sup>th</sup> ) day of each month	Paid by automatic debit or ACH to SWT in accordance with lease and subject to annual adjustments based on third party supplier costs.
Royalty Fee <sup>(2)(3)</sup>	(i) 33% of the Gross Sales, <i>plus</i> (ii) either (1) \$2 per acre in which Services are provided, or (2) 25% of the Gross Sales collected for Services provided on an hourly rate	No later than tenth (10 <sup>th</sup> ) day of each month for the prior month's Gross Sales	We bill all of your customers and collect all payments. We will deduct amounts due to us and pay the balance to you. The balance that we pay to you is referred to as the "distributed balance".
Brand Fund Contributions	Up to 3% of Gross Sales	No later than tenth (10 <sup>th</sup> ) day of each month	Payable in such amounts as designated by us from time to time.
Local Advertising and Marketing	You must spend at least \$1,500 annually on approved local marketing, promotion and/or advertising	As incurred	We may increase the required minimum by no more than 15% once a year with notice to you. All advertising, marketing or promotional materials must be approved; may include Co-op contributions.
Co-op Contributions	As determined by the Co-op, not to exceed an additional \$600 per year (which we may increase by up to 15% per year) unless a greater amount is voted by the Co-op	As determined by the Co-op.	If established in your geographic area, you must join and actively participate. Your local advertising requirement will be reduced by the amount of the Co-op Contribution. Company-owned units will have the same voting power as franchisee-owned units and will not have controlling voting power.
Replacement-Manager Training	\$500 per trainee, plus expenses	Before training begins	Payable only if you replace your manager that must attend and complete required training.

<b>Type of Fee <sup>(1)</sup></b>	<b>Amount</b>	<b>Due Date</b>	<b>Remarks</b>
Additional Training Fee	\$250 per day, per trainer plus travel and related expenses	Before assistance begins	Payable only if we provide you additional assistance at a location approved by us within your Territory.
Convention Attendance Fee	Up to \$1,500, subject to 3% annual inflationary adjustment	10 days after invoice	Payable only if we require to attend our conventions.
Technology Fee	Up to \$250 per month	No later than tenth (10 <sup>th</sup> ) day of each month	This fee is used to pay third party designated vendors for ongoing services, including the reporting system and business portal.
Supplier Evaluation Fee	Our Actual Costs	30 days after notice to you of approval or disapproval of the supplier	If you request that we approve a supplier that is not currently an Approved Supplier, you will reimburse us for our actual costs of evaluating the supplier. This fee is due regardless of whether we approve the supplier.
Successor Franchise Fee	\$2,500	At the time of election, but not less than 30 days prior to the expiration date.	There are other conditions for the grant of a successor franchise.
Transfer Fee	\$10,000	Before transfer	Payable when you transfer or sell your franchise. The Transfer Fee is reduced to 50% of our then-current franchise fee for a sale to an existing franchisee. If the sale is between owners or adding an owner, the transfer fee is \$1,500.
Inspection Fee	Up to \$500 per day of per visit	10 days after invoice	Payable only if we require you to engage an inspection service to ensure you meet our safety standards or otherwise investigate the provision of services by your franchised business.
Audit Fee <sup>(4)</sup>	Actual cost of the audit or inspection	10 days after invoice	If you fail to timely furnish any reports or records that we require or if such reports understate the amount due us by 2% or more.
Interest on Late Payments	Lesser of 1.5% per month of amount past due or highest contract rate allowed by applicable law	10 days after invoice	Payable on all overdue amounts.
Insufficient Funds Fee	\$250 per occurrence	Upon demand	If there are insufficient funds in your account to cover all amounts that you owe us.

Type of Fee <sup>(1)</sup>	Amount	Due Date	Remarks
Indemnification	Actual costs	Upon demand	If we are sued for claims relating to the operation of your Franchised Business or for damages that we incur due to your breach of the Franchise Agreement, then you must reimburse us.
Insurance	Amount of premiums	Upon demand	Payable only if you do not maintain required insurance coverage and we elect to obtain coverage for you.
Management Fee	\$5,000/week if you're in default of the Franchise Agreement, plus our travel and living expenses  \$2,500/week upon your death/disability, plus our travel and living expenses	Weekly	Payable if we appoint a manager to manage the day-to-day operations of your Franchised Business and will vary based upon the circumstances of the appointment.
Software Fees	At cost	As invoiced by supplier	We reserve the right to pass-through the costs we pay associated with your use of certain software in connection with the Franchised Business.

**NOTES:**

(1) All fees and expenses described in this Item 6 are uniformly imposed and non-refundable. Except as otherwise indicated in the chart above, we impose all of the fees and expenses listed above, and they are payable to us. We may, at our option, require you to pay any or all periodic or recurring fees to us by electronic funds transfer.

(2) If the state or local taxing authorities in your Territory impose any taxes on any payments that you owe to us (like a sales or service tax), then you must comply with all tax reporting and pay to us an adjusted amount to cover any such taxes, so that the net amount paid to us is not reduced by such taxes. This gross-up provision for state or local taxes applies only to taxes imposed directly on the Royalties or other amounts due to us. This provision does not apply to any taxes separately imposed on us, like income taxes.

(3) All payments for your Franchised Business will be processed by us. Within sixty (60) days after the end of each month, we will provide you with a report of (i) the Gross Sales either (1) collected for Services and Products provided by your SW Business, or (2) paid in connection with a prepayment for Services and/or Products to be provided by your SW Business (including a breakdown by prepayment and collection) and (ii) total Gross Sales collected for your SW Business for the two (2) months immediately prior thereto, itemizing the Royalties paid to us and direct cost adjustments (if any). We will (a) deduct and retain the Royalties, (b) deduct the amount of any customer invoices that are outstanding for greater than 12 months, other fees and costs payable to us and Direct Costs, and (c) retain 70% of the Gross Sales owed to you for those Gross Sales collected that are attributable for prepaid Products and Services ("Prepaid Gross Sales") and pay the balance to you (the "Distributed Balance"). Royalties and other fees and costs

payable to us and Direct Costs will be deducted first from Gross Sales. We may make payments to you by check or electronic funds transfer. You must sign any documents required by us, our bank or your bank to accomplish electronic funds transfers. We may make collections from you for amounts you owe to us by reducing your distributed balance or by your direct payment to us (by electronic funds transfer or check). If in the future we receive payment on a delinquent account, the revenue to you from that account will be attributed to you in our next payment due to you, less any costs due to us. We reserve the right to charge interest on any past due amounts that are not paid by your customers. We further reserve the right to deduct from the Distributed Balance any amount we have incurred or paid on your behalf.

The term “**Gross Sales**” means revenue derived from operating your Franchised Business, which includes all the revenues received from marketing and selling the Products and Services we develop from time to time, and all the revenues received from selling any other products or services sold through your Franchised Business or sold through or using the System whether or not such products or services bear the Marks or were developed by us, and in any case whether in the form of cash, credit or otherwise and whether or not payment is received at the time of sale or any amounts prove uncollectible, excluding only (a) sales taxes and other taxes separately stated and collected from customers and paid to taxing authorities; (b) refunds and credits made in good faith to arm’s length clients according to our standards and specifications for issuing refunds or credits; and (c) the discount value of any coupon, voucher or other allowance that we authorize at the time the client’s coupon, voucher or allowance is redeemed.

The term “**Gross Sales Margin**” means the amount of the SW Business’ Gross Sales from the Products sold by the SW Business for the applicable period of time less costs of goods sold incurred by the supplier for the Products sold by the SW Business for the applicable period of time.

The term “**Direct Costs**” means sales and similar taxes and any documented credits, rebates, refunds (including, without limitation, refunds of Prepaid Gross Sales made for cancelled Services or Products), and allowances or discounts granted to customers.

From the Gross Sales, we will deduct the Royalties payable to us first, and then any direct costs we have incurred in the order described in this Section. Direct costs include sales and similar taxes and any documented credits, rebates, refunds (including, without limitation, refunds of Prepaid Gross Sales made for cancelled Services or Products), allowances or discounts granted to the customer (“**Direct Costs**”). We further reserve the right to deduct from the Distributed Balance any amount we have incurred or paid on your behalf.

(4) Periodic audits are necessary to ensure that you are furnishing the reports, supporting records or other information we require to make accurate billing and payment determinations, as well as ensure customer lists are being provided for all customers serviced by you and that your taxable income is consistent with the customers you report as having serviced or provided Products to. In addition, periodic audits are necessary to ensure that we may inspect your business operations for compliance with System Standards and to make certain leased equipment, Products and Materials are being maintained in compliance with our System Standards.

**ITEM 7.  
ESTIMATED INITIAL INVESTMENT**

**YOUR ESTIMATED INITIAL INVESTMENT  
START-UP FRANCHISE**

Type of Expenditure	Amount <sup>(1)</sup>		Method of Payment	When Due	To Whom Payment Is To Be Made
	Low	High			
Initial Franchise Fee <sup>(2)</sup>	\$10,000	\$10,000	Lump sum	Upon effective date of Franchise Agreement	Us
Rent Deposit <sup>(3)</sup>	\$0	\$5,000	As incurred	As agreed	Third parties
Rent (3 months) <sup>(3)</sup>	\$0	\$15,000	As incurred	As agreed	Third parties
Vehicle, Equipment, Signage <sup>(4)</sup>	\$65,000	\$165,000	Lump sum	As agreed	Third parties
Office Set-Up, Technology, Hardware and Software <sup>(5)</sup>	\$5,000	\$6,000	As incurred	As agreed	Third parties
Business Licenses & Permits <sup>(6)</sup>	\$575	\$700	As agreed	As agreed	Third parties
Professional Fees <sup>(7)</sup>	\$1,500	\$5,000	As agreed	As agreed	Third parties
Insurance <sup>(8)</sup>	\$2,050	\$8,200	Lump sum	As incurred	Third parties
Training Expenses <sup>(9)</sup>	\$1,000	\$5,000	As agreed	As agreed	Third parties
Grand Opening Advertising <sup>(10)</sup>	\$1,500	\$10,000	As agreed	As agreed	Third parties
Opening Marketing <sup>(11)</sup> Package	\$520	\$1,030	As agreed	As agreed	Third parties
Additional Funds <sup>(12)</sup>	\$2,000	\$15,000	As agreed	As agreed	Third parties
<b>Total Estimated Initial Investment<sup>(12)</sup></b>	<b>\$89,145</b>	<b>\$190,930</b>			

**NOTES:**

(1) All amounts described in this Item 7 are uniformly imposed and non-refundable. Unless otherwise indicated below, all of the fees paid to third parties are non-refundable. We and our affiliates will not finance any portion of the initial investment.

(2) The initial franchise fee is \$10,000 and is payable as outlined in Item 5.

(3) Your Business will initially be operated from your personal residence/farm. The low end of the end assumes that you have enough storage at your residence to accommodate supplies and equipment,

which we estimate will need to be 40 feet by 40 feet and heated. The high end assumes that you will rent a heated storage space.

(4) The initial fee covers payments for the leased equipment (truck and drone) for the period of time beginning upon the signing of the Franchise Agreement and ending on December 31 of the first calendar year. This estimate includes the lease of equipment to unload the products (truck/bobcat/forklift) and proper measuring system that meets our standards, including required equipment. The low end assumes you already have equipment to unload the products and a proper measuring system that meets our standards and will only lease any additional equipment to unload the products (truck/forklift). The low end also assumes you will not put a sign outside of your warehouse and will not wrap your vehicle. The high end assumes you do not have a scale to measure product quantities and to calibrate pumps, equipment to unload the products or a proper measuring system that meets our standards, will only lease any additional equipment to unload the products (truck/forklift), and will put a sign up outside of your warehouse or wrap your additional vehicle, which must be in accordance with our standards. This estimate assumes you will lease the truck and/or trailer. If you purchase the equipment, your costs will be higher. The high end assumes you will lease a truck, trailer and two drones and the low end assumes you will lease one truck and one drone.

(5) The low end assumes that you already have a home office set up. The high end assumes that you will need to purchase a laptop and a printer that works with the required software. We will pay the monthly software fees of the software you must use in connection with the operation of the Franchised Business beginning upon the signing of the Franchise Agreement and ending on December 31, 2024, and reserve the right to pass through those costs to you in the future.

(6) This estimate is for local permits and licenses (pilot's license, medical license and applicator license) to operate your Franchised Business. This also includes general business licenses. These costs will vary by state.

(7) This estimate includes costs for financial and legal advice, including setting up your business entity.

(8) The low end assumes prepayment of 3 months of those insurance policies outlined in Item 8 and the high end assumes annual prepayment for those insurance policies. This estimate does not include workers' compensation insurance.

(9) There is no fee for our initial training, which consists of operator training for four (4) days at our corporate site in Illinois. This estimate is for travel costs for you to attend this training.

(10) After you complete the initial sales training, you will conduct an opening marketing campaign to generate leads, awareness, and jobs.

(11) The low end of the Opening Marketing Package includes 50 pieces each of business cards, brochures, and promotional foldouts and folders. The high end of the range includes 200 pieces each.

(12) This is our estimate of working capital during the first 3 months of operations. This estimate assumes you will not have an employee until you begin applying the Products and providing the Services (which will likely not occur within the first 3 months of beginning the sales operation), and the estimate does not include compensation for yourself or the assumption of revenue. It excludes royalty and system marketing fees. These are estimates only. These estimates may vary for many reasons, including the size and condition of your location, the capabilities of your management team, and your business

experience and acumen. In formulating this estimate, we have relied upon our affiliate's experience in operating a similar business.

## **ITEM 8. RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES**

### **Purchases from Us**

You are required to lease or obtain from us or our affiliates the following items: drone, truck, and proprietary chemicals. We and our affiliates reserve the right to be the sole or one of the Approved Suppliers for any products or services utilized in the operation of Franchised Businesses and/or to negotiate group purchasing, quality control or other benefits. During the fiscal year ended December 31, 2024 we received \$0 for required purchases and leases from franchisees, which represents 0% of our Gross Revenue.

### **Approved Suppliers**

You must purchase, lease or obtain all equipment, products, supplies and materials to perform Services (the "**Materials**") that meet our System Standards. Prior to your opening date, we will provide you with an initial supply of our proprietary, branded chemicals ("**Proprietary Chemicals**"), Materials and other opening inventory in amounts we determine at no cost to you ("**Opening Inventory Package**"). Materials, Proprietary Chemicals, and other items will be specified in the Manuals from time to time. If required by the Manuals, you must purchase certain goods and services only from suppliers designated or approved by us (which may include, or be limited exclusively to, us or our affiliate) (each, an "**Approved Supplier**"). With respect to Proprietary Chemicals, we will provide those to you on consignment for your use in the SW Business. You may be required to enter into a supply agreement or agree to certain terms and conditions with our affiliate setting forth the terms and conditions of the purchase and sale of certain Proprietary Chemicals and/or Materials and you must adhere to any terms and conditions contained in the Manuals. We may offer to you, or require you to purchase from us, our affiliate or approved suppliers, an opening marketing package from Approved Suppliers. In our sole discretion, we may concentrate purchases with one or more Approved Suppliers, to obtain lower prices, advertising support and/or other services, or for any other reason we deem appropriate. In such instances, we may limit the number of suppliers with whom you deal, designate sources that you will use, and refuse any request by you for another Approved Supplier of any applicable product or service. You must follow all of our policies and procedures for participation in or termination of any preferred vendor programs that we establish. While we do not currently, we may receive rebates or other financial consideration from suppliers in consideration for our procurement and other services based upon franchisee purchases. If we do so, we have no obligation to pass these amounts on to you or to use them for your benefit.

If you want us to approve a new supplier, Material or service that you propose, you must submit to us sufficient written information about the proposed new supplier, Material or service to enable us to approve or reject either the supplier or the Material or service. We will have 90 days from receipt of the information to approve or disapprove the proposed new supplier, Material or service, and notify you of such approval or disapproval. We reserve the right, in our sole discretion, to (i) deny approval of any additional Materials or services, (ii) limit the number or scope or your use of the additional Materials or your ability to sell or provide additional services; and/or (iii) condition approval of the additional Materials on the Approved Suppliers being the supplier of the additional Materials. You must pay to us a fee equal our actual costs incurred in evaluating the supplier or material within 30 days of your receipt of our notification of approval or disapproval to cover our costs and expenses in connection with our review of the additional Materials and the source of such Materials plus any out-of-pocket costs we incur (e.g., travel, shipping, etc.). Upon written request, we will make our Approved Supplier criteria available to you.

Other than our affiliates, which are owned by our owners, Chad Gripp and TeNeille Gripp, there are no suppliers in which any of our officers own an interest.

### **Standards and Specifications**

You must develop and operate your Franchised Business in accordance with our standards and specifications. Our standards and specifications may regulate, among other things (a) a description of the authorized goods and services that you may offer at your Franchised Business; (b) mandatory and suggested specifications, operating procedures, and quality standards for products, services and procedures that we prescribe from time to time for Franchised Business; (c) mandatory reporting and insurance requirements; (d) mandatory and suggested specifications for your Franchised Business; and (e) a written list of goods and services (or specifications for goods and services) that you will purchase for the development and operation of your Franchised Business, and a list of any designated or Approved Suppliers for these goods or services (which may include us or our affiliate). Our standards and specifications may impose minimum requirements for quality, use, cost, delivery, performance, design and appearance. We will notify you in our Manuals or other communications of our standards and specifications and/or names of Approved Suppliers.

We estimate that required purchases from us or our affiliates, from Approved Suppliers, or according to our standards and specifications currently represent 90% of your total purchases in establishing your Franchised Business and 90% of your overall purchases in operating the Franchised Business. As more designated and approved suppliers are selected, these percentages decrease over time.

### **Computer Hardware and Software**

You must use the computer hardware and software and other communication equipment and technology that we designate in our Manual from time to time.

### **Insurance**

You must obtain and maintain, at your own expense, the minimum insurance coverage that we require from approved insurance providers but must have an A M Best rating of not less than A-VII. You must enlist the services of a professional insurance agent or broker to obtain the types and amounts of insurance coverage we specify. We reserve the right to modify the amounts and types of coverage required at any time as risks change to protect the franchised business. You may not self-insure without our prior written consent. All policies will name us an additional insured/co-defendant, be primary and non-contributory and provide a waiver of subrogation in our favor. All liability policies will give us 30 days' notice of cancellation. You will need to provide us with a Certificate of Insurance as evidence of the required coverage being purchased at least 30 days prior to the opening of your franchised business, 10 days prior to any renewal of coverage and any time we request. If you do not provide us with a compliant Certificate of Insurance, we maintain the right but not the duty to place coverage on your behalf for which you will reimburse us immediately upon written notification. You will promptly pay us all premiums due in addition to any administration fee.

We may specify the insurers, vendors and coverage or require that you obtain it from us, or that you participate in an insurance program that we sponsor. If we do so, we may earn compensation, although we do not currently do so.

The minimum types and amounts of coverage that we currently require are as follows:

- General Liability Coverage for the Drone - Each franchise will be listed as SweetWater Technologies and its location. This only covers incidents while applying chemicals under SweetWater Technologies and for that specific drone.
- Chemical Liability - 1/3/1 coverage- \$100,000 Bodily Injury per person, \$300,000.00 Bodily Injury per occurrence, and \$100,000 Property Damage.
- Non-Chemical Liability - \$1,000,000.00 per drone.
- Property of Others - This will cover any of our or our affiliate's product inventory at your location.
- Full Coverage Automobile Insurance- (Required before the truck is picked up.) The leased truck will need a liability limit of not less than \$1,000,000.00 Combined Single Limit with Additional Insured Endorsement for SweetWater Technologies. This needs to include Physical Damage Coverage for the truck's value plus any installed equipment with the Loss Payee Endorsement named SweetWater Technologies.
- Workers' Compensation- for the state's statutory limit in which your franchised business is located.

The minimum types and amounts of coverage that we suggest you obtain are as follows:

- Hull Insurance covers the drone and the battery when flying or not flying. **NOTE – you are wholly responsible for replacing damaged equipment.** You should consider at least \$20,000.00 for Hull Coverage with a Hull Premium of \$1,700.00. If you elect to have Hull Coverage it will be added to your drone policy, and the additional premium cost will be your responsibility.
- Spares Coverage - \$17,600 with a Spares Premium of \$440.00. This covers the battery, charging and cooling station, water tank, and field operations kit (extra propellers, etc.). If you elect to have Spares Coverage it will be added to your drone policy, and the additional premium cost will be your responsibility.
- Any Additions to Full Coverage Automobile Insurance
- An “Inland Marine Rider” would cover the generator, tank, etc., but excludes the aircraft. This may already be covered under your selected automobile insurance policy.
- We may increase, decrease, or modify the above insurance requirements from time to time through the Manual or otherwise in writing.

We may increase, decrease, or modify the above insurance requirements from time to time through the Manual or otherwise in writing.

### **Rebates**

We may receive rebates, payments or other material benefits from suppliers based on franchisee purchases. However, neither we nor our affiliates received any rebates based on purchases by franchisees

during the fiscal year ended December 31, 2024. We may negotiate purchase arrangements with suppliers, including price terms, for the benefit of franchisees but do not currently have any plans in place.

**Purchasing Cooperatives**

There are no purchasing cooperatives although we reserve the right to establish one or more purchasing cooperatives in the future. You do not receive any material benefits for using designated or Approved Suppliers.

**ITEM 9.  
FRANCHISEE’S OBLIGATIONS**

**This table lists your principal obligations under the franchise and other agreements. It will help you find more detailed information about your obligations in these agreements and other items in this disclosure document.**

Obligation	Section in Agreement*	Disclosure Document Item
a. Site selection and acquisition/lease	FA Section 3.2 EL Not Applicable	ITEM 7 & ITEM 11
b. Pre-opening purchases/leases	FA Sections 4.1, 6, 7.4 & 8 EL Section 1	ITEM 5, ITEM 7 & ITEM 11
c. Site development and other pre-opening requirements	FA Sections 4, 5, 6, 7.2, 10.1, and 11.1 EL Not Applicable	ITEM 6, ITEM 7 & ITEM 11
d. Initial and ongoing training	FA Section 5 EL Not Applicable	ITEM 6 & ITEM 11
e. Opening	FA Sections 10.1 EL Not Applicable	ITEM 11
f. Fees	FA Sections 4, 15.3 and 16.5 EL Sections 5 and 8	ITEM 5 & ITEM 6
g. Compliance with standards and policies/Operating Manual	FA Sections 7 and 10 EL Section 7	ITEM 11
h. Trademarks and proprietary information	Section 9 EL Not Applicable	ITEM 13 & ITEM 14
i. Restrictions on products/services offered	FA Sections 3 and 8 EL Section 7	ITEM 8 & ITEM 16
j. Warranty and customer service requirements	FA Not Applicable EL Section 6	Item 12
k. Territorial development and sales quotas	FA Section 3.5 EL Not Applicable	Item 12
l. Ongoing product/service purchases	FA Sections 7 and 8.4 EL Not Applicable	Item 8

<b>Obligation</b>	<b>Section in Agreement*</b>	<b>Disclosure Document Item</b>
m. Maintenance, appearance and remodeling requirements	FA Sections 7.3, 10.3 and 16.2 EL Section 7	ITEM 11
n. Insurance	FA Section 11.9 EL Not Applicable	ITEM 6 & ITEM 7
o. Advertising	FA Section 12 EL Section 7.7	ITEM 6, ITEM 7 & ITEM 11
p. Indemnification	FA Section 13 EL Section 9	ITEM 6
q. Owner's participation/ management/staffing	FA Sections 2.3, 11.8 and 13 EL Not Applicable	ITEM 11 & ITEM 15
r. Records and reports	FA Section 14.3 EL Not Applicable	ITEM 6
s. Inspections and audits	FA Section 14 EL Not Applicable	ITEM 6 & ITEM 11
t. Transfer	FA Section 16 EL Sections 4 and 13.2	ITEM 17
u. Renewal	FA Section 17 EL Section 2	ITEM 17
v. Post-termination obligations	FA Sections 17 and 18 EL Section 11 and 12	ITEM 17
w. Non-competition covenants	FA Section 17 EL Not Applicable	ITEM 17
x. Dispute resolution	FA Section 22 EL Section 13.11	ITEM 17

\*FA = Franchise Agreement; EL = Equipment Lease

### **ITEM 10. FINANCING**

We do not offer direct or indirect financing. We do not guarantee your note, lease or obligation.

### **ITEM 11. FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING**

**Except as listed below, we are not required to provide you with any assistance.**

#### **Pre-Opening Obligations: Before you open your Franchised Business, we will:**

1. Approve any warehouse location for your Franchised Business in accordance with our criteria, which include location within your Territory, adequate storage for your inventory, adequate security. We will not select the site or approve the area within which you may select a site; provided that the site for your warehouse must be within your Territory. We generally do not own the premises for franchisee warehouses. We will approve or disapprove of any proposed site within 5 days after receiving

all information that we have reasonably requested from you in order for us to evaluate the site. (Franchise Agreement, Section 3.2, 4.1). If you and we cannot agree upon an approved warehouse, and you do not begin providing Services within 60 days after signing the Franchise Agreement, we may terminate the Franchise Agreement without refunding any fees paid to us or our affiliates. (Franchise Agreement, Section 11.1).

2. Provide you with access to one copy of the Manuals, which will help you establish your Franchised Business. (Franchise Agreement, Section 8.1)

3. Provide you with written specifications for the goods and services you agree to purchase to establish your Franchised Business, as well as a written list of approved and/or designated suppliers for the purposes of acquiring these goods and services. (Franchise Agreement, Section 11.3)

4. Provide an initial training program. (Franchise Agreement, Section 6.1)

5. Provide you with instructions for an opening campaign that consists of a variety of public relations, marketing and advertising initiatives, intended to publicize the opening of your Franchised Business. (Franchise Agreement, Section 12.1)

### **Time to Opening**

We anticipate that the typical length of time between the effective date of the Franchise Agreement and the beginning of the provision of Services will be approximately 60 days (which may be sooner depending upon when you sign the Franchise Agreement). You will be permitted to begin soliciting customers via a soft opening immediately after completion of our virtual sales training but cannot provide Services until you have completed the entirety of the initial training program. Some of the factors that may affect this time are whether you operate from your home or from an office, financing, delayed installation of equipment and fixtures, completion of training, obtaining insurance, and complying with local laws and regulations.

You will not open your Franchised Business before: (1) successful completion of the initial training program; (2) you purchase all required insurance and provide us, at our option, with copies of such policies or evidence of coverage; (3) you obtain all required licenses, permits and other governmental approvals; and (4) you have acquired your equipment. You must open your Franchised Business by both beginning (a) sales efforts within 1 week after the effective date of the Franchise Agreement; and (b) the provision of Services within 60 days after the effective date of the Franchise Agreement. We may terminate the Franchise Agreement if you fail to comply with the prescribed time periods outlined above.

### **Post-Opening Obligations: During the operation of your Franchised Business, we will:**

1. Continue to provide you with access to one copy of the Manual, to assist you in operating your Franchised Business. (Franchise Agreement, Section 8.1)

2. Prepare all customer billings for your Franchised Business and collect all accounts receivable. We will also provide you with monthly reports of billings and collections and pay to you the distributed balance. (Franchise Agreement – Section 3.2.)

3. Give you ongoing guidance and assistance with the System Standards, marketing and sale of the Products and Services and products, coordinating the activities of all Franchised Businesses, establishing and conducting employee training programs; development and implementation of local advertising and promotional programs, furnishing information dealing with trends in Products and Services

and any changes to the foregoing. (Franchise Agreement, Section 8.2). We are not obligated to assist with establishing prices, and we will not set maximum prices at which you must sell Services but will provide minimum prices for the Products and Services.

**In addition, during the operation of your Franchised Business, we may, but will not be obligated to:**

1. Provide periodic additional or refresher training programs. (Franchise Agreement, Section 6.3)
2. Provide you with additional assistance at any location we designate in your Territory. (Franchise Agreement, Section 6.4)
3. Provide Manager Training if we determine that it is necessary. (Franchise Agreement, Section 6.5)

**Initial Training Program**

The Initial Training Program will be held at our location in Wyanet, Illinois over the course of one week. We will train up to 2 people, including at least one owner and one manager. Attendance is mandatory and must be completed to our satisfaction. If not completed to our satisfaction, we may require additional training for which you may be charged our current training fee. We expect to conduct the Initial Training Program after you have completed your pre-opening activities. A pre-opening checklist is contained in our Manuals that will help you complete critical steps and prepare of the Initial Training Program. We typically schedule Initial Training Programs 4 to 6 times per year (approximately every 8-12 weeks). Ideally, you and your manager will attend in-person training within 3 to 5 weeks of your opening date. Our trainers are:

Hannah Gripp will oversee the Initial Training Program. She has over 21 years experience in the industry.

Rielly Glassing who has 4 years experience with us or our affiliates and a total of 4 years experience in the industry.

Chad Gripp who has 23 years experience with us or our affiliates and a total of 48 years experience in the industry.

Greyson Brown who has 2 years experience with us or our affiliates and a total of 6 years experience in the industry.

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**INITIAL TRAINING PROGRAM**

<b>Subject</b>	<b>Hours of Classroom Training</b>	<b>Hours of On-The-Job Training</b>	<b>Location</b>
Introduction: Welcome, Our Brand Culture,	2	0	Wyanet, Illinois or another location designed by us

<b>Subject</b>	<b>Hours of Classroom Training</b>	<b>Hours of On-The-Job Training</b>	<b>Location</b>
History, Mission and Vision			
Personnel: Scheduling, Team Management and Development	2	2	Wyanet, Illinois or another location designed by us
Marketing: Advertising, Promotions, Networking, our Products and Services, Building the Client Relationship	2	2	Wyanet, Illinois or another location designed by us
Operations: Sales Techniques, Providing Services, Opening and Closing Procedures, Equipment/Vehicle Maintenance, Supplier Relationships, Safety and Security	5	20	Wyanet, Illinois or another location designed by us
Financial Management: Fiscal Responsibility, Goal Setting, KPIs and Reporting, Royalties and Franchise Obligations	2	0	Wyanet, Illinois or another location designed by us
Review: Assessment, Next Steps in Planning Launch Opening	2	1	Wyanet, Illinois or another location designed by us
<b>TOTAL</b>	<b>15</b>	<b>25</b>	

The time periods allocated to the subjects listed above are approximations, and the time actually invested by you and your personnel may vary based on the experience and performance of those people being trained. We will provide 1-2 days of in market support following the conclusion of your Initial

Training Program. The instructional materials used in the initial training will consist primarily of our Manuals and other handouts, and lectures. You will not be charged an additional fee for any of the training materials.

### **Ongoing Training**

In order to maintain the uniformity and high standard of Products and Services provided by Franchised Businesses, we may provide periodic additional or refresher training programs (“**Additional Training**”) for you, your manager, or other key employees. You will be responsible for all expenses and costs that your trainees incur in connection with attendance at training, including wages, travel and living expenses.

From time to time, we may provide you with additional assistance at any location we designate within your Territory. If we do provide you with additional assistance, you must pay us \$250 per day, per person that we provide, plus travel, meals and lodging for them.

From time to time, we may require you attend remedial training if you’re in default of the Franchise Agreement. If we do provide you with additional assistance, you must pay us \$500 per day, per person that we provide, plus travel, meals and lodging for them.

### **Manuals**

As of the date of this Disclosure Document, the Manual contains a total of 140 pages. A copy of the Table of Contents to the Manuals is attached to this Disclosure Document as Exhibit C.

### **Site Development**

Your business will operate from your home which must be within your Territory and meet applicable zoning requirements. You may need to rent a storage unit for your equipment and supplies. This may cost up to \$5,000 in an initial rental deposit and up to an estimated \$15,000 to rent this space for the period of time ending on the third month of operating the Franchised Business. Please see Item 7 for more information.

### **Computer System**

You must, at your expense, acquire, license and use in developing and operating your Franchised Business a computer system consisting of the computer services, components, equipment, computer hardware, telecommunications equipment or services, and the software used in connection with the client relationship management and other operating or communications software we designate or approve for use by Franchised Businesses (collectively, the “**Software**”) that we periodically specify in the manner we designate (collectively, the “**Computer System**”).

We may require you to obtain specified computer and communications hardware, equipment, components or Software and services and may modify specifications for and components of the Computer System from time to time. Current Software requirements include: NetSuite and Flight Plan.

The data generated and stored on the Computer System will including financial data, bookkeeping data, customer data and information, and related business and operational data. While we will not generally have independent remote access to your Computer System, we will have remote independent access to certain financial, bookkeeping, and customer data stored in a “cloud” or network-based format. There are no contractual limitations on our right to access this information.

We estimate that the cost of the computer system will be approximately \$5,000 to \$6,000.

Neither we nor any other party has any obligation to provide ongoing maintenance, repairs, upgrades or updates to your Computer System. You must maintain the computer hardware and software in good working order at your cost. During the term of your Franchise Agreement, you must, if requested to, upgrade or update your Computer System and/or Software to conform to our then-current specifications. There is no contractual limit on the frequency or cost of this obligation. We estimate that the cost to upgrade or update your computer hardware and/or software will not exceed \$250 per year. You are also responsible for priority cabling and all networking services related to the Computer System. Except as described above, there currently are no optional or required support contracts. We reserve the right to change the software or technology that you must use or add new software or technology at any time.

## **Websites**

We have the right to control all use of URL's, domain names, websites, addresses, metatags, links, key words, e-mail addresses, social media accounts or platforms, and any other means of electronic identification or origin ("**e-names**"). We also have the right to designate, approve, control or limit all aspects of your use of the Internet, Intranet, World Wide Web, social media, wireless technology, digital cable, use of e-names, e-mail, websites, home pages, bulletin boards, chatrooms, e-mail, linking, framing, on-line purchasing cooperatives, marketplaces, barter exchanges, and related technologies, methods, techniques, registrations, networking, and any electronic communication, commerce, computations, or any means of interactive electronic documents contained in a network of computers or similar devices linked by communications software (collectively, "**e-commerce**"). You must follow all of our policies and procedures for the use and regulation of e-commerce. We may require that you provide graphical, photographic, written or other forms of artistic or literary content to us for use in e-commerce activities associated with the Marks, the Copyrights (as defined in the Franchise Agreement) or the System which we may designate. We may restrict your use of e-commerce to a centralized website, portal or network or other form of e-commerce designated by us operated by us or our designee. You must not create your own website. We currently will monitor and maintain it as part of the Technology Fee. We may require that you provide information to us via e-commerce. We may require you to coordinate your e-commerce activities with us and other Businesses. We may require you to obtain the services of and pay the then current fees for ISP and ASP services and the like. You recognize and agree that between you and us, we own all rights to all interest in and to any data collected via e-commerce related to the System, the Marks or the Copyrights, including any customer data, click-stream data, cookies, user data, hits and the like: such information is deemed by us to be and constitutes our Confidential Information.

## **Advertising and Marketing**

### *Our General Advertising Obligations*

We are not obligated to conduct advertising; however, we intend to advertise through our Brand Fund, described below. We may use various forms of media, including print, television, radio, Internet, social media and "pay-per-click", billboards, and other forms of media described below. Media coverage will be national, but we may focus advertising regionally or locally as we determine commercially appropriate, especially to account for seasonality. We may produce advertising materials in-house or by engaging third-party advertising agencies or consultants. We are not obligated to spend any amount on advertising in your Territory.

### *Establishment of Brand Fund*

We have not created the Brand Fund as of the issue date of this Disclosure Document; however, we may require that you contribute to the Brand Fund an amount up to 3% of your monthly Gross Sales. Recognizing the value of advertising and marketing to the goodwill and public image of Franchised Businesses, we have established a system-wide marketing fund (the “**Brand Fund**”) for such advertising, marketing and public relations programs and materials we deem necessary or appropriate. We reserve the right to defer or reduce Brand Fund Contributions of a Franchised Business and, upon 10 days’ prior written notice to you, to reduce or suspend contributions to and operations of the Brand Fund for one or more periods of any length and to terminate (and, if terminated, to reinstate) the Brand Fund. If the Brand Fund is terminated, all unspent monies on the date of termination will be distributed to our Franchisees in proportion to their respective contributions to the Brand Fund during the preceding 12-month period. We and our affiliates will contribute to the Brand Fund on the same basis as franchise owners for any Franchised Business we or they own and operate.

#### *Use of the Funds*

We or our designee will direct all programs financed by the Brand Fund, including the creative concepts, materials and endorsements, and the geographic, market and media placement and allocation. The Brand Fund may be used to pay the costs of preparing and producing video, e-commerce, audio and written advertising materials; developing and servicing corporate accounts; evaluating new products or services; research and development of marketing materials; administering regional and multi-regional advertising programs, including, without limitation, purchasing e-commerce rights, direct mail and other media advertising and employing advertising, promotion and marketing agencies; and supporting public relations, market research, establishing, developing, maintaining, servicing or hosting Websites or other e-commerce programs, and other advertising, promotion and marketing activities (including Google and words for franchisees). The Brand Fund periodically will furnish you with samples of advertising, marketing and promotional formats and materials at no cost. Multiple copies of such materials will be furnished to you at our direct cost of producing them, plus any related shipping, handling and storage charges. The Brand Fund will not be used to solicit new franchise sales. Because this is our first year selling franchises, the Brand Fund did not have any expenditures in our most recently concluded fiscal year.

#### *Accounting for the Fund*

The Brand Fund will be accounted for separately from our other funds and will not be used to defray any of our general operating expenses, except for such reasonable salaries, administrative costs, travel expenses and overhead as we may incur in activities related to the administration of the Brand Fund and its programs, including, without limitation, conducting market surveys, preparing advertising, promotion and marketing materials and collecting and accounting for contributions to the Brand Fund. The Brand Fund will not be audited. We may spend on behalf of the Brand Fund, in any fiscal year an amount greater or less than the aggregate contribution of all Franchised Businesses to the Brand Fund in that year, and the Brand Fund may borrow from us or others to cover deficits or invest any surplus for future use. All interest earned on monies contributed to the Brand Fund will be used to pay advertising costs before other assets of the Brand Fund are expended. Upon written request from you, we will prepare a periodic statement of monies collected and costs incurred by the Brand Fund and furnish the statement to you. We have the right to cause the Brand Fund to be incorporated or operated through a separate entity at such time as we deem appropriate, and such successor entity will have all of the rights and duties specified in the Franchise Agreement.

#### *Brand Fund Limitations*

The Brand Fund will be intended to maximize recognition of the System, the Marks, the Copyrights and Franchised Businesses. Although we will endeavor to utilize the Brand Fund to develop advertising

and marketing materials and programs and to place advertising that will benefit all Franchised Businesses, we undertake no obligation to ensure that expenditures by the Brand Fund in or affecting any geographic area are proportionate or equivalent to the contributions to the Brand Fund by Franchised Businesses operating in that geographic area or that any Franchised Business will benefit directly or in proportion to its contribution to the Brand Fund from the development of advertising and marketing materials or the placement of advertising. Except as expressly provided in the Franchise Agreement, we assume no direct or indirect liability or obligation to you with respect to collecting amounts due to the Brand Fund. In addition, we are not obligated to spend any amount on advertising in your Territory, whether through the Brand Fund or otherwise.

#### Opening Marketing Package

You must purchase from Approved Suppliers an opening marketing package that contains business cards, brochures, and promotional foldouts and folders. The cost of this ranges from \$520 to \$1,030 with the low end of the range being for 50 pieces of each and the high end being 200 pieces of each.

#### Local Advertising

You must spend a minimum of \$1,500 annually on local marketing, promotion and advertising, not including payments to the Brand Fund. We may, from time to time, increase or decrease this local advertising and promotion requirement to account for regional differences related to seasonal demand for Products and Services. These regional adjustments may differ among Franchised Businesses. We reserve the right to increase the minimum local advertising and promotion requirement (whether on a regional basis as described in the previous sentence, or across the entire System) by up to 15%, but not more than once per year. Any advertising, promotion and marketing you conduct will (i) be completely clear and factual and not misleading and conform to the highest standards of ethical marketing and the promotion policies which we prescribe from time to time and (ii) conform to such standards and requirements as we may specify to conform to regulatory requirements. Samples of all advertising, promotional and marketing materials which we have not prepared or previously approved must be submitted to us for approval before you use them. If you do not receive written disapproval within 10 days after our receipt of such materials, we will be deemed to have given the required approval. You may not use any advertising or promotional materials that we have disapproved.

#### Advertising Cooperatives & Councils

There are currently no advertising cooperatives. If an association of Franchised Businesses is established in a geographic area in which your Franchised Business is located (the “Co-op”), you must join and actively participate in it. You also must contribute to the Co-op such amounts as are determined from time to time by it, not to exceed an additional \$600 per year (which maximum amount we may increase annually by up to 15%), unless the Co-op votes for a higher amount by a majority vote or otherwise in accordance with its rules. Your local advertising requirement will be reduced by the amount that you contribute to any Co-op. We will not set the amount of those contributions. The Co-op will adopt its own rules, regulations and procedures, which you must follow. However, the rules, regulations and procedures of the Co-op must be approved by us. All advertising utilized by the Co-op must not be used unless and until we have reviewed and approved it. The Co-op will use our mandated accounting system and also pay us any accounting system fee we may designate in the Manuals. We also have the right to participate in any meetings of the Co-op and its members. Our company-owned Businesses will be voting members or any Co-op in their market. Your failure to timely contribute the amounts required by the Co-op constitutes a material breach of the provisions of this Agreement and we may offset against any amounts we owe to you the amount of your Co-op contributions and pay such contributions for you. Company-owned Businesses will contribute to any Co-op in which it is covered. Co-ops will prepare annual, unaudited financial

statements available for your review after a written request is received by us. We have the power to require advertising cooperatives to be formed, changed, dissolved, or merged.

We do not have a formal franchisee council or association, but any council will serve in an advisory capacity and the members will be chosen by us.

## **ITEM 12. TERRITORY**

### **Territory**

You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

During the term of the Franchise Agreement, we will neither grant anyone else the right to, nor ourselves, locate the warehouse for a SW Business within the Territory, however, the boundaries of a territory of another franchisee may include a portion of your Territory. In return, you must not market, sell, promote, provide or perform Products and Services outside of the Territory without our prior written consent, except in an Open Area or in compliance with our Cross-Territory Policy. A “**Territory**” is a geographic area that is built using U.S. ZIP Code boundaries and contains a minimum of approximately 10-mile radius in a rural area.

Any and all warehouses or other sites for your Franchised Business must be located within the Territory and must be pre-approved by us. However, we are not required to provide any assistance to you in the selection of a warehouse. You may not relocate or open additional sites for your Franchised Business without our prior written approval, which we will not unreasonably withhold. Our criteria for approving the relocation of your Franchised Business are the same as for approving the initial site(s) for your Franchised Business. Specifically, the site must be located within your Territory, it must have adequate storage for your inventory and equipment, adequate security.

You must provide Services and Products to at least 5,000 acres per calendar year. If you fail to meet the minimum acreage requirements of at least 5,000 acres per calendar year, we may terminate the Franchise Agreement.

### **Open Areas**

You may perform (but not market, promote or advertise) Products and Services in any geographic area that we have not awarded or designated to another Franchised Business or reserved for us (“**Open Areas**”) so long as work in such Open Areas does not, in the aggregate, constitute 50% or more of your annual Gross Sales. We may grant exclusive territorial rights to anyone in any geographic area other than your Territory with no obligation or compensation to you whatsoever. We may do so at any time (without any compensation to you) so that your operations outside of your Territory (e.g., in Open Areas) are at your own risk. If we award or designate any Open Area to any other Franchised Business, or to us, that geographic area will no longer be an Open Area and you must immediately cease conducting any part of your Franchised Business activities in that former Open Area. We will notify you via e-mail if the Open Area is no longer available for you, identifying the Franchisee or specifying whether we are reserving it for us or our affiliates.

Except for the limited sales of Products and Services in Open Areas described above, you may not solicit or accept orders from outside your Territory, nor may you perform or sell Products and Services

outside your Territory. You may not use any alternative channels of distribution (such as the Internet, catalog sales, telemarketing, or other direct marketing), to make sales outside of your Territory.

### **Cross-Territory Policy**

We may adopt a Cross-Territory Policy which governs your marketing and sale of Products and Services within another franchisee's territory. You: (i) will abide by the Cross-Territory Policy as adopted from time to time by us; and (ii) acknowledge that we may change, replace and modify the Cross-Territory Policy from time to time to reflect market conditions and other factors. Despite the Cross-Territory Policy, you must focus the predominant amount of your marketing activities within the Territory.

### **Reserved Rights**

We (and our affiliates) retain the rights to do any or all of the following, in our sole discretion:

(a) perform, market, promote, sell and provide through affiliate owned businesses or through independent contractors, any Products and Services or similar products or services authorized for Franchised Businesses in any location including in your Territory, but not using the Marks;

(b) perform, market, promote, sell and provide any Products and Services in your Territory using the Marks in accordance with any future developed cross-territory policies;

(c) perform, market, promote, distribute and sell through alternative wholesale and retail channels, including the internet and e-commerce platforms, products for others to use to perform services the same or similar to Products and Services for themselves or others, whether or not using the Marks anywhere, including within your Territory (provided that this paragraph (c) does not give us the right to operate or license another Franchised Business the warehouse in which is in your Territory);

(d) operate and grant to others the right to operate Franchised Businesses outside your Territory on such terms and conditions as we deem appropriate;

(e) operate and grant franchises to others to operate businesses, wherever located including within your Territory, specializing in the marketing and sale of products or services other than Products and Services, including the marketing and sale of products or services whether or not using the Marks, and in compliance with such terms and conditions as we deem appropriate;

(f) market, promote, advertise, schedule and take orders for quotations, estimates or to schedule Products and Services to be sold or performed anywhere, including in your Territory, via the internet, call service centers or social media;

(g) operate call center services on behalf of ourselves and all franchisees, if we determine to do so, which would include communications with customers in your Territory and booking appointments, jobs and projects;

(h) market, promote and advertise Products and Services whether or not using the Marks or Copyrights anywhere including in you Territory; and

(i) engage in any activity that we are not otherwise expressly prohibited from engaging in by the terms and conditions of this Agreement and/or that is not exclusively granted to

you under the Franchise Agreement (anything not expressly granted by us to you is reserved by us).

You are not entitled to any consideration or compensation for us soliciting or accepting orders for Products and Services or any other products or services within your Territory.

**Options, Rights of First Refusal, Similar Rights**

You will not have any options, rights of first refusal, or similar rights to acquire additional franchises.

**Operation of a Competing Business**

Neither we nor our affiliates operate or have any plans to operate or franchise a business under a different trademark that sells or will sell goods or services similar to those you will offer.

**ITEM 13.  
TRADEMARKS**

The Franchise Agreement grants you the right to operate a Franchised Business under the trademark and service mark “SWEETWATER TECHNOLOGIES®” and related trademarks, service marks, logos and commercial symbols, and to use any future Marks we authorize. You must use the Marks in strict accordance with the Franchise Agreement and the Manuals.

The status of the registration of the following Marks on the Principal Register of the United States Patent and Trademark Office (the “USPTO”) by Gripp CFC is as follows:

<b>MARK</b>	<b>REGISTRATION NUMBER</b>	<b>REGISTRATION DATE</b>
<b>SWEETWATER</b>	<b>7225983</b>	<b>Nov. 21, 2023</b>
<b>FULL FEED</b>	<b>7263289</b>	<b>Jan. 02, 2024</b>
<b>FENCED-N</b>	<b>7263288</b>	<b>Jan. 02, 2024</b>

Gripp CFC has filed an application with the USPTO for the following Marks:

MARK	SERIAL NUMBER	APPLICATION DATE
GRIPP SELECT CROP INPUTS	97282916	Feb. 24, 2022
SWEETWATER TECHNOLOGIES	98383764	Jan. 30, 2024
	98398157	Feb. 08, 2024
ROAD TO ONE MILLION ACRES	98398171	Feb. 08, 2024
	98398169	Feb. 08, 2024
	98398174	Feb. 08, 2024
DRONEZONE	98398160	Feb. 08, 2024
BLUEWATER	98571887	May 28, 2024
GOALLINE	99057542	Feb. 26, 2025
GET A GRIPP	99057614	Feb. 26, 2025

We have the right to use and license the use of the Marks to franchisees under a License Agreement with Gripp CFC. The License Agreement provides that Gripp CFC has the right to specify, inspect, and oversee the quality standards of our services and products to assure the protection, enhancement, and goodwill of the Marks. The License Agreement is of perpetual duration and will remain in effect unless terminated by us or Gripp CFC. If we breach the License Agreement, or if the License Agreement is otherwise terminated, you may lose your rights to use the Marks.

You must follow our rules when using the Marks and not use our name or Mark as part of a corporate name or with modifying words, designs, or symbols unless you receive our prior written consent. You may not use the Marks in connection with the sale of any product or service that is not previously authorized by us in writing.

We reserve the right to substitute different trade names, service marks, trademarks and indicia of origin for the Marks if the Marks can no longer be used, or if we determine, in our sole discretion, that

substitution will be beneficial to the System. If we do, you will be required to discontinue or modify your use of any Mark or use one or more additional or substitute Marks, at your expense. You must comply with our directions within the time period prescribed in our notice to you. We will not be obligated to reimburse you for any expenses or loss of revenue attributable to any modified or discontinued Mark or for any expenditures you make to promote a modified or substitute trademark or service mark.

You must notify us immediately when you learn about an infringing or challenging use of the Marks. We will take the action we think appropriate, but we are not required to take any action if we do not feel it is warranted. We may require your assistance, but you are not permitted to control any proceeding or litigation relating to our Marks. We will control any litigation or proceeding. You may not directly or indirectly contest our or our affiliate's right to the Marks. We will indemnify you against and reimburse you for all damages for which you are held liable to third parties in any proceeding arising out of your authorized use of any Mark and in compliance with your franchise agreement, resulting from claims by third parties that your use of the Marks infringes their trademark, and for all costs you reasonably incur in the defense of any such claim in which you are named as a party, so long as you have timely notified us of the claim and have otherwise complied with the terms of your franchise agreement.

There are no currently effective material determinations of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator of this state or any court; no pending infringements, oppositions or cancellations; and no pending material litigation involving any of the Marks. We do not know of any infringing uses that could materially affect your use of the Marks. All required affidavits have been filed. All Marks have been renewed (where applicable).

We do not have a federal registration for our principal trademark. Therefore, our trademark does not have many legal benefits and rights as a federally registered trademark. If our right to use the trademark is challenged, you may have to change to an alternative trademark, which may increase your expenses.

#### **ITEM 14. PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION**

##### **Patents**

We do not currently have any patents for use in the operation of the Franchised Business and there are no current pending patent applications that will be licensed to you in connection with your operation of the Franchised Business. For any future patents issued, our owners or any other affiliate that owns the patents will grant us an oral perpetual license to use the patents and license others to do so. You will use methods and materials described in the patents. Our right to practice or license the patents, if and when issued, is not materially limited by any other agreement or known infringing use. We are not required by any agreement to protect or defend the patents, although we will do so when this action is in the best interests of the SWEETWATER TECHNOLOGIES® System, as determined by us.

There are no currently effective material determinations of, nor any pending material proceedings in, the USPTO or any court, regarding the patents, nor are there any agreements currently in effect which significantly limit our right to use or authorize you to use the patents. Further, there are no infringing uses actually known to us which could materially affect your use of the patents in any state.

You must immediately notify us of any apparent infringement or challenge to your use of any patent or claim by any person of any rights to the patents, and you must not communicate with any person other than us and our legal counsel in connection with any infringement, challenge or claim. We have sole discretion to take any action we deem appropriate and will have the right to control exclusively any litigation or USPTO or other administrative proceeding arising out of any infringement, challenge or claim

or otherwise relating to the patents. You must execute any documents, provide assistance, and take such action as, in the opinion of our counsel, may be necessary or advisable to protect our interest in any litigation or USPTO or other proceeding or otherwise to protect our interest in the patents. At our sole discretion, we will be entitled to prosecute, defend or settle any proceeding arising out of your use the patents, and, if we decide to prosecute, defend or settle any such matter, we will have no obligation to indemnify or reimburse you for any fees or disbursements of any counsel retained by you.

We are not obligated to protect your rights to use the patents or to protect you against claims of infringement or unfair competition, although we intend to do so when it is in the best interests of the SWEETWATERS TECHNOLOGIES® System, as determined by us. We are not obligated to participate in your defense and/or indemnify you for expenses or damages if you are a party to an administrative or judicial proceeding involving the patents if the proceeding is resolved unfavorable to you.

### **Copyrights**

Although we have not filed an application for copyright registration for the Manuals, we claim a copyright to the Manuals. During the term of your Franchise Agreement, you are allowed to use our proprietary information relating to the development, marketing and operation of a Franchised Businesses, including, methods, techniques, specifications, procedures, policies, marketing strategies and information comprising the System and the Manuals.

You must maintain the confidentiality of all of our proprietary information and use it only in strict accordance with the terms of the Franchise Agreement and the Manuals. You must promptly tell us when you learn about unauthorized use of our proprietary information. We are not obligated to act but will respond to this information as we deem appropriate. You are not permitted to control any proceeding or litigation alleging the unauthorized use of any of our proprietary information.

We will indemnify you against and reimburse you for all damages for which you are held liable to third parties in any proceeding arising out of your authorized use of copyrights, in compliance with your Franchise Agreement, resulting from claims by third parties that your use of any copyrighted item infringes their copyright rights, and for all costs you actually incur in the defense of any such claim in which you are named as a party, so long as you have timely notified us of the claim and have otherwise complied with the terms of your Franchise Agreement. Our obligation is contingent upon your modifying or discontinuing the use of the subject matter covered by the patent or copyright. You must pay for all costs and expenses associated with any modification or discontinuance. You do not have any additional rights in that event. There are no infringements that are known by us at this time.

### **ITEM 15. OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS**

You or your designated principal must be actively involved in the management of all aspects of your Franchised Business, or by a manager that we have approved from time to time. Although you may delegate some of your duties under the Franchise Agreement to your subordinate managers or employees, you remain fully responsible for the franchisee's, your and their performance. You must use your best efforts to ensure your personnel do not cause a breach of the Franchise Agreement. You, your designated principal, and any manager that we have approved (including any on-premises supervisor), must successfully complete initial training. On-premises subordinate managers are not required to own any equity interest in your business entity.

Any manager you hire must sign the form of Confidentiality Agreement we approve. The current approved form of Confidentiality Agreement is attached to the Franchise Agreement as Exhibit F.

If you are a business entity (e.g., corporation, partnership or corporation), each of your owners that are active in the Franchised Business at any time during the Term and/or any owner that has a beneficial ownership interest of 5% or more in you, along with each said person's spouse, must personally guarantee your obligations under the Franchise Agreement and agree to be personally bound by, and personally liable for the breach of, every provision of the Franchise Agreement. This includes both monetary obligations and obligations to take or refrain from taking specific actions or to engage or refrain from engaging in specific activities. The form of "**Principal Owner's Guaranty**" is attached to the Franchise Agreement as Exhibit C.

You also agree to complete and deliver to us a "**Principal Owner's Statement**" in the form attached to the Franchise Agreement as Exhibit B which describes all of your owners and their interests in you.

#### **ITEM 16. RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL**

We have the right to approve all goods and services that you sell at or through your Franchised Business. You must offer all goods and services that we require and only those goods and services. You may not sell any goods or services that we have disapproved of or not previously approved. We have the unrestricted right to change the goods and/or services that you have agreed to sell as part of your Franchised Business at any time in our sole discretion, and you will comply with any such change.

All products and services you use, offer or sell at your Franchised Business will conform to our standards and specifications. These are described in our Manuals and other writings. You must not deviate from our standards and specifications unless we first give you our written consent. You also must comply with all applicable laws and regulations and secure all governmental approvals for the operation of your Franchised Business.

We may periodically modify System Standards, and any such modifications may obligate you to invest additional capital in your Franchised Business and/or incur higher operating costs. Such modifications will not alter your fundamental status and rights under your franchise agreement. You must comply with all modifications to System Standards within the time period we specify. You must repair, replace or refurbish your equipment, vehicles or trailers to meet our System Standards. In addition to your obligation to maintain all vehicles and equipment to meet our System Standards, you must make any upgrades and replacements of any equipment, computer hardware or software specifications as we require from time to time. We may also periodically require you to renovate the trade dress used on your marketing materials or at your warehouse. These updates may require you to implement new color schemes, signage, marketing materials or other visual elements. You must adapt to all of these upgrade requirements within 60 days of our notice to you to do so.

All advertising, promotion and marketing will (i) be completely clear and factual and not misleading and conform to the highest standards of ethical marketing and the promotion policies which we prescribe from time to time and (ii) conform to such standards and requirements as we may specify to conform to regulatory requirements. Samples of all advertising, promotional and marketing materials which we have not prepared or previously approved must be submitted to us for approval before you use them.

**ITEM 17.**  
**RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION**

**This table lists certain important provisions of the franchise and related agreements. You should read these provisions in the agreements attached to this disclosure document.**

<b>THE FRANCHISE RELATIONSHIP</b>		
<b>Provision</b>	<b>Sections in Franchise Agreement*</b>	<b>Summary</b>
a. Length of the franchise term	FA Section 2.2 EL Section 2	Term is 5 years. Term of Equipment Lease is coterminous with franchise agreement
b. Renewal or extension of the term	FA Section 16 EL Section 2	You will have the right to acquire a successor franchise for 2 additional 5-year periods on the terms and conditions of our then-current franchise agreement. Equipment Lease automatically renews to be coterminous with franchise agreement.
c. Requirements for franchisee to renew or extend	FA Section 16 EL Not Applicable	(1) not be in default; (2) give us timely notice; (3) enter into our then-current form of franchise agreement and related documents; (4) enter into a general release; (5) pay successor franchise fee; (6) remodel or upgrade your Franchised Business to comply with our then-current standards and specifications; (7) complete any training requirement. If you renew, you may be required to enter into an agreement with materially different terms and conditions than the original agreement.
d. Termination by franchisee	FA Section 18.3 EL Not Applicable	You may not terminate the franchise agreement or the equipment lease prior to the expiration of its Term except in the event we commit a material breach of this Agreement and we fail to take steps to cure such material breach within ninety (90) days from the date of receipt of such notice from you specifically enumerating all alleged deficiencies by us. Despite the prohibition on termination contained in the franchise agreement as outlined above, you may seek termination upon any ground available by state law.
e. Termination by franchisor without cause	FA and EL not applicable.	Not applicable.
f. Termination by franchisor with cause	FA Section 18 EL Section 12	We can terminate immediately upon notice to you if you commit certain defaults or you fail to cure certain defaults within a certain period of time. These provisions are subject to state law.
g. "Cause" defined - curable defaults	FA Section 18.1 and 18.2 EL Section 12	30 days after notice to cure any material breach of the Franchise Agreement. 15 days after notice to you to cure payment defaults to us, our affiliates or your suppliers of vendors. Equipment Lease defines cause as failing or refusing to duly

<b>THE FRANCHISE RELATIONSHIP</b>		
<b>Provision</b>	<b>Sections in Franchise Agreement*</b>	<b>Summary</b>
		observe or perform under the lease, permitting any attachment or lien against the equipment, bankruptcy, et. al. or breach of the franchise agreement.
h. "Cause" defined - non-curable defaults	FA Section 19.2 EL Not Applicable	If: (a) you make any material misrepresentation or omission to us in relation to our continuing business relationship; (b) you are convicted of, plead no contest or enter into a consent decree in connection with, any felony or other crime that is likely to adversely affect your reputation, our reputation or otherwise involving any breach of trust; (c) you engage in dishonest or unethical conduct which may adversely affect the reputation of our System or the goodwill associated with the Marks; (d) a court declares invalid or unenforceable any part of your franchise agreement relating to either (i) the payment of fees or royalties or (ii) the preservation of the Marks; (e) you make any assignment of your Franchise Agreement; (f) you fail to obtain or maintain any required licenses, permits or registrations; (g) you fail to make payments of any amounts due to us, our affiliates or your suppliers or vendors; (h) you repeatedly fail to submit when due reports or other data, information or supporting records, to pay when due any amounts due to us or otherwise to comply with this Agreement; (i) you make an unauthorized transfer ownership or control of your Franchised Business; (j) you engage in unauthorized use, duplication or disclosure of any Confidential Information; (k) you file bankruptcy or otherwise make an assignment for the benefit of creditors or experience any act of insolvency; (l) you fail to attain Minimum Quality Assurance Standards; (m) you fail to commence operations of your Franchised Business within the time limits otherwise required by this Agreement; or (n) you fail to meet the minimum Gross Sales requirements described in Section 3.6 of the Franchise Agreement. In addition to our termination rights, we may suspend your access to the drones and the Products and Services pending your cure of any breach of the Franchise Agreement. These provisions are subject to state law.
i. Franchisee's obligations on termination/non-renewal	FA Section 18.4 EL Section 11	Obligations include complete de-identification, cease use of intellectual property, return of Manuals and all branded materials, return of software, assignment of vendor or supplier contracts, assignment of telephone numbers and directory listings, and payment of amounts due (also see "r" below). Equipment Lease – must return equipment and pay past due amounts.
j. Assignment of	FA Section 15.1	No restriction on our right to assign.

<b>THE FRANCHISE RELATIONSHIP</b>		
<b>Provision</b>	<b>Sections in Franchise Agreement*</b>	<b>Summary</b>
contract by franchisor	EL Section 13.12	
k. "Transfer" by franchisee – defined	FA Section 15.2 EL Not Applicable	Includes voluntary or involuntary, direct or indirect, assignment, sale, gift or other disposition of any interest in your franchise agreement, you or your Franchised Business.
l. Franchisor approval of transfer by franchisee	FA Sections 15.2 and 15.3 EL Section 13.12	We have the right to approve all other transfers but will not unreasonably withhold approval. The Equipment Lease may not be assigned by franchisee.
m. Conditions for franchisor approval of transfer	FA Section 15.3 EL Not Applicable	Transferee must meet our qualifications, successfully complete training (or commit to do so), enter into a new franchise agreement for the remainder of the term, agrees to upgrade the Franchised Business to our then-current standards and specifications. You must be in compliance with your franchise agreement, pay us the Transfer Fee, and sign a general release, sign a subordination agreement, and sign a non-competition agreement. We notify you that we do not intend to exercise our right of first refusal. These provisions are subject to state law.
n. Franchisor's right of first refusal to acquire franchisee's business	FA Section 15.8 EL Not Applicable	We have the right to match any bona fide, arms-length offer for your Franchised Business.
o. Franchisor's option to purchase franchisee's business	FA Not applicable. EL Not Applicable.	Not applicable.
p. Death or disability of franchisee	FA Sections 15.5 & 15.6 EL Not Applicable	Franchise must be assigned by estate to an assignee in compliance with conditions for other transfers not less than 1 month but not more than 6 months from the date of death or disability. A qualified manager must be appointed within 30 days of death or disability. We may designate a manager to operate the Business prior to transfer and charge a management fee.

<b>THE FRANCHISE RELATIONSHIP</b>		
<b>Provision</b>	<b>Sections in Franchise Agreement*</b>	<b>Summary</b>
q. Non-competition covenants during the term of the franchise	FA Section 17 EL Not Applicable	No involvement in competing Business anywhere. No solicitation of other Franchised Businesses' strategic partners, clients, customers, referral sources, employees or independent contractors to accept employment or an affiliation involving work competitive with a Franchised Business. No solicitation or interference with businesses, customers, clients, referral sources, insurers, suppliers, or contractors with whom we (or our affiliates) do business or whom you know we have contacted or solicited for business relationships, or those of any of our affiliates or franchisees.
r. Non-competition covenants after the franchise are terminated or expires	FA Section 17 EL Not Applicable	No involvement for 2 years in competing business (i) within your Territory; (ii) within any geographic territory that we have assigned to any one of our other Franchised Businesses, employees, or Franchisees, or in which we directly operate, market or sell; (iii) via the Internet or other form of e-commerce, wherever located; or (iv) within 25 miles of any geographic area that we have awarded to any other Franchised Business as of the date of termination or expiration of your franchise agreement; comply with non-solicitation and non-disclosure covenants; cease use of intellectual property and comply with non-solicitation and non-disclosure covenants. For a period of 2 years following termination or expiration of the franchise agreement: (1) no solicitation of other Franchised Businesses' strategic partners, clients, customers, referral sources, employees or independent contractors to accept employment or an affiliation involving work competitive with an Franchised Business; (2) no solicitation or interference with businesses, customers, clients, referral sources, insurers, suppliers, or contractors with whom we (or our affiliates) do business or whom you know we have contacted or solicited for business relationships, or those of any of our affiliates or Franchisees.
s. Modification of the agreement	FA Section 22.20 EL Section 13.8	Requires writing signed by both parties (except for unilateral changes to Manuals and unilateral reduction of scope of restrictive covenants by us). Other modifications primarily to comply with various states laws.
t. Integration/merger clause	FA Section 22.20 EL 13.7	Only the terms of the Franchise Agreement and other related written agreements are binding (subject to applicable state law). Any representations or promises made outside of the disclosure document and franchise agreement may not be enforceable. Notwithstanding the foregoing, nothing in this or any related agreement is intended to disclaim the express representations made in the Franchise Disclosure Document, its exhibits and amendments.

<b>THE FRANCHISE RELATIONSHIP</b>		
<b>Provision</b>	<b>Sections in Franchise Agreement*</b>	<b>Summary</b>
		<p>Equipment Lease provides that the agreement is the entire agreement and supersedes all prior and contemporaneous understandings, agreements, representations and warranties.</p> <p>No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.</p>
u. Dispute resolution by arbitration or mediation	FA Sections 22.9 and 22.10 EL Section 13.11	All non-binding mediation and binding arbitration must take place where we maintain our principal place of business (currently, Wyandot, Illinois) at the time the dispute arises (subject to applicable law).
v. Choice of forum	FA Section 22 EL Section 13.11	Any litigation (as and if applicable) must take place in the county where we maintain our principal place of business (currently, Wyandot, Illinois) at the time the dispute arises (subject to applicable law).
w. Choice of law	FA Section 22 EL Section 13.1	Illinois law (subject to applicable law).

\*FA = Franchise Agreement; EL = Equipment Lease

#### **ITEM 18.PUBLIC FIGURES**

We do not currently use any public figures to promote our franchise.

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**ITEM 19.**  
**FINANCIAL PERFORMANCE REPRESENTATIONS**

The FTC’s Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets, if there is a reasonable basis for the information, and if the information is included in the disclosure document. Financial performance information that differs from that included in Item 19 may be given only if: (1) a franchisor provides the actual records of an existing outlet you are considering buying; or (2) a franchisor supplements the information provided in this Item 19, for example, by providing information about possible performance at a particular location or under particular circumstances.

As of December 31, 2024, there were a total of 4 Franchised Businesses that are owned and operated by our franchisees. In Chart A we detail the Gross Sales (as defined in the Notes below) of the 4 Franchised Businesses (as defined in the Notes below) by acres covered. In Chart B we detail the Gross Sales of the 4 Franchised Businesses by flight hours.

<b>Chart A</b>		
<b>Gross Sales by Acres Covered</b>		
<b>By Franchised Location</b>		
<b>Locations</b>	<b>Gross Income</b>	<b>Acres Covered</b>
Franchised Business 1	\$ 232,363	10798
Franchised Business 2	\$ 106,850	5775
Franchised Business 3	\$ 89,154	3801
Franchised Business 4	\$ 160,749	6799
<b>Total systemwide Income</b>	<b>\$ 589,116</b>	<b>27173</b>
Average	\$ 147,279	6793.25
Highest	\$ 232,363	10798.00
Lowest	\$ 89,154	3801.00
Median	\$ 133,800	6287.00
<b># Above Average</b>	<b>2</b>	<b>2</b>

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<b>Chart B</b>		
<b>Gross Sales by Flight Hours</b>		
<b>By Franchised Location</b>		
<b>Locations</b>	<b>Gross Income</b>	<b>Flight Hours</b>
Franchised Business 1	\$ 232,363	223.5
Franchised Business 2	\$ 106,850	152.5
Franchised Business 3	\$ 89,154	90.1
Franchised Business 4	\$ 160,749	138.7
<b>Total systemwide Income</b>	<b>\$ 589,116</b>	<b>604.8</b>
Average	\$ 147,279	151.20
Highest	\$ 232,363	223.50
Lowest	\$ 89,154	90.10
Median	\$ 133,800	145.60
<b># Above Average</b>	<b>2</b>	<b>2</b>

**Notes Regarding Item 19 Generally**

1. The term “**Gross Sales**” means all revenue derived from operating the Franchised Business, which includes all the revenues received from marketing and selling the Products and Services we develop from time to time, and all the revenues received from selling any other products or services sold through your Franchised Business or sold through or using the System whether or not such products or services bear the Marks or were developed by us, and in any case whether in the form of cash, credit or otherwise and whether or not payment is received at the time of sale or any amounts prove uncollectible. Gross Sales does not include any sales tax or other taxes collected by the SW Business and paid to the appropriate taxing authority.
2. Written substantiation of the data used in preparing this information will be made available to the prospective franchisee upon reasonable request.
3. **Some outlets have sold and earned this amount. Your individual results may differ. There is no assurance that you will sell or earn as much.**

Other than the preceding financial performance representation, SweetWater Technologies Franchise, LLC does not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor’s management by contacting Hannah Gripp, 401 West Main Street, Wyand, Illinois 61379, and telephone number (574) 933-4285, the Federal Trade Commission, and the appropriate state regulatory agencies.

**ITEM 20.  
OUTLETS AND FRANCHISEE INFORMATION**

**Table No. 1  
System- Outlet Summary  
For Years Ending December 31, 2022, 2023, and 2024**

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2022	0	0	0
	2023	0	0	0
	2024	0	4	+4
Company-Owned <sup>(1)</sup>	2022	0	1	+1
	2023	1	1	0
	2024	1	1	0
<b>Total Outlets</b>	<b>2022</b>	<b>0</b>	<b>1</b>	<b>0</b>
	<b>2023</b>	<b>1</b>	<b>1</b>	<b>0</b>
	<b>2024</b>	<b>1</b>	<b>5</b>	<b>+4</b>

(1) The “company-owned” Business is owned by an affiliate and began offering the Services in 2022. It offered, and continues to offer, complimentary services since 2014. We do not own or operate a SWT Business.

**Table No. 2  
Transfers of Outlets from Franchisees to New Owners  
(other than the Franchisor)  
for Years Ending December 31, 2022, 2023, and 2024**

State	Year	Number of Transfers
<b>Total</b>	<b>2022</b>	<b>0</b>
	<b>2023</b>	<b>0</b>
	<b>2024</b>	<b>0</b>

**Table No. 3  
Status of Franchised Outlets<sup>(1)</sup>  
For Years Ending December 31, 2022, 2023, and 2024**

State	Year	Outlets at Start of Year	Outlets Opened	Termination	Non-Renewal	Reacquired by Franchisor	Ceased Operation - Other Reasons	Outlets at End of Year
Illinois	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	1	0	0	0	0	1
Indiana	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	2	0	0	0	0	2
Minnesota	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	1	0	0	0	0	1
Pennsylvania	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	1	1	0	0	0	0
<b>Total</b>	<b>2022</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>2023</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>2024</b>	<b>0</b>	<b>5</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4</b>

**Table No. 4**  
**Status of Company-Owned Outlets <sup>(1)</sup>**  
**For Years Ending December 31, 2022, 2023, and 2024**

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of Year
Illinois <sup>(1)</sup>	2022	0	1	0	0	0	1
	2023	1	0	0	0	0	1
	2024	1	0	0	0	0	1
<b>Totals</b>	<b>2022</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>
	<b>2023</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>
	<b>2024</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>

(1) The “company-owned” Business is owned by an affiliate and began offering the Services in 2022. It offered, and continues to offer, complimentary services since 2014. We do not own or operate a SW Business.

**Table No. 5**  
**Projected Openings as of December 31, 2024**

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year (2024)	Projected New Company-Owned Outlets in the Next Fiscal Year (2024)
Illinois	0	2	0
Iowa	0	1	0
Indiana	0	1	0
Missouri	1	1	0
<b>Total</b>	<b>0</b>	<b>5</b>	<b>0</b>

The name, address and telephone number of each current franchisee as of the date of this disclosure document are listed in Exhibit G.

The name, city and state, and the current business telephone number (or, if unknown, the last known home telephone number) of any franchisee who, in our most recent full fiscal year: (a) had an outlet terminated, cancelled, or not renewed; (b) otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement, as applicable; or (c) who has not communicated with us within 10 weeks of the issuance date of this disclosure document, is listed in Exhibit H.

**If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.**

We are not offering any existing franchised outlets to prospective franchisees, including those that either have been reacquired by us or are still being operated by current franchisees pending a transfer. If we begin to offer any such outlet, specific information about the outlet will be provided to you in a separate supplement to this Disclosure Document.

During the last 3 fiscal years, no current or former franchisees have signed confidentiality clauses that restrict them from discussing with you their experiences as a franchisee in our franchise system.

There are no (i) trademark-specific franchisee organizations associated with the franchise system being offered that we have created, sponsored or endorsed; or (ii) independent franchisee organizations that have asked to be included in this disclosure document.

**ITEM 21.**  
**FINANCIAL STATEMENTS**

Our audited opening balance sheet dated February 5, 2024, representing the financials as of January 19, 2024, and our audited financial statements for the year ending December 31, 2024, are attached to this Disclosure Document as Exhibit B. Also attached to this franchise disclosure document as Exhibit B are our unaudited consolidated balance sheet and consolidated statement of income as of June 30, 2025. We have not been in business for 3 years or more and, thus, cannot include all the financial statements required by the FTC Rule for our last 3 fiscal years. Our fiscal year ends December 31 of each year.

**ITEM 22.**  
**CONTRACTS**

Attached to this Disclosure Document (or the Franchise Agreement attached to this Disclosure Document) are copies of the following franchise and other contracts or agreements proposed for use or in use:

Exhibit A      Franchise Agreement

Exhibit B to Franchise Agreement – Principal Owner’s Statement

Exhibit C to Franchise Agreement – Principal Owner’s Guaranty

Exhibit D to Franchise Agreement – ETF Form

Exhibit E to Franchise Agreement – Principal Owner Confidentiality, Non-Solicitation  
and Non-Competition Agreement

Exhibit G to Franchise Agreement – Equipment Lease

Exhibit E      State Specific Addenda and Riders

Exhibit F      General Release

**ITEM 23.**  
**RECEIPT**

Exhibit J to this Disclosure Document are detachable receipts. You are to sign both, keep one copy and return the other copy to us.

**EXHIBIT A TO THE DISCLOSURE DOCUMENT**

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**FRANCHISE AGREEMENT**

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**SWEETWATER TECHNOLOGIES®**

**FRANCHISE AGREEMENT**

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\_\_\_\_\_  
AGREEMENT DATE

\_\_\_\_\_  
FRANCHISE OWNER

\_\_\_\_\_  
FRANCHISE NUMBER

ADDRESS OF FRANCHISE:  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

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**EXHIBITS:**

Exhibit A – Territory

Exhibit B – Principal Owner Statement

Exhibit C – Principal Owner Guaranty

Exhibit D – Electronic Funds Transfer Form

Exhibit E – Principal Owner Confidentiality, Non-Solicitation and Non-Competition Agreement

Exhibit F – Form of Employee Confidentiality Agreement

Exhibit G – Equipment Lease

**SWEETWATER TECHNOLOGIES®**  
**FRANCHISE AGREEMENT**

**THIS FRANCHISE AGREEMENT** (this “**Agreement**”) is effective as of \_\_\_\_\_ (the “**Effective Date**”), between **Sweetwater Technologies Franchise, LLC** (“**we**,” “**us**” or “**our**”), whose principal place of business is located at 401 West Main Street, Wyanet, Illinois 61379, and \_\_\_\_\_ “**you**” or “**your**”), whose address is \_\_\_\_\_ (collectively, you and we are referred to as the “**parties**” and individually sometimes referred to as a “**party**”).

1. **INTRODUCTION**

1.1. **The SWEETWATER TECHNOLOGIES® System.** We are granting franchises for a full-service drone application and business development company, offering the next generation of American farmers and ag professionals turn-key, owner-operator partnerships within precision agriculture (each, a “**SW Business**”) to qualified and capable candidates who want to market, sell and dispense via drone application certain of our proprietary products and other products and services (collectively, the “**Products and Services**”), using our System. You may not sell the branded Products or Services on a wholesale basis. We and our affiliates have developed or licensed distinctive formats, methods, marketing plans, policies, procedures, standards, specifications, information, sales and training techniques, business relationships, Marks and Copyrights to operate a SW Business, all of which we may change, alter, amend, further improve, discontinue, develop or otherwise modify from time to time (collectively, the “**System**”).

We use, promote and license, or may own, use, promote or license certain trademarks, service marks (including SWEETWATER TECHNOLOGIES®), logos, designs, artwork, e-names and other commercial symbols in the operation of SW Businesses (collectively, the “**Marks**”). SW Businesses also utilize, in a manner we designate or approve, certain materials and other ideas and information presented or reduced in or to tangible form that we designate, approve, or provide (e.g., writings, sound, compositions, pictures, drawings, artwork, websites, designs and the like), which we have sought or may seek copyright protection in or to (the “**Copyrights**”). We may in the future register, develop, enhance or modify certain aspects of the System or the Marks or the Copyrights, and we may create, use and license additional, replacement or substitute copyrights, trademarks, service marks, logos, designs, artwork, e-names and other commercial symbols in conjunction with the operation of SW Businesses, which we may include as part of the Marks or Copyrights. References to the System include the use of the Marks and Copyrights unless the context otherwise requires.

You have applied to acquire the right to operate a SW Business, using the System, to perform, market and sell the Products and Services. We grant to persons who meet our qualifications and are willing to undertake the investment and effort the right to own and operate a SW Business using the System (“**Franchisees**”).

The business you conduct as a SW Business is referred to as your or the “**SW Business**” or “**Business**.” You recognize our legitimate business interest in preserving our customer base and associated goodwill, as well as our relationships with other SW Businesses, suppliers, agents, designees or affiliates. This Agreement contains the terms and conditions of your performance as one of our SW Businesses and our obligations to you.

1.2. **Acknowledgments.** This Agreement is being presented to you because you expressed the desire to own and operate a SW Business and own and operate your SW Business. You understand that the terms of this Agreement are reasonably necessary to maintain our high standards of quality and service and the uniformity of those standards at all SW Businesses, and to protect and preserve the goodwill of the Marks, the Copyrights and the System. In signing this Agreement, you acknowledge:

(a) the importance of operating your SW Business in strict conformity with our standards;

(b) that you have conducted an independent investigation of your SW Business and recognize that, like any other businesses, its nature may evolve and change over time; and

(c) in all of their dealings with you, our officers, directors, employees and agents act only in their representative, not in an individual, capacity. All business dealings between you and us and such persons in connection with entering into or as a result of this Agreement are solely between you and us.

## 2. **GRANT AND TERM**

2.1. **Grant.** We grant to you a franchise (the “**Franchise**”) during the Term, to own and operate a SW Business using the System solely within the Territory in accordance with our System Standards to perform, market and sell the Products and Services to customers in the Territory.

2.2. **Term.** The term of the Franchise begins on the Effective Date and ends on its 5th anniversary (the “**Term**”), unless sooner terminated pursuant to this Agreement. The word “**Term**” means the initial time period and any renewal or extension of that time period, unless the context is otherwise.

2.3. **Full Term Performance.** You agree to perform your obligations under this Agreement faithfully and honestly, and to continuously exert your best efforts to promote and enhance your SW Business and the System, for the full term of this Agreement. You are required to be personally responsible for the development and success of your SW Business. In that connection, the SW Business must be managed and supervised on a day-to-day basis by you or another person we have approved, both of whom must have satisfactorily completed our initial training. Furthermore, you agree not to engage in any other business or activity that may conflict with your obligations under this Agreement. You must not offer any other line of business or services, including performing, marketing or selling other services the same or similar to Products and Services, without our prior written consent. You may use the Marks, the Copyrights and the System only for purposes of operating as a SW Business for the sale of the Products and Services, in accordance with this Agreement and our System Standards.

## 3. **TERRITORIAL RIGHTS AND RESTRICTIONS**

3.1. **Protection / Restrictions.** Subject to this Agreement, we grant to you a protected territory to operate your SW Business referred to as the Territory. The “**Territory**” of your SW Business is defined on Exhibit A. You must reside within the Territory. During the Term, we will neither grant anyone else the right to, nor ourselves, place the warehouse of a SW Business within the Territory except in compliance with our Cross-Territory Policy. In return, you must not market, sell,

promote, provide or perform Products and Services outside of the Territory without our prior written consent, except in an Open Area as described below or in compliance with our Cross-Territory Policy.

3.2. **Location.** You may commence the operation of your Business out of your home if local laws, zoning and other limitations permit you to do so. Your warehouse must be heated and have sufficient space to store the required equipment, and you may rent additional warehouse or storage space for this purpose as approved by us. Any and all warehouses for your SW Business must be located within the Territory and such location must be pre-approved by us. However, we are not obligated to provide any assistance to you in your selection of a warehouse, however, we reserve the right to approve the location to ensure it can properly store the equipment. You will not be permitted to relocate your warehouse or open additional warehouses within the Territory without our prior written approval. We will approve or disapprove of any proposed site within 30 days after receiving all information that we have reasonably requested from you in order for us to evaluate the site.

3.3. **Open Areas.** You may sell and perform (but not market, promote or advertise) Products and Services in any geographic area that we have not awarded or designated to another SW Business or reserved for us (“**Open Areas**”); provided that, work in such Open Areas does not, in the aggregate, constitute 50% or more of your annual Gross Sales. You acknowledge that the purpose of this provision is to permit you to perform and sell a limited amount of referral Products and Services in Open Areas near your Territory, but that you are otherwise required to perform, market and sell Products and Services only in your Territory. You acknowledge that we may grant exclusive territorial rights to anyone in any geographic area other than your Territory with no obligation or compensation to you whatsoever. We may do so at any time (without any compensation to you) so that your operations outside of your Territory (e.g., in Open Areas) are at your own risk. If we award or designate any Open Area to any other SW Business, or to us, that geographic area will no longer be an Open Area and you must immediately cease conducting any part of your SW Business activities in that former Open Area. We will notify you via e-mail if the Open Area is no longer available for you, identifying the Franchisee or specifying whether we are reserving it for us or our affiliates.

3.4. **Cross-Territory Policy.** We may adopt a Cross-Territory Policy which governs your marketing and sale of Products and Services within another franchisee’s territory. You: (i) will abide by the Cross-Territory Policy as adopted from time to time by us; and (ii) acknowledge that we may change, replace and modify the Cross-Territory Policy from time to time to reflect market conditions and other factors. Nevertheless, you must focus the predominant amount of your marketing activities within the Territory.

3.5. **Minimum Performance Requirements.** You must provide Services and Products to at least 5,000 acres per calendar year. We may terminate this Agreement if you fail to meet these minimum performance requirements.

3.6. **Rights We Reserve.** Notwithstanding anything in this Agreement to the contrary, we retain the right, on behalf of ourselves and our affiliates, in our discretion and without granting any rights to you, to:

- (a) perform, market, promote, sell and provide through affiliate owned businesses or through independent contractors, any Products and Services or similar products or services authorized for SW Businesses in any location, but not using the Marks;

(b) perform, market, promote, sell and provide any Products and Services in the Territory using the Marks in accordance with the Cross-Territory Policy;

(c) perform, market, promote, distribute and sell through wholesale and retail channels, including the internet and e-commerce platforms, products for others to use to perform services the same or similar to Products and Services for themselves or others, whether or not using the Marks anywhere;

(d) operate and grant to others the right to operate SW Businesses outside the Territory on such terms and conditions as we deem appropriate;

(e) operate and grant franchises to others to operate businesses, wherever located, specializing in the marketing and sale of products or services other than Products and Services, including the marketing and sale of products or services whether or not using the Marks, and pursuant to such terms and conditions as we deem appropriate;

(f) market, promote, advertise, schedule and take orders for quotations, estimates or to schedule Products and Services to be performed anywhere via the internet, call service centers or social media;

(g) operate call center services on behalf of ourselves and all Franchisees, if we determine to do so, which would include communications with customers in your Territory and booking appointments, jobs and projects;

(h) market, promote and advertise Products and Services whether or not using the Marks or Copyrights anywhere; and

(i) engage in any activity that we are not otherwise expressly prohibited from engaging in by the terms and conditions of this Agreement and/or that is not exclusively granted to you pursuant to this Agreement (anything not expressly granted by us to you is reserved by us).

#### 4. **FEES AND COMPENSATION**

4.1. **Franchise Fee**. You must pay the initial franchise fee of \$10,000 (the “**Franchise Fee**”). You must pay us the entirety of the Franchise Fee when you sign this Agreement. The Franchise Fee is fully earned by us and non-refundable when paid. In return for your payment of the Franchise Fee to us, we grant the Franchise to you and provide the Initial Training.

4.2. **Equipment Fee**. If applicable, you must pay the equipment fee outlined on the Lease to our affiliate (“**Equipment Fee**”). You must pay us the entirety of the Equipment Fee when you sign this Agreement. The Equipment Fee is fully earned and non-refundable when paid.

4.3. **Royalty.**

(a) You agree to pay us royalty fees each month equal to (i) 33% of the Gross Sales, *plus* (ii) either (1) \$2 per acre in which Services are provided, or (2) 25% of the Gross Sales collected for Services provided on an hourly rate (collectively, the “**Royalties**”). All billing and receipts for your SW Business will be processed by us.

(b) Within sixty (60) days after the end of each month, we will provide you with a report of the Gross Sales collected for Services and Products provided by your SW Business, or paid in connection with a prepayment for Services and Products to be provided by your SW Business, broken down by prepayments and for Services and Products already provided, for the month two (2) months immediately prior thereto, itemizing the Royalties paid to us and direct cost adjustments (if any).

(c) From Gross Sales we will (a) deduct the Royalties, Technology Fee, and Brand Fund Contributions, (b) deduct the amount of any customer invoices that are outstanding for greater than 12 months, other fees and costs payable to us and Direct Costs (defined below), and (c) retain 70% of the Gross Sales owed to you for those Gross Sales collected that are attributable for prepaid Products and Services (“**Prepaid Gross Sales**”) and pay the balance to you (the “**Distributed Balance**”). Royalties and other fees and costs payable to us and Direct Costs will be deducted first from Gross Sales. We may make payments to you by check or electronic funds transfer. We may make collections from you for amounts you owe to us by reducing the Distributed Balance or by your direct payment to us (by electronic funds transfer pursuant to the form attached to this Franchise Agreement as Exhibit D or by check). We reserve the right to charge interest on any past due amounts that are not paid by your customers. We further reserve the right to deduct from the Distributed Balance any amount we have incurred or paid on your behalf.

(d) The term “**Direct Costs**” means sales and similar taxes and any documented credits, rebates, refunds (including, without limitation, refunds of Prepaid Gross Sales made for cancelled Services or Products), and allowances or discounts granted to the customer.

4.4. **Brand Fund Contributions.** You must contribute to the Brand Fund such amounts as we designate from time to time, up to 3% of your Gross Sales (“**Brand Fund Contributions**”). You must pay the Brand Fund Contributions in such manner and at such times as you pay the Royalties.

4.5. **Technology Fee.** You are required to pay us a monthly fee (the “**Technology Fee**”), currently \$250 per month to be used to pay a third-party designated vendor for ongoing services including the reporting system and business portal (the “**Technology Services**”), which amount may increase in the future. The Technology Fee is due in such manner and at such times as you pay the Royalties.

4.6. **Gross Sales.** The term “**Gross Sales**” means all revenue derived from operating your SW Business, which includes all the revenues received from marketing and selling the Products and Services we develop from time to time, and all the revenues received from selling any other products or services sold through your SW Business or sold through or using the System whether or not such products or services bear the Marks or were developed by us, and in any case whether in the form of cash, credit or otherwise and whether or not payment is received at the time of sale or any amounts

prove uncollectible. Gross Sales does not include any sales tax or other taxes collected by the SW Business and paid to the appropriate taxing authority.

4.7. **Call Center**. We may establish a call center to perform administrative, screening, intake, and other related sales and customer service functions. If we establish a call center, you will be required to use its services and we may charge a reasonable fee. Call center functions and fees will be set forth in the Manuals.

4.8. **Sales Assistance**. You may use certain sales services that we offer from time to time, which may include remote phone coverage to respond to leads, among other services as described in the Manuals. We may charge a fee for these services as set forth in the Manuals. We may modify, add to or discontinue these services at any time. We make no assurance that any leads handled through these sales services will ultimately purchase Products and Services from you.

4.9. **Electronic Funds Transfer**. We may require you to pay any amounts due to us by electronic funds transfer (including ACH) on the Payment Date. You must comply with the procedures we specify in our Manuals and perform such acts and sign and deliver such documents as may be necessary to accomplish payment by this method.

4.10. **Interest on Late Payments**. All amounts due to us will bear interest after their due date at a monthly rate of 1.5% or the highest contract rate of interest permitted by law, whichever is less. You acknowledge that we do not agree to accept any payments after they are due, nor commit to extend credit to, or otherwise finance your operation of, the SW Business. Your failure to pay all amounts when due constitutes grounds for termination of this Agreement.

4.11. **Insufficient Funds**. In the event any check you tender to us for payment is returned or there are insufficient funds in such account, or any electronic funds transfer from your account is denied for insufficient funds or any charge to your credit card is declined in connection with any payment to us, you must pay to us our then-current fee for returned checks or insufficient funds, which currently is \$250 per occurrence. The fee is due immediately on any dishonored checks or notice of rejection or denial for any electronic funds transfer or credit card transactions. If you have 3 or more occurrences of insufficient funds within any 12-month period, we have the right to terminate this Agreement.

4.12. **Payment Offsets**. We may set off from any amounts that we may owe you any amount you owe us or our affiliates, for any reason whatsoever. Thus, payments that we make to you may be reduced, in our discretion, by amounts that you owe to us or our affiliates from time to time. In particular, we may retain (or direct to our affiliates) any amounts that we have received from your account as a credit and payment against any amounts that you may owe to us, or our affiliates, at any time. We may do so without notice to you at any time. However, you do not have the right to offset payments owed to us for amounts purportedly due to you from us.

4.13. **Certain Taxes**. If the state or local taxing authorities in your Territory impose any taxes on any payments that you owe to us (like a sales or service tax), then you must comply with all tax reporting and pay to us an adjusted amount to cover any such taxes, so that the net amount paid to us is not reduced by such taxes. This gross-up provision for state or local taxes applies only to taxes imposed directly on the Royalties or other amounts due to us. This provision does not apply to any taxes separately imposed on us, like income taxes.

4.14. **Gross Sales Margin.** The term “**Gross Sales Margin**” means the amount of the SW Business’ Gross Sales from the Products sold by the SW Business for the applicable period of time less costs of goods sold incurred by the supplier for the Products sold by the SW Business for the applicable period of time.

## 5. **TRAINING**

5.1. **Initial Training.** Prior to opening your SW Business, we will furnish to you and your manager (as applicable) the initial training program, including a virtual sales training segment and an operations segment (the “**Initial Training**”) at no additional fee or other charge. You will be responsible for all travel, meals and lodging expenses which you incur in connection with Initial Training. You (or if you are a Business Entity, your manager, including any on-premises supervisor) must attend and satisfactorily complete our Initial Training. Successful completion of the Initial Training by you (or if you are a Business Entity, your manager), is a condition to the opening of your SW Business to the public. If we determine that you (or if you are a Business Entity, your manager) or your pilots are unable to complete Initial Training to our satisfaction, we have the right to terminate this Agreement. If the approved manager leaves your employment, you must obtain a replacement manager that completes our Initial Training to our satisfaction. You will also be required to pay for the manager’s travel, living and lodging expenses while attending our Initial Training. The Initial Training is provided at our headquarters or other location we designate for up to five (5) days. If, after we provide you or your manager Initial Training, you hire a replacement manager, the replacement manager will be required to complete Initial Training, and you must pay to us our then-current replacement manager Initial Training Fee, currently \$500 per replacement trainee. You will be responsible for all wages, travel, meals and lodging expenses which you or your replacement manager incurs in connection with such replacement manager Initial Training.

5.2. **Pilot Training.** Before your employees may operate the drones, they must complete to our satisfaction our pilot training program (including provision of records associated with the license), at our then-current fee (currently not charged). You will be responsible for all wages, travel, meals and lodging expenses which your employees incur in connection with pilot training program.

5.3. **On-going Training.** We may require you (or if you are a Business Entity, your manager) to attend periodic or refresher training courses (“**Additional Training**”) for up to 3 days annually.

5.4. **Additional Training.** If you request or we require you (or if you are a Business Entity, your manager) to attend additional training, you must pay us our then-current fee per day per trainer (currently, \$250), plus travel and related expenses.

5.5. **Conventions.** We may require you to attend our annual convention, if we host one. If we require you (or if you are a Business Entity, your manager) to attend our annual convention, you must pay us our then-current registration fee (currently, \$1,500, subject to a 3% annual inflationary adjustment), plus travel and related expenses.

## 6. **BUSINESS EXPENSES, EQUIPMENT AND VEHICLES**

6.1. **Expenses.** You must pay all of your own business expenses in connection with the operation of your SW Business pursuant to this Agreement. You are responsible for paying for any

supplies or any other business materials that you need or that we designate for use by SW Businesses, and we are not responsible for reimbursing you for any of such items.

6.2. **Vehicles.** To operate your SW Business, you will need to lease certain equipment from our affiliate pursuant to the equipment lease attached to this Franchise Agreement as Exhibit G (the “**Equipment Lease**”). All personal equipment that you utilize in your SW Business must meet our System Standards and otherwise must meet our specifications for equipment, layout, appearance, décor and model. You recognize that we may require you to periodically update the signage and other logos you utilize from time to time.

## 7. **MANUALS AND GUIDANCE**

7.1. **Operations Manuals.** We will grant you access (which may be electronic), during the term of this Agreement, to our manuals (the “**Manuals**”), consisting of such materials (including, as applicable, audiotapes, videotapes, magnetic media, computer Software and written materials, as we determine) that we generally furnish to franchisees from time-to-time for use in operating a SW Business. The Manuals contain mandatory and suggested specifications, standards, operating procedures and rules (“**System Standards**”) that we prescribe from time to time for the operation of a SW Business and information relating to your other obligations under this Agreement and related agreements. We may make the Manuals accessible to you on-line or via other forms of electronic format like, using the Internet or on Intranet or CD-ROM (instead of loaning one (1) copy of it to you). You agree to follow the standards, specifications and operating procedures we establish periodically for the SWEETWATER TECHNOLOGIES® System that are described in the Manuals. You also must comply with all updates and amendments to the SWEETWATER TECHNOLOGIES® System as described in newsletters or notices we distribute, including via Computer System or other media we select). The Manuals may be modified or updated and revised periodically to reflect changes in System Standards. You are responsible for routinely monitoring any on-line version (or electronic format) of the Manuals for changes to them. If we make the Manuals accessible to you in read-only format and/or on-line (or electronic format), we will not send to you printed copies of any changes to them. However, any form of the Manuals accessible to you on-line is our proprietary information and will be deemed Confidential Information for purposes of this Agreement. You agree to maintain the Manuals as confidential and maintain the information in the Manuals as secret and confidential. You agree to keep your printed copy of the Manuals (if any) current and in a secure location. In the event of a dispute relating to the contents of any printed copy of the Manuals, the master copy of the Manuals we maintain at our principal office will be controlling. However, in the event we utilize on-line Manuals, the most recent on-line Manuals will control any disputes between the on-line version and printed copies of the Manuals. You may not at any time copy, duplicate, record or otherwise reproduce any part of the Manuals. You must keep the Manuals in a secure location. Generally, we will provide the Manuals electronically; if you request, and we agree, to provide to you a printed copy, you will bear the costs associated with preparing, printing and shipping the Manuals to you. You must not:

- (a) permit any part of the Manual to be copied, transmitted, “posted” or downloaded; and/or
- (b) disclose it or any of its contents to anyone not having a need to know its contents for purposes of operating your SW Business.

7.2. **Guidance and Assistance.** During the Term, we will from time to time furnish you guidance and assistance with respect to the System Standards. This guidance and assistance will be

furnished in the form of the Manuals, bulletins, written reports and recommendations, other written or electronic materials, telephone consultations, electronic mail, training programs, meetings, conferences and/or personal consultations at our offices, your location or at a mutually convenient place. As we determine necessary from time to time, our guidance and assistance may relate to:

- (a) the marketing and sale of the Products and Services and the use of System Standards;
- (b) coordinating the activities of all SW Businesses;
- (c) establishing and conducting employee training programs;
- (d) development and implementation of local advertising and promotional programs;
- (e) furnishing information dealing with trends in Products and Services; and
- (f) changes in any of the above that may occur from time to time.

7.3. **Modification of System Standards**. We may periodically modify System Standards, and any such modifications may obligate you to invest additional capital in your SW Business and/or incur higher operating costs; provided, however, that such modifications will not alter your fundamental status and rights under this Agreement. You are obligated to comply with all modifications to System Standards within the time period we specify. You must repair, replace or refurbish your equipment, vehicles or trailers to meet our System Standards; provided, however, equipment leased to you will be maintained in accordance with the terms of the Equipment Lease. In addition to your obligation to maintain all vehicles and equipment to meet our System Standards, you must make any upgrades and replacements of any equipment, computer hardware or software specifications as we require from time to time. We may also periodically require you to renovate the trade dress used on your vehicles, marketing materials, or at your business office. These updates may require you to implement new color schemes, signage, marketing materials or other visual elements. You must adapt to all of these upgrade requirements within 90 days of our notice to you to do so.

7.4. **Sourcing**. You may only use the equipment, Products, other products, supplies, Proprietary Chemicals (as defined below), and materials to perform Services (the “**Materials**”) that meet our System Standards. You must maintain an inventory of Materials and provide labor or employ service staff sufficient for the daily operation of your SW Business. You may only use the Materials specified in our Manual and must purchase the Materials from us or our affiliates or suppliers we designate from time to time (the “**Approved Suppliers**”). We, or our affiliate, will coordinate with you, your purchases of the starting inventory.

- (a) **Opening Inventory**. Prior to the Commencement Date, at no cost to you, we will provide you with an initial supply of our proprietary, branded chemicals (the “Proprietary Chemicals”), Materials and other items in amounts we determine in our sole and absolute discretion (“**Opening Inventory Package**”). You must purchase the remainder of the Materials for your Business from us, our affiliate or approved suppliers, as outlined in the Manuals. The amount of opening inventory we require is set forth in the Manuals. We may offer to you, or require you to purchase from us, our affiliate or approved suppliers, an opening marketing from third party vendors we designate.

(b) **Purchases from Us.** We, or our affiliate, may be the only supplier for certain of the Materials or Proprietary Chemicals. If we are the sole supplier for a Material, you must obtain or buy such Materials only from us or our affiliate. We, or our affiliates, may earn a mark-up on any Materials we, or they, sell to you. With respect to Proprietary Chemicals, we will provide those to you on consignment for your use in the SW Business. You may be required to enter into a supply agreement or agree to certain terms and conditions with our affiliate setting forth the terms and conditions of the purchase and sale of certain Proprietary Chemicals and/or Materials and you must adhere to any terms and conditions contained in the Manuals.

(c) **Approved Suppliers.** We may negotiate group or volume purchasing arrangements with Approved Suppliers and you must participate in the arrangements. We will be entitled to all rebates, bonuses and promotional benefits associated with those programs. Other than the Materials you must buy from us, if you desire to use additional Materials that we have not approved or from sources other than the Approved Suppliers we designate (other than us), you must submit to us a written request to approve the additional Materials together with such evidence of conformity with the System Standards as we may require. We will, within 90 days after receipt of such request, notify you in writing of our approval or disapproval of the additional Materials and the alternate source of such Materials, or the additional services. We reserve the right, in our sole discretion, to (i) deny approval of any additional Materials or services, (ii) limit the number or scope or your use of the additional Materials or your ability to sell or provide additional services and/or (iii) condition approval of the additional Materials on the Approved Suppliers being the supplier of the additional Materials. You must pay to us a fee equal to our actual costs incurred in evaluating the supplier, within 30 days of your receipt of our notification of approval or disapproval to cover our costs and expenses in connection with our review of the additional Materials and the source of such Materials plus any out-of-pocket costs we incur (e.g., travel, shipping, etc.).

(d) **Designated Suppliers.** You must also only use certain approved designated suppliers for certain services that you will need to operate your SW Business. For these products and service suppliers, we will not be required to evaluate replacements or substitutes due to their integration within our System. We may change approved suppliers for these product and services at any time and from time to time. You must timely pay the fees and charges imposed by such approved suppliers. We will be entitled to all rebates, bonuses and promotional benefits associated with those programs.

## 8. **SYSTEM TECHNOLOGIES**

8.1. **Computer System.** You must acquire, license and use in developing and operating your SW Business a computer system consisting of the computer services, components, equipment, computer hardware, telecommunications equipment or services, and the software used in connection with the billing, bookkeeping, administration, collections, and other back room services, data research, customer relationship management, and other operating or communications software we designate or approve for use by SW Businesses (collectively, the “**Software**”) that we periodically specify in the manner we designate in the Manuals (collectively, the “**Computer System**”). We may require you to obtain specified computer and communications hardware, equipment, components or Software and services and may modify specifications for and components of the Computer System from time to time. We may require you to collect and maintain on the Computer System certain information to satisfy regulatory and processing requirements, and you will provide such information as we may

request from the data so collected and maintained. Our modifications and specifications for components, equipment, services and operating or communications of the Computer System may require you to incur costs to purchase, lease or license new or modified Software or computer or communications hardware, equipment, components or software and to obtain service, support, upgrades and updates for the Computer System during the Term. You agree to incur such costs in connection with obtaining the computer hardware and Software comprising the Computer System (or additions or modifications), operating it in accordance with our System Standards and ensuring that it is compatible with, and capable of participation in and performing the functions we designate for the SW Business and engaging in any form of e-commerce we designate or approve, as long as the Computer System we specify for use is the same Computer System that we or our affiliates then currently use in SW Businesses that we or they own and operate. Within 30 days after you receive notice from us, you must obtain the components of the Computer System that we designate and require. The Computer System must be capable of connecting with our Computer System, performing the functions we designate for the SW Business, permitting us to review the results of your SW Business' operations, and engaging in any e-commerce activities that we designate or approve. We also have the right to charge you a reasonable systems fee for modifications of and enhancements made to any proprietary software that we license to you and other maintenance and support services that we or our affiliates furnish to you related to the Computer System. You agree that we may communicate with you by whatever means we designate from time to time including specifically by e-mail. You also agree to sign whatever documents and forms we may require in order to do so. You also will require any of your employees to sign such forms we designate to enable us to communicate with them by e-mail as well.

8.2. **Websites.** We have the right to control all use of URL's, domain names, websites, addresses, metatags, links, key words, e-mail addresses, social media accounts or platforms, and any other means of electronic identification or origin ("**e-names**"). We also have the right to designate, approve, control or limit all aspects of your use of the Internet, Intranet, World Wide Web, social media, wireless technology, digital cable, use of e-names, e-mail, websites, home pages, bulletin boards, chatrooms, e-mail, linking, framing, on-line purchasing cooperatives, marketplaces, barter exchanges, and related technologies, methods, techniques, registrations, networking, and any electronic communication, commerce, computations, or any means of interactive electronic documents contained in a network of computers or similar devices linked by communications software (collectively, "**e-commerce**"). You must follow all of our policies and procedures for the use and regulation of e-commerce as outlined in the Manuals or otherwise. We may require that you provide graphical, photographic, written or other forms of artistic or literary content to us for use in e-commerce activities associated with the Marks, the Copyrights or the System which we may designate. We may restrict your use of e-commerce to a centralized website, portal or network or other form of e-commerce designated by us operated by us or our designee. You must not create your own website. We may require that you provide information to us via e-commerce. We may require you to coordinate your e-commerce activities with us and other SW Businesses. We may require you to obtain the services of and pay the then-current fees for ISP and ASP services and the like. You recognize and agree that between you and us, we own all rights to all interest in and to any data collected via e-commerce related to the System, the Marks or the Copyrights, including any customer data, click-stream data, cookies, user data, hits and the like: such information is deemed by us to be and constitutes our Confidential Information.

8.3. **Customer Data and Data Security.** Any information on customers, prospects or similar persons of your SW Business that identifies or can be used to identify, contact, locate, or be traced back to the specific person to whom such information pertains, or from which identification or

contact information of an individual person can be derived, including but not limited to, personally identifiable information (“**Customer Data**”) and all information, mailing lists and data bases of Customer Data from whatever source derived, industry standards must be used only in connection with your SW Business in accordance with this Agreement. You agree to comply with all applicable laws, regulations and industry standard best practices with respect to Customer Data; in addition, you agree to comply with all data privacy and security requirements we may establish from time to time and to exert your best efforts to prevent the unauthorized use, dissemination or publication of Customer Data, subject in all instances to applicable laws. It is your responsibility to determine the data privacy laws applicable to you and your SW Business. We expressly disclaim knowledge of the data privacy laws applicable to you. You shall promptly notify us if you become aware of or suspect any unauthorized access to the Customer Data, or if you become the subject of any governmental, regulatory or other enforcement or private proceeding relating to your data handling practices. You shall promptly carry out any request from us with respect to Customer Data that is reasonably necessary to allow us to comply with data privacy laws applicable to us regarding processing, storage, handling, collection, use, transfer and transmission of Customer Data.

8.4. **PCI Compliance.** It is your responsibility to maintain and report your PCI compliance, which encompasses operational policies and practices as well as networks and POS Software used to process credit card transactions, as well as attesting that you are abiding by (i) the PCI Data Security Standards enacted by the applicable card associations (as they may be modified from time to time or as successor standards are adopted); and (ii) all other security standards and guidelines that may be published from time to time by payment card companies and/or enacted by law, and are applicable to customer credit card and debit card information. If you know or suspect a security breach, you must immediately notify both your credit card transaction acquirer and us. You assume all responsibility for providing notice of breach or compromise, along with duties and costs associated with fraudulent transactions, penalties, and ongoing fees for monitoring customer credit card histories and/or transactions for affected customers of your SW Business.

## 9. **MARKS AND COPYRIGHTS**

9.1. **Ownership and Goodwill.** You recognize that various materials we give you may be subject to copyrights we own or license from others. Your right to use the Marks and the Copyrights is derived solely from this Agreement and is limited to the operation of your SW Business pursuant to and in compliance with this Agreement (including the Manuals) and all applicable System Standards we prescribe during the Term. If you make any unauthorized use of any of the Marks or the Copyrights, it will constitute a breach of this Agreement and an infringement of our rights in and to the Marks or the Copyrights. Your use of the Marks or the Copyrights and any goodwill established by your use, will inure to our benefit exclusively. You acknowledge that you do not own the Marks or Copyrights. This Agreement does not confer any goodwill or other interests in the Marks or the Copyrights on you (other than the right to operate your SW Business in compliance with this Agreement).

9.2. **Additional Marks.** All provisions of this Agreement which apply to the Marks, or the Copyrights will apply to any additional trademarks, service marks, commercial symbols, designs, artwork, trade dress, logos and other copyrights we may authorize and license you to use during the Term.

9.3. **Limitations on Use.** You must use the Marks we designate as the sole trade identification of your SW Business, except that you must also identify yourself as an independent owner in the form we prescribe. You must not: (a) use any Mark or Copyright as part of any corporate

name or with any prefix, suffix, or other modifying words, terms, designs, or symbols, or in any modified form; (b) use any Mark or Copyright or any commercial symbol similar to any Mark in connection with the performance or sale of any unauthorized services or products, or in any other manner we have not expressly authorized in writing; (c) employ any of the Marks or the Copyrights in any manner that we have determined may result in our liability for any indebtedness or obligation of yours. You will display the Marks or the Copyrights in the manner we prescribe at your SW Business and in connection with advertising and marketing materials, along with any notices of copyright, trademark and service mark ownership registrations that we specify. You will also have to obtain any fictitious name, assumed name or “doing business as” registrations that may be required under applicable law.

9.4. **Infringements and Claims.** You must notify us immediately in writing of any apparent infringement of or challenge to your use of any Mark or Copyright or claim by any person of any rights in any Mark or Copyright or similar copyright, trade name, trademark or service mark of which you become aware. You must not communicate with anyone except us and our attorneys in connection with any such infringement, challenge or claim. We have sole discretion to take whatever action we deem appropriate. We have the sole right to control exclusively any U.S. Patent and Trademark Office, U.S. Copyright Office, litigation or other proceeding or any other litigation or other proceeding arising out of any infringement, challenge or claim relating to any Mark or Copyright. You must sign any documents, give any assistance, and do any acts that our attorneys believe are necessary or advisable in order to protect and maintain our interests in any litigation or proceeding related to the Marks or the Copyrights or otherwise to protect and maintain our interests in the Marks or the Copyrights. You may not, at any time, contest the validity or ownership of any of the Marks or the Copyrights, or assist any other person in contesting the validity or ownership of any of the Marks or the Copyrights.

9.5. **Discontinuance of Use.** If it becomes advisable at any time in our sole judgment for your SW Business to modify or discontinue the use of any of the Marks or the Copyrights or for your SW Business to use one or more additional or substitute trademarks or service marks, you agree to comply with our directions to modify or otherwise discontinue the use of such Mark or Copyright, or use one or more additional or substitute trademarks or service marks, within a reasonable time after our notice to you. Our sole liability and obligation to you for such modification or discontinuance will be to provide you with, or reimburse you for, replacement of stationery, forms, business cards, signage and the like, utilizing the substitute Marks.

9.6. **Indemnification.** We will indemnify you against and reimburse you for all damages for which you are held liable to third parties in any proceeding arising out of your authorized use of any Mark or Copyright, pursuant to it and in compliance with this Agreement, resulting from claims by third parties that your use of the Marks or the Copyrights infringes their trademark or copyright rights, and for all costs you actually incur in the defense of any such claim in which you are named as a party, so long as you have timely notified us of the claim, have otherwise complied with the terms of this Agreement, modify or discontinue any infringing use and only to the extent such fees are reasonable under the circumstances. We will not indemnify you against the consequences of your use of the Marks or the Copyrights except in accordance with the requirements of this Agreement. You must provide written notice to us of any such claim within seven (7) days of your receipt of such notice and you must tender the defense of the claim to us. We will have the right to defend any such claim and if we do so, we will have no obligation to indemnify or reimburse you for any fees or disbursements of any attorney retained by you. If we elect to defend the claim, we will have the right to manage the

defense of the claim including the right to compromise, settle or otherwise resolve the claim, and to determine whether to appeal a final determination of the claim.

9.7. **Consent.** You acknowledge and agree that we may grant franchises to others to operate SW Businesses using the Marks or the Copyrights, in accordance with this Agreement. You agree that, whenever we may request from time to time, you will give your written consent to such use of the Marks and the Copyrights by such franchisees.

9.8. **Creation of Copyrights.** If you commission any Copyrights or other improvements for any use in connection with the operation of your SW Business, you will be responsible for requiring the artist and any other person who may claim copyrights, moral rights, privacy rights, publicity rights or any other intellectual property rights in or to that Copyright (including any aspect of the content or composition of it), to assign to us all rights, title and interest in and to the Copyrights. To the extent such assignment is not possible or obtainable, you must require that such persons failing to grant to us such assignment grant to us an unconditional, royalty free, world-wide, multi-site, multi user, irrevocable, freely assignable license to use, license, modify, reproduce, make commercial use of, and make derivative works from or of, the Copyrights and all attributes of and to it. You agree to, prior to commissioning, utilizing, purchasing or licensing any Copyright, require all persons who claim intellectual property, privacy, publicity or moral rights in or to the Copyrights (other than us) sign such assignments or licenses as we may designate from time to time. Between you and us, you agree that we will be deemed to own all aspects of the physical embodiment of the Copyrights. We own all designs and photographs and all associated copyrights used in connection with your bids or proposals for Products and Services.

## 10. **DUTIES AND RESPONSIBILITIES**

10.1. **Opening of the Business.** You must commence (a) solicitation of sales for Products and Services for the SW Business no later than two (2) weeks after the Effective Date; and (b) full operations of your SW Business wherein you begin providing Products and Services to customers within four (4) months of the Effective Date (the “**Commencement Date**”). If you do not commence operations of your SW Business within such time periods, we may terminate this Agreement.

10.2. **The Products and Services.** You agree to follow all of our policies and procedures we may develop from time to time in the Manuals with respect to the Products and Services you provide. You must follow our System Standards when providing the Products and Services. You must perform and sell all Products and Services that we authorize for SW Businesses. You must provide all warranties on Products and Services that we require from time to time and must perform the installation, repair, or other services related to customer warranty claims, all in accordance with the policies and procedures set forth in the Manuals or otherwise in writing. You must not engage in any wholesale distribution or sale of the Products and Services and must perform, market, promote and sell them only for the benefit of retail customers (although third party payors like insurance companies may be involved and pay for them). You must not engage in any sales of Products and Services on a wholesale basis.

10.3. **Compliance with System Standards.** You acknowledge and agree that your operation and maintenance of the Franchised Business in accordance with System Standards is essential to preserve the goodwill of the Marks and all the SW Businesses. Therefore, at all times during the term of this Agreement, you agree to operate and maintain the Franchised Business in accordance with each and every System Standard, as we periodically modify and supplement them

during the term of this Agreement. System Standards may regulate any one or more of the following with respect to the Franchised Business:

- (a) periodic maintenance and remodeling; replacement of obsolete or worn-out fixtures, furnishings, equipment and signs, designs, wraps, finishes, color or paints; periodic painting; and use of interior and exterior signs, emblems, lettering and logos, both for physical facilities and vehicles;
- (b) quantities, types, models and brands of required Products and Services, fixtures, furnishings, equipment, signs, materials and supplies used in establishing and operating the Franchised Business;
- (c) required inventory and inventory levels;
- (d) designated or approved suppliers of fixtures, furnishings, equipment, Products and Services and other items we require for the operation of your Franchised Business;
- (e) terms and conditions of the sale and delivery of, and terms and methods of payment for, products, materials, supplies and services, that you obtain from us, our affiliates or unaffiliated suppliers;
- (f) sales, marketing, advertising and promotional programs and materials that are required or approved for use by your Franchised Business;
- (g) use or non-use and display or non-display of the Marks and Copyrights;
- (h) qualifications, training, dress and appearance of employees;
- (i) days and hours of operation of the Franchised Business;
- (j) acceptance of credit cards, gift certificates, coupons, frequent customer programs, and payment systems and check verification services;
- (k) bookkeeping, accounting, data processing and record keeping systems, including software, and forms; methods, formats, content and frequency of reports to us of sales, revenue, financial performance and condition; and furnishing tax returns and other operating and financial information to us;
- (l) complying with applicable laws; obtaining required licenses and permits; adhering to good business practices; observing high standards of honesty, integrity, fair dealing and ethical business conduct in all dealings with customers, suppliers and us; and notifying us if any action, suit or proceeding is commenced against you or the Franchised Business;
- (m) mandatory and/or suggested memberships in trade and/or industry associations or organizations;
- (n) regulation of such other aspects of the operation and maintenance of the Franchised Business that we determine from time-to-time to be useful to preserve or enhance the efficient operation, image or goodwill of the Marks and the SW Businesses.

You agree that System Standards prescribed from time-to-time in the Manuals, or otherwise communicated to you in writing or other tangible form, constitute provisions of this Agreement as if fully set forth. All references to this Agreement include all System Standards as periodically modified.

10.4. **Sales Methods**. You must follow our System Standards when marketing and selling the Products and Services. You must not make any misrepresentations to prospective customers regarding or concerning us or our business. Accordingly, in marketing and selling the Products and Services, you will not disseminate any information, or represent to prospective customers or others, any information that conflicts with any of the materials we provide you to assist in the sale of the Products and Services.

10.5. **Record Keeping**. In order for us to monitor your performance, you must keep and maintain full and accurate records of (i) your meetings with referral sources, customers and prospects; (ii) all Products and Services sold and Materials used; (iii) all locations where you have provided the Products and Services; and (iv) any other information we may require. Such information must be updated in accordance with the procedures outlined in the Manual. The records must include whatever information we consider necessary from time to time (and will include information relating to meetings, follow-up calls, etc.). We will also require you to complete and transmit to us reports detailing your activities in the form and at the times we require from time to time. You must also utilize the accounting methods that we determine from time to time, and utilize the accounting services and software, including, without limitation, customer relationship management software, that we specify from time to time in the Manuals or otherwise. We may, in our discretion, provide those services to you. You must utilize our uniform chart of accounts in your bookkeeping and to create your financial statements, and you must provide us remote electronic access to such bookkeeping software and financial statements. If you do not provide us with timely and accurate financial statements utilizing our approved forms, methods and procedures, we may require that you utilize a vendor that we have approved to provide the accounting and bookkeeping services for you. You must follow the policies and procedures we periodically establish for operating procedures, record keeping and reporting and other matters.

10.6. **Access to Facilities**. You must give us access to your warehouse for audit purposes at reasonable times.

10.7. **Marketing Support**. We will provide you with certain marketing materials including literature concerning the Products and Services, manuals, brochures and related information that we have designed or otherwise acquired to assist you in the marketing and sale of the Products and Services that you must print at your own cost. Upon termination or expiration of this Agreement or at our request, whichever is earlier, you must: (i) return all marketing materials, manuals, brochures and related information that we have furnished to you or that bear our trade names; and (ii) not retain copies of these materials in any form whatsoever.

10.8. **Management**. Accordingly, you or your manager, who must be approved by us, must be actively involved in the management of all aspects of your SW Business. Although you may delegate some of your duties under this Agreement to your managers or employees, you remain fully responsible for your and their performance. You must use your best efforts to ensure your personnel do not breach this Agreement. You, your principal owner, and any manager that we have approved (including any on-premises supervisor), must successfully complete initial training. you shall use your best efforts to hire qualified and competent employees. You are responsible for making sure all personnel are capable of performing their duties in accordance with system standards and ensure that

they sign our then-current form of Confidentiality Agreement, an example of which is attached to this Franchise Agreement as Exhibit F. You are solely responsible for the supervision of your personnel. You will decide the compensation to be paid to your personnel. We will not be responsible for payment of any compensation to you or your personnel.

10.9. **Insurance**

(a) **Insurance and Coverage Requirements.** You will obtain and maintain the types of insurance coverage required to be carried for the SW Business, in the amounts and on the terms and conditions in accordance with our System Standards as we may specify from time to time in our Manual or otherwise in writing to you. We may periodically increase or decrease the amounts of coverage required thereunder and require different or additional kinds of insurance at any time to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards or other relevant changes and circumstances. Our System Standards may regulate (i) the standards for underwriters of policies providing required insurance coverage; (ii) our protection and rights under such insurance policies as an additional named insured; (iii) required or impermissible insurance contract provisions; (iv) assignment of policy rights to us; (v) periodic verification of insurance coverage that must be furnished to us; (vi) our right to obtain insurance coverage for the SW Business at your expense if you fail to obtain required coverage; (vii) our right to defend claims; and (viii) similar matters relating to insured and uninsured claims.

(b) **Insurance Policy Terms.** All insurance policies must:

(i) contain no provision which in any way limits or reduces coverage for us in the event of any claim by us or any of our affiliates, directors, officers or agents;

(ii) extend to provide indemnity for all obligations assumed by you under this Agreement and all items for which you are required to indemnify us under the provisions of this Agreement or otherwise;

(iii) name us as an additional insured and not contain an “insured vs. insured” exclusion;

(iv) contain a waiver of the insurance company’s right of subrogation against us;

(v) provide that the coverage afforded applies separately to each insured against whom a claim is brought as though a separate policy had been issued to each insured;

(vi) provide that the insurance company will provide us with at least 30 days’ prior written notice of termination, expiration, cancellation or material modification of any policy;

(vii) provide that you cannot reduce the policy limits, restrict coverage, cancel or otherwise alter or amend the policies without our prior written consent; and

(viii) contain such other terms and conditions as we require from time to time.

(c) **Evidence of Coverage.** Before the expiration of the term of each insurance policy, you must furnish us with a copy of each new, renewal or replacement policy you have obtained to extend your coverage, along with evidence of the premium payment. If you do not maintain the required insurance coverage, or do not furnish us with satisfactory evidence of insurance coverage and premium payments, we may obtain, at our option and in addition to our other rights and remedies under this Agreement, any required insurance coverage on your behalf. If we do so, you must fully cooperate with us in our effort to obtain the insurance policies and must promptly sign all forms required to obtain or maintain the insurance. You must also allow any inspections of your SW Business required to obtain or maintain the insurance. Finally, you must pay us, on demand, any costs and premiums we incur in obtaining insurance on your behalf. Neither your obligation to maintain insurance coverage nor our maintenance of insurance on your behalf, will reduce or absolve you of any obligations of indemnification described in this Agreement.

(d) **Acknowledgment.** you hereby acknowledge that you fully understand the potential ramifications with placing your coverage with this insurance company and you consent to the placement of coverage with this company. Further, by your signature below, you hereby release ABC Agency, Inc., its employees and/or its independent contractors from any and all liabilities, expenses, costs, fees or any other loss that you may experience should the insurance company be unable to meet its obligations under the policy contract, including payment of losses and claims. You also agree that this acknowledgment, consent and waiver will apply to all future renewals, continuation and changes of coverage with the above listed insurance company.

10.10. **Compliance with Laws and Good Business Practices.** You will secure and maintain in force in your name all required licenses, permits and certificates relating to the operation of the SW Business. You will operate the SW Business in full compliance with all applicable laws, ordinances and regulations, including, without limitation, all government regulations relating to occupational hazards and health, privacy, worker's compensation insurance, unemployment insurance, workplace safety, and withholding and payment of federal and state income taxes, social security taxes and sales taxes. You shall also pay and/or withhold taxes and premiums for unemployment and workman's compensation insurance for your personnel, as required by state and/or federal law. You will, in all dealings with customers, suppliers, us and the public, adhere to the highest standards of honesty, integrity, fair dealing and ethical conduct. You agree to refrain from any business or advertising practice which may be injurious to our business and the goodwill associated with the System, the Marks, the Copyrights and other SW Businesses.

## 11. **ADVERTISING AND PROMOTION**

11.1. **Initial Launch Marketing.** You will be required to spend a minimum of \$1,500 as we determine appropriate on an initial launch marketing within the time periods outlined in the Manual and varies based on the time of year that you sign this Agreement. The initial launch marketing will be conducted in accordance with our instructions (as contained in the Manual or otherwise), and will consist of a variety of public relations, marketing and advertising initiatives, intended to publicize the opening of your SW Business, setting up your customer-focused website and beginning to establish an on-line presence. The amounts you spend on the initial launch marketing will not be credited against

any other obligations pursuant to this Agreement. No later than the last day of each calendar month in which part of the initial launch marketing falls, you will provide us with a written report of all activities undertaken as part of the initial launch marketing (including an accounting for all expenditures and a description of all public relations and marketing activities). We reserve the right, in our sole discretion, to implement the initial launch marketing on your behalf and require you to pay the amounts to conduct it directly to us.

11.2. **Establishment of Brand Fund.** Recognizing the value of advertising and marketing to the goodwill and public image of SW Businesses, we have established a system-wide brand fund (the “**Brand Fund**”) for such advertising, marketing and public relations programs and materials we deem necessary or appropriate. We reserve the right to defer or reduce Brand Fund Contributions of a SW Business Franchisee and 10 days’ prior written notice to you, to reduce or suspend contributions to and operations of the Brand Fund for one or more periods of any length and to terminate (and, if terminated, to reinstate) the Brand Fund. If the Brand Fund is terminated, all unspent monies on the date of termination will be distributed to our Franchisees in proportion to their respective contributions to the Brand Fund during the preceding 12-month period.

11.3. **Use of the Funds.** We or our designee will direct all programs financed by the Brand Fund, including the creative concepts, materials and endorsements, and the geographic, market and media placement and allocation. You agree that the Brand Fund may be used to pay the costs of (a) preparing and producing video, e-commerce, audio and written advertising materials; (b) developing and servicing corporate accounts; (c) evaluating new products or services; (d) research and development of marketing materials; administering regional and multi-regional advertising programs, including, without limitation, purchasing e-commerce rights, direct mail and other media advertising and employing advertising, promotion and marketing agencies; and supporting public relations, market research, establishing, developing, maintaining, servicing or hosting Websites or other e-commerce programs, and other advertising, promotion and marketing activities. The Brand Fund periodically will furnish you with samples of advertising, marketing and promotional formats and materials at no cost. Multiple copies of such materials will be furnished to you at our direct cost of producing them, plus any related shipping, handling and storage charges.

11.4. **Accounting for the Fund.** The Brand Fund will be accounted for separately from our other funds and will not be used to defray any of our general operating expenses, except for such reasonable salaries, administrative costs, travel expenses and overhead, as we may incur in activities related to the administration of the Brand Fund and its programs, including, without limitation, conducting market surveys, preparing advertising, promotion and marketing materials and collecting and accounting for contributions to the Brand Fund. We may spend on behalf of the Brand Fund, in any fiscal year an amount greater or less than the aggregate contribution of all SW Businesses to the Brand Fund in that year, and the Brand Fund may borrow from us or others to cover deficits or invest any surplus for future use. All interest earned on monies contributed to the Brand Fund will be used to pay advertising costs before other assets of the Brand Fund are expended. We will prepare a periodic statement of monies collected and costs incurred by the Brand Fund and furnish the statement to you upon written request. We have the right to cause the Brand Fund to be incorporated or operated through a separate entity at such time as we deem appropriate, and such successor entity will have all of the rights and duties specified in this Agreement.

11.5. **Brand Fund Limitations.** You acknowledge that the Brand Fund will be intended to maximize recognition of the System, the Marks, the Copyrights and SW Businesses. Although we will endeavor to utilize the Brand Fund to develop advertising and marketing materials and programs and

to place advertising that will benefit all SW Businesses, we undertake no obligation to ensure that expenditures by the Brand Fund in or affecting any geographic area are proportionate or equivalent to the contributions to the Brand Fund by SW Businesses operating in that geographic area or that any SW Business will benefit directly or in proportion to its contribution to the Brand Fund from the development of advertising and marketing materials or the placement of advertising. Except as expressly provided in this Section, we assume no direct or indirect liability or obligation to you with respect to collecting amounts due to the Brand Fund.

11.6. **Local Advertising and Promotion.** You must spend a minimum of \$1,500 annually on local marketing, promotion and advertising, not including payments to the Brand Fund. We may, from time to time, increase or decrease this local advertising and promotion requirement to account for regional difference related to seasonal demand for Products and Services. These regional adjustments may differ among SW Businesses. We reserve the right to increase the minimum local advertising and promotion requirement (whether on a regional basis as described in the previous sentence, or across the entire System) by up to 15%, but not more than one time per year. You agree that any advertising, promotion and marketing you conduct will (a) be completely clear and factual and not misleading and conform to the highest standards of ethical marketing and the promotion policies which we prescribe from time to time; and (b) conform to such standards and requirements as we may specify to conform to regulatory requirements. Samples of all advertising, promotional and marketing materials which we have not prepared or previously approved must be submitted to us for approval before you use them. If you do not receive written disapproval within 10 days after our receipt of such materials, we will be deemed to have given the required approval. You may not use any advertising or promotional materials that we have disapproved.

11.7. **Co-op Participation and Contributions.** If an association of SW Businesses is established in a geographic area in which your SW Business is located (the “Co-op”), you must join and actively participate in it. You also must contribute to the Co-op such amounts as are determined from time to time by it, not to exceed an additional \$600 per year in addition to the local advertising and promotion obligation hereunder (which maximum amount we may increase annually by up to 15%), unless the Co-op votes for a higher amount. Your local advertising requirement will be reduced by the amount that you contribute to any Co-op. We will not set the amount of those contributions. The Co-op will adopt its own rules, regulations and procedures, which you must follow. However, the rules, regulations and procedures of the Co-op must be approved by us. All advertising utilized by the Co-op must not be used unless and until we have reviewed and approved it. The Co-op will use our mandated accounting system and also pay us any accounting system fee we may designate in the Manuals. We also have the right to participate in any meetings of the Co-op and its members. Our company-owned Businesses will be voting members or any Co-op in their market. Your failure to timely contribute the amounts required by the Co-op constitutes a material breach of the provisions of this Agreement and we may offset against any amounts we owe to you the amount of your Co-op contributions and pay such contributions for you. You must participate in, and comply with the requirements of, any gift card, gift certificate, customer loyalty or retention, or special promotional program that we implement for all or part of the System. You agree to sign the forms and take the other action we require for you to participate in these programs in accordance with requirements in the Manuals.

11.8. **Advisory Council.** We may form a council of franchisees to advise us on business, marketing and operational matters. If we do so, you agree to participate in the council related activities and meetings. If the council determines to raise funds by means of assessing dues, then you agree to timely pay those dues to the council. If such dues are assessed by the council, we will also pay a

proportionate amount for our membership in the program. However, you will be responsible for your own expenses associated with participating at the meetings.

## 12. **RELATIONSHIP OF THE PARTIES**

12.1. **Independent Contractors.** We do not have a fiduciary relationship with you. You and we are independent contractors. Neither you nor we are general or special agents, joint venturers, partners or employees of the other for any purpose whatsoever. Since you are an independent contractor, you will not be entitled to workers' compensation, unemployment compensation, or any other statutory or regulatory benefit or right predicated on an employer-employee relationship. We have no obligation to carry workers' compensation coverage or pay unemployment compensation taxes or withhold any amounts from payment to you for federal income taxes or for federal social security taxes, unless otherwise required by applicable laws and regulations. You will file all federal income tax forms required of an independent contractor. We have no obligation to provide you with any employment and fringe benefits that we may provide to employees, such as health insurance, for example. The foregoing also applies to any relationship we have with your agents or employees. You are solely responsible for the terms and conditions of employment for all of your employees and the terms of compensation for any of your independent contractors that perform services on behalf of your SW Business. We are not your employer and are not joint or otherwise the employer of any of your employees or independent contractors.

12.2. **Taxes.** We will have no liability for any sales, use, surcharge, service, occupation, excise, gross receipts, income, payroll, property or other taxes, whether levied upon you or your SW Business, in connection with the business you conduct (except any taxes we are required by law to collect from you with respect to any purchases from us). Payment of all such taxes is your responsibility.

## 13. **INDEMNIFICATION**

13.1. **By You.** You agree to indemnify, defend and hold harmless us, our affiliates and our respective shareholders, directors, officers, members, managers, employees, agents, successors and assignees (the "**Indemnified Parties**") against and to reimburse any one or more of the Indemnified Parties for all claims, obligations and damages described in this Section, any and all taxes described in this Agreement (including any income tax or excise tax which we are required to pay due to your activities in any state) and any and all claims and liabilities directly or indirectly arising out of the SW Businesses' operation (even if our negligence is alleged) or your breach of this Agreement, and for any claims made by any of your employees. For purposes of this indemnification, "claims" includes all obligations, damages (actual, consequential or otherwise) and costs incurred in the defense of any claim against any of the Indemnified Parties, including, without limitation, reasonable accountants', arbitrators', attorneys' and expert witness fees, costs of investigation and proof of facts, court costs, other expenses of litigation, arbitration or alternative dispute resolution and travel and living expenses. We have the right to defend any such claim against us. This indemnity will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement. Under no circumstances will we or any other Indemnified Party be required to seek recovery from any insurer or other third party, or otherwise to mitigate our, their or your losses and expenses, in order to maintain and recover fully a claim against you. You agree that a failure to pursue such recovery or mitigate a loss will in no way reduce or alter the amounts we or another Indemnified Party may recover from you.

13.2. **By Us.** We must indemnify, defend and hold you harmless from and against and reimburse you only for all obligations, damages, losses, costs, expenses and liabilities for which you are held liable or which you may incur in the defense of any claim brought against you resulting or arising out of: (a) our failure to perform contractual obligations under this Agreement; or (b) reckless or willful action or failure to act; and (c) our material breach of any aspect of this Agreement. You may defend any such claim against you.

13.3. **Contribution.** Without limiting any rights or obligations to indemnify and defend, if for any reason the parties are found by a court of competent jurisdiction to be liable or otherwise responsible and that indemnification will not be permitted, you and we will contribute to such amount in the proportion of revenues you and we receive from the operation of your SW Business. Our proportion will be the ratio from the fees you pay to us (our proportion) divided by your total revenues during the immediately preceding calendar year.

13.4. **Survival.** All indemnification obligations described in this Agreement will continue in full force and effect after the expiration or termination of this Agreement.

13.5. **Defense Costs.** All indemnification obligations include the reimbursement of attorneys' fees and associated costs of defending against the claims.

#### 14. **INSPECTIONS, AUDITS AND REPORTS**

14.1. **Our Right to Inspect the SW Business.** To determine whether you and your SW Business are complying with this Agreement and all System Standards, we and our designated agents have the right at any time during your regular business hours, and without prior notice to you, to:

- (a) inspect your SW Business;
- (b) observe, photograph and videotape the operations of the SW Business for such consecutive or intermittent periods as we deem necessary;
- (c) remove samples of any products, supplies or Materials that you are using for testing and analysis;
- (d) interview personnel and customers of your SW Business; and
- (e) inspect and copy any books, records and documents relating to your operation of the SW Business.

You agree to cooperate with us fully in connection with any such inspections, observations, photographing, videotaping, product removal and interviews. You agree to present to your customers such evaluation forms that we periodically prescribe and to participate and/or request your customers to participate in any surveys performed by us or on our behalf. You must promptly respond to requests for information and records from us, and immediately correct or repair any unsatisfactory conditions we specify. We reserve the right to charge you a reasonable fee for these inspections and surveys, and we may engage a third party to perform these functions on our behalf.

14.2. **Our Right to Audit.** We have the right at any time during your business hours, and without prior notice to you, to inspect and audit, or cause to be inspected and audited, your (if you are

a Business Entity) and the SW Business' business, bookkeeping and accounting records, sales and income tax records and returns and other records. You agree to cooperate fully with our representatives and independent accountants we hire to conduct any such inspection or audit. If our inspection or audit is made necessary by your failure to furnish reports, supporting records or other information we require, or to furnish such items on a timely basis, or if the information provided to us or maintained by you is not accurate by a factor understating the amount due us by 2% or more, you agree to reimburse us for the cost of such inspection or audit, including, without limitation, the charges of attorneys and independent accountants and the travel expenses, room and board and compensation of our employees. You also must immediately pay us any shortfall in the amounts you owe us, including late fees and interest. The foregoing remedies are in addition to our other remedies and rights under this Agreement and applicable law.

14.3. **Reports.** We may require you to use recordkeeping software that gives us remote, electronic access to your records, jobs, sales orders, and financial statements as set forth in this Agreement. However, if at any time we determine that you should use software or some other recordkeeping method that does not give us such access, then you agree to furnish to us on such forms, formats and using the methods that we prescribe from time to time:

(a) Within 15 days after the end of each calendar quarter, a profit and loss statement for your SW Business for the immediately preceding calendar quarter;

(b) no later than March 1 of each year (or the end of the second month of your fiscal year, if your fiscal year is not the calendar year), annual profit and loss and source and use of funds statements and a balance sheet for your SW Business as of the end of the immediately preceding fiscal year, prepared on a calendar-year basis;

(c) operational statistics; and

(d) In addition, you must furnish to us copies of all federal and state tax returns required to be filed by your SW Business no later than 45 days after their due date. We may, upon notice to you, designate other periods for reporting any information you must report to us.

In connection with all financial reports due to us, you must submit them to us utilizing our standard chart of accounts utilizing the accounting methods we determine appropriate from time to time. In doing so, you must utilize the accounting software that we specify (currently, NetSuite portal and Flight Plan). You may prepare the reports and records yourself, or hire a third party to do so, but the third party must follow our formats and accounting systems. We may require you to use a designated accounting service if we determine that you are not providing the statements and reports to us either accurately or on a timely basis.

## 15. **TRANSFER**

15.1. **By Us.** This Agreement is fully transferable by us and will inure to the benefit of any transferee or other legal successor to our interests.

15.2. **By You.** You understand and acknowledge that the rights and duties created by this Agreement are personal to you (or, if you are a Business Entity, to your owners) and that we have granted the Franchise to you in reliance upon our perceptions of your (or your owners') individual or

collective character, skill, aptitude, attitude, business ability and financial capacity. Accordingly, neither this Agreement (nor any interest in it) nor any ownership or other interest in you or the SW Business may be transferred without our prior written approval. Any transfer without such approval constitutes a breach of this Agreement and is void and of no effect. As used in this Agreement, the term “transfer” includes your (or your owners’) voluntary, involuntary, direct or indirect assignment, sale, gift or other disposition of any interest in: (a) this Agreement; (b) you; or (c) the SW Business.

An assignment, sale, gift or other disposition includes the following events:

- (a) transfer of ownership of 10% capital stock or a partnership interest (whether directly or indirectly, or in a single transaction or series of transactions, where the net effect is to transfer 10% or more of the equity of your SW Business), or a lesser amount of the transfer results in a change of control of the SW Business, directly or indirectly;
- (b) merger or consolidation or issuance of additional securities or interests representing an ownership interest in you;
- (c) any issuance or sale of your stock or any security convertible to your stock;
- (d) transfer of an interest in you, this Agreement or the SW Business in a divorce, insolvency or corporate or partnership dissolution proceeding or otherwise by operation of law;
- (e) transfer of an interest in you, this Agreement or the SW Business, in the event of your death or the death of one of your owners, by will, declaration of or transfer in trust or under the laws of intestate succession; or
- (f) pledge of this Agreement (to someone other than us) or of an ownership interest in you as security, foreclosure upon the SW Business or your transfer, surrender or loss of possession, control or management of the SW Business.

15.3. **Conditions for Approval of Transfer.** If you (and your owners) are in full compliance with this Agreement, then subject to the other provisions of this Section, we will approve a transfer that meets all the applicable requirements of this Section. The proposed transferee and its direct and indirect owners must be individuals of good character and otherwise meet our then applicable standards for SW Businesses Franchisees. A transfer of ownership, possession or control of the SW Business may be made only in conjunction with a transfer of this Agreement. If the transfer is of this Agreement or a controlling interest in you, or is one of a series of transfers which in the aggregate constitute the transfer of this Agreement or a controlling interest in you, all of the following conditions must be met prior to or concurrently with the effective date of the transfer:

- (a) the transferee has sufficient business experience, aptitude and financial resources to operate the SW Business;
- (b) you have paid all amounts owed for purchases from us and all other amounts owed to us or to third-party creditors and have submitted all required reports and statements;
- (c) the transferee (or its owners) has agreed to complete our standard training program, at their expense;

(d) the transferee has agreed to be bound by all of the terms and conditions of this Agreement;

(e) the transferee has entered into our then-current form of Franchise Agreement for a term ending on the expiration date of this Agreement and requiring no initial franchise fee;

(f) the transferee agrees to upgrade the SW Business to conform to our then-current standards and specifications;

(g) you or the transferee pay us a transfer fee equal to \$10,000 to defray expenses we incur in connection with the transfer, including the costs of training the transferee (or its owners) and other personnel. If the proposed transfer is with another SWEETWATER TECHNOLOGIES® franchisee, the transfer fee is equal to 50% of our then-current initial franchise fee. If the proposed transfer is among your owners or adding an additional non-controlling owner, the transfer fee will be equal to \$1,500 franchise fee to cover our administrative expenses;

(h) you (and your transferring owners) have signed a general release, in form satisfactory to us, of any and all claims against us and our shareholders, officers, directors, employees and agents;

(i) we have approved the material terms and conditions of such transfer and determined that the price and terms of payment will not adversely affect the transferee's operation of the SW Business;

(j) if you or your owners finance any part of the sale price of the transferred interest, you and/or your owners have agreed that all of the transferee's obligations pursuant to any promissory notes, agreements or security interests that you or your owners have reserved in the SW Business are subordinate to the transferee's obligation to pay to us amounts due us and otherwise to comply with this Agreement;

(k) you and your transferring owners (and your and your owners' spouses and children) have signed a non-competition covenant in favor of us and the transferee agreeing to be bound, commencing on the effective date of the transfer, by the restrictions contained in this Agreement; and

(l) you and your transferring owners have agreed that you and they will not directly or indirectly at any time or in any manner (except with respect to other SW Businesses you own and operate) identify yourself or themselves or any business as a current or former, or as one of our licensees or Franchisees, use any Mark, any colorable imitation of any of the Marks or Copyrights, or other indicia of a SW Business in any manner or for any purpose or utilize for any purpose any trade name, trade or service mark or other commercial symbol that suggests or indicates a connection or association with us.

15.4. **Transfer to a Business Entity.** If you are in full compliance with this Agreement, you may transfer this Agreement to a Business Entity that conducts no business other than the SW Business and, if applicable, other SW Businesses so long as you own, control and have the right to vote 51% or more of its issued and outstanding ownership interests (like stock or partnership interests) and you

guarantee its performance under this Agreement. All other owners are subject to our approval. The organizational or governing documents of the Business Entity must recite that the issuance and transfer of any ownership interests in the Business Entity are restricted by the terms of this Agreement, are subject to our approval, and all certificates or other documents representing ownership interests in the Business Entity must bear a legend referring to the restrictions of this Agreement. As a condition of our approval of the issuance or transfer of ownership interests to any person other than you, we may require (in addition to the other requirements we have the right to impose) that all proposed owners sign an agreement, in a form provided or approved by us, agreeing to be bound jointly and severally by, to comply with, and to guarantee the performance of, all of your obligations under this Agreement.

15.5. **Transfer Upon Death or Disability.** Upon your death or disability or, if you are a Business Entity, the death or disability of the owner of a controlling interest in you, we may require you (or such owner's executor, administrator, conservator, guardian or other personal representative) to transfer your interest in this Agreement (or such owner's interest in you) to a third party. Such disposition (including, without limitation, transfer by bequest or inheritance) must be completed within the time we designate, not less than 1 month but not more than 6 months from the date of death or disability. Such disposition will be subject to all of the terms and conditions applicable to transfers contained in this Section. A failure to transfer your interest in this Agreement or the ownership interest in you within this period of time constitutes a breach of this Agreement. For purposes of this Agreement, the term "disability" means a mental or physical disability, impairment or condition that is reasonably expected to prevent or actually does prevent you or an owner of a controlling interest in you from managing and operating the SW Business.

15.6. **Operation Upon Death or Disability.** If, upon your death or disability or the death or disability of the owner of a controlling interest in you, the SW Business is not being managed by a trained manager, your or such owner's executor, administrator, conservator, guardian or other personal representative must within a reasonable time, not to exceed 30 days from the date of death or disability, appoint a manager to operate the SW Business. Such manager will be required to complete training at your expense. Pending the appointment of a manager as provided above or if, in our judgment, the SW Business is not being managed properly any time after your death or disability or after the death or disability of the owner of a controlling interest in you, we have the right, but not the obligation, to appoint a manager for the SW Business. All funds from the operation of the SW Business during the management by our appointed manager will be kept in a separate account, and all expenses of the SW Business, including compensation, other costs and travel and living expenses of our manager, will be charged to this account. We also have the right to charge the Management Fee (in addition to the Royalties and the Brand Fund Contributions payable under this Agreement) during the period that our appointed manager manages the SW Business. Operation of the SW Business during any such period will be on your behalf, provided that we only have a duty to utilize our best efforts and will not be liable to you or your owners for any debts, losses or obligations incurred by the SW Business or to any of your creditors for any products, materials, supplies or services the SW Business purchases during any period it is managed by our appointed manager.

15.7. **Effect of Consent to Transfer.** Our consent to a transfer of this Agreement and the SW Business or any interest in you does not constitute a representation as to the fairness of the terms of any contract between you and the transferee, a guarantee of the prospects of success of the SW Business or transferee or a waiver of any claims we may have against you (or your owners) or of our right to demand the transferee's exact compliance with any of the terms or conditions of this Agreement.

15.8. **Our Right of First Refusal.** If you (or any of your owners) at any time determine to sell, assign or transfer for consideration an interest in this Agreement and the SW Business or an ownership interest in you, you (or such owner) agree to obtain a bona fide, executed written offer and earnest money deposit (in the amount of 20% or more of the offering price) from a responsible and fully disclosed offeror (including lists of the owners of record and all beneficial owners of any corporate or limited liability company offeror and all general and limited partners of any partnership offeror and, in the case of a publicly-held corporation or limited partnership) and within 15 days of receipt submit to us a true and complete copy of such offer, which includes details of the payment terms of the proposed sale and the sources and terms of any financing for the proposed purchase price. To be a valid, bona fide offer, the proposed purchase price must be denominated in a dollar amount. The offer must apply only to an interest in you or in this Agreement and the SW Business and may not include an offer to purchase any of your (or your owners') other property or rights. However, if the offeror proposes to buy any other property or rights from you (or your owners) under a separate, contemporaneous offer, such separate, contemporaneous offer must be disclosed to us, and the price and terms of purchase offered to you (or your owners) for the interest in you or in this Agreement and the SW Business must reflect the bona fide price offered and not reflect any value for any other property or rights.

We have the right, exercisable by written notice delivered to you or your selling owner(s) within 60 days from the date of the delivery to us of both an exact copy of such offer and all other information we request, to purchase such interest for the price and on the terms and conditions contained in such offer, provided that:

- (a) we may substitute cash for any form of payment proposed in such offer (with a discounted amount if an interest rate will be charged on any deferred payments);
- (b) our credit will be deemed equal to the credit of any proposed purchaser;
- (c) we will have not less than 60 days after giving notice of our election to purchase to prepare for closing; and
- (d) we are entitled to receive, and you and your owners agree to make, all customary representations and warranties given by the seller of the assets of a business or the capital stock of an incorporated business, as applicable, including, without limitation, representations and warranties as to:
  - (e) ownership and condition of and title to stock or other forms of ownership interest and/or assets;
  - (f) liens and encumbrances relating to the stock or other ownership interest and/or assets; and
  - (g) validity of contracts and the liabilities, contingent or otherwise, of the corporation whose stock is being purchased.

If we do not exercise our right of first refusal, you or your owners may complete the sale to such purchaser pursuant to and on the exact terms of such offer, subject to our approval of the transfer, provided that, if the sale to such purchaser is not completed within 90 days after delivery of such offer to us, or if there is a material change in the terms of the sale (which you agree promptly to communicate to us), we will have an additional right of first refusal during the 30-day period following either the

expiration of such 90-day period or notice to us of the material change(s) in the terms of the sale, either on the terms originally offered or the modified terms, at our option.

16. **SUCCESSOR TERMS**

16.1. **Acquisition.** Upon expiration of this Agreement, subject to the conditions of this Section, you will have the right to acquire a successor franchise to operate the SW Business for 2 additional 5-year periods on the terms and conditions of the franchise agreement we are then using in granting franchises for SW Businesses, if you (and each of your owners) have substantially complied with this Agreement during its term, and you modify the SW Business as we require to bring it into compliance with specifications and standards then applicable for SW Businesses.

16.2. **Procedure.** You must give us written notice of your election to acquire a successor franchise during the last year of the Term, but no later than 180 days before expiration. We will respond (“**Response Notice**”), within 30 days after we receive your notice, of our decision, either:

- (a) to grant you a successor franchise;
- (b) to grant you a successor franchise on the condition that deficiencies of the SW Business, or in your operation of the SW Business, are corrected, including, without limitation, all refurbishment, maintenance and upgrading necessary to bring your Franchise into full compliance; or
- (c) not to grant you a successor franchise based on our determination that you and your owners have not substantially complied with this Agreement during its term.

If applicable, our Response Notice will:

- (i) describe the modifications required to bring the SW Business into compliance with then applicable specifications and standards for SW Businesses; and
- (ii) state the actions you must take to correct operating deficiencies and the time period in which such deficiencies must be corrected.

If we elect not to grant a successor franchise, the Response Notice will describe the reasons for our decision. Your right to acquire a successor franchise is subject to your continued compliance with all of the terms and conditions of this Agreement through the date of its expiration, in addition to your compliance with the obligations described in the Response Notice.

In our discretion, we may extend the Term for such period of time as we deem necessary in order to provide you with either reasonable time to correct deficiencies or 30 days’ notice of our refusal to grant a successor franchise.

16.3. **Agreements/Releases.** If you satisfy all of the other conditions to the grant of a successor franchise, you and your owners agree to sign the form of franchise agreement and any ancillary agreements we are then customarily using in connection with the grant of successor franchises for SW Businesses. You and your owners further agree to sign general releases, in form satisfactory to us, of any and all claims against us and our shareholders, officers, directors, employees, agents, successors and assigns. Failure by you or your owners to sign such agreements and releases and deliver

them to us for acceptance and signature within 30 days after their delivery to you will be deemed an election not to acquire a successor franchise.

16.4. **Training and Refresher Programs.** Our grant of a successor franchise is also conditioned on the satisfactory completion by you (or your owners) of any new training and refresher programs as we may reasonably require.

16.5. **Fees and Expenses.** Our grant of a successor franchise is contingent on your payment to us of a successor franchise fee of \$2,500. We must receive the fee from you at the time of your election, but not later than 30 days prior to the applicable expiration date.

16.6. **Extension of Term.** If you do not renew pursuant to the terms of this Section upon the expiration and continue to accept the benefits of this Agreement, then, at our option, this Agreement may be treated as: (i) expired as of the date of expiration, which will result in your operating the SW Business without a license in violation of our rights; or (ii) continued on a month-to-month basis until we provide you with notice of our intent to terminate the month-to-month term. In the latter case, all of your obligations shall remain in full force and effect as if this Agreement had not expired, and all obligations and restrictions imposed upon you upon the expiration of this Agreement shall be deemed to take effect upon the termination of the month-to-month term.

16.7 **Subsequent Successor Franchises.** The fees and other conditions for any later granting of subsequent successor franchises will be governed by the successor franchise agreement (as described above).

## 17. **COMPETITIVE RESTRICTIONS**

17.1. **Confidential Information.** During the Term, we will give you, and you will have access to, a variety of information concerning us and our business including, without limitation, the Manual, System Standards, marketing methods, customer lists, referral sources, billing and collection methods, financial information, Product information, makeup and functions of the Software and Computer System, other information about us and information about our strategic partners, business plans, employees, and independent contractors; and knowledge and experience in marketing, selling and providing the Products and Services (collectively, the “**Confidential Information**”). You acknowledge that we have expended and continue to expend great amounts of time, money and effort in devising and processing the Confidential Information. We consider the Confidential Information confidential and our trade secrets, where applicable. You and your Principal Owners must sign that certain Confidentiality, Non-Solicitation and Non-Disclosure Agreement attached to this Franchise Agreement as Exhibit E.

17.2. **Restrictions On Use.** You will use your best efforts and diligence both during and after the Term to protect the Confidential Information. You will not, directly or indirectly, use (for yourself or others) or disclose any of the Confidential Information for so long as it remains proprietary or protectable as confidential or trade secret information, except as may be necessary for the performance of your duties under this Agreement.

17.3. **Notices.** If you or anyone to whom you transmit the Confidential Information becomes legally compelled (by oral questions, interrogatories, requests for information or documents, subpoenas, civil investigative demands or similar process) to disclose any Confidential Information, you must immediately notify us in writing so that we may seek a protective order or other remedy. In

any event, you will furnish only that portion of the Confidential Information which is legally required and exercise your best efforts to obtain reliable assurance that confidential treatment will be accorded to the Confidential Information.

17.4. **Return.** Upon expiration of the Term, or any other time at our request, you must promptly deliver to us any and all documents or other materials (including information embodied in intangible form, e.g., in computer memory) in your possession or control relating, directly or indirectly, to any Confidential Information and all copies of it without retaining any copies, duplicates, extracts or portions of it.

17.5. **Competitive Activities.** You acknowledge our legitimate business interest in the Confidential Information, the customers and goodwill associated with our SW Businesses. Accordingly, unless we otherwise permit in writing or except in accordance with another franchise agreement with us, you and each of your owners must not, directly or indirectly (whether as owner, partner, associate, agent, consultant, employee, stockholder, officer or otherwise of another or on your own account), do any of the following:

(a) **In Term:** During the Term, participate in the development of, or engage in or contribute your knowledge to any work or activity that relates to or involves any of the Confidential Information or is in any way engaged in the business of performing, marketing, selling or providing products or services the same or similar to Products and Services via aerial application (a “**Competitive Business**”) anywhere.

(b) **Post Term:** For a period of two (2) years following the expiration/termination of the Term, participate in the development of, or engage in or contribute your knowledge to any work or activity that relates to or involves any of the Confidential Information or is in any way engaged in a Competitive Business: (i) within the Territory; (ii) within any geographic territory that we have assigned to any one of our other SW Businesses, employees, or Franchisees, or in which we directly operate, market or sell; (iii) via the Internet or other form of e-commerce, wherever located; or (iv) within 25 miles of any geographic area that we have awarded to any other SW Business as of the date of termination or expiration of this Agreement.

(c) During the Term and for a period of two (2) years following the expiration/termination of the Term:

(i) Induce or attempt to induce, or solicit any of our or other SW Businesses’ strategic partners, clients, customers, referral sources or employees or independent contractors to accept employment or an affiliation involving work that may be competitive to our (or our affiliates’) businesses or otherwise with any Competitive Business of which you are an employee, owner, partner, shareholder, consultant or agent, or which may reasonably relate to any of the Confidential Information; and/or

(ii) Solicit, divert, contact, take away or interfere with any of our businesses, customers, clients, referral sources, insurers, suppliers, or contractors with whom we (or our affiliates) do business or whom you know we have contacted or solicited for business relationships, or those of any of our affiliates or Franchisees.

17.6. **Injunction.** Due to our interest in the Confidential Information and customer goodwill, you agree that damages cannot fully compensate us if you breach this Agreement. Thus, if you breach this Agreement, we are entitled to an injunction restraining you from any further breach. We may obtain the injunction without bond and without notice. Your only remedy if such an injunction is issued, is its dissolution, if warranted, upon an appropriate hearing. You waive any claims for damages as a result of the obtaining of any such injunction.

17.7. **Extension of Time Period.** The time period during which you are to refrain from the activities described in this Section, will be extended by any length of time during which you are in breach of this Agreement. This Agreement will continue through the duration of the extended time periods.

17.8. **Suspension of Payments.** We will not be required to pay you any amounts otherwise due you during any period of time in which you are in breach of this Section of this Agreement. Upon such a breach, you forfeit payment of such amounts without limitation on any other remedies available to us for redress.

17.9 **Modification of Provision.** If any court determines that any of the covenants set forth in this Section 17, or any part thereof, is unenforceable because of the duration or geographic scope of such provision, such court shall have the power to reduce the duration or scope of such provision, as the case may be, and, in its reduced form, such provision shall then be enforceable.

17.10 **Non-Disparagement.** You agree not to take any action or make any statement the effect of which would be to directly or indirectly materially impair the System, our goodwill or our rights to our intellectual property or the goodwill of our affiliates, or be materially detrimental to us, our affiliates or our franchisees, including, but not limited to any action or statement intended, directly or indirectly, to benefit any of our competitors. This provision survives forever.

## 18. **TERMINATION**

18.1. **Notice/By Us.** Except as otherwise outlined in this Agreement, we may terminate this Agreement effective 30 days after notice to you if you have materially breached this Agreement and fail to cure said breach within the 30-day period.

18.2. **Immediate/By Us.** Without limiting any of our rights to terminate this Agreement upon your breach of it, we may, at any time, terminate this Agreement effective immediately upon written notice if:

(a) you make any material misrepresentation or omission to us in relation to our continuing business relationship;

(b) you are convicted by a trial court of, plead no contest or enter into a consent decree in connection with, any felony or other crime or offense that is likely to adversely affect your reputation, our reputation or otherwise involving any breach of trust;

(c) you (or any of your owners) engage in any dishonest or unethical conduct which may adversely affect the reputation of your SW Business or another SW Business or the goodwill associated with the Marks;

(d) a court of proper jurisdiction declares invalid or unenforceable any part of this Agreement relating to either (i) the payment of fees or royalties or (ii) the preservation of the Marks;

(e) you violate Section 15 of this Agreement;

(f) you fail to obtain or maintain any licenses, permits, certifications or registrations you are required to have in order to operate your SW Business in the jurisdictions in which you operate, or such licenses, permits, certifications or registrations are suspended or revoked for any reason, including, without limitation, any pilot's licenses;

(g) you fail to make payments of any amounts due to us, our affiliates or your suppliers or vendors and do not correct such failure within 15 days after written notice of such failure is delivered to you;

(h) you fail on 2 or more separate occasions within any period of 12 consecutive months or on 3 occasions during the Term to submit when due reports or other data, information or supporting records, to pay when due any amounts due to us or otherwise to comply with this Agreement, whether or not such failures to comply were corrected after written notice of such failure was delivered to you;

(i) you (or any of your owners) surrender, assign or transfer ownership or control of the operation of your SW Business in violation of the terms of this Agreement;

(j) you make any unauthorized use, duplication or disclosure of any Confidential Information;

(k) you file a voluntary or involuntary petition in bankruptcy or have a petition in bankruptcy filed against you or you otherwise make an assignment for the benefit of creditors or experience any act of insolvency or enter into any proceedings for the benefit of creditors;

(l) you fail to commence operations of your SW Business within the time limits otherwise required by this Agreement;

(m) you default under any agreement between you or your affiliates, on the one hand, and us or our affiliates on the other hand (including any supply agreements), where such default results in termination of said agreement; or

(n) you fail to meet the minimum requirements described in Section 3.5 of this Agreement.

18.3. **By Franchisee.** You may not terminate this Agreement prior to the expiration of its Term except in the event we commit a material breach of this Agreement and we fail to take steps to cure such material breach within ninety (90) days from the date of receipt of such notice from you specifically enumerating all alleged deficiencies by us.

18.4. **Obligations Upon Termination.** Upon any expiration or termination of this Agreement for any reason, you must immediately:

- (a) cease to use any of the Confidential Information, the Marks, marketing materials and brochures and the Copyrights;
- (b) cease to use any of the licensed Software and return to us any licensed Software and any copies of the licensed Software;
- (c) return to us all of your copies of any materials containing any of the Confidential Information or any materials bearing the Marks or the Copyrights;
- (d) cooperate in assigning to us any and all vendor or supplier agreements or contracts or agreements with customers of your SW Business, which will be automatic at our option as a result of the termination or expiration;
- (e) cease holding yourself out to the public as associated with us in any way; and
- (f) comply with the post-termination restrictive covenants outlined in Section 17.5 of this Agreement.

18.5. **Survival.** All obligations under this Agreement (whether yours or ours) which expressly or by their nature survive the expiration or termination of this Agreement will continue in full force and effect after and notwithstanding the expiration or termination of this Agreement until such provisions are satisfied in full or by their nature expire.

18.6. **Our Right to Operate Business.** If you are in default under this Agreement, we may in our sole option, upon notice to you, appoint a manager to manage the day-to-day operations of your business for such time periods as we may designate. All funds from the operation of your SW Business during the management by our appointed manager will be kept in a separate account, and all expenses of the SW Business, including compensation, other costs and travel and living expenses of our manager, will be charged to this account. We also have the right to charge a weekly management fee of \$5,000, plus our travel and living expenses (in addition to the Royalties, Brand Fund Contributions and other fees payable under this Agreement) during the period that our appointed manager manages the SW Business (the “**Management Fee**”). Operation of the SW Business during any such period will be on your behalf, provided that we only have a duty to utilize commercially reasonable efforts and will not be liable to you or your owners for any debts, losses or obligations incurred by the SW Business or to any of your creditors for any products, materials, supplies or services the SW Business purchases during any period it is managed by our appointed manager.

18.7. **Suspension of Drone(s).** In addition to any other termination rights of ours under this Agreement, we may suspend your access to the drones and the Products and Services pending your cure of any breach of this Agreement, or in the event we determine in our sole discretion that access to or use of our System by you, or as may be authorized by you, may jeopardize the System or the confidentiality, privacy, security, integrity, or availability of information within the System, or that you have violated or may violate this Agreement or our System Standards, or has jeopardize or may jeopardize the rights of any third-party, or that any person is or may be making unauthorized use of our System. Our election to suspend access to the drones shall not waive or affect our rights to terminate this Agreement as permitted under this Agreement.

19. **NOTICE**

All written notices and reports permitted or required under this Agreement or by the Manuals will be deemed delivered:

- (a) at the time delivered by hand;
- (b) 1 business day after transmission by facsimile, telecopy or other electronic system (including e-mail to your e-mail address we customarily use to communicate with you);
- (c) 1 business day after being placed in the hands of a commercial airborne courier service for next business day delivery; or
- (d) 4 business days after placement in the United States mail by registered or certified mail, return receipt requested, postage prepaid.
- (e) All such notices must be addressed to the parties as follows:

To: Sweetwater Technologies Franchise LLC  
Attn: Hannah Gripp  
401 West Main Street  
Wyanet, Illinois 61379  
Tel.: (309) 312-0107  
Email: [hannah@sweetwatertechnologies.com](mailto:hannah@sweetwatertechnologies.com)

To: \_\_\_\_\_  
Attn: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Tel.: \_\_\_\_\_  
Fax: \_\_\_\_\_

Either you or we may change the address for delivery of all notices and reports and any such notice will be effective within 5 business days of any change in address. Any required payment or report not actually received by us during regular business hours on the date due (or postmarked by postal authorities at least 4 days prior to such date, or in which the receipt from the commercial courier service is not dated prior to 2 days prior to such date) will be deemed delinquent.

20. **REPRESENTATIONS**

To induce us to enter into this Agreement with you, you represent and warrant that:

- (a) in all of your dealings with us, our officers, directors, employees and agents act only in a corporate capacity and not in an individual capacity;
- (b) this Agreement, and all business dealings between you and such individuals as a result of this Agreement, are solely between you and us;
- (c) you have made no misrepresentations in obtaining the Franchise;

(d) you understand that we do not grant a Franchise to you and this Agreement is not effective until we sign this Agreement (and all associated agreements between you and us or our affiliates);

(e) you agree to comply with and/or assist us to the fullest extent possible in our efforts to comply with Executive Order 13224 issued by the President of the United States, the USA PATRIOT Act, and all other present and future federal, state and local laws, ordinances, regulations, policies, lists and any other requirements of any governmental authority addressing or in any way relating to terrorist acts and acts of war (the “**Anti-Terrorism Laws**”). In connection with such compliance you certify, represent and warrant that none of your, or your owners’ employees’ or agents’ property or interests are subject to being “blocked” under any of the Anti-Terrorism Laws that you and your owners, agents and employees are not otherwise in violation of any of the Anti-Terrorism Laws. Any violation of the Anti-Terrorism Laws by you or your owners, agents or employees or any “blocking” of your or their assets under the Anti-Terrorism Laws will constitute grounds for immediate termination of this Agreement and any other Agreements you have entered into with us or any of our affiliates, in accordance with the termination provisions of this Agreement.

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

## 21. **BUSINESS ORGANIZATION**

If you are (at any time) a business organization (like a corporation, limited liability company or partnership) (a “**Business Entity**”), you agree and represent that:

(a) You have the authority to execute, deliver and perform your obligations under this Agreement and are duly organized or formed and validly existing in good standing under the laws of the state of your incorporation or formation;

(b) Your organizational or governing documents will recite that the issuance and transfer of any ownership interests in you are restricted by the terms of this Agreement, and all certificates and other documents representing ownership interests in you will bear a legend referring to the restrictions of this Agreement;

(c) You will completely and accurately describe all of your owners and their interests in you in the Principal Owner’s Statement attached to this Franchise Agreement as Exhibit B;

(d) You and your owners agree to revise the Principal Owner’s Statement, attached to this Franchise Agreement as Exhibit B, as may be necessary to reflect any ownership changes and to furnish such other information about your organization or formation as we may request;

(e) You and your owners agree to execute the Confidentiality, Non-Solicitation and Non-Competition Agreement attached to this Franchise Agreement as Exhibit C;

(f) Each of your owners, and each owner's spouse, that are active in the SW Business at any time during the Term, and any such owner, and any such owner's spouse, that has beneficial ownership of 5% or more of your ownership interests (stock, etc.), must sign and deliver to us our standard form of Principal Owner's Guaranty attached to this Franchise Agreement as Exhibit C, undertaking to be bound jointly and severally by all provisions of this Agreement, any other agreements between you and us, or obligations you owe us at any time; and

(g) At our request, you will furnish true and correct copies of all documents and contracts governing the rights, obligations and powers of your owners and your agents (like articles of incorporation or organization and partnership, operating or shareholder agreements).

## 22. **MISCELLANEOUS**

22.1. **Cumulative Remedies.** The remedies available to any party if the other party breaches this Agreement are cumulative. The exercise of any remedy will not limit any other remedies that may be available. Both parties will also be entitled to any and all remedies available under applicable law.

22.2. **Limitation of Liability.** Neither of the parties will be liable for loss or damage or deemed to be in breach of this Agreement if failure to perform obligations results from:

- (a) compliance with any law, ruling, order, regulation, requirement or instruction of any federal, state or municipal government or any department or agency thereof;
- (b) acts of God;
- (c) acts or omissions of a similar event or cause; or
- (d) any such delay as may be reasonable.

However, such delays or events do not excuse payments of amounts owed at any time.

22.3. **Approval and Consents.** Whenever this Agreement requires our advance approval, agreement or consent, you agree to make a timely written request for it. Our approval or consent will not be valid unless it is in writing. Except where expressly stated otherwise in this Agreement, we have the absolute right to make decisions on our part with or without cause and to refuse any request by you or to withhold our approval of any action or omission by you. If we provide to you any waiver, approval, consent, or suggestion, or if we neglect or delay our response or deny any request for any of those, we will not be deemed to have made any warranties or guarantees which you may rely on and will not assume any liability or obligation to you.

22.4. **Waiver of Punitive Damages.** WITHOUT LIMITING YOUR OBLIGATIONS TO INDEMNIFY US PURSUANT TO THIS AGREEMENT, BOTH PARTIES EACH WAIVE, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY RIGHT TO, OR CLAIM OF, ANY PUNITIVE OR EXEMPLARY DAMAGES AGAINST THE OTHER. YOU AND WE ALSO AGREE THAT, IN THE EVENT OF A DISPUTE BETWEEN YOU AND US, THE PARTY MAKING A CLAIM

WILL BE LIMITED TO RECOVERY OF ANY ACTUAL DAMAGES IT SUSTAINS AND ANY OTHER DAMAGES AWARD SPECIFICALLY REFERENCED IN THIS AGREEMENT.

22.5. **Limitations of Claims.** Any and all claims arising out of this agreement or the relationship among you and us must be made by written notice to the other party within one (1) year from the occurrence of the facts giving rise to such claim (regardless of when it becomes known); except for claims arising from: (a) claims for indemnification; and/or (b) unauthorized use of the marks or confidential information. However, this provision does not limit the right to terminate this agreement in any way.

22.6. **Governing Law.** Except to the extent this agreement or any particular dispute is governed by the U.S. Trademark Act of 1946 (Lanham Act, 15 U.S.C. §1051 and the sections following it) or other federal law, this agreement and the franchise are governed by the law of the state in which our principal headquarters is located (currently, Illinois), excluding any law regulating the sale of franchises or governing the relationship between a franchisor and franchise associate, unless the jurisdictional requirements of such laws are met independently without reference to this section. References to any law or regulation also refer to any successor laws or regulations and any impending regulations for any statute, as in effect at the relevant time. References to a governmental agency also refer to any successor regulatory body that succeeds to the function of such agency.

22.7. **Jurisdiction.** Except as otherwise set forth herein, the exclusive venue and exclusive forum for all disputes between the parties shall only be in the United States District Court for the Northern District of Illinois or, only if there is no federal subject matter jurisdiction, in any state court of Illinois sitting in Bureau County, and each party hereby submits to the exclusive jurisdiction of those courts for purposes of any such proceeding.

22.8. **Internal Dispute Resolution.** You must first bring any claim or dispute between you and us to our President, after providing notice as set forth in Section 19 above. We must respond to your notice inquiry within ten (10) business days of receipt or otherwise it is deemed denied. You must exhaust this internal dispute resolution procedure (“IDR”) before you may bring your dispute before a third party. You agree that we have sixty (60) days to attempt to resolve your claim or dispute with IDR (the “IDR Period”). This agreement to first attempt resolution of disputes internally through IDR will survive termination or expiration of this Agreement.

22.9. **Mediation.** At our sole discretion, any disputes and claims relating to this Agreement, the rights and obligations of the parties hereto, third-party beneficiaries, and/or any guarantors and/or transferees of this Agreement, or any other claims or causes of action relating to the making, interpretation, or performance of either party under this Agreement, may be submitted to non-binding mediation conducted before a sole neutral mediator referred by the American Arbitration Association (“AAA”) in accordance with its Commercial Mediation Procedures. Mediation will be conducted in Bureau County, Illinois. The parties shall each bear all of their own costs of mediation; provided, however, the fees of the mediator shall be divided equally between you and us. The mediator will be disqualified as a witness, expert or counsel for any party with respect to the dispute and any related matter. Mediation is a compromise negotiation and will constitute privileged communications under the law governing this Agreement. The entire mediation process will be confidential and the conduct, statements, promises, offers, views and opinions of the mediator and the parties will not be discoverable or admissible in any legal proceeding for any purpose; provided, however, that evidence which is otherwise discoverable or admissible will not be excluded from discovery or admission as a result of its use in the mediation. We will notify you of our election to submit any dispute to non-

binding mediation within thirty (30) days after the end of the IDR Period or at the time we provide you with notice of a dispute, claim, or alleged cause of action, as applicable.

22.10. **Arbitration.** At our sole discretion, any disputes and claims relating to this Agreement, the rights and obligations of the parties hereto, third-party beneficiaries, and/or any guarantors and/or transferees of this Agreement, or any other claims or causes of action relating to the making, interpretation, or performance of either party under this Agreement, may be resolved by submission to binding arbitration by and before a neutral franchise attorney referred by AAA and selected by the parties in accordance with the Federal Arbitration Act (“FAA”) and the then-existing Commercial Arbitration Rules of the AAA. All hearings and other proceedings will take place in Bureau County, Illinois. We will notify you of our election to submit any dispute to arbitration within thirty (30) days of a non-binding mediation determination pursuant to Section 22.9 above, or if we do not elect mediation under Section 22.9, within (i) thirty (30) days after the end of the IDR Period, or (ii) at the time we provide you with notice of a dispute, claim, or alleged cause of action, as applicable.

(a) The following shall supplement and, in the event of a conflict with any law or rule, including but not limited to the AAA Commercial Arbitration Rules, shall govern any dispute submitted to arbitration. The parties shall select one (1) arbitrator from the proposed list of arbitrators provided by the AAA, as applicable. If the parties are unable to agree upon an arbitrator, each party to the dispute shall have fifteen (15) days from the transmittal date of the proposed list in which to strike names objected to, number the remaining names in order of preference, and return the list to the AAA. If a party does not return the list within the time specified, all persons named therein shall be deemed acceptable. From among the persons who have been approved on both lists, and in accordance with the designated order of mutual preference, the AAA as applicable shall invite the acceptance of an arbitrator to serve. If the parties fail to agree on any of the persons named, or if acceptable arbitrators are unable to act, or if for any other reason the appointment cannot be made from the submitted lists, the process of submitting lists shall continue until a suitable arbitrator is selected. In all aspects of conducting the arbitration and in rendering his or her decision, the arbitrator shall enforce and apply the substantive laws of the Commonwealth of Pennsylvania for interpretation of this Agreement, without regard to choice of law rules. The parties may conduct one seven-hour discovery deposition of a designated representative of the opposing party. Any party wishing to take such a deposition must describe with reasonable particularity, in the notice of deposition, the matters to be inquired into at the deposition, and the party producing the designated representative must designate one (1) or more officers, directors, or managing agents who consent to testify on its behalf. No other discovery depositions shall occur, unless the arbitrator find such additional depositions to be necessary after written request and an opportunity to be heard. Each party shall be permitted up to ten (10) interrogatories and reasonable requests for production of documents. Each party shall be entitled to file a motion to dismiss, a motion for summary judgment and reasonable motions in limine. The arbitrator shall permit a responding party a reasonable period of time to respond in writing to any such motions. The arbitrator shall apply the Federal Rules of Evidence at the hearings. The arbitrator’s award shall include an award of pre-hearing interest from the date upon which any damages were incurred, and from the date of the award until paid in full, at a rate to be fixed by the arbitrator, but in no event less than one and one-half (1.5%) per month, or part of a month (unless a lower rate is required by law). The prevailing party shall be entitled to recover from the non-prevailing party all costs of arbitration, including, without limitation, the arbitrator’s fee, interest, and costs of investigation. In addition, the prevailing party shall be entitled to an award of its reasonable and necessary attorneys’ fees. The arbitration hearings

shall be completed within one hundred and fifty (150) days of the filing of the arbitration demand, unless the arbitrator, for good cause, must extend this deadline.

(b) The arbitrator shall have no authority to amend or modify the terms of this Agreement. To the extent permitted by applicable law, no issue of fact or law shall be given preclusive or collateral estoppel effect in any arbitration hereunder, except to the extent such issue may have been determined in another proceeding between the parties. Judgment upon the award of the arbitrator shall be submitted for confirmation to the United States District Court for the Northern District of Illinois or any other court of general jurisdiction located in Bureau County, Illinois, and, if confirmed, may be subsequently entered and/or docketed, including as a judgment, in any court having competent jurisdiction. Similarly, any appeals from and/or relating to any arbitration which may be brought in accordance with this Section 21.5 shall be heard before the United States District Court for the Northern District of Illinois or any other court of general jurisdiction located in Bureau County, Illinois.

(c) The arbitration provisions of this Agreement shall survive any termination or expiration thereof.

22.11. **Waiver of Jury Trial.** YOU AND WE EACH IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER YOU OR US.

22.12. **Third Party Beneficiaries.** Our officers, directors, members, agents, representatives, affiliates, the Cooperative, and/or employees are express third party beneficiaries of the provisions of this Agreement, including the mediation and arbitration provisions set forth in this Section, each having authority to specifically enforce the right to mediate/arbitrate/litigate claims asserted against such person(s) by you or asserted in relation to this Agreement.

22.13. **Prior Notice of Claims.** As a condition precedent to commencing an action for damages or for our violation or breach of this Agreement, you must notify us in writing within ninety (90) days after the occurrence of the violation or breach, and failure to timely give such notice will preclude any claim for damages.

22.14. **Cumulative Remedies.** The remedies available to any party if the other party breaches this Agreement are cumulative. The exercise of any remedy will not limit any other remedies that may be available. Both parties will also be entitled to any and all remedies available under applicable law.

22.15. **Waiver of Class Actions.** Each of the parties hereby irrevocably waives the right to litigate on a class action basis, in any action, proceeding, or counterclaim, whether at law or in equity, brought by any party.

22.16. **Severability.** If any of the provisions of this Agreement are held invalid for any reason, the remainder will not be affected and will remain in full force and effect in accordance with its terms.

22.17. **Arbitration/Litigation Expenses.** In any action or dispute, at law or in equity, which may arise under or otherwise relate to the terms of this Agreement, the prevailing party shall be entitled to full reimbursement of its arbitration or litigation expenses from the other party. Litigation or arbitration expenses include reasonable attorneys' fees, arbitrator's fee, defense costs, witness fees, including expert witness fees, and costs and other related expenses including paralegal fees,

administrative costs, investigative costs, court reporter fees, sales and use taxes, if any, travel and lodging expenses, court or arbitration costs, and all other charges billed by the attorneys to the prevailing party. Reimbursement is due within thirty (30) days of written notice of an award or other notice of the expenses due. If we engage legal counsel for your failure to pay when due any monies owed under this Agreement or to submit when due any reports, information or supporting records, or for any failure otherwise to comply with this Agreement, you must reimburse us on demand for all of the above-listed expenses we incur.

22.18. **Waivers.** Waiver of any provision of this Agreement will not be valid unless in writing and signed by the person against whom it is sought to be enforced. The failure by either party to insist upon strict performance of any provision will not be construed as a waiver or relinquishment of the right to insist upon strict performance of the same provision at any other time, or any other provision of this Agreement.

22.19. **Entire Agreement; Modification.** This Agreement, including the introduction, addenda and exhibits to it, constitutes the entire agreement between you and us and supersedes any and all prior negotiations, understandings, representations and agreement; **provided, however, that nothing in this or any related agreement is intended to disclaim the representations we made in the franchise disclosure document that we furnished to you.** There are no other oral or written understandings or agreements between you and us concerning the subject matter of this Agreement. Except as expressly provided otherwise in this Agreement, this Agreement may be modified only by written agreement signed by both you and us.

22.20. **Construction.** The headings of sections are for convenience only and do not define, limit or construe the contents of such sections. In computing periods from a specified date to a later specified date, the words “from” and “commencing on” or “beginning on” (and the like) mean “from and including” and the words “to,” “until” and “ending on” (and the like) mean “to but excluding.” “Including” means “including, but not limited to.” “A or B” means A or B or both.

22.21. **Continuing Obligations.** All obligations of the parties which expressly or by their nature survive the expiration or termination of this Agreement continue in full force and effect subsequent to and regardless of the expiration or termination of this Agreement and until they are satisfied or by their nature expire.

22.22. **Counterparts.** The parties may sign this Agreement in counterparts. Each signed counterpart will be an original and all of them constitute one and the same Agreement.

22.23. **Pronouns.** All words used in this Agreement, regardless of the number or gender in which they are used, will be construed to include any other number, singular or plural, in any other gender, masculine, feminine or neuter, as the context of this Agreement may require.

22.24. **Compliance with Anti-Terrorism Laws.** You and your principals agree to comply, and to assist us to the fullest extent possible in our efforts to comply with, Anti-Terrorism Laws (defined below). In connection with that compliance, you and your Principals certify, represent, and warrant that none of your property or interests is subject to being blocked under, and that you and your Principals otherwise are not in violation of, any of the Anti-Terrorism Laws. “**Anti-Terrorism Laws**” mean Executive Order 13224 issued by the President of the United States, the USA PATRIOT Act, and all other present and future federal, state, and local laws, ordinances, regulations, policies, lists, and other requirements of any governmental authority addressing or in any way relating to terrorist

acts and acts of war. Any violation of the Anti-Terrorism Laws by you or your principals' or any blocking of your or your principals' assets under the Anti-Terrorism Laws, shall constitute good cause for immediate termination of this Agreement.

22.25. **Survival.** All obligations under this Agreement (whether yours or ours) which expressly or by their nature survive the expiration or termination of this Agreement will continue in full force and effect after and notwithstanding the expiration or termination of this Agreement until such provisions are satisfied in full or by their nature expire.

22.26. **Interpretation.** Each of the parties agrees that they have been or have had the opportunity to have been represented by their own counsel throughout the negotiations and at the signing of this Agreement and all of the other documents signed incidental to this Agreement. None of the parties can, while this Agreement is effective or after its termination or expiration, assert that any provisions of this Agreement or any of the other documents should be construed against the drafter of this Agreement or any of the other documents.

22.27. **Timing.** Time is of the essence of this Agreement. However, whenever the time for the performance of any action or condition contained in this Agreement falls on a Saturday, Sunday or legal holiday, such time will be extended to the next business date. Indications of time of day mean time at the location where our principal headquarters is located.

*Signature Page Follows*

This Agreement is not effective until it has been signed by one of our authorized officers and a counterpart delivered to you.

Intending to be bound, the parties sign below:

**FRANCHISOR:**

**FRANCHISEE:**

\_\_\_\_\_

\_\_\_\_\_

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

**EXHIBIT A**  
**TERRITORY**

Your Territory consists of the geographic area comprised of the following ZIP Codes:

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**ATTACHMENT TO EXHIBIT A**  
**MAP OF TERRITORY**

**EXHIBIT B**

**PRINCIPAL OWNER STATEMENT**

This form must be completed by the Franchisee (“I,” “me,” or “my”) if I have multiple owners or if I, or my franchised business, is owned by a business organization (like a corporation, partnership or limited liability company). Franchisor is relying on the truth and accuracy of this form in awarding the Franchise Agreement to me.

1. **Form of Company.** I am a (check one):

- (a) General Partnership
  - (b) Corporation
  - (c) Limited Partnership
  - (d) Limited Liability Company
  - (e) Other
- Specify: \_\_\_\_\_

I was formed under the laws of \_\_\_\_\_ (state).

2. **Business Entity.** I was incorporated or formed on \_\_\_\_\_, \_\_\_\_, under the laws of the State of \_\_\_\_\_. I have not conducted business under any name other than my corporate, limited liability company or partnership name and \_\_\_\_\_. The following is a list of all persons who have management rights and powers (e.g., officers, managers, partners, etc.) and their positions are listed below:

<b><u>Name of Person</u></b>	<b><u>Position(s) Held</u></b>

3. **Owners.** The following list includes the full name and mailing address of each person who is one my owners and fully describes the nature of each owner’s interest. Attach additional sheets if necessary.

<b><u>Owner’s Name and Address</u></b>	<b><u>Description of Interest</u></b>	<b><u>% of Ownership</u></b>

4. **Governing Documents.** Attached are copies of the documents and contracts governing the ownership, management and other significant aspects of the business organization (e.g., articles of incorporation or organization, partnership or shareholder agreements, etc.).

This Principal Owner Statement is current and complete as of \_\_\_\_\_.

**OWNER**

**INDIVIDUALS:**

Sign: \_\_\_\_\_

Print: \_\_\_\_\_

Sign: \_\_\_\_\_

Print: \_\_\_\_\_

Sign: \_\_\_\_\_

Print: \_\_\_\_\_

**CORPORATION, LIMITED  
LIABILITY COMPANY OR  
PARTNERSHIP:**

\_\_\_\_\_  
[Name]

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

## EXHIBIT C

### PRINCIPAL OWNER GUARANTY

This Guaranty must be signed by the principal owners (referred to as “you” for purposes of this Guaranty only) of \_\_\_\_\_ (the “**Business Entity**”) under the Franchise Agreement dated \_\_\_\_\_ (the “**Agreement**”) with **Sweetwater Technologies Franchise, LLC** (“us,” or “our” or “we”).

1. **Scope of Guaranty.** In consideration of and as an inducement to our signing and delivering the Agreement, each of you signing this Guaranty personally and unconditionally: (a) guarantee to us and our successors and assigns that the Business Entity will punctually pay and perform each and every undertaking, agreement and covenant set forth in the Agreement; and (b) agree to be personally bound by, and personally liable for the breach of, each and every provision in the Agreement.

2. **Waivers.** Each of you waive: (a) acceptance and notice of acceptance by us of your obligations under this Guaranty; (b) notice of demand for payment of any indebtedness or nonperformance of any obligations guaranteed by you; (c) protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations guaranteed by you; (d) any right you may have to require that an action be brought against the Business Entity or any other person as a condition of your liability; (e) all rights to payments and claims for reimbursement or subrogation which you may have against the Business Entity arising as a result of your execution of and performance under this Guaranty; and (f) all other notices and legal or equitable defenses to which you may be entitled in your capacity as guarantors.

3. **Consents and Agreements.** Each of you consent and agree that: (a) your direct and immediate liability under this Guaranty are joint and several; (b) you must render any payment or performance required under the Agreement upon demand if the Business Entity fails or refuses punctually to do so; (c) your liability will not be contingent or conditioned upon our pursuit of any remedies against the Business Entity or any other person; (d) your liability will not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which we may from time to time grant to Business Entity or to any other person, including, without limitation, the acceptance of any partial payment or performance or the compromise or release of any claims and no such indulgence will in any way modify or amend this Guaranty; and (e) this Guaranty will continue and is irrevocable during the term of the Agreement and, if required by the Agreement, after its termination or expiration.

4. **Enforcement Costs.** If we are required to enforce this Guaranty in any judicial or arbitration proceeding or any appeals, you must reimburse us for our enforcement costs. Enforcement costs include reasonable accountants’, attorneys’, attorney’s assistants’, arbitrators’ and expert witness fees, costs of investigation and proof of facts, court costs, arbitration filing fees, other litigation expenses and travel and living expenses, whether incurred prior to, in preparation for, or in contemplation of the filing of any written demand, claim, action, hearing or proceeding to enforce this Guaranty.

5. **Effectiveness.** Your obligations under this Guaranty are effective on the Agreement Date, regardless of the actual date of signature. Terms not otherwise defined in this Guaranty have the meanings as defined in the Agreement. This Guaranty is governed by Illinois law and we may enforce our rights regarding it in the courts of Wyanet, Illinois. Each of you irrevocably submits to the jurisdiction and venue of such courts.

*<Signatures on Following Page>*

Each of you now sign and deliver this Guaranty effective as of the date of the Agreement regardless of the actual date of signature.

**GUARANTOR(S):**

\_\_\_\_\_  
Name: \_\_\_\_\_  
An Individual

**EXHIBIT D**

**EFT FORM**

Depositor Name:	
EIN/SSN:	

The undersigned depositor (“**Depositor**”) hereby authorizes SweetWater Technologies LLC (“**Franchisor**”) to initiate debit entries and/or credit correction entries to the undersigned’s checking and/or savings account(s) indicated below and the depository designated below (“**Depository**”) (“**Bank**”) to debit or credit such account(s) pursuant to Franchisor’s instructions.

Bank Name:	
Branch Name:	
Branch Address:	
Routing Number:	
Account Number:	

This authorization is to remain in full and force and effect until sixty (60) days after Franchisor has received written notice delivered by Certified Mail – Return Receipt Requested, that Depositor has revoked it.

**DEPOSITOR:**

\_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

## EXHIBIT E

### PRINCIPAL OWNER CONFIDENTIALITY, NON-SOLICITATION AND NON-COMPETITION AGREEMENT

**THIS PRINCIPAL OWNER CONFIDENTIALITY, NON-SOLICITATION AND NON-COMPETITION AGREEMENT** (this “**Agreement**”) is effective as of \_\_\_\_\_, between SweetWater Technologies, LLC, an Illinois limited liability company (the “**Franchisor**,” “**we**,” “**us**” or “**our**”) and the undersigned (“**Principal Owner(s)**,” “**you**” or “**your**”).

#### **BACKGROUND INFORMATION:**

We have entered into a Franchise Agreement (the “**Franchise Agreement**”) with [FRANCHISEE ENTITY NAME] (“**Franchisee**”) to operate a SweetWater Technologies branded business franchise (the “**Business**” or “**Businesses**”). The Business is operated pursuant to formats, specifications, standards, methods and procedures prescribed or approved by the Franchisor (the “**System**”). The Franchisor possesses certain confidential information, consisting of specifications, plans and other characteristics of products and services provided, the computer system, Intranet database and information, and business operating techniques, criteria and methods for the sale and installation via aerial application of certain micronutrients and other products and services for primarily agricultural customers, and such other services that we specifically authorize from time to time (the “**Products and Services**”), the selection, testing and training of personnel and other employees, and the formats, specifications, standards, methods, procedures, information, and knowledge of and experience in the operating and franchising of Businesses, which we either own or license (the “**Confidential Information**”).

#### **OPERATIVE TERMS:**

Accordingly, you and we agree as follows:

1. **Confidentiality.** You understand that the System and Confidential Information are the Franchisor’s proprietary trade secrets and confidential. You acknowledge that the Franchisor has and will provide you with specialized and extensive training regarding operation of the Business and has invested considerable time, funds and resources to do so. You will: (i) not use the Confidential Information in any other business or capacity; (ii) maintain the absolute confidentiality of the Confidential Information during and after the term of the Franchise Agreement; (iii) not make unauthorized copies of any portion of the Confidential Information disclosed in written or electronic form; and (iv) comply with all procedures we prescribe from time to time to prevent unauthorized use or disclosure of the Confidential Information.

2. **In-Term Competitive Restrictions.** During the time that you are one of our owners or employees, unless we otherwise permit in writing or except in accordance with another franchise agreement with us, you agree that you will not, directly or indirectly (e.g., through an affiliate, spouse, child or other immediate family member):

(a) have any direct or indirect interest as a disclosed or beneficial owner, or in any other capacity in any business or facility owning, operating or managing, or granting franchises or licenses to others to perform, market, sell or provide services the same or similar to Products and Services via aerial application (a “**Competitive Business**”), (i) anywhere; (ii) within the Territory; (iii) within any geographic territory that we have assigned to any one of our other Franchised Businesses, employees, or Franchisees, or in which we directly operate, market or sell; (iv) via the Internet or other form of e-commerce, wherever located; or (v) within 25 miles of any geographic area that we have awarded to any other Franchised Business.;

(b) perform services as a director, officer, manager, employee, consultant, representative, agent or otherwise for a Competitive Business, wherever located;

(c) divert or attempt to divert any business or customer of the Business to any Competitive Business.

Nothing in this Section prohibits you from having a direct or indirect interest as a disclosed or beneficial owner in a publicly held Competitive Business, as long as such securities represent less than 5% of the number of shares of that class of securities which are issued and outstanding.

3. **Post-Term Competitive Restrictions.** For a period of 2 years following the date that you cease to be one of our owners or an employee, you agree that you will not, directly or indirectly (e.g., through an affiliate, spouse, child or other immediate family member):

(a) have any direct or indirect interest as a disclosed or beneficial owner, or in any other capacity in a Competitive Business located or operating: (i) within the Territory; (ii) within any geographic territory that we have assigned to any one of our other Franchised Businesses, employees, or Franchisees, or in which we directly operate, market or sell; (iii) via the Internet or other form of e-commerce, wherever located; or (iv) within 25 miles of any geographic area that we have awarded to any other Franchised Business;

(b) perform services as a director, officer, manager, employee, consultant, representative, agent or otherwise for a Competitive Business located or operating: (i) within the Territory; (ii) within any geographic territory that we have assigned to any one of our other Franchised Businesses, employees, or Franchisees, or in which we directly operate, market or sell; (iii) via the Internet or other form of e-commerce, wherever located; or (iv) within 25 miles of any geographic area that we have awarded to any other Franchised Business; or

(c) divert or attempt to divert any business or customer of the Business to any Competitive Business.

If you refuse to voluntarily comply with the foregoing obligations, the 2-year period will be extended by the period of noncompliance. Nothing in this Section prohibits you from having a direct or indirect interest as a disclosed or beneficial owner in a publicly held Competitive Business, as long as such securities represent less than 5% of the number of shares of that class of securities which are issued and outstanding.

4. **Severability and Substitution.** To the extent that any portion of this Agreement is deemed unenforceable by virtue of its scope in terms of area, business activity prohibited, length of time or remedy, but may be made enforceable by reduction, adjustment or modification of any or all thereof, you and we agree that this Agreement will be enforced to the fullest extent permissible under the laws or public policies of the jurisdiction in which enforcement is sought, and such reduced or modified provision will be enforced to the fullest extent.

5. **Acquisition.** You agree that the confidentiality, competitive, and employment undertakings and restrictions survive any change in our ownership, any merger or consolidation, any sale of our assets, and any assignment or transfer of this Agreement.

6. **Extension of Time Period.** The time period during which you are to refrain from any of the activities listed in this Agreement will be automatically extended by any length of time during which you or any of your affiliates, successors or assigns are in breach of any provision of this Agreement. This Agreement will continue through the duration of the extended time periods.

7. **Suspension of Compensation.** We will not be required to pay any other compensation to you during any period of time in which you are in breach of this Agreement. Upon such breach, you forfeit payment of such amounts without limitation on any other remedies available to us for redress.

8. **No Defense or Setoff.** You must not assert, by way of defense or setoff, any alleged breach or damage caused by you if we must enforce this Agreement against you.

9. **Injunctive Relief.** You and we agree that the breach of this Agreement will result in irreparable harm to us and the Franchisor, and that no monetary award can fully compensate us if you violate it. Thus, if you breach this Agreement, you agree that we will be entitled to an injunction restraining you from any further breach. Such injunctive relief may be obtained without bond, but upon due notice, in addition to such other and further remedies or relief as may be available to us at equity or law.

10. **Miscellaneous.**

(a) **Complete Agreement:** This Agreement contains the complete agreement between the parties concerning this subject matter. This Agreement supersedes any prior or contemporaneous agreement, representation or understanding, oral or written, between them. The continued relationship between the parties described in this Agreement constitutes full and sufficient consideration for the binding commitment of the parties to this Agreement.

(b) **Waiver and Amendment:** A waiver or amendment of this Agreement, or any provision of it, will be valid and effective only if it is in writing and signed by all parties or the party waiving such provision. No waiver of any term of this Agreement will operate as a waiver of any other term of this Agreement or of that same term at any other time.

(c) **Rights Cumulative:** No right or remedy available to any party is exclusive of any other remedy. Each and every remedy will be cumulative to any other remedy given under this Agreement, or otherwise legally existing upon the occurrence of a breach of this Agreement.

(d) **Certain Definitions:** As used throughout this Agreement, the following terms have the following meanings:

- (i) The term “**person**” means any corporation, professional corporation or association, partnership (limited or general), joint venture, trust, association or other business entity or enterprise or any natural person;
- (ii) The term “**affiliate**” means, with respect to any person, any other person that directly, indirectly, or through one or more intermediaries, controls, is controlled by or is under common control with, such person, and includes any subsidiaries or other business entities that are beneficially owned by such person or its affiliates;
- (iii) The term “**attorney’s fees**” means any and all charges levied by an attorney for his services, including time charges, expenses and other reasonable fees including paralegal fees and legal assistant fees, and includes fees earned in settlement, at trial, on appeal or in bankruptcy proceedings.

(5) **Governing Law:** Except to the extent this agreement or any particular dispute is governed by the U.S. Trademark Act of 1946 (Lanham Act, 15 U.S.C. §1051 and the sections following it), any other federal law, or injunctive relief is sought in the state in which the violation occurs, this Agreement is governed by the laws of the State of Illinois. The prevailing party in any litigation involving this Agreement must be reimbursed its attorney’s fees from the non-prevailing party.

(6) **Third-Party Beneficiary:** The parties understand and acknowledge that the Franchisor is a third-party beneficiary of the terms of this Agreement and, at its option, may enforce the provisions of this Agreement with you. Your obligations under this Agreement will continue for the benefit of our and the Franchisor’s successors and assigns.

(7) **Background Information:** The background information is true and correct and is incorporated into this Agreement. This Agreement will be interpreted with reference to the background information.

Intending to be bound, the parties sign below:

**FRANCHISOR:**

**PRINCIPAL OWNER(S):**

By: \_\_\_\_\_

\_\_\_\_\_

Name: \_\_\_\_\_

Name: \_\_\_\_\_  
An Individual

Title: \_\_\_\_\_

Date: \_\_\_\_\_

\_\_\_\_\_

Name: \_\_\_\_\_  
An Individual

\_\_\_\_\_

Name: \_\_\_\_\_  
An Individual

\_\_\_\_\_

Name: \_\_\_\_\_  
An Individual

**EXHIBIT F**

**FORM OF EMPLOYEE CONFIDENTIALITY AGREEMENT**

**THIS EMPLOYEE CONFIDENTIALITY AGREEMENT** (this “**Agreement**”) is effective as of \_\_\_\_\_, by and between:

Company Name: \_\_\_\_\_  
(the “**Company**,” “**we**,” “**us**” or “**our**”) and

Employee Name: \_\_\_\_\_  
(“**you**” or “**your**”).

**BACKGROUND INFORMATION:**

We have entered into a Franchise Agreement (the “**Franchise Agreement**”) with Sweetwater Technologies Franchise, LLC (the “**Franchisor**”) to operate a Franchised Business franchise (the “**Business**” or “**Businesses**”). The Business is operated pursuant to formats, specifications, standards, methods and procedures prescribed or approved by the Franchisor (the “**System**”). We and the Franchisor possess certain confidential information, consisting of specifications, plans and other characteristics of products and services provided, the Computer System, Intranet database and information, and business operating techniques, criteria and methods for the sale and installation via aerial application of certain micronutrients and other products and services for primarily agricultural customers, and such other services that we specifically authorize from time to time (the “**Products and Services**”), the selection, testing and training of personnel and other employees, and the formats, specifications, standards, methods, procedures, information, and knowledge of and experience in the operating and franchising of Franchised Businesses, which we either own or license (the “**Confidential Information**”).

You understand that the System and Confidential Information are the Franchisor’s proprietary trade secrets and confidential. You acknowledge that we and the Franchisor have and will provide you with specialized and extensive training regarding operation of the Business and have invested considerable time, funds and resources to do so. We have an obligation under the Franchise Agreement to maintain such Confidential Information as secret and confidential. You represent to us and the Franchisor that you have other skills that you can utilize if, for any reason, your relationship with us ends.

**OPERATIVE TERMS:**

Accordingly, you and we agree as follows:

1. **Confidentiality.** You understand that the System and Confidential Information are the Franchisor’s proprietary trade secrets and confidential. You acknowledge that we have and will provide you with specialized and extensive training regarding operation of the Business and we and the Franchisor have invested considerable time, funds and resources to do so. You will: (i) not use the Confidential Information in any other business or capacity; (ii) maintain the absolute confidentiality of the Confidential Information at all times; (iii) not make unauthorized copies of any portion of the Confidential Information disclosed in written or electronic form; and (iv) comply with all procedures we prescribe from time to time to prevent unauthorized use or disclosure of the Confidential Information.

2. **Competitive Restrictions.** During the time that you are one of our employees, unless we otherwise permit in writing, you agree that you will not, directly or indirectly (e.g., through an affiliate, spouse, child or other immediate family member) divert or attempt to divert any business or customer of the Business to any Competitive Business.

3. **Severability and Substitution.** To the extent that any portion of this Agreement is deemed unenforceable by virtue of its scope in terms of area, business activity prohibited, length of time or remedy, but may be made enforceable by reduction, adjustment or modification of any or all thereof, you and we agree that this Agreement will be enforced to the fullest extent permissible under the laws or public policies of the jurisdiction in which enforcement is sought, and such reduced or modified provision will be enforced to the fullest extent.

4. **Acquisition.** You agree that the confidentiality, competitive, and employment undertakings and restrictions survive any change in our ownership, any merger or consolidation, any sale of our assets, and any assignment or transfer of this Agreement.

5. **No Defense or Setoff.** You must not assert, by way of defense or setoff, any alleged breach or damage caused by you if we must enforce this Agreement against you.

6. **Injunctive Relief.** You and we agree that the breach of this Agreement will result in irreparable harm to us and the Franchisor, and that no monetary award can fully compensate us if you violate it. Thus, if you breach this Agreement, you agree that we will be entitled to an injunction restraining you from any further breach. Such injunctive relief may be obtained without bond, but upon due notice, in addition to such other and further remedies or relief as may be available to us at equity or law.

7. **Miscellaneous.**

(a) **Complete Agreement:** This Agreement contains the complete agreement between the parties concerning this subject matter. This Agreement supersedes any prior or contemporaneous agreement, representation or understanding, oral or written, between them. The continued relationship between the parties described in this Agreement constitutes full and sufficient consideration for the binding commitment of the parties to this Agreement.

(b) **Waiver and Amendment:** A waiver or amendment of this Agreement, or any provision of it, will be valid and effective only if it is in writing and signed by all parties or the party waiving such provision. No waiver of any term of this Agreement will operate as a waiver of any other term of this Agreement or of that same term at any other time.

(c) **Rights Cumulative:** No right or remedy available to any party is exclusive of any other remedy. Each and every remedy will be cumulative to any other remedy given under this Agreement, or otherwise legally existing upon the occurrence of a breach of this Agreement.

(d) **Certain Definitions:** As used throughout this Agreement, the following terms have the following meanings:

- (iv) The term “**person**” means any corporation, professional corporation or association, partnership (limited or general), joint venture, trust, association or other business entity or enterprise or any natural person;
- (v) The term “**affiliate**” means, with respect to any person, any other person that directly, indirectly, or through one or more intermediaries, controls, is controlled by or is under common control with, such person, and includes any subsidiaries or other business entities that are beneficially owned by such person or its affiliates;
- (vi) The term “**attorney’s fees**” means any and all charges levied by an attorney for his services, including time charges, expenses and other reasonable fees including paralegal fees and legal assistant fees, and includes fees earned in settlement, at trial, on appeal or in bankruptcy proceedings.

(e) **Governing Law:** Except to the extent this agreement or any particular dispute is governed by the U.S. Trademark Act of 1946 (Lanham Act, 15 U.S.C. §1051 and the sections following it), any other federal law, or injunctive relief is sought in the state in which the violation occurs, this Agreement is governed by the laws of the State of Illinois. The prevailing party in any litigation involving this Agreement must be reimbursed its attorney’s fees from the non-prevailing party.

(f) **Third-Party Beneficiary:** The parties understand and acknowledge that the Franchisor is a third-party beneficiary of the terms of this Agreement and, at its option, may enforce the provisions of this Agreement with you. Your obligations under this Agreement will continue for the benefit of our and the Franchisor’s successors and assigns.

(g) **Background Information:** The background information is true and correct and is incorporated into this Agreement. This Agreement will be interpreted with reference to the background information.

Intending to be bound, the parties sign below.

**COMPANY:**

**EMPLOYEE:**

By: \_\_\_\_\_

\_\_\_\_\_

Name: \_\_\_\_\_

Name: \_\_\_\_\_

An Individual

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**EXHIBIT G**  
**EQUIPMENT LEASE**

## EQUIPMENT LEASE

THIS EQUIPMENT LEASE (this “Lease”) is made as of [INSERT] (“Effective Date”) by and between SweetWater Technologies, LLC, an Illinois limited liability company (“SWT”) and [INSERT FRANCHISEE] (“Lessee”) (collectively, the “Parties,” or each, individually, a “Party”).

1. LEASE. Subject to the terms and conditions contained herein, during the Term, SWT hereby leases to Lessee, and Lessee hereby leases from SWT, certain equipment owned by SWT (the “Equipment”) as set forth on Exhibit A.
2. TERM. The term of this Lease (the “Term”) shall commence on the date of shipment from SWT’s facility and shall be coterminous with that certain franchise agreement entered into between Lessee and SWT’s affiliate (the “Franchise Agreement”). Lessee shall receive and safely store the equipment at [INSERT FRANCHISEE ADDRESS]. Lessee shall be solely responsible for the transportation of the Equipment to its address.
3. ACCEPTANCE BY LESSEE. Upon the delivery of the Equipment, Lessee shall cause an inspection of such Equipment to be made, and if the same is not found to be in good order upon delivery, Lessee shall immediately notify SWT. Absent such immediate notification, the Equipment shall be deemed to have been accepted by Lessee pursuant to the terms of this Lease.
4. POSSESSION/ASSIGNMENT. Lessee shall not assign, sublet, hire out, or otherwise transfer or part with the possession, control or custody of the Equipment except to the extent expressly permitted in writing by SWT.
5. RENT.
  - 5.1. Equipment Fee. You must pay the equipment fee of [INSERT] to SWT (“Equipment Fee”). You must pay us the entirety of the Equipment Fee when you sign this Lease. The Equipment Fee is fully earned and non-refundable when paid.
  - 5.2. Rent. Beginning the first calendar month immediately after execution of this Lease, Lessee shall pay to SWT a rent of [INSERT] per month for the first calendar year in which this is entered, payable in advance no later than the tenth (10<sup>th</sup>) day of each month, in accordance with this Lease. SWT may increase rent hereunder (based on third-party supplier costs) to be enforced on the first day of each calendar year during the Term and will be enforceable for that calendar year.
  - 5.3. Payment Mechanics. Lessee shall pay all amounts due under this Agreement on the applicable due date in US dollars by wire transfer of immediately available funds in accordance with the wire transfer instructions set forth on Schedule 1 hereto. If a payment under this Agreement becomes due and payable on a Saturday, Sunday, or any day on which commercial banks located in Wyanet, Illinois, are authorized or required by applicable law to be closed for business (any other day, a “Business Day”), then Lessee shall make such payment on the next succeeding Business Day. Provided Lessee makes such payment on such next succeeding Business Day, no interest accrues on the amount of such payment from and after such scheduled due date.

- 5.4. Late Payments. If Lessee does not pay any amount payable to SWT under this Agreement by the due date, Lessee shall pay to SWT a late charge equal to the lower of (a) the maximum amount allowed by law and (b) \$100 for each day payment is overdue. Payment of any late charge does not excuse Lessee from any default under this Agreement.
- 5.5. No Setoff. Lessee's obligation to pay all rent and other amounts under this Agreement is absolute and unconditional and is not subject to any abatement, counterclaim, defense, deferment, interruption, recoupment, reduction, or setoff for any reason whatsoever.
6. **EXCLUSION OF WARRANTIES**. SWT MAKES NO WARRANTY WHATSOEVER, INCLUDING WITHOUT LIMITATION ANY (a) WARRANTY OF MERCHANTABILITY; (b) WARRANTY OF FITNESS FOR A PARTICULAR PURPOSE; (c) WARRANTY AGAINST INTERFERENCE; OR (d) WARRANTY AGAINST INFRINGEMENT OF ANY PATENT, COPYRIGHT, TRADEMARK, TRADE SECRET, OR OTHER PROPRIETARY RIGHTS OF A THIRD PARTY; WHETHER ARISING BY LAW, COURSE OF DEALING, COURSE OF PERFORMANCE, USAGE OF TRADE, OR OTHERWISE.
7. OPTION TO PURCHASE; ROFR.
- 7.1. Lessee shall have the option to purchase the Equipment at any time after the first twelve (12) months of the Lease Term, provided that Lessee is not then in default under this Lease. To exercise this option, Lessee shall deliver written notice to Lessor at least thirty (30) days prior to the desired purchase date.
- 7.2. Purchase Price. The purchase price for the Equipment shall be the book value of the equipment as evidenced by SWT's books.
- 7.3. Transfer of Ownership. Upon payment of the purchase price and satisfaction of all outstanding obligations under this Lease, Lessor shall transfer all right, title, and interest in the Equipment to Lessee on an "AS IS, WHERE IS" basis, without any representations or warranties, express or implied, other than those expressly stated in this Lease.
- 7.4. Closing. The closing of the sale shall take place on a mutually agreed upon date within thirty (30) days following Lessor's receipt of Lessee's notice of intent to exercise the Purchase Option.
- 7.5. Upon expiration or earlier termination of this Lease for any reason, if Lessor receives a bona fide offer from a third party to purchase any or all of the Equipment, Lessor shall first offer such Equipment to SWT on the same terms and conditions as set forth in the third-party offer.
- 7.5.1. Notice and Response Period. Lessor shall provide SWT with written notice of the terms of the third-party offer, including the identity of the proposed purchaser, the purchase price, and any material terms. SWT shall have ten (10) business days from the date of such notice to elect, by written notice to Lessor, to purchase the Equipment on the terms offered.
- 7.5.2. Failure to Exercise. If SWT does not elect to purchase the Equipment within the ten (10) business day period, Lessor may proceed with the sale to the third party on terms no more favorable to such third party than those offered to SWT. If the sale is not completed within ninety (90) days after the expiration of the ten (10) business day period, the right of first refusal shall revive.
- 7.5.3. As-Is Sale. Any sale of Equipment to SWT under this Section shall be subject to customary warranties and representations, including, without limitation, to clear title and authority to sell.
8. USE OF EQUIPMENT; MAINTENANCE; RISK OF LOSS.

- 8.1. Lessee shall use the Equipment in compliance with all laws, rules and regulations of every governmental authority having jurisdiction over the Equipment, in compliance with all policies of SWT provided in advance to Lessee, and in compliance with the provisions of any policies of insurance carried by Lessee with respect to the Equipment.
  - 8.2. Lessee shall pay or ensure the payment of all costs, expenses, fees and charges incurred in connection with the use and operation of the Equipment.
  - 8.3. Lessee shall keep the Equipment in good, serviceable and operable condition, free of broken, damaged or missing parts, suitable for the commercial use originally intended. SWT, at Lessee's sole expense, shall solely perform the normal servicing and repair of the drones. SWT, at SWT's sole expense, shall solely perform the normal servicing and repair of the trucks; provided, however, any maintenance that SWT determines is due to improper use or excessive abuse, in its discretion, shall be the responsibility of Lessee.
  - 8.4. Lessee shall bear the entire risk of the Equipment being lost, damaged, destroyed or rendered permanently unfit or unavailable for use after its delivery and installation to Lessee hereunder and until SWT takes possession of the Equipment after the expiration or earlier termination of this Lease. Without limiting the foregoing, any damage to the Equipment caused by electrical surges or shorts will be the sole responsibility of Lessee.
  - 8.5. Lessee shall keep the Equipment free and clear of all liens.
  - 8.6. Lessee shall not enter into any sublease of any Equipment without SWT's prior written consent, which consent may be withheld in SWT's sole discretion. No permitted sublease shall relieve Lessee of its obligations under this Agreement.
  - 8.7. No marking of any kind shall be placed on any piece of Equipment by Lessee except with the prior written consent of SWT. Any such marking placed on a piece of Equipment by Lessee shall be removed at Lessee's expense on or before the expiration or earlier termination of the Term for such piece of Equipment. Lessee shall, at Lessee's expense and to SWT's satisfaction, place and maintain on each piece of Equipment any identifying marks required by SWT.
  - 8.8. The Parties intend that each piece of Equipment shall remain at all times personal property and not a fixture under applicable law, even if the piece of Equipment, or any part thereof, may be or become affixed or attached to real property or any improvements.
  - 8.9. Lessee shall operate each piece of Equipment exclusively as directed by SWT, in connection with its business. Lessee shall not operate or permit the operation of any piece of Equipment in an unsafe or improper manner.
9. FEES AND TAXES. Lessee agrees to pay and indemnify SWT for and hold SWT harmless from and against all taxes, assessments, fees and charges ("Assessments") levied and imposed by any governmental unit or any agency or instrumentality thereof (a) with respect to this Lease; (b) upon the Equipment, its value or any interest of SWT and/or Lessee therein; (c) upon or any account of any sale, rental, purchase, ownership, use, operation, maintenance, delivery and/or installation or return of the Equipment; or (d) on account of, or measured by, the gross earnings or gross receipts arising from this Lease, the Equipment, or value added thereto, other than taxes imposed on or measured by the net income of the SWT.
10. INDEMNIFICATION. Lessee hereby indemnifies and holds harmless SWT and its successors and assigns, Lessor's affiliates, and their successors and assigns (collectively, "Indemnitees") (which obligation shall survive the termination of this Lease) from and against any and all claims of whatsoever kind and nature, and all costs, expenses, damages, losses and liabilities whatsoever, including reasonable attorneys' fees, arising out of, connected with, or resulting from the

following: (a) this Lease or the Equipment, including without limitation, the possession, use, operation, control, storage, or return of the Equipment or any part thereof; or (b) any default by Lessee in the performance of any of Lessee's obligations hereunder; provided however that Lessee shall have no obligation to indemnify SWT Lessee for any claims arising out of, connected with, or resulting from any latent defects in the Equipment caused by SWT.

## 11. INTENT AND TITLE.

11.1. Equipment Not Sold. It is the express intent of the Parties that this Lease constitutes a true lease and in no event shall this Lease be construed as a sale of the Equipment. Lessee shall acquire no ownership, title, property, right, equity or interest in the Equipment other than its leasehold interest solely as lessee subject to the terms and conditions of this Lease.

11.2. Equipment Not a Fixture. The Equipment is, and shall at all times be and remain, personal property notwithstanding the Equipment or any part thereof, may now be, or hereafter become, in any manner attached or affixed to, or imbedded in or permanently resting upon, real property or any building thereon, or attached in any manner to what is permanent. Lessee further agrees to keep the Equipment free from all claims, liens and legal processes of creditors of Lessee.

11.3. Security Interest. The Parties intend and agree that, if this Agreement is recharacterized under applicable law as a secured financing or a lease intended for security, this Agreement shall be deemed a security agreement and Section 1 hereof shall be deemed to grant SWT by Lessee a lien on and first priority security interest in the Equipment and all proceeds thereof, to secure the payment of Lessee's obligations under this Agreement. SWT and Lessee each agree to execute, acknowledge, deliver, file, and record, or cause to be executed, acknowledged, delivered, filed, and recorded such further documents (including without limitation UCC financing statements), and to do all such things and acts, necessary to ensure that such security interest would be a perfected first priority security interest under applicable law.

12. TRANSPORTATION AND OTHER CHARGES. Upon expiration or earlier termination of this Lease, Lessee shall at its cost and expense surrender possession of the Equipment at such location as may be designated by SWT. The Equipment is to be in the same condition upon surrender as when this Lease commenced, ordinary wear and tear excepted. SWT will inspect the Equipment after the Equipment is properly surrendered in accordance with the terms of this Lease. If SWT determines in its reasonable discretion that the Equipment is damaged and/or not repairable, Lessee will pay to SWT the entire cost of the equipment at the then-current market value, as determined by SWT in its reasonable discretion.

## 13. DEFAULT AND REMEDIES.

13.1. Event of Default. The occurrence of any of the following shall constitute an "Event of Default" hereunder: (i) Lessee shall fail or refuse to duly observe or perform any other covenant, condition, or agreement made by it hereunder or under any other agreement between SWT and Lessee; (ii) Lessee shall permit any attachment or other lien against the Equipment; (iii) Lessee shall commit any act of bankruptcy, receivership, insolvency, reorganization, dissolution, liquidation or other similar proceedings shall be instituted by or against Lessee

for all or part of its property under any law of the United States or of any state or other competent jurisdiction; or (iv) Lessee shall breach the Franchise Agreement.

13.2. SWT's Remedies. If an Event of Default occurs, SWT shall have the right to exercise any one or more of the following remedies: (i) to declare any payments hereunder or under the Leases immediately due and payable as to the Equipment, without notice or demand to Lessee; (ii) to proceed by appropriate court action or actions to enforce specific performance by Lessee of all applicable covenants and terms of this Lease or to recover damages for the breach thereof; (iii) to take possession of the Equipment, with demand or notice, wherever same may be located, with court order or other process of law; (iv) to terminate this Lease; (v) to hold, sell, release, or otherwise dispose of the Equipment in any manner SWT, in its sole and absolute discretion, elects; or (vi) to pursue any other remedy at law, in equity or in bankruptcy or insolvency proceedings.

13.3. If by the Expiration Date or the earlier termination of this Agreement for a piece of Equipment, Lessee does not return such piece of Equipment to SWT in the condition required by and otherwise in accordance with the terms and conditions of this Agreement, Lessee shall continue to comply with all the terms and conditions of this Agreement with respect to such piece of Equipment, including without limitation the obligation to pay 125% of the prorated daily rent for each day from the Expiration Date or the earlier termination of this Agreement for such piece of Equipment until the date on which Lessee returns such piece of Equipment to SWT in the manner required under this Agreement ("Holdover Rent"). Nothing contained in this Section, including Lessee's payment of Holdover Rent, shall (a) constitute a waiver of Lessee's failure to perform any obligation under this Agreement; or (b) give Lessee the right to retain possession of any piece of Equipment after the Expiration Date or the earlier termination of this Agreement for such piece of Equipment.

#### 14. MISCELLANEOUS PROVISIONS.

14.1. Applicable Law. This Lease shall be governed by the internal laws of the State of Illinois without regard to its conflict of law principles. The United Nations Convention on Contracts for the International Sales of Goods (CISG) shall not apply to this Agreement.

14.2. Force Majeure. If either Party hereto shall be delayed or hindered in or prevented from the performance of any act required hereunder by reason of strikes, lockouts, labor troubles, inability to procure material, failure of power, restrictive governmental laws or regulations, riots, insurrection, war or other reason of a like nature not the fault of the Party delayed in performing work or doing acts required under this Lease, the period for the performance of any such act shall be extended for a period equivalent to the period of such delay.

14.3. Subject to any limitations and other provisions contained in this Agreement, all covenants and agreements of Lessee contained herein survive indefinitely.

14.4. Each Party shall deliver all notices, requests, consents, claims, demands, waivers, and other communications under this Agreement (each, a "Notice") in writing and addressed to the other Party at its address set forth in the first paragraph hereof (or to such other address as the receiving Party may designate from time to time in accordance with this Section). Each Party shall deliver all Notices by personal delivery, nationally recognized overnight courier (with all fees pre-paid), email of a PDF document (with confirmation of transmission), or

certified or registered mail (in each case, return receipt requested, postage prepaid). Except as otherwise provided in this Agreement, a Notice is effective only (a) on receipt by the receiving Party, and (b) if the Party giving the Notice has complied with the requirements of this Section.

- 14.5. The headings in this Agreement are for reference only and shall not affect the interpretation of this Agreement.
- 14.6. If any term or provision of this Agreement is invalid, illegal, or unenforceable in any jurisdiction, such invalidity, illegality, or unenforceability does not affect any other term or provision of this Agreement or invalidate or render unenforceable such term or provision in any other jurisdiction.
- 14.7. This Agreement, together with all related exhibits and schedules, constitutes the sole and entire agreement of the Parties hereto with respect to the subject matter contained herein, and supersedes all prior and contemporaneous understandings, agreements, representations, and warranties, both written and oral, with respect to such subject matter.
- 14.8. No amendment to or rescission, termination, or discharge of this Agreement is effective unless it is in writing and signed by an authorized representative of each Party to this Agreement.
- 14.9. No waiver under this Agreement is effective unless it is in writing and signed by the Party waiving its right. Any waiver authorized on one occasion is effective only in that instance and only for the purpose stated and does not operate as a waiver on any future occasion. Neither any failure or delay in exercising any right, remedy, power, or privilege, or in enforcing any condition under this Agreement, nor any act, omission, or course of dealing between the Parties constitutes a waiver or estoppel with respect to any right, remedy, power, privilege, or condition arising from this Agreement.
- 14.10. All rights and remedies of SWT provided in this Agreement are cumulative and not exclusive, and the exercise by SWT of any right or remedy does not preclude the exercise by SWT of any other rights or remedies that may now or subsequently be available to SWT at law, in equity, by statute, in any other agreement between the Parties, or otherwise.
- 14.11. The dispute resolution procedures of the Franchise Agreement are hereby incorporated by reference.
- 14.12. Lessee may not assign any of its rights or delegate any of its obligations under this Agreement without the prior written consent of SWT. Any purported assignment or delegation in violation of this Section is null and void. No assignment or delegation relieves Lessee of any of its obligations under this Agreement. SWT may assign this Agreement at any time without consent.
- 14.13. This Agreement is binding on and inures to the benefit of the Parties hereto and their respective successors and permitted assigns.
- 14.14. Subject to the final sentence of this Section, this Agreement benefits solely the Parties and their respective successors and permitted assigns and nothing in this Agreement, express or implied, confers on any other party any legal or equitable right, benefit, or remedy of any

nature whatsoever under or by reason hereof. The Parties hereby designate the Indemnitees other than SWT as third-party beneficiaries of Section 9, having the right to enforce Section 9.

14.15. This Agreement may be executed in counterparts, each of which is deemed an original, but all of which together are deemed to be one and the same agreement. A signed copy of this Agreement delivered by email or other means of electronic transmission is deemed to have the same legal effect as delivery of an original signed copy of this Agreement.

14.16. Lessee agrees to execute, acknowledge, deliver, file, and record, or cause to be executed, acknowledged, delivered, filed, and recorded, such further documents or other papers and to do all such things and acts as SWT may request in furtherance of the provisions and purposes of this Agreement and the transactions contemplated hereby.

[REMAINDER OF PAGE LEFT INTENTIONALLY BLANK.]

IN WITNESS WHEREOF, the Parties have executed this Lease as of the date first written above.

SWEETWATER TECHNOLOGIES, LLC

By \_\_\_\_\_

Name:

Title:

LESSEE:

\_\_\_\_\_

By \_\_\_\_\_

Name:

Title:

**Exhibit A**  
**Equipment**

	<i>Equipment</i>	<i>Serial Numbers</i>

**EXHIBIT B TO THE DISCLOSURE DOCUMENT**

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**FINANCIAL STATEMENTS**

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**Financial Statements and Independent Accountant's Audit  
Report**

**Sweetwater Technologies Franchise, LLC**

**January 31, 2024**

**Sweetwater Technologies Franchise, LLC  
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# BOTSCH AND ASSOCIATES, CPA'S, LLC

—AND—

H. KEITH BOTSCH, CPA  
ARLYNNE STROMAN, CPA

113 E. Main Street  
Carmi, Illinois 62821  
(618) 382-4151

February 5, 2024

## Independent Auditor's Report

To the Members  
Sweetwater Technologies Franchise, LLC  
401 West Main Street  
Wyanet, IL 61361

### **Opinion**

We have audited the accompanying balance sheet of Sweetwater Technologies Franchise, LLC (the Company), as of January 31, 2024 and the related notes to the financial statement.

In our opinion, the balance sheet referred to above presents fairly, in all material respects, the financial position of the Company as of January 31, 2024 in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Sweetwater Technologies Franchise, LLC and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Emphasis of Matter**

As discussed in the *Risk and Uncertainties* footnote to the financial statement, the Company has not yet generated any revenue producing activities and is subject to all risks and uncertainties that are typically faced by startup franchisor companies that are in development stage prior to executing franchise agreements. The Company expects to incur operating losses until franchise agreements are executed. Accordingly, the ability of the Company to meet its future obligations is dependent upon continued capital contributions.

### **Responsibilities of Management for the Financial Statement**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement whether due to fraud or error.

In preparing the financial statement, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Sweetwater Technologies Franchise, LLC's ability to continue as a going concern within one year after the date that the financial statement is available to be issued.

### ***Auditor's Responsibilities for the Audit of the Financial Statement***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but it is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Sweetwater Technologies Franchise, LLC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statement.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Sweetwater Technologies Franchise, LLC's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

*Botsch & Associates, CPA's, LLC*

113 E Main St.  
Carmi, IL 62821

**Sweetwater Technologies Franchise, LLC**  
**Balance Sheet**  
**January 31, 2024**

**ASSETS**

<b>Current Assets</b>	
Cash	<u>\$ 2,500</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 2,500</u></u>

**LIABILITIES AND MEMBERS' EQUITY**

<b>Current Liabilities</b>	
Due to affiliate	<u>\$ 2,500</u>
Total Current Liabilities	2,500
<b>Members' Equity</b>	<u>-</u>
<b>TOTAL LIABILITIES AND MEMBERS' EQUITY</b>	<u><u>\$ 2,500</u></u>

The accompanying notes to the financial statements are an integral part of this statement.

**Sweetwater Technologies Franchise, LLC**  
**Notes to the Financial Statements**  
**January 31, 2024**

**Nature and Scope of Business**

Sweetwater Technologies, LLC (the Company), an Illinois limited liability company was formed on January 19, 2024 (date of inception) to sell Sweetwater Technologies franchises.

The Company is a franchisor and intends to enter into agreements with franchisees throughout the United States. Under the terms of this franchise agreement, franchisees will establish and operate a Sweetwater Technologies drone application business. This franchise will encompass the selling and application of the following: fungicides, insecticides, pesticides, adjuvants, and crop protection products. As of January 31, 2024, there are no franchise agreements in place.

**Summary of Significant Accounting Policies**

**Basis of Presentation**

The accompanying balance sheet has been prepared on an accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("GAAP").

**Use of Estimates**

The preparation of financial statements in conformity with (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Related Parties**

The Company owed \$2,500 to an affiliated entity as of January 31, 2024.

**Franchising and Revenue Recognition**

At contract inceptions, the Company assesses the goods and services promised in contracts with customers and identifies a performance obligation for each promise to transfer to the customer a good or service (or a bundle of goods and services) that is distinct. To identify the performance obligations, the Company considers all the goods and services promised in the contract regardless of whether they are explicitly stated or are implied by customary business practices.

**Sweetwater Technologies Franchise, LLC**  
**Notes to the Financial Statements**  
**January 31, 2024**  
**(Continued)**

**Summary of Significant Accounting Policies (Cont'd)**

*Franchising and Development Fee Revenue*

The Company generates revenues from franchising through individual franchise agreements. When a new franchise is sold, the Company agrees to provide certain services to the franchisee, including use of equipment, bookkeeping, and other ongoing support and training.

For new franchisees, the Company's current franchise agreement requires an initial payment of \$70,000 upon signing the agreement. After the initial signing, the Company receives royalty fees based on product sales and service acreage provided.

**Income Taxes**

The Company, with the consent of its members, elected to be taxed as a partnership. In accordance with the provisions of this election, the Company's income and losses are passed through to the members and no provision for income taxes will be recorded.

**Risks and Uncertainties**

The Company has not yet generated any revenue producing activities and is subject to all of the risks and uncertainties that are typically faced by startup franchisor companies that are in development stage prior to executing franchise agreements. The Company expects to incur operating losses until such time as franchise agreements are executed. Accordingly, the ability of the Company to meet its future obligations is dependent upon capital contributions.

**Subsequent Events**

Management has evaluated subsequent events through the date of the Independent Auditor's Report, the date on which the financial statements were available to be issued.

**Sweetwater Technologies Franchise, LLC**

**Independent Auditor's Report**

**And**

**Financial Statements**

**Period From January 19, 2024 (Inception) to December 31, 2024**

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## **Metwally CPA PLLC**

### **CERTIFIED PUBLIC ACCOUNTANT**

2901 Corporate Cir, Flower Mound, Texas 75028

Cell: 214-200-5434 (Mohamed Metwally) Mmetwally@metwallycpa.com

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## **Independent Auditor's Report**

To the members of  
Sweetwater Technologies Franchise, LLC

### **Opinion**

We have audited the accompanying financial statements of Sweetwater Technologies Franchise, LLC (the Company), which comprise the balance sheet as of December 31, 2024, and the related statements of operations, members' equity (deficit), and cash flows for the period from January 19, 2024 to December 31, 2024, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Sweetwater Technologies Franchise, LLC as of December 31, 2024, and the results of its operations and its cash flows for the period from January 19, 2024 to December 31, 2024 in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Sweetwater Technologies Franchise, LLC and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Emphasis of Matter**

As discussed in note 6 to the financial statements, the Company has extensive transactions and relationships with its affiliates. Accordingly, the accompanying financial statements may not be indicative of the results of operations that would have been achieved if the Company had operated without such affiliations. Our opinion is not modified with respect to this matter.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events considered in the aggregate, which raises substantial doubt about Sweetwater Technologies Franchise, LLC's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore it is not a guarantee that

an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Sweetwater Technologies Franchise, LLC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events considered in the aggregate, which raise substantial doubt about Sweetwater Technologies Franchise, LLC's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

*Metwally CPA PLLC*

Metwally CPA PLLC  
Flower Mound, Texas  
June 05, 2025

**Sweetwater Technologies Franchise, LLC**

**Balance Sheet**

**December 31, 2024**

**2024**

**ASSETS**

**Current Assets**

Cash and cash equivalents	\$ 3,244
Accounts receivable	70,000
Prepaid expenses	7,500

**Total Current Assets** **80,744**

**Total Assets** **\$ 80,744**

**LIABILITIES AND MEMBERS' EQUITY (DEFICIT)**

**Current Liabilities**

Accounts payable and accrued liabilities	\$ 5,029
Due to related parties	44,365
Deferred revenue - current portion	9,800

**Total Current Liabilities** **59,194**

**Long-Term Liabilities**

Deferred revenue - net of current portion	35,933
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**Total Long-Term Liabilities** **35,933**

**Total Liabilities** **95,127**

**Members' Equity (Deficit)**

Members' equity (deficit)	(14,383)
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**Total Members' Equity (Deficit)** **(14,383)**

**Total Liabilities And Members' Equity (Deficit)** **\$ 80,744**

*The accompanying notes are an integral part of the financial statements.*

**Sweetwater Technologies Franchise, LLC**  
**Statement of Operations**  
**Period From January 19, 2024 to December 31, 2024**

---

	<u>2024</u>
<b>Revenues</b>	
Royalties - related parties	\$ 81,480
Initial franchise fees	24,267
<b>Total Revenues</b>	<u>105,747</u>
<b>Operating Expenses</b>	
Legal and professional	120,095
General and administrative	35
<b>Total Operating Expenses</b>	<u>120,130</u>
<b>Net Income / (Loss)</b>	<u>\$ (14,383)</u>

*The accompanying notes are an integral part of the financial statements.*

**Sweetwater Technologies Franchise, LLC**  
**Statement of Members' Equity (Deficit)**  
**Period From January 19, 2024 to December 31, 2024**

---

<b>Members' Equity At January 19, 2024</b>	<u>\$ -</u>
Net income (loss)	<u>(14,383)</u>
<b>Members' Equity (Deficit) At December 31, 2024</b>	<u><b>\$ (14,383)</b></u>

*The accompanying notes are an integral part of the financial statements.*

**Sweetwater Technologies Franchise, LLC**  
**Statement of Cash Flows**  
**Period From January 19, 2024 to December 31, 2024**

---

	<b>2024</b>
<b>Cash Flows From Operating Activities</b>	
Net income / (loss)	\$ (14,383)
<b>Adjustments to reconcile net income to net cash provided by operating activities</b>	
<b>Change in assets and liabilities</b>	
Accounts receivable	(70,000)
Prepaid expenses	(7,500)
Accounts payable and accrued liabilities	5,029
Due to related parties	44,365
Deferred revenue	45,733
<b>Net Cash Provided By (Used In) Operating Activities</b>	<b>3,244</b>
 <b>Cash Flows From Investing Activities</b>	
<b>Net Cash Flows Provided By (Used In) Investing Activities</b>	-
 <b>Cash Flows From Financing Activities</b>	
<b>Net Cash Flows Provided By (Used In) Financing Activities</b>	-
<b>Net Change In Cash And Cash Equivalents During The Period</b>	<b>3,244</b>
Cash and cash equivalents - beginning of the period	-
<b>Cash And Cash Equivalents - End of The Period</b>	<b>\$ 3,244</b>

*The accompanying notes are an integral part of the financial statements.*

**Sweetwater Technologies Franchise, LLC**  
**Notes To Financial Statements**  
**December 31, 2024**

**1. COMPANY AND NATURE OF OPERATIONS**

Sweetwater Technologies Franchise, LLC (the Company) is an Illinois limited liability franchise Company that was formed on January 19, 2024, under the laws of the State of Illinois for the purpose of offering franchise opportunities to entrepreneurs who want to own and operate their own business. The Company offers qualified individuals the right to operate a drone application business and offering the next generation of American farmers and ag professionals turn-key, owner-operator partnerships within precision agriculture and other products and services under “Sweetwater Technologies” mark.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

This summary of significant accounting policies is presented to assist the reader in understanding and evaluating the Company’s financial statements. The financial statements and notes are representations of the Company’s management, which is responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of financial statements.

**A. Basis of Accounting**

The Company’s financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (“GAAP”).

**B. Cash and Cash Equivalents**

For purposes of the Statement of cash flows, cash equivalents include bank accounts and cash in transit for bank deposits with maturities of three months or less to be cash equivalents.

**C. Accounts Receivable**

Accounts receivable arise primarily from initial franchise fees and are carried at their estimated collectible amounts, net of any estimated allowances for credit losses. The measurement and recognition of credit losses involves the use of judgement. The management’s assessment of expected credit losses includes consideration of current and expected economic conditions, market and industry factors affecting the Company’s customers (including their financial condition), the aging of account balances, historical credit loss experience, customer concentration, and customer creditworthiness. Management evaluates its experience with historical losses and then applies this historical loss ratio to financial assets with similar characteristics. The Company’s historical loss ratio or its determination of risk pools may be adjusted for changes in customer, economy, market, or other circumstances. The company may also establish an allowance for credit losses for specific receivables when it is probable that the receivable will not be collected, and the loss can be reasonably estimated. Amounts are written off against the allowance when they are considered to be uncollectible, and reversal of previously reserved amounts are recognized if a specifically reserved item is settled for an amount exceeding the previous estimate. As of December 31, 2024 the allowance for credit losses is considered immaterial and accordingly, no allowance for credit losses has been recorded.

**D. Federal Income Taxes**

As a limited liability Company, the Company’s taxable income or loss is allocated to members in accordance with their respective percentage ownership. Therefore, no provision for income taxes has been included in the financial statements.

## **E. Concentration of Credit Risk**

The Company maintains cash and cash equivalents with major financial institutions. At various times during the period, the total amount on deposit might exceed the \$250,000 limit insured by the Federal Deposit Insurance Corporation (FDIC). The Company believes that it mitigates credit risk by depositing cash with financial institutions having high credit ratings.

## **F. Use of Estimates**

The preparation of our Company's financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of our financial statements and the reported amounts of revenues, costs, and expenses during the reporting period. Actual results could differ significantly from those estimates. It is at least reasonably possible that a change in the estimates will occur in the near term.

## **G. Revenue Recognition**

Revenue is recognized in accordance with ASC Topic 606, Revenue from Contracts with Customers. The Company adopted ASU 2021-02 Franchisors - Revenue from Contracts with Customers (Subtopic 952-606) effective with the application of ASC Topic 606. The ASU provides a practical expedient to ASU2014-09 Revenue from contracts with Customers (Topic 606). The new guidance allows franchisors to simplify the application of the guidance about identifying performance obligations for franchisors that perform pre-opening services by allowing a franchisor to account for pre-opening services as distinct if they are consistent with those included in a predefined list of pre-opening services.

### Franchise Fees

The franchise arrangement between the Company and each franchise owner is documented in the form of a franchise agreement and, in select cases, a development agreement. The franchise arrangement requires the Company as franchisor to perform various activities to support the brand and does not involve the direct transfer of goods and services to the franchise owner as a customer. Activities performed by the Company before opening are distinguished from the franchise license. Therefore, the Company recognizes franchise fees as two performance obligations. The nature of the Company's promise in granting the franchise license is to provide the franchise owner with access to the brand's intellectual property over the term of the franchise arrangement.

The transaction price in a standard franchise arrangement consists of (a) franchise/development fees; (b) Marketing, brand development and royalties Fees and (c) IT Fees; (d) Annual Conference Fees. The Company utilize ASC 606 five-steps revenue recognition model as follows:

- Identify the contract with the customer.
- Identify the performance obligation in the contract.
- Determine the transaction price.
- Allocate the transaction price to the performance obligations.
- Recognize revenue when (or as) each performance obligation is satisfied.

The terms of the Company's franchise agreement will be as follows:

- The Company will grant the right to use the Company name, trademark, and system in the franchisee's franchise development business.
- The franchisee is obligated to pay a non-refundable initial franchise fee.
- The franchisee is obligated to pay monthly royalties, marketing, IT, and annual conference fees. Certain other fees are also outlined in the agreement.

Franchise revenues are recognized by the Company from the following various sources: The Company recognizes franchise fees as two (2) performance obligations. The first, pre-opening services, including access to manuals, assistance in site selection, and initial training, have been determined to be distinct services offered to franchisees. Pre-opening

services are earned over a period of time using an input method of completion based on costs incurred for each franchisee at the end of each year.

The second, access to the franchise license, has been determined to be distinct. The amount allocated to the franchise license is earned overtime as performance obligations are satisfied due to the continuous transfer of control to the franchisee. Franchise and development fees are paid in advance of the franchise opening, typically when entering into a new franchise or development agreement. Fees allocated to the franchise license are recognized as revenue on a straight-line basis over the term of each respective franchise agreement. Initial franchise agreement terms are typically 5 years while successive agreement terms are typically 5 years.

#### Variable Considerations

Franchise agreements contain variable considerations in the form of royalty fees and brand development (advertising). These fees are based on franchisee sales and are recorded as revenue and recognized as these services are delivered because the variable payment relates specifically to the performance obligation of using the license. The Company collects funds from franchisees to manage the brand level advertising, marketing, and development program. The fee is based on a percentage of the gross sales, less any amount paid towards sales tax, payable monthly.

#### Contracts Assets and Liabilities Balances

The Company incurs costs that are directly attributable to obtaining a contract, for example, commission fees, broker fees, and referral fees. Under ASC 606, costs that are directly associated with obtaining a contract are to be capitalized and recognized over the term of the agreement. Capitalized costs are included in the deferred expenses on the accompanying balance sheet. As such, direct franchise license costs are recognized over the franchise and renewal term, which is the performance obligation, and is typically the franchise agreement's term. If a customer is terminated, the remaining deferred expense will be recognized as expenses.

Deferred revenue consists of the remaining initial franchise fees to be amortized over the life of the franchise agreements. Deferred revenue is a result of the collection of the initial franchise fee at the time of the signing of the franchise agreement and will fluctuate each year based on the number of franchise agreements signed.

### **H. Recent Accounting Pronouncements**

FASB ASU No. 2016-02 – Leases (Topic 842) is effective for the calendar year 2022. The standard requires lessees to recognize right-of-use assets and liabilities for most leases with terms longer than twelve months. The Company has evaluated the impact of this standard on its financial statements and determined that it doesn't have any lease that meet the requirement to recognize a right-of-use asset and liability because the Company doesn't have any long-term leases.

In June 2016, the FASB issued ASU No. 2016-13, Financial Instruments – Credit Losses (Topic 326): Measurements of Credit Losses on Financial Instruments. ASU 2016-13, along with subsequent clarifications and improvements (collectively, ASC 326), replaces the incurred loss impairment methodology in prior U.S. GAAP with a methodology that instead reflects a current estimate of all expected credit losses on financial assets, including receivables. ASC 326 requires that the Company measure and recognizes expected credit losses at the time the asset is recorded, while considering a broader range of information to estimate credit losses including country specific macroeconomic conditions that correlate with historical loss experience, delinquency trends and aging behavior of receivables, among others. ASC 326 is effective for the Company since inception. There was no impact on the Company's financial statements as a result of the implementation of this standard.

### 3. CASH AND CASH EQUIVALENTS

The Company maintains its cash balance in U.S. noninterest-bearing transaction accounts which are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. On December 31, 2024, the Company's cash balance didn't exceed the FDIC insurance limits.

The Company considers all cash in the bank and investments in highly liquid debt instruments with maturities of three months or less to be cash equivalents. As of December 31, 2024, the Company has approximately \$3,244 in cash in its bank accounts.

### 4. ACCOUNTS RECEIVABLE

As of December 31, 2024, accounts receivable consisted of the following:

	<u>2024</u>
Initial franchise fees receivable	\$ 70,000
<b>Total Accounts Receivable</b>	<b>\$ 70,000</b>

### 5. REVENUE FROM CONTRACTS WITH CUSTOMERS

#### Disaggregation of Revenue

Information regarding revenues disaggregated by the time when goods and services are transferred consists of the following for the period from January 19, 2024 to December 31, 2024:

	<u>2024</u>
Revenue recognized over time	\$ 24,267
Revenue recognized at a point in time	81,480
<b>Total Revenue</b>	<b>\$ 105,747</b>

#### Contract Balances

The following table provides information about the change in the franchise contract liability balances as of December 31, 2024. Franchise contract liability is included in deferred revenue on the accompanying balance sheets.

	<u>2024</u>
Beginning Balance	\$ -
Additional deferred revenue	70,000
Revenue recognized – additional deferred revenue	(24,267)
<b>Deferred revenue</b>	<b>45,733</b>
Less: current maturities	(9,800)
<b>Deferred revenue, net of current maturities</b>	<b>\$ 35,933</b>

## **6. RELATED PARTY TRANSACTIONS**

The Company is under common control with Sweetwater Technologies, LLC. The Company collects royalty fees revenue from Sweetwater Technologies, LLC under several franchise agreements that require a 33% royalty payment to the Company. During the period from January 19, 2024 to December 31, 2024, the Company recognized \$81,480 in royalty income from the franchisees which were included in the statement of operations.

As of December 31, 2024, The Company had related parties' payables to SweetWater Technologies, LLC in the amount of \$44,365, which resulted from various intercompany transactions.

## **7. SUBSEQUENT EVENTS**

Management has evaluated subsequent events through June 05, 2025, which is the date the financial statements were available to be issued. The Company did not have any material recognizable subsequent events that would require adjustment to, or disclosure in, the financial statements.

**THE FOLLOWING FINANCIAL STATEMENTS ARE PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESSED AN OPINION WITH REGARD TO THE CONTENT OR FORM.**

**Gripp Custom Farming Corp.**  
**Gripp Custom Farming : Sweetwater Technologies**

**Balance Sheet**  
**End of Jun 2025**

Financial Row	Amount
<b>ASSETS</b>	
Current Assets	
Bank	
11300 - SWT Central Bank IL Checking #100148493 - Cash	\$717.95
11350 - SWT Payroll Central Bank IL Checking #100156819 - Cash	\$5,695.83
Total Bank	\$6,413.78
Accounts Receivable	
12000 - Accounts Receivable	\$335,514.74
12100 - Unbilled Revenue	\$8,587.74
Total Accounts Receivable	\$344,102.48
Other Current Asset	
13000 - Inventory Asset	\$930,087.88
13005 - Inventory In Transit	\$5,248.26
13400 - Accrued BASF Rebate	\$54,222.85
13605 - Other Receivables	\$26,000.00
13700 - Intercompany Receivable	
13710 - Due from Sweetwater Technologies Franchise	(\$285,635.05)
Total - 13700 - Intercompany Receivable	(\$285,635.05)
13775 - Intercompany Clearing Account	(\$642,960.84)
14000 - Prepaid Expense	
14000 - Prepaid Expense	\$7,500.00
14010 - Prepaid Insurance	\$18,846.00
Total - 14000 - Prepaid Expense	\$26,346.00
Total Other Current Asset	\$113,309.10
Total Current Assets	\$463,825.36
Fixed Assets	
16000 - Fixed Assets	
16030 - Mixers, Equipment, and Machinery	\$227,028.60
16040 - Vehicles	\$1,516,492.65
16050 - Drones	\$675,202.16
16998 - Asset Not Placed in Service	\$233,265.50
Total - 16000 - Fixed Assets	\$2,651,988.91
17000 - Accumulated Depreciation	
17030 - Mixers, Equipment, and Machinery A/D	(\$43,663.86)
17040 - Vehicles A/D	(\$269,610.52)
17050 - Drones A/D	(\$140,961.88)
Total - 17000 - Accumulated Depreciation	(\$454,236.26)
Total Fixed Assets	\$2,197,752.65
Other Assets	
18000 - Long-Term Deposits	\$1,200.00
Total Other Assets	\$1,200.00
Total ASSETS	\$2,662,778.01
Liabilities & Equity	
Current Liabilities	
Accounts Payable	
22000 - Accounts Payable	\$57,396.34
22110 - Intercompany AP	\$558,971.94
Total Accounts Payable	\$616,368.28
Credit Card	
Ramp Card - Sweetwater Technologies - Ramp Card - Sweetwater Technologies	\$2,956.81
Total Credit Card	\$2,956.81
Other Current Liability	
22500 - Customer Prepay Deposits	\$702,586.95
22520 - Intercompany Liability	

Financial Row	Amount
22521 - Due to Gripp Custom Farming	\$2,430,768.33
Total - 22520 - Intercompany Liability	\$2,430,768.33
22530 - Accrued Expenses	\$42,101.34
22540 - Accrued Purchases	\$2,752.15
Total Other Current Liability	\$3,178,208.77
Total Current Liabilities	\$3,797,533.86
Long Term Liabilities	
24120 - SWT- Equipment Loans	
24117 - Stellantis - Loan on 2023 Ram 2500 Laramie (David) - 1044	\$38,393.05
24121 - Central Bank Drone Pickups Loan #68041	\$303,176.61
24122 - Central Bank Drone Trailers Loan #68394	\$111,711.60
24124 - Central Bank 2024 Silver Ram 2500 Loan #68718	\$63,815.33
24125 - Central Bank 2024 White Ram 5500 Loan #68717	\$65,182.83
24126 - Stellantis - 2023 Dodge Ram 2500 (Hannah) #3C6UR5FL0PG646464	\$35,754.69
24127 - Loan #69367: 2024 Dodge Brush Truck #3C7WRNFL4RG279673	\$80,145.45
24128 - Loan #69366: 2024 Dodge Brush Truck #3C7WRNFL2RG279672	\$80,145.45
24129 - Loan #69368: 2024 Dodge Brush Truck #3C7WRNFL0RG276971	\$80,145.45
24131 - Loan #69364: 2024 Dodge Brush Truck #3C7WRNFL1RG283650	\$80,145.45
24132 - Loan #69365: 2024 Dodge Brush Truck #3C7WRNFL0RG279668	\$80,145.45
24133 - Loan #69397: 2024 Dodge Brush Truck #3C7WRNFLXRG283646	\$81,569.85
24134 - Stellantis - 2024 Dodge Ram Chassis 5500 #3C7WRNFL9RG279667	\$66,782.22
24135 - Ally - 2024 Dodge Ram Chassis 5500 #3C7WRNFL9RG279670	\$66,815.40
24136 - Chrysler - 2024 Dodge Ram Chassis 5500 #3C7WRNFL2RG279669	\$67,095.13
Total - 24120 - SWT- Equipment Loans	\$1,301,023.96
24155 - 2024 SWT Drones LT Loan #69328	\$603,160.90
Total Long Term Liabilities	\$1,904,184.86
Equity	
Retained Earnings	(\$2,264,258.87)
Net Income	(\$774,681.84)
Total Equity	(\$3,038,940.71)
Total Liabilities & Equity	\$2,662,778.01

**Gripp Custom Farming Corp.**  
**Gripp Custom Farming : Sweetwater Technologies**

**Income Statement**  
**From Jan 2025 to Jun 2025**

Financial Row	Amount
Ordinary Income/Expense	
Income	
40000 - Sales	\$277,087.09
40500 - Merchandise Sales	\$407.76
41100 - Chemical Sales	\$658,414.12
41200 - Custom Farming Income	
41300 - Drone Application Income	\$48,208.81
Total - 41200 - Custom Farming Income	\$48,208.81
44000 - Drone Sales	
44000 - Drone Sales	\$39,300.00
44100 - Drone Parts Sales	\$67.96
Total - 44000 - Drone Sales	\$39,367.96
47500 - Inventory Sales - SWT Transfers	(\$25,715.81)
48000 - Product Rebates	\$54,222.85
48100 - Refunds	(\$9,520.00)
49200 - Seed Treatment Sales	\$41,043.03
Total - Income	\$1,083,515.81
Cost Of Sales	
52000 - Inventory Shrinkage	(\$6,390.78)
53000 - Supplies & Materials	
53100 - Chemicals Purchased	\$618,661.49
53200 - Drone Purchases	
53210 - Drone Parts Purchases	\$13,225.47
Total - 53200 - Drone Purchases	\$13,225.47
54200 - Seed Treatment Purchased	\$35,469.15
Total - 53000 - Supplies & Materials	\$667,356.11
Total - Cost Of Sales	\$660,965.33
Gross Profit	\$422,550.48
Expense	
60200 - Equipment Rental	\$6,043.50
60212 - Meals - Promotional/Meetings	
60212 - Meals - Promotional/Meetings	\$138.55
60213 - Meals - Company/Employees	\$5,379.25
Total - 60212 - Meals - Promotional/Meetings	\$5,517.80
60710 - Office Supplies	\$5,651.02
60712 - Shop Supplies	\$49.19
60715 - Postage Expense	\$3,945.06
70100 - Insurance Expense	\$40,032.00
70200 - Advertising	\$30,904.55
70205 - Marketing Expense	\$76,293.00
70210 - Contributions & Donations	\$1,750.00
70213 - Office Food/Drinks	\$1,388.06
70215 - Car and Truck Expenses	\$282.63
70221 - Computer Software	
70221 - Computer Software	\$3,425.63
70222 - AgriSmart (Flight Plan) Software	\$530.70
Total - 70221 - Computer Software	\$3,956.33
70225 - Dues & Subscriptions	\$10.00
70410 - Freight and Trucking	\$6,501.15
70412 - Gasoline, Fuel, DEF, and Oil	\$12,169.00
70550 - Interest Expense	\$68,136.96
70600 - Licenses/Permits	\$6,869.63
70700 - Professional Fees	
70700 - Professional Fees	\$124,362.02

<b>Financial Row</b>	<b>Amount</b>
70701 - Payroll Services	\$697.00
70720 - Legal Fees	\$56,462.90
Total - 70700 - Professional Fees	\$181,521.92
70800 - Rent Expense	
70801 - Intern Housing Rent	\$9,485.37
70802 - Wyanet North Office Rent	\$3,300.00
Total - 70800 - Rent Expense	\$12,785.37
70900 - Repairs and Maintenance	
70900 - Repairs and Maintenance	\$16,433.17
70920 - Buildings Repairs/Maintenance	\$1,200.00
70940 - Parts	\$14,893.11
Total - 70900 - Repairs and Maintenance	\$32,526.28
70990 - Service Fees	
70994 - Bank Service Charges	\$218.69
Total - 70990 - Service Fees	\$218.69
71100 - Office Expenses	
71100 - Office Expenses	\$338.14
71110 - Office Equipment Expense	\$4,464.20
Total - 71100 - Office Expenses	\$4,802.34
71220 - Small Tools and Equipment	\$373.81
71230 - Travel Expense	\$12,468.94
71240 - Utilities	
71240 - Utilities	\$1,780.60
71242 - Telephone / iPad / Radio Communications	\$4,032.94
Total - 71240 - Utilities	\$5,813.54
71250 - Training & Testing	\$2,168.00
73000 - Travel & Entertainment	\$28.70
80000 - Payroll Expenses	
80100 - Company Contributions	
80110 - Health Insurance	\$8,055.45
80111 - Retirement	\$2,873.30
Total - 80100 - Company Contributions	\$10,928.75
80130 - Salaries & Wages	\$375,156.42
Total - 80000 - Payroll Expenses	\$386,085.17
80170 - Payroll Taxes	\$37,361.37
80182 - Other Expense	\$4,217.11
80400 - SWT - Partner Share Earnings	\$45,541.98
Total - Expense	\$995,413.10
Net Ordinary Income	(\$572,862.62)
Other Income and Expenses	
Other Income	
49811 - Finance Charges	\$486.53
49814 - Miscellaneous Income	(\$150.00)
Total - Other Income	\$336.53
Other Expense	
80185 - Customer Reimbursement	\$7,375.90
80190 - Gain/Loss on Sale of Equipment	\$8,376.31
80200 - Depreciation	\$186,403.54
Total - Other Expense	\$202,155.75
Net Other Income	(\$201,819.22)
Net Income	(\$774,681.84)

**Gripp Custom Farming Corp.**  
**Gripp Custom Farming : SweetWater Technologies Franchise**

**Balance Sheet**  
**End of Jun 2025**

Financial Row	Amount
<b>ASSETS</b>	
Current Assets	
Bank	
11400 - SWTF Central Bank IL Checking #100148915 - Cash	\$11,004.42
Total Bank	\$11,004.42
Accounts Receivable	
12000 - Accounts Receivable	\$50,000.00
Total Accounts Receivable	\$50,000.00
Other Current Asset	
14000 - Prepaid Expense	
14000 - Prepaid Expense	\$7,500.00
Total - 14000 - Prepaid Expense	\$7,500.00
Total Other Current Asset	\$7,500.00
Total Current Assets	\$68,504.42
Total ASSETS	\$68,504.42
Liabilities & Equity	
Current Liabilities	
Other Current Liability	
22520 - Intercompany Liability	
22525 - Due to SweetWater Technologies	(\$285,635.05)
Total - 22520 - Intercompany Liability	(\$285,635.05)
24000 - Deferred Revenue	\$190,833.00
Total Other Current Liability	(\$94,802.05)
Total Current Liabilities	(\$94,802.05)
Equity	
Retained Earnings	(\$14,382.53)
Net Income	\$177,689.00
Total Equity	\$163,306.47
Total Liabilities & Equity	\$68,504.42

**Gripp Custom Farming Corp.**  
**Gripp Custom Farming : SweetWater Technologies Franchise**

**Income Statement**  
**From Jan 2025 to Jun 2025**

<b>Financial Row</b>	<b>Amount</b>
Ordinary Income/Expense	
Income	
49750 - Franchise Income	
49755 - Equipment Lease	\$184,900.00
49765 - Buy In Fee	\$20,000.00
Total - 49750 - Franchise Income	\$204,900.00
Total - Income	\$204,900.00
Gross Profit	\$204,900.00
Expense	
70700 - Professional Fees	
70700 - Professional Fees	\$32,200.00
70720 - Legal Fees	(\$5,029.00)
Total - 70700 - Professional Fees	\$27,171.00
70990 - Service Fees	
70994 - Bank Service Charges	\$40.00
Total - 70990 - Service Fees	\$40.00
Total - Expense	\$27,211.00
Net Ordinary Income	\$177,689.00
Net Income	\$177,689.00

**EXHIBIT C TO THE DISCLOSURE DOCUMENT**

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**TOTAL NUMBER OF PAGES IN MANUAL - 140**

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**Gripp**

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**EXHIBIT D TO THE DISCLOSURE DOCUMENT**

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**LIST OF STATE AGENCIES/AGENTS**

**FOR SERVICE OF PROCESS**

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If a state is not listed below, we have not appointed an agent for service of process in that state in connection with the requirements of the franchise laws. There may be states in addition to those listed below in which we have appointed an agent for service of process. There also may be additional agents appointed in some of the states listed below.

STATE	STATE REGULATORY AGENCY	AGENT TO RECEIVE PROCESS IN STATE, IF DIFFERENT THAN THE STATE REGULATORY AGENCY
California	Department of Financial Protection and Innovation <i>Los Angeles</i> 320 West 4 <sup>th</sup> Street Suite 750 Los Angeles, CA 90013-2344 (213) 576-7500 <i>Sacramento</i> 2101 Arena Blvd. Sacramento, CA 95834 (916) 445-7205 <i>San Diego</i> 1350 Front Street, Room 2034 San Diego, CA 92101-3697 (619) 525-4233 <i>San Francisco</i> One Sansome Street, Suite 600 San Francisco, CA 94104-4428 (415) 972-8565	Commissioner of Financial Protection and Innovation 2101 Arena Blvd. Sacramento, CA 95834 (916) 445-7205
Hawaii	Department of Commerce and Consumer Affairs Business Registration Division Commissioner of Securities P.O. Box 40 Honolulu, Hawaii 96810 (808) 586-2744	Commissioner of Securities Department of Commerce and Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Room 203 Honolulu, Hawaii 96813
Illinois	Franchise Bureau Office of Attorney General 500 South Second Street Springfield, IL 62706 (217) 782-4465	
Indiana	Franchise Section Indiana Securities Division Secretary of State Room E-111 302 W. Washington Street Indianapolis, Indiana 46204 (317) 232-6681	

STATE	STATE REGULATORY AGENCY	AGENT TO RECEIVE PROCESS IN STATE, IF DIFFERENT THAN THE STATE REGULATORY AGENCY
Maryland	Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360	Maryland Securities Commissioner 200 St. Paul Place Baltimore, Maryland 21202-2020
Michigan	Michigan Attorney General's Office Consumer Protection Division Attn: Franchise Section 525 W. Ottawa Street Williams Building, 1st Floor Lansing, MI 48933 (517) 373-7117	
Minnesota	Minnesota Department of Commerce Securities Unit 85 7 <sup>th</sup> Place East, Suite 280 St. Paul, Minnesota 55101-2198 (651) 539-1600	Commissioner of Commerce 85 7 <sup>th</sup> Place East, Suite 280 St. Paul, Minnesota 55101-2198 (651) 539-1600
New York	NYS Department of Law Investor Protection Bureau 28 Liberty Street, 21st Floor New York, NY 10005 (212) 416-8222	Attention: Uniform Commercial Code New York Department of State One Commerce Plaza 99 Washington Avenue, 6th Floor Albany, NY 12231-0001 (518) 473-2492
North Dakota	North Dakota Securities Department State Capitol 5th Floor, Dept. 414 600 East Boulevard Avenue Bismarck, ND 58505-0510 (701) 328-4712	Securities Commissioner North Dakota Securities Department State Capitol 5th Floor, Dept. 414 600 East Boulevard Avenue Bismarck, ND 58505-0510 (701) 328-4712
Oregon	Department of Consumer & Business Services Division of Finance and Corporate Securities Labor and Industries Building Salem, Oregon 97310 (503) 378-4140	
Rhode Island	Department of Business Regulation Securities Division 1511 Pontiac Avenue John O. Pastore Complex-69-1 Cranston, RI 02920-4407 (401) 462-9527	

STATE	STATE REGULATORY AGENCY	AGENT TO RECEIVE PROCESS IN STATE, IF DIFFERENT THAN THE STATE REGULATORY AGENCY
South Dakota	Division of Insurance Securities Regulation 124 S. Euclid, Suite 104 Pierre, SD 57501 (605) 773-3563	
Virginia	State Corporation Commission 1300 East Main Street 9th Floor Richmond, VA 23219 (804) 371-9051	Clerk State Corporation Commission 1300 East Main Street, 1st Floor Richmond, VA 23219
Washington	Department of Financial Institutions Securities Division P.O. Box 41200 Olympia, WA 98504-1200 (360) 902-8760	Department of Financial Institutions 150 Israel Road SW Tumwater, WA 98501
Wisconsin	Division of Securities Department of Financial Institutions Post Office Box 1768 Madison, Wisconsin 53701 (608) 266-2801	

**EXHIBIT E TO THE DISCLOSURE DOCUMENT**

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**STATE SPECIFIC ADDENDA AND RIDERS**

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## **CALIFORNIA ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT**

For franchises and franchisees/developers subject to the California Franchise Investment Law, Cal. Corp. Code § 31000-31516, and the California Franchise Relations Act, Cal. Bus. & Prof. Code §§ 20000-20043, the following information supersedes or supplements, as the case may be, the corresponding disclosures in the main body of the text of the Franchise Disclosure Document to which this is attached (“FDD”):

CALIFORNIA CORPORATIONS CODE SECTION 31125 REQUIRES THAT THE FRANCHISOR GIVE THE FRANCHISEE A DISCLOSURE DOCUMENT APPROVED BY THE DEPARTMENT OF FINANCIAL PROTECTION & INNOVATION PRIOR TO A SOLICITATION OF A PROPOSED MATERIAL MODIFICATION OF AN EXISTING FRANCHISE.

THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT 14 DAYS PRIOR TO EXECUTION OF AGREEMENT.

**The registration of this franchise offering by the California Department of Financial Protection & Innovation does not constitute approval, recommendation, or endorsement by the commissioner.**

### **Section 31512.1 Franchise Agreement Provisions Void as Contrary to Public Policy**

Any provision of a franchise agreement, franchise disclosure document, acknowledgement, questionnaire, or other writing, including any exhibit thereto, disclaiming or denying any of the following shall be deemed contrary to public policy and shall be void and unenforceable:

- (a) Representations made by the franchisor or its personnel or agents to a prospective franchisee.
- (b) Reliance by a franchisee on any representations made by the franchisor or its personnel or agents.
- (c) Reliance by a franchisee on the franchise disclosure document, including any exhibit thereto.
- (d) Violations of any provision of this division.

Neither we nor any person or franchise broker identified in Item 2 is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling these persons from membership in that association or exchange.

The Department has determined that we, the franchisor, have not demonstrated we are adequately capitalized and/or that we must rely on franchise fees to fund our operations. The Commissioner has imposed a fee deferral condition, which requires that we defer the collection of all initial fees from California franchisees until we have completed all of our pre-opening obligations and you are open for business. For California franchisees who sign a development agreement, the payment of the development and initial fees attributable to a specific unit in your development schedule is deferred until that unit is open.

The California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination, transfer or non-renewal of a franchise. If the franchise agreement contains a provision that is inconsistent with the law, the law will control.

The California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination, transfer or non-renewal of a franchise. If the franchise agreement contains a provision that is inconsistent with the law, the law will control.

You must sign a general release if you renew or transfer your franchise. California Corporations Code 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code 31000 through 31516).

Business and Professions Code 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code 20000 through 20043).

The Franchise Agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

THE FRANCHISE AGREEMENT REQUIRE APPLICATION OF THE LAW OF ILLINOIS AND A FORUM OF ILLINOIS. THESE PROVISIONS MAY NOT BE ENFORCEABLE UNDER CALIFORNIA LAW.

The Franchise Agreement requires the parties to resolve their disputes through non-binding mediation and, if necessary, arbitration. The mediation and litigation will occur in Bureau County, Illinois, and you must reimburse us our costs if we prevail in any litigation proceeding. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

Regarding our website, [www.burnbootcamp.com](http://www.burnbootcamp.com), please note the following:

OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION & INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION & INNOVATION at <https://dfpi.ca.gov/>.

Item 6 of the FDD is amended to disclose that the highest interest rate allowed in California is 10%.

## **HAWAII ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT**

THESE FRANCHISES WILL BE/HAVE BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, OR SUBFRANCHISOR, AT LEAST SEVEN DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY THE FRANCHISEE, OR SUBFRANCHISOR, WHICHEVER OCCURS FIRST, A COPY OF THE OFFERING CIRCULAR, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.

THIS OFFERING CIRCULAR CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.

With regard to Item 5 and Item 7 in the FDD, Hawaii has required we defer initial fees. The deferred receipt of the initial fees shall include all fees paid to the franchisor or related parties until the franchisor has completed all of their pre-opening obligations and the franchisee is open for business.

The deferred receipt of initial fees shall also include any Initial Franchise Fee associated with Area Development Agreement fees. As each franchise is opened for business, the franchisor may collect the Initial Franchise Fee for the facility opened. The franchisor shall not collect the Initial Franchise Fee for any franchise in Hawaii that has not opened for business.

The franchisor's financial condition, as reflected in its financial statements (see Item 21), calls into question the franchisor's financial ability to provide services and support to you.

Registered agent in the state authorized to receive service of process:  
Commissioner of Securities  
335 Merchant Street, Room 203  
Honolulu, Hawaii 96813

## **ILLINOIS ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT**

Illinois law governs the Franchise Agreement.

Item 5 is revised to add: Payment of the initial franchise fee shall be deferred until Franchisor has satisfied its pre-opening obligations to Franchisee and Franchisee has commenced doing business. The Illinois Attorney General's office imposed this deferral requirement due to Franchisor's financial condition.

In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.

Your rights upon Termination and Non-Renewal of an agreement are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

In conformance with section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

No statement, questionnaire or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of: (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on behalf of the Franchisor.

This provision supersedes any other term of any document executed in connection with the franchise.

You must provide services to at least 5,000 acres per calendar year. We may terminate the Franchise Agreement if you fail to meet these minimum performance requirements.

## ILLINOIS ADDENDUM TO FRANCHISE AGREEMENT

The Franchise Agreement between Sweetwater Technologies Franchise, LLC (“Franchisor”) and \_\_\_\_\_ (“Franchisee”) dated \_\_\_\_\_ (the “Agreement”) shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the “State Addendum”):

### ILLINOIS LAW MODIFICATION

1. Illinois law governs the Franchise Agreement.
2. No statement, questionnaire or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of: (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on behalf of the Franchisor. This provision supersedes any other term of any document executed in connection with the franchise.
3. Section 4 of the Franchise Agreement is revised to add: Payment of the initial franchise fee shall be deferred until Franchisor has Satisfied its pre-opening obligations to Franchisee and Franchisee has commenced doing business. The Illinois Attorney general’s office imposed this deferral requirement due to Franchisor’s financial condition.
4. You must provide services to at least 5,000 acres per calendar year. The Franchisor may terminate the Franchise Agreement if you fail to meet these minimum performance requirements.
5. In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.
6. Franchisee’s rights upon termination and non-renewal are set forth in Sections 19 and 20 of the Illinois Franchise Disclosure Act.
7. In conformance with Section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.
8. Franchisee is reminded of its obligation to provide services to at least 5,000 acres per calendar year. Franchisor may terminate the Franchise Agreement if Franchisee fails to meet these minimum performance requirements.
9. Each provision of this State Addendum shall be effective only to the extent that the jurisdictional requirements of Illinois Franchise Disclosure Act, with respect to each such provision are met independent of this State Addendum. This State Addendum shall have no force or effect if such jurisdictional requirements are not met.

[Signature Page Follows]

IN WITNESS WHEREOF, the Franchisee on behalf of itself and its owners, acknowledges that it has read and understands the contents of this State Addendum, that it has had the opportunity to obtain the advice of counsel, and that

it intends to comply with this State Addendum and be bound thereby. The parties have duly executed and delivered this State Addendum to the Agreement on the date first set forth above.

Sweetwater Technologies Franchise, LLC,  
an Illinois limited liability company

FRANCHISEE:  
\_\_\_\_\_  
\_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

## **INDIANA ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT**

To the extent that Item 17 of the Disclosure Document and the Franchise Agreement are inconsistent with the Indiana Deceptive Franchise Practice Law, which prohibits a prospective general release of any claims for liability imposed under it, the Indian Deceptive Franchise Practice Law may supersede such inconsistent terms.

To the extent that Item 17 of the Disclosure Document and the Franchise Agreement are in conflict with Section 2.7-1(9) of the Indiana Deceptive Franchise Practice Law, prohibiting non-competition agreements exceeding 3 years or an area greater than the exclusive area granted in the Franchise Agreement, Indiana law shall prevail.

Section 2.7-1(10) of the Indiana Deceptive Franchise Practice Law, which prohibits limiting litigation brought for breach of the agreement, supersedes items in this Disclosure Document and Franchise Agreement, to the extent that such items are inconsistent with Section 27-1(10) of the Indiana Deceptive Franchise Practice Laws.

## **MARYLAND ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT**

Item 17 of Disclosure Document is amended to include the following:

“The general release required as a conditions of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.”

“A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.”

“Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.”

Based on the franchisor’s financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement.

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

**MARYLAND ADDENDUM TO FRANCHISE AGREEMENT**

1. Notwithstanding anything contained in the Franchise Agreement to the contrary:

- a) The general release required as a conditions of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.
- b) A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.
- c) Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.
- d) This franchise agreement provides that disputes are resolved through arbitration. A Maryland franchise regulation states that it is an unfair or deceptive practice to require a franchisee to waive its right to file a lawsuit in Maryland claiming a violation of the Maryland Franchise Law. In light of the Federal Arbitration Act, there is some dispute as to whether this forum selection requirement is legally enforceable.
- e) All representations requiring prospective franchisees to assent to a release, estoppel or waiver of any liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

2. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

IN WITNESS WHEREOF, the parties have duly executed and delivered this State Addendum to the Agreement on the date first set forth above.

FRANCHISEE

By \_\_\_\_\_

Its \_\_\_\_\_

FRANCHISOR

By \_\_\_\_\_

Its \_\_\_\_\_

**MINNESOTA ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT AND FRANCHISE AGREEMENT**

For franchises and franchisees/developers subject to the Minnesota Franchise Act, the following information supersedes or supplements, as the case may be, the corresponding disclosures in the main body of the text of the Franchise Disclosure Document.

Items 5 & 7 and Franchise Agreement

Payment of the initial franchise fee shall be deferred until Franchisee has commenced doing business. The Minnesota Department of Commerce's office imposed this deferral requirement due to Franchisor's financial condition.

Item 13 and Franchise Agreement

We will protect your right to use the trademarks, service marks, trade names, logotypes or other commercial symbols or will indemnify you from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the marks to the extent required by Minnesota law.

Item 17 and Franchise Agreement

Minnesota law provides franchisee with certain termination and nonrenewal rights. As of the date of this Disclosure Document, Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5 require, except in certain specified cases, that a franchisee/developer be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for nonrenewal of the Franchise Agreement.

Minn. Stat. Sec. 80C.21 provides that any condition, stipulation or provision, including any choice of law provision, purporting to bind any person who, at the time of acquiring a franchise is a resident of Minnesota or, in the case of a partnership or corporation, organized or incorporated under the laws of Minnesota, or purporting to bind a person acquiring any franchise to be operated in Minnesota to waive compliance or which has the effect of waiving compliance with any provision of §§ 80C.01 to 80C.22 of the Minnesota Franchises Act, or any rule or order thereunder, is void.

Minn. Stat. § 80C.21 and Minn. Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the Disclosure Document or Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum or remedies provided for by the laws of the jurisdiction.

To the extent you are required to execute a general release in favor of us, such release shall exclude liabilities arising under the Minnesota Franchises Act, Minn. Stat. §80C.01 *et seq.* as provided by Minn. Rule 2860.4400J.

[Signature Page Follows]

Franchisee:

By \_\_\_\_\_

Its \_\_\_\_\_

Franchisor:

By \_\_\_\_\_

Its \_\_\_\_\_

## **NEW YORK ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT**

1. The following information is added to the cover page of the Franchise Disclosure Document:

**INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 120 BROADWAY, 23RD FLOOR, NEW YORK, NEW YORK 10271. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.**

2. The following is added at the end of Item 3:

Except as provided above, with regard to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.

B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.

C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10 year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added to the end of Item 4:

Neither the franchisor, its affiliate, its predecessor, officers, or general partner during the 10-year period immediately before the date of the offering circular: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the bankruptcy code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within 1 year after that officer or general partner of the franchisor held this position in the company or partnership.

4. The following is added to the end of Item 5:

The initial franchise fee constitutes part of our general operating funds and will be used as such in our discretion.

5. The following is added to the end of the “Summary” sections of Item 17(c), titled “**Requirements for franchisee to renew or extend,**” and Item 17(m), entitled “**Conditions for franchisor approval of transfer**”:

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this provision that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.

6. The following language replaces the “Summary” section of Item 17(d), titled “**Termination by franchisee**”:

You may terminate the agreement on any grounds available by law.

7. The following is added to the end of the “Summary” section of Item 17(j), titled “**Assignment of contract by franchisor**”:

However, no assignment will be made except to an assignee who in good faith and judgment of the franchisor, is willing and financially able to assume the franchisor’s obligations under the Franchise Agreement.

8. The following is added to the end of the “Summary” sections of Item 17(v), titled “**Choice of forum**”, and Item 17(w), titled “**Choice of law**”:

The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York.

**NEW YORK**  
**ADDENDUM TO FRANCHISE AGREEMENT**

The Franchise Agreement between Sweetwater Technologies Franchise, LLC (“Franchisor”) and \_\_\_\_\_ (“Franchisee”) dated \_\_\_\_\_ (the “Agreement”) shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the “State Addendum”):

**NEW YORK LAW MODIFICATION**

1. The New York Department of Law requires that certain provisions contained in franchise documents be amended to be consistent with New York law, including the General Business Law, Article 33, Sections 680 to 695 (1989). To the extent that the Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

a. **Release.** If Franchisee is required to execute a release of claims, as provided in Article 2(B) of the Franchise Agreement, or to acknowledge facts that would negate or remove from judicial review any statement, misrepresentation or action that would violate the General Business Law, regulation, rule or order under the Law, such release shall exclude claims arising under the New York General Business Law, Article 33, Sections 680 to 695 and the regulations promulgated thereunder, and such acknowledgments shall be void. It is the intent of this provision that non-waiver provisions of Sections 687.4 and 687.5 of the General Business Law be satisfied.

b. **Governing Law.** The Franchise Agreement is amended by adding the following sentence at the end of such Article: “The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York.”

c. **Termination by Franchisee.** The Franchise Agreement is hereby amended to add the following sentence at the end of the Article: “Notwithstanding anything contained in this Article 9 to the contrary, Franchisee may terminate the Franchise Agreement on any grounds available by law.”

d. **Renewal, Extension, Approval of Transfer.** The Franchise Agreement is hereby amended by adding the following: “However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the general Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this provision that the non-waiver provisions of the General business Law sections 687.4 and 687.5 be satisfied.”

e. **Assignment.** The Franchise Agreement is hereby amended by adding the following sentence at the end of the Article: “However, no assignment will be made except to an assignee who in good faith and judgment of the Franchisor, is willing and financially able to assume the Franchisor’s obligations under the Franchise Agreement.”

2. Each provision of this State Addendum shall be effective only to the extent that the jurisdictional requirements of New York General Business Law, with respect to each such provision are met independent of this State Addendum. This State Addendum shall have no force or effect if such jurisdictional requirements are not met.

IN WITNESS WHEREOF, the Franchisee on behalf of itself and its owners, acknowledges that it has read and understands the contents of this State Addendum, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this State Addendum and be bound thereby. The parties have duly executed and delivered this State Addendum to the Agreement on the date first set forth above.

Sweetwater Technologies Franchise, LLC,  
an Illinois limited liability company

FRANCHISEE:

\_\_\_\_\_  
\_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

## **NORTH DAKOTA ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT**

The North Dakota Securities Commissioner has held the following to be unfair, unjust, or inequitable to North Dakota franchisees (Section 51-19-09, N.D.C.C.):

1. Restrictive Covenants: Franchise Disclosure Documents which disclose the existence of covenants restricting competition contrary to Section 9-08-06, N.D.C.C., without further disclosing that such covenants will be subject to this statute.
2. Situs of Arbitration Proceedings: Franchise agreements providing that the parties must agree to arbitrate disputes at a location that is remote from the site of the franchisee's business.
3. Restriction on Forum: Requiring North Dakota franchisees to consent to the jurisdiction of courts outside of North Dakota.
4. Deferral of Initial Fees: The payment of all initial fees to us is deferred until we have satisfied all of our pre-opening obligations to you and you have commenced doing business pursuant to the franchise agreement.
5. Liquidated Damages and Termination Penalties: Requiring North Dakota franchisees to consent to liquidated damages or termination penalties.
6. Applicable Laws: Franchise agreements which specify that any claims arising under the North Dakota franchise law will be governed by the laws of a state other than North Dakota.
7. Waiver of Trial by Jury: Requiring North Dakota franchisees to consent to the waiver of a trial by jury.
8. Waiver of Exemplary and Punitive Damages: Requiring North Dakota franchisees to consent to a waiver of exemplary and punitive damages.
9. General Release: Requiring North Dakota franchisees to execute a general release of claims as a condition of renewal or transfer of a franchise.
10. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

**ADDENDUM TO**  
**FRANCHISE AGREEMENT**  
**FOR THE STATE OF NORTH DAKOTA**

The Franchise Agreement between Sweetwater Technologies Franchise, LLC (“Franchisor”) and \_\_\_\_\_ (“Franchisee”) dated \_\_\_\_\_ (the “Agreement”) shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the “State Addendum”):

**NORTH DAKOTA LAW MODIFICATION**

3. Franchise Fee. Initial franchise fees and/or development fees are deferred until the Franchisor has performed all initial obligations owed the Franchisee and the Franchisee has commenced doing business. This financial assurance requirement is imposed by the North Dakota Securities Department based on our financial condition.

4. The North Dakota Securities Commissioner requires that certain provisions contained in franchise documents be amended to be consistent with North Dakota law, including the North Dakota Franchise Investment Law, North Dakota Century Code Annotated Chapter 51-19, Sections 51-19-01 to 51-19-17 (1995). To the extent that the Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

5. If the Franchisee is required in the Agreement to execute a release of claims or to acknowledge facts that would negate or remove from judicial review any statement, misrepresentation or action that would violate the Law, or a rule or order under the Law, such release shall exclude claims arising under the North Dakota Franchise Investment Law, and such acknowledgments shall be void with respect to claims under the Law.

6. Covenants not to compete during the term of and upon termination or expiration of the Agreement are enforceable only under certain conditions according to North Dakota Law. If the Agreement contains a covenant not to compete which is inconsistent with North Dakota Law, the covenant may be unenforceable.

7. If the Agreement requires litigation to be conducted in a forum other than the State of North Dakota, the requirement is void with respect to claims under the North Dakota Franchise Investment Law.

8. If the Agreement requires that it be governed by the law of a state other than the State of North Dakota, to the extent that such law conflicts with North Dakota Law, North Dakota Law will control.

9. If the Agreement requires mediation or arbitration to be conducted in a forum other than the State of North Dakota, the requirement may be unenforceable under the North Dakota Franchise Investment Law. Arbitration involving a franchise purchased in the State of North Dakota must be held either in a location mutually agreed upon prior to the arbitration or if the parties cannot agree on a location, the location will be determined by the arbitrator.

10. If the Agreement requires payment of a termination penalty, the requirement may be unenforceable under the North Dakota Franchise Investment Law.

11. Any provision that provides that the parties waive their right to a jury trial may not be enforceable under North Dakota law.

12. Any provision that provides that Franchisee consent to a waiver of punitive and exemplary damages may not be enforceable under North Dakota law.

13. Any provision that requires Franchisee to consent to a claims period that differs from the applicable statute of limitations period under North Dakota law may not be enforceable under North Dakota law.

14. Each provision of this State Addendum shall be effective only to the extent that the jurisdictional requirements of North Dakota Franchise Investment Law, with respect to each such provision are met independent of this State Addendum. This State Addendum shall have no force or effect if such jurisdictional requirements are not met.

13. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

IN WITNESS WHEREOF, the Franchisee on behalf of itself and its owners, acknowledges that it has read and understands the contents of this State Addendum, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this State Addendum and be bound thereby. The parties have duly executed and delivered this State Addendum to the Agreement on the date first set forth above.

Sweetwater Technologies Franchise, LLC,  
an Illinois limited liability company

FRANCHISEE:

\_\_\_\_\_  
\_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

## **RHODE ISLAND ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT**

For franchises and franchisees subject to the Rhode Island Franchise Investment Protection Act, the following information supersedes or supplements, as the case may be, the corresponding disclosures in the main body of the text of the Franchise Disclosure Document:

Item 17(v) of the Franchise Disclosure Document is hereby amended as follows:

§19-28.1-14 of the Rhode Island Franchise Investment Act provides that “A provision in a Franchise Agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act.”

**SOUTH DAKOTA ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT**

The following information applies to Franchised Businesses and franchisees subject to South Dakota statutes and regulations.

Item 5.

Payment of all initial franchise fees due to the franchisor or its affiliates is deferred until such time as the Franchised Business has opened for business.

**SOUTH DAKOTA ADDENDUM TO FRANCHISE AGREEMENT**

The Franchise Agreement between Sweetwater Technologies Franchise, LLC (“Franchisor”) and \_\_\_\_\_ (“Franchisee”) dated \_\_\_\_\_ (the “Agreement”) shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the “State Addendum”):

1.     Precedence and Defined Terms. This Addendum is incorporated into the Agreement and supersedes any inconsistent or conflicting provisions of the Agreement. Terms not otherwise defined in this Rider have the meanings as defined in the Agreement.
  
2.     Initial Fees. The following is added to Section 4 of the Agreement:

All initial franchise fees due Franchisor are deferred until Franchised Business is open for business.

IN WITNESS WHEREOF, the Franchisee on behalf of itself and its owners, acknowledges that it has read and understands the contents of this State Addendum, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this State Addendum and be bound thereby. The parties have duly executed and delivered this State Addendum to the Agreement on the date first set forth above.

Sweetwater Technologies Franchise, LLC,  
an Illinois limited liability company

FRANCHISEE:

\_\_\_\_\_  
\_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

**VIRGINIA ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT**

In recognition of the restrictions contained in 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document for use in the Commonwealth of Virginia shall be amended as follows:

Additional Disclosure: The following statements are added to Item 17.h.

Under Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the Franchise Agreement does not constitute ‘reasonable cause’ as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

**WASHINGTON ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT,  
FRANCHISE AGREEMENT AND RELATED AGREEMENTS**

The provisions of this Addendum form an integral part of, are incorporated into, and modify the Franchise Disclosure Document, the franchise agreement, and all related agreements regardless of anything to the contrary contained therein. This Addendum applies if: (a) the offer to sell a franchise is accepted in Washington; (b) the purchaser of the franchise is a resident of Washington; and/or (c) the franchised business that is the subject of the sale is to be located or operated, wholly or partly, in Washington.

1. **Conflict of Laws.** In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, chapter 19.100 RCW will prevail.

2. **Franchisee Bill of Rights.** RCW 19.100.180 may supersede provisions in the franchise agreement or related agreements concerning your relationship with the franchisor, including in the areas of termination and renewal of your franchise. There may also be court decisions that supersede the franchise agreement or related agreements concerning your relationship with the franchisor. Franchise agreement provisions, including those summarized in Item 17 of the Franchise Disclosure Document, are subject to state law.

3. **Site of Arbitration, Mediation, and/or Litigation.** In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

4. **General Release.** A release or waiver of rights in the franchise agreement or related agreements purporting to bind the franchisee to waive compliance with any provision under the Washington Franchise Investment Protection Act or any rules or orders thereunder is void except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2). In addition, any such release or waiver executed in connection with a renewal or transfer of a franchise is likewise void except as provided for in RCW 19.100.220(2).

5. **Statute of Limitations and Waiver of Jury Trial.** Provisions contained in the franchise agreement or related agreements that unreasonably restrict or limit the statute of limitations period for claims under the Washington Franchise Investment Protection Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

6. **Transfer Fees.** Transfer fees are collectable only to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

7. **Termination by Franchisee.** The franchisee may terminate the franchise agreement under any grounds permitted under state law.

8. **Certain Buy-Back Provisions.** Provisions in franchise agreements or related agreements that permit the franchisor to repurchase the franchisee's business for any reason during the term of the

franchise agreement without the franchisee's consent are unlawful pursuant to RCW 19.100.180(2)(j), unless the franchise is terminated for good cause.

**9. Fair and Reasonable Pricing.** Any provision in the franchise agreement or related agreements that requires the franchisee to purchase or rent any product or service for more than a fair and reasonable price is unlawful under RCW 19.100.180(2)(d).

**10. Waiver of Exemplary & Punitive Damages.** RCW 19.100.190 permits franchisees to seek treble damages under certain circumstances. Accordingly, provisions contained in the franchise agreement or elsewhere requiring franchisees to waive exemplary, punitive, or similar damages are void, except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2).

**11. Franchisor's Business Judgment.** Provisions in the franchise agreement or related agreements stating that the franchisor may exercise its discretion on the basis of its reasonable business judgment may be limited or superseded by RCW 19.100.180(1), which requires the parties to deal with each other in good faith.

**12. Indemnification.** Any provision in the franchise agreement or related agreements requiring the franchisee to indemnify, reimburse, defend, or hold harmless the franchisor or other parties is hereby modified such that the franchisee has no obligation to indemnify, reimburse, defend, or hold harmless the franchisor or any other indemnified party for losses or liabilities to the extent that they are caused by the indemnified party's negligence, willful misconduct, strict liability, or fraud.

**13. Attorneys' Fees.** If the franchise agreement or related agreements require a franchisee to reimburse the franchisor for court costs or expenses, including attorneys' fees, such provision applies only if the franchisor is the prevailing party in any judicial or arbitration proceeding.

**14. Noncompetition Covenants.** Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provision contained in the franchise agreement or elsewhere that conflicts with these limitations is void and unenforceable in Washington.

**15. Nonsolicitation Agreements.** RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor.

*<Signatures on Following Page>*

IN WITNESS WHEREOF, the parties have duly executed and delivered this State Addendum to the Agreement on the date first set forth above.

Sweetwater Technologies Franchise, LLC,  
an Illinois limited liability company

FRANCHISEE:

\_\_\_\_\_  
\_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

**EXHIBIT F TO THE DISCLOSURE DOCUMENT**

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**FORM OF GENERAL RELEASE**

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**FORM OF GENERAL RELEASE**

The following is our current general release form that we expect to include in a release that a franchisee, developer, and/or transferor may sign as part of a renewal or an approved transfer. We may, in our sole discretion, periodically modify the release.

**THIS RELEASE** is given by \_\_\_\_\_ and their predecessors, agents, affiliates, legal representatives, agents, successors, assigns, heirs, beneficiaries, executors and administrators (collectively, the “**Franchisee**”), to **Sweetwater Technologies Franchise, LLC** and all of its predecessors, affiliates, owners, officers, employees, legal representatives and agents, directors, successors and assigns, and their heirs, beneficiaries, executors and administrators (collectively, the “**Franchisor**”).

Effective on the date of this Release, the Franchisee forever releases and discharges the Franchisor from any and all claims, causes of action, suits, debts, agreements, promises, demands, liabilities, contractual rights and/or obligations, of whatever nature or kind, in law or in equity, which the Franchisee now has or ever had against the Franchisor, including without limitation, anything arising out of that certain Franchise Agreement dated \_\_\_\_\_ (the “**Franchise Agreement**”), the franchise relationship between the Franchisee and the Franchisor, and any other relationships between the Franchisee and the Franchisor; except the Franchisor’s obligations under the \_\_\_\_\_ Agreement dated effective \_\_\_\_\_. This Release is effective for: (a) any and all claims and obligations, including those of which the Franchisee is not now aware; and (b) all claims the Franchisee has from anything which has happened up to now.

The Franchisee is bound by this Release. The Franchisee freely and voluntarily gives this Release to the Franchisor for good and valuable consideration and the Franchisee acknowledges its receipt and sufficiency.

The Franchisee represents and warrants to the Franchisor that the Franchisee has not assigned or transferred to any other person any claim or right the Franchisee had or now has relating to or against the Franchisor.

**THIS GENERAL RELEASE DOES NOT APPLY WITH RESPECT TO CLAIMS ARISING UNDER THE WASHINGTON FRANCHISE INVESTMENT PROTECTION ACT, RCW 19.100, AND THE RULES ADOPTED THEREUNDER.**

In this Release, each pronoun includes the singular and plural as the context may require.

This Release is governed by Illinois law.

This Release is effective \_\_\_\_\_, notwithstanding the actual date of signatures.

**IN WITNESS WHEREOF**, the undersigned execute this Release:

\_\_\_\_\_  
Date: \_\_\_\_\_

## EXHIBIT G TO THE DISCLOSURE DOCUMENT

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### LIST OF FRANCHISEES

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#### **Illinois**

Nathan Janz  
2145 East 8<sup>th</sup> Road  
Tonica, IL 61370  
Phone: 815-488-7685

#### **Indiana**

Grant Bell  
4132 East County Raod 200, West  
Sullivan, IN 47882  
Phone: 812-240-2357

Skylar Stahl  
1411 East County Road 400, South  
Brownstown, IN 47220  
Phone: 812-530-1481

#### **Missouri**

Wendell Koehn  
10448 SW State Route WW  
Rich Hill, MO 64779  
Phone: (660) 464-3042

## EXHIBIT H TO THE DISCLOSURE DOCUMENT

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### LIST OF FORMER FRANCHISEES

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#### **Minnesota**

Bill PirkI  
11727 10<sup>th</sup> Street SW  
Byron, MN 55920  
Phone: 507-272-7331

\*This franchisee existed the system after December 31, 2024. Accordingly, this termination is not reflected in Item 20.

#### **Pennsylvania**

Cameron Woodring  
1095 Upper Georges Valley Road  
Spring Mills, Pa 16875  
Phone: 814-810-6425

**EXHIBIT I TO THE DISCLOSURE DOCUMENT**

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**STATE EFFECTIVE DATES**

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## State Effective Dates

The following states have franchise laws that require the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

State	Effective Date
California	Not Registered
Hawaii	Pending
Illinois	Pending
Indiana	Pending
Michigan	Pending
Minnesota	Pending
New York	Pending
North Dakota	Pending
Rhode Island	Pending
South Dakota	Pending
Virginia	Not Registered
Washington	Pending
Wisconsin	Pending

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

**EXHIBIT J TO THE DISCLOSURE DOCUMENT**

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**RECEIPTS**

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## RECEIPT

This disclosure document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If **SWEETWATER TECHNOLOGIES FRANCHISE, LLC** offers you a franchise, we must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. New York and Rhode Island require that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of any binding franchise or other agreement, or payment of any consideration that relates to the franchise relationship. Michigan requires that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement, or payment of any consideration, whichever occurs first.

If **SWEETWATER TECHNOLOGIES FRANCHISE, LLC** does not deliver this disclosure document on time, or if it contains a false or misleading statement or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580, and the appropriate state agency listed in Exhibit D to this disclosure document.

The franchisor is Sweetwater Technologies Franchise, LLC, located at 401 West Main Street, Wyanet, Illinois 61379 and telephone number (574) 933-4285.

We authorize the respective state agencies identified on Exhibit D to receive service of process for us if we are registered in the particular state.

Issuance Date: August 21, 2025

The name, principal business address, and telephone number of the franchise sellers offering the franchise are:

Name	Principal Business Address	Telephone Number
Michelle Dykstra, Chad Gripp, Hannah Gripp, TeNeille Gripp	401 West Main Street, Wyanet, IL 61379	(574) 933-4285

I have received the SWEETWATERS TECHNOLOGIES® Franchise Disclosure Document dated August 21, 2025 that included the following Exhibits:

Exhibit A	Franchise Agreement
Exhibit B	Financial Statements
Exhibit C	Table of Contents of Manual
Exhibit D	List of State Agencies/Agents for Service of Process
Exhibit E	State Specific Addenda and Riders
Exhibit F	General Release
Exhibit G	List of Franchisees
Exhibit H	List of Franchisees Who Have Left the System
Exhibit I	State Effective Dates
Exhibit J	Receipts

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Date

\_\_\_\_\_  
(Signature) Prospective Franchise Owner

\_\_\_\_\_  
**(Your Copy)**

**RECEIPT**

This disclosure document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If **SWEETWATER TECHNOLOGIES FRANCHISE, LLC** offers you a franchise, we must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. New York and Rhode Island require that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of any binding franchise or other agreement, or payment of any consideration that relates to the franchise relationship. Michigan requires that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement, or payment of any consideration, whichever occurs first.

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- Exhibit H List of Franchisees Who Have Left the System
- Exhibit I State Effective Dates
- Exhibit J Receipts

\_\_\_\_\_  
Print Name

Date \_\_\_\_\_

\_\_\_\_\_  
(Signature) Prospective Franchise Owner

**(Our Copy – Return this Copy to Us):**  
**Sweetwater Technologies Franchise, LLC**  
**401 West Main Street**  
**Wyanet, Illinois 61379**  
**Attn: Hannah Gripp**