

FRANCHISE DISCLOSURE DOCUMENT



Swig Franchising, LLC
a Utah Limited Liability Company
1557 W. Innovation Way, 5th Floor
Lehi, Utah 84043
(801) 642-3800
franchise@swigdrinks.com
<http://www.swigdrinks.com>

As a Swig™ franchisee, you will operate a drink shop serving specialty drinks and sweets.

The total investment necessary to begin operation of a Swig™ franchised business is ~~\$539,504~~,900 to \$1,118,000. This includes the ~~\$98,630~~ to \$106,500 that must be paid to the franchisor or its affiliates. ~~To reserve a territory for multi-unit development, the upfront fee is \$35,000 for each unit to be developed.~~

The total investment necessary to begin operation of a Swig™ area development franchised business (5-unit minimum) is \$640,400 to \$1,253,500. This includes the \$199,000 to \$242,000 that must be paid to the franchisor or its affiliates.

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 governmental agency has verified the information contained in this document.**

You may wish to receive your disclosure document in another format that is more convenient to you. To discuss the availability of disclosures in different formats, contact Chase Wardrop at franchise@swigdrinks.com and (480) 334-3918.

The terms of your contract will govern your franchise relationship. Don't rely on this disclosure document alone to understand your contract. Read all of your contract carefully. Show your contract and this disclosure document to an advisor, like a lawyer or an 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. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, D.C. 20580. You can also visit the FTC's home page at www.ftc.gov for additional information. Call your state agency or visit your public library for other sources of information on franchising.

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

Issuance Date: April ~~20, 2023, as amended on December 1, 2023~~19, 2024



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
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or 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 Exhibit "C."
How much will I need to invest?	Items 5 and 6 list fees that 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 suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit "B" includes financial statements. Review these statements carefully.
Is the franchise system stable, growing, or shrinking?	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
Will my business be the only Swig® business in my area?	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchisor have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What's it like to be a Swig™ franchisee?	Item 20 or Exhibit "C" lists current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	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 a registration requirement, or to contact your state, use the agency information in Exhibit "E."

Your state may also have laws that 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 that 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 Utah. 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 Utah than in your own state.
2. **Unregistered Trademark.** The primary trademark that you will use in your business is not federally registered. If the franchisor's right to use this trademark in your area is challenged, you may have to identify your business and its products or services with a name that differs from that used by other franchisees or the franchisor. This change can be expensive and may reduce brand recognition of the products or services you offer.
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. **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.
5. **Financial Condition.** 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.

Certain states may require other risks to be highlighted. Check the "State Specific Addenda" (if any) to see whether your state requires other risks to be highlighted.

**STATE REGULATIONS
FOR THE STATE OF MICHIGAN**

**(THE FOLLOWING APPLIES TO TRANSACTIONS GOVERNED BY
THE MICHIGAN FRANCHISE INVESTMENT LAW ONLY)**

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 under a franchise:

1. A prohibition on the right of a franchisee to join an association of franchisees.
2. A requirement that a franchisee assent to a release, assignment notation, 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.
3. A provision that permits a franchisor to terminate a franchise before 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 failure after being given written notice thereof and a reasonable opportunity, which in no event need to be more than 30 days, to cure failure.
4. 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 after 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.
5. 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.
6. 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.

7. 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:

a. The failure of the proposed transferee to meet the franchisor's then current reasonable qualifications or standards.

b. The fact that the proposed transferee is a competitor of the franchisor or sub franchisor.

c. The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.

d. 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.

8. 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).

9. 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.

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 may be directed to the following address:

Michigan Attorney General's Office
Consumer Protection Division
525 W. Ottawa Street
Lansing, MI 48909
Telephone: (517) 373-7117

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RECEIPTS

FRANCHISE DISCLOSURE DOCUMENT

ITEM 1 THE FRANCHISOR AND ANY PARENTS, PREDECESSORS, AND AFFILIATES

The Franchisor

The name of the franchisor is Swig Franchising, LLC. In this disclosure document Swig Franchising, LLC is referred to as “we” or “us” or “our” or “Swig”; “franchisee,” “you” or “yours” means the person or persons, individually and collectively, who buys the franchise from us and includes the current and future owners of a franchisee that is a corporation, partnership, or other entity.

Our limited liability company was organized on August 24, 2022, in the state of Utah under the name Swig Franchising, LLC. Our principal place of business is 1557 W. Innovation Way, 5th Floor, Lehi, Utah 84043. Our agents for service of process in various states are disclosed in Exhibit “D.”

Franchisor’s Business Activities

We do not have any other business activities other than franchising the Swig™ brand, and we do not do business under any name other than Swig Franchising, LLC or Swig™. As of the date of this disclosure document, we have not offered for sale or sold franchises in any other line of business. We began offering and selling franchises under the Swig™ brand in September 2022.

Parent

Our parent, Savory Swig Stores, LLC, was organized on October 07, 2016, in the state of Utah. Its principal place of business is 1557 W. Innovation Way, Lehi, Utah 84043. Savory Swig Stores, LLC operates Swig™ businesses similar to the one you will operate. It has operated these locations since 2016. As of the end of 2022, it was operating 4645 locations in Utah, Arizona, Idaho, Oklahoma, and Texas.

We have no other parents, predecessors or affiliates required to be disclosed in this Item.

Franchise Offered

We license and train others to operate Swig™ businesses. A Swig™ business is a drink shop serving specialty drinks and sweets. The grant of a Swig™ franchise authorizes you to engage in our complete system under the name Swig™ and other proprietary marks.

You must purchase and carry specific materials, supplies and equipment and to strictly follow our standards, methods, policies, and procedures in the operation of your franchise business that are described in more detail in our franchise agreement attached as Exhibit “A” to this disclosure document.

You may also enter into an area development agreement with us for the development of a certain number of franchise units within a specific geographic area and with specified time period (see Exhibit “G”). If you enter into an area development agreement, you are required to develop at least 5 units.

As you develop each unit, you will be required to sign our then-current franchise agreement. Unless specifically stated otherwise, the disclosures for a multi-unit are the same as for a single unit.

General Description of Market and Competition

The general market for soda, specialty drinks, and sweets is well-developed and competitive. You will typically compete with other established businesses operating soda, specialty drinks, and/or sweet shops. There are many of these competitors from large national chains to small independent operators. You may also encounter competition from other Swig™ locations operated by us or other franchisees outside your territory.

Laws and Regulations

In addition to laws and regulations that apply to businesses generally, your business is subject to federal, state, and local health and consumer protection laws and other regulations and guidelines governing the food service industry, including licensing, health, sanitation, menu labeling, smoking, safety, fire and other matters, food and safety regulations. The Food and Drug Administration, the United States Department of Agriculture and food industry organizations, including the National Restaurants Association, have established rules affecting this industry. To operate your franchise, you or one of your employees must have a current food handlers license. Some states required a manager to have a Food Safety Manager Certification. The Clean Air Act and state implementing laws may also require certain geographic areas to attain and maintain certain air quality standards for ozone, carbon monoxide and particulate matter. As a result, businesses involved in commercial food preparation may be subject to caps on emissions.

You must investigate local zoning rules because they may limit where you can locate your franchise business and may affect the design features including the building façade and signs. In many jurisdictions, you will also be required to obtain a sign permit. You should also be aware of federal, state, and local environmental laws about the disposal of waste materials and packaging. You may be required by local law to participate in a recycling program, which may require that you register and make ongoing fee payments. State or federal entities may require you to have a permit as a water provider. Some jurisdictions have passed laws that require businesses to pay their employees a higher minimum wage than what is required under federal law, which laws may disproportionately affect franchised businesses.

At your cost and expense, you must investigate and ensure that you comply with all payment card industry ("PCI") and data security standard ("DSS") standards, regulations, and requirements; however, we reserve the right to approve of the vendor you use for compliance. You are not permitted to collect, store, transfer, etc., any unnecessary customer information. Additional information can be found at <https://www.pcisecuritystandards.org/>.

ITEM 2 BUSINESS EXPERIENCE

Chase Wardrop – President

Chase Wardrop is our President. He has held this position since our inception in August 2022. Chase has also been the Vice President of Operations of Savory Swig Stores, LLC since November 2016.

Dylan Roeder – Vice President of Marketing

Dylan Roeder is our Vice President of Marketing. He has held this position since our inception in August 2022. Dylan has also been the Vice President of Marketing of Savory Swig Stores, LLC since November 2016.

Alex Hanson – Rich Mongan – Senior Director of Franchise Operations Development

~~Alex Hanson~~ Rich Mongan became our Senior Director of Franchise Operations Development in ~~April~~ January 2024. Rich has also been our Director of Store Development since September 2023. From ~~August 2017~~ October 2022 to ~~April 2023~~, ~~Alex~~ November 2022, Rich was the Director of ~~Franchise Operations~~ Business Development for Oak and ~~Profitability for Teriyaki Madness~~ Eden in ~~Denver, Colorado~~ Dallas, Texas. From ~~December 2021~~ to ~~November 2022~~, Rich was the Director of Retail for Duck Camp in Austin, Texas. From ~~April 2019~~ to ~~December 2021~~, Rich was the Regional Director for Tecovas in Austin, Texas.

**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

On the signing of the franchise agreement, all franchisees pay an initial franchise fee of \$39,500. The initial franchise fee is uniform for all franchisees. The initial franchise fee is payable in a lump sum upon signing the franchise agreement.

Required Purchases from the Franchisor or an Affiliate

All franchisees initially purchase uniforms and tumblers at an initial cost of between \$4,000 and \$7,000. Payment is due in full at the time of ordering.



Initial Training

There is no fee for the initial training for the first 3 attendees. We allow up to 2 extra attendees for an additional fee of \$2,500 per attendee. You will be responsible to cover the cost of travel, food, and lodging, and compensation for your attendees to attend the initial training.

Site Development Fee

WeAt your option, we will assist with real estate selection, site planning, review of construction drawings, review of city submittals, review of contractor selection, budget review, assist with construction management, final lease review, and walk-through review and punch list of the site. The fee for this assistance is \$35,000 and is due at the time your lease is signed.

Opening Assistance

We provide you with 2 of our representatives to assist you for 7 days of opening assistance during your grand opening. The opening assistance fee is \$10,000, and we will cover the costs for travel, food, and lodging for our representatives. This fee is due to us upon signing the franchise agreement. If you reschedule this training within 15 days of the scheduled date, you will be charged a rescheduling fee of \$1,500.

Area Development Agreement

If you enter into an area development agreement, the initial franchise fee for each unit to be developed is \$35,000. You must pay the initial franchise fee for each franchise in full at the time of signing the area development agreement.

Grand Opening Marketing Fee

We will run a grand opening marketing social media ad campaign in your territory using primarily social media ads. The cost of the grand opening marketing fee is \$10,000. This fee is due 60 days prior to your opening.

Uniformity and Refunds

The costs and fees described above in this Item are uniform and are non-refundable for all franchisees. However, in 2023, we provided discounts to area developers depending on the number of franchises purchased. The range of the initial fees charged was between \$20,000 and \$35,000 per franchise purchased with the greater discount provided to those developers, who committed to develop at least 25 units. Additionally, we allowed some developers to pay the initial franchise fee over a period of 2 years with 40% down and 2 additional payments of 30%, the first at the end of year 1 and the second at the end of year 2.

**ITEM 6
OTHER FEES**

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS
Successor Franchise Fee ¹	20% of the then-current franchise fee	Prior to your entering into a successor franchise agreement	A successor franchise agreement is available to you only if you meet each of the requirements described in the franchise agreement at the time your election to enter into a successor agreement must be made.
<u>Relocation Fee</u>	<u>\$35,000</u>	<u>Upon relocation</u>	<u>Payable if you elect to receive our assistance in securing a new location.</u>
Royalty ¹	7% of net sales	Payable monthly, weekly, or daily, as determined by us	Net sales (also commonly referred to as gross sales) include all revenue from the franchise business but does do not include sales tax. It also does not include the sale of gift cards, as the sales of gift cards will be pooled by us or an affiliate. However, your net sales do include gift cards that are redeemed at your location. We will deduct royalties on gift cards redeemed at your location and then remit the balance to you. We require royalties to be paid in accordance with our electronic funds transfer or automatic withdrawal program as developed.
Marketing Fund Fee ^{1,3}	2% of net sales	Same as royalties	See Note 3 below.
Online Ordering and Delivery	Currently, 15% of the order price	As incurred	These fees will generally be deducted from the order price by the third party provider's platform.
Late Charges ^{1,6}	\$25 per day (up to <u>a maximum of 2x the total amount owing per instance per late payment and up to \$500 per late feereport</u>)	Payable with royalty or on demand	Charges begin to accrue after the due date of any required payment or report.
Non-Sufficient Fund Fees ^{1,6}	\$50 per bounced check or insufficient or disputed draft	Payable with royalty or on demand	If this fee is higher than what is allowed under state law, the fee will be reduced to the maximum allowed by state law (see state specific addendum).

Interest on Late Fees and Reports ¹	18% interest or maximum rate permitted by state law, whichever is less	Payable with royalty or on demand	Interest begins to accrue on the total amount (fee plus any late charge) after the due date of any required payment or report.
Sales or Use Tax ¹	Sum equal to tax imposed	Upon demand	If a sales, use, or value added tax is assessed on fees you pay to us, you must also pay us the applicable tax when invoiced.
Audit Charge ¹	Cost of audit	On billing	Payable only if an audit shows an understatement of 2% or more of net sales for the time -period audited, or records are unorganized or unavailable.
System Non-Compliance Fines ^{1,2,4,6}	\$250 per violation <u>\$250 for the first violation; \$500 for the second violation; and \$750 for the third and subsequent violations</u>	As incurred	You will be charged a fine of \$250 per violation of our manuals. See Note 4.
Technology Fee ¹	Currently, \$400 per month	Monthly	This fee will be updated periodically in our manuals to account for new technologies and increased costs.
New Operating Principal or New Manager Training ^{1,6}	\$2,500	In advance of training	Any new operating principal must complete the initial training program before taking over as operating principal. New managers may be trained by your operating principal, but we can also require your managers to be trained by us if we reasonably believe such training would be in the best interest of your franchise. You must pay all associated travel, food, and lodging associated with such training.
Additional In-Person Training ^{1,6}	\$300 per day, per person	Upon billing	We may require, or depending on advanced notice and our availability, you may request, additional in-person training. In such case, you will also be required to pay all the travel, lodging, food, and other expenses of your attendees or our representatives during this additional training. We

			reserve the right to limit additional in-person training.
Rescheduling Fee ⁶	\$1,500	As incurred, prior to training	If you postpone or reschedule a training within 15 days of the scheduled date, or if you fail to complete certain requirements prior to a training
Insurance Reimbursement Fee ^{1,6}	Reimbursement of premium amount, plus an administration fee of \$50 per hour	Upon demand	You are required to hold and maintain your own insurance, but in the event if you fail to do so, we have the right to obtain insurance on your behalf, and you are required to reimburse us the premium payments, plus an administration fee of \$50 per hour.
PCI and DSS Audit Reimbursement Fee ¹	Cost of the audit	Upon demand	You must reimburse us all costs related to an audit for your non-compliance with PCI and DSS requirements.
Conference or Seminar Fee ^{1,6}	Currently, \$250 to \$1,000 per person	At time of registering for the conference or seminar	You will also be required to pay all travel, lodging, food, and other expenses for each of your attendees. Your operating principal must attend annual conferences, if held by us.
<u>Online Ordering and Delivery</u>	<u>Currently, 15% of the order price</u>	<u>As incurred</u>	<u>These fees will generally be deducted from the order price by the third party provider's platform.</u>
Interim Management Fee ¹	15% of net sales	Time of service	Payable if we elect to operate your business during your unapproved closing, unapproved absence, incapacity, death, or after you have been given a notice of default and failed to cure. You must also pay all travel, lodging, food and other expenses for our representative(s) and other expenses that may be incurred by us to perform such services, plus royalties, advertising fees and other applicable fees. The interim management period will not last more than 6 months unless otherwise agreed between us.
Supplier Evaluation Fee ¹	Our costs and expenses of testing and evaluation	Within 10 days of notice from us	Payable if you want to have unapproved suppliers evaluated for our approval

Additional Copies of Marketing Materials ¹	Our costs, plus 10%, and the costs for shipping and handling	Time of delivery	We may develop and provide you samples of marketing and promotional materials.
Fees on Default ^{1,2}	Our costs associated with your default	On demand, as incurred	Paid in addition to other payments to us.
Post-Termination Fees ¹	Varies <u>Actual costs</u>	As incurred	You will be responsible to pay us any post-termination expenses, including attorney's fees and costs to enforce your post-term obligations.
Early Termination Liquidated Damages ¹	Average royalty from the previous 12 months multiplied by the lesser of 24 months or the remaining term of your franchise agreement	Upon termination	Payable if your franchise agreement is terminated prior to the expiration of the term. This is only to compensate for lost royalties and is not our only remedy.
Franchise Agreement Transfer Fee ¹	\$20,000	At time of approved transfer	Payable when you sell your franchise and prior to our signing any approval or new agreement. Transferees owning <u>Owners who own</u> at least 5% of the franchise must personally guaranty <u>guarantee</u> the franchise agreement. for us to approve the transfer. Subject to state law.
Minority Interest Transfer Fee ¹	Our legal fees and administrative costs related to the transfer	On demand	This fee applies to transfers of up to 40% of your franchisee entity—cumulative during the term of the franchise agreement. Transferees owning at least 5% of the franchise must personally guaranty <u>guarantee</u> the franchise agreement. for us to approve the transfer. Subject to state law.
Transferee Training Fee ⁶	\$10,000	At time of approved transfer	The transferee must pay this initial training fee to have us train the transferee.
Area Development Agreement Transfer Fees ¹	\$10,000	At time of approved transfer	Payable when you sell your area development agreement and prior to our signing any approval or new agreement with the transferee. You shall pay \$5,000 of this fee, and the transferee shall pay the other \$5,000.

			<u>Transferees owning at least 5% of the franchise must personally guarantee the franchise agreement for us to approve the transfer.</u>
Indemnification ^{1,2}	<u>Varies Our damages and costs</u>	As incurred or on demand	
Non-Compete Violations ^{1,5,6}	\$1,000 per day for each competing business	Upon demand	See Note 6 below.
Dispute Resolution Fees ¹	<u>Varies Our legal fees and costs if we prevail</u>	As incurred or on demand	You are required to pay half of the mediation or arbitration fees. Additionally, the prevailing party will be entitled to reimbursement of its legal fees and expenses.

NOTES

¹ Royalty and Fees. Except as shown in the remarks column, all fees are uniformly imposed and payable to us. All fees payable to us or an affiliate are non-refundable. You should verify with any third-party payee whether such payments, deposits, or fees are refundable or not.

We have the right to require you to establish a bank sweep, draft or other similar type of electronic funds transfer (“EFT”) account in which you must deposit the net sales of your outlet (not including local sales & use taxes) which account we may automatically access for any payment due us. You must pay all service charges and fees charged to you by your bank so that we may electronically debit your bank account. You cannot close or terminate any EFT account without receiving our prior written consent. If you fail to timely report net sales, we may sweep an estimated amount of fees due to us. You will be responsible to pay us any amount owing if we underestimate your payment to us, and we will credit you with any overage that we charge. We also have the right to direct the merchant provider to withhold all payments due to us from your account/transactions. If you enter into an area development agreement or open multiple units, these fees will apply, respectively, to each separate unit.

² Indemnification. You must ~~defend, indemnify, and hold us harmless from any and against any and all losses, liabilities, damages, and costs and expenses, including reasonable attorney’s fees arising out of or~~ related to, ~~or in any way connected with you or~~ your acts, errors or omissions in the operation of your franchise business or your franchise business generally, and including any allegation that you are our employee, or that we are a joint employer or otherwise responsible for the acts or omissions relating to your employees, and other laws regarding public accommodations for persons with disabilities. You are not required to indemnify us for liability caused by our willful misconduct, gross negligence, strict liability, or fraud.

³ Advertising Fees. The marketing fund fee may be used by us for one or more national or regional marketing and brand development programs, as we choose. These fees are uniformly imposed.

⁴ System Non-Compliance. ~~You will be fined \$250 per violation if you are in violation of our manuals.~~ If you do not correct the violation within the time required by us, we have the right to put you in default. All fines are to be paid in accordance with our electronic funds transfer or automatic withdraw program.

⁵ Liquidated Damages for Breach of Non-Competition. This fee is applied if you violate the non-compete covenants in the franchise agreement or any related agreements, or if you use our system without our express written permission or approval. This fee is not our only remedy, does not represent a price for the privilege of not performing, nor does the payment represent an alternative manner of performance.

⁶ Fee Increases. We may increase these fees by an amount equal to the Consumer Price Index for each year (cumulative) during the term of your franchise agreement to adjust to increased costs. Costs charged by third parties are subject to change at any time and do not have an annual cap.

**ITEM 7
ESTIMATED INITIAL INVESTMENT**

YOUR ESTIMATED INITIAL INVESTMENT

TYPE OF EXPENDITURE	LOW AMOUNT	HIGH AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Initial franchise fee ¹	\$39,500	\$39,500	Lump sum	Upon signing the franchise agreement	Us
Initial training ²	\$3,000	\$10,000	As incurred	Prior to and during training	Airlines, hotels, and restaurants
Fee Fees for additional trainees ²	\$0	\$5,000	Lump sum	Prior to training	Us
Real estate improvements ³	\$260,000	\$700,000	As incurred	As negotiated	Suppliers and contractors
Site development fee ⁴ (Optional)	\$35,000	\$35,000	Lump sum	At the time your lease agreement is signed	Us
Rent ⁵	\$6,400	\$33,000	As incurred	As negotiated	Landlord

(3 months of rent, plus a security deposit)					
Equipment, furniture, fixtures, décor, and supplies ⁶	\$78,500	\$115,000	As incurred	As negotiated	Suppliers
Uniforms and Tumblers ⁷	\$4,000	\$7,000	As incurred	At the time of ordering	Us or an affiliate
POS system, computer hardware, and software ⁸	\$12,000	\$18,500	As incurred	As negotiated	Suppliers
Signs ⁹	\$18,000	\$25,000	As incurred	Before opening	Suppliers
Miscellaneous opening costs ¹⁰	\$5,000	\$25,000	As incurred	As incurred	Suppliers, government departments, utilities, etc.
Opening inventory ¹¹	\$8,500	\$15,000	Lump sum	As negotiated	Us, affiliates and suppliers
Grand opening assistance fee ¹²	\$10,000	\$10,000	As incurred	Before opening	Us, affiliates and suppliers
Grand opening marketing ¹³	\$30,000	\$35,000	As incurred	As negotiated	Suppliers
Additional funds ¹⁴	\$30,000	\$45,000	As incurred	As incurred	Suppliers, employees, etc.
Total ¹⁵	\$ 539 504,900	\$1,118,000			

NOTES

¹ Initial Franchise Fee. The initial franchise fee is non-refundable, and we do not finance any portion of the fee.

² Initial Training. We estimate that you will have 1 to 2 people attend the initial training. These costs will vary widely as a function of the distance traveled and the choice of accommodations, meals, and transportation.

³ Real Estate Improvements. This estimate include costs related to permitting, architect, engineering, planning, construction costs, utility tap fees, etc.

Costs improvements vary widely based on location, terms of the lease, the total area of your space, as well as construction and material costs. Your landlord may provide you with a tenant improvement allowance as part of your lease. You should review these costs with a local contractor, commercial real estate agent and other professionals. We provide standard design plans and specifications for

construction and improvements, but you must adapt these plans to your space, at your costs. If your site is a newly constructed space, the landlord may require significantly greater additional expenditures to cover leasehold improvements. You are not required to lease newly constructed space.

⁴ Site Development Fee. ~~We~~ At your option, we will assist with real estate selection, site planning, review of construction drawings, review of city submittals, review of contractor selection, budget review, assist with construction management, final lease review, and walk-through review and punch list of the site. The fee for this assistance is \$35,000.

⁵ Rent. Your space will vary depending on your needs, but we estimate you will need 800 to 1,800 square feet, and we estimate your lease to be \$24 to \$55 per square foot per annum. Our estimate includes a security deposit and 3 months of rent. You are encouraged to negotiate a “free rent” period for the time it takes to build out your business. You may be able to negotiate additional free rent or reduced rent periods after opening as well. We expect that you will rent your location. If you choose to purchase real estate instead of renting, your costs will be significantly different. We have not included an estimate for the cost to purchase and build a location in the table above, but we estimate the cost to purchase real estate to be between \$110 and \$450 per square foot, depending on your market.

⁶ Equipment, Furniture, Fixtures, Décor, and Supplies. Included in this estimate are the cost of shelving, counters, lighting, décor, etc.

⁷ Uniforms and Tumblers. This estimate includes your initial order of employee uniforms and tumblers for sale to the public.

⁸ POS System, Computer Hardware, and Software. Included in this estimate are the cost of your POS system, computers, compliance monitoring system, and other hardware.

⁹ Signs. Subject to landlord and government restrictions, 4 signs are required. At least 3 exterior sign(s) displaying the trademark and 1 interior sign(s) are required. These signs may be made locally. All signs must conform to our specifications. You must use the location’s monument sign if available.

¹⁰ Miscellaneous Costs. These miscellaneous costs include legal fees, utility set up fees, business entity organization expenses, employee training, deposits, insurance, and licenses. The cost of insurance may vary depending on the insurer, the location of your franchise business, and your claims history. We strongly recommend that you hire a lawyer, accountant, or other professional to advise you on this franchise offering. Rates for professionals can vary significantly based on locale, area of expertise and experience.

¹¹ Opening Inventory. The range in cost depends upon the size of your franchise business, as well as estimated initial business volume. This is only an initial supply and will require replenishment on a regular on-going basis based on the volume of sales for your franchise business.

¹² Grand Opening Assistance Fee. The grand opening assistance fee is \$10,000. We provide you with 2 of our representatives to assist you for up to 7 days of opening assistance during your grand opening. This opening assistance is mandatory.

¹³ Grand Opening Marketing. This estimates the cost to promote your grand opening, including free drink and cookie giveaways, and employee costs during the giveaway days. We require you to have 3 free giveaway days. Each free giveaway day will cost approximately \$5,000 in inventory and labor costs. This estimate also includes the \$10,000 grand opening promotion fee paid to us to promote your opening.

¹⁴ Additional Funds. This estimates your operating expenses during your first 3 months of operations, not including cash flows. You must maintain a minimum of \$25,000 in your operating account or have secured a \$25,000 line of credit at all times for business emergencies; ~~provided~~except that in any 30-day period, the operating account may have less than such amount for a period of ~~not more than~~up to 10 days. Additionally, if you elect to finance your investment, you need to account for the additional costs of repaying that financing. We have relied upon the 56 years of experience of our principals in opening and operating over 40 units to compile these estimates.

¹⁵ Total. These figures are estimates for the development of a single franchise unit, and we cannot guarantee that you will not have additional expenses starting your franchise business. ~~You should review these figures in Item 7 carefully with a business advisor before making any decision to purchase the franchise.~~ All purchase agreements or leases must be negotiated with suppliers. For any items purchased from us or an affiliate, we require immediate payment. We do not offer direct or indirect financing for any item. All fees and payments payable to us or an affiliate are non-refundable. If you enter into an area development agreement, then you can expect similar costs for each unit to be developed, but we anticipate you will develop your units over time according to the development schedule rather than all at once.

**YOUR ESTIMATED INITIAL INVESTMENT
(Area Development - 5 unit minimum)**

TYPE OF EXPENDITURE	LOW AMOUNT	HIGH AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Area Development fee ¹	\$175,000	\$175,000	Lump Sum	Upon signing the area development agreement	Us
Estimated initial investment to open first unit ²	\$500 <u>465,400</u>	\$1,078,500 <u>83,000</u>	Estimated based <u>Based</u> on the single unit estimates (minus the initial franchise fee) in the above Item 7 chart for a single unit.		
Total ³	\$675 <u>640,400</u>	\$1,253,500			

Notes:

¹ Area Development Fee. This fee is determined based on the total number of units to be developed for a fee of \$35,000 per unit for 5 units. This fee will increase if you purchase more than 5 units. When you sign an area development agreement, you must also sign the franchise agreement for your first unit to be developed under the area development agreement.

² Estimated Initial Investment for the First Unit. These estimates are taken from the totals listed in Item 7 for the buildout of your first unit, less the cost of the initial franchise fee.

³ Total. These figures are estimates for the purchase of a 5-unit area development agreement, and we cannot guarantee that you will not have additional expenses starting your development business. You should review these figures in Item 7 carefully with a business advisor before making any decision to enter into an area development with us. All purchase agreements or leases must be negotiated with suppliers. For any items purchased from us or an affiliate, we require immediate payment. We do not offer direct or indirect financing for any item. All fees and payments payable to us or an affiliate are non-refundable. You should verify with any third-party payee whether such payments, deposits, or fees are refundable or not.

ITEM 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Approved Suppliers, Proprietary Products and Required Purchases

You must operate your franchise business according to our system, including purchasing or leasing certain items or services according to our specifications and/or from approved suppliers. You ~~must~~ may not deviate from these specifications without our prior written consent.

You must purchase or lease the following products and services from us, other sources designated or approved by us, or according to our specifications as set forth in the manuals:

Item or Service	Is the franchisor or an affiliate an approved supplier of this Item	Is the franchisor or an affiliate the only approved supplier of this Item?
Equipment	No	No
Food Items	No	No
Paper Products	No	No
Flavors and Syrups	Yes	No
POS System	No	No
Swig™ Technology Suite	Yes	Yes
Marketing	Yes	No
Insurance	No	No
Signage	No	No
Uniforms and Tumblers	Yes	Yes
Software and Computer Hardware	No	No

We may also require you to purchase advertising materials from us or approved suppliers. We reserve the right for us or an affiliate to be an approved supplier or the only approved supplier of any of the items listed in the above table. Additionally, we reserve the right to require that all items used in the operation of your business be purchased from us or other sources designated or approved by us.

Insurance

You must at all times during the entire term of the franchise agreement and at your own expense keep in full force, by advance payment(s), the following minimum insurance policies, obtained from an insurance provider we designate, or if we do not designate an insurance provider, then you must purchase insurance from a company rated "A-" or better by A.M. Best & Company, Inc.:

Type of Insurance	Minimum Required Amount(s)
Commercial General Liability Insurance	\$1,000,000 per occurrence and \$2,000,000 in the aggregate or leasehold minimum, whichever is greater
Property Insurance	100% of the full replacement cost against loss or damage from fire and other risks normally insured against in extended risk coverage
Data Breach & Cyber Security Breach Insurance	\$1,000,000 per occurrence and \$1,000,000 aggregate
Government Required Insurances	You must maintain and keep in force all All workers' compensation and employment insurance on your employees that is required under all federal and state laws.

These policies (excluding worker's compensation) will insure you, us, and our officers, directors, and nominees as additional insureds against any liability that may accrue by reason of your ownership, maintenance, or operation of the franchise business. These policies will stipulate that we will receive a 30-day written notice prior to cancellation or termination, and we must receive a 30-day notice of any modification. Original or duplicate copies of all insurance policies, certificates of insurance, or other proof of insurance acceptable to us must be furnished to us together with proof of payment prior to you beginning operations. Our insurance coverage requirements are only minimums. ~~You must also procure and pay for all other insurance required by state or federal law.~~ You need to make an independent determination as to whether increased amounts or additional types of insurance are appropriate.

If you fail to obtain or maintain insurance, we may obtain insurance for you, and you will pay us the premium costs, plus an administration fee of \$50 per hour for our time. We may periodically modify or adjust the amounts of coverage required and/or require different or additional coverage. We do not derive revenue ~~as a result of from~~ your purchase of insurance. We recommend you consult with your insurance agent prior to signing the franchise agreement.

If your premises are damaged and covered by insurance, you must use the proceeds to restore the facility to its original condition within 160 days from receiving the proceeds, unless we consent otherwise in writing.

Approved Suppliers

We may enter into contracts with suppliers for items or services purchased by our franchisees. Pursuant to these contracts, you must purchase items or services from the approved suppliers.

All currently approved suppliers and specifications are made available to you before the beginning of operations. We consider our approved suppliers and specifications to be of critical importance to the success of the system. You must receive our prior written approval to deviate in any manner from our specifications.

Ownership in Approved Suppliers

None of our officers have a direct ownership interest in any of our suppliers.

Revenue to Us and Our Affiliates from Required Purchases

We or our affiliates may derive income from required purchases or leases of goods or services made by our franchisees from approved sources. ~~However, because we are a new company, we have no basis from which to gauge the revenue that we or our affiliate may derive from franchisee purchases from designated sources.~~ However, we will give you 75% of the cash rebates we earn from your purchases of Coke and Pepsi BIBS (bag in a box). In the last fiscal year, our revenues from the sale of products and services to franchisees was \$55,567 or 12.6% of our total revenues of 441,161.

Proportion of Required Purchases and Leases

We estimate that the proportion of required purchases or leases will represent 85% to 95% of your overall purchases in opening your franchise business and 85% to 95% of your overall purchases in operating your franchise business.

Non-Approved Suppliers

Except for certain trademark and private label items and designated source items described above, if you desire to use a particular supplier and if that supplier meets the specifications and requirements of our system, at our discretion, we may approve that supplier to become an approved supplier.

You may establish suppliers on the approved list by making an appropriate application to us. The following general criteria is used in considering whether a supplier will be designated as an approved source: the ability of the supplier to make the product to our standards and specifications; a willingness by the supplier to cooperate and work with you and other franchisees; the supplier's

production and delivery capabilities; price and quality; reputation of the supplier; quality assurance systems; the financial condition of the supplier; the ability and willingness of the supplier to train on the effective and safe use of the product; and the supplier's professional competence and performance abilities. We will use our best judgment in setting and modifying specifications to maintain quality and integrity of the franchise system.

If you desire to purchase any of the items listed in this Item 8 from an unapproved supplier, you will submit to us a written request for this approval or request the supplier itself to do so. We may require you to submit sufficient information and data to permit us to ascertain whether a supplier meets our specifications. You must reimburse us for our costs associated with the evaluation within 15 days of invoicing. This is due regardless of whether or not we approve of a supplier. We will notify you in writing, within 30 days of completing our evaluation as to whether the supplier has been approved or disapproved. We may make changes or alterations in the standards and specifications for approving suppliers. At our discretion, we may revoke our approval from an approved supplier upon 30 days' written notice to you.

Standards and Specifications

We may issue new specifications and standards for any aspect of our brand system, or modify existing specifications and standards, at any time by revising our manuals and/or issuing new written directives (which may be communicated to you by any method we choose).

Other than as stated above, there is no obligation for you, under the terms of the franchise agreement, to purchase or lease any goods or services regarding the establishment or operation of the franchise business from approved sources.

Negotiated Arrangements

At this time, there are no purchasing or distribution cooperatives. However, we currently negotiate purchase arrangements with suppliers, including price and terms for the benefit of franchisees.

Benefits Provided to You for Purchases

We do not provide material benefits to ~~franchisees~~you based on ~~the franchisee's~~your purchase of particular products, or services or use of particular suppliers (e.g., grant renewals or additional franchises to franchisee's based on purchases).

Charitable Promotions

You are required to participate in our designated charitable promotions and fundraising campaigns throughout the year. This may include things such as free giveaways for products, discounting products, purchasing certain products from us or an affiliate and donating the proceeds to designated organizations, whether local or national, and promotion of various causes and celebrations. For example, we currently sponsor Save The Cups, which donates funds to help pay for life-saving procedures for women who have been diagnosed with breast cancer, and all our stores are to participate in fundraising activities for this organization during October, which is Breast Cancer Awareness Month. We also have a "Share the Love" program where each store picks a local charity

and runs promotions at the store to raise money for that local charity. Generous promotions and giving back is part of the Swig™ brand, and all franchisees are required to participate in these activities. These fundraising and charitable promotion activities may result in lower or no margins on different products during certain giveaways and promotion periods, or it may result in donations to an organization that exceed income for certain products or on certain days.

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 in other items of this disclosure document.

	Obligation	Section in Agreement	Disclosure Document Item
a.	Site selection and acquisition/lease	Sections 4.1 and 4.2	Item 11
b.	Pre-opening purchases/leases	Paragraphs 6.1.3, 6.1.11, and 6.1.13	Item 8
c.	Site development and other pre-opening requirements	Sections 4.2 and 4.3	Items 7 and 11
d.	Initial and ongoing training	Paragraph 6.1.4 and sections 7.4 and 7.5	Item 11
e.	Opening	Sections 4.4 and 7.5	Item 11
f.	Fees	Article V of the franchise agreement and Article 4 of area development agreement	Items 5, 6 and 7
g.	Compliance with standards and policies/training/operating manual	Section 6.2 and article IX	Items 8 and 11
h.	Trademarks and proprietary information	Article III of the franchise and Article 8 of area development agreement	Items 13 and 14
i.	Restrictions on products/services offered	Article VIII	Item 8 and 16
j.	Warranty and customer service requirements	Paragraphs 6.1.2 and section 8.5	Item 11
k.	Territorial development and sales quotas	Section 1.1 of the franchise agreement and Sections 2.1 and 2.3 of area development agreement	Item 12
l.	Ongoing product/service purchases	Article VIII	Item 8

m.	Maintenance, appearance and remodeling requirements	Paragraphs 6.1.2 and 6.1.9	Item 11
n.	Insurance	Paragraph 6.1.11	Item 8
o.	Advertising	Article X	Items 6, 7 and 11
p.	Indemnification	Section 15.2 of the franchise agreement and Section 6.5 of area development agreement	Item 6
q.	Owner's participation/management/staffing	Paragraphs 6.1.7, 6.1.8, 6.1.10, 6.1.14 and 6.2.3	Items 11 and 15
r.	Records and reports	Sections 5.4 and 5.5 of the franchise agreement and Section 6.4 of area development agreement	Item 6
s.	Inspections and audits	Paragraphs 5.5.2 and 6.2.2(iv)	Items 6 and 11
t.	Transfer	Article XIV of the franchise agreement and Article 11 of area development agreement	Item 17
u.	Renewal	Section 2.2 of the franchise agreement and Section 3.4 of area development agreement	Item 17
v.	Post-termination obligations	Section 12.1 of the franchise agreement and Article 10 of area development agreement	Item 17
w.	Non-competition covenants	Article XVI	Items 14, 15 and 17
x.	Dispute resolution	Article XVII	Item 17
y.	Compliance with government regulations	Sections 4.1 and 4.2 and paragraph 6.1.1, 6.1.10, and 16.1	Item 12
z.	Guarantee of franchisee obligations	Section 6.3	Item 15

**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, Swig Franchising, LLC is not required to provide you with any assistance.

Pre-Opening Assistance

Before you open your franchise business, we will:

1) Designate your search area where you can search for an approved site [franchise agreement section 4.1].

2) We will assist with real estate selection, site planning, review of construction drawings, review of city submittals, review of contractor selection, budget review, assist with construction management, final lease review, and walk-through review and punch list of the site. The fee for this assistance is \$35,000 [franchise agreement paragraph 4.1.1]

3) We must approve your site before a lease is entered into or you begin construction. Site approval or disapproval should be completed by us, and notice provided to you in writing within 60 days or less after you have submitted a proposed site. Our approval is based upon the following general criteria: rent, lease terms, access, appearance, [visibility](#), traffic, general [daytime and nighttime](#) population [of the area](#), number of and types of businesses in the territory, parking, square feet, [access](#), general vicinity, and the ability to build out the site in accordance with the brand image [franchise agreement section 4.1].

4) ~~We~~ [We will provide you with general guidance regarding our standards for selecting a site, but we](#) do not prepare demographic studies or otherwise determine a need for these services or products within your territory or evaluate or guarantee the potential success of your proposed site. [If you and we disagree about the proposed location, you must locate another acceptable site for your store and repeat the process \[franchise agreement section 4.1\].](#)

5) Make available general written specifications for those items listed in Item 8. For purchase, delivery, and installation, you are required to work directly with the manufacturer or supplier of these items. We do not offer assistance in delivery or installation of any of these items [franchise agreement section 7.2 [and 8.5](#)].

6) Provide you with the names of approved suppliers [franchise agreement section 7.2].

7) Provide you with preliminary design plans for your franchise business. You must adapt your franchise business to our general specifications at your own expense, in accordance with local, state and federal laws, rules, and ordinances. You are responsible for obtaining any required licenses and permits. We do not provide assistance in the construction, remodeling, or decorating of your franchise business [franchise agreement section 4.3 and 7.1].

8) Loan you a copy or provide electronic access to our confidential manuals containing mandatory policies, operating procedures, and other information. The manuals are confidential, will remain our property, and may be used by you only in association with the Swig™ franchise business and only during the term of the franchise agreement. You must keep the contents of the manuals confidential. The master copy of the manuals maintained by us will be controlling in the event of a dispute relative to the contents of the manuals. You may not copy any part of the manuals either physically or electronically. The table of contents ~~effor~~ the training/operations manual is included as Exhibit "F" to this disclosure document Our training/operations manual is in electronic format and is equivalent to approximately 200 written pages [franchise agreement article IX].

9) We provide you with 2 of our representatives to assist you for 7 days of opening assistance during your grand opening. The opening assistance fee is \$10,000 ~~to \$15,000~~, and we will

cover the costs for travel, food, and lodging for our representatives. We will not send any representatives to assist with this opening assistance until you have sent us a valid certificate of occupancy; you must have also obtained all necessary permits; and all your equipment must be functioning for us to provide this assistance [franchise agreement section 7.5].

10) We will run social media ads in your area to promote your opening. You are required to pay us a grand opening marketing fee of ~~\$5,000 to \$10,000 depending on your location and market.~~ 10,000. This fee is due 60 days prior to your opening [paragraph 5.3.2].

Lease, Construction and Commencing Operations

1) You will have 6 months from signing the franchise agreement to have a site approved for your franchise business [franchise agreement section 4.1]. You must use a local broker in your site selection. A lease must be in place within 3 months from the date we approved your site [franchise agreement section 4.2]. We must approve of your lease before you sign the lease, and you are required to have the landlord consent to an assignment of the lease before the lease agreement is signed [franchise agreement paragraph 4.2.1]. Additionally, you are required to include our standard lease rider which is attached to the franchise agreement as part your lease. We do not generally own and lease or sublease properties to you.

2) Construction must be started within 3 months of signing your lease and be completed within 9 months of signing your lease. You are required to begin operations within 30 days after construction is complete. You must give us at least 3 months' written notice before opening your franchise business [franchise agreement sections 4.3 and 4.4].

Estimated Length of Time Before Operation

It is estimated that the length of time between the signing of the franchise agreement with the accompanying payment of the initial franchise fee and the opening of your franchise business is 12 to 18 months. Factors affecting this length of time usually include obtaining a satisfactory site, financing arrangements, construction, local ordinance compliance, training, and delivery and installation of furniture, fixtures, equipment, signs, supplies, and opening inventory items. You must begin operations no later than 20 months from the date of your franchise agreement. [franchise agreement section 4.4].

Failure to meet these deadlines for any reason, including our disapproval of a proposed site location, or if we cannot agree on a site, may result in termination of the franchise agreement without a refund [franchise agreement ~~paragraph~~section 4.3-26].

Assistance During Operation

During the operation of your franchise business, we will:

1) Provide you with updates to the manuals, which updates may be in the form of emails, newsletters, our learning management system (LMS), announcements, technical bulletins, or other written directives through means determined by us. We have the right to modify the manuals to reflect changes in the system including the development of products or services. The modifications may

obligate you to invest additional capital in your franchise business and to incur higher operating costs. You must incorporate all such modifications within the time periods that we specify [franchise agreement section 9.1]. ~~Other than modifications due to health or governmental mandates or guidelines, or public concerns, we will not obligate you to invest additional capital at a time when the investment cannot in our reasonable judgment be amortized during the remaining term of the franchise agreement [franchise agreement paragraph 6.2.2(iii)].~~

2) At your reasonable request or at our discretion, provide assistance either remotely or in person. For in-person training, you will be charged a fee of \$300 per day, plus the cost of our travel, food, and lodging [franchise agreement paragraph 6.1.4(ii) and section 7.3].

3) Maintain a website for the Swig™ brand that will include the business information and telephone number for your ~~location~~franchise business [franchise agreement section 7.8].

During the operation of your franchise business, we may:

1) Make periodic inspections of your franchise business, which may be done in person or through remote access such as video or live video conferencing and may be performed through a third-party provider. Upon our request, at all reasonable times, you will provide ~~to us~~ awith video and/or digital images of the interior and exterior of your franchise business as set forth in the manuals [franchise agreement paragraph 6.2.2(iv)].

2) Hold conferences to discuss improvements, new developments, mutual concerns, and business issues. If a conference is held, your operating principal must attend that conference, and you will be required to pay all your travel and living expenses. These conferences will be held at various locations chosen by us [franchise agreement paragraph 6.1.14].

3) Conduct additional seminars, which may be through online webinars, videos, live video conferencing, phone conferences or in person, to discuss improvements, new developments, mutual concerns, business issues, sales, marketing, personnel training, bookkeeping, accounting, inventory control and performance standards. We may charge a seminar fee, and you may be required to pay all your travel and living expenses. In-person seminars are normally held at our headquarters or as available at regional facilities [franchise agreement paragraph 6.1.14].

4) Provide you with such continuing assistance in the operation of the franchise business as we deem advisable [franchise agreement section 7.7].

5) Replace defective products purchased directly from us based on our standard limited warranty. For items purchased through third parties, you must work directly with the supplier or manufacturer of those items regarding warranties, defective products, training, and support [franchise agreement section 8.5].

6) At your expense, require you to repair, refinish, repaint, remodel, modernize, redecorate, or otherwise refurbish your premises from time to time as we may reasonably direct, but not more often than every 5 years, and we will not obligate you to invest additional capital at a time when the investment cannot in our reasonable judgment be amortized during the remaining term of the franchise agreement (except for required changes to the trademarks, or changes due to health or

~~government mandates, guidelines, or public concerns~~) which we may require at any time) ~~at your expense.~~ This can include changing out items such as flooring, wall treatments, signage, lighting fixtures, and other physical elements of your franchise business. We may also require you to invest in new or updated equipment and technology. You will also be required to complete any day-to-day maintenance and repair issues as they occur during the term of the franchise agreement. You must complete all updates and changes within the time frames required by us but in no event more than 6 months from notice [franchise agreement section 6.1.9].

7) Refine and develop products or services that you will offer to your customers [franchise agreement paragraph 6.2.2(iii)].

8) Provide you with an email address which must be used in all correspondence and communications involving your franchise business. If we provide you with an email account/address, we have the right to access your email account. You are not allowed to use a non-approved email for business purposes involving the franchise business [franchise agreement paragraph 6.2.2(i)].

9) To the degree permitted by law, we may suggest retail price, specify maximum and minimum pricing above and below which you will not sell any goods or services. You must honor all coupons, price reductions and other programs established by us [franchise agreement paragraph 6.1.12].

Employment Matters

We do not assist you with the hiring, firing, ~~managing or discipline, scheduling, discipline, scheduling, management,~~ compensation, ~~supervision, assignment of duties, work rules, or working conditions~~ of your employees. That is your responsibility. We may provide you with a sample employee guide or manual, but if we do, it will only be an example of certain employment matters ~~unless otherwise indicated by us~~ that you may adopt or not. It is your responsibility to comply with state and federal employment laws [franchise agreement paragraph 6.1.10].

Advertising and Promotion

You may develop ~~advertising and~~ marketing materials for your use, at your cost, but all ~~advertising and~~ marketing material developed or used by you must have our prior written approval. Any ~~advertising or~~ marketing materials or concepts you create becomes our property and will be considered a “work-made-for hire” that can be used by us and other franchisees. If you do not receive written approval or disapproval within 14 days of the date we received your submission, the materials submitted are deemed unapproved. We can revoke our approval of any marketing materials at any time in our sole discretion [franchise agreement section 3.10 and paragraph 10.4.1].

Advertising Fund

Although under the terms of the franchise agreement we are not obligated to conduct advertising for the franchise system, or to spend any amount on advertising in your territory, we have the right to and currently do maintain and administer a regional and national advertising, marketing, and development fund (referred to as the marketing fund) for local, regional, national marketing, or public

relations program as we, in our sole discretion, may deem necessary or appropriate to advertise and promote the franchise system. We may utilize the marketing fund to develop and test various media and technologies for potential utilization and/or improvement of the system and marketing of the system [franchise agreement section 10.1].

You must contribute to the marketing fund. We and our affiliates do not contribute to this fund. We have no franchise businesses that do not contribute to the fund. Contributions by our franchisees to the marketing fund may not be uniform [franchise agreement section 10.1].

We are responsible for administering the marketing fund, but we are not a fiduciary trustee of the marketing fund. We will direct all uses of the marketing fund, with sole discretion over: 1) the creative concepts, materials, endorsements and media used (that may include television, Internet, [social media](#), radio, print, and other media and marketing formats as developed over time, as funds permit); 2) the source of the marketing or public relation efforts (that may be in-house or through an outside agency located locally, regionally or nationally); 3) the placement and allocation of these programs (that may be local or regional); and 4) the composition of all geographic territories and market areas for the development and implementation of these programs [franchise agreement paragraph 10.1.1].

We may use the marketing fund to offset a portion of direct costs to manage and maintain the fund, including the payment of staff salaries and other expenses for those employees who may be involved in the marketing fund activities [franchise agreement paragraph 10.1.2].

We are not required to spend any amount on marketing directly in the area or territory where you are located. We do not guarantee that marketing expenditures from the marketing fund will benefit you or any other franchisee directly, on a pro rata basis, proportionally, or at all. We are not required to segregate the marketing fund from our general operating funds. We do not use marketing funds to solicit new franchisees, [but we reserve the right to include a notation in any advertisement or website indicating "franchises available" or similar phrasing](#) [franchise agreement paragraph 10.1.2].

Advertising Expenditures in the Last Fiscal Year

[During the last fiscal year, the marketing funds were used in the following ways: Productions 39%, Media Placement 58%, Administrative Expenses 3%.](#)

Any unused marketing funds in any calendar year will be applied to the following year's fund. The marketing fund is unaudited. ~~You~~[Once each calendar year, you may send us a written request to receive](#) an unaudited annual report of marketing expenditures [from the previous fiscal year. This report will be made available](#) within 90 days of ~~the end of our fiscal year~~[request](#) [franchise agreement paragraph 10.1.2]. ~~Because we are a new franchise, we do not have an accounting of the use of marketing funds in our prior fiscal year.~~

Marketing Fund Council

No franchisee advertising council is anticipated at this time.

Advertising Cooperative



You are not required to participate in a local or regional advertising cooperative.

Other Marketing Funds

At this time, you are not required to participate in any other marketing funds.

The Internet

You may not create a website for your franchise business. You cannot engage in marketing on the Internet, including posting for re-sell, items on third party re-sell or auction-style websites such as eBay, Craigslist or Amazon without our prior written permission. You may not claim any web listing on sites such as Yelp. We have the right, but not the obligation, to manage all online reviews for your franchise [franchise agreement paragraph 10.5.1].

Social Media

We will own the social media accounts related to the brand, but we may provide you access to the social media account for your location for certain management responsibilities and functions. You cannot change any login/password information without our prior written approval, and you must supply us with all changed/updated login/password information. All social media for our brand must strictly comply with our policies and procedures. We can alter, remove, or require that you alter or remove a post. We reserve the right to restrict your use of social media in the future [franchise agreement paragraph 10.5.2].

Computer / Point of Sale System

We require the use of a point of sale system designated by us to be purchased or leased from our designated supplier at your expense. The POS system currently provides the following:

- Reporting of Sales
- A Customer Database
- Inventory Management
- Gift Card Tracking
- Credit Card Payment
- Coupon Tracking

You must have at least 1 stationary POS terminal and 3 mobile POS terminals that meet our specifications. The estimated cost of purchasing the POS system is \$5,000 to \$10,000. We reserve the right to change the POS system at any time, and you are required to comply with and are solely responsible for the fees associated with such changes.

You must also have an office computer and mobile phone that meets our specifications and that is capable of interfacing with our computer system and software. We estimate the cost of these items to be \$2,500 to \$5,000. We will have independent access to the information and data collected or generated by the computer and the POS system. There are no contractual limits on our rights to do so. We may require updates and upgrades to your computer hardware, software and POS system at your expense during the term of the franchise agreement. We estimate the annual costs to maintain,

upgrade, and support your computer and POS system to be \$500 to \$1,000, above any sort of subscription fees. We are not required to maintain, repair, update and/or upgrade your computer or POS system. There are no contractual limitations to the frequency and cost of the obligation to upgrade and maintain the computer or POS system [franchise agreement paragraph 6.1.13]. For defective equipment, products, software or other items purchased by you, you must deal directly with that manufacturer [franchise agreement section 8.5].

Customer Relation Management Software (CRM)

We reserve the right to require you to use and pay for software including a designated CRM in the operation of your franchise [franchise agreement paragraph 6.1.15].

Loyalty Programs

You are required to participate in the loyalty, gift card, memberships, subscription, coupon, free giveaways, and fundraising programs we develop. You are not allowed to implement any sort of loyalty, coupon, membership, gift card or subscription model without our prior written permission [franchise agreement paragraph 6.2.2(ii)].

Online Ordering and Delivery

You must participate in any online ordering program for takeout or delivery program we create or adopt and cover the applicable fees for such program. You cannot participate in any third-party delivery platform unless approved by us [franchise agreement paragraph 6.2.2(v)].

Accounting

You must use the designated accounting software designated by us. You may use only the standardized profit and loss statement templates and balance sheet templates as designated by us that we will provide you. You must use accrual accounting and a 13-period calendar for reporting (every 4 weeks). Upon request, you must provide us with view only access to your accounting software [franchise agreement paragraph 6.1.13(ii)].

Merchant Provider

At your sole cost and expense, you are required to use our designed merchant services or payment processor, and to pay all monthly, annual, service, and upgrade fees. The required or designated provider may change at any time, and you are required to comply with any changes and are solely responsible for the fees associated with any changes [franchise agreement paragraph 6.1.13(iii)].

Compliance Monitoring System

You are required to install a compliance monitoring system in your franchise business at reference points designated by us. You may not install any cameras in places where employees and customers have a reasonable expectation of privacy, e.g., bathrooms, changing rooms, etc. This system is not a

security system but is a management tool, and we are not required to monitor your store. Both you and we must have the right to online access to the system. By installing the system, you and your employees are waiving their right to privacy with respect to the use of the compliance monitoring system in non-private areas of the business. You must require all your employees to sign a waiver of their right to privacy with respect to the use of this compliance monitoring system. We estimate the cost of such system to be approximately \$4,000 for purchase and installation with an ongoing cost of \$0 to \$150 per month [franchise agreement paragraph 6.1.13(v)].

Area Development Agreement

Your rights under the area development agreement are territorial only and do not give or imply a right to use our trademarks or system. Our only obligation is to provide a geographic area to develop the set number of Swig™ franchise businesses as provided in the area development agreement. We must approve the potential site for each franchise business location. Our approval will be based on our then-current standards for that franchise business pursuant to your franchise agreement [area development agreement section 2.1 and franchise agreement section 1.1].

Miscellaneous

We may approve exceptions to our changes in the uniform standards for you or any other franchise that we believe are necessary or desirable based on particular circumstances. You have no right to object to such variances [franchise agreement section 20.15].

Initial Training

We provide an initial training in Utah. The length of training depends on the prior experience of your attendees but should last approximately 15 to 20 days. The training program is held as needed at a company-owned location. Your operating principal is required to attend and successfully complete our training program.

Your “operating principal” is: a) if the franchisee is an individual, that individual; or b) if the franchisee is an entity, an individual that owns at least 25% of the ownership and voting interests in the franchisee entity (unless you obtain our written approval of a lower percentage), has authority over all business decisions related to the franchise business, and has the power to bind the franchise business in all dealings with us [franchise agreement article XXI].

Successful completion of training must be completed to our satisfaction at least 4 weeks before you may open your franchise business. Successful completion will be determined by our trainers based on your attendees’ knowledge and demonstration of proof of concept knowledge and operational tests [franchise agreement paragraph 6.1.4].

Each of your attendees must attend the same training. There is no training fee for up to 3 attendees. We also allow up to 2 extra attendees for an additional fee of \$2,500 per attendee. You will be responsible for covering the cost of travel, food, and lodging for your attendees to attend the initial training. The estimated cost of training is listed in Item 5 and Item 7.

All attendees to any training must sign a non-disclosure agreement acceptable to us before attending training [franchise agreement paragraph 6.1.4(iii)].

Below is a table listing the subjects taught and the amount of classroom and onsite training provided as part of the initial training.

TRAINING PROGRAM¹

Subject	Hours of Classroom Training	Hours of On - The - Job Training	Location
POS System	2-3	2-3	Utah
Accounting	4-5	0	Utah
Real Estate, Site Selection and Development	5-7	1-2	Utah
Brand Training	2-3	1-2	Utah
Ordering	2-3	1-2	Utah
Professional Services	3-4	0	Utah
Team Member Training	3-4	12-15	Utah
LIT Pre-Training	25-30	0	Online
LIT Training	30-35	12-15	Utah
LIT Post Training	25-30	0	Online
Totals:	101-124	29-39	

¹ The training program for franchisees may be changed due to updates in materials, methods, manuals, and personnel without notice to you. The subjects and time periods allocated to the subjects actually taught to you and your personnel may vary based on the experience of those persons being trained.

The initial training is provided by instructors whose experience is described below and in Item 2 if the trainer is part of management.

Trainers	Subject(s) Taught	Length of Experience in the Field	Length of Experience with the Franchisor	Experience Relevant to Subject(s) Taught and Franchisor's Operations
Chase Wardrop	All	8 years Since 2016	1 year Since 2022	President of Swig Franchising and VP of Operations of Swig Savory Stores
Lauren Webster	Staffing, training, scheduling, reports, team development,	5 yearsSince 2019	1 yearSince 2022	General manager of a Swig corporate location for 2 years; trained multiple general managers; led the LIT

	accountability, results			(Leader in Training) program for 3 years
Bailey Pridmore	All	Since 2014	Since 2022	Franchise Business Consultant and Franchise Operations
Amanda Robison	Team Member, Shift Lead, AGM, GM, and DM operations	Since 2018	Since 2022	General Manager at Swig for two locations, GM in a new market (Oklahoma); District Manager at Swig for 1.5 years, DM in a new market (DFW) and opened 7 locations
Rich Mongan	All	Since 2001	Since 2022	Senior Director of Franchise Development and Corporate NSO

Materials Provided at the Initial Training

We will provide access to our manuals during training and other handouts to facilitate training. [All attendees at any training must sign a non-disclosure agreement acceptable to us before attending the training.](#)

New Operating Principal or New Manager Training

Any new operating principal must complete the initial training program prior to taking over as the operating principal. New managers may be trained by your operating principal, but we can also require your managers to be trained by us if we reasonably believe such training would be in the best interest of your franchise. Our fee for this additional training is \$2,500 per person, plus the travel, food, and lodging for your attendees or our representatives [franchise agreement paragraph 6.1.4(i)].

Additional Trainings

Depending on availability and advanced written notice, if you would like additional in-person training, we may provide this training to you. We can limit additional training to a certain number of days, attendees, and/or representatives at a time. We can also require your operating principal and/or other key personnel to attend additional trainings if you are in default, or if we reasonably believe such training would be in the best interest of your franchise. The cost of additional training is \$300 per person, per day. You will also be responsible for the costs of travel, food, lodging and compensation of your attendees or our representatives [franchise agreement paragraph 6.1.4(ii)].

At this time, other than listed above, no additional trainings or refresher courses are required.

ITEM 12 TERRITORY

Non-Exclusive Territory

You will not receive an exclusive territory for your franchise business. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control. However, we will not establish another traditional franchise or traditional company-owned unit using the trademark within your territory.

Grant of Territory

Under the franchise agreement, we will grant you the right to use the system and proprietary marks at a specific location within your territory.

Size of Your Territory

The specific size of your territory is set by us based on the population density, the business base in the territory, whether your location is in a metropolitan or rural area, and other comparable factors. The size of a franchise territory is usually 2 driving miles from your location. The written boundaries of your territory will be included in your franchise agreement. In determining the total population within your territory, we generally consult the United States Census estimate, available via the Internet website located at [census.gov/quickfacts](https://www.census.gov/quickfacts).

Territory Restrictions

You are restricted to operations from the approved franchised premises and may not, without our prior written approval, open or operate another outlet whether inside or outside the territory, or to provide mobile or off-site services.

Relocation

You must obtain our prior written permission if you want to relocate your franchise, and you must also be able to demonstrate to us that you have the financial ability to relocate. Approval to relocate is based on the then-current criteria used in approving a new franchisee's proposed site. If we do approve a new territory for you, you must pay us a new site development fee.

You do not have the right to relocate your business, and we have the right to deny any relocation request.

Minimum Sales Requirement

Your franchise agreement is dependent upon achievement of a minimum sales volume, market penetration or other contingency. Specifically, you must achieve at least \$400,000 in annual net sales each year. If you do not achieve the minimum revenue in your territory, then you will be given a notice of default and a 6-month period to cure by achieving at least \$200,000 in net sales by the end of the cure period. Net sales mean the total revenue derived from the sale of goods or services less refunds and discounts. If you do not cure within the 6-month cure period, we have the right to terminate your franchise or adjust the boundaries of your territory. We also have the right to allow you to continue to operate your franchise under the terms of the franchise agreement while we sell/try to broker the

sale of your franchise. You are also allowed to sell your franchise to an approved buyer during this time. If we ~~sellbroker the sale of~~ your franchise, we will be entitled to a fee equal to 10% of the sales price to compensate us for time and expenses to ~~sellbroker the sale of~~ your franchise. You will also be required to pay the transfer fee, and the buyer must pay us a training fee to train the new franchisee. If you have not sold or we have not ~~sold or~~ terminated your franchise within 6 months of us giving you notice of your second consecutive default, you may cure the default by achieving the minimum revenue quota during that 6-month period.

Advertising Within and Outside the Territory

Neither you nor other franchisees may actively ~~target~~ market within another franchisee's territory.

Your Rights to Use Channels of Distribution

You do not have the right to sell products or services through other channels of distribution, including the Internet, ~~via~~ apps, or social media sites.

Options to Acquire Additional Franchises

You do not receive the right or option to acquire additional franchises.

~~Non-Exclusive Territory~~

~~You will not be assigned an exclusive territory for your franchise business. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control. However, we will not establish another traditional franchise or traditional company owned unit using the trademark within your territory.~~

Non-Traditional Outlets

We and our affiliates, either personally or through agents and representatives, reserve the right to own and operate or sell Swig™ and other brands outlets through non-traditional franchises at our discretion, both within and without your territory, without paying compensation to you. These outlets may include locations at convention centers, sporting arenas, military bases, universities, airports, transportation facilities, (~~Includingincluding~~ rail or bus terminals, toll road plazas and highway rest stops); urban office ~~building; supermarket; carnival~~buildings; supermarkets; carnivals or street ~~fairfairs~~; government ~~facility~~facilities; shopping ~~mall~~malls; educational ~~facility~~facilities; casinos; resort ~~property~~properties; amusement ~~park~~parks or amusement ~~center~~centers, and other similar locations.

Our Right to Use Channels of Distribution in Your Territory

We and our affiliates also reserve the right to market and sell and distribute products and services under Swig™ marks and other brands, both within and outside your territory using distribution

channels, such as through websites, apps, [television, radio,](#) retail outlets, co-branding with other outlets, the Internet, social media, etc. We do not pay you for soliciting or accepting orders for any products or services under the Swig™ brand and other brands through these channels inside your territory.

We also reserve the right to operate a food truck in your territory to build the brand and for marketing efforts.

Our Previous Activities in Your Territory

In the past, we or an affiliate may have used one or more of the following distribution channels to sell and distribute products and services in your territory under the Swig™ brand: websites, [television, radio,](#) apps, retail outlets, co-branding with other outlets, the Internet, social media, and direct marketing.

Competition by Us Under Different Trademarks

Neither we, nor an affiliate operates, franchises or has plans to operate or franchise a business that sells or will sell goods or services similar to those sold in your franchise using a different trademark, but we reserve the right to do so in the future.

Area Development Agreements

If you enter into an area development agreement and commit to open the number of units we have designated for that area, then so long as you meet the development milestones in the development schedule, you will have exclusive development rights in that area during the term of your development agreement. Alternatively, if you commit to open less than the number of units that we have designated for that area, then so long as you meet the development milestones in the development schedule, you will have exclusive development rights in that area during the first 2 years and a right of first refusal for that area during the remaining term of your development agreement.

[If you do not meet the development deadlines, we may terminate your development agreement. In case of termination, you may continue to own and operate all units that you have developed and that faithfully perform the terms of each franchise agreement. Additionally, you will no longer have any exclusive development rights in your area, but you will have 5 years from the date the area development agreement is terminated to develop any undeveloped units for which you have already paid the initial franchise fee in full, subject to available territories, and you may be required to look outside of your development area for available territories.](#)

We and our parent and affiliates, either personally or through agents and representatives, reserve the right to own and operate or sell Swig™ outlets through non-traditional franchises at our discretion, both within and without your development area, without paying compensation to you. These outlets

may include locations at convention centers, sporting arenas, military bases, universities, airports, ~~or~~ transportation facilities, (Including rail or bus terminals, toll road plazas and highway rest stops); urban office buildings; supermarkets; carnivals or street fairs; government facilities; shopping malls; educational facilities; casinos; resort properties; amusement parks or amusement centers, and other similar locations. Such locations will not count towards your development schedule.

We or our affiliate also reserve the right to sell, market and distribute products and services under the Swig™ marks or other marks both within and outside your development area using distribution channels, such as through websites, the Internet, social media, apps, wholesale outlets, retail outlets, etc. We do not pay you for soliciting or accepting orders for any products or services under the Swig™ brand or other marks through these channels inside your development area.

Neither we, nor an affiliate operates, franchises or has plans to operate or franchise a business that sells or will sell goods or services similar to those sold in your franchise using a different trademark in your development area, but we reserve the right to do so in the future.

We reserve the right to operate a food truck in your development area to build the brand and for marketing efforts.

ITEM 13 TRADEMARKS

Non-Exclusive Grant of the Trademark

We grant you the non-exclusive right to use certain of our trademarks in the operation of your franchise business. You may also use future trademarks in the operation of your franchise business, as we designate. You will not at any time acquire any rights in the trademarks. By trademarks we mean our trade names, trademarks, commercial symbols, service marks and logos.

Agreements Regarding the Trademark

Under a license agreement entered into between Savory Swig Stores, LLC and us in 2022, we were granted the right to use and sublicense the trademarks for 50 years. The license may be terminated for our default; however, the license agreement specifies that if it is ever terminated, your franchise rights will remain unaffected. The terms and provisions of the license agreement cannot be modified without written authorization from both parties.

Registered Trademarks

The following trademarks, service marks, trade names, logotypes or other commercial symbols listed below are registered or have been filed for registration with the United States Patent and Trademark Office on the Principal Register, or they have not been registered, and we claim common rights in them. All required affidavits and renewals have been filed.

Registration/ Serial Number	Word or Design Mark	Class	Registry	Registration/ Filing Date	Status
6,754,110	SWIG (word mark)	Class 30, 35	Principal	June 7, 2022	Active Cancellation filed by Prime Ventures with the Trademark Trial and Appeal Board on February 16, 2024
6,754,246	 (composite mark)	Class 30	Principal	June 7, 2022	Active
6,751,945	SWIG N' SWEETS (word mark)	Class 35	Principal	June 7, 2022	Active Cancellation filed by Prime Ventures with the Trademark Trial and Appeal Board on February 16, 2024
97/518566	DIRTY SODA (word mark)	Class 32	Principal	July 25, 2022	Pending; office action response due March 14, 2023 filed April 1, 2024
90/894,997	SWIG (word mark)	Class 43	Principal	August 20, 2021	Suspended; pending review of prior filed application
90/894,976	 (composite mark)	Class 35	Principal	August 20, 2021	Suspended; pending review of prior filed application
90/894,949		Class 43	Principal	August 20, 2021	Suspended; pending review of prior filed application

	(composite mark)				
7,045,100	SHARK ATTACK	Class 32	Supplemental	May 2, 2023	Registered on Supplemental Register
97/153079	STRAWBERRY BREEZE	Class 32	Principal	December 2, 2021	Suspended; pending review of prior filed applications
6,943,551		Class 16	Principal	January 3, 2023	Registered
6,941,828	THE FOUNDER	Class 32	Principal	January 2, 2023	Registered
97/153061	RASPBERRY DREAM	Class 32	Principal	December 2, 2021	Suspended; pending review of prior filed application
7,258,188		Class 21	Principal	January 2, 2024	Registered
90/742635	DIRTY	Class 32	Principal	May 28, 2021	Suspended; pending review of prior filed application
6,941,821	BEACH BABE	Class 32	Principal	January 3, 2023	Registered
98/396537	SWIG UTAH'S NUMBER ONE SODA SHOP	Class 35	Principal	February 7, 2024	Pending
97/656081	HOME OF THE ORIGINAL DIRTY SODA	Class 35	Principal	October 31, 2022	Pending; Office Action Response due April 30, 2024

Although we have a registered trademark for the SWIG word mark, we do not have a federal registration for our principal logo/design mark trademark, in certain classes. Therefore, our trademark does not have as 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.

Registered Domain Names

We have registered, among others, the following Uniform Resource Locators (domain names): swigdrinks.com, swignsweets.com, and savethecups.org. You may not register or own a domain name, social media account, email account, etc., using our trademark or any derivative of our trademark in a domain name, and you may not create or register any domain name, social media, email, etc., in connection with your franchise business or the franchise system without our prior written permission.

Use of the Trademark

You must use all trademarks in strict compliance with our manuals and the Swig™ system. You must promptly modify or discontinue the use of a trademark at your cost if we modify or discontinue it. You have no rights to compensation or otherwise under the franchise agreement if we require you to modify or discontinue using a trademark. You cannot make application for registration for any of our marks, or for any derivation of our marks. You cannot use the name “Swig” as part of your corporate name, but you must use the name Swig as part of an assumed business name or dba (“doing business as”) registered with the applicable governmental authority. This use is non-exclusive. You cannot make application for registration or other protection of Swig™ names, derivatives or any other trademark used by us.

You may only use the trademarks with the letters “TM” or “SM” or “®” as appropriate. You cannot use any trademark in the sale of any unauthorized product or service. You cannot use any other trademark as part of your franchise business that is not affiliated with us or approved by us. You must follow all security procedures required by us ~~for maintaining~~to maintain the secrecy of proprietary information.

Government Determinations Regarding the Trademarks

~~There~~Other than the cancellation proceeding described below, there are presently no effective determinations by the United States Patent and Trademark Office, Trademark Trial and Appeal Board, the trademark administrator of any state or any court or pending interference, opposition or cancellation proceeding, or pending material litigation involving the trademarks. There are no agreements currently in effect that significantly limit our rights to use or license the use of the trademarks.

Superior Prior Rights

Although several of our trademark applications have been suspended due to prior trademark applications, one application has been abandoned, and we do not believe the remaining companies have superior rights or that we will not be awarded federal trademark registration. We are unaware of any superior rights that could materially affect your use of the trademarks in your territory.

Infringing Uses

We are aware of a few companies using the Swig name. These companies include a restaurant in Perrysberg, Ohio, owned by Prime Ventures, a service station in Utah called Holiday Oil, and an online company that sells tumblers. ~~Each~~

It is our understanding that Prime Ventures only operates one restaurant in Perrysburg, Ohio although they claim to supposedly also have use elsewhere. However, we have not been sent a ceaseable to confirm any other use. They also claim that they commenced use of the mark in Ohio in January 2009. Prime Ventures has filed cancellation actions against our SWIG mark at the Trademark Trial and desist letter, Appeal Board on February 16, 2024. We are vigorously defending such action and we will take are also contemplating additional legal action if necessary- actions to be taken against Prime Ventures as appropriate. Discovery with the Trademark Trial and Appeal Board will commence on May 1, 2024.

We have entered into mutual use agreements with the other 2 companies allowing us (and our franchisees) and them to continue to use the name "Swig" based on their previous use.

Aside from these ~~two~~3 companies, we are not aware of any infringing uses of the trademarks that could materially affect your use of the trademarks in your territory.

Protection Against Infringement

You are obligated to immediately notify us when you learn about an infringement of or challenge to your use of our trademarks. We will have the discretion to take the action we deem appropriate.

We are not obligated to protect any rights that you have to use the trademarks or to protect you against claims of infringement or unfair competition. You are given the right to protect yourself, at your sole cost, from any of these claims if we elect not to prosecute the claim of infringement or unfair competition; however, we have the right to control any administrative proceedings or litigation involving the trademarks, and you will proceed in strict coordination and oversight by us. You may not act contrary to our rights in the marks. We are not required to defend or indemnify you for expenses or damages if you are party to an administrative or judicial proceeding involving the licensed trademark.

You may not contest, directly or indirectly, our right and interest in our trademarks, names or service marks, trade secrets, methods, and procedures that are part of our business. Any goodwill associated with the trademarks or system belongs to us.

ITEM 14 PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

Patents

You do not receive the right to use an item covered by a patent, and we do not have any pending patent applications with the United States Patent and Trademark Office. We do not own rights to, or licenses in, any patent that is material to the franchise system.

Copyrights

We have not registered our manuals with the United States Copyright Office, but we claim a copyright and consider the information proprietary, and we, or our parent, or an affiliate, claim protected trade secrets and copyrights in parts of our franchise system.

We claim other copyrights in sales literature and marketing materials that we or our franchisees develop for our use and for use by our franchisees, and your use of these materials will be limited to the uses required or allowed by us. We or an affiliate may develop software or apps. ~~In such cases~~ if so, we claim copyright protection on all such items.

You must modify or discontinue the use of any copyright, at your cost, if we modify or discontinue it, ~~in~~ at our reasonable discretion.

Proprietary Information

You can use the proprietary information in our manuals in connection with the system and as authorized by us ~~and only during the term of your franchise agreement~~. The manuals may not be copied. The manuals must be returned to us or permanently deleted by you upon termination of your franchise agreement. Portions of the “system,” including certain processes, recipes, customer lists, etc., are a trade secret or confidential and proprietary to us.

With regards to our proprietary information, the franchise agreement also provides that you will: (a) strictly follow all confidential security procedures required by us; (b) disclose this information to your employees only as needed to market our products and services; (c) not use this information in any other business; (d) exercise the highest degree of diligence to maintain this information as confidential; and (e) promptly notify us if you learn of any unauthorized use of our trade name, trade secrets or proprietary information. Your use of our proprietary information is limited to the uses required or allowed by us.

Protection Against Infringement

You must also promptly tell us when you learn about unauthorized use of our copyrights, manuals, and any other proprietary information. We are not obligated to take any action but will respond to this information as we believe appropriate. We have the right to control any administrative proceedings or litigation.

We are not required to defend or indemnify you for any damages from any proceeding based on patents or copyright. You are given the right to protect yourself, at your sole cost, from any of these claims if we elect not to prosecute the claim of infringement or unfair competition; however, we have the right to control any administrative proceedings or litigation involving the patents or copyrights, and you will proceed in strict coordination and oversight by us. You may not act contrary to our rights in the patents or copyrights.

Agreements Regarding Patents, Copyrights, and Other Intellectual Property

Under a license agreement entered into between Savory Swig Stores, LLC and us in 2022, we were granted the right to use and sublicense the Swig® intellectual property for 50 years. The license may be terminated for our default; however, the license agreement specifies that if it is ever terminated, your franchise rights will remain unaffected. The terms and provisions of the license agreement cannot be modified without written authorization from both parties.

Improvements to the System

Any improvements you make to the system will be owned by us and considered a “work-made-for-hire” or will otherwise be assigned to us.

Superior Prior Rights

We are unaware of any superior rights that could materially affect your use of the copyrights or patents in your territory.

Infringing Uses

We are unaware of any infringing uses of the trademarks that could materially affect your use of the copyrights or patents in your territory.

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

On-Premises Supervision

We recommend but do not require on-premises supervision by your operating principal.

Participation by Your Operating Principal

Your operating principal must personally participate in the supervision of the franchise business, but unless your operating principal will act as the full time manager of the franchise business, your operating principal is not required to work a certain or minimum number of hours. However, your operating principal must work sufficient hours to supervise your managers to maintain sufficient inventory, supplies, and materials, and employ adequate personnel in order to operate the franchise business at maximum capacity and efficiency. You must have at least one shift lead on-site during regular business hours. A shift lead is an employee that has been trained and appointed to act as the manager when a manager is not on site.

Your operating principal must conduct frequent inspections of the franchise business to ensure the highest standards of professionalism, cleanliness and a general pleasant appearance, and compliance with our approved methods.

Although and although we do not require your operating principal to be involved in the day-to-day on-premises management, your operating principal is required to participate in your franchise business as follows: i) be directly responsible for all accounting, reporting, bookkeeping, and all financial components of the franchise business, ii) attend and complete all required training and ongoing training courses, iii) attend any annual or special meetings of franchisees, iv) be directly

involved with site selection, construction, remodeling, and v) be directly involved in all personnel decisions affecting the franchise business.

Who Must Attend and Successfully Complete Training

Your operating principal must attend and successfully complete our initial training program.

Restrictions on the On-Premises Supervisor

We do not put a limitation on whom you can hire as your on-premises supervisor. Your on-premises supervisor is not required to have an equity interest in the franchise business.

No Competing Enterprises

Neither you, your operating principal, nor your management employees can have an interest in or business relationship with any competing business during the term of the franchise agreement and must keep free from activities that would be detrimental to or interfere with the operation of your franchise business or detrimental to the franchise system. You, your partners, directors, members, shareholders, and operating principal must sign our standard principal brand protection agreement agreeing to protect and keep confidential our trade secrets and confidential information and to conform with the covenants not to compete described in Item 17 (see franchise agreement, exhibit A-4). Your employees will also be required to sign a confidentiality agreement, and that agreement also imposes certain non-competition restrictions on management employees. Some states may impose certain restrictions on non-competition agreements. We provide you this form, but it is your responsibility to conform it to the laws and regulations of your state (see franchise agreement, exhibit A-5).

Required Operations

You must operate the franchise business 7 days per week, at the hours designated by us and consistent with our brand.

Personal Guarantees

Any individual who owns a 5% or greater interest in the franchise business must personally guarantee the performance of all your obligations under the franchise agreement and agree to be personally bound by, and liable for, the breach of every provision of the franchise agreement.

ITEM 16 RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

We do not currently have any restrictions or conditions that limit access to customers to frequenting your place of business. However, you are not permitted to market in another franchisee's territory. No product or service may be added to, altered, or discontinued by your franchise business unless it is first approved by us in writing. You must offer all products and services required by us. We reserve the right to add, modify, or delete products and/or services that you may offer. There are no limits on

our right to do so. You must strictly follow our policies, procedures, specifications, methods, and techniques concerning all of our products and services.

With our prior written approval, you may be able to offer additional services and products that are unique to your area in an effort to blend in with your community.

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

THE FRANCHISE RELATIONSHIP

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.

	Provision	Section in Franchise or other Agreement	Summary
a.	Length of the franchise term	Section 2.1	The term is 10 years. The franchise term will begin upon signing the franchise agreement and be extended to coincide with your lease agreement for the premises, so long as the lease agreement is for approximately 10 years.
b.	Renewal or extension of the term	Section 2.2	If you are in good standing at the end of the franchise term, you can enter into a new successor franchise agreement for an additional term of 10 years. Your successor agreement will also provide an option to enter into a subsequent successor franchise agreement.
c.	Requirements for franchisee to renew or extend	Section 2.2	<p>In order to renew, you must, among other things, not be in default, pay a successor franchise fee, modernize your franchise business to the then-current standards, sign the then-current successor franchise agreement, and sign a release (subject to state law).</p> <p>When renewing, you may be asked to sign a contract with materially different terms and conditions than your original contract. You are required to give us notice of your intent to renew between 6 and 12 months prior to the expiration of your franchise agreement. (Subject (subject to state law).</p> <p><u>If at the time for renewal we are not offering franchises in the US or cannot by</u></p>

			<u>law offer a renewal franchise to you, your existing franchise agreement will be extended for a one-year period. If, at the end of the one-year extension we still are not or cannot offer a renewal franchise to you, the franchise agreement will automatically expire, and you will not have any further renewal or extension rights.</u>
d.	Termination by franchisee	Section 11.4	There are no provisions in the franchise agreement that permit you to terminate the franchise agreement. As permitted by state law.
e.	Termination by franchisor without cause	Section 11.1	We must have cause to terminate the franchise agreement.
f.	Termination by franchisor with cause	Section 11.1	We can terminate if you materially breach and fail to cure. There are certain breaches for which we can terminate without giving you an opportunity to cure. (See (h) below).
g.	"Cause" defined – curable defaults	Paragraphs 11.1 A-M	You have 24 hours to 30 days to cure certain material defaults of the franchise agreement.
h.	"Cause" defined - non-curable defaults	Paragraphs 11.1 Q-UN-V	Non-curable defaults include conviction of a felony, fraud, repeated defaults even if cured, harm or threat of harm to the public, abandonment, trademark misuse, etc.
i.	Franchisee's obligations on termination/non-renewal	Section 12.1	Obligations include complete de-identification, payment of amounts due, compliance with the brand protection agreement, etc. (See also (r) below).
j.	Assignment of contract by franchisor	Section 14.1	There are no restrictions on our right to assign.
k.	"Transfer" by franchisee - defined	Section 14.2	The definition of transfer by you includes the assignment and transfer of contracts, security interests, ownership change, the sale of substantially all of your assets, etc.
l.	Franchisor approval of transfer by franchisee	Section 14.2	We must approve all transfers, but we will not unreasonably withhold our approval.
m.	Conditions for franchisor approval of transfer	Sections 14.3 - 14.8	Conditions to transfer include: you are not in default, all fees are current, new franchisee qualifies, transfer and training fees are paid, purchase agreement is approved, training for the new transferee arranged, new franchisee signs the then-current franchise agreement, a release is signed by you, etc. You must also

			coordinate with the transferee to ensure coverage at the location during the transferee's initial training. These conditions are subject to state law. (See state specific addenda).
n.	Franchisor's right of first refusal to acquire franchisee's business	Section 14.9	We can match any offer for your franchise business or business assets within 90 days of written notice to us of the offer.
o.	Franchisor's option to purchase franchisee's business	Section 13.1	Upon termination or expiration of the franchise agreement, we can elect to buy all or part of your business assets at fair market value within 90 days.
p.	Death or disability of franchisee	Section 14.10	Within 160 <u>180</u> days of death or disability of your majority owner your <u>a</u> personal representative must be approved, and a new manager must be trained, if applicable, or <u>the</u> franchise must be assigned to an approved buyer. We have the right to operate your franchise business until a trained manager is in place. You will be charged our interim management fee, plus our costs, for us to manage your franchise business during this time. You will also be responsible for royalties and other fees during the time of our operation.
q.	Non-competition covenants during the term of the franchise	Section 16.1	No involvement in a competing business anywhere without our written consent. Non-competition provisions are subject to state law.
r.	Non-competition covenants after the franchise is terminated, transferred or expires	Sections 16.3 – 16.4	No competing business for 3 years within your former territory, or within 25 miles of your territory, or within 15 miles of any other Swig™ franchise, company or affiliate owned Swig™ business (including after assignment). If you compete within the time <u>restrictive</u> period, then this non-compete time period will be tolled for the period of your competition. Non-competition provisions are subject to state law. For a period of 3 years from termination, transfer, or expiration of your franchise agreement, you cannot divert or attempt to

			divert any business or customer from us, an affiliate, or our franchisees or injure our goodwill.
s.	Modification of the agreement	Section 20.11	Modifications must be made in writing and signed by both parties, but policies and procedures are subject to change by us.
t.	Integration/merger clause	Section 20.10	Only the terms of the franchise agreement are binding (subject to state law). All representations and promises outside the disclosure document and franchise agreement may not be enforceable. No provision in the franchise agreement is intended to disclaim the express representations made in this franchise disclosure document. Any representations or promises made outside of the franchise disclosure document and other agreements may not be enforceable.
u.	Dispute resolution by arbitration or mediation	Section 17.2	Except for certain claims, for all disputes, there must be a face-to-face meeting, mediation and arbitration. (See state specific addenda).
v.	Choice of forum	Sections 17.2 and 19.2	All dispute resolution must be held in Utah County or Salt Lake County, Utah or the county where our then-current headquarters is located. (Subject to state law).
w.	Choice of Law	Sections 19.1 and 19.5	Utah law, the Federal Arbitration Act, and the United States Trademark Act apply. (Subject to applicable state law).

THE FRANCHISE RELATIONSHIP

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

Area Development Agreement

	Provision	Area Development Agreement	Summary
a.	Length of the Area Development Agreement	Section 2.1 & Exhibit B	The term is depends on the negotiated development period generally from 5 to 10 years <u>number of units you will develop.</u>
b.	Renewal or extension of the term	Not Applicable	

c.	Requirements for developer to renew or extend	Not Applicable	
d.	Termination by developer	Not Applicable	Rights to terminate are subject to state law.
e.	Termination by franchisor without cause	Not Applicable	We must have cause to terminate the area development agreement.
f.	Termination by franchisor with cause	Section 9.1	We can terminate only if you are in default of your agreement.
g.	"Cause" defined – curable defaults	Section Paragraph 9.1.2 and 9.1.3	You have 45 days to cure a development schedule default and 30 days to cure certain other material defaults of the area development agreement.
h.	"Cause" defined – non-curable defaults	Article Paragraph 9.1.1	Non-curable defaults: insolvency, repeated defaults even if cured, abandonment, and termination of any of your franchise agreements, etc.
i.	Developer's obligations on termination/non-renewal	Article 10	In the event we terminate your area development agreement, you may continue to own and operate all units that you have developed and that are in compliance and not in default and each unit continues to faithfully perform the terms of each franchise agreement. Additionally, you will no longer have any exclusive development rights in your area, but for up to 5 years, you may develop any undeveloped units for which you have already paid the initial franchise fee in full, subject to available territories.
j.	Assignment of contract by franchisor	Article 11	No restrictions on our right to assign including merger with, acquisition by, or sale to a competing company.
k.	"Transfer" by developer - defined	Article 11	Includes assignment and transfer of contracts, security interests and ownership change.
l.	Franchisor approval of transfer by developer	Article 11	We have the right to approve all transfers, but we will not unreasonably withhold approval.
m.	Conditions for franchisor approval of transfer	Article 11	You are not in default, the transferee is trained and signs the then-current area development agreement, and a release signed by you.

n.	Franchisor's right of first refusal to acquire developer's business	Article 11	We can match any offer for your area development business within 90 days of written notice to us of the offer.
o.	Franchisor's option to purchase franchisee's business	Article 11	
p.	Death or disability of developer	Article 12	The heirs or <u>an approved</u> personal representative will have the right to continue to fulfill the area developer's obligations under the agreement; provided that a personal representative approved <u>or, Otherwise, the</u> area development agreement must be assigned to approved buyer within 160 days.
q.	Non-competition covenants during the term of the Area Development Agreement	Article 12	No involvement in a competing business. Non-competition provisions are subject to state law.
r.	Non-competition covenants after the developer is terminated, transferred or expires	Article 12	No competing business for 3 years within 25 miles of your development area or within 15 miles of another then-existing Swig™ franchise or company or affiliate owned business (including after assignment). If you compete within the <u>restricted</u> time period, then this non-compete time period will be tolled for the period of your competition. Non-competition provisions are subject to state law. For a period of 3 years from termination, transfer, or expiration of your <u>franchise area development</u> agreement, you cannot divert or attempt to divert any business or customer from us, an affiliate, or our franchisees or injure our goodwill.
s.	Modification of the agreement	Article 12	Modifications must be made in writing and signed by both parties; policies and procedures are subject to change by us.
t.	Integration / merger clause	Article 12	Only the terms of the area development agreement are binding (subject to state law). All representations and promises outside the disclosure document and <u>multi-unit area</u> development agreement may not be enforceable. No provision in <u>any franchise the area development</u>

			agreement is intended to disclaim the express representations made in this franchise disclosure document.
u.	Dispute resolution by arbitration or mediation	Article 12	Except for certain claims, for all disputes, there must be a face-to-face meeting, mediation, and arbitration. (See state specific addenda).
v.	Choice of forum	Article 12	Arbitration must be in Utah County or Salt Lake County, Utah. Litigation, if any, must be in Utah County or Salt Lake County, Utah. (Subject to state law – see state specific addenda).
w.	Choice of Law	Article 12	Utah law, the Federal Arbitration Act and the United States Trademark Act apply. (Subject to state law – see state specific addenda).

**ITEM 18
PUBLIC FIGURES**

We do not use any public figure to promote our franchise.

**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 territory 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 territory or under particular circumstances.

The following tables provide an historical representation of our affiliate owned stores that operated for all of 2022 and 2023. For the 2022 tables, they represent our 36 of the 37 traditional affiliate owned stores that operated from January 1, 2022 to December 31, 2022. One of our affiliate’s 37 stores is a non-traditional outlet and is located insideFor the 2023 tables, they represent our 45 traditional affiliate owned stores that operated from January 1, 2023 to December 31, 2023.

We did not have any franchise stores that operated for all of a grocery store 2023, so we have not included ~~its~~any franchisee numbers in the tables below or in separate tables.

[See following page for the first set of tables]

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**2022 Company Owned Stores
(Annual Net Sales by Quartile)**

The below table represents an historic financial representation of our affiliate owned stores from January 1, 2022 to December 31, 2022. This table ranks the stores by annual net sales.

Quartile	Swig Store Performance	Store Count	Annual Net Sales			
			Maximum	Average	Median	Minimum
75-100	Top 25%	9	\$1,514,088	\$1,310,952	\$1,298,272	\$1,174,548
50-74	Upper Mid 25%	9	\$1,096,031	\$989,529	\$988,051	\$896,106
26-49	Lower Mid 25%	9	\$893,921	\$841,023	\$832,512	\$773,193
1-25	Bottom 25%	9	\$709,935	\$659,421	\$664,845	\$596,954

**2023 Company Owned Stores
(Annual Net Sales by Quartile)**

The below table represents an historic financial representation of our affiliate owned stores from January 1, 2023 to December 31, 2023. This table ranks the stores by annual net sales.

Quartile	Swig Store Performance	Store Count	Annual Net Sales			
			Maximum	Average	Median	Minimum
<u>75-100</u>	<u>Top 25%</u>	<u>11</u>	<u>\$1,652,121</u>	<u>\$1,336,993</u>	<u>\$1,322,075</u>	<u>\$1,188,607</u>
<u>50-74</u>	<u>Upper Mid 25%</u>	<u>12</u>	<u>\$1,184,116</u>	<u>\$1,086,711</u>	<u>\$1,085,914</u>	<u>\$999,181</u>
<u>26-49</u>	<u>Lower Mid 25%</u>	<u>12</u>	<u>\$998,664</u>	<u>\$876,067</u>	<u>\$864,181</u>	<u>\$803,873</u>
<u>1-25</u>	<u>Bottom 25%</u>	<u>12</u>	<u>\$773,760</u>	<u>\$717,089</u>	<u>\$732,035</u>	<u>\$574,553</u>

[\[See following page for the next set of tables\]](#)

**2022 Company Owned Stores
(Annual COGS by Quartile)**

The below table represents an historic financial representation of our affiliate owned stores from January 1, 2022 to December 31, 2022. This table ranks the stores by cost of goods sold. The columns for maximum, average, median, and minimum in the below table are based on percentages of net sales.

Quartile	Swig Store Performance	Store Count	Cost of Goods Sold			
			Maximum	Average	Median	Minimum
75-100	Top 25%	9	37.3%	35.0%	34.6%	33.8%
50-74	Upper Mid 25%	9	36.7%	35.1%	35.2%	33.9%
26-49	Lower Mid 25%	9	37.6%	36.0%	36.1%	34.3%
1-25	Bottom 25%	9	38.4%	36.4%	36.6%	34.8%

**2023 Company Owned Stores
(Annual COGS by Quartile)**

The below table represents an historic financial representation of our affiliate owned stores from January 1, 2023 to December 31, 2023. This table ranks the stores by cost of goods sold. The columns for maximum, average, median, and minimum in the below table are based on percentages of net sales.

Quartile	Swig Store Performance	Store Count	Cost of Goods Sold			
			Maximum	Average	Median	Minimum
<u>75-100</u>	<u>Top 25%</u>	<u>11</u>	<u>34.6%</u>	<u>30.9%</u>	<u>30.9%</u>	<u>29.0%</u>
<u>50-74</u>	<u>Upper Mid 25%</u>	<u>12</u>	<u>32.9%</u>	<u>30.9%</u>	<u>30.7%</u>	<u>29.8%</u>
<u>26-49</u>	<u>Lower Mid 25%</u>	<u>12</u>	<u>34.3%</u>	<u>31.6%</u>	<u>31.8%</u>	<u>28.7%</u>
<u>1-25</u>	<u>Bottom 25%</u>	<u>12</u>	<u>36.1%</u>	<u>31.5%</u>	<u>31.7%</u>	<u>26.9%</u>

[\[See following page for the next set of tables\]](#)

2022 Company Owned Stores
(Annual Labor Costs by Quartile)

The below table represents an historic financial representation of our affiliate owned stores from January 1, 2022 to December 31, 2022. This table ranks the stores by labor costs. The columns for maximum, average, median, and minimum in the below table are based on percentages of net sales.

Quartile	Swig Store Performance	Store Count	Labor Costs			
			Maximum	Average	Median	Minimum
75-100	Top 25%	9	25.0%	23.4%	23.2%	22.3%
50-74	Upper Mid 25%	9	29.7%	25.7%	25.0%	23.3%
26-49	Lower Mid 25%	9	28.4%	25.6%	26.0%	23.5%
1-25	Bottom 25%	9	30.0%	27.5%	27.4%	25.2%

2023 Company Owned Stores
(Annual Labor Costs by Quartile)

The below table represents an historic financial representation of our affiliate owned stores from January 1, 2023 to December 31, 2023. This table ranks the stores by labor costs. The columns for maximum, average, median, and minimum in the below table are based on percentages of net sales.

Quartile	Swig Store Performance	Store Count	Labor Costs			
			Maximum	Average	Median	Minimum
<u>75-100</u>	<u>Top 25%</u>	<u>11</u>	<u>26.5%</u>	<u>23.4%</u>	<u>23.5%</u>	<u>21.1%</u>
<u>50-74</u>	<u>Upper Mid 25%</u>	<u>12</u>	<u>27.7%</u>	<u>23.7%</u>	<u>23.3%</u>	<u>21.7%</u>
<u>26-49</u>	<u>Lower Mid 25%</u>	<u>12</u>	<u>26.9%</u>	<u>25.3%</u>	<u>25.7%</u>	<u>23.3%</u>
<u>1-25</u>	<u>Bottom 25%</u>	<u>12</u>	<u>30.5%</u>	<u>26.7%</u>	<u>26.2%</u>	<u>25.2%</u>

[\[See following page for the next set of tables\]](#)

**2022 Company Owned Stores
(Annual Occupancy by Quartile)**

The below table represents an historic financial representation of our affiliate owned stores from January 1, 2022 to December 31, 2022. This table ranks the stores by occupancy. The columns for maximum, average, median, and minimum in the below table are based on percentages of net sales.

Quartile	Swig Store Performance	Store Count	Occupancy			
			Maximum	Average	Median	Minimum
75-100	Top 25%	9	5.8%	3.9%	3.9%	1.7%
50-74	Upper Mid 25%	10	9.0%	5.4%	5.0%	4.4%
26-49	Lower Mid 25%	9	7.3%	5.5%	5.8%	3.0%
1-25	Bottom 25%	10	9.3%	6.8%	7.2%	3.6%

**2023 Company Owned Stores
(Annual Occupancy by Quartile)**

The below table represents an historic financial representation of our affiliate owned stores from January 1, 2023 to December 31, 2023. This table ranks the stores by occupancy. The columns for maximum, average, median, and minimum in the below table are based on percentages of net sales.

Quartile	Swig Store Performance	Store Count	Occupancy			
			Maximum	Average	Median	Minimum
<u>75-100</u>	<u>Top 25%</u>	<u>11</u>	<u>6.8%</u>	<u>4.6%</u>	<u>4.8%</u>	<u>2.5%</u>
<u>50-74</u>	<u>Upper Mid 25%</u>	<u>12</u>	<u>8.1%</u>	<u>5.3%</u>	<u>5.1%</u>	<u>3.9%</u>
<u>26-49</u>	<u>Lower Mid 25%</u>	<u>12</u>	<u>8.8%</u>	<u>5.8%</u>	<u>5.5%</u>	<u>3.6%</u>
<u>1-25</u>	<u>Bottom 25%</u>	<u>12</u>	<u>14.4%</u>	<u>7.4%</u>	<u>6.7%</u>	<u>3.5%</u>

[See following page for the next set of tables]

**2022 Company Owned Stores
(Annual OPEX by Quartile)**

The below table represents an historic financial representation of our affiliate owned stores from January 1, 2022 to December 31, 2022. This table ranks the stores by operating expenses. The columns for maximum, average, median, and minimum in the below table are based on percentages of net sales.

Quartile	Swig Store Performance	Store Count	Operating Expenses			
			Maximum	Average	Median	Minimum
75-100	Top 25%	9	14.4%	11.1%	11.0%	9.3%
50-74	Upper Mid 25%	9	12.9%	11.3%	11.5%	9.6%
26-49	Lower Mid 25%	9	17.4%	13.0%	12.1%	11.3%
1-25	Bottom 25%	9	20.7%	14.9%	13.9%	12.1%

**2023 Company Owned Stores
(Annual OPEX by Quartile)**

The below table represents an historic financial representation of our affiliate owned stores from January 1, 2023 to December 31, 2023. This table ranks the stores by operating expenses. The columns for maximum, average, median, and minimum in the below table are based on percentages of net sales.

Quartile	Swig Store Performance	Store Count	Operating Expenses			
			Maximum	Average	Median	Minimum
<u>75-100</u>	<u>Top 25%</u>	<u>11</u>	<u>15.0%</u>	<u>11.7%</u>	<u>11.6%</u>	<u>10.1%</u>
<u>50-74</u>	<u>Upper Mid 25%</u>	<u>12</u>	<u>15.2%</u>	<u>12.5%</u>	<u>12.4%</u>	<u>9.8%</u>
<u>26-49</u>	<u>Lower Mid 25%</u>	<u>12</u>	<u>19.9%</u>	<u>14.2%</u>	<u>13.5%</u>	<u>10.9%</u>
<u>1-25</u>	<u>Bottom 25%</u>	<u>12</u>	<u>18.9%</u>	<u>14.5%</u>	<u>14.1%</u>	<u>11.6%</u>

[\[See following page for the next set of tables\]](#)

**2022 Company Owned Stores
(Store Level EBITDA by Quartile)**

The below table represents an historic financial representation of our affiliate owned stores from January 1, 2022 to December 31, 2022. This table ranks the stores by store level EBITDA. The columns for maximum, average, median, and minimum in the below table are based on percentages of net sales.

Quartile	Swig Store Performance	Store Count	Annual Store Level EBITDA (SLEBITDA %)			
			Maximum	Average	Median	Minimum
75-100	Top 25%	9	30.7%	26.7%	26.9%	22.3%
50-74	Upper Mid 25%	9	27.7%	22.4%	22.7%	19.2%
26-49	Lower Mid 25%	9	24.4%	20.4%	19.7%	17.5%
1-25	Bottom 25%	9	20.8%	15.0%	13.9%	12.2%

**2023 Company Owned Stores
(Store Level EBITDA by Quartile)**

The below table represents an historic financial representation of our affiliate owned stores from January 1, 2023 to December 31, 2023. This table ranks the stores by store level EBITDA. The columns for maximum, average, median, and minimum in the below table are based on percentages of net sales.

Quartile	Swig Store Performance	Store Count	Annual Store Level EBITDA (SLEBITDA %)			
			Maximum	Average	Median	Minimum
<u>75-100</u>	<u>Top 25%</u>	<u>11</u>	<u>36.4%</u>	<u>29.3%</u>	<u>27.9%</u>	<u>25.2%</u>
<u>50-74</u>	<u>Upper Mid 25%</u>	<u>12</u>	<u>32.6%</u>	<u>27.6%</u>	<u>27.4%</u>	<u>23.6%</u>
<u>26-49</u>	<u>Lower Mid 25%</u>	<u>12</u>	<u>30.8%</u>	<u>23.1%</u>	<u>22.6%</u>	<u>18.1%</u>
<u>1-25</u>	<u>Bottom 25%</u>	<u>12</u>	<u>26.8%</u>	<u>19.9%</u>	<u>22.3%</u>	<u>3.3%</u>

[See following page for the next set of tables]

2022 Company Owned Stores
(Store Level EBITDA by Quartile – Franchisee Adjusted)

The below table represents an historic financial representation of our affiliate owned stores from January 1, 2022 to December 31, 2022. This table ranks the stores by store level EBITDA but has been adjusted to account for royalties (7%) and marketing fund contributions (2%) that would have been paid had these affiliate owned stores been franchised units.

Technology fees paid by franchisees are similar to the costs paid by company locations for those technologies, so no adjustment was needed for franchisees. The columns for maximum, average, median, and minimum in the below table are based on percentages of net sales.

Quartile	Swig Store Performance	Store Count	Annual Store Level EBITDA (SLEBITDA %)			
			Maximum	Average	Median	Minimum
<u>75-100</u>	<u>Top 25%</u>	<u>9</u>	<u>21.7%</u>	<u>17.7%</u>	<u>17.9%</u>	<u>13.3%</u>
<u>50-74</u>	<u>Upper Mid 25%</u>	<u>9</u>	<u>18.7%</u>	<u>13.4%</u>	<u>13.7%</u>	<u>10.2%</u>
<u>26-49</u>	<u>Lower Mid 25%</u>	<u>9</u>	<u>15.4%</u>	<u>11.4%</u>	<u>10.7%</u>	<u>8.5%</u>
<u>1-25</u>	<u>Bottom 25%</u>	<u>9</u>	<u>11.8%</u>	<u>5.2%</u>	<u>6.1%</u>	<u>-3.6%</u>

2023 Company Owned Stores
(Store Level EBITDA by Quartile – Franchisee Adjusted)

The below table represents an historic financial representation of our affiliate owned stores from January 1, 2023 to December 31, 2023. This table ranks the stores by store level EBITDA but has been adjusted to account for royalties (7%) and marketing fund contributions (2%) that would have been paid had these affiliate owned stores been franchised units.

Technology fees paid by franchisees are similar to the costs paid by company locations for those technologies, so no adjustment was needed for franchisees. The columns for maximum, average, median, and minimum in the below table are based on percentages of net sales.

Quartile	Swig Store Performance	Store Count	Annual Store Level EBITDA (SLEBITDA %)			
			Maximum	Average	Median	Minimum
<u>75-100</u>	<u>Top 25%</u>	<u>11</u>	<u>27.4%</u>	<u>20.3%</u>	<u>18.9%</u>	<u>16.2%</u>
<u>50-74</u>	<u>Upper Mid 25%</u>	<u>12</u>	<u>23.6%</u>	<u>18.6%</u>	<u>18.4%</u>	<u>14.6%</u>
<u>26-49</u>	<u>Lower Mid 25%</u>	<u>12</u>	<u>21.8%</u>	<u>14.1%</u>	<u>13.6%</u>	<u>9.1%</u>
<u>1-25</u>	<u>Bottom 25%</u>	<u>12</u>	<u>17.8%</u>	<u>10.9%</u>	<u>13.3%</u>	<u>-5.7%</u>

[See following page for the next set of tables]

			2022			
Quartile	Swig Store Performance	Store Count	Annual Store Level EBITDA (SLEBITDA %)			
			Maximum	Average	Median	Minimum
75-100	Top 25%	9	21.7%	17.7%	17.9%	13.3%
50-74	Upper Mid 25%	9	18.7%	13.4%	13.7%	10.2%
26-49	Lower Mid 25%	9	15.4%	11.4%	10.7%	8.5%
1-25	Bottom 25%	9	11.8%	5.2%	6.1%	-3.6%

**Company Owned Stores
(Annual Net Sales Store Level EBITDA)**

The below table represents an historic financial representation of our best and worst affiliate owned stores from January 1, 2022 to December 31, 2022. This table ranks the stores by net sales and store level EBITDA. The percentages are based on percentages of net sales.

	Annual Net Sales	Annual SLEBITDA%	Franchisee Adjusted SLEBITDA %
Best Performing Store	\$1,514,088	30.7%	21.7%
Worst Performing Store	\$596,954	5.4%	-3.6%

**2023 Company Owned Stores
(Annual Net Sales Store Level EBITDA)**

The below table represents an historic financial representation of our best and worst affiliate owned stores from January 1, 2023 to December 31, 2023. This table ranks the stores by net sales and store level EBITDA. The percentages are based on percentages of net sales.

	Annual Net Sales	Annual SLEBITDA%	Franchisee Adjusted SLEBITDA %
<u>Best Performing Store</u>	<u>\$1,652,121</u>	<u>36.4%</u>	<u>27.4%</u>
<u>Worst Performing Store</u>	<u>\$574,553</u>	<u>3.3%</u>	<u>-5.7%</u>

[See following page for the next set of tables]

2022 Company Owned Stores
(Annual Net Sales and SLEBITDA By Age)

The below table represents an historic financial representation of our affiliate owned stores net sales and SLEBITDA from January 1, 2022 to December 31, 2022 based on the length of time in operation. The percentages are based on percentages of net sales.

Age Open (in months)	Store Count	Annual Net Sales			Annual SLEBITDA) %		
		Average	Median	Range	Average	Median	Range
>48	18	\$1,056,070	\$1,060,187	\$693,884 - \$1,420,971	23.0%	22.3%	15.8% - 30.7%
25-48	10	\$924,846	\$907,840	\$635,958 - \$1,514,088	21.4%	20.9%	15.6% - 28.6%
13-24	8	\$743,825	\$948,134	\$596,954 - \$948,134	15.8%	14.8%	5.4% - 24.4%

2023 Company Owned Stores
(Annual Net Sales and SLEBITDA By Age)

The below table represents an historic financial representation of our affiliate owned stores net sales and SLEBITDA from January 1, 2023 to December 31, 2023 based on the length of time in operation. The percentages are based on percentages of net sales.

Age Open (in months)	Store Count	Annual Net Sales			Annual SLEBITDA) %		
		Average	Median	Range	Average	Median	Range
>48	19	\$1,124,792	\$1,149,491	\$736,023 - \$1,652,121	26.1%	25.6%	17.8% - 36.4%
25-48	18	\$908,187	\$884,424	\$633,791 - \$1,236,584	24.9%	26.3%	8.1% - 32.5%
13-24	10	\$914,691	\$727,908	\$574,553 - \$1,188,607	22.3%	23.3%	3.3% - 32.6%

Notes

- Net Sales.** The term net sales means the total revenue derived from the sale of goods or services less refunds and discounts.
- SLEBITDA.** SLEBITDA stands for "Store Level EBITDA" and means, with respect to any period, the sum of (without duplication): (a) net income (excluding extraordinary gains and losses); (b) interest expense during such period; (c) federal and state income taxes reported by the applicable entity that are included in the determination of net income during such period; (d) depreciation and amortization during such period; and (e) selling, general and administrative expense; in each case calculated in accordance with generally accepted accounting principles consistently applied.

3. Average. Average means the sum of all data points in a set, divided by the number of data points in that set.

4. Median. Median means the data point that is in the center of all data points used. That number is found by examining the total number of data points and finding the middle number in that set. In the event the number of data points is an odd number, the median will be the center number. If the dataset contains an even number of data points, the median is reached by taking the 2 numbers in the middle, adding them together, and dividing by 2.

5. Unit Characteristics. Each unit offers similar products and services to what our franchisees will offer, and each unit follows the same Swig™ system. Each store is located in urban areas close to suburban neighborhoods.

Some stores have earned this amount. Your individual results may differ. There is no assurance that you will earn as much.

We have written substantiation, in our possession, to support the financial performance representation. Written substantiation for the financial performance representation will be made available to the prospective franchisee upon reasonable request.

See the California addendum to this disclosure document for additional California-specific disclosures and information.

Other than the preceding financial performance representation, Swig Franchising, 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 contact Chase Wardrop at franchise@swigdrinks.com and (480) 334-3918, the Federal Trade Commission, and the appropriate state regulatory agencies.

**ITEM 20
OUTLETS AND FRANCHISEE INFORMATION**

**Table No. 1
Systemwide Outlet Summary
For Years ~~2020~~2021 to ~~2022~~2023**

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2021 2020	0	0	+0
	2021 2022	0	0	+0
	2022 2023	0	0 2	+ 0 2
Company Owned	2021 2020	20 29	29 37	+ 9 8

	2021 2022	2937	3745	+8
	2022 2023	3745	4557	+ 8 12
Total Outlets	2021 2020	2029	2937	+ 98
	2021 2022	2937	3745	+8
	2022 2023	3745	4559	+ 8 14

Table No. 2
Transfers of Outlets from Franchisees to New Owners
(other than the Franchisor)
For Years ~~2020~~2021 to ~~2022~~2023

State	Year	Number of Transfers
Total	2021 2020	0
	2021 2022	0
	2022 2023	0

Table No. 3
Status of Franchised Outlets
For Years ~~2020~~2021 to ~~2022~~2023

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations for Other Reasons	Outlets at End of Year
Total	2020 2021	0	0	0	0	0	0	0
	2021 2022	0	0	0	0	0	0	0
	2022 2023	0	0 1	0	0	0	0	0 1
Idaho	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
Total	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	2	0	0	0	0	2

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Table No. 4
Status of Company-Owned Outlets²
For Years ~~2020~~2021 to ~~2022~~2023

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisees	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of Year
Arizona	2020 2021	3	0	0	0	0	3
	2021 2022	3	0	0	0	0	3
	2022 2023	3	<u>0</u>	0	0	0	<u>3</u>
Idaho	2020 2021	0	<u>0</u>	0	0	0	<u>0</u>
	2022 2021	<u>0</u>	<u>1</u>	0	0	0	1
	2022 2023	1	0	0	0	0	1
Oklahoma	2020 2021	0	<u>0</u>	0	0	0	<u>0</u>
	2022 2021	<u>0</u>	<u>1</u>	0	0	0	<u>1</u>
	2022 2023	<u>1</u>	1	0	0	0	<u>2</u>
Texas	2020 2021	0	0	0	0	0	0
	2022 2021	0	<u>0</u>	0	0	0	<u>0</u>
	2022 2023	<u>0</u>	<u>4</u>	0	0	0	<u>4</u>
Utah	2020 2021	<u>17</u>	<u>26</u>	0	0	0	<u>26</u>
	2021 2022	<u>26</u>	<u>31</u>	0	0	0	<u>31</u>
	2022 2023	<u>31</u>	<u>34</u>	3	0	0	<u>34</u>
Total	2020 2021	<u>20</u>	<u>29</u>	0	0	0	<u>29</u>
	2022 2021	<u>29</u>	<u>37</u>	8	0	0	<u>37</u>
	2022 2023	<u>37</u>	<u>45</u>	0	0	0	<u>45</u>

Table No. 5
Projected Openings as of December 31, ~~2022~~2024

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlet In The Next Fiscal Year	Projected New Company-Owned Outlet In the Next Fiscal Year
Arizona	0	<u>5</u>	<u>1</u>
Arkansas	<u>1</u>	<u>1</u>	<u>0</u>
Florida	<u>0</u>	<u>5</u>	0
Idaho	<u>0</u>	<u>0</u>	<u>1</u>
Georgia Indiana	0	<u>5</u>	0
Kansas	<u>0</u>	<u>5</u>	<u>1</u>
Kentucky	<u>0</u>	<u>1</u>	<u>0</u>

Missouri	03	54	20
Nevada	1	2	1
Nebraska North Carolina	02	50	0
Oklahoma	0	0	31
South Carolina	2	0	0
Tennessee	1	2	0
Texas	04	04	912
Utah	0	0	58
Canada	0	1	0
Total	021	3026	2423

List of Franchisees

Exhibit "C" contains a list of our current franchisees. ~~This is a new franchise offer and no franchises were sold, transferred, terminated, not renewed, reacquired or left the system at time of preparation of this disclosure document.~~ If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

Disclosure of Franchisee Information

If you invest in this franchise, your contact information and financial information may be disclosed in our disclosure document.

Confidentiality Agreements

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.

Franchisee Organizations

We do not know of any trademark specific franchisee organization associated with our system that is required to be disclosed in this Item.

ITEM 21 FINANCIAL STATEMENTS

We are a start-up franchise. ~~Our unaudited financial statements dated June 30, 2023 and our~~ Our audited financial statements dated December 26, 2023, June 30, 2023, and December 27, 2022 are attached as Exhibit "B." We have also included unaudited interim financial statements dated ~~October 3, 2023.~~ April 16, 2024. Our fiscal year consists of 13 four-week periods; ~~accordingly.~~ Accordingly, the fiscal year end is generally close to December 31 each year. The franchisor has not been in business for 3 years or more and cannot include all the financial statements required by the Rule for its last 3 fiscal years.

**ITEM 22
CONTRACTS**

We have attached the following contracts: as Exhibit "A," the Franchise Agreement and its Exhibits; as Exhibit "G," the Area Development Agreement; as Exhibit "H," the Form Release Agreement. All other contracts and agreements are to be entered into with persons of your choice and therefore cannot be attached.

**ITEM 23
RECEIPT**

The last 2 pages of this disclosure document contain a receipt, in duplicate. The receipt is a detachable acknowledgement that you have received this franchise disclosure document. Both receipts should be signed and dated by you. One copy should be returned to us, and you should keep the other for your records. If you do not sign this receipt via our electronic signature platform, then you need to send us a signed and dated copy. You may return the signed and dated receipt either by mailing it to us at 1557 W. Innovation Way, 5th Floor, Lehi, Utah 84043 or by emailing it to franchising@swigdrinks.com.



**ADDENDUM TO THE SWIG™ FDD
STATE REGULATIONS**

**SCHEDULE "A-1"
TO THE FDD**

STATE REGULATIONS FOR THE STATE OF CALIFORNIA

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

Special Risks to Consider about This Franchise

Owners of the franchise may be required to execute a personal guaranty. Doing so could jeopardize the marital assets of non-owner spouses domiciled in community property states such as California.

1. 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 at least 14 days prior to the execution by the prospective franchisee of any binding franchise or other agreement, or at least 14 days prior to the receipt of any consideration, whichever occurs first, a copy of the disclosure document, together with a copy of all proposed agreements relating to the sale of the franchise.
2. The California Franchise Relations Act, 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 California law, California law controls.
3. The franchise agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et seq.)
4. 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.
5. The franchise agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.
6. The franchise agreement requires binding arbitration. The arbitration will occur at Salt Lake City, Utah with the costs being borne by you for travel to, and lodging in, Salt Lake City, Utah, and other costs associated with arbitration. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and Federal laws (this or these as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 128a, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.
7. The franchise agreement requires application of the laws of Utah. This provision may not be enforceable under California law. You may want to consult an attorney to understand the impact of out-of-state governing law on the franchise agreement.
8. You must sign a general release if you transfer, renew or terminate 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).
9. Neither franchisor nor any person listed in Item 2 of the disclosure document 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 this or these persons from membership in such association or exchange.

10. Section 31125 of the California Corporations Code requires the Franchisor to give the franchisee a disclosure document, in a form and containing such information as the Commissioner may by rule or order require, before a solicitation of a proposed modification of an existing franchise.

11. Our website <https://swigdrinks.com> has not been reviewed or approved by the California Department of Financial Protection and Innovation. Any complaints concerning the content of the website may be directed to the California Department of Financial Protection and Innovation at www.dfpi.ca.gov.

12. The franchise agreement provides for waiver of a jury trial. This may not be enforceable in California.

~~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.~~ **13. 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.

~~This provision supersedes any other term of any document executed in connection with the franchise.~~

14.— California's Franchise Investment Law (Corporations Code section 31512 and 31512.1) states that any provision of a franchise agreement or related document requiring the franchisee to waive specific provisions of the law is contrary to public policy and is void and unenforceable. The law also prohibits a franchisor from disclaiming or denying (i) representations it, its employees, or its agents make to you, (ii) your ability to rely on any representations it makes to you, or (iii) any violations of the law.

~~1515. 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.~~

16. Franchisees owning 5% or greater must sign a personal guaranty, making you and your spouse individually liable for your financial obligations under the agreement if you are married. The guaranty



will place your and your spouse's marital and personal assets at risk, perhaps including your house, if your franchise fails.

17. California's Franchise Investment Law (Corporations Code section 31512 and 31512.1) states that any provision of a franchise agreement or related document requiring the franchisee to waive specific provisions of the law is contrary to public policy and is void and unenforceable. The law also prohibits a franchisor from disclaiming or denying (i) representations it, its employees, or its agents make to you, (ii) your ability to rely on any representations it makes to you, or (iii) any violations of the law.

18. Item 6 under Late Fees is amended to include the following: "The highest interest rate allowed in California is 10% annually."

19. 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.

**ADDENDUM TO THE FDD
FOR THE STATE OF FOR THE STATE OF ILLINOIS**

Illinois Law governs the franchise agreement(s).

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 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.

FRANCHISEE:

FRANCHISOR:

By: _____
(Signature)

By: _____
(Signature)

Name: _____

Name: _____

Title: _____

Title: _____

STATE REGULATIONS FOR THE STATE OF INDIANA

Notwithstanding anything to the contrary set forth in the disclosure document, the following provisions shall apply to all franchises offered and sold in the State of Indiana:

1. The prohibition by Indiana Code § 23-2-2.7-1(7) against unilateral termination of the franchise without good cause or in bad faith, good cause being defined therein as material breach of the Franchise Agreement, shall apply to the franchise agreement in the State of Indiana to the extent they may be inconsistent with such prohibition.

2. Liquidated damages and termination penalties are prohibited by law in the State of Indiana and, therefore, the disclosure document and franchise agreement are amended by the deletion of all references to liquidated damages and termination penalties and the addition of the following language to the original language that appears therein:

“Notwithstanding any such termination, and in addition to the obligations of the Franchisee as otherwise provided, or in the event of termination or cancellation of the Franchise Agreement under any of the other provisions therein, the Franchisee nevertheless shall be, continue and remain liable to Franchisor for any and all damages which Franchisor has sustained or may sustain by reason of such default or defaults and the breach of the Franchise Agreement on the part of the Franchisee for the unexpired Term of the Franchise Agreement.

At the time of such termination of the Franchise Agreement, the Franchisee covenants to pay to Franchisor within 10 days after demand as compensation all damages, losses, costs and expenses (including reasonable attorney’s fees) incurred by Franchisor, and/or amounts which would otherwise be payable thereunder but for such termination for and during the remainder of the unexpired Term of the Franchise Agreement. This Agreement does not constitute a waiver of the Franchisee’s right to a trial on any of the above matters.”

3. No release language set forth in the disclosure document or franchise agreement, shall relieve Franchisor or any other person, directly or indirectly, from liability imposed by the laws concerning franchising of the State of Indiana.

4. To the extent required by the franchise laws of the State of Indiana, the franchise agreement will be construed in accordance with the franchise laws of the State of Indiana.

5. The provisions of the franchise agreement pertaining to litigation jurisdiction and venue shall be amended to be within the scope of the requirements of the Indiana Franchise laws.

STATE REGULATIONS FOR THE STATE OF MINNESOTA

THESE FRANCHISES HAVE BEEN REGISTERED UNDER THE MINNESOTA FRANCHISE ACT. REGISTRATION DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE COMMISSIONER OF COMMERCE OF MINNESOTA OR A FINDING BY THE COMMISSIONER THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

THE MINNESOTA FRANCHISE ACT MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WHICH IS SUBJECT TO REGISTRATION WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, AT LEAST 7 DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST 7 DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION, BY THE FRANCHISEE, WHICHEVER OCCURS FIRST, A COPY OF THIS PUBLIC OFFERING STATEMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE FRANCHISE. THIS PUBLIC OFFERING STATEMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR AN UNDERSTANDING OF ALL RIGHTS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.

The disclosure document, franchise agreement, and other related agreements are amended to conform to the following:

1. Governing law, choice of forum, and jurisdiction and venue provisions of the disclosure document and franchise agreements are amended to include the following:

Minnesota statute ' 80C.21 and Minnesota 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 or the jurisdiction.

2. With respect to franchises governed by Minnesota law, the franchisor will comply with Minn. Stat. ' 80C.14, subdivisions 3, 4 and 5 which require, except in certain specified cases, that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the franchise agreement; and that consent to the transfer of the franchise will not be unreasonably withheld.
3. As required by the Minnesota Franchise Act, Minn. Stat. Sec. 80C.12(g), franchisor will reimburse the franchisee for any costs incurred by the franchisee in the defense of the franchisee's right to use the Marks, so long as the franchisee was using the Marks in the manner authorized by franchisor, and so long as franchisor is timely notified of the claim and is given 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.
4. Minnesota Rule Part 2860.4400D prohibits requiring a franchisee from waiving his rights to a jury trial or waiving his rights to any procedure, forum, or remedies provided for by the laws of Minnesota, or consenting to liquidated damages, termination penalties or judgment notes.

5. The disclosure document and franchise agreements are hereby amended to exclude from any release requirements the release of claims under Minnesota Franchise Law.
6. Any limitation of claims must comply with Minn. Stat. ' 80C.17, subdivision 5.
7. Any fee regarding insufficient funds for a dishonored check must comply with Minn. Stat. § 604.113, subdiv. 2(a), which puts a cap of \$30 on service charges.
8. 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 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 with the franchise.

Franchisee (Signature)



STATE REGULATIONS FOR THE STATE OF NORTH DAKOTA

The disclosure document, franchise agreement, and other related agreements are amended to conform to the following:

1. Item 17 of the Disclosure Document is amended as follows:
 - No general release shall be required as a condition of renewal and/ or transfer which is intended to exclude claims arising under North Dakota Franchise Investment Law Section 51-19-09.
 - In case of any enforcement action, the prevailing party is entitled to recover all costs and expenses including attorneys' fees.
 - The statute of limitations under North Dakota Law will apply.
 - Covenants not to compete upon termination or expiration of the Franchise Agreement are generally unenforceable in the State of North Dakota except in limited instances as provided by law.
 - A provision requiring litigation or arbitration to be conducted in a forum other than North Dakota is void with respect to claims under North Dakota Law.
 - In the event of a conflict of laws, North Dakota Law will control.
 - Franchisee may not assent to a waiver of rights to a jury trial, waiver of rights to exemplary or punitive damages, or waiving his rights to any procedure, forum, or remedies provided for by the laws of North Dakota, or consenting to liquidated damages, termination penalties or judgment notes.

2. No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise agreement 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.

STATE REGULATIONS FOR THE COMMONWEALTH OF VIRGINIA

By statute under Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause or to use undue influence to induce a franchisee to surrender any right give to him by any provision contained in the franchise. Accordingly, the Division requests that the franchisor add a Virginia Addendum to the FDD containing the following statements:

No statement, questionnaire, or acknowledgement signed or agreed to by you 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 us, any franchise seller, or any other person acting on our behalf. This provision supersedes any other term of any document executed in connection with the franchise.

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document for [insert franchisor name] for use in the Commonwealth of Virginia shall be amended as follows:

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 and area developer 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.

Under Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to use undue influence to induce a franchisee to surrender any right given to him under the franchise. If any provision of the franchise agreement and area developer agreement involves the use of undue influence by the franchisor to induce a franchisee to surrender any rights given to him under the franchise, that provision may not be enforceable.

Estimated Initial Investment. The franchisee will be required to make an estimated initial investment ranging from \$539,900 to \$1,118,000. This amount exceeds the franchisor's stockholders' equity as of June 30, ~~2023,~~ which is \$102,158.

|



**ADDENDUM TO THE FDD
FOR THE STATE OF WASHINGTON**

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.

RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

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.

A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting the transfer.

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 provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

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. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

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.

Article XIII of the franchise agreement will be interpreted in accordance with RCW 19.100.180.

The time limitations to initiate a claim as set forth in Section 17.2.3(iii) of the franchise agreement are hereby amended and extended to the time limits allowed under RCW 19.100.

Section 17.2.3(viii) of the franchise agreement is here by amended as follows:

Federal Arbitration Act. You and We mutually agree that all issues relating to arbitrability are governed exclusively by the Federal Arbitration Act and the federal common law of arbitration to the exclusion of any state statutes or common law and will be decided by the arbitrator. All provisions of this Agreement pertaining to venue, choice-of-laws, dispute avoidance and resolution will be strictly enforced (subject to state law).

Section 20.14 of the franchise agreement is not enforceable in Washington.

Section 2 of the Form General Release Agreement (Exhibit "H" to the franchise disclosure document) is hereby omitted and not applicable in the state of Washington.

The undersigned does hereby acknowledge receipt of this addendum.

Dated this _____ day of _____ 20_____.

**ADDENDUM TO THE DISCLOSURE DOCUMENT
FOR THE STATE OF WISCONSIN**

Notwithstanding anything to the contrary set forth in the Disclosure Document, the following provisions shall supersede and apply to all franchises offered and sold in the State of Wisconsin:

1. REGISTRATION DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE COMMISSIONER OF SECURITIES OF THE STATE OF WISCONSIN.
2. The following shall apply to Franchise Agreements in the State of Wisconsin:
 - a. The Wisconsin Fair Dealership Act, Wisconsin Statutes, Chapter 135 (the "Act"), shall apply to and govern the provisions of Franchise Agreements issued in the State of Wisconsin.
 - b. The Act's requirements, including that in certain circumstances a Franchisee receive ninety (90) days' notice of termination, cancellation, non-renewal or substantial change in competitive circumstances, and sixty (60) days to remedy claimed deficiencies, shall supersede the provisions of Section VIII of the Franchise Agreement to the extent they may be inconsistent with the Act's requirements.

ADDENDUM TO THE FDD FOR THE STATE OF WASHINGTON

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.

RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

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.

A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting the transfer.

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 provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

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. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

Section 14.3 of the franchise agreement is hereby amended in part to remove the following language for franchisees in Washington:

“Neither We nor Our affiliates will be liable to You or the transferee or any other person or entity relating to the Transfer, and You shall indemnify and hold Us harmless from any liability whatsoever relating thereto.”

Section 15.2 of the franchise agreement is amended in part for franchisees in Washington to remove the provision that states:

“You agree not to file any crossclaim or counterclaim against Us for any action made by a third-party or make any response that would infer or represent We are liable as a party or defendant to any action that is contrary to this Section.”

Article XIII of the franchise agreement will be interpreted in accordance with RCW 19.100.180.

The time limitations to initiate a claim as set forth in Section 17.2.3(iii) of the franchise agreement are hereby amended and extended to the time limits allowed under RCW 19.100.

Section 17.2.3(viii) of the franchise agreement does not apply to Washington franchisees.

Section 20.14 of the franchise agreement is not enforceable in Washington.

Section 2 of the Form General Release Agreement (Exhibit “H” to the franchise disclosure document) is hereby omitted and not applicable in the state of Washington.

The undersigned does hereby acknowledge receipt of this addendum.

Dated this _____ day of _____ 20_____.

FRANCHISOR

FRANCHISEE

**EXHIBIT "A"
TO THE FDD**

FRANCHISE AGREEMENT



FRANCHISE AGREEMENT

By and Between

SWIG FRANCHISING, LLC

and

(Franchisee)

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This Agreement and the Schedules and Exhibits attached hereto are subject to the copyright of The Franchise & Business Law Group, LLC.



**SWIG™
FRANCHISE AGREEMENT**

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SWIG FRANCHISING, LLC FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT ("Agreement") is entered into and made effective as of _____ by and between SWIG FRANCHISING, LLC, a Utah limited liability company ("Franchisor" or "We," "Us" or "Our" as further defined in Article XXI below) and _____ ("Franchisee" or "You" or "Your" as further defined in Article XXI below).

WHEREAS, We have developed a system for the operation of a drink shop serving specialty drinks and sweets and other related products and services operating under the Swig™ name and Marks ("Franchise Business"); and

WHEREAS, You are desirous of entering into an agreement with Us so as to be able to obtain the rights to operate a Franchise Business using the System.

NOW, THEREFORE, in consideration of the mutual covenants, agreements, recitals, obligations, terms and conditions herein contained, and the acts to be performed by the respective parties hereto, the parties hereto agree as follows:

ARTICLE I AWARD OF FRANCHISE

1.1 Award of Franchise. We hereby grant to You, and You accept, subject to the terms, conditions and obligations herein, the non-exclusive, non-sublicensable personal right to establish and conduct a Franchise Business as a Swig™ franchisee and the right to use the System and the Marks only as specifically set forth herein. This right is granted for use only at a single location approved by Us ("Premises") within Your Territory listed on Exhibit "A-1" ("Territory"). You must operate Your Franchise Business in strict compliance with the terms and conditions of this Franchise Agreement and the Manuals.

1.1.1 Territory Rights. Except as set forth in this Agreement, We will not establish or operate a traditional company-owned outlet or grant to any person or entity a franchise within the Territory using the same or similar System as that licensed by this Agreement.

~~1.1.2 Annual Minimum Revenue. Your rights under this Agreement are dependent upon Your achievement of an annual minimum revenue volume. You must achieve at least \$400,000 in annual Net Sales each year during the term of this Agreement. If You do not achieve the minimum revenue in Your Territory, then You will be given a notice of default and a six month period to cure by achieving at least \$200,000 in Net Sales during the cure period. If You do not cure within the six month cure period, We have the right to terminate this Agreement. We also have the right to allow You to continue to operate Your Franchise Business under the terms of this Agreement while We sell Your franchise. If We sell Your franchise, We are entitled to a fee equal to 10% of the sales price to compensate Us for time and expenses to sell Your franchise. You shall also be required to pay the required transfer fee and training fee for us to train the new franchisee. If We have not sold or terminated Your franchise within six months of Us giving You notice of Your second consecutive default, You may cure the default achieving \$200,000 in Net Sales by the end of that six-month period.~~



1.2 Scope of Franchise Operations. You must at all times comply with Your obligations hereunder and must continuously use Your best efforts to promote and operate Your Franchise Business.

1.3 Our Reservation of Rights. All rights not specifically granted to You in this Agreement are reserved to Us. You expressly acknowledge and agree that this license is non-exclusive, and that We retain, among other rights, the right, in Our sole discretion: 1) to establish and license others to establish and operate Swig™ businesses outside Your Territory; and 2) to operate and license others to operate businesses anywhere that do not operate under the Swig™ brand name.

1.3.1 Non-Traditional Outlets. We reserve the right to open or sell franchises for outlets located in non-traditional locations within Your Territory. These outlets include locations at convention centers, sporting arenas, military bases, universities, airports, transportation facilities, (including rail or bus terminals, toll road plazas and highway rest stops); urban office ~~building;~~ ~~supermarket;~~ ~~carnival~~ ~~buildings;~~ ~~convenient stores or service stations;~~ ~~supermarkets;~~ ~~carnivals~~ or street ~~fair~~ ~~fairs;~~ government ~~facility~~ ~~facilities;~~ shopping ~~mall~~ ~~malls;~~ educational ~~facility;~~ ~~casino~~ ~~facilities;~~ ~~casinos;~~ resort ~~property~~ ~~properties;~~ amusement ~~park~~ ~~parks~~ or amusement ~~center~~ ~~centers,~~ and other similar locations.

1.4 Rights to Use Channels of Distribution. Except for the rights expressly given to You, there will be no limitation on Our rights to deal with potential or actual customers located anywhere. We and Our affiliates expressly reserve the right to Market in Your Territory and elsewhere using Marketing strategies and distribution channels including websites, apps, retail outlets, co-branding with other outlets, the Internet, ~~television,~~ ~~radio,~~ social media, etc. We also reserve the right to operate a Food Truck in Your Territory to build the brand and for Marketing efforts. You may not sell Our products and/or services using such reserved Marketing strategies and distribution channels without Our prior written permission. Your customers may only purchase Your products and services at Your location. We do not pay You for soliciting or accepting orders for any products or services We make inside Your Territory.

1.5 Restriction of Territory Rights. The rights and privileges granted to You under this Agreement are personal in nature. This Agreement is granted solely for the operation of a Franchise Business at the Premises and do not extend to the operation of a Franchise Business or any other use of the System from any other location within or outside Your Territory, or in any other manner, except as may be allowed by this Agreement and Our Manuals. You cannot operate any other business from the Premises other than the Franchise Business.

ARTICLE II TERM AND SUCCESSOR FRANCHISE

2.1 Term. This Agreement will be effective when executed by both You and Us. The franchise term will be for a period of 10 years, unless terminated earlier pursuant to Article XI herein. However, at the time You sign a lease for the Premises, the term of this Agreement will be extended to coincide with the expiration date for Your Lease, so long as such Lease is approximately 120 months unless otherwise agreed in writing by Us. If We are required by law or otherwise to give You notice before the Termination of this Agreement and fail to do so, this Agreement will remain in effect from month-to-month until We have given the required notice.



2.2 Successor Franchise. You have the right to be awarded a successor franchise (“Successor Franchise”) upon the expiration of the original term for an additional term of 10 years if all the following conditions are met at the time You elect to renew: 1) You are not in default of this Agreement; 2) You have complied with and timely met material terms and conditions of this Agreement throughout the initial term; 2) You have complied with Our material operating and quality standards and procedures and any required modification to such standards and procedures; 3) You have timely paid all monetary obligations owed to Us during the term of this Agreement; 4) You are not subject to any pending litigation or governmental proceeding which could have a material adverse effect upon You or Your Franchise Business; and 5) You give Us written notice of Your intent to renew at least six months and not more than 12 months prior to the expiration date of the term hereof. Your Successor Franchise Agreement will also provide for a successive franchise term. Your failure to give such notice will constitute an election not to enter into a Successor Franchise Agreement (defined below). If You fail to enter into a Successor Franchise Agreement for any reason but continue to operate Your Franchise Business, at Our election, You will be deemed to have renewed on a month-to-month basis, requiring You to abide by Our then-current Fees. In addition to Our rights to terminate as set forth in Article XI, Your month-to-month Franchise Business may be terminated by Us upon 30 days’ prior written notice to You for any reason whatsoever.

2.2.1 Commencement Date for Successor Franchise Term. Unless another date is specified in a Successor Franchise Agreement, which date will supersede, said Successor Franchise term, Including, any month-to-month term, will commence on the day following the expiration date of the initial or applicable Successor Franchise term.

2.2.2 Notice of Non-Approval. Upon receiving Your election to enter into a Successor Franchise, We will have 45 days to provide written notice in the event You do not qualify for a Successor Franchise or as otherwise required by law.

2.2.3 Successor Franchise Agreement. If approved as a Successor Franchise, You must execute Our then-current form of Our successor franchise agreement (“Successor Franchise Agreement”), Including personal guarantees, and sign Our then-current form of general release of all claims against Us (existing at that time) arising from this Agreement, the relationship created herein, and Your Franchise Business. If You fail to execute such a release, the signing of the Successor Franchise Agreement will be the equivalent of the granting of such a release. The Successor Franchise Agreement will supersede in all respects the terms and conditions of this Agreement, and You ~~will be obligated to shall~~ pay royalties and other continuing Fees at the then-existing levels required to be paid by new franchisees. You must sign and return to Us the Successor Franchise Agreement within 90 days prior to the expiration of this Agreement, or You will, at Our election, be deemed to have withdrawn Your request to enter into a Successor Franchise Agreement, ~~and this Agreement will Terminate at the expiration of the term then in effect.~~ **You acknowledge that You will be bound by the form of the Successor Franchise Agreement in effect at the time which may contain Fees and charges, territorial, and other changes in material provisions different from those contained in this Agreement, Including terms affecting payments to Us or Our affiliates.**

2.2.4 Successor Franchise Fee. If approved for a Successor Franchise, You shall pay to Us a non-refundable Successor Franchise Fee set forth in Exhibit “A-3,” payable in full at the time of execution of the Successor Franchise Agreement.

2.2.5 Upgrading Your Franchise Business. As a condition to Us approving You entering into a Successor Franchise Agreement, at Your expense, You are required to Update Your Franchise Business and Premises to the extent and in the manner specified by Us to conform with and bring it up to the standards, image, and capabilities of new Swig™ outlets being opened at the time the Successor Franchise takes effect. Unless otherwise waived by Us, such improvements must be made within six months of signing the Successor Franchise Agreement. You shall make all necessary arrangements to continue the occupancy of Your existing Premises through the Successor Franchise term(s) unless We give written permission to relocate Your Premises.

2.2.6 Successor Franchise Training. As a condition to Us approving You entering into a Successor Franchise Agreement, Your Operating Principal, and/or other key personnel may also be required to attend and successfully complete trainings, certifications and other programs at such times and locations as We specify. You may be required to cover the expense of travel, meals, lodging, and other related costs for such training and certifications.

2.2.7 Unable to Offer Successor Franchise. Notwithstanding the preceding paragraphs of this Section, if at the time You provide Your notice of desire to enter into a Successor Franchise Agreement, We are no longer offering franchises in the United States, or not able by law to offer a successor agreement to You, then this Agreement will automatically be extended for a period of one year. If at the end of the one-year extension, We still are not offering franchises in the United States, or We are unable by law to offer a successor franchise to You, this Agreement will automatically terminate unless further extended by mutual consent, which consent We can withhold for any reason.

ARTICLE III INTELLECTUAL PROPERTY

3.1 Intellectual Property and Confidential Information. You acknowledge that: 1) as between You and Us, We have the sole rights in and to the Intellectual Property and Confidential Information; 2) Your right to use the System is granted by Us solely pursuant to the terms of this Agreement; and 3) as between You and Us, We have the sole right to license and control Confidential Information and Intellectual Property. Our Intellectual Property and Confidential Information provided to You by or through Us will remain Our sole property. You acknowledge that Our Confidential Information and Intellectual Property are unique and/or confidential and contain trade secrets and other material proprietary to Us.

3.2 Use of Confidential Information and Intellectual Property. You have a non-exclusive right to use the Confidential Information and Intellectual Property and only in connection with Your Franchise Business and in accordance with Our Manuals and this Agreement. You understand and agree that the use of Our Confidential Information, Intellectual Property, and goodwill are all temporary benefits and expire with the Termination of this Agreement. You expressly covenant that during the term of this Agreement and after the Termination thereof, not to: 1) directly or indirectly contest or aid in contesting the validity of Our ownership of, or rights in, the Confidential Information or Intellectual Property; 2) in any manner interfere with or attempt to prohibit Our use of the Confidential Information or Intellectual Property and derivatives thereof or any other name, trademark or service mark that is or becomes a part of Our System; or 3) interfere with the use of Our Confidential Information or Intellectual Property by Our other franchisees or licensees at any time.



3.3 Our Marks. You acknowledge that as between You and Us, the Marks and derivatives thereof are valid trade names, trademarks and service marks owned by Us or licensed to Us.

3.4 Use of Marks and System. You have the non-exclusive right to use Our Marks and the System as directed by Us. You shall only use Our Marks licensed by this Agreement and only with the letters "TM," "SM" or "@," as appropriate, approved and as instructed by Us, whenever and wherever such Marks are used. You shall not use Your own name or any other name service or product in connection with any of Our Marks without Our prior written consent. You are prohibited from using any Mark in connection with the performance or sale of any unauthorized service or product. You cannot use the Marks or System in any manner, or otherwise take any action (or inaction) that would or may cause the Marks or the System to be subject to any ill repute or negative publicity. You cannot use the Marks on any intercompany documents to identify Your Franchise Business or entity (Including in or on employee manuals, handbooks, emails, letterhead) or on business checks or bank accounts. All communications with Your employees must be under Your entity name.

3.4.1 Cooperation. You shall execute any and all additional papers, documents and assurances in connection with the Marks as reasonably requested by Us and agree to cooperate fully with Us and any of Our other franchisees or licensees in securing all necessary and required consents of any state agency or legal authority for the use of the Marks or any other name, trademark, service mark, logo or slogan that is now or later becomes a part of Our System. You shall immediately notify Us as soon as You become aware of any infringement or apparent or alleged infringement of the Marks, Our Confidential Information, or any part of Our Intellectual Property.

3.4.2 Use in Marketing. The use of the Marks in Marketing is set forth in Article X.

3.4.3 Modification of Marks. We have the right, in Our reasonable discretion, to require You to change, modify or discontinue the Marks or to use one or more additional trademarks, service marks, logos, and/or other symbols in connection with the operation of the Franchise Business. In that event, You must bear the cost of using such additional or modified Marks or items in accordance with Our reasonable directives.

3.4.4 No Registration. You cannot make application for registration, domain name, or other protection of any of the Marks, or any other trademarks, service marks, symbols, names, slogans, logos, trade names or any items that are similar or derivatives therefrom in any jurisdiction without Our prior written consent and then only upon the terms and conditions specified by Us in connection therewith.

3.5 Copyrights. All right, title and interest in and to Copyright Materials are Our sole and exclusive property and cannot be reproduced or replicated either during or after this Agreement. You have no rights to make any direct or indirect use of the Copyrighted Materials except as allowed under this Agreement.

3.6 Sole Control. As between You and Us, We will have the sole control over any legal or administrative action concerning the Confidential Information or Intellectual Property. You must promptly notify Us in writing of any unauthorized use of Our Confidential Information and Intellectual Property, or of any claim, demand or suit by any person, corporation or other entity based upon or in

connection with any of Our Confidential Information or Intellectual Property licensed hereunder in which We have an interest. We are not obligated to protect any rights that You have to use the Confidential Information and Intellectual Property, or to protect You against claims of infringement or unfair competition. However, in the event We do undertake the defense or prosecution of any litigation pertaining to any Confidential Information or Intellectual Property, You agree to execute any and all documents and do such acts and things as may, in the opinion of Our counsel, be necessary to carry out such defense or prosecution. If We fail to undertake action within a reasonable time after receipt of Your notice regarding any such claim, demand or suit, then You may, with Our prior written consent (but You will not have the obligation), undertake the defense of any such proceeding and will do so at Your sole cost and in strict coordination and oversight with Us. You ~~may~~ shall not do any act or make any claim which is contrary to or in conflict with Our rights in Our Confidential Information or Intellectual Property.

3.7 Goodwill. All goodwill associated with the Marks and the System belongs exclusively to Us. You acknowledge that valuable goodwill is attached to the Marks and System, and that We have invested and continue to invest time and capital into promoting the System and that such promotion creates goodwill and customer association which benefits Us, You, and all other franchisees in the System. Furthermore, even goodwill associated with the Marks and System that might be deemed to have arisen through Your activities is Our sole property and inures directly and exclusively to Our benefit, except as otherwise provided herein or by applicable law.

3.7.1 Customer Data. All Customer Data is Our sole property and inures directly and exclusively to Our benefit. You have a royalty free, non-exclusive right to use the Customer Data during the term of this Agreement. You must gather, upload, and/or store all Customer Data as required by Us. To the extent that We do not otherwise have access, You must provide Us copies of all Customer Data upon request. You must abide by all applicable laws pertaining to the privacy of consumer, employee, and transaction information, and do not contact laws. If We allow You to use the Customer Data to transmit advertisements to customers and potential customers, You are solely responsible to comply with the laws pertaining to calling or texting customers, the sending of emails or any other transmission of information, including any anti-spam legislation.

3.8 Fictitious Business Name. You must not use Our Marks or any other name similar thereto in the name of any partnership or entity owned or formed by You, whether to own or operate Your Franchise Business or otherwise. However, within 30 days of signing this Agreement, You must file for a certificate of assumed or fictitious name or a “doing business as” name (“DBA”) using our Marks as designated by Us, and in the manner required by state law so as to notify the public that You are operating Your Franchise Business as an independent business pursuant to this Agreement and must include Your assigned franchise designation in such filing. You must provide Us with a copy of Your DBA registration and/or certificate upon receipt of the same, and upon Our request from time to time.

3.9 Maintaining Secrecy. You shall: 1) fully and strictly adhere to all security procedures prescribed by Us in Our sole discretion for maintaining the secrecy of Our Confidential Information; 2) disclose such information to Your employees only to the extent necessary to Market Our products and services and for the operation of the Franchise Business in accordance with this Agreement; 3) not use any such information in any other business or in any manner not specifically authorized or approved in writing by Us; and 4) exercise the highest degree of diligence and make every effort to maintain the absolute confidentiality of all such information during and after the term of this Agreement.

3.10 Changes to the System. You shall fully disclose all Innovations to Us, without disclosing the Innovation to others and shall obtain Our written approval before using or implementing an Innovation. All Innovations are owned by Us and considered a “work-made-for-hire.” If all or part of any Innovation that You create is for any reason deemed not to be a work-made-for-hire, then You hereby irrevocably transfer and assign to Us or Our affiliate all right, title, interest and ownership, including license rights, in the Innovation, and You agree to execute sign (or have the creator sign) any document necessary to effectuate the transfer and assignment. To the extent You have any moral or similar rights in an Innovation or derivative thereof, You expressly waive those rights. Any Innovation may be used by Us and all other franchisees without any obligation to compensate You. We reserve the right to make application for and own Intellectual Property relating to any Innovation, and You shall cooperate with Us in securing these rights. We may also consider an Innovation as part of Our trade secret. At Our discretion, We may authorize You to utilize Innovations that may be developed by You, Us, or other franchisees.

3.11 Association with Causes; Co-Branding. You cannot, without first receiving Our written approval, in the name of the Franchise Business or in any manner associated with the Marks: (i) donate money, products, or services to any charitable, political, social, religious, or other for-profit or non-profit organization, cause, or position; or (ii) act in support of or against any such organization, cause, or position. You cannot “co-brand” or use the Marks or Your Franchise Business to associate any other business activity in a manner which is likely to cause the public to perceive the activity to be related to or sponsored by the brand or System.

ARTICLE IV CONSTRUCTION, COMMENCING OPERATIONS AND LEASE

4.1 Location of Premises. You must select a site within the designated search area listed on Exhibit “A-1” (“Search Area”). You must have a site approved by Us within six months of signing this Agreement. Site approval or disapproval should be completed by Us within 60 days after You have submitted a proposed site to Us. If You and We disagree about the Your proposed site, You must locate another acceptable site for Your store and repeat the process. Although We must approve of Your site, We do not warrant or guarantee the success of the site. You must not commit to purchase or lease any real property or commence construction unless and until You have Our written approval of the proposed location. Unless waived by Us in writing, You must hire a local real estate broker to help You locate a site. Your Premises must strictly comply with local zoning and, state and federal laws, rules and regulations.

4.1.1 Site Development Fee. At Your option, We shall assist with real estate selection, site planning, review of construction drawings, review of city submittals, review of contractor selection, budget review, assist with construction management, final lease review, and walk-through review and punch list of the site. -The fee for this assistance is listed on Exhibit “A-3” and is due at the time Your Lease is signed.

4.2 Lease. A Lease must be in place within three months from the date We approve Your site. We must approve of Your Lease prior to execution. You must also deliver an executed copy of the Lease to Us within 15 calendar days after execution.

4.2.1 Assignment of Lease. You hereby assign and transfer all rights and interest in and to the Lease to Us to be effective upon Our election when this Agreement Terminates. In such an event, We will have the right, but not the obligation, to accept the assignment and assume the Lease or execute a lease with You as provided below. We also have the right to assign the Lease to another franchisee or an affiliate of Ours. If You own the Premises, You hereby agree to lease the facilities to Us upon Termination of this Agreement at a rate not to exceed its fair market rental value, and on commercially reasonable terms and conditions. Your Lease must Include a provision allowing the assignment of the Lease to Us or Our nominee, at Our option, in the event this Agreement is Terminated for any reason, and You are required to have Your landlord sign the attached Landlord's consent to an assignment of the Lease before the Lease is signed. The Landlord's consent is attached hereto as Exhibit "A-6." You and Your Landlord are also required to complete and sign the lease rider attached as Schedule "A-6.1" to Exhibit "A-6."

4.2.2 Assumption of Lease. We will have 45 days from the date of Termination of this Agreement, to exercise Our right and option to take and assume the Lease for the Premises. If the option is exercised, We will notify You and the Landlord of Our exercise within the option period. In such event, You agree to bring all obligations under the Lease current as of the date of possession by Us as well as to indemnify Us against all losses and costs arising by virtue of, attributable to, or in any way related to the period of Your possession of the Premises. All taxes, utilities and rentals will be prorated between Us and You as of the date of Our possession. We will not be obligated to pay Your arrearages. After the date of possession, We agree to indemnify You against all Lease obligations solely attributable to the period of Our possession of the Premises. You agree that no compensation for the Lease is payable by Us to You unless the Premises are owned by You. The Lease will be transferred to Us without payment of any kind to You by Us for the Lease other than the indemnification provided above.

4.3 Construction. Any construction of the Premises must be done in strict accordance with the specifications approved by Us, but it is Your responsibility to verify that the plans conform to federal, state and local laws. You must commence construction within three months from the signing of Your Lease, and construction must be completed within nine months from the date of the Lease.

4.3.1 Design of Premises. At Your own expense, and unless waived in writing by Us, You are required to follow Our design interior and exterior standards and specifications. We provide You preliminary layout/design plans for Your Franchise Business. You must adapt these plans at Your expense in accordance with local, state, and federal laws, rules, and ordinances, for Your specific Premises. All changes and modifications to the plans We provide must be approved by Us in writing prior to Your commencing construction. You are also responsible ~~to obtain~~ for obtaining any required permits.

4.3.2 Setting Up the Premises. You shall arrange the fixtures, signs, furniture, and décor of the Premises in strict compliance with the format and color schemes recommended by Us and to work with Our approved suppliers providing such items. We must approve Your Premises setup prior to opening and if any elements of the Premises do not meet Our specifications, You will, at Your cost, be required to make the required adjustments.

4.3.3 Abandonment of Construction. Abandonment of construction or stoppage of construction for six or more weeks due to Your fault or neglect will be grounds for terminating this Agreement.

4.3.4 Approval of Construction. You may not operate Your Franchise Business if construction, improvements and fixturing do not conform to Our approved specifications and failure to correct any unauthorized variance for such plans and specifications within 30 days after written notice from Us will be grounds for terminating this Agreement. We have the right to supervise and inspect all construction to assure compliance with approved plans and specifications.

4.4 Commencing Operations. You are required to commence operations not later than 30 days following completion of Your Premises and in no case later than 20 months from signing this Agreement.

4.4.1 Conditions to Opening. You shall notify Us in writing at least three months before You intend to open the Franchise Business to the public. Before opening, You must satisfy all ~~of~~ the following conditions: 1) You are in compliance with this Agreement; 2) You have obtained all applicable governmental permits, licenses, certificates of occupancy, and authorizations; 3) the Franchise Business conforms to all applicable System standards; 4) We have inspected and approved the Franchise Business, which may be done virtually, at Our discretion; 5) You have hired sufficient employees; 6) the required personnel have completed all ~~of~~ Our required pre-opening trainings and certifications; and 7) We have given You Our written approval to open, which will not be unreasonably withheld.

4.5 Relocation of Premises. You are not allowed to relocate Your Premises without Our prior written approval. Approval to relocate will be based upon the same criteria used in approving a new franchisee's proposed site. You must demonstrate the financial ability to relocate as part of Our approval process. Additionally, You must pay Us a ~~new~~ Site Development Fee, if You wish to receive Our assistance for a new location. See Exhibit "A-3." We have the right to deny a request for relocation in Our sole discretion.

4.6 Failure to Meet Deadlines. If You fail to meet a deadline, Including Our disapproval of a proposed site location, or if We cannot agree on a site, and fail to cure, this Agreement is subject to Termination by Us, at Our option.

ARTICLE V FEES AND REPORTS

5.1 Initial Franchise Fee. You shall pay Us the initial franchise fee listed in Exhibit "A-3" in one lump sum at the time of execution of this Agreement. The initial franchise fee must be paid by wire transfer or certified check. The initial franchise fee is fully earned by Us and is non-refundable. No rights or privileges under this Agreement exist until the initial franchise fee is paid in full.

5.2 Royalty. You shall pay Us a non-refundable, on-going royalty as listed in Exhibit "A-3." The royalty is in consideration of Your right to use Our Intellectual Property and certain Confidential Information in accordance with this Agreement and not in exchange for any specific services We render.

5.2.1 Change in Law. In the event there is a change in the law or a discovery of a law affecting the collection of payments to Us, You agree to allow Us to modify the definition of “Net Sales” and the calculation of other Fees due to Us in order to comply with the law. However, in no event will the modification of the term “Net Sales” or the calculation of other Fees due to Us result in Your payment in excess of the Fees listed in Exhibit “A-3.”

5.3 Marketing Fees.

5.3.1 Marketing Fund. You shall pay Us the ~~monthly~~ Marketing fee listed in Exhibit “A-3” for Our Marketing programs as further described in Section 10.1 below. This fee is payable on the same terms as the royalty.

5.3.2 Grand Opening Marketing Fee. You are required to pay Us a grand opening Marketing Fee. See Exhibit “A-3.” We will use this fee to run Social Media ads in Your area to promote Your opening. This fee is due 60 days prior to Your opening.

5.4 Calculation and Reporting. The calculation, reporting and payment of the Fees specified in Sections 5.2 and 5.3 above will be made as follows:

5.4.1 Net Sales Report. See Section 5.5 below.

5.4.2 Payments; Due Date. Royalties and Marketing Fund Fees are due monthly, weekly, or daily, as designated by Us. All Fees must be paid in accordance with Our then-current electronic funds transfer, ACH or other automatic withdrawal program or as specifically directed by Us. Our current ACH agreement is attached hereto as Exhibit “A-7” and may be modified by Us at any time in Our sole discretion. We also have the right to direct the merchant provider to withhold all payments due to Us from Your account/transactions. You shall pay all service charges and fees charged to You by Your bank so that We may electronically debit Your bank account. We reserve the right to change the payment due date or require an alternative payment frequency payment for any or all Fees in the future. You agree that Your obligation to pay all Fees due under this Agreement are absolute and unconditional.

5.4.3 Operating Account. You shall not have more than one Operating Account associated with the Franchise Business. If You fail to timely report Net Sales, We may automatically sweep or debit an estimated amount of Fees due to Us. You shall pay Us any amount owing if We underestimate Your payment to Us, and We will credit You with any overage that We charge. You must maintain a minimum of \$25,000 in Your Operating Account or have at least a \$25,000 line of credit at all times for business emergencies, provided that in any 30-day period, the Operating Account may have less than such amount for a period of not more than 10 days. You are required to provide Us with view-only access to Your Operating Account.

5.4.4 Late Fees. You will be charged a late Fee if a required Fee, payment to Us or an affiliate, or report is not timely received by Us, or an affiliate, and You will be charged per bounced check or insufficient funds transfer. See Exhibit “A-3.” These Fees are due upon demand or with the next royalty payment to You.

5.4.5 Interest. In addition, all Fees not paid when due will be assessed and accrue interest from the due date to the date of payment, both before and after judgment at the rate of 18% per annum or the maximum rate allowed by law, whichever is less. In no event will any amounts be charged as interest or late fees ~~or that~~ otherwise ~~that exceed~~exceeds or ~~violate~~violates any applicable legal restrictions. Unpaid interest charges will compound annually.

5.4.6 Sales or Use Tax. If there is hereafter assessed any nature of sales tax or use tax or other value added tax on Fees, ~~that~~ You pay to Us, You shall also pay Us the applicable tax when invoiced.

5.5 Reports and Financial Statements. You must submit the following reports by the following due dates. We reserve the right to require all reports to be submitted at more frequent intervals.

TYPE OF REPORT	DUE DATE	REMARKS
Net Sales report	The 10th day of the following month, <u>or as otherwise designated by Us</u>	You must submit this report in a form We approve or require. We may also pull this information from Your merchant provider.
Inventory and Labor Expenses	The 10th day of the following month, <u>or as otherwise designated by Us</u>	You must submit this report in a form We approve or require. We may also pull this information from Your merchant provider, if applicable.
Monthly Financial Statements	The 10th day of the following month, <u>or as otherwise designated by Us</u>	These financial statements do not need to be prepared by Your accountant or audited unless requested by Us.
Annual Financial Statements	On or before January 31 of each year	This is a complete financial statement for the preceding calendar year, including a profit and loss statement and balance sheet. These financial statements do not need to be prepared by Your accountant or audited unless requested by Us.
Federal Tax Return	Within 10 days of submission	
IRS Form 941 (Employer's Quarterly Federal Tax Return)	Within 10 days of submission	
Other Reports	Upon request	Those additional reports that We may from time to time require, including by way of example and not limitation , sales and cost data and analyses, advertising budget and , expenditures, <u>etc.</u>

5.5.1 Access and Use of Financial Records. We or Our certified public accountants or other duly authorized agent~~agents~~, have the right during normal business hours to conduct computer and

other audits and to examine and make copies of Your books, records, financial statements and sales and income tax returns, and You must keep complete and accurate books and records of the operation of Your Franchise Business. You shall provide Us with access to, or copies of, all financial records in the time We require.

5.5.2 Audit of Books and Records. If any audit or investigation discloses a deficiency of 2% or more of the Net Sales in the computation or payment of Fees due to Us, You shall immediately pay Us the amount of the deficiency, the appropriate Fee for late charges, and You shall reimburse Us for the total expense of the audit or investigation, including the charges for the accountant and the travel expenses, room, board and other costs incurred in connection with the audit. Your failure to report Net Sales for any period, or Your failure to retain and have available, readable, and organized required records will be deemed an understatement by more than 2%.

5.6 Application of Payments. We can apply any payments received from You to any past due or then-current indebtedness of Yours for any payments owing to Us.

5.7 No Refunds. The Fees set forth in this Agreement are not refundable.

5.8 Funding. You are solely responsible for obtaining all funding for Your Franchise Business. Failure to obtain sufficient initial funding for opening Your Franchise Business is grounds for termination of this Agreement.

5.9 Non-Compliance Fines. We may issue You a fine for certain violations of or the Manuals. ~~The fines are set forth in Our Manuals and are paid to Us to reimburse Us for Our administrative and management costs for Us to address the violation and is not a penalty or estimate of all damages arising from Your breach.~~ If You do not correct the violation within the time required by Us, We have the right to put You in default. We are not obligated to charge You a fine before putting You in default. All fines and charges are to be paid upon billing or in accordance with Our electronic funds or automatic withdrawal program, if established. See Exhibit "A-3." ~~Such fines are not Our sole remedy. The fines are set forth in Our Manuals and are paid to Us to reimburse Us for Our administrative and management costs for Us to address the violation and is not a penalty or estimate of all damages arising from Your breach and are not Our sole remedy.~~ Our decision to impose or not to impose a fine for Your non-compliance does not constitute a waiver of any other right that We may have under this Agreement, including Termination of this Agreement.

5.10 Technology Fee. You must pay Us the Fee listed on Exhibit "A-3" for utilization of Our technology suite. We can designate You to pay all or a portion of this Fee directly to the supplier. We may increase this ~~fee~~Fee to account for new or additional technologies and increased costs.

ARTICLE VI FRANCHISEE'S OPERATIONAL COVENANTS

6.1 Business Operations. In addition to other obligations, requirements, and covenants set forth in this Agreement:

6.1.1 Compliance with Applicable Laws. You are solely responsible for ensuring compliance with all applicable laws, ordinances and regulations or ruling of every nature whatsoever which in any



way regulate or affect the operation of Your Franchise Business. You must also comply with federal, state, and local health and consumer protection laws and regulations governing the food service industry and concerning food preparation, handling, storage, truth in menu laws concerning menu item names and product labeling, nutritional claims, and local labor regulations, including minimum age and minimum wage laws.

(i) Permits and Licensing. You shall obtain and maintain all required permits and licenses for the operation of Your Franchise Business. Your Operating Principal or one of your employees must have a current food handlers license, and We can require that Your Operating Principal and/or one of your employees have a current food safety manager certification.

6.1.2 Appearance; Customer Service. You shall establish and maintain the Premises in a clean, attractive, and repaired condition; perform work competently and in a workmanlike manner; give prompt, professional, courteous and efficient service to the public adhering to the highest standards of honesty, integrity, fair dealing, and ethical conduct; and otherwise operate Your Franchise Business in strict compliance with Our System, policies, practices and procedures contained in the Manuals or otherwise communicated to You so as to preserve, maintain, and enhance the reputation and goodwill of Our System. We reserve the right to require that Your employees comply with any dress code, Mark or other brand-related standards that We may require. You shall arrange the fixtures, signs, furniture, and décor of the Franchise Business in strict compliance with the format recommended or required by Us.

6.1.3 Signage. You must have the number of interior and exterior signs as required by Us and according to Our specifications. All signs, banners and A-frames to be used on, in, or in connection with Your Franchise Business must meet Our specifications and must be approved in writing by Us prior to use by You. You shall maintain all signs, banners and A-frames in good condition and undertake such repairs and or replacements at Your expense as We reasonably determine to be necessary. You are required to use the location's pylon/pole or monument sign, if available. You understand and acknowledge that while although You are required to purchase and display signage, including signage displaying Our Marks, You do not own rights to use of the signs following Termination.

6.1.4 Training. Your Operating Principal is required to attend and successfully complete Our training program at least four weeks prior to opening Your Franchise Business. Successful completion will be determined by Our trainers based on Your attendees' demonstration of proof of concept knowledge, operational tests, etc. Failure to successfully complete training is a default of this Agreement. There is no training fee for up to three attendees. We also allow up to two additional persons to attend the initial training. The cost for additional trainees to attend the initial training is listed in Exhibit "A-3." Each person must attend the same training session. You must cover the travel, food, and lodging costs as well as compensation for Your attendees.

(i) New Operating Principal and Management Training. Any new Operating Principal must complete the initial training program prior to taking over as the Operating Principal. New managers may be trained by Your Operating Principal, but We can also require Your managers to be trained by Us if We reasonably believe such training would be in the best interest of Your Franchise Business. Our Fee for this training is listed on Exhibit "A-3." You must also cover the travel, food, and lodging for Your attendees or Our representatives, as applicable.



(ii) Additional In-Person Training. Depending on availability and advanced written notice, if You would like additional in-person training, We may provide this training to You. We have the right in Our sole discretion to limit additional training to a certain number of days, attendees, and/or representatives at a time. We can also require Your Operating Principal and/or other key personnel to attend additional trainings if You are in default, or if We reasonably believe such training would be in the best interest of Your Franchise Business. Our current Fee for additional training is listed in Exhibit "A-3." For all training, You shall also bear the costs of travel, food, lodging and compensation of Your attendees or Our representatives (as applicable) in connection with training.

(iii) Non-Disclosure. All attendees at a training must sign a non-disclosure agreement acceptable to Us before attending a training.

(iv) Rescheduling Fee. You shall pay Us the rescheduling Fee listed in Exhibit "A-3" if You cancel, postpone, or reschedule a training within 15 days of the scheduled date, or if You fail to complete certain requirements prior to a training.

6.1.5 Opening Assistance. You must provide Us a valid certificate of occupancy for the Premises before We send any representatives to provide any opening assistance. Additional details on the opening assistance are set forth in Section 7.4 below.

6.1.6 Other Agreements. You must execute all other agreements required under this Agreement or as reasonably requested by Us from time to time and to provide Us with a copy within 15 days of execution.

6.1.7 Management. Your Franchise Business must be managed by either Your Operating Principal or a designated manager who will be required to devote their full time, attention, and best efforts to the management and operation of Your Franchise Business. Your designated manager is not required to have an equity interest with You. You must have at least one trained shift lead on site during regular business hours. You must disclose the identity of Your Operating Principal to Us, and You must immediately notify Us in writing if Your Operating Principal is no longer acting in such capacity. We must approve of Your Operating Principal and any replacement Operating Principal.

(i) Unless Your Operating Principal will act as the full time manager of the Franchise Business, Your Operating Principal is not required to work a certain or minimum number of hours; however, Your Operating Principal must maintain sufficient inventory, supplies and products and work sufficient hours to operate Your Franchise Business or supervise Your managers and employ adequate personnel to operate Your Franchise Business at its maximum capacity and efficiency.

(ii) Although We do not require Your Operating Principal to be involved in the day-to-day, on-premises management, Your Operating Principal is required to participate in Your Franchise Business as follows: (i) be directly responsible for overseeing all accounting, reporting and bookkeeping, and all financial components of the Franchise Business; (ii) attend and complete all training and retraining courses required by Us; (iii) attend any annual or special meetings of franchisees called by Us; (iv) be directly involved with site selection, construction, and Updates, (v) be directly involved in all personnel decisions affecting the Franchise Business; and (vi) conduct frequent inspections of the Franchise Business operations to ensure the highest standards of professionalism,

cleanliness and general pleasant appearance in compliance with Our approved methods.

(iii) Your Operating Principal must devote their primary attention to the Franchise Business, and You, Your Operating Principal and Your manager(s) must keep free from any conflicting or competing enterprises or any other activities that would be detrimental to or interfere with the operation of Your Franchise Business.

6.1.8 Operational Hours. You shall operate Your Franchise Business at least seven days per week throughout the year and at the hours We may designate.

6.1.9 Remodel and Upgrades. You shall Update Your Franchise Business and Premises from time to time as We may reasonably direct, but not more often than every five years ~~between Updates, and We will not obligate You to invest additional capital at a time when the investment cannot in Our reasonable judgment be amortized during the remaining term of this Agreement~~ (except for required changes to the Marks ~~and equipment or changes due to health or government mandates, guidelines, or public concerns~~, which We may require at any time) ~~to conform to the building design, color schemes and presentation of trade dress consistent with Our then-current public image.~~ This can include structural changes, new flooring, wall treatments, signage, new equipment, new furnishings, fixtures and décor, and such modifications to existing improvements as may be reasonably necessary, such that all Swig™ locations will have a generally similar look, appearance, and capabilities. You must complete all such Updates within six months of notice from Us. You shall also complete any day-to-day maintenance issues as they occur. In the event You relocate Your Premises to a new approved location, or sign a Successor Franchise Agreement, You must bring Your new Premises up to Our then-current standards.

6.1.10 Your Employees. You, Your principals, and Your employees are not Our employees. You are solely responsible for the hiring, firing, discipline, scheduling, management, compensation, benefits, managing supervision, assignment of duties, directions governing the manner, means, methods of performance of duties, safety, work rules, working conditions, and training of Your employees. We do not assist You in employment-related decisions, or in creating any policies or terms and conditions related to the management of Your employees or their employment. We may provide You with a sample employee guide or manual, but it will only be an example of certain employment matters ~~unless otherwise expressly provided by Us that You may choose to adopt or not. You must use Your own discretion on what policies to implement for Your employees based on Your own circumstances and management decisions. The sample manual is not edited or reviewed frequently to stay up to date with current or state specific employment laws. You must seek Your own legal counsel to determine those policies that are legally compliant with current employment laws in Your state to draft Your own employee handbook.~~ It is Your responsibility to comply with local and federal labor and employment laws.

6.1.11 Insurance.

(i) Minimum Limit Requirements. You shall at all times during the entire term of this Agreement and at Your own expense keep in full force, by advance payment(s), the following minimum insurance policies, obtained from a source designated by Us. If we allow You to purchase insurance from a different provider, that provider must be rated "A-" or better by A.M. Best & Company, Inc.

Type of Insurance	Minimum Required Amount(s)
Commercial General Liability Insurance	\$1,000,000 per occurrence and \$2,000,000 in the aggregate, whichever is greater
Property Insurance	100% of the full replacement cost against loss or damage from fire and other risks normally insured against in extended risk coverage
Data Breach & Cyber Security Breach Insurance	\$1,000,000 per occurrence and \$1,000,000 aggregate
Government Required Insurances	You must maintain and keep in force all All worker's compensation and employment insurance on Your employees that is required under all federal and state laws.

(ii) **Policy Requirements.** Other than worker's compensation, these policies must insure You and Us and Our nominees as additional insureds, without regard to any other insurance program that We may have in effect, against any liability that may accrue by reason of or relating to Your ownership, maintenance, or operation of the Franchise Business wherever it may be located. These policies must stipulate that We will receive a 30-day written notice prior to, renewal or termination, and We must receive a 30-day notice of any modifications. Original or duplicate copies of all insurance policies, certificates of insurance, or other proof of insurance acceptable to Us must be furnished to Us together with proof of payment prior to You beginning operations and within 15 days of any request which We may make from time to time.

These insurance coverage requirements are only minimums. You need to make an independent determination as to whether increased amounts or additional types of insurance are appropriate. If You fail to obtain insurance and keep the same in full force and effect, We may obtain insurance at Our discretion, and You must reimburse Us the premium costs, plus an administration Fee for Our time (see Exhibit "A-3"). We may periodically increase the amounts of coverage required and/or require different or additional coverage. If Your Premises are damaged and covered by insurance, You must use the proceeds to restore the facility to its original condition no later than 160 days from receiving the proceeds.

6.1.12 **Pricing.** We may, to the degree permitted by law, suggest retail prices and specify maximum and/or minimum pricing You may charge for products and services. If We impose a maximum price for any product or service, You may charge any price for the product or service up to and including the maximum pricing We impose, but You may not charge any price in excess of the maximum pricing. If We impose minimum pricing for any product or service, You may charge any price down to and including the minimum pricing imposed, but You may not charge any price below the minimum pricing set by Us. Unless otherwise agreed to by Us in writing, You cannot advertise or promote prices lower than, or inconsistent with, Our suggested prices outside of Your Premises. Our pricing policies are intended to benefit the System as a whole and may not maximize Your profits.

6.1.13 **Computer and POS System.** At Your expense, You must purchase or lease the computer and point of sale ("POS") system and other computer hardware and software systems designated by Us in strict accordance with Our specifications, and We can mandate the forms of payment that You can or must accept. If We adopt a different computer system, POS system or other system in the future, You must adopt it at Your expense. You must maintain, repair, modify and

upgrade, all such items, at Your sole expense. You must provide Us full 24-hour/7-day a week access, Including online access, and the right to “upload” or “download” information to and from all POS, computer and other systems, and to the information and data contained in them. There is no contractual limitation on Our right to receive information through Your computer, POS or other systems or to the frequency and cost of the obligation to upgrade and maintain them. You hereby waive any claim against Us or Our affiliates for any loss, damage, liability or expense caused by or related to failures, errors, acts, omissions, or otherwise of any computer, POS, hardware or software system (not related to Our (or an affiliate’s) acts or omissions).

(i) Retention of Records. You must record all sales at the time of the sale in Your computer and/or POS system, or other sales recordation system approved or designated by Us. You must have high speed, broadband Internet access at the levels required in the Manuals. You must retain all POS and computer records, charge account records, sales slips, orders, return vouchers, sales tax reports and all ~~of~~ Your other business records and related back-up material, tax returns and financial reports for at least five years following the end of the year in which the items pertain, Including after the Termination of this Agreement.

(ii) Accounting Systems. We can require that You use and pay for a specific accounting software, and You are required to follow Our accounting procedures, line items, and templates and charts of accounts as provided and updated in Our Manuals. We can require that We have independent view-only access to Your account. You may use only the standardized profit and loss statement templates and balance sheet templates as designated by Us that we will provide You. You must use accrual accounting and 13-period calendar for reporting (every four weeks), unless otherwise designated by Us.

(iii) Merchant Account. At Your expense, You must participate in Our merchant account and other point of sale programs as set forth in Our Manuals. We may change the required or designated provider at any time, and You are required to comply with those changes. You must also pay for any fees or costs You may incur associated to implementing those changes.

(iv) Data Security Standards. At Your cost and expense, You must investigate and ensure that You comply with all payment card industry (“PCI”) and data security standard (“DSS”) standards, regulations, and requirements; however, We reserve the right to approve of the ~~vendorsupplier~~ You use for compliance. You must meet the requirements of, and comply with enhancements and changes to, the PCI and DSS and maintain PCI compliance with the current version of the PCI and DSS. We reserve the right to require an audit (and to designate the auditor) to verify compliance. You must reimburse Us for all costs related to the audit if You are not in compliance. You are responsible to use all required tools, systems, and vendors to complete ongoing PCI requirements, Including quarterly external security scans and annual self-assessment questionnaires. You are solely responsible for all costs relating to PCI compliance and data security issues, Including, security threats, breaches, and malware. It is Your responsibility to alert Us, not later than 24 hours following a suspected or confirmed data security breach, so that appropriate action can be taken to protect Customer Data and to notify relevant parties. You are not permitted to collect, store, transfer, etc., any unnecessary customer information.

(v) Compliance Monitoring System. You are required to install a compliance monitoring system in Your Premises, as designated by Us. You are solely responsible for the

monitoring, maintenance and upgrades to this system. Both You and We must have the right to online access to the system, but We are not required to monitor Your location for safety or compliance. You may not install any cameras in places where employees and customers have a reasonable expectation of privacy, e.g., bathrooms, changing rooms, etc. By installing the [compliance](#) monitoring system, You and Your employees are waiving their right to privacy in non-private areas of the Premises, and You agree to include a provision in all Your employment applications and other applicable documents requiring Your employees to sign and waive their right to privacy with respect to the use of the compliance monitoring system in non-private areas of the Premises. You agree to indemnify and hold Us harmless from and against any claim related to Your compliance monitoring system.

6.1.14 [Conferences and Seminars](#). In Our discretion, We may hold conferences or seminars on a regional or national basis for all franchisees in good standing. The conferences and seminars may be held at various locations chosen by Us. If held, attendance is mandatory for Your Operating Principal, and You must pay registration Fees ([see Exhibit "A-3"](#)) and all travel, lodging, food, and other expenses for each of Your attendees.

6.1.15 [Required Software Technology](#). You must use and pay for all software (~~Including a customer relation management "CRM"~~) and other technology platforms as required by Us, which may be changed from time to time. You must input all required information into Our designated software as set forth in Manuals. You must follow all laws and regulations in storing Customer Data and in submitting information to Us.

6.2 [Quality Control](#).

6.2.1 [Correction of Defects](#). You shall immediately correct defects, deficiencies or unsatisfactory conditions in the appearance or conduct of Your Franchise Business. You shall establish and maintain an image and reputation for Your Franchise Business consistent with the standards set forth in this Agreement, in the Manuals, or as otherwise specified by Us.

6.2.2 [System Compliance](#). You shall strictly follow Our System, the Manuals, Recipes, and other directives promulgated or provided by Us from time to time.

(i) [Email Address](#). You must at all times use and maintain the email address provided by Us or approved by Us for use in relation to Your Franchise Business, frequently checked by You to facilitate Our communications, and that You must use as the sole email for all Franchise Business-related communications and accounts. If We provide You with an email account/address, We have the right to access Your email account at any time and without notice to You, and You understand and acknowledge that You have no expectation of privacy in the assigned email accounts.

(ii) [Incentive Programs](#). If We adopt a loyalty, coupon, gift card/certificate, free giveaways, fundraising program, membership ~~or~~ subscription model, or other discount or incentive program, You are required to implement and honor such programs in Your Franchise Business. You are not allowed to implement any sort of coupon, loyalty, membership, subscription model, [fundraising program](#), gift card program, etc., without Our prior written permission. [The method of sales and pooling and reconciling the funds for all such programs will be determined by Us at Our sole discretion as set forth in the Manuals.](#)



(iii) Modifications. We have the right to modify, delete, add to and otherwise make systematic and other changes to the System, Intellectual Property, Manuals, operations, etc. We may issue new specifications and standards for any aspect of Our System, or modify existing specifications and standards, at any time by revising Our Manuals and/or issuing new written directives (which may be communicated to You by any method We choose). You must accept, comply with, use, and implement any and all such changes to the System or operations. The modifications may obligate You to invest additional capital in Your Franchise Business and to incur higher operating costs. You must incorporate all such modifications within the time that We specify. ~~Other than modifications due to health or governmental mandates or guidelines, or public concerns, We will not obligate You to invest additional capital at a time when the investment cannot in Our reasonable judgment be amortized during the remaining term of this Agreement.~~ You are prohibited from making modifications to the System or Your Franchise Business without Our prior written approval.

(iv) Inspections and Visits. We may conduct periodic evaluations, inspections, and audits of any or all aspects of Your Franchise Business at reasonable intervals by Our duly authorized representative for compliance with the System, reporting, customer service and the standards and procedures set forth in the Manuals. These inspections may be conducted in person or through remote access such as video or live video conferencing. Our inspections may include Your Premises, business records, bank accounts, Venmo ~~accounts,(and the like)~~, operating procedures, reports, computer drives, electronic storage devices, POS system, account records, tax records, etc., related to the Franchise Business. We also have the right to speak with and interact with Your employees, ~~independent contractors~~, and customers, and to remove samples of products, supplies and materials. Immediately upon Our request, You must provide to Us video and/or images of the interior and exterior of Your Premises, and any specific pieces of equipment or other areas of the Premises as may be more fully set forth in the Manuals.

(v) Online Ordering and Delivery. You must participate in any online ordering program for takeout or delivery, whether provided by Us or one or more third parties designated by Us. You ~~will~~shall not participate in any third party delivery platform unless approved by Us. You must use all required software or other equipment required by Us or any such third party necessary to provide the services as designated and as may be updated, supplemented or changed. You shall also provide Us with any login information necessary to access any third-party delivery provider accounts, and You agree that We will have unrestricted access to review the information in such accounts at any time. Any such software or equipment must be purchased by You at Your cost. You understand and acknowledge that any third party providers may also charge fees or commissions for their services, and You shall pay all such costs or fees. ~~(see Exhibit "A-3").~~

6.2.3 Interim Management. If We give You notice of default and You fail to cure (or as set forth in Section 14.10), We have the right at Our sole discretion (but not the obligation) to step in to manage Your Franchise Business for up to six months, as We deem advisable for a Fee. See Exhibit "A-3." ~~You must~~This Fee reflects the estimated fair market value of Our services. You shall also pay all travel, lodging, food and other expenses for Our representative(s) and other expenses that may be incurred by Us to perform such services, plus royalties, advertising fees and other applicable fees.

(i) Operations, Access to Information and Operating Account. During the Interim Management Period, You hereby grant Us authority to assist You in managing any or all



aspects of Your Franchise Business. We will work directly with Your Operating Principal and Your manager, and We may require additional training for Your Operating Principal, Your manager, employees, and other contracted personnel. You shall cooperate to provide Us with all pertinent information regarding Your Franchise Business and access to the applicable operating accounts to enable Us to efficiently assist with management operations. All accounts must remain in Your name during the Interim Management Period, but You shall add Us or Our representative as a co-signer on certain accounts. You shall cooperate with Us in communicating with all vendors and suppliers related to Our interim management. You hereby grant Us permission to speak directly with Your landlord, suppliers, banks, IRS, state agencies, creditors, etc., regarding Your Franchise Business, and You shall cooperate with Us to facilitate such communication. We may require You to establish a new bank account for Your Franchise Business during the Interim Management Period into which all operating income will be deposited. You and We (at Our option) will have authority over this account, and You or We will make payments on Your accounts payable as cash is available, but only with Your prior authorization and direction when possible. You are ultimately responsible for all operating costs both before and during the Interim Management Period. You shall provide Us with a list of all accounts payable with direction on which accounts are to be paid, but with the understanding that all taxing authorities will be paid first. Any excess funds in the Operating Account or any new account after all applicable costs and Fees have been paid and after an additional amount has been set aside sufficient for the Franchise Business to fulfill its business purposes as determined by Us, will be transferred to You monthly. We may provide monthly internal profit and loss statements to You. We have no obligation to infuse capital into Your Franchise Business, but if We do, such amounts will be treated as a loan, which must be repaid within an agreed upon time and bear market interest as agreed. We have the right to direct Your employees and contract personnel during the Interim Management Period. Both You and We agree that in no way does Our interim management create a relationship of trustee, beneficiary or any type of fiduciary relationship over or in relationship to Your Franchise Business.

(ii) Your Obligation to Cure. During the Interim Management Period, You are obligated to cure all applicable defaults within the applicable cure periods as set forth in this Agreement. We have the right to terminate this Agreement during the Interim Management Period for defaults not cured within the applicable cure periods.

6.3 Personal Guarantees. ~~If Your Franchise Business is owned by a business entity, each~~Each individual owner, partner, shareholder, and member of Your Franchise Business, respectively, who own 5% or greater interest, must each personally sign ~~an agreement not to compete and must personally guarantee the performance of all Your obligations under this Agreement and agree to be personally bound by, and liable for, the breach of every provision of this Agreement. See Exhibit "A-8,"~~the Guaranty and Assumption of Obligations is attached as Exhibit "A-8" to this Agreement.

6.4 Standards and Control. Any required standards exist to protect Our interest in the System and the Marks and not for the purpose of establishing control or duty to take control over those matters that are reserved to You.

6.5 Required Notices. You shall provide Us with prompt notice (within five business days of receipt) of any default with regards to late payment of any taxes, government fines, payments owing to any vendors, landlords, or amounts owing to employees or contractors.

6.6 Non-Contravention; Non-Disparagement. You shall not undertake any action or inaction to circumvent, contravene, or undermine the purposes of this Agreement. Additionally, during and after the term of this Agreement, You shall not make any negative, disparaging, false or misleading statements, published or made orally, in any medium about Us, Our officers, owners, partners, directors, members, managers, representatives, agents or employees, the brand, the System, Our products and services, or other franchisees.

6.7 Non-Delegation. You may not outsource to a third party, any part of Your obligations to Us or services to customers, including to another franchisee, without Our prior written approval.

6.8 Charitable Promotions. You are required to participate in Our designated charitable promotions and fundraising campaigns as designated by usUs. This may include things such as free giveaways for products, discounting products, purchasing certain products from Us or an affiliate and donating the proceeds to designated organizations, whether local or national, and promotion of various causes and celebrations. You acknowledge that these fundraising and charitable promotion activities may result in lower or no margins on different products during certain giveaways and promotion periods, or it may result in donations to an organization that exceed income for certain products or on certain days, and that Your participation is nonetheless required.

6.9 Annual Minimum Revenue. Your rights under this Agreement are dependent upon Your achievement of an annual minimum revenue volume. You must achieve at least \$400,000 in annual Net Sales each year during the term of this Agreement. If You do not achieve the minimum revenue in Your Territory, then You will be given a notice of default and a six-month period to cure by achieving at least \$200,000 in Net Sales during the cure period. If You do not cure within the six-month cure period, We have the right to terminate this Agreement. We also have the right to allow You to continue to operate Your Franchise Business under the terms of this Agreement while We broker the sale of Your franchise. If We broker the sale of Your franchise, We are entitled to a fee equal to 10% of the sales price to compensate Us for time and expenses to broker the sale of Your franchise. You shall also be required to pay the required transfer fee and training fee for us to train the new franchisee. If You have not sold or we have not terminated Your franchise within six months of Us giving You notice of Your second consecutive default, You may cure the default achieving \$200,000 in Net Sales by the end of that six-month period.

ARTICLE VII FRANCHISOR'S OPERATIONAL ASSISTANCE

7.1 Layout and Design. We shall provide You with general specifications for the Premises layout, signs, equipment and interior décor.

7.2 Suppliers and Products. We shall provide You with a list of specifications for approved products and a list of approved suppliers. We may add to or discontinue working with any of Our suppliers.

7.3 Operations Assistance. We shall furnish You with guidance relating to the general operation of Your Franchise Business, and upon Your reasonable request, make Ourselves available to consult with You by telephone, email, video conference, teleconferences, or website posting during regular business hours during the continuing operation of Your Franchise Business. Other than initial training



and the opening training, We are not required to provide additional training to You. If You feel additional training is necessary (such as management training), We will provide such training to You based on advance notice, availability of personnel, and Your payment of a per day, per person Fee. See Exhibit "A-3." You shall be responsible to cover the cost of travel, food, wages, lodging, and other costs incurred by Your trainees or Our representatives, as applicable. We have the right to communicate directly with Your Operating Principal, designated managers, and assistant managers concerning operational matters that We reasonably believe may affect Our goodwill, Marks, or the System.

7.4 Initial Training. We shall train Your Operating Principal and other attendees in the various practices, policies, and procedures of operation of Your Franchise Business. This training will take place in Utah, or as designated by Us. The training program is described in Paragraph 6.1.4.

7.5 Opening Assistance. We will provide You with two of Our representatives, who will provide You with seven days of opening assistance. The Fee for this opening assistance is set forth on Exhibit "A-3." We will cover the cost of travel food and lodging for Our representatives. We will not send any representatives to assist with this opening assistance until you have sent ~~us~~Us a valid certificate of occupancy. You must have also obtained all necessary permits and all Your equipment must be functioning for Us to provide this assistance.

7.6 Site Development. At Your option, We shall assist with real estate matters for Your site as set forth in Paragraph 4.1.1 above.

7.7 Additional Guidance. Additional guidance, at Our sole discretion, will be furnished in the form of written Manuals, videos, audio recordings, bulletins or other written materials, ~~telephone consultations and/or consultations at Our offices or at Your Franchise Business. We have the right to communicate directly with Your Operating Principal, designated managers and assistant managers concerning operational matters that We reasonably believe may affect Our goodwill, Marks, or the System.~~

7.8 Website Maintenance. We shall maintain a website for the Swig™ brand that will ~~include~~include Your business information and telephone number for Your location.

7.9 Grand Opening Marketing. We will run a grand opening Marketing campaign as described in Paragraph 5.3.2 above.

ARTICLE VIII PURCHASE OF PRODUCTS AND EQUIPMENT

8.1 Approved Products and Services; Suppliers. You shall purchase, use, provide, and sell only those goods and services that meet Our specifications and/or that are purchased from Our approved suppliers. You shall timely pay all suppliers, Including Us and Our affiliates for purchased goods and services. The prices, delivery terms, terms of payment, and other terms relating to the sale of such goods and services are subject to change by the supplier (Including Us and affiliates) without prior notice at any time. In no event will We or an affiliate be liable to You for unavailability of or delay in shipment or receipt of merchandise due to temporary product shortages or unavailability, order backlogs, production difficulties, delays in or unavailability of transportation, fire, strikes, work

stoppages, or other such causes. A list of approved goods, services, and suppliers may be set forth in Our Manuals, which list We may update from time to time. No ~~product~~goods or ~~services~~services may be added to, altered, or discontinued by Your Franchise Business unless it is first approved by Us in writing. Any additional goods or services that are unique to Your area requires written approval from Us before such goods and/or services are offered. For the purpose of this Article, “goods” means any product, good, inventory, supply item, equipment, tool, item, etc.

8.1.1 Delivery and Installation. For delivery and installation, You are required to work directly with the manufacturer or supplier of these items. We do not assist in delivery or installation of any required or approved purchases.

8.2 Supplier Compensation. We or Our affiliate may derive revenue from the sale of required goods and services through mark-ups in prices We charge to You for goods and services purchased from Us or an affiliate, or We or an affiliate may receive compensation or discounts from the supplier for Your purchase of such goods and services. We agree to provide You with 75% of the cash rebates We ~~earn~~receive from Your purchases of Coke and Pepsi BIBS (bag in a box).

8.3 Unapproved Suppliers. If You desire to purchase any goods or services from an unapproved supplier, You must submit to Us a written request for such approval or request the supplier itself to do so. We may require You to submit samples, including ingredient lists, and other data to permit Us to ascertain whether any such supplier meets Our specifications. We will notify You in writing and within 30 days of completing Our evaluation as to whether that supplier has been approved. You shall reimburse Us Our costs and expenses of testing within 15 days of notice from Us. This is due whether or not the requested supplier is approved. A supplier who is able to meet Our specifications may, as determined in Our sole discretion, become an approved supplier. We may make changes in the standards and specifications for approved suppliers. At Our discretion, We may revoke Our approval of an approved supplier upon 30 days’ prior written notice.

8.4 Equipment. You shall maintain all items and equipment of Your Franchise Business in good working order.

8.5 Warranties; Support. You must look to the respective manufacturers or suppliers for issues related to warranties defective products, training, and support for any third-party goods purchased for Your Franchise Business. We will replace defective items purchased directly from Us pursuant to Our standard limited warranty, if any.

ARTICLE IX MANUALS

9.1 Manuals. We shall loan You a copy or provide electronic access to Our Manuals. Our Manuals may consist of a series of online videos, webpages, online drives, or other form designated by Us. You may not copy any part of the Manuals either physically or electronically. The Manuals are confidential and remain Our property. The Manuals may be used by You only in association with Your Franchise Business and only during the term of this Agreement. We have the right to revise the Manuals at Our sole discretion. You must promptly and continuously comply, at Your expense, with all provisions of, and modifications to the Manuals. The master or most updated copy of the Manuals maintained by Us will be controlling in the event of a dispute relative to the contents of the Manuals. You are



responsible for frequently checking the Manuals and updates to ensure that You are aware of and compliant with the most up-to-date information and system requirements.

9.2 Standards and Procedures. We may establish performance procedures, standards and specifications for products, services, and Marketing (“Standards”) for the operation of Your Franchise Business. We may change these Standards at Our discretion, and You must strictly follow and implement all such Standards within the periods required by Us.

ARTICLE X MARKETING

10.1 Marketing Fund. You shall contribute to Our national Marketing fund (“Marketing Fund”) for Marketing activities as We, in Our sole discretion, may deem necessary or appropriate to Market the System. The Fees for the Marketing Fund are listed in Exhibit “A-3.” We can terminate, suspend, or postpone the Marketing Fund at any time. Upon termination of the Marketing Fund, the unused funds will either be returned to those that contributed the funds, or We will cease to collect new funds while We spend the remainder of funds ~~within the Marketing Fund.~~

10.1.1 Marketing Fund Administration. We will direct all such programs, with sole discretion over: 1) the creative concepts, materials, endorsements, and media used in connection with such programs; 2) the source of the Marketing or public relation efforts; 3) the placement, timing, and allocation of such programs; and 4) the composition of all geographic territories and market areas for the development and implementation of such programs. The Marketing Fund can be operated through an entity separate from Us that has all ~~of~~ Our rights and duties relating to the Marketing Fund. We are not liable for any act or omission with respect to the Marketing Fund or otherwise that is consistent with this Agreement, or which is done in subjective good faith. The Marketing Fund may be used, in Our reasonable discretion, to reimburse Us for costs related to the administration of the Marketing Fund and Marketing efforts intended to benefit the System. We have the right to loan money to the Marketing Fund to cover any deficits. The Marketing Fund is not in the nature of a trust, fiduciary relationship or similar special arrangement, and We disclaim any such relationship.

10.1.2 Use of Marketing Fund Fees. We may use the Marketing Fund to offset a portion of direct costs to manage and maintain the Marketing Fund, including the payment of staff salaries and other expenses for those groups who may be involved in Marketing Fund activities. We may receive payment for providing goods or services to the Marketing Fund. We reserve the right to use fees from the Marketing Fund to place Marketing in national or regional media. We are not required to spend any amount on Marketing directly in Your area or Territory, and We do not have any obligation to ensure that expenditures are or will be used equally in each region or that they will be equivalent to contributions to the fund by other franchisees operating in any geographic area. We make no representations that Marketing expenditures will benefit You or any other franchisee directly, on a pro-rata basis, proportionally, or at all. Any unused Marketing funds in any calendar year will be applied to the following year’s fund. You may request (in writing) an unaudited annual report of the previous year’s Marketing expenditures ~~within 90 days of the end of~~ once each calendar year.

10.2 Advertising Cooperative. You are not required to participate in a local or regional advertising cooperative.



10.3 Sample Marketing ~~and Promotional~~ Materials. We may provide You samples of Marketing materials developed by Us from time to time. Additional copies will be made available at cost, plus 10%, plus shipping and handling.

10.4 Your Obligations to Market. Neither We nor You are restricted from Marketing in the Territory. You are not permitted to ~~target~~ Market or sell to customers in another franchisee's territory or in a territory of a company owned location.

10.4.1 Approval of Marketing. You may develop Marketing ~~and promotional~~ materials and digital Marketing programs for Your use at Your cost, but You must submit to Us, prior to publication, copies of all Marketing materials, proposed to be used by You, including any use of the Internet, or other digital, electronic or Social Media along with a description of how it will be used, by what media published, and such other information as may be reasonably requested by Us. All such materials must be approved by Us in advance and in writing in accordance with Our Manuals. Submitted Marketing materials will be deemed unapproved if You do not receive Our written approval or disapproval within 14 days of the date We receive the submission. We have the right to disapprove previously approved Marketing materials at any time.

10.4.2 Marketing Compliance. All Your Marketing ~~and promotional~~ activities must be done in strict compliance with Our Manuals and in good taste and must reflect favorably upon the brand and System. You shall participate in all Marketing, email, texting, giveaways, and other programs as developed by Us, including the collection of Customer Data and participation in using and promoting apps, as developed by Us.

10.5 Internet and Social Media. You must strictly comply with Our policies and procedures regarding websites, Social Media sites, and Internet Marketing. We reserve the right to restrict Your use of these mediums in the future.

10.5.1 Use of the Internet. You may not create a website for Your Franchise Business ~~or use or obtain a domain name consisting of all or any part of the Marks, or that would be confusingly similar to all or part of the Marks without Our prior written permission.~~ You cannot engage in Marketing on the Internet, including posting for resale, items on third party re-sell or auction-style websites such as eBay, Craigslist or Amazon without Our prior written permission. You may not claim any web listing on sites such as Yelp. We have the right, but not the obligation, to manage all online reviews for Your franchise.

10.5.2 Social Media. We will own and control all Social Media related to the brand, but We may allow You access to the Social Media account for Your location for certain management responsibilities and functions. In all cases, We will have administrative access, and access to account information, and any other information related to Your Social Media activities related to the Swig™ brand. You cannot change any login/password information without Our prior written approval, and You must supply Us with all changed/updated login/password information. We have the right to remove or alter or require You to remove or alter any content We deem inappropriate or inconsistent with the Swig™ brand. Additionally, You must sign the Digital and Social Media Authorization for Assignment attached as Exhibit "A-9."

ARTICLE XI BREACH AND TERMINATION

11.1 Default and Termination. We may terminate this Agreement before the expiration of its term if You breach this Agreement and fail to cure, if curable. If curable, You must cure ~~a default~~all defaults within the times set forth below after receiving notice of default. If the default is one which is incapable of cure, Termination is effective as of the date of the notice of default and Termination.

No Cure Period:

A. Insolvency. You become insolvent or commit an act of bankruptcy or make a general assignment for the benefit of creditors or to an agent authorized to liquidate Your property or assets, or become or are adjudicated bankrupt, or voluntarily file a petition in bankruptcy or for reorganization.

B. Repeated Breaches. You repeatedly breach (three or more times) the same or different conditions of this Agreement or the Manuals within a 12-month period.

C. Unauthorized Use. You duplicate the System or use Our Confidential Information or Intellectual Property other than in connection with the operation of Your Franchise Business.

D. Misrepresentations. You make any material misrepresentations relating to the acquisition of the Franchise Business, or Your misrepresentation to customers, including deception relating to the source, nature, or quality of goods sold or services provided.

E. Abandonment. You abandon Your Franchise Business or You state or clearly demonstrate an intent not to operate the Franchise Business.

F. Unauthorized Transfer. You Transfer or attempt to Transfer all or any part of this Agreement, Your Franchise Business, or any material portion of the property associated with Your Franchise Business, or an unapproved percentage of Your franchise entity, or You sublicense or attempt to sublicense to another any of the rights licensed to You hereunder, or You otherwise fail, refuse or neglect to obtain Our prior written consent or approval required hereunder.

G. False Reporting. You knowingly or intentionally conceal revenues, maintain false books or records, (including purposely uploading or storing incorrect or incomplete information on a designated platform) or submit any false report or payment or otherwise defraud Us.

H. Crimes and Adverse Behavior. You commit or are convicted of or plead guilty or no contest to, or enter into a plea in abeyance, stipulated order of continuance, or related agreement, to a felony, a crime involving moral turpitude, or You engage in any conduct or behavior that We believe is reasonably likely to have an adverse effect on the System, the Marks, the goodwill associated therewith, or Our interest therein; or You make disparaging remarks against Us, Our management, employees, the System, or Our brand to Our other franchisees or in a public forum, including radio, television, newspapers, the Internet, or Social Media.

I. Unauthorized Competition. You fail to comply with the covenant not to compete during the term of this Agreement or intentionally or recklessly disclose or use Our Confidential Information or Intellectual Property in violation of this Agreement.

J. Termination of Lease Agreement. Your Lease for the Premises is terminated.

K. Failure to Obtain Financing. You fail to qualify for or fail to receive the necessary financing to open and operate Your Franchise Business.

L. Unauthorized Modification. You modify in any degree by adding to or taking from or changing Our products and services, the contents, amounts, or flavor of any Recipe or other food item as well as using any substitute ingredients or procedures in violation of the Manuals or this Agreement.

M. Termination of Another Agreement. Another agreement between Us or an affiliate of Ours and You or with an affiliate of Yours is terminated due to Your failure to cure any breach after notice, or for Your incurable breach of such agreement.

24-Hour Cure Period:

N. Public Safety. Your maintenance or operation of Your Franchise Business results in a threat or danger to public health or safety, or You fail to cure a health code or safety violation within 24 hours of an inspection by Us or the applicable governmental agency.

5-Day Cure Period:

O. Unauthorized Closure or Relocation. Your Franchise Business is closed for a period of three or more consecutive business days or not open for the business hours as required under this Agreement for three or more business days in any 30-day period without Our prior written approval, which consent will not be unreasonably withheld or delayed, or You move the location of Your Franchise Business Premises without Our prior written approval.

P. Failure to Use or Provide Access to a Designated Account. You refuse to use, or to enable, or to allow Us access to Your account for a designated platform or software, Social Media Account, or branded email account.

Q. Failure to Obtain or Maintain Insurance. You fail to obtain or maintain all required insurance.

15-Day Cure Period:

Q-R. Failure to Pay. You fail to pay any Fee or an amount due to Us, any of Our affiliates, or other designated, approved, or other suppliers or assigns, within the time specified for such payments by this Agreement, the Manuals or an agreement specifying the payment concerned.

R.S. Failure to Accurately Report. You fail to accurately report or fail to submit any reports or records required under this Agreement or the Manuals.

S.T. Default Notice of Lease Agreement. You receive a notice of default under Your Lease.

T.U. Act in Contravention. You perform or undertake any action to undermine or circumvent this Agreement, the System, or Us.

30-Day Cure Period:

UV. Other Breaches. Except as otherwise provided herein, You fail to comply with any other provision of this Agreement or the Manuals.

11.1.1 Adequate Assurance. When reasonable grounds for insecurity arise with respect to the performance of Your obligations under this Agreement, We may demand adequate assurance of due performance, and, until We receive such assurance, We may reasonably suspend any performance of Our obligations. Failure to provide Us with adequate assurances within 30 days, when properly demanded, will be considered a default of this Agreement for which no additional cure period will be granted.

11.2 Event of Default. In the event of any default by You, We will give You written notice of default specifying the default(s) and, if curable, state what You must do to cure the specific default(s) within the cure period. Notwithstanding anything to the contrary herein, We have the right, to be exercised in Our sole discretion, to grant You an extended period of time to cure. Any such extension will not be construed as a waiver of Our rights in the future.

11.3 Failure to Cure. If You fail to cure any default within the time allotted, We may proceed to enforce any or all of the following non-exclusive remedies in accordance with this Agreement, and the pursuit of any one remedy will not be deemed an election or waiver by Us to pursue additional remedies:

11.3.1 Actionable Claim. Bring an action or claim for the balance of any monies due hereunder, including penalties and interest as provided for in this Agreement and for all other damages sustained by Us as a result of Your breach of this Agreement. As part of any such action, We may accelerate and bring an action for the balance of any outstanding installment obligation due hereunder.

11.3.2 Injunctive Relief. Bring an action for temporary or permanent injunctions and orders of specific performance enforcing the provisions of this Agreement and otherwise stop You from engaging in actions prohibited hereby.

11.3.3 Termination. Terminate this Agreement and proceed to enforce Our rights under the appropriate provisions. Such Termination will be effective upon delivery of a notice of Termination to You without further action by Us.

11.3.4 Other Remedies. Seek any other remedy available to Us at law or in equity, including lost profits.

11.4 No Right of Termination. You may not terminate this Agreement; however, some states may allow You to terminate as permitted by state law.

11.5 Opportunity to Cure. Prior to taking any action against Us, You must first give Us 60 days' prior written notice and an opportunity to cure any alleged act or omission. If such act or omission cannot be cured within such 60-day period, and We are diligently continuing efforts to attempt to cure such alleged act or omission, You must give Us such additional time as is reasonably necessary to cure.

ARTICLE XII TERMINATION AND EXPIRATION

12.1 Upon Termination of this Agreement for any reason, You immediately cease to be Our franchisee, and You must:

12.1.1 Payments Due. Immediately pay for all product purchases, Fees and other obligations owed or accrued to Us, Our affiliates or designated suppliers.

12.1.2 Cease Use. Not hold Yourself out as a Swig™ franchisee or business and immediately and permanently cease to Market or in any way use the System Our Intellectual Property or Confidential Information provided by or licensed to You by Us or in any way connected with the Franchise Business or System.

12.1.3 Disassociation. Within five days of Termination, take all necessary steps to disassociate Yourself from the System and Your Franchise Business, including the removal of signs, destruction or removal of letterheads, Marketing material, the change of Your Franchise Business telephone listings, telephone numbers, email addresses, URLs, Internet websites, and any other property that bears Our brand or is affiliated with Our brand. All such property and listings, excluding Your operating assets and inventory that are associated with and considered part of Our brand, Intellectual Property and System revert back to Us upon termination of this Agreement. If any of Your Operating Assets and inventory bear Our brand and marks to Our system, You must take the steps necessary to dissociate it all from Our brand, Marks and Intellectual Property. You shall assist Us to assign, transfer, or disconnect (at Our option) the telephone listing, telephone numbers, Marketing accounts, email addresses, URL's, Internet sites, web pages, and Social Media to Us. If You fail or refuse to do so, the telephone company, URL and hosting companies, and other listing agencies may accept this Agreement as evidence of Our exclusive rights in and to such telephone number(s), Internet websites, URL's, email accounts, and Social Media and listing and its authority to direct their transfer. You hereby appoint Us as Your attorney-in-fact for the above transfers, which appointment is coupled with an interest. You must not identify any present or future business owned or operated by You as having been in any way associated with Us or the System.

12.1.4 Cancel DBA. Within five days of Termination, take such action as will be necessary to amend or cancel any assumed name, fictitious or business name or equivalent registration, which contains any Mark of Ours or in any way identifies You as being affiliated with Our System.

12.1.5 Notify Suppliers; Communication with Customers. Immediately notify all suppliers, utilities, creditors and concerned others that You are no longer affiliated with Us or the System and

provide proof to Us of such notification. All communications with customers of the Franchise Business must be pre-approved by Us, and We can require that all such communication be handled by or through Us. We also have the right to communicate directly with all customers of the Franchise Business.

12.1.6 Return Materials. At Your cost, permanently delete electronic copies and return to Us by first class prepaid United States Mail (Including originals and any copies), physical copies of Our Manuals, all training materials, Marketing and materials, and all other printed and electronic materials and any other Confidential Information obtained by You from Us pertaining to the operation of Your Franchise Business.

12.1.7 Modification of Premises. If We do not exercise Our right to purchase Your Operating Assets or assume Your Lease upon Termination, then You shall alter, modify and change both the exterior and interior appearance of the Premises to Our satisfaction, so that it will be easily distinguished from a Swig™ business and shall cease using the signs, décor, displays, advertisements, promotional materials and the like that are unique or distinctive to the System.

12.1.8 Customer Data. To the extent We do not have access, You shall provide Us with (and then permanently destroy) the Customer Data ~~for all current, prior, and expectant customers~~ of the Franchise Business.

12.1.9 Evidence of Compliance. Otherwise furnish evidence satisfactory to Us or in the manner required by Us of Your full compliance with this Section 12.1 within 30 calendar days after the Termination of this Agreement or on the timeline We may provide at Termination.

12.1.10 Financial Inspections. You must provide Us with access to all Your financials, books, and other accounting records for 12 months following the date of Termination.

12.1.11 Pay Damages and Costs. Pay to Us all costs, damages and expenses, Including post-term expenses and reasonable attorney's fees incurred by Us to enforce the provisions of this Agreement, Including to obtain injunctive or other relief to enforce any provision of this Agreement.

12.2 Upon Termination of this Agreement, for any reason:

12.2.1 No Compensation. No payment is due to You from Us or any source on account of any goodwill, intangible assets or other equity claimed by You arising from or relating to Your operation or ownership of Your Franchise Business, or otherwise. All goodwill connected in any way with Your Franchise Business or the System belongs now and, in the future, exclusively to Us.

12.2.2 No Refund. No Fees, charges, or other payments of any kind from You to Us are refundable in whole or in part.

12.2.3 No Equity. You will have no equity or other continuing rights to use the System, Confidential Information, Intellectual Property, or goodwill of the Franchise Business.

12.3 Survival of Provisions. All ~~of the~~ provisions of this Agreement, which by implication apply following the Termination of this Agreement are enforceable following Termination of this Agreement,



Including Your obligation to indemnify Us and pay all amounts owed and Your obligations to dissociate from Our brand. You shall also still be bound to the confidentiality, brand protection, indemnification, non-disparagement, non-competition, non-solicitation, arbitration and dispute resolution, choice of forum and law selections clauses and other restrictions of this Agreement that have terms or duties owing after Termination of this Agreement.

12.4 Make Premises Available to Us. In addition to those obligations set forth above, upon Termination, You ~~must~~shall make the Premises and computer systems accessible and available for Us to examine and verify Your compliance with Your post-termination obligations, and/or to operate a New Business at the Premises (see Paragraph 13.1.1(i) below) if We, ~~in~~at Our sole discretion, choose to do so.

12.5 Liquidated Damages. If this Agreement is Terminated, other than for an approved Transfer, non-renewal or mutual termination, in addition to other remedies available under this Agreement, We will be entitled to liquidated damages, not as a penalty, and solely to compensate Us for lost future royalties. You and We recognize the difficulty of calculating damages caused by lost future royalties but nevertheless recognize and agree that such damages could arise, and You and We hereby agree to the formula listed on Exhibit "A-3" as a compromise on the calculation of such damages. You and We agree that such amount will be reduced to the present value of such payments as of the date of ~~termination~~Termination utilizing an interest rate of 5% compounded annually. This amount is payable within 10 days of Termination.

12.6 Additional Equitable Remedies. The ~~amounts~~amount contemplated under Section 12.5 ~~does~~does not represent a price for the privilege of not performing nor does the payment represent an alternative manner of performance. Accordingly, as a purely liquidated damages provision, Section 12.5 does not preclude and is not inconsistent with a court granting Us specific performance, other damages set forth herein, or any other equitable remedies, such as an injunction, to prevent future breaches.

12.7 Cumulative Rights. Our rights provided above are cumulative and in addition to any other right or remedy available at law or in equity.

ARTICLE XIII PURCHASE OPTION

13.1 Purchase Option. Upon Termination of this Agreement, You hereby grant to Us the right to:

13.1.1 Acquisition of Assets. Acquire, in Our sole discretion, all or any part of Your Operating Assets at the then-existing fair market value of such item or items as of the date of Termination of this Agreement. You hereby grant Us permission to speak directly with Your landlord and other creditors, including suppliers, banks, the IRS and state agencies (and You will cooperate with Us to facilitate such communication), regarding any loans and/or liens or obligations that would encumber Your Operating Assets. If the fair market value is not agreed to between us, the fair market value will be established by an independent appraisal. The appraisal will be done at Our expense by an appraiser selected by Us. No goodwill will be considered associated with Your Franchise Business or said items. We must exercise this option within 60 days of such Termination or within 15 days of the establishment of the price of the Operating Assets, whichever is later ("Option Period"), by giving written notice to You of

Our intent to exercise Our option to purchase. The purchase of any of Your Operating Assets will be done through an asset purchase agreement. Unless otherwise agreed by You, the purchase price as determined hereunder will be paid within 30 days of providing notice of Our intent to purchase. We have the right to offset any amounts You owe to Us against the purchase price. If We have not notified You of Our election to exercise this option within the Option Period, it will be conclusively presumed that We have elected not to exercise Our option, and You are then free to sell or transfer such assets to any person or entity on such terms as You may so choose, so long as the Operating Assets have been de-identified as set forth herein. If any of the Operating Assets are subject to liens or taxes, We may also withhold a portion of purchase price to pay off such lien or taxes. We may also withhold 25% of the purchase price for 90 days to ensure that all other liabilities affecting the Operating Assets are paid.

(i) Interim Management During Option Period. We have the right, but not the obligation, to use Your Operating Assets and Premises (if the Lease is still in effect, and in such case, We will obtain this right from the landlord as applicable), and to hire Your personnel to operate the business during the Option Period. You and We understand and agree that We will not be operating Your Franchise Business during this time, but We will be using Your Operating Assets and the Premises to operate Our own, separate Swig™ business (“New Business”) in order to keep the business open during the Option Period. We will pay You the fair market rental value for such use of the Operating Assets as agreed, but not to exceed fair market rental value, and if We use the Premises, We may pay rent directly to the landlord for Our use of the Premises. For any inventory or other items sold or consumed by Us during the Option Period, We will reimburse You the actual price You paid for such items. You will be required to cooperate to provide Us with all pertinent information regarding Your Franchise Business, as We deem necessary. We will establish Our own bank accounts and other accounts for the New Business during the Option Period. During the Option Period, We will pay all costs and expense of the New Business, and all proceeds of the New Business will belong to Us. We will not assume any of Your debts or obligations, and We will not be responsible to pay any debts or expenses incurred by Your Franchise Business. You shall indemnify and hold Us harmless from and against any and all claims, damages, losses, deficiencies, liabilities and costs, including attorney’s fees, of or related in any way to the Franchise Business prior to Us operating the New Business at the Premises, and We will indemnify and hold You harmless from and against any and all claims, damages, losses, deficiencies, liabilities and costs arising solely from the New Business. If necessary, We have the right to change the locks and exclude You from the Premises during this Option Period.

13.1.2 Assumption of Lease. We have the right, during the Option Period, to assume Your Lease under the provisions of Section 4.2 above.

13.1.3 Warranties. The purchase contract for the Operating Assets, as set forth in Paragraph 13.1.1 above, will include standard representations, warranties, covenants and indemnities from You as to the Operating Assets being purchased, including warranties of good title, absence of liens, compliance with laws, absence of defaults under contracts, litigation and tax compliance.

13.1.4 Prepaid Services. If We determine to service a customer that had prepaid for the services to Your Franchise Business, We can offset the costs of fulfilling those services against amounts owing to You, and We are entitled to seek those amounts as damages.



ARTICLE XIV SALES OR TRANSFERS OF THE FRANCHISE

14.1 Our Right of Assignment. This Agreement and all rights and obligations hereunder are fully assignable and transferable, whether in part or whole, by Us, and if so assigned or transferred, will be binding upon and inure to the benefit of Our successors and assigns. We may be sold, or We may sell any part of or all ~~of~~ Our Confidential Information and/or Intellectual Property or other assets to a competitive or other entity. In addition, We may go public, may engage in a private or other placement of some or all of Our securities, may merge, acquire other entities or assets which may be competitive with the System or not, be acquired by a competitive or other entity, and may undertake any refinancing, leveraged buy-out or other transaction, including arrangements in which: 1) the territories, locations or other facilities are, or are not, converted to the System or other format or brand (including using the System or Marks); or 2) the System is converted to another format or brand, maintained under the System or a different system. You shall fully cooperate with any such proposal, merger, acquisition, conversion, sale or financing.

14.2 No Assignment by You Without Our Approval. This Agreement is personal as to You and is being entered into in reliance upon and in consideration of Your qualifications and representations, including representations of all current owners. Therefore, none of Your Franchise Assets may be Transferred in any manner by You or anyone else unless Our prior written approval is obtained. You shall provide Us with all documentation relating to the Transfer of Your Franchise Assets. Said approval will not be unreasonably withheld but will be conditioned upon Our satisfaction with the qualifications set forth in Section 14.3 below of the proposed transferee and its owners and officers.

14.2.1 Transfers to Competitors Prohibited. You cannot Transfer any part of Your Franchise Assets to a person or an entity that We consider a competitor of Ours or an affiliate of a competitor of Ours without Our written permission. Any such Transfer without Our written approval is considered void ab initio.

14.3 Qualifications of Transferee. In determining the acceptability of the proposed transferee, We will consider, among other things, Our then-current standards for new franchisees, including the net worth, financial resources, credit worthiness, health, background, training, personality, reputation, and business experience of the proposed transferee, including that of the new Operating Principal, the terms and conditions of the Transfer, and any circumstances that would make the Transfer not in the best interests of Us or the System, including the proposed purchase price. We may meet and candidly discuss all matters relating to Your Franchise Business with the potential transferee, including providing a proposed transferee with corrected information or information in addition to what You have provided. In no case will You or a proposed transferee rely on Us to review or evaluate any proposed Transfer. ~~Neither We nor Our affiliates will be liable to You or the transferee or any other person or entity relating to the Transfer, and You shall indemnify and hold Us harmless from any liability whatsoever relating thereto.~~

14.4 Application for Transfer. You must provide Us written notice of Your intent to Transfer prior to listing or offering part of the Franchise Assets for sale, and upon any proposed Transfer of Your Franchise Assets, or any interest therein. You must also submit to Us an application in the form specified by Us on behalf of the proposed transferee.



14.5 Transfer Fee. As a condition of Our approving the Transfer of any part of Your Franchise Assets, You shall pay Us the non-refundable Transfer Fee listed in Exhibit “A-3” at the time of the approved Transfer.

14.6 Minority Interest Transfers. If a proposed Transfer is for less than 40% of Your entity (cumulative during the term of this Agreement), there will be no transfer Fee, but You must reimburse Us Our legal and corporate fees incurred related to the Transfer, and We will not be entitled to exercise Our right of first refusal set forth in Section 14.9 below. ~~However, all guarantors will remain guarantors to this Agreement unless the transferees sign personal guarantees, as applicable.~~ Each ownership certificate of a corporation or limited liability company franchisee must have endorsed upon its face that a Transfer is subject to the restrictions of this Agreement. Additionally, any new Operating Principal and other applicable personnel are required to complete the necessary training as required by Us. Any new owner, with ~~an~~ a direct or indirect ownership of 5% or more in Your Franchise Business or Your entity must personally guarantee the obligations of this Agreement.

14.7 Involuntary Transfers Void. Involuntary Transfers of this Agreement by You, such as by legal process, are not permitted, are not binding on Us, and are grounds for termination of this Agreement. Using this Agreement as security for a loan, or otherwise encumbering this Agreement is prohibited unless We specifically consent to any such action in writing prior to the proposed transaction. You cannot grant a sub-franchise under this Agreement nor otherwise seek to license or permit others to use this Agreement or any of the rights derived by You under it. Any attempt to Transfer any part of the Franchise Assets, whether or not binding on Us, will be grounds for the immediate Termination of this Agreement unless such Transfer is authorized in writing by Us.

14.8 Conditions of Transfer. Prior to the effective date of Transfer of any part of Your Franchise Assets and as a condition for Our approval of any Transfer:

14.8.1 Compliance. You must be in full compliance with this Agreement and not be in default hereunder, and You must comply with Our policies related to a Transfer as set forth in the Manuals. All accounts payable and other monetary obligations to Us or Our affiliates or subsidiaries must be paid in full. You must have submitted to Us all required reports, financial statements, and other documents.

14.8.2 Written Proposal. The terms and conditions of the proposed Transfer must be provided in writing to Us within the time frames specified by Us. The price and other proposed terms of the Transfer must not, in Our reasonable business judgment, have the effect of negatively impacting the future viability of the Franchise Business.

14.8.3 Assumption of Obligations. All Your obligations in connection with the Franchise Assets must be assumed by the transferee, including assuming Your Lease obligations, if applicable, in a form acceptable to Us, and the transferee(s) must provide personal guarantees approved by Us, ~~and the transferees sign personal guarantees, as applicable.~~ See Section 6.3 above.

14.8.4 New Franchise Agreement. At Our discretion, the transferee must sign the then-current form of the franchise agreement for a term equal to the remaining term of this Agreement, the remaining term of the existing Lease, or the term set forth in the then-current franchise

agreement, and fully Update the Franchise Business and Premises to the level required of new franchisees.

14.8.5 Training. The transferee and any new Operating Principal and other required personnel must pay for and complete the training or certification program required of new franchisees. See Exhibit "A-3." The transferee is also responsible for the cost of travel, food and lodging for Our representatives or the transferee's attendees. You and the transferee and We must coordinate on the timing of training, so that the Franchise Business does not have a gap in properly trained management.

14.8.6 Transfer Fee. You shall pay the Transfer Fee set forth on Exhibit "A-3."

14.8.7 General Release. You must execute a general release releasing Us of any claims You may have against Us.

14.8.8 Pre-paid Services. You must provide Us and the proposed transferee with an accounting ~~and list~~ of all ~~pre-paid services~~ outstanding Prepaid Services as of the date of Termination, which must be taken into account and handled as a part of the transfer agreement.

14.8.9 Survival of Covenants. Your non-competition, indemnity, confidentiality obligations, the provisions relating to dispute resolutions, and other applicable terms of this Agreement, will survive any Transfer.

14.9 First Right of Refusal.

14.9.1 Right of First Refusal. You hereby grant to Us the right of first refusal to purchase Your Franchise Assets on such terms and conditions specified in a bona fide written offer from a third-party, who would satisfy the criteria for approval under Section 14.3. You must notify Us in writing of the terms and conditions of the Transfer, including the Franchise Assets proposed to be Transferred, the purchase price or other consideration, any creditor financing terms being extended by You, the date of the proposed Transfer, and all other pertinent provisions of the proposed Transfer. In addition, a copy of any contract, agreement, memorandum of sale, deposit receipt, letter of intent and the like, must also be forwarded to Us as soon as it is signed by You. Following receipt of all pertinent data and documents concerning the proposed Transfer and data concerning Your Franchise Business, financials, employee information, and lease information. We will have 90 days in which to advise You in writing of Our election to have the Franchise Assets transferred and assigned to Us on the terms and conditions agreed to by the prospective transferee. Should We elect to purchase the Franchise Assets proposed to be Transferred pursuant to Our right of first refusal, You and We agree to cooperate to accomplish the Transfer as set forth in the provisions submitted to Us by You, provided that the date for the completion of the Transfer can be extended at Our option for up to 30 days beyond the date originally indicated for the completion of the Transfer in order to allow the completion of the transaction in a manner more convenient to Us. We have the right to off-set any amounts You owe to Us against the purchase price.

14.9.2 Non-Election of Rights. If We do not elect to purchase the Franchise Assets proposed to be Transferred, You may complete the proposed Transfer on the terms and conditions set forth in Your notice to Us subject to Our right to approve the proposed transferee and the terms and

conditions set forth under this Article. However, if there are any material changes in the terms and conditions of the proposed Transfer, and any of those changes are more favorable to the purchaser, You must notify Us of the changes in writing, and We will have an additional 10 days to elect to purchase the Franchise Assets proposed to be Transferred on the revised terms and conditions. Additionally, if Your Franchise Business is not Transferred to such third-party within five months after We elect not to purchase the Franchise Assets, You must re-offer the Franchise Assets to Us before You may Transfer to an approved third-party. We have no obligation to purchase Your Franchise Assets.

14.10 Death or Incapacity and Interim Management. In the event of the death or incapacity of an individual franchisee or the majority owner of the franchisee entity (the term “incapacity” means any physical or mental infirmity that prevents the person from performing the obligations under this Agreement: (i) for a period of 60 or more consecutive days, or (ii) for 100 total days during a calendar year), the heirs or personal representative will have the right to continue Your Franchise Business; ~~provided that within a reasonable time (not for no~~ more than ~~160~~180 days) after such death or incapacity (or such longer period required by the laws of the state where Your Franchise Business is located) the heirs appoint a representative to act in behalf of the heirs in all matters pertaining to Your Franchise Business as provided for new Operating Principals, designated managers, or franchisees, including the requirements to have the representative trained and accepted by Us in accordance with Our standards. The heirs or personal representatives, instead of operating Your Franchise Business themselves under the foregoing procedures may choose to Transfer Your Franchise Business. If a decision to Transfer is made, the Transfer procedures explained above will apply. If We are required to operate Your Franchise Business for a time due to death or incapacity, or as otherwise allowed under this Agreement, the provisions of Paragraph 6.2.3 above will apply.

14.11 Assumption of Obligations. The parties agree that in the event a court of competent jurisdiction orders You to Transfer to Your spouse or a third-party all or any part of Your Franchise Assets, such an order will constitute a Transfer of this Agreement and will cause the transferee to be subject to all ~~of~~ the terms and conditions concerning Transfers set forth herein above.

14.12 Transfer for Convenience of Ownership. If You are an individual or individuals, You may Transfer this Agreement to a corporation or limited liability company formed for the convenience of ownership (without paying a transfer fee to Us), provided You: 1) give Us at least 15 days’ prior written notice of the proposed Transfer; 2) send Us copies of the entity’s charter documents, bylaws (or operating agreement), ownership interests of the owners, and similar documents, as We may request for Our review; and 3) own all equity and voting securities of the corporation or limited liability company. Additionally, You and the new entity must sign an assumption and assignment agreement in the form required by Us, whereby the transferee assumes all obligations of this Agreement, and all personal guarantors remain as personal guarantors after the Transfer. Furthermore, Your Operating Principal must continue in the same capacities as before the Transfer.

ARTICLE XV RELATIONSHIP OF THE PARTIES

15.1 Independent Contractors. In all matters, You are an independent contractor. Nothing in this Agreement or in the franchise relationship constitutes You as Our partner, agent, employee, joint

employer, or joint venturer with Us, and this Agreement does not create a fiduciary relationship between You and Us. Neither party is liable for the debts, damages, losses, liabilities, taxes, duties, obligations, defaults, compliance, intentional acts, wages, negligence, errors or omissions of the other. You are solely responsible for the management and control of Your Franchise Business, including its daily operations, managing and directing employees, contractors, and salespersons, and paying all costs and expenses of Your Franchise Business. The parties agree not to hold themselves out by action or inaction contrary to the foregoing and to indemnify each other for any liability, cost or expense, including attorney's fees, incurred by either of them for any act, omission, finding or result to the contrary. None of Your employees will be deemed to be Our employee and each employee will be so notified by You. Neither party has the authority to act as agent for the other, and neither You nor We guaranty the obligations of the other or in any way become obligated for the debts or expenses of the other unless agreed to in writing. You must post promptly and maintain any signs or notices specified by Us or by applicable law indicating the status of the parties as described above.

15.2 Indemnification. You shall defend, indemnify, and hold Us harmless from any and against any and all losses, liabilities, damages, costs and expenses whatsoever, including reasonable attorney's fees, arising out of or related to, or in any way connected with You or Your acts, errors, negligence, or omissions in the operation of Your Franchise Business or Your Franchise Business generally, including any allegation that You are Our employee, or that We are a joint employer or otherwise responsible for the acts or omissions relating to Your employees, and other laws regarding public accommodations for persons with disabilities. You agree not to file any crossclaim or ~~counter-claim~~counterclaim against Us for any action made by a third-party or make any response that would infer or represent We are liable as a party or defendant to any action that is contrary to this Section. This Agreement and the terms in this Article and related terms in this Agreement is a bona fide defense to any claim You may contradictorily make against Us as to Our liability or proportion of fault. You shall bear all costs to defend Us from claims raised by a third-party. If We incur any costs or liabilities to any third-party, You shall reimburse Us for costs associated with Our defense to those claims. We have the right to defend any such claim against Us by employing counsel of Our choice, subject to full reimbursement of all legal fees by You. We will use Our reasonable efforts to cooperate with You in any litigation, judicial or administrative proceeding to avoid duplication of time, effort or expenditure to the greatest extent possible without compromising Our interest in such matter. You are not required to indemnify Us for liability caused by Our willful misconduct, gross negligence, strict liability, or fraud. This indemnity will continue in full force and effect subsequent to and notwithstanding the Termination of this Agreement.

ARTICLE XVI COVENANT NOT TO COMPETE

16.1 In-Term Covenants. During the term of this Agreement and for any extensions or Successor Franchises hereof, You, Your Principals, and Your Immediate Family shall not, directly or indirectly, be a Participant, assist, or serve in any other capacity whatsoever or have any interest in a Competing Business in any capacity, territory, or location, except with Our prior written consent. Your Principals must each execute the standard Brand Protection Agreement for Principals attached as Exhibit "A-4," and Your personnel must execute Our Employee Brand Protection Agreement (see Exhibit "A-5"). (Although We provide You this form, You are responsible to conform it to the laws and regulations of Your state.) A You shall promptly deliver a copy of all such agreements ~~must be promptly delivered~~ to Us within 10 days of hiring of the respective employee.



16.2 Confidentiality. During the term of this Agreement and any extensions or Successor Franchises hereof, and at any time after the Termination of this Agreement, You and those over whom You have control shall not make any unauthorized disclosure or use of Our Confidential Information or Intellectual Property other than as authorized by this Agreement. You shall adopt and implement all reasonable procedures to prevent unauthorized use or disclosure of the Confidential Information and Intellectual Property, which procedures may be prescribed from time to time by Us. You shall never contest the validity of Our exclusive ownership of and rights to Our Intellectual Property or Confidential Information. Without limiting the foregoing, any communication (email, paper, etc.) from Us to You cannot be forwarded to another email account You control or share, or forwarded to anyone, including employees, without first receiving Our express written consent.

16.2.1 Prior Disclosures. You acknowledge and agree that prior to the execution of this Agreement, You may have received information and met and corresponded with Our principals, agents and/or representatives, and that any such Confidential Information obtained or received is subject to the protection and restrictions of this Agreement.

16.2.2 Confidentiality of this Agreement. You agree that all terms of this Agreement that are not otherwise made public under franchise disclosure laws will remain confidential, and You will not make any public announcement, issue any press release, publicize, make any confirmation of statements made by third parties concerning the terms of this Agreement, or make any other disclosures without Our prior written consent. It is agreed and understood that You may disclose the confidential terms of this Agreement only to Your professional lenders, advisors, and government authorities.

16.3 Post-Term Covenants. Upon Termination of this Agreement and for a continuous, uninterrupted period of three years thereafter, You, Your Principals, and Your Immediate Family shall not, directly or indirectly, be a Participant, assist, or serve in any other capacity whatsoever, or have any interest in a Competing Business in any capacity, territory, or location within Your Territory or within 25 miles of Your Territory or within 15 miles of the territory of any Swig™ business operation at the time of Termination of this Agreement.

16.4 Non-Solicitation of Customers. During the term of this Agreement and for three years after the Termination of this Agreement, You, Your Principals, and Your Immediate Family shall not, directly or indirectly, contact any customer serviced by the Franchise Business, a prospective customer, or any former or then-current customer of Ours (with whom You had contact during the term of this Agreement) for the purpose of soliciting any such customer to a Competing Business. For clarity, a “prospective customer” does not mean any possible customer. It means a potential customer who has been engaged in some way, or has provided some personal information, or has elected to receive some communication, but who has not yet done business to be considered an actual customer.

16.5 Survival of Covenants; Tolling of Covenants. The foregoing covenants survive the Termination of this Agreement and apply regardless of whether this Agreement was Terminated by lapse of time, by default of either party, or for any other reason. In addition to other remedies available to Us, in the event You violate a non-competition and/or non-solicitation covenant, the applicable non-competition or non-solicitation period will be tolled for the period of Your violation.

16.6 Acknowledgement of Harm. You acknowledge that Your violation or breach of the covenants and provisions of this Article is likely to cause substantial and irreparable harm to Us and the System. The existence of any claims You may have against Us, whether or not arising from this Agreement, will not constitute a defense to Our ability to enforce the covenants set forth in this Article.

16.7 Enforceability. It is the desire and intent of the parties to this Agreement that the provisions of this Article be enforced to the fullest extent permissible under applicable laws. If any of the restrictions of this Article are determined to be unenforceable because of duration, scope or coverage or otherwise, then We have the right in Our sole discretion to reduce the scope of any covenant set forth above or any portion thereof, without Your consent, effective immediately upon receipt by You of written notice thereof; which modified covenant will be fully enforceable notwithstanding any other provision of this Agreement.

16.8 Breach of Non-Competition. You and We recognize the difficulty of calculating damages caused by Your breach of Your non-competition obligations and agree that such damages could arise, and You and We hereby agree to the following as a compromise on the calculation of such damages. If You operate a Competing Business in violation of this Agreement, in addition to any other remedy We may have under this Agreement and under law, You shall pay Us the ~~calculated~~liquidated damages Fee listed on Exhibit "A-3."

16.9 Additional Equitable Remedies. The amount contemplated under Section 16.8 does not represent a price for the privilege of not performing nor does the payment represent an alternative manner of performance. Section 16.8 does not preclude recovery for damages for other breaches of this Agreement and is not inconsistent with a court granting Us specific performance or any other equitable remedies, such as an injunction, to prevent future breaches. Additionally, We have the right to automatically debit by EFT or other electronic withdrawal means, Your bank account for the amounts payable to Us under Section 16.8.

16.10 Immediate Family. You acknowledge and agree that the restrictions on Your Immediate Family is necessary because Your disclosing Our Confidential Information or Intellectual Property to Immediate Family or assisting Immediate Family in a Competing Business could potentially circumvent the purpose of this Agreement, and You also acknowledge that it would be difficult for Us to prove whether You disclosed Our Confidential Information or Intellectual Property to Immediate Family or assisted Immediate Family in a Competing Business.

ARTICLE XVII DISPUTE RESOLUTION

17.1 Quick Resolution. You and We understand that there is always a possibility of differences of opinion or other disagreements in any business relationship and agree that it is important to resolve any Disputes amicably, quickly, inexpensively, and professionally and to return to business as soon as possible.

17.2 Manner of Handling Disputes. In the event any Dispute arises between Us and You in connection with, arising from, or with respect to, any provision hereof, the relationship created herein, or the validity of this Agreement or any provision hereof, or the offer and sale to You, such Dispute will be:

17.2.1 Face-to-Face Meeting. First discussed in a face-to-face meeting between You and Us in Utah County or Salt Lake County, Utah, or at Our then-current headquarters, within 30 days after either You or We give written notice to the other proposing such a meeting. We have the right, in Our sole discretion, to waive this requirement.

17.2.2 Mediation. If, in the opinion of either You or Us, the face-to-face meeting has not successfully resolved such Dispute, and if desired by either You or Us, the Dispute will be submitted to non-binding mediation before Franchise Arbitration and Mediation Services ("FAM") or as otherwise mutually agreed. The mediation will be conducted exclusively in Utah County or Salt Lake County, Utah. On election by either party, arbitration as provided below may proceed forward at the same time as mediation. The mediator will be disqualified as a witness, consultant, expert, or counsel for any party with respect to the Dispute and any related matters.

17.2.3 Arbitration. If in the opinion of either You or Us the mediation has not successfully resolved such matters, at the request of either You or Us, the Dispute will be submitted for arbitration to the offices of the American Arbitration Association in accordance with its commercial arbitration rules in effect. All arbitration hearings will be conducted exclusively in Utah County or Salt Lake County, Utah. The arbitrator will have the power and jurisdiction to decide such dispute solely in accordance with the express provisions of this Agreement. The arbitrator will render a written opinion setting forth the facts found, law applied, and reasons for the decision.

(i) Arbitration Procedures. In any arbitration, the parties will be entitled to specific performance of the obligations under this Agreement. The arbitrator may award or otherwise provide for temporary restraining orders, preliminary injunctions, injunctions, attachments, claim and delivery proceedings, temporary protective orders, receiverships and other pre-judgment, equitable and/or interim relief as appropriate pending final resolution by binding arbitration of a Dispute, as well as in connection with any such final resolution, and may issue summary orders disposing of all or part of a Dispute at any point. Each party consents to the enforcement of such orders, injunctions, etc., by any court having jurisdiction. Offers and/or other communications made in connection with, or related in any way to, mediation, possible settlement or other resolution of a Dispute will not be admitted into evidence or otherwise used in connection with any arbitration or other proceeding, and any arbitration award in violation of this provision will be vacated by the arbitration appeal panel (described below) and/or any court having jurisdiction. The arbitrator will have the power to order compliance with such discovery procedures, as well as assess sanctions for non-compliance with any order. Discovery will be controlled by the arbitrator and will be permitted to the extent set out in this Paragraph. Each party may submit in writing to the other party, and the other party will respond, to a maximum of any combination of 25 (none of which may have subplots) of the following: interrogatories, demands to produce documents, and requests for admission. You and We are also entitled to take the oral deposition of one individual of the other party. Additional discovery may be permitted upon mutual agreement of the parties or at the discretion of the arbitrator if petitioned by either party. The arbitrator, and not a court, will decide any questions relating in any way to the parties' agreement or claimed agreement to arbitrate, including a claim for fraud in the inducement or otherwise. Each participant must submit or file any Dispute that would constitute a compulsory counterclaim (as defined by the applicable rule under the Federal Rules of Civil Procedure) within the same proceedings as the Dispute to which it relates. Any such Dispute that is not submitted or filed in such proceedings will be forever barred. The award and findings of the arbitrator will be conclusive

and binding upon all parties hereto and the judgment upon the award may be entered in any court of competent jurisdiction.

(ii) Individual Disputes. All Disputes must be conducted and resolved on an individual basis only and not on a class-wide, multiple plaintiff or similar basis between You and Us and will not be consolidated with any other arbitration or court proceeding involving Us and any other party. You thereby fully waive any right You may have to any potential class action claim and agree that any legal action will only be on an individual party basis.

(iii) Agreed Limitations. Except for payments owed by one party to the other, claims attributable to Your underreporting of sales, indemnification under Article XV, or claims related to an act of Yours allowing Us to immediately terminate this Agreement, any legal action or arbitration proceeding (Including the offer and sale of a franchise to You) brought or instituted with respect to any Dispute hereunder must be brought or instituted within one year from the date upon which a party discovered, or should have discovered, the facts giving rise to an alleged claim; provided that no claim may be brought more than two years after the first act or omission giving rise to an alleged claim. The initiation of mediation or arbitration hereunder will toll the applicable statute of limitations for the duration of any such proceedings.

(iv) Limited Damages. You and We waive any right or claim of any consequential, punitive, or exemplary damages against each other and agree that in the event of a Dispute between You and Us, each will be limited to the recovery of actual damages sustained.

(v) Exceptions to Arbitration. You and We agree that nothing in this Agreement obligates Us to arbitrate or mediate Disputes or issues relating to: (a) the validity of the Marks, or any trademarks, service marks or other Intellectual Property; (b) rights to obtain a writ of attachment or other prejudgment remedies; (c) rights to receive and enforce a temporary restraining order, preliminary injunction, permanent injunction or other equitable relief; or (d) Disputes solely for fees and other monies owed by one party to the other under this Agreement.

(vi) Appeals. If any party to an arbitration wishes to appeal any final award by an arbitrator (there will be no appeal of interim awards or other interim relief), that party can appeal, within 30 days of such final award, to a three-person arbitrator panel to be appointed by the same organization as conducted the arbitration to be held exclusively at the same location as specified above. The issues on appeal will be limited to the proper application of the law to the facts found at the arbitration and will not include any trial *de novo* or other fact-finding function. The party requesting such appeal must pay all costs and fees of the arbitrators and arbitration proceedings, subject to reimbursement as set forth below.

(vii) Sharing of Fees. Except for an appeal, the parties to the Dispute or action will share the fees and expenses of the mediation and the arbitration equally during the mediation and arbitration. If a party is unable or unwilling to pay its share of the cost of the mediation or arbitration, the other party has the right to cover those costs; however, the prevailing party in arbitration, including on appeal, will be awarded costs and attorney's fees as set forth in Section 19.3 below.

(viii) Federal Arbitration Act. You and We mutually agree that all issues relating to arbitrability are governed exclusively by the Federal Arbitration Act and the federal common law of

arbitration to the exclusion of any state statutes or common law and will be decided by the arbitrator. All provisions of this Agreement pertaining to venue, choice-of-laws, dispute avoidance and resolution will be strictly enforced, and You and We will rely on federal preemption under the Federal Arbitration Act.

17.3 Continued Performance. During the pendency of any Dispute or any such interim relief proceeding, the parties shall continue to perform their respective obligations under this Agreement.

**ARTICLE XVIII
NOTICES**

18.1 Notices. All notices permitted or required under this Agreement must be in writing and delivered as follows with notice deemed given as indicated: (i) by personal delivery when delivered personally; (ii) by overnight courier upon written verification of receipt; (iii) by facsimile transmission when confirmed by facsimile transmission, during normal business hours, Monday through Friday, holidays excepted; (iv) by sending an email to the email address below or other verified email address when confirmed by receipt verification, which verification will not be withheld or otherwise denied; or (v) by certified or registered mail, return receipt requested, addressed as follows:

FRANCHISOR:	FRANCHISEE:
Swig Franchising, LLC 1557 W. Innovation Way, 5 th Floor Lehi, Utah 84043 (or Our then-current headquarters) Email: FRANCHISE@SWIGDRINKS.COM	_____ _____ _____ Email: _____
With a courtesy copy to (which will not act as notice or service to Swig Franchising, LLC): The Franchise & Business Law Group Attn: Christian Thompson 222 South Main Street, Suite 500 Salt Lake City, Utah 84101 Email: cthompson@FBLGLAW.COM	

18.2 Delivery. If You refuse or fail to accept any certified or overnight delivery, acceptance will be deemed to have occurred 48 hours after rejection or failure to accept such notice. Any notice delivered by mail in the manner herein specified will be deemed delivered and received three days after mailing.

18.3 Listed Addresses. The address specified herein for services of notices may be changed at any time by the party making the change by giving written notice to the other party by certified mail or as otherwise agreed by You and Us. Any notice to You may be delivered to the address set forth above or to the address of Your Franchise Business or office.

ARTICLE XIX CONSTRUCTION AND JURISDICTION

19.1 Governing Law. Except as provided in Section 19.5, this Agreement will be governed, construed and interpreted in accordance with the laws of the state of Utah without giving effect to its conflicts of law provisions. You and We agree that the provisions of this Agreement will control the state or provincial laws by which this Agreement will be governed and any provisions of state or provincial law to the contrary or any statements in Our franchise disclosure document or otherwise required as a condition of registration or otherwise. If the governing law requires terms other than or in addition to those in this Agreement, then such terms will be deemed incorporated herein but only to the extent necessary to prevent the invalidity of this Agreement or any of the provisions hereof or the imposition of civil or criminal penalties or liability. To the extent permitted by the laws of the state whose laws govern this Agreement, You hereby waive any provisions of law or regulations which render any portion of this Agreement invalid or unenforceable in any respect.

19.2 Jurisdiction. In order to facilitate our joint interests in having franchise issues determined in a consistent manner for application throughout the System, without in any way limiting or otherwise affecting Your and Our obligations regarding mediation and arbitration in accordance with the provisions of Article XVII, if there is any litigation between us, You and We hereby irrevocably consent to the exercise of general personal jurisdiction in the courts of record of the state of Utah even though it may be otherwise possible to obtain jurisdiction elsewhere, and You and We agree that Utah County or Salt Lake County, Utah will be the exclusive venue for any litigation between Us and You. Each party waives any objection they may have to the personal jurisdiction of or venue in the state and federal courts of Utah.

19.3 Costs and Attorney's Fees. In the event any action in law or equity or any arbitration or other proceeding is brought for the enforcement of this Agreement or in connection with any of the provisions of this Agreement, the successful or prevailing party or parties are entitled to reasonable attorney's fees and other costs reasonably incurred in such action or arbitration or litigation proceeding. The costs of mediation will also be awarded to the prevailing party in arbitration or litigation, if applicable. For purposes of this Agreement, "prevailing party" Includes the party which obtains a judgment in their favor or agrees to dismiss an action or proceeding upon the other's payment of sums allegedly due or performance of the covenants allegedly breached, or which obtains substantially the relief sought. Reimbursement is due within 30 days of written notice after prevailing.

19.4 No Jury Trial. You and We waive, to the fullest extent permitted by law, all rights to trial by jury in any action or Dispute, whether at law or in equity, brought by either party.

19.5 Exception. Notwithstanding the foregoing, the Federal Arbitration Act (9 U.S.C. §§ 1 Et. Seq.) and the United States Trademark Act (Lanham Act, U.S.C § 1051 Et. Seq.) will apply to this Agreement and the relationship of the parties and preempt any state law to the contrary.

ARTICLE XX MISCELLANEOUS

20.1 Headings. Headings used in this Agreement are for reference and convenience purposes only and are not to be used in construing the provisions of this Agreement. As used herein, the male or female gender will include the other and the neuter. The singular will include the plural and the plural will include the singular as appropriate.

20.2 No Third-Party Rights. The parties intend to confer no benefit or right on any person or entity not a party to this Agreement and no third parties will have any right or claims, benefit or right or a third-party beneficiary under this Agreement or any provision hereof. Similarly, You are not entitled to claim any rights or benefits, including those of a third-party beneficiary, under any contract, understanding or agreement between Us and any other person or entity, unless that contract, understanding, or agreement specifically refers to You by name and specifically grant rights or benefits to You.

20.3 Authority. Where an entity is a party to this Agreement, the person or persons signing this Agreement on behalf of the entity warrant to Us that they have the requisite authority to sign this Agreement. At Our request, the concerned company signatory agrees to promptly provide Us with a certified copy of the resolution authorizing the execution of this Agreement and naming the officers, directors, members, or managers of the entity who are authorized to sign this Agreement on behalf of the entity. No field representative or salesperson has the right or authority to sign this Agreement or make oral representations or written modifications hereof on Our behalf.

20.4 No Partial Payments. No payment by You or receipt by Us of any amount less than that required to be paid under this Agreement, or otherwise, to Us or any person or entity affiliated with Us, will be deemed to be anything except payment on account, regardless of any endorsement to the contrary contained on any such payment or in any oral or written communication transmitted in connection therewith.

20.5 Joint and Several Liability. If more than one person, corporation, limited liability company, partnership or other entity, guarantor or any combination thereof, sign this Agreement on behalf of the franchisee, the liability of each will be joint and several. All members of a general partnership and all members of any association or other unincorporated entity, which is part of the franchisee hereunder, are jointly and severally liable for Your performance hereunder.

20.6 No Off-Set or Withholdings. You shall not offset or withhold the payment of any Fees, payments or other amounts due to Us or Our affiliates or suppliers on grounds of the alleged non-performance by Us of any of Our covenants or obligations hereunder, any Dispute of any nature or otherwise.



20.7 Disclosure. We can disclose, in disclosure documents or otherwise, information relating to Your Franchise Business, including Your name, address, phone numbers, financial information, copies or reports, and other information.

20.8 Binding Agreement. This Agreement is binding upon the heirs, administrators, personal representatives, assigns and successors in interest to the parties hereto.

20.9 Force Majeure. Neither party will be liable by reason of any failure or delay in the performance of such applicable party's obligations hereunder on account of strikes, fires, flood, storm, explosion, government shutdown or mandate, or other similar causes which ~~is~~are beyond such party's reasonable control. This Section will not be interpreted to relieve You from Your obligation to pay Us when due all payments required to be made by You under this Agreement.

20.10 Entire Agreement. The parties intend this Agreement and all attached exhibits hereto to be the full and complete agreement between Us and You and the entire integration of all our understandings of every nature concerning the matters contained in this Agreement or in any way related thereto, whether oral or written, and whether occurring before or contemporaneously with the execution of this Agreement. You represent and acknowledge that no agreements, representations, negotiations, promises, commitments, inducements, assurances, terms, conditions, or covenants of any nature exist between You and Us except as specifically set forth in this Agreement, whether pertaining to this Agreement or to any future, further, or additional rights of either You or Us. Nothing in this Agreement, or in any related agreement, is intended to be a disclaimer of the representations We made to You in the franchise disclosure document. If any term of this or Agreement is determined as void and unenforceable, the remaining terms and duties under this Agreement will still be considered enforceable and severable as if it was its own separate agreement from the voided term.

20.11 Amendments. No amendment, change, or variance from this Agreement will be binding on either party unless executed in writing and signed by both parties; however, the Manuals and policies and procedures may be modified by Us from time to time as set forth in this Agreement and are binding.

20.12 Effective Date. Delivery of a draft of this Agreement to You does not constitute an offer. This Agreement will become effective only when fully executed and accepted by Us.

20.13 No Course of Dealing. No course of dealing between You and Us will affect Your or Our rights under this Agreement or otherwise.

20.14 No Representations. You understand that the success or failure of Your Franchise Business depends, in major part, upon Your efforts. You agree that We have not made nor have You received any promise, representation or warranty that: 1) any payments by You are refundable at Your option; 2) We will repurchase any rights granted hereunder; 3) You will achieve any particular sales, income or other levels of performance, or that You will be successful in Your Franchise Business licensed by this Agreement; 4) You will have any exclusive rights of any type other than as expressly set forth herein; 5) You will receive any level of Marketing assistance, site location, development or other services, operational assistance, or otherwise other than as expressly set forth in this Agreement; 6) You will not be required to obtain any licenses or permits in order to operate Your Franchise Business;

7) any location or territory will be successful; or 8) that You will be awarded additional or further franchises or other rights, except as expressly set forth in a written document signed by Us.

20.15 Variances. You understand and agree that: 1) We may have offered franchises in the past, may currently be offering franchises, or may offer franchises in the future, on economic or other terms, conditions and provisions which may significantly differ from those offered by this Agreement and any related documents; and 2) there may be instances where We have varied, or will approve exceptions to or changes in the uniform standards, or the terms on which We offer franchises, the charges We make, or otherwise deal with Our franchisees to suit the circumstances of a particular transaction as We believe necessary or desirable under particular circumstances. You have no right to object to such variances or to obtain the same variances for Yourself.

20.16 No Misrepresentations. You further represent to Us, as an inducement to Our entry into this Agreement, that You have made no misrepresentations in obtaining the award of this franchise.

20.17 Representations of Non-Violation. You represent and warrant that You can enter into this Agreement and that the execution and performance of this Agreement will not be in violation or breach, or cause the violation or breach, of any agreement or covenant between any third-party, or the violation or breach of any order, decree or judgment of any court or administrative agency.

20.18 FDD Acknowledgement. You represent that You have had a copy of Our franchise disclosure document ("FDD") for at least 14 calendar days or 10 business days, whichever is applicable in Your state, prior to signing this Agreement or making any payment to Us.

20.19 Waiver. We may, in writing, unilaterally waive any of Your obligations or requirements under this Agreement. Waiver by Us of any particular default by or obligation of You does not affect or impair Our rights with respect to any subsequent default by You or any of Our other rights to declare the same or subsequent acts a breach or default. Unless otherwise agreed to by Us in writing, Our acceptance of any payments due from You does not waive any prior defaults.

20.20 Counterpart and Electronic Signatures. This Agreement and its exhibits may be signed in counterparts by facsimile, electronic signature, or scanned and emailed signature, or similar electronic means, which will be deemed the same as an original signature with full legal force and effect and may be used for all purposes as if it were an original.

20.21 Owners of the Franchise. You represent and We rely upon Your representations in entering into this Agreement that the individuals in Exhibit "A-2" are the owners of and sole holders of a legal and beneficial interest in the franchise entity and in Your Franchise Business.

20.22 Drafting. You acknowledge that You have read this Agreement, have had the opportunity to review it with an attorney of Your respective choice and have agreed to all ~~of~~ its terms. The rule of construction that a contract be construed against the drafter will not be applied in interpreting this Agreement.



ARTICLE XXI DEFINITIONS

“Competing Business” means a specialty drink business, at wholesale or retail, or a business offering products or services the same as or substantially similar to those offered at Your Franchise Business or as part of the System during the term hereof or at the time of Termination. Such products and services currently include specialty sodas ~~and~~, water flavored drinks, hot chocolate, cookies, and pretzel bites. However, a business will not be considered a “Competing Business” if no more than 20% of the monthly sales (actual or projected) of the business in question are attributable to the sale of any combination of sodas, specialty sodas, water flavored drinks, or similar types of drinks.

“Confidential Information” means any non-public information (through no fault of Yours) relating to Our products or services, or operation of a Swig™ business, the System, or relating to the System as a whole, including: (i) methods, techniques, formats, specifications, procedures, and systems; (ii) hardware, software, proprietary technology, and equipment; (iii) sales and Marketing programs, sales techniques, pricing, bidding methods, etc.; (iv) the development and operation of Swig™ businesses; (v) knowledge of, specifications for, and suppliers of, certain Swig™ products, materials, supplies, equipment, furnishings and fixtures; (vi) operating results, margins, expenses, and financial performance of Swig™ businesses; (vii) ~~Our~~ strategic plans and concepts for the development, operation, or expansion of Swig™ businesses; (viii) the contents of ~~Our~~the Manuals; (ix) all Customer Data; (xi) login, passwords, access information, etc., to ~~Our~~ email accounts, Social Media, Manuals or other internal sites or shared documents; (xii) ~~Our~~ Intellectual Property that is generally deemed confidential; (xiii) all Innovations; (xiv) ~~Our~~ Recipes; and (xiv) any other information obtained from Us in confidence at any time by virtue of the franchise or license relationship.

“Copyright Materials” means all writings, video and audio recordings, ~~photographs, images,~~ materials, Manuals, ~~drawings,~~ artwork, websites, logos, Marketing materials, apps, and designs used with the Marks or in association with the System.

“Customer Data” means any and all customers, ~~and customer~~ and prospective customer data and lists, including phone numbers, emails, mailing addresses, name and contact information for key personnel of the customer, Social Media followers’ information, etc., even if maintained by You or deemed to have arisen through Your activities. For clarity, a “prospective customer” does not mean any possible customer. It means a potential customer who has been engaged in some way, or has provided some personal information, or has elected to receive some communication, but who has not yet done business to be considered an actual customer.

“Dispute” ~~means~~ any claim, controversy, disagreement, or dispute of any type whatsoever.

“Fees” refers to those fees, payments, and costs You are required to pay to Us, as more fully set forth on Exhibit “A-3.”

“Food Truck” means a Swig™ food truck or trailer as approved by Us.

“Franchise Assets” means this Agreement, or any ~~of its~~ rights or privileges associated with this Agreement, or any shares or units in the ownership of Your entity, Your Franchise Business, or substantially all ~~of~~ Your assets.



“Immediate Family” ~~refers to and includes each of Your~~ means spouses, domestic partners, parents, stepparents, children, stepchildren, sons-in-law, and daughters-in law.

“Innovation” means any idea conceived or developed, or any actual improvement, change, modification, enhancement, or addition to the System, Including to Your Franchise Business, Copyrighted Materials, Manuals, Confidential Information, website, Social Media, Marketing materials, apps or any other documents or information pertaining to or relating to the System, or any Intellectual Property related to the System, or any creative concepts, Marketing ideas, or inventions related to the System, and all derivatives thereof, whether implemented in the System or not.

“Including” or “Includes” means, “including but not limited to,” “including, without limitation,” and similar all-inclusive and non-exhaustive meanings.

“Intellectual Property” means all Marks, trade dress, names, Copyrighted Materials, systems, patents, patent applications, trade secrets, websites, Social Media, apps, and software.

“Interim Management Period” refers to the period of time during which We step in to manage Your Franchise Business as allowed under this Agreement.

“Internet” means any present or future interactive system for electronic communications, using lines, cables, wireless, satellite, radio or any other technology; and which involves one or more of the following: the system of interconnected computer networks that use the internet protocol suite (TCP/IP) or its successor; websites or similar remotely-accessible electronic information sources (whether password protected or not); use of domain names, other locators, or emails that use our trademarks; internet phone services; cellular or similar messaging; mobile applications; social networks or Social Media; or wikis, podcasts, online content sharing communities, or blogging.

“Lease” means a commercial lease or other document of occupancy of the Premises.

“Manuals” means one or more guides or manuals, Including a training/operations manual, brand standards manual, training manuals, and/or policies and procedures manual, technical bulletins, online drives or portals, or other written materials as may be developed, modified and supplemented by Us periodically. The Manuals may be printed or in an electronic format.

“Marketing” or “Market” Includes advertising, brand development, promotion, public relations campaigns, content creation, influencer incentives or compensation, market research, and other related processes.

“Marks” means the federally registered and common law ~~trademarks and service marks owned by Us or licensed to Us, whether now or later developed.~~ “Marks” also ~~include any and all~~ names, trade names, trademarks, slogans, service marks, logos and/or other commercial property or symbols owned by Us or licensed to You pursuant to this Agreement or Us, whether now or later developed. used in connection with the ~~System or later added to the~~ Swig™ System.

“Net Sales” Includes the total of all sales of all products, merchandise, goods and services sold, traded, bartered, or rendered by You and income of every kind and nature, Including the value of a trade or

other bartering, arising from Your Franchise Business and tangible property of every kind sold by You during the term of this Agreement. "Net Sales" excludes bona fide credits and or returns and excludes amounts paid by You for sales or use taxes on the sale of any products or services. It also does not include the sale of gift cards, as those sales will be pooled through Us or an affiliate. However, Your Net Sales do include gift cards that are redeemed at Your location. We will deduct royalties on gift cards redeemed at Your location and then remit the balance to You.

"Operating Account" means that account into which all receipts of Your Franchise Business must be deposited.

"Operating Assets" means Your assets, contracts, inventory, supplies, furniture, equipment, signs, service vehicles, accessories, and other personal property relating to Your Franchise Business.

"Operating Principal" is: a) You if You as the franchisee are an individual; or b) if You are an entity, an individual that owns at least 25% of the ownership and voting interests in the franchisee entity (unless You obtain Our written approval of a lower percentage), has authority over all business decisions related to the Franchise Business, and has the power to bind You in all dealings with Us.

"Participant" means an owner, operator, shareholder, director, partner, member, manager, consultant, agent, employee (management-level or higher), contractor, advisor, officer, lessor, lessee, licensor, or licensee.

"Prepaid Services" means gift cards, gift certificates, event deposits, prepaid services, etc., sold at or through Your Franchise Business for which We allow You to manage the accounting and pooling on such gift cards, gift certificates, prepaid services, etc.

"Principal" means shareholders, owners, partners, directors, members, managers, officers, and principal employees and contractors.

"Recipes" means Our recipes, kitchen books, ingredients, flavors, combinations, compositions, mixes, batters, syrups, spices, sauces, fillings, frostings, dressings, cook temperatures, cook or mix times, measurements, menus, preparation techniques, methods, and formulas, etc., related to Our food or drink products and menu items.

"Shall" when used in this Agreement (even if not capitalized) means must, mandatory, or other similar affirmative obligation, as the context requires.

"Social Media" means any and all websites, apps and web or Internet pages for social interaction, business operation, Marketing, and other online information communications, whether now or later developed.

"System" Includes the Franchise Business, specific Marks, store layout and décor, color schemes, standards, Manuals, Recipes, processes, services, know-how, operating procedures and Marketing concepts, business formats, specifications for and the use of certain equipment, and the use of proprietary and Confidential Information and other Intellectual Property.

“Termination” or “Terminate” Includes expiration, non-renewal, repurchase of Your rights, non-granting of a Successor Franchise, non-renewal, Transfer, or any other means by which this Agreement is no longer in effect, and You are no longer a franchisee of the Swig™ System.

“Transfer” Includes any direct or indirect assignment, transfer, division, trade, sale, gift, pledge, sublicense, mortgage, granting of any security interest, or sale at judicial sale or under power of sale, conveyance or retention of collateral in satisfaction of debt, or other procedure to enforce the terms of any pledge, encumbrance, or security interest.

“Update” Includes renovations, remodeling, redecorating, redesigning, refixturing, upgrading, refurbishing, modernizing, etc.

“We,” “Our(s)” or “Us” only as applied to Paragraphs 2.2.3, 10.1.1, 10.1.2, and 14.8.7, Sections 3.1, 3.5, and 16.4, and Articles XI and XV Includes Our predecessors, parents, affiliates, subsidiaries, successors, and assigns and Our officers, directors, shareholders, members, managers, employees, agents, development agents, or others with whose conduct We are chargeable, as applicable.

“You” or “Your” Includes all signers of this Agreement, all current and subsequent guarantors, all subsequent and current members, Operating Principals, owners, partners, shareholders, managers, directors, officers, agents, affiliates, principal employees and with those whose conduct You are chargeable.

NET SALES WITNESS WHEREOF, the parties have respectively signed this Franchise Agreement effective as of the day and year first written above.

FRANCHISOR:

SWIG FRANCHISING, LLC

By: _____

Name: Chase Wardrop

Title: President

FRANCHISEE:

By: _____

(Signature)

Name: _____

Title: _____

(Check if applicable) At the same time as the parties execute this Agreement, they are also executing an Addendum to the Franchise Agreement pursuant to:

_____ Illinois
_____ Indiana



_____ Maryland
_____ Minnesota
_____ New York
_____ North Dakota
_____ Washington
_____ Other



EXHIBIT "A-1"
TO THE FRANCHISE AGREEMENT

SEARCH AREA AND TERRITORY:
(Map may be attached)

1. Your Search Area in which to select Your Premises location is as follows:

Franchisee Initial and Date

Franchisor Initial and Date

2. You approved Premises is to be located at: *(may be filled in later if the approved Premises is not known at the time of signing the Franchise Agreement):*

3. Your Territory is ___ miles from Your approved Premises location in all driving directions.

**Our approval of the Territory or a site is not a guarantee or a warranty
of the potential success of a territory or a site.**

Franchisee Initial and Date

Franchisor Initial and Date





_____The address where Your corporate records are maintained is:

_____The name and address of the Operating Principal who has been approved by Us and who will be directly responsible for supervising Your business operations and who has authority to work with Us and make decisions relating to the operations of the Franchise Business:

Name: _____

Address: _____

Email: _____

Phone: _____

You must provide Us a copy of Your articles of organization and operating agreement or articles of incorporation and bylaws within one week of the date below.

Dated _____.

FRANCHISEE:

By: _____
(Signature)

Name: _____

Title: _____



EXHIBIT "A-3"
TO THE FRANCHISE AGREEMENT

FEE CHART¹

The following Fees are more fully described in the Franchise Agreement.

Type of Fee	Amount	Notes
Successor Franchise Fee	20% of Our then-current initial franchise fee	See Paragraph 2.2.4
Site Development Fee ¹ <u>(Optional)</u>	\$35,000	See Paragraph 4.1.1 and Section 4.5
<u>Relocation Fee</u>	<u>\$35,000</u>	<u>See Section 4.5</u>
Initial Franchise Fee	\$39,500	See Section 5.1
Royalty	7% of Net Sales	See Section 5.2
Marketing Fund Fee	2% of Net Sales	See Section 5.3.1
Grand Opening Marketing Fee	\$5,000 to \$10,000 depending on Your location and market	See Section 5.3.2
Late Fees ¹	\$25 per day for each late fee or report (up to a maximum of \$500 for each <u>2x the total amount owing per instance per late fee payment and up to \$500 per late report</u>)	See Paragraph 5.4. 34
Non-Sufficient Funds Fee ¹	\$50 per bounced check or draft, or the maximum allowed by state law	See Paragraph 5.4.3
Interest Fees on Late Fees and Reports	18% interest or maximum rate permitted by state law, whichever is less	See Paragraph 5.4. 45
Sales or Use Tax	Sum equal to tax imposed	See Paragraph 5.4. 56
Audit Charge	Cost of audit	See Paragraph 5.5.2
System Non-Compliance Fines and Charges ¹	\$250 per violation <u>\$250 for the first violation; \$500 for the second violation; and \$750 for the third and subsequent violations</u>	See Section 5.9
Technology Fee	Currently, \$400 per month	See Section 5.10
Additional Trainees at Initial Training ¹	\$2,500 per attendee	See Paragraph 6.1.4
New Operating Principal and Manager Training ¹	\$2,500 per person	See Paragraph 6.1.4(i)
Additional In-Person Training ¹	\$300 per person, per day	See Paragraph 6.1.4(ii) and Section 7.3
Rescheduling Fee ¹	\$1,500	See Paragraph 6.1.4(iv)
Insurance Reimbursement Fee ¹	Varies, plus an administration fee of \$50 per man-hour	See Paragraph 6.1.9
PCI and DSS Audit Reimbursement Fee	Reasonable costs of the audit	See Paragraph 6.1. 1213 (iv)

Conference or Seminar Fee ¹	\$250 to \$1,000 per attendee	See Paragraph 6.1.14
<u>Online Ordering and Delivery</u>	<u>Currently, 15% of the order price</u>	<u>See Paragraph 6.2.2(v)</u>
Interim Management Fee	15% of Net Sales	See Paragraph 6.2.3 and Section 14.10
Opening Assistance Fee	\$10,000 to \$15,000 depending on your location and market	See Section 7.5 <u>3</u>
Supplier Evaluation Fee	Our costs and expenses of testing and evaluation	See Section 8.3
Additional Copies of Marketing Materials	Our reasonable costs, not to exceed 10% for shipping and handling	See Section 10.3
Fees on Default	Our costs associated with Your default	You must pay Us Our costs to enforce Your obligations under this Agreement. See Sec. 11.2
Post-Termination Fees and Damages	Varies	See Section 12.1
Early Termination Liquidated Damages	Average royalty from the previous 12 months multiplied by 24 months or the remaining term of the Franchise Agreement, whichever is less.	See Section 12.4 <u>5</u>
Transfer Fee	\$20,000	See Section 14.5
Minority Interest Transfer Fee	Legal and corporate fees and costs incurred	See Section 14.6
Transferee Training Fee ¹	\$10,000	See Paragraph 14.8.5
Indemnification	Varies	See Section 15.2
Non-Compete Violations ¹	\$1,000 per day for each competing business	See Section 16.8
Dispute Resolution Fees	Varies	See Section 17.2 and Section 19.3

¹ We may increase this Fee by up to an amount equal to the Consumer Price Index for each year during the term of the Franchise Agreement. (cumulative) to adjust to increased costs and other inflation related factors. Costs charged by third parties are subject to change at any time and do not have an annual cap.



EXHIBIT "A-4"
TO THE FRANCHISE AGREEMENT

BRAND PROTECTION AGREEMENT FOR PRINCIPALS

This BRAND PROTECTION AGREEMENT FOR PRINCIPALS (the "Agreement") is entered into and made effective as of the effective date listed below by SWIG FRANCHISING, LLC ("Franchisor") and the undersigned (~~“(individually and collectively, the “Principals”)~~).

WHEREAS, Principals or his or her or their company entered into an agreement with Franchisor so as to be able to obtain the rights to operate a Swig™ Franchise Business using the System developed by Franchisor, Including certain Confidential Information of Franchisor ("Franchise Agreement"); and

~~WHEREAS, Principals will have access to certain parts of the Confidential Information; and~~

WHEREAS, Franchisor has developed Confidential Information, Including Recipes for the operation of a Swig™ Franchise Business and may continue to develop new ~~Recipes~~Confidential Information and revise current ~~Recipes~~Confidential Information for use in association with the Swig™ System; and

WHEREAS, Principals recognize the value of the System and the intangible property rights licensed under the Franchise Agreement, and the importance of maintaining the Confidential Information, and recognize that the Franchisor's entering into the Franchise Agreement is conditioned upon each Principal entering into this Agreement; and

WHEREAS, all capitalized terms used, but not defined, herein will have the respective meanings assigned to them pursuant to the Franchise Agreement.

NOW THEREFORE, in consideration of Franchisor entering into the Franchise Agreement with Principals or his or her or their company, the recitals and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

1. Acknowledgment. Principals individually acknowledge that he or she has obtained or may obtain access to Confidential Information and made available to Principals that is necessary and essential to the operation of the Franchise Business, without which information the Franchise Business could not efficiently, effectively, and profitably operate. Principals further acknowledge that such Confidential Information was not known to him or her prior to the association with Franchisor.

2. Non-Disclosure and Non-Use. Except as may be required or allowed under the Franchise Agreement, Principals and any of a Principal's Immediate Family, shall not during the term of the Franchise Agreement and any time thereafter, in perpetuity, directly or indirectly, use, or disclose to any third-party, or authorize any third-party to use, any information relating to the Franchise Business or interest of Franchisor, Confidential Information, the System, or other information or materials that he or she knows, or reasonably should know, is regarded as confidential to Franchisor. Principals shall also adopt and implement all reasonable procedures prescribed by Franchisor, from time to time, to prevent unauthorized use and/or disclosure of the ~~Proprietary Information, including restrictions on disclosure to employees and other third parties. The parties intend that the information disclosed by~~



~~Franchisor prior to the actual execution of this Agreement constitutes Confidential Information and is subject to all the terms and conditions of this Agreement (including the covenants protecting against disclosures) as if such information had been disclosed following the execution of this Agreement.~~Confidential Information, Including restrictions on disclosure to employees and other third parties.

2.1 Duty to Notify. Principals agree to notify Franchisor of any reasonably suspected attempts to violate the terms or purposes of this Agreement and further agree to require all personnel to report to it any reasonably suspected attempts to violate this Agreement. In the event it is discovered that Principals knew or had reason to know of any suspected attempts to violate this Agreement, Principals agree to indemnify Franchisor for all costs and fees associated with enforcement, and to reimburse Franchisor for those losses sustained due to such violation.

2.2 No Reverse Engineering. Principals shall not, either personally, in concert with others, or through other authorization, reverse engineer, decompile or deconstruct or attempt to reverse engineer, decompile, or deconstruct any portion of the Confidential Information, ~~including~~Including the Recipes, and shall not allow, encourage, or permit any partner, owner, director, member, manager, agent, employee or other person to do so. For purposes of this Agreement, reverse engineering as it relates to the Recipes, Includes any deviations from the Recipes that make minimal changes to the process, procedure, or ingredients such that the final result is identical or substantially similar to the result that would reasonably be expected to result from the Recipes.

2.3 Limited Use. Principals shall limit their use of the Confidential Information, Including, their recollection of any part of the Confidential Information, to the performance of their duties as described in the Franchise Agreement, the Manuals, and any policies and procedures implemented by Franchisor and shall not use the Confidential Information for any personal use or gain.

3. Non-Competition; Non-Solicitation. The following covenants will be enforced during and after the term of the Franchise Agreement:

3.1 In-Term Covenant. During the term of the Franchise Agreement and for any extensions or Successor Franchises thereof, except as permitted under the Franchise Agreement, Principals and each Principal's Immediate Family, shall not be a Participant, assist, or serve in any other capacity whatsoever, or have any interest in Competing Business in any capacity or location except with Franchisor's prior written consent.

3.2 Post-Term Covenant. Upon Termination for any reason of the Franchise Agreement, and any extensions or Successor Franchise Agreement thereof, or upon any Transfer or repurchase of a Principal's rights under the Franchise Agreement or the franchise entity, or a Principal's dissociation from the Franchise Business, and for a continuous, uninterrupted period of three years thereafter, Principals, and Principal's Immediate Family, shall not, directly or indirectly, be a Participant, assist, or serve in any other capacity whatsoever, or have any interest in a Competing Business in any capacity, territory, or location within the Territory or within 25 miles of the Territory or within 15 miles of the territory of any System franchise or Swig™ business operation at the time of such Termination of the Franchise Agreement or Transfer. The ownership of not more than 2% of the voting stock of a publicly held corporation will not be considered a violation of the foregoing provision.

3.3 Non-Solicitation of Customers. During the term of the Franchise Agreement and for three years after the Termination of the Franchise Agreement, Principal and each of Principal's Immediate Family shall not, directly or indirectly, contact any former or then-current customer of the Franchise Business, or any former, then-current customer of Franchisor or an affiliate of the Franchisor (with whom the Principal had contact during the term of the Franchise Agreement), or prospective customer for the purpose of soliciting such customer to a Competing Business. All Customer Data belongs to Franchisor. For clarity, a "prospective customer" does not mean any possible customer. It means a potential customer who has been engaged in some way, or has provided some personal information, or has elected to receive some communication, but who has not yet done business to be considered an actual customer.

~~4. ——— Survival of Covenants; Tolling of Covenants. The foregoing covenants survive the Termination of this Agreement and apply regardless of whether this Agreement was Terminated by lapse of time, by default of either party, or for any other reason.~~
~~4. Violation of Non-Competition, Non-Solicitation Provision; Tolling of Covenants.~~ In addition to other remedies available to Franchisor, in the event a Principal violates a non-competition and/or non-solicitation covenant, the applicable non-competition or non-solicitation period will be tolled for the period of that Principal's violation. Principal shall also pay Franchisor liquidated damages of \$1,000 per day for each Competing Business for violation of Sec. 3.1 or 3.2. These liquidated damages do not represent a price for the privilege of not performing nor does the payment represent an alternative manner of performance. This Section does not preclude and is not inconsistent with a court granting Franchisor specific performance or any other equitable remedies, such as an injunction, to prevent future breaches.

5. Return of Materials. Upon the Termination of the Franchise Agreement, or a Principal's disassociation from the Franchise Business, each Principal agrees to deliver to Franchisor (and shall not keep a copy in his or her possession or deliver to anyone else) the Swig™ Manuals and any and all Confidential Information.

~~6. Non-Disparagement. Principals shall not during and after the term of this Agreement, make any negative, disparaging, false or misleading statements, published or made orally, in any medium about Franchisor, Franchisor's officers, owners, partners, directors, members, managers, representatives, agents or employees, the brand, the System, products and services, or other franchisees.~~

7. Irreparable Harm. Principals hereby acknowledge and agree that any breach by him or her of any portion of Sections 1 through ~~56~~ above, inclusive, will cause damage to Franchisor in an amount difficult to ascertain. Accordingly, in addition to any other relief to which Franchisor may be entitled, Franchisor will be entitled to temporary, preliminary, and/or permanent injunctive relief for any breach or threatened breach by any Principal of any of the terms of Section 1 through ~~56~~ above, inclusive, without proof of actual damages that have been or may be caused to Franchisor by such breach and without the requirement of posting bond. Additionally, Principals agree that the existence of any claims a Principal may have against Franchisor, whether or not arising from this Agreement or the Franchise Agreement, will not constitute a defense to Franchisor's ability to enforce the covenants set forth in this Agreement.

~~7.8.~~ Reasonableness and Enforceability. Principals agree that the terms of this Agreement are fair and reasonable in light of the circumstances and were in part, based on the perceived or potential



value of the System and the business relationship that Principals and/or his or her or their company have and will have with Franchisor. If any portion of this Agreement will be held invalid or inoperative, then, so far as is reasonable and possible, the remainder of this Agreement will be considered valid and operative, and effect will be given to the intent manifested by the portion held invalid or inoperative. Whenever the context so requires, the masculine will include the feminine and neuter and the singular will include the plural and conversely. Principals understand that a separate action may be brought or prosecuted against a Principal whether or not the action is brought or prosecuted against any other Principal or against the franchisee, or any or all of them, or whether any other Principal or the franchisee is or are joined in the action. Principals acknowledge and agree that the restrictions related to Immediate Family is necessary because a Principal's disclosing the Confidential Information or Intellectual Property to Immediate Family or assisting Immediate Family in a Competing Business could potentially circumvent the purpose of this Agreement and that it would be difficult for Us to prove whether a Principal disclosed Our Confidential Information or Intellectual Property to Immediate Family or assisted Immediate Family in a Competing Business.

89. Governing Law and Jurisdiction. The validity, enforcement, construction, rights and liabilities of the parties and provisions of this Agreement will be governed by and interpreted in accordance with the laws of the state of Utah without giving effect to its conflicts of law provisions. If for any reason court action is filed, Principals individually consent to the jurisdiction of the courts of record in the state of Utah, and unless the enforcement of this Agreement is brought in connection with a Dispute under the Franchise Agreement (in which case this matter may be handled through arbitration as set forth in the Franchise Agreement), each Principal agrees that proper jurisdiction and venue for all Dispute resolution will be exclusively in the state and federal courts of Utah County or Salt Lake County, Utah.

910. Attorney's Fees and Costs. In the event any action in law or equity or any arbitration or other proceeding is brought for the enforcement of this Agreement or in connection with any of the provisions of this Agreement, the successful or prevailing party or parties will be entitled to reasonable attorney's fees and other costs reasonably incurred in such action or proceeding.

1011. Binding Agreement. This Agreement will bind ~~the each parties' respective heirs, personal representatives, successors and assigns of a Principal and his or her heirs, personal representative, successors and assigns.~~ No rights under this Agreement are assignable by any Principal, without Franchisor's written approval and any purported assignment will be null and void and of no force or effect.

1112. Survival of Covenants. All covenants made in this Agreement by Principals survive the Termination of this Agreement or the Franchise Agreement or Principal's disassociation with the Franchise Business or the System in any way.

1213. Modification of Agreement. This Agreement may be amended in whole or in part only by an agreement in writing signed by the parties.

1314. Waiver. Each Principal understands and acknowledges that Franchisor can require the use of cameras at the business premises, and each Principal waives any expectation of privacy in non-private areas of the business premises, ~~+~~e.g., spaces that are not in a bathroom, changing room, etc.



14.15. Counterpart and Electronic Signatures. This Agreement may be signed in counterparts by facsimile, electronic signature, or scanned and emailed signature, or similar electronic means, which will be deemed the same as an original signature and may be used for all purposes as if it were an original.

~~[Signatures on the Following Page]~~



16. Prior Disclosures. The parties intend that the information disclosed by Franchisor prior to the actual execution of this Agreement constitutes Confidential Information and is subject to all the terms and conditions of this Agreement as if such information had been disclosed following the execution of this Agreement.

PRINCIPALS INDIVIDUALLY ACKNOWLEDGE THAT HE OR SHE HAS READ THIS AGREEMENT AND UNDERSTANDS ITS CONTENTS.

IN WITNESS WHEREOF, the parties have executed this Agreement effective as of the date below.

DATED _____.

FRANCHISOR:

SWIG FRANCHISING, LLC

By: _____

Name: Chase Wardrop

Title: President

PRINCIPALS:

By: _____

(Signature)

Name: _____

[Brand Protection Agreement for Principals Signature Page]



EXHIBIT "A-5"
TO THE FRANCHISE AGREEMENT

EMPLOYEE BRAND PROTECTION AGREEMENT

This EMPLOYEE BRAND PROTECTION AGREEMENT ("Agreement") is entered into as of _____, between _____ ("Franchisee") and _____ ("Employee"), residing at _____.

A. Franchisee is the holder of a Swig™ franchise developed by Swig Franchising, LLC ("Franchisor").

B. Franchisor has developed certain confidential and proprietary information for the operation of a Swig™ franchise, including without limitation, processes, methods, trade secrets, systems, software, pricing, financial information, customer data and lists, manuals, marketing techniques, and procedures ("Proprietary Information").

C. Included in the Proprietary Information are confidential and proprietary mixes, batters, recipes, fillings, frostings, flavors, ingredients, sauces, syrups, spices, processes, methods, formulas, combinations, compositions, temperatures, cook times, and measurements and other information relating to the preparation of food items (collectively "Recipes") for use in the operation of a Swig™ franchise businesses.

NOW, THEREFORE, in consideration of the employment of Employee by Franchisee, the parties hereto agree as follows:

1. Acknowledgement. Employee acknowledges that during the course of his or her employment by Franchisee he or she has obtained or may obtain knowledge of the Proprietary Information and other confidential matters and procedures developed, licensed to or owned by Franchisor and made available to Franchisee, which are necessary and essential to the operation of the business of Franchisee, which without such information, Franchisee could not efficiently, effectively and profitably operate its Swig™ franchise. Employee further acknowledges that such Proprietary Information was not known to him or her prior to the association with Franchisee or its Swig™ franchise.

2. Non-Use, Non-Disclosure. Except as may be required authorized and only in the performance of duties for Franchisee, Employee shall not, during the course of his or her employment or at any time thereafter, directly or indirectly, use, or disclose to any third-party, or authorize any third-party to use any portion of the Proprietary Information, and agrees not to copy, transmit, recreate or otherwise reproduce all of any part of the Proprietary Information at any time.

2.1 No Reverse Engineering. Employee shall not, either personally, in concert with others or through other authorization, reverse engineer, decompile or deconstruct or attempt to reverse engineer, decompile or deconstruct any portion of the Proprietary Information, including without limitation, the Recipes, and will not allow, encourage or permit any partner, owner, director, member, manager, agent, employee or other person to do so. For purposes of this Agreement, reverse



engineering as relates to the Recipes will include any deviations from the Recipes that make minimal changes to the process, procedure, or ingredients such that the final result is identical or substantially similar to the result that would reasonably be expected to result from the Recipes.

~~3. Limited Use. Employee shall not use the Proprietary Information at any time, place, or circumstance, except as directed by Franchisee or its authorized representatives. In no event shall Employee use the Proprietary Information, whether in part or in whole, outside of Employee's specific employment duties.~~

43. Duty to Notify. Employee agrees to notify Franchisor or Franchisee or Employee's immediate superiors of any reasonably suspected attempts to violate the terms or purposes of this Agreement or to otherwise disclose, copy or reproduce any part of the Proprietary Information. In the event it is discovered that Employee knew or had reason to know of any suspected attempts to violate this Agreement and fails to report such knowledge, Employee agrees to indemnify Franchisor and Franchisee for all costs and fees associated with enforcement, and to reimburse Franchisor and Franchisee for those losses sustained due to such violation. Employee agrees to cooperate with Franchisor and Franchisee in its or their attempts to enforce the terms of this Agreement and to otherwise protect the Proprietary Information, and to cooperate with Franchisee and Franchisor to the extent Franchisee is obligated to cooperate with Franchisor's attempts to enforce its rights in and to the Proprietary Information.

54. Return of Materials. Immediately upon the termination of employment, Employee agrees to deliver to Franchisee (and shall not keep in his or her possession or deliver to anyone else whether in hard or electronic soft copy) any and all records, data, photographs, notes, manuals, lists, correspondence, specifications, materials, other documents or property, or reproductions relating to, directly or indirectly, to the Proprietary Information.

65. Management and Supervisor Employees. This Section ~~6 shall~~ 5 will only apply if Employee is a management employee and/or acts in a supervisory role over other employees.

65.1 Non-Competition. Employee shall not, during the course of his or her employment by Franchisee, and for one year thereafter, directly or indirectly in any capacity, without Franchisee's prior written consent, engage in a business, or plan for or organize a business, or have any financial interest in, or become and owner, officer, director, shareholder, partner, associate, employee (management-level or higher), contractor, agent, representative or consultant in any offering or selling products or services the same or substantially similar to a Swig™ business. Without limiting the generality of the foregoing, the minimum area of competitive nature will be that area within a 10-mile radius of Franchisee's place of business or any Swig™ business in operation at the time of Employee's termination of employment. The ownership of not more than 2% of the voting stock of a publicly held corporation will not be considered a violation of the foregoing provision.

65.2 Non-Solicitation of Customers. Employee shall not, during the course of his or her employment and for two years thereafter, directly or indirectly, contact any customer or former customer of Franchisee for the purpose of soliciting such customer to be a customer of a business that is the same as or similar to a Swig™ business.

~~7. Irreparable Harm. 6. Non-Disparagement. Employee shall not make any negative,~~



disparaging, false or misleading statements, published or made orally, in any medium about Franchisee and/or Franchisor (including their respective owners, officers, and employees), or the Swig™ brand.

7. Irreparable Harm. In addition to other remedies available to Franchisee and/or Franchisor, in the event Employee violates a non-competition and/or non-solicitation covenant, the applicable non-competition or non-solicitation period will be tolled for the period of Employee's violation. Additionally, Employee hereby acknowledges and agrees that any breach by him or her of any portion of Sections 1 through 6 above, inclusive, will cause damage to Franchisee and Franchisor in an amount difficult to ascertain. Accordingly, in addition to any other relief to which Franchisee may be entitled, either Franchisee and/or Franchisor will be entitled to enforce this Agreement and to seek temporary, preliminary, and/or permanent injunctive relief for any breach or threatened breach by Employee of any of the terms of Section 1 through 6 above, inclusive, without proof of actual damages that have been or may be caused to Franchisee or Franchisor by such breach, and without the requirement of posting bond. The existence of a claim against Franchisee or Franchisor will not constitute a defense to enforce the covenants of this Agreement.

8. Modification. Employee hereby agrees that, without limitation, any modifications, alterations, changes, or improvements conceived, designed, devised, developed, perfected or made by Employee, whether alone or in conjunction with others, and related in any manner to the actual or anticipated operation of the Franchisee, or the Swig™ system, or to any area of research and development related to the operation of the business, must be promptly disclosed to the Franchisee and will become the property of Franchisor, and Employee hereby irrevocably assigns, transfers, and conveys any such to Franchisor.

9. Enforceability. If any portion of this Agreement will be held invalid or inoperative, then, so far as is reasonable and possible, the remainder of this Agreement will be considered valid and operative, and effect will be given to the intent manifested by the portion held invalid or inoperative.

10. Survival of Covenants. All covenants made in this Agreement by Employee survive the termination of Employee's employment with Franchisee or the expiration, transfer, or termination of this Agreement.

11. Modification of Agreement. This Agreement may be amended in whole or in part only by an agreement in writing signed by both parties.

12. Attorneys' Fees. In the event any action in law or equity or any arbitration or other proceeding is brought for the enforcement of this Agreement or in connection with any of the provisions of this Agreement, the successful or prevailing party or parties will be entitled to reasonable attorney's fees and other costs reasonably incurred in such action or proceeding.

13. Waiver. Employee understands and acknowledges that Franchisee may employ the use of cameras at the business premises, and Employee waives any expectation of privacy in non-private areas of the business premises, i.e.g., spaces that are not in a bathroom, changing room, etc.

14. Counterpart and Electronic Signatures. This Agreement may be signed in counterparts by facsimile, electronic signature, or scanned and emailed signature, or similar electronic means, which

will be deemed the same as an original signature and may be used for all purposes as if it were an original.

15. Third-party Beneficiary. It is agreed and acknowledged that Franchisor is a third-party beneficiary to this Agreement.

~~[Signatures on the Following Page]~~

~~16. Prior Disclosures. Employee acknowledges and agrees that prior to the execution of this Agreement, Employee may have received information Franchisee, Franchisor, and/or their representatives, and that any such Proprietary Information obtained or received is subject to the protection and restrictions of this Agreement.~~

EMPLOYEE ACKNOWLEDGES THAT HE OR SHE HAS READ THIS AGREEMENT AND UNDERSTANDS ITS CONTENTS.

IN WITNESS WHEREOF, the parties have executed this Agreement effective as of the day and year first herein above written.

FRANCHISEE:

By: _____

Name: _____

Title: _____

Date: _____

EMPLOYEE (if a minor, see next page):

By: _____

Name: _____

Title: _____

Date: _____

Age: _____

For persons under 18 years of age, a parent or legal guardian must sign and complete the following section.

I, _____ (Parent/Guardian), the undersigned and the parent and natural guardian of _____ (minor's name), hereby acknowledge that I have executed the foregoing Employee Brand Protection Agreement for and on behalf of the minor named herein. I represent that I have legal capacity and authority to act for and on behalf of the minor named herein. As the natural or legal guardian of such minor, I hereby bind myself, the minor, and our successors and assigns to the obligations and liabilities of the foregoing Employee Brand Protection Agreement.

DATED: _____.



Signature of Parent/Guardian: _____

Name of Parent/Guardian: _____

Address: _____

Phone: _____

[Employee Brand Protection Agreement Signature Page]



EXHIBIT "A-6"
TO
THE FRANCHISE AGREEMENT

LANDLORD'S CONSENT TO ASSIGNMENT

_____ ("Landlord") hereby consents to an assignment of the lease agreement ("Lease Agreement") to Swig Franchising, LLC ("Franchisor") for the purpose of securing the obligations of _____ ("Lessee" and Franchisor's franchisee) to Franchisor. In the event of Lessee's breach of the Lease Agreement, Landlord agrees to provide Franchisor with written notice of any breach of the Lease Agreement that Landlord is required to provide to Lessee. Further, Landlord agrees it will not take any action to terminate said Lease Agreement without first giving Franchisor an opportunity, but not the obligation, to cure said breach for an additional 10 days beyond the applicable cure period granted to the Lessee under the Lease Agreement.

Landlord agrees to provide Franchisor with all information relating to amounts owing, settlement agreements, and all matters related to the Lease Agreement within five days of written request from Franchisor.

Landlord agrees that if Lessee does not timely cure a default under the Lease Agreement, or the Lease Agreement or franchise agreement is terminated, Franchisor will have the right, but not the obligation, within 45 days after termination of the Lease Agreement or franchise agreements such date, to take possession of the premises, and to assume or reassign the Lease Agreement, or sublet the premises to another franchisee for the remaining term of the Lease Agreement; provided that Landlord will have the right to reasonably approve such reassignment or subletting.

Landlord further covenants that so long as Franchisor has not entered into possession of the leased premises, Franchisor will not be liable for rent or any other obligation under the Lease Agreement, but that Landlord will look to Lessee for all obligations under the Lease Agreement.

Notices to Franchisor will be sent to: 1557 W. Innovation Way, 5th Floor, Lehi, Utah 84043.

Dated as of _____.

~~Landlord~~ Landlord's Contact Information:

LANDLORD:

Contact Person: _____

By: _____

Mailing Address: _____

Title: _____

Print Name: _____

Email: _____

Phone: _____

Date: _____

SCHEDULE "A-6.1"
To the Landlord's Consent to Assignment
Lease Rider

Notwithstanding anything in the lease to the contrary, the Landlord and Tenant agree as follows (capitalized terms not defined herein having the meanings set forth in the Franchise Agreement between Tenant and SWIG FRANCHISING, LLC ("Franchisor"), Tenant's franchisor):

1. ~~1.~~ The initial term of the lease will be for a period of not less than 10 years.

2. Landlord consents to Tenant's use and display of the Swig™ Marks and signage as Franchisor may require from time to time for the Franchise Business, subject only to the provisions of applicable law. Landlord shall also provide Tenant and Tenant's customers with a non-exclusive, mutual cross access easement for purposes of vehicular and pedestrian ingress and egress to access Tenant's Franchise Business. Tenant shall also have the right to use a customer drive-through for its Franchise Business.

3. ~~3.~~ Tenant will have the right to alter, renovate, add, remodel, modify, and/or change the Premises and/or other improvements upon the Premises as Tenant may deem desirable, provided that if any such alterations, renovations, additions, modifications, remodeling and/or changes to the Premises and/or improvements upon the Premises affect the exterior, structural elements or foundation of the Premises, Tenant must first obtain the consent of Landlord, which consent will not be unreasonably withheld, conditioned or delayed.

4. ~~4.~~ The Premises will be used solely for the operation of a Swig™ business which operates using the Swig™ Marks and System while the Franchise Agreement is in effect and Tenant is in lawful possession of the Premises.

5. ~~5.~~ Landlord acknowledges that, in the event the Franchise Agreement expires or is terminated: (a) Tenant is obligated under the Franchise Agreement to take certain steps to de-identify the location as a Swig™ business; and (b) Landlord shall cooperate fully with Franchisor in enforcing such provisions of the Franchise Agreement, including allowing Franchisor, its employees and agents to enter and remove signs, décor, and materials bearing or displaying any Marks, designs, or logos, provided that Landlord will not be required to bear any expense thereof.

6. If Franchisor so requests, Landlord shall provide Franchisor with all sales and other information that Landlord may have related to the operation of the Franchise Business.

7. Tenant is restricted from accepting any requirement under the lease that seeks to impose any restrictions (territorial or otherwise) on the development or operation of other Swig™ businesses by Tenant, Franchisor, or any other person or entity.

8. Landlord agrees that Tenant may not assign the lease or sublease all or any part of Tenant's occupancy rights thereunder without Franchisor's prior written consent.

9. Landlord's consent to an assignment of the lease or subletting of the Premises will not be required in connection with an assignment or subletting to Franchisor, or any parent, subsidiary or

affiliate of Franchisor or Tenant, or another operator that Franchisor has approved to be the franchisee and operate at the Premises.

10. Landlord shall not sell or lease or allow the sublease of, space in the building, or on the property, to any person or entity for a specialty drink or soda shop or similar business. Additionally, Landlord shall not sell and shall prohibit any other tenant or subtenant in the building, or on the property, from engaging in activities predominantly related to the offer and sale of products and services similar to those offered by a Swig™ business. In the event Landlord does not comply with these restrictions, Tenant will have the right to seek an injunction prohibiting the occupancy by the new competing business or against the existing tenant, as the case may be.

11. Landlord shall, upon reasonable request from Tenant's lender, subordinate any interests it may have in Tenant's equipment or other leasehold improvements to Tenant's lender's interests.

12. No amendment may be made to the lease without Franchisor's prior written consent (which Franchisor will not unreasonably withhold or delay), and Franchisor may elect not to be bound by the terms of any amendment to the lease executed without obtaining Franchisor's prior written approval to such amendment.

IN WITNESS WHEREOF, the parties have executed this Lease Rider effective as of the date of the lease agreement.

LANDLORD: _____

TENANT: _____

By: _____
(Signature)

By: _____
(Signature)

Name: _____

Name: _____

Title: _____

Title: _____



EXHIBIT "A-7"
TO THE FRANCHISE AGREEMENT

AUTHORIZATION AGREEMENT FOR DIRECT PAYMENTS (ACH DEBITS)

Business Name: _____

I hereby authorize Swig Franchising, LLC hereinafter called ("Company"), to initiate debit entries to my checking account or savings account as indicated below at the depository financial institution named below, hereinafter called ("Depository"), and to debit the same to such account. I acknowledge that the origination of ACH transactions to my account must comply with the provisions of United States law.

Depository Name: _____ Branch: _____

City: _____ State: _____ Zip Code: _____

Phone: _____

Routing Number: _____ Account Number: _____

Type of Account: Checking/Savings: _____

This authorization is to remain in full force and effect until the Company has received written notification from me of its termination in such time and in such manner as to afford the Company and Depository a reasonable opportunity to act on it.

Name: _____
(please print)

Title: _____

Signature: _____ Date: _____

NOTE: ALL WRITTEN DEBIT AUTHORIZATIONS MUST PROVIDE THAT THE RECEIVER MAY REVOKE THE AUTHORIZATION ONLY BY NOTIFYING THE ORIGINATOR IN THE MANNER SPECIFIED IN THE AUTHORIZATION.

EXHIBIT "A-8"
TO THE FRANCHISE AGREEMENT

GUARANTY AND ASSUMPTION OF OBLIGATIONS

This GUARANTY AND ASSUMPTION OF OBLIGATIONS ("Guaranty") is entered into and made effective as of _____ by and between SWIG FRANCHISING, LLC ("We," "Us" or "Our") and the undersigned Guarantor(s) ("Guarantor(s)") who are the owners of _____ (the "Business Entity").

1. Scope of Guaranty. In consideration of and as an inducement to Our signing and delivering the Franchise Agreement dated _____ (the "Franchise Agreement"), each Guarantor(s) signing this Guaranty personally and unconditionally: (a) guarantees 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 Franchise Agreement; and (b) agrees to be personally bound by, and personally liable for the breach of, any provision in the Franchise Agreement, including confidentiality and the non-competition provisions. Each Guarantor acknowledges and agrees that no subsequent amendment, modification, and/or extension of the Franchise Agreement by and between ~~Franchisor/Us~~ and the ~~franchisee thereunder~~Business Entity will affect the enforcement or validity of this Guaranty.

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

3. Consents and Agreements. Each Guarantor consents and agrees that: (a) Guarantor(s)' direct and immediate liability under this Guaranty are joint and several; (b) Guarantor(s) must render any payment or performance required under the Franchise Agreement upon demand if the Business Entity fails or refuses punctually to do so; (c) Guarantor(s)' liability will not be contingent or conditioned upon Our pursuit of any remedies against the Business Entity or any other person; (d) Guarantor(s)' 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 of the compromise or release of any claims (including the release of other guarantors) 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 Franchise Agreement and, where required by the Franchise Agreement, after its termination or expiration.

4. Enforcement Costs. If We must enforce this Guaranty in any judicial or arbitration proceeding or any appeals, Guarantor(s) must reimburse Us for Our enforcement costs. Enforcement costs include

reasonable fees from 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 before, in preparation for, or in contemplation of the filing of any written demand, claim, action, hearing or proceeding to enforce this Guaranty.

5.5. Disputes. Guarantor(s) acknowledge and represent that Guarantor(s) have had an opportunity to review the Franchise Agreement and agree that the provisions of Article XVII (disputes and arbitration) of the Franchise Agreement have been reviewed by Guarantor(s) and by reference are incorporated herein and will govern this Guaranty and any disputes between Guarantor(s) and Us. Each Guarantor(s) irrevocably submits to the exclusive jurisdiction and venue of said arbitration and listed courts. Nevertheless, Guarantor(s) agree that We may also enforce this Guaranty and awards in the courts of the state or states in which a Guarantor(s) is domiciled. Each Guarantor will be held personally, jointly, and severally liable. Any settlement made between Us and the Business Entity, or between Us and another Guarantor, or any other determination made pursuant to this Agreement will be binding upon the Guarantor(s).

6. Counterparts. This Guaranty may be signed in counterparts including by electronic signatures and other electronic means, which will be deemed the same as an original signature and may be used for all purposes as if it were an original.

IN WITNESS WHEREOF, the Guarantor(s) have respectively signed this Guaranty effective as of the day and year first written above.

Guarantor(s)

Address for Notice

By: _____

Name: _____

Email: _____

By: _____

Name: _____

Email: _____

By: _____

Name: _____

Email: _____

By: _____

Name: _____



By: _____

Name: _____

Email: _____

Email: _____



EXHIBIT "A-9"
TO THE FRANCHISE AGREEMENT

DIGITAL, SOCIAL MEDIA, AND LISTINGS AUTHORIZATION FOR ASSIGNMENT

This DIGITAL, SOCIAL MEDIA, AND LISTINGS ASSIGNMENT AUTHORIZATION ("Assignment") is made and entered into as of the Effective Date (defined below), by and between the undersigned Franchisee and Swig Franchising, LLC ("Franchisor").

RECITALS

WHEREAS, Franchisee has entered into a franchise agreement with ("Franchise Agreement"); and

WHEREAS, as part of the Franchise Agreement, Franchisee is granted limited rights to use the Swig™ ~~trademark~~trademarks, trade names, trade dress, and other associated intellectual property (collectively, the "Marks") in conjunction with Franchisee's Franchise Business; and

WHEREAS, all capitalized terms used, but not defined, herein will have the respective meanings assigned to them pursuant to the Franchise Agreement.

NOW, THEREFORE, in consideration of the mutual covenants, agreements, recitals, obligations, terms and conditions herein contained, and the acts to be performed by the respective parties hereto, the parties hereto agree as follows:

1. Franchisee hereby assigns all rights and interest, including all associated goodwill, in the Social Media and other digital media accounts used in the Franchise Business or used or created in any way by Franchisee or third parties to promote or use the Marks, including, Franchisee's Facebook, Instagram, Tik-Tok, Pinterest, Google listings, Twitter, LinkedIn, Tumblr, email accounts, and the like (collectively the "Social Media Accounts"). Franchisee shall take all action necessary to grant exclusive access of the Social Media Accounts to Franchisor, including providing all passwords and administrative access to such Social Media Accounts.
2. Franchisee hereby assigns and transfers, (or in Franchisor's sole discretion disconnects) the telephone listings, telephone numbers, including the telephone number(s) listed on the Marketing and Social Media Accounts, URL's, Internet sites, and web pages used in the Franchise Business or used or created in any way by Franchisee or third parties to promote or use the Marks to Franchisor (individually a "Listing" and collectively the "Listings").
3. Franchisee represents, warrants, and covenants the following with regard to the Social Media Accounts and Listings:
 - a. Franchisee has the right to assign the Social Media Accounts and Listings, and they are free and clear of all liens and encumbrances.
 - b. Franchisee shall not, after Termination of the Franchise Agreements attempt to access, control, interfere with, or obstruct the Social Media Accounts and/or Listings.

EXHIBIT "A-10"
TO THE FRANCHISE AGREEMENT

FRANCHISEE REPORT

We will not ask You to complete the Franchise Report, and We will disregard any answers from You, if You live or plan to operate Your Franchise Business in the states of California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, or Wisconsin.

Please review each of the following questions carefully and provide honest responses to each question.

1. If You have received any oral, written, visual or other claim, guarantee or representation of any sort by Us which stated or suggested any specific level or range of actual or potential sales, income, expenses, profits, cash flow, by any person or entity, except for information (if any) expressly set forth in Item 19 of the Franchisor's Disclosure Document (or an exhibit referred to therein), please describe what You received and if known, from whom You received the information. If none, please write "none."

2. If You have received any information or representations inconsistent with the statements in the FDD or Franchise Agreement, please list those below. If none, please write "none."

FRANCHISEE:

By: _____

Name: _____

Title: _____

Date: _____



EXHIBIT "A-11"
TO THE FRANCHISE AGREEMENT

STATE SPECIFIC ADDENDA



**ADDENDUM TO THE FRANCHISE AGREEMENT
FOR THE STATE OF CALIFORNIA**

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

1. The California Franchise Relations Act, 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 California law, California law controls.

2. The franchise agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et seq.)

3. 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. A contract that restrains a former franchisee from engaging in a lawful trade or business is to that extent void under California Business and Professions Code Section 16600.~~

4. The franchise agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

5. The franchise agreement requires binding arbitration. The arbitration will occur at Salt Lake City, Utah with the costs being borne by you for travel to, and lodging in, Salt Lake City, Utah, and other costs associated with arbitration. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and Federal laws (this or these as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 128a, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

6. The franchise agreement requires application of the laws of **Utah**. This provision may not be enforceable under California law. You may want to consult an attorney to understand the impact of out-of-state governing law on the franchise agreement.

~~7. Both the Governing Law and Choice of Law for Franchisees operating outlets located in California, will be the California Investment law and the California Relations Act regardless of the choice of law or dispute resolution venue stated elsewhere. Any language in the franchise agreement or amendment to or any agreement to the contrary is superseded by this condition.~~

~~8. You must sign a general release if you transfer, renew or terminate 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).~~

~~89. The franchise agreement provides for waiver of a jury trial. This may not be enforceable in California.~~

~~9.—10. 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.

11. Franchisees owning 5% or greater must sign a personal guaranty, making you and your spouse individually liable for your financial obligations under the agreement if you are married. The guaranty will place your and your spouse's marital and personal assets at risk, perhaps including your house, if your franchise fails.

12. Paragraph 4.1 is amended to remove the following language, "Although We must approve of Your site, We do not warrant or guarantee the success of the site."

~~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.~~

~~10.~~ Late Fees in Exhibit "A-3" is amended to include the following: "The highest interest rate allowed in California is 10% annually."

~~11.14.~~ California's Franchise Investment Law (Corporations Code section 31512 and 31512.1) states that any provision of a franchise agreement or related document requiring the franchisee to waive specific provisions of the law is contrary to public policy and is void and unenforceable. The law also prohibits a franchisor from disclaiming or denying (i) representations it, its employees, or its agents make to you, (ii) your ability to rely on any representations it makes to you, or (iii) any violations of the law.

15. Paragraph 20.10 is amended to remove the following language, "You represent and acknowledge that no agreements, representations, negotiations, promises, commitments, inducements, assurances, terms, conditions, or covenants of any nature exist between You and Us except as specifically set forth in this Agreement, whether pertaining to this Agreement or to any future, further or additional rights of either You or Us."

16. Paragraphs 20.14 and 20.18 are not enforceable in the state of California.



**ADDENDUM TO THE FRANCHISE AGREEMENT
FOR THE STATE OF FOR THE STATE OF ILLINOIS**

Illinois Law governs the franchise agreement.

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.

Franchisees rights upon termination and non-renewal 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.

IN WITNESS WHEREOF, the Franchisor and Franchisee have respectively signed and sealed this Franchise Agreement as of _____.

FRANCHISEE:

By: _____
(Signature)

Name: _____

Title: _____

FRANCHISOR:

Swig _____ Franchising,
LLC _____

By: _____
(Signature)

Name: _____ Chase
Wardrop _____

Title: _____
President _____



**ADDENDUM TO THE FRANCHISE AGREEMENT
FOR THE STATE OF INDIANA**

This Rider amends the Franchise Agreement dated _____ (the "Agreement") between ~~Swig Franchising, LC~~ _____ ("Franchisor") and _____ ("Franchisee").

1. Definitions. Capitalized terms used but not defined in this Rider have the meanings given in the Agreement. The "Indiana Acts" means the Indiana Franchise Act and the Indiana Deceptive Franchise Practices Act.

2. Certain Provisions Deleted. Any provision of the Agreement which would have any of the following effects is hereby deleted:

(1) Requiring goods, supplies, inventories, or services to be purchased exclusively from the Franchisor or sources designated by the Franchisor where such goods, supplies, inventories, or services of comparable quality are available from sources other than those designated by the Franchisor. However, the publication by the Franchisor of a list of approved suppliers of goods, supplies, inventories, or service or the requirement that such goods, supplies, inventories, or services comply with specifications and standards prescribed by the Franchisor does not constitute designation of a source nor does a reasonable right of the Franchisor to disapprove a supplier constitute a designation. This subdivision does not apply to the principal goods, supplies, inventories, or services manufactured or trademarked by the Franchisor.

(2) Allowing the Franchisor to establish a Franchisor-owned outlet engaged in a substantially identical business to that of the Franchisee within the exclusive territory granted the Franchisee by the franchise agreement; or, if no exclusive territory is designated, permitting the Franchisor to compete unfairly with the Franchisee within a reasonable area.

(3) Allowing substantial modification of the franchise agreement by the Franchisor without the consent in writing of the Franchisee.

(4) Allowing the Franchisor to obtain money, goods, services, or any other benefit from any other person with whom the Franchisee does business, on account of, or in relation to, the transaction between the Franchisee and the other person, other than for compensation for services rendered by the Franchisor, unless the benefit is promptly accounted for, and transmitted to the Franchisee.

(5) Requiring the Franchisee to prospectively assent to a release, assignment, novation, waiver, or estoppel which purports to relieve any person from liability to be imposed by the Indiana Deceptive Franchise Practices Act or requiring any controversy between the Franchisee and the Franchisor to be referred to any person, if referral would be binding on the Franchisee. This subsection (5) does not apply to arbitration before an independent arbitrator.

(6) Allowing for an increase in prices of goods provided by the Franchisor which the Franchisee had ordered for private retail consumers prior to the Franchisee's receipt of an official price increase notification. A sales contract signed by a private retail consumer shall constitute evidence of each order. Price changes applicable to new models of a product at the time of introduction of such new



models shall not be considered a price increase. Price increases caused by conformity to a state or federal law, or the revaluation of the United States dollar in the case of foreign-made goods, are not subject to this subsection (6).

(7) Permitting unilateral termination of the franchise if such termination is without good cause or in bad faith. Good cause within the meaning of this subsection (7) includes any material violation of the franchise agreement.

(8) Permitting the Franchisor to fail to renew a franchise without good cause or in bad faith. This chapter shall not prohibit a franchise agreement from providing that the agreement is not renewable upon expiration or that the agreement is renewable if the Franchisee meets certain conditions specified in the agreement.

(9) Requiring a Franchisee to covenant not to compete with the Franchisor for a period longer than three years or in an area greater than the exclusive area granted by the franchise agreement or, in absence of such a provision in the agreement, an area of reasonable size, upon termination of or failure to renew the franchise.

(10) Limiting litigation brought for breach of the agreement in any manner whatsoever.

(11) Requiring the Franchisee to participate in any (A) advertising campaign or contest; (B) promotional campaign; (C) promotional materials; or (D) display decorations or materials; at an expense to the Franchisee that is indeterminate, determined by a third party, or determined by a formula, unless the franchise agreement specifies the maximum percentage of gross monthly sales or the maximum absolute sum that the Franchisee may be required to pay.

3. Effective Date. This Rider is effective as of the Effective Date.

Agreed to by:

FRANCHISEE:

By: _____

Name: _____

Title: _____

Date: _____

FRANCHISOR:

Swig Franchising, LLC

By: _____

Name: Chase Wardrop _____

Title: President _____

Date: _____



**ADDENDUM TO THE FRANCHISE AGREEMENT
FOR THE STATE OF MINNESOTA**

The disclosure document, franchise agreement, and other related agreements are amended to conform to the following:

1. Governing law, choice of forum, and jurisdiction and venue provisions of the disclosure document and franchise agreements are amended to include the following:

Minnesota statute 80C.21 and Minnesota 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 or the jurisdiction.

2. With respect to franchises governed by Minnesota law, the franchisor will comply with Minn. Stat. 80C.14, subdivisions 3, 4 and 5 which require, except in certain specified cases, that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the franchise agreement; and that consent to the transfer of the franchise will not be unreasonably withheld.
3. As required by the Minnesota Franchise Act, Minn. Stat. Sec. 80C.12(g), franchisor will reimburse the franchisee for any costs incurred by the franchisee in the defense of the franchisee's right to use the Marks, so long as the franchisee was using the Marks in the manner authorized by franchisor, and so long as franchisor is timely notified of the claim and is given 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.
4. Minnesota Rule Part 2860.4400J prohibits requiring a franchisee from waiving his rights to a jury trial or waiving his rights to any procedure, forum, or remedies provided for by the laws of Minnesota, or consenting to liquidated damages, termination penalties or judgment notes.
5. Minn. Rule 2860.4400D prohibits a franchisor from requiring a franchisee to assent to a general release.
6. Any limitation of claims must comply with Minn. Stat. 80C.17, subdivision 5.
7. Any fee regarding insufficient funds for a dishonored check must comply with Minn. Stat. § 604.113, subdiv. 2(a), which puts a cap of \$30 on service charges.
8. 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 any statement made by any franchisor, franchisee



seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed with the franchise.

Franchisee (Signature)



ADDENDUM TO THE FRANCHISE AGREEMENT FOR THE STATE OF NORTH DAKOTA

This Addendum to the Franchise Agreement is agreed to this ___ day of _____, 20___, between SWIG FRANCHISING, LLC and _____ to amend and revise said Franchise Agreement as follows:

1. The North Dakota Securities Commission requires that certain provisions contained in the Agreement be amended to be consistent with North Dakota Law, including the North Dakota Franchise Investment Law, North Dakota Century Code Addendum, Chapter 51-19, Sections 51-19-01 et seq. Such provisions in the Agreement are hereby amended as follows:

- No general release shall be required as a condition of renewal and/ or transfer which is intended to exclude claims arising under North Dakota Franchise Investment Law.
- In case of any enforcement action, the prevailing party is entitled to recover all costs and expenses including attorney's fees.
- The statute of limitations under North Dakota Law will apply.
- Covenants not to compete upon termination or expiration of the Franchise Agreement are generally unenforceable in the State of North Dakota except in limited instances as provided by law.
- A provision requiring litigation or arbitration to be conducted in a forum other than North Dakota is void with respect to claims under North Dakota Law.
- In the event of a conflict of laws, North Dakota Law will control.
- Franchise may not assent to a waiver of exemplary or punitive damages.
- Franchisee may not assent to a waiver of jury trial, waiver of rights to exemplary or punitive damages, or waiving his rights to any procedure, forum, or remedies provided for by the laws of North Dakota, or consenting to liquidated damages, termination penalties or judgment notes.

2. Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the North Dakota Law applicable to the provisions are met independent of this Addendum. To the extent this Addendum shall be inconsistent with any terms or conditions of said Franchise Agreement or exhibits or attachments thereto, the terms of this Addendum shall govern.

3. No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise agreement 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, each of the undersigned hereby acknowledges having read this Addendum understands and consents to be bound by all of its terms.

Swig Franchising, LLC

____ Franchisee: _____

By: _____

Chase Wardrop _____

By: _____

Title: President _____

Title: _____



**Washington Addendum to the
Franchise Agreement,
and Related Agreements**

RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

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.

A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting the transfer.

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 provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

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. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

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.



Article XIII of the franchise agreement will be interpreted in accordance with RCW 19.100.180.

The time limitations to initiate a claim as set forth in Section 17.2.3(iii) of the franchise agreement are hereby amended and extended to the time limits allowed under RCW 19.100.

Section 17.2.3(viii) of the franchise agreement is here by amended as follows:

Federal Arbitration Act. You and We mutually agree that all issues relating to arbitrability are governed exclusively by the Federal Arbitration Act and the federal common law of arbitration to the exclusion of any state statutes or common law and will be decided by the arbitrator. All provisions of this Agreement pertaining to venue, choice-of-laws, dispute avoidance and resolution will be strictly enforced (subject to state law).

Section 20.14 of the franchise agreement is not enforceable in Washington.

Section 2 of the Form General Release Agreement (Exhibit "H" to the franchise disclosure document) is hereby omitted and not applicable in the state of Washington.

The undersigned does hereby acknowledge receipt of this addendum.

Dated this _____ day of _____, 20__.

FRANCHISOR:
Swig Franchising, LLC

FRANCHISEE:

By: _____
_____ (Signature)

By: _____
_____ (Signature)

Name: _____

Title: _____

Name: _____
Title: _____

INDIVIDUALS:

Signature: _____
Print Name: _____

Signature: _____
Print Name: _____

**ADDENDUM TO THE FRANCHISE AGREEMENT
FOR THE COMMONWEALTH OF VIRGINIA**

Pursuant to 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.



**ADDENDUM TO THE FRANCHISE AGREEMENT
FOR THE STATE OF WISCONSIN**

The following shall apply to Franchise Agreements in the State of Wisconsin:

- a. The Wisconsin Fair Dealership Act, Wisconsin Statutes, Chapter 135 (the "Act"), shall apply to and govern the provisions of Franchise Agreements issued in the State of Wisconsin.

- b. The Act's requirements, including that in certain circumstances a Franchisee receive ninety (90) days' notice of termination, cancellation, non-renewal or substantial change in competitive circumstances, and sixty (60) days to remedy claimed deficiencies, shall supersede the provisions of Section VIII of the Franchise Agreement to the extent they may be inconsistent with the Act's requirements.



**WASHINGTON ADDENDUM TO THE
FRANCHISE AGREEMENT, STATEMENT OF PROSPECTIVE FRANCHISEE,
AND RELATED AGREEMENTS**

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.

RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

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.

A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting the transfer.

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 provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

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. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

Article XIII of the franchise agreement will be interpreted in accordance with RCW 19.100.180.

Section 14.3 of the franchise agreement is hereby amended in part to remove the following language



EXHIBIT "B"
TO THE FDD

FINANCIAL STATEMENTS
(Attached)

[Audited Financial Statements Dated December 26, 2023](#)

Audited Financial Statements Dated June 30, 2023

Audited Financial Statements Dated December 27, 2022



SWIG FRANCHISING, LLC
FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITOR'S REPORT
DECEMBER 26, 2023 and DECEMBER 27, 2022



SWIG FRANCHISING, LLC

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Independent Auditor's Report

To the Member
Swig Franchising, LLC
Lehi, UT

Opinion

We have audited the accompanying financial statements of Swig Franchising, LLC, which comprise the balance sheets as of December 26, 2023 and December 27, 2022, and the related statements of operations, member's interests, and cash flows for the years then ended, 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 Swig Franchising, LLC as of December 26, 2023 and December 27, 2022, and the results of its operations and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits 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 Company and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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, that raise substantial doubt about the Company'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 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 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 the Company'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, that raise substantial doubt about the Company'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.

Restrictions on Use

The use of this report is restricted to inclusion within the Company's Franchise Disclosure Document (FDD) and is not intended to be, and should not be, used or relied upon by anyone for any other use.

Kezas & Dunbar

St. George, Utah
April 17, 2024

SWIG FRANCHISING, LLC

BALANCE SHEETS

As of December 26, 2023 and December 27, 2022

Assets	2023	2022
Current assets		
Cash	\$ 696,045	\$ 10,000
Accounts receivable	4,401	-
Due from related party	2,073,225	-
Notes receivable, current	2,333,000	-
Total current assets	5,106,671	10,000
Notes receivable, non-current	2,370,500	-
Total assets	\$ 7,477,171	\$ 10,000
Liabilities and Member's Interests		
Current liabilities		
Accrued expenses	\$ 26,595	\$ -
Deferred revenue, current	858,958	-
Total current liabilities	885,553	-
Long-term liabilities		
Deferred revenue, non-current	7,227,412	-
Total liabilities	8,112,965	-
Member's interests	(635,794)	10,000
Total liabilities and member's interests	\$ 7,477,171	\$ 10,000

The accompanying notes are an integral part of these financial statements.

SWIG FRANCHISING, LLC

STATEMENTS OF OPERATIONS

For the years ended December 26, 2023 and December 27, 2022

	<u>2023</u>	<u>2022</u>
Operating revenue		
Franchise sale fees	\$ 371,129	\$ -
Grand opening marketing fees	20,000	-
Opening fees	20,000	-
Royalty fees	14,465	-
Other operating revenue	15,567	-
Total revenue	<u>441,161</u>	<u>-</u>
Operating expenses		
Professional fees	171,104	-
General and administrative	1,091,642	-
Advertising expense	11,963	-
Merchandise costs	12,246	-
Total operating expenses	<u>1,286,955</u>	<u>-</u>
Net loss	<u>\$ (845,794)</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

SWIG FRANCHISING, LLC
STATEMENTS OF MEMBER'S INTERESTS
For the years ended December 26, 2023 and December 27, 2022

	2023
Beginning member's interests	\$ -
Member's contributions	10,000
Balance at December 27, 2022	10,000
Member's contributions	200,000
Net loss	(845,794)
Balance at December 26, 2023	\$ (635,794)

The accompanying notes are an integral part of these financial statements.

SWIG FRANCHISING, LLC

STATEMENTS OF CASH FLOWS

For the years ended December 26, 2023 and December 27, 2022

	2023	2022
Cash flows from operating activities:		
Net loss	\$ (845,794)	\$ -
Changes in operating assets and liabilities		
Accounts receivable	(4,401)	-
Notes receivable	(4,703,500)	-
Accrued expenses	26,595	-
Deferred revenue	8,086,370	-
Net cash provided by operating activities	2,559,270	-
Cash flows from financing activities:		
Proceeds due from related party	(2,073,225)	-
Member's contributions	200,000	10,000
Cash flows (used in) provided by financing activities	(1,873,225)	10,000
Net change in cash and cash equivalents	686,045	10,000
Cash and cash equivalents at beginning of period	10,000	-
Cash and cash equivalents at end of period	\$ 696,045	\$ 10,000
Supplemental disclosures of cash flow:		
Cash paid for interest and taxes	\$ -	\$ -

The accompanying notes are an integral part of these financial statements.

SWIG FRANCHISING, LLC

NOTES TO THE FINANCIAL STATEMENTS

December 26, 2023 and December 27, 2022

(1) Nature of Business and Summary of Significant Accounting Policies

(a) Nature of Business

Swig Franchising, LLC (the "Company") was formed on August 24, 2022, in the state of Utah as a limited liability company for the planned principal purpose of conducting franchise sales, marketing, and management. The Company offers franchises for the operation of a specialty soda shop concept in various markets within the United States. The Company has completed the development of certain intellectual property including logos, branding, and operations manuals and is now commencing the sale of franchises. The Company's activities are subject to the typical risks and uncertainties of the markets in which they operate.

The Company uses the accrual basis of accounting and their accounting period, commensurate with industry practices, consists of 13 four-week periods; accordingly, the fiscal year end is generally close to December 31 each year.

(b) Accounting Standards Codification

The Financial Accounting Standards Board ("FASB") has issued the FASB Accounting Standards Codification ("ASC") that became the single official source of authoritative U.S. generally accepted accounting principles ("GAAP"), other than guidance issued by the Securities and Exchange Commission (SEC), superseding existing FASB, American Institute of Certified Public Accountants, emerging Issues Task Force and related literature. All other literature is not considered authoritative. The ASC does not change GAAP; it introduces a new structure that is organized in an accessible online research system.

(c) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures. Actual results could differ from those estimates.

(d) Cash and Cash Equivalents

Cash equivalents include all highly liquid investments with maturities of three months or less at the date of purchase. As of December 26, 2023 and December 27, 2022, the Company had cash and cash equivalents of \$696,045 and \$10,000 respectively.

(e) Accounts receivable

Accounts receivable are recorded for amounts due from rebates. These receivables are carried at original invoice amount less an estimate made for doubtful receivables based on a review of outstanding amounts. Management regularly evaluates individual customer receivables considering their financial condition, credit history and current economic conditions. Accounts receivable are written off when deemed uncollectible. Recoveries of accounts receivable previously written off are recorded as income when received. As of December 26, 2023, the Company had receivables of \$4,401. As of December 26, 2023, the Company had no allowance for uncollectible accounts. There was no account receivable or allowance for uncollectible accounts balance as of December 27, 2022.

(f) Revenue Recognition

The Company's revenues consist of initial franchise fees and royalty fees. The Company has adopted ASC 606, *Revenue from Contracts with Customers*. ASC 606 provides that revenues are to be recognized when control of promised goods or services is transferred to a customer in an amount that reflects the considerations expected to be received for those goods or services. In implementing ASC 606, the Company evaluated all revenue sources using the five-step approach: identify the contract, identify the performance obligations, determine the transaction price, allocate the transaction price, and recognize revenue.

SWIG FRANCHISING, LLC
NOTES TO THE FINANCIAL STATEMENTS
December 26, 2023 and December 27, 2022

For each area representative agreement and franchised location, the Company enters into a formal agreement that clearly outlines the transaction price and the Company's performance obligations.

Upon evaluation of the five-step process, the Company has determined that royalties from locations operated by franchisees, which are based on a percentage of gross revenue, are to be recognized at the time the underlying sales occur. Initial franchise fees are recognized as the Company satisfies the performance obligation over the franchise term, which is generally 10 years.

(g) Income Taxes

The Company is structured as a limited liability company under the laws of the state of Utah. Accordingly, the income or loss of the Company will be included in the income tax returns of the member. Therefore, there is no provision for federal and state income taxes.

The Company follows the guidance under Accounting Standards Codification ("ASC") Topic 740, Accounting for Uncertainty in Income Taxes. ASC Topic 740 prescribes a more-likely-than-not measurement methodology to reflect the financial statement impact of uncertain tax positions taken or expected to be taken in the tax return. If taxing authorities were to disallow any tax positions taken by the Company, the additional income taxes, if any, would be imposed on the member rather than the Company. Accordingly, there would be no effect on the Company's financial statements.

The Company's income tax returns are subject to examination by taxing authorities for a period of three years from the date they are filed. As of December 26, 2023, the 2023 tax year is open to examination.

(h) Financial Instruments

For certain of the Company's financial instruments, including cash and cash equivalents and accounts receivable, the carrying amounts approximate fair value due to their short maturities.

(i) Concentration of Risk

The Company maintains its cash in bank deposit accounts that at times may exceed federally insured limits. The Company has not experienced any losses in such accounts. The Company believes it is not exposed to any significant credit risks on cash or cash equivalents.

(j) Advertising Costs

The Company's policy is to expense advertising costs when incurred. Advertising expense for the year ended December 26, 2023 was \$11,963. There were no advertising costs for the year ended December 27, 2022.

(2) Notes Receivable

Notes receivable as of December 26, 2023 consist of portions of initial fees outstanding as of the respective year ends. Terms for the notes vary. Generally, the notes are to be paid 40% at signing, 30% at the start of year one and 30% at the start of year two. The notes are noninterest bearing. As of December 26, 2023, the note balance was \$4,703,500, and of that, \$2,333,000 is current. There were no note receivables as of December 27, 2022.

(3) Accrued Expenses

Accrued expenses primarily consist of legal fees related to franchise operations. As of December 26, 2023, the balance was \$26,595. There were no accrued expenses as of December 27, 2022.

SWIG FRANCHISING, LLC
NOTES TO THE FINANCIAL STATEMENTS
December 26, 2023 and December 27, 2022

(4) Deferred Revenue

The Company's franchise agreements generally provide for a payment of initial fees as well as continuing royalties and marketing fees to the Company based on a percentage of sales. Technology fees are based on a predetermined monthly amount. Under the franchise agreement, franchisees are granted the right to operate a location using the Company's system for a period of 10 years. Under the Company's revenue recognition policy, franchise fees are recognized when the franchisee begins operations. For any franchisees that have not yet begun operations as of year-end, the Company defers the revenues. All locations that are expected to begin operations within the following year are categorized as current, while all others are classified as non-current. As of December 26, 2023, the Company has estimated the current portion of deferred revenue was \$858,958. The non-current portion was \$7,227,412 as of December 26, 2023. As of December 27, 2022, there was not any deferred revenue.

(5) Related Party Receivable

During the year ended December 26, 2023, a related party paid for Company related expenditures and received Company revenue on behalf of the Company. As of December 26, 2023, the amount receivable from the related party was \$2,073,225. There was no receivable or payable as of December 27, 2022.

(6) Commitments and Contingencies

The Company may be subject to various claims, legal actions and complaints arising in the ordinary course of business. In accounting for legal matters and other contingencies, the Company follows the guidance in ASC Topic 450 Contingencies, under which loss contingencies are accounted for based upon the likelihood of incurrence of a liability. If a loss contingency is "probable" and the amount of loss can be reasonably estimated, it is accrued. If a loss contingency is "probable" but the amount of loss cannot be reasonably estimated, disclosure is made. If a loss contingency is "reasonably possible," disclosure is made, including the potential range of loss, if determinable. Loss contingencies that are "remote" are neither accounted for nor disclosed.

In the opinion of management, all matters are of such kind, or involving such amounts of unfavorable disposition, if any, would not have a material effect on the financial position of the Company.

(7) Subsequent Events

Management has reviewed and evaluated subsequent events through April 17, 2024, the date on which the financial statements were available to be issued.

SWIG FRANCHISING, LLC
FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITOR'S REPORT
AS OF AND FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2023



SWIG FRANCHISING, LLC

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Independent Auditor's Report

To the Member
Swig Franchising, LLC
Lehi, UT

Opinion

We have audited the accompanying financial statements of Swig Franchising, LLC, which comprise the balance sheet as of June 30, 2023, and the related statements of operations, member's interests, and cash flows for the six month period then ended, 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 Swig Franchising, LLC as of June 30, 2023, and the results of its operations and its cash flows for the six month period then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits 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 Company and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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, that raise substantial doubt about the Company'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 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 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 the Company'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, that raise substantial doubt about the Company'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.

Restrictions on Use

The use of this report is restricted to inclusion within the Company's Franchise Disclosure Document (FDD) and is not intended to be, and should not be, used or relied upon by anyone for any other use.

Kezas ¹/₃ Dunlay

St. George, Utah
October 4, 2023

SWIG FRANCHISING, LLC

BALANCE SHEET

As of June 30, 2023

Assets	<u>June 30, 2023</u>
Current assets	
Cash	\$ 1,149,213
Franchise fee receivable	<u>214,000</u>
Total current assets	<u>1,363,213</u>
 Total assets	 <u><u>\$ 1,363,213</u></u>
 Liabilities and Member's Interests	
Current liabilities	
Accrued expenses	\$ 4,458
Deferred revenue	<u>1,154,000</u>
Total current liabilities	<u>1,158,458</u>
 Long-term liabilities	
Due to related party	<u>102,597</u>
Total liabilities	<u>1,261,055</u>
 Members' interests	 <u>102,158</u>
Total liabilities and member's interests	 <u><u>\$ 1,363,213</u></u>

The accompanying notes are an integral part of these financial statements.

SWIG FRANCHISING, LLC
STATEMENT OF OPERATIONS AND MEMBER'S INTERESTS
For the six months ended June 30, 2023

	June 30, 2023
Operating revenue	\$ -
Total revenue	-
Operating expenses	
Professional fees	80,314
General and administrative	22,228
Advertising expense	5,300
Total operating expenses	107,842
Net loss	\$ (107,842)
Beginning member's interests	\$ 10,000
Member's contributions	200,000
Net loss	(107,842)
Ending member's interests	\$ 102,158

The accompanying notes are an integral part of these financial statements.

SWIG FRANCHISING, LLC
STATEMENT OF CASH FLOWS
For the six months ended June 30, 2023

	<u>June 30, 2023</u>
Cash flows from operating activities:	
Net loss	\$ (107,842)
Changes in operating assets and liabilities	
Franchise fee receivable	(214,000)
Accrued expenses	4,458
Deferred revenue	<u>1,154,000</u>
Net cash provided by operating activities	<u>836,616</u>
Cash flows from financing activities:	
Proceeds from related party payable	102,597
Member's contributions	<u>200,000</u>
Cash flows provided by financing activities	<u>302,597</u>
Net change in cash and cash equivalents	1,139,213
Cash and cash equivalents at beginning of period	<u>10,000</u>
Cash and cash equivalents at end of period	<u><u>\$ 1,149,213</u></u>
Supplemental disclosures of cash flow:	
Cash paid for interest and taxes	\$ -

The accompanying notes are an integral part of these financial statements.

SWIG FRANCHISING, LLC
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023

(1) Nature of Business and Summary of Significant Accounting Policies

(a) Nature of Business

Swig Franchising, LLC (the “Company”) was formed on August 24, 2022, in the state of Utah as a limited liability company for the planned principal purpose of conducting franchise sales, marketing, and management. The Company offers franchises for the operation of a specialty soda shop concept in various markets within the United States. The Company has completed the development of certain intellectual property including logos, branding, and operations manuals and is now commencing the sale of franchises. The Company’s activities are subject to the typical risks and uncertainties of the markets in which they operate.

The Company uses the accrual basis of accounting and their accounting period, commensurate with industry practices, consists of 13 four-week periods; accordingly, the fiscal year end is generally close to December 31 each year. Due to the prior year end of December 27, 2022, the six month period ended June 30, 2023 includes one long month.

(b) Accounting Standards Codification

The Financial Accounting Standards Board (“FASB”) has issued the FASB Accounting Standards Codification (“ASC”) that became the single official source of authoritative U.S. generally accepted accounting principles (“GAAP”), other than guidance issued by the Securities and Exchange Commission (SEC), superseding existing FASB, American Institute of Certified Public Accountants, emerging Issues Task Force and related literature. All other literature is not considered authoritative. The ASC does not change GAAP; it introduces a new structure that is organized in an accessible online research system.

(c) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures. Actual results could differ from those estimates.

(d) Cash and Cash Equivalents

Cash equivalents include all highly liquid investments with maturities of three months or less at the date of purchase. As of June 30, 2023, the Company had cash and cash equivalents of \$1,149,213.

(e) Revenue Recognition

The Company’s revenues consist of initial franchise fees, royalty and tech fees (which are based on a percentage of franchisee gross revenues) and revenue from the sale of equipment and supplies.

Upon commencement of operations, the Company adopted ASC 606, *Revenue from Contracts with Customers*. ASC 606 provides that revenues are to be recognized when control of promised goods or services is transferred to a customer in an amount that reflects the considerations expected to be received for those goods or services. In implementing ASC 606, the Company evaluates all revenue sources using the five-step approach: identify the contract, identify the performance obligations, determine the transaction price, allocate the transaction price, and recognize revenue.

For each franchised location, the Company enters into a formal franchise agreement that clearly outlines the transaction price, which includes an initial franchise fee, ongoing royalties, tech fees, and the Company’s performance obligations.

SWIG FRANCHISING, LLC
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023

Upon evaluation of the five-step process, the Company has determined that this standard does not impact the recognition of royalty and tech fees which are based on a percentage of gross revenue and recognized at the time the underlying sales occur. ASC 606 does have an effect on the process management uses to evaluate the recognition of the initial franchise.

In allocating the transaction price and recognizing the revenue associated with initial franchise fees, the Company has elected to adopt the practical expedient for private company franchisors outlined in ASC 952-606, *Franchisors—Revenue from Contracts with Customers*. The practical expedient allows franchisors to account for pre-opening services as a single distinct performance obligation. ASC 952-606 identifies the following general pre-opening services (which the Company may or may not provide) as eligible for inclusion in the single distinct performance obligation:

- Assistance in the selection of a site
- Assistance in obtaining facilities and preparing the facilities for their intended use, including related financing, architectural, and engineering services.
- Training of the franchisee's personnel or the franchisee
- Preparation and distribution of manuals and similar material concerning operations, administration, and record keeping
- Bookkeeping, information technology, and advisory services, including setting up the franchisee's records and advising the franchisee about income, real estate, and other taxes about local regulations affecting the franchisee's business
- Inspection, testing, and other quality control programs

(f) Income Taxes

The Company is structured as a limited liability company under the laws of the state of Utah. Accordingly, the income or loss of the Company will be included in the income tax returns of the member. Therefore, there is no provision for federal and state income taxes.

The Company follows the guidance under Accounting Standards Codification ("ASC") Topic 740, Accounting for Uncertainty in Income Taxes. ASC Topic 740 prescribes a more-likely-than-not measurement methodology to reflect the financial statement impact of uncertain tax positions taken or expected to be taken in the tax return. If taxing authorities were to disallow any tax positions taken by the Company, the additional income taxes, if any, would be imposed on the member rather than the Company. Accordingly, there would be no effect on the Company's financial statements.

The Company's income tax returns are subject to examination by taxing authorities for a period of three years from the date they are filed. As of June 30, 2023, the 2022 tax year is open to examination.

(g) Recently Issued Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, Leases, which creates ASC 842, Leases, and supersedes ASC 840, Leases. ASC 842 requires lessees to recognize a right-of-use asset and lease liability for all leases with terms of more than 12 months. Recognition, measurement, and presentation of expenses will depend on classification as a finance or operating lease. The new guidance will be effective for private companies with annual reporting periods beginning after December 15, 2021 and is to be applied retrospectively. The Company had no leases as of June 30, 2023.

(h) Financial Instruments

For certain of the Company's financial instruments, including cash and cash equivalents, the carrying amounts approximate fair value due to their short maturities.

SWIG FRANCHISING, LLC
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023

(i) Concentration of Risk

The Company maintains its cash in bank deposit accounts that at times may exceed federally insured limits. The Company has not experienced any losses in such accounts. The Company believes it is not exposed to any significant credit risks on cash or cash equivalents.

(j) Advertising Costs

The Company's policy is to expense advertising costs when incurred. Advertising expense for the six month period ended June 30, 2023 was \$5,300.

(2) Franchise Fee Receivable

Franchise fee receivable consists of initial franchise fees owed to the Company as of June 30, 2023, but not yet received. As of June 30, 2023, the balance was \$214,000, relating to franchise agreements signed prior to period-end but not collected.

(3) Accrued Expenses

Accrued expenses primarily consist of legal fees related to franchise operations. As of June 30, 2023 the balance was \$4,458.

(4) Deferred Revenue

The Company's franchise agreements generally provide for a payment of initial fees as well as continuing royalties, technology fees, and marketing fees to the Company based on a percentage of sales. Under the franchise agreement, franchisees are granted the right to operate a location using the Company's system for a period of 10 years. Under the Company's revenue recognition policy, franchise fees and any corresponding commissions are recognized when the franchisee begins operations. For any franchisees that have not yet begun operations as of year-end, the Company defers both the revenues and commissions. All locations that are expected to begin operations within the following year are categorized as current, while all others are classified as non-current. As of June 30, 2023, the Company has estimated the current portion of deferred revenue was \$1,154,000.

(5) Related Party Payable

During the six month period ended June 30, 2023, a related party paid for Company related expenditures on behalf of the Company. As of June 30, 2023, the amount owed to the related party was \$102,597.

(6) Commitments and Contingencies

The Company may be subject to various claims, legal actions and complaints arising in the ordinary course of business. In accounting for legal matters and other contingencies, the Company follows the guidance in ASC Topic 450 Contingencies, under which loss contingencies are accounted for based upon the likelihood of incurrence of a liability. If a loss contingency is "probable" and the amount of loss can be reasonably estimated, it is accrued. If a loss contingency is "probable" but the amount of loss cannot be reasonably estimated, disclosure is made. If a loss contingency is "reasonably possible," disclosure is made, including the potential range of loss, if determinable. Loss contingencies that are "remote" are neither accounted for nor disclosed.

In the opinion of management, all matters are of such kind, or involving such amounts of unfavorable disposition, if any, would not have a material effect on the financial position of the Company.

SWIG FRANCHISING, LLC
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023

(7) Subsequent Events

Management has reviewed and evaluated subsequent events through October 4, 2023, the date on which the financial statements were available to be issued.

**EXHIBIT "B"
TO THE FDD**

(Continued)

**FINANCIAL STATEMENTS
(Attached)**

Unaudited Interim Financial Statements Dated ~~October 3, 2023~~April 16, 2024*

*THESE FINANCIAL STATEMENTS ARE PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAD AUDITED THESE FIGURES OR EXPRESSED HIS/HER OPINION WITH REGARD TO THE CONTENT OR FORM.



Swig Franchising, LLC

Unaudited Balance Sheet

For Period Ending April 16, 2024

	<u>2024</u>
ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	1,432,765
Inventories	(1,234)
Prepaid expenses and other current assets	3,748,813
Amounts due from affiliated entities	-
Total current assets	<u>5,180,345</u>
PROPERTY AND EQUIPMENT - Net	-
RIGHT-OF-USE OPERATING LEASE ASSET - Net	-
INTANGIBLE ASSETS - Net	-
GOODWILL - Net	-
OTHER ASSETS	2,370,500
TOTAL ASSETS	<u><u>7,550,845</u></u>
 LIABILITIES AND MEMBERS' EQUITY	
CURRENT LIABILITIES	
Accounts Payable	1,089
Accrued expenses and other current liabilities	9,326,622
Operating lease liabilities - current portion	-
Finance lease liabilities - current portion	-
Long-term debt - current portion	-
Amounts due to affiliated entities	<u>(1,162,248)</u>
Total current liabilities	<u>8,165,463</u>
DEFERRED RENT	-
OPERATING LEASE LIABILITIES-LONG-TERM	-
FINANCE LEASE LIABILITIES-LONG-TERM	-
OTHER LIABILITIES	-
LONG-TERM DEBT	-
Total liabilities	<u>8,165,463</u>
MEMBERS' EQUITY (DEFICIT)	<u>(614,618)</u>
TOTAL LIABILITIES AND MEMBERS' EQUITY	<u><u>7,550,845</u></u>

Swig Franchising LLC

Unaudited Income Statement

YTD Period Ending April 16, 2024

	<u>2024</u>
REVENUES	\$ 308,185
COSTS AND EXPENSES	
Restaurant costs and expenses	
Food, beverage, packaging, and merchandise	4,677
Labor and related costs	247,781
Rent and other occupancy costs	0
Other operating costs	62,576
Total Expenses	<u>315,035</u>
Store Level EBITDA	\$ (6,849)
General and administrative	0
Pre-opening costs	9,611
Depreciation and amortization	0
Operating Income	\$ (16,461)
OTHER INCOME (EXPENSE)	
Interest income	3,281
Interest expense	0
Other income and expenses	34,393
Net Income (Loss)	\$ 21,213

**EXHIBIT "C"
TO THE FDD**

**SCHEDULE OF FRANCHISEES:
(as of December 31, ~~2022~~2023)**

<u>State</u>	<u>Location</u>	<u>Address</u>	<u>Phone</u>
<u>Arkansas</u>	<u>Elm Springs</u>	<u>4914 Elm Springs Rd #2</u>	<u>469-670-4010</u>
<u>Arkansas</u>	<u>Rogers</u>	<u>4204 West Green Acres Rd.</u>	<u>479-689-3450</u>
<u>Florida</u>	<u>Orlando South</u>	<u>2577 S Hwy 27</u>	<u>801-669-2804</u>
<u>Idaho</u>	<u>Garden City</u>	<u>6625 Glenwood, Boise, ID</u>	<u>801-361-9168</u>
<u>Idaho</u>	<u>Meridian</u>	<u>3477 W. Chinden Blvd.</u>	<u>801-361-9168</u>
<u>Idaho</u>	<u>Meridian</u>	<u>Cherry Crossing. 1760 W Cherry Ln</u>	<u>801-361-9168</u>
<u>Idaho</u>	<u>Nampa</u>	<u>1866 Caldwell Blvd.</u>	<u>986-216-0250</u>
<u>Kansas</u>	<u>Kansas City</u>	<u>5959 Barkley St.</u>	<u>801-336-8606</u>
<u>Kansas</u>	<u>Kansas City</u>	<u>6901 W. 91st St., Overland Park, KS 66212</u>	<u>801-336-8606</u>
<u>Kansas</u>	<u>Wichita</u>	<u>3100 N Maize Rd</u>	<u>801-420-0076</u>
<u>Missouri</u>	<u>Blue Springs</u>	<u>SW Corner of Coronado Rd. & Sunnyside School Rd.</u>	<u>801-336-8606</u>
<u>Missouri</u>	<u>Kansas City</u>	<u>NE 96th Street and Cookingham Drive</u>	<u>801-336-8606</u>
<u>Missouri</u>	<u>Kansas City</u>	<u>NW Corner of Chipman Rd. & Donovan Rd.</u>	<u>801-336-8606</u>
<u>Nevada</u>	<u>Las Vegas</u>	<u>East Craig Road & North 5th Street</u>	<u>801-473-1236</u>
<u>Tennessee</u>	<u>Knoxville</u>	<u>Macaroni and North Hall</u>	<u>530-556-0336</u>
<u>Texas</u>	<u>New Braunfels</u>	<u>1280 IH 35 S</u>	<u>801-742-1137</u>
<u>Texas</u>	<u>San Antonio</u>	<u>3639 E Evans Rd</u>	<u>801-742-1137</u>
<u>Texas</u>	<u>San Antonio</u>	<u>14633 Potranco Rd</u>	<u>801-742-1137</u>
<u>Texas</u>	<u>San Antonio</u>	<u>9434 State Hwy 151</u>	<u>801-742-1137</u>

FRANCHISEES THAT TRANSFERRED THEIR FRANCHISE IN 2023

None

CURRENT

FRANCHISES- THAT CEASED OPERATIONS IN 2023 ~~None~~

OR HAVE NOT CONTACTED US WITHIN 10 WEEKS

No franchisees have been terminated, canceled, not renewed or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during 2023, or who has not communicated with us within 10 weeks of the issuance date of this disclosure document.



**EXHIBIT "D"
TO THE FDD**

LIST OF AGENTS FOR SERVICE OF PROCESS

If a state is not listed, Swig Franchising, LLC has not appointed an agent for service of process in that state in connection with the requirements of franchise laws. There may be states in addition to those listed below in which Swig Franchising, LLC has appointed an agent for service of process.

STATE	CONTACT	DEPARTMENT	ADDRESS	PHONE NUMBER
California	Commissioner of Financial Protection and Innovation	Department of Financial Protection and Innovation	2101 Arena Blvd., Sacramento, CA 95834	(916) 445-7205 (866) 275-2677 www.dfpi.ca.gov ask.DFPI@dfpi.ca.gov
Georgia	Secretary of State of Georgia	Corporations Division	2 Martin Luther King Jr. Dr., SE, Suite 315, West Tower, Atlanta, GA 30334	
Hawaii	Commissioner of Securities	Department of Commerce and Consumer Affairs Business Registration Division, Securities Compliance Branch	335 Merchant Street, Room 203, Honolulu, HI 96813	(808) 586-2722
Illinois	Chief, Franchise Division	Office of Attorney General	500 South Second Street, Springfield, IL 62706	(217) 782-4465
Indiana	Indiana Secretary of State		210 State House, Indianapolis, IN 46204	
Maryland	Maryland Securities Commissioner	Division of Securities; Office of Attorney General	200 St. Paul Place, 20 th Floor, Baltimore, MD 21202-2020	(410) 576-6360
Michigan	Antitrust and Franchise Business	Michigan Department of the Attorney General's Office; Franchise Administrator; Consumer Protection Division	6546 Mercantile Way, Lansing, MI 48910	(517) 373-7117
Minnesota	Commissioner of Commerce	Minnesota Department of Commerce	85 7 th Place East, Suite 280, St. Paul, MN 55101	(651) 539-1500

New York	New York Department of State		99 Washington Avenue, 6 th Floor, Albany, NY 12231	(518) 473-2492
North Dakota	North Dakota Securities Department		600 East Boulevard Ave., State Capitol, Fourteenth Floor, Dept. 414, Bismarck, ND 58505-0510	(701) 328-4712
Oregon	Director of Insurance & Finance	Business Service Division of Finance and Corporate Securities Labor and Industries Building	Salem, OR 97310	(503) 378-4387
Rhode Island	Chief Securities Examiner of Business Regulation	Department of Business Regulation Securities Division	1511 Pontiac Avenue, John O. Pastore Complex - Building 69-1, Cranston, RI 02920	(401) 462-9527
South Dakota	Division of Insurance	Securities Regulation	124 South Euclid Avenue, 2 nd Floor, Pierre, SD 57501-3185	(605) 773-3563
Virginia	Clerk of the State Corporation Commission		1300 East Main Street, 1 st Floor, Richmond, VA 23219	
Washington	Director of Financial Institutions		PO Box 41200, Olympia, WA 98504-1200	(360) 902-8760
Wisconsin	Wisconsin Commissioner of Securities	Franchise Investment Division	101 East Wilson Street, Fourth Floor, Madison, WI 53702	

**EXHIBIT "E"
TO THE FDD**

**LIST OF STATE AGENCIES RESPONSIBLE FOR
FRANCHISE DISCLOSURE/REGISTRATION LAWS**

STATE	CONTACT	DEPARTMENT	ADDRESS	PHONE NUMBER
California	Commissioner of Financial Protection and Innovation www.dfpi.ca.gov ask.DFPI@dfpi.ca.gov	Department of Financial Protection and Innovation	<u>Sacramento:</u> 2101 Arena Blvd., Sacramento, CA 95834 <u>San Diego:</u> 1455 Frazee Road Suite 315, San Diego, CA 92108 <u>San Francisco:</u> One Sansome Street, Ste. 600, San Francisco, CA 94101 <u>Los Angeles:</u> 320 West 4 th Street, Ste. 750, Los Angeles, CA 90013-2344	<u>Sacramento:</u> (916) 445-7205 <u>San Diego:</u> (619) 525-4233 <u>San Francisco:</u> (415) 972-8559 <u>Los Angeles:</u> (213) 576-7500 <u>Toll Free:</u> (866) 275-2677
Connecticut	Securities and Business Investment Division	Connecticut Department of Banking	260 Constitution Plaza, Hartford, CT 06103-1800	(860) 240-8233
Florida	Division of Consumer Services	Department of Agriculture and Consumer Services	P.O. Box 6700, Tallahassee, FL 32314-6700	(805) 488-2221 Fax: (805) 410-3804
Georgia	Secretary of State of Georgia	Corporations Division	2 Martin Luther King Jr. Dr., SE, Ste. 315, West Tower, Atlanta, GA 30334	
Hawaii	Business Registration Division, Commissioner of Securities	Department of Commerce and Consumer Affairs	P.O. Box 40, Honolulu, HI 96810	(808) 586-2744
Illinois	Franchise Bureau	Office of Attorney General	500 South Second Street, Springfield, IL 62706	(217) 782-4436
Indiana	Franchise Section	Indiana Securities Division, Secretary of State	302 West Washington Street, Room E-111,	(317) 232-6681

			Indianapolis, IN 46204	
Iowa	Iowa Securities Bureau		340 Maple, Des Moines, Iowa 50319- 0066	(515) 287-4441
Maryland	Office of the Attorney General	Division of Securities	200 St. Paul Place, 20 th Floor, Baltimore Maryland 21202- 2020	(410) 576-6360
Michigan	Michigan Attorney General's Office	Consumer Protection Division; Attn: Franchise Section	525 West Ottawa Street, Williams Building, 6 th Floor, Lansing, MI 48933	(517) 373-7117
Minnesota	Minnesota Department of Commerce	Securities - Franchise Registration	85 7 th Place East, Suite 280, St. Paul, Minnesota 55101- 2198	(651) 539-1600
Nebraska	Bureau of Securities/Financial Institutions Division	Department of Banking and Finance	1526 K Street, Suite 300, Lincoln, NE 68508-2732	(402) 471-3445
New York	NYS Department of Law	Investor Protection Bureau	28 Liberty St. 21 st Floor, New York, NY 10005	(212) 416-8222 Fax: (212) 416- 6042
North Dakota	Franchise Examiner	North Dakota Securities Department	600 East Boulevard Avenue, Capitol, Fourteenth Floor, Dpt 414, Bismarck, ND 58505-0510	(701) 328-4712
Oregon	Division of Finance and Corporate Securities	Department of Consumer and Business Services	Labor and Industries Building	(503) 378-4140 Fax: (503) 947- 7862
Rhode Island	Securities Division	Department of Business Regulation	1511 Pontiac Avenue, John O. Pastore Complex 69-1, Cranston, RI 02920- 4407	(401) 462-9527
South Dakota	Division of Insurance	Securities Regulation	124 S. Euclid 2 nd Floor, Pierre, SD 57501-3185	(605) 773-3563 Fax: (605) 773- 5953
Texas	Secretary of State	Registration Division	P.O. Box 13193, Austin, TX 78711- 3193 1719 Brazos, Austin, TX 78707	(512) 475-1769

Utah	Division of Consumer Protection	Utah Department of Commerce	160 East 300 South, SM Box 146704, Salt Lake City, UT 84114-6704	(801) 530-6601 Fax: (801) 530-6001
Virginia	State Corporation Commission	Division of Securities and Retail Franchising	1300 East Main Street, 9 th Floor, Richmond, VA 23219	(804) 371-9051
Washington	Securities Division	Department of Financial Institutions	P.O. Box 9033, Olympia, WA 98507-9033	(360) 902-8760
Wisconsin	Division of Securities	Department of Financial Institutions	P.O. Box 1768, Madison, WI 53701	(608) 266-2801
Federal Trade Commission	Division of Marketing Practices	Bureau of Consumer Protection	Pennsylvania Avenue at 6 th Street, NW, Washington DC 20580	(202) 326-3128

**"EXHIBIT "F"
TO THE FDD**

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- Drink Maker Intro

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**EXHIBIT "G"
TO THE FDD**

AREA DEVELOPMENT AGREEMENT



AREA DEVELOPMENT AGREEMENT

THIS AREA DEVELOPMENT AGREEMENT ("Agreement") is made and entered into effective as the effective date written on the signature page by and between SWIG FRANCHISING, LLC, a Utah limited liability company ("We," "Us," or "Franchisor"), and _____ ("You" or "Area Developer").

RECITALS:

WHEREAS, You desire to acquire the right to develop and operate multiple Swig™ Franchise Units in the Development Area described below and pursuant to the terms and conditions of this Agreement; and

WHEREAS, You have entered into a separate Franchise Agreement with Us for the right to operate Your first Swig™ Franchise Business that was signed contemporaneously with this Agreement.

NOW THEREFORE, in consideration of the mutual and reciprocal covenants, promises, recitals, terms and conditions herein contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by each party, the parties hereby agree as follows:

Article 1 - Definitions

1.1 The following terms have the following described meanings. Additionally, unless otherwise clearly required by the context, when used in this Agreement all capitalized terms used but not defined herein have the respective meaning assigned to them pursuant to the Franchise Agreement signed contemporarily with this Agreement.

"Develop" whether capitalized or not means to open and operate Swig™ Units.

"Development Area" means the geographical area set forth in Exhibit "A."

"Development Business" means the business of developing Swig™ Franchise Businesses in the Development Area and in compliance with the Development Schedule.

"Development Schedule" means the schedule setting forth the number of Franchise Units to be developed within a set period of time within the Development Area.

"Franchise," "Franchise Business," "Franchise Unit," or "Unit" means a business that has signed a Franchise Agreement to operate a Swig™ business in the Development Area.

"Franchise Agreement" means Our franchise agreement which licenses the right to use Our Marks and System for the operation of a Swig™ Franchise Unit at a single designated location.

"Owners" means You and each of Your owners, partners, members, managers, officers, directors or shareholders.



“Termination” Includes expiration, non-renewal, repurchase of Your rights, transfer, or any other means by which this Agreement is no longer in effect, or wherein You are no longer an area developer for the Swig™ brand.

Article 2 – Area Development Rights

2.1 Rights. Subject to the terms and conditions of this Agreement and the continuing faithful performance by You of Your obligations hereunder, during the term of this Agreement, You have the right and obligation to Develop Swig™ Franchise Businesses in the Development Area in accordance with the Development Schedule set forth on Exhibit “B.”

2.2 Character of Rights. The rights and privileges granted to You under this Agreement are personal in nature. You represent and We rely upon Your representations in entering into this Agreement that the individuals listed ~~in~~on Exhibit “C” are the owners of and sole holders of a legal and beneficial interest in Your Development Business. The rights set forth herein are territorial only and do not grant or imply any license for You to use the Marks or System in any manner. Any such rights are granted only through Our Franchise Agreement.

~~[Alt-1: If the developer commits to open the number of Units We have designated to be opened in the Development Area.~~

2.3 Exclusive Development. Other than as set forth herein, You have the exclusive rights to develop traditional Swig™ Franchise Businesses in the Development Area, and other than any corporate locations already in operation or development as of the date of this Agreement, We will not establish or sell traditional Swig™ businesses within the Development Area while this Agreement is in effect.]

~~[Alt-2: If the developer does not commit to open the number of Units We have designated to be opened in the Development Area.~~

2.3 Exclusive Development Period. Other than as otherwise set forth herein, so long as You comply with the Development Schedule, for the first two years from the date of this Agreement, You have the exclusive rights to develop Swig™ Franchise Businesses in the Development Area (“Exclusive Development Period”). After the Exclusive Development Period ends, Your development rights become non-exclusive, but You are granted a right of first refusal in the Development Area as discussed in Section 2.4 below.

2.4 Right of First Refusal in the Development Area. After the Exclusive Development Period ends and so long as You comply with the Development Schedule, You are granted a right of first refusal in the Development Area (“Right of First Refusal Period”). If at any time during the Right of First Refusal Period We receive notice from a prospective franchisee that has interest to purchase one or more Swig™ franchises within the Development Area, or We or an affiliate desire to open one or more Swig™ units within the Development Area, We will provide You written notice of the proposed general vicinity of the potential location or the general area within the Development Area for developing multiple Units, the number of Units to be developed, and the proposed development schedule to develop the Units. After receiving such notice, You will then have 15 days to give Us notice that You intend to exercise Your right of first refusal to open the proposed Unit(s) within the Development Area.



Thereafter, You will have an additional 30 days to exercise Your option by: 1) signing Our then-current Franchise Agreement and paying the then-current initial franchise fee for that Unit (if for a single Unit); or 2) by signing a separate development agreement and paying the then-current development fee for each of the Units to be Developed (if purchasing the right to develop multiple Units). If You do not exercise Your option when an opportunity is presented to You, You will still have the right to develop the number of Units set forth in and in accordance with the Development Schedule, but You will have competition in finding and opening Units within the Development Area.]

2.4/2.5 Franchisor's Reservation of Rights. All rights not specifically granted to You in this Agreement are reserved to Us. Nothing contained herein prevents Us from granting the right to establish or operate, or Us establishing, owning, and operating Swig™ businesses or similar operations outside of the Development Area. We, or our affiliate, either personally or through agents and representatives, or franchises, also reserve the right to sell and ~~market~~Market Swig™ outlets in non-traditional locations and large institution-type locations both within and without Your Development Area. These ~~franchises~~ may include locations at convention centers, sporting arenas, military bases, universities, airports, transportation facilities, (including rail or bus terminals, toll road plazas and highway rest stops); urban office ~~building; supermarket; carnival~~buildings; ~~supermarkets; carnivals~~ or street ~~fairfairs~~; government ~~facility~~facilities; shopping ~~mall~~malls; educational ~~facility~~facilities; ~~casinos~~; resort ~~property~~properties; amusement ~~park~~parks or amusement ~~center~~centers, and other similar locations. Any non-traditional outlet that We or an affiliate open or sell will not be counted toward Your development obligations set forth in the Development Schedule. Furthermore, neither We nor Our affiliates are restricted from Marketing in the Development Area. We and Our affiliates expressly reserve the right to sell, Market and distribute the Swig™ products in the Development Area and elsewhere without compensation to You using other Marketing strategies and distribution channels, including, websites, the Internet, Social Media, apps, etc. We also reserve the right to use other and different proprietary marks in connection with the sale of franchises, products or services similar to, the same as, or dissimilar from those which You will use in Your Franchise Businesses at any location, including in the Development Area, without compensation to You.

Article 3 - Development & Term

3.1 Minimum Development Schedule. You shall open the number of Franchise Units by the deadlines set forth in the Development Schedule. A Franchise Unit will be counted for the purposes of meeting Your development obligation only if it is an open and operating Franchise Business located within the Development Area by the applicable deadline and remains operating during the term hereof.

3.2 Franchise Locations. The location of each Franchise Unit will be selected by You but must be approved in writing by Us, as further set forth in the Franchise Agreement(s).

3.3 Time of the Essence. Time is of the essence with respect to compliance with the Development Schedule and any and all other obligations of Yours under this Agreement.

3.4 Term. Unless terminated prior pursuant to Article 9, the term of this Agreement is the development period set forth on the Development Schedule. There is no right to renew this Agreement.

Article 4 - Fees

4.1 Development Fee. The Development Fee is listed on and payable as set forth on Exhibit "B-~~""~~ ("Development Fee"). The Development Fee will be allocated pro rata to cover the initial franchise fee for each Franchise Unit as developed.

4.2 Non-Refundable. No Fee or deposit is refundable, regardless of whether You meet Your Development Schedule.

Article 5 - Franchise Agreement(s)

5.1 Franchise Agreement. Each Franchise Unit opened by You pursuant to this Agreement will be governed by Our then-current Franchise Agreement executed by You and Us. A Franchise Agreement for each Franchise Unit must be executed and delivered to Us prior to commencing construction or improvements, acquisition or lease of any related real property, or any other development activity or operations for the applicable Franchise Unit.

5.2 Modification of the Franchise Agreement. We reserve the right, from time-to-time, to amend, change, or modify Our form Franchise Agreement, which modifications will apply to those Franchise Agreements signed after such modifications are made.

5.3 First Franchise Unit. You acknowledge that the Franchise Agreement governing Your first Franchise Unit to be opened under the Development Schedule is being executed concurrently with this Agreement.

Article 6 - Operating Standards and Covenants

6.1 Compliance. You shall, at Your expense, comply with all applicable laws, ordinances, rules and regulations pertaining to the development of Your Franchise Businesses as contemplated herein.

6.2 Cost of Doing Business. You shall be responsible for all Your costs of doing business and other costs and expenses in connection with Your obligations herein.

6.3 Franchise Obligations. You shall promptly pay all of Your obligations and liabilities to Us and Your suppliers, lessors, trade accounts and government agencies. We have no liability for Your obligations, and You shall indemnify and hold Us harmless from any such obligations.

6.4 Periodic Reports. Upon Our request (no more than once per month), You shall provide to Us, no later than five days of the request, a written progress report of Your preceding month's ~~or quarter's~~ activities and progress in developing and establishing Franchise Units in the Development Area, as requested.

6.5 Indemnification. You shall protect, indemnify and hold Us harmless from and against any and



all claims, proceedings, expenses, costs, damages, and liabilities, including, legal fees incurred by Us or Our officers, directors, members, managers and agents because of any act, neglect, or omission of Yours or Your employees, customers, agents or guests, in the operation of Your Development Business, including, malfeasance, misstatements, nonfeasance, failure to perform, and breach of Your duties and obligations under this Agreement. You are not required to indemnify us for liability caused by Our willful misconduct, gross negligence, strict liability, or fraud.

Article 7 - Confidentiality

7.1 Confidentiality. Each of Your principals are required to sign Our standard principal brand protection agreement attached [hereto](#) as Exhibit "D."

7.2 Confidentiality of this Agreement. You shall keep all terms of this Agreement confidential, and You shall not make any public announcement, issue any press release or publicity, make any confirmation of statements made by third parties concerning the terms of this Agreement, or make any other disclosures without Our prior written consent. It is agreed and understood that You may disclose the terms of this Agreement only to Your professional lenders and advisors.

Article 8 - Marks

8.1 Ownership of Marks. You acknowledge that You have no interest whatsoever in the Marks or derivatives thereof and that Your right to use the Marks is derived solely from Your Franchise Agreement(s).

8.2 Use of Marks. You cannot use any of the Marks as part of any corporate or trade name or with any prefix, suffix, or other modifying words, terms, designs or symbols, or in any modified form without Our consent. You shall obtain such fictitious or assumed name registrations as may be required by Us or applicable law.

Article 9 - Our Right of Termination

9.1 Termination. In addition to the other rights of termination We may have at law or equity or as contained in this Agreement, We will have the following rights of termination:

9.1.1 No Cure Period. Upon a violation or default under paragraphs (1) through (6) below, this Agreement will automatically Terminate upon written notice to You.

1) You or any of Your Owners makes or attempts to make an unauthorized assignment of this Agreement, Your Franchise Agreements, Franchise Units, or any ownership change in You without Our prior written consent, which consent will not be unreasonably withheld or delayed;

2) You or any of Your Owners take action, commit, are convicted of, plead guilty to, or plead no contest to a charge of violating any felony law or other crime, action or offense that We reasonably believe is likely to have an adverse effect on Your Franchise Units, Us, or the System;

3) You repeatedly breach (three or more times) the same provision of this Agreement within a 12-month period;



4) You become insolvent or a party to any bankruptcy, receivership or similar proceeding, other than as a creditor, file for bankruptcy or receivership or similar protection, or You are adjudicated bankrupt;

5) You make an assignment for the benefit of creditors or enter into any similar arrangement for the disposition of Your assets for the benefit of creditors; or

6) You voluntarily or otherwise abandon the development of Franchise Units in the Development Area hereunder exhibited by not responding to our calls, emails, letters, or other attempts to reach You for a period of 30 or more days, or Your actions to Us, to other franchisees or area developers, or to the public indicate that You do not plan to continue development operations.

9.1.2 30-Day Cure Period. Except as otherwise provided herein, You fail to comply with any other provision of this Agreement and fail to cure within 30 days of receiving written notice of default from Us.

9.1.3 45-Day Cure Period. You fail to meet Your development obligations set forth in the Development Schedule and fail to cure within 45 days of receiving written notice of default from Us.

9.2 Cross Default. If any Franchise Agreement for one of Your Franchise Businesses is terminated for cause, We will have the right to terminate this Agreement upon written notice to You.

Article 10 - Obligations Upon Termination or Expiration

10.1 Our Rights Upon Termination. Upon Termination of this Agreement, for any reason, Your rights under this Agreement are terminated, and We will be free to own, operate or franchise Swig™ businesses anywhere in the Development Area other than as prohibited by any existing signed Franchise Agreement. The foregoing is in addition to any other right or remedy We may have at law or in equity.

10.2 Operating Units. After Termination of this Agreement, You may ~~still~~ continue to own and operate Your individual Franchise Units in the Development Area that are owned and operated by You prior to Termination, so long as You are not in default and continue to faithfully perform the terms and conditions of such Franchise Agreement(s).

10.3 Pre-Paid, Unopened Units. For a period of five years from the date of Termination of this Agreement, You may continue to develop any undeveloped Units for which You have already paid in full, subject to Our approval of the site, and You signing Our then-current Franchise Agreement for such Units as set forth herein. ~~[ALT: 1 -- However, You will cease to have any exclusivity rights in the Development Area.] [ALT: 2 -- However, You will cease to have any rights of first refusal in the Development Area.].~~ Furthermore, You understand that there will be competition to develop Units inside the Development Area, and that there may not be available territories for You to develop Units inside the Development Area, or We may decide not to develop any more Units in the Development Area, and You would be required to look for available territories outside the Development Area to develop any unopened Units. Any Units not developed within said five years will be forfeited, including any payments made towards those undeveloped Units.

Article 11 - Transfer

Article XIV of the Franchise Agreement signed contemporarily with this Agreement applies to and is hereby fully incorporated into this Agreement as if fully set forth herein unless otherwise set forth in this Agreement or unless clearly required by the context. Terms such as “Franchise Business” and other terms specific to the Franchise Agreement are adjusted to apply to this Agreement. However, the transfer fee to Transfer this Agreement is \$10,000 (You shall pay \$5,000 of this fee, and the transferee shall pay the other \$5,000), plus the ~~franchise~~transfer fee for each active franchise agreement transferred, as set forth in the applicable franchise agreement.

Article 12 - Integration of the Various Articles of the Franchise Agreement

Article XV through Article XXI of the Franchise Agreement signed contemporarily with this Agreement applies to and is hereby fully incorporated into this Agreement as if fully set forth herein unless otherwise set forth in this Agreement or unless clearly required by the context. Terms such as “Franchise Business” and other terms specific to the Franchise Agreement are adjusted to apply to this Agreement. Additionally, the non-competition restrictions and distances are 25 miles and apply to Your Development Area defined in this Agreement. However, You will still be able to operate a Swig™ business in the Development Area in those territories for which You are allowed to operate under an active Franchise Agreement.

[Signatures on the Following Page]

IN WITNESS WHEREOF, We and You have respectively signed and sealed this Agreement as of the date written below.

Dated effective as of _____.

FRANCHISOR:

AREA DEVELOPER:

SWIG FRANCHISING, LLC

By: _____

By: _____

(Signature)

(Signature)

Name: _____

Name: _____

Title: _____

Title: _____

[Signature Page of the Area Development Agreement]



EXHIBIT "A"
TO THE AREA DEVELOPMENT AGREEMENT

DEVELOPMENT AREA

The Development Area will consist of the following area:

Our approval of the Development Area or a location within the Development Area is not a guarantee or a warranty of the potential success of the Development Area or a location.

SCHEDULE "A-1"

MAP OF THE DEVELOPMENT AREA



EXHIBIT "B"
TO THE AREA DEVELOPMENT AGREEMENT

FRANCHISE UNIT
DEVELOPMENT SCHEDULE AND FEES

1. Development Schedule

Total Number of Units to be Developed: _____

Unit #	Number of Units Developed by Year	Deadline to Open	Number and Percentage of Total Units to Develop
Total	____ Units	____ Years	100%

2. Development Fees

Summary	Number or Amount
Total Units to be Developed	
Development Fee per Unit	\$
Total Development Fee ¹	\$

¹ Due upon signing this Agreement.

EXHIBIT "C"
TO THE DEVELOPMENT AREA DEVELOPMENT AGREEMENT

COMPANY REPRESENTATIONS AND WARRANTIES

You make the following additional warranties and representations:

You are a (check one):

- Partnership Corporation
 Sole Proprietorship Limited Liability Company

Name of your entity: _____

The state in which your entity was formed: _____

Date of formation: _____

EIN: _____

The name and address of each shareholder, partner, or member holding an ownership interest in the corporation, partnership or limited liability company (please print or type the information and add extra lines if necessary):

Name	Address	Percentage of Ownership*

*Corporation: Percentage owned of outstanding voting stock.

*Partnership: Percentage owned in voting and in capital and profits.

*Limited Liability Company: Percentage owned in membership interest.

The names of the officers of the company (please print or type the information and add extra lines if necessary):

Name	Title

The address where Your company records are maintained is:

The name and address of the person acting as principal contact who has been approved by Us and who will be directly responsible for supervising Your Development Business operations and who has authority to work with Us and make decisions relating to the operations of the Development Business:

Name: _____
Address: _____
Email: _____
Phone: _____

You shall provide Us a copy of Your articles of organization and operating agreement or articles of incorporation and bylaws within one week of the date below.

Dated: _____.

AREA DEVELOPER:

By: _____

Name: _____

Title: _____



EXHIBIT "D"
TO THE DEVELOPMENT AREA DEVELOPMENT AGREEMENT
BRAND PROTECTION AGREEMENT FOR PRINCIPALS

This BRAND PROTECTION AGREEMENT FOR PRINCIPALS (the "Agreement") is entered into and made effective as of the date written on the signature page below by Swig Franchising, LLC ("Franchisor" or the "Company") and the undersigned ("Principals").

WHEREAS, Principals or his or her or their company entered into an agreement with Franchisor so as to be able to obtain the rights to open and operate multiple Swig™ Franchise Businesses using the System developed by Franchisor, Including certain confidential and proprietary information of Franchisor ("Area Development Agreement"); and

WHEREAS, Franchisor has developed ~~confidential and proprietary~~ Confidential Information, Including Recipes for the operation of a Swig™ Franchise Business and may continue to develop new Recipes Confidential Information and revise current Recipes Confidential Information for use in association with the Swig™ System; and

WHEREAS, Principals recognize the value of the System and the intangible property rights licensed under the Area Development Agreement, and the importance of maintaining the Confidential Information, and recognize that the Franchisor's entering into the Area Development Agreement is conditioned upon each Principal entering into this Agreement; and

WHEREAS, all capitalized terms used, but not defined, herein will have the respective meanings assigned to them pursuant to the Area Development Agreement and Franchise Agreement as applicable.

NOW THEREFORE, in consideration of Franchisor entering into the Area Development Agreement with Principals or his or her or their company, the recitals and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

1. Acknowledgment. Principals individually acknowledge that he or she has obtained or may obtain knowledge of confidential matters related to the System and made available to Principals that are necessary and essential to the operation of Franchise Businesses, without which information the Franchise Businesses could not efficiently, effectively and profitably operate. Principals further acknowledge that such Confidential Information was not known to him or her prior to the association with Franchisor.

2. Non-Disclosure and Non-Use. Except as may be required or allowed under the Area Development Agreement, Principals and any of a Principal's Immediate Family, shall not during the term of the Area Development Agreement or any time thereafter, in perpetuity, directly or indirectly, use, or disclose to any third-party, or authorize any third-party to use, any information relating to the Franchise Businesses or interest of Franchisor, Confidential Information, the System, or other information or materials that he or she knows, or reasonably should know, is regarded as confidential to Franchisor. ~~The parties intend that the information disclosed by Franchisor prior to the actual execution of this Agreement will constitute Confidential Information and will be subject to all the terms~~

~~and conditions of this Agreement (including the covenants protecting against disclosures) as if such information had been disclosed following the execution of this Agreement.~~

2.1 Duty to Notify. Principals agree to notify Franchisor of any reasonably suspected attempts to violate the terms or purposes of this Agreement and further agree to require all employees to report to it any reasonably suspected attempts to violate this Agreement. In the event it is discovered that Principals knew or had reason to know of any suspected attempts to violate this Agreement, Principals agree to indemnify Franchisor for all costs and fees associated with enforcement, and to reimburse Franchisor for those losses sustained due to such violation.

2.2 No Reverse Engineering. Principals will not either personally, in concert with others, or through other authorization, reverse engineer, decompile or deconstruct or attempt to reverse engineer, decompile or deconstruct any part of the Confidential Information, Including the Recipes, and will not allow, encourage or permit any partner, owner, director, member, manager, agent, employee or other person to do so. For purposes of this Agreement, reverse engineering will ~~include~~include any deviations from the Recipes that make minimal changes to the process, procedure, or ingredients such that the final result is identical or substantially similar to the result that would reasonably be expected to result from the Recipes.

2.3 Limited Use. Principals must limit his/her use of the Confidential Information, Including, their recollection of the Recipes, to the performance of their duties as described in the Area Development Agreement, the Manuals, and any policies and procedures implemented by Franchisor and shall not use the Confidential Information for any personal use or gain.

3. Non-Competition. The following covenants will be enforced during and after the term of the Area Development Agreement.

3.1 In-Term Covenant. During the term of the Area Development Agreement and for any extensions thereof, except as permitted under the Area Development Agreement and applicable Franchise Agreements, Principals and each Principal's Immediate Family, shall not directly or indirectly be a Participant, or assist, or serve in any capacity whatsoever or have an interest in a Competing Business in any capacity or location, except with Franchisor's prior written consent. Principals understand and acknowledge that to violate this Section will create irreparable harm.

3.2 Post-Term Covenant. Unless Principal remains a part of a company with an active Franchise Agreement, then upon the Termination of the Area Development Agreement, or a Principal's disassociation from the Development Business, and for a continuous, uninterrupted period of two years thereafter, except as permitted by the applicable Franchise Agreements, Principals and Principals' Immediate Family members, shall not directly or indirectly, be a Participant, or assist, or serve in any capacity whatsoever or have an interest in a Competing Business within the Development Area or within 25 miles of the Development Area or within 15 miles of the territory of any franchise or Swig™ business operation at the time of Termination of the Area Development Agreement. The ownership of not more than 2% of the voting stock of a publicly held corporation will not be considered a violation of the foregoing provision.

3.3. Non-Solicitation of Customers. Subject to applicable state law, Principals and Principals' Immediate Family shall not, during the term of the Area Development Agreement and ~~any~~

~~extensions or Successor Franchise and~~ for two years thereafter, directly or indirectly, contact any former, then-current customer, or prospective customer of the Franchise Business or Franchisor or an affiliate of Franchisor (with whom the Principal had contact during the term of the Franchise Agreement), or prospective customer for the purpose of soliciting such customer to a Competing Business. All Customer Data belongs to Franchisor. For clarity, a “prospective customer” does not mean any possible customer. It means a potential customer who has been engaged in some way, or has provided some personal information, or has elected to receive some communication, but who has not yet done business to be considered an actual customer.

4. ~~Violation of Non-Competition, Non-Solicitation Provisions; Tolling of Covenants; Liquidated Damages.~~ In addition to other remedies available to Franchisor, in the event a Principal violates a non-competition and/or non-solicitation covenant, the applicable non-competition or non-solicitation period will be tolled for the period of that Principal's violation. Principal shall also pay Franchisor liquidated damages of \$1,000 per day for each Competing Business for violation of Sec. 3.1 or 3.2. These liquidated damages do not represent a price for the privilege of not performing nor does the payment represent an alternative manner of performance. This Section does not preclude and is not inconsistent with a court granting Franchisor specific performance or any other equitable remedies, such as an injunction, to prevent future breaches.

5. Return of Materials. Unless Principal remains a part of a company with an active Franchise Agreement, upon the Termination of the Area Development Agreement, or a Principal's disassociation from the franchise entity, each Principal agrees to deliver to Franchisor (and will not keep a copy in his or her possession or deliver to anyone else) the Swig™ Manuals and any and all Confidential Information.

~~66.~~ Non-Disparagement. Principals shall not during and after the term of this Agreement, make any negative, disparaging, false or misleading statements, published or made orally, in any medium about Franchisor, Franchisor's officers, owners, partners, directors, members, managers, representatives, agents or employees, the brand, the System, products and services, or other franchisees.

7. Irreparable Harm. Principals hereby acknowledge and agree that any breach by him or her of any portion of Sections 1 through ~~56~~ above, inclusive, will cause damage to Franchisor in an amount difficult to ascertain. Accordingly, in addition to any other relief to which Franchisor may be entitled, Franchisor will be entitled to temporary, preliminary, and/or permanent injunctive relief for any breach or threatened breach by any Principal of any of the terms of Section 1 through ~~56~~ above, inclusive, without proof of actual damages that have been or may be caused to Franchisor by such breach. Additionally, Principals agree that the existence of any claims a Principal may have against Franchisor, whether or not arising from this Agreement or the Area Development Agreement, will not constitute a defense to Franchisor's ability to enforce the covenants set forth in this Agreement.

~~78.~~ Reasonableness and Enforceability. Principals agree that the terms of this Agreement are fair and reasonable in light of the circumstances and were in part, based on the perceived or potential value of the System and the business relationship that Principals and/or his or her or their company have and will have with Franchisor. If any portion of this Agreement will be held invalid or inoperative, then so far as is reasonable and possible, the remainder of this Agreement will be considered valid and operative, and effect will be given to the intent manifested by the portion held invalid or

inoperative. Whenever the context so requires, the masculine will include the feminine and neuter and the singular will include the plural and conversely. Principals understand that a separate action may be brought or prosecuted against a Principal whether or not the action is brought or prosecuted against any other Principal or against the franchisee, or any or all of them, or whether any other Principal or the franchisee is or are joined in the action. Principals acknowledge and agree that the restrictions related to Immediate Family is necessary because a Principal's disclosing the Confidential Information or Intellectual Property to Immediate Family or assisting Immediate Family in a Competing Business could potentially circumvent the purpose of this Agreement and that it would be difficult for Us to prove whether a Principal disclosed Our Confidential Information or Intellectual Property to Immediate Family or assisted Immediate Family in a Competing Business.

89. Governing Law and Jurisdiction. The validity, enforcement, construction, rights and liabilities of the parties and provisions of this Agreement will be governed by and interpreted in accordance with the laws of the state of Utah without giving effect to its conflicts of law provisions. If for any reason court action is filed, Principals individually consent to the jurisdiction of the courts of record in the state of Utah and unless the enforcement of this Agreement is brought in connection with a Dispute under the Area Development Agreement (in which case this matter may be handled through arbitration as set forth in the Area Development Agreement), each Principal agrees that proper jurisdiction and venue for all Dispute resolution will be exclusively in the state and federal courts of Utah County or Salt Lake County, Utah.

910. Attorney's Fees and Costs. In the event any action in law or equity or any arbitration or other proceeding is brought for the enforcement of this Agreement or in connection with any of the provisions of this Agreement, the successful or prevailing party or parties will be entitled to reasonable attorney's fees and other costs reasonably incurred in such action or proceeding.

1011. Binding Agreement. This Agreement will bind each parties' respective heirs, personal representatives, successors, and assigns. No rights under this Agreement are assignable by any Principal without Franchisor's written approval, and any purported assignment will be null and void and of no force or effect.

112. Survival of Covenants. All covenants made in this Agreement by Principals will survive the Termination of this Agreement or the Area Development Agreement or Principal's disassociation with the Franchise Business or the System in any way.

123. Modification of Agreement. This Agreement may be amended in whole or in part only by an agreement in writing signed by the parties.

1314. Counterpart and Electronic Signatures. This Agreement may be signed in counterparts by facsimile, electronic signature, or scanned and emailed signature, or similar electronic means, which will be deemed the same as an original signature and may be used for all purposes as if it were an original.

[Signatures on the Following Page]

15. Prior Disclosures. The parties intend that the information disclosed by Franchisor prior to the actual execution of this Agreement constitutes Confidential Information and is subject to all the terms and conditions of this Agreement as if such information had been disclosed following the execution of this Agreement.

16. Waiver. Each Principal understands and acknowledges that Franchisor can require the use of cameras at the business premises, and each Principal waives any expectation of privacy in non-private areas of the business premises, e.g., spaces that are not in a bathroom, etc.

PRINCIPALS INDIVIDUALLY ACKNOWLEDGE THAT HE OR SHE HAS READ THIS AGREEMENT AND UNDERSTANDS ITS CONTENTS.

IN WITNESS WHEREOF, the parties have executed this Agreement effective as of the date written below.

Dated effective as of _____.

FRANCHISOR:

SWIG FRANCHISING, LLC

By: _____
(Signature)

Name: _____

Title: _____

PRINCIPALS:

By: _____

Name: _____

[Signature Page of Brand Protection Agreement for Principals]

EXHIBIT "E"
TO THE AREA DEVELOPMENT AGREEMENT
STATE SPECIFIC ADDENDA



**ADDENDUM TO THE AREA DEVELOPMENT AGREEMENT
FOR THE STATE OF CALIFORNIA**

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

1. The California Franchise Relations Act, Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination, transfer, or non-renewal of a franchise. If the area development agreement contains a provision that is inconsistent with California law, California law controls.
2. The area development agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et seq.)
3. The area development agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.
4. The area development agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.
5. The area development agreement requires binding arbitration. The arbitration will occur at Salt Lake City, Utah with the costs being borne by you for travel to, and lodging in, Salt Lake City, Utah and other costs associated with arbitration. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and Federal laws (this or these as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 128a, and the Federal Arbitration Act) to any provisions of an area development agreement restricting venue to a forum outside the State of California.
6. The area development agreement requires application of the laws of Utah. This provision may not be enforceable under California law. You may want to consult an attorney to understand the impact of out-of-state governing law on the franchise agreement.
7. You must sign a general release if you transfer, renew or terminate 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).
8. The area development agreement provides for waiver of a jury trial. This may not be enforceable in California.
- 9.— 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.

~~10.~~ 10. Area Development Agreement owners owning 5% or greater must sign a personal guaranty, making you and your spouse individually liable for your financial obligations under the agreement if you are married. The guaranty will place your and your spouse's marital and personal assets at risk, perhaps including your house, if your franchise fails.

11. Late Fees is amended to include the following: "The highest interest rate allowed in California is 10% annually."

~~11.2.~~ 12. California's Franchise Investment Law (Corporations Code section 31512 and 31512.1) states that any provision of a franchise agreement or related document requiring the franchisee to waive specific provisions of the law is contrary to public policy and is void and unenforceable. The law also prohibits a franchisor from disclaiming or denying (i) representations it, its employees, or its agents make to you, (ii) your ability to rely on any representations it makes to you, or (iii) any violations of the law.



**ADDENDUM TO THE AREA DEVELOPER AGREEMENT
FOR THE STATE OF ILLINOIS**

Illinois Law governs the area development agreement.

In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in an area development agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, an area development agreement may provide for arbitration to take place outside of Illinois.

Franchisees rights upon termination and non-renewal 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.

IN WITNESS WHEREOF, the Franchisor and Franchisee have respectively signed and sealed this Area Development Agreement as of _____.

**ADDENDUM TO THE AREA DEVELOPER AGREEMENT
FOR THE STATE OF MINNESOTA**

The disclosure document, franchise agreement, area developer agreement and other related agreements are amended to conform to the following:

1. Governing law, choice of forum, and jurisdiction and venue provisions of the disclosure document, franchise agreement and area developer agreement are amended to include the following:

Minnesota statute ' 80C.21 and Minnesota 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 or the jurisdiction.

2. With respect to franchises governed by Minnesota law, the franchisor will comply with Minn. Stat. ' 80C.14, subdivisions 3, 4 and 5 which require, except in certain specified cases, that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the franchise agreement; and that consent to the transfer of the franchise will not be unreasonably withheld.
3. As required by the Minnesota Franchise Act, Minn. Stat. Sec. 80C.12(g), franchisor will reimburse the franchisee for any costs incurred by the franchisee in the defense of the franchisee's right to use the Marks, so long as the franchisee was using the Marks in the manner authorized by franchisor, and so long as franchisor is timely notified of the claim and is given 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.
4. Minnesota Rule Part 2860.4400J prohibits requiring a franchisee from waiving his rights to a jury trial or waiving his rights to any procedure, forum, or remedies provided for by the laws of Minnesota, or consenting to liquidated damages, termination penalties or judgment notes.
5. Minn. Rule 2860.4400D prohibits a franchisor from requiring a franchisee to assent to a general release.
6. Any limitation of claims must comply with Minn. Stat. 80C.17, subdivision 5.
7. Any fee regarding insufficient funds for a dishonored check must comply with Minn. Stat. § 604.113, subdiv. 2(a) , which puts a cap of \$30 on service charges.
8. 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 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 with the franchise.

Franchisee (Signature)

**ADDENDUM TO THE AREA DEVELOPMENT AGREEMENT
FOR THE STATE OF NORTH DAKOTA**

This Addendum to the Area Development Agreement is agreed to this ___ day of _____, 20___, between Swig Franchising, LLC and _____ to amend and revise said Area Development Agreement as follows:

1. The North Dakota Securities Commission requires that certain provisions contained in the Area Development Agreement be amended to be consistent with North Dakota Law, including the North Dakota Franchise Investment Law, North Dakota Century Code Addendum, Chapter 51-19, Sections 51-19-01 et seq. Such provisions in the Agreement are hereby amended as follows:

- Covenants not to compete such as those mentioned in Section 11 of the Area Development Agreement are generally considered unenforceable in the State of North Dakota.
- The venue for mediation and arbitration set forth in Sections 15.2.2 and 15.2.3 are amended to provide the site of arbitration or mediation be agreeable to all parties and may not be remote from the franchisee’s place of business.
- Section 16.2 is amended to read as follows: “Except to those rights under this Agreement based in North Dakota Franchise Investment Law § 51-19-12 N.D.C.C., the rights of the parties and provisions of this Agreement shall be interpreted and governed in accordance with the laws of the State of Utah.”

2. Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the North Dakota Law applicable to the provisions are met independent of this Addendum. To the extent this Addendum shall be inconsistent with any terms or conditions of said Franchise Agreement or exhibits or attachments thereto, the terms of this Addendum shall govern.

3. No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise agreement 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, each of the undersigned hereby acknowledges having read this Addendum to the Area Development Agreement and understands and consents to be bound by all of its terms.

SWIG FRANCHISING, LLC

Franchisee: _____

By: _____
Title: _____

By: _____
Title: _____

**ADDENDUM TO THE AREA DEVELOPER AGREEMENT
FOR THE STATE OF VIRGINIA**

Pursuant to 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.

ADDENDUM TO THE AREA DEVELOPER AGREEMENT FOR THE STATE OF WASHINGTON

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.

RCW 19.100.180 may supersede the area development agreement in your relationship with the franchisor including the areas of termination and renewal of your area development agreement. There may also be court decisions which may supersede the area development agreement in your relationship with the franchisor including the areas of termination and renewal of your area development agreement.

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 area development 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.

A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting the transfer.

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 provisions contained in the area development agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

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. As a result, any such provisions contained in the area development agreement or elsewhere are void and unenforceable in Washington.



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.



The undersigned does hereby acknowledge receipt of this addendum.

Dated this _____ day of _____, 20__.

FRANCHISOR:

AREA DEVELOPER:

SWIG FRANCHISING, LLC

By: _____
(Signature)

By: _____
(Signature)

Name: _____

Name: _____

Title: _____

Title: _____

INDIVIDUAL(S):

Print Name: _____

Print Name: _____

**ADDENDUM TO THE AREA DEVELOPER AGREEMENT
FOR THE STATE OF WISCONSIN**

The following shall apply to Area Developer Agreements in the State of Wisconsin:

- a. The Wisconsin Fair Dealership Act, Wisconsin Statutes, Chapter 135 (the "Act"), shall apply to and govern the provisions of Area Developer Agreements issued in the State of Wisconsin.

- b. The Act's requirements, including that in certain circumstances a Franchisee receive ninety (90) days' notice of termination, cancellation, non-renewal or substantial change in competitive circumstances, and sixty (60) days to remedy claimed deficiencies, shall supersede the provisions of Section 9 of the Area Developer Agreement to the extent they may be inconsistent with the Act's requirements.

**EXHIBIT "H"
TO THE FDD**

RELEASE AGREEMENT (FORM)



**RELEASE AGREEMENT
(Form)**

This RELEASE AGREEMENT ("Agreement") is made and entered into as of _____ by and between **SWIG FRANCHISING, LLC** ("Franchisor") and _____, **LLC/INC.**, _____, **AND** _____ (jointly and severally "Franchisee"). The above will collectively at times be referred to as "Parties" and individually as "Party." Capitalized terms used herein will have the meanings set forth in the Franchise Agreement, unless defined otherwise herein.

RECITALS

WHEREAS, Franchisee entered into a Swig™ franchise agreement on _____ with Franchisor ("Franchise Agreement"); and

WHEREAS, the Franchise Agreement was personally guaranteed by _____ and _____ ("Personal Guarantor(s)"); and

WHEREAS, the Franchise Agreement has been terminated effective as of _____.

NOW THEREFORE, in consideration of the recitals, premises and other provisions set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and intending to be legally bound hereby, Franchisor, Franchisee and Personal Guarantor(s) hereby agree as follows:

1. Franchisee and Personal Guarantor(s) hereby, fully and irrevocably, release, acquit and forever discharge Franchisor and its successors, affiliates, directors, officers, members, managers, employees, shareholders, representatives and agents and each of them, individually and collectively, of and from any and all claims, demands, obligations, causes of action, suits or liabilities of any kind and nature, whatsoever, whether known or unknown, suspected or unsuspected, and in whatever legal theory or form which Franchisee and Personal Guarantor(s) have or claim to have, or at any time heretofore, had or claimed to have had, or which may hereafter accrue or arise, against Franchisor, its successors, affiliates, directors, officers, members, managers, shareholders, employees and agents, and each of them, by reason of, or in any way connected with the Franchise Agreement, the relationship described therein and any business transaction, agreement or occurrence, act or omission relating thereto prior to the date hereof. Franchisee and Personal Guarantor(s) further waive any and all state law provisions limiting the effect of a general release.

2. Franchisee and Personal Guarantor(s) hereby covenant not to initiate, prosecute, encourage, assist, or (except as required by law) participate in any civil, criminal, or administrative proceeding or investigation in any court agency, or other forum, either affirmatively or by way of cross-claim, defense, or counterclaim against any person or entity released under Section 1 above with respect to any claim released under Section 1.



3. Franchisee and Personal Guarantor(s) represent that each of them fully understands the broad coverage of the release provisions of this Agreement, and that they execute the same with respect to all claims, causes of action and demands, as set forth above, they have or may have against the Franchisor, fully intending that the provisions hereof be given the broadest interpretation permitted by law or the English language. Franchisee and Personal Guarantor(s) acknowledge and expressly agree that they will make no claim, and hereby waive any right they may now have, or may hereafter have, based upon any alleged oral or written alteration, amendment, or modification of this Agreement, fully waiving any right they may have to refer to extrinsic matters in the interpretation hereof, whether to establish fraud, duress, mistake, undue influence, or for any other purpose.

For franchisees located in California, these releases are intended to waive, release and discharge all claims, other than those expressly reserved herein, with the express waiver of any statute, legal doctrine or other similar limitation upon the effect of general releases. In particular, the parties waive the benefit of any applicable statutory provision such as by illustration, California Civil Code Section 1542, which states:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR.

The parties, with the advice of their respective counsel, waive the benefit of both statute and other legal doctrine or principle of similar effect in any jurisdiction.

4. This Agreement may be pleaded as a full and complete defense to, and may be used as the basis for, an injunction against any action, suit or other proceeding which may be instituted, prosecuted or maintained in breach of this Agreement.

5. ~~Nothing in this Agreement releases Franchisee and~~ Franchisee and Personal Guarantor(s) ~~or Franchisee from~~ are reminded of their ongoing obligations under the non-competition clauses of the Franchise Agreement ~~or their Non-Competition Agreements and Brand Protection Agreement for Principals~~ signed with Franchisor.

6. Miscellaneous.

6.1 Cooperation. Franchisee and Personal Guarantor(s) will make, execute and deliver to Franchisor, promptly upon request and without additional consideration, any document or instrument necessary to carry out and effectuate the purposes of this Agreement.

6.2 Choice of Law and Jurisdiction. This Agreement will be construed in accordance with and all disputes hereunder will be governed by the laws of the state of Utah without giving effect to its conflicts of law provisions. Franchisee, Personal Guarantor(s), and Franchisor hereby irrevocably consent to the exercise of general personal jurisdiction in the courts of record of the state of Utah even though it may be otherwise possible to obtain jurisdiction elsewhere, and we



both agree that Salt Lake City, Utah will be the exclusive venue for any litigation between us. Each party waives any objection they may have to the personal jurisdiction of or venue in the state and federal courts of Utah.

6.3 Arbitration. In the event any controversy or dispute arises between the Parties hereto in connection with, arising from or with respect to the provisions hereof, the relationship of the Parties hereto, or the validity of this Agreement or any provision hereof, such dispute or controversy will, on the request of any Party hereto be submitted for arbitration to the American Arbitration Association in accordance with its commercial arbitration rules. All arbitration hearings will be conducted exclusively in Salt Lake City, Utah and the laws of the state of Utah will govern, without giving effect to its conflicts of law provisions. The arbitrator will have the power and jurisdiction to decide such controversy or dispute solely in accordance with the express provisions of this Agreement. The prevailing Party in any arbitration suit or action to enforce this Agreement, will be entitled to recover the administrative costs of the arbitration proceeding and the fee for the arbitrator. The Parties agree that any claim hereunder will result in an award not more than 120 days from the date of the statement of claim filed with the American Arbitration Association, unless otherwise waived by the Parties. The award and findings of the arbitrators will be conclusive and binding upon all Parties hereto and the judgment upon the award may be entered in any Court of competent jurisdiction.

6.4 Attorneys' Fees and Costs. In the event any action in law or equity or any arbitration or other proceeding is brought for the enforcement of this Agreement or in connection with any of the provisions of this Agreement, the successful or prevailing party or parties will be entitled to reasonable attorney's fees and other costs reasonably incurred in such action or proceeding.

6.5 Amendment. This Agreement may be amended, modified or changed only by a written instrument signed by duly authorized representatives of both Parties.

6.6 Company Authority. The persons signing below warrant that they are authorized to enter into this Agreement on behalf of their respective principals identified below and that by their signatures they bind such principals to this Agreement.

6.7 Binding Agreement. This Agreement and all its terms, conditions and stipulations will be binding upon and will inure to the benefit of the Parties hereto and their respective legal representatives, heirs, successors and permitted assigns.

6.8 Confidentiality. Franchisee and Personal Guarantor(s) agree to maintain this Agreement, the terms hereof, and any and all information obtained or provided by either Party in order to initiate a contractual relationship, in the strictest of confidence.

6.9 Counterparts. This Agreement, and those contemplated herein, may be executed in counterparts, including by means of telefaxed, emailed pdf or other electronically



delivered signature page, each of which will be deemed an original, but all of which together will constitute one and the same document.

6.10 Entire Agreement. This Agreement contains the entire agreement and only understanding between the Parties with respect to the subject matter hereof and supersedes all previous negotiations, agreements and understandings between the Parties and affiliates of the Parties, in connection with the subject matter covered herein, whether oral or written, and any warranty, representation, promise or condition in connection therewith not incorporated herein will not be binding upon either Party. The Parties hereby agree that all prior agreements ~~with~~ between the Parties regarding the subject matter hereof are hereby terminated with no continuing duties or obligations on the part of the other Party.

6.11 Paragraph Headings. The paragraph headings appearing in this Agreement are inserted only as a matter of convenience and reference and in no way define, limit, construe or describe the scope, interpretations or extent of such paragraph or in any way affect such paragraph or this Agreement. Words in the masculine gender include the feminine and neuter. Use of the singular will include the appropriate plural numbers.

6.12 Enforceability. Any provision of this Agreement, which is prohibited or unenforceable in any jurisdiction will, as to such jurisdiction, not be effective to the extent of such prohibition, but such prohibition will not invalidate the remaining provisions hereof or affect the validity or enforceability of such provisions in any other jurisdiction.

7. This Agreement will be effective when all the parties have signed it. The date of this Agreement will be the date this Agreement is signed by the last party to sign it as provided in the signature block below.

8. The Franchisee and Personal Guarantor(s) acknowledge that they have carefully read the foregoing Agreement and know and understand the contents of this Agreement, have been represented by counsel, or had the opportunity to be represented by counsel, and sign this Agreement as their own free act, fully intending to be legally bound thereby.

9. For franchisees located in Washington only: this Agreement does not apply with respect to claims arising under the Washington Franchise Investment Protection Act, RCW 19.100, and any rule or order adopted thereunder.

[Signatures on the Following Page]



IN WITNESS WHEREOF, and by their signatures below, the Parties hereto acknowledge that they have read, understand and agree to all of the terms and provisions of this Agreement and have caused this Agreement to be executed as of the date provided below written with the full authority of the company principal they represent.

FRANCHISOR:

SWIG FRANCHISING, LLC

By: _____
(Signature)

Name: _____

Title: _____

Date: _____

FRANCHISEE:

By: _____
(Signature)

Name: _____

Title: _____

Date: _____

PERSONAL GUARANTOR(S):

By: _____

Name: _____

Date: _____



**EXHIBIT "I"
TO THE FDD**

SIGNING CHECKLIST



Franchise Documents Signing Checklist

The following items need to be filled out, signed, or dated by the party indicated.

1. When you receive the FDD.

DOCUMENT	PAGE OR SECTION NUMBER	INSTRUCTIONS	CHECK WHEN COMPLETED
FDD Receipt Pages	(last 2 pages of the entire FDD packet)	There are two receipt pages at the very end of the FDD. You must sign and date <u>both</u> copies. You will keep the copy labeled "Franchisee Copy" and return the other copy ("Franchisor Copy") to the franchisor ("Swig Franchising, LLC").	—

2. When you sign the Franchise Agreement and other documents.

DOCUMENT	PAGE OR SECTION NUMBER	INSTRUCTIONS	CHECK WHEN COMPLETED
Franchise Agreement	(page 1)	Fill in the franchisee name	—
Franchise Agreement	(page 3)	In first paragraph fill in date and franchisee name.	—
Franchise Agreement	(page 43)	Fill in the franchisee name, address, and email	—
Franchise Agreement	(page 50 51)	<ol style="list-style-type: none"> If the franchisee is an entity, (1) fill in the entity name on the line before LLC/INC., and have the president, manager, etc. sign on behalf of the entity. If there is no entity, the franchisee will sign on the lower lines and print his or her name on the line before "personally." 	—
Territory	Exhibit A-1 (page 52)	If the premises is not already known, this will be filled out and initialed later.	—
Company Reps. and Warranties	Exhibit A-2 (page 53-54)	The franchisee must fill in the appropriate fields, date, and sign.	—

Brand Protection Agreement for Principals	Exhibit A-4 (page 57-61)	Each owner and principal manager of the franchisee must fill out and sign this agreement.	—
Employee Brand Protection Agreement	Exhibit A-5 (page 62-65)	To be filled out and signed by each one of franchisee's employees.	—
Landlord's Consent to Assignment	Exhibit A-6 (page 66)	Landlord fills in the blanks, dates, and signs. Landlord and franchisee (tenant) must sign the lease rider.	—
ACH Agreement	Exhibit A-7 (page 69)	This must be filled out with all the appropriate bank information and signed.	—
Guaranty of Assumption of Obligations	Exhibit A-8 (page 70-71)	Franchisee must fill in the date, the name of its entity and the date of the franchise agreement on the first page. The owners of the franchisee must sign and fill out the signature page.	—
Digital and Social Media Authorization for Assignment	Exhibit A-9 (page 72-73)	Franchisee and franchisor must sign this.	—
Franchisee Report	Exhibit A-10 (page 74)	Franchisee must fill out relevant information, sign, and date.	—
State Addenda	Exhibit A- 10 11	Depending on your state, you may be required to fill out and sign a state specific addendum.	—

4. Exhibits to the FDD.

DOCUMENT	PAGE OR SECTION NUMBER	INSTRUCTIONS	CHECK WHEN COMPLETED
Form Release Agreement	Exhibit - H	This does <u>not</u> get signed at the time of signing the franchise agreement. This agreement or a form thereof will only be signed upon the termination, non-renewal or transfer of the franchise.	—

5. If you sign the Area Development Agreement.

DOCUMENT	PAGE OR SECTION NUMBER	INSTRUCTIONS	CHECK WHEN COMPLETED
Area Development Agreement	(page 1)	Fill in the date and developer's name.	—

Area Development Agreement	(page 8)	Both the franchisor and the developer must sign	___
Area Development Agreement	Exhibit - A (page 9)	Fill in the description of the Development Area	___
Area Development Agreement	Exhibit - B (page 11)	Fill in the Development Schedule and Development Fees tables	___
Company Reps. and Warranties	Exhibit - C (page 12-13)	The developer must fill in the appropriate fields, date, and sign.	___
Brand Protection Agreement for Principals	Exhibit - D (pages 14-18)	Each owner and principal of the developer must sign this form	___

6. Items to complete after you sign the franchise agreement.

DOCUMENT	INSTRUCTIONS	CHECK WHEN COMPLETED
Proof of insurance	The franchisee must get and maintain insurance and provide proof of insurance that lists the franchisor as an additional insured. The franchisee must provide this annually .	___
Franchisee's d.b.a.	In the state where your franchise is located, you need to file for a dba or "doing business as" under the name "Swig _____." The blank line will be the city or neighborhood where your franchise is located or as assigned by the franchisor. For example, if your franchise is located in Irvine, California, your filed dba could be "Swig- Irvine." The franchisor must approve your dba before you file it. You must send a copy of the dba filing to the franchisor after it is filed. Please note that a dba is different from your company name if you have a company that is the franchisee. Please note that also you <u>cannot</u> use the name "Swig" as part of your company name.	___
Franchisee's certificate of occupancy	Franchisee must provide a certificate of occupancy before you schedule on-site opening assistance/training	___
Franchisee's entity documents	Articles of incorporation/organization along with bylaws or operating agreement sent to franchisor.	___
Copy of lease agreement	The franchisee must provide a copy of the lease agreement to the franchisor.	___

State Effective Dates

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the states, 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:

<u>State</u>	<u>Effective Date</u>
California	December 11, 2023 <u>Pending</u>
Illinois	January 22, 2024 <u>Pending</u>
Indiana	January 30, 2024 <u>2023</u>
Michigan	June 5, 2023
Minnesota	Pending
North Dakota	Pending
South Dakota	December 8, 2023 <u>Pending</u>
Virginia	January 22, 2024 <u>Pending</u>
Washington	Pending
Wisconsin	December 7 <u>April 28,</u> 2023

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.



RECEIPT
(Franchisee's Copy)

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 Swig Franchising, LLC offers you a franchise, it 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.

If Swig Franchising, 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 law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the state administrator listed in Exhibit "E." Swig Franchising, LLC authorizes the respective state agencies identified on Exhibit "D" to receive service of process for it in the particular state.

The issuance date of this disclosure document is April ~~20, 2023, as amended on December 1, 2023~~ 19, 2024.

Swig Franchising, LLC, is located at 1557 W. Innovation Way, 5th Floor, Lehi, Utah 84043. Its telephone number is (801) 642-3800. The names, business addresses, and phone numbers of each franchise seller offering this franchise is as follows:

Name	Address	Phone Number
Chase Wardrop	1557 W. Innovation Way, 5th Floor, Lehi, Utah 84043	(480) 334-3918
Alex Hanson	1557 W. Innovation Way, 5th Floor, Lehi, Utah 84043	(801) 642-3800

If your franchise seller's name and contact information is not listed above, please list the name, address, and phone number of the franchise seller below:

I received a disclosure document dated April ~~20, 2023, as amended on December 1, 2023~~ 19, 2024, that included the following Exhibits:

- | | |
|---|---|
| A. Franchise Agreement and Its Exhibits | F. Table of Contents for the Training/
Operations Manual |
| B. Financial Statements | G. Area Development Agreement |
| C. Schedule of Franchisees | H. Release Agreement |
| D. List of Agents for Service of Process | I. Signing Checklist |
| E. List of State Agencies Responsible for
Franchise Disclosure and Registration Laws | |

Date: _____
(Do not leave blank)

By: _____
(Signature)

Title: _____
(If signing on behalf of a company)

Name: _____
(Print name)

Please keep this copy for your records.

RECEIPT
(Franchisor's Copy)

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 Swig Franchising, LLC offers you a franchise, it 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.

If Swig Franchising, 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 law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the state administrator listed in Exhibit "E." Swig Franchising, LLC authorizes the respective state agencies identified on Exhibit "D" to receive service of process for it in the particular state.

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| D. List of Agents for Service of Process | I. Signing Checklist |
| E. List of State Agencies Responsible for
Franchise Disclosure and Registration Laws | |

Date: _____
(Do not leave blank)

By: _____
(Signature)

Title: _____
(If signing on behalf of a company)

Name: _____
(Print name)

If you do not sign this receipt via our electronic signature platform, then you need to send us a signed and dated copy. You may return the signed and dated receipt by mailing it to Swig Franchising, LLC at 1557 W. Innovation Way, 5th Floor, Lehi, Utah 84043, or by emailing a copy of the signed and dated receipt to franchising@swigdrinks.com.

