

Special Risks to Consider About *This Franchise*

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

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in Illinois. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in Illinois than in your own state.
2. **Sales Performance Required.** You must maintain minimum sales performance levels. Your inability to maintain these levels may result in loss of any territorial rights you are granted, termination of your franchise, and loss of your investment.
3. **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.
4. **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.
5. **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.
6. **Spousal Liability.** Your spouse must sign a document that makes your spouse liable for all financial obligations under the franchise agreement even though your spouse has no ownership interest in the franchise. This guarantee will place both your and your spouse's marital and personal assets, perhaps including your house, at risk if your franchise fails.
7. **Estimated Initial Investment.** The franchisee will be required to make an estimated initial investment ranging from \$88,625 to \$189,900. This amount exceeds the franchisor's stockholders' equity as of January 31, 2024, which is \$2,500.
8. **Inventory/Supplier Control.** You must purchase all or nearly all of the inventory or supplies that are necessary to operate your business from the franchisor, its affiliates, or suppliers that the franchisor designates, at prices the franchisor or they set. These prices may be higher than prices you could obtain elsewhere for the same or similar goods. This may reduce the anticipated profit of your franchise business.

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

SWEETWATER TECHNOLOGIES®
FRANCHISE DISCLOSURE DOCUMENT

ITEM 1.
FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES

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

The Franchisor

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

We offer franchises (each, a “**Franchised Business**” and collectively, the “**Franchised Businesses**”) to qualified and capable candidates who want to operate a [SweetWater Technologies business \(the “SW Business”\)](#) that is a full-service drone application and business development company-~~and any, offering the next generation of American farmers and ag professionals turn-key, owner-operator partnerships within precision agriculture and~~ other products and services (the “**Products and Services**”), using our System.

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

Parents, Predecessors and Affiliates

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

Name	Address	Entity Information	Business
Sweetwater Technologies, LLC (“SWT”)	401 West Main Street, Wyanet, Illinois 61379	Illinois limited liability company formed on July 12, 2023	This entity will operate a SWEETWATER TECHNOLOGIES business moving forward. This entity will lease equipment to franchisees.
Gripp Custom Farming Corp. (“Gripp CFC”)	3981 1945 North Avenue Sheffield, IL 61361-9417	Illinois corporation formed on August 5, 2014	This entity will provide products and lease equipment to franchisees. This entity owns the intellectual property

Name	Address	Entity Information	Business
			licensed to franchisees.

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

The Business

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

The Franchise Offered

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

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

Market and Competition

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

Laws and Regulations

There may be local, state and/or federal laws or regulations pertaining to your Franchised Business with which you must comply. Certain local municipalities and state governments require medical examinations, and there may be additional requirements. These requirements vary from state to state and, within states, they vary across municipalities and other political subdivisions. We strongly

**ITEM 4.
BANKRUPTCY**

No bankruptcy is required to be disclosed in this Item.

**ITEM 5.
INITIAL FEES**

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

Initial Franchise Fee

You must pay us an initial franchise fee of \$70,000 in connection with a standard Franchised Business consisting of the lease of one truck and one drone from our affiliate. The initial franchise fee is payable upon the signing of the Franchise Agreement in a lump sum. The initial franchise fee is uniform for all franchisees purchasing the right to operate in a standard territory with one truck and one drone. If you wish to lease certain additional equipment. This fee includes the costs associated with obtaining the Products to provide the Services for the period of time beginning on the effective date of the Franchise Agreement and expiring on December 31, 2024. After that period of time, you must pay us the equipment fee to cover the cost of the leased equipment and Products.

There are no other amounts that must be paid to us or our affiliates prior to opening your Franchised Business. All of the following fees are fully earned by us when paid and nonrefundable.

**ITEM 6.
OTHER FEES**

Type of Fee ⁽¹⁾	Amount	Due Date	Remarks
Equipment Fee	\$5,000 per month	No later than tenth (10 th) day of each month	Paid by automatic debit or ACH beginning in January 2024.
Royalty Fee ⁽²⁾	33% of Gross Sales from Products, plus \$2 per acre in which Services are provided	No later than tenth (10 th) day of each month for the prior month's Gross Sales	We bill all of your customers and collect all payments. We will deduct amounts due to us and pay the balance to you. The balance that we pay to you is referred to as the "distributed balance".
System Fund Contributions	Up to 3% of Gross Sales	No later than tenth (10 th) day of each month	Payable in such amounts as designated by us from time to time.
Local Advertising and Marketing	You must spend at least \$100 each month on approved local marketing, promotion and/or advertising	As incurred	We may increase the required minimum by no than 15% once a year with notice to you. All advertising, marketing or promotional materials must be approved; may include Co-op contributions.

Type of Fee ⁽¹⁾	Amount	Due Date	Remarks
Co-op Contributions	As determined by the Co-op, not to exceed an additional \$600 per year (which we may increase by up to 15% per year) unless a greater amount is voted by the Co-op	As determined by the Co-op.	If established in your geographic area, you must join and actively participate. Your local advertising requirement will be reduced by the amount of the Co-op Contribution. <u>Company-owned units will have the same voting power as franchisee-owned units and will not have controlling voting power.</u>
Replacement-Manager Training	\$500 per trainee, plus expenses	Before training begins	Payable only if you replace your manager that has to <u>must</u> attend and complete required training.
Additional Training Fee	\$250 per day, per trainer plus travel and related expenses	Before assistance begins	Payable only if we provide you additional assistance at a location approved by us within your Territory.
Convention Attendance Fee	Up to \$1,000, subject to 3% annual inflationary adjustment	10 days after invoice	Payable only if we require to attend our conventions.
Technology Fee	Up to \$250 per month	No later than tenth (10 th) day of each month	This fee is used to pay third party designated vendors for ongoing services, including the reporting system and business portal.
Supplier Evaluation Fee	Our Actual Costs	30 days after notice to you of approval or disapproval of the supplier	If you request that we approve a supplier that is not currently an Approved Supplier, you will reimburse us our actual costs of evaluating the supplier. This fee is due regardless of whether we approve the supplier.
Successor Franchise Fee	\$2,500	At the time of election, but not less than 30 days prior to the expiration date.	There are other conditions for the grant of a successor franchise.
Transfer Fee	\$10,000	Before transfer	Payable when you transfer or sell your franchise. The Transfer Fee is reduced to 50% of our then-current franchise fee for a sale to an existing franchisee. If the sale is between owners or adding an owner, the transfer fee is \$1,500.
Inspection Fee	Up to \$500 per day of per visit	10 days after invoice	Payable only if we require you to engage an inspection service to ensure you meet our safety standards or otherwise investigate the provision of services by your franchised business.
Audit Fee	Actual cost of the audit or inspection	10 days after invoice	If you fail to timely furnish any reports or records that we require or if such reports understate the amount due us by 2% or more.

Type of Fee ⁽¹⁾	Amount	Due Date	Remarks
Interest on Late Payments	Lesser of 1.5% per month of amount past due or highest contract rate allowed by applicable law	10 days after invoice	Payable on all overdue amounts.
Insufficient Funds Fee	\$250 per occurrence	Upon demand	If there are insufficient funds in your account to cover all amounts that you owe us.
Indemnification	Will vary with circumstances <u>Actual costs</u>	Upon demand	If we are sued for claims relating to the operation of your Franchised Business or for damages that we incur due to your breach of the Franchise Agreement, then you must reimburse us.
Insurance	Amount of premiums	Upon demand	Payable only if you do not maintain required insurance coverage and we elect to obtain coverage for you.
Management Fee	\$5,000/week if you're in default of the Franchise Agreement, plus our travel and living expenses \$2,500/week upon your death/disability, plus our travel and living expenses	Weekly	Payable if we appoint a manager to manage the day-to-day operations of your Franchised Business and will vary based upon the circumstances of the appointment .
Software Fees	At cost	As invoiced by supplier	We reserve the right to pass-through the costs we pay associated with your use of certain software in connection with the Franchised Business.

NOTES:

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

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

(3) All payments for your Franchised Business will be processed by us. Within sixty (60) days after the end of each month, we will provide you with a report of the Gross Sales collected for Services and Products provided by your SW Business, or paid in connection with a prepayment for Services and Products to be provided by your SW Business, broken down by prepayments and for

Services and Products already provided, for the month two (2) months immediately prior thereto, itemizing the Royalties paid to us and direct cost adjustments (if any). We will (a) deduct the Royalties, (b) deduct other fees and costs payable to us as described in this Section below, and (c) retain 70% of the Gross Sales owed to you for those Gross Sales collected that are attributable for prepaid Products and Services (“Prepaid Gross Sales”), and pay the balance to you (the “Distributed Balance”). We may make payments to you by check or electronic funds transfer. You must sign any documents required by us, our bank or your bank to accomplish electronic funds transfers. We may make collections from you for amounts you owe to us by reducing your distributed balance or by your direct payment to us (by electronic funds transfer or check). If in the future we receive payment on a delinquent account, the revenue to you from that account will be attributed to you in our next payment due to you, less any costs due to us.

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

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

~~You must provide Services to at least 5,000 acres per calendar year.~~

~~We may terminate the Franchise Agreement if you fail to meet these minimum performance requirements.~~

**ITEM 7.
ESTIMATED INITIAL INVESTMENT**

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

Type of Expenditure	Amount ⁽¹⁾		Method of Payment	When Due	To Whom Payment Is To Be Made
	Low	High			
Initial Franchise Fee ⁽²⁾	\$70,000	\$70,000	Lump sum	Upon effective date of Franchise Agreement	Us
Rent Deposit ⁽³⁾	\$0	\$5,000	As incurred	As agreed	Third parties
Rent (3 months) ⁽³⁾	\$0	\$15,000	As incurred	As agreed	Third parties
Vehicle, Equipment,	\$5,000	\$50,000	Lump sum	As agreed	Third parties

Type of Expenditure	Amount ⁽¹⁾		Method of Payment	When Due	To Whom Payment Is To Be Made
	Low	High			
Signage ⁽⁴⁾					
Office Set-Up, Technology, Hardware and Software ⁽⁵⁾	\$5,000	\$6,000	As incurred	As agreed	Third parties
Business Licenses & Permits ⁽⁶⁾	\$575	\$700	As agreed	As agreed	Third parties
Professional Fees ⁽⁷⁾	\$1,500	\$5,000	As agreed	As agreed	Third parties
Insurance ⁽⁸⁾	\$2,050	\$8,200	Lump sum	As incurred	Third parties
Training Expenses ⁽⁹⁾	\$1,000	\$5,000	As agreed	As agreed	Third parties
Grand Opening Advertising ⁽¹⁰⁾	\$1,500	\$10,000	As agreed	As agreed	Third parties
Additional Funds ⁽¹¹⁾	\$2,000	\$15,000	As agreed	As agreed	Third parties
Total Estimated Initial Investment⁽¹¹⁾	\$88,625	\$189,900			

NOTES:

(1) None of the fees payable to us or our affiliates are refundable. Unless otherwise indicated below, all of the fees paid to third parties is non-refundable. [We and our affiliates will not finance any portion of the initial investment.](#)

(2) The initial franchise fee is \$70,000 and is payable as outlined in Item 5.

(3) Your Business will initially be operated from your personal residence/farm. The low end of the end assumes that you have enough storage at your residence to accommodate supplies and equipment, which we estimate will need to be 40 feet by 40 feet. The high end assumes that you will rent a storage space.

(4) The initial fee covers payments for the leased equipment (truck and drone) for the period of time beginning upon the signing of the Franchise Agreement and ending on December 31, 2024. This estimate includes the purchase/lease of equipment to unload the products (truck/bobcat/forklift) and proper measuring system that meets our standards, including required equipment. The low end assumes you already have equipment to unload the products and proper measuring system that meets our standards and will only lease any additional equipment to unload the products (truck/forklift) ~~and~~. [The low end also](#) assumes you will not put a sign outside of your warehouse and will not wrap your vehicle. The high end assumes you do not have equipment to unload the products or a proper measuring system that meets our standards, will only lease any additional equipment to unload the products (truck/forklift), and will put a sign up outside of your warehouse or wrap your additional vehicle, which must be in accordance with our standards.

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

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

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

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

(9) There is no fee for our initial training for which consists of businessoperator training for ~~[**] days and installation training for [**]~~ four (4) days at our corporate site in Illinois. This estimate is for travel costs for you to attend this training.

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

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

ITEM 8. RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Purchases from Us

You are required to lease or obtain from us or our affiliates the following items: drone, truck, and proprietary chemicals. We and our affiliates reserve the right to be the sole or one of the Approved Suppliers for any products or services utilized in the operation of Franchised Businesses and/or to negotiate group purchasing, quality control or other benefits. Because this is our first year franchising, neither we nor our affiliates received any income from the sale of products or services to franchisees.

Approved Suppliers

You must purchase, lease or obtain all equipment, products, supplies and materials to perform Services (the “**Materials**”) that meet our System Standards. The Materials and other items will be specified in the Manuals from time to time. If required by the Manuals, you must purchase certain goods and services only from suppliers designated or approved by us (which may include, or be limited exclusively to, us or our affiliate) (each, an “**Approved Supplier**”). In our sole discretion, we may concentrate purchases with one or more Approved Suppliers, to obtain lower prices, advertising support and/or other services, or for any other reason we deem appropriate. In such instances, we may limit the number of suppliers with whom you deal, designate sources that you will use, and refuse any request by you for another Approved Supplier of any applicable product or service. You agree to follow all of our policies and procedures for participation in or termination of any preferred vendor programs that we establish. ~~We~~ While we do not currently, we may receive rebates or other financial consideration from

suppliers in consideration for our procurement and other services based upon franchisee purchases. If we do so, we have no obligation to pass these amounts on to you or to use them for your benefit.

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

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

Standards and Specifications

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

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

Computer Hardware and Software

You must use the computer hardware and software and other communication equipment and technology that we designate in our Manual from time to time. We currently require you to use the NetSuite CRM and Flight Plan.

Insurance

You must obtain and maintain, at your own expense, the minimum insurance coverage that we require from approved insurance providers but must have an A M Best rating of not less than A-VII. You must enlist the services of a professional insurance agent or broker to obtain the types and amounts of insurance coverage we specify. We reserve the right to modify the amounts and types of coverage

required at any time as risks change to protect the franchised business. You may not self-insure without our prior written consent. All policies will name us an additional insured/co-defendant, be primary and non-contributory and provide a waiver of subrogation in our favor. All liability policies will give us 30 days' notice of cancellation. You will need to provide us with a Certificate of Insurance as evidence of the required coverages being purchased at least 30 days prior to the opening of your franchised business, 10 days prior to any renewal of coverage and any time we request. If you do not provide us with a compliant Certificate of Insurance, we maintain the right but not the duty to place coverage on your behalf for which you will reimburse us immediately upon written notification. You will promptly pay us all premiums due in addition to any administration fee.

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

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

- Commercial General Liability – ~~\$1,000,000~~1,000,000.00 occurrence ~~and \$2,000,000 aggregate~~;
- Inland Marine Contractors Equipment - ~~\$100,000~~35,000.00 - ~~\$50,000.00~~ limit;
- Automobile ~~Liability~~Liability, Collison, and physical damage coverage for all owned, leased, hired, and non-owned vehicles used in the franchised business for a limit of not less than ~~\$1,000,000~~1,000,000.00 Combined Single Limit including ~~“~~Transportation Pollution Liability~~”~~ with ~~\$1,000,000~~1,000,000.00 using ISO form CA 9948 or equivalent;
- Workers' Compensation for the statutory limit of the state in which your franchised business is located;
- Employment Practices Liability of ~~\$100,000~~100,000.00 and naming us as Co-Defendant for any wrongful employment claims including third party discrimination and harassment of non-employees including Wage & Hour Defense coverage; and
- ~~Cyber Liability of \$100,000 aggregate for any cyber claim;~~
- ~~Umbrella Liability of \$1,000,000 to cover excess over the Commercial General Liability policy, Automobile Liability and Employer's Liability;~~
- Any other insurance that is required by any Federal, State or local municipality of where your franchised business is located.

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

Rebates

We may receive rebates, payments or other material benefits from suppliers based on franchisee purchases. However, neither we nor our affiliates received any rebates based on purchases by franchisees during the fiscal year ended December 31, 2023. We ~~intend to~~may negotiate ~~relationships~~purchase arrangements with suppliers ~~to enable our franchisees to purchase certain items at discounted prices. If~~

~~we succeed, you will be able to purchase these items at the discounted prices that we negotiate (less any rebates or other consideration paid to us)-~~, including price terms, for the benefit of franchisees but do not currently have any plans in place.

Miscellaneous

Because this is a new franchise offering and, as of the issuance date of this disclosure document, we do not yet have any franchisees, we have not received any revenue on account of franchisee purchases- (directly or from approved suppliers). We reserve the right to receive amounts from approved suppliers due to your purchases. As these arrangements are not yet in place, we are unaware of the basis for payment.

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

ITEM 9. FRANCHISEE’S OBLIGATIONS

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

Obligation	Section in Agreement	Disclosure Document Item
a. Site selection and acquisition/lease	Section 3.2	ITEM 7 & ITEM 11
b. Pre-opening purchases/leases	Sections 4.1, 6, 7.4 & 8 Exhibit K	ITEM 5, ITEM 7 & ITEM 11
c. Site development and other pre-opening requirements	Sections 4, 5, 6, 7.2, 10.1, and 11.1	ITEM 6, ITEM 7 & ITEM 11
d. Initial and ongoing training	Section 5	ITEM 6 & ITEM 11
e. Opening	Sections 10.1	ITEM 11
f. Fees	Sections 4, 15.3 and 16.5	ITEM 5 & ITEM 6
g. Compliance with standards and policies/Operating Manual	Sections 7 and 10	ITEM 11
h. Trademarks and proprietary information	Section 9	ITEM 13 & ITEM 14
i. Restrictions on products/services offered	Sections 3 and 8	ITEM 8 & ITEM 16
j. Warranty and customer service requirements	None	Item 12
k. Territorial development and sales quotas	Section 3.5	Item 12
l. Ongoing product/service purchases	Sections 7 and 8.4	Item 8
m. Maintenance, appearance and remodeling requirements	Sections 7.3, 10.3 and 16.2 Exhibit K	ITEM 11
n. Insurance	Section 11.9	ITEM 6 & ITEM 7

Obligation	Section in Agreement	Disclosure Document Item
o. Advertising	Section 12	ITEM 6, ITEM 7 & ITEM 11
p. Indemnification	Section 13	ITEM 6
q. Owner's participation/management/staffing	Sections 2.3, 11.8 and 13	ITEM 11 & ITEM 15 Error! Reference source not found.
r. Records and reports	Section 14.3	ITEM 6
s. Inspections and audits	Sections 14	ITEM 6 & ITEM 11
t. Transfer	Section 16	ITEM 17
u. Renewal	Section 17	ITEM 17
v. Post-termination obligations	Sections 17 and 18	ITEM 17
w. Non-competition covenants	Section 17	ITEM 17
x. Dispute resolution	Section 22	ITEM 17

**ITEM 10.
FINANCING**

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

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

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

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

1. Approve any warehouse location for your Franchised Business in accordance with our criteria, which include location within your Territory, adequate storage for your inventory, adequate security. We will not select the site or approve the area within which you may select a site; provided, that the site for your warehouse must be within your Territory. We generally do not own the premises for franchisee warehouses. We will approve or disapprove of any proposed site within 5 days after receiving all information that we have reasonably requested from you in order for us to evaluate the site. (Franchise Agreement, Section 3.2, 4.1). If you and we cannot agree upon an approved warehouse, and you do not begin providing Services within 60 days after signing the Franchise Agreement, we may terminate the Franchise Agreement without refunding any fees paid to us or our affiliates. (Franchise Agreement, Section 11.1).

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

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

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

Flow			designed by us
TOTAL	36	0	

The time periods allocated to the subjects listed above are approximations, and the time actually invested by you and your personnel may vary based on the experience and performance of those persons being trained. On-the-job training will occur on an as-needed basis as part of the initial training program. The instructional materials used in the initial training will consist primarily of our Manuals and other handouts, and lectures. You will not be charged an additional fee for any of the training materials.

Our training is conducted by individuals:

Trainer	Years of Experience with Us or Affiliates	Years of Experience in Industry
David Taylor	3 years	6 years

Ongoing Training

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

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

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

Manuals

As of the date of this Disclosure Document, the Manual contains a total of 35 pages. A copy of the Table of Contents to the Manuals is attached to this Disclosure Document as Exhibit “C”.

Site Development

Your business will operate from your home which must be within your Territory and meet applicable zoning requirements. You may need to rent a storage unit for your equipment and supplies. [This may cost up to \\$5,000 in an initial rental deposit and up to an estimated \\$15,000 to rent this space](#)

[for the period of time ending on the third month of operating the Franchised Business. Please see Item 7 for more information.](#)

Computer System

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

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

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

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

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

Websites

We have the right to control all use of URL’s, domain names, websites, addresses, metatags, links, key words, e-mail addresses, social media accounts or platforms, and any other means of electronic identification or origin (“**e-names**”). We also have the right to designate, approve, control or limit all aspects of your use of the Internet, Intranet, World Wide Web, social media, wireless technology, digital cable, use of e-names, e-mail, websites, home pages, bulletin boards, chatrooms, e-mail, linking, framing, on-line purchasing cooperatives, marketplaces, barter exchanges, and related technologies, methods, techniques, registrations, networking, and any electronic communication, commerce, computations, or any means of interactive electronic documents contained in a network of computers or similar devices linked by communications software (collectively, “**e-commerce**”). You must follow all of our policies and procedures for the use and regulation of e-commerce. We may require that you provide graphical, photographic, written or other forms of artistic or literary content to us for use in e-commerce activities associated with the Marks, the Copyrights (as defined in the Franchise Agreement) or the System which we may designate. We may restrict your use of e-commerce to a centralized website, portal or network or other form of e-commerce designated by us operated by us or our designee. You must not create your

own website. We currently will monitor and maintain it as part of the Technology Fee. We may require that you provide information to us via e-commerce. We may require you to coordinate your e-commerce activities with us and other Businesses. We may require you to obtain the services of and pay the then current fees for ISP and ASP services and the like. You recognize and agree that between you and us, we own all rights to all interest in and to any data collected via e-commerce related to the System, the Marks or the Copyrights, including any customer data, click-stream data, cookies, user data, hits and the like: such information is deemed by us to be and constitutes our Confidential Information.

Advertising and Marketing

Our General Advertising Obligations

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

Establishment of System Fund

We have not created the System Fund as of the issue date of this Disclosure Document; however, we may require that you contribute to the System Fund an amount up to 3% of your monthly Gross Sales.

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

Use of the Funds

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

System Fund Limitations

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

Local Advertising

You must spend a minimum of \$100 each month on local marketing, promotion and advertising, not including payments to the System Fund. We may, from time to time, increase or decrease this local advertising and promotion requirement to account for regional difference related to seasonal demand for Products and Services. These regional adjustments may differ among Franchised Businesses. We reserve the right to increase the minimum local advertising and promotion requirement (whether on a regional basis as described in the previous sentence, or across the entire System) by up to 15%, but not more than once per year. You agree that any advertising, promotion and marketing you conduct will (i) be completely clear and factual and not misleading and conform to the highest standards of ethical marketing and the promotion policies which we prescribe from time to time and (ii) conform to such standards and requirements as we may specify to conform to regulatory requirements. Samples of all advertising, promotional and marketing materials which we have not prepared or previously approved must be submitted to us for approval before you use them. If you do not receive written disapproval within 10 days after our receipt of such materials, we will be deemed to have given the required approval. You may not use any advertising or promotional materials that we have disapproved.

Advertising Cooperatives & Councils

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

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

ITEM 12. TERRITORY

Territory

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

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

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

If you fail to meet the minimum acreage requirements ~~described in Item 6~~ of at least 5,000 acres per calendar year, we may terminate the Franchise Agreement.

Open Areas

You may perform (but not market, promote or advertise) Products and Services in any geographic area that we have not awarded or designated to another Franchised Business or reserved for us (“**Open Areas**”) so long as work in such Open Areas does not, in the aggregate, constitute 10% of more of your annual Gross Sales. You acknowledge that we may grant exclusive territorial rights to anyone in any geographic area other than your Territory with no obligation or compensation to you whatsoever. We may do so at any time (without any compensation to you) so that your operations outside of your Territory (e.g., in Open Areas) are at your own risk. If we award or designate any Open Area to any other Franchised Business, or to us, that geographic area will no longer be an Open Area and you must immediately cease conducting any part of your Franchised Business activities in that former Open Area. We will notify you via e-mail if the Open Area is no longer available for you, identifying the Franchisee or specifying whether we are reserving it for us or our affiliates.

Except for the limited sales of Products and Services in Open Areas described above, you may not solicit or accept orders from outside your Territory, nor may you perform or sell Products and Services outside your Territory. You may not use any alternative channels of distribution (such as the Internet, catalog sales, telemarketing, or other direct marketing), to make sales outside of your Territory.

Cross-Territory Policy

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

Reserved Rights

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

- (a) perform, market, promote, sell and provide through affiliate owned businesses or through independent contractors, any Products and Services or similar products or services authorized for Franchised Businesses in any location including in your Territory, but not using the Marks;
- (b) perform, market, promote, sell and provide any Products and Services in your Territory using the Marks ~~for Multi-Market Accounts or~~ in accordance with ~~the Cross-Territory Policy~~any future developed cross-territory policies;
- (c) perform, market, promote, distribute and sell through alternative wholesale and retail channels, including the internet and e-commerce platforms, products for others to use to perform services the same or similar to Products and Services for themselves or others, whether or not using the Marks anywhere, including within your Territory (provided that this paragraph (c) does not give us the right to operate or license another Franchised Business the warehouse in which is in your Territory);

affiliate's right to the Marks. We will indemnify you against and reimburse you for all damages for which you are held liable to third parties in any proceeding arising out of your authorized use of any Mark and in compliance with your franchise agreement, resulting from claims by third parties that your use of the Marks infringes their trademark, and for all costs you reasonably incur in the defense of any such claim in which you are named as a party, so long as you have timely notified us of the claim and have otherwise complied with the terms of your franchise agreement.

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

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

ITEM 14. PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

Patents

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

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

You must immediately notify us of any apparent infringement or challenge to your use of any patent, or claim by any person of any rights to the patents, and you must not communicate with any person other than us and our legal counsel in connection with any infringement, challenge or claim. We have sole discretion to take any action we deem appropriate and will have the right to control exclusively any litigation or USPTO or other administrative proceeding arising out of any infringement, challenge or claim or otherwise relating to the patents. You must execute any documents, provide assistance, and take such action as, in the opinion of our counsel, may be necessary or advisable to protect our interest in any litigation or USPTO or other proceeding or otherwise to protect our interest in the patents. At our sole discretion, we will be entitled to prosecute, defend or settle any proceeding arising out of your use the patents, and, if we decide to prosecute, defend or settle any such matter, we will have no obligation to indemnify or reimburse you for any fees or disbursements of any counsel retained by you.

We are not obligated to protect your rights to use the patents or to protect you against claims of infringement or unfair competition, although we intend to do so when it is in the best interests of the

SWEETWATERS TECHNOLOGIES® System, as determined by us. We are not obligated to participate in your defense and/or indemnify you for expenses or damages if you are a party to an administrative or judicial proceeding involving the patents if the proceeding is resolved unfavorable to you.

Copyrights

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

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

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

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

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

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

ITEM 19.
FINANCIAL PERFORMANCE REPRESENTATIONS

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

This Item 19 discloses the historical financial information for our certain of the drone application services and products (the “**Gripp CFC Services**”) offered by Gripp CFC (the “**Gripp CFC Business**”) over the period of operation from January 1, 2023, through December 31, 2023 (the “**Measurement Period**”). This data is based on the only corporate-owned business in the System. We have not excluded any businesses because we do not have any Franchised Businesses. The Gripp CFC Services are substantially similar to the Services being offered under this disclosure document in terms of computer software and product & service offerings. The Gripp CFC Business differ from the Franchised Business because it is not subject to territorial restrictions and employs more interns (serviced 90,000 acres with Gripp CFC Services last year), does not pay the same fees to us (including royalty fees and advertising fees), owns the equipment that the affiliate will lease to franchisees, completes its own bookkeeping services and offers complementary services other than the Gripp CFC Services.

Part I of this Item presents certain profit information for the Measurement Period for products sold by Gripp CFC. We received this information from Gripp CFC and we have not audited this information or independently verified this information.

PART I: CERTAIN GROSS MARGIN INFORMATION

Products ¹	Units ²	Avg Retail Price per Unit ³	Avg Cost per Unit ⁴	<u>Avg Gross Margin per Unit⁵</u>	Recommended Use Rate ⁶	Units RR ⁷	<u>Average Avg retail/acre⁸</u>	Avg Cost/acre ⁹	<u>Avg Gross Margin/acre¹⁰</u>
2, 4-D LV-4 (Bulk Gal)	Gal	\$28.23	\$19.08	\$9.16	24 oz		\$5.29	\$ 3.58	\$ 1.72
Salvan (W) (Bulk Gal) <250 Gal Tote>	Gal	\$41.07	\$34.86	\$6.21	16 oz		\$5.13	\$ 4.36	\$ 0.78
AgSaver Glyphosate 53.8% (Bulk Gal) <265 Gal Tote>	Gal	\$57.60	\$25.03	\$32.57	32 oz		\$14.40	\$ 6.26	\$ 8.14
AgSaver Glyphosate 53.8% (W) (Bulk Gal) <265 gal Tote>	Gal	\$26.65	\$14.45	\$12.20	32 oz		\$6.66	\$ 3.61	\$ 3.05
Aquadraft Premium (W)	Gal	\$20.00	\$11.00	\$9.00	16 oz		\$2.50	\$ 1.38	\$ 1.13

Complete (Gal) <2x2.5>									
Brandt Enzup K DS (W) (#)	Pounds	\$7.00	\$4.50	\$2.50	0.5	POUNDS	\$3.50	\$2.25	\$ 1.25
Novus K 20-0-6 (Bulk Gal)	Gal	\$10.32	\$6.20	\$4.12	64		\$5.16	\$3.10	\$ 2.06
Drone Application	Acre	\$14.21	\$ -	\$14.21	1		\$14.21	\$ -	\$ 14.21

Notes to Part II:

1. Products is the list of products used by Gripp CFC during the 2023 Measurement Period.
2. Units is the unit of measurement at which a product was sold by Gripp CFC during the 2023 Measurement Period.
3. Average Retail Price per Unit means the average price per product that was sold by Gripp CFC during the 2023 Measurement Period.
4. Average Cost per Unit means the average cost per product that was purchased by Gripp CFC during the 2023 Measurement Period.
5. Average Gross Margin per Unit means the Average Retail Price per Unit less the Average Cost per Unit as incurred by Gripp CFC during the 2023 Measurement Period.
6. Recommended Use Rate is the recommended rate of usage per acre.
7. Units RR is the recommended unit of measurement for rate of usage per acre.
8. Average Retail/Acre is determined by dividing the Average Retail Price per Unit by 128 (the number of ounces in a gallon) and multiplying it by the rate of usage.
9. Average Cost/Acre is determined by dividing the Average Cost per Unit by 128 (the number of ounces in a gallon) and multiplying it by the rate of usage.
10. Gross Margin/Acre is determined by dividing the Average Gross Margin per Unit by 128 (the number of ounces in a gallon) and multiplying it by the rate of usage.

Notes Regarding Item 19 Generally

1. The analysis above in this Item does not contain complete information concerning the operating costs and expenses that you will incur in operating your [Restaurant Franchised Business](#). Operating costs and expenses may vary substantially from business to business. We suggest strongly that you consult your financial advisor or personal accountant concerning financial projections and federal, state and local income taxes and any other applicable taxes that you may incur in operating a [Restaurant Franchised Business](#).
2. Written substantiation of the data used in preparing this information will be made available to the prospective franchisee upon reasonable request.

STATE	STATE REGULATORY AGENCY	AGENT TO RECEIVE PROCESS IN STATE, IF DIFFERENT THAN THE STATE REGULATORY AGENCY
South Dakota	Division of Insurance Securities Regulation 124 S. Euclid, Suite 104 Pierre, SD 57501 (605) 773-3563	
Virginia	State Corporation Commission 1300 East Main Street 9th Floor Richmond, VA 23219 (804) 371-9051	Clerk State Corporation Commission 1300 East Main Street, 1st Floor Richmond, VA 23219
Washington	Department of Financial Institutions Securities Division P.O. Box 9033 41200 Olympia, WA 98507-9033 98504-1200 (360) 902-8760	Department of Financial Institutions 150 Israel Road SW Tumwater, WA 98501
Wisconsin	Division of Securities Department of Financial Institutions Post Office Box 1768 Madison, Wisconsin 53701 (608) 266-2801	

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

Sweetwater Technologies Franchise, LLC

January 31, 2024

**Sweetwater Technologies Franchise, LLC
Table of Contents**

	PAGE <u>NO.</u>
Independent Auditor's Report	1-2
Balance Sheet	3
Notes to Balance Sheet	4-5



BOTSCH AND ASSOCIATES, CPA'S, LLC

—AND—

H. KEITH BOTSCH, CPA
ARLYNNE STROMAN, CPA

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

February 5, 2024

Independent Auditor's Report

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

Opinion

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

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

Basis for Opinion

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

Emphasis of Matter

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

Responsibilities of Management for the Financial Statement

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

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

Auditor's Responsibilities for the Audit of the Financial Statement

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

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

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

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

Botsch & Associates, CPA's, LLC

113 E Main St.
Carmi, IL 62821

Sweetwater Technologies Franchise, LLC
Balance Sheet
January 31, 2024

ASSETS

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

LIABILITIES AND MEMBERS' EQUITY

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

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

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

Nature and Scope of Business

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

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

Summary of Significant Accounting Policies

Basis of Presentation

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

Use of Estimates

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

Related Parties

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

Franchising and Revenue Recognition

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

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

Summary of Significant Accounting Policies (Cont'd)

Franchising and Development Fee Revenue

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

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

Income Taxes

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

Risks and Uncertainties

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

Subsequent Events

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

CALIFORNIA ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

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

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

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

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

Section 31512.1 Franchise Agreement Provisions Void as Contrary to Public Policy

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

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

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

The Department has determined that we, the franchisor, have not demonstrated we are adequately capitalized and/or that we must rely on franchise fees to fund our operations. The Commissioner has imposed a fee deferral condition, which requires that we defer the collection of all initial fees from California franchisees until we have completed all of our pre-opening obligations and you are open for business. For California franchisees who sign a development agreement, the payment of the development and initial fees attributable to a specific unit in your development schedule is deferred until that unit is open. The California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination, transfer or non-renewal of a franchise. If the franchise agreement contains a provision that is inconsistent with the law, the law will control.

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

You must sign a general release if you renew or transfer your franchise. California Corporations Code 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code 31000 through 31516). Business and Professions Code 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code 20000 through 20043).

ILLINOIS ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

~~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.~~

Illinois law governs the Franchise Agreement.

Item 5 is revised to add: Payment of the initial franchise fee shall be deferred until Franchisor has satisfied its pre-opening obligations to Franchisee and Franchisee has commenced doing business. The Illinois Attorney General's office imposed this deferral requirement due to Franchisor's financial condition.

~~For franchises and Franchisees subject to~~In conformance with Section 4 of the Illinois Franchise Disclosure Act of 1987 and the Illinois General Rules and Regulations under the Franchise Disclosure Act, the following information supersedes or supplements, as the case may be, the corresponding disclosures in the main body of the text of the Franchise Disclosure Document., 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.

~~Item 17 shall be supplemented to include the following disclosure:~~

Your rights upon Termination and Non-Renewal of an agreement are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

~~The conditions under which your franchise can be terminated and your rights upon nonrenewal may be affected by Illinois law, 815 ILCS 705/19 and 705/20.~~

~~The Franchise Agreement provides that the law of a forum outside of Illinois applies. However, the foregoing choice of law clause should not be considered a waiver of any right conferred upon you by the provisions of the Illinois Franchise Disclosure Act of 1987 and the Rules and Regulations under the Act with respect to the offer and sale of a franchise and the franchise relationship. Where required under Illinois law, the laws of the State of Illinois will govern.~~

~~Any provision which designates jurisdiction or venue or requires Franchisee/developer to agree to jurisdiction or venue in a forum outside of Illinois is void with respect to any cause of action which is otherwise enforceable in Illinois, except mediation may take place outside the State of Illinois.~~

In conformance with ~~Section~~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.

~~Illinois law requires that the Franchisor give you a copy of the Disclosure Document as registered with the Attorney General together with a copy of all proposed agreements relating to the sale of the franchise before the earlier of:~~
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.

~~1. 14 days before our execution of a binding Franchise Agreement or other agreement, and~~

~~2. 14 days before the Franchisor receives any payment from you.~~

You must provide services to at least 5,000 acres per calendar year. We may terminate the Franchise Agreement if you fail to meet these minimum performance requirements.

ILLINOIS ADDENDUM TO FRANCHISE AGREEMENT

The Franchise Agreement between Sweetwater Technologies Franchise, LLC (“Franchisor”) and _____ (“Franchisee”) dated _____ (the “Agreement”) shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the “State Addendum”):

ILLINOIS LAW MODIFICATION

1. Illinois law governs the Franchise Agreement.

~~2.~~ No statement, questionnaire or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of: (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on behalf of the Franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

3. Section 4 of the Franchise Agreement is revised to add: Payment of the initial franchise fee shall be deferred until Franchisor has Satisfied its pre-opening obligations to Franchisee and Franchisee has commenced doing business. The Illinois Attorney general’s office imposed this deferral requirement due to Franchisor’s financial condition.

4. You must provide services to at least 5,000 acres per calendar year. The Franchisor may terminate the Franchise Agreement if you fail to meet these minimum performance requirements.

~~2. Illinois law governs the Franchise Agreement.~~

~~35.~~ 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.

46. Franchisee’s rights upon termination and non-renewal are set forth in Sections 19 and 20 of the Illinois Franchise Disclosure Act.

~~57.~~ In conformance with Section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

8. Franchisee is reminded of its obligation to provide services to at least 5,000 acres per calendar year. Franchisor may terminate the Franchise Agreement if Franchisee fails to meet these minimum performance requirements.

69. Each provision of this State Addendum shall be effective only to the extent that the jurisdictional requirements of Illinois Franchise Disclosure Act, with respect to each such provision are met independent of this State Addendum. This State Addendum shall have no force or effect if such jurisdictional requirements are not met.

[Signature Page Follows]

MINNESOTA ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT AND FRANCHISE AGREEMENT

For franchises and franchisees/developers subject to the Minnesota Franchise Act, the following information supersedes or supplements, as the case may be, the corresponding disclosures in the main body of the text of the Franchise Disclosure Document.

Items 5 & 7 and Franchise Agreement

Payment of the initial franchise fee shall be deferred until Franchisee has commenced doing business. The Minnesota Department of Commerce's office imposed this deferral requirement due to Franchisor's financial condition.

Item 13 and Franchise Agreement

We will protect your right to use the trademarks, service marks, trade names, logotypes or other commercial symbols or will indemnify you from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the marks to the extent required by Minnesota law.

Item 17 and Franchise Agreement

Minnesota law provides franchisee with certain termination and nonrenewal rights. As of the date of this Disclosure Document, Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5 require, except in certain specified cases, that a franchisee/developer be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for nonrenewal of the Franchise Agreement.

Minn. Stat. Sec. 80C.21 provides that any condition, stipulation or provision, including any choice of law provision, purporting to bind any person who, at the time of acquiring a franchise is a resident of Minnesota or, in the case of a partnership or corporation, organized or incorporated under the laws of Minnesota, or purporting to bind a person acquiring any franchise to be operated in Minnesota to waive compliance or which has the effect of waiving compliance with any provision of §§ 80C.01 to 80C.22 of the Minnesota Franchises Act, or any rule or order thereunder, is void.

Minn. Stat. § 80C.21 and Minn. Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the Disclosure Document or Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum or remedies provided for by the laws of the jurisdiction.

To the extent you are required to execute a general release in favor of us, such release shall exclude liabilities arising under the Minnesota Franchises Act, Minn. Stat. §80C.01 *et seq.* as provided by Minn. Rule 2860.4400J.

Franchisee:

By _____

Its _____

NORTH DAKOTA ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

The North Dakota Securities Commissioner has held the following to be unfair, unjust, or inequitable to North Dakota franchisees (Section 51-19-09, N.D.C.C.):

1. Restrictive Covenants: Franchise Disclosure Documents which disclose the existence of covenants restricting competition contrary to Section 9-08-06, N.D.C.C., without further disclosing that such covenants will be subject to this statute.
2. Situs of Arbitration Proceedings: Franchise agreements providing that the parties must agree to arbitrate disputes at a location that is remote from the site of the franchisee's business.
3. Restriction on Forum: Requiring North Dakota franchisees to consent to the jurisdiction of courts outside of North Dakota.
4. Deferral of Initial Fees: The payment of all initial fees to us is deferred until we have satisfied all of our pre-opening obligations to you and you have commenced doing business pursuant to the franchise agreement.
5. ~~4-~~Liquidated Damages and Termination Penalties: Requiring North Dakota franchisees to consent to liquidated damages or termination penalties.
6. ~~5-~~Applicable Laws: Franchise agreements which specify that any claims arising under the North Dakota franchise law will be governed by the laws of a state other than North Dakota.
7. ~~6-~~Waiver of Trial by Jury: Requiring North Dakota franchisees to consent to the waiver of a trial by jury.
8. ~~7-~~Waiver of Exemplary and Punitive Damages: Requiring North Dakota franchisees to consent to a waiver of exemplary and punitive damages.
9. ~~8-~~General Release: Requiring North Dakota franchisees to execute a general release of claims as a condition of renewal or transfer of a franchise.
10. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

ADDENDUM TO
FRANCHISE AGREEMENT
FOR THE STATE OF NORTH DAKOTA

The Franchise Agreement between Sweetwater Technologies Franchise, LLC (“Franchisor”) and _____ (“Franchisee”) dated _____ (the “Agreement”) shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the “State Addendum”):

NORTH DAKOTA LAW MODIFICATION

1. ~~1.~~ Franchise Fee. Initial franchise fees and/or development fees are deferred until the Franchisor has performed all initial obligations owed the Franchisee and the Franchisee has commenced doing business. This financial assurance requirement is imposed by the North Dakota Securities Department based on our financial condition.

2. ~~1.~~ The North Dakota Securities Commissioner requires that certain provisions contained in franchise documents be amended to be consistent with North Dakota law, including the North Dakota Franchise Investment Law, North Dakota Century Code Annotated Chapter 51-19, Sections 51-19-01 to 51-19-17 (1995). To the extent that the Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

3. ~~2.~~ If the Franchisee is required in the Agreement to execute a release of claims or to acknowledge facts that would negate or remove from judicial review any statement, misrepresentation or action that would violate the Law, or a rule or order under the Law, such release shall exclude claims arising under the North Dakota Franchise Investment Law, and such acknowledgments shall be void with respect to claims under the Law.

4. ~~3.~~ Covenants not to compete during the term of and upon termination or expiration of the Agreement are enforceable only under certain conditions according to North Dakota Law. If the Agreement contains a covenant not to compete which is inconsistent with North Dakota Law, the covenant may be unenforceable.

5. ~~4.~~ If the Agreement requires litigation to be conducted in a forum other than the State of North Dakota, the requirement is void with respect to claims under the North Dakota Franchise Investment Law.

6. ~~5.~~ If the Agreement requires that it be governed by the law of a state other than the State of North Dakota, to the extent that such law conflicts with North Dakota Law, North Dakota Law will control.

7. ~~6.~~ If the Agreement requires mediation or arbitration to be conducted in a forum other than the State of North Dakota, the requirement may be unenforceable under the North Dakota Franchise Investment Law. Arbitration involving a franchise purchased in the State of North Dakota must be held either in a location mutually agreed upon prior to the arbitration or if the parties cannot agree on a location, the location will be determined by the arbitrator.

8. ~~7.~~ If the Agreement requires payment of a termination penalty, the requirement may be unenforceable under the North Dakota Franchise Investment Law.

9. ~~8.~~ Any provision that provides that the parties waive their right to a jury trial may not be enforceable under North Dakota law.

10. ~~9.~~ Any provision that provides that Franchisee consent to a waiver of punitive and exemplary damages may not be enforceable under North Dakota law.

11. ~~10.~~ Any provision that requires Franchisee to consent to a claims period that differs from the applicable statute of limitations period under North Dakota law may not be enforceable under North Dakota law.

12. ~~11.~~ Each provision of this State Addendum shall be effective only to the extent that the jurisdictional requirements of North Dakota Franchise Investment Law, with respect to each such provision are met independent of this State Addendum. This State Addendum shall have no force or effect if such jurisdictional requirements are not met.

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

IN WITNESS WHEREOF, the Franchisee on behalf of itself and its owners, acknowledges that it has read and understands the contents of this State Addendum, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this State Addendum and be bound thereby. The parties have duly executed and delivered this State Addendum to the Agreement on the date first set forth above.

Sweetwater Technologies Franchise, LLC,
an Illinois limited liability company

FRANCHISEE:

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

Date: _____

Date: _____

SOUTH DAKOTA ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

The following information applies to Franchised Businesses and franchisees subject to South Dakota statutes and regulations.

Item 5.

Payment of all initial franchise fees due to the franchisor or its affiliates is deferred until such time as the Franchised Business has opened for business.

SOUTH DAKOTA ADDENDUM TO FRANCHISE AGREEMENT

The Franchise Agreement between Sweetwater Technologies Franchise, LLC (“Franchisor”) and _____ (“Franchisee”) dated _____ (the “Agreement”) shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the “State Addendum”):

1. Precedence and Defined Terms. This Addendum is incorporated into the Agreement and supersedes any inconsistent or conflicting provisions of the Agreement. Terms not otherwise defined in this Rider have the meanings as defined in the Agreement.

2. Initial Fees. The following is added to Section 4 of the Agreement:

All initial franchise fees due Franchisor are deferred until Franchised Business is open for business.

IN WITNESS WHEREOF, the Franchisee on behalf of itself and its owners, acknowledges that it has read and understands the contents of this State Addendum, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this State Addendum and be bound thereby. The parties have duly executed and delivered this State Addendum to the Agreement on the date first set forth above.

Sweetwater Technologies Franchise, LLC,
an Illinois limited liability company

FRANCHISEE:

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

Date: _____

Date: _____

State Effective Dates

The following states have franchise laws that require the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

State	Effective Date
California	Pending
Hawaii	Pending March 19, 2024
Illinois	Pending April 2, 2024
Indiana	February 12, 2024, as amended
Maryland	Pending
Michigan	February 15, 2024
Minnesota	Pending
New York	Pending March 12, 2024
North Dakota	Pending March 26, 2023
Rhode Island	February 15, 2024
South Dakota	Pending March 1, 2024
Virginia	Pending
Washington	Pending
Wisconsin	February 9 2024, as amended

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

EXHIBIT O TO THE DISCLOSURE DOCUMENT

RECEIPTS

RECEIPT

This disclosure document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If **SWEETWATER TECHNOLOGIES FRANCHISE, LLC** offers you a franchise, we must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. New York and Rhode Island require that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of any binding franchise or other agreement, or payment of any consideration that relates to the franchise relationship. Michigan requires that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement, or payment of any consideration, whichever occurs first.

If **SWEETWATER TECHNOLOGIES FRANCHISE, LLC** does not deliver this disclosure document on time, or if it contains a false or misleading statement or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580, and the appropriate state agency listed in Exhibit "D" to this disclosure document.

The franchisor is Sweetwater Technologies Franchise, LLC, located at 401 West Main Street, Wyanet, Illinois 61379 and telephone number (574) 933-4285.

We authorize the respective state agencies identified on Exhibit "D" to receive service of process for us if we are registered in the particular state.

Issuance Date: February 7, 2024

The name, principal business address, and telephone number of the franchise sellers offering the franchise are:

Name	Principal Business Address	Telephone Number
Michelle Dykstra, Chad Gripp, Hannah Gripp, TeNeille Gripp, David Taylor	401 West Main Street, Wyanet, IL 61379	(574) 933-4285

I have received the SWEETWATERS TECHNOLOGIES® Franchise Disclosure Document dated February 7, 2024, that included the following Exhibits:

Exhibit "A"	Franchise Agreement
Exhibit "B"	Financial Statements
Exhibit "C"	Table of Contents of Manual
Exhibit "D"	List of State Agencies/Agents for Service of Process
Exhibit "E"	State Specific Addenda and Riders
Exhibit "F"	General Release
Exhibit "G"	Principal Owner's Statement
Exhibit "H"	Principal Owner's Guaranty
Exhibit "I"	EFT Form
Exhibit "J"	Confidentiality, Nonsolicitation and Noncompetition Agreement
Exhibit "K"	Equipment Lease
Exhibit "L"	List of Franchisees
Exhibit "M"	List of Franchisees Who Have Left the System
Exhibit "N"	State Effective Dates
Exhibit "O"	Receipts

Print Name

Date

(Signature) Prospective Franchise Owner

RECEIPT

This disclosure document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If **SWEETWATER TECHNOLOGIES FRANCHISE, LLC** offers you a franchise, we must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. New York and Rhode Island require that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of any binding franchise or other agreement, or payment of any consideration that relates to the franchise relationship. Michigan requires that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement, or payment of any consideration, whichever occurs first.

If **SWEETWATER TECHNOLOGIES FRANCHISE, LLC** does not deliver this disclosure document on time, or if it contains a false or misleading statement or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580, and the appropriate state agency listed in Exhibit “D” to this disclosure document.

The franchisor is Sweetwater Technologies Franchise, LLC, located at 401 West Main Street, Wyanet, Illinois 61379 and telephone number (574) 933-4285.

We authorize the respective state agencies identified on Exhibit “D” to receive service of process for us if we are registered in the particular state.

Issuance Date: February 7, 2024

The name, principal business address, and telephone number of the franchise sellers offering the franchise are:

Name	Principal Business Address	Telephone Number
Michelle Dykstra, Chad Gripp, Hannah Gripp, TeNeille Gripp, David Taylor	401 West Main Street, Wyanet, IL 61379	(574) 933-4285

I have received the SWEETWATERS TECHNOLOGIES® Franchise Disclosure Document dated February 7, 2024, that included the following Exhibits:

- Exhibit “A” Franchise Agreement
- Exhibit “B” Financial Statements
- Exhibit “C” Table of Contents of Manual
- Exhibit “D” List of State Agencies/Agents for Service of Process
- Exhibit “E” State Specific Addenda and Riders
- Exhibit “F” General Release
- Exhibit “G” Principal Owner’s Statement
- Exhibit “H” Principal Owner’s Guaranty
- Exhibit “I” EFT Form
- Exhibit “J” Confidentiality, Nonsolicitation and Noncompetition Agreement
- Exhibit “K” Equipment Lease
- Exhibit “L” List of Franchisees
- Exhibit “M” List of Franchisees Who Have Left the System
- Exhibit “N” State Effective Dates
- Exhibit “O” Receipts

Date _____

Print Name

(Signature) Prospective Franchise Owner

(Our Copy – Return this Copy to Us):