FRANCHISE DISCLOSURE DOCUMENT

Swig Franchising, LLC
a Utah Limited Liability Company
9350 S. 150 E., Suite 220
Sandy, UT 84070
(801) 477-5460
franchise@swigdrinks.com
http://www.swigdrinks.com

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

The total investment necessary to begin operation of a Swig® franchised business is $608,400 to $1,718,000. This includes the $63,500 to $66,500 that must be paid to the franchisor or its affiliates.

The total investment necessary to begin operation of a Swig® area development franchised business (5-unit minimum) is $766,400 to $1,876,000. This includes the $221,500 to $224,500 that must be paid to the franchisor or its affiliates.

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

You may wish to receive your disclosure document in another format that is more convenient to you. To discuss the availability of disclosures in different formats, contact Shannon Swenson at franchise@swigdrinks.com, 9350 S. 150 E., Suite 220, Sandy, UT 84070, or (801) 477-5460.

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

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

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

Issuance Date: May 7, 2025, as amended October 16, 2025

How to Use This Franchise Disclosure Document

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

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

What You Need to Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

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

Special Risks to Consider About *This* Franchise

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

1. **<u>Out-of-State Dispute Resolution</u>.** The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in Utah. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in Utah than in your own state.

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

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E. List of State Agencies Responsible for Franchise Disclosure and Registration Laws
F. Table of Contents for Training/Operations Manual
G. Area Development Agreement
H. Release Agreement (FORM)
I. Signing Checklist
J. State Specific Addenda (if any)

RECEIPTS

FRANCHISE DISCLOSURE DOCUMENT

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

The Franchisor

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

Our limited liability company was organized on August 24, 2022, in the state of Utah under the name Swig Franchising, LLC. Our principal place of business is 9350 S. 150 E., Suite 220, Sandy, UT 84070. Our agents for service of process in various states are disclosed in Exhibit "D."

Franchisor's Business Activities

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

Parent

Our parent, Swig Stores, LLC, was organized on October 07, 2016, in the state of Utah. Its principal place of business is 9350 S. 150 E., Suite 220, Sandy, UT 84070. Swig Stores, LLC operates Swig® businesses similar to the one you will operate. It has operated these locations since 2016. As of the end of 2024, it was operating 76 traditional Swig® businesses.

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

Franchise Offered

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

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

Area Development

You may also enter into an area development agreement with us for the development of a certain number of franchise units within a specific geographic area and with specified time period (see Exhibit "G"). If you enter into an area development agreement, you are required to develop at least 5 units. As you develop each unit, you will be required to sign our then-current franchise agreement. Unless specifically stated otherwise, the disclosures for a multi-unit are the same as for a single unit.

General Description of Market and Competition

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

Laws and Regulations

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

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

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

ITEM 2
BUSINESS EXPERIENCE

Chase Wardrop – Manager

Chase Wardrop is our Manager. He has held this position since August 2022. Chase was our President from August 2022 to May 2025 in Lehi, Utah and from May 2025 to September 2025, in Sandy, Utah. Chase has also been the Chief Operating Officer of Swig Stores, LLC from November 2016 to May 2025, in Lehi, Utah, and from May 2025 to present, in Sandy, Utah.

Todd Smith – President

Todd Smith is our President and President of Swig Stores, LLC. He has held these positions since September 2025. Todd was Chief Commercial Officer of Swig Stores, LLC from November 2024 to May 2025 in Lehi, Utah and from May 2025 to September 2025 in Sandy, Utah. Todd was Chief Concept Officer of Café Rio Mexican Grill in Salt Lake City, Utah from March 2017 to October 2024.

Shannon Swenson – Senior Vice President

Shannon Swenson is our Senior Vice President. She has held this position since September 2025. Shannon has also been Chief of Franchise Partnerships for Swig Stores, LLC in Sandy, Utah, from September 2025 to present. Shannon was Vice President of Franchise Development of DHC Franchising, LLC from September 2019 to January 2025 and Senior Vice President of Franchise Development of DHC Franchising, LLC from January 2025 to September 2025, in Pasadena, California.

Dylan Roeder – Chief Marketing Officer

Dylan Roeder is Chief Marketing Officer of Swig Stores, LLC in Sandy, Utah. He has held this position since July 2023. Dylan was Vice President of Marketing of Swig Stores, LLC in Lehi, Utah from November 2017 to July 2023.

ITEM 3
LITIGATION

No litigation is required to be disclosed in this Item.

ITEM 4
BANKRUPTCY

No bankruptcy is required to be disclosed in this Item.

ITEM 5
INITIAL FEES

Initial Franchise Fee

The initial franchise fee under a Swig® franchise agreement is $39,500. The initial franchise fee is payable in a lump sum upon signing the franchise agreement.

Required Purchases from the Franchisor or an Affiliate

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

Initial Training

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

Site Development Fee

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

Opening Assistance

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

Area Development Agreement

If you enter into an area development agreement you must commit to develop at least 5 units. The development fee for each unit to be developed is $39,500. You must pay $39,500 for the first unit, plus half of the initial development fee for the additional units purchased. This is due in full at the time of signing the area development agreement. The remaining amount of the development fee must be paid at the time you sign the franchise agreement for the applicable franchise unit as developed. For example, if you enter into an area development agreement to open 10 units, you will pay a total development fee of $395,000. The upfront deposit will be $217,250 ($39,500 for the first unit, plus $19,750 per unit for each of the additional 9 units purchased), with the remaining $177,750 paid in installments of $19,750 per unit payable upon signing each franchise agreement, as developed.

Grand Opening Marketing Fee

We will run a grand opening marketing social media ad campaign in your territory using primarily social media ads. The grand opening marketing fee is $10,000. This fee is due to us on the opening date of your franchise unit.

Uniformity and Refunds

The costs and fees described above in this Item are uniform and are non-refundable for all franchisees. However, in 2024, we provided discounts to area developers depending on the number of franchises purchased. The range of the initial fees charged was between $30,000 and $39,000 per franchise purchased with the greater discount provided to those developers who committed to develop at least 5 units. Additionally, some developers paid the initial franchise fees over a period of 2 years with 40% of the initial franchise fees due upon signing the area development agreement, and 2 additional payments of 30% each, the first being due one year after the effective date of the area development agreement, and the second being due two years after the effective date of the area development agreement.

ITEM 6
OTHER FEES

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS
Successor Franchise Fee[1]	50% of the then-current franchise fee	Prior to your entering into a successor franchise agreement	A successor franchise agreement is available to you only if you meet each of the requirements described in the franchise agreement at the time your election to enter into a successor agreement must be made.
Relocation Fee	$35,000	Upon relocation	Payable if you elect to receive our assistance in securing a new location.
Royalty[1]	7% of Gross Sales	Payable monthly, weekly, or daily, as determined by us	Gross Sales include all revenue from the franchise business but do not include sales tax, bona fide credits and or returns, or tips paid to employees. It also does not include revenue from the sale of gift cards, as the sales of gift cards will be pooled through us or an affiliate. However, Gross Sales does include sales of products and services to customers that use gift cards for payment. We require royalties to be paid in accordance with our electronic funds transfer or automatic withdrawal program as developed.

Marketing Fund Fee[1,3]	3% of Gross Sales	Same as royalties	See Note 3 below.
Late Charges[1,6]	$25 per day (up to a maximum of 2x the total amount owing per instance per late payment and up to $500 per late report)	Payable with royalty or on demand	Charges begin to accrue after the due date of any required payment or report.
Non-Sufficient Fund Fees[1,6]	$50 per bounced check or insufficient or disputed draft	Payable with royalty or on demand	If this fee is higher than what is allowed under state law, the fee will be reduced to the maximum allowed by state law (see state specific addendum).
Interest on Late Fees and Reports[1]	1.5% interest per month or maximum rate permitted by state law, whichever is less	Payable with royalty or on demand	Interest begins to accrue on the total amount (fee plus any late charge) after the due date of any required payment or report.
Sales or Use Tax[1]	Sum equal to tax imposed	Upon demand	If a sales, use, or value added tax is assessed on fees you pay to us, you must also pay us the applicable tax when invoiced.
Audit Charge[1]	Cost of audit	On billing	Payable only if an audit shows an understatement of 2% or more of Gross Sales for the period audited, or records are unorganized or unavailable.
System Non-Compliance Fines [1,2,4,6]	$250 for the first violation; $500 for the second violation; and $750 for the third and subsequent violations	As incurred	See Note 4.
Technology Fee[1]	Currently, $400 per month	Monthly	This fee will be updated periodically in our manuals to account for new technologies and increased costs.

New Operating Principal or New Manager Training[1,6]	$2,500	In advance of training	Any new operating principal must complete the initial training program before taking over as operating principal. Managers may be trained by your operating principal, but we can also require your managers to be trained by us if we believe such training would be in the best interest of your franchise. You must pay all associated travel, food, and lodging associated with such training.
Additional In-Person Training[1,6]	$300 per day, per person	Upon billing	We may require, or depending on advanced notice and our availability, you may request, additional in-person training. In such case, you will also be required to pay all the travel, lodging, food, and other expenses of your attendees or our representatives during this additional training. We reserve the right to limit additional in-person training.
Rescheduling Fee[6]	$1,500	As incurred, prior to training	If you postpone or reschedule a training within 15 days of the scheduled date, or if you fail to complete certain requirements prior to a training
Insurance Reimbursement Fee[1,6]	Reimbursement of premium amount, plus an administration fee of $50 per hour	Upon demand	You are required to hold and maintain your own insurance, but if you fail to do so, we have the right to obtain insurance on your behalf.
PCI and DSS Audit Reimbursement Fee[1]	Cost of the audit	Upon demand	You must reimburse us all costs related to an audit for your non-compliance with PCI and DSS requirements.
Conference or Seminar Fee[1,6]	Currently, $250 to $1,000 per person	At time of registering for the conference or seminar	You will also be required to pay all travel, lodging, food, and other expenses for each of your attendees. Your operating principal must attend annual conferences, if held by us.
Online Ordering and Delivery	Currently, 15% of the order price	As incurred	These fees will generally be deducted from the order price by the third party provider's platform.

Interim Management Fee[1]	15% of Gross Sales	Time of service	Payable if we elect to operate your business after you have been given a notice of default and failed to cure. You must also pay all travel, lodging, food and other expenses for our representative(s) and other expenses that may be incurred by us to perform such services, plus royalties, advertising fees and other applicable fees. The interim management period will not last more than 6 months unless otherwise agreed between us.
Supplier Evaluation Fee[1]	Our costs and expenses of testing and evaluation	Within 10 days of notice from us	Payable if you want to have unapproved suppliers evaluated for our approval
Additional Copies of Marketing Materials[1]	Our costs, plus 10%, and the costs for shipping and handling	Time of delivery	We may develop and provide you samples of marketing and promotional materials.
Fees on Default[1,2]	Our costs associated with your default	On demand, as incurred	Paid in addition to other payments to us.
Post-Termination Fees[1]	Actual costs	As incurred	You will be responsible to pay us any post-termination expenses, including attorney's fees and costs to enforce your post-term obligations.
Franchise Agreement Transfer Fee[1]	$20,000	At time of approved transfer	Payable when you sell or transfer your franchise and prior to our signing any approval or new agreement. This is in addition to any other transfer fee due under any other active franchise agreement or area development agreement in connection with the sale or transfer.
Transfer for Convenience Fee[1]	Our costs related to the transfer	On demand	This fee applies to an individual franchisee(s)'s transfer to a business entity that is 100% owned by such individual franchisee(s). Subject to state law.
Transferee Training Fee[6]	$10,000	At time of approved transfer	The transferee must pay this initial training fee to have us train the transferee.

Area Development Agreement Transfer Fees[1]	$10,000	At time of approved transfer	Payable when you sell or transfer your area development agreement and prior to our signing any approval or new agreement with the transferee. This amount is in addition to any transfer fee due under each active franchise agreement in connection with the transfer.
Indemnification[1,2]	Our damages and costs	As incurred or on demand	
Non-Compete Violations[1,5,6]	$1,000 per day for each competing business	Upon demand	See Note 6 below.
Dispute Resolution Fees[1]	Our legal fees and costs if we prevail	As incurred or on demand	You are required to pay half of the mediation or arbitration fees. Additionally, the prevailing party will be entitled to reimbursement of its legal fees and expenses.

NOTES

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

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

[2] Indemnification. You must indemnify us from damages and costs related to your acts, errors or omissions in the operation of your franchise business or your franchise business generally, and including any allegation that you are our employee, or that we are a joint employer or otherwise responsible for the acts or omissions relating to your employees, and other laws regarding public

accommodations for persons with disabilities. You are not required to indemnify us for liability caused solely by our willful misconduct, gross negligence, strict liability, or fraud.

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

[4] System Non-Compliance. All fines are to be paid in accordance with our electronic funds transfer or automatic withdraw program.

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

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

ITEM 7
ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT
(Single Unit)

TYPE OF EXPENDITURE	LOW AMOUNT	HIGH AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Initial franchise fee[1]	$39,500	$39,500	Lump sum	Upon signing the franchise agreement	Us
Initial training[2]	$3,000	$10,000	As incurred	Prior to and during training	Airlines, hotels, and restaurants
Fees for additional trainees[2] (Optional)	$0	$5,000	Lump sum	Prior to training	Us, airlines, hotels, and restaurants
Real estate improvements[3]	$335,000	$1,200,000	As incurred	As negotiated	Suppliers and contractors
Site development fee[4] (Optional)	$0	$35,000	Lump sum	At the time your lease agreement is signed	Us
Rent[5] (3 months of rent, plus a security deposit)	$6,400	$33,000	As incurred	As negotiated	Landlord

Equipment, furniture, fixtures, décor, and supplies[6]	$100,000	$210,000	As incurred	As negotiated	Suppliers
Uniforms and Tumblers[7]	$4,000	$7,000	As incurred	At the time of ordering	Us or an affiliate
POS system, computer hardware, and software[8]	$12,000	$18,500	As incurred	As negotiated	Suppliers
Signs[9]	$25,000	$35,000	As incurred	Before opening	Suppliers
Miscellaneous opening costs[10]	$5,000	$25,000	As incurred	As incurred	Suppliers, government departments, utilities, etc.
Opening inventory[11]	$8,500	$15,000	Lump sum	As negotiated	Us, affiliates and suppliers
Grand opening assistance fee[12]	$10,000	$10,000	Lump sum	On opening date	Us
Grand opening marketing[13]	$30,000	$35,000	As incurred	On opening date and as negotiated	Us, affiliates and suppliers
Additional funds[14]	$30,000	$40,000	As incurred	As incurred	Suppliers, employees, etc.
Total[15]	$608,400	$1,718,000			

NOTES

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

[2] Initial Training. We will provide training for up to 3 attendees as part of your initial franchise fee, and this estimate includes the costs for 3 attendees' travel, food, lodging, and payment of compensation for employees. These costs will vary widely as a function of the distance traveled and the choice of accommodations, meals, and transportation. We allow up to 2 extra attendees for a fee of $2,500 per attendee.

[3] Real Estate Improvements. This estimate includes costs related to permitting, architect, engineering, planning, construction costs, utility tap fees, etc. Costs of improvements vary widely based on location, terms of the lease, the total area of your space, material costs and type of construction. You will need approximately 800 to 1200 square feet for the building. The estimates in the table include the below estimates, which are broken down by construction type and are based on the experience of our affiliates.

Existing free-standing building: We estimate the site and building improvement and remodel costs of existing free-standing buildings of approximately 800 to 2500 square feet to range from $335,000 to $700,000.

Ground up new construction: We estimate the site improvement and construction costs for ground-up new construction of approximately 800 to 900 square feet to range from $900,000 to $1,200,000. This does not include the cost of land.

End-cap: We estimate the site and building improvement and remodel costs of existing end-cap locations of approximately 1,000 to 2,500 square feet to range from $335,000 to $525,000. This estimate is for an end-cap with an existing drive-thru.

You should review these costs with a local contractor, commercial real estate agent and other professionals. We provide standard design plans and specifications for construction and improvements, but you must adapt these plans to your space, at your cost.

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

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

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

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

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

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

[10] Miscellaneous Costs. These miscellaneous costs include legal fees, utility set up fees, business entity organization expenses, employee training, deposits, insurance, and licenses. The cost of insurance may vary depending on the insurer, the location of your franchise business, and your claims history.

We strongly recommend that you hire a lawyer, accountant, or other professional to advise you on this franchise offering. Rates for professionals can vary significantly based on locale, area of expertise and experience.

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

[12] Grand Opening Assistance Fee. The grand opening assistance fee is $10,000. We provide you with 2 of our representatives to assist you for up to 7 days of opening assistance during your grand opening. This opening assistance is mandatory for your first three units. After you open three units, you are not required to use our opening assistance if you meet certain criteria as set forth in Item 11. If you do not meet such criteria, we may require you to use our representatives for opening assistance and pay the grand opening assistance fee.

[13] Grand Opening Marketing. This estimates the cost to promote the grand opening of your franchise business, including free drink and cookie giveaways, and employee costs during the giveaway days. We require you to have 3 free giveaway days. Each free giveaway day will cost approximately $5,000 in inventory and labor costs. This estimate also includes the $10,000 grand opening promotion fee paid to us to promote your opening. Such fee is due to us in a lump sum on your opening date.

[14] Additional Funds. This estimates your operating expenses during your first 3 months of operations, not including cash flows. You must maintain a minimum of $25,000 in your operating account or have secured a $25,000 line of credit at all times for business emergencies; except that in any 30-day period, the operating account may have less than such amount for a period of up to 10 days. Additionally, if you elect to finance your investment, you need to account for the additional costs of repaying that financing. We have relied upon the 7 years of experience of our principals in opening and operating over 86 units to compile these estimates.

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

YOUR ESTIMATED INITIAL INVESTMENT
(Area Development – 5 Units)

TYPE OF EXPENDITURE	LOW AMOUNT	HIGH AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Development Fee [1]	$197,500	$197,500	Installment	$118,500 is due upon signing the area development agreement, $79,000 is due pro rata as units are developed	Us
Estimated initial investment to open first unit[2]	$568,900	$1,678,500	Based on the single unit estimates (minus the initial franchise fee) in the above Item 7 chart for a single unit. See Item 7 chart and notes above for details.		
Total[3]	$766,400	$1,876,000			

Notes:

[1] Area Development Fee. This fee is determined based on the total number of units to be developed at the rate of $39,500 per unit. You will pay $39,500 for the first unit, plus $19,750 for each additional unit when you sign your area development agreement. The amounts represent the development fees you will pay for the minimum 5-unit area development agreement. This fee will increase if you purchase more than 5 units. When you sign an area development agreement, you must also sign the franchise agreement for your first unit to be developed under the area development agreement.

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

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

ITEM 8
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Approved Suppliers, Proprietary Products and Required Purchases

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

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

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

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

Insurance

You must at all times during the entire term of the franchise agreement and at your own expense keep in full force, by advance payment(s), all of the insurance coverage we require in the franchise agreement, manuals and/or written directives (which may be communicated to you by any method we choose), obtained from an insurance provider we designate, or if we do not designate an insurance provider, then you must purchase insurance from a company rated "A-" or better by A.M. Best & Company, Inc. or any successor rating agency and replacement rating that we may determine. Currently we require the following minimum insurance:

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

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

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

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

Approved Suppliers

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

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

Ownership in Approved Suppliers

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

Revenue to Us and Our Affiliates from Required Purchases; Rebates

We or our affiliates may derive income from required purchases or leases of goods or services made by our franchisees from approved sources. Currently, if we and our franchisees meet certain performance obligations under our agreements with our designated suppliers of Dr. Pepper, Coke and Pepsi BIBS (bag in a box), each supplier pays a cash rebate based on the number of gallons of products purchased. Another required supplier pays a flat fee cash rebate annually if we and our franchisees reach a certain volume of payments processed. In the last fiscal year, we recognized revenue from the sale of products and services to franchisees in the amount of $176,109 or 8.3% of our total revenues of $2,121,006. We have no obligation to pay you any portion of rebates, discounts or other compensation attributable to your purchases from suppliers. However, we currently pay franchisees 75% of the cash rebates we receive based on franchisees' required purchases. We do not recognize the amount of the rebates paid to franchisees as revenue, and therefore, such amounts are not included in the figures provided in this paragraph.

Proportion of Required Purchases and Leases

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

Non-Approved Suppliers

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

You may establish suppliers on the approved list by making an appropriate application to us. The following general criteria is used in considering whether a supplier will be designated as an approved source: the ability of the supplier to make the product to our standards and specifications; a willingness by the supplier to cooperate and work with you and other franchisees; the supplier's production and delivery capabilities; price and quality; reputation of the supplier; quality assurance systems; the financial condition of the supplier; the ability and willingness of the supplier to train on the effective and safe use of the product; and the supplier's professional competence and performance abilities. We will use our best judgment in setting and modifying specifications to maintain quality and integrity of the franchise system.

If you desire to purchase any of the items listed in this Item 8 from an unapproved supplier, you will submit to us a written request for this approval or request the supplier itself to do so. We may require you to submit sufficient information and data to permit us to ascertain whether a supplier meets our specifications. You must reimburse us for our costs associated with the evaluation within 10 days of notice from us. This is due regardless of whether or not we approve of a supplier. We will notify you in writing, within 30 days of completing our evaluation as to whether the supplier has been approved or disapproved. We may make changes or alterations in the standards and specifications for approving suppliers. At our discretion, we may revoke our approval from an approved supplier upon 30 days' written notice to you.

Standards and Specifications

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

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

Negotiated Arrangements

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

Benefits Provided to You for Purchases

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

Charitable Promotions

You are required to participate in our designated charitable promotions and fundraising campaigns throughout the year. This may include things such as free giveaways of products, discounting products, purchasing certain products from us or an affiliate and donating the proceeds to designated organizations, whether local or national, and promotion of various causes and celebrations. For example, we currently sponsor Save The Cups, which donates funds to help pay for life-saving procedures for women who have been diagnosed with breast cancer, and all our stores are required to participate in fundraising activities for this organization during October, which is Breast Cancer Awareness Month. We also have a "Share the Love" program where each store picks a local charity and runs promotions at the store to raise money for that local charity. Generous promotions and giving back is part of the Swig® brand, and all franchisees are required to participate in these activities. These fundraising and charitable promotion activities may result in lower or no margins on different products during certain giveaways and promotion periods, or it may result in donations to an organization that exceed income for certain products or on certain days.

ITEM 9
FRANCHISEE'S OBLIGATIONS

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

	Obligation	Section in Agreement	Disclosure Document Item
a.	Site selection and acquisition/lease	Sections 4.1 and 4.2 of the franchise agreement and Section 3.2 of the area development agreement	Item 11
b.	Pre-opening purchases/leases	Paragraphs 6.1.3, 6.1.11, and 6.1.13 of the franchise agreement	Item 8
c.	Site development and other pre-opening requirements	Sections 4.2 and 4.3 of the franchise agreement and Section 3.2 of the area development agreement	Items 7 and 11
d.	Initial and ongoing training	Paragraph 6.1.4 and Sections 7.4 and 7.5 of the franchise agreement	Item 11
e.	Opening	Sections 4.4 and 7.5 of the franchise agreement	Item 11
f.	Fees	Article V and Exhibit "A-3" of the franchise agreement and Article 4 of area development agreement	Items 5, 6 and 7
g.	Compliance with standards and policies/training/operating manual	Section 6.2 and Article IX of the franchise agreement	Items 8 and 11
h.	Trademarks and proprietary information	Article III of the franchise agreement and Article 8 of area development agreement	Items 13 and 14
i.	Restrictions on products/services offered	Article VIII of the franchise agreement	Item 8 and 16
j.	Warranty and customer service requirements	Paragraph 6.1.2 and Section 8.5 of the franchise agreement	Item 11
k.	Territorial development and sales quotas	Section 1.1 of the franchise agreement and Sections 2.1 and 2.3 of area development agreement	Item 12
l.	Ongoing product/service purchases	Article VIII of the franchise agreement	Item 8
m.	Maintenance, appearance and remodeling requirements	Paragraphs 6.1.2 and 6.1.9 of the franchise agreement	Item 11
n.	Insurance	Paragraph 6.1.11 of the franchise agreement	Item 8

o.	Advertising	Article X of the franchise agreement	Items 6, 7 and 11
p.	Indemnification	Section 15.2 of the franchise agreement and Section 6.5 of area development agreement	Item 6
q.	Owner's participation/ management/staffing	Paragraphs 6.1.7, 6.1.8, 6.1.10, 6.1.14 and 6.2.3 of the franchise agreement	Items 11 and 15
r.	Records and reports	Sections 5.4 and 5.5 of the franchise agreement and Section 6.4 of area development agreement	Item 6
s.	Inspections and audits	Paragraphs 5.5.2 and 6.2.2(iv)	Items 6 and 11
t.	Transfer	Article XIV of the franchise agreement and Article 11 of area development agreement	Item 17
u.	Renewal	Section 2.2 of the franchise agreement and Section 3.4 of area development agreement	Item 17
v.	Post-termination obligations	Section 12.1 of the franchise agreement and Article 10 of area development agreement	Item 17
w.	Non-competition covenants	Article XVI, Exhibit "A-4" and Exhibit "A-5" of the franchise agreement and Article 12 and Exhibit "D" of the area development agreement	Items 14, 15 and 17
x.	Dispute resolution	Article XVII of the franchise agreement and Article 13 of the area development agreement	Item 17
y.	Compliance with government regulations	Sections 4.1 and 4.2 and paragraph 6.1.1, 6.1.10, and 16.1 of the franchise agreement and Section 6.1 of the area development agreement	Item 12
z.	Guarantee of franchisee obligations	Section 6.3 and Exhibit "A-8" of the franchise agreement	Item 15

ITEM 10
FINANCING

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

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

Except as listed below, Swig Franchising, LLC is not required to provide you with any assistance.

Pre-Opening Assistance

Before you open your franchise business:

1) We will designate your search area where you can search for an approved site, provided if we do not designate a different search area and if you have an area development agreement, it will be the development area stated in your area development agreement [franchise agreement section 4.1 and area development agreement section 3.2].

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

3) We must approve your site before a lease is entered into or you begin construction. If we do not approve or disapprove of a proposed site in writing within 60 days after you have submitted to us all information we request relating to the proposed site, the proposed site will be deemed disapproved. Our approval is based upon the following general criteria: rent, lease terms, access, appearance, visibility, traffic, general daytime and nighttime population of the area, number of and types of businesses in the territory, parking, square feet, access, general vicinity, and the ability to build out the site in accordance with the brand image. [franchise agreement section 4.1].

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

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

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

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

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

9) We provide you with 2 of our representatives to assist you for 7 days of opening assistance during your grand opening. The opening assistance fee is $10,000, and we will cover the costs for travel, food, and lodging for our representatives. We will not send any representatives to assist with this opening assistance until you have sent us a valid certificate of occupancy; you must have also obtained all necessary permits; and all your equipment must be functioning for us to provide this assistance. After you have completed grand openings for three units, you are not required to use our opening assistance if (a) you are not in default of your franchise agreement for any other unit, your previous grand opening was in compliance with the franchise agreement and our then-current standards and procedures for opening a franchise location, and (c) during your most recent grand opening you met or exceeded our then-current standard regarding the minimum number of tickets processed during such grand opening [franchise agreement section 7.5]. Our current standard is no less than 700 tickets per day for a three-day grand opening.

10) We will run social media ads in your area to promote your opening. You are required to pay us a grand opening marketing fee of $10,000. This fee is due on your opening date [franchise agreement paragraph 5.3.2].

Lease, Construction and Commencing Operations

1) You must use our preferred real estate broker to assist with your site selection. If we do not have a preferred broker in your market, we reserve the right to approve your real estate broker. We also reserve the right to require you to replace your real estate broker if we feel your broker does not understand the brand or is not presenting you with strong sites [franchise agreement section 4.1 and area development agreement section 3.2]. We must approve of your lease before you sign the lease, and you are required to have the landlord consent to an assignment of the lease in a form we dictate before the lease agreement is signed [franchise agreement paragraph 4.2.1]. Additionally, you are required to include our standard lease rider which is attached to the franchise agreement as part your lease. We do not generally own and lease or sublease properties to you.

2) You may be required to hire a construction project manager that we approve if we feel you lack sufficient development experience [franchise agreement section 4.3].

3) You are required to begin operations within 30 days after construction is complete. You must give us at least 3 months' written notice before opening your franchise business [franchise agreement section 4.4 and paragraph 4.4.1].

Estimated Length of Time Before Operation

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

Assistance During Operation

During the operation of your franchise business, we will:

1) Provide you with updates to the manuals, which updates may be in the form of emails, newsletters, our learning management system (LMS), announcements, technical bulletins, or other written directives through means determined by us. We have the right to modify the manuals to reflect changes in the system including the development of products or services. The modifications may obligate you to invest additional capital in your franchise business and to incur higher operating costs. You must incorporate all such modifications within the time periods that we specify [franchise agreement section 9.1].

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

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

During the operation of your franchise business, we may:

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

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

3) Conduct additional seminars, which may be through online webinars, videos, live video conferencing, phone conferences or in person, to discuss improvements, new developments,

mutual concerns, business issues, sales, marketing, personnel training, bookkeeping, accounting, inventory control and performance standards. We may charge a seminar fee, and you may be required to pay all your travel and living expenses. In-person seminars are normally held at our headquarters or as available at regional facilities [franchise agreement paragraph 6.1.14].

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

5) At your expense, require you to repair, refinish, repaint, remodel, modernize, redecorate, or otherwise refurbish your premises as we direct from time to time, but we will not require a comprehensive remodel of your premises before the fifth anniversary of your franchise business's opening. This can include changing out items such as flooring, wall treatments, signage, lighting fixtures, and other physical elements of your franchise business. We may also require you to invest in new or updated equipment and technology. You will also be required to complete any day-to-day maintenance and repair issues as they occur during the term of the franchise agreement. You must complete all updates and changes within the time frames required by us but in no event more than 6 months from notice [franchise agreement section 6.1.9].

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

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

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

Employment Matters

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

Advertising and Promotion

You may develop marketing materials for your use, at your cost, but all marketing material developed or used by you must have our prior written approval. Any marketing materials or concepts you create becomes our property and will be considered a "work-made-for hire" that can be used by us and other franchisees. If you do not receive written approval or disapproval within 14 days of the date we received your submission, the materials submitted are deemed unapproved. We can revoke our

approval of any marketing materials at any time in our sole discretion [franchise agreement section 3.10 and paragraph 10.4.1].

Advertising Fund

Although under the terms of the franchise agreement we are not obligated to conduct advertising for the franchise system, or to spend any amount on advertising in your territory, we have the right to and currently do maintain and administer a regional and national advertising, marketing, and development fund (referred to as the marketing fund) for local, regional, national marketing, or public relations program as we, in our sole discretion, may deem necessary or appropriate to advertise and promote the franchise system. We may utilize the marketing fund to develop and test various media and technologies for potential utilization and/or improvement of the system and marketing of the system [franchise agreement section 10.1].

You must contribute 3% of your Gross Sales to the marketing fund. We and our affiliates that operate Swig® stores do not contribute to this fund. All franchisees operating Swig® stores are currently required to contribute to the fund. Contributions by our franchisees to the marketing fund may not be uniform [franchise agreement section 10.1].

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

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

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

Advertising Expenditures in the Last Fiscal Year

During the last fiscal year, the marketing funds were used in the following ways: Production-13%, Media Placement- 40%, and Administrative Expenses-47%.

Any unused marketing funds in any calendar year will be applied to the following year’s fund. The marketing fund is unaudited. Once each calendar year, you may send us a written request to receive

an unaudited annual report of marketing expenditures from the previous fiscal year. This report will be made available within 90 days of request [franchise agreement paragraph 10.1.2].

Marketing Fund Council

No franchisee advertising council is anticipated at this time.

Advertising Cooperative

At this time, you are not required to participate in a local or regional advertising cooperative.

Other Marketing Funds

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

The Internet

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

Social Media

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

Computer / Point of Sale System

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

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

We currently require you to have at least 1 stationary POS terminal and 3 mobile POS terminals that meet our specifications. The estimated cost of purchasing the POS system is $5,000 to $10,000. We

reserve the right to change the POS system at any time, and you are required to comply with and are solely responsible for the fees associated with such changes.

We also require you to have an office computer and mobile phone that meets our specifications and that is capable of interfacing with our computer system and software. We estimate the cost of these items to be $2,500 to $5,000. We will have independent access to the information and data collected or generated by the computer and the POS system. There are no contractual limits on our rights to do so. We may require updates and upgrades to your computer hardware, software and POS system at your expense during the term of the franchise agreement. We estimate the annual costs to maintain, upgrade, and support your computer and POS system to be $500 to $1,000 above any sort of subscription fees. We are not required to maintain, repair, update and/or upgrade your computer or POS system. There are no contractual limitations to the frequency and cost of the obligation to upgrade and maintain the computer or POS system [franchise agreement paragraph 6.1.13]. For defective equipment, products, software or other items purchased by you, you must deal directly with that manufacturer [franchise agreement section 8.5].

Software

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

Loyalty Programs

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

Online Ordering and Delivery

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

Accounting

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

Merchant Provider

At your sole cost and expense, you are required to use our designed merchant services or payment processor, and to pay all monthly, annual, service, and upgrade fees. The required or designated

provider may change at any time, and you are required to comply with any changes and are solely responsible for the fees associated with any changes [franchise agreement paragraph 6.1.13(iii)].

Compliance Monitoring System

You are required to install a compliance monitoring system in your franchise business at reference points designated by us. You may not install any cameras in places where employees and customers have a reasonable expectation of privacy, e.g., bathrooms, changing rooms, etc. This system is not a security system but is a management tool, and we are not required to monitor your store. Both you and we must have the right to online access to the system. By installing the system, you and your employees are waiving their right to privacy with respect to the use of the compliance monitoring system in non-private areas of the business. You must require all your employees to sign a waiver of their right to privacy with respect to the use of this compliance monitoring system. We estimate the cost of such system to be approximately $4,000 for purchase and installation with an ongoing cost of $0 to $150 per month [franchise agreement paragraph 6.1.13(v)].

Area Development Agreement

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

Miscellaneous

We may approve exceptions to or changes in the uniform standards for you or any other franchisee that we believe are necessary or desirable based on particular circumstances. You have no right to object to such variances [franchise agreement section 20.15 and area development agreement section 15.16].

Initial Training

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

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

Successful completion of training must be completed to our satisfaction at least 4 weeks before you may open your franchise business. Successful completion will be determined by our trainers based

on your attendees' knowledge and demonstration of proof of concept knowledge and operational tests [franchise agreement paragraph 6.1.4].

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

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

TRAINING PROGRAM[1]

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

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

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

Trainers	Subject(s) Taught	Length of Experience in the Field	Length of Experience with the Franchisor	Experience Relevant to Subject(s) Taught and Franchisor's Operations
Chase Wardrop	All	Since 2016	Since 2022	Manager of Swig Franchising and Chief Operating Officer of Swig Savory Stores
Lauren Webster	Staffing, training, scheduling, reports, team development, accountability, results	Since 2019	Since 2022	General manager of a Swig corporate location for 2 years; trained multiple general managers; led the LIT (Leader in Training) program for 3 years
Amanda Robison	Team Member, Shift Lead, AGM, GM, and DM operations	Since 2018	Since 2022	General Manager at Swig for two locations, GM in a new market (Oklahoma); District Manager at Swig for 1.5 years, DM in a new market (DFW) and opened 7 locations
Houston Kirby	All	Since 2017	Since 2024	General/District Manager Experience: 4 years; New Store Operations: 5 years; 50+ executed stores; Franchise Business Consultant with Swig since 2024
Chloe Millington	All	Since 2024	Since 2022	In-Store for 2 years, Swig New Store Open Coordinator (both franchise and corporate), Franchise Business Consultant with Swig since 2024

Chris Appawoo	All	Since 2019	Since 2023	Swig General Manager 2020-2022 Swig New Store Opening - Executed openings in new and existing markets from store number 46
Stephen Gehman	All	Since 2023	Since 2023	Swig New Store Opening Manager since 2023 and from store number 50.

Materials Provided at the Initial Training

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

New Operating Principal or New Manager Training

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

Additional Trainings

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

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

ITEM 12
TERRITORY

Non-Exclusive Territory

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

Grant of Territory

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

Size of Your Territory

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

Territory Restrictions

You are restricted to conducting your operations from the approved franchised premises. You may not open or operate another outlet whether inside or outside the territory, or provide mobile or off-site services, without our prior written approval or if expressly allowed by our manual(s) from time to time.

Relocation

You must obtain our prior written permission if you want to relocate your franchise, and you must also be able to demonstrate to us that you have the financial ability to relocate. Approval to relocate is based on the then-current criteria used in approving a new franchisee's proposed site. If we do approve relocation for your franchise, you must pay us a new site development fee. You do not have the right to relocate your business, and we have the right to deny any relocation request.

Advertising Within and Outside the Territory

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

Your Rights to Use Channels of Distribution

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

Options to Acquire Additional Franchises

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

Non-Traditional Outlets

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

Our Right to Use Channels of Distribution in Your Territory

We and our affiliates also reserve the right to market and sell and distribute products and services under Swig® marks and other brands, both within and outside your territory using distribution channels, such as through websites, apps, television, radio, retail outlets, co-branding with other outlets, the Internet, social media, etc. We do not pay you for soliciting or accepting orders for any products or services under the Swig® brand and other brands through these channels inside your territory.

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

Our Previous Activities in Your Territory

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

Competition by Us Under Different Trademarks

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

Area Development Agreements

If you enter into an area development agreement, then so long as you meet the development milestones in the development schedule, you will have exclusive development rights for traditional Swig® units in your development area during the term of your area development agreement.

If you do not meet the development deadlines, we may terminate your development agreement, eliminate all protected aspects of your development rights in your development area, decrease the number of units to be developed under your area development agreement, or reduce the size of your development area. In case of termination, you may continue to own and operate all units that you have developed and that are faithfully performing under the terms of each franchise agreement. However, you will no longer have the right to develop any undeveloped units. An undeveloped unit is any unit for which you do not have a fully signed franchise agreement and a fully signed lease agreement that was approved by us at the time the area development agreement is terminated. You will also forfeit all deposits, fees, payments, and installments that you have paid toward the development fee for undeveloped units.

We and our parent and affiliates, either personally or through agents and representatives, reserve the right to own and operate or sell Swig® outlets through non-traditional franchises at our discretion, both within and without your development area, without paying compensation to you. These outlets may include locations at convention centers, sporting arenas, military bases, universities, airports, transportation facilities, (Including rail or bus terminals, toll road plazas and highway rest stops); urban office buildings; supermarkets; carnivals or street fairs; government facilities; shopping malls; educational facilities; casinos; resort properties; amusement parks or amusement centers, and other similar locations. Such locations will not count toward your development schedule.

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

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

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

ITEM 13
TRADEMARKS

Non-Exclusive Grant of the Trademark

We grant you the non-exclusive right to use certain of our trademarks in the operation of your franchise business. You may also use future trademarks in the operation of your franchise business,

as we designate. You will not at any time acquire any rights in the trademarks. By trademarks we mean our trade names, trademarks, commercial symbols, service marks and logos.

Agreements Regarding the Trademark

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

Registered Trademarks

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

Registration/ Serial Number	Word or Design Mark	Class	Registry	Registration/ Filing Date	Status
6,754,110	SWIG (word mark)	Class 30, 35	Principal	June 7, 2022	Active
6,754,246	(composite mark)	Class 30	Principal	June 7, 2022	Active
6,751,945	SWIG N' SWEETS (word mark)	Class 35	Principal	June 7, 2022	Active
97/518566	DIRTY SODA (word mark)	Class 32	Principal	July 25, 2022	Pending; office action response filed April 7, 2025
7,757,225	SWIG (word mark)	Class 43	Principal	April 15, 2025	Registered
7,757,217	SWIG (word mark)	Class 43	Principal	April 15, 2025	Registered
7,757,224	(composite mark)	Class 35	Principal	April 15, 2025	Registered

7,757,223	(composite mark)	Class 43	Principal	April 15, 2025	Registered
7,045,100	SHARK ATTACK	Class 32	Supplemental	May 2, 2023	Registered on Supplemental Register
97/153079	STRAWBERRY BREEZE	Class 32	Principal	December 2, 2021	Suspended; pending review of prior filed applications
6,943,551		Class 16	Principal	January 3, 2023	Registered
6,941,828	THE FOUNDER	Class 32	Principal	January 2, 2023	Registered
97/153061	RASPBERRY DREAM	Class 32	Principal	December 2, 2021	Suspended: pending review of prior filed application
7,258,188		Class 21	Principal	January 2, 2024	Registered
6,941,821	BEACH BABE	Class 32	Principal	January 3, 2023	Registered
98/396537	SWIG UTAH'S NUMBER ONE SODA SHOP	Class 35	Principal	February 7, 2024	Suspended; pending review of prior filed application
7,709,445	HOME OF THE ORIGINAL DIRTY SODA	Class 35	Principal	October 31, 2022	Registered
7,832,431	SWIG (word mark)	Class 32	Principal	June 17, 2025	Registered

Registered Domain Names

We have registered, among others, the following Uniform Resource Locators (domain names): swigdrinks.com, swignsweets.com, and savethecups.org. You may not register or own a domain name, social media account, email account, etc., using our trademark or any derivative of our trademark in a domain name, and you may not create or register any domain name, social media,

email, etc., in connection with your franchise business or the franchise system without our prior written permission.

Use of the Trademark

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

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

Government Determinations Regarding the Trademarks

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

Superior Prior Rights

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

Infringing Uses

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

We have entered into an agreement with Prime Ventures whereby we acquired Prime Ventures' trademark application and trademark rights in trademark application serial number 90/810,434 and granted Prime Ventures a license to use the name "Swig" in Wood County and Lucas County, Ohio based on their previous use.

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

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

Protection Against Infringement

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

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

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

ITEM 14
PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

Patents

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

Copyrights

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

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

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

Proprietary Information

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

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

Protection Against Infringement

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

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

Agreements Regarding Patents, Copyrights, and Other Intellectual Property

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

Improvements to the System

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

Superior Prior Rights

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

Infringing Uses

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

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

On-Premises Supervision

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

Participation by Your Operating Principal

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

Your operating principal must conduct frequent inspections of the franchise business to ensure the highest standards of professionalism, cleanliness and a general pleasant appearance, and compliance with our approved methods and although we do not require your operating principal to be involved in the day-to-day on-premises management, your operating principal is required to participate in your franchise business as follows: i) be directly responsible for all accounting, reporting, bookkeeping, and all financial components of the franchise business, ii) attend and complete all required training and ongoing training courses, iii) attend any annual or special meetings of franchisees, iv) be directly involved with site selection, construction, remodeling, and v) be directly involved in all personnel decisions affecting the franchise business.

Who Must Attend and Successfully Complete Training

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

Restrictions on the On-Premises Supervisor

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

No Competing Enterprises

Neither you, your operating principal, nor your management employees can have an interest in or business relationship with any competing business during the term of the franchise agreement and must keep free from activities that would be detrimental to or interfere with the operation of your franchise business or detrimental to the franchise system. You and any person with a direct or indirect ownership interest in you must sign our standard brand protection agreement for owner principals agreeing to protect and keep confidential our trade secrets and confidential information and to conform with the covenants not to compete described in Item 17 (see franchise agreement, exhibit A-4, and area development agreement, exhibit D). Any officers or directors (or managers if you are a limited liability company) that do not have any ownership interest in you and your management-level employees must sign an agreement that includes confidentiality obligations and imposes certain non-competition covenants. Some states may impose certain restrictions on non-competition agreements. We provide you a form, but it is your responsibility to conform it to the laws and regulations of your state (see franchise agreement, exhibit A-5, and area development agreement, exhibit G).

Required Operations

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

Personal Guarantees

Any individual or business entity that owns a direct or indirect ownership interest in the franchise business and the spouse (if any) of any such individual must personally guarantee the performance of all your obligations under the franchise agreement and agree to be personally bound by, and liable for, the breach of every provision of the franchise agreement, unless we determine otherwise.

ITEM 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

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

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

ITEM 17
RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

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

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

			not or cannot offer a renewal franchise to you, the franchise agreement will automatically expire, and you will not have any further renewal or extension rights.
d.	Termination by franchisee	Section 11.4	There are no provisions in the franchise agreement that permit you to terminate the franchise agreement. As permitted by state law.
e.	Termination by franchisor without cause	Section 11.1	We must have cause to terminate the franchise agreement.
f.	Termination by franchisor with cause	Section 6.9 and 11.1	We can terminate if you materially breach and fail to cure. There are certain breaches for which we can terminate without giving you an opportunity to cure. (See (h) below).
g.	"Cause" defined – curable defaults	Paragraphs 11.1 O-W	You have 24 hours to 30 days to cure certain material defaults of the franchise agreement.
h.	"Cause" defined - non-curable defaults	Paragraphs 11.1 A-N	Non-curable defaults include conviction of a felony, fraud, repeated defaults even if cured, abandonment, trademark misuse, your area development agreement terminates before you have leasehold or ownership rights to the approved premises, termination of another agreement between you or an affiliate of yours and us or an affiliate of ours, etc.
i.	Franchisee's obligations on termination/non-renewal	Section 12.1	Obligations include complete de-identification, payment of amounts due, compliance with the brand protection agreement, etc. (See also (r) below).
j.	Assignment of contract by franchisor	Section 14.1	There are no restrictions on our right to assign.
k.	"Transfer" by franchisee - defined	Section 14.2	The definition of transfer by you includes the assignment and transfer of contracts, security interests, direct or indirect ownership change, the sale of substantially all your assets, etc.
l.	Franchisor approval of transfer by franchisee	Section 14.2	You may not transfer without our approval, but we will not unreasonably withhold our approval.
m.	Conditions for franchisor approval of transfer	Sections 14.3 - 14.8	Conditions to transfer include: you are not in default, all fees are current, new franchisee qualifies, transfer and training fees are paid, purchase agreement is approved, training for the new transferee arranged, new franchisee signs the then-

			current franchise agreement, a release is signed by you, etc. You must also coordinate with the transferee to ensure coverage at the location during the transferee's initial training. These conditions are subject to state law. (See state specific addenda).
n.	Franchisor's right of first refusal to acquire franchisee's business	Section 14.9	We can match any offer for your franchise business or business assets within 90 days of written notice to us of the offer and our receipt of all requested information.
o.	Franchisor's option to purchase franchisee's business	Section 13.1 and 14.13	Upon termination or expiration of the franchise agreement, we can elect to buy all or part of your business assets at fair market value within 60 days of such termination or expiration or within 15 days of the establishment of the fair market value of such assets, whichever is later. We also have the option at any time after the 5th anniversary of the opening date of your franchise business if your franchise business was opened without an area development agreement, or the earlier of the expiration or termination of the area development agreement under which your franchise agreement was signed, to purchase your franchise business, provided if you have an area development agreement, we must also exercise our option to purchase all of your stores for which we have a similar option to purchase that are located in the same development area and to repurchase your development rights. If your franchise business has not opened or the Mandatory Grace Period has not ended at least one full month before we give you notice of our intent to exercise our purchase option, the purchase price will be your commercially reasonable, verified actual out-of-pocket costs incurred to develop and open the franchise business ("Construction Costs"). "Mandatory Grace Period" means the period during which we require you to offer mandatory discounts

			as part of the grand opening marketing campaign for your franchise business. In all other cases when we exercise our purchase option during the term of your franchise agreement, the purchase price will be six multiplied by the EBITDA as adjusted for various items, plus the actual cost (including any discounts and rebates) of usable food and beverage inventory at the franchise business. If your franchise business has not been open for 12 months as of the date EBITDA is determined, EBITDA will be projected for a full 12-month period using the actual EBITDA for the time period beginning on the first day of the calendar month following the end of the Mandatory Discount Grace Period, calculated on a daily basis. The purchase price for all of your franchise businesses in a development area will be calculated on a consolidated basis and will be adjusted up to the extent necessary so that it is an amount that is no less than (A) zero with respect to any of your franchise businesses for which purchase price is determined based on adjusted EBITDA plus (B) the aggregate amount of the Construction Costs with respect to any of your franchise businesses for which purchase price is to be calculated on the basis of Construction Costs.
p.	Death or disability of franchisee	Section 11.1(F) and 14.2	A transfer on death or disability is subject to Our prior written approval and other conditions of transfer.
q.	Non-competition covenants during the term of the franchise	Section 16.1	No involvement in a competing business anywhere without our written consent. Non-competition provisions are subject to state law.
r.	Non-competition covenants after the franchise is terminated, transferred or expires	Sections 16.3	No competing business for 3 years within your former territory, or within 25 miles of your territory, or within 15 miles of any other Swig® franchise, company or affiliate owned Swig® business (including after assignment).

			If you compete within the restrictive period, then this non-compete period will be tolled for the period of your competition. Non-competition provisions are subject to state law.
s.	Modification of the agreement	Section 20.11	Modifications must be made in writing and signed by both parties, but policies and procedures are subject to change by us.
t.	Integration/merger clause	Section 20.10	Only the terms of the franchise agreement are binding (subject to state law). No provision in the franchise agreement is intended to disclaim the representations made in this franchise disclosure document. Any representations or promises made outside of the franchise disclosure document and other agreements may not be enforceable.
u.	Dispute resolution by arbitration or mediation	Section 17.2	Except for certain claims, for all disputes, there must be a face-to-face meeting and mediation if desired by either you or us. (See state specific addenda).
v.	Choice of forum	Sections 17.2 and 19.2	All dispute resolution must be held in Utah County or Salt Lake County, Utah or the county where our then-current headquarters is located. (Subject to state law).
w.	Choice of Law	Sections 19.1 and 19.4	Utah law and the United States Trademark Act apply. (Subject to applicable state law).

THE FRANCHISE RELATIONSHIP

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

Area Development Agreement

	Provision	Area Development Agreement	Summary
a.	Length of the Area Development Agreement	Section 2.1 & Exhibit B	The term depends on the number of units you will develop.
b.	Renewal or extension of the term	Not Applicable	

c.	Requirements for developer to renew or extend	Not Applicable	
d.	Termination by developer	Not Applicable	Rights to terminate are subject to state law.
e.	Termination by franchisor without cause	Not Applicable	
f.	Termination by franchisor with cause	Section 9.1	We can terminate if you are in default of your agreement.
g.	"Cause" defined – curable defaults	Paragraph 9.1.2 and 9.1.3	You have 5 days to cure payment defaults and 30 days to cure certain other material defaults of the area development agreement.
h.	"Cause" defined – non-curable defaults	Paragraph 9.1.1 and 9.2	Non-curable defaults: insolvency, repeated defaults even if cured, abandonment, and termination of any of your franchise agreements, etc.
i.	Developer's obligations on termination/non-renewal	Article 10	In the event we terminate your area development agreement, you may continue to own and operate all units that are open and operating or that you have developed and that are in compliance and not in default and that continues to faithfully perform the terms of each franchise agreement. You will no longer have the right to develop any undeveloped units. An undeveloped unit is any unit for which you have not signed both a franchise agreement and an approved lease agreement at the time the area development agreement is terminated. You will also forfeit all deposits, fees, payments, and installments that you have paid toward the development fee for undeveloped units.
j.	Assignment of contract by franchisor	Article 11	No restrictions on our right to assign including merger with, acquisition by, or sale to a competing company.
k.	"Transfer" by developer - defined	Article 11	Includes assignment and transfer of contracts, security interests and ownership change.

l.	Franchisor approval of transfer by developer	Article 11	You may not transfer without our approval, but we will not unreasonably withhold approval.
m.	Conditions for franchisor approval of transfer	Article 11	You are not in default, the transferee is trained and signs the then-current area development agreement, a release signed by you, etc.
n.	Franchisor's right of first refusal to acquire developer's business	Article 11	We can match any offer for your area development business within 90 days of written notice to us of the offer.
o.	Franchisor's option to purchase developer's business	Not Applicable	
p.	Death or disability of developer	Section 9.1.1(1) and Article 11	A transfer on death or disability is subject to Our prior written approval and other conditions of transfer.
q.	Non-competition covenants during the term of the Area Development Agreement	Article 12 and Exhibit D	No involvement in a competing business. Non-competition provisions are subject to state law.
r.	Non-competition covenants after the developer is terminated, transferred or expires	Article 12 and Exhibit D	No competing business for 3 years within 25 miles of your development area or within 15 miles of another then-existing Swig® franchise or company or affiliate owned business (including after assignment). If you compete within the restricted time period, then this non-compete time period will be tolled for the period of your competition. Non-competition provisions are subject to state law.
s.	Modification of the agreement	Article 15	Modifications must be made in writing and signed by both parties; policies and procedures are subject to change by us.
t.	Integration / merger clause	Article 15	Only the terms of the area development agreement are binding (subject to state law). All representations and promises outside the disclosure document and area development agreement may not be enforceable. No provision in the area development agreement is intended to disclaim the express representations made in this franchise disclosure document.

u.	Dispute resolution by arbitration or mediation	Article 13	Except for certain claims, for all disputes, there must be a face-to-face meeting and mediation if desired by either you or us. (See state specific addenda).
v.	Choice of forum	Article 14	Litigation must be in Utah County or Salt Lake County, Utah. (Subject to state law – see state specific addenda).
w.	Choice of Law	Article 14	Utah law and the United States Trademark Act apply. (Subject to state law – see state specific addenda).

ITEM 18
PUBLIC FIGURES

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

ITEM 19
FINANCIAL PERFORMANCE REPRESENTATIONS

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

Our affiliates operated 76 traditional Swig stores and four non-traditional Swig stores as of December 31, 2024. Our franchisees operated 19 Swig stores as of December 31, 2024. Table 1 below provides a historical financial representation of the Gross Sales of 56 affiliate-owned stores and two franchised stores that operated the entire period from December 27, 2023 to December 31, 2024. Table 2 below provides a historical financial representation of the Gross Sales, Prime Costs, Other Costs, SLEBITDA and SLEBITDA % for the same 56 affiliate-owned stores, and the Other Costs, SLEBITDA and SLEBITDA % for the same 56 affiliate-owned stores as adjusted to account for 7% royalties and 3% marketing fund contributions that would have been paid had the affiliate-owned stores been franchised stores. Such 56 affiliate-owned stores and two franchised stores represent all traditional stores that were in operation during the entire period from December 27, 2023 to December 31, 2024. The following tables do not include data from 20 affiliate-owned stores and 7 franchised stores that did not operate the entire period from December 27, 2023 to December 31, 2024. The following tables also do not include data from the four affiliate-owned non-traditional stores, which are defined as stores that do not operate within our traditional model such as locations within grocery stores and stadiums as well as seasonally operated locations.

There are no material differences in the Gross Sales of franchised and company-owned outlets.

Table 1

2024 Company Owned and Franchised Store Gross Sales

2024 Performance	Number of Stores Above Average	% of Stores Above Average	Average	Maximum	Median	Minimum
Gross Sales	27	47%	$1,216,950	$2,086,172	$1,161,632	$688,202

Table 2

2024 Company Owned Gross Sales, Prime Costs, Other Costs, SLEBITDA and SLEBITDA % and Franchise Adjusted Other Costs, SLEBITDA and SLEBITDA %

2024 Performance	Number of Stores Above Average	% of Stores Above Average	Average	Maximum	Median	Minimum
Gross Sales	25	45%	$1,219,645	$2,086,172	$1,161,632	$688,202
Prime Costs	25	45%	$612,581	$1,020,177	$585,974	$376,034
Other Costs	26	46%	$353,978	$507,769	$330,491	$295,097
Franchise Adjusted Other Costs			$475,942	$716,387	$446,655	$363,918
SLEBITDA	23	41%	$315,710	$677,859	$277,182	$63,456
Franchise Adjusted SLEBITDA			$193,746	$469,242	$161,018	($5,364)
SLEBITDA %	37	66%	25.9%	32.5%	23.9%	9.2%
Franchise Adjusted SLEBITDA %			15.9%	22.5%	13.9%	-0.8%

Notes

1. Gross Sales. The term Gross Sales means the total revenue derived from the sale of goods or services before refunds, discounts and excluding sales tax.

2. Prime Costs. The term Prime Costs means food and store-level labor costs.

3. Other Costs. The term Other Costs means all store level costs other than Prime Costs, including occupancy costs and all other operating expenses such as credit card fees, restaurant supplies as well as maintenance and repairs, plus refunds and discounts.

4. SLEBITDA. SLEBITDA stands for "Store Level EBITDA" and means, with respect to any period, the sum of (without duplication): (a) net income ; (b) interest expense during such period; (c) federal and state income taxes reported by the applicable entity that are included in the determination of net income during such period; (d) depreciation and amortization during such period; and (e) selling, general and administrative expense excluding of pre-opening expenses; in each case calculated in accordance with generally accepted accounting principles consistently applied. For purposes of this definition, "net income" means, with respect to any fiscal period, the total revenues from all sources, minus all expenses, costs, taxes, interest, depreciation, amortization, and other deductions. Net Income represents actual earnings after all operating and non-operating expenses have been deducted, and excludes any extraordinary gains or losses.

5. SLEBITDA %. The term SLEBITDA % is derived by dividing SLEBITDA by Gross Sales. The average and median SLEBITDA percents reflect the arithmetic mean and median calculated across all relevant sales, gross profit, and expense line items.

6. Franchise Adjusted Other Costs, SLEBITDA and SLEBITDA %. These terms represent the 56 affiliate-owned stores' Other Costs, SLEBITDA and SLEBITDA % as adjusted to account for royalties (7%) and marketing fund contributions (3%) that would have been paid had the affiliate-owned stores been franchised stores. Technology fees paid by franchisees are similar to the costs paid by affiliate-owned locations for those technologies, so no adjustment was needed to account for the technology fee paid by franchised stores. The columns for maximum, average, median, and minimum in the table are based on percentages of Gross Sales.

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

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

9. Store Characteristics. Each store in the data set included in this Item 19 follows the same Swig® system and each affiliate-owned store offers similar products and services to what our franchised stores offer. Additionally, each store in the data set operated during the entire period from December 27, 2023 to December 31, 2024.

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

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

Other than the preceding financial performance representation, Swig Franchising, LLC does not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an

existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Shannon Swenson at franchise@swigdrinks.com and (801) 477-5460, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

Table No. 1
Systemwide Outlet Summary
For Years 2022 to 2024

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2022	0	0	+0
	2023	0	2	+2
	2024	2	16	+14
Company Owned	2022	37	45	+8
	2023	45	57	+12
	2024	57	73	+16
Total Outlets	2022	37	45	+8
	2023	45	59	+14
	2024	59	89	+30

Table No. 2
Transfers of Outlets from Franchisees to New Owners
(other than the Franchisor)
For Years 2022 to 2024

State	Year	Number of Transfers
Total	2022	0
	2023	0
	2024	0

[See following page for the next set of tables]

Table No. 3
Status of Franchised Outlets
For Years 2022 to 2024

State	Year	Outlets at Start of Year	Outlets Opened	Termin-ations	Non-Renewals	Reacquired by Franchisor	Ceased Operations for Other Reasons	Outlets at End of Year
Arkansas	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Florida	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	1	0	0	0	0	1
Georgia	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	1	0	0	0	0	1
Idaho	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
	2024	1	3	0	0	0	0	4
Indiana	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	2	0	0	0	0	2
Kansas	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	1	0	0	0	0	1
Kentucky	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	1	0	0	0	0	1
Missouri	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	2	0	0	0	0	2
Nevada	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	1	0	0	0	0	1
Tennessee	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	1	0	0	0	0	1
Texas	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	3	0	0	0	0	3
Total	2022	0	0	0	0	0	0	0
	2023	0	2	0	0	0	0	2
	2024	2	16	0	0	0	0	18

Table No. 4
Status of Company-Owned Outlets
For Years 2022 to 2024

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisees	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of Year
Arizona	2022	3	0	0	0	0	3
	2023	3	2	0	0	0	5
	2024	5	0	0	0	0	5
Idaho	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
	2024	1	0	0	0	1	0
Oklahoma	2022	2	1	0	0	0	3
	2023	3	1	0	0	0	4
	2024	4	0	0	1	0	3
Texas	2022	0	4	0	0	0	4
	2023	4	6	0	0	0	10
	2024	10	13	0	0	0	23
Utah	2022	31	3	0	0	0	34
	2023	34	3	0	0	0	37
	2024	37	6	0	1	0	43
Total	2022	37	8	0	0	0	45
	2023	45	12	0	0	0	57
	2024	57	19	0	2	1	73

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

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlet In The Next Fiscal Year	Projected New Company-Owned Outlet In the Next Fiscal Year
Arizona	1	0	2
Arkansas	0	2	0
Florida	1	6	0
Georgia	0	1	0
Idaho	0	4	0
Indiana	0	5	0
Kansas	1	3	0
Kentucky	1	2	0

Louisiana	0	1	0
Missouri	1	1	0
Nevada	0	4	0
Oklahoma	0	1	1
South Carolina	0	2	0
Tennessee	0	4	0
Texas	0	5	10
Utah	0	0	4
Total	5	41	17

List of Franchisees

Exhibit "C" contains a list of our franchisees as of the issuance date and the address and telephone numbers of each of their outlets.

Disclosure of Franchisee Information

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

Former Franchisees

We do not have any franchisees who, in our last fiscal year, had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntary ceased to do business under their franchise agreement. We do not have any franchisees who have not communicated with us within 10 weeks of the issuance date of this disclosure document. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

Confidentiality Agreements

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

Franchisee Organizations

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

ITEM 21
FINANCIAL STATEMENTS

Our audited financial statements for the fiscal years ending December 31, 2024, December 26, 2023, and December 27, 2022, are attached to this disclosure document as Exhibit "B." We have also included unaudited interim financial statements dated August 31, 2025. Our fiscal year consists of 13 four-week periods. Accordingly, the fiscal year end is generally close to December 31 each year.

ITEM 22
CONTRACTS

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

ITEM 23
RECEIPT

The last 2 pages of this disclosure document contain a receipt, in duplicate. The receipt is a detachable acknowledgement that you have received this franchise disclosure document. Both receipts should be signed and dated by you. One copy should be returned to us, and you should keep the other for your records. If you do not sign this receipt via our electronic signature platform, then you need to send us a signed and dated copy. You may return the signed and dated receipt either by mailing it to us at 9350 S. 150 E., Suite 220, Sandy, Utah 84070 or by emailing it to franchising@swigdrinks.com.

EXHIBIT "A"
TO THE FDD

FRANCHISE AGREEMENT

See attached.

FRANCHISE AGREEMENT

By and Between

SWIG FRANCHISING, LLC

and

_____

(Franchisee)

© 2012-2024, The Franchise & Business Law Group, LLC. All rights reserved.
This Agreement and the Schedules and Exhibits attached hereto are subject to the copyright of The Franchise & Business Law Group, LLC.

SWIG®
FRANCHISE AGREEMENT

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SWIG FRANCHISING, LLC
FRANCHISE AGREEMENT

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

WHEREAS, We have developed a System for the operation of drink shops serving specialty drinks and sweets and other related products and services operating under the Swig® name and Marks; and

WHEREAS, You are desirous of entering into an agreement with Us so as to be able to obtain the rights to operate a drink shop serving specialty drinks and sweets and other related products and services using the System ("Franchise Business").

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

ARTICLE I
AWARD OF FRANCHISE

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

1.1.1 Territory Rights. Except as set forth in this Agreement, We will not establish or operate, or grant a franchise to any other person to establish or operate, a traditional Franchise Business within the Territory under the Swig® brand. If You or Your affiliate own(s) or operate(s) any other Franchise Business in the Territory during the term of this Agreement, Your Territory will be deemed to exclude, and You will have no protection from competition from, such other Franchise Business, notwithstanding any future change to the owner or operator of such Franchise Business.

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

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

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

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

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

ARTICLE II
TERM AND SUCCESSOR FRANCHISE

2.1 Term. This Agreement will be effective when executed by both You and Us. The franchise term will be for a period of 10 years, unless terminated earlier pursuant to Article XI herein. However, at the time You sign a Lease (if You do not own the Premises), the term of this Agreement will be extended to coincide with the expiration date of the initial term of Your Lease, so long as such term is approximately 10 years unless otherwise agreed in writing by Us. If We are required by law or otherwise to give You notice before the Termination of this Agreement and fail to do so, this Agreement will remain in effect from month-to-month until We have given the required notice.

2.2 Successor Franchise. You have the right to be awarded a successor franchise ("Successor Franchise") upon the expiration of the original term for an additional term of 10 years if all the following conditions are met at the time You elect to renew: 1) You are not in default of this Agreement; 2) You have complied with and timely met material terms and conditions of this Agreement throughout the initial term; 3) You have complied with Our material operating and quality standards and procedures and any required modification to such standards and procedures; 4) You have timely paid all monetary obligations owed to Us during the term of this Agreement; 5) You are not subject to any pending litigation or governmental proceeding that we determine could have a material adverse effect upon You or Your Franchise Business; and 6) You give Us written notice of

Your intent to renew at least six months and not more than 12 months prior to the expiration date of the term hereof. Your failure to give such notice will constitute an election not to enter into a Successor Franchise Agreement (defined below). If You fail to enter into a Successor Franchise Agreement for any reason but continue to operate Your Franchise Business, at Our election, You will be deemed to have renewed on a month-to-month basis, requiring You to abide by Our then-current Fees. In addition to Our rights to terminate as set forth in Article XI, Your month-to-month Franchise Business may be terminated by Us upon 30 days' prior written notice to You for any reason whatsoever.

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

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

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

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

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

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

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

ARTICLE III
INTELLECTUAL PROPERTY

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

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

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

3.4 Use of Marks and System. You have the non-exclusive right to use Our Marks and the System as directed by Us. You shall only use Our Marks licensed by this Agreement and only with the letters "TM," "SM" or "®," as appropriate, approved and as instructed by Us, whenever and wherever such Marks are used. You shall not use Your own name or any other name, service or product in connection with any of Our Marks without Our prior written consent. You are prohibited from using any Mark in

connection with the performance or sale of any unauthorized service or product. You may not use the Marks or System in any manner, or otherwise take any action (or inaction) that would or may cause the Marks or the System to be subject to any ill repute or negative publicity. You cannot use the Marks on any intercompany documents to identify Your Franchise Business or entity (Including in or on employee manuals, handbooks, emails, letterhead) or on business checks or bank accounts. All communications with Your employees must be under Your entity name.

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

3.4.2 Use in Marketing. The rights and restrictions relating to Your use of the Marks in Marketing are set forth in Article X.

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

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

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

3.6 Sole Control. As between You and Us, We will have the sole control over any legal or administrative action concerning the Confidential Information or Intellectual Property. You must promptly notify Us in writing of any unauthorized use of Our Confidential Information or Intellectual Property, or of any claim, demand or suit by any person or Business Entity based upon or in connection with any of Our Confidential Information or Intellectual Property licensed hereunder. We are not obligated to protect any rights that You have to use the Confidential Information and Intellectual Property, or to protect You against claims of infringement or unfair competition. However, in the event We do undertake the defense or prosecution of any litigation pertaining to any Confidential Information or Intellectual Property, You agree to execute any and all documents and do such acts and things as may, in the opinion of Our counsel, be necessary to carry out such defense or prosecution. If We fail to undertake action within a reasonable time after receipt of Your notice regarding any such claim, demand or suit, then You may, with Our prior written consent (but You will not have the obligation), undertake the defense of any such proceeding and will do so at Your sole

cost and in strict coordination and oversight with Us. You shall not do any act or make any claim which is contrary to or in conflict with Our rights in Our Confidential Information or Intellectual Property.

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

3.7.1 Customer Data. All Customer Data is Our sole property and inures directly and exclusively to Our benefit. You have a royalty free, non-exclusive right to use the Customer Data during the term of this Agreement. You must gather, upload, and/or store all Customer Data in compliance with our minimum security standards but You remain solely responsible for ensuring the security of all Customer Data, which may require higher safeguards than our minimum required standards depending on Your operations and applicable laws. Certain Customer Data is required to be maintained as part of Your operations. To the extent that We do not otherwise have access, You must provide Us copies of all Customer Data upon request. You must abide by all applicable laws pertaining to the privacy and security of consumer, employee, and transaction information, and do not contact laws. If any customer makes a request for access, deletion, updating, or restrictions on the user of their individual data under applicable law, then You shall be responsible for promptly notifying Us of that request and cooperating with Us in relation to such request. If We allow You to use the Customer Data to transmit advertisements to customers and potential customers, You are solely responsible to obtain all necessary consents and permissions, and otherwise operate in conformance with all laws, including those pertaining to calling or texting customers, the sending of emails or any other transmission of information, Including any anti-spam legislation, consumer protection act, or other applicable laws.

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

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

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

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

ARTICLE IV
CONSTRUCTION, COMMENCING OPERATIONS AND LEASE

4.1 Location of Premises. The location of Your Franchise Business will be selected by You but must be approved in writing by Us. You must select a site within the search area as described on Exhibit "A-1" (the "Search Area"). If We do not approve or disapprove a proposed site within 60 days after You have submitted all information requested by Us relating to the proposed site, the proposed site will be deemed disapproved. If We do not approve Your proposed site, You must locate another acceptable site for Your Franchise Business and repeat the process. Although We must approve of Your site, We do not warrant or guarantee the success of the site. You must not commit to purchase or lease any real property or commence construction unless and until You have Our written approval of the proposed location. Unless waived by Us in writing, You must hire a local real estate broker to help You locate a site. If We have a preferred real estate broker in Your market, you must use Our preferred broker. If We do not have a preferred broker in Your market, We have the right to approve Your real estate broker. We also have the right to require You to replace a real estate broker if in Our opinion Your real estate broker does not understand the brand or is not presenting You with strong sites. Your Premises must strictly comply with local zoning and, state and federal laws, rules and regulations.

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

4.2 Lease. We must approve of Your Lease prior to execution. You must also deliver a fully executed copy of the Lease to Us within 15 calendar days after execution. Your Lease must Include a provision allowing the assignment of the Lease to Us or Our nominee, at Our option, in the event this Agreement is Terminated for any reason, and must have an initial term of not less than 10 years, with at least two renewal options with terms of five years each. You are required to have Your landlord sign the Landlord's consent to an assignment of the Lease attached hereto as Exhibit "A-6" before the Lease is signed. You and Your landlord are also required to complete and sign the lease rider attached as Schedule "A-6.1" to Exhibit "A-6."

4.2.1 Assignment of Lease. You hereby assign and transfer all rights and interest in and to the Lease (if You do not own the Premises) to Us to be effective upon Our election when this Agreement Terminates. In such an event, We will have the right, but not the obligation, to accept the assignment and assume the Lease or execute a lease with You as provided below. We also have the right to assign the Lease to another franchisee or an affiliate of Ours. If You own the Premises, You hereby agree to lease the Premises to Us upon Termination of this Agreement at a rate not to exceed its fair market rental value, and on commercially reasonable terms and conditions, in each case, as we determine in good faith.

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

4.3 Construction. Any construction of the Premises must be done in strict accordance with the specifications approved by Us, but it is Your responsibility to verify that the plans conform to federal, state and local laws. We may require You to hire a construction project manager approved by Us if, in Our opinion, You lack sufficient development experience.

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

4.3.2 Setting Up the Premises. You shall arrange the fixtures, signs, furniture, and décor of the Premises in strict compliance with the format and color schemes recommended by Us and to work with Our approved suppliers providing such items. We must approve Your Premises setup prior to

opening and if any elements of the Premises do not meet Our specifications, You will, at Your cost, be required to make the required adjustments.

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

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

4.4 Commencing Operations. You are required to commence operations 1) not later than 30 days following completion of Your Premises and 2) in no case later than 12 months after signing this Agreement, provided if Your Franchise Business is being developed under an ADA, then in no case later than the deadline to open the last Franchise Business as set forth under Your ADA.

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

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

ARTICLE V
FEES AND REPORTS

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

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

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

5.3 Marketing Fees.

5.3.1 Marketing Fund. You shall pay Us the marketing fund fee listed in Exhibit "A-3" for the Marketing Fund as further described in Section 10.1 below. This fee is payable on the same terms as the royalty.

5.3.2 Grand Opening Marketing Fee. You are required to pay Us the grand opening marketing fee listed in Exhibit "A-3". We will use this fee to run Social Media ads in Your area to promote Your opening. This fee is due on the opening date of the Franchise Business.

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

5.4.1 Gross Sales Report. See Section 5.5 below.

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

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

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

5.4.5 Interest. In addition, all Fees not paid when due will be assessed and accrue interest from the due date to the date of payment, both before and after judgment at the rate of 1.5% per month or the maximum rate allowed by law, whichever is less. In no event will any amounts be charged as interest or late fees that otherwise exceeds or violates any applicable legal restrictions. Unpaid interest charges will compound monthly.

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

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

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

5.5.1 Access and Use of Financial Records. We or Our certified public accountants or other duly authorized agents, have the right during normal business hours to conduct computer and other audits and to examine and make copies of Your books, records, financial statements and sales and income tax returns, and You must keep complete and accurate books and records of the operation of Your Franchise Business. You shall provide Us with access to, or copies of, all financial records in the time We require.

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

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

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

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

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

5.10 Technology Fee. You must pay Us the Technology Fee listed on Exhibit "A-3" for utilization of Our technology suite. We reserve the right to modify, add to or delete from the services, technologies or service providers included in Our technology suite, to designate You to pay all or a portion of the Technology Fee directly to a supplier, to increase or otherwise modify the Technology Fee to account for changes to required technologies or increased costs, and to use all or a portion of the Technology Fee for developing, implementing, administering or maintaining technology systems for the System. You agree to sign any license or sublicense agreements or other agreements that may be required by Us or Our suppliers for Your use of Our technology suite.

ARTICLE VI
FRANCHISEE'S OPERATIONAL COVENANTS

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

6.1.1 Compliance with Applicable Laws. You are solely responsible for ensuring compliance with all applicable laws, ordinances, regulations and rulings of every nature whatsoever which in any way regulate or affect the operation of Your Franchise Business. You must also comply with federal, state, and local health and consumer protection laws and regulations governing the food service industry and concerning food preparation, handling, storage, truth in menu laws concerning menu

item names and product labeling, nutritional claims, and local labor regulations, Including minimum age and minimum wage laws.

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

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

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

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

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

(ii) Additional In-Person Training. Depending on availability and advanced written notice, if You would like additional in-person training, We may provide this training to You. We have

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

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

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

6.1.5 Opening Assistance. You must provide Us a valid certificate of occupancy for the Premises before We send any representatives to provide any opening assistance. Additional details on the opening assistance are set forth in Section 7.5 below.

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

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

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

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

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

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

6.1.9 Remodel and Upgrades. You shall Update Your Franchise Business and Premises from time to time as We may direct in accordance with the Manuals, but We will not require a comprehensive remodel of the Franchise Business and Premises prior to the fifth anniversary of the opening of the Franchise Business. An Update may include, without limitation, structural changes, new flooring, wall treatments, signage, new equipment, new furnishings, fixtures and décor, and modifications to existing improvements. You must complete all such Updates within six months of notice from Us. You shall also complete any day-to-day maintenance issues as they occur. In the event You relocate Your Premises to a new approved location, or sign a Successor Franchise Agreement, You must bring Your new Premises up to Our then-current standards.

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

6.1.11 Insurance.

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

Type of Insurance	Minimum Required Amount(s)
Commercial General Liability Insurance	$1,000,000 per occurrence and $2,000,000 in the aggregate, whichever is greater
Property Insurance	100% of the full replacement cost against loss or damage from fire and other risks normally insured against in extended risk coverage

Data Breach & Cyber Security Breach Insurance	$1,000,000 per occurrence and $1,000,000 aggregate
Government Required Insurances	All worker's compensation and employment insurance on Your employees that is required under all federal and state laws

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

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

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

6.1.13 Computer and POS System. At Your expense, You must purchase or lease the computer and point of sale ("POS") system and other computer hardware and software systems designated by Us in strict accordance with Our specifications, and We can mandate the forms of payment that You can or must accept. If We adopt a different computer system, POS system or other system in the future, You must adopt it at Your expense. You must maintain, repair, modify and upgrade all such items at Your sole expense. You must provide Us full 24-hour/7-day a week access, Including online access, and the right to "upload" or "download" information to and from all POS, computer and other systems, and to the information and data contained in them. There is no contractual limitation on Our right to receive information through Your computer, POS or other systems or to the frequency and cost of the obligation to upgrade and maintain them. You hereby waive any claim against Us or Our affiliates for any loss, damage, liability or expense caused by or

related to failures, errors, acts, omissions, or otherwise of any computer, POS, hardware or software system.

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

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

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

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

(v) Compliance Monitoring System. You are required to install a compliance monitoring system in Your Premises, as designated by Us. You are solely responsible for the monitoring, maintenance and upgrades to this system. Both You and We must have the right to online access to the system, but We are not required to monitor Your location for safety or compliance. You may not install any cameras in places where employees and customers have a reasonable expectation of privacy, e.g., bathrooms, changing rooms, etc. By installing the compliance monitoring system, You and Your employees are waiving their right to privacy in non-private areas of the Premises, and You agree to include a provision in all Your employment applications and other applicable documents

requiring Your employees to sign and waive their right to privacy with respect to the use of the compliance monitoring system in non-private areas of the Premises. You agree to indemnify and hold Us harmless from and against any claim related to Your compliance monitoring system.

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

6.1.15 Required Software Technology. You must use and pay for all software and other technology platforms as required by Us, which may be changed from time to time. You must input all required information into Our designated software as set forth in the Manuals. You must follow all laws and regulations in storing Customer Data and in submitting information to Us.

6.2 Quality Control.

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

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

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

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

(iii) Modifications. We have the right to modify, delete, add to and otherwise make systematic and other changes to the System, Intellectual Property, Manuals, operations, etc. We may issue new specifications and standards for any aspect of Our System, or modify existing specifications and standards, at any time by revising Our Manuals and/or issuing new written directives (which may be communicated to You by any method We choose). You must accept, comply with, use, and implement any and all such changes to the System or operations. The modifications may obligate You

to invest additional capital in Your Franchise Business and to incur higher operating costs. You must incorporate all such modifications within the time that We specify. You are prohibited from making modifications to the System without Our prior written approval.

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

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

6.2.3 Interim Management. If We give You notice of default and You fail to cure, We have the right at Our sole discretion (but not the obligation) to manage Your Franchise Business for up to six months, as We deem advisable, for a Fee. See Exhibit "A-3." This Fee reflects the estimated fair market value of Our services. You shall also pay all travel, lodging, food and other expenses for Our representative(s) and other expenses that may be incurred by Us to perform such services, plus royalties, advertising fees and other applicable fees. For clarification, the Fee for Our services does not include compensation for any person providing day to day services at the Franchise Business and all costs for such personnel shall be paid by You.

(i) Operations, Access to Information and Operating Account. During the Interim Management Period, You hereby grant Us authority to assist You in managing any or all aspects of Your Franchise Business. We will work directly with Your Operating Principal and Your manager, and We may require additional training for Your Operating Principal, Your manager, employees, and other contracted personnel. You shall cooperate to provide Us with all pertinent information regarding Your Franchise Business and access to the applicable operating accounts to enable Us to efficiently assist with management operations. All accounts must remain in Your name during the Interim Management Period, but You shall add Us or Our representative as a co-signer on accounts as specified by Us. You shall cooperate with Us in communicating with all vendors and suppliers related to Our interim management. You hereby grant Us permission to speak directly with

Your landlord, suppliers, banks, IRS, state agencies, creditors, potential purchasers, etc., regarding Your Franchise Business (Including any potential sale or other disposition of Your Franchise Business), and You shall cooperate with Us to facilitate such communication. We may require You to establish a new bank account for Your Franchise Business during the Interim Management Period into which all operating income will be deposited. You and We (at Our option) will have authority over this account, and You or We will make payments on Your accounts payable as cash is available. You are ultimately responsible for all operating costs both before and during the Interim Management Period. You shall provide Us with a list of all accounts payable with direction on which accounts are to be paid, but with the understanding that all taxing authorities will be paid first and We are not obligated to pay any account in any particular order. Any excess funds in the Operating Account or any new account after all applicable costs and Fees have been paid and after an additional amount has been set aside sufficient for the Franchise Business to fulfill its business purposes as determined by Us, will be transferred to You monthly. We may provide monthly internal profit and loss statements to You. We have no obligation to infuse capital into Your Franchise Business, but if We do, such amounts will be treated as a loan, which must be repaid within an agreed upon time and bear market interest as agreed. We have the right to direct Your employees and contract personnel during the Interim Management Period. Both You and We agree that in no way does Our interim management create a relationship of trustee, beneficiary or any type of fiduciary relationship over or in relationship to Your Franchise Business.

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

6.3 Personal Guarantees. If You are a Business Entity, each individual or Business Entity that owns a direct or indirect ownership interest in You, and each of their spouses (if any), must sign the Guaranty and Assumption of Obligations attached as Exhibit “A-8” to this Agreement unless We determine otherwise in Our sole discretion.

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

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

6.6 Non-Contravention; Non-Disparagement. You shall not undertake any action or inaction to circumvent, contravene, or undermine the purposes of this Agreement. Additionally, during and after the term of this Agreement, neither You nor Your owners shall make any disparaging, false or misleading statements, published or made orally, in any medium about Us, Our officers, owners, partners, directors, members, managers, representatives, agents or employees, the brand, the System, Our products and services, or other franchisees; provided, however, this restriction will not prevent you from speaking openly with any federal, state or local state agency about potential violations of law.

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

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

ARTICLE VII
FRANCHISOR'S OPERATIONAL ASSISTANCE

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

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

7.3 Operations Assistance. We shall furnish You with guidance relating to the general operation of Your Franchise Business, and upon Your reasonable request, make Ourselves available to consult with You by telephone, email, video conference, teleconferences, or website posting during regular business hours during the continuing operation of Your Franchise Business. Other than initial training and the opening training, We are not required to provide additional training to You. If You feel additional training is necessary (such as management training), We will provide such training to You based on advance notice, availability of personnel, and Your payment of a per day, per person Fee. See Exhibit "A-3." You shall be responsible to cover the cost of travel, food, wages, lodging, and other costs incurred by Your trainees or Our representatives, as applicable. We have the right to communicate directly with Your Operating Principal, designated managers, and assistant managers concerning operational matters that We reasonably believe may affect Our goodwill, Marks, or the System.

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

7.5 Opening Assistance. We will provide You with two of Our representatives, who will provide You with seven days of opening assistance. The Fee for this opening assistance is set forth on Exhibit "A-3" and is due on the opening date of the Franchise Business. We will cover the cost of travel, food and lodging for Our representatives. We will not send any representatives to assist with this opening assistance until you have sent Us a valid certificate of occupancy. You must have also obtained all necessary permits and all Your equipment must be functioning for Us to provide this assistance. After You have completed grand openings for three other Franchise Businesses We will not require You to use our opening assistance for additional grand openings, provided (i) You are not in default of Your

franchise agreement for any Franchise Business as of the relevant time, (ii) during Your most recent grand opening for a Franchise Business you met or exceeded Our then-current standard for the minimum number of tickets during a grand opening, and (iii) Your previous grand opening was otherwise in compliance with the franchise agreement for such Franchise Business and Our then-current standards and procedures for opening a franchise location.

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

7.7 Additional Guidance. Additional guidance, at Our sole discretion, will be furnished in the form of written Manuals, videos, audio recordings, bulletins or other written materials.

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

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

ARTICLE VIII
PURCHASE OF PRODUCTS AND EQUIPMENT

8.1 Approved Products and Services; Suppliers. You shall purchase, use, provide, and sell only those goods and services that meet Our specifications and that are purchased from Our approved suppliers. You shall timely pay all suppliers, Including Us and Our affiliates, for purchased goods and services. The prices, delivery terms, terms of payment, and other terms relating to the sale of such goods and services are subject to change by the supplier (Including Us and affiliates) without prior notice at any time. In no event will We or an affiliate be liable to You for unavailability of or delay in shipment or receipt of merchandise due to product shortages or unavailability, order backlogs, production difficulties, delays in or unavailability of transportation, fire, strikes, work stoppages, or other such causes. A list of approved goods, services, and suppliers may be set forth in Our Manuals, which list We may update from time to time. For clarification, We reserve the right to be, or to designate an affiliate as, an approved or sole source of supply of a required product or service. No goods or services may be added to, altered, or discontinued by Your Franchise Business unless it is first approved by Us in writing. Any additional goods or services that are unique to Your area requires written approval from Us before such goods and/or services are offered. For the purpose of this Article, “goods” means any product, good, inventory, supply item, equipment, tool, item, etc.

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

8.2 Supplier Compensation. We or Our affiliate(s) may derive revenue from the sale of required goods and services through mark-ups in prices We charge to You for goods and services purchased from Us or an affiliate, or We or an affiliate may receive compensation or discounts from the supplier for Your purchase of goods and/or services. You agree that We or Our affiliates are entitled to any such profits, discounts and/or other compensation. We may, but We have no obligation to, return to You a portion of any such profits, discounts and/or other compensation attributable to Your

purchases from suppliers. We also may retain such profits, discounts and/or other compensation and use it as We deem appropriate in Our sole discretion.

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

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

8.5 Warranties; Support. You must look to the respective manufacturers or suppliers for issues related to warranties defective products, training, and support for any third-party goods purchased for Your Franchise Business.

ARTICLE IX
MANUALS

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

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

ARTICLE X
MARKETING

10.1 Marketing Fund. You shall contribute to Our national Marketing fund ("Marketing Fund") for Marketing activities as We, in Our sole discretion, may deem necessary or appropriate to Market the System. We can terminate, suspend, or postpone the Marketing Fund at any time. Upon termination

of the Marketing Fund, the unused funds will either be returned to those that contributed the funds, or We will cease to collect new funds while We spend the remainder of funds.

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

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

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

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

10.4 Your Obligations to Market. Neither We nor You are restricted from Marketing in the Territory. You are not permitted to Market or sell to customers in another franchisee's territory or in a territory of a company owned location and, in our discretion, We can restrict You from Marketing or selling to customers anywhere outside of Your Territory.

10.4.1 Approval of Marketing. You may develop Marketing materials and digital Marketing programs for Your use at Your cost, but You must submit to Us, prior to publication, copies of all Marketing materials, proposed to be used by You, Including any use of the Internet, or other digital, electronic or Social Media along with a description of how it will be used, by what media published, and such other information as may be reasonably requested by Us. All such materials must be approved by Us in advance and in writing in accordance with Our Manuals. Submitted Marketing

materials will be deemed unapproved if You do not receive Our written approval or disapproval within 14 days of the date We receive the submission. We have the right to disapprove previously approved Marketing materials at any time.

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

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

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

10.5.2 Social Media. We will own and control all Social Media related to the brand, but We may allow You access to the Social Media account for Your location for certain management responsibilities and functions. In all cases, We will be named the primary administrator or owner of the pages and have full administrative access, and access to account information, and any other information related to Your Social Media activities related to the Swig® brand. You cannot change any login/password information on any Social Media without Our prior written approval, and You must immediately supply Us with all changed/updated login/password information through secure messaging system. We have the right to remove or alter or require You to remove or alter any content We deem inappropriate or inconsistent with the Swig® brand. Additionally, You must sign the Digital and Social Media Authorization for Assignment attached as Exhibit “A-9.”

ARTICLE XI
BREACH AND TERMINATION

11.1 Default and Termination. We may terminate this Agreement before the expiration of its term upon the occurrence of an event described in this Section 11.1 (each an “event of default” or “default”) if You fail to cure (if curable). If curable, You must cure all defaults within the times set forth below after receiving notice of default. If the default is one which is incapable of cure, Termination is effective as of the date of the notice of default and Termination or such other date as stated in such notice.

No Cure Period:

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

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

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

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

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

F. Unauthorized Transfer. 1) You or any of Your Principal(s) Transfer or attempt to Transfer all or any part of this Agreement, Your Franchise Business, any material portion of the property associated with Your Franchise Business, or any direct or indirect ownership interest in You (Including due to death), without Our prior written approval; 2) You sublicense or attempt to sublicense to another any of the rights licensed to You hereunder, without Our prior written approval; or 3) You otherwise fail, refuse or neglect to obtain Our prior written consent or approval required hereunder.

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

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

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

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

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

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

M. Termination of ADA Before Securing the Premises. Your ADA is Terminated before You and the landlord have fully executed an approved Lease or before You have purchased the Premises, as applicable.

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

24-Hour Cure Period:

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

5-Day Cure Period:

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

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

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

15-Day Cure Period:

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

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

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

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

30-Day Cure Period:

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

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

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

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

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

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

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

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

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

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

ARTICLE XII
TERMINATION AND EXPIRATION

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

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

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

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

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

12.1.5 Notify Suppliers; Communication with Customers. Immediately notify all suppliers, utilities, creditors and concerned others that You are no longer affiliated with Us or the System and provide proof to Us of such notification. All communications with customers of the Franchise Business must be pre-approved by Us, and We can require that all such communication be handled by or through Us. We also have the right to communicate directly with all customers of the Franchise Business.

12.1.6 Return Materials. At Your cost, permanently delete electronic copies and return to Us by first class prepaid United States Mail (Including originals and any copies), physical copies of Our Manuals, all training materials, Marketing and materials, and all other printed and electronic materials

and any other Confidential Information obtained by You from Us pertaining to the operation of Your Franchise Business.

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

12.1.8 Customer Data. To the extent We do not have access, You shall provide Us with (and then permanently destroy) the Customer Data of the Franchise Business.

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

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

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

12.2 Upon Termination of this Agreement, for any reason:

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

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

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

12.3 Survival of Provisions. All provisions of this Agreement, which by implication apply following the Termination of this Agreement are enforceable following Termination of this Agreement, Including Your obligation to indemnify Us and pay all amounts owed and Your obligations to dissociate from Our brand. You shall also still be bound to the confidentiality, brand protection, indemnification, non-disparagement, non-competition, dispute resolution, choice of forum and law selections clauses and other restrictions of this Agreement that have terms or duties owing after Termination of this Agreement.

12.4 Make Premises Available to Us. In addition to those obligations set forth above, upon Termination, You shall make the Premises and computer systems accessible and available for Us to examine and verify Your compliance with Your post-termination obligations, and/or to operate a New

Business at the Premises (see Paragraph 13.1.1(i) below) if We, at Our sole discretion, choose to do so.

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

ARTICLE XIII
PURCHASE OPTION

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

13.1.1 Acquisition of Assets. Acquire, in Our sole discretion, all or any part of Your Operating Assets at the then-existing fair market value of such item or items as of the date of Termination of this Agreement. You hereby grant Us permission to speak directly with Your landlord and other creditors, Including suppliers, banks, the IRS and state agencies (and You will cooperate with Us to facilitate such communication), regarding any loans and/or liens or obligations that would encumber Your Operating Assets. If the fair market value is not agreed to between us, the fair market value will be established by an independent appraisal. The appraisal will be done at Our expense by an appraiser selected by Us. No goodwill will be considered associated with Your Franchise Business or said items. We must exercise this option within 60 days of such Termination or within 15 days of the establishment of the price of the Operating Assets, whichever is later ("Option Period"), by giving written notice to You of Our intent to exercise Our option to purchase. The purchase of any of Your Operating Assets will be done through a bill of sale on a form prepared by Us, which You agree to promptly execute. Unless otherwise agreed by You, the purchase price as determined hereunder will be paid within 30 days of providing notice of Our intent to purchase. We have the right to offset any amounts You owe to Us against the purchase price. If We have not notified You of Our election to exercise this option within the Option Period, it will be conclusively presumed that We have elected not to exercise Our option, and You are then free to sell or transfer such assets to any person or entity on such terms as You may so choose, so long as the Operating Assets have been de-identified as set forth herein. If any of the Operating Assets are subject to liens or taxes, We may also withhold a portion of purchase price to pay off such lien or taxes. We may also withhold 25% of the purchase price for 90 days to ensure that all other liabilities affecting the Operating Assets are paid.

(i) Interim Management During Option Period. We have the right, but not the obligation, to use Your Operating Assets and Premises (if the Lease is still in effect, and in such case, We will obtain this right from the landlord as applicable), and to hire Your personnel to operate the business during the Option Period. You and We understand and agree that We will not be operating Your Franchise Business during this time, but We will be using Your Operating Assets and the Premises to operate Our own, separate Swig® business ("New Business") in order to keep the business open during the Option Period. We will pay You the fair market rental value for such use of the Operating Assets as agreed, but not to exceed fair market rental value, and if We use the Premises, We may pay rent directly to the landlord for Our use of the Premises. For any inventory or other items sold or consumed by Us during the Option Period, We will reimburse You the actual price You paid for such items. You will be required to cooperate to provide Us with all pertinent information regarding Your Franchise Business, as We deem necessary. We will establish Our own bank accounts and other accounts for the New Business during the Option Period. During the Option Period, We will pay all costs and expense of the New Business, and all proceeds of the New Business will belong to Us. We

will not assume any of Your debts or obligations, and We will not be responsible to pay any debts or expenses incurred by Your Franchise Business. You shall indemnify and hold Us harmless from and against any and all claims, damages, losses, deficiencies, liabilities and costs, Including attorney's fees, of or related in any way to the Franchise Business prior to Us operating the New Business at the Premises, and We will indemnify and hold You harmless from and against any and all claims, damages, losses, deficiencies, liabilities and costs arising solely from the New Business. If necessary, We have the right to change the locks and exclude You from the Premises during this Option Period.

13.1.2 Assumption of Lease. We have the right, during the Option Period, to assume Your Lease or enter into a lease with You under the provisions of Section 4.2 above.

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

ARTICLE XIV
SALES OR TRANSFERS OF THE FRANCHISE

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

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

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

14.4 Qualifications of Transferee. In determining the acceptability of the proposed transferee, We will consider, among other things, Our then-current standards for new franchisees and Principals,

Including the net worth, financial resources, creditworthiness, health, background, training, personality, reputation, and business experience of the proposed transferee, Including that of the new Operating Principal, the terms and conditions of the Transfer, and any circumstances that would make the Transfer not in the best interests of Us or the System, Including the proposed purchase price. We may meet and candidly discuss all matters relating to Your Franchise Business with the potential transferee, Including providing a proposed transferee with corrected information or information in addition to what You have provided. In no case will You or a proposed transferee rely on Us to review or evaluate any proposed Transfer.

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

14.6 Transfer Fee. As a condition of Our approving the Transfer of any part of Your Franchise Assets, You shall pay Us the non-refundable Transfer Fee listed in Exhibit "A-3" (together with any transfer fee due under the ADA or another franchise agreement in connection with the Transfer) prior to the time of the approved Transfer.

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

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

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

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

14.8.3 Assumption of Obligations. All Your obligations in connection with the Franchise Assets must be assumed by the transferee, Including assuming Your Lease obligations, if applicable, in a form acceptable to Us.

14.8.4 New Franchise Agreement. At Our discretion, the transferee must sign the then-current form of the franchise agreement for a term equal to the remaining term of this Agreement, the remaining term of the existing Lease, or the term set forth in the then-current franchise agreement, and fully Update the Franchise Business and Premises to the level required of new franchisees.

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

14.8.6 Guarantees. Any individual or Business Entity with a direct or indirect ownership interest in the transferee's Franchise Business or in the transferee, and his or her spouse (if any), must provide personal guarantees approved by Us. See Section 6.3 above.

14.8.7 Notation on Certificates. If transferee is a Business Entity, any ownership certificate evidencing ownership in transferee must have endorsed upon its face that a Transfer is subject to the restrictions of this Agreement.

14.8.8 Transfer Fee. You shall pay the Transfer Fee set forth on Exhibit "A-3." The Transfer Fee is in addition to any transfer fee due under the ADA and any other franchise agreement (i.e. per location) in connection with the Transfer.

14.8.9 General Release. You and each of Your Principals must execute a general release releasing Us and our affiliates of any claims You may have against Us or our affiliates.

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

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

14.9 First Right of Refusal.

14.9.1 Right of First Refusal. You hereby grant to Us the right of first refusal to purchase Your Franchise Assets on such terms and conditions specified in a bona fide written offer from a third-party. You must notify Us in writing of the terms and conditions of the Transfer, Including the Franchise Assets proposed to be Transferred, the purchase price or other consideration, any creditor financing terms being extended by You, the date of the proposed Transfer, and all other pertinent provisions of the proposed Transfer. In addition, a copy of any contract, agreement, memorandum of sale, deposit receipt, letter of intent and the like, must also be forwarded to Us as soon as it is signed by You. Following receipt of all pertinent data and documents concerning the proposed Transfer and data concerning Your Franchise Business that We request, Including financials, employee information,

and lease information, We will have 90 days in which to advise You in writing of Our election to have the Franchise Assets transferred and assigned to Us on the terms and conditions agreed to by the prospective transferee. If We elect to purchase the Franchise Assets proposed to be Transferred pursuant to Our right of first refusal, You and We agree to cooperate to accomplish the Transfer as set forth in the provisions submitted to Us by You, provided that the date for the completion of the Transfer can be extended at Our option for up to 30 days beyond the later of the date originally indicated for the completion of the Transfer or Our election to purchase in order to allow the completion of the transaction in a manner more convenient to Us. We have the right to off-set any amounts You owe to Us against the purchase price.

14.9.2 Non-Election of Rights. If We do not elect to purchase the Franchise Assets proposed to be Transferred, You may complete the proposed Transfer on the terms and conditions set forth in Your notice to Us subject to Our right to approve the proposed transferee and the terms and conditions set forth under this Article. However, if there are any material changes in the terms and conditions of the proposed Transfer, You must notify Us of the changes in writing, and We will have an additional 30 days to elect to purchase the Franchise Assets proposed to be Transferred on the revised terms and conditions. Additionally, if Your Franchise Business is not Transferred to such third-party within 150 days after either Our written waiver of Our right of first refusal or the expiration of Our right to exercise Our right of first refusal, You must re-offer the Franchise Assets to Us subject to Our rights in Section 14.9.1. We have no obligation to purchase Your Franchise Assets.

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

14.11 Certificates. If You are a Business Entity, each ownership certificate evidencing ownership in You must have endorsed upon its face that a Transfer is subject to the restrictions of this Agreement.

14.12 Transfer for Convenience of Ownership. If You are an individual or individuals, You may Transfer this Agreement to a Business Entity formed for the convenience of ownership (without paying a Transfer Fee to Us) if You own all equity and voting securities of such Business Entity, provided You may not make any such Transfer until 30 days after you have provided to Us: 1) written notice of the proposed Transfer; and 2) copies of the entity's charter documents, bylaws or operating agreement (or other governing document(s)), ownership interests of the owners, and similar documents, as We may request for Our review. Additionally, You and the new Business Entity must sign an assumption and assignment agreement in the form required by Us, whereby the transferee assumes all obligations of this Agreement, all personal guarantors remain as personal guarantors after the Transfer, and You and Your spouse (if any) must provide personal guarantees approved by Us. See Section 6.3 above. Furthermore, Your Operating Principal must continue in the same capacities as before the Transfer. You are not required to pay Us a Transfer Fee for any such Transfer, but You are required to reimburse Us for Our costs incurred related to the Transfer.

14.13 Acquisition. At any time after the Market Development Date and continuing throughout the term of this Agreement, We shall have the option to purchase all or substantially all of Your tangible and intangible assets associated with the ownership and operation of Your Franchise Business,

including the Operating Assets (collectively, the "Assets"), in accordance with the terms set forth in this Section 14.13 (the "Purchase Option").

14.13.1 Procedure for Exercise of Option. We may exercise the Purchase Option as follows:

(i) We give You a written notice stating that We intend to exercise the Purchase Option, along with a request for any information about Your ownership and operation of the Franchise Business that We determine is necessary for purposes of evaluating Our decision to exercise the Purchase Option (the "Initial Notice").

(ii) Concurrently with the Initial Notice, We give You an Initial Notice with respect to each of Your Other Franchise Businesses. "Other Franchise Businesses" means other Swig drink shops (whether opened or developed) that are subject to a franchise agreement between You or your Affiliates and Us or one of Our Affiliates and which were developed under the ADA (including pursuant to any post-termination right to develop contemplated by the ADA) or which are otherwise located in the Development Area (defined in the ADA) and so long as We have an option to purchase in such franchise agreement substantially similar to the terms set forth in this Section 14.13.

(iii) You will provide all information requested by Us within 15 days of receipt of the Initial Notice.

(iv) At any time after the Initial Notice (or without delivery of an Initial Notice, at Our option), We may exercise the Purchase Option by giving written notice to You, which notice will include the Purchase Price (defined below) for the Assets and the Asset Purchase Agreement (defined below) that will document the transaction (the "Purchase Option Exercise Notice"). Concurrently with the Purchase Option Exercise Notice, We must also give you a similar Purchase Option Exercise Notice for each of Your Other Franchise Businesses, or, at Our option, We may combine the Purchase Option Exercise Notice for the Assets and Your Other Franchise Businesses.

(v) You will sign the Asset Purchase Agreement and return it to Us within fourteen days after the Asset Purchase Agreement is delivered to You.

14.13.2 Real Property. If You own the real property on which the Franchise Business is situated or, pursuant to a ground lease, the real property improvements from which the Franchise Business operates (as applicable, the "Real Property"), We will lease the Real Property from You upon the closing of the transactions contemplated in the Asset Purchase Agreement. The lease will be in the form attached to the Asset Purchase Agreement (the "Premises Lease") and provide for (i) base rent that reflects fair market rent rates based on the applicable market as determined by Us in good faith and (ii) subject to Section 14.13.3 with respect to a ground lease, an initial term of five years with three renewal options with terms of five years each.

14.13.3 Affiliate Arrangements. If You have any Affiliate Arrangement pursuant to which We elect to assume the obligations under the Affiliate Arrangement from and after the closing of the transactions contemplated under the Asset Purchase Agreement (e.g., a lease) and We determine in good faith that the payments pursuant to the Affiliate Arrangement (or other material terms) are not commercially reasonable, then You will cause Your Affiliate to modify such terms so that the terms are commercially reasonable as determined in good faith by Franchisor. Without limiting the generality of the foregoing, the term of any Affiliate Arrangement We assume or any Premises Lease (including any sublease) ("Our Lease Term") that involves a ground lease must be for the balance of the term of the ground lease, including any renewal options, provided We may, at Our option, require Our Lease Term to be divided into (i) an initial term equal to the lesser of five years or the remaining duration of the initial term of Your lease and (ii) one or more renewal options for the balance of the term as We determine. If You fail to cause Your Affiliate to make such modifications before the closing of the transactions contemplated in the Asset Purchase Agreement, it will constitute a material default under this Agreement and, in addition to any other remedy available to Us, give Us the right to terminate this Agreement immediately upon notice to You and none of the terms relating to the Purchase Option relating to the Franchise Business will be binding upon Us and We will have the right to either (i) terminate the Asset Purchase Agreement (or, if the Asset Purchase Agreement also includes the purchase of assets relating to Your Other Franchise Businesses, modify the Asset Purchase Agreement to exclude any purchase of the Assets) or (ii) accept the Affiliate Arrangement and not terminate the Asset Purchase Agreement.

14.13.4 Assignment. We will have the right to assign the Purchase Option in whole or in part to a third party at any time before the closing of the Asset Purchase Agreement, including, without limitation, any Affiliate or any of Our existing or prospective franchisees.

14.13.5 Improper Restrictions. Neither You nor any Principal shall enter into any arrangement with any third party that would require such third party's approval of the transactions set forth herein or which may otherwise prevent or inhibit the ability of You or any Principal to perform under this Section 14.13.

14.13.6 Definitions. The following definitions will apply to the terms set forth below for purposes of this Section 14.13 only:

(i) "Adjusted EBITDA" means EBITDA subject to the following adjustments: (A) decreased by an amount equal to the lesser of (1) 2.5% of the Net Sales of Your Franchise Business for the Trailing 12-Month Period or (2) if we verify that You have allocated Your administrative and overhead costs to Your Franchise Business (i.e. at the store level), the amount, if any, by which We determine a reasonable allocation of market rate administrative and overhead costs for operation of Your Franchise Business exceeds the amount so allocated for the Trailing 12-Month Period; (B) decreased to the extent necessary to reflect all amounts required to be expended in the operation of Your Franchise Business during the Trailing 12-Month Period pursuant to the terms of this Agreement to the extent such expenses were not incurred (e.g., royalties or other fees due to Us); (C) if You own the Real Property, decreased by the amount the base rent to be paid by Us exceeds the amount of base rent paid by You (if any), as if such decrease was applied to the applicable time period for the

measurement of EBITDA; and (D) increased by an amount of the decrease in payments to be made under any Affiliate Arrangement pursuant Section 14.13.3 above as if such decrease was applied to the applicable time period for the measurement of EBITDA. The determination of EBITDA, Adjusted EBITDA and the Purchase Price shall be made by Us in our reasonable discretion.

(ii) "Affiliate" means, (A) any Principal or spouse of a Principal or (B) with respect to a particular Person, any other Person controlling, controlled by or under common control with that Person. For purposes of the preceding sentence, the term "control" means the power, directly or indirectly, to direct or cause the direction of the management and policies of a Person through voting securities, contract or otherwise.

(iii) "Affiliate Arrangement" means any arrangement (whether pursuant to written agreement or otherwise) between You and one or more of Your Affiliates pursuant to which You make payments to the Affiliate(s) relating to the ownership or operation of Your Franchise Business.

(iv) "Asset Purchase Agreement" means the form of Asset Purchase Agreement attached hereto as an exhibit or, at Franchisor's option, the form of Asset Purchase Agreement attached to Franchisor's standard form Franchise Agreement as of the date of the Purchase Option Exercise Notice, in each case, as modified in good faith by Us to reflect the specific terms of the transaction; provided, that if no such form exists, the Asset Purchase Agreement means the form of Asset Purchase Agreement prepared by Us in good faith and containing commercially reasonable terms for transactions of this type.

(v) "EBITDA" means the net income of Your Franchise Business for the Trailing 12-Month Period before any deductions for interest, income taxes, depreciation and amortization allocable to such Trailing 12-Month Period; provided that if Your Franchise Business has not been open for 12 months as of the date the Trailing 12-Month Period is determined, EBITDA will be projected for a full 12-month period using the actual EBITDA for the time period beginning on the first day of the calendar month following the end of the Mandatory Discount Grace Period, calculated on a daily basis.

(vi) "Market Development Date" means (A) the 5th anniversary of the opening date of Your Franchise Business if Your Franchise Business was not opened pursuant to an ADA or (B) the earlier of (i) the end of the development period under the Development Schedule in the ADA or (ii) the date of termination of the ADA.

(vii) "Mandatory Discount Grace Period" means the period during which You are required by Us to offer mandatory discounts as part of the grand opening Marketing campaign for Your Franchise Business.

(viii) "Person" means and includes a natural person, a partnership, a joint venture, a corporation, a trust, a limited liability company, an unincorporated organization, a Governmental entity or any other legal entity.

(ix) "Purchase Price" means six multiplied by the Adjusted EBITDA, less the Remodel Adjustment Amount, plus the actual cost (including any discounts and rebates) of usable food and beverage inventory at Your Franchise Business, subject to any additional adjustments contemplated in the Asset Purchase Agreement; provided that if Your Franchise Business has not opened or the Mandatory Discount Grace Period has not ended at least one full calendar month before the date of the Initial Notice (or the Purchase Option Exercise Notice, if no Initial Notice is given), the "Purchase Price" will be Your commercially reasonable actual out-of-pocket costs incurred to develop and open Your Franchise Business, as verified by receipts, paid invoices or other records as requested by Us (the "Construction Costs"). Notwithstanding anything to the contrary contained herein, the "Purchase Price" will be calculated on a consolidated basis with the "Purchase Price" of Your Other Franchise Businesses and such consolidated "Purchase Price" will be adjusted up to the extent necessary so that it is an amount that is no less than (A) zero with respect to any of Your Franchise Business and Your Other Franchise Businesses for which Purchase Price is determined based on Adjusted EBITDA plus (B) the aggregate amount of the Construction Costs with respect to any of Your Franchise Business and Your Other Franchise Businesses for which Purchase Price is to be calculated on the basis of Construction Costs.

(x) "Remodel Adjustment Amount" means Our estimated cost to complete a remodel of Your Franchise Business based on the then current remodel package approved by Us multiplied by a fraction, the numerator of which is the number of months since the later of the opening date of Your Franchise Business or the date of the last complete remodel of Your Franchise Business and the denominator of which is 60. If the numerator would be more than 60, the numerator will be 60.

(xi) "Trailing 12-Month Period" means the period of 12 consecutive calendar months ending as of the last day of the calendar month immediately preceding the date of the Initial Notice (or the Purchase Option Exercise Notice, if no Initial Notice is given).

ARTICLE XV
RELATIONSHIP OF THE PARTIES

15.1 Independent Contractors. In all matters, You are an independent contractor. Nothing in this Agreement or in the franchise relationship constitutes You as Our partner, agent, employee, joint employer, or joint venturer with Us, and this Agreement does not create a fiduciary relationship between You and Us. You are solely responsible for the management and control of Your Franchise Business, Including its daily operations, managing and directing employees, contractors, and salespersons, and paying all costs and expenses of Your Franchise Business. None of Your employees will be deemed to be Our employee and each employee will be so notified by You. Neither party has the authority to act as agent for the other, and neither You nor We guaranty the obligations of the other or in any way become obligated for the debts or expenses of the other unless agreed to in writing. You must post promptly and maintain any signs or notices specified by Us or by applicable law indicating the status of the parties as described above.

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

THE FOREGOING INDEMNITIES ARE INTENDED TO BE ENFORCEABLE IN ACCORDANCE WITH THE EXPRESS TERMS AND SCOPE THEREOF NOTWITHSTANDING ANY EXPRESS NEGLIGENCE RULE, DOCTRINE RELATING TO INDEMNIFICATION FOR STRICT LIABILITY OR ANY SIMILAR DIRECTIVE THAT WOULD PROHIBIT OR OTHERWISE LIMIT INDEMNITIES BECAUSE OF THE NEGLIGENCE (WHETHER SOLE, CONCURRENT, ACTIVE OR PASSIVE) OR OTHER FAULT OR STRICT LIABILITY OF ANY INDEMNIFIED PARTY.

ARTICLE XVI
COVENANT NOT TO COMPETE

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

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

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

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

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

16.4 Survival of Covenants; Tolling of Covenants. The foregoing covenants survive the Termination of this Agreement and apply regardless of whether this Agreement was Terminated by lapse of time,

by default of either party, or for any other reason. In addition to other remedies available to Us, in the event You violate a non-competition covenant, the non-competition period will be tolled for the period of Your violation.

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

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

16.7 Breach of Non-Competition. You and We recognize the difficulty of calculating damages caused by Your breach of Your non-competition obligations and agree that such damages could arise, and You and We hereby agree to the following as a compromise on the calculation of such damages. If You violate either Section 16.1 or Section 16.3 of this Agreement, in addition to any other remedy We may have under this Agreement and under law, You shall pay Us the liquidated damages Fee listed on Exhibit "A-3."

16.8 Additional Equitable Remedies. The amount contemplated under Section 16.7 does not represent a price for the privilege of not performing nor does the payment represent an alternative manner of performance. Section 16.7 does not preclude recovery for damages for other breaches of this Agreement and is not inconsistent with a court granting Us specific performance or any other equitable remedies, such as an injunction, to prevent future breaches. Additionally, We have the right to automatically debit by EFT or other electronic withdrawal means, Your bank account for the amounts payable to Us under Section 16.7.

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

ARTICLE XVII
DISPUTE RESOLUTION

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

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

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

17.2.2 Mediation. If, in the opinion of either You or Us, the face-to-face meeting has not successfully resolved such Dispute, and if desired by either You or Us, the Dispute will be submitted to non-binding mediation before Franchise Arbitration and Mediation Services ("FAM") or as otherwise mutually agreed. The mediation will be conducted exclusively in Utah County or Salt Lake County, Utah. On election by either party, litigation may proceed forward at the same time as mediation. The mediator will be disqualified as a witness, consultant, expert, or counsel for any party with respect to the Dispute and any related matters. The parties to the Dispute submitted to mediation will share the fees and expenses of mediation equally during the mediation. If a party is unable or unwilling to pay its share of the cost of the mediation, the other party has the right to cover those costs; however, the prevailing party in any related action or proceeding will be awarded costs, Including the costs of mediation and attorney's fees as set forth in Section 19.3 below.

17.2.3 Individual Disputes; Limitations.

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

(ii) Agreed Limitations. Any legal action or proceeding brought or instituted with respect to any Dispute hereunder must be brought or instituted within the earlier of one year from the date upon which a party discovered, or should have discovered, the facts giving rise to an alleged claim or two years after the first act or omission giving rise to an alleged claim (as applicable, the "SOL"). The initiation of mediation or legal proceedings hereunder will toll the applicable SOL for the duration of any such proceedings. Notwithstanding the foregoing, the SOL will not apply to claims for payments owed under this Agreement by one party to the other, indemnification under Article XV, or claims related to an act of Yours allowing Us to immediately terminate this Agreement.

(iii) Limited Damages. You and We waive any right or claim of any consequential, punitive, or exemplary damages against each other and agree that in the event of a Dispute between You and Us, each will be limited to the recovery of actual damages sustained, provided the foregoing waiver and damages limitation does not apply to Our rights under Section 11.3.4 (Including with respect to recovery of lost profits) or Your obligations of indemnity set forth herein, each of which shall not be limited.

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

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

ARTICLE XVIII
NOTICES

18.1 Notices. All notices permitted or required under this Agreement must be in writing and delivered as follows with notice deemed given as indicated: (i) by personal delivery when delivered personally; (ii) by overnight courier upon delivery confirmation; (iii) by facsimile transmission when confirmed by facsimile transmission, during normal business hours, Monday through Friday, holidays excepted; (iv) if to Franchisee, upon sending an email to the email address below, the email address of the Operating Principal as listed on Exhibit "A-2", or other verified email address; or (v) by certified or registered mail, return receipt requested, addressed as follows:

FRANCHISOR:	FRANCHISEE:
Swig Franchising, LLC 9350 S. 150 E., Suite 220 Sandy, UT 84070 (or Our then-current headquarters) Email: FRANCHISE@SWIGDRINKS.COM With a courtesy copy to (which will not act as notice or service to Swig Franchising, LLC): Seigfreid Bingham, PC Attn: Lance Formwalt 2323 Grand Blvd, Suite 1000 Kansas City, MO 64108 Email: lancef@sb-kc.com	_____ _____ _____ Email: _____

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

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

ARTICLE XIX
CONSTRUCTION AND JURISDICTION

19.1 Governing Law. Except as provided in Section 19.4, this Agreement will be governed, construed and interpreted in accordance with the laws of the state of Utah without giving effect to its conflicts of law provisions. If the governing law requires terms other than or in addition to those in this Agreement, then such terms will be deemed incorporated herein but only to the extent necessary to prevent the invalidity of this Agreement or any of the provisions hereof or the imposition of civil or

criminal penalties or liability. To the extent permitted by the laws of the state whose laws govern this Agreement, You hereby waive any provisions of law or regulations which render any portion of this Agreement invalid or unenforceable in any respect.

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

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

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

ARTICLE XX
MISCELLANEOUS

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

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

20.3 Authority. Where a Business Entity is a party to this Agreement, the person or persons signing this Agreement on behalf of the Business Entity warrant to Us that they have the requisite authority to sign this Agreement. At Our request, the concerned signatory agrees to promptly provide Us with

a certified copy of the resolution authorizing the execution of this Agreement and naming the officers, directors, members, managers or other authorized representative of the Business Entity who are authorized to sign this Agreement on behalf of the Business Entity. No field representative or salesperson has the right or authority to sign this Agreement or make oral representations or written modifications hereof on Our behalf.

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

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

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

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

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

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

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

still be considered enforceable and severable as if it was its own separate agreement from the voided term.

20.11 Amendments. Except as expressly contemplated herein, no amendment, change, or variance from this Agreement will be binding on either party unless executed in writing and signed by both parties; however, the Manuals, Standards and System may be modified by Us from time to time as set forth in this Agreement and are binding.

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

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

20.14 No Representations. You understand that the success or failure of Your Franchise Business depends, in major part, upon Your efforts. You agree that We have not made nor have You received any promise, representation or warranty that: 1) any payments by You are refundable at Your option; 2) We will repurchase any rights granted hereunder; 3) You will achieve any particular sales, income or other levels of performance, or that You will be successful in Your Franchise Business licensed by this Agreement; 4) You will have any exclusive rights of any type other than as expressly set forth herein; 5) You will receive any level of Marketing assistance, site location, development or other services, operational assistance, or otherwise other than as expressly set forth in this Agreement; 6) You will not be required to obtain any licenses or permits in order to operate Your Franchise Business; 7) any location or territory will be successful; or 8) that You will be awarded additional or further franchises or other rights, except as expressly set forth in a written document signed by Us.

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

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

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

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

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

20.20 Counterpart and Electronic Signatures. This Agreement and its exhibits may be signed in counterparts by facsimile, electronic signature, or scanned and emailed signature, or similar electronic means, which will be deemed the same as an original signature with full legal force and effect and may be used for all purposes as if it were an original. Any signed exhibit to this Agreement will be enforceable as a standalone document in accordance with its terms, notwithstanding any "Exhibit" marking that may remain on the signed version of such document.

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

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

ARTICLE XXI
DEFINITIONS

"ADA" means the Area Development Agreement between You and Us pursuant to which You were authorized to develop the Franchise Business, if applicable.

"Business Entity" means a corporation, general or limited partnership, limited liability company, trust, or any other similar type or form of business organization.

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

"Confidential Information" means any non-public information (through no fault of Yours) relating to Our products or services, or operation of a Swig® business, the System, or relating to the System as a whole, Including: (i) methods, techniques, formats, specifications, procedures, and systems; (ii) hardware, software, proprietary technology, and equipment; (iii) sales and Marketing programs, sales techniques, pricing, bidding methods, etc.; (iv) the development and operation of Swig® businesses; (v) knowledge of, specifications for, and suppliers of, certain Swig® products, materials, supplies, equipment, furnishings and fixtures; (vi) operating results, margins, expenses, and financial performance of Swig® businesses; (vii) strategic plans and concepts for the development, operation,

or expansion of Swig® businesses; (viii) the contents of the Manuals; (ix) all Customer Data; (x) login, passwords, access information, etc., to email accounts, Social Media, Manuals or other internal sites or shared documents; (xi) Intellectual Property that is generally deemed confidential; (xii) all Innovations; (xiii) Recipes; and (xiv) any other information obtained from Us in confidence at any time by virtue of the franchise or license relationship.

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

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

"Dispute" means any claim, controversy, disagreement, or dispute of any type whatsoever.

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

"Food Truck" means a Swig® food truck or trailer as approved by Us.

"Franchise Assets" means this Agreement, or any rights or privileges associated with this Agreement, or any shares, units, or any other equity or capital interests in the direct or indirect ownership of Your Business Entity, Your Franchise Business, or substantially all Your assets.

"Gross Sales" Includes the total of all revenue from sales of all products, merchandise, goods and services sold, traded, bartered, or rendered by You and income of every kind and nature, Including the value of a trade or other bartering, arising from Your Franchise Business and tangible property of every kind sold by You during the term of this Agreement. "Gross Sales" excludes bona fide credits and or returns, amounts paid by You for sales or use taxes on the sale of any products or services, and tips paid to Your employees. It also does not include revenue from the sale of gift cards, as those sales will be pooled through Us or an affiliate. However, Your Gross Sales do include sales of products and services to customers using gift cards for payment.

"Immediate Family" means spouses, domestic partners, parents, stepparents, children, stepchildren, sons-in-law, and daughters-in law.

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

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

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

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

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

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

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

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

"Marks" means the federally registered and common law names, trade names, trademarks, slogans, service marks, logos and/or other commercial property or symbols owned by Us or licensed to Us, whether now or later developed, used in connection with the Swig® System.

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

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

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

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

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

"Principal" means shareholders, owners, partners (both general and limited) in a partnership, directors, members of a limited liability company, managers of a manager-managed limited liability company, and officers.

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

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

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

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

"Termination" or "Terminate" Includes expiration, non-renewal, repurchase of Your rights, non-granting of a Successor Franchise, non-renewal, Transfer, or any other means by which this Agreement is no longer in effect.

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

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

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

"You" or "Your" Includes all signers of this Agreement, all current and subsequent guarantors, and all subsequent and current Principals, provided that "You" is limited solely to Franchisee with respect to any rights set forth in, or otherwise granted in connection with, this Agreement and

no such individual or Business Entity other than Franchisee will be deemed Our franchisee or a franchisee of the System because of this definition.

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

FRANCHISOR:

SWIG FRANCHISING, LLC

By: _____
Name: Chase Wardrop
Title: President

FRANCHISEE:

_____

By: _____
(Signature)

Name: _____

Title: _____

EXHIBIT "A-1"
TO THE FRANCHISE AGREEMENT

SEARCH AREA AND TERRITORY:
(Map may be attached)

1. Your Search Area in which to select Your Premises location is Your Development Area as defined in your ADA, unless a different Search Area is described below.

_____

_____

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

_____

_____

3. Your Territory is a ___ mile radius from the front door of Your approved Premises.
   If the approved Premises is not known at the time of signing the Franchise Agreement, Franchisor may unilaterally complete this Section 3 with any reasonable number of miles as determined in Franchisor's discretion within a reasonable period after Franchisor's approval of the Premises. Unless and until a different number of miles, which You acknowledge may be zero in densely populated areas, is inserted in this Section 3 as permitted, Your Territory will be deemed to be a 2-mile radius from the front door of Your approved Premises.

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

EXHIBIT "A-2"
TO THE FRANCHISE AGREEMENT

COMPANY REPRESENTATIONS AND WARRANTIES

You make the following additional warranties and representations:

You are a (check one):

□ Partnership □ Corporation
□ Sole Proprietorship □ Limited Liability Company

Name of your entity: _____
The state in which your entity was formed: _____
Date of formation: _____
EIN: _____

If You are a Business Entity, Your sole purpose as stated in Your governing documents is to develop, own and operate Swig drink shops and to engage in all lawful activities ancillary thereto.

The names and addresses of each individual or Business Entity holding a direct or indirect ownership interest in You if You are a Business Entity (please print or type the information and add extra lines if necessary):

Name	Address	Percentage of Ownership*

*Corporation: Percentage owned of outstanding voting stock.
*Partnership: Percentage owned in voting and in capital and profits.
*Limited Liability Company: Percentage owned in membership interest.

The names and titles of the members of the governing body (e.g. Board of Directors or Managers, if applicable) and officers of the Business Entity (please print or type the information and add extra lines if necessary):

Name	Title

The address where Your corporate records are maintained is:

_____

_____

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

Name: _____

Address: _____

Email: _____

Phone: _____

You represent and warrant that the information provided in this form (and in any subsequent update thereto) is true, accurate, and complete, and that We may consider this statement as continuing to be true, accurate, and complete until a written notice of change in the information set forth herein is given to Us. At Our request, You agree to prepare and sign a new form containing the correct information.

You must attach a true, accurate and complete copy of Your articles of organization and operating agreement, articles of incorporation and bylaws, partnership agreement or other similar governing documents.

Dated _____.

FRANCHISEE:

_____

By: _____
(Signature)

Name: _____

Title: _____

EXHIBIT "A-3"
TO THE FRANCHISE AGREEMENT

FEE CHART[1]

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

Type of Fee	Amount	Notes
Successor Franchise Fee	50% of Our then-current initial franchise fee	See Paragraph 2.2.4
Site Development Fee[1] (Optional)	$35,000	See Paragraph 4.1.1 and Section 4.5
Relocation Fee	$35,000	See Section 4.5
Initial Franchise Fee	$39,500	See Section 5.1
Royalty	7% of Gross Sales	See Section 5.2
Marketing Fund Fee	3% of Gross Sales	See Section 5.3.1
Grand Opening Marketing Fee	$10,000	See Section 5.3.2
Late Fees[1]	$25 per day for each late fee or report (up to a maximum of 2x the total amount owing per instance per late payment and up to $500 per late report)	See Paragraph 5.4.4
Non-Sufficient Funds Fee[1]	$50 per bounced check or draft, or the maximum allowed by state law	See Paragraph 5.4.3
Interest Fees on Late Fees and Reports	18% interest or maximum rate permitted by state law, whichever is less	See Paragraph 5.4.5
Sales or Use Tax	Sum equal to tax imposed	See Paragraph 5.4.6
Audit Charge	Cost of audit	See Paragraph 5.5.2
System Non-Compliance Fines and Charges[1]	$250 for the first violation; $500 for the second violation; and $750 for the third and subsequent violations	See Section 5.9
Technology Fee	Currently, $400 per month	See Section 5.10
Additional Trainees at Initial Training[1]	$2,500 per attendee	See Paragraph 6.1.4
New Operating Principal and Manager Training[1]	$2,500 per person	See Paragraph 6.1.4(i)
Additional In-Person Training[1]	$300 per person, per day	See Paragraph 6.1.4(ii) and Section 7.3
Rescheduling Fee[1]	$1,500	See Paragraph 6.1.4(iv)
Insurance Reimbursement Fee[1]	Varies, plus an administration fee of $50 per man-hour	See Paragraph 6.1.9
PCI and DSS Audit Reimbursement Fee	Reasonable costs of the audit	See Paragraph 6.1.13(iv)
Conference or Seminar Fee[1]	$250 to $1,000 per attendee	See Paragraph 6.1.14

Online Ordering and Delivery	Currently, 15% of the order price	See Paragraph 6.2.2(v)
Interim Management Fee	15% of Gross Sales	See Paragraph 6.2.3 and Section 14.10
Opening Assistance Fee	$10,000	See Section 7.3
Supplier Evaluation Fee	Our costs and expenses of testing and evaluation	See Section 8.3
Additional Copies of Marketing Materials	Our reasonable costs, not to exceed 10% for shipping and handling	See Section 10.3
Fees on Default	Our costs associated with Your default	You must pay Us Our costs to enforce Your obligations under this Agreement. See Sec. 11.2
Post-Termination Fees and Damages	Varies	See Section 12.1
Transfer Fee	$20,000	See Section 14.5
Transfer for Convenience Fee	Our costs incurred in connection with the Transfer	See Section 14.12
Transferee Training Fee[1]	$10,000	See Paragraph 14.8.5
Indemnification	Varies	See Section 15.2
Non-Compete Violations[1]	$1,000 per day for each competing business	See Section 16.7
Dispute Resolution Fees	Varies	See Section 17.2 and Section 19.3

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

EXHIBIT "A-4"
TO THE FRANCHISE AGREEMENT

BRAND PROTECTION AGREEMENT FOR OWNER PRINCIPALS

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

WHEREAS, Principals, or a Business Entity of which Principals are direct or indirect owners ("Principals Business Entity"), entered into an agreement with Franchisor so as to be able to obtain the rights to operate a Swig® Franchise Business using the System developed by Franchisor, Including certain Confidential Information of Franchisor ("Franchise Agreement"); and

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

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

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

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

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

2.1 Duty to Notify. Principals agree to notify Franchisor of any reasonably suspected attempts to violate the terms or purposes of this Agreement and further agrees to require all personnel to report to it any reasonably suspected attempts to violate this Agreement. If it is

discovered that Principals knew or had reason to know of any suspected attempts to violate this Agreement, Principals agree to indemnify Franchisor for all costs and fees associated with enforcement, and to reimburse Franchisor for those losses sustained due to such violation.

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

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

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

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

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

4. Violation of Non-Competition Provision; Tolling of Covenants. In addition to other remedies available to Franchisor, if a Principal violates a non-competition covenant, the non-competition period will be tolled for the period of that Principal's violation. Principal shall also pay Franchisor liquidated damages of $1,000 per day for each Competing Business for violation of Sec. 3.1 or 3.2. These liquidated damages do not represent a price for the privilege of not performing nor does the payment represent an alternative manner of performance. This Section does not preclude and is not inconsistent with a court granting Franchisor specific performance or any other equitable remedies, such as an injunction, to prevent future breaches.

5. Return of Materials. Upon the Termination of the Franchise Agreement, or a Principal's

disassociation from Principals Business Entity, each Principal agrees to deliver to Franchisor (and will not keep a copy in his or her possession or deliver to anyone else) the Swig® Manuals and any and all Confidential Information; provided that such obligations will not apply if the Principal remains an owner of Principals Business Entity and Principals Business Entity will continue to operate a Franchise Business.

6. Non-Disparagement. Principals shall not during and after the term of this Agreement, make any negative, disparaging, false or misleading statements, published or made orally, in any medium about Franchisor, Franchisor's officers, owners, partners, directors, members, managers, representatives, agents or employees, the brand, the System, products and services, or other franchisees; provided, however, this restriction will not prevent Principals from speaking openly with any federal, state or local state agency about potential violations of law.

7. Irreparable Harm. Principals hereby acknowledge and agree that any breach by him or her of any portion of Sections 1 through 6 above, inclusive, will cause damage to Franchisor in an amount difficult to ascertain. Accordingly, in addition to any other relief to which Franchisor may be entitled, Franchisor will be entitled to temporary, preliminary, and/or permanent injunctive relief for any breach or threatened breach by any Principal of any of the terms of Section 1 through 6 above, inclusive, without proof of actual damages that have been or may be caused to Franchisor by such breach and without the requirement of posting bond. Additionally, Principals agree that the existence of any claims a Principal may have against Franchisor, whether or not arising from this Agreement or the Franchise Agreement, will not constitute a defense to Franchisor's ability to enforce the covenants set forth in this Agreement.

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

9. Governing Law and Jurisdiction. The validity, enforcement, construction, rights and liabilities of the parties and provisions of this Agreement will be governed by and interpreted in accordance with the laws of the state of Utah without giving effect to its conflicts of law provisions. If for any reason court action is filed, Principals individually consent to the jurisdiction of the courts of record in the state of Utah, and each Principal agrees that proper jurisdiction and venue for all Dispute resolution will be exclusively in the state and federal courts of Utah County or Salt Lake County, Utah.

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

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

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

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

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

15. Capitalized Terms. Capitalized terms used, but not defined, herein will have the respective meanings assigned to them pursuant to the Franchise Agreement.

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

17. Prior Disclosures. The parties intend that the information disclosed by Franchisor prior to the actual execution of this Agreement constitutes Confidential Information and is subject to all the terms and conditions of this Agreement as if such information had been disclosed following the execution of this Agreement.

PRINCIPALS INDIVIDUALLY ACKNOWLEDGE THAT HE OR SHE HAS READ THIS AGREEMENT AND UNDERSTANDS ITS CONTENTS.

IN WITNESS WHEREOF, the parties have executed this Agreement effective as of the date below.

DATED _____.

FRANCHISOR:

SWIG FRANCHISING, LLC

By: _____
Name: Chase Wardrop
Title: President

PRINCIPALS:

By: _____
(Signature)
Name: _____

By: _____
(Signature)
Name: _____

By: _____
(Signature)
Name: _____

By: _____
(Signature)
Name: _____

[Brand Protection Agreement for Owner Principals Signature Page]

EXHIBIT "A-5"
TO THE FRANCHISE AGREEMENT

ASSOCIATE BRAND PROTECTION AGREEMENT

This ASSOCIATE BRAND PROTECTION AGREEMENT ("Agreement") is entered into as of _____, between _____ ("Franchisee") and _____ ("Associate"), residing at _____.

A. Franchisee is the holder of a Swig® franchise developed by Swig Franchising, LLC ("Franchisor").

B. Franchisor has developed certain confidential and proprietary information for the operation of a Swig® franchise, including without limitation, processes, methods, trade secrets, systems, software, pricing, financial information, customer data and lists, manuals, marketing techniques, and procedures ("Proprietary Information").

C. Included in the Proprietary Information are confidential and proprietary mixes, batters, recipes, fillings, frostings, flavors, ingredients, sauces, syrups, spices, processes, methods, formulas, combinations, compositions, temperatures, cook times, and measurements and other information relating to the preparation of food items (collectively "Recipes") for use in the operation of Swig® franchise businesses.

NOW, THEREFORE, in consideration of Associate's employment in or promotion to a management-level position with Franchisee, or Associate's position as a non-owner officer, director or manager of Franchisee, the parties hereto agree as follows:

1. Acknowledgement. Associate acknowledges that during the course of his or her employment by or other relationship with Franchisee he or she has obtained or may obtain knowledge of the Proprietary Information and other confidential matters and procedures developed, licensed to or owned by Franchisor and made available to Franchisee, which are necessary and essential to the operation of the business of Franchisee, which without such information, Franchisee could not efficiently, effectively and profitably operate its Swig® franchise. Associate further acknowledges that such Proprietary Information was not known to him or her prior to the association with Franchisee or its Swig® franchise.

2. Non-Use, Non-Disclosure. Except as may be authorized and only in the performance of duties for Franchisee, Associate shall not, during the course of his or her employment or other association with Franchisee, or at any time thereafter, directly or indirectly, use, or disclose to any third-party, or authorize any third-party to use any portion of the Proprietary Information, and agrees not to copy, transmit, recreate or otherwise reproduce all of any part of the Proprietary Information at any time.

2.1 No Reverse Engineering. Associate shall not, either personally, in concert with others or through other authorization, reverse engineer, decompile or deconstruct or attempt to reverse engineer, decompile or deconstruct any portion of the Proprietary Information, including without

limitation, the Recipes, and will not allow, encourage or permit any partner, owner, director, member, manager, agent, employee or other person to do so. For purposes of this Agreement, reverse engineering as relates to the Recipes will include any deviations from the Recipes that make minimal changes to the process, procedure, or ingredients such that the final result is identical or substantially similar to the result that would reasonably be expected to result from the Recipes.

3. Duty to Notify. Associate agrees to notify Franchisor or Franchisee or Associate's immediate superiors of any reasonably suspected attempts to violate the terms or purposes of this Agreement or to otherwise disclose, copy or reproduce any part of the Proprietary Information. If it is discovered that Associate knew or had reason to know of any suspected attempts to violate this Agreement and fails to report such knowledge, Associate agrees to indemnify Franchisor and Franchisee for all costs and fees associated with enforcement, and to reimburse Franchisor and Franchisee for those losses sustained due to such violation. Associate agrees to cooperate with Franchisor and Franchisee in its or their attempts to enforce the terms of this Agreement and to otherwise protect the Proprietary Information, and to cooperate with Franchisee and Franchisor to the extent Franchisee is obligated to cooperate with Franchisor's attempts to enforce its rights in and to the Proprietary Information.

4. Return of Materials. Immediately upon Associate's termination of employment or other association with Franchisee, Associate agrees to deliver to Franchisee (and shall not keep in his or her possession or deliver to anyone else whether in hard or electronic soft copy) any and all records, data, photographs, notes, manuals, lists, correspondence, specifications, materials, other documents or property, or reproductions relating to, directly or indirectly, to the Proprietary Information.

5. Non-Competition. Associate shall not, during the course of his or her employment or other association with Franchisee, and for one year thereafter, directly or indirectly in any capacity, without Franchisee's prior written consent, engage in a business, or plan for or organize a business, or have any financial interest in, or become and owner, officer, director, shareholder, partner, associate, employee (management-level or higher), contractor, agent, representative or consultant in any offering or selling products or services the same or substantially similar to a Swig® business. Without limiting the generality of the foregoing, the minimum area of competitive nature will be that area within a 10-mile radius of Franchisee's place of business or any Swig® business in operation at the time of Associate's termination of employment or other relationship with Franchisee. The ownership of not more than 2% of the voting stock of a publicly held corporation will not be considered a violation of the foregoing provision.

6. Non-Disparagement. Associate shall not make any negative, disparaging, false or misleading statements, published or made orally, in any medium about Franchisee and/or Franchisor (including their respective owners, officers, and employees), or the Swig® brand; provided, however, this restriction will not prevent Associate from speaking openly with any federal, state or local state agency about potential violations of law.

7. Irreparable Harm. In addition to other remedies available to Franchisee and/or Franchisor, if Associate violates a non-competition covenant, the non-competition period will be tolled for the period of Associate's violation. Additionally, Associate hereby acknowledges and agrees that any breach by him or her of any portion of Sections 1 through 6 above, inclusive, will cause damage to Franchisee and Franchisor in an amount difficult to ascertain. Accordingly, in addition to any other relief to which Franchisee may be entitled, either Franchisee and/or Franchisor will be entitled to

enforce this Agreement and to seek temporary, preliminary, and/or permanent injunctive relief for any breach or threatened breach by Associate of any of the terms of Section 1 through 6 above, inclusive, without proof of actual damages that have been or may be caused to Franchisee or Franchisor by such breach, and without the requirement of posting bond. The existence of a claim against Franchisee or Franchisor will not constitute a defense to enforce the covenants of this Agreement.

8. Modification. Associate hereby agrees that, without limitation, any modifications, alterations, changes, or improvements conceived, designed, devised, developed, perfected or made by Associate, whether alone or in conjunction with others, and related in any manner to the actual or anticipated operation of the Franchisee, or the Swig® system, or to any area of research and development related to the operation of the business, must be promptly disclosed to the Franchisee and will become the property of Franchisor, and Associate hereby irrevocably assigns, transfers, and conveys any such modifications, alterations, changes, and improvements to Franchisor.

9. Governing Law; Enforceability. The validity, enforcement, construction, rights and liabilities of the parties and provisions of this Agreement will be governed by and interpreted in accordance with the laws of the state of Utah without giving effect to its conflicts of law provisions. If for any reason court action is filed, Associate consents to the jurisdiction of the courts of record in the state of Utah, and Associate agrees that proper jurisdiction and venue for all dispute resolution will be exclusively in the state and federal courts of Utah County or Salt Lake County, Utah. If any portion of this Agreement will be held invalid or inoperative, then, so far as is reasonable and possible, the remainder of this Agreement will be considered valid and operative, and effect will be given to the intent manifested by the portion held invalid or inoperative.

10. Survival of Covenants. All covenants made in this Agreement by Associate survive the termination of Associate's employment or other association with Franchisee or the expiration, transfer, or termination of this Agreement.

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

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

13. Waiver. Associate understands and acknowledges that Franchisee may employ the use of cameras at the business premises, and Associate waives any expectation of privacy in non-private areas of the business premises, e.g., spaces that are not in a bathroom, changing room, etc.

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

15. Third-party Beneficiary. It is agreed and acknowledged that Franchisor is a third-party beneficiary to this Agreement.

16. Prior Disclosures. Associate acknowledges and agrees that prior to the execution of this Agreement, Associate may have received information Franchisee, Franchisor, and/or their representatives, and that any such Proprietary Information obtained or received is subject to the protection and restrictions of this Agreement.

[Signatures on the Following Page]

ASSOCIATE ACKNOWLEDGES THAT HE OR SHE HAS READ THIS AGREEMENT AND UNDERSTANDS ITS CONTENTS.

IN WITNESS WHEREOF, the parties have executed this Agreement effective as of the day and year first herein above written.

FRANCHISEE:	ASSOCIATE:
_____	_____
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____
Date: _____	Date: _____

[Associate Brand Protection Agreement Signature Page]

EXHIBIT "A-6"
TO THE FRANCHISE AGREEMENT

LANDLORD'S CONSENT TO ASSIGNMENT

_____ ("Landlord") hereby consents to an assignment of the **[Insert reference to the lease]** ("Lease Agreement") for certain real property located at _____ (the "Leased Premises") to Swig Franchising, LLC ("Franchisor") for the purpose of securing the obligations of _____ ("Lessee" and Franchisor's franchisee) to Franchisor. In the event of Lessee's breach of the Lease Agreement, Landlord agrees to provide Franchisor with written notice of any breach of the Lease Agreement that Landlord is required to provide to Lessee. Further, Landlord agrees it will not take any action to terminate said Lease Agreement without first giving Franchisor an opportunity, but not the obligation, to cure said breach for an additional 10 days beyond the applicable cure period granted to the Lessee under the Lease Agreement.

Landlord agrees to provide Franchisor with all information relating to amounts owing, settlement agreements, and all matters related to the Lease Agreement within five days of written request from Franchisor.

Landlord agrees that if Lessee does not timely cure a default under the Lease Agreement, or if either the Lease Agreement or the Franchise Agreement is terminated, Franchisor will have the right, but not the obligation, within 45 days after 1) Landlord provides Franchisor written notice of Lessee's failure to timely cure a default, 2) termination of the Lease Agreement, or 3) termination of the Franchise Agreement, to take possession of the premises, and to assume or reassign the Lease Agreement, or sublet the premises to another franchisee for the remaining term of the Lease Agreement. "Franchise Agreement" means the Franchise Agreement between Franchisor and Lessee for the operation of a Swig® drink shop at the Leased Premises.

Landlord further covenants that so long as Franchisor has not entered into possession of the Leased Premises, Franchisor will not be liable for rent or any other obligation under the Lease Agreement, but that Landlord will look to Lessee for all obligations under the Lease Agreement.

Notices to Franchisor will be sent to: 9350 S. 150 E., Suite 220, Sandy, UT 84070.

Dated as of _____.

Landlord's Contact Information:

Contact Person: _____
Mailing Address: _____
_____
Email: _____
Phone: _____

LANDLORD:

By: _____
Title: _____
Print Name: _____

Date: _____

SCHEDULE "A-6.1"
To the Landlord's Consent to Assignment
Lease Rider

The undersigned Landlord and undersigned Tenant are parties to that certain _____ (the "lease"). Notwithstanding anything in the lease to the contrary, the Landlord and Tenant agree as follows:

1. The initial term of the lease will be for a period of not less than 10 years, and Tenant shall have at least two options to renew the lease for renewal terms of five years each.

2. Landlord consents to Tenant's use and display of the Swig® marks and signage as Swig Franchising, LLC ("Franchisor") may require from time to time in connection with Tenant's operation of a Swig® drink shop on the Premises (the "Franchise Business"), subject only to the provisions of applicable law. Landlord shall also provide Tenant and Tenant's customers with a non-exclusive, mutual cross access easement for purposes of vehicular and pedestrian ingress and egress to access the Franchise Business. Tenant shall also have the right to use a customer drive-through for the Franchise Business.

3. Tenant will have the right to alter, renovate, add, remodel, modify, and/or change the Premises and/or other improvements upon the Premises as Tenant may deem desirable, provided that if any such alterations, renovations, additions, modifications, remodeling and/or changes to the Premises and/or improvements upon the Premises affect the exterior, structural elements or foundation of the Premises, Tenant must first obtain the consent of Landlord, which consent will not be unreasonably withheld, conditioned or delayed.

4. The Premises will be used solely for the operation of a Swig® business which operates using the Swig® marks and the Swig® franchise system while the Franchise Agreement is in effect and Tenant is in lawful possession of the Premises. "Franchise Agreement" means the Franchise Agreement between Franchisor and Tenant for the operation of a Swig® drink shop at the Premises.

5. Landlord acknowledges that, if the Franchise Agreement expires or is terminated: (a) Tenant is obligated under the Franchise Agreement to take certain steps to de-identify the location as a Swig® business; and (b) Landlord shall cooperate fully with Franchisor in enforcing such provisions of the Franchise Agreement, including allowing Franchisor, its employees and agents to enter and remove signs, décor, and materials bearing or displaying any marks, designs, or logos licensed to Tenant under the Franchise Agreement, provided that Landlord will not be required to bear any expense thereof.

6. If Franchisor so requests, Landlord shall provide Franchisor with all sales and other information that Landlord may have related to the operation of the Franchise Business.

7. The lease may not impose any restrictions (territorial or otherwise) on the development or operation of other Swig® businesses by Tenant, Franchisor or its affiliates, or any other person or entity.

8. Subject to Sections 9 and 10 below ("Swig Transfers," or individually a "Swig Transfer"), Landlord agrees that Tenant may not assign the lease or sublease all or any part of Tenant's occupancy rights thereunder without Franchisor's prior written consent.

9. (Voluntary Swig Transfer) Landlord's consent to an assignment of the lease or subletting of the Premises will not be required in connection with a voluntary assignment or subletting to Franchisor, or any parent, subsidiary or affiliate of Franchisor, or another operator that Franchisor has approved to be the franchisee and operate at the Premises (an "Approved Franchisee"), provided that the following conditions are met: (1) the permitted use for such transferee does not change from the permitted use for Tenant; (2) Landlord

shall be provided with at least ten (10) days' written notice prior to any proposed Swig Transfer; (3) any proposed Swig transferee shall assume, in a written instrument, all of the obligations of Tenant; and (4) any existing default is cured. In connection with a Swig Transfer, no rights of the Tenant shall terminate, Landlord shall have no right to recapture the Premises, and there will be no fee or expense due to Landlord.

10. (Swig Transfer Upon Lease Default; or Lease or Franchise Agreement Termination) Landlord agrees that if Tenant does not timely cure a default under the lease, or if either the lease or the Franchise Agreement is terminated, Franchisor will have the right, but not the obligation, within 45 days after the date of a Default Notice (as defined below) or termination of the Franchise Agreement, as applicable, to take possession of the Premises, and to assume or reassign the Lease Agreement (notwithstanding any purported termination of the same), or sublet the Premises, to an Approved Franchisee, for the remaining term of the lease, provided that the following conditions are met: (1) the permitted use for such transferee does not change from the permitted use for Tenant; (2) Landlord shall be provided with at least ten (10) days written notice prior to any proposed Swig Transfer; (3) any proposed Swig transferee shall assume, in a written instrument, all of the obligations of Tenant; and (4) any existing default is cured. Landlord shall provide prompt written notice to Franchisor of any default by Tenant, proposed termination of the Lease Agreement, or termination of the Lease Agreement (each a "Default Notice").

11. Landlord shall not sell or lease or allow the sublease of, space in the building, or on the property, to any person or entity for a specialty drink or soda shop or similar business. Additionally, Landlord shall not sell and shall prohibit any other tenant or subtenant in the building, or on the property, from engaging in activities predominantly related to the offer and sale of products and services similar to those offered by a Swig® business. In the event Landlord does not comply with these restrictions, Tenant will have the right to seek an injunction prohibiting the occupancy by the new competing business or against the existing tenant, as the case may be.

12. Landlord shall, upon reasonable request from Tenant's lender, subordinate any interests it may have in Tenant's equipment or other leasehold improvements to Tenant's lender's interests. Landlord hereby agrees to obtain a non-disturbance agreement for the benefit of Tenant: a) from the holder of any mortgage/deed of trust as of the date of the lease; and b) as a condition to Tenant's subordination to any mortgage/deed of trust granted after the date of the lease.

13. No amendment may be made to the lease without Franchisor's prior written consent (which Franchisor will not unreasonably withhold or delay), and Franchisor may elect not to be bound by the terms of any amendment to the lease executed without obtaining Franchisor's prior written approval to such amendment. For purposes of this Lease Rider, "Franchisor" shall include a successor franchisor for Swig stores. Franchisor is an intended third-party beneficiary of this Lease Rider. In the event of any conflict between this Lease Rider and the lease, the terms of this Lease Rider shall control, and the lease may not be modified or amended in any manner inconsistent with the terms of this Lease Rider.

IN WITNESS WHEREOF, the parties have executed this Lease Rider effective as of the date of the lease agreement.

LANDLORD: _____

By: _____
(Signature)
Name: _____

Title: _____

TENANT: _____

By: _____
(Signature)
Name: _____

Title: _____

EXHIBIT "A-7"

TO THE FRANCHISE AGREEMENT

AUTHORIZATION AGREEMENT FOR DIRECT PAYMENTS (ACH DEBITS)

Business Name: _____

I hereby authorize Swig Franchising, LLC hereinafter called ("Company"), to initiate debit entries to my checking account or savings account as indicated below at the depository financial institution named below, hereinafter called ("Depository"), and to debit the same to such account. I acknowledge that the origination of ACH transactions to my account must comply with the provisions of United States law.

Depository Name: _____ Branch: _____

City: _____ State: _____ Zip Code: _____

Phone: _____

Routing Number: _____ Account Number: _____

Type of Account: Checking/Savings: _____

This authorization is to remain in full force and effect until the Company has received written notification from me of its termination in such time and in such manner as to afford the Company and Depository a reasonable opportunity to act on it.

Name: _____
(please print)

Title: _____

Signature: _____ Date: _____

NOTE: ALL WRITTEN DEBIT AUTHORIZATIONS MUST PROVIDE THAT THE RECEIVER MAY REVOKE THE AUTHORIZATION ONLY BY NOTIFYING THE ORIGINATOR IN THE MANNER SPECIFIED IN THE AUTHORIZATION.

EXHIBIT "A-8"
TO THE FRANCHISE AGREEMENT

GUARANTY AND ASSUMPTION OF OBLIGATIONS

This GUARANTY AND ASSUMPTION OF OBLIGATIONS ("Guaranty") is entered into and made effective as of _____ by and between SWIG FRANCHISING, LLC ("We," "Us" or "Our") and the undersigned Guarantor(s) ("Guarantor(s)") who are the owners (direct and indirect) of _____ (the "Business Entity") and their spouses (if any).

1. Scope of Guaranty. In consideration of and as an inducement to Our signing and delivering the Franchise Agreement dated _____ (the "Franchise Agreement"), each Guarantor(s) signing this Guaranty personally and unconditionally: (a) guarantees to Us and Our successors and assigns that the Business Entity will punctually pay and perform each and every undertaking, agreement, and covenant set forth in the Franchise Agreement; and (b) agrees to be personally bound by, and personally liable for the breach of, any provision in the Franchise Agreement, Including, without limitation, confidentiality and the non-competition provisions. Each Guarantor acknowledges and agrees that no subsequent amendment, modification, and/or extension of the Franchise Agreement by and between Us and the Business Entity will affect the enforcement or validity of this Guaranty.

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

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

4. Enforcement Costs. If We must enforce this Guaranty in any judicial or arbitration proceeding or any appeals, Guarantor(s) must reimburse Us for Our enforcement costs. Enforcement costs include reasonable fees from accountants, attorneys, attorney's assistants, arbitrators, and expert witness

fees, costs of investigation and proof of facts, court costs, arbitration filing fees, other litigation expenses and travel and living expenses, whether incurred before, in preparation for, or in contemplation of the filing of any written demand, claim, action, hearing or proceeding to enforce this Guaranty.

5. Disputes. Guarantor(s) acknowledge and represent that Guarantor(s) have had an opportunity to review the Franchise Agreement and agree that the provisions of Article XVII (Dispute Resolution) of the Franchise Agreement have been reviewed by Guarantor(s) and by reference are incorporated herein and will govern this Guaranty and any disputes between Guarantor(s) and Us. Each Guarantor(s) irrevocably submits to the exclusive jurisdiction and venue of said courts. Nevertheless, Guarantor(s) agree that We may also enforce this Guaranty and awards in the courts of the state or states in which a Guarantor(s) is domiciled. Each Guarantor will be held personally, jointly, and severally liable. Any settlement made between Us and the Business Entity, or between Us and another Guarantor, or any other determination made pursuant to this Agreement will be binding upon the Guarantor(s).

6. Counterparts. This Guaranty may be signed in counterparts including by electronic signatures and other electronic means, which will be deemed the same as an original signature and may be used for all purposes as if it were an original.

IN WITNESS WHEREOF, the Guarantor(s) have respectively signed this Guaranty effective as of the day and year first written above.

Guarantor(s)

By: _____

Name: _____

By: _____

Name: _____

By: _____

Name: _____

By: _____

Name: _____

By: _____

Name: _____

Address for Notice

_____

_____

Email: _____

_____

_____

Email: _____

_____

_____

Email: _____

_____

_____

Email: _____

_____

_____

Email: _____

EXHIBIT "A-9"
TO THE FRANCHISE AGREEMENT

DIGITAL, SOCIAL MEDIA, AND LISTINGS AUTHORIZATION FOR ASSIGNMENT

This DIGITAL, SOCIAL MEDIA, AND LISTINGS ASSIGNMENT AUTHORIZATION ("Assignment") is made and entered into as of the Effective Date (defined below), by and between the undersigned Franchisee and Swig Franchising, LLC ("Franchisor").

RECITALS

WHEREAS, Franchisee has entered into a franchise agreement with ("Franchise Agreement"); and

WHEREAS, as part of the Franchise Agreement, Franchisee is granted limited rights to use the Swig® trademarks, trade names, trade dress, and other associated intellectual property (collectively, the "Marks") in conjunction with Franchisee's Franchise Business; and

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

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

1. Franchisee hereby assigns all rights and interest, Including all associated goodwill, in the Social Media and other digital media accounts used in the Franchise Business or used or created in any way by Franchisee or third parties to promote or use the Marks, Including, Franchisee's Facebook, Instagram, Tik-Tok, Pinterest, Google listings (including Google Maps), Bing, Apple, Twitter, LinkedIn, Tumblr, WhatsApp, Discord, direct messaging services, email accounts, and the like (collectively the "Social Media Accounts"). Franchisee shall take all action necessary to grant exclusive access of the Social Media Accounts to Franchisor, Including providing all passwords and administrative access to such Social Media Accounts.

2. Franchisee hereby assigns and transfers, (or in Franchisor's sole discretion disconnects) the telephone listings, telephone numbers, Including the telephone number(s) listed on the Marketing and Social Media Accounts, URL's, Internet sites, and web pages used in the Franchise Business or used or created in any way by Franchisee or third parties to promote or use the Marks to Franchisor (individually a "Listing" and collectively the "Listings").

3. Franchisee represents, warrants, and covenants the following with regard to the Social Media Accounts and Listings:

a. Franchisee has the right to assign the Social Media Accounts and Listings, and they are free and clear of all liens and encumbrances.

b. Franchisee shall not, after Termination of the Franchise Agreements attempt to access, control, interfere with, or obstruct the Social Media Accounts and/or Listings.

c. Franchisee shall not prevent or hinder Franchisor from enforcing its rights in or to the assigned Social Media Accounts ang/or Listings.

d. Franchisee has not taken, or permitted, and shall not take or permit any action that would prevent Franchisor from enjoying the full benefits of assignment of the Social Media Accounts and/or Listings to Franchisor hereunder whether during the term or after the Termination of the Franchise Agreement.

4. Franchisee hereby directs and authorizes each company associated with, or in control of, the Social Media Accounts and/or Listings to assign, transfer, set over and otherwise authorize Franchisor to take over and control the Social Media Accounts and Listings. If necessary, Franchisee shall execute all documents required by Franchisor to give effect to the assignment of the Social Media Accounts and Listings to Franchisor hereunder.

5. This Assignment applies to all Social Media Accounts and Listings regardless of whether franchisee is allowed to manager under the Franchise Agreement or was allowed to create, use, manage, or even own Social Media Accounts and/or Listings in the past. To the extent Franchisor does not currently have administrative access to a Social Media Account or Listing of Franchisee, Franchisee shall immediately grant Franchisor such access.

6. Franchisor hereby appoints Franchisor as its attorney-in-fact for the above transfers, which appointment is coupled with an interest.

7. This Assignment is binding upon the heirs, administrators, personal representatives, assigns and successors in interest to the parties hereto.

8. This Assignment is governed, construed, and interpreted in accordance with the laws of the state of Utah without giving effect to its conflicts of law provisions.

9. This Assignment may be signed in counterparts by facsimile, electronic signature, or scanned and emailed signature, or similar electronic means, which will be deemed the same as an original signature and may be used for all purposes as if it were an original.

FRANCHISOR:	**FRANCHISEE:**
Swig Franchising, LLC	_____
By: _____ (Signature)	By: _____ (Signature)
Name: _____	Name: _____
Title: _____	Title: _____
Date: _____	Date: _____

EXHIBIT "A-10"
TO THE FRANCHISE AGREEMENT

FRANCHISEE REPORT

We will not ask You to complete the Franchise Report, and We will disregard any answers from You, if You live or plan to operate Your Franchise Business in the states of California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, or Wisconsin.

Please review each of the following questions carefully and provide honest responses to each question.

1. If You have received any oral, written, visual or other claim, guarantee or representation of any sort by Us which stated or suggested any specific level or range of actual or potential sales, income, expenses, profits, cash flow, by any person or entity, except for information (if any) expressly set forth in Item 19 of the Franchisor's Disclosure Document (or an exhibit referred to therein), please describe what You received and if known, from whom You received the information. If none, please write "none."

   _____
   _____
   _____

2. If You have received any information or representations inconsistent with the statements in the FDD or Franchise Agreement, please list those below. If none, please write "none."

   _____
   _____
   _____

FRANCHISEE:

_____

By: _____

Name: _____

Title: _____

Date: _____

EXHIBIT "B"
TO THE FDD

FINANCIAL STATEMENTS
(Attached)

Audited Financial Statements Dated December 30, 2024
Audited Financial Statements Dated December 26, 2023
Audited Financial Statements Dated December 27, 2022

SWIG FRANCHISING, LLC

FINANCIAL STATEMENTS

WITH INDEPENDENT AUDITOR'S REPORT

DECEMBER 31, 2024, DECEMBER 26, 2023 and DECEMBER 27, 2022

KEZOS & DUNLAVY
Certified Public Accountants
& Business Advisors

SWIG FRANCHISING, LLC

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KEZOS & DUNLAVY
Certified Public Accountants
& Business Advisors

Independent Auditor's Report

To the Member
Swig Franchising, LLC
Lehi, UT

Opinion

We have audited the accompanying financial statements of Swig Franchising, LLC, which comprise the balance sheets as of December 31, 2024, December 26, 2023 and December 27, 2022, and the related statements of operations, member's interests, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Swig Franchising, LLC as of December 31, 2024, December 26, 2023, and December 27, 2022, and the results of its operations and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

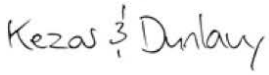
In performing an audit in accordance with generally accepted auditing standards, we:

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

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

Restrictions on Use

The use of this report is restricted to inclusion within the Company's Franchise Disclosure Document (FDD) and is not intended to be, and should not be, used or relied upon by anyone for any other use.



St. George, Utah
April 9, 2025

SWIG FRANCHISING, LLC

BALANCE SHEETS

As of December 31, 2024, December 26, 2023 and December 27, 2022

	2024	2023	2022
Assets			
Current assets			
Cash	$ 1,708,359	$ 696,045	$ 10,000
Accounts receivable	285,598	4,401	-
Due from related party	2,008,004	2,073,225	-
Notes receivable, current	3,913,318	2,333,000	-
Total current assets	7,915,279	5,106,671	10,000
Non-current assets			
Notes receivable, non-current	1,050,235	2,370,500	-
Property and equipment, net	148,401	-	-
Total non-current assets	1,198,636	2,370,500	-
Total assets	$ 9,113,915	$ 7,477,171	$ 10,000
Liabilities and Member's Interests			
Current liabilities			
Accrued expenses	$ 216,743	$ 26,595	$ -
Deferred revenue, current	1,046,415	858,958	-
Total current liabilities	1,263,158	885,553	-
Non-current liabilities			
Deferred revenue, non-current	8,015,946	7,227,412	-
Total non-current liabilities	8,015,946	7,227,412	-
Total liabilities	9,279,104	8,112,965	-
Member's interests	(165,189)	(635,794)	10,000
Total liabilities and member's interests	$ 9,113,915	$ 7,477,171	$ 10,000

The accompanying notes are an integral part of these financial statements.

SWIG FRANCHISING, LLC

STATEMENTS OF OPERATIONS

For the years ended December 31, 2024, December 26, 2023 and December 27, 2022

	2024	2023	2022
Operating revenue			
Franchise fees	$ 1,179,007	$ 371,129	$ -
Royalty fees	765,890	54,465	-
Product sales	73,432	-	-
Rebate revenue	102,677	15,567	-
Total operating revenue	2,121,006	441,161	-
Operating expenses			
General and administrative	1,316,212	1,103,888	-
Advertising expense	291,804	11,963	-
Professional fees	86,387	171,104	-
Total operating expenses	1,694,403	1,286,955	-
Other income			
Interest income	44,002	-	-
Total other income	44,002	-	-
Net income (loss)	$ 470,605	$ (845,794)	$ -

The accompanying notes are an integral part of these financial statements.

SWIG FRANCHISING, LLC

STATEMENTS OF MEMBER'S INTERESTS

For the years ended December 31, 2024, December 26, 2023 and December 27, 2022

	2024
Beginning member's interests	$ -
Member's contributions	10,000
Balance at December 27, 2022	10,000
Member's contributions	200,000
Net loss	(845,794)
Balance at December 26, 2023	(635,794)
Net income	470,605
Balance at December 31, 2024	$ (165,189)

The accompanying notes are an integral part of these financial statements.

SWIG FRANCHISING, LLC

STATEMENTS OF CASH FLOWS

For the years ended December 31, 2024, December 26, 2023 and December 27, 2022

	2024	2023	2022
Cash flows from operating activities:			
Net income (loss)	$ 470,605	$ (845,794)	$ -
Adjustments to reconcile net income (loss) to net cash provided by activities:			
Depreciation	31,063	-	-
Changes in operating assets and liabilities			
Accounts receivable	(281,197)	(4,401)	-
Notes receivable	(260,053)	(4,703,500)	-
Accrued expenses	190,148	26,595	-
Deferred revenue	975,991	8,086,370	-
Net cash provided by operating activities	1,126,557	2,559,270	-
Cash flows from investing activities:			
Purchase of fixed assets	(179,464)	-	-
Net cash used in operating activities	(179,464)	-	-
Cash flows from financing activities:			
Net change in due from related party	65,221	(2,073,225)	-
Member's contributions	-	200,000	10,000
Net cash provided by (used in) financing activities	65,221	(1,873,225)	10,000
Net change in cash and cash equivalents	1,012,314	686,045	10,000
Cash and cash equivalents at beginning of period	696,045	10,000	-
Cash and cash equivalents at end of period	$ 1,708,359	$ 696,045	$ 10,000
Supplemental disclosures of cash flow:			
Cash paid for interest and taxes	$ -	$ -	$ -

The accompanying notes are an integral part of these financial statements.

SWIG FRANCHISING, LLC
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2024, December 26, 2023 and December 27, 2022

(1) Nature of Business and Summary of Significant Accounting Policies

(a) Nature of Business

Swig Franchising, LLC (the "Company") was formed on August 24, 2022, in the state of Utah as a limited liability company for the planned principal purpose of conducting franchise sales, marketing, and management. The Company offers franchises for the operation of a specialty soda shop concept in various markets within the United States. The Company has completed the development of certain intellectual property including logos, branding, and operations manuals and is now commencing the sale of franchises. The Company's activities are subject to the typical risks and uncertainties of the markets in which they operate.

The Company uses the accrual basis of accounting and their accounting period, commensurate with industry practices, consists of 13 four-week periods; accordingly, the fiscal year end is generally close to December 31 each year.

(b) Accounting Standards Codification

The Financial Accounting Standards Board ("FASB") has issued the FASB Accounting Standards Codification ("ASC") that became the single official source of authoritative U.S. generally accepted accounting principles ("GAAP"), other than guidance issued by the Securities and Exchange Commission ("SEC"), superseding existing FASB, American Institute of Certified Public Accountants, emerging Issues Task Force and related literature. All other literature is not considered authoritative. The ASC does not change GAAP; it introduces a new structure that is organized in an accessible online research system.

(c) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures. Actual results could differ from those estimates.

(d) Reclassification

Certain items in the prior year have been reclassified to conform to the current year's presentation.

(e) Cash and Cash Equivalents

Cash equivalents include all highly liquid investments with maturities of three months or less at the date of purchase. As of December 31, 2024, December 26, 2023 and December 27, 2022, the Company had cash and cash equivalents of $1,708,359, $696,045 and $10,000 respectively.

(f) Accounts receivable

Accounts receivable are recorded for amounts due from rebates and opening fees. These accounts receivable are carried at original invoice amount less an estimate made for doubtful receivables based on a review of outstanding amounts.

When determining the allowance for doubtful receivable, the Company has adopted ASC 326, *Financial Instruments—Credit Losses*. This standard requires that management utilize the Current Expected Credit Losses ("CECL") model to recognize the appropriate allowance for doubtful receivables. This model requires entities to estimate and recognize expected credit losses over the life of the financial instrument. For trade receivables, management has elected to apply a simplified approach, based on historical loss experience and adjustments for current and forecasted economic conditions. Management regularly evaluates individual customer receivables, considering their financial condition, credit history and current economic conditions. Accounts receivable are written off when deemed uncollectible. Recoveries of accounts receivable previously written off are recorded as income when received. As of December 31, 2024, December 26, 2023 and December 27, 2022, the Company did not have an allowance for uncollectible accounts. As of December 31, 2024 and December 26, 2023, the Company had receivables of $285,598 and $4,401, respectively. As of December 27, 2022, the Company did not have a receivable balance.

(g) Revenue Recognition

Upon inception, the Company adopted ASC 606, Revenue from Contracts with Customers. ASC 606 provides that revenues are to be recognized when control of promised goods or services is transferred to a customer in an amount that reflects the considerations expected to be received for those goods or services. In implementing ASC 606, the Company evaluated all revenue sources using the five-step approach: identify the contract, identify the performance obligations, determine the transaction price, allocate the transaction price, and recognize revenue. For each franchised location, the Company enters into a formal franchise agreement that clearly outlines the various components of the transaction price and the Company's performance obligations.

The Company's primary revenues consist of initial franchise fees, royalties based on a percentage of gross revenues, opening fees which are a flat fee, rebates, and product sales.

Royalties

Upon evaluation of the five-step process, the Company has determined that royalties are to be recognized in the same period as the underlying sales.

Opening fees

The Company receives a flat amount upon opening of each franchise location for opening services provided to franchisees. This fee is recognized when all services have been provided, which is generally at the commencement of operations.

Rebate revenue

The Company receives rebates from various suppliers involved in supplying the franchise system. Rebate revenue is recognized when the Company has met the performance criteria set forth in the rebate agreements, which is generally when the underline products have been used.

Product sales

Product sales are recognized when control transfers to the customer, which is generally upon shipment.

Initial franchise fees

The Company is required to allocate the transaction price associated with initial franchise fees between the franchise license and associated performance obligations. In identifying the associated performance obligations, the Company has elected to not adopt the practical expedient for private company franchisors outlined in ASC 952-606, *Franchisors—Revenue from Contracts with Customers*. The practical expedient allows franchisors to account for pre-opening services as a single distinct performance obligation.

These pre-opening services include the following services (which the Company may or may not provide all of):

- Assistance in the selection of a site
- Assistance in obtaining facilities and preparing the facilities for their intended use, including related financing, architectural, and engineering services, and lease negotiation
- Training of the franchisee's personnel or the franchisee
- Preparation and distribution of manuals and similar material concerning operations, administration, and record keeping
- Bookkeeping, information technology, and advisory services, including setting up the franchisee's records and advising the franchisee about income, real estate, and other taxes about local regulations affecting the franchisee's business
- Inspection, testing, and other quality control programs

Upon evaluation of the five-step process, the Company has determined that royalties from locations operated by franchisees, which are based on a percentage of gross revenue, are to be recognized at the time the underlying sales occur. Initial franchise fees are recognized as the Company satisfies the performance obligation over the franchise term, which is generally 10 years.

(h) Income Taxes

The Company is structured as a limited liability company under the laws of the state of Utah. Accordingly, the income or loss of the Company will be included in the income tax returns of the member. Therefore, there is no provision for federal and state income taxes.

The Company follows the guidance under ASC Topic 740, Accounting for Uncertainty in Income Taxes. ASC Topic 740 prescribes a more-likely-than-not measurement methodology to reflect the financial statement impact of uncertain tax positions taken or expected to be taken in the tax return. If taxing authorities were to disallow any tax positions taken by the Company, the additional income taxes, if any, would be imposed on the member rather than the Company. Accordingly, there would be no effect on the Company's financial statements.

The Company's income tax returns are subject to examination by taxing authorities for a period of three years from the date they are filed. As of December 31, 2024, the 2023 and 2022 tax years are open to examination.

(i) Financial Instruments

For certain of the Company's financial instruments, including cash and cash equivalents and accounts receivable, the carrying amounts approximate fair value due to their short maturities.

(j) Concentration of Risk

The Company maintains its cash in bank deposit accounts that at times may exceed federally insured limits. The Company has not experienced any losses in such accounts. The Company believes it is not exposed to any significant credit risks on cash or cash equivalents.

(k) Advertising Costs

The Company's policy is to expense advertising costs when incurred. Advertising expense for the years ended December 31, 2024 and December 26, 2023 were $291,804 and $11,963, respectively. There were not any advertising costs for the year ended December 27, 2022.

(2) Related Party Receivable

During the years ended December 31, 2024 and December 26, 2023, a related party paid for Company related expenditures and received Company revenue on behalf of the Company. As of December 31, 2024 and December 26, 2023, the amount receivable from the related party was $2,008,004 and $2,073,225, respectively. There was no receivable or payable as of December 27, 2022.

(3) Notes Receivable

Notes receivable as of December 31, 2024 and December 26, 2023 consist of portions of initial fees outstanding as of the respective year ends. Terms for the notes vary. Generally, the notes are to be paid 40% at signing, 30% at the start of year one and 30% at the start of year two. The notes are noninterest bearing. As of December 31, 2024, the note balance was $4,963,553, and of that, $3,913,318 is current. As of December 26, 2023, the note balance was $4,703,500, and of that, $2,333,000 is current. There were no note receivables as of December 27, 2022.

(4) Property and Equipment

As of December 31, 2024, the Company's property and equipment consist of the following:

	2024
Leasehold improvements – *4 year life*	$ 179,464
Accumulated depreciation	(31,063)
	$ 148,401

Depreciation expense for the year ended December 31, 2024 was $31,063. There was not any property and equipment for the years ended December 26, 2023 and December 27, 2022.

(5) Accrued Expenses

As of December 31, 202 and December 26, 2023, accrued expenses consist of the following:

	2024	2023
Accrued legal fees	$ -	$ 26,595
Accrued office expenses	40,984	-
Accrued rebates	153,203	-
Accrued payroll	22,556	-
	$ 216,743	$ 26,595

There were not any accrued expenses as of December 27, 2022.

(6) Deferred Revenue

The Company's franchise agreements generally provide for a payment of initial fees as well as continuing royalties and marketing fees to the Company based on a percentage of sales. Technology fees are based on a predetermined monthly amount. Under the franchise agreement, franchisees are granted the right to operate a location using the Company's system for a period of 10 years. Under the Company's revenue recognition policy, franchise fees are recognized on a straight-line basis over the life of the franchise term.

As of December 31, 2024 and December 26, 2023, deferred revenue consists of the following:

	2024	2023
Deferred revenue, current	$ 1,046,415	$ 858.958
Deferred revenue, non-current	8,015,946	7,227,412
	$ 9,062,361	$ 8,086,370

As of December 27, 2022, there was not any deferred revenue.

(7) Commitments and Contingencies

The Company may be subject to various claims, legal actions and complaints arising in the ordinary course of business. In accounting for legal matters and other contingencies, the Company follows the guidance in ASC Topic 450 Contingencies, under which loss contingencies are accounted for based upon the likelihood of incurrence of a liability. If a loss contingency is "probable" and the amount of loss can be reasonably estimated, it is accrued. If a loss contingency is "probable" but the amount of loss cannot be reasonably estimated, disclosure is made. If a loss contingency is "reasonably possible," disclosure is made, including the potential range of loss, if determinable. Loss contingencies that are "remote" are neither accounted for nor disclosed.

In the opinion of management, all matters are of such kind, or involving such amounts of unfavorable disposition, if any, would not have a material effect on the financial position of the Company.

(8) Subsequent Events

Management has reviewed and evaluated subsequent events through April 9, 2025, the date on which the financial statements were available to be issued.

EXHIBIT "C"
TO THE FDD

SCHEDULE OF FRANCHISEES:
(as of December 31, 2024)

State	City	Address	Phone	Name of Franchisee
Arkansas	Springdale	4914 Elm Springs Rd #2	(479) 588-2456	Drinks n' Sweets, LLC
Florida	Clermont	2629 S Hwy 27	(352) 995-9550	CPM Florida Beverage, LLC
Georgia	Fort Oglethorpe	729 Battlefield Pkwy	(762) 325-4004	Hayden Family, LLC
Idaho	Twin Falls	2004 Nielsen Point Place, Ste. 100	1-986-216-0250	Speedy Sip, LLC
Idaho	Garden City	6625 Glenwood	(208) 722-0500	Speedy Sip, LLC
Idaho	Meridian	3477 W. Chinden Blvd	(986) 269-4554	Speedy Sip, LLC
Indiana	Indianapolis	5145 Noggle Way	(317) 300-1862	Black Mountain Soda, LLC
Indiana	Indianapolis	9510 N Meridian St	(317)-300-1862	Black Mountain Soda, LLC
Kansas	Wichita	3080 N. Maize Rd #700	(316) 234-1050	Glass Half Full, LLC
Kentucky	Louisville	3013 Poplar Level Rd	(502) 654-6585	Bridgeport Ventures, LLC
Missouri	Blue Springs	448 NE Coronado Dr	*(816) 579-6543*	Trac Ventures, LLC
Missouri	Lees Summit	400 NW Chipman Rd	(816) 846-0966	Trac Ventures, LLC
Nevada	Las Vegas	1160 E. Silverado Ranch Blvd, Suite 100	(725) 331-4004	Smuin Group, LLC
Tennessee	Alcoa	1110 Franck St #101	(865) 421-1365	Hayden Family, LLC
Texas	San Antonio	14028 Culebra Road	(726) 220-5120	Alta Franchising, LLC
Texas	San Antonio	12047 Potranco Road	(210) 660-6624	Alta Franchising, LLC
Texas	San Antonio	3521 Broadway	(726) 233-3737	Alta Franchising, LLC
Arkansas	Rogers	4204 West Green Acres Road	(479) 689-3450	Drinks n' Sweets, LLC
Idaho	Meridian	3477 W Chinden Blvd	(986) 269-4554	Speedy Sip, LLC
Idaho	Nampa	1866 Caldwell Blvd	(986) 216-0250	Speedy Sip, LLC
Texas	New Braunfels	1280 I 35 Frontage Rd	(830) 369-0033	Quench Unlimited, LLC
Florida		c.hegerhorst@swigddrinks.com		Altitude Lake Enterprises, LLC
Texas		z.peterson@swigdrinks.com		ZL Ventures, LLC
Tennessee		b.kunz@swigdrinks.com		TLK Utah, LLC
South Carolina		c.bouchard@swigdrinks.com		Zero Dark Thirsty, LLC

Florida		b.harris@swigdrinks.com		Bubbles Group, LLC
Florida		j.mccord@swigdrinks.com		Soda Venture, LLC
Arizona		cray@ccgretail.com		LR Soda Pop Ventures, LLC
Missouri		Rs.mcfarlane@swigdrinks.com		SodaVibes, LLC
Florida		Danielfloydlowe@gmail.com		SDK Ventures, LLC

EXHIBIT "D"
TO THE FDD

LIST OF AGENTS FOR SERVICE OF PROCESS

If a state is not listed, Swig Franchising, LLC has not appointed an agent for service of process in that state in connection with the requirements of franchise laws. There may be states in addition to those listed below in which Swig Franchising, LLC has appointed an agent for service of process.

STATE	CONTACT	DEPARTMENT	ADDRESS	PHONE NUMBER
California	Commissioner of Financial Protection and Innovation	Department of Financial Protection and Innovation	2101 Arena Blvd., Sacramento, CA 95834	(916) 445-7205 (866) 275-2677 www.dfpi.ca.gov ask.DFPI@dfpi.ca.gov
Georgia	Secretary of State of Georgia	Corporations Division	2 Martin Luther King Jr. Dr., SE, Suite 315, West Tower, Atlanta, GA 30334	
Hawaii	Commissioner of Securities	Department of Commerce and Consumer Affairs Business Registration Division, Securities Compliance Branch	335 Merchant Street, Room 203, Honolulu, HI 96813	(808) 586-2722
Illinois	Chief, Franchise Division	Office of Attorney General	500 South Second Street, Springfield, IL 62706	(217) 782-4465
Indiana	Indiana Secretary of State		210 State House, Indianapolis, IN 46204	
Maryland	Maryland Securities Commissioner	Division of Securities; Office of Attorney General	200 St. Paul Place, 20th Floor, Baltimore, MD 21202-2020	(410) 576-6360
Michigan	Antitrust and Franchise Business	Michigan Department of the Attorney General's Office; Franchise Administrator; Consumer Protection Division	6546 Mercantile Way, Lansing, MI 48910	(517) 373-7117
Minnesota	Commissioner of Commerce	Minnesota Department of Commerce	85 7th Place East, Suite 280, St. Paul, MN 55101	(651) 539-1500

New York	New York Department of State		99 Washington Avenue, 6th Floor, Albany, NY 12231	(518) 473-2492
North Dakota	North Dakota Securities Department		600 East Boulevard Ave., State Capitol, Fourteenth Floor, Dept. 414, Bismarck, ND 58505-0510	(701) 328-4712
Oregon	Director of Insurance & Finance	Business Service Division of Finance and Corporate Securities Labor and Industries Building	Salem, OR 97310	(503) 378-4387
Rhode Island	Chief Securities Examiner of Business Regulation	Department of Business Regulation Securities Division	1511 Pontiac Avenue, John O. Pastore Complex – Building 69-1, Cranston, RI 02920	(401) 462-9527
South Dakota	Division of Insurance	Securities Regulation	124 South Euclid Avenue, 2nd Floor, Pierre, SD 57501-3185	(605) 773-3563
Virginia	Clerk of the State Corporation Commission		1300 East Main Street, 1st Floor, Richmond, VA 23219	
Washington	Director of Financial Institutions		PO Box 41200, Olympia, WA 98504-1200	(360) 902-8760
Wisconsin	Wisconsin Commissioner of Securities	Franchise Investment Division	101 East Wilson Street, Fourth Floor, Madison, WI 53702	

EXHIBIT "E"
TO THE FDD

LIST OF STATE AGENCIES RESPONSIBLE FOR FRANCHISE DISCLOSURE/REGISTRATION LAWS

STATE	CONTACT	DEPARTMENT	ADDRESS	PHONE NUMBER
California	Commissioner of Financial Protection and Innovation www.dfpi.ca.gov ask.DFPI@dfpi.ca.gov	Department of Financial Protection and Innovation	Sacramento: 2101 Arena Blvd., Sacramento, CA 95834 San Diego: 1455 Frazee Road Suite 315, San Diego, CA 92108 San Francisco: One Sansome Street, Ste. 600, San Francisco, CA 94101 Los Angeles: 320 West 4th Street, Ste. 750, Los Angeles, CA 90013-2344	Sacramento: (916) 445-7205 San Diego: (619) 525-4233 San Francisco: (415) 972-8559 Los Angeles: (213) 576-7500 Toll Free: (866) 275-2677
Connecticut	Securities and Business Investment Division	Connecticut Department of Banking	260 Constitution Plaza, Hartford, CT 06103-1800	(860) 240-8233
Florida	Division of Consumer Services	Department of Agriculture and Consumer Services	P.O. Box 6700, Tallahassee, FL 23214-6700	(805) 488-2221 Fax: (805) 410-3804
Georgia	Secretary of State of Georgia	Corporations Division	2 Martin Luther King Jr. Dr., SE, Ste. 315, West Tower, Atlanta, GA 30334	
Hawaii	Business Registration Division, Commissioner of Securities	Department of Commerce and Consumer Affairs	P.O. Box 40, Honolulu, HI 96810	(808) 586-2744
Illinois	Franchise Bureau	Office of Attorney General	500 South Second Street, Springfield, IL 62706	(217) 782-4436
Indiana	Franchise Section	Indiana Securities Division, Secretary of State	302 West Washington Street, Room E-111, Indianapolis, IN 46204	(317) 232-6681

Iowa	Iowa Securities Bureau		340 Maple, Des Moines, Iowa 50319-0066	(515) 287-4441
Maryland	Office of the Attorney General	Division of Securities	200 St. Paul Place, 20th Floor, Baltimore Maryland 21202-2020	(410) 576-6360
Michigan	Michigan Attorney General's Office	Consumer Protection Division; Attn: Franchise Section	525 West Ottawa Street, Williams Building, 6th Floor, Lansing, MI 48933	(517) 373-7117
Minnesota	Minnesota Department of Commerce	Securities – Franchise Registration	85 7th Place East, Suite 280, St. Paul, Minnesota 55101-2198	(651) 539-1600
Nebraska	Bureau of Securities/Financial Institutions Division	Department of Banking and Finance	1526 K Street, Suite 300, Lincoln, NE 68508-2732	(402) 471-3445
New York	NYS Department of Law	Investor Protection Bureau	28 Liberty St. 21st Floor, New York, NY 10005	(212) 416-8222 Fax: (212) 416-6042
North Dakota	Franchise Examiner	North Dakota Securities Department	600 East Boulevard Avenue, Capitol, Fourteenth Floor, Dpt 414, Bismarck, ND 58505-0510	(701) 328-4712
Oregon	Division of Finance and Corporate Securities	Department of Consumer and Business Services	Labor and Industries Building	(503) 378-4140 Fax: (503) 947-7862
Rhode Island	Securities Division	Department of Business Regulation	1511 Pontiac Avenue, John O. Pastore Complex 69-1, Cranston, RI 02920-4407	(401) 462-9527
South Dakota	Division of Insurance	Securities Regulation	124 S. Euclid 2nd Floor, Pierre, SD 57501-3185	(605) 773-3563 Fax: (605) 773-5953
Texas	Secretary of State	Registration Division	P.O. Box 13193, Austin, TX 78711-3193 1719 Brazos, Austin, TX 78707	(512) 475-1769
Utah	Division of Consumer Protection	Utah Department of Commerce	160 East 300 South, SM Box 146704, Salt Lake City, UT 84114-6704	(801) 530-6601 Fax: (801) 530-6001

Virginia	State Corporation Commission	Division of Securities and Retail Franchising	1300 East Main Street, 9th Floor, Richmond, VA 23219	(804) 371-9051
Washington	Securities Division	Department of Financial Institutions	P.O. Box 9033, Olympia, WA 98507-9033	(360) 902-8760
Wisconsin	Division of Securities	Department of Financial Institutions	P.O. Box 1768, Madison, WI 53701	(608) 266-2801
Federal Trade Commission	Division of Marketing Practices	Bureau of Consumer Protection	Pennsylvania Avenue at 6th Street, NW, Washington DC 20580	(202) 326-3128

"EXHIBIT "F"
TO THE FDD

TABLE OF CONTENTS FOR THE TRAINING/OPERATIONS MANUAL

See attached (next pages).

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EXHIBIT "G"
TO THE FDD

AREA DEVELOPMENT AGREEMENT

See attached.

AREA DEVELOPMENT AGREEMENT

THIS AREA DEVELOPMENT AGREEMENT ("Agreement") is made and entered into effective as the effective date written on the signature page by and between SWIG FRANCHISING, LLC, a Utah limited liability company ("We," "Us," or "Franchisor"), and _____("You" or "Area Developer").

R E C I T A L S:

WHEREAS, You desire to acquire the right to develop and operate multiple Swig® Franchise Units in the Development Area described below and pursuant to the terms and conditions of this Agreement; and

WHEREAS, You have entered into a separate Franchise Agreement with Us for the right to operate Your first Swig® Franchise Business that was signed contemporaneously with this Agreement.

NOW THEREFORE, in consideration of the mutual and reciprocal covenants, promises, recitals, terms and conditions herein contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by each party, the parties hereby agree as follows:

Article 1 - Definitions

1.1 The following terms have the following described meanings. Additionally, unless otherwise clearly required by the context, when used in this Agreement all capitalized terms used but not defined herein have the respective meaning assigned to them pursuant to the Franchise Agreement signed contemporaneously with this Agreement.

"Develop" whether capitalized or not means to open and operate Swig® Units. You must have a fully executed Franchise Agreement and a fully executed lease agreement that has been approved by Us for a Unit to be considered in "development" if not yet opened or to be considered "developed" if the Unit is operational. Otherwise, the Unit will be considered an Undeveloped Unit as defined below.

"Development Area" means the geographical area set forth in Exhibit "A."

"Development Business" means the business of developing Swig® Franchise Businesses in the Development Area and in compliance with the Development Schedule.

"Development Schedule" means the schedule setting forth the number of Franchise Units to be developed within a set period of time within the Development Area.

"Franchise," "Franchise Business," "Franchise Unit," or "Unit" means a business that has signed a Franchise Agreement to operate a Swig® business in the Development Area.

"Franchise Agreement" means Our franchise agreement which licenses the right to use Our Marks and System for the operation of a Swig® Franchise Unit at a single designated location.

"Principals" means shareholders, owners, partners (both general and limited) in a partnership, directors, members of a limited liability company, managers of a manager-managed limited liability company, and officers.

"Termination" Includes termination, expiration, non-renewal, repurchase of Your rights, transfer, or any other means by which this Agreement is no longer in effect, or wherein You are no longer an area developer for the Swig® brand.

"Undeveloped Unit" is any Swig drink shop to be Developed hereunder for which You do not have a fully executed Franchise Agreement together with a fully executed lease agreement that has been approved by Us.

Article 2 – Area Development Rights

2.1 Rights. Subject to the terms and conditions of this Agreement and the continuing faithful performance by You of Your obligations hereunder, during the term of this Agreement, You have the right and obligation to Develop Swig® Franchise Businesses in the Development Area in accordance with the Development Schedule set forth on Exhibit "B."

2.2 Character of Rights. The rights and privileges granted to You under this Agreement are personal in nature. You represent and We rely upon Your representations in entering into this Agreement that the individuals listed on Exhibit "C" are the owners of and sole holders of a legal and beneficial interest in You and Your Development Business. The rights set forth herein are territorial only and do not grant or imply any license for You to use the Marks or System in any manner. Any such rights are granted only through a Franchise Agreement.

2.3 Exclusive Development. Other than as set forth herein, You have the exclusive rights to develop traditional Swig® Franchise Businesses in the Development Area strictly in accordance with the Development Schedule, and other than any Swig® locations already developed or in development as of the date of this Agreement or Units that are acquired from You pursuant to Our exercise of an option to purchase in a Franchise Agreement, We will not establish or authorize the establishment of traditional Swig® businesses within the Development Area while this Agreement is in effect.

2.4 Franchisor's Reservation of Rights. All rights not specifically granted to You in this Agreement are reserved to Us. Nothing contained herein prevents Us from granting the right to establish or operate, or Us establishing, owning, and operating Swig® businesses or similar operations outside of the Development Area. We, or our affiliate, either personally or through agents and representatives, or franchises, also reserve the right to sell and Market Swig® outlets in non-traditional locations and large institution-type locations both within and without Your Development Area. These may Include outlets at convention centers, sporting arenas, military bases, universities, airports, transportation facilities (Including rail or bus terminals, toll road plazas and highway rest stops); urban office buildings; supermarkets; carnivals or street fairs; government facilities; shopping malls; educational facilities; casinos; resort properties; amusement parks or amusement centers, and other similar locations. Any non-traditional outlet that We or an affiliate open or sell will not be counted toward Your development obligations set forth in the Development Schedule. Furthermore, neither We nor Our affiliates are restricted from Marketing in the Development Area. We and Our affiliates expressly reserve the right to sell, Market and distribute the Swig® products in the Development Area and

elsewhere without compensation to You using other Marketing strategies and distribution channels, Including, websites, the Internet, Social Media, apps, etc. We and our affiliates also reserve the right to, or to franchise or license others the right to, establish, own, and operate businesses under trademarks and brand names other than the Marks, whether located or operating inside or outside of the Development Area, even if such businesses offer and sell the same products and services as a Franchise Business.

Article 3 - Development & Term

3.1 Minimum Development Schedule. You shall open and have in operation the cumulative number of Franchise Units to have been opened before or as of each of the applicable deadlines set forth in the Development Schedule. A Franchise Unit will be counted for the purposes of meeting Your development obligation only if it is an open and operating Franchise Business located within the Development Area by the applicable deadline and remains operating during the term hereof.

3.2 Franchise Locations. The location of each Franchise Unit will be selected by You but must be approved in writing by Us, as further set forth in, and in compliance with, Our then-current form of Franchise Agreement. You must select a site within Your Development Area, provided if the applicable Franchise Agreement designates a more specific search area for the location of a Franchise Unit, You must select a site in such search area. Unless waived by Us in writing, You must hire a local real estate broker to help You locate a site. If We have a preferred real estate broker in Your market, you must use Our preferred broker. If We do not have a preferred broker in Your market, We have the right to approve Your real estate broker. We also have the right to require You to replace Your real estate broker if in Our opinion Your real estate broker does not understand the brand or is not presenting You with strong sites.

3.3 Time of the Essence. Time is of the essence with respect to compliance with the Development Schedule and any and all other obligations of Yours under this Agreement.

3.4 Term. Unless terminated prior pursuant to Article 9, the term of this Agreement commences as of the effective date of this Agreement and ends on the date that is the deadline to open the last Unit to be developed as set forth on the Development Schedule. There is no right to renew this Agreement.

Article 4 - Fees

4.1 Development Fee. The Development Fee is listed on and payable as set forth on Exhibit “B” (“Development Fee”). The amount of the Development Fee paid in connection with the signing of this Agreement will be applied to pay all of the initial franchise fee for the first Franchise Unit to be developed hereunder and, thereafter, to pay 50% of the franchise fee for each additional Franchise Unit to be developed hereunder until such amounts have been exhausted.

4.2 Non-Refundable. No Fee, payment, or deposit paid by You is refundable, regardless of whether You meet Your Development Schedule.

Article 5 - Franchise Agreement(s)

5.1 Franchise Agreement. Each Franchise Unit opened by You pursuant to this Agreement will be governed by Our then-current form of Franchise Agreement. A Franchise Agreement for each Franchise Unit must be executed and delivered to Us upon Our approval of the site for the applicable Franchise Unit.

5.2 Modification of the Franchise Agreement. We reserve the right, from time to time, to amend, change, or modify Our form Franchise Agreement, which modifications will apply to those Franchise Agreements signed after such modifications are made.

5.3 First Franchise Unit. Notwithstanding anything herein to the contrary, You acknowledge that the Franchise Agreement for Your first Franchise Unit to be opened under the Development Schedule is being executed concurrently with this Agreement.

Article 6 - Operating Standards and Covenants

6.1 Compliance. You shall, at Your expense, comply with all applicable laws, ordinances, rules and regulations pertaining to the development of Your Franchise Businesses as contemplated herein.

6.2 Cost of Doing Business. You shall be responsible for all Your costs of doing business and other costs and expenses in connection with Your obligations herein.

6.3 Franchise Obligations. You shall promptly pay all of Your obligations and liabilities to Us and Your suppliers, lessors, trade accounts and government agencies. We have no liability for Your obligations, and You shall indemnify and hold Us harmless from any such obligations.

6.4 Periodic Reports. Upon Our request, You shall provide to Us, no later than five days of the request, a written progress report of Your activities and progress in developing and establishing Franchise Units in the Development Area, as requested.

6.5 Indemnification. You shall protect, indemnify and hold Us harmless from and against any and all claims, proceedings, expenses, costs, damages, and liabilities, Including, legal fees incurred by Us or Our officers, directors, members, managers and agents because of any act, neglect, or omission of Yours or Your employees, customers, agents or guests, in the operation of Your Development Business, Including, malfeasance, misstatements, nonfeasance, failure to perform, and breach of Your duties and obligations under this Agreement. You are not required to indemnify us for liability caused solely by Our willful misconduct, gross negligence, strict liability, or fraud.

THE INDEMNITIES IN THIS AGREEMENT ARE INTENDED TO BE ENFORCEABLE IN ACCORDANCE WITH THE EXPRESS TERMS AND SCOPE THEREOF NOTWITHSTANDING ANY EXPRESS NEGLIGENCE RULE, DOCTRINE RELATING TO INDEMNIFICATION FOR STRICT LIABILITY OR ANY SIMILAR DIRECTIVE THAT WOULD PROHIBIT OR OTHERWISE LIMIT INDEMNITIES BECAUSE OF THE NEGLIGENCE (WHETHER SOLE, CONCURRENT, ACTIVE OR PASSIVE) OR OTHER FAULT OR STRICT LIABILITY OF ANY INDEMNIFIED PARTY.

Article 7 – Confidentiality

7.1 Confidentiality. Each Principal with a direct or indirect ownership interest in You is required to sign Our Brand Protection Agreement for Owner Principals attached hereto as Exhibit "D" and You must obtain a signed Brand Protection Agreement for Non-Owner Principals in substantially the form attached hereto as Exhibit "E" from any Principals who do not have a direct or indirect ownership interest in You. Although We provide You this form, You are responsible to conform it to the laws and regulations of Your state.

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

Article 8 – Marks

8.1 Ownership of Marks. You acknowledge that You have no interest whatsoever in the Marks or derivatives thereof and that Your right to use the Marks is derived solely from Your Franchise Agreement(s).

8.2 Use of Marks. You cannot use any of the Marks as part of any corporate or trade name or with any prefix, suffix, or other modifying words, terms, designs or symbols, or in any modified form without Our consent. You shall obtain such fictitious or assumed name registrations as may be required by Us or applicable law.

Article 9 – Our Right of Termination and Other Remedies Upon Default

9.1 Termination. In addition to the other rights of termination We may have at law or equity or as contained in this Agreement, We will have the following rights of termination:

9.1.1 No Cure Period. Upon a violation or default under paragraphs (1) through (6) below, this Agreement will automatically terminate upon written notice to You.

1) You or any of Your Principals makes or attempts to make an unauthorized assignment of this Agreement, Your Franchise Agreements, Franchise Units, or any ownership change (direct or indirect) in You without Our prior written consent;

2) You or any of Your Principals take action, commit, are convicted of, plead guilty to, or plead no contest to a charge of violating any felony law or other crime, action or offense that We reasonably believe is likely to have an adverse effect on Your Franchise Units, Us, or the System;

3) You repeatedly breach (three or more times) the same provision of this Agreement within a 12-month period;

4) You become insolvent or a party to any bankruptcy, receivership or similar proceeding, other than as a creditor, file for bankruptcy or receivership or similar protection, or You are adjudicated bankrupt;

5) You make an assignment for the benefit of creditors or enter into any similar arrangement for the disposition of Your assets for the benefit of creditors; or

6) You voluntarily or otherwise abandon the development of Franchise Units in the Development Area hereunder exhibited by not responding to our calls, emails, letters, or other attempts to reach You for a period of 30 or more days, or Your actions to Us, to other franchisees or area developers, or to the public indicate that You do not plan to continue development operations.

9.1.2 5-Day Cure Period. You fail to make a payment to Us or an affiliate of Ours and fail to cure within five days of receiving written notice of default.

9.1.3 30-Day Cure Period. Except as otherwise provided herein, You fail to comply with any other provision of this Agreement and fail to cure within 30 days of receiving written notice of default from Us, including the failure to meet development obligations under the Development Schedule.

9.2 Cross Default. If any Franchise Agreement for one of Your Franchise Businesses is terminated for cause (Including termination by Us pursuant to Article XI of the applicable Franchise Agreement), We will have the right to terminate this Agreement upon written notice to You.

9.3 Other Remedies Upon Default. In addition to the rights of termination set forth above, upon the occurrence of an event of default under Section 9.1.1, 9.1.2 or 9.1.3 above, We may, at Our option and sole discretion, (i) eliminate all protected aspects of Area Developer's right to develop Franchise Units in the Development Area (in which case We, or We may engage and allow other franchisees or licensees, to engage in such activities), (ii) decrease the number of Franchise Units to be developed according to the Development Schedule, and/or (iii) reduce the size of the Development Area, in all cases by giving You written notice of Our election. Our failure to take prompt action with respect to a particular event of default will not constitute a waiver of that or any subsequent event of default.

Article 10 - Obligations Upon Termination or Expiration

10.1 Our Rights Upon Termination. Upon Termination of this Agreement, for any reason, Your rights under this Agreement are terminated, and We will be free to own, operate or franchise Swig® businesses anywhere in the Development Area other than as prohibited by any existing signed Franchise Agreement. The foregoing is in addition to any other right or remedy We may have at law or in equity.

10.2 Already Developed or Developing Units. After Termination of this Agreement, You may continue to own and operate Your individual Franchise Units in the Development Area that You have opened and are operating or that are in development (but not opened) prior to Termination, so long as You are not in default and continue to faithfully perform the terms and conditions of such Franchise Agreement(s). However, You will cease to have any other rights to develop Franchises in the Development Area.

10.3 Undeveloped Units. Upon Termination of this Agreement, You will no longer have the right to develop any Undeveloped Units. You will also forfeit all deposits, fees, payments, and installments You have paid toward the Development Fee for Undeveloped Units.

Article 11 – Transfer

Article XIV (exclusive of Section 14.13) of the Franchise Agreement signed contemporarily with this Agreement applies to and is hereby fully incorporated into this Agreement as if fully set forth herein unless otherwise set forth in this Agreement or unless clearly required by the context. Terms such as "Franchise Business" and other terms specific to the Franchise Agreement are adjusted to apply to this Agreement. However, the transfer fee to Transfer this Agreement is $10,000, plus the transfer fee for each active franchise agreement transferred, as set forth in the applicable franchise agreement.

Article 12 – Covenant Not to Compete

12.1 In-Term Covenants. During the term of this Agreement, You, Your Principals, and Your Immediate Family shall not, directly or indirectly, be a Participant, assist, or serve in any other capacity whatsoever or have any interest in a Competing Business in any capacity, territory, or location, except with Our prior written consent.

12.2 Post-Term Covenants. Upon Termination of this Agreement and for a continuous, uninterrupted period of three years thereafter, You, Your Principals, and Your Immediate Family shall not, directly or indirectly, be a Participant, assist, or serve in any other capacity whatsoever, or have any interest in a Competing Business in any capacity, territory, or location within Your Development Area or within 25 miles of Your Development Area. However, You will still be able to operate a Swig® business in the Development Area in those territories for which You are allowed to operate under an active Franchise Agreement.

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

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

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

12.6 Breach of Non-Competition. You and We recognize the difficulty of calculating damages caused by Your breach of Your non-competition obligations and agree that such damages could arise, and You and We hereby agree to the following as a compromise on the calculation of such damages. If You violate Section 12.1 or Section 12.2 of this Agreement, in addition to any other remedy We may have under this Agreement and under law, You shall pay Us liquidated damages of $1,000 per day during the period of Your violation.

12.7 Additional Equitable Remedies. The amount contemplated under Section 12.6 does not represent a price for the privilege of not performing nor does the payment represent an alternative manner of performance. Section 12.6 does not preclude recovery for damages for other breaches of this Agreement and is not inconsistent with a court granting Us specific performance or any other equitable remedies, such as an injunction, to prevent future breaches. Additionally, We have the right to automatically debit by EFT or other electronic withdrawal means, Your bank account for the amounts payable to Us under Section 12.6.

12.8 Immediate Family. You acknowledge and agree that the restrictions on Your Immediate Family is necessary because Your assisting Immediate Family in a Competing Business could potentially circumvent the purpose of this Agreement, and You also acknowledge that it would be difficult for Us to prove whether You assisted Immediate Family in a Competing Business.

Article 13 – Dispute Resolution

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

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

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

13.2.2 Mediation. If, in the opinion of either You or Us, the face-to-face meeting has not successfully resolved such Dispute, and if desired by either You or Us, the Dispute will be submitted to non-binding mediation before Franchise Arbitration and Mediation Services (“FAM”) or as otherwise mutually agreed. The mediation will be conducted exclusively in Utah County or Salt Lake County, Utah. On election by either party, litigation may proceed forward at the same time as mediation. The mediator will be disqualified as a witness, consultant, expert, or counsel for any party with respect to the Dispute and any related matters. The parties to the Dispute submitted to mediation will share the fees and expenses of mediation equally during the mediation. If a party is unable or unwilling to pay its share of the cost of the mediation, the other party has the right to cover those costs; however, the

prevailing party in any related action or proceeding will be awarded costs, Including the costs of mediation and attorney's fees as set forth in Section 14.3 below.

13.2.3 Individual Disputes; Limitations.

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

(ii) Agreed Limitations. Any legal action or proceeding brought or instituted with respect to any Dispute hereunder must be brought or instituted within the earlier of one year from the date upon which a party discovered, or should have discovered, the facts giving rise to an alleged claim or two years after the first act or omission giving rise to an alleged claim (as applicable, the "SOL"). The initiation of mediation or legal proceedings hereunder will toll the applicable SOL for the duration of any such proceedings. Notwithstanding the foregoing, the SOL will not apply to claims for payments owed under this Agreement by one party to the other, indemnification under Article VI, or claims related to an act of Yours allowing Us to immediately terminate this Agreement.

(iii) Limited Damages. You and We waive any right or claim of any consequential, punitive, or exemplary damages against each other and agree that in the event of a Dispute between You and Us, each will be limited to the recovery of actual damages sustained, provided the foregoing waiver and damages limitation does not apply to Your obligations of indemnity set forth herein, which shall not be limited.

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

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

Article 14 – Governing Law and Jurisdiction

14.1 Governing Law. This Agreement will be governed, construed and interpreted in accordance with the laws of the state of Utah without giving effect to its conflicts of law provisions. If the governing law requires terms other than or in addition to those in this Agreement, then such terms will be deemed incorporated herein but only to the extent necessary to prevent the invalidity of this Agreement or any of the provisions hereof or the imposition of civil or criminal penalties or liability. To the extent permitted by the laws of the state whose laws govern this Agreement, You hereby waive any provisions of law or regulations which render any portion of this Agreement invalid or unenforceable in any respect.

14.2 Jurisdiction. To facilitate our joint interests in having franchise issues determined in a consistent manner for application throughout the System, without in any way limiting or otherwise affecting Your and Our obligations regarding mediation in accordance with the provisions of Section 13.2.2, if there is any litigation between us, You and We hereby irrevocably consent to the exercise of

general personal jurisdiction in the courts of record of the state of Utah even though it may be otherwise possible to obtain jurisdiction elsewhere, and You and We agree that Utah County or Salt Lake County, Utah will be the exclusive venue for any litigation between Us and You. Each party waives any objection they may have to the personal jurisdiction of or venue in the state and federal courts of Utah.

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

Article 15 – Miscellaneous

15.1 Independent Contractor. In all matters, You are an independent contractor. Nothing in this Agreement or in Our business relationship makes You Our partner, agent, employee, joint employer, or joint venturer, and this Agreement does not create a fiduciary relationship between You and Us. You are solely responsible for the management and control of Your Development Business, Including its daily operations, managing and directing employees, contractors, and salespersons, and paying all costs and expenses of Your Development Business. None of Your employees will be deemed to be Our employee and each employee will be so notified by You. Neither party has the authority to act as agent for the other, and neither You nor We guaranty the obligations of the other or in any way become obligated for the debts or expenses of the other unless agreed to in writing. You must post promptly and maintain any signs or notices specified by Us or by applicable law indicating the status of the parties as described above.

15.2 Notices. All notices permitted or required under this Agreement must be in writing and delivered in accordance with the provisions of Article XVIII of the Franchise Agreement signed contemporarily with this Agreement.

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

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

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

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

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

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

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

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

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

still be considered enforceable and severable as if it was its own separate agreement from the voided term.

15.12 Amendments. Except as expressly contemplated herein, no amendment, change, or variance from this Agreement will be binding on either party unless executed in writing and signed by both parties; however, the Manuals, Standards and System may be modified by Us from time to time and are binding.

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

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

15.15 No Representations. You understand that the success or failure of Your Development Business depends, in major part, upon Your efforts. You agree that We have not made nor have You received any promise, representation or warranty that: 1) any payments by You are refundable at Your option; 2) We will repurchase any rights granted hereunder; 3) You will have any exclusive rights of any type other than as expressly set forth herein; 4) You will receive any level of assistance with site location, development or other services, or otherwise, other than as expressly set forth in this Agreement; 5) You will not be required to obtain any licenses or permits with respect to Your Development Business; 6) any development area, location or territory will be successful; or 7) that You will be awarded additional or further rights, except as expressly set forth in a written document signed by Us.

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

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

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

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

15.20 Counterpart and Electronic Signatures. This Agreement and its exhibits may be signed in counterparts by facsimile, electronic signature, or scanned and emailed signature, or similar electronic means, which will be deemed the same as an original signature with full legal force and effect and may be used for all purposes as if it were an original. Any signed exhibit to this Agreement will be enforceable as a standalone document in accordance with its terms, notwithstanding any "Exhibit" marking that may remain on the signed version of such document.

15.21 Owners of Area Developer. You represent and We rely upon Your representations in entering into this Agreement that the individuals in Exhibit C are the owners of and sole holders of a direct or indirect legal or beneficial interest in You (if You are a Business Entity) and in Your Development Business.

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

[Signatures on the Following Page]

IN WITNESS WHEREOF, We and You have respectively signed and sealed this Agreement as of the date written below.

Dated effective as of _____.

FRANCHISOR:	AREA DEVELOPER:
SWIG FRANCHISING, LLC	_____
By: _____ (Signature)	By: _____ (Signature)
Name: _____	Name: _____
Title: _____	Title: _____

[Signature Page of the Area Development Agreement]

EXHIBIT "A"
TO THE AREA DEVELOPMENT AGREEMENT

DEVELOPMENT AREA

The Development Area will consist of the following area:

_____

_____

_____

To the extent of any conflict between the Development Area as stated on this Exhibit and on the attached map (if any), the map will control.

Our approval of the Development Area or a location within the Development Area is not a guarantee or a warranty of the potential success of the Development Area or a location.

SCHEDULE “A-1”

MAP OF THE DEVELOPMENT AREA

EXHIBIT "B"
TO THE AREA DEVELOPMENT AGREEMENT

FRANCHISE UNIT
DEVELOPMENT SCHEDULE AND FEES

1. Development Schedule

Total Number of Units to be Developed: _____

Unit #	Number of Units Developed by Year	Deadline to Open	Percentage of Total Units to Develop
Total	**____Units**	**____Years**	**100%**

2. Development Fees

Summary	Number or Amount
Total Units to be Developed	
Development Fee per Unit	$39,500
Total Development Fee	$_____
Total Development Fee Due Upon Signing this Agreement[1]	$_____ [Insert 100% of the Development Fee for the first Unit, plus 50% of the Development Fee for each additional Unit in the Development Schedule]
Balance of Development Fee to be Paid in Installments	$_____
Balance of Development Fee Owing per Unit[2]	$_____

[1] Due upon signing this Agreement.

[2] Due upon signing the Franchise Agreement for each Unit, as developed.

EXHIBIT "C"
TO THE DEVELOPMENT AREA DEVELOPMENT AGREEMENT

COMPANY REPRESENTATIONS AND WARRANTIES

You make the following additional warranties and representations:

You are a (check one):

□ Partnership □ Corporation
□ Sole Proprietorship □ Limited Liability Company

Name of your entity: _____
The state in which your entity was formed: _____
Date of formation: _____
EIN: _____

If You are a business entity, Your sole purpose as stated in Your governing documents is to develop, own and operate Swig drink shops and to engage in all lawful activities ancillary thereto.

The name and address of each individual or Business Entity holding a direct or indirect ownership interest in You if You are a Business Entity (please print or type the information and add extra lines if necessary):

Name	Address	Percentage of Ownership*

*Corporation: Percentage owned of outstanding voting stock.
*Partnership: Percentage owned in voting and in capital and profits.
*Limited Liability Company: Percentage owned in membership interest.

The names and titles of the members of the governing body (e.g. Board of Directors or Managers, if applicable) and officers of the Business Entity (please print or type the information and add extra lines if necessary):

Name	Title

The address where Your company records are maintained is:

_____

The name and address of the person acting as principal contact who has been approved by Us and who will be directly responsible for supervising Your Development Business operations and who has authority to work with Us and make decisions relating to the operations of the Development Business:

Name: _____
Address: _____
Email: _____
Phone: _____

You represent and warrant that the information provided in this form (and in any subsequent update thereto) is true, accurate, and complete, and that We may consider this statement as continuing to be true, accurate, and complete until a written notice of change in the information set forth herein is given to Us. At Our request, You agree to prepare and sign a new form containing the correct information.

You must attach a true, accurate and complete copy of Your articles of organization and operating agreement, articles of incorporation and bylaws, partnership agreement or other similar governing documents.

Dated: _____.

AREA DEVELOPER:

_____

By: _____

Name: _____

Title: _____

EXHIBIT "D"
TO THE DEVELOPMENT AREA DEVELOPMENT AGREEMENT

BRAND PROTECTION AGREEMENT FOR OWNER PRINCIPALS

This BRAND PROTECTION AGREEMENT FOR OWNER PRINCIPALS (the "Agreement") is entered into and made effective as of the date written on the signature page below, by Swig Franchising, LLC ("Franchisor" or the "Company") and the undersigned ("Principals").

WHEREAS, Principals, or a Business Entity of which Principals are direct or indirect owners ("Principals Business Entity"), entered into an agreement with Franchisor so as to be able to obtain the rights to open and operate multiple Swig® Franchise Businesses using the System developed by Franchisor, Including certain confidential and proprietary information of Franchisor ("Area Development Agreement");

WHEREAS, contemporaneously with the execution of the Area Development Agreement, Principals or Principals Business Entity entered into a Swig Franchising, LLC Franchise Agreement for the operation of the first Swig® Franchise Business to be developed and opened under the Area Development Agreement (the "Franchise Agreement");

WHEREAS, Franchisor has developed Confidential Information (as defined in the Franchise Agreement) for the development and operation of a Swig® Franchise Business and may continue to develop new Confidential Information and revise current Confidential Information for use in association with the Swig® System; and

WHEREAS, Principals recognize the value of the System, and the importance of maintaining the Confidential Information confidential, and recognize that the Franchisor's entering into the Area Development Agreement is conditioned upon each Principal entering into this Agreement.

NOW THEREFORE, in consideration of Franchisor entering into the Area Development Agreement with Principals or Principals Business Entity, the recitals and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

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

2. Non-Disclosure and Non-Use. Except as may be required or allowed under the Area Development Agreement, Principals and any of a Principal's Immediate Family, shall not during the term of the Area Development Agreement or any time thereafter, in perpetuity, directly or indirectly, use, or disclose to any third-party, or authorize any third-party to use, any information relating to the Franchise Businesses or interest of Franchisor, Confidential Information, the System, or other information or materials that he or she knows, or reasonably should know, is regarded as confidential to Franchisor.

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

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

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

3. Non-Competition. The following covenants will be enforced during and after the term of the Area Development Agreement.

3.1 In-Term Covenant. During the term of the Area Development Agreement and for any extensions thereof, Principals and each Principal's Immediate Family, shall not directly or indirectly be a Participant, or assist, or serve in any capacity whatsoever or have an interest in a Competing Business in any capacity or location, except with Franchisor's prior written consent. Principals understand and acknowledge that to violate this Section will create irreparable harm.

3.2 Post-Term Covenant. Upon the Termination of the Area Development Agreement, or a Principal's disassociation from Principals Business Entity, and for a continuous, uninterrupted period of three years thereafter, Principals and Principals' Immediate Family members, shall not directly or indirectly, be a Participant, or assist, or serve in any capacity whatsoever or have an interest in a Competing Business within the Development Area or within 25 miles of the Development Area or within 15 miles of the territory of any franchise or Swig® business operation at the time of Termination of the Area Development Agreement. The ownership of not more than 2% of the voting stock of a publicly held corporation will not be considered a violation of the foregoing provision.

4. Violation of Non-Competition; Tolling of Covenants. In addition to other remedies available to Franchisor, if a Principal violates a non-competition covenant, the non-competition period will be tolled for the period of that Principal's violation. Principal shall also pay Franchisor liquidated damages of $1,000 per day for each Competing Business for violation of Sec. 3.1 or 3.2. These liquidated damages do not represent a price for the privilege of not performing nor does the payment represent an alternative manner of performance. This Section does not preclude and is not inconsistent with a

court granting Franchisor specific performance or any other equitable remedies, such as an injunction, to prevent future breaches.

5. Return of Materials. Upon the Termination of the Area Development Agreement, or a Principal's disassociation from Principals Business Entity, each Principal agrees to deliver to Franchisor (and will not keep a copy in his or her possession or deliver to anyone else) the Swig® Manuals and any and all Confidential Information; provided that such obligations will not apply if the Principal remains an owner of Principals Business Entity and Principals Business Entity will continue to operate a Franchise Business.

6. Non-Disparagement. Principals shall not during and after the term of this Agreement, make any negative, disparaging, false or misleading statements, published or made orally, in any medium about Franchisor, Franchisor's officers, owners, partners, directors, members, managers, representatives, agents or employees, the brand, the System, products and services, or other franchisees; provided, however, this restriction will not prevent Principals from speaking openly with any federal, state or local state agency about potential violations of law.

7. Irreparable Harm. Principals hereby acknowledge and agree that any breach by him or her of any portion of Sections 1 through 6 above, inclusive, will cause damage to Franchisor in an amount difficult to ascertain. Accordingly, in addition to any other relief to which Franchisor may be entitled, Franchisor will be entitled to temporary, preliminary, and/or permanent injunctive relief for any breach or threatened breach by any Principal of any of the terms of Section 1 through 6 above, inclusive, without proof of actual damages that have been or may be caused to Franchisor by such breach. Additionally, Principals agree that the existence of any claims a Principal may have against Franchisor, whether or not arising from this Agreement or the Area Development Agreement, will not constitute a defense to Franchisor's ability to enforce the covenants set forth in this Agreement.

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

9. Governing Law and Jurisdiction. The validity, enforcement, construction, rights and liabilities of the parties and provisions of this Agreement will be governed by and interpreted in accordance with the laws of the state of Utah without giving effect to its conflicts of law provisions. If for any

reason court action is filed, Principals individually consent to the jurisdiction of the courts of record in the state of Utah, and each Principal agrees that proper jurisdiction and venue for all Dispute resolution will be exclusively in the state and federal courts of Utah County or Salt Lake County, Utah.

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

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

12. Survival of Covenants. All covenants made in this Agreement by Principals will survive the Termination of this Agreement or the Area Development Agreement or Principal's disassociation with Principals Business Entity, the Development Business, or the System in any way.

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

14. Capitalized Terms. Capitalized terms used, but not defined, herein will have the respective meanings assigned to them pursuant to the Area Development Agreement and Franchise Agreement as applicable.

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

16. Prior Disclosures. The parties intend that the information disclosed by Franchisor prior to the actual execution of this Agreement constitutes Confidential Information and is subject to all the terms and conditions of this Agreement as if such information had been disclosed following the execution of this Agreement.

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

PRINCIPALS INDIVIDUALLY ACKNOWLEDGE THAT HE OR SHE HAS READ THIS AGREEMENT AND UNDERSTANDS ITS CONTENTS.

IN WITNESS WHEREOF, the parties have executed this Agreement effective as of the date written below.

Dated effective as of _____.

FRANCHISOR:

SWIG FRANCHISING, LLC

By: _____
(Signature)
Name: _____

Title: _____

PRINCIPALS:

By: _____

Name: _____

By: _____

Name: _____

By: _____

Name: _____

By: _____

Name: _____

By: _____

Name: _____

By: _____

Name: _____

[Signature Page of Brand Protection Agreement for Owner Principals]

EXHIBIT "E"
TO THE AREA DEVELOPMENT AGREEMENT

BRAND PROTECTION AGREEMENT FOR NON-OWNER PRINCIPALS

This BRAND PROTECTION AGREEMENT FOR NON-OWNER PRINCIPALS (the "Agreement") is entered into and made effective as of the date written on the signature page below, by _____, a _____ ("Area Developer") and the undersigned individual ("Principal").

WHEREAS, Principal is a non-owner officer and/or director or manager (of a limited liability company) of Area Developer;

WHEREAS, Area Developer entered into an agreement with Swig Franchising, LLC, a Utah limited liability company ("Franchisor"), so as to be able to obtain the rights to open and operate multiple Swig® Franchise Businesses using the System developed by Franchisor, Including certain confidential and proprietary information of Franchisor ("Area Development Agreement");

WHEREAS, contemporaneously with the execution of the Area Development Agreement, Area Developer entered into a Swig Franchising, LLC Franchise Agreement for the operation of the first Swig® Franchise Business to be developed and opened under the Area Development Agreement (the "Franchise Agreement");

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

WHEREAS, Principal recognizes the value of the Swig® System, and the importance of maintaining the Confidential Information confidential, and recognizes that Principal's obtaining or maintaining Principal's position with Area Developer is conditioned upon Principal entering into this Agreement.

NOW THEREFORE, in consideration of Principal's position with Area Developer, the recitals and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

1. Acknowledgment. Principal acknowledges that he or she has obtained or may obtain knowledge of confidential matters related to the System and made available to Principal that are necessary and essential to the development or operation of Franchise Businesses, without which information the Franchise Businesses could not efficiently, effectively and profitably operate. Principal further acknowledges that such Confidential Information was not known to him or her prior to his or her association with Area Developer.

2. Non-Disclosure and Non-Use. Except as may be required or allowed under the Area Development Agreement, neither Principal nor any of Principal's Immediate Family, shall during the term of the Area Development Agreement or Principal's association with Area Developer, or any time thereafter, in perpetuity, directly or indirectly, use, or disclose to any third-party, or authorize any

third-party to use, any information relating to the Franchise Businesses or interest of Area Developer, Franchisor, Confidential Information, the System, or other information or materials that he or she knows, or reasonably should know, is regarded as confidential to Franchisor.

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

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

2.3 Limited Use. Principal must limit his or her use of the Confidential Information, Including his or her recollection of the Recipes, to the performance of Principal's duties for Area Developer, and shall not use the Confidential Information for any personal use or gain.

3. Non-Competition.

3.1 In-Term Covenant. During the term of the Area Development Agreement (including any extensions thereof) and for so long as Principal is an officer, director or manager of Area Developer, Principal and Principal's Immediate Family, shall not directly or indirectly be a Participant, or assist, or serve in any capacity whatsoever or have an interest in a Competing Business in any capacity or location, except with Franchisor's prior written consent. Principal understands and acknowledges that to violate this Section will create irreparable harm.

3.2 Post-Term Covenant. Upon the Termination of the Area Development Agreement or Principal's dissociation with Area Developer, and for a continuous, uninterrupted period of one year thereafter, Principal and Principal's Immediate Family, shall not directly or indirectly, be a Participant, or assist, or serve in any capacity whatsoever or have an interest in a Competing Business within the Development Area or within 25 miles of the Development Area or within 15 miles of the territory of any franchise or Swig® business operation at the time of Termination of the Area Development Agreement. The ownership of not more than 2% of the voting stock of a publicly held corporation will not be considered a violation of the foregoing provision.

4. Violation of Non-Competition; Tolling of Covenants. In addition to other remedies available to Franchisor, if Principal violates a non-competition covenant, the non-competition period will be tolled for the period of Principal's violation.

5. Return of Materials. Upon Principal's disassociation from Area Developer, Principal agrees to deliver to Area Developer (and will not keep a copy in his or her possession or deliver to anyone else) the Swig® Manuals and any and all Confidential Information.

6. Non-Disparagement. Principal shall not during or after Principal's association with Area Developer, make any negative, disparaging, false or misleading statements, published or made orally, in any medium about Area Developer and/or Franchisor (including their respective owners, officers, and employees), or the Swig® brand; provided, however, this restriction will not prevent Principal from speaking openly with any federal, state or local state agency about potential violations of law.

7. Irreparable Harm. Principal hereby acknowledges and agrees that any breach by him or her of any portion of Sections 1 through 6 above, inclusive, will cause damage to Area Developer and Franchisor in an amount difficult to ascertain. Accordingly, in addition to any other relief to which Area Developer or Franchisor may be entitled, Area Developer and Franchisor will be entitled to temporary, preliminary, and/or permanent injunctive relief for any breach or threatened breach by Principal of any of the terms of Section 1 through 6 above, inclusive, without proof of actual damages that have been or may be caused to Area Developer or Franchisor by such breach. Additionally, Principal agrees that the existence of any claims Principal may have against Area Developer or Franchisor, however arising, will not constitute a defense to Area Developer's or Franchisor's ability to enforce the covenants set forth in this Agreement.

8. Reasonableness and Enforceability. Principal agrees that the terms of this Agreement are fair and reasonable in light of the circumstances and were in part, based on the perceived or potential value of the System and the business relationship that Principal has and will have with Area Developer. If any portion of this Agreement will be held invalid or inoperative, then so far as is reasonable and possible, the remainder of this Agreement will be considered valid and operative, and effect will be given to the intent manifested by the portion held invalid or inoperative. Whenever the context so requires, the masculine will Include the feminine and neuter and the singular will include the plural and conversely. Principal understands that a separate action may be brought or prosecuted against Principal whether or not the action is brought or prosecuted against any other principal of Area Developer or against Area Developer, or any or all of them, or whether any other principal or Area Developer is or are joined in the action. Principal acknowledges and agrees that the restrictions related to Immediate Family are necessary because Principal's disclosing the Confidential Information or Intellectual Property to Immediate Family or assisting Immediate Family in a Competing Business could potentially circumvent the purpose of this Agreement and that it would be difficult for Area Developer or Franchisor to prove whether Principal disclosed Confidential Information or Intellectual Property to Immediate Family or assisted Immediate Family in a Competing Business.

9. Governing Law and Jurisdiction. The validity, enforcement, construction, rights and liabilities of the parties and provisions of this Agreement will be governed by and interpreted in accordance with the laws of the state of Utah without giving effect to its conflicts of law provisions. If for any reason court action is filed, Principal consents to the jurisdiction of the courts of record in the state of Utah, and Principal agrees that proper jurisdiction and venue for all Dispute resolution will be exclusively in the state and federal courts of Utah County or Salt Lake County, Utah.

10. Attorney's Fees and Costs. In the event any action in law or equity or other proceeding is brought for the enforcement of this Agreement or in connection with any of the provisions of this

Agreement, the successful or prevailing party or parties will be entitled to reasonable attorney's fees and other costs reasonably incurred in such action or proceeding.

11. Binding Agreement. This Agreement will bind each parties' respective heirs, personal representatives, successors, and assigns. No rights under this Agreement are assignable by Principal, and any purported assignment will be null and void and of no force or effect.

12. Survival of Covenants. All covenants made in this Agreement by Principal will survive the Termination of this Agreement or the Area Development Agreement or Principal's disassociation with Area Developer, the Development Business, or the System in any way.

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

14. Capitalized Terms. Capitalized terms used, but not defined, herein will have the respective meanings assigned to them pursuant to the Area Development Agreement and Franchise Agreement as applicable, copies of which Principal acknowledges have been made available for Principal's review.

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

16. Prior Disclosures. The parties intend that the information disclosed by Franchisor or Area Developer prior to the actual execution of this Agreement constitutes Confidential Information and is subject to all the terms and conditions of this Agreement as if such information had been disclosed following the execution of this Agreement.

17. Third-party Beneficiary. It is agreed and acknowledged that Franchisor is a third-party beneficiary to this Agreement.

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

PRINCIPAL ACKNOWLEDGES THAT HE OR SHE HAS READ THIS AGREEMENT AND UNDERSTANDS ITS CONTENTS.

IN WITNESS WHEREOF, the parties have executed this Agreement effective as of the date written below.

Dated effective as of _____.

AREA DEVELOPER:	**PRINCIPAL:**
_____	
By: _____ (Signature)	_____
Name: _____	Name: _____
Title: _____	

[Signature Page of Brand Protection Agreement for Non-Owner Principals]

EXHIBIT "H"
TO THE FDD

RELEASE AGREEMENT
(FORM)

RELEASE AGREEMENT
(Form)

This RELEASE AGREEMENT ("**Agreement**") is made and entered into as of _____ by and between **Swig Franchising, LLC** ("**Franchisor**") and _____, **LLC/Inc.** ("**Franchisee**"), _____, and _____ (jointly and severally "**Personal Guarantor(s)**"). The above will collectively at times be referred to as "Parties" and individually as "Party." Capitalized terms used herein will have the meanings set forth in the Franchise Agreement, unless defined otherwise herein.

RECITALS

WHEREAS, Franchisee entered into a Swig® Franchising, LLC Franchise Agreement with Franchisor on or about _____ ("**Franchise Agreement**"); and

WHEREAS, the Franchise Agreement was personally guaranteed by the Personal Guarantor(s); and

WHEREAS, the execution of this Release Agreement is a condition to Franchisor's [issuance of a Successor Franchise pursuant to the terms of the Franchise Agreement].

NOW THEREFORE, in consideration of the recitals, premises and other provisions set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and intending to be legally bound hereby, Franchisor, Franchisee and Personal Guarantor(s) hereby agree as follows:

1. Franchisee, on behalf of itself and its affiliates and each of their respective equity owners, and Personal Guarantor(s) (collectively, the "**Releasing Parties**") hereby, fully and irrevocably, release, acquit and forever discharge Franchisor and its affiliates and, with respect to each of such entities, their respective directors, officers, members, managers, employees, shareholders, equity owners, representatives, agents, attorneys, successors and assigns (collectively, the "**Released Parties**" and each a "**Released Party**") of and from any and all claims, demands, obligations, causes of action, suits or liabilities of any kind and nature, whatsoever, whether known or unknown, suspected or unsuspected, and in whatever legal theory or form with respect to any acts taken or omissions occurring prior to the date hereof (collectively, the "**Claims**"), including, but not limited to, any and all Claims arising out of, existing by reason of, or in any way connected with any agreement between one or more of the Releasing Parties, on the one hand, and one or more of the Released Parties, on the other hand, including any franchise agreements, development agreements or other agreement relating to the development, ownership or operation of Swig® drink shops. To the fullest extent allowed by applicable law, the Releasing Parties further waive any and all state law provisions limiting the effect of a general release.

2. The Releasing Parties hereby covenant not to initiate, prosecute, encourage, assist, or (except as required by law) participate in any civil, criminal, or administrative proceeding or

investigation in any court agency, or other forum, either affirmatively or by way of cross-claim, defense, or counterclaim against any Released Party with respect to any Claim.

3. The Releasing Parties represent that each of them fully understands the broad coverage of the release provisions of this Agreement, and that they execute the same with respect to all Claims, as set forth above, they have or may have against a Released Party, fully intending that the provisions hereof be given the broadest interpretation permitted by law or the English language. The Releasing Parties acknowledge and expressly agree that they will make no claim, and hereby waive any right they may now have, or may hereafter have, based upon any alleged oral or written alteration, amendment, or modification of this Agreement, fully waiving any right they may have to refer to extrinsic matters in the interpretation hereof, whether to establish fraud, duress, mistake, undue influence, or for any other purpose.

The Releasing Parties expressly waive and release and discharge all Claims, other than those expressly reserved herein, with the express waiver of any statute, legal doctrine or other similar limitation upon the effect of general releases. For Releasing Parties located in California, the Releasing Parties expressly waive and relinquish all rights and benefits of Section 1542 of the Civil Code of the State of California, and each does so understanding and acknowledging the significance and consequence of specifically waiving Section 1542. Section 1542 of the Civil Code of the State of California states as follows:

> A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.

The Parties, with the advice of their respective counsel, waive the benefit of both statute and other legal doctrine or principle of similar effect in any jurisdiction.

4. This Agreement may be pleaded as a full and complete defense to, and may be used as the basis for, an injunction against any action, suit or other proceeding which may be instituted, prosecuted or maintained in breach of this Agreement.

5. The Franchisee and Guarantor(s) are reminded of their ongoing obligations under the non-competition clauses of the Franchise Agreement and Brand Protection Agreement for Owner Principals signed with Franchisor.

6. Miscellaneous.

6.1 Cooperation. Franchisee and Personal Guarantor(s) will make, execute and deliver to Franchisor, promptly upon request and without additional consideration, any document or instrument necessary to carry out and effectuate the purposes of this Agreement.

6.2 Choice of Law and Jurisdiction. This Agreement will be construed in accordance with and all disputes hereunder will be governed by the laws of the state of Utah without giving effect to its conflicts of law provisions. Franchisee, Personal Guarantor(s), and Franchisor hereby irrevocably consent to the exercise of general personal jurisdiction in the courts of record of

the state of Utah even though it may be otherwise possible to obtain jurisdiction elsewhere, and we both agree that Salt Lake City, Utah will be the exclusive venue for any litigation between us. Each party waives any objection they may have to the personal jurisdiction of or venue in the state and federal courts of Utah.

6.3 Arbitration. In the event any controversy or dispute arises between the Parties hereto in connection with, arising from or with respect to the provisions hereof, the relationship of the Parties hereto, or the validity of this Agreement or any provision hereof, such dispute or controversy will, on the request of any Party hereto be submitted for arbitration to the American Arbitration Association in accordance with its commercial arbitration rules. All arbitration hearings will be conducted exclusively in Salt Lake City, Utah and the laws of the state of Utah will govern, without giving effect to its conflicts of law provisions. The arbitrator will have the power and jurisdiction to decide such controversy or dispute solely in accordance with the express provisions of this Agreement. The prevailing Party in any arbitration suit or action to enforce this Agreement, will be entitled to recover the administrative costs of the arbitration proceeding and the fee for the arbitrator. The Parties agree that any claim hereunder will result in an award not more than 120 days from the date of the statement of claim filed with the American Arbitration Association, unless otherwise waived by the Parties. The award and findings of the arbitrators will be conclusive and binding upon all Parties hereto and the judgment upon the award may be entered in any Court of competent jurisdiction.

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

6.5 Amendment. This Agreement may be amended, modified or changed only by a written instrument signed by duly authorized representatives of both Parties.

6.6 Company Authority. The persons signing below warrant that they are authorized to enter into this Agreement on behalf of their respective principals identified below and that by their signatures they bind such principals to this Agreement.

6.7 Binding Agreement. This Agreement and all its terms, conditions and stipulations will be binding upon and will inure to the benefit of the Parties hereto and their respective legal representatives, heirs, successors and permitted assigns.

6.8 Confidentiality. Franchisee and Personal Guarantor(s) agree to maintain this Agreement, the terms hereof, and any and all information obtained or provided by either Party in order to initiate a contractual relationship, in the strictest of confidence.

6.9 Counterparts. This Agreement, and those contemplated herein, may be executed in counterparts, including by means of telefaxed, emailed pdf or other electronically delivered signature page, each of which will be deemed an original, but all of which together will constitute one and the same document.

6.10 Entire Agreement. This Agreement contains the entire agreement and only understanding between the Parties with respect to the subject matter hereof and supersedes all previous negotiations, agreements and understandings between the Parties and affiliates of the Parties, in connection with the subject matter covered herein, whether oral or written, and any warranty, representation, promise or condition in connection therewith not incorporated herein will not be binding upon either Party. The Parties hereby agree that all prior agreements between the Parties regarding the subject matter hereof are hereby terminated with no continuing duties or obligations on the part of the other Party.

6.11 Paragraph Headings. The paragraph headings appearing in this Agreement are inserted only as a matter of convenience and reference and in no way define, limit, construe or describe the scope, interpretations or extent of such paragraph or in any way affect such paragraph or this Agreement. Words in the masculine gender include the feminine and neuter. Use of the singular will include the appropriate plural numbers.

6.12 Enforceability. Any provision of this Agreement, which is prohibited or unenforceable in any jurisdiction will, as to such jurisdiction, not be effective to the extent of such prohibition, but such prohibition will not invalidate the remaining provisions hereof or affect the validity or enforceability of such provisions in any other jurisdiction.

7. This Agreement will be effective when all the parties have signed it. The date of this Agreement will be the date this Agreement is signed by the last party to sign it as provided in the signature block below.

8. The Franchisee and Personal Guarantor(s) acknowledge that they have carefully read the foregoing Agreement and know and understand the contents of this Agreement, have been represented by counsel, or had the opportunity to be represented by counsel, and sign this Agreement as their own free act, fully intending to be legally bound thereby.

9. For franchisees located in Washington only: this Agreement does not apply with respect to claims arising under the Washington Franchise Investment Protection Act, RCW 19.100, and any rule or order adopted thereunder.

[Signatures on the Following Page]

IN WITNESS WHEREOF, and by their signatures below, the Parties hereto acknowledge that they have read, understand and agree to all of the terms and provisions of this Agreement and have caused this Agreement to be executed as of the date provided below written with the full authority of the company principal they represent.

FRANCHISOR:	FRANCHISEE:
Swig Franchising, LLC	_____
By:_____ (Signature)	By:_____ (Signature)
Name:_____	Name:_____
Title:_____	Title:_____
Date:_____	Date:_____

PERSONAL GUARANTOR(S):

By:_____	By:_____
Name:_____	Name:_____
Date:_____	Date:_____
By:_____	By:_____
Name:_____	Name:_____
Date:_____	Date:_____

EXHIBIT "I"
TO THE FDD

SIGNING CHECKLIST

See attached (next pages).

Franchise Documents Signing Checklist
The following items need to be filled out, signed, or dated by the party indicated.

1. When you receive the FDD.

DOCUMENT	PAGE OR SECTION NUMBER	INSTRUCTIONS	CHECK WHEN COMPLETED
FDD Receipt Pages	(last 2 pages of the entire FDD packet)	There are two receipt pages at the very end of the FDD. You must sign and date both copies. You will keep the copy labeled "Franchisee Copy" and return the other copy ("Franchisor Copy") to the franchisor ("Swig Franchising, LLC").	____

2. When you sign the Franchise Agreement and other documents.

DOCUMENT	PAGE OR SECTION NUMBER	INSTRUCTIONS	CHECK WHEN COMPLETED
Franchise Agreement	(page 1)	Fill in the franchisee name	____
Franchise Agreement	(page 3)	In first paragraph fill in date and franchisee name.	____
Franchise Agreement	Section 18.1	Fill in the franchisee name, address, and email	____
Franchise Agreement	Immediately after Article XXI	**1.** If the franchisee is an entity, (1) fill in the entity name on the top line, and have an authorized representative (e.g. president, manager, etc.) sign on behalf of the entity. **2.** If there is no entity, the franchisee will sign on the lower lines, print his or her name on the "Name" line and insert "personally" on the "Title" line	____
Territory	Exhibit A-1	If the premises is not already known, this will be filled out by us later.	____
Company Reps. and Warranties	Exhibit A-2	The franchisee must fill in the appropriate fields, date, and sign.	____

Brand Protection Agreement for Owner Principals	Exhibit A-4	Each direct and indirect owner of the franchisee must fill out and sign this agreement.	____
Associate Brand Protection Agreement	Exhibit A-5	To be edited by you as necessary to comply with applicable laws, filled out and signed by any non-owner officers and directors/managers of the franchisee, and franchisee's management-level employees.	____
Landlord's Consent to Assignment	Exhibit A-6 and Schedule A-6.1 thereto	Landlord fills in the blanks, dates, and signs. Landlord and franchisee (tenant) must sign the lease rider.	____
ACH Agreement	Exhibit A-7	This must be filled out with all the appropriate bank information and signed.	____
Guaranty of Assumption of Obligations	Exhibit A-8	Franchisee must fill in the date, the name of its entity and the date of the franchise agreement on the first page. All direct and indirect owners of the franchisee and their spouses (if any) must sign and fill out the signature page.	____
Digital and Social Media Authorization for Assignment	Exhibit A-9	Franchisee and franchisor must sign this.	____
Franchisee Report	Exhibit A-10	Franchisee must fill out relevant information, sign, and date.	_____
State Addenda		Depending on your state, you may be required to fill out and sign a state specific addendum.	_____

3. Exhibits to the FDD.

DOCUMENT	PAGE OR SECTION NUMBER	INSTRUCTIONS	CHECK WHEN COMPLETED
Form Release Agreement	Exhibit – H	This does <u>not</u> get signed at the time of signing the franchise agreement. This agreement or a form thereof will only be signed upon the termination, non-renewal or transfer of the franchise.	____

4. If you sign the Area Development Agreement.

DOCUMENT	PAGE OR SECTION NUMBER	INSTRUCTIONS	CHECK WHEN COMPLETED

Area Development Agreement	(page 1)	Fill in the date and developer's name.	____
Area Development Agreement	Immediately after Article 12	Both the franchisor and the developer must sign	____
Area Development Agreement	Exhibit – A	Franchisor to complete the description of the Development Area	____
Area Development Agreement	Exhibit – B	Franchisor to complete the Development Schedule and Development Fees tables	____
Company Reps. and Warranties	Exhibit – C	The developer must fill in the appropriate fields, date, and sign.	____
Brand Protection Agreement for Owner Principals	Exhibit – D	Each direct and indirect owner of the developer must fill out and sign this agreement.	____
Brand Protection Agreement for Non-Owner Principals	Exhibit – E	To be edited by you as necessary to comply with applicable laws, filled out and signed by any non-owner officers and directors/managers of the developer.	____

5. Items to complete after you sign the franchise agreement.

DOCUMENT	INSTRUCTIONS	CHECK WHEN COMPLETED
Proof of insurance	The franchisee must get and maintain insurance and provide proof of insurance that lists the franchisor as an additional insured. The franchisee must provide this before commencing operations, within 15 days of our request, and **annually**.	____
Franchisee's d.b.a.	In the state where your franchise is located, you need to file for a dba or "doing business as" under the name "Swig _____." The blank line will be the city or neighborhood where your franchise is located or as assigned by the franchisor. For example, if your franchise is located in Irvine, California, your filed dba could be "Swig– Irvine." The franchisor must approve your dba before you file it. You must send a copy of the dba filing to the franchisor after it is filed. Please note that a dba is different from your legal company name if you have a company that is the franchisee. Please note you cannot use the name "Swig" as part of your company name.	____
Franchisee's certificate of occupancy	Franchisee must provide a certificate of occupancy before you schedule on-site opening assistance/training	____

Franchisee's entity documents	Articles of incorporation/organization, bylaws or operating agreement, and any other governing documents sent to franchisor.	____
Copy of lease agreement	The franchisee must provide a copy of the lease agreement to the franchisor.	____

EXHIBIT "J"
TO THE FDD

STATE SPECIFIC ADDENDA

See attached (if any)

ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF MICHIGAN

In recognition of the Michigan Franchise Investment Law, Michigan Laws Ann. §§ 445.1501 to 445.1546, and the regulations promulgated thereunder, the Franchise Disclosure Document of **SWIG FRANCHISING, LLC** for use in the State of Michigan shall be amended in accordance with the following (this "**Addendum**"):

To the extent the Michigan Franchise Investment Law, Michigan Laws Ann. §§ 445.1501 to 445.1546 applies, the terms of this Addendum apply.

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

1. A prohibition on the right of a franchisee to join an association of franchisees.

2. A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.

3. A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.

4. A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchised business are not subject to compensation. This subsection applies only if: (i) the term of the franchise is less than 5 years, and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise.

5. A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.

6. A provision requiring that arbitration or litigation be conducted outside of the State of Michigan. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside of the State of Michigan.

7. A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This Section does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to: (i) The failure of the proposed transferee to meet the franchisor's then current reasonable qualifications or standards; (ii) The fact

that the proposed transferee is a competitor of the franchisor or subfranchisor; (iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations; and (iv) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.

8. A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. This Section does not prohibit a provision that grants to a franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this Section prohibit a provision that grants the franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if the franchisee has breached the lawful provisions of the franchise agreement and has failed to cure the breach in the manner provided in Section 3 above.

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

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

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

If the franchisee has any questions regarding this notice, those questions should be directed to the Michigan Department of Attorney General, Consumer Protection Division, Attn.: Franchise, 670 Law Building, Lansing, Michigan 48913, telephone: (517) 373-7117.

Each provision of this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdiction requirements of the applicable laws and the regulations promulgated thereunder are independently met without reference to this Addendum. This Addendum shall have no force or effect if such jurisdictional requirements are not met.

AMENDMENT TO THE FRANCHISE AGREEMENT
FOR THE STATE OF MICHIGAN

This Amendment to Franchise Agreement ("**Amendment**") dated _____ ___, 20____ is intended to be a part of, and by this reference is incorporated into, that certain Franchise Agreement (the "**Franchise Agreement**") dated _____ ___, 20____, by and between Swig Franchising, LLC, a Utah limited liability company ("**we**" or "**us**" or "**Franchisor**"), and _____ ("**you**" or "**Franchisee**").

To the extent the Michigan Franchise Investment Law, Michigan Laws Ann. §§ 445.1501 to 445.1546 applies, the terms of this Amendment apply.

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

1. A prohibition on the right of a franchisee to join an association of franchisees.

2. A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.

3. A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.

4. A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchised business are not subject to compensation. This subsection applies only if: (i) the term of the franchise is less than 5 years, and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise.

5. A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.

6. A provision requiring that arbitration or litigation be conducted outside of the State of Michigan. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside of the State of Michigan.

7. A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This Section does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to: (i) The failure of the proposed

transferee to meet the franchisor's then current reasonable qualifications or standards; (ii) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor; (iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations; and (iv) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.

8. A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. This Section does not prohibit a provision that grants to a franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this Section prohibit a provision that grants the franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if the franchisee has breached the lawful provisions of the franchise agreement and has failed to cure the breach in the manner provided in Section 3 above.

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

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.

Except as expressly modified by this Amendment, the Franchise Agreement remains unmodified and in full force and effect.

Each provision of this Amendment shall be effective only to the extent, with respect to such provision, that the jurisdiction requirements of the applicable laws and the regulations promulgated thereunder are independently met without reference to this Amendment. This Amendment shall have no force or effect if such jurisdictional requirements are not met

IN WITNESS WHEREOF, the parties have executed this Amendment to Franchise Agreement as of the date first set forth above.

FRANCHISOR:	**FRANCHISEE:**
SWIG FRANCHISING, LLC	_____
By: _____ (Signature)	By: _____ (Signature)
Name: _____	Name: _____
Title: _____	Title: _____

AMENDMENT TO THE AREA DEVELOPMENT AGREEMENT
FOR THE STATE OF MICHIGAN

This Amendment to Area Development Agreement ("**Amendment**") dated _____ ___, 20____ is intended to be a part of, and by this reference is incorporated into, that certain Area Development Agreement (the "**ADA**") dated _____ ___, 20____, by and between Swig Franchising, LLC, a Utah limited liability company ("**we**" or "**us**" or "**Franchisor**"), and _____ ("**you**" or "**Area Developer**").

To the extent the Michigan Franchise Investment Law, Michigan Laws Ann. §§ 445.1501 to 445.1546 applies, the terms of this Amendment apply.

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

1. A prohibition on the right of a franchisee to join an association of franchisees.

2. A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.

3. A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.

4. A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchised business are not subject to compensation. This subsection applies only if: (i) the term of the franchise is less than 5 years, and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise.

5. A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.

6. A provision requiring that arbitration or litigation be conducted outside of the State of Michigan. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside of the State of Michigan.

7. A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This Section does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to: (i) The failure of the proposed

transferee to meet the franchisor's then current reasonable qualifications or standards; (ii) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor; (iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations; and (iv) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.

8. A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. This Section does not prohibit a provision that grants to a franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this Section prohibit a provision that grants the franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if the franchisee has breached the lawful provisions of the franchise agreement and has failed to cure the breach in the manner provided in Section 3 above.

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

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.

Except as expressly modified by this Amendment, the ADA remains unmodified and in full force and effect.

Each provision of this Amendment shall be effective only to the extent, with respect to such provision, that the jurisdiction requirements of the applicable laws and the regulations promulgated thereunder are independently met without reference to this Amendment. This Amendment shall have no force or effect if such jurisdictional requirements are not met.

IN WITNESS WHEREOF, the parties have executed this Amendment to Area Development Agreement as of the date first set forth above.

FRANCHISOR:	**AREA DEVELOPER:**
SWIG FRANCHISING, LLC	_____
By: _____ (Signature)	By: _____ (Signature)
Name: _____	Name: _____
Title: _____	Title: _____

State Effective Dates

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

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

State	Effective Date
Indiana	November 7, 2025
Michigan	November 12, 2025
South Dakota	November 7, 2025
Wisconsin	November 7, 2025

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

RECEIPT

(Franchisee's Copy)

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully. If Swig Franchising, LLC offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

If Swig Franchising, LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the state administrator listed in Exhibit "E." Swig Franchising, LLC authorizes the respective state agencies identified on Exhibit "D" to receive service of process for it in the particular state.

The issuance date of this disclosure document is May 7, 2025, as amended on October 16, 2025.

Swig Franchising, LLC, is located at 9350 S. 150 E., Suite 220, Sandy, Utah 84070. Its telephone number is (801) 642-3800. The names, business addresses, and phone numbers of each franchise seller offering this franchise is as follows:

Name	Address	Phone Number
Shannon Swenson	9350 S. 150 E., Suite 220, Sandy, Utah 84070	(801) 477-5460

If your franchise seller's name and contact information is not listed above, please list the name, address, and phone number of the franchise seller below:

_____

I received a disclosure document dated May 7, 2025, as amended on October 16, 2025, that included the following Exhibits:

A. Franchise Agreement and Its Exhibits
B. Financial Statements
C. Schedule of Franchisees
D. List of Agents for Service of Process
E. List of State Agencies Responsible for Franchise Disclosure and Registration Laws
F. Table of Contents for the Training/ Operations Manual
G. Area Development Agreement
H. Release Agreement
I. Signing Checklist
J. State Specific Addenda

Date: _____ By: _____

(Do not leave blank) (Signature)

Title: _____ Name: _____

(If signing on behalf of a company) (Print name)

Please keep this copy for your records.

RECEIPT

(Franchisor's Copy)

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully. If Swig Franchising, LLC offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

If Swig Franchising, LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the state administrator listed in Exhibit "E." Swig Franchising, LLC authorizes the respective state agencies identified on Exhibit "D" to receive service of process for it in the particular state.

The issuance date of this disclosure document is May 7, 2025, as amended on October 16, 2025.

Swig Franchising, LLC, is located at 9350 S. 150 E., Suite 220, Sandy, Utah 84070. Its telephone number is (801) 642-3800. The names, business addresses, and phone numbers of each franchise seller offering this franchise is as follows:

Name	Address	Phone Number
Shannon Swenson	9350 S. 150 E., Suite 220, Sandy, Utah 84070	(801) 477-5460

If your franchise seller's name and contact information is not listed above, please list the name, address, and phone number of the franchise seller below:

_____

I received a disclosure document dated May 7, 2025, as amended on October 16, 2025 that included the following Exhibits:

A. Franchise Agreement and Its Exhibits
B. Financial Statements
C. Schedule of Franchisees
D. List of Agents for Service of Process
E. List of State Agencies Responsible for Franchise Disclosure and Registration Laws
F. Table of Contents for the Training/ Operations Manual
G. Area Development Agreement
H. Release Agreement
I. Signing Checklist
J. State Specific Addenda

Date: _____ By: _____

(Do not leave blank) (Signature)

Title: _____ Name: _____

(If signing on behalf of a company) (Print name)

QUARTERLY UPDATE

to

FRANCHISE DISCLOSURE DOCUMENT

of

SWIG FRANCHISING, LLC

Issuance Date: May 7, 2025, as amended October 16, 2025

FOR PERIOD ENDING DECEMBER 31, 2025

Swig Franchising, LLC
a Utah Limited Liability Company
9350 S. 150 E., Suite 220
Sandy, UT 84070
(801) 477-5460
franchise@swigdrinks.com
http://www.swigdrinks.com

This Quarterly Update is an attachment to the Franchise Disclosure Document of Swig Franchising, LLC, dated May 7, 2025, as amended October 16, 2025. This Quarterly Update discloses material changes that occurred during the fiscal quarter indicated above pursuant to the Federal Trade Commission's Franchise Rule.

Item 20: Outlets and Franchisee Information

Table No. 1
Systemwide Outlet Summary
For Years 2022 to 2024

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2022	0	0	+0
	2023	0	2	+2
	2024	2	19	+17
Company Owned*	2022	36	45	+9
	2023	45	60	+15
	2024	60	79	+19
Total Outlets*	2022	36	45	+9
	2023	45	62	+17
	2024	62	98	+36

*These totals include non-traditional outlets operated by our affiliates.

Table No. 2
Transfers of Outlets from Franchisees to New Owners
(other than the Franchisor)
For Years 2022 to 2024

State	Year	Number of Transfers
Total	2022	0
	2023	0
	2024	0

Table No. 3
Status of Franchised Outlets
For Years 2022 to 2024

State	Year	Outlets at Start of Year	Outlets Opened	Termin-ations	Non-Renewals	Reacquired by Franchisor	Ceased Operations for Other Reasons	Outlets at End of Year
Arkansas	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
	2024	1	1	0	0	0	0	2
Florida	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	1	0	0	0	0	1
Georgia	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	1	0	0	0	0	1
Idaho	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
	2024	1	3	0	0	0	0	4
Indiana	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	2	0	0	0	0	2
Kansas	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	1	0	0	0	0	1
Kentucky	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	1	0	0	0	0	1
Missouri	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	2	0	0	0	0	2
Nevada	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	1	0	0	0	0	1
Tennessee	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	1	0	0	0	0	1
Texas	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	3	0	0	0	0	3
Total	2022	0	0	0	0	0	0	0
	2023	0	2	0	0	0	0	2
	2024	2	17	0	0	0	0	19

Table No. 4
Status of Company-Owned Outlets*
For Years 2022 to 2024

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisees	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of Year
Arizona	2022	3	0	0	0	0	3
	2023	3	2	0	0	0	5
	2024	5	0	0	0	0	5
Idaho	2022	0	0	0	0	0	0
	2023	0	1	0	0	0	1
	2024	1	0	0	0	1	0
Oklahoma	2022	2	1	0	0	0	3
	2023	3	2	0	0	0	5
	2024	5	1	0	1	0	5
Texas	2022	0	4	0	0	0	4
	2023	4	4	0	0	0	8
	2024	8	13	0	0	0	21
Utah	2022	31	4	0	0	0	35
	2023	35	6	0	0	0	41
	2024	41	8	0	1	0	48
Total	2022	36	9	0	0	0	45
	2023	45	15	0	0	0	60
	2024	60	22	0	2	1	79

*These totals include non-traditional outlets operated by our affiliates.

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

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlet In The Next Fiscal Year	Projected New Company-Owned Outlet In the Next Fiscal Year
Arizona	1	0	2
Arkansas	0	2	0
Florida	4	6	0
Georgia	0	1	0
Idaho	0	4	0
Indiana	0	5	0
Kansas	0	3	0

Kentucky	0	2	0
Louisiana	0	1	0
Missouri	1	1	0
Nevada	0	4	0
Oklahoma	0	1	1
South Carolina	1	2	0
Tennessee	1	4	0
Texas	1	5	10
Utah	0	0	4
Total	9	41	17

Item 21: Financial Statements

Swig Franchising, LLC ("we" or "our") restated our previously issued financial statements for our fiscal years ended December 26, 2023 and December 31, 2024 to reflect our revised accounting practices for initial franchise fees. The financial statements were restated as a result of changes to the timing of our revenue recognition and associated balances for accounts receivable and deferred revenue, as well as related equity adjustments. These changes are a result of amendments to our franchise fee structure. Previously, we collected all of the initial franchise fees for each store to be developed pursuant to an area development agreement in 3 installments (1/3 upon signing the area development agreement, 1/3 upon the first anniversary of signing, and 1/3 upon the second anniversary of signing). Now, however, we collect 50% of the initial franchise fee for each store to be developed pursuant to an area development agreement upon signing the area development agreement and the remaining 50% is due upon signing the franchise agreement for each store as developed. As a result, initial franchise fee revenue will be recognized beginning at store opening and recognized over the applicable performance period, rather than beginning at the time of signing the area development agreement.

PLEASE NOTE: THE FINANCIAL STATEMENTS CONTAINED IN THIS QUARTERLY UPDATE HAVE BEEN PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESSED AN OPINION WITH REGARD TO THEIR CONTENT OR FORM.

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Swig Franchising, LLC
Balance Sheet
As of December 26, 2023, December 31, 2024, and December 31, 2025

ASSETS	12/26/2023	12/31/2024	12/31/2025
CURRENT ASSETS			
Cash and cash equivalents	696,045	1,708,360	4,289,560
Receivables - net	2,117,626	548,685	111,885
Inventories	-	-	-
Prepaid expenses and other current assets	0	(0)	12,819
Amounts due from affiliated entities	-	2,315,220	3,655,800
Total current assets	2,813,672	4,572,265	8,070,065
PROPERTY AND EQUIPMENT - Net	-	148,401	115,551
Operating Lease Assets - Net	-	-	-
Financing Lease Assets - Net	-	-	-
INTANGIBLE ASSETS - Net	-	-	-
GOODWILL - Net	-	-	-
OTHER ASSETS	-	-	-
TOTAL ASSETS	2,813,672	4,720,665	8,185,615
LIABILITIES AND MEMBERS' EQUITY			
CURRENT LIABILITIES			
Accounts Payable	-	0	788,101
Accrued expenses and other current liabilities	26,596	216,743	30,723
Deferred revenue	7,000	44,271	133,500
Operating lease obligations - Current portion	-	-	-
Finance lease obligations - current portion	-	-	-
Long-term debt - current portion	-	-	-
Amounts due to affiliated entities	-	-	107,979
Total current liabilities	33,596	261,014	1,060,303
DEFERRED REVENUE-LONG-TERM	3,786,125	6,004,479	6,430,201
FINANCE LEASE OBLIGATIONS-LONG-TERM	-	-	-
OPERATING LEASE OBLIGATIONS-LONG-TERM	-	-	-
OTHER LIABILITIES	-	-	-
LONG-TERM DEBT	-	-	-
TOTAL LIABILTIIES	3,819,721	6,265,493	7,490,504
MEMBERS' EQUITY (DEFICIT)	(1,006,049)	(1,544,827)	695,112
TOTAL LIABILITIES AND MEMBERS' EQUITY	2,813,672	4,720,665	8,185,615
	-	-	-

[These financial statements were prepared without an audit.]

Swig Franchising, LLC
Income Statement
As of December 26, 2023, December 31, 2024, and December 31, 2025

	12/26/2023	12/31/2024	12/31/2025
REVENUES	70,906	1,161,658	5,151,814
COSTS AND EXPENSES			
Restaurant costs and expenses			
Food, beverage, packaging, and merchandise	12,246	96,170	714,530
Labor and related costs	1,005,174	723,037	537,761
Rent and other occupancy costs	(7,120)	5,064	-
General and administrative	245,591	872,420	1,485,086
Pre-opening costs	10,178	67,672	-
Depreciation and amortization	-	31,064	46,936
Total costs and expenses	1,266,069	1,795,428	2,784,313
OPERATING INCOME (LOSS)	(1,195,162)	(633,771)	2,367,501
OTHER INCOME (EXPENSE)			
Interest income	-	44,002	87,385
Interest expense	-	-	-
Other income and expenses	-	34,393	-
Total other income (expense)	-	78,395	87,385
NET INCOME (LOSS)	(1,195,162)	(555,376)	2,454,886

[These financial statements were prepared without an audit.]

Swig Franchising, LLC
Consolidated Statements of Member's Interests
For the years ended December 26, 2023, December 31, 2024, and December 31, 2025

	Series A Preferred Members' Interest Units	Amount	Members' Equity (Deficit)	Total Members' Equity
BALANCE—December 27, 2022	-	$ 10,000.00	-	10,000.00
Member's Contribution		$ 179,113.65		179,113.65
Net loss	-	-	(1,195,162.46)	(1,195,162.46)
BALANCE—December 26, 2023	-	$ 189,113.65	$ (1,195,162.46)	$ (1,006,048.81)
Net loss	-	16,597	(555,375.86)	(538,778.63)
BALANCE—December 31, 2024	-	205,710.88	(1,750,538.32)	(1,544,827.44)
Net Gain		(214,947)	2,454,886	2,239,939.05
BALANCE—December 31, 2025	-	$ (9,236.35)	$ 704,347.96	$ 695,111.61

[These financial statements were prepared without an audit.]

Swig Franchising, LLC
Statements of Cash Flows
As of December 26, 2023, December 31, 2024, and December 31, 2025

	12/26/2023	12/31/2024	12/31/2025
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net loss	(1,195,162)	(555,376)	2,454,886
Adjustments to reconcile net loss to net cash provided by operating activities:			
Depreciation & Amortization	-	31,064	46,936
Non-cash Lease expense	-	-	-
Accretion of asset retirement obligation liabilities	-	-	-
Amortization of Debt Discount and issuance costs	-	-	-
Gain/Loss on disposals of PP&E	-	-	-
Changes in operating assets and liabilities:			
Accounts receivable	(2,126,862)	1,568,941	436,800
Inventories	-	-	-
Prepaid expenses and other assets	-	-	(12,819)
Amounts due to or from affiliated entities	-	(2,315,220)	(1,232,601)
Other Assets	-	-	-
Accounts payable	-	-	788,101
Asset retirement obligation	-	-	-
Accrued expenses and other liabiltiies	26,596	190,147	(186,020)
Deferred revenue	3,781,473	2,272,223	300,003
Operating lease liability	-	-	-
Net cash provided by operating activities:	486,045	1,191,779	2,595,286
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchases of property and equipment	-	(179,464)	(14,086)
Proceeds from sale of property and equipment	-	-	-
Purchases of intangible assets	-	-	-
Net cash used in investing activities:	-	(179,464)	(14,086)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from finance lease obligations (net of issuance costs)	-	-	-
Proceeds from long-term debt (net of issuance costs)	-	-	-
Payments on finance lease obligations	-	-	-
Payments on long-term debt	-	-	-
Proceeds from member contributions	200,000	-	-
Distributions to members	-	-	-
Net cash received from (used in) financing activities:	200,000	-	-
SUPPLEMENTAL CASH FLOW INFORMATION			
Cash paid for Interest			
Non-cash: PP&E purchases included in AP			
Non-cash: retired/transferred out finance leases			
Non-cash: Increase in PPE through isssuance of debt			
Non-cash: Operating Lease Additions			
Non-cash: Operating Lease modifications			
Non-cash: Finance Lease Additions			
Non-cash: ARO Liabiilty Additions (correct classification)			
Non-cash: JE to correct classification of Operating leases to finance lease			
Non-cash: JE to re-classify vehicles from PP&E to Finance lease ROU			
Non-cash: Lease incentives from landlord included in receivables			
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	686,045	1,012,315	2,581,200
CASH AND CASH EQUIVALENTS - Beginning of year	10,000	696,045	1,708,360
CASH AND CASH EQUIVALENTS - End of Quarter	696,045	1,708,360	4,289,560
	-	-	-

[These financial statements were prepared without an audit.]