

BROKEN SHED DISTILLERIES, INC.
2018 EQUITY INCENTIVE PLAN

The purpose of the Broken Shed Distilleries, Inc. 2018 Equity Incentive Plan (this “**Plan**”) is to provide (i) designated employees of Broken Shed Distilleries, Inc. (the “**Company**”), (ii) certain consultants and advisors who perform services for the Company and (iii) non-employee members of the Board of Directors of the Company (the “**Board**”) with the opportunity to receive grants of incentive stock options, nonqualified stock options and restricted stock awards. The Company believes that the Plan will encourage the participants to contribute materially to the growth of the Company, thereby benefitting the Company's stockholders, and will align the economic interests of the participants with those of the stockholders.

1. Administration.

(a) **Committee.** This Plan shall be administered and interpreted by the Board or by a committee consisting of members of the Board, which shall be appointed by the Board. After an initial public offering of the Company's stock as described in Section 18(b) hereof (a “**Public Offering**”), this Plan shall be administered by a committee of Board members, which may consist of “non-employee directors” as defined under Rule 16b-3 under the Securities Exchange Act of 1934, as amended (the “**Exchange Act**”). However, the Board may ratify or approve any grants as it deems appropriate, and the Board shall approve and administer all grants made to non-employee directors. The committee may delegate authority to one or more subcommittees as it deems appropriate. To the extent that a committee or subcommittee administers this Plan, references in this Plan to the “Board” shall be deemed to refer to the committee or subcommittee. No member of the Board shall be personally liable for any action, determination or interpretation made in good faith with respect to the Plan or any Grant.

(b) **Board Authority.** The Board shall have the sole authority to (i) determine the individuals to whom grants shall be made under this Plan, (ii) determine the type, size and terms of the grants to be made to each such individual, (iii) determine the time when the grants will be made and the duration of any applicable exercise or restriction period, including the criteria for exercisability and the acceleration of exercisability, (iv) amend the terms of any previously issued grant, and (v) deal with any other matters arising under this Plan.

(c) **Board Determinations.** The Board shall have full power and authority to administer and interpret this Plan, to make factual determinations and to adopt or amend such rules, regulations, agreements and instruments for implementing this Plan and for the conduct of the business of this Plan as it deems necessary or advisable, in its sole discretion. The Board's interpretations of this Plan and all determinations made by the Board pursuant to the powers vested in it hereunder shall be conclusive and binding on all persons having any interest in this Plan or in any awards granted hereunder. All powers of the Board shall be executed in its sole discretion, in the best interest of the Company, not as a fiduciary, and in keeping with the objectives of this Plan and need not be uniform as to similarly situated individuals.

2. Grants.

(a) Awards under this Plan may consist of grants of incentive stock options as described in Section 5 (“*Incentive Stock Options*”), nonqualified stock options as described in Section 5 (“*Nonqualified Stock Options*”) (Incentive Stock Options and Nonqualified Stock Options are collectively referred to as “*Options*”) and restricted stock awards as described in Section 6 (“*Stock Awards*”) (Options and Stock Awards hereinafter collectively referred to as “*Grants*”). All Grants shall be subject to the terms and conditions set forth herein and to such other terms and conditions consistent with this Plan as the Board deems appropriate and as are specified in writing by the Board to the individual in a grant instrument (each a “*Grant Instrument*”), or any amendment thereto. All Grants shall be made conditional upon the acknowledgement of each Grantee (as defined below), in writing or by acceptance of the Grant, that all decisions and determinations of the Board shall be final and binding on the Grantee, his or her beneficiaries and any other person having or claiming an interest under such Grant. The Board shall approve the form and provisions of each Grant Instrument. Grants under a particular Section of this Plan need not be uniform as among the grantees.

(b) The date of grant for any Grant shall, for all purposes, be the date on which the Board makes the determination granting such Option or Stock Award, or such other date as is determined by the Board, provided that in the case of any Incentive Stock Option, the grant date shall be the later of the date on which the Board makes the determination granting such Incentive Stock Option or the date of commencement of the Grantee’s employment relationship with the Company.

3. Shares Subject to This Plan; Shares Authorized.

(a) Subject to adjustment as described below, the aggregate number of shares of the common stock of the Company (“*Company Stock*”) that may be issued under this Plan (including the amount of Company Stock issuable pursuant to Incentive Stock Options) following the Effective Date (as defined below) is 15,000 shares. Shares issued under this Plan may be authorized but unissued shares of Company Stock or reacquired shares of Company Stock, including shares purchased by the Company on the open market for purposes of this Plan. If and to the extent Options granted under this Plan terminate, expire, or are canceled, forfeited, exchanged or surrendered without having been exercised or if any Stock Awards (including restricted Stock Awards received upon the exercise of Options) are forfeited, the shares subject to such Grants shall again be available for purposes of this Plan. The Company, during the term of this Plan, will at all times reserve and keep available such number of shares of Company Stock as shall be sufficient to satisfy the requirements of the Plan.

(b) Adjustments. If there is any change in the number or kind of shares of Company Stock outstanding (i) by reason of a stock dividend, spinoff, recapitalization, stock split, or combination or exchange of shares, (ii) by reason of a merger, reorganization or consolidation, (iii) by reason of a

reclassification or change in par value, or (iv) by reason of any other extraordinary or unusual event affecting the outstanding Company Stock as a class without the Company's receipt of consideration, or if the value of outstanding shares of Company Stock is substantially reduced as a result of a spinoff or the Company's payment of an extraordinary dividend or distribution, then, the Board will adjust the maximum number of shares of Company Stock available for Grants and the maximum number and kind of shares of Company Stock that any individual participating in this Plan may be granted in any year as well as, in the case of any outstanding Grants, the number of shares covered by such outstanding Grants and the price per share of such Grants, in each case as necessary to appropriately reflect any increase or decrease in the number of, or change in the kind or value of, issued shares of Company Stock to preclude, to the extent practicable, the enlargement or dilution of rights and benefits under such Grants; provided, however, that any fractional shares resulting from such adjustment shall be eliminated. Any adjustments determined by the Board shall be final, binding and conclusive. In the case of adjustments made pursuant to this Section 3, unless the Board specifically determines that such adjustment is in the best interests of the Company or a parent or subsidiary of the Company, the Board shall, in the case of Incentive Stock Options, ensure that any adjustments under this Section 3 will not constitute a modification, extension or renewal of the Incentive Stock Options within the meaning of Section 424(h)(3) of the Code and in the case of Nonqualified Stock Options, ensure that any adjustments under this Section 3 will not constitute a modification of such Nonqualified Stock Options within the meaning of Section 409A of the Code.

4. **Eligibility for Participation.**

(a) **Eligible Persons.** All employees of the Company (“*Employees*”), including Employees who are officers or members of the Board, and members of the Board who are not Employees (“*Non-Employee Directors*”) shall be eligible to participate in this Plan. Consultants and advisors who perform services for the Company (“*Key Advisors*”) shall be eligible to participate in this Plan (other than Incentive Stock Options) if the Key Advisors render bona fide services to the Company, the services are not in connection with the offer and sale of securities in a capital-raising transaction, and the Key Advisors do not directly or indirectly promote or maintain a market for the Company's securities.

(b) **Selection of Grantees.** The Board shall select the Employees, Non-Employee Directors and Key Advisors to receive Grants. Employees, Key Advisors and Non-Employee Directors who receive Grants under this Plan shall hereinafter be referred to as “*Grantees*.”

5. Granting of Options.

(a) Number of Shares. The Board shall determine the number of shares of Company Stock that will be subject to each grant of Options to Employees, Non-Employee Directors and Key Advisors.

(b) Type of Option and Price; Vesting.

(i) The Board may grant Incentive Stock Options that are intended to qualify as “incentive stock options” within the meaning of section 422 of the Internal Revenue Code of 1986, as amended (the “*Code*”) or Nonqualified Stock Options that are not intended so to qualify or any combination of Incentive Stock Options and Nonqualified Stock Options, all in accordance with the terms and conditions set forth herein. Incentive Stock Options may be granted only to employees of the Company, as defined in Section 424 of the Code. Nonqualified Stock Options may be granted to Employees, Non-Employee Directors and Key Advisors.

(ii) The purchase price (the “*Exercise Price*”) of Company Stock subject to an Option shall be determined by the Board and may be equal to or greater than the Fair Market Value (as defined below) of a share of Company Stock on the date the Option is granted; provided, however, that (x) the Exercise Price of an Incentive Stock Option shall be equal to, or greater than, the Fair Market Value of a share of Company Stock on the date the Incentive Stock Option is granted and (y) an Incentive Stock Option may not be granted to an Employee who, at the time of grant, owns stock possessing more than ten percent (10%) of the total combined voting power of all classes of stock of the Company or any parent or subsidiary of the Company, unless the Exercise Price per share is not less than 110% of the Fair Market Value of Company Stock on the date of grant.

(iii) If the Company Stock is publicly traded, then the “*Fair Market Value*” per share shall be determined as follows: (x) if the principal trading market for the Company Stock is a national securities exchange or the Nasdaq National Market, the last reported sale price thereof on the relevant date or (if there were no trades on that date) the latest preceding date upon which a sale was reported, or (y) if the Company Stock is not principally traded on such exchange or market, the mean between the last reported “bid” and “asked” prices of Company Stock on the relevant date, as reported on Nasdaq or, if not so reported, as reported by the National Daily Quotation Bureau, Inc. or as reported in a customary financial reporting service, as applicable and as the Board determines. If the Company Stock is not publicly traded or, if publicly traded, is not subject to reported transactions or “bid” or “asked” quotations as set forth above, the Fair Market Value per share shall be as determined by the Board after taking into consideration all factors which it deems appropriate, including without limitation, Sections 409A and 422 of the Code.

(iv) The Grant Instrument covering each Option Grant shall provide whether the Option is fully vested or subject to certain vesting provisions. The period of time during which the Option will remain subject to restrictions will be designated in the Grant Instrument as the “*Restriction Period*” or “*Vesting Period*.”

(c) **Option Term.** The Board shall determine the term of each Option. The term of any Option shall not exceed ten years from the date of grant. However, an Incentive Stock Option that is granted to an Employee who, at the time of grant, owns stock possessing more than ten percent of the total combined voting power of all classes of stock of the Company, or any parent or subsidiary of the Company, may not have a term that exceeds five years from the date of grant.

(d) **Exercisability of Options.**

(i) Options shall become exercisable in accordance with such terms and conditions, consistent with this Plan, as may be determined by the Board and specified in the Grant Instrument. The Board may accelerate the exercisability of any or all outstanding Options at any time for any reason.

(ii) The Board may provide in a Grant Instrument that the Grantee may elect to exercise part or all of an Option before it otherwise has become exercisable. Any shares so purchased shall be restricted shares and shall be subject to a repurchase right in favor of the Company during a specified restriction period, with the repurchase price equal to the lesser of (i) the Exercise Price or (ii) the Fair Market Value of such shares at the time of repurchase, or such other restrictions as the Board deems appropriate.

(e) **Termination of Employment, Disability or Death.**

(i) Except as provided below, an Option may only be exercised while the Grantee is employed by, or providing service to, the Company as an Employee, Key Advisor or member of the Board. In the event that a Grantee ceases to be employed by, or provide service to, the Company for any reason other than Disability, death, or termination for Cause (as defined below), any Option which is otherwise exercisable by the Grantee shall terminate unless exercised within thirty (30) days after the date on which the Grantee ceases to be employed by, or provide service to, the Company (or within such other period of time as may be specified by the Board), but in any event no later than the date of expiration of the Option term. Except as otherwise provided by the Board, any of the Grantee's Options that are not otherwise exercisable as of the date on which the Grantee ceases to be employed by, or provide service to, the Company shall terminate as of such date.

(ii) In the event the Grantee ceases to be employed by, or provide service to, the Company on account of a termination for Cause by the Company, any Option held by the Grantee shall terminate as of the date the Grantee ceases to be employed by, or provide service to, the Company. In addition, notwithstanding any other provisions of this Section 5, if the Board determines that the Grantee has engaged in conduct that constitutes Cause at any time while the Grantee is employed by, or providing service to, the Company or after the Grantee's termination of employment or service, any Option held by the Grantee shall immediately terminate, and the Grantee shall automatically forfeit all shares

underlying any exercised portion of an Option for which the Company has not yet delivered the share certificates, upon refund by the Company of the Exercise Price paid by the Grantee for such shares. Upon any exercise of an Option, the Company may withhold delivery of share certificates pending resolution of an inquiry that could lead to a finding resulting in a forfeiture.

(iii) In the event the Grantee ceases to be employed by, or provide service to, the Company because the Grantee is Disabled or in the event of Grantee's Death, any Option which is otherwise exercisable by the Grantee shall terminate unless exercised within six (6) months after the date on which the Grantee ceases to be employed by, or provide service to, the Company (or within such other period of time as may be specified by the Board), but in any event no later than the date of expiration of the Option term. Except as otherwise provided by the Board, any of the Grantee's Options which are not otherwise exercisable as of the date on which the Grantee ceases to be employed by, or provide service to, the Company shall terminate as of such date.

For purposes of this Section 5(f) and Section 6:

(A) ***“Employed by, or provide service to, the Company”*** shall mean employment or service as an Employee, Key Advisor or member of the Board (so that, for purposes of exercising Options and satisfying conditions with respect to Stock Awards, a Grantee shall not be considered to have terminated employment or service until the Grantee ceases to be an Employee, Key Advisor or member of the Board), unless the Board determines otherwise.

(B) ***“Disability”*** or ***“Disabled”*** shall refer to a Grantee's becoming disabled within the meaning of section 22(e)(3) of the Code, within the meaning of the Company's long-term disability plan, if any, applicable to the Grantee, or as otherwise determined by the Board.

(C) ***“Cause”*** shall mean, except to the extent specified otherwise by the Board or in a written employment or service contract between the Company and Grantee, a finding by the Board that the Grantee (i) has breached his or her employment or service contract with the Company, (ii) has engaged in disloyalty to the Company, including, without limitation, fraud, embezzlement, misappropriation, theft, commission of a felony or proven dishonesty, (iii) has disclosed trade secrets or confidential information of the Company to persons not entitled to receive such information, (iv) has breached any written noncompetition or nonsolicitation agreement between the Grantee and the Company, (v) in the case of Non-Employee Directors, repeated failure to participate in Board meetings on a regular basis despite having received proper notice of the meetings in advance, or (v) has engaged in such other behavior detrimental to the interests of the Company as the Board determines.

(f) **Exercise of Options.** A Grantee may exercise an Option that has become exercisable, in whole or in part, by delivering a notice of exercise to the Company with payment of the Exercise Price. The Grantee shall pay the Exercise Price for an Option as specified by the

Board (w) in cash, (x) with the approval of the Board, by delivering shares of Company Stock owned by the Grantee (including Company Stock acquired in connection with the exercise of an Option, subject to such restrictions as the Board deems appropriate) and having a Fair Market Value on the date of exercise equal to the Exercise Price or by attestation (on a form prescribed by the Board) to ownership of shares of Company Stock having a Fair Market Value on the date of exercise equal to the Exercise Price, (y) after a Public Offering, payment through a broker in accordance with procedures permitted by Regulation T of the Federal Reserve Board, or (z) by such other method as the Board may approve. The Board may authorize loans by the Company to Grantees in connection with the exercise of an Option, upon such terms and conditions as the Board, in its sole discretion, deems appropriate. Shares of Company Stock used to exercise an Option shall have been held by the Grantee for the requisite period of time to avoid adverse accounting consequences to the Company with respect to the Option. The Grantee shall pay the Exercise Price and the amount of any withholding tax due (pursuant to Section 7) at the time of exercise.

(g) **Limits on Incentive Stock Options.** To the extent that, the aggregate Fair Market Value of the stock on the date of the grant with respect to which Incentive Stock Options are exercisable for the first time by a Grantee during any calendar year, under this Plan or any other stock option plan of the Company or a parent or subsidiary, exceeds \$100,000, then the Option, or portions thereof, shall be treated as a Nonqualified Stock Option. An Incentive Stock Option shall not be granted to any person who is not an Employee of the Company or a parent or subsidiary (within the meaning of section 424(t) of the Code) of the Company.

6. **Stock Awards.** The Board may issue shares of Company Stock to an Employee, Non-Employee Director or Key Advisor under a Stock Award, upon such terms as the Board deems appropriate. The following provisions are applicable to Stock Awards:

(a) **General Requirements; Vesting.** Shares of Company Stock issued pursuant to Stock Awards may be issued for consideration or for no consideration, and subject to restrictions or no restrictions, as determined by the Board. The Board may establish conditions under which restrictions on Stock Awards shall lapse over a period of time or according to such other criteria as the Board deems appropriate. The Grant Instrument covering each Stock Award shall provide whether the Company Stock granted pursuant to such Stock Award is fully vested or subject to certain vesting provisions. The period of time during which the shares of Company Stock issued pursuant to a Stock Award will remain subject to restrictions, if any, will be designated in the Grant Instrument as the “*Restriction Period*.”

(b) **Number of Shares.** The Board shall determine the number of shares of Company Stock to be issued pursuant to each Stock Award.

(c) **Requirement of Employment or Service.** If the Grantee ceases to be employed by, or provide service to, the Company during a period designated in the Grant Instrument as the Restriction Period, or if other specified conditions are not met, the Stock Award shall terminate as to all shares covered by the award as to which the restrictions have not lapsed, and those shares of Company Stock must be immediately returned to the Company. The Board

may, however, provide for complete or partial exceptions to this requirement as it deems appropriate.

(d) **Restrictions on Transfer and Legend on Stock Certificate.** During the Restriction Period, a Grantee may not sell, assign, transfer, pledge or otherwise dispose of the shares of Company Stock issued pursuant to a Stock Award except to a successor under Section 8(a) hereof. Each certificate for Stock Awards shall contain a legend giving appropriate notice of the restrictions in the Grant. The Grantee shall be entitled to have the legend removed from the stock certificate covering the shares subject to restrictions when all restrictions on such shares have lapsed. The Board may determine that the Company will not issue certificates for Stock Awards until all restrictions on such shares have lapsed, or that the Company will retain possession of certificates for Stock Awards until all restrictions on such shares have lapsed.

(e) **Right to Vote and to Receive Dividends.** During the Restriction Period, the Grantee shall have the right to vote shares subject to Stock Awards and to receive any dividends or other distributions paid on such shares, subject to any restrictions deemed appropriate by the Board.

(f) **Lapse of Restrictions.** All restrictions imposed on Stock Awards shall lapse upon the expiration of the applicable Restriction Period and the satisfaction of all conditions imposed by the Board. The Board may determine, as to any or all Stock Awards, that the restrictions shall lapse without regard to any Restriction Period.

7. **Withholding of Taxes.**

(a) **Required Withholding.** All Grants under this Plan shall be subject to applicable federal (including FICA), state and local tax withholding requirements. The Company may require that the Grantee or other person receiving or exercising Grants pay to the Company the amount of any federal, state or local taxes that the Company is required to withhold with respect to such Grants, or the Company may deduct from other wages paid by the Company the amount of any withholding taxes due with respect to such Grants.

(b) **Election to Withhold Shares.** If the Board so permits, a Grantee may elect to satisfy the Company's income tax withholding obligation with respect to a Grant by having shares withheld up to an amount that does not exceed the Grantee's minimum applicable withholding tax rate for federal (including FICA), state and local tax liabilities, as determined on the date that the amount of tax to be withheld is to be determined under the applicable laws (the "***Tax Date***"). The election must be in a form and manner prescribed by the Board and may be subject to the prior approval of the Board. In the event an election to have shares withheld is made by a Grantee and the Tax Date is deferred under Section 83 of the Code because no election is filed under Section 83(b) of the Code, the Grantee shall receive the full number of shares with respect to which the Option Grant or Stock Award is exercised but such Grantee shall be unconditionally obligated to tender back to the Company the proper number of shares on the Tax Date.

8. Transferability of Grants.

(a) **Nontransferability of Grants.** Except as provided below, only the Grantee may exercise rights under a Grant during the Grantee's lifetime. A Grantee may not transfer those rights except (i) by will or by the laws of descent and distribution or (ii) with respect to Grants other than Incentive Stock Options, if permitted in any specific case by the Board, pursuant to a domestic relations order or otherwise as permitted by the Board. The designation of a beneficiary by a Grantee will not constitute a transfer. When a Grantee dies, the personal representative or other person entitled to succeed to the rights of the Grantee may exercise such rights. Any such successor must furnish proof satisfactory to the Company of his or her right to receive the Grant under the Grantee's will or under the applicable laws of descent and distribution.

(b) **Transfer of Nonqualified Stock Options.** Notwithstanding the foregoing, the Board may provide, in a Grant Instrument, that a Grantee may transfer Nonqualified Stock Options to family members, or one or more trusts or other entities for the benefit of or owned by family members, consistent with applicable securities laws, according to such terms as the Board may determine; provided that the Grantee receives no consideration for the transfer of an Option and the transferred Option shall continue to be subject to the same terms and conditions as were applicable to the Option immediately before the transfer.

(c) **Disqualifying Dispositions.** Any Grantee who shall make a “disposition” (as defined in Section 424 of the Code) of all or any portion of shares of Company Stock acquired upon exercise of an Incentive Stock Option within two years from the date of Grant of such Incentive Stock Option or within one year after the issuance of the shares of Company Stock acquired upon exercise of such Incentive Stock Option (a “Disqualifying Disposition”) shall be required to immediately advise the Company in writing as to the occurrence of the sale and the price realized upon the sale of such shares of Company Stock.

9. Restrictive Covenants; Repurchase Right.

(a) **Purchase by the Company.** Prior to a Public Offering, if a Grantee ceases to be employed by, or provide service to, the Company, the Company shall have the right to purchase all or part of any Company Stock distributed to him or her under this Plan at its then current Fair Market Value (as defined in Section 5(b)) (or at such other price as may be established in the Grant Instrument); provided, however, that if termination of service is for Cause, such repurchase price will be equal to the Exercise Price paid by the Grantee for such shares; provided further, that such repurchase shall be made in accordance with applicable accounting rules to avoid adverse accounting treatment.

(b) **Public Offering.** On and after the effective date of a Public Offering, the Company shall have no further right to purchase shares of Company Stock under this Section 9.

(c) **Drag-Along Rights.** All Options granted pursuant to this Plan shall be subject to any drag along or similar requirement, as determined by the Board, in event that Stockholders of

the Company become obligated under the Stockholder Documents to sell their shares to any unaffiliated third party.

(d) **Restrictive Covenants; Stockholder Documents.** The Board may require a Grantee to execute and become a party to the Amended and Restated Shareholders' Agreement of the Company, dated as of [FILL IN], 2018, among the Company and those stockholders party thereto (as amended, amended and restated, modified or waived from time to time) and any other agreements applicable to the Company Stock issued pursuant to a Grant (collectively, the "**Stockholder Documents**") as a condition of the grant, vesting and/or exercise any Grant under the Plan or the retention of any Grantee's rights to Company Stock issued pursuant to any Grant. The Stockholder Documents may contain restrictions on the transferability of shares of Company Stock acquired under the Plan (such as a right of first refusal or a prohibition on transfer) and such shares may be subject to call rights and drag-along rights of the Company and certain of its investors. The Company shall also have any repurchase rights set forth in the Stockholder Documents or any Grant Instrument.

10. **Change of Control of the Company.**

(a) **Definitions.** As used in this Plan, a "***Change of Control***" shall mean:

(i) any merger or consolidation in which voting securities of the Company possessing more than 50% of the total combined voting power of the Company's outstanding securities are Transferred (as defined below) to a person or persons different from the person holding those securities immediately prior to such transaction and the composition of the Board following such transaction is such that the directors of the Company prior to the transaction constitute less than 50% of the Board membership following the transaction;

(ii) any acquisition, directly or indirectly, by a person or related group of persons (other than the Company or a person that directly or indirectly controls, is controlled by, or is under common control with, the Company) of beneficial ownership of securities of the Company possessing more than 50% of the total combined voting power of the Company's outstanding securities; provided, however, that, no Change of Control shall be deemed to occur by reason of the acquisition of shares of the Company's capital stock by an investor in the Company in a capital-raising transaction;

(iii) any acquisition, directly or indirectly, by a person or related group of persons of the right to appoint a majority of the directors of the Company or otherwise directly or indirectly control the management, affairs and business of the Company; or

(iv) any sale, transfer or other disposition of all or substantially all of the assets of the Company.

As used in this Section 10, "***Transfer***" shall include any sale, exchange, assignment, gift, bequest, disposition, mortgage, charge, pledge, encumbrance, grant of a security interest or other arrangement by which possession, legal title or beneficial ownership passes from one person or

entity to another person or entity, or to the same person or entity in a different capacity, whether or not voluntarily and whether or not for value, and including without limitation any merger or amalgamation and any agreement to effect any of the foregoing.

(b) **Assumption of Grants.** Upon a Change of Control where the Company is not the surviving corporation (or survives only as a subsidiary of another corporation), unless the Board determines otherwise, all outstanding Options that are not exercised shall be assumed by, or replaced with comparable options by the surviving corporation (or a parent or subsidiary of the surviving corporation), and outstanding Stock Awards shall be converted to Stock Awards of the surviving corporation (or a parent or subsidiary of the surviving corporation).

(c) **Other Alternatives.** Notwithstanding the foregoing, in the event of a Change of Control, the Board may take any of the following actions with respect to any or all outstanding Grants: the Board may (i) determine that vesting of outstanding Options shall accelerate the Options and become exercisable, in whole or in part, upon the Change of Control or upon the involuntary termination of Grantee's service or such other event as the Board determines, (ii) determine that the restrictions and conditions on outstanding Stock Awards shall lapse, in whole or in part, upon the Change of Control or upon such other event as the Board determines, (iii) require that Grantees surrender their outstanding Options in exchange for a payment by the Company, in cash or stock as determined by the Board, in an amount equal to the amount by which the then Fair Market Value of the shares of Company Stock subject to the Grantee's unexercised Options exceeds the Exercise Price of the Options or (iv) after giving Grantees an opportunity to exercise their outstanding Options, terminate any or all unexercised Options at such time as the Board deems appropriate. Such surrender or termination shall take place as of the date of the Change of Control or such other date as the Board may specify. The Board shall have no obligation to take any of the foregoing actions and, in the absence of any such actions, outstanding Options and Stock Awards shall continue in effect according to their terms (subject to any assumption pursuant to subsection (b)).

11. **Requirements for Issuance of Shares.**

(a) **Stockholder Documents.** A Grantee shall if requested by the Board execute Stockholder Documents, in each case, with such terms, including but not limited to rights of first refusal and voting agreements, as the Board deems appropriate, with respect to any Company Stock issued pursuant to this Plan.

(b) **Limitations on Issuance of Shares.** No Company Stock shall be issued in connection with any Grant hereunder unless and until all legal requirements applicable to the issuance of such Company Stock have been complied with to the satisfaction of the Board. The Company shall not be obligated, and shall have no liability for failure, to issue or deliver any shares under the Plan unless such issuance or delivery of an Option or Stock Award (and the exercise of an Option) would comply with the applicable laws, with such compliance determined by the Company in consultation with its legal counsel. The Board shall have the right to condition any Grant

made to any Grantee hereunder on such Grantee's undertaking in writing to comply with such further restrictions on his or her subsequent disposition of such shares of Company Stock as the Board shall deem necessary or advisable, including requiring as a condition to the exercise of an Option that the Grantee represent and warrant at the time of any such exercise that the shares are being purchased only for investment and without any present intention to sell or distribute such shares. Certificates representing shares of Company Stock issued under this Plan may be legended to reflect any such restrictions, and will be subject to such stop-transfer orders and other restrictions as may be required by applicable law.

- (c) **Lock-Up Period.** A Grantee (including any successor or assigns) will not, without the prior written consent of the managing underwriter, during the 180-day period commencing on the effective date of any registration statement filed by the Company under the Securities Act of 1933, as amended (the “*Securities Act*”) or such longer period as requested by the Company or an underwriter for up to fifteen (15) additional days in connection with, or to accommodate any, regulatory restrictions on (i) the publication or other distribution of research reports, and (ii) analyst recommendations opinions, including, but not limited to, the restrictions contained in FINRA Rule 2241, or any successor provisions or amendments thereto), (i) lend; offer; pledge; sell; contract to sell; sell any option or contract to purchase; purchase any option or contract to sell; grant any option, right, or warrant to purchase; or otherwise transfer or dispose of, directly or indirectly, any shares of Common Stock or any securities convertible into or exercisable or exchangeable (directly or indirectly) for Common Stock (whether such shares or any such securities are then owned by the Grantee or are thereafter acquired) or (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of such securities.

12. **Amendment and Termination of This Plan.**

(a) **Amendment.** The Board may amend, suspend or terminate this Plan at any time; provided, however, that the Board shall not amend, suspend or terminate this Plan without stockholder approval to the extent such approval is required in order to comply with the Code or other applicable laws, or, after a Public Offering, to comply with applicable stock exchange requirements.

(b) **Termination of This Plan.** If not sooner terminated under the provisions of this Plan, this Plan shall terminate, and no further Grants shall be made, on the day immediately preceding the tenth anniversary of the Effective Date.

(c) **Termination and Amendment of Outstanding Grants.** A termination or amendment of this Plan that occurs after a Grant is made shall not materially impair the rights of a Grantee unless the Grantee consents or unless the Board acts under Section 18(b). The

termination of this Plan shall not impair the power and authority of the Board with respect to an outstanding Grant. Whether or not this Plan has terminated, an outstanding Grant may be terminated or amended under Section 18(b) or may be amended by agreement of the Company and the Grantee consistent with this Plan.

(d) **Governing Document.** This Plan shall be the controlling document. No other statements, representations, explanatory materials or examples, oral or written, may amend this Plan in any manner. This Plan shall be binding upon and enforceable against the Company and its successors and assigns.

13. **Funding of This Plan.** This Plan shall be unfunded. The Company shall not be required to establish any special or separate fund or to make any other segregation of assets to assure the payment of any Grants under this Plan. In no event shall interest be paid or accrued on any Grant, including unpaid installments of Grants. Proceeds from the sale of Company Stock issued pursuant to exercises of Grants shall constitute general funds of the Company.

14. **No Employment Rights.** Nothing in this Plan shall entitle any Employee, Key Advisor, Non-Employee Director or other person to any claim or right to be granted a Grant under this Plan. Neither this Plan nor any action taken hereunder shall be construed as giving any individual any rights to be retained by or in the employ of the Company or any other employment rights. Neither this Plan nor any action taken hereunder shall interfere in any way with such Grantee's right or the Company's right to terminate the employment or consulting relationship at any time for any reason.

15. **No Fractional Shares.** No fractional shares of Company Stock shall be issued or delivered pursuant to this Plan or any Grant. The Board shall determine whether cash, other awards or other property shall be issued or paid in lieu of such fractional shares or whether such fractional shares or any rights thereto shall be forfeited, rounded or otherwise eliminated.,

16. **Code Section 409A.**

(a) Notwithstanding any other provision of the Plan to the contrary, any Grant subject to Section 409A of the Code is intended to satisfy the application of Section 409A of the Code to the Grant.

(b) Subject to any other restrictions or limitations contained herein, in the event that a "specified employee" (as defined under Section 409A) becomes entitled to a payment under the Plan which is subject to Section 409A of the Code on account of a "separation from service" (as defined under Section 409A), such payment shall not occur until the date that is six months plus one day from the date of such "separation from service." Any amount that is otherwise payable within the six month period described herein will be aggregated and paid in a lump sum without interest.

17. Effective Date of This Plan.

(a) **Effective Date.** This Plan shall be effective as of June 13, 2018 (the “*Effective Date*”).

(b) **Stockholder Approval.** If required by the Code or other applicable laws (including, after a Public Offering, applicable stock exchange requirements), continuance of the Plan shall be subject to approval by the stockholders of the Company within twelve (12) months before or after the date the Plan is adopted. Such stockholder approval shall be obtained in the manner and to the degree required under the applicable laws.

(c) **Public Offering.** The provisions of this Plan that refer to a Public Offering, or that refer to, or are applicable to persons subject to, section 16 of the Exchange Act or section 162(m) of the Code, shall be effective, if at all, upon the initial registration of the Company Stock under section 12(g) of the Exchange Act, and shall remain effective thereafter for as long as such stock is so registered.

18. Miscellaneous.

(a) **Grants in Connection with Corporate Transactions and Otherwise.** Nothing contained in this Plan shall be construed to (i) limit the right of the Board to make Grants under this Plan in connection with the acquisition, by purchase, lease, merger, consolidation or otherwise, of the business or assets of any corporation, firm or association, including Grants to employees thereof who become Employees, or for other proper corporate purposes, or (ii) limit the right of the Company to grant stock options or make other awards outside of this Plan. Without limiting the foregoing, the Board may make a Grant to an employee of another corporation who becomes an Employee by reason of a corporate merger, consolidation, acquisition of stock or property, reorganization or liquidation involving the Company, or a parent or any of their subsidiaries in substitution for a stock option or Stock Awards grant made by such corporation. The terms and conditions of the substitute grants may vary from the terms and conditions required by this Plan and from those of the substituted stock incentives. The Board shall prescribe the provisions of the substitute grants.

(b) **Compliance with Law.** This Plan, the exercise of Options and the obligations of the Company to issue shares of Company Stock under Grants shall be subject to all applicable laws and to approvals by any governmental or regulatory agency as may be required. With respect to persons subject to section 16 of the Exchange Act, after a Public Offering it is the intent of the Company that this Plan and all transactions under this Plan comply with all applicable provisions of Rule 16b-3 or its successors under the Exchange Act. In addition, it is the intent of the Company that this Plan and applicable Grants under this Plan comply with the applicable provisions of section 162(m) of the Code, after a Public Offering, and section 422 of the Code. To the extent that any legal requirement of section 16 of the Exchange Act or section 162(m) or 422 of the Code as set forth in this Plan ceases to be required under section 16 of the Exchange Act or section 162(m) or 422 of the Code, that Plan provision shall cease to apply. The Board may revoke any Grant if it is contrary to law or modify a Grant to bring it into compliance with any valid and mandatory government regulation. The Board may also adopt rules regarding the withholding of

taxes on payments to Grantees. The Board may, in its sole discretion, agree to limit its authority under this Section 18.

(c) **Employees Subject to Taxation Outside the United States.** With respect to Grantees who are subject to taxation in countries other than the United States, the Board may make Grants on such terms and conditions as the Board deems appropriate to comply with the laws of the applicable countries, and the Board may create such procedures, addenda and sub-plans and make such modifications as may be necessary or advisable to comply with such laws.

(d) **No Guarantee of Tax Consequences.** No person connected with this Plan in any capacity, including without limitation the Company and its directors, officers, agents and employees, makes any representation, commitment or guarantee that any tax treatment, including without limitation federal, state and local income, estate and gift tax treatment, will be applicable with respect to any Grants or payments thereunder made to or for the benefit of a Grantee under this Plan or that such tax treatment will apply to or be available to a Grantee on account of participation in this Plan.

(e) **Governing Law.** The validity, construction, interpretation and effect of this Plan and Grant Instruments issued under this Plan shall be governed and construed by and determined in accordance with the laws of the State of Delaware, without giving effect to the conflict of laws provisions thereof.

(f) **Headings.** Section headings are for reference only. In the event of a conflict between a title and the content of a Section, the content of the Section shall control.

As adopted by the Board of Directors of Broken Shed Distilleries, Inc. on June 13th, 2018.