

CONFIDENTIAL INVESTOR PROPOSAL

---



*Cross the Threshold.*

*Where the Pace Yields, the Body Recovers, the Mind Clears, and You Reset.*

CAPITAL RAISE

**\$1,835,000**

Dual Flagship Prototype Launch · Thresh 1 + Thresh 2 · 2027 – 2028

---

CO-FOUNDERS

Harrison Ebert — CEO & Head of Operations

Hollace Tillman — Chief Development and Marketing Officer

**Thresh Holdings, LLC**

Denver South, Colorado

# THRESH

GATHER. RESTORE. BELONG.

A MORE HUMAN APPROACH  
TO A HEALTHIER LIFE

## To Our Founding Investors,

Thank you for taking the time to consider this opportunity.

We're not just building another business. We're building a movement — one that redefines what wellness can be and how it fits into real life.

We believe there is an opportunity to create a modern wellness experience that is more social, more accessible, and more impactful than what exists today. Thresh brings together contrast therapy, movement, community, and intentional space — designed for people to feel better, live fuller, and stay connected.

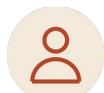
### *That belief became Thresh.*

Today, we are at the point where vision meets execution. We are seeking \$1.835 million to launch two Colorado proof-of-concept locations, prove the model, and build a scalable platform for national growth.

But we can't do it alone. We're looking for a Founding Investor Group. There is no more important difference.

### INVESTED FOR MORE THAN A RETURN

This isn't just a financial investment. It's an investment in people, in healthier communities, and in a more connected future. We believe Thresh can deliver strong financial performance while creating real, lasting impact.



8%

**PREFERRED RETURN**  
On unreturned principal



Month 69

**MODELED RECOVERY**  
Dec 2032



10%

**POST-RECOVERY  
HOLDINGS INTEREST**

This is more than a business. It's a chance to be part of a generation that prioritizes wellness, community, and a brighter tomorrow.

### BUILDING A PLATFORM, NOT JUST LOCATIONS

Thresh isn't just the first location. It's the foundation for a larger vision — a scalable franchise platform that can bring this model to communities across the country.

Our franchise structure is designed to align incentives, maintain quality, and create long-term value for both our investors and future partners.

**We are not asking for capital simply to build a location. We are inviting you to help build a transformational company designed to scale many times over.**

### WHY US

Our backgrounds are different, but our belief in the power of wellness, community, and thoughtful growth brings us together. We've seen what's missing in the market — and we believe Thresh is the answer.

We're builders, operators, and long-term thinkers. Together, we're building a platform.

And while real estate and teams will grow, our purpose remains the same: to help people live healthier, happier, and more connected lives.

### WHAT WE ARE ASKING FROM YOU

We are asking for more than an investment. We are asking you to believe in this vision, to partner with us in the early stage, and to help shape what comes next. Your support will give us the foundation to launch, the credibility to grow, and the ability to make a meaningful difference — in our communities and beyond.

### WHY THIS MOMENT MATTERS

There is a growing demand for real, human wellness experiences. And there's never been a better time to build a brand that can meet this need at scale.

*Recover the investment.*

*Participate in the company.*

*Participate in the expansion.*

We hope you will come on this journey with us.

**HARRISON EBERT**

Co-Founder, CEO & Head of Operations

**HOLLACE TILLMAN**

Co-Founder, Chief Development and Marketing Officer

THRESH™

# TABLE OF CONTENTS

Thresh Holdings, LLC — Confidential Investor Proposal

|           |                                                                                                                                                                                                                                                        |           |
|-----------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|
| <b>01</b> | <b>The Feeling That Started It All</b> .....                                                                                                                                                                                                           | <b>6</b>  |
|           | <i>Concept overview · Opportunity at a glance · Market timing</i>                                                                                                                                                                                      |           |
| <b>02</b> | <b>The Name</b> .....                                                                                                                                                                                                                                  | <b>8</b>  |
|           | <i>Etymology of prescan · The threshold metaphor · Platform brand naming · USPTO filing strategy</i>                                                                                                                                                   |           |
| <b>03</b> | <b>The Founder Team</b> .....                                                                                                                                                                                                                          | <b>10</b> |
|           | <i>CEO &amp; Head of Operations bio &amp; career · Chief Development and Marketing Officer bio &amp; career · The operating plan · GM succession · executive structure</i>                                                                             |           |
| <b>04</b> | <b>The Concept</b> .....                                                                                                                                                                                                                               | <b>16</b> |
|           | <i>Brand mission and values · THRESH acronym · The five thresholds · Design philosophy</i>                                                                                                                                                             |           |
| <b>05</b> | <b>Market Opportunity</b> .....                                                                                                                                                                                                                        | <b>18</b> |
|           | <i>Global wellness economy · Behavioral trends · South Denver corridor · Member profile</i>                                                                                                                                                            |           |
| <b>06</b> | <b>Competitive Landscape</b> .....                                                                                                                                                                                                                     | <b>20</b> |
|           | <i>SWTHZ · Restore · HOTWORX · Embrace North · Othership · Bathhouse · The white space Thresh fills</i>                                                                                                                                                |           |
| <b>07</b> | <b>Competitive Analysis — Extended Market Intelligence</b> .....                                                                                                                                                                                       | <b>27</b> |
|           | <i>Per-location AUV benchmarks vs. Thresh · Full pricing matrix with risk verdicts · Competitive risk scoring · Planet Fitness partnership targets</i>                                                                                                 |           |
| <b>08</b> | <b>The Membership Model</b> .....                                                                                                                                                                                                                      | <b>30</b> |
|           | <i>Tier definitions and brand meaning · Founding rates · Class upsell math · Guest pass strategy · Smart Cooler beverage platform · Revenue model</i>                                                                                                  |           |
| <b>09</b> | <b>Member Experience &amp; Utilization Model</b> .....                                                                                                                                                                                                 | <b>41</b> |
|           | <i>Daily utilization model · Peak-hour simultaneous occupancy · Visit frequency by tier · Zone distribution · Stress-test thresholds · Reservation philosophy · Parking model</i>                                                                      |           |
| <b>10</b> | <b>Financial Model</b> .....                                                                                                                                                                                                                           | <b>44</b> |
|           | <i>Stabilized P&amp;L · Footprint and rent-rate scenarios, including NNN · NNN sensitivity matrix · Occupancy ceilings · NNN negotiation · Margin recovery levers · Cash flow ramp · Operating KPIs · Staffing model &amp; leadership compensation</i> |           |
| <b>11</b> | <b>Operations &amp; Facility Model</b> .....                                                                                                                                                                                                           | <b>56</b> |
|           | <i>Space allocation · Recovery zone distribution · Zenoti platform · Technology stack · Regulatory requirements</i>                                                                                                                                    |           |

|           |                                                                                                                                                                                                                                                                                                                                                                                                  |            |
|-----------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|
| <b>12</b> | <b>Use of Funds — \$1,835,000</b>                                                                                                                                                                                                                                                                                                                                                                | <b>63</b>  |
|           | <i>Legal and entity formation · Three LLC structure · Dual-class operating agreement · Thresh™ trademark strategy · Construction and buildout · Capital efficiency: Colorado First Job Training Grant (Skill Advance Colorado), Enterprise Zone tax credits, SBA 504 · Working capital reserve</i>                                                                                               |            |
| <b>13</b> | <b>Investor Structure &amp; Returns</b>                                                                                                                                                                                                                                                                                                                                                          | <b>73</b>  |
|           | <i>Dual-class LLC · Class A profits interest (founder/company) · Class B-1 preferred capital interest (investor group) · Five-tier distribution waterfall with worked examples · Year-by-year principal recovery · Tax strategy (phantom income, pass-through, depreciation) · Future capital rounds · Optional repurchase of investor rights · Investor protections · Reporting commitments</i> |            |
| <b>14</b> | <b>Expansion Strategy</b>                                                                                                                                                                                                                                                                                                                                                                        | <b>90</b>  |
|           | <i>Five-phase growth roadmap · Per-unit capital estimate · Conservative / base / aggressive enterprise scenarios</i>                                                                                                                                                                                                                                                                             |            |
| <b>15</b> | <b>Franchise Strategy — Economics &amp; Qualification Standards</b>                                                                                                                                                                                                                                                                                                                              | <b>102</b> |
|           | <i>7% royalty split (6% Thresh Holdings / 1% founding investor override on the first 20 franchised locations, 0.5% thereafter) · franchise fee schedule · investment &amp; qualification standards · term, renewal &amp; transfer</i>                                                                                                                                                            |            |
| <b>16</b> | <b>Land Acquisition &amp; Leaseback Strategy</b>                                                                                                                                                                                                                                                                                                                                                 | <b>109</b> |
|           | <i>Thresh Real Estate Holdings LLC entity · Arm's-length leaseback requirements · Depreciation · Self-rental rule · 1031 exchange · Strategic benefits · Activation criteria</i>                                                                                                                                                                                                                 |            |
| <b>17</b> | <b>Financial Model — Visual Summaries &amp; Ten-Year Expansion</b>                                                                                                                                                                                                                                                                                                                               | <b>114</b> |
|           | <i>Stabilized revenue mix (68.4% membership) · Ten-year EBITDA ramp by year and location count · 18-month founding member scenario with reserve tracking</i>                                                                                                                                                                                                                                     |            |
| <b>18</b> | <b>Competitive Pricing &amp; Market Validation</b>                                                                                                                                                                                                                                                                                                                                               | <b>118</b> |
|           | <i>11-brand pricing comparison table · Operating model comparison · Where Thresh sits in the market · What competition has already proven · Colorado local validation</i>                                                                                                                                                                                                                        |            |
| <b>19</b> | <b>Safety, Waivers &amp; Legal Compliance</b>                                                                                                                                                                                                                                                                                                                                                    | <b>121</b> |
|           | <i>Colorado DOH 5 CCR 1003-5 compliance · City/county permitting · ADA aquatic requirements · Waiver components · Sauna safety program · Insurance requirements · Employee certifications · SOP library · Advisory board structure</i>                                                                                                                                                           |            |
| <b>20</b> | <b>Risk Analysis &amp; Mitigation</b>                                                                                                                                                                                                                                                                                                                                                            | <b>128</b> |
|           | <i>Ten primary risk categories with specific mitigations · Target operating reserve discipline</i>                                                                                                                                                                                                                                                                                               |            |
| <b>21</b> | <b>90-Day Founding Member Strategy — Pre-Competitive Defense</b>                                                                                                                                                                                                                                                                                                                                 | <b>131</b> |
|           | <i>90-day founding-member operational plan · Retention principles (member naming, the Thursday ritual, monthly programming) · Post-Day-90 churn monitoring vs. CorePower Yoga and SWTHZ</i>                                                                                                                                                                                                      |            |
| <b>22</b> | <b>Go-To-Market Strategy</b>                                                                                                                                                                                                                                                                                                                                                                     | <b>132</b> |
|           | <i>Founding member target: 100 across three Ritual-tier rates (\$75/\$149/\$159) · Base and downside cash flow analysis · 18-month ramp · Acquisition channels · Churn scenarios</i>                                                                                                                                                                                                             |            |
| <b>23</b> | <b>Exit &amp; Enterprise Strategy</b>                                                                                                                                                                                                                                                                                                                                                            | <b>138</b> |
|           | <i>Five exit pathways · What drives enterprise value · Long-term platform philosophy</i>                                                                                                                                                                                                                                                                                                         |            |

|           |                                                                                                                                                                                                                          |            |
|-----------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|
| <b>24</b> | <b>Development Timeline</b> .....                                                                                                                                                                                        | <b>139</b> |
|           | <i>Capital close · Q1 2027 break ground · Q2 2027 flagship opening · Q1 2028 Thresh 2 opening and franchise build-out<br/>· Pre-opening member checklist · Critical pre-signing priorities</i>                           |            |
| <b>25</b> | <b>Strategic Conclusion</b> .....                                                                                                                                                                                        | <b>143</b> |
|           | <i>Five key questions answered · What success looks like at Year 1, 4, and 10</i>                                                                                                                                        |            |
| <b>26</b> | <b>The Science Behind Thresh</b> .....                                                                                                                                                                                   | <b>145</b> |
|           | <i>Finnish sauna cardiovascular research · Cold plunge neurochemistry · Contrast therapy vascular pump · Breathwork<br/>meta-analyses · Surgeon General loneliness advisory · Third place theory · Protocol guidance</i> |            |
| <b>27</b> | <b>References &amp; Source Validation</b> .....                                                                                                                                                                          | <b>151</b> |
|           | <i>Global Wellness Institute · Competitor sources · CDPHE · ADA.gov · IRS Revenue Procedures · USPTO · CoStar ·<br/>Technology platform documentation</i>                                                                |            |
| <b>28</b> | <b>Professional Services &amp; Ongoing Operations Infrastructure</b> .....                                                                                                                                               | <b>156</b> |
|           | <i>Legal services budget · CPA and bookkeeping · Payroll service · Workers comp · Insurance by policy · Technology<br/>stack costs · Facilities maintenance · Annual professional services budget summary</i>            |            |
| <b>29</b> | <b>Master Pre-Opening Checklist</b> .....                                                                                                                                                                                | <b>164</b> |
|           | <i>Phase 1: Foundation · Phase 2: Site and permits · Phase 3: Construction and staff · Phase 4: Final build and soft open<br/>· Phase 5: Opening through Day 90 · Department ownership summary</i>                       |            |

SECTION 01

# The Feeling That Started It All

*There is a moment most people in this corridor know. You’ve pushed through the week — the commute, the meetings, the workouts, the inbox that never empties. You’re running on the last mile of your fuel. And then you step somewhere warm, somewhere quiet, somewhere with fire and cold and people who aren’t in a hurry — and the pace finally yields. Your body exhales. Your mind goes still. You remember who you are outside of your schedule. Thresh was born from that moment.*

## The Business

Thresh is a hospitality-driven social wellness company built around heat, cold, movement, atmosphere, ritual, and human connection. It is designed as a recurring membership neighborhood wellness club that combines Finnish-style communal sauna, cold plunge therapy, signature warming pools, yoga and movement, breathwork, recovery lounges, beverage hospitality, and community programming into one platform.

But describing it that way is a little like describing a great restaurant by listing its appliances. The real product isn't the sauna or the cold plunge. The real product is the feeling members carry out the door — and the reason they come back the following week.

This is not a luxury spa. Not a biohacking studio. Not a transactional recovery clinic. Thresh is a neighborhood institution — a modern third place where recovery becomes communal, movement becomes ritual, and human connection happens naturally. A place where people cross a threshold every time they arrive, and leave having shed something they didn't need to carry.

## The Opportunity at a Glance

| Category            | Detail                                                                    |
|---------------------|---------------------------------------------------------------------------|
| Brand               | Thresh™ — hospitality-centered social wellness & recovery membership club |
| Parent Company      | Thresh Holdings, LLC                                                      |
| Target Market       | Centennial / Highlands Ranch / Lone Tree — South Denver Metro             |
| Prototype Footprint | 3,000–3,500 SF indoors + 1,000–1,500 SF covered/open outdoor patio        |
| Target Membership   | 550–650 recurring monthly members at stabilization                        |

| Category               | Detail                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Daily Visit Target     | 200–275 visits per day                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| Membership Revenue Mix | 68.4% of total revenue                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| Stabilized EBITDA      | ~\$441,000 on a 5,000 SF combined basis   31.5% margin (GM/AGM-run, with manager incentives and health benefits) · \$499,000   35.6% while the founders run the flagship                                                                                                                                                                                                                                                                                                                                                        |
| Capital Raise          | \$1,835,000 — Thresh 1 (\$859,600), Thresh 2 (\$804,600), and a Thresh Holdings launch reserve (\$170,800)                                                                                                                                                                                                                                                                                                                                                                                                                      |
| Capital Structure      | Dual-class LLC — Class A (Founders and Thresh Holdings' retained interest) holds 100% of voting rights; Class B (Investor Group) receives an 8% preferred return and 60% of post-preferred cash until principal is fully recovered, then a continuing 10% economic interest, with no operational vote                                                                                                                                                                                                                           |
| Investor Return        | 8% preferred annual return on capital not yet paid back, accruing from the date capital is funded + accelerated principal recovery (projected full recovery in Year 7) + a direct founding investor royalty override — 1% of gross sales on the first 20 franchised locations and 0.5% on every franchised location after that — applied to principal until it is fully repaid, then paid to investors as a royalty for as long as each location operates                                                                       |
| Expansion Vision       | Hybrid model: Thresh Holdings opens Thresh 1 (South Denver flagship — site selection underway across Centennial, Lone Tree, and Highlands Ranch) and Thresh 2 (Castle Rock), then funds additional corporate locations from its own cash flow only while every location is hitting its targets — 20 corporate locations by Year 10 in the base case — while franchising becomes the accelerated growth vehicle (108 franchised units by Year 10). Additional capital rounds are considered only if they are needed at the time. |

## Why Now

The social wellness category is forming in real time. Competitors are validating demand, pricing, and consumer behavior across dozens of markets. But the category remains fragmented — split between concepts too expensive, too clinical, too isolated, or too transactional to build the loyalty that brings people back every week.

What the market is missing — and what Thresh is built to deliver — is a scalable neighborhood platform combining approachable recurring pricing with social recovery, emotional atmosphere, and hospitality that brings people back because it has become part of who they are.

The window to build the defining brand in this space is open. It will not stay open indefinitely.

We are opening Thresh with our own hands first — Thresh 1 in the South Denver corridor, then Thresh 2 in Castle Rock — because a brand must prove itself before we ask anyone else to build under our name. Once it's proven, we scale two ways at once: Thresh Holdings keeps opening company-owned locations wherever the numbers are right, and we open the brand to qualified franchise operators who build under our system and our support. Franchising is the accelerant, carrying Thresh to a national footprint far faster than our own capital could. This founding investor group funds that start.

## SECTION 02

# The Name

---

## Why Thresh

Every great brand name has a reason. Not a committee reason, not a tagline reason — a root. Something that goes deep enough that when you understand it, the whole concept clarifies.

Thresh comes from an old English word: prescan. To separate what matters from what doesn't, through force and repetition. Farmers have done it for ten thousand years — beat the grain against stone until the husk falls away and the kernel remains. What's left is what nourishes you.

But the word lives inside something more resonant than agriculture. It lives inside threshold. The place between two states. The liminal crossing point. The moment of before and after.

*You cross a threshold when you step from cold air into the heat of a sauna. You cross another when you drop into cold water and your body decides to meet it. You cross the most important one when you stop being a stranger in the room.*

That is what Thresh is built around. Not the sauna, not the cold plunge, not the warming pool — though all of those matter enormously. The real product is the crossing. The transformation that happens between arrival and departure. The thing people reach for when they can't quite describe why they keep coming back.

The name makes no promises. It contains no adjectives. It doesn't say wellness, recovery, Nordic, community, or ritual. It presents a single word with weight — a word that feels like it has existed longer than branding has — and invites people to lean in and discover what it means. That curiosity is the beginning of every brand relationship worth having.

## The Brand Story

*Illustrative future member experience: She found it on a friend's Instagram story. Just the word — THRESH — in clean type, steam rising behind it, a warm glow that looked like fire through fog. She didn't know what it was yet. She clicked anyway.*

*Two weeks later she was sitting in a sauna for the first time in her adult life. Twenty-two minutes. Warm wood around her, someone she'd never met talking quietly about nothing consequential, the particular quality of silence that exists only inside heat. She didn't check her phone once.*

*When she came back the following Thursday, she recognized two people. By the third visit she had a usual spot in the social sauna and a standing 7 PM arrival she hadn't consciously decided to commit to. She had crossed something. She couldn't name what it was exactly. She just knew that Thursday felt different now. That she left feeling like more of herself than she'd arrived as.*

*She told four people about it. Not because she was trying to. Because they asked why she seemed different.*

## Thresh as a Platform Brand

The name holds city names cleanly — Thresh Centennial, Thresh Highlands Ranch, Thresh Castle Rock. It works on a membership card in someone's wallet. It works in a press mention. It works on a building exterior without explanation. It ages well. In ten years it will not feel like it was named in 2026. It will feel like it was always there.

Members say "I go to Thresh" the way people used to say they go to their coffeehouse — as a statement of identity, not just an appointment on a calendar. That cadence is intentional. That's what the name is designed to carry.

## Trademark Status

Thresh has been selected following a comprehensive competitive naming analysis across the wellness, sauna, cold plunge, recovery, and hospitality trademark landscape. Initial USPTO search across Classes 044, 041, and 043 revealed no blocking marks in the health and wellness services categories. Thresh Holdings, LLC has been formed and registered with the State of Colorado, and the trademark application for Thresh™ in Classes 044 (health spa services) and 041 (community and guided programming) has been filed with the USPTO.

The ™ designation now appears on all Thresh materials, effective from the filing date. The ® mark will follow upon registration, targeted within 12–18 months of the filing date.

SECTION 03

# The Founder Team

## Harrison Ebert — Co-Founder, CEO & Head of Operations, Thresh Holdings, LLC

Harrison brings 30+ years of multi-unit hospitality leadership — more than 20 new restaurant and concept openings (the majority during his time with Darden Restaurants), entrepreneurial restaurant leadership at Big Red F Restaurant Group and independent hospitality development with Rivers & Snow Hospitality alongside Bob Snow, creator of Church Street Station, large-format entertainment and hospitality operations at Bowlero and experiential sports hospitality at Tom's Watch Bar, and the opening team at House of Blues at Walt Disney World.

Harrison has repeatedly been brought into underperforming concepts with the same mandate: stabilize the culture, sharpen the operations, and get people back in the room. That mandate — hospitality operations, staffing culture, service standards, and guest experience — is the core of what Thresh requires day to day, and it is Harrison's strongest, most directly demonstrated credential. As CEO & Head of Operations, he holds strategic authority over the company and direct operational authority over the flagship: hiring, floor management, service standards, and the day-to-day member experience.

Early in his career, Harrison also held Series 7 and 63 licenses as a stockbroker with Charles Schwab — a grounding in capital markets, compliance, and investor risk/return thinking that directly informs how this proposal and the underlying capital structure were built.

### Career Background

| Organization                               | Focus Area                                                                  |
|--------------------------------------------|-----------------------------------------------------------------------------|
| Darden Restaurants                         | Multi-unit operations — majority of 20+ new restaurant and concept openings |
| Big Red F Restaurant Group                 | Entrepreneurial restaurants & hospitality leadership                        |
| Rivers & Snow Hospitality                  | Independent hospitality development & management                            |
| Bowlero Corporation                        | Large-format entertainment & hospitality operations                         |
| Tom's Watch Bar                            | Experiential sports hospitality & beverage culture                          |
| House of Blues Orlando (Walt Disney World) | Opening team — eatertainment & live event operations                        |

## Why This CEO & Head of Operations for This Business

The emerging social wellness category is missing something specific. It isn't missing more yoga instructors, more cold plunge units, or more infrared saunas. It is missing experienced hospitality operators — people who understand that the atmosphere, the staffing culture, the arrival experience, the music, the lighting, and the way a guide acknowledges a member by name are not secondary to the recovery experience. They are the recovery experience.

That is exactly the lens Harrison brings. Not wellness influencer. Not fitness entrepreneur. Hospitality operator — someone who has spent three decades studying what makes people want to stay, and even more importantly, what makes them want to come back.

He also understands what it feels like to need a place like Thresh and have nowhere like it to go. That personal knowledge lives in the brand — in the design philosophy, the staffing model, and in why the name is a threshold and not a tagline.

*Thresh was not born from a trend. It was born from a lifetime spent building spaces where people feel something — and a deep belief that recovery, ritual, and human connection deserve that same level of craft.*

## Hollace Tillman — Co-Founder & Chief Development and Marketing Officer, Thresh Holdings, LLC

Hollace's background spans production management, institutional partnerships, brand marketing, and financial operations. As Producer and Production Manager for Dance Network, an original OTT streaming channel, he managed simultaneous national productions — budgets, schedules, and cross-functional teams with real financial stakes and no margin for drift — and contributed to the production development team that secured approval and financing for the feature film All Saints. As Head of Production and Operations, he built and managed institutional production partnerships with Warner Music Group, Universal Music Group, Sony Music, and Big Machine Label, creating marketing content and campaigns for prominent artists across each partnership.

He later moved into automotive finance as a Finance Manager, adding direct experience in consumer financial products, contract structuring, and margin management. As Chief Development and Marketing Officer, Hollace owns the functions his experience most directly supports: institutional and cross-brand partnership development, brand marketing and campaign development, financial modeling and investor reporting, vendor and contract management, and the site/expansion pipeline as the platform scales — plus the founding member campaigns and community programming that turn a new location into a neighborhood institution. This is the deal-and-systems side of building Thresh: development and marketing leadership, alongside shared co-founder floor coverage during the opening phase.

## Career Background

| Organization                    | Focus Area                                                                                                                                           |
|---------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------|
| Dance Network (OTT)             | Original content producer & production manager — simultaneous national productions, original programming, budget and schedule management             |
| All Saints (Feature Film)       | Production development — led the team that secured approval and financing for theatrical feature release                                             |
| Head of Production & Operations | Label partnerships with Warner Music Group, Universal Music Group, Sony Music, and Big Machine Label — marketing content for major recording artists |
| Grand Hustle Entertainment      | Television development — complex multi-budget management, cross-functional team leadership, entertainment industry operations                        |
| Automotive Finance Management   | Finance Manager — deliberate transition from creative leadership to financial stewardship; sales process, contract structure, margin discipline      |

## Why This Chief Development and Marketing Officer for This Business

What Thresh needs on the growth side is someone who has run complex, multi-track deals before — someone who can hold a budget, manage a partnership, and keep a project on schedule when multiple things move at once. Hollace's production and project management background is that qualification: managing original content, major label partnerships, and television development across simultaneous tracks demands the same discipline as building a site pipeline, running institutional outreach, and launching a founding member campaign in parallel. And in every one of those environments, what mattered was how the audience experienced what was delivered — the same standard Hollace holds every new Thresh location to before it ever opens its doors.

As Chief Development and Marketing Officer, Hollace brings those same competencies to Thresh: structured execution, financial discipline built into every deal from the start, and the experience of managing institutional-level relationships without losing grip on the detail. He approaches every partnership, every site, and every marketing campaign the same way he approached every production he has ever managed — through the lens of what the member or the institution on the receiving end actually experiences. That combination — production-trained, finance-informed, and marketing-led — is what the growth side of Thresh needs in the person running it.

*Great development is invisible too — the founding member just sees a location that feels ready from the day it opens. Hollace's job is to make sure it always is.*

## VP of Franchise Growth & Acceleration — The Next Executive Hire

Franchising a wellness brand is a different discipline than running one. HOTWORX has grown past 800 franchised studios; Restore Hyper Wellness past 200 — neither by running great corporate locations, but by building a dedicated franchise development organization. Thresh builds that capability in two steps. When Thresh 2 opens (Month 12 of flagship operations, Q1 2028), Thresh Holdings engages a franchise development consultant group and franchise counsel to build the FDD, operations manual, training program, and Item 19 disclosure from Thresh 1's operating results. The VP of Franchise Growth & Acceleration is hired once the FDD is registered and the first franchise candidates are in the pipeline — targeted for Month 20 — so the role starts with a registered system to sell rather than one it has to build. Compensation for the role is set against industry benchmarks for franchise development leadership: a base salary of about \$105,000 plus a bonus for every franchise unit signed, with health benefits. Location 3, the Founding Franchise Test, is signed in Year 2 and opens in Year 3.

What this role requires:

- Direct, hands-on experience scaling a franchise brand — ideally in fitness, wellness, or another recurring-membership hospitality category — through its highest-growth phase, not just multi-unit corporate operations experience.
- Fluency in FDD and Item 19 mechanics, franchisee recruitment and vetting, and territory/site-selection discipline.
- A track record building a franchise field-support organization — the training and brand-standards infrastructure that keeps a franchised unit performing like a corporate one.

- Comfort operating inside a hybrid system — protecting the brand across corporate and franchised locations while giving franchisees real operating latitude.
- Direct P&L ownership of franchise fees, royalties, and Zenoti-fee revenue — reporting to the CEO, working alongside Hollace on brand-standard consistency.

## The Operating Plan — Harrison Runs Operations, Hollace Runs Development

Harrison and Hollace build Thresh together, but not the same way. Harrison is on the floor — running the flagship day to day: hiring, floor management, service standards, and the member experience that defines the brand. Hollace is on the deal side — running the site pipeline, institutional partnerships, financial modeling, and the founding member marketing campaign that fills the room before the doors open. That division isn't a compromise; it's the point. Thresh needs both disciplines running at full depth from Day 1, not one operator and one executive watching from a distance.

Harrison and Hollace draw equal founder compensation — \$79,000 each, \$158,000 combined, the combined value of the GM and AGM salaries split evenly — beginning four weeks before the flagship opens, so both can focus fully on founding memberships, final construction, hiring, and training. During the opening phase the founders cover the GM and AGM shifts on the flagship schedule, so founder compensation takes the place of the two salaried manager positions until the GM/AGM team is hired.

Harrison hires and develops the flagship team, establishes the SOPs that will replicate to every future location, and runs daily operations at the hospitality standard the model is built around. Hollace runs the site pipeline for Thresh 2, manages vendor and institutional partnerships, and leads the founding member marketing campaign that builds Thresh's cultural nucleus before opening. This structure holds through the flagship's first seven months. At Month 8, about four months before Thresh 2 opens, a GM and AGM take over the flagship and the founders move to Thresh 2 — Thresh Holdings carries their compensation through Thresh 2's pre-opening months, and Thresh 2 carries it in its operating budget from opening until its own GM and AGM take over.

Rather than hiring a GM and AGM at the flagship from Day 1, Harrison and Hollace cover those shifts directly — a capital-efficient structure that keeps flagship payroll lean while Harrison builds the SOP library, training program, and operational playbook firsthand, floor-side. At Month 8, a GM and AGM are hired and trained directly by Harrison on the operational systems, the culture, the service standard, and the management judgment the Thresh brand requires at every location — while Hollace leads Thresh 2's development, marketing, and partnership work in parallel. The SOP library, the training program, and the operational playbook built at the flagship exist for one purpose: to be handed off cleanly, without a founder in the room, so the flagship runs independently while Harrison leads Thresh 2's operations and Hollace leads its development and marketing.

Thresh 2's lease is signed once the flagship reaches EBITDA break-even — targeted for Month 6 (Q3 2027) — and Thresh 2 opens six months later, never before Month 12; if the flagship is later, Thresh 2 moves later with it — with construction in the second half of 2027 and opening at Month 12 (Q1 2028). The flagship's GM and AGM start at Month 8, and Thresh 2's own GM and AGM take over at its Month 8 (Month 19 of flagship operations). From that point Harrison and Hollace are no longer running any location: they lead Thresh Holdings — franchise growth, corporate development, and brand standards — and their compensation comes from Thresh Holdings, funded by the fees and distributions it collects from corporate and franchised locations. Holdings compensation has two parts. First, a base salary paid as guaranteed payments, stepping up as the system grows: \$100,000 each while fewer than 11

locations are open, \$140,000 at 11–25, \$175,000 at 26–50, and \$210,000 at 51 or more, with each step taking effect only when the prior year's Thresh Holdings EBITDA is at least three times the new combined base. Second, each founder's 10 personal Class A units, which share in Class A distributions — about 12.9% of company distributions each once investors are repaid. If Thresh Holdings cannot yet cover founder pay, it is deferred and paid when Thresh Holdings can. The compensation plan is reviewed annually by an independent compensation advisor and adopted under the operating agreement, so payments under it sit outside the related-party consent threshold described in Section 13. Harrison owns operations end to end, at every location; Hollace owns development, marketing, and the partnership pipeline that feeds it.

*Both co-founders build the first location. Harrison builds the operating standard that survives it; Hollace builds the pipeline and the marketing engine that scales it. The transition to the platform is the proof that they did it right.*

## Thresh Holdings — Co-Founder Executive Structure

Thresh Holdings, LLC is the parent entity that owns the Thresh brand, all intellectual property, operating systems, training infrastructure, expansion rights, and vendor relationships. Each operating location is organized as a separate LLC beneath the Holdings umbrella. As the platform scales, the co-founder executive team expands to match the operational complexity:

| Stage                              | Harrison — CEO & Head of Operations                                                                                    | Hollace — Chief Development and Marketing Officer                                                                                                 | Compensation                                                                                                                                                                                                                             | Focus                                                                                                                                               |
|------------------------------------|------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------|
| Flagship launch — pre-opening      | CEO & Head of Operations — on-site operator; hiring, floor management, service standards, day-to-day member experience | Co-Founder / Chief Development and Marketing Officer — site pipeline for Thresh 2, institutional partnerships, founding member marketing campaign | Harrison and Hollace: equal founder compensation (\$79,000 each — \$158,000 combined), beginning four weeks before opening                                                                                                               | Hire, train, and launch the flagship under Harrison. Build the site pipeline and founding member campaign under Hollace.                            |
| Flagship operations (Months 1–7)   | CEO & Head of Operations — flagship GM-level operator, investor relations                                              | Chief Development and Marketing Officer — founding member marketing, Thresh 2 site pipeline, institutional partnerships, financial modeling       | Harrison and Hollace: \$79,000 each, covering the GM and AGM shifts — no salaried manager hires until Month 8                                                                                                                            | Stabilize flagship operations under Harrison; build Thresh 2 pipeline and marketing under Hollace, in parallel, until Thresh 2 groundbreaking       |
| Thresh 2 opens (Month 12, Q1 2028) | CEO & Head of Operations, Thresh Holdings — operational leadership across locations, investor relations                | Chief Development and Marketing Officer, Thresh Holdings — site pipeline, partnerships, marketing systems to new locations                        | GM (\$85,000) and AGM (\$66,500) take over the flagship at Month 8. Thresh Holdings carries founder compensation through Thresh 2's pre-opening months; Thresh 2 carries it from opening until its own GM and AGM take over at Month 19. | Harrison: flagship-to-Thresh-2 operational transition, investor relations   Hollace: development and marketing systems transfer, next-site pipeline |
| Thresh Holdings leadership         | CEO & Head of Operations, Thresh Holdings                                                                              | Chief Development and Marketing Officer,                                                                                                          | Base salary from Thresh Holdings, paid as guaranteed payments:                                                                                                                                                                           | Enterprise — growth, leadership, brand                                                                                                              |

| Stage                                                 | Harrison — CEO & Head of Operations                                                                                          | Hollace — Chief Development and Marketing Officer                                                                                            | Compensation                                                                                                                                                                                                                                                                                                                                                | Focus                                                                                                                                                                               |
|-------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| (Month 19 onward)                                     | Holdings, LLC                                                                                                                | Thresh Holdings, LLC                                                                                                                         | \$100,000 each (under 11 locations), \$140,000 (11–25), \$175,000 (26–50), \$210,000 (51+); plus each founder's 10 Class A units — reviewed annually by an independent compensation advisor                                                                                                                                                                 | authority                                                                                                                                                                           |
| Franchise launch — Franchise Readiness phase complete | CEO & Head of Operations, Thresh Holdings — brand stewardship, capital strategy, franchisee relations at the executive level | Chief Development and Marketing Officer — brand-standard consistency and marketing leadership across corporate and franchise locations alike | Franchise development consultant group and franchise counsel engaged when Thresh 2 opens; VP of Franchise Growth & Acceleration hired at Month 20 once the FDD is registered — about \$105,000 base plus a bonus per franchise unit signed. Additional corporate roles are added only as the workload requires; Harrison and Hollace carry them until then. | Two-engine leadership: corporate operations (Harrison) and development/marketing (Hollace) running in parallel with franchise system growth (VP of Franchise Growth & Acceleration) |

The founding team brings complementary depth that covers the full range of what Thresh requires: thirty years of hospitality operations, atmosphere design, and leadership culture-building from Harrison; a decade of production management, institutional partnership execution, and financial stewardship from Hollace. Beyond the founding team, Thresh is actively assembling a focused advisory ecosystem across legal structuring, institutional finance, real estate development, regulatory compliance, and securities governance. Strong founders know what they're building. They also know who they need around them.

SECTION 04

# The Concept

*The people Thresh is built for are not sedentary — athletes, professionals, entrepreneurs, parents, and creatives carrying a lot, moving fast, and giving most of what they have to everyone around them. The pace doesn't stop, but the body keeps score, and the need to reset becomes non-negotiable. Thresh exists for that moment — the crossing between the pace and the person.*

## What Thresh Is

Imagine walking in after a long day. The light is warm and low. Wood and stone underfoot. Steam drifts through cool air. Someone you've seen here before looks up and nods. You don't have to explain what you need. You already know what comes next.

That is the experience Thresh is designed to create — not a one-time spa visit or a performance-driven workout, but the ritual that anchors the week. The thing you do on Thursday because Thursday is what it is now. Some members arrive at 6 AM before the city wakes up — a round of sauna, cold plunge, and stillness before they walk into whatever the day demands. Others arrive after 6 PM, when the patio fills and the fire is going — two colleagues who needed something other than another drink after work. Others come Saturday morning with a friend. No phones. No agenda. Heat, cold, conversation. An hour and a half that somehow resets an entire week.

The concept combines Finnish-style communal sauna, cold plunge therapy, a signature warming pool, yoga and movement, breathwork, lounge environments, beverage hospitality, and outdoor gathering into one recurring membership ecosystem. Members move through it at their own pace — sometimes alone and quiet, sometimes social and alive. Each zone is a crossing point — from the world outside to the heat of the sauna, from the heat into the cold plunge, from the cold back into the warmth of community. Over time, the pattern becomes ritual. The ritual becomes identity. The identity becomes loyalty.

## Mission, Vision, and Positioning

|             |                                                                                                                  |
|-------------|------------------------------------------------------------------------------------------------------------------|
| Mission     | To bring people back to human connection through heat, cold, movement, ritual, and shared experience.            |
| Vision      | To become the defining neighborhood wellness platform where recovery and community are woven into everyday life. |
| Positioning | Cross the Threshold. Where the Pace Yields, the Body Recovers, the Mind Clears, and You Reset.                   |

# The Core Values — What THRESH Stands For

Each letter was chosen because it describes a behavior, not an aspiration. These are operating principles, not wall art.

| Letter | Value       | What It Means in Practice                                                                    |
|--------|-------------|----------------------------------------------------------------------------------------------|
| T      | Threshold   | Every visit is a crossing. We design for transformation, not transaction.                    |
| H      | Hospitality | Atmosphere, recognition, and warmth — welcomed, not processed. Hospitality is the product.   |
| R      | Ritual      | Repeat routines for nervous-system regulation, recovery, and presence. Habit is the engine.  |
| E      | Emotion     | Emotional comfort and warmth. People return to places that make them feel something real.    |
| S      | Social      | Communal recovery, with solitude available. The social layer separates Thresh from a clinic. |
| H      | Human       | Connection over transaction; people over metrics. The brand serves its community.            |

The core environments absorb those visits simultaneously, so no single space becomes a bottleneck:

- The Social Sauna — 15 to 20 person communal space — earthy materials, ambient light, rising heat. The emotional centerpiece.
- The Quiet Sauna — 8 to 10 person space for silence, breathwork, and nervous-system reset.
- Cold Plunge Zones — five commercial-grade units: *The Reach* (Morozko XL, tall-capacity, intermediate), *The Edge* (beginner), *The Crossing* x2 (intermediate), *The Deep* (expert). All BlueCube C3 60" units except The Reach. About 536 sessions a day of practical capacity.
- The Warming Pool — a handcrafted communal soaking pool where people linger, decompress, and talk.
- Movement Studio — yoga, breathwork, Pilates, and guided recovery programming. Contracted instructors; 23 classes a week, including a weekend moonlight session.
- Recovery Lounge — indoor and outdoor seating, Smart Cooler beverage and retail system, fire features, ambient music — where the evening extends and purchases happen without anyone having to sell.
- Outdoor Patio — 1,000 to 1,500 SF of covered and open-air space: timber and weathered-steel shades over the plunge cluster and walkways, open sky for sunning and stargazing. A transition corridor links it to the indoor sauna zone, and a full-width sliding glass wall or garage door opens it to the Movement Studio. A signature outdoor experience no South Denver competitor offers.

# The Design Philosophy

The environment isn't background. At Thresh, it is the product.

Warm wood, concrete, fire and water, steam in cool air. The design does not announce itself. It settles you.

The objective is emotional warmth, not polished luxury. Its references are the lakeside sauna house, the mountain-lodge patio at 9 PM, the fire circle among strangers — in a neighborhood version for daily Colorado life.

SECTION 05

# Market Opportunity

## The Macro Context

The global wellness economy reached \$6.8 trillion in 2024, on track to approach \$10 trillion by 2029 (Global Wellness Institute, 2025 Wellness Economy Monitor) — growing nearly twice as fast as global GDP. That figure spans all of wellness, from real estate to nutrition and personal care. Within it, McKinsey identifies the consumer wellness market — direct spending on health, recovery, and wellbeing — at \$1.8 trillion globally, growing 5–10% annually in the U.S. The two figures measure different scales of the same shift: consumer wellness demand is outpacing the broader economy, and the fastest-growing segments — mental wellbeing, recovery, thermal wellness, social health — are exactly where Thresh lives.

| Trend                             | Relevance to Thresh                                                                 |
|-----------------------------------|-------------------------------------------------------------------------------------|
| Sauna & cold plunge normalization | Recovery rituals moving from niche to mainstream — this category's threshold moment |
| Social wellness emergence         | Demand for communal recovery over isolated treatments — the core Thresh premise     |
| Recurring membership behavior     | Subscription wellness preferred over single sessions — the model's financial engine |
| Third place demand                | Healthier social spaces between home and work — Thresh's exact position             |
| Loneliness & disconnection        | Hunger for spaces that build real connection — the deepest reason Thresh exists     |
| Nervous-system recovery           | Awareness of stress, burnout, and dysregulation — the physiological case for Thresh |
| Experience over product           | Spending shifting toward how things make people feel — the brand's foundation       |

## Why South Denver Metro — and Why Now

South Denver — Centennial, Highlands Ranch, Lone Tree, Parker, Castle Rock — is one of the most concentrated pockets of high-earning, high-performing professionals in the Rocky Mountain region. Median household incomes ranging from \$95,000 to \$129,000 across the corridor. Douglas County consistently ranking among the wealthiest counties in Colorado. Tens of thousands of professionals, entrepreneurs, athletes, healthcare and remote workers building careers and families in a market defined by ambition and pace.

These are the people Thresh is built for. Not people looking for a break from their lives — people looking for a place to sustain them. The professional who trains hard and recovers harder. The entrepreneur who runs on adrenaline and needs somewhere to land. The parent juggling career, household, and their own health who needs a ritual that works. The athlete who knows what heat and cold do for the body and wants to do it with community, not alone. People who are not slowing down — but who understand that recovery is how you keep going.

The South Denver corridor doesn't need another gym or spa. It needs a neighborhood institution — a place where the pace yields, the body recovers, the mind clears, and you reset. In a corridor this dense, affluent, active, and underserved by exactly this kind of space, the timing is not early. It is exactly right.

South Denver Metro is Thresh's starting point, not its ceiling. The corporate plan is disciplined and deliberately small: two flagship locations — Thresh 1 (South Denver, finalist neighborhoods Centennial, Lone Tree, and Highlands Ranch) and Thresh 2 (Castle Rock) — that establish the brand, prove the concept, and build the track record investors and landlords look for. Each flagship also live-tests membership behavior, visit frequency, staffing, and unit economics before the franchise system becomes the primary growth engine, starting with Location 3, the Founding Franchise Test.

From there, expansion follows the proof — not a map. Once the operational platform is replicable — proven systems, independent GM pipeline, consistent EBITDA — Thresh moves into other markets that share the same fundamentals: neighborhood-community identity, demographics that match the target member profile, and commercial real estate cheaper than Colorado's. Every out-of-state market faces the same Thresh Criteria as every South Denver site. 2nd-generation neighborhood retail at \$14–\$18/SF base NNN in the priority target states versus \$18–\$24/SF in South Denver Metro expands EBITDA margin structurally at every new location. The ten priority out-of-state expansion markets, organized by region, are detailed in the Expansion Strategy.

### Target Launch Corridor

| Corridor                 | Why It Works for Thresh                                                                                 |
|--------------------------|---------------------------------------------------------------------------------------------------------|
| Centennial               | Strong boutique wellness culture, high income density, community-oriented lifestyle spending            |
| Highlands Ranch          | Growing professional population, wellness adjacency, lower commercial rent options                      |
| Lone Tree / Park Meadows | Upscale residential density, Park Meadows retail corridor, DTC access, high household incomes           |
| Parker / Castle Rock     | Fast-growing family market, strong community identity, boutique wellness spending, few recovery options |

### Target Member Profile

| Category          | Profile                                                                                |
|-------------------|----------------------------------------------------------------------------------------|
| Age               | 25 – 45                                                                                |
| Household Income  | \$72,852 – \$200,000+                                                                  |
| Lifestyle         | Wellness-oriented professionals with active recovery and social identities             |
| Behavioral Traits | Fitness, recovery, coffee culture, social wellness, experiential spending              |
| Psychographic     | Health-conscious, community-seeking, experience-driven, burned out on digital life     |
| The Thresh Member | Someone who already knows they need a place like this — they just haven't found it yet |

The profile supporting Thresh 1 and Thresh 2 repeats in hundreds of suburban communities nationally: our capital opens the first two locations and proves the model; franchise capital carries it everywhere else.

SECTION 06

# Competitive Landscape

## The Category Is Real — and Wide Open

The social wellness category isn’t theoretical. It’s forming right now, in dozens of markets, across several different operator types. That validation is important — it means the conversation with consumers has already begun. The question is who builds the platform that becomes part of everyday life.

Currently, the market splits into two camps that both leave significant territory unclaimed. On one side: luxury wellness clubs — Rök Spas, Othership, Bathhouse — that create extraordinary experiences at price points most people can’t sustain as a weekly habit. They’ve proven that consumers want the atmosphere and the community. They’ve also proven that \$150–\$200 a month is a ceiling for most of them.

On the other side: accessible recovery operators — Embrace North, Hooga House, HOTWORX — that have proven that subscription wellness at \$50 to \$100 a month drives high-frequency repeat behavior. But most of them sacrifice the hospitality layer to get there. The experience is functional, not emotionally resonant. Members come for access, not atmosphere.

The white space between those two camps is exactly where Thresh lives — and where the threshold metaphor matters most. Thresh is the crossing point between accessible and elevated, between functional and emotionally alive.

## Category 1 — Colorado Within 50 Miles of Denver

### 1A — The Broader Colorado Market: Category Validation at Scale

Denver has become one of the most active sauna and cold plunge markets in the country. Within 50 miles of downtown Denver, more than 70 verified sauna and cold plunge facilities exist — from grassroots community sessions hosted at breweries to luxury Nordic spas named Mindbody’s Best Health and Wellness Brand of 2025. The category is not emerging here. It is established.

The Denver metro is organized into distinct market segments by location and format, none of which serve the South Denver suburban corridor in a communal, hospitality-driven, multi-zone format. Understanding the full landscape clarifies exactly where the gap exists.

| Brand    | Location / Neighborhood        | Format                                                                                                                     | Pricing                                       | Relevance to Thresh                                                                                                          |
|----------|--------------------------------|----------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------|------------------------------------------------------------------------------------------------------------------------------|
| Rök Spas | Union Station, Downtown Denver | Luxury Nordic communal bathhouse — 40-person Finnish sauna (Denver’s largest), 5 cold plunges (37–55°F), eucalyptus steam, | Memberships from \$150/mo · Drop-in available | The premium communal benchmark. Proves the large-format social sauna model succeeds at scale in Denver. Downtown only — zero |

| Brand                           | Location / Neighborhood                                                                 | Format                                                                                                                                                                                                     | Pricing                                                               | Relevance to Thresh                                                                                                                                                                                                                                |
|---------------------------------|-----------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                 |                                                                                         | thermal soaks. Named Mindbody's Best Health & Wellness Brand 2025. Expanding beyond Denver in Q2–Q4 2027.                                                                                                  |                                                                       | suburban presence. Expansion confirms demand signal.                                                                                                                                                                                               |
| PORTAL°<br>Thermaculture        | West Highland, Denver (2949 Federal Blvd) + Minneapolis, Bozeman MT                     | Community-driven outdoor social sauna club — wood-fired saunas (230°F), communal cold plunges, run clubs, DJ sessions, entrepreneur nights, vinyl DJ events. Multi-location operator.                      | \$99/mo standard • \$179/mo all-club unlimited • \$45/session drop-in | The closest philosophical peer to Thresh in Colorado — community events, social programming, outdoor atmosphere. West Denver / North only. No South Denver presence.                                                                               |
| Red Rock Sauna                  | Sloan Lake / West Denver (4460 W 29th Ave at Hogshead Brewery)                          | Grassroots community wood-burning sauna (170–190°F), cold plunge, 45–50-min sessions. Run club, yoga sessions. BOGO beer post-session at Hogshead Brewery. Unlimited membership.                           | \$30/session • Unlimited membership available                         | Proves community-driven recurring ritual at a micro scale. Brewery partnership validates the social/experiential pairing Thresh is building. Northwest Denver only.                                                                                |
| R3 Spa                          | Englewood / South Broadway (2805 S Broadway) — closest to the South Denver corridor     | Finnish sauna (190°F, 15–20 person), 3 cold plunges (different temps), 60-min sessions, co-ed, social atmosphere. Self-described “South Denver's Sauna & Cold Plunge Club.”                                | \$30–\$35/session • \$125/mo unlimited                                | The most geographically relevant communal operator — South Broadway, minutes north of the Centennial / Highlands Ranch corridor. Limited hours (not 7 days, split AM/PM), no warming pool, no lounge, no outdoor, no programming. Single location. |
| Upswell (transitioning to Sway) | RiNo (3636 Blake St), Central Park — formerly South Broadway; acquired by Sway Wellness | Multi-location neighborhood wellness club — sauna, cold plunge, infrared/red light, Pilates, yoga, compression. Founded by former CorePower Yoga COO. Brick-and-mortar locations being acquired by Sway.   | ~\$40/session • Membership model                                      | Three-location operator (rare in Colorado) before acquisition. Confirms multi-unit scaling is possible for this category in Denver. Movement + recovery integration mirrors Thresh's Ritual-tier model. North/central Denver only.                 |
| Sway Wellness Spa               | Larimer Square, Downtown Denver (1428 Larimer St)                                       | Modern wellness club — 18 massage types, facials, Remedy Room (40-min recovery circuit: sauna + cold plunge + compression + LED light, \$25 member / \$49 drop-in). Voted #4 Best Day Spa in America 2026. | \$99/mo membership • Remedy Room \$49 drop-in                         | Validates premium hospitality-driven wellness in Denver at high volume. Day spa model, not a communal recovery club. Currently acquiring Upswell's locations.                                                                                      |
| Denver Sports                   | Highland (2242 W                                                                        | Full-spectrum sports recovery                                                                                                                                                                              | Membership                                                            | Clinical multi-modality operator                                                                                                                                                                                                                   |

| Brand                        | Location / Neighborhood                             | Format                                                                                                                                                                               | Pricing                                    | Relevance to Thresh                                                                                                                                                                                         |
|------------------------------|-----------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Recovery                     | 29th Ave)                                           | — hot tub (104°F), two cold plunges (40/52°F), infrared + traditional sauna, PEMF, red light, compression, Normatec. Chiropractic, PT, IV therapy. Expanding into adjacent building. | tiers vary · \$35 day pass for non-members | — validates consumer appetite for multi-zone recovery but in a sports-clinical model, not a social/hospitality one. Northwest Denver.                                                                       |
| SWTHZ (South Broadway)       | South Broadway (2101 S Broadway), Denver            | Private infrared contrast therapy suites — 60-min appointment, infrared sauna, cold plunge, vitamin C shower. Existing Denver location before Highlands Ranch Coming Soon.           | Drop-in ~\$60 · Unlimited ~\$249/mo        | Private-suite model — no communal experience, no social layer. The South Broadway location is the only SWTHZ currently open in the metro; Highlands Ranch is Coming Soon.                                   |
| The Cove Sauna & Cold Plunge | South Broadway / Overland (1361 S Broadway), Denver | Multi-modality sauna/plunge — infrared, vibrational resonance, halotherapy/salt sauna, red light, multiple cold plunge tubs at varied temps, hot tub, lounge. Opened 2025.           | Tier 1 and Tier 2 passes available         | Emerging multi-modality operator on South Broadway corridor — geographically the closest multi-sauna-type venue to the South Denver market. No communal Finnish sauna culture, no outdoor, no warming pool. |

Several additional operators exist within the 50-mile radius — Naosu Sauna (RiNo, 3145 Larimer St), Studio CLMBR Cherry Creek, Perspire Sauna Studio South University Denver, Traverse Fitness, Easy Float Sauna & Plunge, and numerous single-modality spa studios and gym-based saunas — but none of them operate a communal, multi-zone, membership-driven social wellness club in the South Denver corridor. The table above reflects the operators who define the competitive conversation at scale.

### 1B — The South Denver Market: Saturation, Gaps, and Thresh's Position

*South Denver is underserved by exactly the format Thresh is building. The private-suite operators are arriving but bring no community. The communal operators are all north of the city. The one communal operator that could be called a neighbor (R3 Spa, South Broadway) operates limited hours, has no outdoor space, no warming pool, no movement programming, and no lounge. The gap is real, documented, and opening.*

The following table maps every sauna and cold plunge operator within or directly adjacent to the South Denver target corridor — Centennial, Highlands Ranch, Greenwood Village, Lone Tree, Parker, and Littleton — and evaluates each against the specific format criteria that define the Thresh model.

| Operator               | Location                                            | Communal Format                               | Warming Pool | Outdoor Patio                                                                                | Hospitality / Lounge                         | Movement Studio                  | Key Gap                                                                                                                                                                                        |
|------------------------|-----------------------------------------------------|-----------------------------------------------|--------------|----------------------------------------------------------------------------------------------|----------------------------------------------|----------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| SWTHZ                  | 9364 S Colorado Blvd, Highlands Ranch — COMING SOON | NO — private suites                           | NO           | NO                                                                                           | NO                                           | NO                               | Private-suite model. No social layer at any price point.                                                                                                                                       |
| Perspire Sauna Studio  | 9579 S University Blvd, Highlands Ranch — OPEN      | NO — private suites                           | NO           | NO                                                                                           | NO                                           | NO                               | Infrared only, private. SNO cold shower is not communal immersion.                                                                                                                             |
| Restore Hyper Wellness | 1519 Park Central Dr, Highlands Ranch — OPEN        | NO — clinical appointments                    | NO           | NO                                                                                           | NO                                           | NO                               | Clinical multi-modality. No atmosphere, no ritual.                                                                                                                                             |
| Elemental Escape       | 5425 Landmark Pl, Greenwood Village — OPEN          | NO — single-suite                             | NO           | NO                                                                                           | NO                                           | NO                               | Appointment-based day spa treatment. Not a membership club.                                                                                                                                    |
| R3 Spa                 | 2805 S Broadway, Englewood — OPEN                   | YES — 15-20 person sauna                      | NO           | NO                                                                                           | Minimal                                      | NO                               | Closest communal competitor — but limited hours, North Englewood, no outdoor or warming pool.                                                                                                  |
| Hooga House            | 16305 S Golden Rd, Golden — OPEN                    | YES — dual sauna (social + quiet)             | NO           | YES — outdoor facility (saunas + plunges are outdoor); no dedicated hospitality lounge patio | YES — lounge + events                        | YES — yoga/Pilates               | No warming pool. Outdoor format — saunas and cold plunges are fully outdoor, but no dedicated hospitality lounge patio area. West of corridor (Golden). Single location. No expansion signals. |
| THRESH                 | South Denver corridor — OPENING 2027                | YES — 15-20 person social + 8-10 person quiet | YES          | YES — 1,000-1,500 SF mountain-modern                                                         | YES — Smart Cooler, lounge seating, beverage | YES — yoga, breathwork, mobility | The only operator combining ALL of these in the South Denver market.                                                                                                                           |

| What the South Denver Map Reveals                                      | Implication for Thresh                                                                                                                                                                                                                                                                                     |
|------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Private-suite saturation is building                                   | SWTHZ + Perspire = two private-suite operators in Highlands Ranch, with SWTHZ Coming Soon. The individual recovery experience is arriving. The communal, social alternative is not.                                                                                                                        |
| No communal sauna operator exists south of Englewood                   | R3 Spa (Englewood) and Hooga House (Golden) are the only communal operators anywhere near the corridor — and both are outside the core target geography. Centennial, Highlands Ranch, Lone Tree, and Parker have no communal sauna at all.                                                                 |
| No warming pool exists in the entire South Denver market               | Not one operator — north or south — offers a communal warming/soaking pool in a South Denver suburban format. Thresh’s warming pool is a structural differentiator that no one can easily replicate.                                                                                                       |
| No outdoor sauna/plunge atmosphere anywhere in the corridor            | PORTAL° operates an outdoor club in West Highland. Nothing like it exists south of downtown Denver. The outdoor mountain-modern patio is a visual and experiential feature that defines Thresh in a market where everyone else is indoors.                                                                 |
| Movement programming exists in isolation, not integrated with recovery | Yoga studios and boutique fitness are well-represented throughout South Denver. None of them pair movement with sauna, cold plunge, and community programming in the same membership. That integration is the Thresh Ritual tier value proposition.                                                        |
| The timing window is narrow                                            | SWTHZ choosing Highlands Ranch as its next Colorado location signals institutional confidence in the corridor. Once the private-suite wave establishes brand awareness, the appetite for the communal alternative — which private suites can’t offer — grows. Thresh enters before that wave fully breaks. |

## Category 2 — National Operators: Category Validators

These brands are not direct competitors in the South Denver launch corridor — they are the proof that the category is real and the consumer is trained. Every national operator below validates a different dimension of the Thresh thesis.

| Brand                  | Model                                                     | Membership Pricing                                  | Key Validation for Thresh                                                                                                                                                                   |
|------------------------|-----------------------------------------------------------|-----------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Embrace North          | Affordable community bathhouse — “The People’s Bathhouse” | ~\$49.95/mo unlimited                               | 300–400 daily users in Minneapolis. Supports the plausibility of frequent communal recovery visits. The single closest operational comp to Thresh Stone tier.                               |
| SWTHZ                  | Private contrast therapy suites (90+ national locations)  | ~\$249/mo unlimited                                 | Proves recovery membership scalability at national scale. Their “Coming Soon” in Highlands Ranch validates the South Denver corridor while leaving the communal/social gap completely open. |
| Restore Hyper Wellness | Clinical recovery studio franchise (~200 locations)       | Membership varies; ~30% member discount on services | Mainstream wellness adoption at scale. Proves the consumer will pay recurring fees for recovery — but in a clinical model that Thresh does not compete with.                                |
| HOTWORX                | Infrared fitness studio franchise (700+ studios)          | Low-cost subscription, varies by studio             | Subscription wellness behavior at enormous scale. Fitness-first, not recovery-first. Proves the habit — not the atmosphere.                                                                 |

| Brand        | Model                                             | Membership Pricing              | Key Validation for Thresh                                                                                                                                                         |
|--------------|---------------------------------------------------|---------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Othership    | Social sauna journeys — guided emotional wellness | \$65+/session, memberships vary | Validates emotional, community-driven sauna demand and willingness to pay a premium for guided experience. The “soul” of what Thresh offers, at a transactional price point.      |
| Bathhouse    | Urban luxury bathhouse                            | \$145–\$225/mo                  | Validates communal thermal bathing as a hospitality category. High capital intensity prevents neighborhood replication — exactly the gap Thresh’s 4,000–5,000 SF format exploits. |
| Remedy Place | Luxury social wellness club                       | \$255+/mo                       | Validates premium pricing. Thresh Ritual sits at two-thirds the cost of Remedy Place with comparable social atmosphere and significantly more access.                             |

## Category 3 — International Proof of Concept

These operators exist in different regulatory and cultural contexts, but they represent the most direct evidence that the environment Thresh is building — social, communal, atmosphere-first sauna and cold plunge culture — is not aspirational. It’s proven.

| Operator          | Market                                                                      | Model                                                                                                                                                                                                                      | What It Proves for Thresh                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
|-------------------|-----------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Sauna Social Club | Peckham, London, UK                                                         | Community sauna club with DJ ambient nights, Aufguss rituals, breathwork, social and silent session types. Credit membership: £39.99–£94.99/mo (4–12 credits). Single sessions £14.99–£29.99.                              | Proves that sauna can become a social and cultural destination — an “alternative night out” rather than a health chore. Their Ambient DJ sessions (curated DJs, hi-fi sound, 70-min contrast access) directly parallel Thresh’s after-hours member events and Ritual-tier programming concept.                                                                                                                                                                                                                                         |
| Inner Studio      | Collingwood + South Yarra, Melbourne, Australia (3rd location opening 2026) | Sauna + cold plunge + movement (yoga, breathwork, Pilates). Trusted by Olympic athletes, AFL clubs, Nike, Lululemon, Canva, Deloitte. Studio Membership \$75/week (unlimited sauna, plunge, Class+). Class+: \$45/session. | The only reference operator that is genuinely multi-location and scaling — and the most fitness/movement-integrated of the three. Their Class+ model (movement class + guided plunge + 45 min sauna access) is structurally identical to Thresh’s Stone-to-Ritual class upsell logic. Corporate wellness partnerships (Qantas, Deloitte, KPMG) suggest a B2B revenue layer Thresh can pursue from Day 1.                                                                                                                               |
| Hooga House       | Golden, CO, USA (Denver metro)                                              | Finnish sauna (dual: social + quiet), C3 BlueCube cold plunges, yoga/Pilates/soundbath classes, run club, Soul Sessions events. \$99/mo (8 sessions + 2 classes), \$159/mo unlimited. Single ~\$29.                        | The local-to-Colorado proof of concept. Dual sauna format (social/quiet, 6–8 guests each) and event programming (run club, Soul Sessions, vendor events) are almost structurally identical to Thresh’s design. Thresh adds the warming pool, a dedicated hospitality lounge patio, the beverage/Smart Cooler program, and the hospitality layer that Hooga House does not have. Hooga House operates as an outdoor facility (saunas and plunges are outdoor) but lacks a hospitality patio lounge, warming pool, and beverage program. |

*What Sauna Social Club, Inner Studio, and Hooga House share: all three prove that communal sauna and cold plunge culture drives habitual, recurring participation when the atmosphere is right. None is building at the*

*intersection of social ritual, movement programming, hospitality, and outdoor atmosphere. That intersection is Thresh.*

# The Embrace North Benchmark

Of all the operators currently validating this category, Embrace North is the one that matters most to Thresh’s model. They operate what they call “The People’s Bathhouse” — affordable, communal, high-frequency sauna and cold plunge access at approximately \$49.95 a month. Their Minneapolis flagship publicly reports 300 to 400 daily users.

That reported utilization supports the plausibility of frequent communal recovery visits; Thresh’s local demand and capacity assumptions are tested through presales and flagship operations.

What Embrace North doesn’t do is what Thresh is built around: the warming pool, lounge atmosphere, beverage program, outdoor mountain-modern environment, movement studio, guided programming, and the hospitality layer that turns a recovery facility into a neighborhood crossing point. Embrace North proves demand for affordable communal recovery in its market; Thresh deepens the experience and the emotional return.

# The Gap Thresh Fills

| Competitor Type                                  | The Gap They Leave                                                             | How Thresh Crosses It                                                                                                             |
|--------------------------------------------------|--------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------|
| Luxury clubs (Rök Spas, Remedy Place)            | Inaccessible pricing — \$150–\$255+/mo is unsustainable as a weekly ritual     | Thresh Stone at \$129/mo. Ritual at \$189 with unlimited classes + 12 annual guest passes. Same atmosphere, fraction of the cost. |
| Private studios (SWTHZ, Perspire)                | No community, no social layer — isolated individual recovery in a private room | Built for human connection, not individual consumption. The communal sauna is the product.                                        |
| Clinical recovery (Restore)                      | Transactional — no atmosphere, ritual, or neighborhood belonging               | Thresh is a neighborhood institution, not a clinic.                                                                               |
| Infrared fitness (HOTWORX)                       | Fitness-first, not recovery-first — no social or hospitality element           | Thresh prioritizes how you feel, not how you perform.                                                                             |
| Large bathhouses (Bathhouse)                     | High capital intensity — not scalable in neighborhood 4,000–5,000 SF formats   | Thresh is designed for neighborhood replication at a fraction of the buildout cost.                                               |
| Community operators (Embrace North, Hooga House) | Strong throughput, limited hospitality depth — no warming pool                 | Thresh adds the lounge, the pool, the outdoor patio, Smart Cooler retail, and the brand narrative.                                |

*More social than private studios. More accessible than luxury clubs. More hospitality-driven than fitness operators. More scalable than large bathhouses. That threshold belongs to Thresh — and no one else in the South Denver market yet.*

SECTION 07

# Competitive Analysis — Extended Market Intelligence

The following analysis extends Section 06 with three additional data layers grounded in publicly available Franchise Disclosure Documents, earnings reports, and industry research as of Q2 2026: (1) per-location annual revenue benchmarks for every named competitor normalized to a single location; (2) a full competitive pricing matrix with risk verdicts; and (3) a competitive risk scoring framework. Planet Fitness South Denver locations are identified as partnership targets, not competitors.

## Market Validation — Category Signals

| Global wellness economy            | Nordic event growth            | U.S. sauna sector          | Social club retention       | Social club labor cost       | Othership (same model)     |
|------------------------------------|--------------------------------|----------------------------|-----------------------------|------------------------------|----------------------------|
| \$6.8T                             | +62.5%                         | \$954M                     | 80%+                        | 20-25%                       | \$21.3M                    |
| 7.9% YoY growth 2023-24 (GWI 2025) | Nordic events 2024-25 globally | Growing to \$1.84B by 2029 | vs. 60% at traditional gyms | vs. 55% for traditional spas | Est. revenue / 4 locations |

## Per-Location Annual Revenue — All Competitors vs. Thresh Target

Annual revenue normalized to a single location. Sources: FDD Item 19 disclosures, Planet Fitness's own reported average unit volume for corporate clubs open more than 12 months (FY2025 10-K), and operator-underwritten estimates where a brand discloses no public figure. Thresh's \$1.40M is the stabilized sales figure from the Section 10 P&L.

| Brand                   | \$/yr   | Source / notes                                                  |
|-------------------------|---------|-----------------------------------------------------------------|
| HOTWORX (franchise avg) | \$337K  | FDD median, FY2025                                              |
| R3 Spa (est.)           | \$400K  | Single location, limited hours                                  |
| Perspire Sauna Studio   | \$550K  | FDD avg, most recent full-year vintage                          |
| SWTHZ (franchise avg)   | \$574K  | FDD 2025 — 13 franchised locations (small sample)               |
| Orangetheory (FDD avg)  | \$857K  | FDD AUV, FY2024 — 1,256 studios                                 |
| Restore Hyper Wellness  | \$956K  | FDD AUV, FY2025 — ~200 studios                                  |
| THRESH target           | \$1.40M | Stabilized P&L: 550 members + classes + food, beverage & retail |

| Brand                  | \$/yr         | Source / notes                                   |
|------------------------|---------------|--------------------------------------------------|
| 24 Hour Fitness (est.) | \$1.6M        | Pre-restructuring club-level estimate            |
| Planet Fitness         | \$2.0M        | Corp. clubs open >12mo, FY2025 10-K              |
| VASA Fitness (est.)    | \$4.3M        | Underwritten estimate, mature 50–60K SF unit     |
| CorePower Yoga         | Not disclosed | Private, ~99% corporate-owned, no FDD            |
| PORTAL°                | Not disclosed | Private, no FDD — \$99–179/mo membership pricing |

★ Thresh's \$1.40M sits at the top of the boutique recovery-wellness set — above HOTWORX, Perspire Sauna Studio, SWTHZ, Orangetheory, and Restore Hyper Wellness — on a 3,000–3,500 SF interior footprint. The two brands posting a higher AUV, Planet Fitness (\$2.0M) and VASA Fitness (~\$4.3M), operate large-format clubs of 20,000–60,000 SF; on a revenue-per-square-foot basis Thresh is competitive with both despite a fraction of the footprint and capital outlay. Thresh generates its revenue from 550 members at a blended ~\$121/month, a 23-class weekly schedule, and a staffed beverage program.

| Brand          | Membership tiers                                                              | Drop-in          | Risk vs. Thresh | Pricing verdict                                                                                    |
|----------------|-------------------------------------------------------------------------------|------------------|-----------------|----------------------------------------------------------------------------------------------------|
| <b>THRESH</b>  | Ember \$79 / Stone \$129 / Ritual \$189 / Passage \$219 (founding \$75–\$189) | ~\$30-35         | —               | Anchor pricing, accessible for a weekly habit. Ritual below all South Denver luxury peers.         |
| CorePower Yoga | Single \$125 / All Access \$139-175 / Black Tag ~\$199/mo                     | \$31-32/ class   | <b>HIGH</b>     | Closest profile — ritual community, same demographic. Pitch as complementary. Cross-promo target.  |
| Orangetheory   | Basic \$59-89 / Elite \$99-139 / Premier \$159-209/mo                         | \$28-38/ class   | <b>MODERATE</b> | Complementary. OTF = performance; Thresh = recovery. High dual-membership likelihood.              |
| Restore Hyper  | Level Up \$149 / Elevate \$249 / Core \$449/mo                                | \$30-75/ session | <b>LOW</b>      | Higher-priced, clinical, no communal atmosphere. Many members will use both.                       |
| SWTHZ          | ~\$149-249/mo unlimited                                                       | ~\$60/ session   | <b>MODERATE</b> | Same price range, opposite model — private suite vs. communal ritual. Can coexist.                 |
| Othership      | ~\$51/session membership; packs available                                     | \$64/class (NYC) | <b>LOW</b>      | International/urban only. Thresh ~50% cheaper on drop-in. Othership proved the playbook.           |
| R3 Spa         | \$125/mo unlimited                                                            | \$30-35          | <b>LOW</b>      | Thresh wins on depth at same price. R3 has no pool, no outdoor, no lounge, limited hours.          |
| Planet Fitness | Classic \$15-25/mo / Black Card \$25-30/mo                                    | \$5/day          | <b>PARTNER</b>  | Zero recovery amenities. Natural referral: Planet Fitness trains; Thresh recovers. No competition. |
| VASA Fitness   | Annual/monthly varies                                                         | Day pass avail.  | <b>VERY LOW</b> | Select locations have steam/sauna. Different format entirely. Not competitive with Thresh.         |

# Competitive Risk Scoring — South Denver Trade Area

Competitor prices from FDDs, brand websites, and industry reporting as of Q2 2026. Thresh prices are authoritative from Section 08: Ember \$79/mo, Stone \$129/mo, Ritual \$189/mo, Passage \$219/mo (founding \$75–\$189/mo).

| Competitor       | Risk level | Trade area presence                  | Risk vector                                                                         | Mitigation strategy                                                                                                    |
|------------------|------------|--------------------------------------|-------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------|
| CorePower Yoga   | HIGH       | Centennial/Englewood — active now    | Same profile and ritual-community positioning; wallet share and schedule slot risk. | Cross-promo ("After class at CorePower, come to Thresh."), instructor comp memberships, quarterly guest pass exchange. |
| Orangetheory     | MODERATE   | Highlands Ranch/Parker — active now  | Same demo and price range, but different occasions — performance vs. recovery.      | Train at OTF, recover at Thresh. Mutual referral; OTF Premier members get a monthly comp visit.                        |
| SWTHZ (HR soon)  | MODERATE   | Highlands Ranch — coming soon        | Infrared contrast coming; \$249 unlimited vs. Thresh Ritual \$189; private suites.  | Lock founding members before SWTHZ opens; Thresh wins on price, community, atmosphere.                                 |
| Rok Spas (watch) | MOD-WATCH  | Downtown Denver — suburbs Q2-Q4 2027 | Mindbody #1 wellness brand 2025; suburbs in 2027; closest communal competitor.      | The 2026-2027 launch window is the moat: build loyalty before Rok arrives.                                             |
| Restore Hyper    | LOW        | Highlands Ranch — active now         | Clinical; no communal atmosphere or ritual; priced above Thresh.                    | Complementary: Restore = IV/clinical; Thresh = community. Cross-referral.                                              |
| HOTWORX          | LOW        | Highlands Ranch — multiple locations | Private infrared pods; no communal element, plunge, or lounge.                      | Not a concern; thermal-wellness discoverers often trade up to communal.                                                |
| Planet Fitness   | PARTNER    | Centennial/HR/Englewood — active     | No heat/cold recovery anywhere in the chain.                                        | Comp first-visit passes at Planet Fitness; Thresh recovers what Planet Fitness trains.                                 |
| VASA Fitness     | VERY LOW   | Greenwood Village/Littleton — active | Some locations have steam/sauna; different format and demographic.                  | Not a competitive concern for Thresh format or pricing tier.                                                           |

## Planet Fitness — South Denver Local Locations

Unlike VASA and 24 Hour Fitness, Planet Fitness has zero heat/cold recovery — the ideal referral partner.

|                              |                                                                                                                                                                                                 |
|------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| WHY PLANET FITNESS?          | Planet Fitness has no heat/cold recovery in any of its 2,722+ clubs, so its South Denver members have nowhere in the chain to recover — Thresh's referral pipeline.                             |
| South Denver locations       | Centennial: 7350 S. University Blvd   Highlands Ranch: 1621 W. County Line Rd and 9238 S. Broadway   Englewood: 350 W. Hampden Ave   Lone Tree: 8477 S. Yosemite St   Parker: 12005 Lioness Way |
| vs. VASA and 24 Hour Fitness | VASA (Greenwood Village, Littleton, Highlands Ranch) and select 24 Hour Fitness clubs offer steam, sauna, and whirlpool; Planet Fitness does not — zero overlap.                                |

SECTION 08

# The Membership Model

## Built for Ritual, Not Transaction

The membership structure at Thresh is designed around one fundamental idea: the more integrated recovery becomes into someone's weekly life, the better the member feels — and the better the business performs. These aren't competing interests. They're the same interest.

That alignment drives every pricing, access, and incentive decision in the model. Keep pricing accessible enough that members don't feel guilty coming three times a week. Create an experience compelling enough that they want to. Provide enough programming and hospitality depth that the Ritual tier earns its price without requiring a hard sell. Let the day pass serve as a first chapter, not a revenue strategy.

The threshold metaphor runs through the tier naming as well. The Ember membership is the first warmth — the beginning of something that has not yet become a habit. The Stone membership is the ritual established — grounded, permanent, reliable. The Ritual membership is the fullest integration at a single location: Thresh has become part of how this person understands themselves, not just how they spend their Tuesday evenings. The Passage membership extends that same integration across every Thresh, for the member whose life already crosses multiple neighborhoods.

## Membership Tiers

| Tier    | Price       | Target Mix       | What It Delivers                                                                                                                                                                                                                                                                              |
|---------|-------------|------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Ember   | \$79/month  | ~6% of members   | 3 visits/month — the first crossing. The warmth that holds potential. A gentle on-ramp to the ritual.                                                                                                                                                                                         |
| Stone   | \$129/month | ~50% of members  | Unlimited sauna, plunge, warming pool, lounge — the permanent, grounded foundation. Classes at \$28 drop-in.                                                                                                                                                                                  |
| Ritual  | \$189/month | ~36% of members  | Full access + unlimited classes + priority booking + 1 guest pass monthly (12/year). Founding rates: \$75/month for the first 25 founding members, \$149/month for the next 50, and \$159/month for the next 25 — all locked while continuously active, capped at 100 founding members total. |
| Passage | \$219/month | ~8.0% of members | Every Ritual benefit, plus access to any Thresh location system-wide, plus 1 guest when visiting a location outside your home Thresh. Founding rate: \$189/month, locked while continuously active. Launches with Thresh 2's opening.                                                         |

## Ember, Stone, Ritual, Passage — The Meaning Behind the Names

The four membership tiers at Thresh are not product categories. They are stages of a relationship. Each name was chosen because it carries the weight of something real — something rooted in the physical experience of heat, endurance, and the transformation that happens when people return to the same threshold again and again.

### Ember — \$79/Month

An ember is not a flame. It is the sustained warmth that holds potential — the living coal that has not yet become a full fire but carries everything needed to become one. The Ember member is beginning. They have crossed the threshold for the first time and found something they want to return to. The ritual is forming. The habit is not yet established. The warmth is there.

The word ember comes from the Old English *æmmerge* — the glowing remnant of fire. In the Thresh context, it represents the introductory stage honestly: this is the beginning of something. Three visits per month is not a ritual — it is an invitation to discover whether the ritual is for you. Most Ember members become Stone members. Some do not, and that is appropriate. The tier is sized for exploration, not permanent residence.

Ember exists for one strategic purpose beyond revenue: to remove every possible barrier to the first crossing. A \$79 price point, a 3-visit structure, no long commitment — the open door. Once someone crosses, the experience is designed to pull them toward Stone before the month is out.

### Stone — \$129/Month

Stone is the threshing floor itself. In the ancient world, the threshing floor was the most important surface on a farm — a flat, open expanse of stone where grain was beaten until the husk fell away and the kernel remained. It was permanent, reliable, and built to withstand the weight of the harvest season after season. That is the Stone member: grounded, dependable, here every week.

The Stone tier is where the ritual lives. A Stone member has stopped deciding whether to come to Thresh — they are simply someone who goes to Thresh. Thursday at 7 PM is their spot. The guide at the front desk knows their name. The top bench in the social sauna is, informally, theirs. They have been here long enough to belong, and belonging is the only thing that creates the kind of retention this business model depends on.

Stone is also the cairn connection — each Stone member is a stone placed on the pile. The community at Thresh is built one person at a time, each adding to the structure that makes the space feel permanent and navigable to the people who come after them. At 275 members, the Stone tier is the operational backbone of Thresh — 30.3% of total revenue, and the base from which every Ritual upgrade is drawn.

### Ritual — \$189/Month | Founding Rates \$75–\$159/Month

A ritual is not the same as a habit. A habit is something you do automatically, without thinking about it — an action that has been absorbed into the background of daily life. A ritual is something you do intentionally, with full awareness of its meaning, as an act of self-definition. Ritual members do not come to Thresh because it is convenient or because they forgot to cancel. They come because this is part of how they understand themselves.

The Ritual member attends classes. They bring a guest once a month — deliberately, meaningfully, because they want someone specific in their life to experience what they have experienced. They have priority booking not because they need more access but because the brand honors the depth of their commitment. They are the members who talk about Thresh to everyone without being asked. They are the community the space is built around.

Priority booking is one part of the Ritual benefit. The other is access itself: Ritual members attend Thresh's community programming at no additional cost, beyond what their membership already covers. Over a typical month, that programming includes an after-hours sauna social — the space reserved for members only, after public hours, with music and low lighting; a seasonal mixer in the Recovery Lounge and outdoor patio, the kind of evening built for conversation rather than a workout; an entrepreneur or founder workshop, where a local business owner or wellness practitioner leads a short session tied to recovery, focus, or sustainable routines. None of this requires an additional ticket or fee for Ritual members. It is the difference between a membership that grants access to a room, and a membership that grants access to a community calendar.

The Ritual tier is also the upsell destination that the entire pricing architecture is designed to reach. Every Stone member who takes a third class in a month has already passed the point where Ritual saves them money. Every Stone member taking two classes per week is spending \$164 more per month than a Ritual member for inferior access. The math converts them — the guide just needs to say it out loud at the right moment.

The founding program is structured in three waves, all within the Ritual tier and all capped at 100 members total before opening. The first 25 to join — the founding member group — lock in \$75/month — below even the \$79 Ember price — for full Ritual access: over \$114 per month in savings against the \$189 standard rate. This group is targeted specifically at influencers, business owners, fitness trainers and coaches, and sales professionals — people who will use Thresh to expand their own personal and professional network, and who carry that network into the room with them. In their first 30 days after Thresh's grand opening, this group may bring one guest per visit; after 30 days, they follow standard Ritual guest benefits (one guest per month). The next 50 founding members lock in \$149/month, and the final 25 lock in \$159/month — both while continuously active, both still well below the \$189 standard rate. Locked while continuously active, the founding rates represent \$114, \$40, and \$30 per month in ongoing savings respectively — a return on the decision to believe in Thresh before the doors opened that compounds annually, indefinitely.

### **Passage — \$219/Month | Founding Rate \$189/Month**

Thresh is built around the threshold: the place between two states, the liminal crossing point. Passage is what happens when you cross it — and the Passage membership is built for the member whose crossings aren't confined to one neighborhood. Their life already moves between the cities Thresh calls home, and they want the ritual to move with them. Every Ritual benefit applies — unlimited classes, priority booking, the full community calendar — plus access to any Thresh location system-wide, not just the home location where the membership was purchased. When a Passage member visits a Thresh outside their home location, they may bring one guest with them — the same hospitality instinct that defines Ritual, extended across the whole system rather than confined to one room.

Passage launches with Thresh 2's opening — the first moment "any Thresh location" describes more than one building. It is not part of the founding campaign at Thresh 1, since a single-location membership has nothing to be portable between yet. The standard rate is \$219/month; a founding rate of \$189/month is available to the earliest Passage members system-wide, locked while continuously active on the same terms as every other founding rate in

this plan. Passage is sized to reach roughly 7–8% of the total membership base once the system has more than one open location — not a mass-market tier, but the natural home for the member who was always going to ask whether their membership worked somewhere else, and for whom the answer is now yes.

How Passage revenue is shared across locations. Each Passage membership has a home location, which keeps the monthly dues. Zenoti records every check-in by location, and the home location is reset each quarter to whichever location the member used most, using Zenoti's center-visit reporting and center-to-center membership transfer. When a Passage member visits a location other than their home location more than a set number of times in a month, the host location receives a fixed per-visit credit from the home location, settled monthly through Zenoti. Food, beverage, and retail purchases stay with the location where they are made. The franchise agreement sets these rules for every corporate and franchised location.

Day passes at \$30 are the first chapter — not a revenue strategy. Every person who walks in on a day pass is standing at the threshold for the first time. The experience does the conversion. Thresh doesn't need a sales floor.

## The Beverage & Retail Platform — Hybrid Staffed Bar & Smart Cooler System

The Thresh beverage and retail operation runs on a hybrid model: a staffed espresso and wellness bar each morning, paired with the AI-powered Smart Cooler System — self-service refrigerated and ambient units that handle the full product offering autonomously — for every other hour the doors are open. The unattended Smart Cooler supplements, and never duplicates, the staffed bar. This is not a vending machine in the conventional sense. Smart coolers represent the current leading edge of unattended retail technology: locked glass-front units with computer vision or weight-based product detection, frictionless tap-to-open checkout via credit card or mobile wallet, real-time inventory tracking, and cloud-based reporting — combined in a unit that is visually designed to enhance rather than interrupt the atmosphere of a premium wellness environment.

The operational fit for Thresh is precise. Members are in the space for 55 to 80 minutes, moving through heat and cold cycles that create a natural appetite for hydration, electrolyte replenishment, and light nutrition. They are not rushing. They are lingering. In the morning, a Barista at the bar converts that lingering into a \$6–\$8 transaction and a moment of recognition. The rest of the day, the Smart Cooler is positioned in the Recovery Lounge — the natural circulation point between zones — where a member decompressing after the plunge or warming pool will naturally browse, reach, and purchase without ever waiting in line, flagging a staff member, or disrupting the experience they came for.

### Peak Volume Operating Hours

| Window             | Coverage                                           | Staffing                                                                             |
|--------------------|----------------------------------------------------|--------------------------------------------------------------------------------------|
| 5:00–10:00 AM      | Peak Volume AM — staffed espresso bar              | Barista (Monday and Thursday–Sunday); Front Desk Lead and GM cover Tuesday–Wednesday |
| 10:00 AM – 3:00 PM | AI Smart Cooler only — no dedicated beverage labor | Front Desk team covers occasional requests                                           |

| Window            | Coverage                                 | Staffing                                                                                                                                     |
|-------------------|------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------|
| 3:00 PM – 8:00 PM | Peak Volume PM — espresso bar on request | Front Desk / Front Desk Lead and the manager on duty pull drinks alongside their normal duties — lighter coffee volume than the morning rush |
| 8:00 PM – Close   | AI Smart Cooler only                     | None — members self-serve on the way out                                                                                                     |

Outside the AM window, the espresso machine does not sit idle. The Front Desk, Front Desk Lead, and manager on duty are cross-trained to pull a shot or steam milk for a member who asks, so the bar is never fully "closed" even though only the AM window carries a dedicated barista.

### Labor Model

- Morning (5–10 AM) — One Barista on Monday and Thursday through Sunday: makes drinks, greets members, maintains retail, and handles check-in overflow when the front desk is busy. On Tuesday and Wednesday the Front Desk Lead and GM cover the bar. This is the only dedicated beverage labor line in the model.
- Midday (10 AM–3 PM) — No dedicated beverage labor. AI retail (Smart Cooler) only.
- Afternoon (3–8 PM) — The Front Desk or Front Desk Lead on duty covers the bar alongside their normal hospitality duties: fresh beverages, community interaction, and member engagement. PM coffee volume is lighter than the morning rush, so the role handles both without compromising service.
- **AI vendor** — available open to close, every day, as the always-on backstop behind both windows.

The Barista role runs 23 hours a week — 5:00–10:00 AM Friday through Sunday and 6:00–10:00 AM Monday and Thursday. At \$20/hour plus the 18% payroll burden used elsewhere in this plan, that is approximately \$28,200/year fully loaded, reflected in the Section 10 labor line. The PM bar is covered by the Front Desk team already on duty, so it carries no separate headcount.

### Equipment Additions

| Equipment                                                      | Spec / Notes                                                                                                                                                          | Cost     |
|----------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|
| Rancilio Egro Next Pure Coffee Superautomatic Espresso Machine | Superautomatic unit for the staffed bar. Full specifications, pricing confirmation, warranty terms, and service support are being finalized directly with the vendor. | \$25,000 |
| Coffee bean partner (proposed)                                 | Huckleberry Coffee Roasters, Denver — under evaluation as the house bean supplier                                                                                     | —        |
| Double-door undercounter reach-in cooler, 48"                  | Cold storage for the staffed bar                                                                                                                                      | \$4,000  |
| Ice machine                                                    | Leased                                                                                                                                                                | Lease    |
| Drip coffee & hot water tower                                  | Twin automatic digital coffee brewer, sourced through the coffee purveyor                                                                                             | \$1,800  |

| Equipment                                   | Spec / Notes                                                                                        | Cost                   |
|---------------------------------------------|-----------------------------------------------------------------------------------------------------|------------------------|
| Solwave countertop rapid-cook ventless oven | Programmable touchscreen, 208/240V — warms grab-n-go pastries and breakfast items in under a minute | \$5,300                |
| Undercounter bar dish machine               | Leased                                                                                              | Lease                  |
| Smallwares                                  | Pitchers, mugs, cups, lids, 6" plates, forks, bar tools, tea infusers, shaker tins, jiggers         | \$1,000 opening budget |

Capital for the staffed bar buildout (espresso machine, undercounter cooler, drip tower, rapid-cook oven, and smallwares, excluding leased items) is approximately \$37,100, carried within the FF&E allocation in Section 12 (Use of Funds).

## Menu

One size: 16 oz, available as a mug (for-here), to-go, hot, or iced.

**Espresso Bar (Staffed) — \$6 average.** Coffee · Espresso · Americano · Cortado · Cappuccino · Latte · Vanilla Bean Latte · Honey Cinnamon Latte · Seasonal Latte. Matcha: Ceremonial Matcha Latte · Strawberry Matcha · Coconut Matcha · Lavender Matcha. Functional Lattes: Golden Turmeric Latte · Adaptogen Latte · Mushroom Mocha · Blue Spirulina Latte.

**Signature Thresh Drinks — \$8 average.** The Summit (coconut water, lime, mint, electrolytes) · Cold Current (pineapple, ginger, lemon, sparkling water) · Forest Air (cucumber, mint, citrus, chlorophyll) · Après (tart cherry, magnesium, lemon, sparkling water). These are the Instagram-worthy pours designed to travel on social media the way the brand story itself is designed to travel — and the anchor of the evening happy-hour social occasion during the 3–8 PM window.

**Self-Serve Refrigerated Drinks (AI Smart Cooler) — \$6 average, available 24/7.** Cold brew · Nitro cold brew · Kombucha · Coconut water · Sparkling water · Electrolyte drinks · Protein drinks · Sparkling botanical beverages · Fresh juice · Functional wellness shots.

**Morning Food (6–11 AM) — three items, plus one grab-n-go category.** Overnight Oats — \$10, three rotating flavors, prepared off-site, high margin. Greek Yogurt Parfait — \$10, granola, fresh berries, honey. Breakfast Burrito Wrap — \$10. Grab-n-Go Pastries — \$5 average, pre-made, served cold or warmed in under a minute in the Solwave oven.

## A Day at the Bar

- 6:00–9:00 AM — One barista pours espresso, lattes, and matcha alongside the three breakfast items. Social energy before work; people stop in even if they are not using the sauna that morning.
- 10:00 AM–3:00 PM — No beverage employee on the floor. Everything runs through the Smart Cooler wall — not a bank of vending machines, but a curated, branded wall members tap into with phone or RFID wristband. No payroll. Very little waste.

- 3:00–8:00 PM — The Front Desk team on duty staffs the bar alongside their normal duties. This is the social center of Thresh: the host knows members by name, and this is also the window where Signature Thresh Drink and grab-n-go volume both peak, as members decompress, linger, and buy.
- 8:00 PM–Close — Back to AI retail, no staffing required.

How Smart Cooler Technology Works

The core mechanism is grab-and-go with automatic detection. A member taps their credit card, member fob, or phone to unlock the unit. The door opens. They select what they want directly from the shelf. They close the door. The system — using computer vision, weight sensors, or RFID depending on the platform — identifies exactly what was taken and charges the payment method on file. No scanning. No checkout interaction. No line. The transaction typically takes under ten seconds from tap to close. Leading platforms as of 2026 include Shekel Innovendi, 365 Retail Markets PicoCooler Vision, the OMNI Smart Cooler 5000, and the SandStar ARK system — all offering variations of this core mechanic with different form factors, capacity configurations, and management interfaces.

| Smart Cooler Advantage       | What It Means for Thresh Operations                                                                                                               |
|------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------|
| Premium appearance           | Glass-front display units with custom exterior branding — the cooler becomes part of the lounge aesthetic, not a visual interruption              |
| Fully self-service           | Zero staff involvement in the transaction — front desk bandwidth stays on hospitality, not product sales                                          |
| Frictionless checkout        | Tap, grab, go — the entire purchase takes under 10 seconds. No friction at the point of desire.                                                   |
| Real-time inventory tracking | Cloud dashboard shows what is selling, what needs restocking, and when — eliminating guesswork and reducing waste                                 |
| Member account integration   | Purchase history links to member profiles in Zenoti — enabling purchase data, loyalty rewards, and personalized product recommendations over time |
| Wellness product alignment   | Open-shelf format displays premium wellness beverages and food products at full visibility — no blind coil mechanics or mystery packaging         |
| Minimal labor                | Restocking once or twice weekly by front desk staff during off-peak hours — no dedicated attendant, no register, no cash handling                 |
| Dual-temperature options     | Units available in refrigerated, ambient, or dual-climate configurations — covering cold beverages and shelf-stable supplements in one footprint  |
| Branded exterior             | Full-wrap custom graphics available on most platforms — the unit carries the Thresh brand identity visually                                       |

## Product Categories — What the Cooler Carries

The product selection is curated around the physiological and experiential needs of someone who has just moved through sauna, cold plunge, and recovery. The categories are specific, the brands are being evaluated for quality, visual presentation, margin structure, and wellness positioning. The model does not default to commodity convenience items. Every SKU in the unit should feel like it belongs in a Thresh recovery lounge.

| Category               | Product Examples                                                                                   | Why It Belongs Here                                                                                                                  |
|------------------------|----------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------|
| Functional beverages   | Kombucha · Cold brew · Coconut water · Electrolyte drinks · Adaptogenic beverages · Protein shakes | Post-sauna hydration and recovery — the physiological case is immediate. Electrolyte replenishment after sweat loss is not optional. |
| Functional food        | Protein bars · Overnight oats · Fruit cups · Healthy snack packs                                   | Light nutrition for the member who came after work and hasn't eaten — extends the stay and adds a meaningful purchase occasion       |
| Supplements & wellness | Collagen shots · Magnesium supplements · Recovery powders · Adaptogen packets                      | Premium wellness positioning — the member who is committed to recovery rituals is the exact target for these products                |
| Branded retail         | Thresh-branded water bottles · Towels · Skin care samples · Small accessories                      | Merchandise that members reach for in the moment — the cooler handles unrefrigerated retail in dual-climate configurations           |

Brands are actively being evaluated across all beverage and food categories. Selection criteria include wellness ingredient profile, visual packaging quality (critical in an open-shelf display environment), margin structure for operator accounts, and brand alignment with the Thresh aesthetic. The cooler's open-glass format means product packaging is the merchandising — every brand on the shelf is a visual statement about what Thresh believes belongs in a recovery lounge.

## Financial Model — Food, Beverage & Retail Revenue

The staffed bar and Smart Cooler carry \$179,931 annually in food, beverage, and retail sales — 12.8% of total: beverage \$116,955, food \$44,983, and retail \$17,993. At stabilization with approximately 237 average daily visits, that equates to approximately \$2.08 per visit, driven by \$6–\$8 staffed-bar transactions during the AM window plus evening social volume, layered on top of the Smart Cooler's passive purchase model the rest of the day. Total ancillary revenue across all non-membership lines (day passes, guest passes, classes, food, beverage, and retail) runs approximately \$5.13 per visit across the full daily visit count.

| Metric                               | Current Model | Potential upside (not in the model) | Driver                                                                                                               |
|--------------------------------------|---------------|-------------------------------------|----------------------------------------------------------------------------------------------------------------------|
| Annual food, beverage & retail sales | \$179,931     | \$202,000–\$220,000                 | More Ritual member purchase frequency, expanded evening happy-hour promotion, higher average staffed-bar transaction |

| Metric                                   | Current Model                                                              | Potential upside (not in the model) | Driver                                                                                                                                     |
|------------------------------------------|----------------------------------------------------------------------------|-------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------|
| Bev & retail spend per visit             | ~\$2.08                                                                    | \$2.34–\$2.54                       | \$2.08 per visit × 237 visits a day × 365 days; the AM and PM staffed windows convert casual foot traffic into purchases                   |
| Product cost                             | ~\$52,700 (food 40%, beverage 22%, retail at a 100% markup on landed cost) | ~\$59,200–\$64,500                  | Food is sourced in, not made on site; beverage runs 22%; retail is priced at 2× landed cost (keystone pricing)                             |
| Net food, beverage & retail contribution | ~\$127,200 before labor                                                    | ~\$142,800–\$155,500                | Before Barista labor of ~\$28,200/year; the PM bar is covered by the Front Desk team already on duty, carried in the Section 10 labor line |
| Smart Cooler unit cost                   | ~\$8,000–\$15,000/unit purchase or \$300–\$500/month lease                 | —                                   | Platform and size dependent — being evaluated during brand research phase                                                                  |

One or two Smart Cooler units positioned in the Recovery Lounge and outdoor patio areas covers the full product offering without dedicated retail staff, a counter build-out, or a separate checkout station. The Zenoti POS integration handles any member-facing transactions that occur outside the Smart Cooler — merchandise, retail add-ons purchased at the front desk — from the same system.

### Brand Research & Selection

Thresh selects its Smart Cooler platform and beverage brands against defined criteria. Platform evaluation criteria include visual unit design and brand customization options, member account integration capability with Zenoti, inventory management interface quality, unit purchase versus lease economics, and Colorado-market serviceability. Beverage and food brand evaluation criteria include wellness ingredient quality, packaging visual presentation (open-shelf display is unforgiving of weak packaging design), operator margin structure, minimum order volumes compatible with a single-location launch, and alignment with the Thresh recovery and ritual positioning. Final selections are made in the Q4 2026 – Q1 2027 pre-opening phase as part of the broader brand and hospitality buildout.

## Stabilized Revenue Model — 550 Members • 5,000 SF Combined Basis

| Revenue Stream                              | Monthly  | Annual    | % of Total |
|---------------------------------------------|----------|-----------|------------|
| Ember memberships (33 × \$79)               | \$2,607  | \$31,284  | 2.2%       |
| Stone memberships (275 × \$129)             | \$35,475 | \$425,700 | 30.3%      |
| Ritual memberships (198 blended — see note) | \$32,702 | \$392,418 | 28.0%      |

| Revenue Stream                                   | Monthly   | Annual      | % of Total |
|--------------------------------------------------|-----------|-------------|------------|
| Passage memberships (44 blended — see note)      | \$9,186   | \$110,232   | 7.9%       |
| Day passes (6/day × \$30)                        | \$5,475   | \$65,700    | 4.7%       |
| Guest passes (4/day × \$20)                      | \$2,433   | \$29,200    | 2.1%       |
| Classes — paid drop-ins @ \$28 (23 classes/week) | \$14,075  | \$168,896   | 12.0%      |
| Food (grab-n-go)                                 | \$3,749   | \$44,983    | 3.2%       |
| Beverage (staffed bar + Smart Cooler)            | \$9,746   | \$116,955   | 8.3%       |
| Retail                                           | \$1,499   | \$17,993    | 1.3%       |
| TOTAL                                            | \$116,947 | \$1,403,361 | 100%       |

Membership revenue is 68.4% of total — a healthy mix supported by a full class schedule and the beverage program alongside the core membership base. The model runs at 550 members: 33 Ember, 275 Stone, 198 Ritual, 44 Passage. Stone, at 50% of members, is the operational backbone of daily visit volume; Ritual and Passage together, at roughly 38% of members, are the revenue and margin engine — each Ritual or Passage member generates significantly more monthly revenue than a Stone member, and Passage's system-wide access commands a premium over standard Ritual for exactly the members whose lives already span more than one Thresh neighborhood. Revenue bridge: at 550 members with this tier mix, monthly membership revenue is about \$67,511 (\$2,475 Ember + \$30,393 Stone + \$26,373 Ritual + \$8,269 Passage) — a blended \$122.75 per member per month. The Ritual figure reflects founding members who cancel being replaced at the \$189 standard rate.

### The Class Revenue Line — and the Upsell Logic Behind It

Classes are a 12.0% revenue line at stabilization — and a deliberate upsell mechanism. The schedule runs 23 classes a week: yoga twice daily Monday through Thursday (AM and PM) and three times daily Friday through Sunday (AM, lunch, and PM), two to three breathwork sessions, two to three Pilates sessions, and a weekend moonlight session. Drop-in access is \$28 per session for Stone members and day pass visitors — about 116 paid participants a week, or \$168,896 a year. Ritual and Passage members attend at no extra cost, about six per class. Instructors are contracted, not employed, and paid per class: \$45 guaranteed plus \$2 for each participant above 10, or \$56,316 a year — about a third of class revenue. Classes net approximately \$112,580 a year.

Ritual membership is priced at \$189/month standard. Founding members who sign before opening lock in \$75, \$149, or \$159/month while continuously active, depending on signup wave — savings of \$114, \$40, or \$30/month respectively, for as long as the membership remains continuously active. The 198 Ritual members in the stabilized model include the full 100-member founding cohort (25 at \$75, 50 at \$149, 25 at \$159) plus 98 standard-rate members at \$189, producing a blended monthly contribution of about \$32,702 once founding members who cancel are replaced at the \$189 standard rate. Another 44 members choose Passage once it launches at Thresh 2's opening.

## The Stone-to-Ritual Upsell — How the Math Converts

The drop-in class price is not primarily a revenue line. It is the mechanism that converts Stone members into Ritual members without a sales conversation. The math does the work. Here is how it builds:

| Monthly Class Attendance | Stone + Class Cost      | vs Ritual \$189   | The Conversation                                                          |
|--------------------------|-------------------------|-------------------|---------------------------------------------------------------------------|
| 1 class/month            | $\$129 + \$28 = \$157$  | \$32 under Ritual | No action needed — Stone is clearly right                                 |
| 2 classes/month          | $\$129 + \$56 = \$185$  | \$4 under Ritual  | Stone still right — the next class tips the math                          |
| 3 classes/month          | $\$129 + \$84 = \$213$  | \$24 over Ritual  | The inflection has already passed. The front desk surfaces the comparison |
| 4 classes/month          | $\$129 + \$112 = \$241$ | \$52 over Ritual  | Ritual saves \$52/month. The upgrade is obvious                           |
| 8 classes/month          | $\$129 + \$224 = \$353$ | \$164 over Ritual | Ritual saves \$164/month — almost 6 classes free at Ritual's flat rate    |

Break-even is 2.14 classes per month. The moment a Stone member attends their third class in a month, Ritual has already paid for itself. For a member averaging two classes per week — eight per month — staying on Stone costs \$353 versus \$189 for Ritual. The \$164 monthly overage equals almost six classes per month they are paying for individually that Ritual would include at no additional cost. That is not a sales pitch. It is arithmetic. The front desk team's job is to surface it at exactly the right moment: after a great class experience, never before.

The front desk line at the two-class moment: "One more class this month and Ritual would have already saved you money. At \$189, you get unlimited classes, priority booking, and one guest pass every month — twelve invites a year for people you want to bring through." That is the entire conversion. No script beyond that.

## The Guest Pass Strategy — 12 Per Year, Not 24

Ritual guest passes are set at one per month — twelve annually. This is a deliberate strategic decision, not a cost reduction. The goal of a guest pass is a conversion, not a gift.

At two guest passes per month, a Ritual member can bring the same friend twice a month indefinitely. There is no urgency, no scarcity, and no particular motivation for the guest to consider membership — they are already getting consistent access through someone else's membership. The experience never creates the pressure point that turns a regular guest into a paying member.

At one guest pass per month, each visit carries weight. The Ritual member chooses deliberately who to bring and when. The guest arrives knowing it is a considered invitation. The experience is designed from the front desk's first greeting to create the feeling that this person should belong here — and the conversion conversation, when it comes naturally, lands in a guest who has not been conditioned to think they can keep coming for free. Twelve guest passes per year is a genuinely premium benefit. It is also twelve intentional conversion opportunities — tracked, followed up, and measured as the referral pipeline it is.

SECTION 09

# Member Experience & Utilization Model

*The question every investor must ask: can 550 members actually use this space without degrading the experience that brought them there? The answer is yes — and the operating model is specifically designed around why.*

## Why This Is a Different Kind of Wellness Business

Thresh is not built around synchronized classes, appointment windows, or fixed sessions. Members arrive when they want, stay as long as they need, and circulate through five distinct recovery environments at their own pace. This is not a limitation — it is the operational architecture that allows a 3,000–3,500 SF facility to serve 550 members without ever feeling crowded.

Traditional boutique fitness concepts create predictable congestion: synchronized class arrivals, compressed changing room windows, parking spikes, and front desk bottlenecks at the top of every hour. Thresh experiences none of this because there is no synchronized event to create it. The social sauna runs continuously. The plunge zones rotate constantly. The warming pool holds a steady 8 to 10 people in decompression. The recovery lounge fills and empties organically. Every zone runs on its own rhythm.

## Daily Utilization Model

| Metric                      | Assumption                | Basis                                                                                                                               |
|-----------------------------|---------------------------|-------------------------------------------------------------------------------------------------------------------------------------|
| Stabilized members          | 550                       | Consistent with the 550–650 target range and financial model                                                                        |
| Average daily visits        | ~237 (range 200–275)      | 0.43 visits/member/day — derived from blended tier mix, validated against Embrace North and comparable community wellness operators |
| Operating hours             | 16 hours/day, 7 days/week | Supports AM and PM utilization windows                                                                                              |
| Average visits per hour     | ~14–16                    | Distributed across full operating day                                                                                               |
| Peak operating window       | 5 PM – 9 PM               | ~40–45% of daily traffic in a 4-hour window                                                                                         |
| Peak simultaneous occupancy | 22–36 guests              | Distributed across five recovery zones — not concentrated in one space                                                              |
| Average length of stay      | 55–80 minutes             | Critical driver of atmosphere, ancillary spend, and social connection                                                               |

## Peak Hour — What It Actually Looks Like

The peak window from 5 PM to 9 PM brings approximately 95 to 107 visitors across four hours. That is 24 to 27 new arrivals per hour — not 107 people arriving simultaneously. With 22 to 36 guests in the building at any moment during peak, each zone holds a fraction:

| Zone                                | Modeled Capacity                                         | Rolling Throughput per Hour                                 | Average Dwell Time                                                                                           |
|-------------------------------------|----------------------------------------------------------|-------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------|
| Social sauna                        | 15–20 seated                                             | About 27–60 guests/hr in practice (45–100 at full seat use) | 12–20 minutes per session                                                                                    |
| Quiet sauna                         | 8–10 seated                                              | About 12–24 guests/hr in practice (19–40 at full seat use)  | 15–25 minutes per session                                                                                    |
| Cold plunge cluster (outdoor patio) | 5 units — The Reach, The Edge, The Crossing ×2, The Deep | About 536 sessions/day of practical capacity                | Beginner 2 min · Intermediate 3.5 min · Expert 5 min · about 36% of practical capacity used at stabilization |
| Warming pool                        | 8–10 soaking                                             | Continuous circulation                                      | 10–25 minutes transitional                                                                                   |
| Recovery lounge + patio             | Distributed 20–40+                                       | Open flow                                                   | 15–30 minutes lingering                                                                                      |

*How sauna throughput is calculated: guests per hour = seats × 60 ÷ minutes per session. The Social Sauna's 15–20 seats at 12–20-minute sessions can turn over 45–100 guests an hour if every seat is always in use; in practice, with about 60% of seats in use at any moment, that is roughly 27–60 guests an hour. The Quiet Sauna's 8–10 seats at 15–25 minutes works out to roughly 12–24 guests an hour in practice.*

The math holds because members don't occupy all zones at once. A 20-minute sauna, a 3-minute plunge, 15 minutes in the warming pool, and 20 minutes in the lounge spread a 58-minute visit across four zones — one body in one zone at any moment. The facility is designed for circulation, not static occupancy.

## Member Visit Frequency by Tier

| Membership Tier           | Expected Weekly Visits | Monthly Visits      | Operational Implication                                     |
|---------------------------|------------------------|---------------------|-------------------------------------------------------------|
| Ember                     | ~0.7 visits/week       | ~3 visits/month     | Low utilization — entry-level impact on peak hours          |
| Stone                     | 2–3 visits/week        | ~9–13 visits/month  | The ritual member — consistent, predictable weekly behavior |
| Ritual                    | 3–5 visits/week        | ~13–22 visits/month | High-frequency — becomes part of the space's daily culture  |
| Blended portfolio average | ~3.0 visits/week       | ~13 visits/month    | Consistent with 0.43 daily visits per member assumption     |

## Stress-Test Assumptions — Can the Space Handle Growth?

The prototype is designed to be stress-tested in its first year, not just operated. These stretch targets confirm the facility can absorb growth without degrading the experience that drives retention.

| Stress-Test Metric          | Base Case                                               | Stress-Test Target | Management Response if Exceeded                                               |
|-----------------------------|---------------------------------------------------------|--------------------|-------------------------------------------------------------------------------|
| Daily visits                | 200–275                                                 | 350–400            | Peak-window reservation controls; Ritual priority booking                     |
| Peak simultaneous occupancy | 22–36                                                   | 35–68              | Patio opened as overflow; zone limits enforced by the manager on duty         |
| Average length of stay      | 55–80 min                                               | 60–90 min          | Monitoring only — longer stays lift ancillary revenue and satisfaction        |
| Monthly member net adds     | +30–40/mo during the ramp; +10–20/mo once fully running | +50+/mo            | Waitlist activated; founding campaign closed; new member onboarding staggered |

The prototype also validates assumptions for every future location: peak congestion, reservation behavior, zone utilization, and parking demand are documented as the foundation of the multi-unit SOP library.

## Reservation & Access Philosophy

Thresh uses hybrid access: walk-in by default, with reservation controls for peak windows — keeping the spontaneous neighborhood-club feel while giving management a lever when occupancy runs high.

| Access Component       | Design Philosophy                                  | When It Activates                                     |
|------------------------|----------------------------------------------------|-------------------------------------------------------|
| Walk-in access         | Default — no reservation required                  | Always, during normal operations                      |
| Peak-hour reservations | Optional in the 5–9 PM window when demand warrants | When peak simultaneous occupancy approaches 45 guests |
| Ritual tier priority   | Ritual members get first access to peak windows    | Day 1 — a Ritual benefit                              |
| Waitlist system        | Zenoti-managed waitlist for sold-out windows       | When peak slots fill consistently                     |
| Guest pass controls    | Day passes limited at peak to protect members      | Near the stress-test threshold                        |

## Parking Model

Staggered arrivals are a major Thresh advantage: with no synchronized class turnover, parking demand spreads evenly — no 6:15 PM mass arrivals or 7:05 PM mass departures. Paid classes add brief spikes of up to about 15 paid guests per class, plus staff; where dedicated parking is limited, street parking, garages, and walk-in access count. Each candidate site targets 3.5 to 5 spaces per 1,000 SF of total footprint. At 3,000–3,500 SF indoor plus the 1,000–1,500 SF patio (4,000–5,000 SF total), that is about 14 to 25 spaces — achievable in any South Denver retail strip, lifestyle center, or adaptive reuse site.

## SECTION 10

# Financial Model

---

## Three Numbers, Never Confused

This plan uses three distinct measurements, consistently, throughout — Corporate Revenue, Franchise Revenue, and Systemwide Sales are never used interchangeably, and franchisee sales are never presented as Thresh Holdings revenue.

Corporate Revenue is the revenue generated by company-owned Thresh locations — the figure behind every stabilized P&L and corporate EBITDA calculation in this proposal. Franchise Revenue is the royalty, franchise fee, Zenoti multi-location fee, and other revenue Thresh Holdings itself earns from franchisees — not their gross sales, only what flows to Thresh under the franchise agreement. Systemwide Sales is the gross sales figure across every corporate and franchised location combined — a scale indicator, not a Thresh Holdings revenue number.

Planet Fitness reports exactly this way, and this plan mirrors that discipline from the beginning: in 2025 Planet Fitness reported \$5.3 billion of systemwide sales, including \$4.7 billion attributable to franchisee-owned clubs, while separately reporting its own corporate-club and franchise-segment revenue. The distinction matters because it's easy, unintentionally, to make a franchise system sound larger than the revenue Thresh Holdings actually collects — this plan doesn't.

### The Reporting Hierarchy — The Microscope and the Telescope

Every Thresh location, corporate or franchised, rolls up through the same reporting structure, so management always has both an individual location's performance and the whole system's in the same view. On the corporate side: location, then region, then the corporate portfolio, then Thresh Holdings. On the franchise side: franchise location, then multi-unit franchisee (where a developer holds several units), then region, then the full franchise system. At the enterprise level, corporate and franchise regions and locations both roll up into one Thresh system view — the telescope that shows total systemwide scale, sitting above the microscope that shows any single location's numbers.

### The Location Scorecard

Every Thresh location, corporate or franchised, is measured on the same scorecard, so any one location can be compared against its region, the corporate average, the franchise average, the mature-unit average, the system average, budget, prior year, or its own same-store trend — the same discipline applied consistently as the network grows. Financial: revenue, COGS, labor, occupancy, operating expenses, four-wall EBITDA, EBITDA margin, cash flow, and ROIC. Membership: member count, membership mix, revenue per member, churn, retention, and visits per member. Operations: total visits, peak utilization, labor as a percentage of revenue, revenue per square foot, sauna and plunge utilization, and maintenance and safety KPIs. Growth: customer acquisition cost, lifetime value, lead conversion, presale conversion, and referral rates. As the network grows past a handful of locations, this comparison set becomes one of the most valuable management assets Thresh has — not just a reporting exercise.

## The Honest Numbers

This plan was written with investor conversations in mind, which means the financial model was built to be defensible — not aspirational. South Denver Metro second-generation retail — former restaurants, warehouses, and health club facilities — targets base rent in the high teens to mid-\$20s per square foot. The model reflects that reality, and the EBITDA improvement it creates is structural, not aspirational.

On a 5,000 SF combined indoor + outdoor basis at a \$25/SF base-rent target and a \$9/SF NNN load, occupancy is a disciplined, capital-efficient cost category — well behind labor — reflecting the advantage of a tight, purpose-built footprint over new-construction retail pricing. Labor reflects an 18% payroll burden, conservative but accurate for a Colorado hospitality concept operating wet environments with heat and cold exposure, plus a KPI-based manager incentive plan and employee health benefits for the GM, AGM, and Front Desk Lead, offered from Thresh 2's opening. Revenue is modeled at 550 members with a 23-class weekly schedule, and every operating cost is carried — payment processing, NNN, laundry, member amenities, chemicals, professional services, and contracted instructors. Cleaning is built into the daily duties of the management, front desk, lead, and barista positions. All EBITDA figures in this proposal are internally consistent: stabilized single-location EBITDA of \$441,382 (31.5% margin on \$1,403,361 in sales) with the GM/AGM team in place, and \$499,110 (35.6%) while the founders run the flagship in its opening months; the Section 17 ten-year model is built from the same inputs; the Section 13 distribution waterfall is calculated from the same figures, after a 2% funded equipment replacement reserve. All figures are in today's dollars, with no inflation applied to prices, wages, or rent. The base forecast targets 550 active members per stabilized location at this tier mix: 6% Ember, 56% Stone, 31% Ritual (including the 100 founding members), and 7% Passage. The separate 18-month opening ramp (Section 17) reaches that target. Sections 05, 06 and 07 provide the market and competitive context supporting it.

## Stabilized P&L — 5,000 SF Combined Basis at \$25/SF Base Rent

| Line Item                | Annual Amount      | % of Revenue | Notes                                                                                                                                                                                                                           |
|--------------------------|--------------------|--------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Membership Revenue       | \$959,634          | 68.4%        | 550 members — Ember \$79 / Stone \$129 / Ritual \$189 / Passage \$189-\$219 · 100 founding members at \$75/\$149/\$159; founding members who cancel are replaced at the \$189 standard rate (about 84 still active at Month 18) |
| Food Revenue             | \$44,983           | 3.2%         | Grab-n-go — sourced in, not made on site                                                                                                                                                                                        |
| Beverage Revenue         | \$116,955          | 8.3%         | Staffed espresso bar + Smart Cooler                                                                                                                                                                                             |
| Retail Revenue           | \$17,993           | 1.3%         | Shirts, hats, towels, water bottles, wellness products                                                                                                                                                                          |
| Classes Revenue          | \$168,896          | 12.0%        | 23 classes/week · ~116 paid drop-ins/week at \$28 — Ritual and Passage members attend at no per-class charge                                                                                                                    |
| Day Pass & Guest Revenue | \$94,900           | 6.8%         | 6 day passes/day at \$30 + 4 guest passes/day at \$20, 365 days                                                                                                                                                                 |
| <b>TOTAL SALES</b>       | <b>\$1,403,361</b> | <b>100%</b>  | <b>550 members + classes + food, beverage &amp; retail + day and guest passes</b>                                                                                                                                               |

| Line Item                          | Annual Amount      | % of Revenue   | Notes                                                                                                                   |
|------------------------------------|--------------------|----------------|-------------------------------------------------------------------------------------------------------------------------|
| Salaried Management (GM + AGM)     | (\$151,500)        | (10.8%)        | GM \$85,000 + AGM \$66,500, 45 hrs/week each — see Staffing Model                                                       |
| Manager Incentive Plan (KPI-based) | (\$11,362)         | (0.8%)         | 7.5% of GM + AGM salary — retention, net member adds toward 550, member satisfaction, labor %                           |
| Front Desk                         | (\$30,160)         | (2.1%)         | 29 hrs/week at \$20                                                                                                     |
| Front Desk Lead                    | (\$48,672)         | (3.5%)         | 36 hrs/week at \$26                                                                                                     |
| Barista                            | (\$23,920)         | (1.7%)         | 23 hrs/week at \$20 — AM beverage service                                                                               |
| Employee Health Benefits           | (\$23,550)         | (1.7%)         | GM, AGM, and Front Desk Lead · ~\$7,850 employer premium each · offered from Thresh 2's opening                         |
| Payroll Burden (18%)               | (\$47,811)         | (3.4%)         | FICA + CO unemployment + workers' comp + PTO accrual on salaried, incentive, and hourly pay                             |
| <b>TOTAL LABOR</b>                 | <b>(\$336,975)</b> | <b>(24.0%)</b> | <b>GM + AGM structure with manager incentives and health benefits</b>                                                   |
| Food Cost                          | (\$17,993)         | (1.3%)         | 40% of food sales                                                                                                       |
| Beverage Cost                      | (\$25,730)         | (1.8%)         | 22% of beverage sales                                                                                                   |
| Retail Product Cost                | (\$8,997)          | (0.6%)         | Retail priced at a 100% markup on landed cost — product, printing or embroidery, and inbound freight (keystone pricing) |
| Laundry & Linen                    | (\$23,725)         | (1.7%)         | \$65/day — detergent, water, electricity, wear and tear                                                                 |
| Cleaning Supplies                  | (\$4,000)          | (0.3%)         | Daily cleaning is part of the management, front desk, lead, and barista roles                                           |
| Member Amenities                   | (\$8,650)          | (0.6%)         | Changing-room toiletries and consumables                                                                                |
| Pool & Plunge Chemicals            | (\$14,000)         | (1.1%)         |                                                                                                                         |
| Contracted Instructor Fees         | (\$56,316)         | (4.0%)         | \$45 per class + \$2 per participant above 10 — 23 classes/week                                                         |
| Marketing & Member Acquisition     | (\$42,000)         | (3.0%)         |                                                                                                                         |
| Utilities                          | (\$84,000)         | (6.0%)         | \$7,000/month — flag if trending above \$8,500                                                                          |
| Zenoti (Location Subscription)     | (\$4,800)          | (0.3%)         | Multi-location plan, paid directly to Zenoti                                                                            |
| Other Technology                   | (\$13,200)         | (1.1%)         | Music licensing, accounting, hardware                                                                                   |
| Payment Processing                 | (\$38,592)         | (2.8%)         | Card and ACH fees                                                                                                       |

| Line Item                          | Annual Amount      | % of Revenue   | Notes                                                                                                                                                                                                                                                                                                                              |
|------------------------------------|--------------------|----------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Professional & Compliance Services | (\$30,000)         | (2.1%)         | CPO, bookkeeping/CPA, legal, HR                                                                                                                                                                                                                                                                                                    |
| Repairs & Misc Operating           | (\$33,000)         | (2.4%)         |                                                                                                                                                                                                                                                                                                                                    |
| <b>TOTAL OPERATING COSTS</b>       | <b>(\$405,004)</b> | <b>(28.9%)</b> |                                                                                                                                                                                                                                                                                                                                    |
| Base Rent (5,000 SF @ \$25/SF)     | (\$125,000)        | (8.9%)         | \$5,958/month                                                                                                                                                                                                                                                                                                                      |
| NNN / CAM (5,000 SF @ \$9/SF)      | (\$45,000)         | (3.2%)         | Property taxes, building insurance, CAM                                                                                                                                                                                                                                                                                            |
| Insurance                          | (\$50,000)         | (3.6%)         | GL, property, equipment, cyber, EPLI                                                                                                                                                                                                                                                                                               |
| Equipment Financing                | —                  | —              | Financing equipment and FF&E lowers the buildout raise and adds a payment on this line                                                                                                                                                                                                                                             |
| Franchise Expenses                 | \$0                | 0.0%           | Corporate-owned location — no royalty or franchise fees. Franchised unit economics: Section 15                                                                                                                                                                                                                                     |
| <b>TOTAL NON-CONTROLLABLES</b>     | <b>(\$220,000)</b> | <b>(15.7%)</b> |                                                                                                                                                                                                                                                                                                                                    |
| <b>TOTAL COSTS</b>                 | <b>(\$961,979)</b> | <b>(68.5%)</b> |                                                                                                                                                                                                                                                                                                                                    |
| <b>EBITDA</b>                      | <b>\$441,382</b>   | <b>31.5%</b>   | <b>GM/AGM-run • while the founders run the flagship in its opening months: \$499,110 (35.6%)</b>                                                                                                                                                                                                                                   |
| Less: Depreciation                 | (\$66,429)         | (4.7%)         | Straight-line on Thresh 1's capital: leasehold improvements (\$212,000) over the 10-year lease, sauna and plunge equipment (\$190,000) and furniture/fixtures (\$84,600) over 7 years, technology (\$30,000) over 5 years — not a cash expense; branding, launch marketing, legal, and formation costs are expensed before opening |
| <b>NET INCOME</b>                  | <b>\$374,953</b>   | <b>26.7%</b>   | <b>EBITDA less depreciation, interest (\$0 — no debt in the base case), and entity-level income tax (\$0 — Thresh Holdings, LLC is a pass-through; owners are taxed individually)</b>                                                                                                                                              |
| Equipment Replacement Reserve      | (\$28,067)         | (2.0%)         | 2% of sales set aside in a funded equipment replacement reserve (chillers, heaters, pumps)                                                                                                                                                                                                                                         |
| <b>CASH FLOW AFTER RESERVE</b>     | <b>\$413,315</b>   | <b>29.5%</b>   | <b>EBITDA less the maintenance capex reserve</b>                                                                                                                                                                                                                                                                                   |

## Three-Scenario Footprint Analysis — \$25/SF Base Rent + \$9/SF NNN

The choice of footprint is a ten-year financial commitment. The model prices occupancy on a 5,000 SF combined indoor + outdoor basis — the high side of the target range — at a \$25/SF base-rent target with a \$9/SF NNN load (\$34/SF all-in). The three scenarios below hold that rate constant and vary only the combined footprint: each 500 SF costs about \$17,000 a year for the life of the lease. The NNN sensitivity analysis that follows shows the full occupancy picture across base rent and NNN combinations. The preferred target is 3,000 to 3,500 SF of interior space with 1,000 to 1,500 SF of outdoor patio, negotiated at a lower rate wherever possible.

| Footprint                                  | Annual Occupancy              | EBITDA    | EBITDA Margin | Sales per SF |
|--------------------------------------------|-------------------------------|-----------|---------------|--------------|
| 4,000 SF combined                          | \$100,000 base + \$36,000 NNN | \$475,382 | 33.9%         | \$351/SF     |
| 4,500 SF combined                          | \$112,500 base + \$40,500 NNN | \$458,382 | 32.7%         | \$312/SF     |
| 5,000 SF combined (model basis, high side) | \$125,000 base + \$45,000 NNN | \$441,382 | 31.5%         | \$281/SF     |

## NNN Lease Structure — The Full Occupancy Cost Model

The three-scenario footprint analysis above models base rent across the \$20–\$24/SF target range for 2nd-generation South Denver Metro space. What it does not include is the triple net (NNN) load — the three additional cost categories that landlords pass through to tenants on top of base rent in virtually all commercial leases in this market.

Understanding NNN is not optional. Any investor with commercial real estate experience will ask about it immediately. Any lease signed without clarity on NNN exposure is a lease signed without knowing the true annual occupancy cost — which is the single largest line item in the Thresh P&L.

### What NNN Comprises

| Component                           | Description                                                                                                        | Typical Range per SF / Year | Notes                                                 |
|-------------------------------------|--------------------------------------------------------------------------------------------------------------------|-----------------------------|-------------------------------------------------------|
| N <sup>1</sup> — Property taxes     | Arapahoe / Douglas County property tax allocation based on tenant's proportionate share of assessed building value | \$3.00 – \$6.00/SF          | Passed through directly — no landlord markup          |
| N <sup>2</sup> — Building insurance | Landlord's master property and liability policy cost allocated by square footage                                   | \$0.75 – \$1.50/SF          | Separate from tenant's own GL and contents policy     |
| N <sup>3</sup> — CAM charges        | Common area maintenance — parking lot, landscaping, exterior lighting, building exterior maintenance               | \$2.00 – \$5.00/SF          | Most variable and most negotiable component           |
| Total NNN load                      | All three components combined, on top of base rent                                                                 | \$5.75 – \$12.50/SF         | South Denver Metro lifestyle retail corridor estimate |

## Full Occupancy Cost — NNN Sensitivity Matrix

The table below shows the true all-in annual occupancy cost across the range of realistic base rent and NNN combinations. EBITDA margins are calculated against the stabilized \$1,403,361 sales model. Green indicates margin at or above 25%. Amber indicates the 22–25% watch zone. Red indicates below the 22% floor where investor preferred return, working capital, and founder compensation cannot coexist sustainably.

| Footprint | Base Rent/SF | NNN Load/SF | Total/SF | Annual Occupancy | EBITDA    | Margin       |
|-----------|--------------|-------------|----------|------------------|-----------|--------------|
| 4,000 SF  | \$22         | \$5.75      | \$27.75  | \$111,000        | \$500,382 | 35.7% — safe |
| 4,000 SF  | \$22         | \$9         | \$31     | \$124,000        | \$487,382 | 34.7% — safe |
| 4,000 SF  | \$25         | \$5.75      | \$30.75  | \$123,000        | \$488,382 | 34.8% — safe |
| 4,000 SF  | \$25         | \$9         | \$34     | \$136,000        | \$475,382 | 33.9% — safe |
| 4,000 SF  | \$25         | \$12.50     | \$37.5   | \$150,000        | \$461,382 | 32.9% — safe |
| 4,500 SF  | \$22         | \$5.75      | \$27.75  | \$124,875        | \$486,507 | 34.7% — safe |
| 4,500 SF  | \$22         | \$9         | \$31     | \$139,500        | \$471,882 | 33.6% — safe |
| 4,500 SF  | \$25         | \$5.75      | \$30.75  | \$138,375        | \$473,007 | 33.7% — safe |
| 4,500 SF  | \$25         | \$9         | \$34     | \$153,000        | \$458,382 | 32.7% — safe |
| 4,500 SF  | \$25         | \$12.50     | \$37.5   | \$168,750        | \$442,632 | 31.5% — safe |
| 5,000 SF  | \$22         | \$5.75      | \$27.75  | \$138,750        | \$472,632 | 33.7% — safe |
| 5,000 SF  | \$22         | \$9         | \$31     | \$155,000        | \$456,382 | 32.5% — safe |
| 5,000 SF  | \$25         | \$5.75      | \$30.75  | \$153,750        | \$457,632 | 32.6% — safe |
| 5,000 SF  | \$25         | \$9         | \$34     | \$170,000        | \$441,382 | 31.5% — safe |
| 5,000 SF  | \$25         | \$12.50     | \$37.5   | \$187,500        | \$423,882 | 30.2% — safe |
| 5,000 SF  | \$28         | \$9         | \$37     | \$185,000        | \$426,382 | 30.4% — safe |

## Occupancy Ceiling — What Thresh Can Afford to Pay

| Target Margin    | Maximum Annual Occupancy Cost | Maximum All-In per SF — 4,000 SF | Maximum All-In per SF — 4,500 SF | Maximum All-In per SF — 5,000 SF |
|------------------|-------------------------------|----------------------------------|----------------------------------|----------------------------------|
| 25% EBITDA floor | \$260,542/yr                  | \$65.14/SF                       | \$57.90/SF                       | \$52.11/SF                       |
| 22% EBITDA floor | \$302,643/yr                  | \$75.66/SF                       | \$67.25/SF                       | \$60.53/SF                       |

Every footprint, base-rent, and NNN combination modeled holds safe ( $\geq 25\%$  EBITDA margin), running 30.2%–35.7% — including the highest-cost case, 5,000 SF at \$28/SF base rent, which still clears 30.4%. Total occupancy — indoor space plus the outdoor patio — is analyzed property by property, because the model leaves room for rent but not unlimited

room; every Thresh site is negotiated as hard as possible. A smaller combined footprint carries the same revenue on less rent, preserving the widest margin cushion against future NNN increases or a softer-than-modeled ramp.

### NNN Negotiation Strategy — Three Levers in Priority Order

| Lever                  | What to Negotiate                                                                                                 | Annual Impact                                                                                                                                                                                      | Priority                 |
|------------------------|-------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|
| NNN cap clause         | Cap total NNN charges at \$8.00–\$9.00/SF annually, with no escalation above CPI — in the LOI, not the lease      | Protects \$17,500–\$22,500/yr at 5,000 SF vs the \$12.50/SF full-NNN scenario modeled in the sensitivity analysis (capping at \$9.00/SF protects \$17,500; capping at \$8.00/SF protects \$22,500) | Non-negotiable           |
| Outdoor patio NNN rate | Negotiate patio square footage at \$10/SF flat or excluded from NNN calculation entirely                          | About \$24,000–\$36,000/yr on 1,000–1,500 SF versus the full \$34/SF all-in rate                                                                                                                   | High — before LOI        |
| CAM audit rights       | Require annual CAM reconciliation with audit rights — prevents landlord from padding the most variable NNN bucket | Prevents 15–25% CAM overcharges documented in comparable South Denver Metro commercial leases                                                                                                      | High                     |
| Year 1 abatement       | 3–6 months free base rent during buildout and soft launch — landlord absorbs NNN or abates both                   | +\$31,250–\$62,500 Year 1 cash protection                                                                                                                                                          | Achievable on 10-yr term |

The most important of these is the NNN cap clause — and it belongs in the Letter of Intent, not as a late-stage lease negotiation. Landlords in the South Denver corridor are accustomed to tenants asking for NNN caps on long-term commitments. A 10-year term is a meaningful occupancy guarantee that creates negotiating leverage for both the cap and the outdoor patio rate. Use that leverage before the LOI is signed, not after.

## Margin Profile — 31.5% Once Fully Running, With Clear Upside

Stabilized EBITDA margin runs 31.5% on the 5,000 SF combined basis — above both the 25% floor and the 30% target, after carrying the manager incentive plan and employee health benefits. The levers below represent additional upside beyond the current baseline.

| Lever                                              | Potential upside (not included in the base model)                                                                                                                                                                                                                         | Difficulty                                  |
|----------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------|
| Push Ritual + Passage combined mix to 50% from 44% | +\$23,760 membership revenue (33 members moving from Stone to Ritual at +\$60/month); net operating profit gain is lower by whatever paid drop-in class revenue those members were already paying — up to about \$22,200 if each had been taking two paid classes a month | Medium — deeper programming drives upgrades |

| Lever                                                                             | Potential upside (not included in the base model)                                                                                                                                                                                                    | Difficulty                                                                                                          |
|-----------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------|
| Increase food, beverage & retail spend from \$2.08 to \$3.00/visit                | +\$79,585 revenue → about + \$54,000 operating profit (after 29% product cost and 2.75% processing, before any added labor)                                                                                                                          | Low — staffed-bar upsell (larger pours, retail add-ons) at no additional labor beyond the Barista already scheduled |
| Negotiate outdoor patio at \$10/SF flat or excluded from NNN calculation entirely | About \$24,000–\$36,000/yr on 1,000–1,500 SF versus paying the full \$34/SF all-in rate on the patio; the base P&L already carries the patio at that rate within the 5,000 SF combined basis, so any patio discount is upside to that site's own P&L | High priority — non-negotiable before signing                                                                       |
| Secure 3–6 months rent abatement on 10-year term                                  | +\$31,250–\$62,500 Year 1                                                                                                                                                                                                                            | Achievable on 10-year commitments                                                                                   |

## Membership Ramp & Cash Flow

| Milestone                                 | Timing            | Active Members                                 | Monthly EBITDA                                                                                                                                                         |
|-------------------------------------------|-------------------|------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Founding campaign                         | Q4 2026 – Q1 2027 | 100 founding members secured before doors open | All 100 founding memberships secured with deposits before opening day. Billing activates at soft open at each member's signup-wave rate: \$75, \$149, or \$159 Ritual. |
| Opening — Day 1 with 100 founding members | Q2 2027 (Month 1) | 180                                            | –\$31,200                                                                                                                                                              |
| Early traction                            | Month 3           | 260                                            | –\$15,700                                                                                                                                                              |
| EBITDA break-even · Thresh 2 lease gate   | Month 6           | 345                                            | EBITDA break-even (+\$16); still slightly cash-negative after the equipment reserve                                                                                    |
| GM and AGM take over the flagship         | Month 8           | 395                                            | +\$5,500                                                                                                                                                               |
| Thresh 2 opens                            | Month 12          | 470                                            | +\$21,100                                                                                                                                                              |
| Stabilized operations                     | Month 18          | 550                                            | +\$36,800 — \$441,000 annualized, matching the fully running P&L                                                                                                       |

## Key Operating Watch Metrics

| Metric             | Target | Alarm Threshold                                                          |
|--------------------|--------|--------------------------------------------------------------------------|
| Monthly churn rate | ≤ 3.5% | Flag if > 5% — members are not crossing back. Retention review required. |

| Metric                      | Target                                                        | Alarm Threshold                                                                                             |
|-----------------------------|---------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------|
| Monthly utility cost        | ≤ \$7,000                                                     | Flag if > \$8,500 — energy efficiency audit                                                                 |
| Labor % of revenue          | ≤ 27% fully running                                           | Flag if > 29% after Month 12 — staffing deployment review                                                   |
| Day pass volume             | ≥ 6/day                                                       | Below 4/day — conversion and trial pipeline issue                                                           |
| Blended revenue per member  | \$123/month                                                   | Below \$105 — Ritual and Passage upgrade conversion review                                                  |
| Target operating reserve    | \$150,000 base-case minimum                                   | Pre-committed steps activate if the reserve trends toward the target — see Section 12                       |
| Monthly membership net adds | +30-40/month during the ramp; +10-20/month once fully running | Below +20 during the ramp, or below +5 once fully running, for 2 consecutive months — intervention required |

## Staffing Model

The staffing philosophy at Thresh reflects the same principle as everything else in the model: hospitality quality doesn't require an oversized team. It requires the right team, deployed with intention. The front desk position is not a transaction window — it is the first and last hospitality moment of every visit. The GM and AGM are not supervisors behind an office door — at 45 hours a week each, they run the facility from the floor as atmosphere stewards, culture carriers, and threshold keepers, supporting wherever they're needed.

In the opening phase, Harrison and Hollace cover the GM and AGM shifts on the flagship schedule — Harrison on the floor running hiring, service standards, and the member experience; Hollace running development and marketing in parallel: the Thresh 2 site pipeline, institutional partnerships, and the founding member marketing campaign. Each draws \$79,000 (\$158,000 combined) in place of the two salaried manager positions, beginning four weeks before opening. A dedicated GM and AGM are hired at Month 8, about four months before Thresh 2 opens — the team that takes full operational ownership of the flagship under Harrison's standard, freeing Harrison to lead Thresh 2's operations and Hollace to lead its development and marketing.

### Leadership Compensation — Two-Phase Structure

The leadership compensation model at Thresh runs in two distinct phases that mirror the operational transition from flagship launch to multi-unit platform.

#### Phase 1 — Harrison at the Flagship, Hollace on Development & Marketing

During launch and the flagship's first seven months, Harrison and Hollace each draw equal founder compensation — \$79,000, or \$158,000 combined — while covering the GM and AGM shifts and running development and marketing. At Month 8 a dedicated GM and AGM take over the flagship under Harrison's standard, and the founders move to Thresh 2: Thresh Holdings carries their compensation through Thresh 2's pre-opening months, and Thresh 2 carries it from its opening until its own GM and AGM take over at Month 19. From Month 19, Harrison and Hollace lead Thresh Holdings and are compensated by it under the structure in Section 03: a base salary that steps up with the number of

open locations and their personal Class A units. Salary is paid as guaranteed payments as members of Thresh Holdings, LLC. Thresh Holdings funds this, and its corporate team, from what it collects: an intercompany brand and management fee from every corporate location equal to the franchise royalty and brand fund, royalties and fees from franchised locations, and its share of distributions.

### **The Two-Manager Structure — Every Location, Always**

Every Thresh location operates with two salaried managers at all times: a General Manager and an Assistant General Manager. This is not a cost that gets eliminated at stabilization or value-engineered out of the model. It is a foundational operating principle. The GM runs the location. The AGM is being built into the next GM. The two-manager structure is what makes consistent hospitality quality possible across multiple locations — and what makes expansion possible without Harrison in the room.

The AGM is not hired as support staff. They are hired as the succession investment. When the business identifies the next site, one of two things happens: the current GM relocates to lead the new opening, and the trained AGM is promoted to GM — or the AGM leads the new opening from Day 1 with the GM remaining to protect operational continuity. Either path is viable. Both are planned for. Neither requires the founder to backfill a leadership gap at the last moment.

This is a deliberate bench strength strategy. At three locations, Thresh has a minimum of six salaried managers — three GMs and three AGMs — all of whom were hired with promotion in mind, all of whom are trained on the same SOP library, and all of whom understand the Thresh operating culture from inside the business rather than from an orientation packet. That depth of prepared leadership is what allows the platform to scale at the pace described in the expansion roadmap without compromising the hospitality consistency that drives retention.

During Phase 1, no formal bonus plan is in place. The compensation is straightforward base salary. This is deliberate — the AGM's job in Phase 1 is to learn and execute, not to optimize against metrics that haven't been calibrated yet. Introducing a bonus structure before operational baselines are established creates arbitrary targets and undermines the integrity of the plan for the person being asked to hit them.

### **Phase 2 — GM Succession and Founder Transition**

At Month 8 — about four months before Thresh 2 opens — a GM and AGM are hired together to take over full operational ownership of the flagship, trained directly by Harrison and Hollace on the SOP library, culture, and service standard built during the opening months. The GM is brought on at \$85,000 (range \$80,000–\$90,000) — the market rate for independent operational leadership of a \$1M+ revenue location — with the AGM at \$66,500 (range \$65,000–\$68,000). The two-manager structure begins here and is never interrupted going forward.

Corporate locations participate in a corporate manager incentive plan, budgeted at 7.5% of GM and AGM salary and built on KPIs that reward loyalty and growth toward the 550-member stabilization goal: monthly membership retention rate, monthly net member adds, member satisfaction scoring, labor cost as a percentage of revenue, and day pass to membership conversion. Franchisees set their own incentive structures for their leaders.

The sequencing matters. The KPI targets are calibrated from the flagship's own operating data, so the GM and AGM who inherit them understand and trust the targets they produce.

| Position                                        | Schedule                                                               | Weekly Hours    | Annual Cost                        |
|-------------------------------------------------|------------------------------------------------------------------------|-----------------|------------------------------------|
| Harrison & Hollace — opening phase (Months 1–7) | Cover the GM and AGM shifts below                                      | 90 hrs combined | \$158,000 combined (\$79,000 each) |
| GM (from Month 8)                               | Tue–Sat, 5:00 AM–2:00 PM                                               | 45 hrs          | \$85,000 (range \$80,000–\$90,000) |
| AGM (from Month 8)                              | Mon 5:00 AM–2:00 PM · Thu–Sun 12:00–9:00 PM                            | 45 hrs          | \$66,500 (range \$65,000–\$68,000) |
| Front Desk — \$20/hr                            | Mon–Wed 2:00–9:00 PM · Sun 6:00 AM–2:00 PM                             | 29 hrs          | \$30,160                           |
| Front Desk Lead — \$26/hr                       | Tue–Wed 6:00 AM–12:00 PM · Fri–Sat 2:00–10:00 PM · Sun 12:00–8:00 PM   | 36 hrs          | \$48,672                           |
| Barista — \$20/hr                               | Mon & Thu 6:00–10:00 AM · Fri–Sun 5:00–10:00 AM                        | 23 hrs          | \$23,920                           |
| Total hourly                                    |                                                                        | 88 hrs/week     | \$102,752                          |
| Fully loaded — Phase 1                          | Founders + hourly, 18% burden on hourly                                |                 | \$279,247                          |
| Fully loaded — Stabilized                       | GM + AGM + hourly, 7.5% manager incentive, 18% burden, health benefits |                 | \$336,975                          |

The schedule puts two people on site from 6:00 to 10:00 AM every day, two through the noon–2:00 PM overlap Thursday through Sunday, and two up to close Friday through Sunday; every open hour is staffed, and a single team member closes. The GM and AGM run the facility and support wherever they're needed, and the schedule leaves room within the salaried and hourly positions to cover breaks, sick time, vacation, cleaning, and class support. Splitting the Front Desk hours with an additional part-time Front Desk team member adds further flexibility without changing the labor budget. Contracted instructors cover yoga, breathwork, Pilates, and moonlight sessions on the class schedule — keeping fixed labor lean while preserving programming depth. All employees receive full complimentary access to Thresh services off-duty. That is not a perk. It is a product familiarity strategy. Team members who cross the threshold as members serve it better as guides.

## Understanding the 18% Payroll Burden

Payroll burden is the additional cost of employing someone beyond what appears in their paycheck. For every dollar of wages Thresh pays, approximately 18 cents in mandatory and employer costs are layered on top. This figure is built into the fully loaded labor line throughout the financial model.

The 18% burden at Thresh comprises three mandatory components and one calculated accrual. FICA — employer Social Security and Medicare contributions — runs 7.65% of every employee's wages, the single largest piece. Colorado unemployment tax (FUTA/SUTA combined) adds roughly 3–4% on the first \$7,000 of each employee's wages annually. Workers' compensation insurance is the most variable input: Thresh operates wet environments with heat and cold exposure, which typically places team members in higher-risk classification codes than standard retail —

expect 3–5% of payroll depending on the broker and job classifications assigned. PTO accrual for hourly and salaried staff represents the remaining portion.

*Is 18% appropriate for Colorado? Yes — and it may actually run slightly higher. Colorado's SUTA rate for new employers is 1.7% (as of 2026), below the FUTA 6% baseline, but the wet-environment workers' comp classification for Thresh (likely NCCI code 9016 or similar for health club/spa operations) can push the workers' comp contribution to the higher end of the 3–5% range. At stabilization with a defined payroll mix and a claims-free record, the burden should land between 17% and 19% — making 18% a sound and defensible midpoint. Employee health benefits are carried as their own line in the P&L rather than inside the burden. 18% is the right number for the prototype stage.*

Employee health benefits are offered from Thresh 2's opening, when Thresh becomes a multi-unit employer, through a PEO that pools every location — corporate and franchised — into one large-group plan. The model budgets about \$7,850 per enrolled employee per year, based on the 2025 national average single-coverage premium of \$9,325 with the employee contributing about 16%, for the GM, AGM, and Front Desk Lead at each corporate location, and for the founders, the VP of Franchise Growth & Acceleration, and the corporate team at Thresh Holdings. Benefits are disclosed to every hire as part of the compensation conversation.

This staffing model — the \$20/hour wage floor, the two-manager GM/AGM structure, and the SOP library it produces — isn't just how Thresh Holdings runs its own locations. It's the standard every franchisee is contractually required to run under, so the member experience is identical whether the location is corporate or franchised.

SECTION 11

# Operations & Facility Model

## A Space That Earns Its Atmosphere

The facility is not a delivery mechanism for wellness services. It is the product. Every design decision, every square footage allocation, every material choice either supports or undermines the experience members return for. At Thresh, the crossing happens in the space itself — the architecture creates the conditions for transformation.

## Prototype Footprint

| Category              | Target              | Notes                                                                                                                                                                              |
|-----------------------|---------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Total footprint       | 4,000 – 5,000 SF    | Combined indoor + outdoor. Indoor 3,000–3,500 SF preferred; 5,000 SF combined is the high-side calculation basis.                                                                  |
| Indoor allocation     | ~3,000–3,500 SF     | Sauna, pool, lounge, changing rooms, studio                                                                                                                                        |
| Outdoor patio         | ~1,000–1,500 SF     | Mixed covered (timber and steel shade structure over plunge cluster) and open-air (fire features, stargazing) — the highest-ROI space, low buildout cost, highest atmosphere value |
| Daily operating hours | 16 hours / 7 days   | Supports before-work and after-work utilization windows                                                                                                                            |
| Preferred site type   | Adaptive reuse      | Former gym, yoga studio, restaurant, or garage conversion — existing infrastructure saves \$40–80K in buildout                                                                     |
| Ceiling height        | 10–14 ft preferred  | Critical for sauna airflow, heat management, and visual openness                                                                                                                   |
| Electrical service    | 400–600 Amp 3-Phase | Sauna heaters + plunge chilling + HVAC loads                                                                                                                                       |

## Recovery Zone Distribution — The Five Thresholds

Each zone at Thresh represents a crossing point — a distinct environment that offers a different emotional and physiological state. Members move through them in their own order, at their own pace, creating a self-directed recovery ritual that feels personal each time.

| Zone         | Design SF | The Threshold It Creates                                                                                                                                               |
|--------------|-----------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Social sauna | 450 SF    | 15–20 person capacity at 20–25 SF per person — hospitality-grade comfort, tiered bench configuration, 10–12 ft ceiling required. Where strangers stop being strangers. |

| Zone                                | Design SF          | The Threshold It Creates                                                                                                                                                                                                                                                                                                                                                                      |
|-------------------------------------|--------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Quiet sauna                         | 250 SF             | 8–10 person capacity at 20–25 SF per person — individual decompression, breathwork, silent recovery. Where the internal conversation changes.                                                                                                                                                                                                                                                 |
| Cold plunge cluster (outdoor patio) | 325 SF (outdoor)   | Five units on the covered outdoor patio — The Reach (Morozko XL, tall-capacity), The Edge (beginner), The Crossing ×2 (intermediate), The Deep (expert). All BlueCube C3 except The Reach. Covered by natural timber and weathered steel shade structures stretched over the plunge units and walkways.                                                                                       |
| Warming pool                        | 350 SF             | The decompression between states. Where people linger and talk.                                                                                                                                                                                                                                                                                                                               |
| Movement studio                     | 500 SF             | Breath and body awareness. The internal crossing. Connected to the outdoor patio via a full-width sliding glass wall or commercial garage door — when open, the indoor floor and outdoor patio become one continuous space.                                                                                                                                                                   |
| Recovery lounge (indoor)            | 550 SF             | Warmth, community, and Smart Cooler access. Where the session becomes the evening — and the purchase happens naturally.                                                                                                                                                                                                                                                                       |
| Outdoor patio & hospitality         | 1,250 SF (outdoor) | Open air, fire, and Colorado sky. The crossing back into the world. Covered zones use natural timber and weathered steel shade structures over the plunge cluster and walkways; open zones remain uncovered for sunning and stargazing. Connected to the indoor sauna zone via a transition corridor that lets members move freely between cold and hot without crossing through other zones. |
| Changing rooms, restrooms & lockers | 500 SF             | ADA-compliant changing rooms and restrooms with available lockers — not a traditional gym-style locker room. The practical infrastructure of transformation, sized to support, not compete with, the wet-zone experience.                                                                                                                                                                     |
| Check-in & back-of-house            | 350 SF             | The first threshold of every visit — arrival sets the emotional tone.                                                                                                                                                                                                                                                                                                                         |
| Circulation, walls & mechanical     | 300 SF             | Corridors, wall thickness, and mechanical space for pool, plunge, and HVAC equipment.                                                                                                                                                                                                                                                                                                         |
| Indoor total                        | 3,250 SF           | Single design case; the outdoor plunge cluster and patio are additional and are negotiated separately.                                                                                                                                                                                                                                                                                        |

# Cold Plunge Zone — Equipment, Configuration & Naming

The five cold plunge units are positioned as the visual and experiential focal point of the outdoor covered patio. All units are outdoor-rated. The configuration uses two vendor relationships, two filter part numbers, and one maintenance protocol per brand — the simplest possible commercial operation while delivering five distinct plunge experiences across a full beginner-to-expert temperature progression.

| Thresh Name | Brand / Model                      | Level        | Temperature | Key Specification                                                                                                                                                                                                                                                    |
|-------------|------------------------------------|--------------|-------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| THE REACH   | Morozko XL Ice Plunge (commercial) | Intermediate | 48°F – 52°F | Tall-capacity — accommodates users up to 7'0". Marine-grade polyurea coating. Rated to maintain temperature at 110°F ambient — the definitive outdoor performer for South Denver Metro summer. Laser-engraved Thresh logo. 3-year warranty + 72-hour on-site service |

| Thresh Name  | Brand / Model                | Level        | Temperature | Key Specification                                                                                                                                                                                                                                             |
|--------------|------------------------------|--------------|-------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| guarantee.   |                              |              |             |                                                                                                                                                                                                                                                               |
| THE EDGE     | BlueCube C3 60" (commercial) | Beginner     | 55°F – 60°F | Line-X® weatherproof shell — UV and rain resistant. 37°F–70°F range. 20-micron ozone filtration (NSF/ANSI 50). Up to 100 commercial plunges/day. Iwaki America near-silent pump. 5-year warranty with Premium Care plan. 0% financing 18 months via Airpuria. |
| THE CROSSING | BlueCube C3 60" (commercial) | Intermediate | 48°F – 52°F | Identical to The Edge — independently set at intermediate temperature. Unit 1 of 2 at this temperature zone. The Crossing is the habit formation zone — two units ensures it is almost always available.                                                      |
| THE CROSSING | BlueCube C3 60" (commercial) | Intermediate | 48°F – 52°F | Unit 2 of 2 at intermediate temperature. Two Crossings at intermediate reflects the 52% of member demand at this level. At peak hour, both units ensure zero wait time at the most-used temperature.                                                          |
| THE DEEP     | BlueCube C3 60" (commercial) | Expert       | 39°F – 44°F | Identical BlueCube C3 platform — set at expert temperature. The coldest unit in the lineup. One unit is correct — expert users are disciplined, time precisely, and self-manage. 29% daily utilization.                                                       |

| Flow & Throughput Metric           | Figure                  | Significance                                                                                                                                                                                   |
|------------------------------------|-------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Total daily capacity — 5 units     | 536 plunge sessions/day | 275 daily visits × 70% plunge participation = 193 sessions needed — about 36% of practical capacity.                                                                                           |
| Peak hour capacity (5–9 PM, 4 hrs) | 134 sessions            | 101 peak visits × 70% = 71 sessions needed — about 53% of peak capacity. Short waits are possible when arrivals bunch together; the five-unit rotation keeps them brief.                       |
| Stress-test capacity (350 visits)  | 46% utilization         | 245 sessions needed vs 536 practical capacity — the configuration handles the stress-test target without adding a unit.                                                                        |
| Intermediate zone (3 units)        | About 356 sessions/day  | 52% of plunge sessions (about 100 of 193 a day) — about 28% of this zone's capacity. Two Crossings means The Crossing is almost always available — that availability is a retention mechanism. |
| Beginner zone (1 unit)             | About 90 sessions/day   | 28% of plunge sessions (about 54 a day) — about 60% of capacity; beginners progress to intermediate in 2–4 weeks. One unit, planned at 90% of the BlueCube C3's rated 100 plunges/day.         |
| Expert zone (1 unit)               | About 90 sessions/day   | 20% of plunge sessions (about 39 a day) — about 43% of capacity. Members are disciplined and self-managing; one unit, planned at 90% of its rated capacity, is correct.                        |

| Equipment Detail    | Morozko XL (The Reach)                  | BlueCube C3 60" (The Edge / Crossing / Deep)           |
|---------------------|-----------------------------------------|--------------------------------------------------------|
| Units               | 1                                       | 4                                                      |
| Outdoor rated       | ✓ Marine polyurea — rain + sun + heat   | ✓ Line-X® weatherproof — UV + rain + outdoor permanent |
| Colorado 90°F+ heat | BEST — rated 110°F ambient              | Good — confirm high-ambient ceiling with vendor        |
| Temperature floor   | 32°F — makes own ice                    | 37°F — near-ice capable                                |
| Filtration          | 50 SF microfilter (~300 plunges/change) | 20-micron + auto ozone (NSF/ANSI 50)                   |
| Warranty            | 3 years + 72-hr on-site service         | 5 years frame/electrical (Premium Care plan)           |
| Est. unit price     | \$17,900–\$25,000                       | \$10,000–\$14,000 each                                 |
| Financing           | Brickhouse Capital / Geneva Capital     | Airpuria — 0% APR for 18 months                        |
| Contact             | sales@morozkoforge.com                  | sales@bluecubebaths.com   541-512-4012                 |

The Movement Studio is the indoor space that opens to the outdoor patio. The connection is a full-width commercial sliding glass wall or aluminum-framed garage door system spanning 12 to 18 linear feet. When open, the Movement Studio and the outdoor patio become one continuous space — yoga, breathwork, and mobility sessions extend onto the patio when weather permits. When closed, both operate independently.

The patio itself is organized into covered and open zones. The cold plunge cluster and adjacent walkways sit beneath natural timber and weathered steel shade structures — stretched fabric canopies that reduce ambient heat load on the plunge chillers in Colorado summer conditions and protect members from direct sun, while preserving the open-air feeling and adding visual color to the patio. A separate uncovered portion of the patio remains open to the sky entirely — for sunning during the day and stargazing in the evening.

The sauna zone sits on the opposite side of an interior wall from the cold plunge patio, connected by a transition corridor or lounge. This proximity is intentional: the core of the Thresh contrast ritual is the movement between heat and cold, and placing the sauna zone and the cold plunge zone adjacent to one another — linked by a dedicated transition space — lets members move fluidly between the two without cutting through the movement studio, recovery lounge, or check-in area.

## Technology Stack

Zenoti was selected as the core operating platform for Thresh after a comprehensive evaluation of wellness management software options. Thresh is built to franchise from the outset — Section 15 targets the first franchised location opening alongside Thresh 2's stabilization — and Zenoti is the platform built for exactly that: centralized dashboards across independently-owned locations, standardized policy enforcement, and franchise royalty tracking native to the system, live from Thresh 1's opening rather than bolted on later.

| Platform | Function                             | Why Selected for Thresh                                                                                                                                                                              |
|----------|--------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Zenoti   | Core operating platform — all-in-one | Memberships, billing, CRM, session scheduling, capacity management, POS, retail, digital waivers, automated marketing, multi-location dashboards, and franchise royalty tracking built in from Day 1 |

| Platform                | Function                  | Why Selected for Thresh                                                                                                                          |
|-------------------------|---------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------|
| Zenoti POS              | In-location point of sale | Integrated POS handles day passes, beverage, retail merchandise, and class drop-ins through the same system — no separate POS required at launch |
| Soundtrack Your Brand   | Music & atmosphere        | Commercial licensing, centralized playlist control — music is part of the threshold experience, not background noise                             |
| QuickBooks (integrated) | Accounting & finance      | Direct Zenoti integration — single source of financial truth for investor reporting and tax preparation                                          |

### Zenoti — Built for Where Thresh Is Going

Zenoti runs Thresh's full operation from Day 1 forward — multi-location dashboards, standardized policy enforcement, and franchise royalty tracking are native to the platform Thresh 1 opens on, not a later add-on. Thresh's growth plan depends on attracting a franchisee for Location 3 as soon as Thresh 2 is open and the FDD is registered, and that means walking into the first franchise conversation with royalty tracking, brand-standard audits, and multi-location reporting already proven in production — not still being built. Zenoti is configured well ahead of Thresh 1's opening, giving the team real runway to test every multi-location and franchise-reporting workflow before Location 3 is ever awarded.

Zenoti isn't just a subscription list — it's the operating nervous system that makes the reporting hierarchy described in Section 10 actually run: location data rolls up through the corporate or franchisee portfolio, then the region, then into one enterprise dashboard at Thresh Holdings, giving management the same location-level detail and system-wide view every day that this proposal describes conceptually. As franchise-specific management software is layered in ahead of Location 3, it plugs into this same structure rather than creating a second, disconnected reporting system for franchised locations.

Thresh is a membership-retention business: every new member is acquired through community, referral, and the founding campaign. The operating budget follows that model directly — into the founding campaign, referral incentives, and community programming that build the loyalty a recurring-membership business depends on.

Naranga (recently rebranded Woven) is engaged alongside Zenoti at Thresh 2's opening (Month 12 of flagship operations) — running franchisee onboarding, brand-standard audits, and royalty administration from the moment Location 3, the Founding Franchise Test, is awarded, with FranConnect the natural upgrade once the system passes roughly 100 units. A prospective franchisee evaluating Thresh at Location 3 sees a company already running its royalty tracking, brand-standard audits, and multi-location reporting in production at Thresh 1 and Thresh 2 — not a company promising to build that infrastructure after the first franchise agreement is signed.

Zenoti covers every operational need of the Thresh prototype, with the franchise-scale headroom the growth plan requires. Recurring membership billing with automated renewals and failed payment recovery. Session and capacity management for the sauna, plunge, and pool zones with occupancy caps. Digital waiver collection and signature tracking — critical for heat and cold exposure liability management. iPad-based self-check-in for members. Retail POS for beverages, merchandise, and in-location purchasing. Event and workshop ticketing for Thresh programming. A branded member app under the Thresh identity. Advanced reporting sufficient for monthly investor reports and, from the moment the first franchise location opens, franchisee-level reporting without a platform change. Zenoti is the right platform for exactly the growth plan Thresh is executing — the same standard applied to every vendor decision in this plan.

## Zenoti — Key Operational Features for Thresh

| Feature                                | Thresh Application                                                                                                                                                                |
|----------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Recurring membership billing           | Ember, Stone, Ritual, and Passage tiers with automated autopay, failed payment recovery, and annual renewal management                                                            |
| Session & capacity management          | Sauna occupancy caps, plunge throughput scheduling, warming pool reservations — prevents overcrowding at peak windows                                                             |
| Digital waivers & e-signatures         | Heat and cold exposure liability waivers collected at first visit and updated as policies change — no paper, no gaps                                                              |
| iPad member self-check-in              | Members check in independently — front desk handles hospitality, not transaction processing                                                                                       |
| Integrated POS & retail                | Day passes, guest passes, beverage purchases, in-store merchandise all processed through one system from Day 1                                                                    |
| Branded Achieve member app             | Thresh-branded mobile app — members book classes, manage membership, purchase guest passes, and receive push notifications                                                        |
| Multi-location dashboard               | Centralized visibility and standardized policy enforcement across every corporate and franchised location from a single console                                                   |
| Franchise royalty tracking             | Built-in royalty calculation and collection across franchised locations, feeding directly into Naranga for franchisee administration — live before Location 3 is ever awarded     |
| Event & workshop management            | Breathwork nights, recovery workshops, community programming — bookable and trackable within the same platform                                                                    |
| Reserve with Google integration        | Members can discover and book Thresh sessions directly from Google Search and Maps — drives organic trial                                                                         |
| Staff time clock & payroll integration | Employee clock-in/clock-out with hourly rate calculation and audit trail, feeding directly to Gusto payroll — eliminates separate timekeeping software for the entire hourly team |
| QuickBooks integration                 | Direct accounting integration eliminates manual export — clean financial reporting from Day 1                                                                                     |
| Multi-location architecture            | Built for Thresh 1 through the full corporate and franchised network — no platform migration ever required                                                                        |

## Pricing & Implementation

Zenoti runs on a single multi-location account. Each location — corporate or franchised — pays its own location subscription directly to Zenoti, budgeted at \$400/month (\$4,800/year) and carried in the Section 10 P&L. Thresh Holdings carries the franchisor side of the account: the multi-location dashboard, cross-location reporting, and franchise tools, budgeted at \$12,000/year plus \$150/month per franchised location, a one-time \$10,000 implementation, and \$3,500 of setup per new franchised location. Those costs are recovered through a \$250/month Zenoti multi-location fee and a one-time \$5,000 onboarding fee paid by each franchised location (Section 15), so Thresh Holdings never carries the platform at a cumulative loss.

Zenoti is configured well ahead of Thresh 1's opening rather than scheduled tight against the launch date, giving the team real runway to test every multi-location and franchise-reporting workflow before Location 3 is ever awarded. Hardware requirements stay lean: one or two iPad-based POS stations with integrated card readers, a receipt printer, and a barcode scanner if needed for retail. Total hardware cost runs \$1,000–\$1,500.

Access control for the facility integrates with the facility's chosen entry-management system, tied directly to membership status — eliminating manual check-in at the door. This keeps the vendor count low and operational complexity down during the launch period when the team's bandwidth is already fully committed, while preserving the reporting depth a growing franchise network will need starting with Location 3.

## Regulatory & Compliance

The concept combines regulated environments — public-use water features, heat exposure, changing rooms and restrooms — that require proactive compliance infrastructure from the beginning. This is not a post-permitting consideration. It is a pre-lease priority that determines whether Thresh opens on time or not.

| Area                                                                      | Requirement                                                                                                                                     | Authority                                                                          |
|---------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------|
| Warming pool & cold plunges                                               | Colorado DOH 5 CCR 1003-5 public pool/spa classification                                                                                        | Colorado CDPHE — Arapahoe County Public Health or Douglas County Health Department |
| Operating permit                                                          | CDPHE / county pool plan review and operating approval (confirm the current application with the applicable department) required before opening | cdphe.colorado.gov   cdphe_iepu@state.co.us   (303) 692-3645 option 3              |
| City of Centennial (if Centennial site)                                   | Building permits, zoning, occupancy, plumbing, mechanical, signage                                                                              | buildingpermits@centennialco.gov   (303) 754-3308                                  |
| City of Lone Tree (if Lone Tree site)                                     | Building permits, zoning, occupancy, plumbing, mechanical, signage                                                                              | building@cityoflonetree.com   (720) 390-5211                                       |
| Douglas County + Highlands Ranch Metro District (if Highlands Ranch site) | Building permits via Douglas County (unincorporated); water/sewer development review via the Metro District                                     | douglas.co.us/land/building   (303) 660-7497                                       |
| ADA compliance                                                            | Accessible pool entry, changing rooms, restrooms, and routes from Day 1                                                                         | ADA.gov + licensed architect                                                       |
| Sauna safety                                                              | UL/ETL-listed equipment, ventilation, emergency shutoff, guest SOPs                                                                             | Manufacturer specs + local building dept.                                          |
| Insurance                                                                 | GL, professional liability, equipment breakdown, workers comp, EPLI                                                                             | Specialized wellness/hospitality broker required                                   |

## SECTION 12

# Use of Funds — \$1,835,000

*This is not a lifestyle raise. Every dollar is deployed toward building an operating prototype that can be replicated. The flagship Thresh location is not the business — it is the proof of the business.*

## Capital Deployment Plan

| Category                     | Allocation | What It Covers                                                                                                                                                                                                                                                                                                                                                                                                                               |
|------------------------------|------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Construction & Buildout      | \$136,000  | Interior framing, wet areas, drainage, electrical, HVAC, changing rooms, restrooms, outdoor patio (including natural timber and weathered steel shade structures), finish materials, lighting — the physical thresholds of Thresh. Includes an added \$14,900 construction contingency to absorb second-generation site condition surprises and MEP scope changes without compressing the working capital reserve.                           |
| Sauna Infrastructure         | \$90,000   | Social sauna (custom-built, 15–20 person), quiet sauna, commercial heaters, ventilation, drainage, seating — the emotional center of the experience                                                                                                                                                                                                                                                                                          |
| Cold Plunge Systems          | \$100,000  | 1 × Morozko XL Ice Plunge (intermediate, tall-capacity, outdoor-rated to 110°F ambient) + 4 × BlueCube C3 60" (1 beginner, 2 intermediate, 1 expert) — all five units outdoor-rated and covered on patio. Includes installation, 5 outdoor GFCI circuits, drainage, and plumbing hookups. Named: The Reach (Morozko), The Edge, The Crossing ×2, The Deep (BlueCube). Financing: Airpuria 0% 18mo (BlueCube) + Brickhouse Capital (Morozko). |
| Warming Pool                 | \$40,000   | Custom concrete communal pool, circulation, heating, waterproofing — the decompression centerpiece                                                                                                                                                                                                                                                                                                                                           |
| FF&E                         | \$84,600   | Lounge seating, lockers, lighting, outdoor furniture, towel systems, laundry infrastructure, retail displays, and the Peak Volume staffed bar buildout (Rancilio Ego Next espresso machine, undercounter reach-in cooler, drip coffee tower, rapid-cook oven, and bar smallwares — \$37,100)                                                                                                                                                 |
| Opening Merchandise          | \$8,000    | Initial inventory of opening merchandise — branded t-shirts, hats, towels, and water bottles for founding member launch and ongoing retail sales                                                                                                                                                                                                                                                                                             |
| Technology Systems           | \$30,000   | Zenoti setup and onboarding, POS hardware (iPad stations, card readers, receipt printers), Soundtrack Your Brand setup, QuickBooks integration, security cameras, member communication infrastructure                                                                                                                                                                                                                                        |
| Branding & Launch Marketing  | \$45,000   | Thresh brand identity, website, founding membership campaign, community activation, social content, local partnerships                                                                                                                                                                                                                                                                                                                       |
| Legal, Entity Formation & IP | \$40,000   | LLC formation (Thresh Holdings, Thresh Flagship 1), dual-class operating agreement drafted by Colorado business attorney, Thresh™ trademark application (Classes 044 + 041, \$700 USPTO fees), trademark monitoring, securities compliance for investor group — the legal infrastructure that protects every other dollar in this budget                                                                                                     |
| Permits & Licensing          | \$36,000   | Building permits, DOH review, zoning, architectural fees, ADA review, pool permitting — moved to separate line from legal to maintain clean budget visibility                                                                                                                                                                                                                                                                                |

| Category                        | Allocation       | What It Covers                                                                                                                                                                                                                                                                                                                                                                                                                             |
|---------------------------------|------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Working Capital Reserve         | \$250,000        | 6-month operating runway — payroll, rent, utilities, insurance during the membership ramp. The margin that lets Thresh build right instead of building fast.                                                                                                                                                                                                                                                                               |
| <b>TOTAL CAPITAL REQUIRED</b>   | <b>\$859,600</b> | <b>The full capital required to construct and open Thresh 1</b>                                                                                                                                                                                                                                                                                                                                                                            |
| Equipment financing opportunity | Up to \$45,000   | 4 × BlueCube C3 units may qualify for 0% financing for 18 months through Airpuria. The raise assumes the equipment is purchased outright. If financing is secured, 0% removes interest but not principal: financing \$40,000–\$56,000 over 18 months means about \$2,200–\$3,100 a month in principal payments, which enter the operating budget on the terms agreed, and the cash freed up goes first to the next location's preparation. |

## Thresh 2 (Castle Rock) — Capital Deployment

Thresh 2 is a second, near-identical build — same construction scope, same equipment package, its own permitting and its own working capital runway. It does not, however, repeat the one-time company-level costs already covered in Thresh 1's allocation above: the dual-class operating agreement, the Thresh™ trademark filing, and the core brand identity and website are built once, for the whole company, not per location. Thresh 2's own budget below reflects only the incremental legal work (forming Thresh Castle Rock, LLC) and a lighter local-activation marketing spend. The founding member playbook proven at Thresh 1 carries directly into Thresh 2's own campaign.

| Category                     | Allocation | What It Covers                                                                                                                                                                                                            |
|------------------------------|------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Construction & Buildout      | \$136,000  | Same scope as Thresh 1 — interior framing, wet areas, drainage, electrical, HVAC, changing rooms, restrooms, outdoor patio, finish materials, lighting, and construction contingency.                                     |
| Sauna Infrastructure         | \$90,000   | Social sauna, quiet sauna, commercial heaters, ventilation, drainage, seating — identical package to Thresh 1.                                                                                                            |
| Cold Plunge Systems          | \$100,000  | Same five-unit cold plunge package as Thresh 1 (Morozko XL + 4 × BlueCube C3), installation, GFCI circuits, drainage, and plumbing hookups.                                                                               |
| Warming Pool                 | \$40,000   | Custom concrete communal pool, circulation, heating, waterproofing — identical to Thresh 1.                                                                                                                               |
| FF&E                         | \$84,600   | Lounge seating, lockers, lighting, outdoor furniture, towel systems, laundry infrastructure, retail displays, and the Peak Volume bar buildout.                                                                           |
| Opening Merchandise          | \$8,000    | Thresh 2's own opening inventory for its founding member launch.                                                                                                                                                          |
| Technology Systems           | \$30,000   | Thresh 2's own Zenoti setup, POS hardware, and member communication infrastructure — a separate location requires its own hardware even on shared company accounts.                                                       |
| Branding & Launch Marketing  | \$25,000   | Local founding member campaign and community activation for the Castle Rock market — lower than Thresh 1's \$45,000 because the Thresh brand identity, website, and creative system already exist.                        |
| Legal, Entity Formation & IP | \$5,000    | Incremental formation of Thresh Castle Rock, LLC only — the dual-class operating agreement, trademark application, and securities compliance work are company-level costs already covered once, in Thresh 1's allocation. |
| Permits & Licensing          | \$36,000   | Building permits, DOH review, zoning, architectural fees, ADA review, pool                                                                                                                                                |

| Category                        | Allocation       | What It Covers                                                                                                                                                                                                                                                                                                                                                                                                                             |
|---------------------------------|------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                 |                  | permitting for the Castle Rock site — required fresh for every new location.                                                                                                                                                                                                                                                                                                                                                               |
| Working Capital Reserve         | \$250,000        | Thresh 2's own 6-month operating runway — payroll, rent, utilities, insurance during its own membership ramp, independent of the flagship's reserve.                                                                                                                                                                                                                                                                                       |
| <b>TOTAL CAPITAL REQUIRED</b>   | <b>\$804,600</b> | <b>The full capital required to construct and open Thresh 2</b>                                                                                                                                                                                                                                                                                                                                                                            |
| Equipment financing opportunity | Up to \$45,000   | 4 × BlueCube C3 units may qualify for 0% financing for 18 months through Airpuria. The raise assumes the equipment is purchased outright. If financing is secured, 0% removes interest but not principal: financing \$40,000–\$56,000 over 18 months means about \$2,200–\$3,100 a month in principal payments, which enter the operating budget on the terms agreed, and the cash freed up goes first to the next location's preparation. |

## Combined Capital Raise — Thresh 1, Thresh 2, and the Thresh Holdings Launch Reserve

Thresh 1 (South Denver flagship) requires \$859,600. Thresh 2 (Castle Rock) requires \$804,600. Each includes a \$250,000 working capital reserve. Thresh Holdings carries a \$170,800 launch reserve for the costs it incurs before its own income begins: the franchise development consultant group and franchise counsel engaged when Thresh 2 opens, founder compensation during Thresh 2's pre-opening months, and Holdings accounting, legal, and fractional CFO support. Together, the full build-out and opening of both corporate flagship locations and the Thresh Holdings launch reserve require \$1,835,000 — the capital raise size for this founding Class B-1 round. Raising both locations' capital upfront, rather than sequencing a second raise for Thresh 2, removes execution risk from the Thresh 2 timeline: its Q1 2028 opening does not depend on a second capital round, and Thresh Holdings enters the flagship build fully capitalized for both proof-of-concept locations. Opening Thresh 1 and Thresh 2 without any additional capital request is the primary financial goal of this raise. A portion of the equipment package at each location may qualify for vendor financing — detailed in each location's capital deployment plan above. Any amount secured is applied first to the next location's preparation, and to accelerated principal repayment only after both Thresh 1 and Thresh 2 are open for business.

Thresh Holdings Launch Reserve — \$170,800: franchise development consultant group and franchise counsel (\$90,000) · founder compensation between the flagship handoff and Thresh 2's opening (about \$52,700) · Holdings accounting, legal, and fractional CFO support from Thresh 2's opening until Holdings income begins.

## Legal, Entity Formation & Intellectual Property

The Legal, Entity Formation & IP allocation funds the foundational legal infrastructure that every other dollar in the budget depends on. This is not an administrative formality — it is the architecture of the entire enterprise. It is sequenced first in priority, before construction begins and before any investor capital is accepted.

### Entity Formation — Three LLCs at Launch

Three separate limited liability companies are formed under the Thresh Holdings umbrella before any operating activity begins. Thresh Holdings, LLC has been formed and filed with the State of Colorado. Each entity serves a distinct purpose and provides liability protection that a single-entity structure cannot.

| Entity                           | Purpose                                                                                                                                                                      | Timing                                                                              |
|----------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|
| Thresh Holdings, LLC             | Parent company — owns brand, IP, operating systems, all subsidiary LLCs. Issues Class A and Class B membership units. Governs the dual-class ownership structure.            | Formed — filed with the State of Colorado, ahead of investor capital being accepted |
| Thresh Flagship 1, LLC           | Operating entity for the flagship location — signs the lease, employs staff, generates revenue, pays rent. Investor and founder economic interests flow through this entity. | Formed before lease is signed                                                       |
| Thresh Real Estate Holdings, LLC | Real estate entity — formed by Thresh Holdings when Thresh acquires its first property; holds a property-level LLC for each property                                         | Formed at the first property acquisition — not part of launch                       |

## The Dual-Class Operating Agreement — Why Legal Counsel Is Non-Negotiable

The operating agreement for Thresh Holdings, LLC is the single most important document in the entire company structure. It encodes the Class A and Class B unit framework, the distribution waterfall, the preferred return mechanics, the accelerated capital recovery provisions, the optional repurchase of investor rights, the anti-dilution protections for founding investors, the voting rights structure, and every other term that governs the relationship between all parties for the life of the enterprise.

This document cannot be generated from a template or drafted without a Colorado business attorney who has specific experience in dual-class LLC structures, sweat equity profits interests, and preferred return mechanics. The cost of a well-drafted operating agreement — typically \$3,000 to \$5,000 from a qualified attorney — is the least expensive protection available in the entire budget. An inadequate operating agreement discovered two years into operations, in the middle of a capital raise, or in a dispute with an investor costs multiples of that amount to repair, if it can be repaired at all.

Legal counsel will be retained at the pre-formation stage — before any investor is brought into a conversation, before any capital is accepted, and before any operating agreement is signed. The attorney's engagement begins with a review of the capital structure described in this plan, followed by drafting of the operating agreement, review of the investor subscription documents, and confirmation that the offering complies with applicable federal and Colorado securities regulations.

## Trademark — Thresh™ Filing Strategy

The Thresh™ trademark application has been filed with the USPTO — completed as a pre-formation priority, not a post-opening administrative task. The filing establishes the priority date that prevents any other operator, brand, or individual from claiming the name in the wellness, hospitality, or community programming categories after Thresh has publicly launched.

| Filing           | USPTO Class                         | What It Covers                                                                                                  | Cost            | Timing                              |
|------------------|-------------------------------------|-----------------------------------------------------------------------------------------------------------------|-----------------|-------------------------------------|
| Primary filing   | Class 044 — Health services         | Sauna services, cold plunge therapy, wellness facility operation, hydrotherapy, yoga and breathwork instruction | \$350 USPTO fee | Filed                               |
| Secondary filing | Class 041 — Entertainment/community | Community programming, guided wellness sessions, workshops, events, breathwork classes                          | \$350 USPTO fee | Filed simultaneously with Class 044 |
| Future filing    | Class 043 — Food & beverage         | Beverage service, food service in the recovery lounge — activated when beverage program                         | \$350 USPTO     | File by Month 6 of operations       |

| Filing        | USPTO Class                        | What It Covers                                                                                      | Cost                  | Timing                               |
|---------------|------------------------------------|-----------------------------------------------------------------------------------------------------|-----------------------|--------------------------------------|
|               |                                    | reaches material scale                                                                              | fee                   |                                      |
| Future filing | Class 025 —<br>Apparel/merchandise | Branded clothing, towels, accessories — activated<br>when retail merchandise program is established | \$350<br>USPTO<br>fee | File when<br>merchandise<br>launches |

The ™ symbol is applied to all Thresh materials from the date of filing — investor documents, the website, signage, membership agreements, and marketing materials. The ® registration follows approximately 12 to 18 months after filing upon USPTO approval. Initial filing in Classes 044 and 041 costs \$700 in government fees. A formal trademark clearance opinion from the retained attorney — confirming no blocking marks exist before committing to the name — is included in the legal budget.

Additional trademark filings will be identified at opening and as the brand develops — including any signature experience names, programming names, or product line names that gain commercial significance. The operating agreement authorizes Thresh Holdings to file additional trademarks on behalf of the company without requiring member approval, consistent with the company's role as owner of all intellectual property.

## Capital Efficiency — Grants, Incentives & Capital Programs

Most hospitality startups treat their capital raise as the only source of funding available. Thresh treats grants, credits, and capital programs as a second funding layer. Every program here is verified against current Colorado sources, identified as active or subject to an eligibility check, and sequenced in time.

Collectively, the verified programs below represent a realistic offset potential of \$20,000–\$80,000 against launch costs — a realistic estimate for a Colorado hospitality startup with the site profile described in this plan. This offset does not affect the investor equity structure or preferred return obligations. Every program requires pre-construction engagement — none can be applied for retroactively.

*The engagement sequence begins at capital close in Q4 2026: verify South Metro Enterprise Zone boundary eligibility, schedule Colorado SBDC consultation, and submit Skill Advance Colorado pre-certification before the first staff hire. All applications are filed before construction begins.*

### South Metro Enterprise Zone (SMEZ) — Colorado State Tax Credits

The South Metro Enterprise Zone is the most structurally significant program available to Thresh — and the one requiring the earliest action. The SMEZ was expanded in June 2024 and again in January 2026 to include more of Arapahoe County. If the Thresh flagship site falls within SMEZ boundaries, multiple Colorado state income tax credits become available. The zone is administered jointly by the City of Englewood Economic Development and Arapahoe County. Pre-certification is required before any qualifying activity begins.

| Credit                  | Rate / Amount                | What It Covers                                                                                                                                                       | Estimated Value for Thresh                  | Source                                                                                                                                      |
|-------------------------|------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------|
| New Employee Tax Credit | \$1,100 per net new employee | Credit for each net new employee hired at a qualified SMEZ business facility. For first two years: additional \$1,000/employee insured under a qualified health plan | \$8,800–\$13,200 (8–12 employees at launch) | <a href="https://oedit.colorado.gov/enterprise-zone-new-employee-tax-credit">oedit.colorado.gov/enterprise-zone-new-employee-tax-credit</a> |

| Credit                                               | Rate / Amount                                                             | What It Covers                                                                                                                                                                                                              | Estimated Value for Thresh                               | Source                                                                                                                                      |
|------------------------------------------------------|---------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------|
| (employer pays 50%+).                                |                                                                           |                                                                                                                                                                                                                             |                                                          |                                                                                                                                             |
| Investment Tax Credit                                | 3% of qualified business personal property investment                     | Equipment, FF&E, technology, and other tangible personal property invested in the enterprise zone. Sauna equipment, BlueCube units, Smart Cooler, AV/technology all potentially qualify. 14-year carryforward.              | \$8,700–\$14,700 (on \$290K–\$490K equipment investment) | <a href="https://oedit.colorado.gov/enterprise-zone-investment-tax-credit">oedit.colorado.gov/enterprise-zone-investment-tax-credit</a>     |
| Job Training Tax Credit                              | 12% of eligible job training costs                                        | Eligible training costs for employees working within the enterprise zone — CPR/AED, Zenoti platform, pool operator certification, water safety, service onboarding.                                                         | \$2,400–\$4,800 (on \$20K–\$40K training spend)          | <a href="https://oedit.colorado.gov/enterprise-zone-job-training-tax-credit">oedit.colorado.gov/enterprise-zone-job-training-tax-credit</a> |
| Vacant Commercial Building Rehabilitation Tax Credit | 25% of rehabilitation costs, up to \$50,000 credit on \$200,000+ in costs | If the Thresh site is a commercial building at least 20 years old and vacant for at least 2 years, this credit applies to rehabilitation costs. Second-generation restaurant, warehouse, or health club spaces may qualify. | Up to \$50,000 tax credit if site qualifies              | <a href="https://arapahoeco.gov/south_metro_enterprise_zone">arapahoeco.gov/south_metro_enterprise_zone</a>                                 |

SMEZ is an Arapahoe County program, which puts it in play only if the finalist site lands in Centennial. Eligibility must be confirmed by address using the SMEZ boundary map at [arapahoeco.gov](https://arapahoeco.gov) before the LOI is signed — not all Centennial addresses qualify, and boundary verification is the first action item once a Centennial address is under contract. If the finalist site lands in Lone Tree or Highlands Ranch instead, both are in Douglas County, which does not participate in the Enterprise Zone program — the capital plan does not depend on this credit either way, but it is a real difference between the three finalist neighborhoods worth weighing at site selection.

Pre-certification process: (1) Verify address at [arapahoeco.gov](https://arapahoeco.gov) SMEZ map. (2) Pre-certify online through the state portal before beginning qualifying activity. (3) Complete certification at year-end. (4) File DR1366 with Colorado income tax return. Contact: Arapahoe County Economic Development — [arapahoeco.gov/south\\_metro\\_enterprise\\_zone](https://arapahoeco.gov/south_metro_enterprise_zone)

### Skill Advance Colorado — Colorado First Job Training Grant

Skill Advance Colorado is administered jointly by OEDIT and the Colorado Community College System (CCCS). The Colorado First program funds customized training for net new hires at new and expanding Colorado businesses. This is a legitimate, active, annually funded program — verified at [cccs.edu](https://cccs.edu) and [oedit.colorado.gov](https://oedit.colorado.gov). The current application period runs July 2025–April 2026 (FY2026 cycle).

| Detail       | Program Information                                        |
|--------------|------------------------------------------------------------|
| Program name | Skill Advance Colorado — Colorado First Job Training Grant |

| Detail                 | Program Information                                                                                                                                                                                                                                                                                                                     |
|------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Administered by        | OEDIT + Colorado Community College System (CCCS); locally managed by participating community colleges                                                                                                                                                                                                                                   |
| Amount                 | Up to \$2,800 per learner (standard)   Up to \$3,800 per learner (microbusiness). Capped at \$150,000 per application, \$200,000 per grantee per fiscal year.                                                                                                                                                                           |
| What it covers         | Customized, short-term training for net new hires. Eligible categories for Thresh: CPR/AED certification, Zenoti platform training, water safety and pool operator certification, bloodborne pathogens compliance, hospitality service onboarding. Funds are reimbursed after training completion.                                      |
| Key conditions         | Business must be new or expanding in Colorado. Employees must be full-time (32+ hrs/week), non-seasonal, residing and working in Colorado. Business must pay above Colorado minimum wage. Training must be customized and short-term — not basic computer training or OSHA/CDL. Apply through local community college representative.   |
| Estimated Thresh value | \$5,000–\$15,000 depending on staff count and training programs selected (8–12 net new hires at \$2,800/hire = \$22,400–\$33,600 theoretical range; realistic range accounts for eligible vs. ineligible training components)                                                                                                           |
| Timing                 | Pre-certification required before training begins. Engage in Q4 2026, ahead of the first hire. Applications run on an annual July–April cycle; Thresh targets the FY2027 cycle.                                                                                                                                                         |
| Contact                | <a href="https://oedit.colorado.gov/skill-advance-colorado-job-training-grant">oedit.colorado.gov/skill-advance-colorado-job-training-grant</a>   <a href="https://cccs.edu/workforce-development/employer-resources/skill-advance-colorado-grants">cccs.edu/workforce-development/employer-resources/skill-advance-colorado-grants</a> |

### City-Specific Small Business Loan Programs

If Centennial is the finalist site, the City operates a Small Business Loan Fund providing low-interest loans to qualifying Centennial businesses — a loan program, not a grant, but at below-market rates it functions as a capital efficiency tool, particularly for equipment or buildout costs that do not qualify for other programs. Details including loan amounts and interest rates should be confirmed directly with the Centennial Economic Development office. Lone Tree and Highlands Ranch do not have an identified equivalent program; if either wins out, this offset simply isn't part of the capital plan.

Contact (Centennial only): [centennialco.gov/Business/Centennial-Small-Business-Loan-Fund](https://centennialco.gov/Business/Centennial-Small-Business-Loan-Fund) | Economic Development: (303) 754-3300

### SBA Programs — Launch Phase and Land Strategy

Two SBA programs are relevant at different stages of Thresh's development:

| Program       | Relevance to Thresh                                                                                                                                                                                                                                                                                                                                                 | Amount / Terms                                                                                              | Contact                                                                                                                                           |
|---------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------|
| SBA 7(a) Loan | The most flexible SBA product — working capital, equipment, buildout, and startup costs all qualify. Most relevant during the pre-opening and ramp period if additional capital is needed beyond the \$1,835,000 raise. Colorado businesses secured \$1.12B in 7(a) approvals in 2025, with an average size of \$556,000. Hospitality businesses routinely qualify. | Up to \$5M   Variable rate tied to prime   Terms up to 10 years (working capital) or 25 years (real estate) | <a href="https://sba.gov/funding-programs/loans">sba.gov/funding-programs/loans</a>   Colorado SBA District Office: 721 19th St, Denver, CO 80202 |
| SBA 504 Loan  | Designed for major fixed assets — commercial real estate and long-term equipment. Most relevant to the Thresh Land Holdings strategy for property acquisition rather than the operating launch. Requires as little as 10% borrower                                                                                                                                  | Up to \$5.5M   Fixed rate   10-year equipment / 20-year real estate   10%                                   | <a href="https://cedco.org">cedco.org</a>   <a href="https://sba.gov/504">sba.gov/504</a>   Colorado District SBA Office                          |

contribution, with a Colorado CDC providing 40% and a bank providing 50%. Colorado CDCs: CEDCO (cedco.org) and Colorado Business Development Corporation (coloradobdc.org).

borrower down  
payment

## Non-Grant Capital Offsets — Landlord Negotiated Benefits

The most reliable and highest-value capital offsets available to Thresh are not grant programs — they are lease negotiation outcomes that are standard practice on 10-year commercial commitments and documented in detail in the Use of Funds section. These are potential negotiated offsets; availability and timing depend on the signed lease and vendor terms:

| Offset                                    | Realistic Range      | How It Works                                                                                                                                                                                                                          | Timing                        |
|-------------------------------------------|----------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------|
| Tenant Improvement (TI) Allowance         | \$60,000–\$97,500    | Landlord cash contribution toward buildout costs — standard on 10-year leases at \$20–\$30/SF TI allowance on 3,000–3,500 SF. Applied directly to construction, sauna installation, and wet area buildout. Non-negotiable LOI item.   | Negotiated before LOI signing |
| Rent Abatement                            | \$31,250–\$62,500    | 3–6 months free rent during buildout and soft launch. At \$10,417/month base, 3 months = \$31,250; 6 months = \$62,500. Standard on 10-year terms in the South Denver Metro market.                                                   | Negotiated before LOI signing |
| Equipment Financing — BlueCube (Airpuria) | 0% APR for 18 months | BlueCube C3 commercial cold plunge units may qualify through Airpuria at 0% APR for 18 months, if approved. 0% removes interest, not principal: actual installments and the first payment date follow the signed financing agreement. | At time of equipment order    |

Combined offset potential: \$117,875–\$189,250 against Thresh 1's \$859,600 allocation — potential negotiated offsets, whose availability and timing depend on the signed lease and vendor terms, pursued as far as each deal allows to offset opening costs, rather than assumptions built into the raise. Thresh 2 (Castle Rock) may qualify for a comparable offset under its own site-specific programs, not included in this estimate. The grant and tax credit programs above add \$20,000–\$80,000 on top of that if eligibility is confirmed.

| SBA 504 Structure                             | Detail                                                                                                                      |
|-----------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------|
| Borrower contribution (Thresh Land Holdings)  | 10% — minimum down payment                                                                                                  |
| Bank / credit union                           | 50% — first lien position                                                                                                   |
| Colorado CDC (FBDC or Colorado First Capital) | 40% — SBA-guaranteed debenture, second lien                                                                                 |
| Maximum loan amount                           | Up to \$5.5 million for real estate                                                                                         |
| Rate structure                                | Fixed rate for full term — eliminates refinancing risk                                                                      |
| Term                                          | Up to 25 years for real estate                                                                                              |
| Eligible use                                  | Acquisition of existing commercial buildings — hospitality explicitly eligible                                              |
| When to engage                                | When a property acquisition opportunity makes sense for Thresh — pre-qualify with FBDC or Colorado First Capital in advance |

## How to Access the Full Program Ecosystem — The Sequenced Approach

| Step | Action                                                  | Timing       | Contact                |
|------|---------------------------------------------------------|--------------|------------------------|
| 1    | Retain Colorado SBDC advisor — free one-on-one business | Q4 2026 — at | Colorado SBDC — Denver |

| Step | Action                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | Timing                                                | Contact                                                                                                                                                                                                                                                     |
|------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|      | consulting to map every active grant and incentive program to the specific site, corridor, and business type. Most efficient first step in the entire capital efficiency strategy.                                                                                                                                                                                                                                                                                                                                                                                                                          | capital close                                         | Metro: coloradosbdc.org   (303) 592-1800                                                                                                                                                                                                                    |
| 2    | Confirm site address falls within the South Metro Enterprise Zone (SMEZ) before LOI — this single determination defines whether the most significant Colorado tax credit program is available. Use the address verification tool at <a href="http://arapahoeco.gov/south_metro_enterprise_zone">arapahoeco.gov/south_metro_enterprise_zone</a> . If Centennial is the finalist site, also confirm the address falls within city limits for access to the Centennial Small Business Loan Fund; this program is specific to Centennial and has no equivalent identified yet for Lone Tree or Highlands Ranch. | Pre-LOI — at site selection                           | SBDC advisor + City economic development offices                                                                                                                                                                                                            |
| 3    | Pre-certify with the South Metro Enterprise Zone before beginning any qualifying activity — pre-certification is required before equipment purchase, employee hire, or construction begins. Done online at the Colorado OEDIT/Arapahoe County portal. Simultaneously, engage SBDC advisor to initiate Skill Advance Colorado pre-certification before first staff hire.                                                                                                                                                                                                                                     | Pre-LOI or at LOI execution                           | Colorado SBDC South Metro: coloradosbdc.org   OEDIT Skill Advance: oedit.colorado.gov   (303) 892-3840                                                                                                                                                      |
| 4    | Submit Skill Advance Colorado application through local community college representative — required before training begins. Document equipment purchases qualifying for the 3% SMEZ Investment Tax Credit. Track all net new hires for the \$1,100/employee New Employee Tax Credit certification.                                                                                                                                                                                                                                                                                                          | Q4 2026 – Q1 2027 — concurrent with permit submission | Submit to respective city economic development department                                                                                                                                                                                                   |
| 5    | Negotiate landlord TI, rent abatement, and equipment financing terms before LOI signing — these non-grant offsets (\$117,875–\$189,250 potential) are the most reliable and highest-value capital efficiency tools. Lock TI amount, abatement period, and NNN cap in the LOI, not the lease.                                                                                                                                                                                                                                                                                                                | Q4 2026 — at LOI                                      | <a href="http://arapahoeco.gov/south_metro_enterprise_zone">arapahoeco.gov/south_metro_enterprise_zone</a>   <a href="http://oedit.colorado.gov/skill-advance-colorado-job-training-grant">oedit.colorado.gov/skill-advance-colorado-job-training-grant</a> |
| 6    | Pre-qualify for SBA 504 with a Colorado CDC partner — begin the relationship ahead of any property acquisition opportunity                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | When a property opportunity is under evaluation       | Colorado Lending Source: coloradolendingsource.org   Colorado SBDC: coloradosbdc.org                                                                                                                                                                        |

A working grant pursuit document — tracking all active programs, application deadlines, required documentation, contact names, and submission status — is maintained separately as a live operational file. The summary above represents the programs with the highest relevance and access probability for Thresh at launch. Actual program availability, funding levels, and eligibility requirements are confirmed through the SBDC advisor engagement and direct agency contact at capital close, as program windows and funding levels change annually based on local government budget cycles and TIF fund availability.

## Working Capital & Reserve Strategy

The most common cause of wellness startup failure isn't a bad concept — it's running out of cash before membership reaches sustainability. Each location's \$250,000 working capital reserve is sized to absorb pre-opening costs and the net cash shortfall during the membership ramp. At the flagship, the reserve first covers four weeks of founder compensation before opening and five days of staff training — about \$16,300; build-period rent, NNN, and utilities are negotiated into the TI and abatement terms. From Month 1, 2% of monthly sales also funds an equipment

replacement reserve. In the 18-month ramp model, operating losses total about \$76,100 before the flagship reaches EBITDA break-even in Month 6, drawing the cash cushion to a low of about \$151,500 in Month 6 — just above the \$150,000 base-case minimum. If the reserve trends toward that minimum, pre-committed steps activate in order: secure the equipment financing and TI or abatement offsets, defer Thresh Holdings' founder compensation, and hold Thresh 2's lease until the flagship is profitable. In the stress test (downside: 500 members instead of 550, 3 paid yoga drop-ins per class instead of 5, NNN at \$12.50/SF instead of \$9), the cushion would draw to about \$108,000 in Month 9 before those steps — which is exactly why they are defined in advance. In the 550-member base case, the monthly cash model projects no uncovered Thresh Holdings shortfall and no founder pay deferral, with consolidated cash never below about \$397,700. No additional location opens until every open location is hitting its targets.

The philosophy is simple: Thresh must be able to breathe during growth without making decisions from financial desperation — no cutting staffing in Month 3, no slashing marketing in Month 5, no risking the investor relationship because the cash reserve was set too low. Founding members who cross the threshold in the first ninety days deserve an experience built with patience, not survival instinct.

| Monthly Operating Cost During Ramp                                                      | Estimated Range                                                                   |
|-----------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------|
| Payroll & labor (founders + hourly; GM/AGM from Month 8; health benefits from Month 12) | \$23,300 – \$28,100/month                                                         |
| Base rent + NNN                                                                         | \$14,167/month                                                                    |
| Utilities                                                                               | \$7,000/month                                                                     |
| Insurance                                                                               | \$4,167/month                                                                     |
| Technology & software (incl. Zenoti)                                                    | \$1,500/month                                                                     |
| Laundry, cleaning, chemicals, amenities                                                 | \$2,400 – \$4,200/month                                                           |
| Marketing & member acquisition                                                          | \$3,500/month                                                                     |
| Contracted instructors (23 classes/week)                                                | \$4,500 – \$4,700/month                                                           |
| Product cost, payment processing, professional services, repairs                        | \$7,600 – \$12,500/month                                                          |
| ESTIMATED MONTHLY TOTAL                                                                 | \$62,300 – \$74,100/month (plus 2% of sales to the equipment replacement reserve) |

This \$1,835,000 raise fully funds the buildout and opening of Thresh 1 (South Denver flagship) and Thresh 2 (Castle Rock), plus the Thresh Holdings launch reserve — not the franchise system. Franchisees capitalize their own locations (\$650,000–\$950,000 each), so franchise growth draws nothing from this raise and returns royalty and fee revenue to Thresh Holdings.

SECTION 13

# Investor Structure & Returns

*The investor who puts in all the capital takes all the early risk. The structure must honor that — with first-priority returns, accelerated recovery, and terms that a sophisticated investor group can read and trust. This is that structure.*

## The Founding Investor Case — Four Return Streams From One Investment

| Capital Waterfall                                           | Franchise Royalty Flow                                                                                                              |
|-------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------|
| Founding capital deployed                                   | Franchise system launches                                                                                                           |
| Funds first two corporate locations                         | 7% royalty on every franchised location                                                                                             |
| Operating cash flow begins                                  | 6% to Thresh Holdings · founding investor override of 1% on the first 20 franchised locations and 0.5% on every location after that |
| Preferred distribution (8%)                                 | Founding investor royalty is ongoing for as long as each location operates                                                          |
| Accelerated principal recovery (60% of post-preferred cash) | —                                                                                                                                   |
| Full principal recovery                                     | —                                                                                                                                   |
| Class B converts to a continuing interest                   | Thresh Holdings holds an optional future repurchase right                                                                           |
| Continuing 10% economic interest in Thresh Holdings         | If exercised: 10% Holdings interest is unaffected                                                                                   |

The founding investors provide \$1,835,000 of capital. An 8% annual preferred return accrues on unreturned capital from the funding date under the operating agreement. After operating obligations and required reserves, the agreed waterfall allocates 60% of the recovery-stage remainder to investor principal recovery and 40% to Class A. Before full capital recovery, investor royalty override payments are credited against unreturned capital until it reaches zero; each payment is counted once. After full recovery, the investors receive 10% of post-recovery distributable cash, and the royalty override continues as royalty payments under its separate terms — 1% of gross sales from the first 20 franchised locations and 0.5% from later locations. Equity and royalty rights may be repurchased separately or together under the agreed independent fair-market-value procedure. The monthly cash model shows full principal recovery in Month 69 (December 2032); timing and returns depend on actual cash flow and payment dates. Investor economics have four parts: capital recovery, the preferred return, post-recovery equity distributions, and franchise royalty participation. Future property participation may be offered separately.

First, principal back in full. The distribution waterfall is engineered for speed: 60% of post-preferred distributable cash goes straight to principal recovery, and every dollar of the founding investor royalty override is applied to principal as well, until the full \$1,835,000 is returned. Under this plan's model, that happens in Year 7 — as Thresh 1 and Thresh 2 run at stabilized EBITDA and the franchise system reaches 48 units.

Second, a continuing economic interest. Principal recovery is not an exit — it converts Class B's stake into a continuing 10% economic interest in Thresh Holdings, for as long as the investor group holds it. That interest receives 10% of post-recovery distributable cash under the agreed waterfall from the completion of principal recovery (projected Year 7) forward — including every corporate location Thresh Holdings funds from its own growth reserve — with no further recovery mechanism required, for as long as the units are held. The equity distribution and the royalty override are separate contractual rights.

Third, a Founding Investor Royalty Participation on every franchise Thresh opens — separate from, and not automatically terminated by, the founding investor group's ownership of Thresh Holdings. Beyond the equity waterfall, the founding investor group receives 1% of gross sales directly from each of the first 20 franchised Thresh locations and 0.5% of gross sales from every franchised location after that, for as long as each location operates — detailed in Section 15. Before full capital recovery, investor override payments are credited against unreturned capital; investors still receive the cash, and each payment is counted once. After recovery, the override continues as royalty payments. The other 0.5% on locations beyond the first 20 accumulates in the Thresh Holdings growth reserve, funding the corporate locations, real estate, and capital needs that grow the platform the investor group owns 10% of. Thresh Holdings may repurchase all or part of this royalty participation at independently determined fair market value, under the same optional repurchase terms as investor equity; the two rights can be purchased separately or together, and the investors' 10% economic interest is unaffected by a royalty repurchase.

Fourth, an invitation to the land. Thresh intends to own the real estate under some of its locations when the right opportunity arises (Section 16), and the founding Class B-1 group will be invited to participate in property acquisitions when an opportunity is right for both parties — with Thresh Holdings owning the entity that holds the property.

And a defined, limited voice — not silence. Beyond reporting rights, the founding Class B-1 group holds consent rights over the handful of decisions that could actually change this deal — new debt that would prime their position, a sale of the company, related-party dealing, or any attempt to amend the return structure itself — plus a standing, non-voting board observer seat. That is enough of a voice to make sure the terms in this section can't quietly be changed out from under the investor group later, without handing operational control to the party contributing none of the capital risk.

And a defined, optional way to buy back investor rights. After full principal recovery, Thresh Holdings may elect to repurchase all or part of the investors' equity, their royalty override, or both, at fair market value on the repurchase date, as determined by a qualified independent valuation professional jointly selected by the company and the affected investors. No fixed multiple or minimum price is guaranteed: investors receive the current value of what they own, and capital already repaid is not paid a second time. The company may elect to purchase the specified rights under the agreed notice, valuation, and closing procedure; investors cannot require the company to exercise. If exercised, the purchase is funded at that time through the best available means — the Thresh Holdings growth reserve, retained earnings, financing, or a new capital round.

Two locations, one proof window. Thresh 1 opens in Q2 2027. Thresh 2's lease is signed once the flagship turns EBITDA-positive (targeted Month 6), and Castle Rock opens in Q1 2028 (Month 12), drawing on the same proven playbook. Location 3 follows as the first Thresh franchise, the Founding Franchise Test: the franchise development consultant group and franchise counsel are engaged when Thresh 2 opens, the FDD is registered and the VP of Franchise Growth & Acceleration hired by Month 20, the Location 3 franchise agreement is signed in Year 2, and the location opens in Year 3 — when the royalty override begins compounding.

# Why This Structure Was Built From Scratch

The Thresh capital structure is not a standard template. It was designed to solve a specific set of conditions that do not fit most off-the-shelf investment frameworks: the founder contributes zero financial capital, the investor group contributes 100% of the startup capital, the founder must retain full operational control, the investor must be repaid quickly without weakening the business, and the structure must accommodate multiple future rounds of capital as Thresh expands without disrupting the governance layer or the founding investor's terms.

The result is a dual-class LLC structure with a profits interest framework for the founder and a preferred capital interest framework for the investor group. Each element was chosen for a specific reason. Each is explained below in plain terms.

# The Entity Architecture

What the founding investor group owns is Thresh Holdings, LLC — not Thresh 1, not Thresh 2, not any single location. Every dollar of capital flows to Holdings first; Holdings in turn owns every operating subsidiary, every brand asset, and every franchise right in the system. That distinction matters because it defines what the founding investor group's continuing 10% economic interest actually reaches: not the performance of two flagships, but the full value of the platform — corporate operations, the franchise system, brand and intellectual property, and any other business Holdings builds or acquires, today and for as long as the founding investor group holds its stake.

# The Master Architecture

Founders and the founding investor group capitalize one entity: Thresh Holdings, LLC. Holdings owns three purpose-built subsidiaries — Thresh Brand/IP LLC, Thresh Franchising LLC, and Thresh Corporate Operations LLC — plus, where Thresh owns real estate, Thresh Real Estate Holdings LLC. Every corporate-owned Thresh location operates through its own dedicated LLC (Thresh Flagship 1, LLC; Thresh Castle Rock, LLC; and every location that follows), standardized and supported by Thresh Corporate Operations LLC's shared services but never merged into it. Every franchised location is independently owned by its franchisee, operating under a franchise agreement with Thresh Franchising LLC.

| Level       | Entity / Role                      |
|-------------|------------------------------------|
| 1 — Capital | Founders + Founding Investor Group |
| 2 — Parent  | Thresh Holdings, LLC               |

| Level                   | Entity / Role                                                                                                                                       |
|-------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------|
| 3 — Brand               | Thresh Brand/IP LLC — trademarks, programming, training systems, proprietary methodology                                                            |
| 3 — Franchise Platform  | Thresh Franchising LLC — FDD, franchise agreements, MUDAs, royalties, franchise development                                                         |
| 3 — Shared Services     | Thresh Corporate Operations LLC — finance, operations leadership, technology, training, marketing coordination (supports, does not hold, locations) |
| 4 — Corporate Locations | Thresh Flagship 1, LLC · Thresh Castle Rock, LLC · one dedicated LLC per corporate location, permanently                                            |
| 4 — Franchise Locations | Independently owned franchisee LLCs, each under its own franchise agreement with Thresh Franchising LLC                                             |
| Parallel — Real Estate  | Thresh Real Estate Holdings LLC — formed only where Thresh owns real estate; holds property-level LLCs when activated                               |

| Entity                                           | Role                                                                                                                                                                                     | Who Owns It                                                                                           | What Investors Participate In                                                                                                                               |
|--------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Thresh Holdings, LLC                             | Parent company — owns brand, IP, all subsidiary LLCs, operating systems                                                                                                                  | Class A (Founder/Company) + Class B (Investor Group) — this round's capitalization sits at this level | Yes — all economic interests in this plan are interests in Thresh Holdings, LLC                                                                             |
| Thresh Flagship 1, LLC & Thresh Castle Rock, LLC | Operating entities for the two proof-of-concept flagships — each signs its own lease, employs its own staff, generates its own revenue                                                   | Thresh Holdings, LLC owns 100% of each                                                                | Indirectly — through their Holdings interest                                                                                                                |
| Thresh Corporate Operations LLC                  | Shared services entity — finance, operations leadership, technology, training, marketing coordination for every corporate location. Supports; does not itself hold or operate locations. | Thresh Holdings, LLC owns 100%                                                                        | Indirectly — through their Holdings interest                                                                                                                |
| Thresh Brand/IP LLC                              | Holds trademarks, brand assets, proprietary programming, training IP, and operating methodology — kept outside any entity carrying daily operating risk                                  | Thresh Holdings, LLC owns 100%                                                                        | Indirectly — through their Holdings interest                                                                                                                |
| Thresh Franchising LLC                           | The franchisor — FDD, franchise agreements, MUDAs, royalties, franchise fees, franchise sales and field support                                                                          | Thresh Holdings, LLC owns 100%                                                                        | Indirectly through Holdings, plus the founding investor group's direct royalty participation described in Section 15                                        |
| Thresh Real Estate Holdings LLC                  | Formed when Thresh acquires its first property; holds a property-level LLC for each property                                                                                             | Thresh Holdings, LLC owns 100%                                                                        | Indirectly through Holdings; founding investors are invited to participate in specific property acquisitions when the opportunity is right for both parties |

# Legally Separate. Operationally Standardized. Financially Integrated.

That sentence is the architecture. Legally separate: every corporate-owned Thresh location operates through its own dedicated LLC, so operating risk at one location stays at that location. Operationally standardized: every corporate and franchise location runs on the same Thresh systems, technology, programming, training, member experience, and safety framework, regardless of which entity holds it. Financially integrated: every location reports individually, then rolls upward into regional, portfolio, and enterprise-level reporting — so Thresh Holdings sees both the microscope and the telescope, one location's numbers and the whole system's, in the same view.

## The Dual-Class Unit Structure

Thresh Holdings, LLC issues two classes of membership units. They have different rights, different tax treatment, and different economic structures — designed specifically for the situation where one party contributes capital and the other contributes execution. This is a well-established structure in hospitality and real estate startups. It is not experimental. It is what experienced operators use when they need to be fair to both sides.

### Class A Units — Founder and Company

Of the 70 authorized Class A units, 20 are issued to the founders — 10 to Harrison Ebert and 10 to Hollace Tillman — as a profits interest. A profits interest is a right to participate in future profits and appreciation of the company above its current value — measured against the company's value at the grant date. Grant valuation and the liquidation-value hurdle will reflect the company's assets, cash, obligations, and rights at that date. The remaining 50 units are the Company Equity Reserve: reserved, unissued equity capacity controlled by Thresh Holdings, available later for key-executive incentive awards or for additional growth capital if Thresh needs it. Dilution occurs only when reserve units are actually issued or sold; until then, distributions attributable to the reserve stay in Thresh Holdings' growth reserve.

The tax advantage of a properly structured profits interest: under IRS Revenue Procedures 93-27 and 2001-43, receiving the units is generally not taxable at grant, because the founders are receiving a right to future value rather than current value. That is a grant-date benefit only. Like every member of a pass-through LLC, each founder is taxed each year on their allocated share of the company's taxable income, whether or not cash is distributed — which is why the operating agreement includes tax distributions. Thresh's counsel and CPA confirm the final treatment.

| Class A Characteristic | Detail                                                                                                                                                                   | Why It Matters                                                                                                         |
|------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------|
| Unit type              | Intended profits interest — right to future value above the grant-date value                                                                                             | Grant treatment subject to the applicable requirements. Annual taxable allocations may differ from cash distributions. |
| Voting rights          | Class A holds 100% of voting rights in Thresh Holdings, LLC; Harrison and Hollace each vote their 10 issued units equally, and reserved units carry no vote until issued | All operational decisions — brand, expansion, hiring, strategy — reside with the issued Class A holders.               |

| Class A Characteristic | Detail                                                                                                                                                                            | Why It Matters                                                                                                                                                                                 |
|------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Economic interest      | 40% of post-preferred cash during principal recovery; 90% of all distributions after recovery — shared across all 70 Class A units                                                | Each founder's 10 units carry about 12.9% of company distributions after investors are repaid (25.7% for both founders together); the Company Equity Reserve's share stays in Thresh Holdings. |
| Dilution protection    | Class A voting rights cannot be reduced below majority by any future capital event                                                                                                | Future rounds issue additional Class B units — Class A governance is never diluted.                                                                                                            |
| Who holds it           | 20 issued Class A units — Harrison Ebert (10) and Hollace Tillman (10) — plus the Company Equity Reserve: 50 Class A units retained and controlled by Thresh Holdings, not issued | The reserve exists for future key-executive incentive awards or additional growth capital. It is not modeled as issued; dilution happens only if and when units are granted or sold.           |

### Class B Units — Investor Group

Class B units are issued to the investor group in exchange for the \$1,835,000 capital contribution. Class B holders are capital partners — not operational partners. They have no board seat, no operational vote, and no approval authority over how Thresh is run day to day. Their relationship with Thresh is primarily economic — they invested capital, they receive a preferred return on that capital, they receive accelerated principal recovery, and they hold a long-term economic stake after recovery is complete — supplemented by a defined, limited set of consent rights over major structural decisions only (dissolution of Thresh Holdings, a sale or loss-of-control merger of Thresh Holdings itself, priming debt, related-party transactions, or amendment of the return structure itself) and one non-voting board observer seat. Neither right gives Class B any say over hiring, site selection, budgets, brand, strategy, or Thresh Holdings' freedom to acquire other companies, product lines, or businesses to grow the platform.

The investor group may consist of one investor or multiple investors. If multiple, the Class B units are allocated among them proportionally to their individual contributions — for example, three investors each contributing about \$611,667 receive an equal one-third share of the Class B economic interest. Their rights, return schedule, and recovery timeline are identical regardless of how many individuals make up the group. The operating agreement treats Class B as a single economic class for distribution and recovery purposes.

| Class B Characteristic | Detail                                                                                                                | Why It Matters                                                                              |
|------------------------|-----------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------|
| Unit type              | Capital interest — right to return of contributed capital plus preferred return plus long-term economic participation | Investor is contributing real money and receives legal protection appropriate to that risk. |

| Class B Characteristic | Detail                                                                                                                                                                                                                                                                                                                                                                                                                                                          | Why It Matters                                                                                                                                                                                                                                                                                                                               |
|------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Voting rights          | Zero board or operational votes — Thresh's day-to-day and strategic decisions are made by Class A. Class B does hold a defined set of consent rights over major structural decisions only and one non-voting board observer seat, so the investor group has visibility and a voice on decisions that could change the deal itself, without any ability to direct how Thresh is run.                                                                             | This is the same 'protective provisions' structure used in institutional minority investments — enough of a voice to prevent the deal's own terms from being changed out from under the investor group, without giving 100% of the capital anywhere near enough control to overrule the founders on how the business is actually operated.   |
| Economic interest      | 60% of post-preferred distributable cash goes to Class B principal recovery until the full \$1,835,000 is returned; after recovery, Class B holds a continuing 10% of all distributions (see waterfall below)                                                                                                                                                                                                                                                   | Fast recovery while the business is proving itself — 60% of post-preferred cash goes to investors until they are paid back — then a continuing 10% stake, with the other 90% keeping the growth reserve funding new locations.                                                                                                               |
| Preferred return       | 8% a year on capital not yet paid back. Following standard practice for preferred equity, it accrues from the date capital is funded (December 2026) — including the four construction months before opening, about \$48,900 — not from opening day. That is \$146,800 a year on the full balance, declining as principal is returned. Accrued amounts are paid before any other distribution, and the preferred return ends when principal is fully recovered. | Investor is compensated for the time value of their money from Year 1, even before the business is profitable. Growth upside comes from the other three components of this structure — Tier 3 principal recovery, the continuing post-recovery economic interest, and the franchise royalty override — not from the preferred return itself. |
| Liquidation priority   | In a sale or wind-down, Class B's unreturned capital is paid first. Unreturned capital equals the original \$1,835,000 less all payments expressly credited to principal, including royalty override payments credited to principal before recovery. Preferred payments, post-recovery royalties, and profit distributions do not reduce it. Accrued, unpaid preferred return has its own stated priority in the liquidation waterfall.                         | If the business fails, the investor's capital is the first obligation after secured debt.                                                                                                                                                                                                                                                    |
| Post-recovery          | After principal is fully recovered, Class B converts to a continuing 10% long-term economic interest                                                                                                                                                                                                                                                                                                                                                            | Investor continues participating in Thresh's growth after payback — the long-term carry that makes the investment attractive, alongside the separate royalty override.                                                                                                                                                                       |

## The Distribution Waterfall — How Every Dollar Is Allocated

A distribution waterfall defines the exact sequence in which available cash is allocated among all parties. This is the contractually binding priority sequence proposed for inclusion in the final operating agreement. Every dollar that flows out of Thresh Holdings follows this sequence, in order, with no exceptions.

Stabilized single-location illustration — showing how the tiers work using one fully running location's \$441,382 EBITDA, before Thresh Holdings overhead, with the full \$1,835,000 of principal outstanding and no prior preferred return owed. The funded 2% equipment reserve comes off first. Because Thresh 2 opens at Month 12 and Thresh Holdings carries its own overhead, actual cash available in the early years is lower; the year-by-year figures follow immediately after this illustration:

| Tier                                            | Recipient                                     | Amount (stabilized single-location illustration) | How It's Calculated                                                                                                                                                 | Cumulative Cash Allocated |
|-------------------------------------------------|-----------------------------------------------|--------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------|
| Equipment reserve, then Tier 1 — safety reserve | Thresh Holdings (held — not distributed)      | \$59,093                                         | \$28,067 equipment reserve (2% of sales) + \$34,016 safety reserve (10% of the \$413,315 remaining)                                                                 | \$59,093                  |
| Tier 2 — 8% preferred return                    | Investor Group — Class B                      | \$146,800                                        | $8\% \times \$1,835,000$ of unreturned principal = \$146,800. Paid before anything else is distributed; accrues if unpaid.                                          | \$205,893                 |
| Tier 3 — 60% of remainder to B                  | Investor Group — Class B (principal recovery) | \$95,605                                         | $(\$413,315 - \$34,016 - \$146,800) \times 60\% = \$159,342 \times 60\% = \$95,605$ . Applied to principal balance.                                                 | \$301,498                 |
| Tier 4 — 40% of remainder to A                  | Thresh Holdings — Class A                     | \$63,737                                         | $\$159,342 \times 40\% = \$63,737$ to Class A — the founders' units and the Company Equity Reserve, whose share goes to the growth reserve.                         | \$441,382                 |
| Tier 5 — post-recovery (projected Year 7+)      | 90% Class A / 10% Class B                     | —                                                | After the full \$1,835,000 is paid back, distributions split 10% to investors and 90% to Class A (the founders and Thresh Holdings). No further recovery mechanism. | —                         |

Tier 3 is the engine of rapid recovery. Instead of a pro-rata share of 15–30% of distributions — which would take years to return \$1,835,000 — the structure directs 60% of post-preferred distributable cash straight to principal reduction, with the remaining 40% going to Class A — the founders' units and the Company Equity Reserve, whose share Thresh Holdings adds to its growth reserve so new corporate locations open without outside funding. Alongside the waterfall, the founding investor royalty override is applied to principal until it is fully repaid. This compresses the recovery timeline as Thresh 2 stabilizes and franchise revenue joins the distribution base. The 8% preferred return is non-waivable and accrues from the date capital is funded, but is only paid once distributable cash supports it. In Year 1 — with Thresh 2 in its build and opening months and the franchise build-out beginning — Thresh Holdings first covers its own costs from its \$170,800 launch reserve and keeps an operating cushion, then releases cash to the waterfall as the flagship produces it; Thresh 2's ramp losses are covered by Thresh 2's own working capital. The preferred return accrues monthly from the funding date and is paid as cash allows, with any amount owed caught up as franchise revenue builds. The Principal Recovery table below reflects that actual ramp, not the stabilized illustration above.

## Principal Recovery — Year-by-Year Projection

The distribution base is Thresh 1 and Thresh 2 EBITDA, the EBITDA of corporate locations Thresh Holdings funds from its growth reserve, and Thresh Holdings' franchise revenue — royalties, franchise and development fees net of sales costs, transfer fees, and Zenoti fees — less the 2% equipment replacement reserve and Thresh Holdings overhead: founder compensation once it moves to Holdings, the franchise consultant group and FDD counsel, the VP of Franchise Growth & Acceleration, the fractional CFO, franchise compliance, field support, the corporate team as it is added, health benefits, the Zenoti multi-location platform, and Holdings G&A. Franchise and development fees are collected only after the FDD is registered (Year 2) and are recognized as earned when each location opens; royalties begin in Year 3. New corporate locations open only when the growth reserve can fund them and every open location and Thresh Holdings is fully funded; additional capital rounds are pursued only if they are needed at the time. The following projection assumes the Section 14 roadmap holds.

| Period          | Network                              | Holdings cash released to the waterfall | Preferred return paid                                 | Principal credited (60% waterfall + royalty override) | Principal outstanding, year-end | Investor receipts |
|-----------------|--------------------------------------|-----------------------------------------|-------------------------------------------------------|-------------------------------------------------------|---------------------------------|-------------------|
| Start of Year 1 | —                                    | —                                       | —                                                     | —                                                     | \$1,835,000                     | —                 |
| Year 1          | Thresh 1 + Thresh 2 (opens Month 12) | \$0                                     | \$0 (accrues; no distributions before Thresh 2 opens) | \$0                                                   | \$1,835,000                     | \$0               |
| Year 2          | 2 corporate · 2 franchises signed    | \$136,556                               | \$122,901                                             | \$0                                                   | \$1,835,000                     | \$122,901         |
| Year 3          | 2 corporate · 2 franchised           | \$299,525                               | \$269,573                                             | \$8,144 (override)                                    | \$1,826,856                     | \$277,717         |
| Year 4          | 2 corporate · 6 franchised           | \$721,528                               | \$235,542                                             | \$288,403 (\$248,300 waterfall + \$40,103 override)   | \$1,538,453                     | \$523,945         |
| Year 5          | 2 corporate · 16 franchised          | \$1,287,867                             | \$99,312                                              | \$752,189 (\$635,861 + \$116,328)                     | \$786,264                       | \$851,501         |
| Year 6          | 2 corporate · 30 franchised          | \$1,843,143                             | \$27,599                                              | \$786,264 — final (\$613,288 + \$172,976)             | \$0 — PAID                      | \$948,440         |
| Year 7          | 4 corporate · 48 franchised          | \$2,960,571                             | \$0                                                   | —                                                     | \$0                             | \$637,299         |

Total returned to the investor group by the end of Year 7: \$1,835,000 principal (\$1,497,449 from the waterfall and \$337,551 from royalty override payments credited to principal) + \$754,927 preferred return + \$266,451 post-recovery equity share + \$370,848 royalty paid after principal was repaid — about \$3.36M on a \$1,835,000 investment. The monthly cash model shows principal fully repaid in Month 69 (December 2032, late in Year 6). From then on, the investor holds a continuing 10% economic interest in a platform with growing EBITDA — including the corporate locations Thresh Holdings begins funding from its growth reserve in October 2033 — and the royalty override continues as royalty payments, growing independently of the waterfall as the franchise system scales. By Year 10,

Thresh Holdings operating profit is projected at about \$11.1M. The full royalty override structure is detailed in Section 15.

The Thresh Holdings growth reserve. Distributions attributable to the Company Equity Reserve, the Tier 1 operating reserve above \$500,000, and the 0.5% override share on franchised locations beyond the first 20 accumulate in a growth reserve held in a liquid, interest-bearing account — high-yield savings, money market, or short-term Treasuries — available whenever Thresh needs it. The reserve funds new corporate locations, property acquisitions when the opportunity is right, and, if ever exercised, the buyout or royalty repurchase rights. In the base case it funds its first corporate location in October 2033 (Year 7) and holds about \$4.4M at the end of Year 10 after funding 18 new corporate locations. Corporate locations also pay Thresh Holdings an intercompany brand and management fee equal to the franchise royalty and brand fund, so every location reports on a franchise-comparable basis; the fee eliminates in consolidation and does not change consolidated results.

## The 10-Year Payback & Earn Schedule — Founding Investor Group

The table below consolidates the principal-recovery waterfall and royalty override into a single year-by-year view of everything the founding Class B-1 investor group receives, Year 1 through Year 10 (model years run April through March, beginning with the flagship's April 2027 opening). Every year is the sum of the twelve months in the monthly cash model, built on the same inputs: Thresh 1 and Thresh 2 on the 18-month ramp (\$441,382 stabilized EBITDA each), corporate locations Thresh Holdings funds from its growth reserve, Thresh Holdings' 6% royalty share on franchise sales by unit age (25% of a full year in the opening year, 75% in the second, 100% thereafter), the Early Franchise Partner royalty reduction on the first ten franchised locations, franchise and development fees of \$44,500 per unit (collected after FDD registration, net of 30% sales costs), transfer and Zenoti fees, the 2% equipment replacement reserve, and Thresh Holdings overhead — on a franchise roadmap of 108 units open by Year 10. The preferred return accrues on unreturned principal from the December 2026 funding date and ends when principal is fully recovered in Year 7; the royalty override is applied to principal until principal is repaid, then paid as a royalty; the post-recovery 10% economic interest and the royalty continue for as long as the founding investor group holds its Class B-1 stake.

| Year   | Preferred Return (8%) | Principal Credited (waterfall + override)  | Post-Recovery Equity (10%) | Royalty Paid After Recovery | Total Cash (Year) | Cumulative Total |
|--------|-----------------------|--------------------------------------------|----------------------------|-----------------------------|-------------------|------------------|
| Year 1 | \$0 (accrues)         | \$0                                        | \$0                        | \$0                         | \$0               | \$0              |
| Year 2 | \$122,901             | \$0                                        | \$0                        | \$0                         | \$122,901         | \$122,901        |
| Year 3 | \$269,573             | \$8,144 (override)                         | \$0                        | \$0                         | \$277,717         | \$400,618        |
| Year 4 | \$235,542             | \$288,403 (\$248,300 + \$40,103 override)  | \$0                        | \$0                         | \$523,945         | \$924,563        |
| Year 5 | \$99,312              | \$752,189 (\$635,861 + \$116,328 override) | \$0                        | \$0                         | \$851,501         | \$1,776,064      |

| Year    | Preferred Return (8%) | Principal Credited (waterfall + override)          | Post-Recovery Equity (10%) | Royalty Paid After Recovery | Total Cash (Year) | Cumulative Total |
|---------|-----------------------|----------------------------------------------------|----------------------------|-----------------------------|-------------------|------------------|
| Year 6  | \$27,599              | \$786,264 — final (\$613,288 + \$172,976 override) | \$60,908                   | \$73,669                    | \$948,440         | \$2,724,504      |
| Year 7  | —                     | —                                                  | \$266,451                  | \$370,848                   | \$637,299         | \$3,361,803      |
| Year 8  | —                     | —                                                  | \$389,497                  | \$498,410                   | \$887,907         | \$4,249,710      |
| Year 9  | —                     | —                                                  | \$608,463                  | \$636,530                   | \$1,244,992       | \$5,494,702      |
| Year 10 | —                     | —                                                  | \$900,285                  | \$776,821                   | \$1,677,106       | \$7,171,808      |

On a \$1,835,000 investment, the founding investor group is projected to have received roughly \$7.17M cumulatively by the end of Year 10 — approximately 3.91× invested capital and an XIRR of about 22.6% on monthly payments, using the assumed December 2026 funding date (about 22.2% annualized on yearly totals) — while holding a continuing 10% economic interest in Thresh Holdings plus its royalty override, both of which continue to compound after Year 10 as the franchise system keeps scaling. Because any optional repurchase is priced at independently determined fair market value at the time, a repurchase converts the remaining royalty and equity stream into its current value, while an investor who holds through Year 10 or beyond captures the full compounding shown here instead.

To be explicit about what this figure does and doesn't include: the \$7.17M / 3.91× is cumulative cash distributions received over ten years — preferred return, principal recovery (including the royalty override applied to principal), the post-recovery equity share, and the royalty override paid as a royalty once principal is repaid, year by year. It does not include any terminal or exit value for the continuing 10% Holdings interest itself, which continues generating distributions beyond Year 10 and would carry additional value in a sale of Thresh Holdings or a recapitalization — neither of which is assumed or priced into this figure. The \$7.17M is what the investor group is projected to have been paid; it is not a valuation of what their remaining stake is worth at that point. The 550-member base case projects no uncovered Thresh Holdings shortfall and no founder pay deferral. Stress test (downside — 500 members once fully running instead of 550, 3 paid yoga drop-ins instead of 5, NNN at \$12.50/SF instead of \$9): investors still receive their full \$1,835,000 of principal back by Month 81 (December 2033) and about \$5.78M over ten years (3.15×, about a 17.2% XIRR), with no outside capital. The pre-committed triggers in Section 20 carry the plan: Thresh 2 opens at Month 15, six months after the flagship reaches break-even; the founders defer their own pay first — up to about \$121,000, repaid in full by Year 5; and the VP of Franchise hire waits until Month 24, when Thresh Holdings' own cash flow can carry the role.

# The Tax Strategy — Why This Structure Is Built This Way

The dual-class structure is not just an ownership framework. It is a tax strategy. Every element was chosen with specific tax outcomes in mind.

| Tax Consideration              | How the Structure Addresses It                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|--------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Profits interest at grant      | A properly structured profits interest is generally not taxable when granted (IRS Revenue Procedures 93-27 and 2001-43). After grant, Harrison and Hollace are taxed each year on their allocated share of the company's taxable income, whether or not cash is distributed. As members of Thresh Holdings, LLC, they are paid through guaranteed payments rather than W-2 wages.                                                                                                                                                                                                                                                                                                                                                                                                                 |
| Preferred return tax treatment | The 8% preferred return is generally income to Class B-1 investors as it is allocated or paid; whether it is treated as a guaranteed payment or a priority allocation of income is set by the operating agreement and confirmed by Thresh's CPA.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| Pass-through taxation          | Thresh Holdings, LLC is taxed as a pass-through entity (partnership for tax purposes). Income and losses flow through to members on their Schedule K-1, and members owe tax on their allocated share even in years when no cash is distributed (IRS partnership guidance; IRS Publication 541).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| Depreciation and deductions    | The operating LLC (Thresh Flagship 1, LLC) holds all equipment, leasehold improvements, and startup costs — creating depreciation deductions that flow through to members and reduce taxable income. Sauna infrastructure, FF&E, and leasehold improvements may qualify for accelerated depreciation or bonus depreciation under current law.                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| Principal repayment            | Cash distributed as a return of invested capital generally reduces an investor's tax basis rather than creating income; distributions above basis can be taxable (IRS Publication 541). Final treatment is confirmed by counsel and the CPA.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| Self-rental rule               | If land is later held in a separate LLC and leased to the operating company, self-rental treatment depends on the owners' participation and the applicable rules; the CPA will determine the treatment of income and losses (IRS Publication 925).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| Tax distributions              | The operating agreement includes a tax-distribution clause: each quarter, Thresh Holdings may distribute to members cash toward the tax on their allocated share of taxable income, at an assumed combined rate set in the agreement. These payments are advances against that member's later distributions — no one receives more in total, only earlier. Tax advances are intended to help members fund taxes on allocated income, subject to the agreed rate, available cash, and true-up. Tax-distribution advances are estimated on the annual schedule. The current base case requires no additional advances; any advances arising under revised assumptions are reflected in the monthly cash and investor-payment schedules. The CPA sets the final allocation method and tax character. |

# Future Capital Rounds — How the Structure Accommodates Growth

Thresh's goal is to fund its growth from Thresh itself — from the cash flow of its corporate locations, the franchise royalty and fee revenue Thresh Holdings collects, and the growth reserve — without needing additional investor capital. Location 3, the Founding Franchise Test, and every franchised unit after it are capitalized independently by franchisees and draw nothing from this round. If an additional round of funding is ever required to pursue an

opportunity faster than retained cash allows, Thresh will approach it at that time, and the dual-class structure accommodates it without disrupting the founding investor's terms or the founder's governance position. The structure does not require a private equity event to work — it is designed to scale through retained earnings, through private investment rounds if needed, or through PE recapitalization. The choice belongs to the founder and company, not to the capital structure.

## How Future Rounds Work

The operating agreement authorizes unissued Class B units at formation. If a new capital raise is ever needed, Thresh Holdings issues a new sub-class of Class B units — Class B-2 for the second round, Class B-3 for the third, and so on. Each new class carries its own terms negotiated at the time of the raise, reflecting the higher company valuation that Thresh has earned by that point. Future rounds must comply with the founding investors' negotiated protections; their priority and dilution terms will be stated in the operating agreement.

| Round                                    | Timing                             | Purpose                                                                                                                                 | Approximate Raise | Investor Group                                                             | Impact on Class A                                                 |
|------------------------------------------|------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------|-------------------|----------------------------------------------------------------------------|-------------------------------------------------------------------|
| Round 1 — Class B-1                      | Q4 2026 (current)                  | Thresh 1 + Thresh 2 buildout and working capital, plus the Thresh Holdings launch reserve                                               | \$1,835,000       | 1–5 founding investors at identical terms                                  | None — Class A structure established                              |
| Self-funded corporate growth             | Base case from Year 7              | Corporate locations funded from the Thresh Holdings growth reserve — about 20 corporate locations by Year 10                            | Internal only     | No new investors required                                                  | None — Class A governance unchanged                               |
| Additional rounds — Class B-2 and beyond | Only if needed                     | Optional — to pursue corporate sites faster than retained cash allows; franchise expansion is self-funded by franchisees                | Sized at the time | New or existing investors at updated valuation                             | None — Class A governance unchanged                               |
| Location financing                       | When terms support quick repayment | Equipment financing, landlord TI, and loans only when borrowing costs allow the new debt to be paid down quickly                        | Per location      | Lenders and vendors                                                        | None — Class A governance unchanged                               |
| PE Recapitalization                      | Year 5+ (optional)                 | Majority recapitalization for accelerated national expansion — chosen only if terms, timing, and strategic fit align with company goals | \$15M–\$40M+      | Private equity firm — founder retains CEO role and meaningful equity stake | Class A negotiates terms; PE is a chosen path, not a required one |

## PE Is an Option — Not a Mandate

Private equity recapitalization is presented throughout this plan as one possible long-term pathway — and a genuinely attractive one if the platform has reached institutional scale and the founding investor group wants a defined exit. But it is important to be explicit: Thresh does not need PE to succeed. PE is a tool for founders who want to accelerate expansion beyond what private rounds can fund, or who want to provide liquidity to early investors at a premium multiple, or who are ready to operate within an institutional governance structure.

If the right private investor group is willing to fund additional opportunistic corporate sites at terms that preserve founder control — that's a better outcome than PE for everyone in the capital structure. The Class B framework accommodates that without structural change: additional investors enter under the same governance rules, and Class A authority is never diluted. In the base case Thresh Holdings funds about 20 corporate locations by Year 10 from its own growth reserve, and private capital could accelerate that if the right terms are available, while the franchise system — self-funded by franchisees, beginning with Location 3 — carries total system unit count well past a hundred locations, remaining privately held throughout.

The PE option exists in this plan because it should be available, not because it is inevitable. A business that is built well enough to attract PE interest is a business that has the leverage to decline PE and grow on its own terms instead. That is the position Thresh is being built toward.

# Optional Repurchase of Investor Rights

The operating agreement gives Thresh Holdings the right — never the obligation — to repurchase all or part of the investors' equity interests, their franchise royalty override, or both. Each can be purchased separately or together. The price is fair market value on the repurchase date, determined by a qualified independent valuation professional jointly selected by the company and the affected investors. No fixed earnings multiple, payment multiple, or minimum price is guaranteed — investors receive the current value of what they own, rather than an automatic premium.

| Right                       | What Thresh Purchases                                    | What Ends Afterward                                                                 | How It's Valued                                                                                                                                                                                                                              |
|-----------------------------|----------------------------------------------------------|-------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Equity repurchase           | All or part of the investors' Class B equity             | The rights attached to the purchased units                                          | Fair market value — sustainable earnings, market comparisons, company debt and excess cash, separately valued assets, and the specific rights attached to the units; any remaining capital preference or accrued entitlement is counted once |
| Royalty override repurchase | All or part of the investors' franchise royalty override | Only the purchased royalty rights; accrued, unpaid royalties are settled separately | Fair market value — expected future royalty payments, their contractual duration, location performance, closure risk, and an appropriate discount rate; projected growth counts only where supported by the contract and evidence            |
| Both together               | Equity and royalty rights in one transaction             | The rights purchased                                                                | One valuation that accounts for how the two interact, so the same economic benefit is never counted twice                                                                                                                                    |

Any repurchase must leave Thresh Holdings with its required operating reserves and the ability to meet its financial obligations, and installment payments may be used only by mutual agreement. Until a purchase is completed, distributions and royalty payments continue under the existing agreement. Counsel carries these terms into the operating agreement, including how an appraiser is chosen if the parties cannot agree.

## Protecting the Investor — Built-In Safeguards

This structure asks the investor group to contribute 100% of the startup capital with no voting rights. That is a genuine risk — and it requires genuine protections in return. The following protections are proposed for inclusion in the final operating agreement.

| Investor Protection             | What It Means                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | Where It Lives                                           |
|---------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------|
| Liquidation preference          | In any sale or wind-down, after company debts, transaction expenses, and other required obligations, Class B's unreturned capital is paid first — the original \$1,835,000 less all payments expressly credited to principal, including royalty override payments credited before recovery. Preferred payments, post-recovery royalties, and profit distributions do not reduce unreturned capital, and capital already repaid is not paid a second time. Any accrued, unpaid preferred return has its own stated priority.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | Operating agreement — liquidation waterfall provision    |
| Preferred return — non-waivable | The 8% annual preferred return on unreturned principal (\$146,800 a year on the full balance, accruing from the December 2026 funding date) is paid before any Class A distribution, regardless of operating performance                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | Operating agreement — mandatory distribution tier        |
| Accelerated recovery clause     | 60% of post-preferred distributable cash flows to principal recovery until \$1,835,000 is returned in full                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | Operating agreement — distribution waterfall Tier 3      |
| Anti-dilution on preferred      | Future Class B rounds cannot reduce the founding Class B-1 preferred return rate or recovery priority                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Operating agreement — Class B-1 anti-dilution provisions |
| Information rights              | Monthly P&L, monthly operating summary, quarterly financial review, annual K-1 tax reporting — investor sees the numbers before any distribution decision is made                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | Operating agreement — member reporting section           |
| Consent rights on major events  | Class B-1 consent required for: dissolution of Thresh Holdings; a sale of Thresh Holdings itself, a merger in which Thresh Holdings does not survive as the controlling entity, or disposal of substantially all of Thresh Holdings' own assets; any new debt or capital raise that would prime or subordinate Class B's position; any related-party transaction between Thresh Holdings and Harrison or Hollace personally above \$50,000, other than compensation under the annually reviewed founder compensation plan described in Section 03; and any amendment to the preferred return, distribution waterfall, royalty override, or optional repurchase right itself. Thresh Holdings acquiring another company, product line, or business — including equipment manufacturers, suppliers, or apparel and brand extensions beyond the club format — is explicitly excluded from this consent right and requires no Class B approval, regardless of size or structure, so long as Thresh Holdings and Class A remain in control afterward. All other decisions — hiring, site selection, budgets, brand, programming, executive | Operating agreement — major decision consent provisions  |

| Investor Protection                    | What It Means                                                                                                                                                                                                                                                                                                                  | Where It Lives                                      |
|----------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------|
|                                        | compensation below that threshold, and business-line or acquisition strategy — remain entirely Class A's call.                                                                                                                                                                                                                 |                                                     |
| Optional repurchase of investor rights | After full principal recovery, the company may elect — but is never obligated — to repurchase investor equity, the royalty override, or both, at fair market value set by a jointly selected independent valuation professional, under the agreed notice, valuation, and closing procedure; no fixed multiple or minimum price | Operating agreement — optional repurchase provision |
| Board observer seat                    | The founding Class B-1 group designates one non-voting observer with standing access to board meetings, materials, and discussion — full visibility into how the company is run, with no vote on any operational or strategic decision.                                                                                        | Operating agreement — board observer provision      |

How unreturned capital works in a sale. If Thresh is sold and \$3,000,000 remains for owners after debts, sale expenses, and other required obligations: with no capital yet repaid, investors receive their \$1,835,000 first and the remaining \$1,165,000 is distributed under the ownership terms; with \$1,000,000 already credited to principal (from the waterfall or royalty override credits), investors receive their remaining \$835,000 first and the remaining \$2,165,000 is distributed under the ownership terms; with all capital repaid, there is no capital priority, and investors participate through the ownership rights they still hold.

## Investor Reporting Commitments

Transparency is not a courtesy in this structure — it is a contractual obligation. The investor group placed all capital with no operational role. Their visibility into the business is their only means of monitoring their investment. These commitments are proposed for inclusion in the final operating agreement.

- Monthly operating summary — membership count, utilization rate, revenue, labor percentage, Smart Cooler sales, and any material operational developments
- Monthly P&L statement with actuals versus plan variance analysis
- Quarterly financial review including EBITDA, cash position, capital reserve status, and distribution availability analysis
- Annual strategic review — expansion pipeline, GM succession status, land strategy review, and PE/buyout timeline assessment
- Annual Schedule K-1 tax reporting for each investor's share of LLC income, deductions, and credits
- Advance written notice — minimum 30 days — before any major capital decision, new Class B issuance, or structural amendment
- Principal recovery tracker — monthly running balance showing cumulative preferred return paid, cumulative principal recovered, and balance remaining

## Summary — What Each Party Gets

| Party                                                                             | Contributes                                                                                                                                                                                                                                                                                                                                                                                                                                 | Receives                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | Controls                                                                                                                                                                                   |
|-----------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Harrison Ebert — Co-Founder, CEO &amp; Head of Operations</b>                  | 30+ years hospitality expertise, concept creation, brand development, and operational leadership; no cash investment — personally covered company formation, trademark filing, business plan, and R&D costs; CEO of Thresh Holdings from Day 1; on-site operator through flagship launch and stabilization; holds direct operational authority over every location                                                                          | 10 personal Class A units (profits interest — no phantom income tax at grant); equal founder compensation (\$79,000) from four weeks before opening while running Thresh 1 and Thresh 2; from Month 19, Thresh Holdings compensation paid as guaranteed payments — a base salary of \$100,000 that steps up to \$140,000, \$175,000, and \$210,000 as the system reaches 11, 26, and 51 open locations, reviewed annually by an independent compensation advisor; personal Class A units participate in Class A distributions on the same terms as all Class A units | 100% of all voting rights through Class A — all operational decisions: brand, expansion, hiring, strategy, culture                                                                         |
| <b>Hollace Tillman — Co-Founder &amp; Chief Development and Marketing Officer</b> | Production management, institutional partnerships, brand marketing, and financial operations expertise; no cash investment — personally shared the cost of company formation, trademark filing, business plan, and R&D alongside Harrison; Chief Development and Marketing Officer from Day 1; owns the site pipeline, institutional partnerships, financial modeling, and founding member marketing that transfer to every Thresh location | 10 personal Class A units (profits interest — no phantom income tax at grant); equal founder compensation (\$79,000) from four weeks before opening while running Thresh 1 and Thresh 2; from Month 19, Thresh Holdings compensation paid as guaranteed payments — a base salary of \$100,000 that steps up to \$140,000, \$175,000, and \$210,000 as the system reaches 11, 26, and 51 open locations, reviewed annually by an independent compensation advisor; personal Class A units participate in Class A distributions on the same terms as all Class A units | Full economic authority through Class A alongside Harrison — Chief Development and Marketing Officer governs the site pipeline, partnerships, and marketing standards across all locations |
| Thresh Holdings, LLC (Company)                                                    | Brand, IP, operating systems, trademark, entity structure — all non-capital assets of the enterprise                                                                                                                                                                                                                                                                                                                                        | Company Equity Reserve — 50 Class A units retained and controlled by Thresh Holdings, not issued; distributions attributable to the reserve fund Thresh Holdings' obligations and growth reserve; available for future key-executive incentive awards or additional growth capital; majority voting, full operational authority, expansion rights, land strategy platform                                                                                                                                                                                            | 100% of all operational decisions — brand, hiring, expansion, culture, strategy                                                                                                            |
| Investor Group (Class B-1)                                                        | \$1,835,000 startup capital — 100% of the capital required to launch Thresh 1 and Thresh 2 and the Thresh Holdings launch reserve                                                                                                                                                                                                                                                                                                           | 8% preferred annual return on unreturned principal from Day 1 (accrues if not yet payable), accelerated principal recovery (projected in Year 7), 10% long-term economic interest, a direct royalty override of 1% on the first 20 franchised locations and 0.5% on every location thereafter, an invitation to join property acquisitions when right for both parties (Section 16), liquidation preference, optional company repurchase of investor equity or royalty rights at independent fair market value, full reporting rights, consent on major events       | No operational authority — a non-voting board observer seat and consent rights over a defined list of major structural decisions only                                                      |

## SECTION 14

# Expansion Strategy

*The prototype is not the destination. It is the proof — the operational validation platform, the leadership training ground, the financial blueprint for every Thresh that follows. But the proof only matters if the scale thought process is built correctly from the first crossing forward.*

## The Discipline to Scale Correctly

The instinct in any high-momentum concept is to expand as fast as capital allows. Ours is different: expand as fast as the operational infrastructure can sustain on the corporate side, while building the franchise system that lets qualified operators expand the brand faster than our own capital ever could. Two disciplines, two clocks — getting either wrong builds either underperforming locations or a franchise system that outgrows its own support infrastructure.

Speed matters — but only the right kind, on both engines. Corporate side: Thresh 1 opens first in Q2 2027, Thresh 2's lease is signed once the flagship turns EBITDA-positive and Castle Rock opens in Q1 2028, and additional company-owned locations follow as Thresh Holdings' own cash flow funds them — wherever the site, the capital, and the operational bench are ready. Franchise side: a franchise development consultant group and franchise counsel are engaged when Thresh 2 opens to build the FDD, operations manual, and training program; the FDD is registered and the VP of Franchise Growth & Acceleration hired by Month 20, so the system is legally ready the moment franchisee selection begins. Location 3, the Founding Franchise Test, is signed in Year 2 and opens in Year 3. From there, franchising becomes the primary vehicle for national growth. As a new brand in an establishing category, Thresh creates its own demand: the planned franchise schedule depends on strong unit operations and brand marketing, and the model slows franchise sales automatically if unit results fall short. The flagship has to prove four things: the membership model works, the operational systems are replicable, the hospitality culture survives a GM transition, and GM succession is underway and staffing readiness is on track. Castle Rock was chosen through market research, not formula. Speed to the right location beats predetermined sequence — on the corporate side and the franchise side alike.

Each new Thresh location is a new threshold for a new neighborhood. The crossing has to mean the same thing in Castle Rock as it does at the flagship. That consistency requires systems, training, and culture infrastructure that can only be built at the flagship — not skipped over in pursuit of speed.

## Phase 1 — The South Denver Cluster

Thresh's corporate growth begins — and stays disciplined — in the South Denver Metro corridor. Thresh 1 (South Denver flagship) and Thresh 2 (Castle Rock) are the two confirmed corporate anchors, and South Denver doubles as the flagship training ground where the franchise system's support infrastructure is built. Once Thresh 2 opens, the primary engine of growth shifts to rapid, accelerated franchise adoption starting with Location 3 — the Founding Franchise Test — rather than further corporate build-out in South Denver. Any additional corporate sites beyond the two anchors are opportunistic, evaluated individually against the Thresh Criteria, and are never a prerequisite for

franchising to begin. Each location, corporate or franchised, anchors its own neighborhood and serves a trade area the others do not.

The South Denver cluster strategy is built around one non-negotiable principle: no Thresh location should cannibalize another — corporate or franchised. Each site must have its own distinct trade area, its own member base, and its own neighborhood identity. Members should feel like they belong to “their” Thresh — the one in their neighborhood — not like they're choosing between interchangeable options. That standard is enforced through the Thresh Criteria and the franchise system's own minimum trade-area-separation rule, applied identically whether Thresh Holdings or a franchisee is opening the door.

### **Flagship — South Denver Corridor**

The flagship is the proof of concept, the training ground, and the operational template. Thresh 1 is committed to the South Denver corridor, where median household incomes run \$95,000–\$129,000 and boutique wellness participation is already established — and to identifying the right location within it before breaking ground. Three neighborhoods are under active consideration: Centennial, Lone Tree, and Highlands Ranch, each evaluated against the same site criteria that govern every Thresh location — demographics, occupancy economics, parking, outdoor capability, competitive environment, and projected unit economics. Whichever of the three wins out, it is the location where every system is stress-tested, every SOP is written, every failure is learned from, and every operational answer is found before it is needed elsewhere. The flagship does not rush to stabilization — it builds to it deliberately, because what stabilizes here becomes the standard everywhere else.

### **Thresh 2 — Castle Rock**

Castle Rock is the selected target market for the second corporate location, subject to site selection, lease execution, and the opening gates — roughly 20–27 miles south of the flagship, depending on final site, well beyond the minimum spacing threshold. It's one of the fastest-growing cities in Colorado, with a resident profile aligned with the Thresh member: high income, active lifestyle, family-oriented, community-rooted. The I-25 corridor is accelerating commercial development there, and a second-generation space at the right rent hits the cost structure the Thresh model needs. A Thresh in Castle Rock arrives as a community anchor, not a chain.

Target timing: Thresh 2's lease is signed once the flagship reaches EBITDA break-even — targeted for Month 6 (Q3 2027) — and Thresh 2 opens six months later, never before Month 12; if the flagship is later, Thresh 2 moves later with it. Construction runs through the second half of 2027, and Castle Rock opens at Month 12 (Q1 2028). The flagship's GM and AGM start at Month 8, four months ahead of Thresh 2's opening. This is a separate, lighter-weight milestone than the four-condition test that governs the co-founder move to Thresh Holdings (described in Section 03) and the Location 3 decision (described below).

### **Location 3 — The Founding Franchise Test**

Location 3 is the Founding Franchise Test — the first Thresh opened by an outside operator under our system, not by Thresh Holdings itself. The franchise legal and organizational infrastructure is built in sequence after Thresh 2 opens: a franchise development consultant group and franchise counsel are engaged at Thresh 2's opening to build the FDD, operations manual, training program, and Item 19 disclosure from Thresh 1's operating results; the FDD is registered (the Franchise Readiness phase) and the VP of Franchise Growth & Acceleration hired by Month 20. Franchisee selection follows, the Location 3 franchise agreement is signed in Year 2, and franchisee-funded buildout lands the location's opening in Year 3 — with the financial model crediting its revenue from the opening year on the same age-based ramp applied to every franchised location. Location 3 is awarded to the qualified multi-unit franchise developer

who best proves the model travels beyond its founders, held to the same Thresh Criteria and site-economics discipline as every corporate site in this plan. Corporate growth continues in parallel beyond Thresh 1 and Thresh 2, funded by Thresh Holdings (Location 4 and beyond, below); Location 3 itself is reserved for the franchise system's first proof point.

Target timing: franchisee selection for Location 3 — the Founding Franchise Test — begins once the FDD is registered (around Month 20, late 2028), with Thresh 1 at stabilization and Thresh 2 open and ramping. The Location 3 franchise agreement is signed in Year 2; franchisee-funded buildout lands the location's opening in Year 3, consistent with the Franchise Strategy's multi-unit development model (Section 15). The same trade-area, demographic, and readiness standards that govern every corporate site apply to Location 3 as well.

### Location 4 and Beyond — Opportunistic Corporate Growth and National Franchise Expansion

Beyond Location 3, Thresh grows on two tracks at once — and both are running by the time Location 3 opens. Thresh Holdings keeps opening corporate locations as its own growth reserve funds them — wherever the site justifies it, in Colorado or beyond — reaching about 20 corporate locations by Year 10 in the base case, with additional capital considered only if an opportunity calls for it. In parallel, the franchise system built on Location 3's success opens to qualified multi-unit operators nationally, targeting about 108 franchised units over the same period. Parker and Colorado Springs remain strong candidate markets for the corporate track; national franchise territory awards are governed by the multi-unit development model in Section 15.

Target timing: the corporate track adds locations year over year as each prior site stabilizes; the franchise track opens for signed agreements once the Founding Franchise Test validates the system, with the first several additional franchised openings following Location 3's Year 3 opening. Both tracks report into the same Thresh Criteria and the same brand standards, whether the executive accountable is Harrison and Hollace on the corporate side or the VP of Franchise Growth & Acceleration on the franchise side.

*Two confirmed corporate locations. An open, criteria-driven path to dozens more. A franchise system built to carry the brand into well over a hundred communities faster than corporate capital alone ever could. Every location — corporate or franchised — sits at least 9 miles from the nearest Thresh, with its own member base and its own reason to exist, and carries a \$1M+ annual revenue goal owned by its GM or franchise owner. That threshold isn't a mandate from above — it's what happens when an operator is genuinely embedded in their community and runs Thresh as a neighborhood institution, not a managed amenity.*

## Geographic Discipline — How Thresh Avoids Competing With Itself

The South Denver cluster is designed around trade area logic, not convenience. Each location must be able to answer the question: would a member who lives in this neighborhood choose to make this their primary Thresh rather than driving to another one? If the answer is yes, the location is appropriately positioned. If the answer is maybe, the locations are too close.

| Location                                        | Primary Trade Area                                                                                                                                                                            | Distance from Nearest Thresh                                    | Why It Works as a Stand-Alone                                                                                                                                     |
|-------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Thresh 1 — South Denver Flagship                | Site selection underway across Centennial, Lone Tree, and Highlands Ranch; trade area spans Centennial, Highlands Ranch, Lone Tree, Englewood, southern Aurora, Greenwood Village             | —                                                               | High-income professional corridor, boutique wellness culture already established, S. University / Arapahoe Rd commercial spine                                    |
| Thresh 2 — Castle Rock                          | Castle Rock, Franktown, Larkspur, northern Monument                                                                                                                                           | ~20–27 miles from the flagship, depending on final site         | Fast-growing community, I-25 commercial corridor, 2nd-gen space at favorable rent/SF, arrives as neighborhood anchor                                              |
| Location 3 — Founding Franchise Test            | Candidate markets include Parker, Colorado Springs, and out-of-state priority markets — evaluated at the time of decision, excluding whichever South Denver neighborhood becomes the flagship | 12+ miles from Thresh 2, per the trade-area separation standard | Whichever market and franchisee best prove the model travels beyond its founders — the first Thresh built and operated by someone other than Harrison and Hollace |
| Location 4 and Beyond — Corporate or Franchised | National — filtered through the Thresh Criteria and the Franchise Strategy's ten priority markets                                                                                             | Trade-area separation standard applies system-wide              | Opportunistic corporate growth and franchise territory expansion running in parallel, targeting about 20 corporate and 108 franchised locations by Year 10        |

## The Thresh Criteria — What a Neighborhood Must Have

Every location Thresh evaluates — whether in South Denver or beyond — is measured against the same set of criteria. These are not aspirational guidelines. They are the conditions that make the Thresh model work. A neighborhood that meets all of them is one where Thresh can become the institution it is designed to be. A neighborhood that is missing one or more requires a hard conversation before commitment.

| Criterion                      | What It Means in Practice                                                                                                                                                                                                                                                                       | Minimum Threshold                                                                   |
|--------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|
| Household income density       | The trade area must support \$79–\$219/month recurring wellness spending as a habitual behavior, not an occasional splurge. This requires a concentration of households earning at or above the national median — not just average income but density of that income within a 5–10 mile radius. | Median HHI \$80,000+ in the primary trade area; \$95,000+ preferred                 |
| Active lifestyle identity      | Thresh members already move, train, compete, or prioritize their physical and mental health. The neighborhood must have visible evidence of that identity: boutique fitness studios, run clubs, cycling culture, outdoor recreation participation, wellness spending behavior.                  | Presence of 3+ boutique fitness or wellness operators in the trade area             |
| Community identity and loyalty | Thresh becomes the neighborhood's institution — not a chain location. The community must have a sense of “we live here, we belong here.” Master-planned communities, established neighborhoods, and walkable lifestyle districts all qualify. Transient markets with low residential            | Residential tenure of 3+ years average; community events and local identity markers |

| Criterion                        | What It Means in Practice                                                                                                                                                                                                                                                                                                                              | Minimum Threshold                                                                                                                                      |
|----------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                  | permanence do not.                                                                                                                                                                                                                                                                                                                                     |                                                                                                                                                        |
| Communal social gap              | The target trade area must lack a communal, multi-zone, hospitality-driven social wellness club. If an operator already occupies that exact position in the neighborhood, the entry cost and ramp timeline increase substantially. The goal is to be the first Thresh in the neighborhood — not the second best option.                                | No communal sauna/plunge club within 5 miles of the proposed site                                                                                      |
| Commercial real estate viability | The Thresh physical format requires 4,000–5,000 SF with 10–14 ft ceilings, 400–600 Amp electrical service, outdoor patio access or adjacent exterior space, and adequate plumbing and drainage infrastructure. The market must support this footprint at a rent-per-SF that allows the model to reach target EBITDA margins.                           | Available 2nd-gen space (former restaurant, warehouse, or health club) at \$18–\$24/SF base + NNN; outdoor patio or adjacent exterior space achievable |
| Membership conversion potential  | Pre-opening founding member campaigns are the financial stress test for every new location. Before an LOI is signed, the trade area must demonstrate an identifiable addressable base of 200+ likely members within the primary radius — people whose lifestyle, income, and community engagement profile aligns with the Thresh Stone or Ritual tier. | Identifiable 200+ likely founding member prospects in trade area                                                                                       |

*The Thresh Criteria are not a checklist to be negotiated around. A market that meets five of six criteria is not ready for a Thresh. It is a market to watch. The standard exists because every underperforming location in a wellness concept's portfolio traces back to a criterion that was ignored or assumed rather than confirmed.*

## Phase 2 — Corporate Discipline, Franchise Freedom

Corporate and franchise growth run on two different rules, on purpose. The corporate side stays geographically disciplined: Thresh Holdings does not leave the South Denver cluster until it is proven, and every corporate site after that is added deliberately — sequenced against the Thresh Criteria, trade-area logic, and the operational bench's actual capacity to run it well. The franchise side carries no such constraint. Once Location 3 — the Founding Franchise Test — opens in Year 3 and succeeds, the franchise system is not bound to South Denver, to Colorado, or to any fixed sequence at all: territory is awarded wherever a qualified, vetted operator and real market demand meet the Thresh Criteria, nationally, without waiting for the corporate cluster to reach any particular size. Both engines are held to the same underlying standard — consistent EBITDA or royalty economics, an independent GM or franchisee-support pipeline, centralized systems, and brand identity the community recognizes without prompting — they simply reach it on independent timelines and independent maps.

### Corporate Growth — Follows the Market, Not a Map

Once the Founding Franchise Test (Location 3) is underway, Thresh Holdings evaluates every corporate growth candidate against the same Thresh Criteria, in parallel with the franchise system's own national rollout. There is no sequence to work through and no region reserved for later. The next corporate site is whichever market clears the Thresh Criteria with the strongest site economics, competitive position, and operational readiness at the time the evaluation happens — whether that market sits inside the South Denver cluster, elsewhere in Colorado, or out of state.

*Colorado remains a legitimate, recurring source of candidates precisely because the flagship cluster already proves the model works here. Cherry Creek, Washington Park, and the Highlands carry the demographic profile, lifestyle identity, and community character Thresh is built for, and the I-25 corridor north through Broomfield, Westminster, Boulder, and Fort Collins offers markets where Thresh can leverage existing brand recognition without the full cultural lift a new state requires. None of that makes Colorado the default or a required first step — it is one pool of candidates evaluated on the same terms as every other.*

The ten priority markets below exist for the same reason: they mirror the South Denver cluster's profile at meaningfully lower rent and labor cost. A corporate or franchised site in Nashville, Charlotte, or any market that clears the Thresh Criteria faster and cheaper than the next Colorado candidate wins on that basis alone. Thresh is a growth brand — the market and the operator decide where the brand goes next, evaluated the same way whether the map shows Colorado or a state the brand has never operated in before.

### What a Thresh Neighborhood Looks Like in a New Market

A Thresh neighborhood outside South Denver has the same fundamental profile as the South Denver cluster: high household income density, active lifestyle identity, community belonging, a communal social gap, viable real estate, and a founding member base that can be pre-sold. The difference is that in a new city, Thresh arrives without an existing brand presence — which means the founding member campaign does more cultural lift, and the hospitality execution from Day 1 must be exceptional.

The markets that most closely mirror the South Denver profile — in terms of household income, community density, boutique wellness participation, and a gap in the communal social wellness category — include mid-sized, neighborhood-centric cities where residents identify strongly with where they live, lifestyle spending is high, and the Thresh category has not yet been claimed:

| Market        | Target Community                         | Median HHI          | State Min Wage | Base Rent Est. | Why It Works for Thresh                                                                                                                                                                                                                                                                                                                                                                      | Timing   |
|---------------|------------------------------------------|---------------------|----------------|----------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|
| Nashville, TN | Brentwood / Franklin (Williamson County) | \$115,000–\$125,000 | \$7.25 federal | ~\$14–\$18/SF  | Williamson County is the wealthiest county in Tennessee. Franklin and Brentwood are direct analogs to the Thresh flagship corridor — master-planned, high-income, active-lifestyle suburban communities with boutique wellness spending already established. No communal sauna/social recovery club in the corridor. Tennessee has no state income tax, no state minimum wage above federal, | Year 5–6 |

| Market           | Target Community                                        | Median HHI          | State Min Wage | Base Rent Est. | Why It Works for Thresh                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | Timing   |
|------------------|---------------------------------------------------------|---------------------|----------------|----------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|
|                  |                                                         |                     |                |                | and a strongly hospitality-trained workforce. Year-round climate supports 365-day membership operations.                                                                                                                                                                                                                                                                                                                                                                                            |          |
| Atlanta, GA      | Alpharetta / Johns Creek / Milton (North Fulton County) | \$147,000–\$160,000 | \$7.25 federal | ~\$15–\$20/SF  | Alpharetta and Johns Creek rank among the top 35 highest-income large cities in the US. The North Fulton County corridor is the most demographically concentrated high-income suburban market in the Southeast — tech professionals, healthcare executives, and entrepreneur-class residents with active lifestyle identity. Boutique fitness and wellness spending is well-established. No communal sauna/plunge club in the corridor. Georgia has no state minimum wage above federal.            | Year 5–6 |
| Charlotte, NC    | Ballantyne / Blakeney / Marvin (South Charlotte)        | \$100,000–\$120,000 | \$7.25 federal | ~\$16–\$20/SF  | South Charlotte — Ballantyne, Blakeney, Waxhaw, and Marvin — mirrors the South Denver cluster profile: high household income, active lifestyle culture, community-rooted master-planned neighborhoods, and residents who are fiercely loyal to local businesses. The boutique wellness category is active (fitness studios, yoga, boutique gyms) but communal sauna/recovery is unclaimed. North Carolina has no state minimum wage above federal. Fast-absorbing retail market with tight vacancy. | Year 5–6 |
| Savannah, GA     | Pooler / Richmond Hill / Skidaway Island                | \$85,000–\$110,000  | \$7.25 federal | ~\$12–\$16/SF  | Savannah metro is growing rapidly with significant corporate relocation (Hyundai EV plant, logistics expansion) bringing a new professional class to the corridor. Pooler and Richmond Hill are established high-income suburban communities with strong community identity and active lifestyle participation. The lowest rent per SF of any Thresh target market — maximum EBITDA expansion potential. Year-round climate, 365-day operations, hospitality-trained labor at federal minimum.      | Year 4–5 |
| Indianapolis, IN | Carmel /                                                | \$121,000–\$141,000 | \$7.25 federal | ~\$14–         | Carmel, Indiana consistently                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Year 5–  |

| Market               | Target Community                                               | Median HHI          | State Min Wage          | Base Rent Est. | Why It Works for Thresh                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Timing   |
|----------------------|----------------------------------------------------------------|---------------------|-------------------------|----------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|
|                      | Zionsville / Fishers (Hamilton County)                         |                     |                         | \$18/SF        | ranks among the best places to live in the US — a high-income, master-planned suburban city of 103,000 residents with one of the most concentrated active lifestyle cultures in the Midwest. Hamilton County median HHI exceeds \$121,000. Indiana state minimum wage is federal \$7.25, creating significant labor cost advantage versus Colorado. No communal sauna/recovery club exists in the corridor. Carmel is the most structurally similar community to the Thresh flagship corridor of any Midwest market.                                    | 6        |
| Kansas City, MO / KS | Overland Park / Leawood / Prairie Village (Johnson County, KS) | \$104,000–\$185,000 | \$7.25 federal (KS)     | ~\$13–\$17/SF  | Johnson County, Kansas — Overland Park, Leawood, Prairie Village — is the highest-income suburban cluster in the Kansas City metro. Overland Park median HHI \$104,834; Leawood median HHI \$185,625. One of the most affluent, community-oriented suburban corridors in the Midwest. Kansas has no state minimum wage above federal. Active fitness and boutique wellness culture with no communal sauna/social recovery operator. Among the most cost-efficient real estate markets of any Thresh target.                                             | Year 5–6 |
| Columbus, OH         | Dublin / Westerville / New Albany (North Columbus suburbs)     | \$95,000–\$125,000  | \$11.00/hr (OH)         | ~\$14–\$18/SF  | Dublin and New Albany are among the most livable affluent suburbs in the Midwest — professionally dense, family-rooted, active lifestyle communities with strong community identity. Columbus metro is one of the fastest-growing large metros in the Midwest, driven by tech, healthcare, and finance. New Albany in particular has demographic characteristics nearly identical to the Thresh flagship corridor. Ohio minimum wage (\$11.00) is meaningfully below Colorado, expanding labor margin. No communal sauna/recovery club in the corridor. | Year 6–7 |
| Minneapolis, MN      | Edina / Eden Prairie /                                         | \$95,000–\$130,000  | \$10.85/hr (MN outside) | ~\$15–\$19/SF  | The Minneapolis southwest suburbs — Edina, Eden Prairie,                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | Year 6–7 |

| Market         | Target Community                                            | Median HHI         | State Min Wage | Base Rent Est. | Why It Works for Thresh                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Timing   |
|----------------|-------------------------------------------------------------|--------------------|----------------|----------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|
|                | Plymouth (Southwest Metro)                                  |                    | Minneapolis)   |                | Plymouth — are the most demographically aligned communities in Minnesota to the Thresh model. Active lifestyle culture is foundational here (running, cycling, hockey, skiing, CrossFit) and income density is high. Embrace North (the closest national operational comp to Thresh) operates in Minneapolis — proving the consumer exists — but the SW suburbs are underserved by communal formats. Outside Minneapolis city limits, minimum wage follows the Minnesota state rate.                                                                    |          |
| Austin, TX     | Round Rock / Cedar Park / Georgetown (North Austin suburbs) | \$95,000–\$115,000 | \$7.25 federal | ~\$16–\$20/SF  | The North Austin suburban corridor — Round Rock, Cedar Park, and fast-growing Georgetown — offers the demographic profile of the Thresh flagship corridor at Texas-level rent and labor costs. Texas has no state income tax, federal minimum wage, and a hospitality workforce that is well-trained and abundant. Active lifestyle culture is embedded in these communities. No communal sauna/cold plunge operator exists north of Austin city limits. Cedar Park and Georgetown are among the fastest-growing suburban cities in the country.        | Year 5–6 |
| Charleston, SC | Mount Pleasant / Daniel Island / Summerville                | \$90,000–\$120,000 | \$7.25 federal | ~\$14–\$18/SF  | Mount Pleasant is one of the fastest-growing affluent suburban communities in the Southeast — a master-planned, high-income, active lifestyle community directly across the harbor from Charleston with strong community identity and year-round outdoor lifestyle participation. South Carolina has no state minimum wage above federal. Tourism provides a natural day pass and guest pass revenue layer. The communal wellness category is virtually unclaimed in the Charleston metro outside of single-location yoga and boutique fitness studios. | Year 4–5 |

These ten markets are not guaranteed Thresh locations. Their lower rents expand margins structurally; Thresh's \$20/hour minimum wage applies in every market, so every team member — corporate or franchised — is paid a fair, livable wage that attracts the best people. They are the result of applying the Thresh Criteria to suburban corridors across the Midwest, Great Lakes, and Southeast — filtering out high-regulation, high-cost states and isolating communities that share the structural DNA of the Thresh flagship and the South Denver cluster: high household income, active lifestyle culture, community identity, boutique wellness spending behavior, and a communal social wellness gap waiting to be filled. Every market listed will require the same trade area analysis, founding member campaign viability assessment, and real estate feasibility study that governs every South Denver site decision. The income data cited are from the 2024 American Community Survey (U.S. Census Bureau, ACS 5-Year Estimates, January 2026).

### The Ten-Year Story in Five Phases

Reduced to its arithmetic, this plan reads as two locations becoming 20 corporate locations, and zero franchises becoming 108. The institutional version of that same story runs in five phases. Prove: Thresh 1 and Thresh 2, corporate-owned and corporate-run, establish that the model works on its own capital before anyone else is asked to build under the name. Replicate: Location 3, the Founding Franchise Test, establishes that someone other than the founders and the corporate team can run it too — arguably the single most important milestone in the entire growth strategy, because every unit that follows depends on the answer being yes. Systemize: the franchise infrastructure — the VP of Franchise Growth & Acceleration, Thresh Franchising LLC, the FDD, the reporting systems, Thresh Brand/IP LLC — gets built out so growth from here is a repeatable system, not founder-dependent improvisation. Scale: corporate and franchise development run in parallel across the priority markets identified in Section 14, corporate governed by the capital-allocation criteria above, franchise carrying the majority of unit growth. Optimize: mature-phase capital allocation — ROIC-driven corporate development, selective acquisitions, refranchising where it creates value, strategic real estate, continued national expansion — takes over from pure growth-stage execution.

The roadmap below sets out those five phases by quarter and location count.

## Growth Roadmap

| Phase                                                      | Timeline                                                                         | Focus                                                                                                                                                                                                                                                                                                                                                                                            | Target                                                                            |
|------------------------------------------------------------|----------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------|
| Flagship launch                                            | Q4 2026 capital close · Q1 2027 build · Q2 2027 opening                          | Build, open, stabilize the South Denver flagship. Prove every system. Write every SOP. Build the culture that everything else inherits.                                                                                                                                                                                                                                                          | 1 location                                                                        |
| Thresh 2 (Castle Rock)                                     | Q3 2027 lease (Month 6) · second-half 2027 buildout · Q1 2028 opening (Month 12) | Flagship turns EBITDA-positive at Month 6; Thresh 2's lease is signed at that gate and construction runs through the second half of 2027. GM and AGM take over the flagship at Month 8; Thresh 2 opens at Month 12, run by the founders until its own GM and AGM take over at Month 19. Founding member campaign for Thresh 2 launches alongside buildout.                                       | 2 corporate locations                                                             |
| Franchise readiness & Location 3 — Founding Franchise Test | Q1 2028 consultant group and counsel engaged · late 2028 FDD registered and      | A franchise development consultant group and franchise counsel are engaged when Thresh 2 opens to build the FDD, operations manual, training program, and Item 19 disclosure. The FDD is registered (Franchise Readiness phase) and the VP of Franchise Growth & Acceleration hired at Month 20. The Location 3 franchise agreement is signed in Year 2 alongside the system's first development | 2 corporate locations; first 2 franchised units open in Year 3, led by Location 3 |

| Phase                       | Timeline                                                                    | Focus                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Target                                                   |
|-----------------------------|-----------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------|
|                             | VP hired (Month 20) · Year 2<br>Location 3 signed · Year 3 Location 3 opens | agreements, and Location 3 opens in Year 3 — the year franchise royalties begin. Co-founder compensation moves to Thresh Holdings at Month 19.                                                                                                                                                                                                                                                                                                                                                                         |                                                          |
| Franchise Ramp              | Years 3–5                                                                   | The franchise system opens nationally under the VP of Franchise Growth & Acceleration, targeting the priority markets identified in the Franchise Strategy. Thresh Holdings builds its growth reserve from retained distributions and its share of the royalty override; corporate candidates — Cherry Creek, Washington Park, the Highlands, Broomfield, Boulder, Fort Collins, or any out-of-state market that clears the same bar — are evaluated against the Thresh Criteria and opened as the reserve funds them. | 2 corporate locations; 2–16 franchised units             |
| National Franchise Scale-Up | Years 5–7                                                                   | Franchising becomes the primary growth vehicle. Entry markets are selected from the priority-market table based on franchisee demand, site economics, and competitive positioning, while the growth reserve builds toward Thresh Holdings' first self-funded corporate openings.                                                                                                                                                                                                                                       | 2–3 corporate locations; 16–48 franchised units          |
| Platform Maturity           | Years 8–10                                                                  | National platform with centralized systems — corporate locations funded from Thresh Holdings' growth reserve from Year 7, a mature franchise system, and a brand that communities ask for before Thresh arrives.                                                                                                                                                                                                                                                                                                       | About 20 corporate locations; about 108 franchised units |

## Expansion Capital Strategy

Corporate location funding comes from retained EBITDA, equipment financing, landlord TI contributions, targeted equity or debt raises, and, increasingly, franchise royalty and fee revenue at minimal incremental capital cost. Each franchisee capitalizes its own location, never drawing on Thresh Holdings' corporate capital. The long-term corporate goal is to become increasingly self-funded from operating cash flow, preserving founder control, while the franchise engine scales Thresh nationally without our own capital.

| New Corporate Thresh Location — Capital Estimate            |                                                                                                                              | Amount    |
|-------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------|-----------|
| Construction & buildout                                     |                                                                                                                              | \$136,000 |
| Sauna & cold plunge infrastructure                          | \$230,000 (saunas, 1 Morozko XL + 4 BlueCube C3, warming pool · Airpuria 0% 18-month financing available for BlueCube units) |           |
| FF&E and opening merchandise                                |                                                                                                                              | \$92,600  |
| Technology                                                  |                                                                                                                              | \$30,000  |
| Branding, launch marketing, permits, and location formation |                                                                                                                              | \$66,000  |
| Working capital reserve                                     |                                                                                                                              | \$250,000 |

| New Corporate Thresh Location — Capital Estimate |                                                                                                                    | Amount |
|--------------------------------------------------|--------------------------------------------------------------------------------------------------------------------|--------|
| ESTIMATED TOTAL PER CORPORATE LOCATION           | \$804,600 (the Thresh 2 build; the flagship's \$859,600 includes one-time company-level formation and brand costs) |        |

Enterprise Scenarios — Both Engines Combined

| Scenario                         | Locations                     | System Sales | Thresh Holdings EBITDA | EBITDA Multiple | Illustrative Enterprise Value |
|----------------------------------|-------------------------------|--------------|------------------------|-----------------|-------------------------------|
| Stress test (downside) — Year 10 | 11 corporate · 103 franchised | \$104.6M     | \$6.76M                | 6x – 8x         | \$33.5M – \$44.6M             |
| Base Case — Year 5               | 2 corporate · 16 franchised   | \$14.4M      | \$0.96M                | 6x – 9x         | \$5.8M – \$11.1M              |
| Base Case — Year 10              | 20 corporate · 108 franchised | \$146.7M     | \$11.05M               | 7x – 10x        | \$61.2M – \$87.5M             |

EBITDA multiples for recurring membership wellness platforms vary with growth rate, retention, and market conditions; franchisors often command a premium for the asset-light royalty stream, but this plan conservatively applies the same operator-level multiple to both revenue sources. These projections are illustrative, not guarantees; a proven corporate cluster alongside a fast-scaling franchise system commands stronger enterprise value than either engine alone.

*The South Denver cluster is the proof of concept that makes the hybrid platform credible: not a single-track concept, but a proven neighborhood institution replicated across a growing corporate cluster in one of the Rocky Mountain region's strongest demographic corridors, that has also proven it can be franchised — with a growing franchise system and a signed national development pipeline behind it.*

## SECTION 15

# Franchise Strategy — Economics & Qualification Standards

---

Section 14 laid out where the franchise system expands. This section lays out the economics underneath it — what a franchisee pays, what Thresh Holdings and the founding investor group each receive, and the qualification standards that protect the brand at every location Thresh Holdings does not operate directly.

## Royalty Structure — 7% Total, Split Between Thresh Holdings and the Founding Investor Group

Every franchised Thresh location pays a standard 7% royalty on gross revenue, for as long as that location operates. Thresh Holdings receives 6%. The remaining 1% is the founding investor override on the first 20 franchised locations; on every franchised location after the first 20, the founding investor group receives 0.5% and the other 0.5% accumulates in the Thresh Holdings growth reserve. Royalty participation begins the day a franchised location opens for business — a newly opened franchise is royalty-generating from its first dollar of revenue, not after a waiting period. The override is a direct, contractual participation for the Class B-1 investor group. Until the founding investors' principal is fully repaid, every override dollar is applied to that principal, accelerating recovery alongside the Section 13 waterfall; once principal is repaid in full, the override is paid to the investor group as a royalty. It exists because the founding investor group's \$1,835,000 funded Thresh 1 and Thresh 2 — the two proof-of-concept locations that make every franchise sale possible — so the founding investor group participates directly in every franchised location that follows, while the growth reserve share on later locations funds the corporate expansion, real estate, and capital needs that grow the platform the investor group owns 10% of.

The Founding Investor Royalty Participation does not stop once the \$1,835,000 principal is recovered. Until principal is repaid it works alongside Tier 3 to repay principal faster; after that it is a continuing participation right tied to the franchise system's growth: 1% of gross sales on each of the first 20 franchised locations and 0.5% on every franchised location after that, for as long as each location operates. It applies to the founding Class B-1 round; investors in any later round do not participate in this specific right unless negotiated separately at the time of their raise.

## Optional Repurchase of the Royalty Override

Thresh Holdings may elect to repurchase all or part of the founding investor group's franchise royalty override at its fair market value on the repurchase date, under the same Optional Repurchase of Investor Rights described in Section 13. The price is determined by a qualified independent valuation professional jointly selected by the company and the affected investors, considering the expected future payments from the rights being purchased, their contractual duration, location performance, closure risk, and an appropriate discount rate; projected growth counts only where supported by the contract and reasonable evidence. No fixed payment multiple or minimum price is guaranteed, and the valuation excludes equity ownership and any other rights not being purchased.

Thresh Holdings may exercise this right in whole or in part, at its discretion, and is never obligated to. Until a purchase is completed, royalty payments continue under the existing agreement; any accrued, unpaid royalties are settled separately and are not counted twice. Any repurchase must preserve Thresh Holdings' required operating reserves and ability to meet its financial obligations, and installment payments may be used only by mutual agreement.

A royalty repurchase ends only the royalty rights purchased. The founding investor group's continuing 10% economic interest in Thresh Holdings is unaffected, because it is tied to Holdings ownership, not to the royalty. A founding investor who has already recovered principal, holds the 10% Holdings interest, and later sells the royalty override still holds the 10% Holdings interest afterward, plus whatever the repurchase paid for the royalty stream.

## What the Royalty Participation Can Become

At the current \$1,403,361 modeled franchise AUV, the royalty participation scales directly with franchise unit count. The figures below are illustrative, computed at the modeled AUV; actual results depend on each franchised location's real revenue.

| Franchise Units | Founding Investor Override (at modeled AUV) · growth reserve share |
|-----------------|--------------------------------------------------------------------|
| 20              | ~\$281K · \$0 to the growth reserve                                |
| 50              | ~\$491K · ~\$211K to the growth reserve                            |
| 108             | ~\$898K · ~\$617K to the growth reserve                            |
| 250             | ~\$1.89M · ~\$1.61M to the growth reserve                          |
| 500             | ~\$3.65M · ~\$3.37M to the growth reserve                          |
| 1,000           | ~\$7.16M · ~\$6.88M to the growth reserve                          |

The repurchase right gives Thresh Holdings future capital-structure flexibility while preserving the founding investor group's participation unless and until Holdings determines that repurchase creates greater enterprise value than continuing to share the royalty stream. Showing the growth potential directly, rather than leaving it implicit, is deliberately part of the story: a right this valuable is worth being transparent about.

## Governance Around the Repurchase Decision

Because the founding investor group holds both the continuing 10% Holdings interest and the royalty participation being repurchased, the governing operating agreement defines in advance who at Thresh Holdings can authorize a repurchase and how the inherent conflict is handled — this is not left ambiguous for a future date when the royalty is generating significant annual value. This is operating-agreement territory, finalized with securities and corporate counsel, rather than a mechanism this proposal itself sets — but the governing documents anticipate the question now, at formation, rather than after the fact.

## Early Franchise Partner Incentive — 120-Day Ramp Period

To recognize the additional commitment associated with joining an emerging franchise system, and to give early Thresh franchise partners financial runway during their initial membership-building and market-development period, Thresh offers qualifying early franchise locations a reduced royalty during their first 120 days of operation. During this introductory period, the total royalty is reduced from 7% to 4% of gross revenue — 3% to Thresh Holdings and 1% to the Class B-1 founding investor override. Beginning on Day 121, the standard 7% royalty applies — 6% to Thresh Holdings and 1% to the founding investor override. The 1% override to the founding investor group remains constant throughout the introductory period; Thresh Holdings absorbs the entire temporary reduction, preserving the founding investor group's participation from the first dollar of revenue each qualifying location generates. The incentive applies to the first ten franchised locations in the system. A new location does about \$181,200 in sales in its first 120 days, so each early franchise partner saves about \$5,400 in royalty; Thresh Holdings gives up about \$54,400 in total across those ten locations, which open in Years 3 through 5.

This is an early-stage franchise development tool, not a permanent feature of the Thresh franchise model. Thresh Holdings may modify, limit, or discontinue the incentive for future franchise offerings as the brand becomes established, operating history develops, and franchise demand increases. Any incentive already granted under an executed franchise agreement remains governed by the terms of that agreement. The incentive is also a deliberate recognition that the earliest franchise partners take the greatest initial risk in helping Thresh establish and expand its national franchise system — a tangible economic advantage sized to that risk.

| Year    | Royalty-Generating Franchised Units | Founding Investor Override (1% first 20 / 0.5% after) | How It Is Paid                                                       |
|---------|-------------------------------------|-------------------------------------------------------|----------------------------------------------------------------------|
| Year 1  | 0                                   | \$0                                                   | —                                                                    |
| Year 2  | 0 (first 2 signed)                  | \$0                                                   | —                                                                    |
| Year 3  | 2                                   | \$8,144                                               | Credited to principal                                                |
| Year 4  | 6                                   | \$40,103                                              | Credited to principal                                                |
| Year 5  | 16                                  | \$116,328                                             | Credited to principal                                                |
| Year 6  | 30                                  | \$246,645                                             | \$172,976 credited to principal (final, Month 69) · \$73,669 royalty |
| Year 7  | 48                                  | \$370,848                                             | Paid as royalty                                                      |
| Year 8  | 68                                  | \$498,410                                             | Royalty                                                              |
| Year 9  | 88                                  | \$636,530                                             | Royalty                                                              |
| Year 10 | 108                                 | \$776,821                                             | Royalty                                                              |

Every franchised unit is royalty-generating from the day it opens, modeled by unit age rather than a binary "not yet, then fully counted" rule: a location contributes about 25% of a full year's sales in its opening year (a partial year plus the opening ramp, with its first 120 days at the reduced 4% Early Franchise Partner rate for the first ten locations), 75% in its second year as membership continues building toward stabilization, and the full stabilized run-rate from its

third year onward. Each cohort's contribution is projected from the same per-location economics used throughout this plan's financial model (Section 17), applied at the royalty rate that governs that stage of a location's life. By Year 10, with about 108 franchised units operating under the National Development Roadmap (Section 14), the founding investor group's royalty override scales into a substantial, continuing, passive income stream — and the growth reserve's 0.5% share on locations beyond the first 20 reaches about \$445,000 a year — independent of Thresh Holdings' own EBITDA, its capital structure decisions, or any future recapitalization.

## Financial Modeling Treatment

Every franchised location is modeled according to its actual expected opening date and its age-based revenue ramp, rather than being excluded from royalty calculations until its second year of operation — each location contributes royalty revenue from the beginning of operations, at the rate that applies to its current age cohort. This is a more accurate representation of franchise-system economics than a model that discards a location's entire first year of revenue: early franchise partners receive meaningful financial support during their critical first 120 days, the founding investor group participates from the first dollar of franchise revenue rather than waiting a year, and Thresh Holdings begins generating recurring royalty revenue as soon as each franchised location opens. Because no operating year is excluded from the calculation, this treatment increases both the founding investor group's override and Thresh Holdings' 6% share relative to a model that waits a full year to start counting.

*For the eventual FDD and franchise agreement, franchise counsel will determine the cleanest legal and administrative structure for collecting the royalty — most likely the franchisee remitting the full 7% directly to Thresh Holdings, which then distributes the override to the founding investor group and the growth reserve share to its reserve account, rather than the franchisee paying the founding investor group directly. The economics to the founding investor group are identical either way; this is a collection-mechanics question, not an economic one.*

## Other Franchise System Fees

Beyond the 7% royalty, every franchisee pays a 1% Brand Fund, pooled and spent on national brand marketing and creative that benefits the entire system, and a 2% required local marketing spend, controlled by the franchisee and spent in their own trade area. Each location contracts its own Zenoti location subscription directly (\$400/month, carried in the location's four-wall costs) and pays Thresh Holdings a \$250/month Zenoti multi-location fee plus a one-time \$5,000 onboarding fee at signing — covering the franchisor side of the multi-location account (dashboards, cross-location reporting, franchise tools, and setup), so Thresh Holdings does not absorb that platform cost. Combined, a franchisee's total ongoing fee burden is 10% of gross revenue — 7% royalty (6% Thresh Holdings + 1% founding investor override and growth reserve share) + 1% Brand Fund + 2% local marketing — plus the flat \$3,000/year Zenoti multi-location fee: about \$128,400 a year, or roughly 10.2% of sales, at the modeled \$1,403,361 AUV. That is consistent with the ongoing fee structure of the established fitness and wellness franchise brands referenced throughout this plan. Initial franchise and development fees are collected only after the FDD is registered and are recognized as revenue when each location opens.

What a franchisee keeps, in plain English. A franchise owner invests about \$650,000–\$950,000, including the \$5,000 Zenoti onboarding fee. Once the location is fully running, it earns about \$441,000 a year in operating profit before

franchise fees. After fees — with the brand fund and local marketing replacing the location's own marketing budget — the owner keeps about \$340,000 a year before paying themselves, loan payments, or income taxes; an \$800,000 investment equals about 2.4 years of that profit, a screening ratio. Counting the opening months and the 2% equipment reserve month by month, the location turns profitable in its ninth month and pays back the investment in about 3.5 to 4.5 years.

Base case: invest \$650K–\$950K → earn about \$340K a year once fully running → investment paid back in about 4.1–5.3 years counting the opening months and the equipment reserve.

Stress test (downside — 500 members, 3 paid drop-ins per yoga class, NNN at \$12.50/SF): same investment → earn about \$166K a year once fully running (about 4.8 years of profit for an \$800,000 investment). The franchisee pays about \$12,500 less in fees each year, but earns about \$113,300 less in operating profit.

The financial model ties franchise growth to these results: when a franchisee would earn less than 20% of their investment each year, new franchise sales slow in proportion. Franchisees set their own leadership incentive plans; the \$20/hour minimum wage and two-manager structure are system standards.

Every prospective Thresh franchisee receives a Franchise Disclosure Document before signing or paying anything — the federal framework the FTC's Franchise Rule establishes, requiring 23 specific disclosure items and delivery at least 14 calendar days before any binding agreement or payment. Thresh Franchising LLC is formed in the Franchise Readiness phase, alongside franchise counsel engagement and FDD registration during the Thresh 2 phase (Section 14, Section 28) — the franchisor entity exists and is fully licensed before Location 3's selection process ever begins.

# Franchise Fee Schedule

The one-time franchise fee is tiered to reward multi-unit commitment:

| Unit                | Franchise Fee |
|---------------------|---------------|
| 1st unit            | \$49,500      |
| 2nd unit            | \$44,500      |
| 3rd unit and beyond | \$39,500      |

The financial model throughout this plan (Section 17) uses the blended average of \$44,500 per newly signed unit, consistent with a realistic mix of single- and multi-unit franchisees.

# Multi-Unit Development Strategy

Thresh's franchise growth is built on multi-unit development, not single-unit sales. A qualified franchise developer signs a Multi-Unit Development Agreement (MUDA) committing to a defined territory and a development schedule — typically 3 to 5 units opened over a 5- to 7-year window — rather than a single location with an open-ended option to expand later. This is the only structure that gets Thresh from Location 3 to about 108 franchised units by Year 10 without requiring that many separate franchisee relationships: a single qualified multi-unit developer, once proven at Location 3, becomes the vehicle for an entire territory's build-out. Multi-unit first is not a Thresh-specific bet — it's

how mature hybrid franchisors actually scale: 98% of Planet Fitness's franchise clubs were operated by franchise groups owning at least three clubs at year-end 2025, confirming that regional density built by a small number of well-capitalized operators, not a large number of single-unit owners, is the structure that actually produces national scale.

The tiered franchise fee schedule above is the financial mechanism behind this: the fee drops from \$49,500 for a first unit to \$44,500 for a second and \$39,500 for a third and beyond, rewarding exactly the commitment a development schedule requires. A developer signing for four units under a MUDA pays a blended fee well under the single-unit rate — and Thresh gains a committed, capitalized, multi-unit operator instead of a one-off franchise sale that has to be resold territory by territory.

Location 3, the Founding Franchise Test, is structured as the anchor of the first Multi-Unit Development Agreement. The operator awarded Location 3 is evaluated not only on the ability to open one location successfully, but on the capacity and territory rights to develop several more once Location 3 proves the model. Every territory awarded after Location 3 follows the same standard: qualification is assessed at the multi-unit commitment level — liquidity and net worth sized to the full development schedule, not just the first unit — consistent with the qualification standards below.

## Total Investment & Qualification Standards

Total investment to open a single franchised Thresh location ranges from \$650,000 to \$950,000, covering build-out, equipment, the initial franchise fee, the \$5,000 Zenoti onboarding fee, and opening working capital. Franchisees capitalize this independently — it draws nothing from Thresh Holdings' own capital raises (Section 13). To qualify, a franchisee must demonstrate \$500,000 minimum liquidity (\$750,000+ preferred), \$1.5M+ minimum net worth, and an operational track record, vetted by the VP of Franchise Growth & Acceleration (Section 03) against these standards before any territory is awarded. For a Multi-Unit Development Agreement, these thresholds scale with the committed development schedule — a 4-unit MUDA is underwritten against liquidity and net worth sized to open and stabilize all four units, not just the first, since the developer is qualifying for the territory, not a single address.

## Term, Renewal & Transfer

Each franchise agreement runs a 10-year initial term, with a 10-year renewal option available at 25% of the then-current franchise fee — not the original fee paid at signing, keeping renewal terms aligned with the system's value at the time of renewal. A \$15,000 transfer fee applies if a franchised location changes ownership during the term.

## Mature System Mix & the National Roadmap

The National Development Roadmap (Section 14) models about 20 corporate and 108 franchised Thresh locations by Year 10 — an Illustrative Base Case Modeling Scenario, not a mandatory ownership mix or a quota either engine is bound to hit. Corporate development is governed by return on invested capital, strategic market value, management capacity, and long-term enterprise value; franchise development provides the primary capital-light acceleration mechanism for national expansion. At the modeled maturity point that produces, the system mix works out to roughly 10% corporate-owned and 90% franchised — the same asset-light structure that lets HOTWORX and Restore Hyper Wellness scale past hundreds of units without proportional capital intensity — but the mix is an output of those

decisions, not an input Thresh manages toward. Corporate ownership has real strategic value on its own terms, and Thresh does not intend to become a pure franchise company: Planet Fitness, one of the most successful hybrid operators in fitness, remains genuinely hybrid at scale — 292 corporate-owned clubs alongside 2,604 franchisee-owned clubs at year-end 2025, with its corporate club segment alone generating \$546.1 million of revenue. A meaningful corporate portfolio and a large franchise system are not in tension; the two engines fund and validate each other.

## How Thresh Decides Who Owns the Next Location

Every new location is corporate or franchised by deliberate choice, not default. Corporate makes sense when a market shows high ROIC potential, when the site is a strategically important flagship or learning market, when Thresh's own management capacity can support it well, or when a real estate opportunity is compelling enough to capture directly. Franchise makes sense when a qualified, well-capitalized operator is available, when the territory rewards local market knowledge, when capital-light expansion is the priority, or when Thresh's own capital is better deployed elsewhere. Either way, Thresh wins when the location succeeds — that's the hybrid model, and it's why the decision is made market by market, not by quota.

## Before Another Dollar of Corporate Capital

Before Thresh deploys another \$804,600 into a corporate location, management asks the same questions every time: Is the expected ROIC attractive? Is projected EBITDA attractive? What's the payback period? Is this a strategically important market? Does owning it directly improve training or innovation across the system? Could a qualified franchisee deploy this capital instead, just as effectively? Does Thresh have the management bandwidth to run it well? Is there a real estate opportunity compelling enough on its own to justify ownership? A market that doesn't clear this bar waits or becomes a franchise territory — corporate capital doesn't chase every opportunity.

## Locations Aren't Necessarily Permanent

A corporate location moves through a natural lifecycle: build or acquire, operate, stabilize, then evaluate. At evaluation, Thresh either retains the location or refranchises it — selling it, along with the rights to operate under the Thresh name, to a qualified franchisee. Two mature hybrid operators use this tool in practice: The Joint Corp has been divesting company-operated clinics in geographic clusters as it shifts toward a more franchise-weighted model, including a 31-clinic Arizona/New Mexico transaction completed in 2025, and Planet Fitness itself — while remaining genuinely hybrid — refranchised 8 corporate-owned clubs in 2025, moving assets between ownership structures as a routine part of managing its portfolio. Thresh commits to refranchising no specific location; it keeps the option, used only when it creates more value than direct operation.

The reverse is also true. Thresh retains the ability to acquire a franchise location when doing so is strategically advantageous — a territory that outgrows its operator, a location central enough to warrant direct control, or a franchisee ready to exit. Locations can move between corporate and franchise ownership in either direction when the move creates greater enterprise value. That's portfolio management, not a one-way ratchet toward pure corporate or pure franchise ownership.

SECTION 16

# Land Acquisition & Leaseback Strategy

*The business that leases its location builds a membership base. The business that owns its location builds generational wealth. Thresh is designed to do both — in the right sequence.*

## The Long-Term Vision

As Thresh generates sustained cash flow across its locations, Thresh intends to become a landowner as well as an operator — purchasing the commercial real estate underneath a Thresh location when the property, the price, and Thresh's own position make it the right decision. Each acquired property would be held in a property-level LLC owned by Thresh Holdings, which leases the property to the relevant operating entity, Thresh (City), LLC, at fair market rent under a formal long-term lease.

This is not a speculative real estate play. It is a long-term asset strategy that turns operating success into hard assets over time, gives Thresh control over its occupancy costs, and builds a balance sheet that compounds in value alongside the membership business.

The strategy is pursued opportunistically, when the operating platform is stable and Thresh's reserves can support a purchase — the reward for building the operating platform correctly first.

## The Corporate Structure — Legally Separate, Financially Integrated

Every corporate-owned Thresh location operates through its own dedicated LLC, permanently — not a policy reserved for the first two flagships. Thresh Flagship 1, LLC and Thresh Castle Rock, LLC are the first two; every corporate location that follows gets the same treatment: Thresh (City), LLC, formed before its lease is signed, holding that location's operations and nothing else.

| Entity                                                       | Type                                       | Owns / Controls                                                                         | Role                                                                                                                                |
|--------------------------------------------------------------|--------------------------------------------|-----------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------|
| Thresh Holdings, LLC                                         | Parent holding company                     | Brand, IP, operating systems, all subsidiary LLCs                                       | Strategic oversight — no direct operations, no direct real estate                                                                   |
| Thresh (City), LLC — one per corporate location, permanently | Operating LLC                              | Day-to-day operations — members, staff, revenue, expenses                               | Generates EBITDA. Serves the community. Standardized by, and reports up through, Thresh Corporate Operations LLC's shared services. |
| Thresh Real Estate Holdings LLC                              | Real estate LLC — formed only where earned | Property-level LLCs, created only when Thresh owns real estate or financing warrants it | Receives rent from the operating LLC when activated. Holds, depreciates, and builds equity in real property.                        |

The rationale is fourfold. Liability isolation: operating risk at one location is compartmentalized — designed to isolate risk, not to guarantee immunity from every claim. Financial transparency: every location has clean, standalone economics that management, investors, and lenders can evaluate independently. Capital allocation: each unit's return on invested capital is directly visible, not blended into a portfolio average. Transaction flexibility: an individual location can be financed, sold, acquired, or refranchised on its own, without untangling it from every other location's books first.

## Real Estate — Formed Only Where It's Earned

A corporate location does not automatically create two entities. The default is one operating LLC per location. A property LLC is formed only if Thresh actually owns the real estate underneath a location, or if financing or legal circumstances warrant one — not as a reflexive sibling to every operating LLC. When that trigger is met, Thresh Real Estate Holdings LLC holds the property-level LLC, which leases the building back to the operating entity — Thresh Denver Property LLC leasing to Thresh Flagship 1, LLC, for example — at fair market value under a formal lease. This keeps the full liability firewall between real estate and operations exactly where it creates value, without doubling the entity count at every location that never triggers it.

## Protection of Enterprise Value — Four Layers

Entity structure is one layer of protecting what Thresh builds, not the only one. Four layers work together, in order, each doing what the others can't: Prevent, Insure, Isolate, Protect.

Prevent comes first, because the best claim is the one that never happens: staff training and certification before a solo shift, written SOPs for every water-quality, equipment-maintenance, and incident-response procedure, and a member-safety and waiver framework built into the operating system from Day 1 — all detailed in Sections 19 through 22.

Insure is the second layer: primary general liability, property, and workers' compensation coverage at every location, layered with excess and umbrella coverage and the specialized policies a wet, heat, and cold environment requires — detailed in Section 28. Insurance, not entity structure, is what actually pays a claim; the entities below exist to contain what insurance doesn't reach.

Isolate is the entity layer described throughout this section: each corporate location resides in its own dedicated operating LLC, so operating risk at one location stays at that location and does not reach the others.

Protect is the fourth layer: brand, trademarks, proprietary programming, franchise agreements, and owned real estate all live outside the location-level operating entities, in Thresh Brand/IP LLC, Thresh Franchising LLC, and Thresh Real Estate Holdings LLC — so that separate entities isolate risks; protection depends on structure, guarantees, conduct, insurance, and applicable law.

This structure is designed to isolate risk and protect enterprise value — not to guarantee immunity from every claim. No entity structure does that. What it does is make sure that when something goes wrong at one location, the damage has a boundary.

## How the Leaseback Works

When a property-level LLC under Thresh Real Estate Holdings LLC acquires a property, it simultaneously enters a formal commercial lease with the operating entity, Thresh (City), LLC, at fair market rent — exactly as a third-party landlord would. The IRS requires that related-party leases reflect arm's-length pricing. This is established through an independent MAI-certified appraisal before the lease is executed and reviewed at regular intervals. The lease itself must be a fully executed written agreement with defined payment terms, escalation provisions, and maintenance responsibilities — not an informal arrangement.

| IRS Requirement         | What It Means in Practice                                                                               | Required Documentation                                                          |
|-------------------------|---------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------|
| Arm's-length rent       | Rent must equal what an unrelated landlord would charge — neither artificially high nor low             | Independent MAI appraisal at lease execution; repeated every 2–3 years          |
| Written lease agreement | A fully executed commercial lease between the land LLC and operating LLC                                | Signed lease with payment schedule, escalation provisions, maintenance terms    |
| Consistent rent payment | The operating LLC must actually pay rent on schedule — no offsets, deferrals, or netting                | Bank records showing monthly transfers; no commingling of funds                 |
| Entity separation       | Separate EINs, bank accounts, books, and tax returns for each LLC                                       | Separate federal EIN; separate bank account; annual tax filings for each entity |
| Market rate review      | Rent reviewed against comparable market leases at regular intervals to maintain arm's-length compliance | Documented rent comparables from commercial broker every 2–3 years              |

## The Tax Mechanics

### Operating LLC — Thresh (City), LLC

From the operating company's perspective, the lease payment to the land LLC is a fully deductible business expense — identical in tax treatment to rent paid to any third-party landlord. The operating LLC deducts 100% of the lease payment against operating revenue, reducing taxable income dollar for dollar. This deduction is structurally superior to mortgage ownership at the operating level, where only the interest portion of a loan payment is deductible — lease payments are 100% deductible in full.

### Real Estate LLC — Thresh Real Estate Holdings LLC

The land LLC receives rental income and offsets it with legitimate property deductions: mortgage interest on any acquisition financing, property taxes, building insurance, and depreciation. Commercial real estate is depreciated by the IRS over 39 years using straight-line method — approximately 2.56% of the building's purchase price annually, as a non-cash deduction against rental income. Land itself is not depreciable — only the building and eligible improvements. A cost segregation study conducted at acquisition can identify shorter-lived components (HVAC systems, electrical, fixtures, qualified improvement property) eligible for 15-year or 5-to-7-year accelerated depreciation, front-loading the tax shield in the early years of ownership.

Example: a \$1,000,000 commercial acquisition with \$200,000 allocated to land and \$800,000 to the building produces approximately \$20,513 per year in straight-line depreciation — a non-cash income shield that persists for 39 years. A

cost segregation study may allow 20–30% of the building value to be depreciated on 5 to 15-year schedules instead, significantly accelerating the early-year benefit.

### The Self-Rental Rule

Self-rental treatment depends on the owners' participation and the applicable rules (IRS Publication 925); the CPA will determine the treatment. Rental income flowing from the operating LLC to the land LLC is classified as non-passive income at the owner level. If the land LLC runs a tax loss in early years — because depreciation and mortgage interest exceed rental income — that loss cannot be used to offset other active income; it carries forward to offset future rental income from the same entity. This is a sequencing reality, not a reason to avoid the structure. The tax benefits compound as the mortgage balance decreases and the property appreciates — the structure is designed for the long term, not for immediate loss harvesting.

### Depreciation Recapture and 1031 Exchange

When Thresh ultimately sells a property held in a land LLC, sale tax treatment depends on asset classification and prior depreciation deductions under current law. Sophisticated real estate holders plan for this in advance. A qualifying Section 1031 exchange may defer eligible real-estate gain if its requirements are met, allowing proceeds to roll into a replacement property and preserving capital for continued real estate accumulation within the Thresh platform.

## Strategic Benefits Beyond Tax Treatment

| Benefit                     | How It Works for Thresh                                                                                                                                                                                     | Time Horizon                   |
|-----------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------|
| Asset accumulation          | Each property becomes a hard asset appreciating independent of the membership business — building a balance sheet that a lease-only platform never creates                                                  | Long-term — compounds annually |
| Occupancy cost control      | Owning the underlying land eliminates third-party landlord rent escalation at renewal. The land LLC controls the lease terms and escalation provisions                                                      | Immediate at acquisition       |
| Liability separation        | Real estate and operational liabilities are legally isolated. Separate entities are intended to isolate the property from operating claims, subject to structure, guarantees, insurance, and applicable law | Immediate at formation         |
| Enterprise value multiplier | A Thresh platform that owns real estate underlying its locations commands a higher enterprise valuation — owned real estate reduces the risk profile that acquirers price in                                | Long-term                      |
| Expansion financing         | Properties in land LLCs can be refinanced to extract equity for future buildouts — using appreciating real estate to fund operating growth without diluting equity                                          | As properties are acquired     |
| Portfolio exit optionality  | Real estate can be sold separately from the operating business at exit — providing an independent liquidity pathway for the land asset class within the Thresh platform                                     | Exit or strategic event        |

## When Thresh Considers Owning Property

There is no calendar trigger and no fixed formula. Thresh considers a property when:

- Operating stability — the platform is generating consistent cash flow across its locations.
- Reserve position — Thresh can fund the purchase without compromising the target operating reserve, investor distributions, or next openings.
- The economics make sense — the property is in a Thresh operating market, and owning compares well with leasing after financing costs.
- Legal structure ready — the property-level LLC under Thresh Real Estate Holdings LLC is formed with its EIN and bank account, and real estate tax counsel is engaged, before any purchase agreement is executed.

*Every square foot Thresh owns rather than leases is a threshold crossed in a different direction — from tenant to owner — permanently changing the enterprise.*

## Investor Context

The \$1,835,000 raise is structured at Thresh Holdings, LLC under the Section 13 dual-class units; Holdings owns Thresh Flagship 1, LLC and Thresh Castle Rock, LLC in full. Class A holds 100% of voting rights and all operational control: 10 units held personally by Harrison Ebert, 10 by Hollace Tillman, and 50 by Thresh Holdings as the Company Equity Reserve (unissued). Class B (the founding investor group) receives an 8% preferred return and accelerated principal recovery, converting to a continuing 10% long-term economic interest once the \$1,835,000 principal is fully recovered.

Thresh Holdings will own the entity that holds any property it acquires. When an acquisition opportunity is right for both parties, Thresh intends to invite the founding Class B-1 investors to participate, on terms set at that time based on the property, its financing, and market conditions. Future acquisitions may also draw on Thresh Holdings' growth reserve, commercial real estate financing, or property-level participation from other investors.

No land acquisition will compromise the target operating reserve, operating expansion reserves, or investor preferred return distributions. The founding investor group will receive advance notice of any material land-strategy capital decision, consistent with the reporting commitments throughout this plan.

Structuring requires a CPA experienced in related-party commercial real estate transactions and a commercial real estate attorney versed in Colorado entity law — a pre-execution requirement, not an afterthought. This chapter sets the framework; execution rests on qualified professional guidance for each acquisition.

This land and lease strategy applies to corporate locations. Franchisees secure their own real estate under the Franchise Strategy's site-approval standards — Thresh Holdings approves every franchise site against the Thresh Criteria but holds neither the lease nor the capital risk.

SECTION 17

# Financial Model — Visual Summaries & Ten-Year Expansion

The following section adds three visual data layers to the financial model: a proportional revenue mix bar showing the 68.4% membership revenue composition, a ten-year Thresh Holdings EBITDA ramp, and an 18-month membership ramp table for the 100-member founding scenario. All figures come from the same financial model as the P&L in Section 10 and the expansion roadmap in Section 14.

## Stabilized Revenue Mix — Proportional Breakdown

The revenue model: \$1,403,361 total annual sales per stabilized location at 550 members. Membership tiers (Ember + Stone + Ritual + Passage) = \$959,634 = 68.4% of total. This per-location breakdown holds identically for a corporate location and a franchised one — Thresh Holdings' own revenue additionally includes the royalty, franchise-fee, and Zenoti-fee revenue collected from franchised units once they open, detailed below.

|                                         |                               |                                                       |
|-----------------------------------------|-------------------------------|-------------------------------------------------------|
| Membership tiers — 68.4% (\$959,634/yr) | Day + Guest — 6.8% (\$94,900) | Classes + Food, Beverage & Retail — 27.8% (\$348,826) |
|-----------------------------------------|-------------------------------|-------------------------------------------------------|

## Ten-Year Expansion Financial Model

The following model extends the single-location P&L (\$1,403,361 sales / \$441,382 EBITDA at 550 members) across the Section 14 roadmap. It shows Thresh Holdings on the basis the Class B-1 investor group participates in: Thresh 1 and Thresh 2 on the 18-month ramp; corporate locations Thresh Holdings funds from its growth reserve; and Thresh Holdings' franchise revenue — its 6% share of the 7% royalty (net of the Early Franchise Partner reduction), franchise and development fees, transfer fees, and Zenoti fees — less Thresh Holdings overhead: founder compensation once it moves to Holdings, the franchise consultant group and FDD counsel, the VP of Franchise Growth & Acceleration, the fractional CFO, franchise compliance, field support, the corporate team as it is added, health benefits, the Zenoti multi-location platform, and Holdings G&A. The franchise network grows to about 108 units by Year 10. The founding investor override is paid directly to the founding investor group, and the growth reserve's 0.5% share on locations beyond the first 20 accumulates in its reserve account; neither is reflected in these Thresh Holdings EBITDA figures (see Section 15). The 1% Brand Fund and 2% local marketing spend are excluded, since they are restricted or franchisee-controlled spend, not Thresh Holdings profit. Model years run April through March, beginning with the flagship's April 2027 opening.

## THRESH HOLDINGS EBITDA BY YEAR — TEN-YEAR SUMMARY

| Year    | Performance Summary                                                                                                                       | EBITDA   | Margin | Revenue  |
|---------|-------------------------------------------------------------------------------------------------------------------------------------------|----------|--------|----------|
| Year 1  | Flagship opens in April 2027 • EBITDA break-even at Month 6 • Thresh 2 opens Month 12 • franchise consultant group engaged                | –\$186K  | –21%   | \$907K   |
| Year 2  | Co-founder compensation moves to Holdings (Month 19) • FDD registered, VP hired (Month 20) • first 2 franchises signed                    | \$111K   | 5%     | \$2.31M  |
| Year 3  | Location 3 opens • royalties begin • override principal credits begin • field support begins                                              | \$301K   | 10%    | \$2.93M  |
| Year 4  | 6 franchised units • waterfall principal credits begin                                                                                    | \$524K   | 16%    | \$3.27M  |
| Year 5  | 16 franchised units • growth reserve building                                                                                             | \$1.18M  | 29%    | \$4.03M  |
| Year 6  | 30 franchised units • investor principal fully repaid in Month 69 (December 2032) • first equipment replacements at Thresh 1 and Thresh 2 | \$1.85M  | 36%    | \$5.17M  |
| Year 7  | 48 franchised units • first growth-reserve corporate locations open, beginning October 2033                                               | \$2.86M  | 39%    | \$7.39M  |
| Year 8  | 68 franchised units • 7 corporate locations                                                                                               | \$4.71M  | 40%    | \$11.91M |
| Year 9  | 88 franchised units • 13 corporate locations                                                                                              | \$7.26M  | 39%    | \$18.79M |
| Year 10 | 108 franchised units • 20 corporate locations • \$11.05M Thresh Holdings operating profit                                                 | \$11.05M | 38%    | \$28.81M |

## TEN-YEAR DETAIL TABLE

| Year   | Corporate • Franchised | Systemwide sales | Holdings revenue | Holdings EBITDA | Margin | Growth reserve: new corporate locations • balance | Key milestone                                                                                                                                     |
|--------|------------------------|------------------|------------------|-----------------|--------|---------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------|
| Year 1 | 2 • 0                  | \$0.91M          | \$907K           | –\$186K         | –21%   | — • —                                             | Founding campaign closes at 100 before opening. Flagship opens April 2027. Thresh 2 opens Month 12. Holdings costs covered by its launch reserve. |
| Year 2 | 2 • 0 (2 signed)       | \$2.30M          | \$2.31M          | \$111K          | 5%     | — • —                                             | Founders move to Holdings at Month 19. FDD registered and VP hired at Month 20. Location 3 signed. Preferred return payments begin.               |
| Year 3 | 2 • 2                  | \$3.59M          | \$2.93M          | \$301K          | 10%    | — • —                                             | Location 3 opens — the Founding Franchise Test. Royalties begin, and override payments start being credited to investor principal.                |
| Year 4 | 2 • 6                  | \$6.82M          | \$3.27M          | \$524K          | 16%    | — • \$0.12M                                       | Waterfall principal credits begin. Growth reserve starts accumulating.                                                                            |

| Year    | Corporate • Franchised | Systemwide sales | Holdings revenue | Holdings EBITDA | Margin | Growth reserve: new corporate locations • balance | Key milestone                                                                                                                                                                         |
|---------|------------------------|------------------|------------------|-----------------|--------|---------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Year 5  | 2 • 16                 | \$14.44M         | \$4.03M          | \$1.18M         | 29%    | — • \$0.43M                                       | Early Franchise Partner locations ramping. National franchise development underway.                                                                                                   |
| Year 6  | 2 • 30                 | \$28.82M         | \$5.17M          | \$1.85M         | 36%    | — • \$1.15M                                       | Investor principal fully repaid in Month 69 (December 2032); the stake converts to its continuing 10% economic-interest form. The franchise system becomes the primary growth engine. |
| Year 7  | 4 • 48                 | \$49.89M         | \$7.39M          | \$2.86M         | 39%    | 2 • \$1.61M                                       | First corporate locations funded from the growth reserve open, beginning in October 2033.                                                                                             |
| Year 8  | 7 • 68                 | \$77.83M         | \$11.91M         | \$4.71M         | 40%    | 3 • \$2.41M                                       | Corporate expansion from the growth reserve continues.                                                                                                                                |
| Year 9  | 13 • 88                | \$110.47M        | \$18.79M         | \$7.26M         | 39%    | 6 • \$2.60M                                       | Corporate expansion and franchise royalties compounding together.                                                                                                                     |
| Year 10 | 20 • 108               | \$146.67M        | \$28.81M         | \$11.05M        | 38%    | 7 • \$4.36M                                       | 20 corporate and 108 franchised locations. Founding investor override and continuing 10% economic interest, both still compounding.                                                   |

Methodology: all figures in this table come from the monthly cash model, summed by model year. Methodology: stabilized sales of \$1,403,361 and EBITDA of \$441,382 per location, from the Section 10 P&L, applied identically to corporate and franchised units. Thresh 1 follows the 18-month ramp from opening (Month 1, April 2027); Thresh 2 follows its own ramp from Month 12, with Passage and health benefits from its first month. New corporate locations open only when the growth reserve can fund them at \$804,600 each, both flagships were profitable over the prior 12 months, and Thresh Holdings is fully funded; each carries its opening-year results, funded by its own working capital, then its second-year and fully running results with a GM and AGM from day one. Franchise openings are spread through each year and move month-for-month with Thresh 2's opening; new corporate locations open in month 7 of a year when the gates allow. Franchised units contribute royalty revenue by age — 25% of a full year's sales in the opening year, 75% in the second, 100% thereafter — at Thresh Holdings' 6% share, net of the Early Franchise Partner reduction on the first ten locations, plus franchise and development fees of \$44,500 per unit (net of 30% sales costs), transfer fees, and Zenoti fees. The 2% equipment replacement reserve and Thresh Holdings overhead are deducted in full. Holdings revenue is company-owned location sales plus all royalties and fees belonging to Thresh Holdings, including the 0.5% override share it keeps on locations after the first 20 (earmarked for the growth reserve); system sales are not Holdings revenue. Systemwide sales combine corporate and franchised-unit sales. The founding investor override (Section 15) is not included in these Thresh Holdings figures. All figures are in today's dollars. The growth reserve is held in a liquid, interest-bearing account — high-yield savings, money market, or short-term Treasuries — available whenever Thresh needs it.

## Membership Ramp — 18-Month Projection (100 Founding Member Scenario)

The reserve trajectory shown below reflects all 100 founding members at Ritual-tier pricing (\$75/\$149/\$159), with founding members who cancel replaced at the \$189 standard rate (about 84 remain at Month 18), the full class schedule, and the staffed beverage program from Day 1, with the founders covering the GM and AGM shifts through Month 7, pre-opening costs drawn from the reserve before opening, and 2% of sales set aside each month for equipment replacement. The flagship reaches EBITDA break-even in Month 6 (still slightly cash-negative after the equipment reserve), when the cash cushion is at its low of about \$151,500, and Month 18 EBITDA annualizes to \$441,382 — the same as the fully running P&L. In the stress test (downside — 500 members once fully running instead of 550, 3 paid drop-ins per yoga class instead of 5, NNN at \$12.50/SF instead of \$9), the flagship turns profitable in Month 9 and the cushion would draw to about \$108,000 before the pre-committed steps in Section 12.

| Milestone                                            | Members | Monthly EBITDA | Cash cushion (after equipment reserve) | Status note                                                                                                                                                                                        |
|------------------------------------------------------|---------|----------------|----------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Pre-open: 100 founding members secured               | 100     | —              | \$234K                                 | Founding campaign closed at cap. Pre-opening founder compensation and staff training funded. Billing activates at opening.                                                                         |
| Month 1 — opening                                    | 180     | -\$31.2K       | \$202K                                 | Ramp losses within planned reserve. Founding member revenue cushioning the burn.                                                                                                                   |
| Month 3                                              | 260     | -\$15.7K       | \$161K                                 | Membership momentum building. First Ritual upsell conversions active.                                                                                                                              |
| Month 5                                              | 320     | -\$4.0K        | \$144K                                 | Approaching EBITDA break-even.                                                                                                                                                                     |
| Month 6 — EBITDA break-even · cash cushion low point | 345     | +\$0.8K        | \$144K                                 | Lowest point of the ramp — about \$143,500, a temporary dip below the \$150,000 operating trigger (Months 4–7) that the \$250,000 opening buffer covers. The Thresh 2 lease gate is still cleared. |
| Month 8 — GM/AGM take over                           | 395     | +\$7.7K        | \$154K                                 | Founders move to the Thresh 2 opening.                                                                                                                                                             |
| Month 12 — Thresh 2 opens                            | 470     | +\$21.1K       | \$214K                                 | Health benefits begin across the company.                                                                                                                                                          |
| Month 18 — fully running                             | 550     | +\$36.8K       | \$384K                                 | \$441,000 annualized — the same as the fully running P&L.                                                                                                                                          |

SECTION 18

# Competitive Pricing & Market Validation

The market is not theoretical. Competitors are operating, pricing, and scaling right now in Denver and nationally. The competitive landscape is not a risk to Thresh — it is the proof that the category is real and the consumer is ready.

## Why the Competitive Landscape Validates Thresh

The most important thing the competitive landscape tells a Thresh investor is not who the competition is — it is that the market is already spending money. Consumers in Denver and across the country are paying \$49 to \$255 per month, repeatedly, for sauna, cold plunge, and social recovery access. Membership habits are forming. Utilization is high-frequency. The category is normalizing. Thresh is not asking consumers to try something new — it is asking them to choose the best version of something they are already choosing.

## Competitor Pricing Matrix

| Brand                  | Format                                               | Pricing                                                               | Key Amenities                                                                                      | Positioning                                                                                   |
|------------------------|------------------------------------------------------|-----------------------------------------------------------------------|----------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------|
| SWTHZ                  | Private contrast therapy suites                      | Intro ~\$30 · Drop-in ~\$60 · Unlimited ~\$249/mo                     | Private infrared sauna, cold plunge, vitamin C shower — 60-min appointment suites                  | Premium private recovery (Highlands Ranch — Coming Soon)                                      |
| Perspire Sauna Studio  | Private infrared sauna studio                        | Single ~\$50 · Memberships \$99–\$199/mo                              | Private infrared sauna, red light therapy, SNO cold shower — South Denver market validation        | Accessible private sauna recovery (Highlands Ranch — Open)                                    |
| Restore Hyper Wellness | Clinical recovery studio                             | Membership varies; member discounts ~30%                              | Cryotherapy, red light, infrared sauna, IV drips, CryoSkin, Hydrafacial                            | Medicalized recovery / longevity (Highlands Ranch — Open)                                     |
| Hooga House            | Neighborhood sauna/plunge — closest operational comp | Single ~\$29 · \$99/mo (8 sessions + 2 classes) · \$159/mo unlimited  | Finnish sauna (social + quiet), C3 BlueCube cold plunges, lounge, yoga/Pilates/soundbath, run club | Accessible neighborhood recovery (Golden, CO — single location)                               |
| Rök Spas               | Urban Nordic bathhouse — Union Station Denver        | Plans from \$150/mo · Drop-in and multi-session packs available       | 40-person communal cedar sauna, 5 cold plunges (37–55°F), eucalyptus steam room, thermal soaks     | Luxury communal Nordic spa — premium urban, not suburban                                      |
| PORTAL° Thermaculture  | Social sauna cold plunge club                        | \$99/mo standard · \$179/mo all-club unlimited · \$45/session drop-in | Wood-fired saunas (230°F), cold plunges, community events (run club, entrepreneur nights, DJ sets) | Community-driven thermaculture — Denver West Highland + Minneapolis, Bozeman (multi-location) |

| Brand             | Format                                            | Pricing                                                                       | Key Amenities                                                                                | Positioning                                                                        |
|-------------------|---------------------------------------------------|-------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------|
| Othership         | Social sauna + guided sessions                    | Drop-in ~\$65+ · Memberships vary                                             | Sauna, ice baths, commons areas, guided emotional wellness journeys                          | Premium social/emotional wellness — national brand                                 |
| Bathhouse         | Urban social bathhouse                            | Day pass ~\$39 · Memberships \$145–\$225/mo                                   | Thermal pools, saunas, steam rooms, treatments — urban hospitality bathhouse                 | Premium urban social bathing — not scalable to suburban format                     |
| Remedy Place      | Luxury social wellness club                       | Plans starting ~\$255/mo                                                      | Ice baths, saunas, IVs, red light, hyperbaric, acupuncture — full luxury stack               | Luxury social wellness — aspirational ceiling                                      |
| Embrace North     | Affordable community bathhouse                    | Unlimited ~\$49.95/mo · Drop-in ~\$24.95                                      | Sauna + cold water immersion — 300–400 daily users at Minneapolis flagship                   | The closest national operational comp to Thresh Stone tier                         |
| Sauna Social Club | Social sauna club (London, UK)                    | £39.99–£94.99/mo (4–12 credits) · Single £14.99–£29.99                        | Social + silent saunas, ice baths, DJ ambient nights, Aufguss, breathwork, lounge            | International proof of concept — social/cultural sauna destination                 |
| Inner Studio      | Sports recovery + movement studio (Melbourne, AU) | Studio Membership \$75/week (unlimited) · Single \$45                         | Sauna, cold plunge, hot pool, yoga/breathwork/Pilates, Class+ model — corporate partnerships | International proof — only reference operator genuinely multi-location and scaling |
| THRESH            | Social wellness recovery club                     | Ember \$79 · Stone \$129 · Ritual \$189 · Passage \$219 (founding \$75–\$189) | Sauna, plunge, warming pool, lounge, classes, outdoor patio, Smart Cooler                    | The white space between affordable and elevated — South Denver                     |

## Where Thresh Sits in the South Denver Market

Stone membership at \$129 per month sits between Embrace North (\$49.95) and Hooga House's \$159 unlimited plan — priced modestly above PORTAL's \$99 standard membership and Hooga House's 8-session plan, but with materially more hospitality depth, more recovery zones, the warming pool, the outdoor patio, and the Smart Cooler experience. Ritual membership at \$189 sits just above Rök Spas's \$150 entry price (downtown-only, no movement programming), well below Remedy Place (\$255+), and at roughly 72% of the price of SWTHZ (\$249) — while delivering a communal, social, atmosphere-driven experience that none of those concepts offers at that price point in a South Denver suburban format.

| Competitor Type                   | Their Gap                                                                                                                         | How Thresh Fills It                                                                                                                       |
|-----------------------------------|-----------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------|
| Luxury clubs (Rök, Remedy Place)  | Price excludes habitual attendance — \$150–\$255+/mo is aspirational, not ritual. Rök is downtown-only with no suburban presence. | Thresh Ritual at \$189 is comparable to Rök on price with more programming, in the South Denver neighborhoods where members already live. |
| Private studios (SWTHZ, Perspire) | No social layer — isolated individual recovery. SWTHZ is Coming Soon but will offer no communal experience.                       | Thresh is built around communal recovery. The social sauna is the product.                                                                |
| Clinical recovery (Restore)       | Transactional and clinical — no atmosphere, no ritual, no neighborhood belonging                                                  | Thresh is a neighborhood institution, not a clinic.                                                                                       |
| Community operators (Hooga House) | Closest model — a single location with an indoor studio and outdoor saunas and plunges, but no warming pool, hospitality          | Thresh adds lounge depth, Smart Cooler, outdoor mountain-modern patio, and the Thresh brand.                                              |

| Competitor Type                           | Their Gap                                                                                                                 | How Thresh Fills It                                                                                                                                                                            |
|-------------------------------------------|---------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                           | lounge, or beverage program                                                                                               |                                                                                                                                                                                                |
| PORTAL°<br>Thermaculture                  | Community-driven and culturally strong, but West Highland / North Denver — no South Denver presence                       | Thresh is first to build the communal, hospitality-grade concept in the South Denver corridor. PORTAL° validates the concept in Denver — Thresh serves the market that PORTAL° does not reach. |
| Social sauna clubs<br>(Sauna Social Club) | International only — no US presence. Proves the social/cultural sauna experience drives habitual community participation. | Thresh domesticates the Sauna Social Club format — same social/ritual depth in a membership model built for South Denver's demographics and car-dependent suburban context.                    |

## Market Validation — What the Competition Has Already Proven

| What's Proven                                      | The Evidence                                                                                                                                                                                                                                                                                  | What It Means for Thresh                                                                                                                                                                                |
|----------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Consumers pay recurring fees for recovery          | SWTHZ at \$249/mo has 90+ locations nationally. Embrace North at \$49.95/mo has 300–400 daily users. Rök Spas in downtown Denver operates at \$150+/mo. Membership retention is high across the category.                                                                                     | The subscription habit is formed. Thresh enters a market with trained consumer behavior.                                                                                                                |
| Sauna and cold plunge is becoming habitual         | Embrace North, Hooga House, Rök Spas, and PORTAL° all demonstrate 2–4× weekly visit frequency — consistent with Thresh's 0.43 visits/member/day assumption.                                                                                                                                   | The financial model's utilization assumptions are validated by operating comparables.                                                                                                                   |
| Social wellness is a growing category              | Othership has a waitlist. Bathhouse commands \$145–\$225/mo. Remedy Place is expanding nationally at \$255+/mo. Sauna Social Club in London runs DJ sauna nights and Aufguss rituals with a full membership program.                                                                          | The market is moving toward Thresh's positioning, not away from it.                                                                                                                                     |
| The South Denver market is ready                   | Perspire operates in Highlands Ranch at \$99–\$199/mo with consistent utilization. SWTHZ has selected Highlands Ranch as a new market. Hooga House operates successfully in Golden at \$99–\$159/mo. The South Denver corridor is already supporting sauna memberships.                       | Local market validation in the exact Thresh launch corridor — not just national comps.                                                                                                                  |
| The communal middle market is wide open            | The gap between \$49.95 (Embrace North) and \$150 (Rök Spas) is largely unoccupied with a hospitality-quality, communal, multi-zone social concept in South Denver.                                                                                                                           | Thresh Stone at \$129 owns the center of that open gap; Ritual at \$189 sits just above it, undercutting the premium tier (Remedy Place, SWTHZ) while still pricing above Rök Spas's \$150 entry point. |
| International operators prove the atmosphere works | Sauna Social Club's DJ ambient sessions and Aufguss rituals in London prove social sauna is a cultural destination. Inner Studio's multi-location growth in Melbourne, alongside multi-location communal operators such as PORTAL°, shows the class + sauna + plunge model can be replicated. | Thresh is not inventing a new category. It is bringing a globally proven format to the South Denver market before anyone else.                                                                          |

SECTION 19

# Safety, Waivers & Legal Compliance

Thresh is not simply asking people to relax. It is operating environments involving heat, cold, water, and physical exertion — in a public membership setting. The compliance infrastructure is not optional and it is not secondary. It is a core development workstream.

## The Regulatory Environment

Thresh combines four regulated operating environments simultaneously: public-use water features, heat exposure, cold exposure, and changing rooms with restrooms. Each carries its own Colorado statutory and administrative code requirements. Getting any one of them wrong delays opening, generates liability, or — in the worst case — causes a guest injury that could have been prevented. The compliance strategy is treated as a priority workstream from the day the legal team is retained, not as a permitting afterthought during construction.

## Colorado DOH — Public Pool & Plunge Compliance

Colorado Department of Health regulates public swimming pools and bathing places through 5 CCR 1003-5 (Swimming Pools and Mineral Baths) of the Colorado Code of Regulations and Colorado swimming pool and mineral bath rules (5 CCR 1003-5) under C.R.S. Title 25, Article 5, Part 8. Thresh's warming pool and cold plunge units are expected to require operating permits and routine inspections under this framework. The pre-application meeting with Colorado DOH Arapahoe / Douglas County is a hard requirement before any lease is signed — not after.

| Water Feature                 | Regulatory Status                                                                                                                               | Required Action                                                                                                                                                                                                                                                                                                                         | Contact                                                                                                                                                                                                                                                                                                              |
|-------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Warming pool                  | Likely classified as public pool or spa — subject to 5 CCR 1003-5                                                                               | Pre-application meeting with Colorado CDPHE and the county public health department (Arapahoe County Public Health or Douglas County Health Department) before lease is signed. Submit CDPHE / county pool plan review and operating approval (confirm the current application with the applicable department) with construction plans. | Colorado CDPHE (303) 692-2000 · Arapahoe County Public Health (Centennial) or Douglas County Health Department (Lone Tree, Highlands Ranch, Castle Rock)   <a href="http://cdphe.colorado.gov">cdphe.colorado.gov</a>   <a href="mailto:cdphe_iepu@state.co.us">cdphe_iepu@state.co.us</a>   (303) 692-3645 option 3 |
| Cold plunge units (5 outdoor) | 4 × BlueCube C3 60" + 1 × Morozko XL Ice Plunge — all outdoor-rated, covered patio. DOH classification confirmed at the pre-application meeting | Confirm classification (public pool, spa, or alternative) with CDPHE at pre-application. Both brands have NSF/ANSI 50 (BlueCube) and ozone sanitation documentation to support the conversation.                                                                                                                                        | Colorado CDPHE — Arapahoe County Public Health or Douglas County Health Department — same contact                                                                                                                                                                                                                    |
| Water chemistry               | Daily testing required under CDPHE 5 CCR 1003-5 — potable water supply compliance                                                               | Establish water testing log, chemistry protocols, and filtration monitoring before opening                                                                                                                                                                                                                                              | Certified Pool Operator (CPO) required for water maintenance                                                                                                                                                                                                                                                         |

| Water Feature           | Regulatory Status                                                                                                                                                                                | Required Action                                                                                                 | Contact                                                               |
|-------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------|
| Operating permit        | CDPHE / county pool plan review and operating approval (confirm the current application with the applicable department) — required before opening. Not complete until final building inspection. | Submit application with construction plans and fees. Building inspection must be complete before permit issues. | cdphe.colorado.gov   cdphe_iepu@state.co.us   (303) 692-3645 option 3 |
| Certified Pool Operator | Colorado requires a CPO or recognized technician for any entity servicing public pools                                                                                                           | Hire or contract a CPO before opening. Not optional.                                                            | Pool operator certification through NSPF or APSP recognized programs  |

## Building & Zoning — City/County Authority (Per Finalist Site)

| Approval Area         | What It Covers                                                                             | Contact                                                                                                                                                                                                  |
|-----------------------|--------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Building & Permitting | Framing, plumbing, mechanical, electrical, HVAC, occupancy, signage, ADA path of travel    | Centennial: buildingpermits@centennialco.gov   (303) 754-3308 — Lone Tree: building@cityoflonetree.com   (720) 390-5211 — Highlands Ranch (Douglas County): douglas.co.us/land/building   (303) 660-7497 |
| Zoning                | Use classification, occupancy type, outdoor use approval, parking ratio, outdoor patio use | Centennial: planning@centennialco.gov   (303) 754-3308 — Lone Tree: (720) 509-1180 — Highlands Ranch: Douglas County Planning + HR Metro District                                                        |
| Fire / Life Safety    | Sprinkler requirements, egress, occupancy loads, emergency lighting, exit signage          | City/county Fire Prevention authority (per finalist site) — coordinate through Building                                                                                                                  |
| Outdoor patio use     | Confirm fire feature approvals, outdoor electrical, and any noise or lighting restrictions | Planning & Zoning department — site-specific review required                                                                                                                                             |

## ADA Accessibility Requirements

Thresh must be designed for full accessibility from Day 1 — not retrofitted after construction. The ADA requirements for aquatic facilities, sauna environments, changing rooms and restrooms, and outdoor hospitality areas are specific and non-negotiable. Licensed architect review of the ADA compliance strategy is a pre-construction document requirement.

| Area             | ADA Requirement                                                                                                                                        | Design Implication                                                                                            |
|------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------|
| Warming pool     | At least one accessible means of entry required — pool lift, sloped entry, or transfer wall per ADA Accessibility Guidelines for Recreation Facilities | Pool lift or sloped entry must be designed into the warming pool from the initial architectural drawings      |
| Cold plunge      | At least one accessible plunge unit or equivalent accessible alternative should be evaluated                                                           | One of the five plunge units should accommodate transfer access — confirm with architect and aquatic engineer |
| Changing rooms & | ADA-compliant fixtures, turning radius clearances, accessible changing benches, accessible lockers at                                                  | Changing room and restroom design must be reviewed by architect against ADA Standards for                     |

| Area          | ADA Requirement                                                                                                        | Design Implication                                                                                      |
|---------------|------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------|
| restrooms     | reachable height, accessible routes throughout                                                                         | Accessible Design before drawings are finalized                                                         |
| Outdoor areas | Accessible route required from parking to outdoor patio — firm, stable, slip-resistant surface throughout              | Site plan must show accessible path from ADA parking to every guest-facing area including outdoor patio |
| Sauna         | Accessible route to sauna entrance required — accessible door hardware — transfer strategy within sauna to be reviewed | Low threshold sauna entrance preferred; bench height and transfer clearances reviewed by architect      |
| Check-in      | Accessible service counter height — ADA requires a counter section at 28–34 inches for wheelchair access               | Front desk design must include ADA-compliant counter section — not an afterthought                      |

# Waiver & Assumption of Risk Strategy

The Thresh guest waiver is a primary risk management tool — not a formality. It is the first legal layer between the company and a guest injury claim. Waiver enforceability depends on its wording and circumstances; Thresh will obtain Colorado counsel's review before use. Thresh's waiver will be drafted or reviewed by a Colorado business attorney and a risk management specialist before a single member is processed.

## What the Waiver Must Cover

- Heat exposure risks — hyperthermia, dehydration, heat stress, cardiovascular strain
- Cold exposure risks — hypothermia, cold shock response, cardiovascular response
- Slip, trip, and fall risks — wet floors, plunge entry/exit, outdoor surfaces
- Hydrotherapy risks — warming pool entry/exit, water temperature, buoyancy
- Medical contraindications — pregnancy, cardiovascular conditions, blood pressure, medications, implanted devices
- Alcohol and substance prohibition acknowledgment
- Emergency contact information collection
- Acknowledgment of posted safety rules in each zone
- Minor policy — whether minors are permitted and what restrictions apply
- Photo and video policy for in-location content
- Governing law and dispute resolution clause — Colorado jurisdiction and mandatory arbitration

The waiver is collected digitally through Zenoti at first visit and must be updated when material policy changes occur. Guest passes require a separate waiver signed before entry — guests sign the attorney-reviewed waiver before entry, so they understand they are entering a wellness environment. That framing sets expectations correctly and reduces liability exposure simultaneously.

## Sauna Safety Program

Heat exposure creates a specific and manageable risk profile when the environment is properly designed and operated. The sauna safety program at Thresh is a formal operational system — not a set of suggested guidelines.

| Safety Component               | Standard                                                                                                                                     | Who Is Responsible                                                                          |
|--------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------|
| Maximum session guidance       | Signage posted in each sauna recommending 10–20 minute sessions with cooling periods — not enforced as a hard limit but clearly communicated | Manager on duty monitors and advises; signage is required                                   |
| Hydration guidance             | Hydration stations or Smart Cooler proximity to sauna exit — electrolyte products prominently positioned                                     | Operations — Smart Cooler placement and hydration signage                                   |
| Emergency response protocol    | CPR/AED certified staff on every shift — AED unit mounted in accessible location — emergency response SOP posted at staff station            | Shift manager and Front Desk Lead — certification required before opening                   |
| Heat exposure contraindication | Posted signage at sauna entrance listing specific medical contraindications — language reviewed by attorney                                  | Attorney reviews signage language — operations posts and maintains                          |
| Ventilation inspection         | Pre-open and post-close ventilation checks logged daily — manufacturer maintenance schedule followed                                         | Manager on duty daily checklist                                                             |
| Equipment certification        | UL or ETL-listed commercial sauna heaters required — manufacturer installation specifications followed exactly                               | General contractor confirms during installation — attorney reviews compliance documentation |

## Insurance Requirements

The Thresh insurance program is built specifically around the risk profile of public-use heat, cold, water, changing rooms, and guided wellness programming. Standard retail or restaurant GL policies are not appropriate for this concept. A specialized wellness and hospitality insurance broker must be engaged before the lease is signed — some landlords require minimum coverage levels as a lease condition, and discovering the required coverage is unavailable or cost-prohibitive after lease execution is an avoidable crisis.

| Coverage               | Purpose                                                                 | Notes                                                                                                  |
|------------------------|-------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------|
| General Liability      | Bodily injury and premises liability                                    | Minimum \$1M per occurrence / \$2M aggregate typical for concepts of this type — confirm with broker   |
| Professional Liability | Guided breathwork, yoga instruction, recovery programming               | Required if any staff provide guided wellness services — even informally                               |
| Abuse & Molestation    | Changing rooms, intimate wellness environments — added protection layer | Strongly recommended given changing room environment — broker should confirm carrier requirements      |
| Property Insurance     | Buildout, FF&E, sauna equipment, plunge systems, Smart Cooler units     | Replacement cost basis preferred — actual cash value policies undercompensate on specialty equipment   |
| Equipment Breakdown    | Sauna heaters, plunge chilling systems, filtration, HVAC, warming pool  | Critical for this concept — mechanical failure without coverage is an operational and cash flow crisis |

| Coverage                    | Purpose                                                                                                                                             | Notes                                                                                                                                           |
|-----------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------|
| Workers Compensation        | Employee injury — required in Colorado for any employer with one or more employees, full or part time (Colorado Department of Labor and Employment) | Budgeted inside the 18% payroll burden, not the \$50,000 insurance line · wet environment classification affects the rate — confirm with broker |
| Umbrella / Excess Liability | Additional protection above GL limits                                                                                                               | \$1M–\$3M umbrella standard for concepts with heat, cold, and water exposure                                                                    |
| Cyber / Data Liability      | Membership billing data, waiver storage, payment processing                                                                                         | Zenoti stores member data — cyber coverage protects against breach liability                                                                    |
| EPLI                        | Employment-related claims — discrimination, wrongful termination                                                                                    | Standard for any employer — required before first hire                                                                                          |

## Employee Certifications & Training Requirements

Thresh team members are the safety and hospitality layer between the physical environment and the member experience. Every team member completes a defined certification and training program before working a solo shift. Certification is not a one-time event — it is maintained and documented as part of the employment record.

| Certification / Training           | Purpose                                                                                    | Required Before           | Renewal                                         |
|------------------------------------|--------------------------------------------------------------------------------------------|---------------------------|-------------------------------------------------|
| CPR / AED / First Aid              | Emergency response to cardiac, respiratory, or trauma events in a heat/cold environment    | First solo shift          | Every 2 years (AHA or Red Cross certification)  |
| Certified Pool Operator (CPO)      | Water chemistry, filtration, sanitation compliance — required by Colorado for public pools | Before opening operations | Every 5 years (NSPF or APSP recognized program) |
| Bloodborne Pathogen Training       | Incident response involving bodily fluids — OSHA required                                  | Before first shift        | Annual                                          |
| OSHA Hazard Communication          | Chemical handling for sauna cleaning agents, pool chemicals                                | Before handling chemicals | Annual                                          |
| Slip / Fall Prevention Training    | Wet-area movement, member assistance, floor inspection protocols                           | Before first shift        | Annual                                          |
| ADA Guest Assistance               | Inclusive service for members requiring physical assistance — changing rooms, pool access  | Before first shift        | Annual                                          |
| Heat & Cold Exposure Awareness     | Recognizing heat distress, cold shock, hypothermia signs — when and how to intervene       | Before first shift        | Annual                                          |
| Incident Reporting & Documentation | Written incident log procedures, escalation protocols, insurance notification requirements | Before first shift        | Annual                                          |
| Zenoti Platform Training           | Membership management, check-in, waiver collection, day pass processing                    | Before first shift        | At major platform releases                      |

## Required Operating SOPs — Pre-Opening Deliverables

The Standard Operating Procedures library is a pre-opening requirement — not a Month 3 deliverable. Every SOP listed below must be written, reviewed by legal counsel, and trained to all staff before the soft opening date. The SOP library becomes the foundation of the multi-unit training system for Thresh 2 and Location 3.

- Opening and closing inspection checklists — sauna, plunge, pool, changing rooms, outdoor patio
- Daily water testing procedure and chemistry log — warming pool and each plunge unit
- Chemical handling and storage procedure — OSHA compliant labeling and SDS availability
- Plunge contamination response — immediate closure, drain, sanitize, reopen protocol
- Warming pool contamination response — same protocol with DOH notification requirements
- Sauna overheating or equipment failure response
- Cold exposure distress response — symptoms, immediate action, when to call 911
- Heat exposure distress response — symptoms, cooling protocol, when to call 911
- Slip and fall incident response — documentation, notification, guest first aid
- Emergency medical response — AED deployment, CPR, EMS coordination
- Guest intoxication or impairment policy — refusal of service and exit procedure
- Minor access policy — age verification if minors permitted, restricted area rules
- Incident documentation and insurance notification procedure
- Changing room and restroom inspection and sanitation schedule
- Towel handling, laundry, and supply restocking procedure
- Emergency closure and severe weather protocol for outdoor areas

## The Advisory Board — Building the Professional Ecosystem

Thresh Holdings is assembling a focused advisory ecosystem across the specialized disciplines that operational leadership cannot cover alone. This is not a ceremonial board — it is a working group of professionals engaged for specific expertise and consulted actively during the development, launch, and expansion phases.

| Advisor / Professional                 | Expertise                                                                             | Engagement Phase                                             | Role in Thresh Development                                                                                     |
|----------------------------------------|---------------------------------------------------------------------------------------|--------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------|
| Colorado Business / Liability Attorney | Operating agreement, waivers, membership terms, employment contracts, risk allocation | Pre-formation — retained before investor capital is accepted | Draft operating agreement, Class A/B structure, investor subscription documents, waiver language, minor policy |
| Securities Counsel                     | Colorado securities compliance, investor subscription structure,                      | Pre-raise — concurrent with business attorney                | Confirm raise structure complies with Reg D exemption or applicable Colorado securities regulation             |

| Advisor / Professional         | Expertise                                                                                                                                                 | Engagement Phase                                                                                                                                                                                        | Role in Thresh Development                                                                                                                                                                                       |
|--------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                | disclosure requirements                                                                                                                                   |                                                                                                                                                                                                         |                                                                                                                                                                                                                  |
| Land Use / Zoning Attorney     | Site entitlement, use classification, conditional use, outdoor approvals                                                                                  | Pre-LOI — before any site is under contract                                                                                                                                                             | Confirm proposed use is permitted at candidate sites — critical for adaptive reuse locations                                                                                                                     |
| Licensed Architect             | Building code, occupancy classification, life safety, ADA, construction documents                                                                         | Pre-development — engaged at site selection                                                                                                                                                             | Produce permitted construction documents, confirm ADA strategy, coordinate with MEP                                                                                                                              |
| MEP Engineer                   | Mechanical, electrical, plumbing — sauna loads, HVAC, drainage, humidity, electrical service                                                              | Pre-LOI — assessment required before lease is signed                                                                                                                                                    | Confirm site feasibility and infrastructure upgrade costs before lease commitment                                                                                                                                |
| Pool / Aquatic Engineer        | Warming pool design, plunge filtration, DOH compliance, water turnover rates                                                                              | Pre-permit — concurrent with architecture                                                                                                                                                               | Design water features to DOH specification, confirm filtration system requirements                                                                                                                               |
| Wellness / Hospitality CPA     | LLC tax structure, K-1 preparation, depreciation optimization, cost segregation                                                                           | Pre-formation — before any entity is formed                                                                                                                                                             | Confirm tax structure, optimize depreciation strategy, prepare investor K-1 reporting annually                                                                                                                   |
| Specialized Insurance Broker   | GL, property, equipment breakdown, workers comp — wellness / hydrotherapy specific                                                                        | Pre-lease — some carriers require site inspection before binding                                                                                                                                        | Obtain bindable coverage quotes, confirm landlord requirements, identify exclusions before signing                                                                                                               |
| Certified Pool Operator (CPO)  | Public pool water chemistry, sanitation, CDPHE 5 CCR 1003-5 compliance                                                                                    | Pre-opening — before water features are filled                                                                                                                                                          | Establish water testing protocols, train staff, maintain compliance logs                                                                                                                                         |
| Hospitality Operations Advisor | Multi-unit operations, SOP development, staffing systems, culture infrastructure                                                                          | Flagship stabilization — Year 1                                                                                                                                                                         | Review operational playbook, support GM development, validate SOP library for replication                                                                                                                        |
| Franchise Counsel              | FDD preparation, franchise agreement drafting, state-by-state franchise registration and renewal, Item 19 financial performance representation compliance | the Franchise Readiness phase — engaged when Thresh 2 opens (Q1 2028), alongside the franchise development consultant group, ahead of FDD registration at Month 20 and the Location 3 signing in Year 2 | Prepare and register the Franchise Disclosure Document, draft the franchise agreement, and confirm ongoing state-law compliance as the system scales — budgeted separately from flagship pre-opening legal costs |

Franchise system compliance — counsel engagement, FDD preparation, state-by-state registration — is governed under the Franchise Strategy and executed in the Franchise Readiness phase, ahead of the first franchise sale. That legal work is budgeted separately from flagship pre-opening costs, detailed in Section 28.

SECTION 20

# Risk Analysis & Mitigation

The risk table below covers the corporate flagship build. Opening the brand to franchisees — first signings in Year 2, first openings in Year 3 — introduces a distinct set of risks — franchisee selection quality, brand-standard drift across locations Thresh Holdings does not operate directly, and franchise regulatory compliance — addressed in the two rows added at the end of this table.

## Built With Eyes Open

A business plan that doesn't take risk seriously isn't a plan — it's a pitch. Thresh is being built with full awareness of what can go wrong, what the early warning signs look like, and what the operational response is before the situation becomes a crisis. The threshold metaphor applies to risk as well: the goal is to see it coming and cross it before it crosses you.

| Risk Category         | Specific Risk                                                                                                                                                                                                              | Mitigation Strategy                                                                      |
|-----------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------|
| Membership ramp       | Slower-than-expected conversion during launch                                                                                                                                                                              | 6-month working capital reserve; founding campaign pre-sales; phased staffing deployment |
| Utility costs         | Sauna + plunge chilling + HVAC in South Denver Metro heat exceeds projections. Morozko XL rated to 110°F ambient — strongest outdoor performer. BlueCube C3 units on covered patio — shade structure reduces chiller load. | Equipment leasing with maintenance; energy monitoring; flag at \$8,500/month             |
| Rent compression      | \$25/SF base-rent target (2nd-gen) vs new construction rates — EBITDA structure advantage                                                                                                                                  | 3,000–3,500 SF interior discipline; outdoor space negotiation; aggressive TI pursuit     |
| Retention / churn     | Monthly churn exceeds 3.5% target — members stop crossing back                                                                                                                                                             | Atmosphere-first operations; community programming; hospitality consistency; SOPs        |
| Construction overruns | Buildout complexity or MEP surprises                                                                                                                                                                                       | Second-generation site preference; 10–15% contingency; phased FF&E deployment            |
| Regulatory permitting | DOH pool permitting delays opening                                                                                                                                                                                         | Pre-application meeting with Arapahoe / Douglas County DOH before signing lease          |
| Labor availability    | Difficulty finding hospitality-aligned team members                                                                                                                                                                        | \$20/hr wage premium; full comp access for employees; culture-driven recruiting          |
| Competition           | New competitor enters the South Denver wellness corridor                                                                                                                                                                   | First-mover community integration; neighborhood identity; emotional retention            |

| Risk Category                    | Specific Risk                                                                                                                                               | Mitigation Strategy                                                                                                                                                                                                                                                                                                                                                                        |
|----------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Economic softness                | Discretionary wellness spending declines                                                                                                                    | Accessible pricing relative to luxury; ritual integration reduces cancellation tendency                                                                                                                                                                                                                                                                                                    |
| Expansion scaling                | Growth outpaces operational systems                                                                                                                         | Two-manager structure at every location; bench strength built through AGM-to-GM promotion pipeline; GM succession is developed in parallel with Thresh 2; expansion is not paused solely for completion of the GM transition                                                                                                                                                               |
| Franchisee quality / brand drift | A franchisee underperforms operationally, or deviates from Thresh brand standards, damaging the brand in a market Thresh Holdings does not directly control | Rigorous franchisee vetting against the Franchise Strategy's qualification standards (\$500,000 minimum liquidity, \$1.5M+ net worth, operational track record); mandatory training and certification before opening; ongoing field support and brand-standards audits led by the VP of Franchise Growth & Acceleration; default and termination rights encoded in the franchise agreement |
| Franchise regulatory compliance  | FDD registration delays, state-by-state franchise law compliance failures, or Item 19 disclosure disputes slow or block franchise sales                     | Dedicated franchise counsel engaged at the Franchise Readiness phase, ahead of the first franchise sale; FDD prepared and registered in every state Thresh sells in; conservative, well-documented Item 19 financial performance representations built from Thresh 1 and Thresh 2's actual verified results                                                                                |

The target operating reserve is \$150,000 in the base case. If a location's reserve trends toward it, pre-committed steps activate in order: secure equipment financing and TI or abatement offsets, defer Thresh Holdings' franchise build-out spend and founder bridge compensation, and hold the next location's lease until the operating location is EBITDA-positive. Order of payments: operating costs first — including team, manager, and founder salaries — then the Tier 1 operating reserve, the investor preferred return, and the investors' principal-recovery share; Class A distributions come last, with distributions attributable to the Company Equity Reserve going to the growth reserve. That sequence is not a hierarchy of preference — it is a hierarchy of survival.

## Stress-Test Playbook — Triggers, Fail-Safes, and Timing

Every response below is pre-committed and built into the monthly cash model, so the tested downside changes hiring, founder-pay, and expansion timing while every entity stays funded. More severe conditions would call for further spending reductions or delayed openings, decided in advance by the same gates. In the base case none of these triggers is needed. In the stress test (500 members, 3 paid yoga drop-ins, NNN at \$12.50/SF), they keep every Thresh entity funded with no outside capital, and investors still receive their full principal back by Month 81.

| Trigger                                               | Pre-committed response                                                                                         | Timing                    | Stress-test result                           |
|-------------------------------------------------------|----------------------------------------------------------------------------------------------------------------|---------------------------|----------------------------------------------|
| Flagship reaches EBITDA break-even later than Month 6 | Thresh 2's lease waits; Thresh 2 opens six months after the flagship's break-even month, never before Month 12 | Automatic, month by month | Break-even Month 9 → Thresh 2 opens Month 15 |

| Trigger                                                                                         | Pre-committed response                                                                                                                                                                                                                                                                        | Timing                                       | Stress-test result                                                                                       |
|-------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------|----------------------------------------------------------------------------------------------------------|
| A location's cash moves below its \$150,000 reserve target                                      | The \$150,000 balance is a reserve target and a trigger for management action. Operating losses can temporarily take cash below it; the location pursues equipment financing and TI or abatement offsets, and transfers to Thresh Holdings resume only once its cash is back above the target | Monthly                                      | Both locations rebuild toward the target reserve without outside capital                                 |
| Thresh Holdings cash falls below its franchise build-out reserve before Thresh 2 opens          | Founders defer their own pay first; no distributions until Thresh 2 opens; deferred pay is caught up as cash allows                                                                                                                                                                           | Monthly                                      | Co-founder pay deferred up to about \$121,000, repaid in full by Year 5                                  |
| Thresh Holdings' operating cash flow cannot yet carry the VP of Franchise                       | The hire waits until the last three months of Holdings operating cash flow cover three months of the role                                                                                                                                                                                     | Monthly, from FDD registration               | The cash-based hiring gate moves the VP start from Month 20 in the base case to Month 24 in the downside |
| Thresh Holdings is still short after deferrals                                                  | Advance from a location's cash above its \$150,000 reserve target, repaid before any distribution                                                                                                                                                                                             | Monthly                                      | Not needed                                                                                               |
| Any open location unprofitable over the prior 12 months, or any deferral or advance outstanding | No new corporate locations; the growth reserve keeps building until every gate is met                                                                                                                                                                                                         | Checked each year before the month-7 opening | First new corporate location October 2034 instead of October 2033                                        |

SECTION 21

# 90-Day Founding Member Strategy — Pre-Competitive Defense

The founding member period is Thresh's single most important competitive window. CorePower Yoga — the highest-risk competitor by profile alignment — is already active in the corridor. SWTHZ is Coming Soon in Highlands Ranch. Founding members who become loyal before either competitor activates are the most durable moat available. The 90-day plan below sets specific tactics, timelines, and measurable KPIs for the founding target.

| Phase      | Focus                         | Key actions                                                                                                                                                                                                                                                                                                                                                                                                                                      | Success KPIs                                                                                                                                   |
|------------|-------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------|
| Days 1-30  | Pre-launch activation         | Launch founding member campaign (100 cap across three Ritual-tier rates: \$75/\$149/\$159). Email list build with "Be First" opt-in. Instagram/Facebook geo-targeted ads in the flagship's ZIP codes. Attend 2-3 local community events (Highlands Ranch markets, run clubs, wellness expos). Begin partnership outreach to Planet Fitness, OTF, and CorePower local studios. Secure brewery or local business for community pop-up sauna event. | 50+ founding memberships secured with deposits. 300+ email subscribers. 5 partnership conversations active. Planet Fitness co-promo initiated. |
| Days 31-60 | Community build + soft launch | Host 2 community sauna pop-up events (brewery partnership, local park). Begin founding member preview sessions. Collect testimonials and social content from every early session. Open corporate wellness conversations as an optional channel. Distribute complimentary Thresh visit passes through Planet Fitness South Denver locations.                                                                                                      | 100 founding members secured with deposits — program at cap before opening day. 10+ Google reviews at 5 stars.                                 |
| Days 61-90 | Grand opening + conversion    | Grand opening event — invite founding members and guests. Close founding rate; transition to standard pricing (\$129 Stone / \$189 Ritual). Activate cross-promotion with Planet Fitness / OTF / CorePower. Launch monthly community programming calendar. Establish Thursday night as Thresh's signature community session. Begin Stone-to-Ritual upsell conversations for members at 3+ classes.                                               | 180+ total members in the first month after opening. Less than 5% monthly churn in founding cohort. 4.8+ Google rating.                        |

## Retention Principles — Post Day 90

- Name every member. Members who feel personally known refer at 3–4× the rate of those treated transactionally. Remembering a member's name is the hospitality product — not a courtesy.
- Establish the Thursday ritual. Make "the standing 7 PM Thursday" Thresh's signature community session from Day 1, anchoring the culture before any competitor can establish theirs.
- Monthly community programming. Guided sauna sessions, breathwork workshops, run club tie-ins, and social events turn visits into identity; clubs with active programming show 6% lower annual cancellation than passive-access operators.
- Monitor the 90-day churn window. Industry data: 50% of boutique fitness members cancel within 6 months. If founding churn exceeds 10% by Day 90, triage with personal outreach from Harrison, not email automation.

SECTION 22

# Go-To-Market Strategy

## The Community Is the Marketing

Thresh doesn't have a traditional marketing plan. It has a community formation plan. There's a meaningful difference.

Traditional marketing creates awareness and drives trial. Community formation creates belonging and drives lifetime membership. The goal isn't to get people to try Thresh — it's to make them feel like they found something that was missing. Something they want to bring others through. That's a different emotional outcome, and it requires a different approach.

The founding membership campaign is the most important pre-opening initiative in the business. Not primarily because of the revenue it generates — though it materially compresses the ramp — but because founding members don't just join. They invest emotionally. They become the atmosphere, the referral engine, the cultural ambassadors who make the space feel alive before anyone else discovers it. They are the first people to cross the threshold. That matters.

## Founding Member Incentives

| Tier                       | Founding Rate | Standard Rate | Annual Savings                         | Incentive                                                                                                                                                                                                                                                                          |
|----------------------------|---------------|---------------|----------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Ritual — Wave 1 (first 25) | \$75/month    | \$189/month   | \$1,368/year while continuously active | Full access + unlimited classes + priority booking + 12 guest passes/year (plus 1 guest per visit for the first 30 days after opening). Targeted at influencers, business owners, trainers/coaches, and sales professionals. \$114/month savings locked while continuously active. |
| Ritual — Wave 2 (next 50)  | \$149/month   | \$189/month   | \$480/year while continuously active   | Full access + unlimited classes + priority booking + 12 guest passes/year. \$40/month savings locked while continuously active.                                                                                                                                                    |
| Ritual — Wave 3 (next 25)  | \$159/month   | \$189/month   | \$360/year while continuously active   | Full access + unlimited classes + priority booking + 12 guest passes/year. \$30/month savings locked while continuously active.                                                                                                                                                    |

All 100 founding spots sit within the Ritual tier, sequenced across three waves. The first 25 lock in \$75/month — a savings of \$114/month, \$1,368/year, for as long as the membership remains continuously active — targeted at influencers, business owners, trainers and coaches, and sales professionals who bring their own networks through the door. The next 50 lock in \$149/month, and the final 25 lock in \$159/month, saving \$40/month and \$30/month respectively, both locked while continuously active. Every founding member — regardless of wave — receives full access, unlimited programming, guest passes, and priority booking from Day 1. For a member who intends to use the movement studio regularly, joining before the doors open is the obvious choice, and the earlier they join, the more

they save. Founding rates are locked for as long as each founding member stays. When a founding member cancels, the founding spot is not reissued and the replacement member joins at standard rates; the model assumes 1% of founding members cancel each month, so about 84 remain at Month 18.

| Founding Incentive                                                                                    | Purpose                                                                                                                                        |
|-------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------|
| Locked founding rate — Ritual tier at \$75, \$149, or \$159 while continuously active, by signup wave | Creates signup urgency and an ongoing price incentive to remain a member. Founding members never pay more regardless of future rate increases. |
| Limited to the first 100 spots only                                                                   | Scarcity drives action. 100 is the cash flow target, built into the financial model, and the program closes at cap.                            |
| Early-access preview events before public opening                                                     | Builds emotional ownership and narrative investment before anyone else discovers Thresh                                                        |
| Founding member recognition in-location                                                               | Permanence — founding members are part of what Thresh is, not just people who use it                                                           |
| Priority booking from Day 1                                                                           | Practical benefit that rewards early commitment throughout the member's lifetime                                                               |

## The Founding Member Target — Why 100 Is the Number

One hundred founding members, all within the Ritual tier at tiered founding rates of \$75, \$149, or \$159 per month, is not a marketing goal. It is a cash flow requirement. The distinction matters because it changes how the campaign is run, how urgently it is treated, and how its progress is reported to investors throughout the pre-opening period. The structure is sequenced in three waves: the first 25 founding members lock in a \$75/month rate for full Ritual access — targeted at influencers, business owners, fitness trainers and coaches, and sales professionals who bring their own networks through the door — the next 50 lock in \$149/month, and the final 25 lock in \$159/month, all locked while continuously active and all capped at 100 total. At full subscription, monthly founding revenue reaches \$13,300 ( $25 \times \$75 + 50 \times \$149 + 25 \times \$159$ ), delivering about \$77,800 of founding-rate revenue over the first six months and about \$220,100 across the 18-month ramp as some founding members cancel; their standard-rate replacements are counted separately. Every founding signup, regardless of wave, strengthens the cash position and the opening community simultaneously — and because every founding member sits in the Ritual tier, the founding campaign is materially stronger than a mixed Stone/Ritual program would produce.

The \$250,000 working capital reserve is designed to absorb planned operating losses during the membership ramp. Those losses are expected, budgeted, and not a cause for concern on their own. What the founding campaign determines is the depth of those losses, the month at which Thresh reaches operating breakeven, and the total amount of reserve capital consumed before revenue becomes self-sustaining. One hundred founding members does not eliminate the ramp period — but it compresses it meaningfully: in the financial model, the flagship reaches EBITDA break-even in Month 6 and the reserve holds above the \$150,000 base-case minimum throughout the ramp, with a low of about \$151,500.

100 is the number — the founding program closes at that cap. Below it is a risk zone; at 100 founders, the modeled base-case cushion stays above \$150,000 under the stated cost, timing, and collection assumptions.

## Base and Downside Cash Flow — 18-Month Ramp

The following analysis compares the base case with the downside case across the 18-month ramp. Both assume the full 100-member founding program; the downside case stabilizes at 500 members instead of 550, fills yoga classes with 3 paid drop-ins instead of 5, and carries NNN at \$12.50/SF instead of \$9. The reserve starts at \$250,000 — Thresh 1's working capital allocation within the \$1,835,000 raise; about \$16,300 of it covers pre-opening founder compensation and staff training before opening, and 2% of sales goes to the equipment replacement reserve each month. The target operating reserve is \$150,000. The reserve depletes by design through the ramp; the scenario determines how deep that depletion goes and how long recovery takes.

| Scenario                                                                             | Founding Members | Monthly Found Rev | 6-Month Founding-Rate Rev | 18-Month Founding-Rate Rev | Lowest Cash Cushion | First Profitable Month |
|--------------------------------------------------------------------------------------|------------------|-------------------|---------------------------|----------------------------|---------------------|------------------------|
| Base — 550 members at stabilization                                                  | 100              | \$13,300          | \$77,800                  | \$220,100                  | \$143,526 (Month 6) | Month 6                |
| Stress test (downside) — 500 members, 3 paid drop-ins per yoga class, NNN \$12.50/SF | 100              | \$13,300          | \$77,800                  | \$220,100                  | \$108,130 (Month 9) | Month 9                |

In the base case, the cash cushion bottoms out at about \$151,500 in Month 6 — just above the \$150,000 base-case minimum — as the flagship reaches EBITDA break-even (Month 7 is the first month positive after the equipment reserve), and rebuilds to about \$344,000 by Month 18. In the stress test (downside), the cushion would draw to about \$108,000 in Month 9, and the flagship turns profitable three months later than the base case. In the stress test the pre-committed steps in Section 20 take over: equipment financing and TI or abatement offsets are pursued, the founders defer their own pay first (up to about \$121,000, repaid in full by Year 5), Thresh 2's lease waits until the flagship reaches break-even so Thresh 2 opens at Month 15, and the VP of Franchise hire waits until Month 24 — remaining funded without additional outside capital after the specified deferrals. The lowest Thresh Holdings operating cash in that case is about \$500, so the deferral and hiring triggers are the levers that keep it funded. What the founding campaign controls is whether the ramp is managed from a position of real cushion or from constraint.

## The Math Behind Each Scenario

| Metric                   | Base Case           | Downside Case       | Difference | What It Means                                              |
|--------------------------|---------------------|---------------------|------------|------------------------------------------------------------|
| Founding members         | 100                 | 100                 | —          | Same founding program in both cases                        |
| Members at stabilization | 550                 | 500                 | -50        | 50 fewer Stone members                                     |
| Monthly founding revenue | \$13,300 at opening | \$13,300 at opening | —          | Locked rates; about 84 founding members remain at Month 18 |

| Metric                         | Base Case              | Downside Case          | Difference     | What It Means                                                                          |
|--------------------------------|------------------------|------------------------|----------------|----------------------------------------------------------------------------------------|
| 18-month founding-rate revenue | \$220,100              | \$220,100              | —              | Founding members carry the early months in both cases; replacements pay standard rates |
| Cumulative operating losses    | \$84,293               | \$116,576              | +\$40,470      | Absorbed by the working capital reserve                                                |
| Lowest cash cushion            | \$143,526<br>(Month 6) | \$108,130<br>(Month 9) | -\$43,321      | Downside reaches the point where the pre-committed steps activate                      |
| First profitable month         | Month 6                | Month 9                | 3 months later | Thresh 2's lease decision waits for the flagship to turn EBITDA-positive               |
| Cash cushion at Month 18       | \$384,283              | \$204,764              | -\$139,379     | Both cases finish the ramp funded                                                      |

### Month-by-Month — Base Case (100 Founding Members)

Founding members pay their locked-in rate — \$75, \$149, or \$159 depending on their signup wave — every month, while continuously active. Standard new members pay \$79 (Ember), \$129 (Stone), \$189 (Ritual), or \$219 (Passage). Here is how both streams build through the first six months of operations, with ancillary revenue (classes, day passes, guest passes, and food, beverage, and retail) layered in alongside, and monthly operating cost inclusive of the founders covering the GM and AGM shifts and the 2% equipment replacement reserve:

| Month   | Founding-Rate Rev | Other Member Rev (incl. \$189 replacements) | Classes, Day Pass & F&B | Total Revenue | Monthly Costs + Equipment Reserve | Cash Change After Equipment Reserve | Cash Cushion |
|---------|-------------------|---------------------------------------------|-------------------------|---------------|-----------------------------------|-------------------------------------|--------------|
| Month 1 | \$13,300          | \$11,541                                    | \$12,101                | \$36,943      | (\$63,039)                        | (\$28,294)                          | \$201,721    |
| Month 2 | \$13,167          | \$14,194                                    | \$14,791                | \$45,459      | (\$63,907)                        | (\$21,755)                          | \$177,345    |
| Month 3 | \$13,035          | \$19,043                                    | \$17,481                | \$53,974      | (\$64,774)                        | (\$15,215)                          | \$160,564    |
| Month 4 | \$12,905          | \$22,723                                    | \$19,497                | \$60,374      | (\$65,425)                        | (\$10,300)                          | \$149,493    |
| Month 5 | \$12,776          | \$26,400                                    | \$21,514                | \$66,773      | (\$66,077)                        | (\$5,387)                           | \$144,130    |
| Month 6 | \$12,648          | \$29,492                                    | \$23,195                | \$72,115      | (\$66,626)                        | (\$1,291)                           | \$143,526    |
| Month 8 | \$12,396          | \$35,671                                    | \$26,557                | \$82,795      | (\$70,572)                        | +\$4,052                            | \$153,744    |

In the base case, the cash cushion stays above the \$150,000 base-case minimum throughout the ramp — dipping to a low of about \$151,500 in Month 6 as the flagship reaches EBITDA break-even. Month 6 is EBITDA break-even (+\$16) but still slightly cash-negative after the 2% equipment reserve (–\$1,291); Month 7 is the first month that is positive on both measures. The cushion starts at about \$233,700 after pre-opening founder compensation and staff training. Month 8 reflects the GM and AGM taking over the flagship with the manager incentive plan, which raises monthly labor cost by about \$2,800 while profit continues to climb.

## Why Below Target Is a Problem, Not Just a Disappointment

Each founding member is worth about \$133/month on average ( $\$13,300 \div 100$ ), locked in while continuously active. A smaller founding cohort changes membership, replacement pricing, ancillary spending, and reserve use; with 60 founders instead of 100, monthly founding-rate revenue starts about \$5,300 lower, and the base-case cushion would fall below the \$150,000 target reserve. That is the difference between a ramp that stays in managed territory and one that requires a mid-course decision: pause a hire, cut a marketing initiative, or call the investor group before the quarterly report.

The more important signal is what falling short of 100 founding members says about market demand. One hundred founding members from the flagship's South Denver corridor — a market of 180,000+ residents with the exact demographic and lifestyle profile this model is built around — is not an aggressive target. It is a basic proof of concept. If the pre-opening campaign cannot reach that cap, it is an early indicator that either the go-to-market approach or the market positioning needs recalibration before the doors open, not after. The founding campaign is as much a market test as it is a revenue strategy.

## Why Hitting the Cap Matters

At 100 founding members the math holds. The cash cushion low stays at about \$151,500, the flagship reaches EBITDA break-even in Month 6, and founding-rate revenue over 18 months reaches about \$220,100 — roughly the full working capital reserve, generated entirely by the community that chose Thresh before it existed.

The emotional effect matters as much as the financial one. On opening day, 100 people who already belong to Thresh walk through the door. The social sauna is full in the first week. New members who arrive on a day pass do not encounter an empty, new-feeling space. They encounter a community that is already alive. That social proof compresses the conversion rate on day passes, accelerates referrals, and removes the most common objection a first-time wellness visitor has: that the place hasn't proven itself yet.

The founding program closes at 100. Reaching that cap before opening is the single most important pre-opening milestone — and demand beyond the cap carries straight into standard-rate memberships at \$129 and \$189.

## Acquisition Channels

| Channel                | Strategy                                                                                                                                                                                            | Priority |
|------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|
| Member referral        | Core long-term engine — Ritual guest pass invitations, member-to-member word of mouth. People bring people through the threshold. Loyalty rewards are designed after opening from real member data. | Highest  |
| Community partnerships | Run clubs, yoga studios, boutique fitness, coffee shops, apartment communities in the flagship's corridor                                                                                           | High     |
| Social media / content | Atmosphere-first visual content — not fitness marketing, not clinical messaging. Steam, fire, warmth, community.                                                                                    | High     |
| Local PR               | Lifestyle press, local city-specific magazines, and local South Denver lifestyle press — the story of Thresh is the pitch                                                                           | Medium   |

| Channel               | Strategy                                                                                               | Priority |
|-----------------------|--------------------------------------------------------------------------------------------------------|----------|
| Corporate wellness    | Hospitality industry, tech, healthcare organizations near corridor — membership as an employee benefit | Medium   |
| Day pass → membership | Every day pass is a first crossing. Every first crossing is a membership conversion opportunity.       | Medium   |

## Retention Strategy

Retention is the financial engine of Thresh. Every percentage point of monthly churn prevented translates directly into revenue durability, customer lifetime value, and enterprise valuation. The hospitality-centered operating model is specifically designed to create identity-based participation rather than obligation-based usage.

Members at Thresh don't return because they feel guilty about an unused membership. They return because they feel better when they do. Because Thursday doesn't feel right without it. Because there's a person at the guide desk who knows their name and a spot on the top bench that feels like theirs. That is the retention strategy. The rest is measurement.

| Churn Scenario     | Monthly Churn | Annual Retention | Avg Member Lifespan |
|--------------------|---------------|------------------|---------------------|
| Conservative       | 5.0%          | ~54%             | ~20 months          |
| Base Case          | 3.5%          | ~65%             | ~28 months          |
| Strong Performance | 2.5%          | ~74%             | ~40 months          |

SECTION 23

# Exit & Enterprise Strategy

## Building Something Worth Owning

Thresh is built with that posture from the beginning, on both engines: recurring corporate membership revenue, emotionally driven retention, multi-unit EBITDA, and — from the first franchise signings in Year 2 and royalties in Year 3 — a franchise royalty and fee stream that buyers value on its own terms, since royalties scale without the capital of new corporate doors and franchisors routinely command stronger multiples. These characteristics attract strategic acquirers, PE recapitalization, and institutional growth capital — and define a business worth owning indefinitely.

Enterprise value comes from what this plan builds from Day 1: recurring membership revenue quality, member retention, multi-unit corporate EBITDA, a scaling franchise royalty stream, centralized systems, brand differentiation, and leadership depth, including the franchise infrastructure the VP of Franchise Growth & Acceleration is hired to build. The Thresh name — distinctive, trademarked, unclaimed in wellness — is a brand asset that compounds faster once proven as a franchise. None of this happens accidentally.

| Pathway                                | Timing                              | Description                                                                                                                                                                                                                                                                            |
|----------------------------------------|-------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Continued private ownership            | Ongoing                             | Long-term recurring cash flow; locations become neighborhood institutions.                                                                                                                                                                                                             |
| Strategic wellness acquisition         | Year 5+                             | A national wellness or hospitality platform acquires the brand and unit economics.                                                                                                                                                                                                     |
| Private equity recapitalization        | Year 5+                             | PE stake to accelerate expansion, preserving Thresh Holdings majority control and the founders' 20 Class A units; Harrison retains CEO role and brand authority.                                                                                                                       |
| National franchising                   | Year 2+ signings · Year 3+ openings | The primary growth vehicle, not a fallback exit: license the Thresh system and brand standards to qualified operators nationally, beginning with the Founding Franchise Test. Royalty and fee revenue compounds enterprise value directly and is the principal path to national scale. |
| Optional repurchase of investor rights | After principal recovery            | Thresh Holdings may repurchase investor equity, the royalty override, or both, at fair market value set by a jointly selected independent appraiser, funded from the growth reserve, retained earnings, financing, or a new round.                                                     |

### What Thresh Holdings Is Actually Building

The real question isn't how much EBITDA the first two locations produce — it's what Thresh Holdings is building. Five enterprise assets accumulate inside Holdings, not any single location: a corporate portfolio generating recurring multi-unit EBITDA; a franchise royalty platform that scales without proportional capital intensity; a distinctive national brand and IP asset; a qualified multi-unit franchisee pipeline reaching markets Thresh's capital never will; and, selectively, real estate worth owning outright. Alongside all five sits the option to rebrand a mature corporate location into franchise capital and a royalty stream, keeping the brand in that market.

That makes the founding investors' continuing 10% interest a stake in all five assets.

## SECTION 24

# Development Timeline

*The rest of 2026 belongs to completing the raise. Q1 2027 belongs to building. Q2 2027 belongs to the first crossing. Q1 2028 belongs to proving it can happen again.*

## 2026 — Foundation, Legal, Capital, Site, Build

Every week of 2026 that is not actively building the foundational infrastructure of Thresh is a week of delay in the 2027 opening. The timeline below is a working operational calendar, not a conceptual roadmap. Dates drive decisions. Decisions drive momentum.

| Phase                        | Timing                                | Owner                         | Deliverable / Gate                                                                                                                                                                                        |
|------------------------------|---------------------------------------|-------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Legal & Entity Formation     | Q4 2026 (at capital close)            | Attorney + Co-Founders        | Thresh Holdings LLC formed · Dual-class operating agreement drafted and signed · Investor subscription documents completed · Securities compliance confirmed                                              |
| Trademark Filing             | Q4 2026 (concurrent with entity work) | Attorney + Co-Founders        | Thresh™ filed in Classes 044 + 041 with USPTO · Clearance opinion obtained · ™ symbol on all materials from filing date                                                                                   |
| Investor Close               | Q4 2026                               | Co-Founders                   | \$1,835,000 raised · Class B-1 subscription agreements executed · Banking established · Capital deployed per Use of Funds                                                                                 |
| Advisory Team Assembly       | Q4 2026                               | Co-Founders                   | Attorney, CPA, MEP engineer, aquatic engineer, insurance broker, architect — all identified and engaged                                                                                                   |
| Site Search & LOI            | Q4 2026                               | Co-Founders + RE Broker       | Target corridor sites evaluated · NNN load confirmed before LOI · MEP pre-assessment complete · DOH pre-application meeting complete · LOI executed on selected site                                      |
| Architecture & Permitting    | Q4 2026                               | Architect + MEP + Co-Founders | Construction documents submitted · Building permits applied · DOH pool permit application filed · ADA strategy confirmed · Outdoor patio use approved                                                     |
| Vendor & SOP Development     | Q4 2026 – Q1 2027                     | Co-Founders + Operations      | Sauna vendor selected and ordered · Plunge systems ordered · Zenoti configured · Smart Cooler vendor selected · SOP library first draft complete                                                          |
| Founding Membership Campaign | Q4 2026 – Q1 2027                     | Co-Founders + Marketing       | Brand rollout · Website live with Ember/Stone/Ritual/Passage pricing · Founding campaign active · Target: 100 founding members secured with deposits before doors open · Community partnerships activated |
| Construction Commences       | Q1 2027 (January)                     | GC + Co-Founders              | All permits in hand before breaking ground · Infrastructure installation · Sauna build · Plunge install · Warming pool · FF&E · Technology · Signage                                                      |

| Phase                                                | Timing                                                                                          | Owner                                                                                    | Deliverable / Gate                                                                                                                                                                                                                                                                                                                                                                  |
|------------------------------------------------------|-------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Staff Hiring & Training                              | Q1 2027 (founders full-time four weeks before opening; staff training five days before opening) | Co-Founder/CEO (Harrison) + Co-Founder/Chief Development and Marketing Officer (Hollace) | Harrison and Hollace covering the GM and AGM shifts (no salaried manager hires until Month 8) · Front Desk, Front Desk Lead, and Barista hired · Five-day pre-opening training: facilities, equipment, cleaning and chemical maintenance, technology, guest service, barista · CPR/AED certified · Zenoti trained · Waivers tested · SOPs trained                                   |
| Franchise Readiness & FDD Registration               | Q1 2028 (Thresh 2 opening) – late 2028 (Month 20)                                               | Co-Founders + Franchise Consultant Group + Franchise Counsel                             | Franchise development consultant group and franchise counsel engaged when Thresh 2 opens · FDD, operations manual, and training program built · FDD registered in target states · Item 19 financial performance representations built from Thresh 1's results and Thresh 2's early performance · VP of Franchise Growth & Acceleration hired at Month 20 once the FDD is registered |
| Founding Franchise Test (Location 3) Signed & Opened | Year 2 signed – Year 3 opened                                                                   | Co-Founders + VP Franchise Growth & Acceleration                                         | Franchise agreement signed with the qualified multi-unit developer · franchisee training and field-support infrastructure in place · franchisee-funded buildout lands the location's opening in Year 3                                                                                                                                                                              |

## Q1 2027 — Construction Begins · Q2 2027 — Doors Open

Q4 2026 is the capital and preparation quarter — capital closed, site secured, permits and vendor selections finalized — so construction can begin in January 2027. Construction runs through Q1 2027, and the flagship opens in April 2027 (Q2). Every pre-signing item and permitting task exists to protect this date.

| Phase                          | Timing               | Deliverable                                                                                                                                                                                                                                 |
|--------------------------------|----------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Construction complete          | Late March 2027      | Certificate of Occupancy in hand · All systems inspected and approved · Water features filled, tested, and DOH inspected · Signage installed                                                                                                |
| Soft opening — invitation only | Early April 2027     | Founding members only · Operational stress testing · Zenoti throughput testing · Staff calibration · Atmosphere validation · Member feedback collected                                                                                      |
| Public launch                  | April 2027 (Month 1) | Thresh opens to the public · Membership conversion begins · Community event programming launches · Day pass trial pipeline active · Loyalty rewards designed from early member data                                                         |
| Month 1–3 KPIs                 | Q2–Q3 2027           | 180+ active members in Month 1 (100-member founding cohort already secured) · 260+ by Month 3 · EBITDA break-even by Month 6 · Day pass volume ≥6/day · Churn <5% · Target operating reserve maintained · No SOP failures requiring closure |

## Q3 2027 — Q1 2028 — Thresh 2 (Castle Rock) | 2028 — Franchise Readiness | Years 2–3 — Location 3 Signed and Opened

Thresh 2's lease is signed once the flagship reaches EBITDA break-even — targeted for Month 6 (Q3 2027) — and Thresh 2 opens six months later, never before Month 12; if the flagship is later, Thresh 2 moves later with it. Buildout runs through the second half of 2027; the flagship's GM and AGM start at Month 8 (November 2027); and Thresh 2

opens at Month 12 (Q1 2028), run by the founders until its own GM and AGM take over at Month 19. When Thresh 2 opens, Thresh Holdings engages a franchise development consultant group and franchise counsel to build the FDD, operations manual, training program, and Item 19 disclosure; the FDD is registered (Franchise Readiness phase) and the VP of Franchise Growth & Acceleration hired at Month 20 (late 2028). Location 3, the Founding Franchise Test, is signed in Year 2 and opens in Year 3, with the financial model crediting its revenue from opening on the same age-based ramp applied to every franchised location. If the flagship has not reached positive monthly EBITDA, a documented SOP library, and a GM/AGM hiring plan by the lease decision, the Thresh 2 timeline adjusts — the business is not scaled before it is ready.

| Phase                                         | Timing                                                            | Deliverable                                                                                                                                                                                                                                                                                                                                                      |
|-----------------------------------------------|-------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Thresh 2 lease signed                         | Q3 2027 (Month 6 — flagship EBITDA-positive)                      | Thresh 2 (Castle Rock) under lease while the flagship is operating · NNN confirmed · MEP pre-assessed · Permits submitted                                                                                                                                                                                                                                        |
| Thresh 2 construction · flagship GM/AGM hired | Second half of 2027 · GM and AGM start at Month 8 (November 2027) | Thresh 2 buildout · SOP library deployed · GM and AGM take over the flagship under Harrison's standard — two-manager structure begins and is maintained from here forward                                                                                                                                                                                        |
| Thresh 2 opens                                | Q1 2028 (Month 12)                                                | Thresh 2 opens with the pre-built playbook · Founding campaign repeats with the proven model · Founders run Thresh 2 until its own GM and AGM take over at Month 19 · Franchise development consultant group and franchise counsel engaged                                                                                                                       |
| FDD registered · VP hired · Location 3 signed | Late 2028 (Month 20) · Year 2                                     | FDD registered in target states · VP of Franchise Growth & Acceleration hired · Location 3 franchise agreement signed with the qualified multi-unit developer who best proves the model travels beyond its founders · Co-founder compensation moves to Thresh Holdings at Month 19                                                                               |
| Location 3 — franchisee buildout              | Years 2–3                                                         | Franchisee-funded buildout under Thresh Holdings' site-approval and brand standards · Franchisee training and certification completed before opening · Founding member campaign activated 8 weeks before opening                                                                                                                                                 |
| Location 3 opens — first Thresh franchise     | Year 3                                                            | The Founding Franchise Test opens — the first Thresh location built and operated by someone other than Harrison and Hollace · Early Franchise Partner royalty in its first 120 days · Founding campaign model proven across all sites · Harrison and Hollace in Holdings-level roles · Independent GM or franchisee-support structure in place at every location |

Franchise readiness — the franchise development consultant, franchise counsel, and Franchise Disclosure Document registration (the Franchise Readiness phase) — begins when Thresh 2 opens and is complete by Month 20, when the VP of Franchise Growth & Acceleration is hired, so the system is legally ready ahead of the Location 3 signing in Year 2. This work is scoped and budgeted in Section 28.

## The Pre-Opening Member Checklist — What Members Receive Before Doors Open

Every Thresh location, starting with the flagship, runs a formal member onboarding sequence beginning 8 weeks before opening — not a marketing email sequence, but a community formation program that turns founding members into cultural ambassadors before they walk through the door.

| Week               | Member Communication                                                                             | Purpose                                                                      |
|--------------------|--------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------|
| Week 8 pre-opening | Welcome email — founding member confirmation, Thresh brand story, what to expect                 | Set expectations · Build anticipation · Confirm membership tier and rate     |
| Week 6 pre-opening | Zone guide — how to use the social sauna, quiet sauna, plunge, warming pool, and lounge          | Reduce first-visit anxiety · Educate on the experience · Generate excitement |
| Week 4 pre-opening | Safety orientation — heat/cold exposure guidance, contraindication checklist, what to bring      | Safety-first culture from Day 1 · Waiver pre-review option · Build trust     |
| Week 2 pre-opening | SOP preview — house rules, reservation model, guest pass policy, locker etiquette, parking guide | Operational alignment · Reduce friction at first visit                       |
| Week 1 pre-opening | Founding member preview invitation — soft-open access before public launch                       | Community formation event · First threshold crossing · Ambassador activation |
| Day of opening     | Welcome home message — you helped build this. Now it's real.                                     | Emotional anchoring · Founding identity confirmation · Referral prompt       |

## Critical Pre-Signing Priorities

Before a lease is signed — not after — these items require resolution, in this order. They determine whether Thresh opens on time and on budget.

- NNN cap negotiation — cap total NNN at \$8.00–\$9.00/SF with no CPI escalation, in the LOI, not the lease. Full NNN at \$12.50/SF on 5,000 SF costs \$62,500 annually — \$17,500 more than the \$9/SF base case — the highest-NNN case modeled, still a 30.2% EBITDA margin (5,000 SF, \$25/SF base rent, \$12.50/SF NNN), but the one that erodes the most cushion.
- Pre-application meeting with CDPHE and the county health department (Arapahoe County Public Health or Douglas County Health Department) — confirm warming pool and plunge classification under 5 CCR 1003-5 before drawings are final
- MEP engineer preliminary assessment — confirm electrical, plumbing, drainage, and HVAC feasibility and upgrade costs before signing.
- Outdoor space use rights — confirm patio approval; negotiate outdoor SF below full NNN interior pricing
- Landlord TI negotiation — target \$20 to \$30 per SF on a 10-year term, the main offset to high occupancy cost.
- Rent abatement — seek 3 to 6 months free base rent during buildout; negotiate NNN abatement too.
- ADA review — confirm accessible pool entry and changing rooms before construction documents.

SECTION 25

# Strategic Conclusion

*The future of wellness is not clinical optimization. It is community-centered recurring recovery integrated naturally into everyday life. That is the threshold Thresh is built to hold.*

## Why This Business. Why These Co-Founders. Why This Name. Why Now.

| Question               | Answer                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
|------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Why this category?     | Sauna, cold plunge, and social wellness are rapidly normalizing. The market is forming and still fragmented. First movers with strong brand and operational systems will define it.                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| Why this concept?      | No competitor fully occupies the space between accessible recurring wellness and elevated hospitality-driven social recovery. Thresh is built specifically for that gap.                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| Why these co-founders? | Harrison Ebert brings 30+ years of hospitality systems, atmosphere design, and operational scaling as CEO & Head of Operations. Hollace Tillman brings a decade of production management, institutional partnerships, brand marketing, and financial operations as Chief Development and Marketing Officer. Harrison runs operations from the floor up; Hollace builds the site pipeline, partnerships, and marketing that scale the platform. That division of labor is rare and it matters.                                                                                                                                                       |
| Why Thresh?            | The name carries the threshold concept — transformation, crossing, the moment between two states — without ever announcing it. It's distinctive, trademarkable, and entirely unclaimed in wellness. It will still make sense in 20 years.                                                                                                                                                                                                                                                                                                                                                                                                           |
| Why this market?       | South Denver Metro — Centennial, Highlands Ranch, Lone Tree, Parker — is one of the most concentrated pockets of high-earning, health-oriented professionals in the Rocky Mountain region. Median household incomes ranging from \$95,000 to \$129,000. Douglas County among the wealthiest in Colorado. Tens of thousands of people carrying ambitious lives and active bodies who already know they need a place to recover — they just haven't found it yet. No communal social wellness concept exists here today. The market is primed, the demographics are exact, and Thresh is positioned to be first to occupy this space in the corridor. |
| Why now?               | Consumer behavior has already shifted. The spending is happening. The membership habits are forming. The category is validating nationally. The window to build the defining neighborhood brand is open — but not indefinitely.                                                                                                                                                                                                                                                                                                                                                                                                                     |

## What Success Looks Like

**Year 1.** A proven operating prototype with about 470 recurring Thresh members by Month 12, building toward the 550-member stabilization target at Thresh 1, EBITDA-positive since Month 6, with Thresh 2 (Castle Rock) open since Month 12. A hospitality-driven culture the neighborhood emotionally attaches to. Validated unit economics that clearly support replication — corporate and, soon, franchised. A founding investor group that's glad they backed it.

**Year 3.** Thresh 1 and Thresh 2 stabilized, the Franchise Disclosure Document registered, the VP of Franchise Growth & Acceleration in place, and Location 3 open as the Founding Franchise Test, with the first franchise development agreements signed behind it. A leadership pipeline with people who can run a Thresh without a founder in the room, on the corporate side and the franchise side alike. Centralized systems. A brand people talk about without being asked.

**Year 10.** About 20 corporate Thresh locations, funded by Thresh's own cash flow, and about 108 franchised Thresh locations nationally. A scalable membership platform with institutional corporate EBITDA and a growing franchise royalty stream. A recognizable social wellness brand built on ritual, atmosphere, recovery, and human connection — carried into well over a hundred communities by operators who chose to build it under our name. A business that has become a genuine part of how people in these communities live their lives — and a name that means something real to every person who has ever crossed through it, whether the door was ours or a franchisee's.

We are Harrison and Hollace, and this is ours to build — starting with our own two hands at Thresh 1, then Thresh 2, proving every system before we ever ask a franchisee to run one. This investor group is funding that beginning. Everything that follows — the corporate locations Thresh funds from its own cash flow, and the franchise system that carries Thresh into well over a hundred communities faster than we ever could alone — is built on the discipline this founding capital lets us prove first.

*Illustrative future member experience: Two years ago, she saw just the word on a friend's Instagram story. THRESH. She didn't know what it was yet. She clicked anyway. Now it's Tuesday evening, and she's already here — not because she scheduled it, not because she planned it, but because Tuesday is what Thresh feels like now. The crossing became the calendar. The ritual became the week. She brought six people through that door. Four of them are members. None of that was a campaign. It was just what happens when a place means something — and means it every time.*

Thresh™ | Confidential Investor Proposal | 2026

Harrison Ebert | Co-Founder, CEO & Head of Operations

Hollace Tillman | Co-Founder, Chief Development & Marketing Officer

Thresh Holdings, LLC | South Denver Metro, Colorado

SECTION 26

# The Science Behind Thresh

*Thresh is not a wellness trend. It is a wellness practice with thousands of years of cultural history and a growing body of peer-reviewed clinical evidence. The science validates the experience. The experience creates the habit.*

The recovery modalities at Thresh — sauna, cold plunge, contrast therapy, breathwork, movement, and communal gathering — are among the most studied practices in contemporary health research. Selected evidence is summarized below by study design, population, protocol, and endpoint. Research suggests potential benefits under the studied conditions; results vary by population and protocol, and Thresh does not promise clinical outcomes. Citations reference published research from credible academic journals, government health agencies, and major academic medical centers.

## Finnish Sauna — Cardiovascular, Longevity & Mental Health

The Finnish sauna tradition has produced some of the most robust longitudinal health data in wellness research, most notably from the University of Eastern Finland's long-running Kuopio Ischemic Heart Disease Risk Factor Study — a cohort of over 2,500 middle-aged Finnish men tracked across decades. The findings consistently connect regular sauna use to measurable reductions in cardiovascular and all-cause mortality.

| Finding                                                                                                                                                                                                                                                                                         | Source                                     | Citation                                                                     |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------|------------------------------------------------------------------------------|
| In a Finnish cohort of men and women, more frequent sauna bathing was associated with lower risk of cardiovascular mortality, and the combination of high cardiorespiratory fitness and frequent sauna use showed the strongest association (an observational association, not proof of cause). | Laukkanen et al., 2018                     | BMC Medicine 2018;16:219. doi:10.1186/s12916-018-1198-0                      |
| In middle-aged Finnish men, frequent sauna bathing was associated with a lower risk of cardiovascular death among those with elevated blood pressure (observational association).                                                                                                               | Laukkanen et al., 2024                     | Scandinavian Cardiovascular Journal, 2024. doi:10.1080/14017431.2024.2302159 |
| Sauna therapy activates heat shock proteins (HSPs) which protect cells from stress-induced damage, stimulates endothelial nitric oxide synthase (eNOS) improving vascular tone, and reduces circulating inflammatory markers including IL-6 and CRP over repeated exposure.                     | Frontiers in Cardiovascular Medicine, 2025 | Front. Cardiovasc. Med. 2025;12:1537194. doi:10.3389/fcvm.2025.1537194       |

Temperature and duration matter: most cardiovascular benefits appear at approximately 80°C (176°F) for sessions of 19 minutes or longer. The practice is hormetic — the body adapts to controlled heat stress, producing systemic resilience that extends well beyond the session itself.

# Cold Water Immersion — Neurochemical, Psychological & Recovery Benefits

Cold water immersion (CWI) at or below 15°C triggers a well-documented neurochemical cascade that produces both immediate and sustained physiological and psychological effects. The research base has grown substantially from 2020 to 2025 as cold plunging moved from elite athletic circles into mainstream wellness practice.

| Finding                                                                                                                                                                                                                                                                                                                                                          | Source                                 | Citation                                                                                                                                                                      |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| In a laboratory study, one hour of immersion in 14°C (57°F) water raised plasma noradrenaline by about 530% and dopamine by about 250% (Šrámek et al., 2000). Thresh's 2–5-minute plunges are much shorter; the study shows the body's direction of response to cold, not the size of the response in a short plunge.                                            | Srámek et al. — UF Health Jacksonville | Human physiological responses to immersion into water of different temperatures. Eur J Appl Physiol. Referenced in UF Health Jacksonville clinical review, 2024.              |
| A 2025 systematic review and meta-analysis of randomized trials found that cold-water immersion reduced stress measured 12 hours after immersion and was associated with improved sleep quality and quality of life in some trials; effects depended on the protocol, timing, and population studied.                                                            | PLOS ONE Systematic Review, 2025       | PMC11778651. Effects of cold-water immersion on health and wellbeing: A systematic review and meta-analysis. PLOS ONE. Published January 2025.                                |
| Head-out cold water immersion facilitates positive affect and increases connectivity between large-scale brain networks associated with emotion regulation, reward processing, and stress response. Brain connectivity improvements confirmed via MRI following a single CWI session.                                                                            | PMC Brain Connectivity Study, 2023     | PMC9953392. Short-Term Head-Out Whole-Body Cold-Water Immersion Facilitates Positive Affect and Increases Interaction Between Large-Scale Brain Networks. Published Feb 2023. |
| Meta-analysis of 52 studies found cold water immersion reliably reduces delayed-onset muscle soreness (DOMS) and creatine kinase (muscle damage enzyme) 24 hours after intense exercise, while improving muscle power recovery. Sports Medicine 2023 systematic review concluded CWI was equal to or better than alternatives for athletic performance recovery. | Sports Medicine Meta-Analysis, 2023    | Sports Medicine 2023 — systematic review on cold water immersion for athletic performance recovery.                                                                           |

# Contrast Therapy — The Combined Effect

Contrast therapy — alternating heat and cold exposure — produces a distinct physiological response that research suggests exceeds the individual benefits of either modality alone. The mechanism is the vascular pump: alternating vasodilation from heat and vasoconstriction from cold creates a rhythmic circulatory flush that increases tissue perfusion, clears metabolic waste, and delivers fresh oxygen and nutrients to muscle tissue.

| Finding                                                                                                                                                                                                                                                  | Source                                  | Citation                                                                                     |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------|----------------------------------------------------------------------------------------------|
| A study of 20 male MMA athletes tested localized heat, cold, and compression cuffs (a device protocol, not sauna and plunge alternation) and found improved short-term muscle recovery markers; its relevance to the Thresh experience is limited to the | Randomized Controlled Trial — PMC, 2024 | PMC11571465. Effects of Combined Contrast Heat Cold Pressure Therapy on Post-Exercise Muscle |

| Finding                                                                                                                                                                                                                                                                                                                                                                 | Source                                             | Citation                                                                                                       |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------|----------------------------------------------------------------------------------------------------------------|
| general contrast principle.                                                                                                                                                                                                                                                                                                                                             |                                                    | Recovery in MMA Fighters. Received Dec 2023, Accepted Jun 2024.                                                |
| Near-infrared spectroscopy confirmed contrast baths increased intramuscular oxygen delivery and tissue perfusion beyond what heat or cold achieved independently. A meta-analysis in the Journal of Strength and Conditioning Research found contrast water therapy significantly reduced soreness and fatigue versus passive rest.                                     | Journal of Strength and Conditioning Research      | JSCR. Contrast water therapy meta-analysis. Referenced in Plunge clinical summary, 2024.                       |
| Alternating heat and cold stimulates the autonomic nervous system bidirectionally: cold exposure activates the sympathetic (fight or flight) branch while heat shifts the body toward parasympathetic (rest and digest) dominance. This autonomic balancing effect improves stress resilience, mood, and overall recovery — distinct from either modality in isolation. | Knechtle et al., 2020 — Awaken for Wellness Review | Knechtle B et al. Cold Water Swimming — Benefits and Risks. Int J Environ Res Public Health. 2020;17(23):8984. |
| Cortisol levels showed no change at 30 minutes post-contrast therapy but decreased by 47% at 180 minutes (p=0.014) — suggesting contrast therapy initiates a delayed stress-hormone reduction that improves recovery and emotional equilibrium hours after the session ends.                                                                                            | Journal of Thermal Biology, 2023                   | L et al. Journal of Thermal Biology 2023;118:103727.                                                           |

The Thresh experience is deliberately built around the contrast cycle — not as a performance protocol, but as a sensory and physiological journey that members learn to navigate intuitively over time. The scientific evidence suggests this is not recreational luxury. It is active recovery with measurable biological outcomes.

## Breathwork & Movement — The Programming Foundation

The Thresh movement studio and guided programming — yoga, breathwork, recovery movement — are supported by an independent and substantial body of clinical research on the effects of intentional breathing and somatic movement practices on stress, anxiety, and nervous system regulation.

| Finding                                                                                                                                                                                                                                                                                                                                             | Source                                   | Citation                                                                                                                                                                    |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Meta-analysis of 12 RCTs (785 adult participants) found breathwork interventions were significantly associated with lower levels of self-reported stress compared to non-breathwork controls. Breathwork altered neurological signals from the respiratory system, influencing regions of the brain that regulate thoughts, emotions, and behavior. | Scientific Reports Meta-Analysis, 2023   | Fincham GW et al. Effect of breathwork on stress and mental health: A meta-analysis of randomised-controlled trials. Sci Rep. 2023;13:432. doi:10.1038/s41598-022-27247-y   |
| Slow breathing enhanced top-down emotional regulation by improving connectivity between the amygdala (fear and reactivity center) and medial prefrontal cortex (regulatory center). EEG studies showed slow breathing induces a dual brain state — calm but awake — distinct from either active alertness or sleep.                                 | Stress and Health Narrative Review, 2025 | Little et al. The A52 Breath Method: A Narrative Review of Breathwork for Mental Health and Stress Resilience. Stress and Health. 2025. doi:10.1002/smi.70098. PMC12341363. |

| Finding                                                                                                                                                                                                                                                                                              | Source                                       | Citation                                                                                                               |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------|------------------------------------------------------------------------------------------------------------------------|
| Interventions ranging from 2-minute sessions to 12-week programs produced significant reductions in state anxiety, depression, negative affect, and perceived stress. Some longitudinal studies documented complete remission of PTSD symptoms. Larger effects were found in older adults and women. | Wiley / PMC<br>Breathwork<br>Review, 2025    | PMC12341363. Across multiple RCTs reviewed in the A52 Breath Method narrative review.                                  |
| Yoga and movement practices combining postures, breathwork, and body awareness demonstrated benefits in stress reduction, autonomic nervous system regulation, improved heart rate variability (HRV), and reduced cortisol levels across healthy and clinical populations.                           | Multiple Yoga<br>Meta-Analyses,<br>2023–2025 | Patel & Veidlinger, Religions 2023;14:538. Ghai et al., Annals of the New York Academy of Sciences, 2025. PMC12917937. |

Breathwork and movement are not supplementary offerings at Thresh — they are physiologically complementary to the contrast cycle. Heat elevates heart rate and sympathetic tone. Cold creates acute neurochemical activation. Breathwork and movement provide the parasympathetic counterweight that completes the nervous system cycle. Members who integrate all three modalities access a recovery experience that none of the three provides in isolation.

## The Communal Component — Why Being Here Together Matters

The scientific case for contrast therapy is now well established. The scientific case for why contrast therapy should be experienced communally — rather than alone in a private suite — is equally strong, and rooted in the most significant public health finding of the past decade.

### The U.S. Surgeon General's Loneliness Advisory — 2023

In May 2023, U.S. Surgeon General Dr. Vivek Murthy issued an 82-page advisory declaring loneliness and social isolation a public health epidemic in America. The findings are stark. Prior to the COVID-19 pandemic, approximately one in two American adults already reported experiencing loneliness. The health consequences are not emotional — they are clinical.

| Health Consequence of Social Disconnection | Magnitude                                                   | Source                                                                            |
|--------------------------------------------|-------------------------------------------------------------|-----------------------------------------------------------------------------------|
| Increased risk of premature death          | Comparable to smoking up to 15 cigarettes per day           | U.S. Surgeon General Advisory, 2023 — HHS.gov                                     |
| Increased risk of heart disease            | 29% higher risk in lonely or socially isolated individuals  | U.S. Surgeon General Advisory, 2023 — NCBI NBK595227                              |
| Increased risk of stroke                   | 32% higher risk                                             | HHS.gov Social Connection Priority Page, 2025                                     |
| Increased risk of dementia                 | 50% higher risk of developing dementia in older individuals | Surgeon General Advisory. Referenced by Dr. Vivek Murthy, USA Today Excerpt, 2023 |

| Health Consequence of Social Disconnection | Magnitude                                                                               | Source                                                       |
|--------------------------------------------|-----------------------------------------------------------------------------------------|--------------------------------------------------------------|
| Depression and anxiety                     | Social isolation is an independent risk factor for depression, anxiety, and suicidality | U.S. Surgeon General Advisory, 2023 — NCBI PubMed 37792968   |
| Social isolation mortality risk            | 29% increase in risk of premature mortality from social isolation alone                 | HHS.gov. Living in isolation reduces survival chances. 2025. |

The Surgeon General's advisory called for urgent action to rebuild social bonds and identified community gathering spaces as a critical infrastructure priority. This is the scientific and societal context in which Thresh exists. A space where people sweat together, plunge together, recover together, and talk to strangers in the way that strangers become regulars — and regulars become community.

Third Place Theory — Ray Oldenburg

The sociological framework for Thresh's communal design comes from Ray Oldenburg's foundational work on third places — first articulated in The Great Good Place (1989, republished 2023). Oldenburg defined a third place as 'a generic designation for a great variety of public places that host the regular, voluntary, informal, and happily anticipated gatherings of individuals beyond the realms of home and work.' His research documented how the decline of third places — the neighborhood pub, the barbershop, the coffee house — contributed directly to the erosion of community, the rise of civic isolation, and the deterioration of individual wellbeing.

The scientific literature has validated Oldenburg's framework empirically. A peer-reviewed study published in Gerontology (2022, DOI:10.1093/geroni/igac059.2111) found that individuals in neighborhoods with greater access to third places reported significantly lower levels of loneliness. Research published in ScienceDirect's Cities journal (2022, doi:10.1016/j.cities.2022.104887) confirmed that third places improve quality of life by providing spaces where people can rest, escape mundane routine, socialize, and emotionally discharge — improving neighborhood diversity, cohesion, and individual wellbeing.

Thresh is designed as a third place for recovery. The social sauna is not incidental to the concept — it is the concept. People do not talk the same way in a gym as they do in a sauna. The heat, the steam, the shared vulnerability, the temporary absence of phones and performance and the transactional noise of daily life — these conditions create a quality of conversation and human connection that is increasingly rare in American public life, and increasingly necessary for health.

Cigna Loneliness Index — Consumer Validation

The business case for communal wellness is reinforced by Cigna's annual Loneliness in America report. Their 2025 findings report that 67% of Gen Z adults feel lonely, alongside 65% of millennials. A 2024 Harvard survey found that 67% of adults feel social and emotional loneliness specifically because they are not part of meaningful groups. The founders of Othership — one of the fastest-growing social sauna platforms in North America — cited this research directly when explaining their expansion model, stating: 'We understand that there's a huge market for people to meet other people. Loneliness is an epidemic right now.' (CNBC, March 2026.)

Thresh is not treating loneliness as a marketing angle. It is treating it as a founding design principle. Every element of the physical environment — the communal sauna benches, the shared plunge zone, the warming pool, the recovery lounge, the outdoor fire — is designed to create the conditions under which human beings naturally connect.

Research links social connection with wellbeing; Thresh is designed to create regular opportunities for that connection.

## Source Summary — Credible Research Foundation

| Category                                   | Primary Source                                         | Publication / Agency                                                |
|--------------------------------------------|--------------------------------------------------------|---------------------------------------------------------------------|
| Sauna cardiovascular mortality             | Laukkanen, Kunutsor et al.                             | BMC Medicine 2018 · Tandfonline 2024 · Mayo Clinic Proceedings 2023 |
| Sauna mechanisms (HSP, eNOS, inflammation) | Frontiers in Cardiovascular Medicine systematic review | Front. Cardiovasc. Med. 2025;12:1537194                             |
| Cold plunge neurochemical response         | Srámek et al. / UF Health Jacksonville                 | Eur J Appl Physiol · UF Health clinical review 2024                 |
| Cold plunge psychological effects          | PLOS ONE systematic review and meta-analysis           | PMC11778651 · Published January 2025                                |
| Cold plunge brain connectivity             | PMC peer-reviewed study                                | PMC9953392 · Published February 2023                                |
| Cold plunge athletic recovery              | Sports Medicine meta-analysis                          | Sports Med 2023 — systematic review                                 |
| Contrast therapy — vascular pump RCT       | Provita Medical Center RCT                             | PMC11571465 · Accepted June 2024                                    |
| Contrast therapy — cortisol reduction      | Journal of Thermal Biology                             | J Thermal Biol 2023;118:103727                                      |
| Breathwork stress and mental health        | Scientific Reports meta-analysis                       | Sci Rep 2023;13:432. doi:10.1038/s41598-022-27247-y                 |
| Breathwork neurology (EEG, amygdala)       | Wiley Stress and Health / PMC review                   | PMC12341363 · Stress and Health 2025                                |
| Social isolation mortality risk            | U.S. Surgeon General Advisory                          | HHS.gov / NCBI NBK595227 / PubMed 37792968 · 2023                   |
| Third place theory and wellbeing           | Ray Oldenburg · Gerontology · ScienceDirect Cities     | The Great Good Place 1989/2023 · Gerontology 2022 · Cities 2022     |
| Consumer loneliness data                   | Cigna Loneliness in America Report                     | Cigna 2025 Annual Report · Harvard Study 2024                       |

The Thresh model is not built on trend. It is built on the convergence of three independent bodies of evidence — physiological research on thermal and contrast therapy, neurological research on breathwork and somatic movement, and epidemiological research on the health consequences of social isolation — all pointing in the same direction. Heat, cold, breath, movement, and human connection are not wellness accessories. They are, according to the research, foundational to longevity, mental health, and the quality of life that most people are actively seeking and increasingly unable to find.

SECTION 27

# References & Source Validation

All facts, figures, market data, competitive information, regulatory requirements, and industry statistics cited in this plan are sourced from publicly available, independently published, or officially maintained resources. The following references are organized by category and can be verified independently by any investor, advisor, or counsel reviewing this document.

## Industry & Market Data

| Source                                  | What It Validates                                                                                      | URL / Access                                    |
|-----------------------------------------|--------------------------------------------------------------------------------------------------------|-------------------------------------------------|
| Global Wellness Institute (GWI)         | \$6.8T global wellness economy (2024), approaching \$10T by 2029 — cited in Market Opportunity chapter | globalwellnessinstitute.org                     |
| McKinsey & Company — Future of Wellness | \$1.8T consumer wellness market globally — growth in recovery, longevity, mental wellbeing             | mckinsey.com/industries/consumer-packaged-goods |
| International Sauna Association (ISA)   | Global sauna culture, utilization benchmarks, Nordic thermal bathing research                          | sauna.fi                                        |
| IHRSA / ACSM Health & Fitness Journal   | Boutique fitness membership retention benchmarks and recurring revenue models                          | ihrsa.org   acsm.org                            |
| Mindbody Business Wellness Index        | Consumer wellness spending trends, membership behavior, experiential wellness growth                   | mindbodyonline.com/business                     |
| Statista — Wellness & Fitness Industry  | US gym and wellness industry revenue data, membership penetration rates                                | statista.com                                    |

## Competitor Information

| Competitor             | Source                                                                                      | What Was Referenced                                                                     |
|------------------------|---------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------|
| SWTHZ                  | swthz.com · Franchise Disclosure Documents (FDD) where available · Franchise Times coverage | Pricing, location count (~90–110 as of 2026), private suite model, membership structure |
| Restore Hyper Wellness | restorehyperwellness.com · Franchise Disclosure Document · QSR Magazine                     | Location count (210–230), service model, clinical recovery positioning                  |
| HOTWORX                | hotworx.net · Franchise Disclosure Document · company press releases                        | Location count (800+), 24/7 model, infrared fitness positioning, subscription structure |
| Othership              | othership.com · company press coverage · New York Times wellness coverage                   | Social sauna model, pricing structure, guided experience format                         |

| Competitor            | Source                                                                | What Was Referenced                                                                       |
|-----------------------|-----------------------------------------------------------------------|-------------------------------------------------------------------------------------------|
| Bathhouse             | visitbathhouse.com · company announcements<br>· Eater NY coverage     | Day pass and membership pricing, thermal bathing model, urban format                      |
| Remedy Place          | remedyplace.com · company website pricing                             | Membership pricing (~\$255+/mo), luxury social wellness positioning                       |
| Embrace North         | embracenorth.com · company website · local press coverage Minneapolis | Pricing structure (\$49.95/mo), daily utilization claims (300–400 users), bathhouse model |
| Hooga House           | hoogahouse.com                                                        | Pricing structure (~\$99/mo), neighborhood format                                         |
| Perspire Sauna Studio | perspire.com                                                          | Centennial Colorado location pricing (\$99–\$199/mo) — direct local market validation     |

## Colorado Regulatory & Government Sources

| Agency / Source                                                                                                                                   | What It Governs                                                                                                                                                                  | Contact / URL                                                                           |
|---------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------|
| Colorado Dept. of Health — 5 CCR 1003-5 FAC                                                                                                       | Public pool and bathing place regulation — warming pool and cold plunge compliance                                                                                               | cdphe.colorado.gov   5 CCR 1003-5 Colorado Code of Regulations                          |
| Colorado swimming pool and mineral bath rules (5 CCR 1003-5) under C.R.S. Title 25, Article 5, Part 8                                             | Public swimming pool construction and operating permit requirements                                                                                                              | leg.colorado.gov — C.R.S. Title 25, Article 1                                           |
| Colorado CDPHE and the county public health department (Arapahoe County Public Health or Douglas County Health Department) — Environmental Health | Pre-application meeting, operating permit (CDPHE / county pool plan review and operating approval (confirm the current application with the applicable department)), inspections | (303) 692-2000   cdphe.colorado.gov   cdphe_iepu@state.co.us   (303) 692-3645 option 3  |
| City of Centennial — Building & Permitting (if Centennial site)                                                                                   | Building permits, zoning, occupancy, plumbing, mechanical, signage                                                                                                               | buildingpermits@centennialco.gov   (303) 754-3308                                       |
| City of Lone Tree / Douglas County + HR Metro District (if Lone Tree or Highlands Ranch site)                                                     | Building permits, zoning, occupancy, plumbing, mechanical, signage                                                                                                               | cityoflonetree.com   (720) 390-5211 — or — douglas.co.us/land/building   (303) 660-7497 |
| City of Centennial — Planning & Zoning (if Centennial site)                                                                                       | Land use, conditional use, outdoor patio approval, signage                                                                                                                       | planning@centennialco.gov   (303) 754-3308                                              |
| ADA.gov — Aquatic Facility Guidelines                                                                                                             | Accessible means of entry for pools and spas — pool lift, sloped entry, transfer wall requirements                                                                               | ADA.gov/resources/aquatic-pools                                                         |
| ADA Standards for Accessible Design (2010)                                                                                                        | Changing room layout, counter heights, turning radius, accessible routes                                                                                                         | ADA.gov                                                                                 |

| Agency / Source                                       | What It Governs                                                                               | Contact / URL         |
|-------------------------------------------------------|-----------------------------------------------------------------------------------------------|-----------------------|
| Colorado Building Code                                | Construction, occupancy classification, life safety, egress, fire suppression requirements    | dora.colorado.gov/dfs |
| OSHA Hazard Communication Standard (29 CFR 1910.1200) | Chemical handling, SDS requirements, labeling — applies to pool chemicals and cleaning agents | osha.gov/hazcom       |

## Capital Structure, Legal & Tax References

| Source                                                       | What It Validates                                                                                                                                                      |
|--------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| IRS Revenue Procedure 93-27                                  | Profits interest treatment — establishes that a properly structured profits interest in an LLC is not taxable at grant. Foundation for Class A founder unit structure. |
| IRS Revenue Procedure 2001-43                                | Clarification of Rev. Proc. 93-27 — confirms non-taxability of profits interest grants in connection with performance of services.                                     |
| IRS Publication 541 — Partnerships                           | Pass-through LLC taxation, K-1 reporting, guaranteed payments, preferred return treatment for members.                                                                 |
| Colorado LLC Act — C.R.S. Title 7, Article 80                | Dual-class LLC membership unit structure, operating agreement requirements, member rights and duties under Colorado law.                                               |
| IRS IRC Section 1031                                         | Like-kind exchange for real estate — applicable to the Land Holdings leaseback strategy for tax deferral at property sale.                                             |
| IRS IRC Section 168 (Bonus Depreciation)                     | Accelerated depreciation on qualified property — applicable to FF&E, sauna equipment, qualified improvement property.                                                  |
| IRS Section 168(k) — Bonus Depreciation / Qualified Property | 15-year depreciation on qualified building improvements — applicable to Thresh buildout components.                                                                    |
| Colorado documentary fee — C.R.S. § 39-13-102                | Fee on recorded real property transfers in the future real estate strategy; confirm with real estate counsel at the time of any acquisition.                           |

## Technology & Platform References

| Platform               | What Was Referenced                                                                                                                    | URL                     |
|------------------------|----------------------------------------------------------------------------------------------------------------------------------------|-------------------------|
| Zenoti                 | Membership management, POS, multi-location dashboards, franchise royalty tracking; custom-quoted pricing                               | zenoti.com              |
| Soundtrack Your Brand  | Commercial music licensing for hospitality environments, centralized playlist management                                               | soundtrackyourbrand.com |
| QuickBooks             | Accounting and financial reporting — Zenoti direct integration                                                                         | quickbooks.intuit.com   |
| USPTO Trademark Center | Trademark application filing — Classes 044 + 041 filed (Intent to Use, Section 1b basis); Classes 043 + 025 reserved for future filing | trademark.uspto.gov     |

| Platform          | What Was Referenced                                                                         | URL                |
|-------------------|---------------------------------------------------------------------------------------------|--------------------|
| USPTO TEAS Search | Trademark clearance search — confirming no blocking marks for Thresh in wellness categories | tmsearch.uspto.gov |
| Access Control    | Door access tied to membership status via Zenoti's access-control integration               | zenoti.com         |

## Sauna, Cold Plunge & Wellness Infrastructure

| Source / Organization                          | What It Validates                                                                                                                                                                           | URL                                                                       |
|------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------|
| National Swimming Pool Foundation (NSPF)       | Certified Pool Operator (CPO) certification program — required for Colorado public pool compliance                                                                                          | nspf.org                                                                  |
| Association of Pool & Spa Professionals (APSP) | Pool service technician certification — Colorado-recognized alternative to NSPF                                                                                                             | apsp.org                                                                  |
| American Heart Association (AHA)               | CPR/AED certification — standard for hospitality safety programs                                                                                                                            | heart.org/cpr                                                             |
| American Red Cross                             | First Aid, CPR, and AED certification — alternative to AHA                                                                                                                                  | redcross.org/cpr                                                          |
| Finnmark Sauna / HUUM / Harvia                 | Commercial sauna heater specifications, UL/ETL listing requirements, installation standards                                                                                                 | Manufacturer documentation — confirm at vendor selection                  |
| BlueCube Cold Plunge (4 × C3 60")              | C3 commercial specifications · Line-X® weatherproof outdoor rating · NSF/ANSI 50 ozone filtration · 5-yr warranty + Premium Care plan (\$1,899/yr) · 0% APR 18-month financing via Airpuria | bluecubebaths.com · sales@bluecubebaths.com · 541-512-4012 · airpuria.com |
| Morozko Forge (1 × XL Ice Plunge)              | XL commercial specifications · Marine-grade polyurea outdoor rating · Rated 110°F ambient · 3-yr warranty + 72-hr on-site service · Laser-engraved logo                                     | morozkoforge.com · sales@morozkoforge.com                                 |
| Airpuria — equipment financing                 | 0% APR for 18 months on BlueCube C3 commercial units — primary financing vehicle for plunge equipment                                                                                       | airpuria.com · 773-337-8822                                               |
| Brickhouse Capital                             | Commercial equipment financing for Morozko XL and wellness equipment                                                                                                                        | brickhouse.com                                                            |
| Geneva Capital                                 | Commercial equipment financing — wellness facility equipment                                                                                                                                | genevacapital.com                                                         |

## Real Estate & Lease References

| Source                                 | What It Validates                                                                                             | Application in Plan                                                                              |
|----------------------------------------|---------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------|
| CoStar Group                           | South Denver Metro retail market NNN lease data, comparable lease rates, vacancy rates in Centennial corridor | NNN lease sensitivity analysis — \$18–\$24/SF base + \$5.75–\$9.00/SF NNN (2nd-gen target range) |
| CBRE South Denver Metro Market Reports | Retail market conditions, lease rate benchmarks, TI contribution norms for 10-year leases                     | Lease economics chapter — TI target of \$20–\$30/SF and rent abatement expectations              |
| LoopNet / Crexi                        | Active listings and comparable lease data in Centennial / Highlands Ranch / Lone Tree corridor                | Site selection research — adaptive reuse targets                                                 |
| Colorado Bar Commercial Lease Guide    | NNN clause enforceability, CAM audit rights, tenant protection provisions under Colorado commercial law       | NNN negotiation strategy — cap clause and audit rights                                           |

This plan was developed using publicly available information, current as of the date this plan was prepared. All competitor pricing, location counts, and operational details are subject to change and should be independently verified before strategic decisions. Every financial projection in this plan — average unit volume, EBITDA, membership levels, franchise development schedules, systemwide sales, investor returns, and enterprise value illustrations alike — is a forward-looking assumption, not a guarantee of future performance or a representation of fact. All legal, tax, and regulatory matters should be reviewed by qualified counsel before any action is taken. This document is an investor proposal; it is not a Franchise Disclosure Document and is not intended for delivery to prospective franchisees. Any of the financial information in this plan later used in franchise sales materials — particularly any financial performance representation — must first be coordinated with franchise counsel and presented through a properly prepared FDD; this investor proposal and future franchise sales materials serve different legal purposes and are not interchangeable.

## SECTION 28

# Professional Services & Ongoing Operations Infrastructure

Thresh Holdings requires a defined set of professional services engaged from formation through stabilization. These are not optional vendors — they are the operational and compliance infrastructure of the business. Each service has a specific engagement phase, a defined cost range, and a non-negotiable role in keeping the company legally compliant, financially clean, and operationally sound. The founder does not manage these directly — the founder selects the right professionals, establishes the relationship, and holds them accountable. This section defines who they are, what they do, when they are engaged, and what they cost.

Every vendor named in this section — legal, accounting, technology, HR, and insurance alike — was selected after evaluating the market for the best fit to Thresh's structure: a hybrid corporate-and-franchise system built for national scale. Some of these choices are already built to transition on their own schedule as the system grows (Naranga to FranConnect, QuickBooks to Sage Intacct) — deliberate staging, not uncertainty. Thresh Holdings applies the same standard to every vendor relationship: the right partner for where the business is, chosen with the same rigor at every stage of growth.

## Legal Services

| Service                                             | Scope                                                                                                                                                                 | When Engaged                                      | Estimated Annual Cost                                   | Who Holds the Relationship |
|-----------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------|---------------------------------------------------------|----------------------------|
| Colorado Business Attorney — Formation & Governance | LLC formation (3 entities) · Dual-class operating agreement · Investor subscription documents · Securities compliance review · Ongoing operating agreement amendments | Immediately — before investor capital is accepted | \$5,000–\$10,000 formation · \$2,000–\$5,000/yr ongoing | Founders                   |
| Colorado Business Attorney — Employment Law         | Offer letters · Employment agreements · Non-disclosure / non-compete · Handbook review · Termination guidance · Wage and hour compliance                              | Before first hire is made — Month 1 of operations | \$150–\$350/hr as needed · \$1,500–\$3,000/yr average   | Founders                   |
| Land Use / Zoning Attorney                          | Site use confirmation · Conditional use approval · Outdoor patio entitlement · Variance applications if needed                                                        | Pre-LOI — before any site is under contract       | \$2,500–\$6,000 per site engagement                     | Founders                   |

| Service                                        | Scope                                                                                                                                                                                                                                                       | When Engaged                                                                                                                                                                             | Estimated Annual Cost                                                                                                         | Who Holds the Relationship |
|------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------|----------------------------|
| Colorado Liability Attorney — Waivers & Risk   | Guest waiver drafting and annual review · Membership agreement terms · Minor policy · Sauna/plunge safety signage language · Incident response guidance                                                                                                     | Before soft opening — waivers must be finalized before first member enters                                                                                                               | \$3,000–\$5,000 initial · \$1,000–\$2,000/yr review                                                                           | Founders                   |
| Trademark Attorney                             | USPTO filing in Classes 044 + 041 · Clearance opinion · Office Action response · Future class filings (043, 025) · Ongoing trademark monitoring                                                                                                             | Engaged — Classes 044 and 041 filed; clearance opinion and Office Action responses as needed                                                                                             | \$1,500–\$3,000 initial · \$500–\$1,000/yr monitoring                                                                         | Founders                   |
| Franchise Attorney — FDD & Franchise Agreement | Prepares and registers the Franchise Disclosure Document (FDD) and Franchise Agreement — the hard prerequisite Section 15's franchise sales depend on; state registration filings in every state Thresh sells franchises where required; annual FDD renewal | Franchise Readiness — engaged when Thresh 2 opens (Q1 2028), alongside the franchise development consultant group; FDD registered by Month 20, ahead of the Location 3 signing in Year 2 | \$15,000–\$45,000 flat fee (FDD + Franchise Agreement) · \$1,000–\$2,500 per state registration · \$5,000–\$15,000/yr renewal | Founders                   |

## Accounting & Financial Services

| Service                             | Scope                                                                                                                                                                                                                              | When Engaged                                                   | Estimated Annual Cost                                                    | Deliverable                                                             |
|-------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------|--------------------------------------------------------------------------|-------------------------------------------------------------------------|
| Hospitality / Multi-Unit CPA        | Tax structure advice · Entity formation tax elections · Annual tax return preparation (all LLCs) · Investor K-1 preparation and distribution · IRS compliance · Cost segregation study at opening                                  | Pre-formation — before entity elections are made               | \$5,000–\$12,000/yr depending on entity count and activity               | Annual returns · K-1s · Tax optimization guidance · Formation elections |
| Bookkeeper (in-house or outsourced) | Monthly reconciliation of all accounts · AP management · Payroll input preparation · Zenoti to QuickBooks integration maintenance · Monthly financial package for founder review                                                   | Month 1 of operations — before first payroll runs              | \$500–\$1,500/mo outsourced · \$35,000–\$45,000/yr if in-house part-time | Monthly financials · Clean books for CPA · Investor P&L reports         |
| Payroll Service — Gusto or ADP      | Payroll processing for all W-2 employees · Federal and Colorado tax withholding and filing · Direct deposit · New hire reporting to Colorado · Workers comp audit support · W-2 preparation · Founder guaranteed payments recorded | Before first employee is hired — at minimum 2 weeks pre-launch | \$80–\$200/mo for 5–15 employees (Gusto baseline)                        | On-time payroll · Tax filings · Compliance documentation                |

| Service                                | Scope                                                                                                                                                                                                                                      | When Engaged                                                                                                                                            | Estimated Annual Cost                                       | Deliverable                                                                                                        |
|----------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------|
|                                        | separately, outside W-2 payroll                                                                                                                                                                                                            |                                                                                                                                                         |                                                             |                                                                                                                    |
| Fractional CFO                         | Financial model maintenance · Investor reporting package assembly · Franchisor audit readiness for the FDD · Expansion underwriting · Capital planning                                                                                     | At franchise build-out — Q1 2028, when Thresh 2 opens                                                                                                   | ~\$5,000/mo fractional engagement (\$60,000/yr)             | Investor-grade reporting · Audit-ready franchisor financials · Expansion models                                    |
| Sage Intacct — Multi-Entity Transition | Consolidated, comparable-unit financial reporting across corporate and franchised locations once multi-entity consolidation becomes the bottleneck for QuickBooks; commonly paired with a location/entity dimension rather than a full ERP | When multi-entity consolidation across corporate + franchised units becomes the bottleneck — anticipated as the franchise network grows past Location 3 | Quote-based — scaled to transaction volume and entity count | Consolidated multi-entity reporting — real migration project, budget implementation time and bookkeeper retraining |

## Human Resources Services

| Service                                              | Scope                                                                                                                                                                                                                                                              | When Engaged                                                     | Estimated Cost                                                                      | Deliverable                                                                  |
|------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------|-------------------------------------------------------------------------------------|------------------------------------------------------------------------------|
| Employee Handbook (Attorney-Drafted)                 | Colorado-compliant employee handbook covering: at-will employment, EEO policy, harassment and discrimination policy, PTO/sick time policy, dress code, drug and alcohol policy, safety procedures, social media policy, disciplinary process, complaint procedures | Before first hire — handbook must exist before employment begins | \$1,500–\$3,500 to draft · Annual review \$500–\$1,000                              | Signed acknowledgment from every employee on file · Annual review            |
| HR Compliance Service (TriNet, Rippling, or similar) | New hire onboarding compliance · Form I-9 verification · Benefits administration · Employee records management · State unemployment management · HR policy compliance alerts                                                                                       | Before first hire                                                | \$100–\$250/mo for small team                                                       | Compliant onboarding · Clean employee records · Benefits platform when ready |
| Workers Compensation Insurance Broker                | Policy placement specific to wet/heat/cold environment classification · Annual premium audit support · Incident reporting coordination · Certificate of insurance for landlord                                                                                     | Before lease is signed — landlord requires COI at execution      | \$8,000–\$18,000/yr estimated (wet environment classification) — verify with broker | Active policy · COI · Annual audit support                                   |

| Service                                      | Scope                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | When Engaged                                                                                                                                                          | Estimated Cost                                                                                                                        | Deliverable                                                                                                                                                                                                                                                          |
|----------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Background Check Service — Checkr or similar | Pre-employment background screening for all hires · Criminal history · Identity verification · Sex offender registry (changing room environment requires this)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | Before any offer is extended                                                                                                                                          | \$30–\$50 per employee check                                                                                                          | Background check report on file for every employee before start date                                                                                                                                                                                                 |
| PEO — FrankCrum                              | Purpose-built for a franchisor's exact structure, not just Thresh Holdings' own staff: FrankCrum's master health plan pools every location system-wide — corporate and franchised — into one large-group risk pool, so a single-location franchisee gets Fortune-500-style pricing no independent small business could negotiate alone. Underwrites its own workers' comp through a captive, AM Best-rated carrier, keeping rates stable as the network scales rather than re-shopped each renewal. Bundles a multi-employer 401(k) at no annual fee above 8 participants. Thresh Holdings selected FrankCrum specifically because it solves the problem a standard PEO can't — real health insurance that works across both corporate and independently-owned franchise locations. | As soon as Thresh is ready to offer real employee benefits — no need to wait for corporate headcount to scale; extends naturally to franchisees once Location 3 opens | \$40–\$150 per employee/month or 2–12% of payroll (bundles payroll, benefits administration, and workers' comp — not insurance alone) | Real group health plan access plus a bundled 401(k) for Thresh Holdings' own team, with the same master plan available to any franchisee who joins as their own PEO client — confirm co-employment doesn't complicate the wet/heat/cold workers' comp classification |

## Insurance Services

| Policy                 | Provider Type                             | When Bound                    | Estimated Annual Premium | Notes                                                             |
|------------------------|-------------------------------------------|-------------------------------|--------------------------|-------------------------------------------------------------------|
| General Liability      | Specialized wellness / hospitality broker | Before lease is signed        | \$8,000–\$18,000/yr      | Minimum \$1M/\$2M — landlord will specify minimum limits in lease |
| Property Insurance     | Same broker                               | Before buildout begins        | \$4,000–\$9,000/yr       | Replacement cost for buildout, FF&E, equipment                    |
| Equipment Breakdown    | Same broker                               | Before equipment is installed | \$1,500–\$3,500/yr       | Critical for sauna, plunge chilling, filtration, HVAC             |
| Professional Liability | Same broker                               | Before first guided class     | \$2,000–\$5,000/yr       | Covers guided breathwork, yoga, recovery programming              |

| Policy                                   | Provider Type                                                                                                        | When Bound                                                | Estimated Annual Premium                                                                    | Notes                                                                                                                                                                                                                                                                                     |
|------------------------------------------|----------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------|---------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Abuse & Molestation                      | Same broker                                                                                                          | With GL policy                                            | \$1,500–\$3,000/yr                                                                          | Required for changing room environment — verify carrier includes it                                                                                                                                                                                                                       |
| Workers Compensation                     | Required in Colorado for any employer with one or more employees                                                     | Before first hire                                         | \$8,000–\$18,000/yr                                                                         | Budgeted inside the 18% payroll burden · wet/heat/cold classification affects rate significantly                                                                                                                                                                                          |
| Umbrella / Excess                        | Same broker                                                                                                          | With GL policy                                            | \$2,000–\$4,000/yr                                                                          | \$1M–\$3M above GL — strongly recommended                                                                                                                                                                                                                                                 |
| Cyber / Data                             | Same broker or standalone                                                                                            | Before first membership billed                            | \$1,500–\$3,000/yr                                                                          | Zenoti stores member payment and health data                                                                                                                                                                                                                                              |
| EPLI                                     | Same broker                                                                                                          | Before first hire                                         | \$2,500–\$5,000/yr                                                                          | Employment practices liability — required before any employment decision                                                                                                                                                                                                                  |
| Franchise Certificate Compliance Program | Franchise-specialty practice (Higginbotham or Heffernan) — selected for dedicated franchise insurance infrastructure | When the first Multi-Unit Development Agreement is signed | Program fee or built into a franchisor-endorsed carrier program — not a flat published rate | System-wide certificate-of-insurance tracking across every independently-owned location — Higginbotham's EZ CERT platform and Heffernan's Franchise Channel Division both do this natively; the wellness/hospitality broker above continues to bind the nine corporate policies unchanged |

Total estimated annual insurance premium range at launch: \$31,000–\$68,500. Wide range is driven by location specifics, claim history, carrier selection, and final risk classification. Engage a specialized wellness and hospitality insurance broker — not a general commercial broker — for accurate bindable quotes. Some carriers will not quote a concept with public-use cold plunge without a site inspection and SOP review. This broker relationship covers the corporate flagships; a franchise-specialty practice joins it once franchising begins — see Franchise-Readiness Infrastructure below.

## Technology & Software Services

| Platform                            | Monthly Cost                                | Annual Cost                                                                               | When Activated                                                      | What It Replaces                                                                                                                                       |
|-------------------------------------|---------------------------------------------|-------------------------------------------------------------------------------------------|---------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------|
| Zenoti                              | \$400/mo per location (multi-location plan) | \$4,800/yr per location · Thresh Holdings platform<br>\$12,000/yr once franchising begins | Well before Thresh 1 opens — multi-month implementation             | Membership software, POS, scheduling, marketing, reporting, branded app, digital waivers, multi-location dashboards, franchise royalty tracking        |
| Naranga (Woven)                     | Quote-based                                 | Quote-based — priced by module                                                            | When Thresh 2 opens (Q1 2028), ahead of the first franchise signing | Franchisee onboarding, brand-standard audits, royalty tracking, FDD renewal tracking — not included in the technology total below (no published price) |
| QuickBooks Online (Plus tier)       | \$90/mo                                     | \$1,080/yr                                                                                | When bookkeeper is onboarded                                        | Accounting, financial reporting, payroll integration, investor P&L                                                                                     |
| Gusto Payroll                       | \$80–\$160/mo                               | \$960–\$1,920/yr                                                                          | Before first payroll run                                            | Payroll processing, tax filing, direct deposit, new hire reporting                                                                                     |
| Soundtrack Your Brand               | \$65–\$135/mo                               | \$780–\$1,620/yr                                                                          | During buildout — music licensing day 1                             | Commercial music licensing, atmosphere consistency                                                                                                     |
| Google Workspace                    | \$12/user/mo                                | \$576–\$1,440/yr (4–10 users)                                                             | At entity formation                                                 | Email, Drive, Docs, calendar — business communications infrastructure                                                                                  |
| Slack or Teams                      | \$7–\$10/user/mo                            | \$420–\$600/yr (5 users)                                                                  | Before first hire                                                   | Internal team communication — no personal texting for operations                                                                                       |
| Security cameras / NVR system       | \$0 (one-time \$3,000–\$6,000 install)      | Monitoring included                                                                       | During buildout                                                     | Changing room adjacent areas, entrance, outdoor patio — not inside changing rooms                                                                      |
| Smart Cooler monthly fee or service | \$300–\$500/mo lease OR one-time purchase   | \$3,600–\$6,000/yr lease                                                                  | Pre-opening vendor selection                                        | Beverage/retail platform — replaces staffed checkout entirely                                                                                          |

Total estimated annual technology spend per location: \$12,200–\$17,500 (excluding Smart Cooler if purchased outright, Naranga, which is quote-based, and Thresh Holdings' franchisor-side Zenoti platform, which franchisee Zenoti fees cover). This represents approximately 1.0–1.4% of stabilized revenue — the cost of walking into Location 3's franchise conversation with multi-location and royalty-tracking infrastructure already in production, not promised.

## Franchise-Readiness Infrastructure

The stack above runs from Thresh 1's opening forward — Zenoti is configured well ahead of Thresh 1, and Naranga is engaged when Thresh 2 opens, so the system walks into its first franchise conversation with multi-location and franchise-royalty infrastructure already in production. A franchise attorney prepares and registers the FDD and

Franchise Agreement on the same timeline as the Franchise Readiness phase in Section 24's development schedule (beginning at Thresh 2's opening in Q1 2028), ahead of the Location 3 signing in Year 2, since drafting and state review realistically take several months; state registration filings follow in every state where Thresh sells franchises.

Naranga (recently rebranded Woven) runs franchisee onboarding, brand-standard audits, and royalty tracking from Thresh 2's opening forward — right-sized under roughly 100 units, with FranConnect the natural upgrade beyond that scale. Sage Intacct consolidates financial reporting across corporate and franchised entities once multi-entity consolidation becomes the bottleneck, typically as the franchise network grows past Location 3. A franchise-specialty insurance practice (Higginbotham or Heffernan) joins the existing wellness/hospitality broker the moment the first Multi-Unit Development Agreement is signed, running system-wide certificate-of-insurance compliance across every independently-owned location. FrankCrum, a PEO built specifically for franchise networks, bundles real health insurance and a 401(k) for the Thresh Holdings team through a master plan that also extends to any franchisee who joins as their own client — giving even a single-location owner access to large-group-style pricing no independent small business could negotiate alone. Thresh Holdings applies the same standard to every vendor in this section: the right partner for a hybrid corporate-and-franchise system, chosen through real evaluation and reassessed with that same discipline as the business scales.

## Facilities & Ongoing Maintenance Services

| Service                                          | Scope                                                                                                                                                                 | Frequency                                      | Estimated Annual Cost                                                 | Vendor Type                                                         |
|--------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------|-----------------------------------------------------------------------|---------------------------------------------------------------------|
| Certified Pool Operator (CPO) — contract service | Water chemistry testing · Chemical balance maintenance · Filtration monitoring · Log maintenance · DOH compliance documentation for warming pool and all plunge units | Minimum 3× per week · Daily if required by DOH | \$12,000–\$24,000/yr for contracted service                           | Colorado-certified CPO (NSPF/APSP) — not a general pool company     |
| In-house laundry — run by the team               | On-site washer/dryer operated by the management, front desk, lead, and barista team during their shifts                                                               | Daily                                          | \$23,725/yr (\$65/day — detergent, water, electricity, wear and tear) | No outside laundry service                                          |
| Sauna maintenance — manufacturer service         | Annual heater inspection · Bench treatment · Ventilation check · Controls calibration                                                                                 | Annual + as-needed                             | \$500–\$1,500/yr per unit                                             | Manufacturer service or certified HVAC/sauna tech                   |
| HVAC maintenance contract                        | Quarterly filter replacement · Annual service · Humidity control calibration — critical in a steam-producing environment                                              | Quarterly                                      | \$1,500–\$3,500/yr                                                    | Commercial HVAC contractor familiar with high-humidity environments |
| Cleaning — run by the team                       | Daily opening clean, shift-based spot cleaning, and weekly deep clean built into the daily duties of the management, front desk, lead, and barista positions          | Daily                                          | \$4,000/yr supplies                                                   | No outside cleaning service                                         |

| Service                   | Scope                                                                                                                                   | Frequency                   | Estimated Annual Cost                        | Vendor Type                      |
|---------------------------|-----------------------------------------------------------------------------------------------------------------------------------------|-----------------------------|----------------------------------------------|----------------------------------|
| Pest control              | Monthly preventive service — wet environments with organic product attract pests                                                        | Monthly                     | \$1,200–\$2,400/yr                           | Licensed commercial pest control |
| Plumbing service contract | Priority-response contract for drain issues, plunge plumbing, restroom fixtures — wet environment creates higher-than-average frequency | As-needed with priority SLA | \$500–\$2,000/yr retainer + hourly as needed | Licensed commercial plumber      |

## Professional Services Budget Summary

| Category                                                     | Estimated Annual Spend | Notes                                                                                                                                                                              |
|--------------------------------------------------------------|------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Legal — all services                                         | \$8,000–\$18,000/yr    | Higher in Year 1 (formation, waivers, employment docs) · Lower in Year 2+ (ongoing review)                                                                                         |
| Accounting — all services                                    | \$8,000–\$18,000/yr    | CPA + bookkeeper + payroll · Sage Intacct transition at multi-entity scale                                                                                                         |
| HR services                                                  | \$3,000–\$6,000/yr     | HR compliance platform + background checks · Workers comp separate · PEO benefits optional add-on when adopted                                                                     |
| Insurance — all policies                                     | \$23,000–\$50,500/yr   | GL, property, equipment breakdown, professional, abuse & molestation, umbrella, cyber, EPLI — the P&L's \$50,000 insurance line · workers' compensation sits in the payroll burden |
| Technology & software                                        | \$12,200–\$17,500/yr   | Zenoti multi-location account runs every location from Thresh 1 forward, with Naranga live from Thresh 2's opening                                                                 |
| Facilities & maintenance                                     | \$43,900–\$62,600/yr   | CPO contract (in Professional & Compliance Services) · in-house laundry (\$23,725) and cleaning supplies (\$4,000) · sauna, HVAC, pest, and plumbing service (in Repairs & Misc)   |
| TOTAL — annual support services and operating infrastructure | \$98,100–\$172,600/yr  | Each item maps to one P&L line: insurance, professional & compliance services, laundry, cleaning supplies, repairs & misc, technology                                              |

The professional services budget represents approximately 8–14% of stabilized revenue. Each item maps to one P&L line so nothing is counted twice: insurance policies other than workers' compensation in the \$50,000 insurance line; workers' compensation in the 18% payroll burden; the CPO contract, bookkeeping/CPA, legal, and HR in the \$30,000 professional and compliance services line; in-house laundry (\$23,725) and cleaning supplies (\$4,000) on their own lines; sauna, HVAC, pest, and plumbing service in the \$33,000 repairs and miscellaneous line; and technology in the Zenoti and other technology lines.

## SECTION 29

# Master Pre-Opening Checklist

This checklist is the operational bible from today through the first 90 days of operations. Every task is assigned to a department, sequenced by phase, and carries a completion standard — not just a description. A task is not complete until its standard is met. The checklist is organized into twelve functional departments: Legal, Accounting/Finance, Insurance, Construction/Build, Equipment/Vendors, Technology, Marketing/Membership, Human Resources/Hiring, Licensing/Compliance, Operations/Training, Safety, and Post-Opening (90 days).

This document transfers directly into the multi-unit SOP library — every checkbox completed at the flagship becomes a documented step in the pre-opening playbook for Thresh 2 and Location 3.

## Phase 1 — Foundation (Today Through Site LOI)

### Legal

| Task                                                                                                                 | Department        | Owner                  | Completion Standard                                                    | Priority       |
|----------------------------------------------------------------------------------------------------------------------|-------------------|------------------------|------------------------------------------------------------------------|----------------|
| Retain Colorado business attorney — formation and governance specialist                                              | Legal             | Co-Founders            | Signed engagement letter in file                                       | IMMEDIATE      |
| Retain securities counsel — confirm investor raise structure complies with Reg D or Colorado securities exemption    | Legal             | Co-Founders + Attorney | Written securities opinion or compliance confirmation                  | IMMEDIATE      |
| Thresh Holdings, LLC — confirm good standing with the Colorado Secretary of State (formed)                           | Legal             | Attorney               | Certificate of good standing · EIN on file                             | Week 1         |
| Draft and execute dual-class operating agreement — Class A (founder/company) and Class B-1 (Founding Investor Group) | Legal             | Attorney + Co-Founders | Fully executed operating agreement signed by all parties               | Week 2–3       |
| Form Thresh Flagship 1, LLC — operating entity                                                                       | Legal             | Attorney               | Filed Articles + EIN in hand                                           | Week 2         |
| Thresh Real Estate Holdings, LLC — formed only when Thresh acquires its first property                               | Legal             | Attorney               | Not part of launch — formed at the first property acquisition          | At acquisition |
| Draft investor subscription documents — Class B-1 unit purchase agreement                                            | Legal             | Attorney + Co-Founders | Subscription docs signed by all Class B-1 investors · Capital received | Week 3–4       |
| Thresh™ trademark — Class 044 application filed; monitor status                                                      | Legal / Trademark | Attorney               | USPTO serial number on file · ™ symbol applied to all materials        | Week 2         |

| Task                                                                   | Department        | Owner                  | Completion Standard                                      | Priority               |
|------------------------------------------------------------------------|-------------------|------------------------|----------------------------------------------------------|------------------------|
| Thresh™ trademark — Class 041 application filed; monitor status        | Legal / Trademark | Attorney               | USPTO serial number on file                              | Week 2                 |
| Draft guest waiver — heat, cold, water exposure, Colorado jurisdiction | Legal             | Attorney + Co-Founders | Attorney-signed waiver finalized<br>• Loaded into Zenoti | Before soft open       |
| Draft membership agreement — all four tiers                            | Legal             | Attorney               | Attorney-reviewed membership terms finalized             | Before pre-sale launch |
| Draft employee handbook — Colorado compliant                           | Legal / HR        | Attorney + Co-Founders | Handbook finalized • Ready for first hire acknowledgment | Before first hire      |

## Accounting & Finance

| Task                                                                                               | Department           | Owner                    | Completion Standard                                                     | Priority                  |
|----------------------------------------------------------------------------------------------------|----------------------|--------------------------|-------------------------------------------------------------------------|---------------------------|
| Retain hospitality/multi-unit CPA — before any entity elections are made                           | Accounting           | Co-Founders              | Signed engagement letter • Tax elections confirmed                      | IMMEDIATE                 |
| Open Thresh Holdings LLC bank account                                                              | Accounting / Finance | Co-Founders + CPA        | Business checking account open • Signatory confirmed                    | Week 1                    |
| Open Thresh Flagship 1 LLC bank account — separate entity, separate account                        | Accounting / Finance | Co-Founders + CPA        | Separate checking account — no commingling with Holdings                | Week 2                    |
| Set up QuickBooks Online — chart of accounts configured for hospitality/wellness                   | Accounting           | Bookkeeper + CPA         | QuickBooks live • Chart of accounts matching P&L structure in this plan | Week 3                    |
| Engage bookkeeper — monthly reconciliation service                                                 | Accounting           | Co-Founders              | Signed engagement • First month scope confirmed                         | Week 3                    |
| Set up Gusto payroll — employer account configured                                                 | Accounting / HR      | Bookkeeper               | Gusto account live • Test payroll run complete                          | Before first hire         |
| Establish investor reporting template — monthly P&L + operating summary                            | Accounting / Finance | Bookkeeper + Co-Founders | Template built in QuickBooks • First report generated at Month 1        | Before opening            |
| CPA confirms LLC tax elections (S-Corp, partnership, disregarded) for each entity                  | Accounting / Legal   | CPA + Attorney           | Written confirmation of all entity tax elections on file                | Week 2                    |
| Build financial model maintenance schedule — monthly actuals vs plan                               | Accounting / Finance | Bookkeeper + Co-Founders | Monthly review process established • Investor report cadence confirmed  | Before opening            |
| Confirm investor preferred return tracking system — principal balance and preferred return accrual | Accounting / Finance | Bookkeeper + CPA         | Running principal recovery tracker active in QuickBooks                 | Before first distribution |

## Insurance

| Task                                                                                       | Department        | Owner                           | Completion Standard                                                             | Priority                      |
|--------------------------------------------------------------------------------------------|-------------------|---------------------------------|---------------------------------------------------------------------------------|-------------------------------|
| Retain specialized wellness/hospitality insurance broker — not a general commercial broker | Insurance         | Co-Founders                     | Signed broker engagement · Concept description submitted for preliminary quote  | Week 1                        |
| Obtain GL quote — confirm sauna and cold plunge are covered, not excluded                  | Insurance         | Broker                          | Bindable quote in hand · Exclusions reviewed by founder and attorney            | Before lease LOI              |
| Obtain property quote — replacement cost, includes buildout, FF&E, equipment               | Insurance         | Broker                          | Bindable property quote in hand                                                 | Before lease LOI              |
| Obtain workers comp quote — wet/heat/cold environment job classification                   | Insurance         | Broker                          | Quote in hand · Classification confirmed · Premium factored into payroll model  | Before first hire             |
| Confirm landlord minimum coverage requirements before LOI is executed                      | Insurance / Legal | Co-Founders + Broker + Attorney | Landlord minimums confirmed in writing · Coverage meets or exceeds requirements | Before LOI                    |
| Bind GL, property, equipment breakdown, and EPLI — before lease is signed                  | Insurance         | Co-Founders + Broker            | All policies bound · COI issued · Certificate sent to landlord                  | Before lease execution        |
| Bind workers comp — before first hire is made                                              | Insurance         | Broker                          | WC policy active · Policy number on file                                        | Before first hire             |
| Bind cyber/data coverage — before Zenoti goes live with member data                        | Insurance         | Broker                          | Cyber policy bound                                                              | Before membership sales begin |

## Phase 2 — Site Control Through Permit Submission

### Construction & Buildout

| Task                                                                                                                                                                                            | Department               | Owner                      | Completion Standard                                                            | Priority   |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|----------------------------|--------------------------------------------------------------------------------|------------|
| Engage MEP engineer — site assessment BEFORE LOI is signed                                                                                                                                      | Construction             | Co-Founders + MEP Engineer | Written MEP assessment confirming site feasibility and estimated upgrade costs | Before LOI |
| Conduct DOH pre-application meeting — Colorado CDPHE and the county public health department (Arapahoe County Public Health or Douglas County Health Department) re: pool/plunge classification | Licensing / Construction | Co-Founders + Architect    | Written notes from meeting · Classification determination documented           | Before LOI |

| Task                                                                                                                                                                   | Department               | Owner                   | Completion Standard                                                                                                                                                                                                                 | Priority                                                                   |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|-------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------|
| Engage licensed architect — construction documents, ADA compliance, occupancy                                                                                          | Construction             | Co-Founders             | Signed architect engagement · Conceptual floor plan review complete                                                                                                                                                                 | At LOI execution                                                           |
| Engage aquatic / pool engineer — warming pool design and plunge filtration to DOH spec                                                                                 | Construction / Licensing | Architect + Co-Founders | Signed aquatic engineer engagement · DOH filing strategy confirmed                                                                                                                                                                  | At LOI execution                                                           |
| Execute LOI with NNN cap clause included                                                                                                                               | Legal / Construction     | Co-Founders + Attorney  | Executed LOI with NNN cap language confirmed in writing                                                                                                                                                                             | Q4 2026                                                                    |
| Negotiate landlord TI and rent abatement — target \$20-\$30/SF TI and 3-6 months abatement, including rent, NNN, and utilities during the build                        | Legal / Finance          | Co-Founders + Attorney  | TI and abatement terms confirmed in LOI before lease execution                                                                                                                                                                      | At LOI                                                                     |
| Execute final lease — reviewed by attorney before signing                                                                                                              | Legal                    | Attorney + Co-Founders  | Fully executed lease · NNN cap confirmed · Abatement confirmed · ADA obligations confirmed                                                                                                                                          | Q4 2026                                                                    |
| Submit building permit application — city/county building department (per finalist site)                                                                               | Construction / Licensing | Architect + GC          | Permit application submitted with construction documents                                                                                                                                                                            | Q4 2026                                                                    |
| Submit DOH CDPHE / county pool plan review and operating approval (confirm the current application with the applicable department) — pool operating permit application | Licensing                | Architect + Co-Founders | DOH application submitted with construction plans and fees                                                                                                                                                                          | Q4 2026                                                                    |
| Select and contract general contractor — competitive bid process                                                                                                       | Construction             | Co-Founders             | Signed GC contract · GC insurance and license confirmed                                                                                                                                                                             | Q4 2026                                                                    |
| Select sauna vendor — confirm UL/ETL listed units, lead times, installation requirements                                                                               | Equipment / Construction | Co-Founders             | Signed sauna purchase order · Lead time confirmed for Q4 delivery                                                                                                                                                                   | Q4 2026                                                                    |
| Order cold plunge equipment — 1 × Morozko XL Ice Plunge + 4 × BlueCube C3 60" — all outdoor-rated                                                                      | Equipment / Construction | Co-Founders             | Signed Morozko commercial purchase order + BlueCube 4-unit commercial order · Lead times confirmed (Morozko 8-9 wks, BlueCube 10-14 wks) · Airpuria financing approved for BlueCube units · Brickhouse/Geneva financing for Morozko | Order by the date the vendor lead time requires for the April 2027 opening |
| Select Smart Cooler vendor — unit type, branding, Zenoti integration confirmed                                                                                         | Equipment / Technology   | Co-Founders             | Signed Smart Cooler agreement · Branding specs submitted                                                                                                                                                                            | Q4 2026                                                                    |

| Task                                                                             | Department                | Owner       | Completion Standard                                                             | Priority |
|----------------------------------------------------------------------------------|---------------------------|-------------|---------------------------------------------------------------------------------|----------|
| Order FF&E — lounge seating, lockers, outdoor furniture, towel systems, lighting | Construction / Operations | Co-Founders | All FF&E orders placed with confirmed delivery dates within construction window | Q4 2026  |

## Technology — Configuration Phase

| Task                                                                                                      | Department                   | Owner                           | Completion Standard                                                                             | Priority                     |
|-----------------------------------------------------------------------------------------------------------|------------------------------|---------------------------------|-------------------------------------------------------------------------------------------------|------------------------------|
| Set up Zenoti account — multi-location configuration                                                      | Technology                   | Co-Founders + Ops               | Account active · Business info confirmed · Trial period initiated                               | Q4 2026                      |
| Configure Ember, Stone, Ritual, Passage membership tiers in Zenoti — all pricing including founding rates | Technology                   | Co-Founders + Ops               | All tiers live in system with correct pricing · Founding rate confirmed with expiration trigger | 8 weeks before opening       |
| Configure Zenoti branded member app — Thresh branding, colors, logo                                       | Technology                   | Co-Founders + Zenoti onboarding | App live in App Store and Google Play with Thresh branding                                      | 6 weeks before opening       |
| Load digital waiver into Zenoti — attorney-final version                                                  | Technology / Legal           | Co-Founders                     | Waiver loads on first visit for every new member · Test run confirmed                           | Before pre-sale launch       |
| Set up QuickBooks → Zenoti integration — test revenue flow                                                | Technology / Accounting      | Bookkeeper                      | Integration active · Test transaction flows correctly to QuickBooks                             | Before first membership sale |
| Set up Soundtrack Your Brand — commercial licensing activated · playlist direction set                    | Technology / Operations      | Co-Founders                     | Music playing in Zenoti account · Atmosphere confirmed                                          | During buildout              |
| Set up Google Workspace — business email for all team members                                             | Technology / HR              | Co-Founders                     | All team email addresses active before first day of employment                                  | Before first hire            |
| Configure Gusto payroll — employee profiles, bank info, tax withholding                                   | Technology / HR / Accounting | Bookkeeper + HR                 | First test payroll run complete                                                                 | Before first payroll         |
| Install and test security camera system — entrance, outdoor patio, Smart Cooler areas                     | Technology / Construction    | GC + Co-Founders                | All cameras live · Recording confirmed · Not installed in changing rooms                        | During buildout              |
| Test Zenoti check-in flow — iPad station, waiver pop-up, day pass purchase                                | Technology / Operations      | Harrison + Hollace              | Full member journey tested end-to-end without staff intervention                                | 1 week before soft open      |

## Phase 3 — Construction Active Through Staff Hired

### Marketing & Membership

| Task                                                                                                                            | Department             | Owner                  | Completion Standard                                                                                                          | Priority                       |
|---------------------------------------------------------------------------------------------------------------------------------|------------------------|------------------------|------------------------------------------------------------------------------------------------------------------------------|--------------------------------|
| Launch thresh.com (or chosen domain) — membership waitlist capture page                                                         | Marketing              | Co-Founders + Designer | Website live · Email capture form active · Thresh brand identity visible                                                     | Before any public announcement |
| Register and secure all social handles — @thresh @threshclub @threshwellness Instagram, TikTok, X                               | Marketing              | Co-Founders            | All handles secured · Profile images and bio consistent with brand                                                           | Immediately                    |
| Brief brand identity designer — logo, typography, color system                                                                  | Marketing              | Co-Founders + Designer | Logo finalized · Brand guidelines document complete                                                                          | Q4 2026                        |
| Create founding membership campaign assets — Ritual founding rates: \$75, \$149, \$159                                          | Marketing / Operations | Co-Founders + Designer | Campaign landing page live in Zenoti · Founding pricing visible · Scarcity (100 spots) communicated                          | 8 weeks before opening         |
| Activate founding membership pre-sale                                                                                           | Marketing / Membership | Hollace + Harrison     | First founding member signed with deposit · Sales tracker active · Weekly progress reported — all 100 secured before opening | Q4 2026                        |
| Launch community partnership outreach — run clubs, yoga studios, coffee shops, apartment communities in the flagship's corridor | Marketing              | Co-Founders            | 5+ active partnerships with cross-promotion agreements                                                                       | Q4 2026                        |
| Pre-opening event series — founding member preview nights                                                                       | Marketing / Operations | Harrison + Hollace     | At least 2 preview events before public launch · Founding members attend · Feedback collected                                | Late March – Early April 2027  |
| Local PR outreach — local city-specific magazines, Denver wellness blogs, local lifestyle press                                 | Marketing              | Co-Founders            | At least 2 press mentions or features before or at public launch                                                             | Q4 2026 — Q1 2027              |
| Design loyalty rewards from early member data                                                                                   | Marketing / Technology | Co-Founders + Ops      | Loyalty rewards defined after opening and configured in Zenoti                                                               | After opening                  |
| Founding member pre-opening communication sequence (8 weeks to opening day)                                                     | Marketing / Membership | Co-Founders            | All 6 pre-opening emails drafted and scheduled in Zenoti automation                                                          | 8 weeks before opening         |
| Optional: corporate wellness outreach — hospitality employers, healthcare orgs, tech companies in corridor                      | Marketing              | Co-Founders            | Conversations initiated where the fit is right                                                                               | As capacity allows             |

## Human Resources & Hiring

| Task                                                                                                                                                                       | Department      | Owner              | Completion Standard                                                                 | Priority                         |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|--------------------|-------------------------------------------------------------------------------------|----------------------------------|
| Document Harrison's flagship operating structure and Hollace's development/marketing structure — role split, daily rhythm, and the Thresh 2 succession plan                | HR / Operations | Co-Founders        | Shared operating agreement documented and filed with SOP library                    | Q4 2026 — before construction    |
| Finalize Harrison's and Hollace's equal (\$79,000 each) compensation — paid as guaranteed payments to members of Thresh Holdings, LLC, beginning four weeks before opening | HR / Operations | Co-Founders        | Compensation agreement signed and filed                                             | Q4 2026                          |
| Complete onboarding for Harrison and Hollace — guaranteed payment setup with the CPA, Google Workspace, handbook signed                                                    | HR              | Harrison + Hollace | Guaranteed payment schedule in place · Handbook acknowledgment signed               | Four weeks before opening        |
| Post Front Desk, Front Desk Lead, and Barista positions — 8 weeks before opening                                                                                           | HR / Operations | Harrison + Hollace | Job postings live · Interview process underway                                      | Q1 2027                          |
| Complete background checks on all candidates — Checkr or similar                                                                                                           | HR              | Harrison + Hollace | Background check completed and on file before any offer is extended                 | Rolling through hiring process   |
| Hire and onboard front desk team — 4 weeks before opening                                                                                                                  | HR / Operations | Harrison + Hollace | All front desk hires in Gusto · Paperwork complete · Handbook signed                | 4 weeks before opening           |
| Hire and onboard the Front Desk Lead and Barista — 4 weeks before opening                                                                                                  | HR / Operations | Harrison + Hollace | All Front Desk Lead and Barista hires onboarded                                     | 4 weeks before opening           |
| Certify all staff in CPR/AED/First Aid — American Heart Association or Red Cross                                                                                           | HR / Safety     | Harrison + Hollace | Every staff member certified before first shift · Certificates on file              | Before soft open                 |
| Complete Zenoti training for all staff — check-in, POS, waiver, day pass flow                                                                                              | HR / Technology | Hollace            | Every staff member completes training run · No errors in test scenario              | 1 week before soft open          |
| Contract yoga, breathwork, Pilates, and moonlight-session instructors — \$45 per class + \$2 per participant above 10                                                      | HR / Operations | Co-Founders        | Signed instructor agreements · 23-class weekly schedule built in Zenoti for Month 1 | 4 weeks before opening           |
| Hire CPO-certified pool service or contract CPO service for water maintenance                                                                                              | HR / Licensing  | Harrison + Hollace | CPO service contract signed · Water testing schedule confirmed                      | Before water features are filled |

## Licensing & Compliance

| Task                                                                                                                                                                                  | Department               | Owner                   | Completion Standard                                                                                                                                                           | Priority                                             |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|-------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------|
| Receive building permits — all required before construction begins                                                                                                                    | Licensing / Construction | Architect + GC          | All permits issued by city/county building department · Posted on site before ground breaks                                                                                   | Q4 2026 — before construction begins in January 2027 |
| Receive DOH pool operating permit approval — CDPHE / county pool plan review and operating approval (confirm the current application with the applicable department) process complete | Licensing                | Co-Founders + Architect | DOH operating permit in hand before water features are filled                                                                                                                 | Before soft open                                     |
| DOH pre-opening inspection — water features must pass before use                                                                                                                      | Licensing / Operations   | Co-Founders + CPO       | Inspection passed · Written approval received from Colorado CDPHE and the county public health department (Arapahoe County Public Health or Douglas County Health Department) | Before soft open                                     |
| Final occupancy inspection — city/county building department (per finalist site)                                                                                                      | Licensing / Construction | GC + Co-Founders        | Certificate of Occupancy issued · Posted in facility                                                                                                                          | Before soft open                                     |
| ADA compliance walkthrough with architect — confirm all accessibility requirements met                                                                                                | Licensing / Construction | Architect + Co-Founders | Architect sign-off on ADA compliance · Any deficiencies corrected before opening                                                                                              | Before soft open                                     |
| Post all required safety signage — sauna guidelines, plunge guidelines, pool rules, emergency exits                                                                                   | Licensing / Operations   | Harrison + Hollace      | All signage posted · Attorney has reviewed language                                                                                                                           | Before soft open                                     |
| Confirm business operating license — city/county business tax receipt (per finalist site)                                                                                             | Licensing                | Co-Founders             | Business tax receipt in hand · Posted as required                                                                                                                             | Before any revenue is collected                      |
| Confirm Colorado sales tax registration — Colorado DOR                                                                                                                                | Accounting / Licensing   | CPA + Co-Founders       | Sales tax registration number issued · Configured in Zenoti for applicable transactions                                                                                       | Before first sale                                    |

## Phase 4 — Final Build Through Soft Open

### Operations & Training

| Task                                                                     | Department | Owner              | Completion Standard                                                                                 | Priority                 |
|--------------------------------------------------------------------------|------------|--------------------|-----------------------------------------------------------------------------------------------------|--------------------------|
| Complete SOP library — all 16 required SOPs written, reviewed, finalized | Operations | Harrison + Hollace | Every SOP in written form · Attorney-reviewed where specified · Printed and posted at staff station | 2 weeks before soft open |

| Task                                                                              | Department               | Owner                   | Completion Standard                                                                         | Priority                  |
|-----------------------------------------------------------------------------------|--------------------------|-------------------------|---------------------------------------------------------------------------------------------|---------------------------|
| Staff SOP training — all team members walk through every SOP                      | Operations / HR          | Harrison + Hollace      | Training log signed by every team member for every SOP                                      | 1 week before soft open   |
| Full facility walkthrough — every zone tested, every system operating             | Operations               | Harrison + Hollace + GC | Punch list created and completed · No open construction items remain                        | 72 hours before soft open |
| Water features filled and tested — chemistry confirmed at DOH standard            | Operations / Licensing   | CPO + Co-Founders       | Water test results documented · DOH inspection passed                                       | 1 week before soft open   |
| Sauna commissioning — heaters tested, temperature verified, ventilation confirmed | Operations / Equipment   | Sauna vendor + GC       | All sauna units operating to specification · Heater guard and emergency shutoff confirmed   | 1 week before soft open   |
| Smart Cooler stocked and operational — first inventory load                       | Operations / Vendors     | Harrison + Hollace      | Smart Cooler live · Inventory entered in Zenoti · Test purchase processed                   | Before soft open          |
| AED unit mounted and registered — accessible to all staff                         | Operations / Safety      | Co-Founders             | AED mounted at visible, accessible location · Registered with local EMS · Battery confirmed | Before soft open          |
| Emergency response drill — all staff simulate CPR/AED/incident scenario           | Operations / Safety / HR | Harrison + Hollace      | Drill complete · All staff demonstrate correct response · Any gaps retrained                | Before soft open          |
| Opening inspection checklist executed — first official opening                    | Operations               | Hollace                 | Checklist signed · All systems confirmed operational · Water chemistry logged               | Soft open Day 1           |

## Equipment & Vendor Final Commissioning

| Task                                                                                          | Department               | Owner                       | Completion Standard                                                                                                                                                                                                                                     | Priority                 |
|-----------------------------------------------------------------------------------------------|--------------------------|-----------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|
| Sauna installation complete — all units tested by vendor representative                       | Equipment / Construction | Sauna vendor + GC           | Vendor sign-off document in file · All heaters operational to spec                                                                                                                                                                                      | 2 weeks before soft open |
| Cold plunge installation complete — all 5 outdoor units operational on covered patio          | Equipment / Construction | Vendors + GC                | Morozko XL (The Reach) operational at 48–52°F · 4 × BlueCube C3 operational at assigned temps (55°F/48°F/48°F/39°F) · All 5 units temperature-logged for 48 hours · DOH inspection passed · GFCI outdoor circuits confirmed · Shade structure installed | 2 weeks before soft open |
| Warming pool installation complete — pool permit issued, water tested, circulator operational | Equipment / Licensing    | Aquatic engineer + GC + CPO | DOH operating permit in hand · Pool chemistry in range · Circulation confirmed                                                                                                                                                                          | 2 weeks before soft open |

| Task                                                                                          | Department             | Owner                             | Completion Standard                                                               | Priority                |
|-----------------------------------------------------------------------------------------------|------------------------|-----------------------------------|-----------------------------------------------------------------------------------|-------------------------|
| Laundry system operational — washer/dryer installed and tested, or laundry service contracted | Equipment / Operations | Harrison + Hollace                | Laundry workflow confirmed · Par stock of towels on site                          | 1 week before soft open |
| Smart Cooler installed, branded, and connected — test transaction processed                   | Equipment / Technology | Smart Cooler vendor + Co-Founders | Unit operational · Branding applied · Test purchase with member account confirmed | 1 week before soft open |
| Confirm all vendor ongoing service agreements — CPO, cleaning, HVAC, laundry, pest control    | Operations / Vendors   | Harrison + Hollace                | All service contracts signed · First service dates confirmed                      | Before opening          |

## Phase 5 — Opening Through 90 Days Post-Launch

### First 30 Days — Establishing the Rhythm

| Task                                                                                | Department              | Owner                    | Completion Standard                                                                   | 30-Day Target                                            |
|-------------------------------------------------------------------------------------|-------------------------|--------------------------|---------------------------------------------------------------------------------------|----------------------------------------------------------|
| Membership conversion from day pass — track and report weekly                       | Membership / Marketing  | Harrison + Hollace       | Day pass to member conversion rate tracked in Zenoti · Weekly report to founder       | ≥25% of day pass visitors convert to trial or membership |
| First monthly P&L to investor group                                                 | Accounting / Finance    | Bookkeeper + Co-Founders | Month 1 P&L completed by Day 35 · Investor operating summary sent                     | P&L and operating summary delivered by Day 35            |
| Water chemistry logs — daily without exception                                      | Operations / Licensing  | CPO + Manager on duty    | Daily log posted and filled · No missed days                                          | 30/30 days logged — no gaps                              |
| Churn tracking activated — every cancellation documented with reason code           | Membership / Operations | Hollace + Zenoti         | Cancellation reason tracked for every departed member · Monthly churn rate calculated | Month 1 churn ≤ 5%                                       |
| Weekly staff meeting established — operations, safety, hospitality, member feedback | Operations / HR         | Harrison + Hollace       | Weekly meeting held every week · Notes documented and filed                           | 4 weekly meetings held                                   |
| SOP revision log started — any SOP that fails in operation is flagged and revised   | Operations              | Hollace                  | Revision log active · Any SOP deficiency corrected within 72 hours                    | Zero unresolved SOP failures at Day 30                   |
| Founding member 30-day check-in — personal acknowledgment from founder              | Membership / Marketing  | Co-Founders              | Personalized message or event for founding members at 30 days                         | Every founding member contacted by Day 30                |

| Task                             | Department             | Owner   | Completion Standard                                             | 30-Day Target                       |
|----------------------------------|------------------------|---------|-----------------------------------------------------------------|-------------------------------------|
| Day pass volume tracking — daily | Operations / Marketing | Hollace | Day pass count logged daily in Zenoti · Weekly average reported | ≥6 day passes/day average by Day 30 |

### Days 31-60 — Stabilization & Community Formation

| Task                                                                               | Department              | Owner                           | Completion Standard                                                                                           | 60-Day Target                           |
|------------------------------------------------------------------------------------|-------------------------|---------------------------------|---------------------------------------------------------------------------------------------------------------|-----------------------------------------|
| Month 2 P&L delivered to investor group                                            | Accounting              | Bookkeeper + Co-Founders        | P&L + operating summary delivered by Day 65                                                                   | On time                                 |
| Track member referrals and guest-pass conversions                                  | Marketing / Membership  | Harrison + Hollace              | Referral and guest-pass conversion tracked in Zenoti                                                          | ≥10 referral-sourced visitors by Day 60 |
| Stone-to-Ritual upsell tracking begins — monitor class attendance by Stone members | Membership / Operations | Hollace + Zenoti                | Class attendance by tier tracked weekly · Members approaching 3+ classes/month flagged for guide conversation | ≥5 Stone-to-Ritual upgrades by Day 60   |
| First community event — breathwork night, recovery workshop, or social sauna event | Marketing / Operations  | Harrison + Hollace + Instructor | Event held · At least 20 attendees · Feedback collected                                                       | First event by Day 45                   |
| Peak hour utilization review — actual vs modeled                                   | Operations / Finance    | Harrison + Hollace              | First peak-hour analysis completed · Reservation controls adjusted if needed                                  | Analysis complete by Day 45             |
| Smart Cooler inventory optimization — first reorder based on sales data            | Operations / Vendors    | Hollace                         | First inventory analysis from Smart Cooler data · Slow movers replaced · Fast movers restocked                | Inventory optimized by Day 45           |
| Gusto payroll confirmed accurate for 2 full payroll cycles                         | Accounting / HR         | Bookkeeper + Hollace            | Two clean payroll cycles with no corrections                                                                  | 2 clean payrolls by Day 60              |
| First KPI review with investor group — Month 1 actuals vs plan                     | Finance / Operations    | Co-Founders                     | Investor KPI review meeting or written report delivered                                                       | By Day 60                               |

### Days 61-90 — Operations Mature, Expansion Thinking Begins

| Task                                                                   | Department           | Owner                    | Completion Standard                                                                                 | 90-Day Target       |
|------------------------------------------------------------------------|----------------------|--------------------------|-----------------------------------------------------------------------------------------------------|---------------------|
| Quarterly financial review delivered to investors — Month 1-3 combined | Finance / Accounting | Co-Founders + Bookkeeper | Full quarterly package: P&L, operating summary, KPIs, member metrics, cash position, reserve status | Delivered by Day 95 |
| Shared GM/AGM structure review — first formal 90-day evaluation        | HR / Operations      | Co-Founders              | Written evaluation completed · Thresh 2 timeline and future GM/AGM hiring plan discussed            | Day 90              |

| Task                                                                                                          | Department           | Owner                  | Completion Standard                                                                                                                                                    | 90-Day Target                            |
|---------------------------------------------------------------------------------------------------------------|----------------------|------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------|
| SOP library finalization — all lessons from the first 90 days incorporated                                    | Operations           | Harrison + Hollace     | Current SOP library published · Printed copies current · Foundation for Thresh 2 playbook                                                                              | Day 90                                   |
| 90-day membership report — total members, tier distribution, churn, LTV projection                            | Membership / Finance | Hollace + Bookkeeper   | Report generated from Zenoti · Compared to plan assumptions                                                                                                            | Day 90 — key data for expansion decision |
| First expansion site review — is the four-condition test met for Thresh 2?                                    | Leadership / Finance | Co-Founders            | Four conditions evaluated: members 260+, profitability trajectory confirmed, flagship GM/AGM succession and Thresh 2 staffing readiness on track, SOP library complete | Decision documented by Day 90            |
| Vendor and in-house performance review — CPO and sauna vendors, plus the team's in-house cleaning and laundry | Operations           | Harrison + Hollace     | Each vendor reviewed for performance · Any underperforming vendor notified or replaced                                                                                 | Day 90                                   |
| Insurance renewal preparation — confirm all coverages current · No gaps                                       | Insurance / Finance  | Co-Founders + Broker   | All policies confirmed active · Any gaps identified and resolved                                                                                                       | Day 90                                   |
| Second trademark progress check — confirm Class 044 and 041 no Office Actions pending                         | Legal                | Co-Founders + Attorney | USPTO status confirmed · Any Office Action in process being managed                                                                                                    | Day 90                                   |

## Checklist Summary — Department Ownership

| Department           | Primary Owner                   | Task Count (approximate) | Critical Pre-Opening Deliverables                                           |
|----------------------|---------------------------------|--------------------------|-----------------------------------------------------------------------------|
| Legal                | Co-Founders + Attorney          | 12 tasks                 | Operating agreement · Subscription docs · Trademark · Waiver · Handbook     |
| Accounting / Finance | Co-Founders + CPA + Bookkeeper  | 10 tasks                 | Entity tax elections · QuickBooks live · Gusto live · Investor tracker      |
| Insurance            | Co-Founders + Broker            | 8 tasks                  | All policies bound before lease · COI to landlord · WC before first hire    |
| Construction / Build | Co-Founders + GC + Architect    | 14 tasks                 | Permits in hand before ground breaks · Punch list complete before soft open |
| Equipment / Vendors  | Harrison + Hollace + Vendors    | 12 tasks                 | All units installed and commissioned · Service contracts signed             |
| Technology           | Harrison + Hollace + Bookkeeper | 10 tasks                 | Zenoti live with all tiers · Gusto payroll · QuickBooks integration         |

| Department               | Primary Owner                   | Task Count (approximate) | Critical Pre-Opening Deliverables                                                                                                                       |
|--------------------------|---------------------------------|--------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------|
| Marketing / Membership   | Co-Founders + Designer          | 11 tasks                 | Website live · 100 founding members secured before opening                                                                                              |
| Human Resources / Hiring | Harrison + Hollace              | 11 tasks                 | Harrison fully staffed and running the flagship; Hollace's development and marketing function fully staffed · All staff CPR certified · Handbook signed |
| Licensing / Compliance   | Co-Founders + Architect         | 8 tasks                  | CO (Certificate of Occupancy) in hand · DOH permit in hand · Business tax receipt · Sales tax registered                                                |
| Operations / Training    | Harrison + Hollace              | 9 tasks                  | SOP library complete · Full facility tested · All staff trained · AED mounted                                                                           |
| Safety                   | Harrison + Hollace              | 5 tasks                  | Emergency drill complete · Signage posted · CPO contracted                                                                                              |
| Post-Opening (90 days)   | Harrison + Hollace + Bookkeeper | 24 tasks                 | Investor reports on time · Churn tracked · First expansion decision documented                                                                          |

**Investor Notice:** This material is for discussion purposes only and is not an offer to sell or a solicitation to buy securities. Forward-looking statements, projections, tax observations, franchise assumptions, and concept renderings are illustrative and subject to change. Legal and tax matters are subject to final counsel and CPA review.