

Special Risks to Consider About *This Franchise*

Certain states require that the following risks be highlighted:

1. **Out-of-State Dispute Resolution.** The Franchise Agreement requires you to resolve disputes with the franchisor by mediation, arbitration, and/or litigation only in Colorado. Out-of-state mediation and litigation may force you to accept a less favorable settlement for disputes. It may also cost you more to mediate, arbitrate, and litigate with the franchisor in Colorado than in your own state.
2. **Financial Condition.** The franchisor's financial condition, as reflected in its financial statements (see Item 21), calls into question the franchisor's financial ability to provide services and support to you.
3. **Mandatory Minimum Payments.** You must make minimum royalty or advertising fund payments, regardless of your sales levels. Your inability to make the payments may result in termination of your franchise and loss of your investment.
4. **Supplier Control.** You must purchase all or nearly all of the inventory or supplies that are necessary to operate your business from the franchisor, its affiliates, or suppliers that the franchisor designates, at prices the franchisor or they set. These prices may be higher than prices you could obtain elsewhere for the same or similar goods. This may reduce the anticipated profit of your franchise business.
5. **Short Operating History.** The franchisor is at an early stage of development and has a limited operating history. This franchise is likely to be a riskier investment than a franchise in a system with a longer operating history.
6. **Minimum Sales Performance.** You must maintain minimum sales performance levels. Your inability to maintain these levels may result in loss of any territorial rights you are granted, termination of your franchise, and loss of your investment.

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

CRM System

You will purchase the customer relationship management system (the “**CRM System**”) we designate. We currently serve as our own designated CRM System provider because our CRM System incorporates our proprietary materials, but we may change our designated supplier for the CRM System at any time. Fees for your CRM System are currently included as part of your monthly technology fee payments to us, but you may be required to pay us or third parties separately for your CRM System in the future.

Furnishings and Art

You will purchase all furnishings and art for your Portal Club including, without limitation, hooks, benches, seating, tables, storage, light fixtures, art, murals, and stained glass, from suppliers we approve or designate. We may change our approved or designated suppliers for furnishings and art at any time. We may designate ourselves or our affiliates as exclusive suppliers for certain furnishings and art items. You will purchase and maintain your furnishings and art as we direct in the Operations Manual.

Computer Hardware, Software, and Technology

You will use a computer system composed of computer hardware, software, and technology we approve (the “**Computer System**”). If you do not already have a Computer System that we deem adequate, you will purchase or lease a Computer System with the specifications described in Item 11. We estimate that the cost of a new Computer System will range from ~~\$2,0000.00~~ (if you already own the required items) to \$6,000.00. We may change our approved or designated suppliers for the components of the Computer System at any time. You may purchase or lease certain components of the Computer System from any supplier you choose as long as the components meet our specifications. You must purchase and maintain the components of your Computer System as we direct in the Operations Manual. We estimate the cost of Computer System maintenance will range from ~~\$5000.00~~ to ~~\$13,000.00~~ per year.

Insurance

You will purchase and continuously maintain the following minimum insurance coverage from an insurer acceptable to us and provide us with certified copies of each insurance policy within seven days of execution:

- (i) Insurance for your inventory, fixtures, furniture, equipment, and wares in an amount equal to not less than the full replacement cost thereof with coverage against all risks on a broad form basis;
- (ii) Commercial general liability and property damage insurance including personal injury liability, contractual liability, public liability and employer’s liability, advertising liability and non-owned auto liability coverage of not less than \$5,000,000.00 for any one occurrence and such greater amount as may be specified from time to time by us and tenant’s legal liability in an amount acceptable to the landlord of your Club Location;
- (iii) Commercial general liability and comprehensive vehicle insurance coverage on all vehicles used in the operation of your Portal Club;
- (iv) All insurance coverage required by the landlord of your Club Location;
- (v) Workers’ compensation or similar insurance as may be required by applicable law; and

(vi) Any other insurance as we or applicable law may reasonably require from time to time.

Insurance coverage must be obtained from insurers acceptable to us. You will furnish us with certified copies of each of the insurance policies described above within seven days of the execution of your Franchise Agreement. Each policy must provide that it cannot be cancelled without 15 days' written notice to us. You will promptly refer all claims or potential claims against you or us to your insurer and us.

We may require you to change your insurance coverage from time to time upon our written demand. All insurance policies must be renewed on a timely basis and copies of all policies and certificates together with evidence of payment of premiums must be delivered to us at least 30 days before the expiration of the policies. We may add to, change, or otherwise modify the types and amounts of coverage from time to time in the Operations Manual or otherwise to reflect industry practices and our experience.

All insurance coverage must be maintained under insurance policies issued by insurance carriers with a performance rating acceptable to us as described in the Operations Manual. All insurance policies will (i) name us as an additional insured, (ii) contain a waiver by the insurance carrier of all subrogation rights against us, our affiliates, officers, directors, and employees, and (iii) provide us with 30 days' written notice before the termination, cancellation, expiration, or modification of any policy. We may increase the minimum protection requirements as of the renewal date of any policy and may require different or additional kinds of insurance at any time, including excess liability (umbrella) insurance upon 30 days' notice.

Our corporate officers Will Drescher, John Drescher, and Denise Rahme own interests in Portal Consulting, Portal Dry Goods, Portal Events, Portal Insight, Portal Mobile Clubhouse, Portal Plunge, Portal Real Estate, and Portal Saunas, all of which are System suppliers.

We may negotiate purchase programs under which you can purchase items that meet our specifications. We may receive a commission on the sale of items sold under our purchase programs to franchisees by the manufacturer, supplier, or distributor on the compilation of mailing lists by outside suppliers and on items sold by us (that may include, without limitation, our handling charges). You may or may not receive any material benefits based on your use of designated or approved manufacturers, suppliers, or distributors. We did not derive income based on required purchases or leases in 2025, but may do so in the future.

We estimate that the costs of your purchases from designated or approved manufacturers, suppliers, or distributors according to our standards and specifications will range from 65% to 85% of the total cost of establishing your Portal Club and approximately 20% to 30% of the total cost of operating your TAB Business afterwards.

ITEM 9 **FRANCHISEE'S OBLIGATIONS**

This table lists your principal obligations under the Franchise Agreement, Development Agreement, and other agreements. It will help you find more detailed information about your obligations in these agreements and in other items of this Franchise Disclosure Document.

Obligation	Section in Franchise Agreement (FA) or Development Agreement (DA)	Franchise Disclosure Document Item
(a) Site selection and acquisition/lease	FA: Section 8. DA: Section 5.	Item 11.
(b) Pre-opening purchases/leases	FA: Sections 7, 8, and 9.	Items 5 and 7.

In addition to any Growth System Contributions you make, you will use your best efforts to promote and advertise your Portal Club and conduct any local marketing, advertising, and promotional programs we may require.

Client Loyalty, Gift Certificate, Gift Card, and Other Promotional Programs

We may establish and you will fully participate in advertising, sales, and promotional events and marketing programs that we, our affiliates, or our designees organize or conduct as developed from time to time including, without limitation, your participation in and acceptance of all client loyalty and reward programs, contests, sweepstakes, and other prize promotions, warranty programs, and such credit cards, courtesy cards, and other credit devices, programs, and plans as may be issued or approved by us from time to time. Any reasonable and customary service charges or discounts from reimbursements will be at your sole expense. You will honor any promotional materials issued by other franchisees presented to you for redemption and any coupons or similar promotional materials we prescribe. We will communicate to you in writing the details of any promotion and you will promptly display all point-of-sale advertising, marketing, and promotion-related information at the places we designate including, without limitation, on any vehicles you operate. You will purchase and distribute all coupons, clothing, and other collateral merchandise we designate.

To the extent that we develop or authorize the sale of gift cards, gift certificates, or stored value cards, you will acquire and use all computer software and hardware necessary to process their sale and to process purchases made using them at your expense. All proceeds from the sale of all gift cards, gift certificates, and stored value cards belong exclusively to us and you will remit the sales proceeds to us according to the procedures we prescribe. We will reimburse or credit you (at our option) for the redeemed value of gift cards or certificates and stored value cards you accept as payment for the Services and Products sold or offered by your Portal Club.

Grand Opening

We will assist you with your Grand Opening. You will provide us with a summary of your anticipated Grand Opening expenditures at least 30 days before your Portal Club opens to the general public. In connection with your Grand Opening, you will obtain appropriate third party services and purchase the necessary materials in consultation with us as we determine and approve. A Portal Club typically opens between six and eight months after the Portal Club's Franchise Agreement is signed.

Growth System Fund

We will administer the Growth System Fund. The Growth System Fund may be used for, without limitation, production and placement of media advertising, media relations salaries, administrative costs, and creating and testing direct response literature, social media, direct mailings, brochures, collateral material, advertising, surveys, or other public relations expenditures including agency costs, commissions, and other similar expenses. Advertising may be placed in local, regional, or national media of our choice including, without limitation, social media, online media, print, direct mail, e-mail messaging, or television. The Growth System Fund may be used to solicit franchisees. If you request, we will send you an unaudited statement describing Growth System Fund expenditures during the previous fiscal year. The Growth System Fund will not be audited and audited financial statements will not be available. We assume no direct or indirect liability or obligation to collect Growth System Contributions or to maintain, direct, or administer the Growth System Fund.

We may be reimbursed from the Growth System Fund for reasonable administrative costs, salaries, and overhead expenses related to the administration and operation of the Growth System Fund and its

programs. We may self-reimburse for certain Growth System Fund-related expenses including, without limitation, employee salaries.

In any fiscal year, an amount greater or less than the aggregate contribution of all franchisees to the Growth System Fund may be spent during that fiscal year. The Growth System Fund may borrow from us or other lenders to cover deficits or invest any surplus for future use on any terms that we determine. We may reimburse the loans from the Growth System Fund. Any amounts that remain in the Growth System Fund at the end of each fiscal year will accrue and we may apply them toward the next fiscal year's expenses. We may borrow excess funds from the Growth System Fund to support other efforts to develop the System.

We do not guarantee that advertising expenditures from the Growth System Fund will benefit you or any other franchisee directly or on a *pro rata* basis. We undertake no obligation to ensure that Growth System Fund expenditures in or affecting any geographic area are proportionate or equivalent to the contributions of franchisees operating in that geographic area or that any franchisee will benefit directly or in proportion to its contribution to the Growth System Fund from the development of advertising and marketing materials or the placement of advertising. Some participants in the Growth System Fund may contribute different amounts than other participants with our permission. Our company-owned Portal Clubs are not required to contribute to the Growth System Fund.

Computer System

We will designate the Computer System. The Computer System presently requires a minimum of one dedicated Apple iPad and one dedicated Apple iPhone. We estimate the cost to purchase the Computer System will range from \$0.00 (if you already own the required items) and \$6,000.00. Your Computer System will be used for general business purposes such as preparing financial reports, tracking sales information, and storing client information such as treatment and transaction history. We will have independent unlimited access to the data collected by your Computer System. ~~You will use the credit card processing devices that we specify. You may incur maintenance and upgrade expenses for your Computer System as required.~~

~~Except as described above, neither we nor any other party has any obligation to provide ongoing maintenance, repairs, upgrades, or updates to your Computer System. We are not aware of any optional or required maintenance, updating, upgrading, or support contracts relating to your Computer System.~~ You will maintain your Computer System in good working order at your expense. During the term of your Franchise Agreement, you may be required to update or replace components of your Computer System to conform to our then-current specifications at your expense. There are no contractual limitations on the frequency or cost of these updates. We estimate the replacement cost for your Computer System will range from \$1,000.00 to \$3,000.00. Neither we nor any other party has any obligation to provide ongoing maintenance, repairs, upgrades, or updates to your Computer System. We may change the software or technology that you must use or add new software or technology at any time. We may charge you for any software or technology that we license or sublicense to you.

Club Location and Construction Assistance

We will assist you with selecting a location for your Club Location and the construction of your approved Club Location. Unless we otherwise direct you in writing, you assume all cost, liability, expense, and ultimate responsibility for locating, securing, developing, constructing, and equipping a site for your Club Location within your Territory that meets our specifications. ~~You must obtain our approval of your proposed Club Location within 180 days of the date you sign your Franchise Agreement. To evaluate a proposed Club Location, we consider factors like general location and neighborhood, traffic~~

patterns, parking, size, layout, proximity to other Portal Clubs and similar businesses, and other physical characteristics. Before leasing or purchasing the site for your Club Location, you will submit to us a description of the site in the form we specify with any other information and materials we may reasonably require. We will have 30 days after we receive the information and materials to evaluate the proposed site. You must obtain our approval of your proposed Club Location within 180 days of the date you sign your Franchise Agreement. We may terminate the Franchise Agreement if you do not submit an approved site for your Club Location and then purchase or lease it within 180 days after signing the Franchise Agreement.

You will not make any binding commitment to a prospective landlord with respect to a proposed Club Location until the Club Location is approved by us in writing. Our approval of a Club Location will not constitute an express or implied representation, promise, warranty, recommendation, or endorsement by us that your Portal Club will be profitable or otherwise successful. Our approval only means that your proposed Club Location meets our minimum criteria for Club Locations in general.

Maintenance and Renovation

You may be required to renovate your Portal Club to meet our then-current configuration at any time we direct or when we agree to renew your franchise rights at your sole expense (a “**Renovation**”). Renovations may include, without limitation, changes to the interior and exterior decor, furniture, fixtures, equipment, small wares, and changes to the System to conform to our then-current look and feel. We cannot estimate the cost of a Renovation. The cost of any particular Renovation will depend on the amount of construction work necessary and may be considerable if your Portal Club requires extensive repair or updating. General maintenance of your Portal Club including, without limitation, repainting, replacing worn furniture, fixtures, and equipment, cleaning, and the like will not be deemed a Renovation. You must perform general maintenance as often as necessary to maintain a clean and attractive Portal Club.

Initial Training

We will provide one of your guarantors and up to three of your key employees with our initial training program for no additional fee. The initial training program will take place at your Club Location, our corporate offices, an existing Portal Club, the operating location of one of our affiliates or service providers, or another location we designate. You will bear all costs and daily living expenses including, without limitation, travel, accommodation, and transportation costs, wages, living expenses, and other miscellaneous expenses for your attendees. If you want to train more than four persons or if it becomes necessary to retrain a certain individual, we will charge you our then-current fees for the additional training. Your trainees must complete our initial training program to our satisfaction before your Portal Club opens to the general public, but in no event later than the earlier of (i) 30 days before the opening, or (ii) 120 days after the date you sign your Franchise Agreement. If your trainees fail to complete our initial training to our satisfaction within 120 days after the date you sign your Franchise Agreement, we may terminate your Franchise Agreement without refunding any amounts you have paid us. Each Club Location must be operated and supervised only by persons that have successfully completed all training we require.

The initial training program will review all aspects of operating your Portal Club including, without limitation, business training, technology training, and client relationship management training. The initial training will be for a period of two to three weeks.

Training instructional materials include, without limitation, the Operations Manual, slides, videos, on-line training programs, handouts, audio presentations, and video presentations. The subjects covered in each portion of the initial training program and the approximate amount of time devoted to each subject is described below. The initial training program may be modified in our discretion. The exact number and distribution of hours of classroom training may vary.

TRAINING SCHEDULE

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
Brand Standards, Culture, and Ethos	4	0	Boulder, Colorado, Denver, Colorado, or as we designate
Facility Build-Out and Compliance	6	6	Boulder, Colorado, Denver, Colorado, or as we designate
Sauna and Cold Plunge Operations, Maintenance, and Safety	6	10	Boulder, Colorado, Denver, Colorado, or as we designate
Membership Sales, Marketing, and Community Engagement	10	6	Boulder, Colorado, Denver, Colorado, or as we designate
Staff Recruiting, Training, and Management	8	8	Boulder, Colorado, Denver, Colorado, or as we designate
Customer Service and Member Experience	4	6	Boulder, Colorado, Denver, Colorado, or as we designate
Technology and Booking Software	6	2	Boulder, Colorado, Denver, Colorado, or as we designate
Financial Management, Reporting, and Recordkeeping	6	2	Boulder, Colorado, Denver, Colorado, or as we designate
Pre-Opening On-Site Training	0	20	Boulder, Colorado, Denver, Colorado, or as we designate
Total	50	60	

Our training is mostly conducted either at our company’s office headquarters in Boulder, Colorado or our company-owned Club in Denver, Colorado. The training is primarily overseen by the personnel disclosed in Item 2. Additional trainers may participate and will have at least one year’s experience in the subjects they will be responsible for. Training materials include the Operations Manual and other relevant materials.

Additional Training

From time to time, we may require that you, your key personnel, or your other employees attend system-wide refresher or additional training courses in our discretion. Any new key personnel you hire or retain will comply with our training requirements within a reasonable time we specify. New personnel training generally occurs at one of our company-owned or affiliated locations, but we may schedule the training at another site. You will not permit the management of your Portal Club’s operations on a regular basis by any person who has not successfully completed all training we require to our satisfaction. Without limiting the generality of the foregoing, you may choose to send additional managers or employees for initial training or any subsequent mandatory or optional training provided that we determine that space is available, you pay us our then-current applicable fees, and you pay all costs and daily living expenses

Provision	Section in Franchise Agreement	Summary
		franchise operated under a direct agreement with us, (iii) authorize or allow independent contractors or any third party with whom you transacts business to use or have access to our Confidential Information and Trade Secrets, (iv) carry on, be engaged in, be concerned with, be interested in, or advise, lend money to, guarantee the debts or obligations of, or permit any part of your name to be used or employed in a competitive business individually, in partnership, jointly, or in conjunction with any related party or person, firm, association, syndicate, or corporation, as principal, agent, shareholder, advisor, consultant, or in any manner whatsoever, or (v) directly or indirectly engage in any activities that would be detrimental to or interfere with our operation, reputation, or goodwill or that of your Portal Club or the System. <u>Subject to applicable state law.</u>
(r) Non-Competition Covenants After the Franchise is Terminated or Expires	Section 15.	(i) You, your guarantors, and each of your respective related parties, officers, directors, shareholders, partners, employees, consultants, distributors, agents, or the members of your or their immediate families or households who have access to or knowledge of the System or the Operations Manual will not have any direct or indirect interest as a disclosed or beneficial owner, investor, partner, director, officer, employee, consultant, representative, adviser or agent in a competitive business within ten miles of your Club Location or the Club Location of any other Portal Club, and (ii) you will not on your own behalf or on behalf of or in connection with any person or entity directly or indirectly interfere or attempt to interfere with the System or persuade or induce or attempt to persuade or induce any of our or our affiliates' franchisees,

Provision	Section in Franchise Agreement	Summary
		prospective franchisees, customers, prospective customers, employees, or suppliers to discontinue or alter such person's relationship with us or otherwise denigrate our reputation or undermine our goodwill or the Trademarks in any manner whatsoever. <u>Subject to applicable state law.</u>
(s) Modification of the Agreement	Section 18.	No modifications generally, but the Operations Manual may change.
(t) Integration/Merger Clause	Section 18.	Any representations made outside of the Franchise Disclosure Document or your Franchise Agreement may not be enforceable. Only the terms of your Franchise Agreement are binding (subject to applicable state law).
(u) Dispute Resolution by Arbitration or Mediation	Section 18.	Except for actions brought for injunctive or extraordinary relief, the following actions are subject to arbitration: actions involving (i) the Trademarks or other intellectual property, (ii) violations of the noncompete and confidentiality requirements, or (iii) actions solely relating to monetary obligations.
(v) Choice of Forum	Section 18.	Colorado (subject to applicable state law).
(w) Choice of Law	Section 18.	Colorado (subject to applicable state law).

If a state regulator requires us to make additional disclosures related to the information contained in this Franchise Disclosure Document, these additional disclosures are contained in the State Law Addenda and Amendments included in this Franchise Disclosure Document as Exhibit G.

ITEM 18
PUBLIC FIGURES

We do not use any public figures to promote our franchises.

ITEM 19
FINANCIAL PERFORMANCE REPRESENTATIONS

The FTC's Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets, if there is a reasonable basis for the information, and if the information is included in the Franchise Disclosure Document. Financial performance information that differs from that included in Item 19 may be given only if (i) a franchisor

MINNESOTA

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

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

1. The following is added at the end of each chart in Item 6:

With respect franchises governed by Minnesota law, the fee for insufficient funds will not exceed \$30.00.

2. The following is added at the end of the chart in Item 17:

With respect to franchises governed by Minnesota law, we will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4, and 5 that require, except in certain specified cases, that you be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the franchise agreement.

Pursuant to Minn. Stat. §80C.21 and Minn. Rule Part 2860.4400J, these sections will not in any way abrogate or reduce your rights as provided in Minnesota Statutes 1984, Chapter 80C, including the right to submit matters to jurisdiction of the courts of Minnesota.

Any release as a condition of renewal or assignment/transfer will not apply to the extent prohibited by applicable law with respect to claims arising under Minn. Rule 2860.4400D.

Minnesota Rule Part 2860.4400J prohibits you from waiving your rights to a jury trial or waiving your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction, or consenting to liquidated damages, termination penalties or judgment notes.

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