STRICTLY CONFIDENTIAL · A LEVEL ALLIANCES LLC

Sell less.
Own more.

A revised proposal to Paul Chapuis: A Level Alliances acquires 60% of OnQ — and Paul keeps 40% of everything that is built on it.

OnQ Solutions × Atmosphere™ · 5th Wall Phygital Elements

November 2026

WHY ONQ

The scan said so — fifteen months, one conclusion

From March 2025 to June 2026, ALA field-scanned U.S. manufacturers across three categories — retail fixtures, trade-show builds and street furniture. The field turned out to be a set of near-identical copies, each differentiated by one narrow capability.

One company stood apart as the only manufacturer with the potential to blend physical and digital: **OnQ**. That is why ALA is not shopping — it is proposing a partnership of owners.

$49M

2025 revenue — up 51.6% on 2024

$60M · $5.9M

2026P revenue · adjusted EBITDA

2004

Founded by Paul Chapuis · Akron, OH · 101 employees

Sources: ALA field scan 2025–26 · Project Polaris CIM, Q3 2026 (Northern Edge)

A SEQUENCE CORRECTION — NOT A NEW DEAL

The 1 November letter stands

What does not change

- The intent to combine OnQ and Atmosphere
- Independent valuation discipline, tested against the Northern Edge process
- Cole-Frieman & Mallon as legal ally for the structure
- Paul leading the operating company he founded

What changes

- Scope: 100% acquisition → **60%**, Paul retains 40%
- The $12M alliance participation fee → **dropped entirely**
- Funding: raise before building → **raise after the pilot proves it**
- Paul's seat: seller at the table → **co-owner of the platform**

THE MOVE

One platform, two owners



ALA acquires 60% of OnQ; the Atmosphere / ALA project portfolio moves under the OnQ umbrella.

THE PLATFORM PRINCIPLE

Everything lands on OnQ's balance sheet.

The Atmosphere / ALA project portfolio moves under the OnQ umbrella. Investment funds do not buy into side vehicles — they enter through OnQ shares.

One cap table
Every owner and every investor on the same register.

One balance sheet
Funds, working capital and project assets in one place.

One valuation event
The pilot reprices the whole platform at once.

FUNDING AT CLOSE

One fund, two uses

≈ $18M

60% of OnQ

At the ≈$30M reference value for 100% — indicative; the $25–35M band is not yet verified and will be tested against the Northern Edge process.

$10M

Working capital

Raised onto OnQ's own balance sheet at close. Rev.05 puts one box's net capex at $8.8M — the pilot fits inside this budget, with margin.

Total raise at close: ≈ $28M ≈ $25–31M across the valuation band

All figures indicative and subject to independent valuation · Capex reference: Rev.05 Financial Database, 10 Sep 2026.

POC-FIRST

The owner builds its own pilot

The $12M alliance participation fee is gone — there is nothing left to buy into. OnQ is not a supplier joining someone else's venture. **OnQ owns the venture.**

No fee

Participation is ownership, not a ticket. No cash leaves the group to a third party.

Own budget

The Austin PoC is funded from OnQ's $10M working capital, raised at close.

Own factory

Every fixture and system is built in Akron. The spend stays in OnQ's own plant.

PROOF OF CONCEPT

Austin — the pilot market

The Gen Z capital. One vacant big box — or one anchor position in a B/C/D-location mall — converted into the first Atmosphere Phygital Marketplace.

Built by OnQ, in Akron, on OnQ's budget: the pilot is the platform's first customer and its first showroom at once.

[Site search opens at close — target site TBD]

What the pilot must prove

- Member and revenue ramp tracking the Rev.05 realistic curve — a single box reaches $20.0M revenue and $9.9M EBITDA by Year 5
- Membership and Position sales — the usage-right model clears the market
- The four systems in live operation: OffNdOn, HuxNet, PingPod, Fifth Signal

THE SEQUENCE

Close → build → prove → raise

01

Close

ALA 60% / Paul 40%. ≈$18M purchase + $10M working capital funded.

02

Build

Austin PoC on OnQ's own budget, made in Akron.

03

Prove

The pilot runs 6–18 months: RevPAM, memberships, Positions.

04

Reprice & raise

OnQ revalued with Atmosphere merged; the round opens on proven numbers — sized to Rev.05's $60.7M peak equity need.

Closing of the combination is tied to the funding round; the round is tied to the pilot.

THE QUESTION FOR PAUL

What is 40% worth in eighteen months?

Platform value after pilot	Paul's 40%	+ ≈$18M close cash	vs. 100% today (≈$30M)
$100M — OnQ + 1 box	$40M	$58M	1.9×
$170M — OnQ + 2 boxes	$68M	$86M	2.9×
$240M — OnQ + 3 boxes	$96M	$114M	3.8×

Selling 100% today caps the outcome at ≈$30M — once, in cash, unverified. Keeping 40% keeps the compounding; the ≈$18M is received at close in every scenario.

Anchors: Rev.05 Financial Database (10 Sep 2026), realistic case — mechanics on the next slide. OnQ band ($25–35M) unverified.

THE VALUATION MECHANICS — FROM THE REV.05 MODEL

Where $100M, $170M and $240M come from

≈ $30M

The baseline — standalone OnQ

≈5× 2026P adjusted EBITDA ($5.9M): a manufacturer's multiple on a manufacturer's earnings. On its own history alone — ALA's thesis — OnQ stays in this band.

$100M

OnQ + the first box proven

One stabilized box: $9.9M Year-5 EBITDA × 7 — the model's own exit reference — ≈ $69M, plus OnQ at its band. The round prices the unit economics the pilot proves.

$170M

Two boxes of visibility

The pilot plus the first rollout site, on the same realistic unit economics — $20.0M revenue, 49% EBITDA margin per box — each one a build order for OnQ's Akron plant.

$240M

Three boxes — the rollout begins

Three boxes live or committed, on the path to the model's fifty-site rollout — where the round itself is sized by the model: a $60.7M peak equity need.

Standalone, OnQ stays in today's band. Everything above it is alliance-made — and Paul owns 40% of all of it.

Anchors: Rev.05 Financial Database, 10 Sep 2026 — realistic case. Today's OnQ band ($25–35M) unverified.

THE COMPARISON

The three futures of Paul's 40%

Paul's position	Sell 100% today	No deal — 5y standalone	With ALA — close + 18 mo	With ALA — Year 5 (theory)
Cash	$25–35M, if an offer lands	$0	≈$18M at close	≈$18M, plus a secondary option in the round
Equity	$0	100% × $30–50M	40% × $100–240M = $40–96M	~30% diluted × ~$1B ≈ $300M
Total	$25–35M	$30–50M	$58–114M	~$320M
Risk	None — and no upside	Full and concentrated	Shared, pilot-gated	Spread across ~15 sites

Downside honesty: if the pilot fails (Rev.05 pessimistic, ≈$0 box EBITDA), Paul holds ≈$18M in cash plus 40% of OnQ back at its standalone band.

Standalone path: extrapolated from OnQ's own 2022–26 history (Polaris CIM). Year-5 column: Rev.05 theory (~15 boxes ≈ $1B EV), ~$170M-pre dilution illustration. All unverified.

THE SELLER'S CASE

Why this is Paul's best trade

Cash on day one

≈$18M at close. No earn-out, no waiting on profit distributions.

40% of everything

Not 40% of a fixture plant — 40% of the platform every alliance project lands on.

The valuation reset

The pilot and the Atmosphere merger reprice OnQ before any further sale is even discussed.

A real liquidity path

The post-pilot funding round creates a priced market for the 40% — on Paul's timetable.

NEXT STEPS

Four moves to close

1 **Valuation test**
Confirm the $25–35M reference band independently, in step with the Northern Edge process.

2 **Papers**
Cole-Frieman & Mallon drafts the 60/40 structure, close mechanics and governance.

3 **Site**
Austin search opens: one vacant big box or B/C/D-mall anchor. [Site TBD]

4 **Close & build**
Target close [date TBD]; the PoC build starts on OnQ's budget immediately after.

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