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FRANCHISE DISCLOSURE DOCUMENT

PSP FRANCHISE OPERATIONS SPV, LLC
A Delaware Limited Liability Company
17410 College Parkway
Livonia, MI 48152-2369 (734) 793-6600
franchise@petsuppliesplus.com
http://www.petsuppliesplus.com

The franchise offered is for the establishment and operation of retail stores offering pet food, pet supplies, pets, pet grooming and bathing services, and related products and services under the Pet Supplies Plus® mark and system.

The total investment necessary to begin operation of a Pet Supplies Plus® franchise is $540,520 to $1,975,005. This includes $223,170 to $356,200 that must be paid to the franchisor or an affiliate.

Franchisor also offers Multi-Unit Agreement for the establishment and operation of two or more Pet Supplies Plus® stores in a specified development area. The total investment necessary to begin operation of a multi-unit business for three Stores is $610,520 to $2,045,005, which includes your multi-unit fee for the right to develop three Stores, as well as the initial investment to open and begin operating your first Store. This includes $343,070 to $476,100 that must be paid to the franchisor or an affiliate.

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

You may wish to receive your Disclosure Document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Julie Lawler-Hoyle at 17410 College Parkway, Livonia, MI 48152-2369 or at (734) 793-6548.

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

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

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

Issuance Date: December 19, 2025

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How to Use This Franchise Disclosure Document

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

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

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What You Need to Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

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

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Special Risk(s) to Consider About *This* Franchise

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

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

2. **Spousal Liability.** Your spouse must sign a document that makes your spouse liable for all financial obligations under the franchise agreement even though your spouse has no ownership interest in the franchise. This guarantee will place both your and your spouse's marital and personal assets, perhaps including your house, at risk if your franchise fails.

3. **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.

4. **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.

5. **Inventory Control.** You must maintain inventory and supply worth $170,000 to $290,000, even if you do not need that much. Your inability to make these purchases or to maintain inventory levels at all times may result in 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.

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THE FOLLOWING DISCLOSURES APPLY ONLY TO TRANSACTIONS GOVERNED BY THE MICHIGAN FRANCHISE INVESTMENT LAW

THE STATE OF MICHIGAN PROHIBITS CERTAIN UNFAIR PROVISIONS THAT ARE SOMETIMES IN FRANCHISE DOCUMENTS. IF ANY OF THE FOLLOWING PROVISIONS ARE IN THESE FRANCHISE DOCUMENTS, THE PROVISIONS ARE VOID AND CANNOT BE ENFORCED AGAINST YOU.

Each of the following provisions is void and unenforceable if contained in any documents relating to a franchise:

(a) A prohibition on the right of a Franchisee to join an association of franchisees.

(b) A requirement that a Franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this Act. This shall not preclude a Franchisee, after entering into a Franchise Agreement, from settling any and all claims.

(c) A provision that permits a Franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the Franchisee to comply with any lawful provision of the Franchise Agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.

(d) A provision that permits a Franchisor to refuse to renew a franchise without fairly compensating the Franchisee by repurchase or other means for the fair market value at the time of expiration of the Franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the Franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation.

This subsection applies only if:

(i) the term of the franchise is less than 5 years; and

(ii) the Franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the Franchisee does not receive at least 6 months' advance notice of Franchisor's intent not to renew the franchise.

(e) A provision that permits the Franchisor to refuse to renew a franchise on terms generally available to other Franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.

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(f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the Franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.

(g) A provision which permits a Franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a Franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:

(i) The failure of the proposed transferee to meet the Franchisor's then current reasonable qualifications or standards.

(ii) The fact that the proposed transferee is a competitor of the Franchisor or Subfranchisor.

(iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.

(iv) The failure of the Franchisee or proposed transferee to pay any sums owing to the Franchisor or to cure any default in the Franchise Agreement existing at the time of the proposed transfer.

(h) A provision that requires the Franchisee to resell to the Franchisor items that are not uniquely identified with the Franchisor. This subdivision does not prohibit a provision that grants to a Franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the Franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if the Franchisee has breached the lawful provisions of the Franchise Agreement and has failed to cure the breach in the manner provided in subdivision (c).

(i) A provision which permits the Franchisor to directly or indirectly convey, assign, or otherwise transfer its obligations to fulfill contractual obligations to the Franchisee unless provision has been made for providing the required contractual services.

THE FACT THAT THERE IS A NOTICE OF THIS OFFERING ON FILE WITH THE ATTORNEY GENERAL DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION, OR ENDORSEMENT BY THE ATTORNEY GENERAL.

IF YOU HAVE ANY QUESTIONS ABOUT THIS NOTICE, DIRECT THEM TO THE DEPARTMENT OF THE ATTORNEY GENERAL OF THE STATE OF MICHIGAN, 670 LAW BUILDING, 525 WEST OTTAWA, LANSING, MICHIGAN 48913 (517) 373-7117.

If this Franchise Disclosure Document has been registered in any of the states listed in the State Effective Dates Page the effective date of that authorization is listed in that Page.

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TABLE OF CONTENTS

Item **Page**

ITEM 1 THE FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES 1
ITEM 2 BUSINESS EXPERIENCE 4
ITEM 3 LITIGATION 4
ITEM 4 BANKRUPTCY 5
ITEM 5 INITIAL FEES 5
ITEM 6 OTHER FEES 7
ITEM 7 ESTIMATED INITIAL INVESTMENT 14
ITEM 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES 19
ITEM 9 FRANCHISEE'S OBLIGATIONS 22
ITEM 10 FINANCING 24
ITEM 11 FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS, AND TRAINING 24
ITEM 12 TERRITORY 31
ITEM 13 TRADEMARKS 33
ITEM 14 PATENTS AND COPYRIGHTS AND PROPRIETARY INFORMATION 39
ITEM 15 OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS 40
ITEM 16 RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL 41
ITEM 17 RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION 42
ITEM 18 PUBLIC FIGURES 53
ITEM 19 FINANCIAL PERFORMANCE REPRESENTATIONS 53
ITEM 20 OUTLETS AND FRANCHISEE INFORMATION 58
ITEM 21 FINANCIAL STATEMENTS 69
ITEM 22 CONTRACTS 69
ITEM 23 RECEIPTS 69

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Exhibits:

Exhibit A	List of State Administrators
Exhibit B	PSP's Agents for Service of Process
Exhibit C	Table of Contents to the Operations Manual
Exhibit D	List of Franchisees
Exhibit E	Financial Statements
Exhibit F	Franchise Agreement
Exhibit G	Multi-Unit Agreement
Exhibit H	State Specific Disclosures-Addendums and Agreement Amendments
Exhibit I	Sample Assignment and Assumption of Franchise Agreement
Exhibit J	Conversion Addendum
Exhibit K	Equipment Sublease Agreement
Exhibit L	Receipts

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ITEM 1
THE FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES

To simplify the language in this Disclosure Document, "PSP," "we," or "us," means PSP Franchise Operations SPV, LLC, the franchisor. "You" means each person who buys the franchise, and includes your owners and principals if you are a corporation, limited liability company, or other business entity.

The Franchisor

PSP is a Delaware limited liability company formed on February 8, 2024. Our principal business address is 17410 College Parkway, Livonia, MI 48152-2369, telephone number (734) 793-6600. We do business under our corporate name and the trademark Pet Supplies Plus®. We offer franchises for the establishment, development, and operation of retail pet food and supply stores operating under the Pet Supplies Plus® mark and system ("Pet Supplies Plus® Stores" or "Stores"). We began offering Pet Supplies Plus franchises in December 2025 following the closing of the Securitization Transaction described below. We do not operate any franchises of the type being offered under this Disclosure Document. We have not conducted business in any other line of business, nor offered franchises in any other line of business. A list of our agents for service of process is attached as Exhibit B to this Disclosure Document.

The Pet Supplies Plus® Business

Pet Supplies Plus® Stores offer a wide variety of pet food, pet supplies, pets (including small animals, birds, reptiles, and fish, but not dogs or cats), pet grooming and bathing services, and related products and services in a clean, bright, retail environment. Each Store operates according to our proprietary business system, which includes: (a) uniform standards and specifications for providing pet products and services for retail sale; (b) access to our supplier networks; (c) specifications for interior and exterior construction, design, and layout; (d) specifications for furniture, fixtures, and equipment; (e) sales techniques; (f) merchandising, marketing, advertising, and inventory management systems; and (g) other general procedures for operating and managing a retail Store (the "System"). Stores offer the convenience of wide aisles, well-stocked display shelves, and helpful signage.

We identify the System by means of certain trade names, service marks, trademarks, logos, emblems, and indicia of origin, including, but not limited to, the "Pet Supplies Plus®" mark, distinctive trade dress, and such other trade names, trademarks, and service marks as we now or in the future may designate in writing for use in connection with the System (the "Marks"). We continue to develop, use, and control the use of the Marks in order to identify for the public the source of products and services marketed under the System, and to represent the System's high standards of quality, appearance, and service, which may include private label products, including but not limited to pet food, pet supplies, and pet accessories to be offered to the public under the Marks we designate ("Proprietary Products").

A copy of our single unit "Franchise Agreement" is attached as Exhibit F to this Disclosure Document. If you already operate a retail pet store that we approve for conversion to a Pet Supplies Plus Store, you will also enter into the Conversion Addendum attached as Exhibit J to this Disclosure Document.

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Multi-Unit Program

In addition to our single-unit offering, we grant qualified individuals the right to own and operate multiple Stores (usually two or three Stores) through a Multi-Unit Agreement. A copy of our Multi-Unit Agreement is attached as Exhibit G to this Disclosure Document. You must sign our then-current form of Franchise Agreement, which may differ from the current Franchise Agreement included with this Disclosure Document, for each store developed under a Multi-Unit Agreement.

Predecessors

Our immediate predecessor is PSP Franchising, LLC ("PSP Fran"), a Delaware limited liability company formed on July 12, 2010. PSP Fran offered franchises to operate retail pet food and supply stores under the name Pet Supplies Plus from September 2010 to December 2025.

PSP Fran had one predecessor, Pet Supplies "Plus"/USA, Inc. ("PSPUSA"). PSPUSA was incorporated in Michigan on October 24, 1991 and offered franchises to operate retail pet food and supply stores under the name Pet Supplies Plus from 1991 to September 2010.

We are now the exclusive franchisor of Pet Supplies Plus franchises. Any historical information contained in this disclosure document relating to the events before December 5, 2025 represents information about our predecessors.

Parents

Our parent companies include PSP Group, LLC, a Delaware limited liability company, Pet Supplies Plus, LLC, a Delaware limited liability company, PSP Midco, LLC, a Delaware limited liability company, Pet Supplies Plus Newco PSP, LLC, a Delaware limited liability company, Pet Supplies Plus Intermediate PSP, LLC, a Delaware limited liability company, which share a principal business address at 17410 College Parkway, Livonia, MI 48152-2369, and Fusion Buyer, LLC, a Delaware limited liability company, Fusion Intermediate LLC, a Delaware limited liability company, and Fusion Parent LLC, a Delaware limited liability company, which share a principal business address at 2371 Liberty Way, Virginia Beach, Virginia 23456.

On June 6, 2025, as a result of the restructuring transactions effectuated under the terms of the Plan and Confirmation Order (each as defined in Item 4), Fusion Parent, LLC ("Fusion Parent"), a newly created Delaware limited liability, became the ultimate parent of Franchise Group Newco PSP, LLC and, as a result, Fusion Parent became the parent company of our predecessor, PSP Franchising, LLC. The principal business address of Fusion Parent is 2371 Liberty Way, Virginia Beach, Virginia 23456. Fusion Parent has not offered or sold PSP franchises or franchises in any other line of business.

At the same time as the Securitization Transaction described below, Fusion Parent completed an internal restructuring in which non-PSP entities were spun off into a newly formed holding company, separate from Fusion Parent. This restructuring effectively separated the Pet Supplies Plus entities from all entities previously owned by Franchise Group.

Affiliates

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Our affiliate PSP Group, LLC, ("PSP Group") is a Delaware limited liability company that, through a management agreement with the Securitization Entities, performs certain franchising, marketing, funds and data processing, product and supplies sales, real estate, licensing, sublicensing, intellectual property and operating, reporting and support services on behalf of the Securitization Entities.

Our affiliate PSP Store Operations SPV, LLC ("PSP Stores") is a Delaware limited liability company that operates affiliate-owned stores that are similar to the franchises offered under this Disclosure Document.

Our affiliate PSP Distribution Operations SPV, LLC ("PSP Distribution") is a Delaware limited liability company that sells goods for resale to all Pet Supplies Plus® stores. For many Pet Supplies Plus® Stores, PSP Distribution is the principal source of goods for resale. Our affiliate PSP Service Newco, LLC, a Delaware limited liability company, is our designated supplier for store set-up and certain other support services.

Our affiliate WNW Franchise Operations SPV, LLC ("WNW"), a Delaware limited liability company formed in February 2024 offers franchises for small format specialty retail businesses that provide self-service pet bathing, professional pet grooming, and retail sale of select pet supplies, pet accessories, pet bakery items, and pet food under the trade name "Wag N Wash" and other trademarks, service marks, trade names and commercial symbols. As of December 31, 2024, there were 23 franchised Wag N Wash locations and 6 company-owned Wag N Wash locations in operation. WNW's principal business address is 17410 College Parkway, Livonia, MI 48152-2369. WNW does not offer franchises in any line of business other than as listed above.

Except as stated above, we do not have any parents or predecessors, and we do not have any other affiliates that: (i) offer or operate franchises in any line of business; or (ii) provide items or services to PSP franchisees.

The Securitization Transaction

As a result of a secured financing transaction which closed in December 2025 (the "Securitization Transaction"), Pet Supplies Plus, LLC and its affiliates were restructured. As part of the restructuring, PSP Franchise Operations SPV, LLC became the franchisor of all existing and future Pet Supplies Plus Franchise Agreements, Multi-Unit Agreements and related agreements. Ownership and control of all U.S. trademarks and certain intellectual property relating to the operation of Pet Supplies Plus stores were also transferred to us. PSP became a party to a management agreement with our affiliate PSP Group, LLC, under which PSP Group provides certain support and services on behalf of the Securitization Entities. However, as the franchisor, PSP will be responsible and accountable to make sure that all services we promise to perform under the Franchise Agreement, Multi-Unit Agreement or other agreement you may sign with us are performed in compliance with the applicable agreement, regardless of who performs these services on our behalf.

Market and Competition

Your Pet Supplies Plus® Store will offer and sell pets (including small animals, birds, reptiles, and fish, but not dogs or cats), pet food, pet supplies, pet grooming and bathing services, and other related products and services to pet owning members of the general public, at retail. Sales are non-seasonal in nature. The market for pet food and other supplies is growing, but

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competitive. You will face competition from other local, regional, and national retailers and wholesalers offering similar goods and services, including grocery stores, department stores, internet websites, discount stores, hardware stores, general merchandise stores, garden stores and other pet food and supply stores.

Industry Specific Regulations

Federal, state, and local laws and regulations relating to the offer and sale of pets, pet food, pet supplies, pet grooming and bathing services, and other related products will govern your Pet Supplies Plus® Store. Your Store will also be subject to federal, state, and local laws and regulations regarding the operation of businesses generally that are not specific to the sale of pets, pet food and pet supplies, including labor laws, zoning laws, OSHA laws and regulations, the Fair Labor Standards Act, workers' compensation laws, business licensing laws, tax regulations, and the Americans with Disabilities Act.

ITEM 2
BUSINESS EXPERIENCE

Chris Rowland, Chief Executive Officer and President

Chris Rowland has served as PSP's Chief Executive Officer and President since December 2025. Mr. Rowland also served as Chief Executive Officer and President of our predecessor, PSP Franchising, LLC from October 2014 to December 2025. Previously, Mr. Rowland served as our predecessor's Chief Operating Officer from November 2013 to October 2014, and as Senior Vice President of Operations from November 2012 until November 2013

Daniel McNamara, Chief Financial Officer

Daniel McNamara has served as PSP's Chief Financial Officer since December 2025. Mr. McNamara also served as Chief Financial Officer of our predecessor, PSP Franchising, LLC from February 2020 to December 2025. Previously, Mr. McNamara served as our predecessor's Vice President - Corporate Controller from July 2019 until January 2020.

Nick Russo, Chief Development and Stores Officer

Nick Russo has served as PSP's Chief Development and Stores Officer since December 2025. Mr. Russo also served as Chief Development and Stores Officer of our predecessor, PSP Franchising, LLC from January 2023 to December 2025. Mr. Russo also served as our predecessor's Chief Marketing Officer from February 2025 to September 2025. Previously, Mr. Russo served as our predecessor's Senior Vice President of Franchising and Stores from February 2020 through December 2022; as our predecessor's Vice President of Operations and Franchise Development from November 2018 through January 2020, and as our predecessor's Divisional Vice President of Stores from August 2012 through November 2018.

ITEM 3
LITIGATION

Litigation:

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PSP Franchising, LLC v. SureFed Plus LC, William W. Vernon, Jr., William W. Vernon, Sr., Katherine Barksdale, and David Barksdale, Case No. 5:25-cv-00544,US District Court Western District of Texas San Antonio Division. On or about May 16, 2025, PSP Franchising, LLC filed a complaint and request for a Temporary Restraining Order, alleging that, after the non-renewal of their franchise agreement, SureFed Plus LC is operating an independent pet store from the same premises as the former franchised business in violation of the franchise agreement's post-termination restrictions against competition and the personal guaranty to the franchise agreement. A preliminary hearing on injunctive relief was held November 12 and November 13, 2025. The proceedings are otherwise currently pending before the Court.

The Defendants filed a counterclaim on May 16, 2025 *SureFed Plus LC, William W. Vernon, Jr., William W. Vernon, Sr., Katherine Barksdale, and David Barksdale v. PSP Franchising, LLC*, Case No. 5:25-cv-00544-XR,US District Court Western District of Texas San Antonio Division alleging the post-termination non-compete provisions are unenforceable and asking the Court for a declaratory judgment in their favor.

Other than these actions, no litigation is required to be disclosed in this Item.

ITEM 4
BANKRUPTCY

Predecessor Bankruptcy

In re Franchise Group, Inc., Case No, 24-12480, U.S. Bankruptcy Court for the District of Delaware. On November 3, 2024, the Debtors (as defined in Item 1) filed voluntary petitions (the "Chapter 11 Cases") for relief under Chapter 11 of Title 11 of the United States Code (the "Bankruptcy Code") in the United States Bankruptcy Court for the District of Delaware (the "Bankruptcy Court"). On May 14, 2025, the Debtors filed the Ninth Amended Joint Chapter 11 Plan of Franchise Group, Inc. and its Debtor Affiliates (as amended, supplemented, or modified from time to time, the "Plan"), which contemplated certain restructuring transactions to be effectuated through the Chapter 11 process. On June 2, 2025, the Bankruptcy Court entered the Findings of Fact, Conclusions of Law, and Order (i) confirming the Ninth Amended Joint Chapter 11 Plan of Franchise Group, Inc. and its affiliated debtors and (ii) approving the Global Settlement and Release of Claims and Causes of Action by and among the Global Settlement Parties [Docket No. 1596] (the "Confirmation Order"). Under the terms of the Confirmation Order, the Plan became effective with respect to FRG and certain of its affiliated debtors, including PSP Franchising, LLC, on June 6, 2025, at which time the Debtors emerged from Chapter 11. In connection with the restructuring transactions effectuated pursuant to the Plan and the Confirmation Order, Fusion Parent became the ultimate owner and indirect parent of PSP Franchising, LLC. The equity of Fusion Parent is owned by certain former lenders of the Debtors.

No other bankruptcy information is required to be disclosed in this Item.

ITEM 5
INITIAL FEES

Franchise Agreement

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You must pay PSP a lump sum initial franchise fee of $49,900 when you sign the Franchise Agreement (the "Initial Franchise Fee"). If you already operate a retail pet store that we approve for conversion to a Pet Supplies Plus Store, we will waive the Initial Franchise Fee provided that you order all required signage at the time you sign the Franchise Agreement.

We will also collect $30,000 prior to opening your first Store in order to conduct a Grand Opening advertising campaign on your behalf. For the second and any subsequent Stores opened by you, a $20,000 Grand Opening advertising fee option will be available. We will refund any unspent amounts to you within 90 days after your opening.

The initial franchise fee is fully earned and non-refundable when paid. We have the right to offer a discounted Initial Franchise Fee from time to time. If you are an existing franchisee, we will reduce the Initial Franchise Fee to $35,000 for the second and any subsequent Stores you open.

PSP is a member of the International Franchise Association ("IFA") and participates in the IFA's VetFran Program, which provides a 20% discount on the Initial Franchise Fee to honorably discharged veterans of U.S. Armed Forces who otherwise meet the requirements of the VetFran program. This is only applicable for the first PSP franchise awarded to you and may not be combined with any other Initial Franchise Fee discount.

PSP offers current and former first responders who otherwise meet the requirements for a PSP franchise a 10% discount on the Initial Franchise Fee to individuals who are (or were) employed in good standing for at least five (5) consecutive years as a firefighter, paramedic, or law enforcement officer (the "First Responder Discount"). This is only applicable for the first PSP franchise awarded to you and may not be combined with any other initial franchise fee discount.

If you are an employee of PSP, you will be eligible for a reduced initial franchise fee of $10,000, of which $5,000 is paid contemporaneously with the execution of the Franchise Agreement, and the remaining $5,000 is payable at the time you execute a lease for your Store ("Employee Initial Franchise Fee"). The Employee Initial Franchise Fee applies to only the first store executed by an otherwise eligible franchisee and may not be combined with any other initial franchise fee discount. If you do not sign a lease for your Store, the remaining $5,000 due as part of the Employee Initial Franchise Fee will be due immediately upon termination of your Franchise Agreement. If you are an employee of PSP, you will be required separate your employment with PSP prior to the opening of your Store.

Besides paying the Initial Franchise Fee, you must purchase approximately 75% to 90% of your initial inventory from our affiliate, PSP Distribution, prior to opening. You must obtain and maintain $170,000 to $290,000 in inventory, of which $128,000 to $261,000 must be purchased from our affiliate, which represents approximately 75% to 90% of this total. You must also purchase pre-printed shelf labels from PSP Distribution, which cost between $270 and $300.

Before opening, you must pay us a set up fee of $15,000 ("Set Up Fee"). The Set Up Fee is paid in consideration for our on-site advisory role in connection with setting up and/or relocating the Store premises. We will provide additional personnel, at franchisee request, subject to the availability of our set up team personnel. If this occurs, we will charge our then-current additional set up team member fee, which is presently $2,500 per week, for each additional set up team member.

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Multi-Unit Agreement

If you choose to enter into a Multi-Unit Agreement, you must pay the multi-unit fee in full when you sign the Multi-Unit Agreement (the "Multi-Unit Fee"). We will not charge an additional fee when you sign a Franchise Agreement for each Store developed under the Multi-Unit Agreement. The Multi-Unit Fee will be equal to $49,900 for the first Store that you agree to open under your Multi-Unit Agreement, plus $35,000 for each additional Store you agree to open under your Multi-Unit Agreement. The minimum number of Stores you can open under a Multi-Unit Agreement is two.

All Multi-Unit Fees are deemed fully earned and non-refundable when paid.

ITEM 6
OTHER FEES

TYPE OF FEE[1]	AMOUNT	DUE DATE	REMARKS
Royalty[2]	2% of monthly Gross Sales for first 12 months of operation; 3% of monthly Gross sales after first 12 months of operation	Payable on the 10th of each calendar month for the prior calendar month's operation via EFT	Gross sales are the total gross revenues for all business conducted at or from your store, net of documented returns, refunds and allowances granted according to our standards and specifications, and excluding any sales tax.
Technology Fee[3]	Estimated to be $925 - $1,200 per month based on Store build out	Payable on the 10th of each calendar month for the current calendar month's operation via EFT	The technology fee covers various items related to the technology and computer system used at your Store, such as software licenses and support costs.
Point of Sale (POS) Leasing Payments	Estimated at $265-$340 per month *plus tax if applicable in jurisdiction where store is located* (based on capital costs of $15,910 - $20,336)	Payable on the 10th of each calendar month following installation of the required technology via EFT	The capital cost of the POS system and related equipment varies by Store based on numbers of lanes and other factors and is determined by our vendor. All equipment must be leased from us under our prescribed form of sublease agreement.

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TYPE OF FEE[1]	AMOUNT	DUE DATE	REMARKS
Grooming Scheduling Software	Currently, $1,584 per year charged at $132 per month. Additional fees apply for text message reminders sent to pet parents and will vary by number of texts sent.	Payable on the 10th of each calendar month for the current calendar month's operation via EFT We reserve the right to move toward a lump sum annual payment in lieu of the monthly charge or to have the 3rd party vendor bill franchise owners directly.	This charge applies to all stores that offer grooming services and is billed by PSP on behalf of the 3rd party vendor. These fees may increase by up to $36 annually.
3rd Party Courier Deliver from Store Fees	Varies by number of deliveries and distance from store and typically ranges from $150 to $1,700 per month.	Payable on the 10th of each calendar month for the current calendar month's operation via EFT	This charge applies to all stores that offer delivery services using a courier service and is billed by PSP on behalf of the 3rd party vendor. You are not required to use a 3rd party vendor and may elect to use your own employees to fulfill delivery orders, in which case you would not incur this expense.
Advertising[4]	You must actively promote and advertise your Pet Supplies Plus® Store within your Territory. Stores in the first 12 months of operation will contribute a fixed dollar amount of (a) $3,350 per month in Local Marketing Spend (the "LMS") as directed by PSP and administered by a third-party System Supplier and (b) $1,000 to the	Local Marketing Spend (as directed by PSP) is remitted monthly to the third-party vendor managing the local advertising programs. National Advertising Fund contributions are payable on the 10th of each calendar month for the current calendar month's operation via EFT	You must submit proof of expenditures and an annual local marketing plan.

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TYPE OF FEE[1]	AMOUNT	DUE DATE	REMARKS
	National Advertising Fund (the "NAF") which PSP has established for the common benefit of System franchisees. For all subsequent months after the first 12 months of operation, the required monthly advertising contribution shall be the lesser of 3.5% of Gross Sales or $8,333.00 ("the Advertising Contribution Monthly Cap") with (a) 2/3 of that amount directed to the LMS, as directed by PSP and administered by a third-party vendor and (b) 1/3 of that amount to the NAF. Because the media buy is typically for several months, the monthly LMS contribution will be calculated on a quarterly basis using a lookback to previous sales. A per Store maximum annual total contribution (LMS and NAF) of $100,000 applies to the required advertising contribution (the "Advertising Contribution Annual		

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TYPE OF FEE[1]	AMOUNT	DUE DATE	REMARKS
	Cap").		
Advertising Cooperative	If applicable, as determined by your Cooperative and not to exceed your Advertising Requirement, unless a majority of the Cooperative votes to increase that requirement	As determined by your Cooperative	If a Cooperative is formed in your area applicable to your store, you will be required to contribute an amount determined by your Cooperative. Cooperative contributions will be credited towards your Advertising Requirement, and Cooperative contributions will not exceed the Advertising Requirement unless a majority of the Cooperative votes to increase that requirement. Company and affiliate-owned Stores presently contribute to the Cooperative and have the right to vote in the Cooperative on the same basis as our franchisees.
Late Fee and Insufficient Funds	The lesser of 1.5% per month of the late amount due and/or amount rejected due to insufficient funds, or the highest permissible interest rate	10 days after the balance is due	This charge is in addition to any other remedy and is not PSP's sole relief regarding late payments, and it will also apply to payments made to PSP's affiliates.
Audit Fee & Surcharge	25% of the royalty on unreported Gross Sales plus the royalty and other required fees due, and applicable late fees	As invoiced	If Gross Sales are understated by 2% or more you must also pay for the cost of the audit.
Renewal Fee	$2,500	Upon execution of renewal	See Item 17 for further details.

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TYPE OF FEE[1]	AMOUNT	DUE DATE	REMARKS
Transfer Fee	$5,000	Upon approval of transfer	See Item 17 for further details.
Additional Training Fee	$300 per day	As invoiced	Payable if you need additional training besides the pre-opening training course.
Supplier Network Re-Entry Fee	$500	Upon request	You must use our approved and designated suppliers for all goods and services used in connection with operating the business. If you use a non-approved supplier for any good or service and then attempt to re-enter our supplier network to purchase that particular good or service, you must pay us a fee of $500 per product or service, to reimburse us for our administrative expenses.
Penalty Fee	$500	When incurred	If you purchase supplies, signs, furnishings, fixtures, equipment or inventory from an unapproved supplier, or if you offer any unauthorized or discontinued products or services at or from your Store, we may charge you a penalty fee of $500 for each occurrence.
System Summit Meetings	Will vary under circumstances. Not to exceed $2,000 per person (up to two attendees per entity). Not to exceed $300 for each additional attendee (for 3 or more attendees from the same entity). Does not include actual out-of-pocket attendance costs.	When incurred	You (or your designated representative we approve) must, at our request, attend no more than four (4) events per calendar year. If you are required to attend and do not, you will be charged a minimum fee not to exceed $2,000.

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TYPE OF FEE[1]	AMOUNT	DUE DATE	REMARKS
Indemnification[5]	Amount of claim or judgment	When incurred	You must indemnify PSP for certain claims or actions arising out of your operation of the Store and misuse of our Marks and System.
Post-Termination and Post-Expiration Expenses[6]	Costs and expenses associated with ceasing operations and de-identifying yourself from the Store and our System	As incurred	
Customer Survey Expenses	If your Survey results fall below minimum standards, costs and expenses associated with administering Surveys	As incurred	We may periodically assist franchisees to maintain high quality standards through customer surveys, customer interviews, and other similar initiatives ("Surveys"). The cost of such programs will be borne by the Fund. The cost of these programs may be charged directly to you if your results from a Survey fall below System-established minimum standards for such Surveys.
Attorneys' Fees, Court Costs and Litigation Expenses	Actual attorneys' fees, court costs and litigation expenses incurred	As incurred	If you are in breach or default of any monetary or non-monetary material obligation under the Franchise Agreement or any related agreement with us/our affiliates, and we engage an attorney to enforce our rights (whether or not formal judicial proceedings are initiated), you must pay all reasonable attorneys' fees, court costs and litigation expenses we incur. If you institute any legal action to interpret or enforce the terms of the

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