

<b>Provision</b>	<b>Section in Franchise Agreement</b>	<b>Summary</b>
w. Choice of law	Section 14.	Unless contrary to applicable state law, the Franchise Agreement is to be interpreted and construed under Texas law, except for Texas choice of law rules, except that any law regulating the offer or sale of franchises, business opportunities, or similar interests, or governing the relationship between you and us will not apply unless its jurisdictional requirements are met independently. See State Specific Addenda attached to this disclosure document.

## **ITEM 18. PUBLIC FIGURES**

We do not use any public figure to promote the franchise.

## **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 the information is included in the disclosure document. Financial performance information that differs from that included in Item 19 may be given only if: (1) a franchisor provides the actual records of an existing outlet you are considering buying; or (2) a franchisor supplements the information provided in this Item 19, for example, by providing information about possible performance at a particular location or under particular circumstances.

This historical financial performance representation relates to Commission payments we paid from July 1, 2023 through June 30, 2024 (“Reporting Period”) to 105 REAL PRODUCERS Publications that were in print as of June 30, 2024 and who had been in print for a full year (“Reporting Publications”) and to 70 franchisees who were active franchisees for the Reporting Period (“Reporting Franchisees”). By “in print,” we mean that the publication that had been in print for at least one year under the franchisee’s management. By “active franchisee” we mean actively involved in in-print activities for at least one Publication for the entirety of the Reporting Period.

We had a total of 137 REAL PRODUCERS publication franchises during the Reporting Period. We excluded the Commission payments made to publications that were not in print for the full year. We do not include information for franchisees who have been operating less than one year because we do not consider that information to be as reliable as that information from franchisees who have been in operation for at least one year. We excluded the Commission payments made to one publication managed by one franchisee whose Commission payments were calculated using a different formula than the rest of our franchisees. We do not include in this disclosure document financial information about Publications managed by our affiliate.

During the Reporting Period, some Area Directors operated the same businesses as the Franchised Business (as described in Item 1) but under different arrangements with The N2 Company. However, the different arrangements did not impact the formula used to calculate commission payments and for purposes of Item 19 these Area Directors are counted as franchisees. The commission payments that franchisees of N2 Franchising, Inc. will be paid will be calculated using the same formula that The N2

Company used when calculating commission payments for its Area Directors. Further, the only material difference between the agreements that Area Directors entered into with The N2 Company and the Franchise Agreement that you will enter into with us is that The N2 Company did not charge, or reserve the right to charge, an initial fee under such agreements, but we do have the right to charge an initial franchise fee (which is currently being waived) upon execution of the Franchise Agreement.

### **AVERAGE YEARLY COMMISSION PAYMENTS FOR ALL 70 REAL PRODUCERS REPORTING PUBLICATIONS**

This information provides the overall average yearly Commission payments paid to the 70 Reporting Publications.

The average yearly Commission earned for the top 10%, 11 publications (out of 105) in the Reporting Period was \$326,770.00. Of this group, 4 (36%) earned a Commission payment that totaled the average or more, and 7 (64%) earned a Commission payment that totaled less than the average. The median Commission earned for this group was \$305,523.00. The highest Commission earned was \$536,121.00, and the lowest Commission earned was \$219,782.00.

The average yearly Commission earned for the bottom 10%, 11 publications (out of 105) in the Reporting Period was \$30,360.00. Of this group, 4 (36%) earned a Commission payment that totaled the average or more, and 7 (64%) earned a Commission payment that totaled less than the average. The median Commission earned for this group was \$32,817.00. The highest Commission earned was \$37,927.00, and the lowest Commission earned was \$19,948.00.

### **AVERAGE YEARLY COMMISSION PAYMENTS BY FRANCHISEE FOR THE 70 REAL PRODUCERS REPORTING FRANCHISEES**

This information provides the average yearly Commission payments made to the 70 Reporting Franchisees in the Reporting Period depending on the number of REAL PRODUCERS® publications the franchisee managed.

<b>Yearly Commission</b>	<b>One Publication 1</b>	<b>Two Publications 2</b>	<b>Three Publications 3</b>	<b>Four Publications 4</b>	<b>Five Publications 5</b>	<b>Seven Publications 6</b>
<b>Avg. for Top 10%</b>	\$212,710.00	\$689,773.00	\$706,671.00	\$625,199.00	\$501,224.00	\$1,103,137.00
<b>Median for Top 10%</b>	\$206,811.00	\$689,773.00	\$706,671.00	\$625,199.00	\$501,224.00	\$1,103,137.00
<b>High/Low in Top 10%</b>	\$243,914.00/ \$199,175.00	\$689,773.00/ \$689,773.00	\$706,671.00/ \$706,671.00	\$625,199.00/ \$625,199.00	\$501,224.00/ \$501,224.00	\$1,103,137.00/ \$1,103,137.00
<b>Avg. for Bottom 10%</b>	\$27,174.00	\$113,928.00	\$239,853.00	\$437,124.00	\$501,224.00	\$776,619.00/ \$776,619.00
<b>Median for Bottom 10%</b>	\$28,034.00	\$113,928.00	\$239,853.00	\$437,124.00	\$501,224.00	\$776,619.00
<b>High/Low in Bottom 10%</b>	\$33,223.00/ \$20,535.00	\$113,928.00/ \$113,928.00	\$239,853.00/ \$239,853.00	\$437,124.00/ \$437,124.00	\$501,224.00	\$776,619.00

**Note 1:** 47 franchisees managed one publication each. Of the 5 franchisees who performed in the top 10% of these 47 franchisees, 1 (20%) performed at or above the average, and 4 (80%) performed below the

average. Of the 5 franchisees who performed in the bottom 10% of these 47 franchisees, 3 (60%) performed at or above the average, and 2 (40%) performed below the average.

**Note 2:** 14 franchisees managed 2 publications. Of the 14 franchisees who managed 2 publications, 1 franchisee performed in the top 10%. Of the 14 franchisees who managed 2 publications, 1 franchisee performed in the bottom 10%.

**Note 3:** 3 franchisees managed 3 publications. Of the 3 franchisees who managed 3 publications, 1 franchisee performed in the top 10%. Of the 3 franchisees who managed 3 publications, 1 franchisee performed in the bottom 10%.

**Note 4:** 3 franchisees managed 4 publications. Of the 3 franchisees who managed 4 publications, 1 franchisee performed in the top 10%. Of the 3 franchisees who managed 4 publications, 1 franchisee performed in the bottom 10%.

**Note 5:** One franchisee managed 5 publications.

**Note 6:** 2 franchisees managed 7 publications. Of the 2 franchisees who managed 7 publications, 1 franchisee performed in the top 10%. Of the 2 franchisees who managed 7 publications, 1 franchisee performed in the bottom 10%.

We had no franchisees with 6 publications.

#### **AVERAGE MONTHLY COMMISSION PAYMENTS FOR THE 105 REAL PRODUCERS REPORTING PUBLICATIONS**

This information provides the overall average monthly Commission payments paid to the 105 Reporting Publications.

The average monthly Commission earned for the top 10%, 11 publications (out of 105) in the Reporting Period was \$27,231.00. Of this group, 4 (36%) earned a Commission payment that totaled the average or more, and 7 (64%) earned a Commission payment that totaled less than the average. The median Commission earned for this group was \$25,460.00. The highest Commission earned was \$44,677.00, and the lowest Commission earned was \$18,315.00.

The average monthly Commission earned for the bottom 10%, 11 publications (out of 105) in the Reporting Period was \$2,530.00. Of this group, 4 (36%) earned a Commission payment that totaled the average or more, and 7 (64%) earned a Commission payment that totaled less than the average. The median Commission earned for this group was \$2,735.00. The highest Commission earned was \$3,161.00, and the lowest Commission earned was \$1,662.00.

#### **AVERAGE MONTHLY COMMISSION PAYMENTS BY FRANCHISEE FOR THE 70 REAL PRODUCERS REPORTING FRANCHISEES**

This information provides the average monthly Commission payments made to the 70 Reporting Franchisees for the Reporting Period depending on the number of REAL PRODUCERS® publications the franchisee managed.

Monthly Commission	One Publication <sub>1</sub>	Two Publications <sub>2</sub>	Three Publications <sub>3</sub>	Four Publications <sub>4</sub>	Five Publications <sub>5</sub>	Seven Publications <sub>6</sub>
Avg. for Top 10%	\$17,726.00	\$57,481.00	\$58,889.00	\$52,100.00	\$41,769.00	\$91,928.00
Median for Top 10%	\$17,234.00	\$57,481.00	\$58,889.00	\$52,100.00	\$41,769.00	\$91,928.00
High/Low in Top 10%	\$20,326.00/ \$16,598.00	\$57,481.00/ \$57,481.00	\$58,889.00/ \$58,889.00	\$52,100.00/ \$52,100.00	\$41,769.00/ \$41,769.00	\$91,928.00/ \$91,928.00
Avg. for Bottom 10%	\$2,265.00	\$9,494.00	\$19,988.00	\$36,427.00	\$41,769.00	\$64,718.00
Median for Bottom 10%	\$2,336.00	\$9,494.00	\$19,988.00	\$64,718.00	\$64,718.00	\$64,718.00
High/Low in Bottom 10%	\$2,769.00/ \$1,711.00	\$9,494.00/ \$9,494.00	\$19,988.00/ \$19,988.00	\$36,427.00/ \$36,427.00	\$41,769.00/ \$41,769.00	\$64,718.00/ \$64,718.00

**Note 1:** 47 franchisees managed one publication each. Of the 5 franchisees who performed in the top 10% of these 47 franchisees, 1 (20%) performed at or above the average, and 4 (80%) performed below the average. Of the 5 franchisees who performed in the bottom 10% of these 47 franchisees, 3 (60%) performed at or above the average, and 2 (40%) performed below the average.

**Note 2:** 14 franchisees managed 2 publications. Of the 14 franchisees who managed 2 publications, 1 franchisee performed in the top 10%. Of the 14 franchisees who managed 2 publications, 1 franchisee performed in the bottom 10 %.

**Note 3:** 3 franchisees managed 3 publications. Of the 3 franchisees who managed 3 publications, 1 franchisee performed in the top 10%. Of the 3 franchisees who managed 3 publications, 1 franchisee performed in the bottom 10%.

**Note 4:** 3 franchisees managed 4 publications. Of the 3 franchisees who managed 4 publications, 1 franchisee performed in the top 10%. Of the 3 franchisees who managed 4 publications, 1 franchisee performed in the bottom 10%.

**Note 5:** One franchisee managed 5 publications.

**Note 6:** 2 franchisees managed 7 publications. Of the 2 franchisees who managed 7 publications, 1 franchisee performed in the top 10%. Of the 2 franchisees who managed 7 publications, 1 franchisee performed in the bottom 10%.

We had no franchisees with 6 publications.

#### **AVERAGE YEARLY NET PROFITS FOR 105 REAL PRODUCERS REPORTING PUBLICATIONS**

This information provides the overall average yearly net profits percentage earned by the 105 Reporting Publications.

The average yearly net profit percentage for the top 10%, 11 publications (out of 105) in the Reporting Period was 68.1%. Of this group, 1 (10%) earned net profits that totaled the average or more, and 10 (90%) earned net profits that totaled less than the average. The median percentage of net profits for this

group was 66.9%. The highest percentage of net profits earned was 72.7%, and the lowest percentage of net profits earned was 65.6%.

The average yearly net profit percentage for the bottom 10%, 11 publications (out of 105) in the Reporting Period was 31.8%. Of this group, 5 (45%) earned net profits that totaled the average or more, and 6 (55%) earned net profits that totaled less than the average. The median percentage of net profits for this group was 34.5%. The highest percentage of net profits earned was 38.3%, and the lowest percentage of net profits earned was 21.9%.

**Note 1:** The net profit percentages above were calculated by subtracting the costs and expenses detailed in Item 6, including but not limited to the Royalty Fee, Cross-Selling Fee, and our affiliate's Publication Expenses, from the Cash Received and dividing such figure by the Cash Received for that publication.

**Note 2:** The net profit percentages do not distinguish between publications associated with franchisees who manage multiple publications and those associated with franchisees who manage a single publication. Franchisees who manage multiple publications receive \$600 credit for advertising publications, which would impact the total Commission received. If you only manage one publication, you will not receive this credit.

#### **AVERAGE YEARLY COMMISSION PAYMENTS FOR 105 REAL PRODUCERS REPORTING PUBLICATIONS BY PUBLICATION DISTRIBUTION**

This information provides the average yearly Commission payments made to the Reporting Publications in the Reporting Period depending on the number of recipients (300 or 500) to whom the REAL PRODUCERS® publication is distributed.

<b>Yearly Commission</b>	<b>300 Recipient Distribution<sup>1</sup></b>	<b>500 Recipient Distribution<sup>2</sup></b>
<b>Avg. for Top 10%</b>	\$157,295	\$386,245
<b>Median for Top 10%</b>	\$147,322	\$358,677
<b>High/Low in Top 10%</b>	\$206,033 / \$131,026	\$536,121 / \$305,523
<b>Avg. for Bottom 10%</b>	\$32,088	\$33,044
<b>Median for Bottom 10%</b>	\$33,374	\$31,212
<b>High/Low in Bottom 10%</b>	\$36,573 / \$20,535	\$48,756 / \$19,948

**Note 1:** 47 franchisees managed a publication distributed to 300 recipients. Of the 5 franchisees who performed in the top 10% of these 47 franchisees, 1 (20%) performed at or above the average, and 4 (80%) performed below the average. Of the 5 franchisees who performed in the bottom 10% of these 47 franchisees, 1 (20%) performed at or above the average, and 4 (80%) performed below the average.

**Note 2:** 58 franchisees managed a publication distributed to 500 recipients. Of the 6 franchisees who performed in the top 10% of these 58 franchisees, 2 (33%) performed at or above the average, and 4

(67%) performed below the average. Of the 6 franchisees who performed in the bottom 10% of these 58 franchisees, 2 (33%) performed at or above the average, and 4 (67%) performed below the average.

We have not audited or otherwise verified the Commission payments information provided in this Item 19. You should conduct an independent investigation of the costs and expenses you will incur in operating your Franchised Business. You should use this information to conduct your own analysis of the franchise opportunity in consultation with your financial, business, legal, and tax advisers.

**Some outlets have sold this amount. Your individual results may differ. There is no assurance that you will sell as much.**

We have written substantiation in our possession to support the information appearing in this Item 19, and such substantiation will be made available to you on reasonable request.

Other than the preceding financial performance representation, we do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Matthew Davis at 2093 Philadelphia Pike #3202, Claymont, Delaware 19703; 844-353-5378, the Federal Trade Commission, and the appropriate state regulatory agencies.

## ITEM 20. OUTLETS AND FRANCHISEE INFORMATION

**Table No. 1  
Systemwide Outlet Summary  
For Years 2022 to 2024**

<b>Outlet Type</b>	<b>Year</b>	<b>Outlets at the Start of the Year</b>	<b>Outlets at the End of the Year</b>	<b>Net Change</b>
Franchised	2022	109	120	+11
	2023	120	131	+11
	2024	131	137	+6
Company-Owned	2022	0	0	0
	2023	0	0	0
	2024	0	1	+1
<b>Total Outlets</b>	2022	<b>109</b>	<b>120</b>	<b>+11</b>
	2023	<b>120</b>	<b>131</b>	<b>+11</b>
	2024	<b>131</b>	<b>138</b>	<b>+7</b>

**Notes:** All numbers are as of our fiscal year end, which is June 30. Two of the Franchised Outlets operate as Area Directors under unique arrangements with The N2 Company as described in Item 1.