

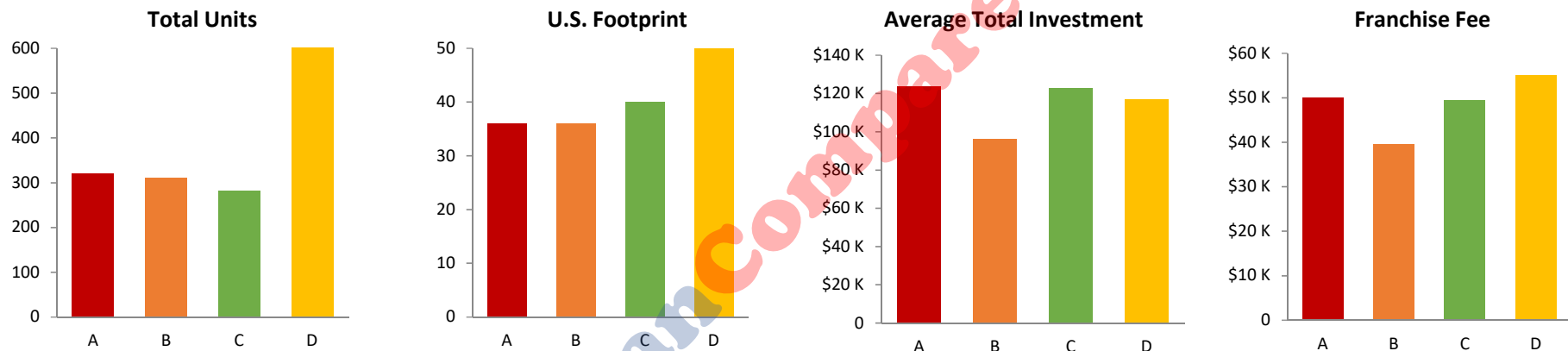
# FranchiseMatrix™ Franchise Recognition Program 2019

## Senior-Focused Services Industry

	Company Name (DBA)	Legal Name	Final Score
A	BrightStar Care	BrightStar Franchising, LLC	828
B	Synergy HomeCare	Synergy HomeCare Franchising, LLC	794
C	Senior Helpers	SH Franchising, LLC	732
D	Home Instead Senior Care	Home Instead, Inc.	716

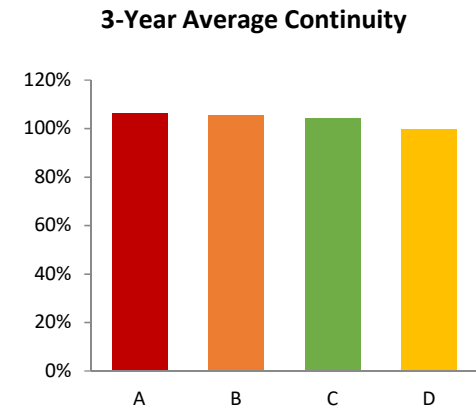
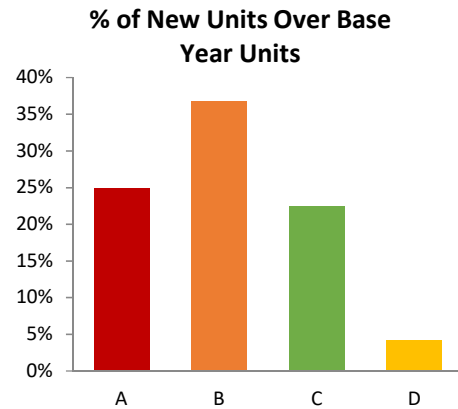
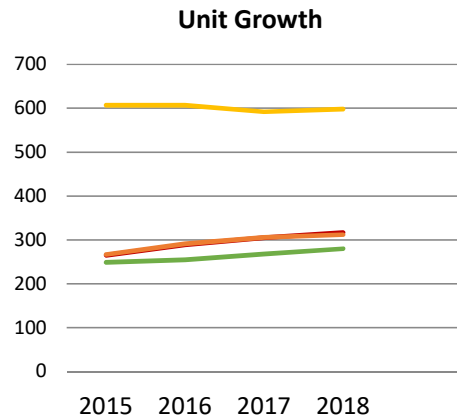
### Key Unit Investment Variables

30%



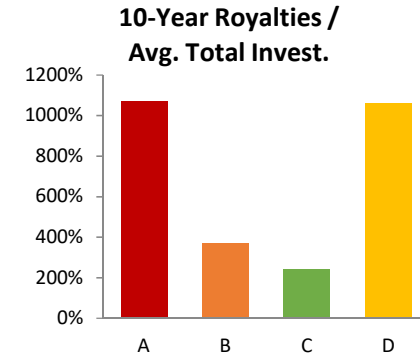
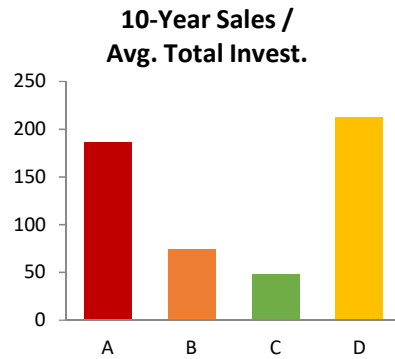
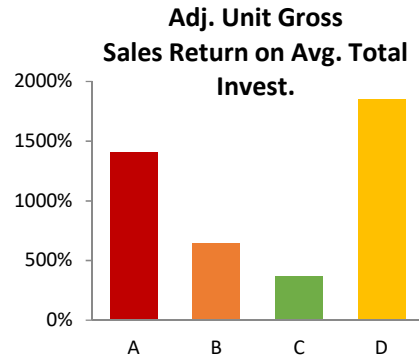
- **Total Units** is a valuable measure if recent growth was accompanied by proper support. Meteoric growth, however, with the help of third parties, frequently means franchisees are left to fend for themselves while management focuses on growth for its own sake.
- The greater the **Footprint/Geographical Coverage**, the better all franchisees are served. Only U.S. states are included.
- For the purpose of the Franchise Matrix™ analysis, the **Average Total Investment** is used in all cases.
- The **Franchise Fee** should not significantly exceed the franchise fee of its primary competitors.

	BrightStar Care		Synergy HomeCare		Senior Helpers		Home Instead Senior Care		
<b>Weighting for Primary FDD Variables (300 Points)</b>	Data	Score	Data	Score	Data	Score	Data	Score	Max. Score
Year-End Total Franchised Units	317		312		280		598		
Year-End Total Company-Owned Units	4		0		3		5		
<b>Year-End Total Units</b>	<b>321</b>	<b>50</b>	<b>312</b>	<b>50</b>	<b>283</b>	<b>50</b>	<b>603</b>	<b>50</b>	<b>50</b>
% of Franchised Units	98.8%		100.0%		98.9%		99.2%		
<b>% of Company-Owned Units</b>	<b>1.2%</b>	<b>5</b>	<b>0.0%</b>	<b>0</b>	<b>1.1%</b>	<b>5</b>	<b>0.8%</b>	<b>3</b>	<b>10</b>
<b>U.S. Footprint (# of U.S. States)</b>	<b>36</b>	<b>35</b>	<b>36</b>	<b>35</b>	<b>40</b>	<b>35</b>	<b>50</b>	<b>35</b>	<b>35</b>
Total Low Investment	\$94,618		\$37,750		\$103,300		\$108,900		
Total High Investment	\$153,263		\$155,150		\$142,300		\$124,910		
Average Total Investment Per Unit	\$123,941		\$96,450		\$122,800		\$116,905		
Low Unit Size Estimate (Square Feet)	No Data		200		1,000		500		
High Unit Size Estimate (Square Feet)	No Data		250		1,000		800		
Average Unit Size (Square Feet)	N/A		225		1,000		650		
Average Total Investment Per Square Feet	N/A		\$429		\$123		\$180		
<b>Average Franchise Fee (Single Unit)</b>	<b>\$50,000</b>	<b>12</b>	<b>\$39,500</b>	<b>20</b>	<b>\$49,500</b>	<b>12</b>	<b>\$55,000</b>	<b>11</b>	<b>40</b>
<b>Average Annual Royalty Fee (On-Going After Trial Period)</b>	<b>5.8%</b>	<b>84</b>	<b>5.0%</b>	<b>85</b>	<b>5.0%</b>	<b>85</b>	<b>5.0%</b>	<b>85</b>	<b>90</b>
<b>Term of Initial Contract (Years)</b>	<b>10</b>	<b>20</b>	<b>5</b>	<b>10</b>	<b>10</b>	<b>20</b>	<b>10</b>	<b>20</b>	<b>35</b>
<b>Term of First Contract Renewal (Years)</b>	<b>10+5</b>	<b>18</b>	<b>5+5+5+5+5</b>	<b>20</b>	<b>5+5+5+5</b>	<b>20</b>	<b>10</b>	<b>11</b>	<b>20</b>
<b>Average Transfer Fee (Single Unit)</b>	<b>\$15,000</b>	<b>5</b>	<b>\$14,833</b>	<b>5</b>	<b>\$24,750</b>	<b>2</b>	<b>\$15,000</b>	<b>5</b>	<b>10</b>
<b>Year Incorporated</b>	<b>2002</b>	<b>9</b>	<b>1999</b>	<b>10</b>	<b>2002</b>	<b>9</b>	<b>1994</b>	<b>10</b>	<b>10</b>
Franchising Since	2005		2005		2005		1995		
Issuance Date of FDD (Issue Date)	3/31/2018		4/25/2018		4/9/2018		5/15/2018		



- **3-Year Compound Annual Unit Growth** measures the unit growth from base year to end of 2017. Assuming proper support on the part of the franchisor, higher growth is rewarded. Steady and controlled **Unit Growth** are preferred over meteoric growth. Negative unit growth raises red flags.
- **% of New Units Over Base Year Units** is the Total End of 2017 Units divided by Base Year Beginning Units.
- **3-Year Average Continuity Rate** is an important and commonly used metric within the franchising industry that measures the success of a franchise system over its most recent past. Continuity rate is determined for each year by dividing end-of-year total units by beginning-of-year total units and dividing the 3 annual rates by 3 to arrive at an average. If there are a high number of closures or non-renewals within a franchise, the continuity rate will generally result in a rate of less than 100%, as will a system that cannot support its growth and, accordingly, its franchisees are failing. A high continuity rate is evidence of strong support systems. Continuity rates of over 100% were rewarded and ones with less than 100% were penalized.

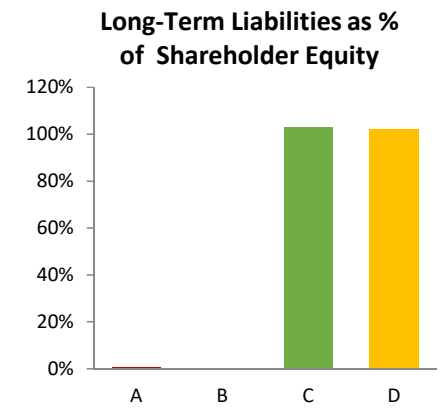
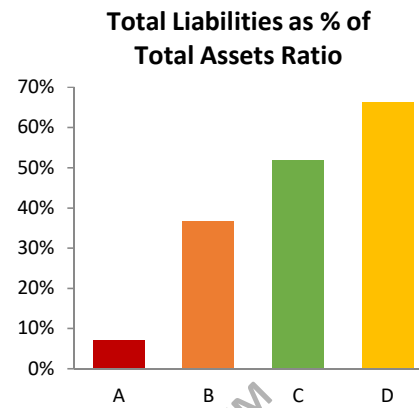
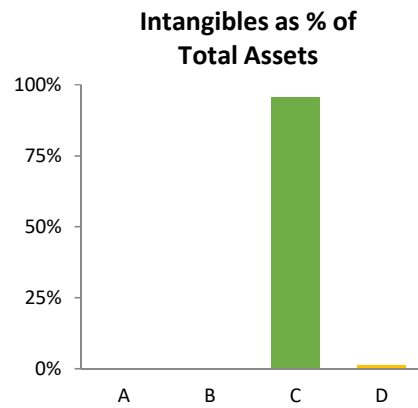
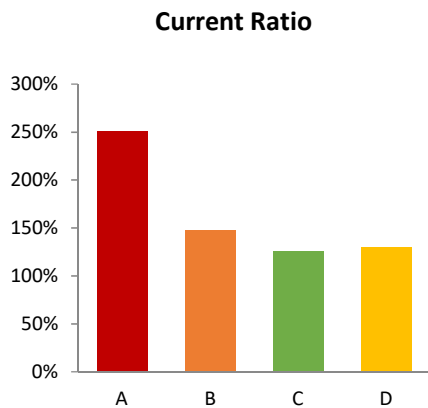
Weighting for Primary FDD Variables (250 Points)	BrightStar Care		Synergy HomeCare		Senior Helpers		Home Instead Senior Care		Max. Score
	Data	Score	Data	Score	Data	Score	Data	Score	
Base-Year Beginning Franchised Units	265		267		249		607		
New Franchised Units Over Following 3 Years	66		98		56		25		
Total Franchised Units at the End of Year 3	317		312		280		598		
% of New Units Over Base Year Units	24.9%	10	36.7%	17	22.5%	10	4.1%	0	40
3-Year Compound Annual Unit Growth	6.2%	26	5.3%	25	4.0%	10	-0.5%	0	70
3-Year Average Continuity Rate	106.2%	115	105.4%	115	104.0%	110	99.5%	100	140



- Adjusted Unit Gross Sales by itself is not as important as **Adjusted Unit Gross Sales as percentage of the Average Total Investment**. Sales and profits must be evaluated as a function of the total investment.
- Whereas a modest difference in year 1 sales as a function of the average investment might be considered of minor importance, a 10-year time horizon puts these differences into perspective.
- Similarly, while a modest difference in year 1 royalty rates between franchisors might be considered of minor importance, cumulative **Royalty** payments over a 10-year time frame as a percentage of Average Total Investment put these differences into perspective.

Weighting for Primary FDD Variables (350 Points)	BrightStar Care		Synergy HomeCare		Senior Helpers		Home Instead Senior Care		Max. Score
	Data	Score	Data	Score	Data	Score	Data	Score	
Company-Wide Average Gross Sales or Revenue	\$1,747,035		\$541,334		\$451,478		\$1,877,016		
Period Operated	Over 24 Months		1 to 5 Years		24 to 35 Months		Over 1 Year		
Calculation Based on # of Units Evaluated	164 of 317		26 of 312		11 of 280		587 of 598		
Calculation Based on Franchised or Company-Owned Units	Franchised		Franchised		Franchised		Franchised		
% Adjustment*	100%		115%		100%		115%		
Adjusted Average Gross Sales or Revenue	\$1,747,035		\$622,534		\$451,478		\$2,158,568		
<b>Adjusted Unit Gross Sales Return on Avg. Total Investment</b>	<b>1409.6%</b>	<b>175</b>	<b>645.4%</b>	<b>175</b>	<b>367.7%</b>	<b>175</b>	<b>1846.4%</b>	<b>175</b>	<b>175</b>
Cum.10-Year Gross Sales (Compounded at 5% Growth / Year)	\$23,072,719		\$7,149,283		\$5,962,574		\$24,789,351		
<b>10-Year Sales / Average Total Investment</b>	<b>186.2</b>	<b>75</b>	<b>74.1</b>	<b>75</b>	<b>48.6</b>	<b>75</b>	<b>212.0</b>	<b>75</b>	<b>75</b>
10-Year Total Royalty Payments	\$1,326,681		\$357,464		\$298,129		\$1,239,468		
<b>10-Year Royalties / Average Total Investment</b>	<b>1070.4%</b>	<b>0</b>	<b>370.6%</b>	<b>0</b>	<b>242.8%</b>	<b>1</b>	<b>1060.2%</b>	<b>0</b>	<b>50</b>
Detailed Income Statement (EBITDA All Units Optimal)	10%	5	10%	5	0%	0	0%	0	50

\* To adjust stated Average Gross Sales to a "standard" of greater than 2 years, the following adjustments were applied:  
 Over 1 Year = 115%; Over 2 Years = 100%; Over 3 Years = 95%; Over 4 Years = 90%; Over 5 Years = 85%.



- The **Current Ratio (or Working Capital Ratio)** is a liquidity ratio that reflects the franchisor's ability to pay back its short-term liabilities. A ratio of less than 1 raises a red flag as to whether a franchisor can pay its short-term obligations when due.
- **Intangibles**, including **Goodwill**, are long-term assets represented by non-physical assets. Franchisors whose brands are household names may justify a higher value for intangibles than a relatively new brand with limited experience in the marketplace.
- **Total Liabilities as percentage of Total Assets Ratio** reflects the long-term strength of the franchisor's balance sheet. Over time, one would expect the percentage to decrease. A lower percentage is preferred over a higher percentage.
- **Long-term Liabilities as percentage of Shareholder Equity** reflects the franchisor's long-term capital structure. Over time, one would expect the percentage to decrease. A lower percentage is preferred over a higher percentage.

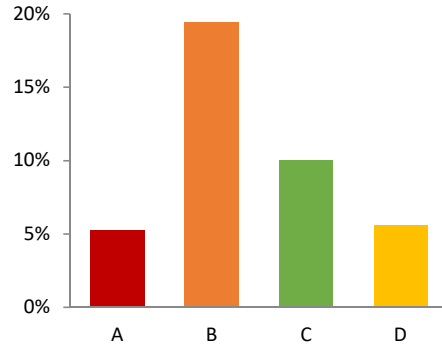
Balance Sheet Items (\$000)	BrightStar Care		Synergy HomeCare		Senior Helpers		Home Instead Senior Care		Max. Score
	Data	Score	Data	Score	Data	Score	Data	Score	
<b>Weighting for Primary FDD Variables (100 Points)</b>	<b>Data</b>	<b>Score</b>	<b>Data</b>	<b>Score</b>	<b>Data</b>	<b>Score</b>	<b>Data</b>	<b>Score</b>	<b>Max. Score</b>
Ending Date for Financials (Closing Date on Balance Sheet)	12/31/2017		12/31/2017		12/31/2017		12/31/2017		
Current Assets	\$4,988		\$4,388		\$3,983		\$12,809		
Intangibles & Goodwill	\$0		\$0		\$130,091		\$383		
Other Assets	\$26,442		\$3,708		\$1,854		\$17,767		
Total Assets	\$31,430		\$8,096		\$135,928		\$30,959		
Current Liabilities	\$1,988		\$2,972		\$3,173		\$9,882		
Long-Term Liabilities	\$229		\$0		\$67,455		\$10,645		
Total Liabilities	\$2,217		\$2,972		\$70,628		\$20,527		
Shareholders' Equity	\$29,213		\$5,124		\$65,300		\$10,432		
Total Liabilities & Shareholders' Equity	\$31,430		\$8,096		\$135,928		\$30,959		

Key Financial Ratio (%)s	BrightStar Care		Synergy HomeCare		Senior Helpers		Home Instead Senior Care		Max. Score
	Data	Score	Data	Score	Data	Score	Data	Score	
<b>Weighting for Primary FDD Variables (100 Points)</b>									
Current Ratio (or Working Capital Ratio)	250.9%	25	147.6%	22	125.5%	22	129.6%	22	<b>25</b>
Intangibles & Goodwill as % of Total Assets	0.0%	20	0.0%	20	95.7%	0	1.2%	19	<b>20</b>
Total Liabilities as % of Total Assets Ratio	7.1%	35	36.7%	33	52.0%	30	66.3%	25	<b>35</b>
Long-Term Liabilities as % of Shareholders' Equity Ratio	0.8%	20	0.0%	20	103.3%	0	102.0%	0	<b>20</b>

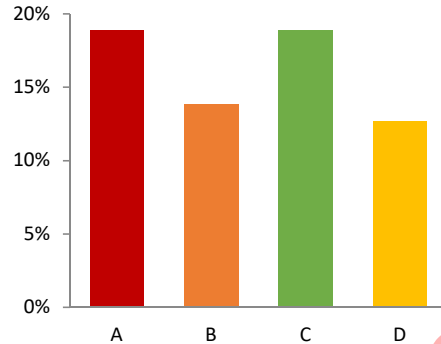
<b>Total Score</b>	<b>744</b>	<b>742</b>	<b>671</b>	<b>646</b>	<b>/1000</b>
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FranCompare™

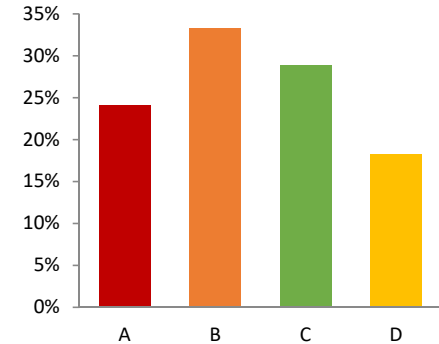
3 Years Cumulative Closures



3 Years Cumulative Transfers



3 Years Cumulative Turnovers



- **Closures** are generally a negative factor and include terminations, non-renewals, units acquired by the franchisor (beware of "churning") and ceased operations. This chart compares the cumulative closures over the 3-year period as a percentage of the 2015 Start of the Year Units. The lower the percentage, the better.
- **Transfers** are generally negative and reflect the number of franchisees who have decided, for whatever reason, to sell (or to transfer) their unit(s), to a new owner. Legitimate intra-family transfers involving many units could unfairly penalize the franchisor. Determine from the franchisor the reason for any large transfers. This chart compares the cumulative transfers over the 3-year period as a percentage of the 2015 Start of the Year Units. The lower the percentage, the better.
- **Turnovers** are the sum of both closures and transfers. The lower the percentage, the better.

Weighting for Primary FDD Variables	BrightStar Care		Synergy HomeCare		Senior Helpers		Home Instead Senior Care		Max. Score
	Data	Score	Data	Score	Data	Score	Data	Score	
3-Year Total Closures	14		52		25		34		
Cumulative Closures as % of 2015 Start of the Year Units	5.3%	38	19.5%	24	10.0%	33	5.6%	38	45
Cumulative Closures as % of Total New Units Over 3 Years	21.2%	20	53.1%	0	44.6%	4	136.0%	0	45
3-Year Total Transfers	50		37		47		77		
Cumulative Transfers as % of 2015 Start of the Year Units	18.9%	13	13.9%	16	18.9%	13	12.7%	16	25
Cumulative Transfers as % of Total New Units Over 3 Years	75.8%	0	37.8%	4	83.9%	0	308.0%	0	25
3-Year Total Turnovers	64		89		72		111		
Cumulative Turnovers as % of 2015 Start of the Year Units	24.2%	13	33.3%	8	28.9%	11	18.3%	16	30
Cumulative Turnovers as % of Total New Units Over 3 Years	97.0%	0	90.8%	0	128.6%	0	444.0%	0	30

<b>Total Score</b>	<b>84</b>	<b>52</b>	<b>61</b>	<b>70</b>	<b>/200</b>
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<b>Grand Total</b>	<b>828</b>	<b>794</b>	<b>732</b>	<b>716</b>	<b>/1,200</b>
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