

# FranCompare<sup>TM</sup>

## 109 CHILD-RELATED FRANCHISORS - 2019 FDD SURVEY & IN-DEPTH ANALYSIS

### Mathnasium Learning Centers

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Summary	
Franchised Units	859
Company-Owned Units	<u>13</u>
Total Operatng Units	872
Average Total Investment Per Unit	\$130,930
Average Franchise Fee	\$49,000
Royalty	10.0%
Term of Initial Contract (Years)	5
In Business Since	2002
IFA Member	No

Weighting for Primary FDD Variables (300 Points)	Item #	Actual FDD Data	FC Score	Your Score	Max. Score
<b>Key Unit Investment Variables</b>					
Year-End Total Franchised Units	20	859			
Year-End Total Company-Owned Units	20	13			
<b>Year-End Total Operating Units</b>	<b>Calculated</b>	<b>872</b>	<b>50</b>		<b>50</b>
% of Franchised Units	Calculated	98.5%			
<b>% of Company-Owned Units</b>	<b>Calculated</b>	<b>1.5%</b>	<b>5</b>		<b>10</b>
<b>U.S. Footprint (# of U.S. States)</b>	<b>20</b>	<b>44</b>	<b>35</b>		<b>35</b>
Total Low Investment	Page 1	\$112,750			
Total High Investment	Page 1	\$149,110			
<b>Average Total Investment Per Unit</b>	<b>Calculated</b>	<b>\$130,930</b>			
Low Unit Size Estimate (Square Feet)	7	1,200			
High Unit Size Estimate (Square Feet)	7	1,600			
Average Unit Size (Square Feet)	Calculated	1,400			
Average Total Investment Per Square Feet	Calculated	\$94			
<b>Average Franchise Fee (Single Unit)</b>	<b>5</b>	<b>\$49,000</b>	<b>12</b>		<b>40</b>
<b>Average Annual Royalty Fee (On-Going After Trial Period)</b>	<b>6</b>	<b>10.0%</b>	<b>20</b>		<b>90</b>
<b>Term of Initial Contract (Years)</b>	<b>17</b>	<b>5</b>	<b>10</b>		<b>35</b>
<b>Term of First Contract Renewal (Years)</b>	<b>17</b>	<b>5 (Unlimited)</b>	<b>20</b>		<b>20</b>
<b>Average Transfer Fee (Single Unit)</b>	<b>6</b>	<b>\$7,000</b>	<b>9</b>		<b>10</b>
<b>Year Incorporated</b>	<b>1</b>	<b>2002</b>	<b>9</b>		<b>10</b>
Franchising Since	1	2003			
Issuance Date of FDD (Issue Date)	Page 1	3/4/2019			7/30/2019

Weighting for Primary FDD Variables (250 Points)	Item #	Actual FDD Data	FC Score	Your Score	Max. Score
<b>Real Unit Growth - Item 20 Performance Analytics</b>					
Base-Year Beginning Franchised Units	20	615			
New Franchised Units Over Following 3 Years	Calculated	297			
Total Franchised Units at the End of Year 3	20	859			
<b>% of New Units Over Base Year Units</b>	<b>Calculated</b>	<b>48.3%</b>	<b>22</b>		<b>40</b>
<b>3-Year Compound Annual Unit Growth</b>	<b>Calculated</b>	<b>11.8%</b>	<b>30</b>		<b>70</b>
<b>3-Year Average Continuity Rate</b>	<b>Calculated</b>	<b>111.8%</b>	<b>125</b>		<b>140</b>

Weighting for Primary FDD Variables (350 Points)	Item #	Actual FDD Data	FC Score	Your Score	Max. Score
<b>Real Unit Performance - Item 19 Unit Financial Analytics</b>					
Company-Wide Average Gross Sales or Revenue	19	\$256,548			
Period Operated	19	>= 12 Months			
Calculation Based on # of Units Evaluated	19	\$762			
Calculation Based on Franchised Units or Company-Owned Units	19	Franchised			
% Adjustment *	19 (See Footnote 1)	100%			
Adjusted Average Gross Sales or Revenue	Calculated	\$256,548			
Adjusted Unit Gross Sales Return / Average Total Investment	Calculated	195.9%	152		175
Cumulative 10-Year Gross Sales (Compound at 5% Growth Per Year)	Calculated	\$3,388,176			
10-Year Sales / Average Total Investment	Calculated	25.9	65		75
10-Year Total Royalty Payments	Calculated	\$338,818			
10-Year Royalties / Average Total Investment	Calculated	258.8%	0		50
Detailed Income Statement (EBITDA Is Optimal)		0.0%	0		50

Weighting for Primary FDD Variables (100 Points)	Item #	Actual FDD Data	FC Score	Your Score	Max. Score
<b>Real Financial Strength - Key Balance Sheet Ratios (\$000)</b>					
Ending Date for Financials (Closing Date on Balance Sheet)	Balance Sheet	12/31/2018			
Current Assets	Balance Sheet	\$9,503			
Intangibles & Goodwill *	Balance Sheet (See Footnote 2)	\$0			
Other Assets	Balance Sheet	\$5,832			
Total Assets	Balance Sheet	\$15,335			
Current Liabilities	Balance Sheet	\$6,211			
Long-Term Liabilities	Balance Sheet	\$0			
Total Liabilities	Balance Sheet	\$6,211			
Total Shareholders' Equity	Balance Sheet	\$6,211			
Total Liabilities & Shareholders' Equity	Balance Sheet	\$9,124			
Current Ratio (or Working Capital Ratio)	Calculated	153.0%	24		25
Intangibles & Goodwill As % of Total Assets	Calculated	0.0%	20		20
Total Liabilities as % of Total Assets Ratio	Calculated	40.5%	33		35
Long-Term Liabilities as % of Shareholders' Equity Ratio	Calculated	0.0%	20		20

Weighting for Primary FDD Variables (200 Points)	Item #	Actual FDD Data	FC Score	Your Score	Max. Score
<b>Additional Analysis on Real Unit Growth - Item 20 Performance Analytics</b>					
3-Year Total Closures		53			
Cumulative Closures as % of Start of the Year Units	Calculated	8.6%	33		45
Cumulative Closures As % of Total New Units Over 3 Years	Calculated	17.8%	24		45
3-Year Total Transfers		137			
Cumulative Transfers As % of Start of the Year Units	Calculated	22.3%	11		25
Cumulative Transfers As % of Total New Units Over 3 Years	Calculated	46.1%	1		25
3-Year Total Turnovers		190			
Cumulative Turnovers As % of Start of the Year Units	Calculated	30.9%	8		30
Cumulative Turnovers As % of Total New Units Over 3 Years	Calculated	64.0%	0		30

<b>Total Score (Including Item 19 Data)</b>	<b>738</b>		<b>1,200</b>
<b>Total Score (Excluding Item 19 Data)</b>	<b>521</b>		<b>850</b>

**Footnotes:**

- Please refer to the [General Footnotes](#) with regard to Determining Adjusted Average Gross Sales or Revenue. To compensate for the widely differing periods considered in presenting Average Unit Gross Sales, we have assumed that revenues for companies in business for 12 Months are the standard. Depending upon the **Period Operated** noted above, the following multipliers were applied against the Company-Wide Average Gross Sales or Revenue published by the franchisor in Item 19.

Period of Operating Experience	Multiplier Used
12 Months of Operating Experience	100%
24 Months of Operating Experience	95%
36 Months of Operating Experience	90%
48 Months of Operating Experience	85%
60 Months of Operating Experience	80%

- Goodwill & Intangibles include Trademarks.

3 Gross Sales or Revenue is calculated as follows:

	#Centers	Avg. Gross Receipts	
<b>Top 25%</b>	190	\$457,267	\$86,880,730
<b>Mid-Upper 25%</b>	191	\$261,189	\$49,887,099
<b>Mid-Lower 25%</b>	190	\$190,202	\$36,138,380
<b>Bottom 25%</b>	191	\$118,238	\$22,583,458
	<b>762</b>		\$195,489,667
			<b>\$256,548.12</b>