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HOME HEALTH CARE FRANCHISORS - 2019 FDD SURVEY & IN-DEPTH ANALYSIS

BRIGHTSTAR CARE

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Summary

Franchised Units	319
Company-Owned Units	<u>13</u>
Total Operatng Units	332
Average Total Investment Per Unit	\$123,678
Average Franchise Fee	\$50,000
Royalty	5.8%
Term of Initial Contract (Years)	10
In Business Since	2002
IFA Member	Yes

Weighting for Primary FDD Variables (300 Points)	Item #	Actual FDD Data	FC Score	Your Score	Max. Score
Key Unit Investment Variables					
Year-End Total Franchised Units	20	319			
Year-End Total Company-Owned Units	20	13			
Year-End Total Operating Units	Calculated	332	50		50
% of Franchised Units	Calculated	96.1%			
% of Company-Owned Units	Calculated	3.9%	7		10
U.S. Footprint (# of U.S. States)	20	36	35		35
Total Low Investment	Page 1	\$93,048			
Total High Investment	Page 1	\$154,307			
Average Total Investment Per Unit	Calculated	\$123,678			
Low Unit Size Estimate (Square Feet)	7	250			
High Unit Size Estimate (Square Feet)	7	800			
Average Unit Size (Square Feet)	Calculated	525			
Average Total Investment Per Square Foot	Calculated	\$236			
Average Franchise Fee (Single Unit)	5	\$50,000	12		40
Average Annual Royalty Fee (On-Going After Trial Period)	6	5.8%	83		90
Term of Initial Contract (Years)	17	10	20		35
Term of First Contract Renewal (Years)	17	10+5	17		20
Average Transfer Fee (Single Unit)	6	\$15,000	5		10
Year Incorporated	1	2002	9		10
Franchising Since	1	2005			
Issuance Date of FDD (Issue Date)	Page 1	3/31/2019			

Weighting for Primary FDD Variables (250 Points)	Item #	Actual FDD Data	FC Score	Your Score	Max. Score
Real Unit Growth - Item 20 Performance Analytics					
Base-Year Beginning Franchised Units	20	289			
New Franchised Units Over Following 3 Years	Calculated	51			
Total Franchised Units at the End of Year 3	20	319			
% of New Units Over Base Year Units	Calculated	17.6%	8		40
3-Year Compound Annual Unit Growth	Calculated	3.3%	10		70
3-Year Average Continuity Rate	Calculated	103.4%	110		140

Weighting for Primary FDD Variables (350 Points)	Item #	Actual FDD Data	FC Score	Your Score	Max. Score
Real Unit Performance - Item 19 Unit Financial Analytics					
Company-Wide Average Gross Sales or Revenue	19	\$1,772,699			
Period Operated	19	173 of 319			
Calculation Based on # of Units Evaluated	19	Over 12 Months			
Calculation Based on Franchised Units or Company-Owned Units	19	Franchised			
% Adjustment *	19 (See Footnote 1)	100%			
Adjusted Average Gross Sales or Revenue	Calculated	\$1,772,699			
Adjusted Unit Gross Sales Return / Average Total Investment	Calculated	1433.3%	175		175
Cumulative 10-Year Gross Sales (Compound at 5% Growth Per Year)	Calculated	\$23,411,658			
10-Year Sales / Average Total Investment	Calculated	189.3	75		75
10-Year Total Royalty Payments	Calculated	\$1,346,170			
10-Year Royalties / Average Total Investment	Calculated	1088.5%	0		50
Detailed Income Statement (EBITDA Is Optimal)		10.0%	5		50

Weighting for Primary FDD Variables (100 Points)	Item #	Actual FDD Data	FC Score	Your Score	Max. Score
Real Financial Strength - Key Balance Sheet Ratios (\$000)					
Ending Date for Financials (Closing Date on Balance Sheet)	Balance Sheet	12/30/2018			
Current Assets	Balance Sheet	\$6,579			
Intangibles & Goodwill *	Balance Sheet (See Footnote 2)	\$0			
Other Assets	Balance Sheet	\$25,738			
Total Assets	Balance Sheet	\$32,317			
Current Liabilities	Balance Sheet	\$2,136			
Long-Term Liabilities	Balance Sheet	\$216			
Total Liabilities	Balance Sheet	\$2,352			
Total Shareholders' Equity	Balance Sheet	\$29,965			
Total Liabilities & Shareholders' Equity	Balance Sheet	\$32,317			
Current Ratio (or Working Capital Ratio)	Calculated	308.0%	25		25
Intangibles & Goodwill As % of Total Assets	Calculated	0.0%	20		20
Total Liabilities as % of Total Assets Ratio	Calculated	7.3%	35		35
Long-Term Liabilities as % of Shareholders' Equity Ratio	Calculated	0.7%	20		20

Weighting for Primary FDD Variables (200 Points)	Item #	Actual FDD Data	FC Score	Your Score	Max. Score
Additional Analysis on Real Unit Growth - Item 20 Performance Analytics					
3-Year Total Closures		21			
Cumulative Closures as % of Start of the Year Units	Calculated	7.3%	38		45
Cumulative Closures As % of Total New Units Over 3 Years	Calculated	41.2%	4		45
3-Year Total Transfers		54			
Cumulative Transfers As % of Start of the Year Units	Calculated	18.7%	13		25
Cumulative Transfers As % of Total New Units Over 3 Years	Calculated	105.9%	0		25
3-Year Total Turnovers		75			
Cumulative Turnovers As % of Start of the Year Units	Calculated	26.0%	11		30
Cumulative Turnovers As % of Total New Units Over 3 Years	Calculated	147.1%	0		30

Total Score (With Item 19)	787		1,200
Total Score (Without Item 19)	532		850

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.