





BrightStar Care[®]

 HOME CARE | MEDICAL STAFFING

A Higher Standard

Ruth Chavez

 Manager, Franchise Development Support & Administration

brightstar@myfranconnect.com, franchise@brightstarcare.com

 1125 Tri-State Parkway, Suite 700

 Gurnee, IL 60031

 (877) 689-6898

www.brightstarfranchise.com

| | | | | | |
|-------------------------------|-----------|--------------------------------|-----------------|----------------------------------|----------|
| Franchised Units: | 319 | In Business Since: | 2002 | Average Royalty: | 5.8% |
| Company-Owned Units: | <u>13</u> | Average Franchise Fee: | \$50K | IFA Member: | Yes |
| Total Operating Units: | 332 | Total Investment Range: | \$94.6 – 153.3K | Term of Initial Contract: | 10 Years |

With franchisees servicing over 300 locations nationwide, BrightStar Care® can provide every service that is available at a nursing facility, but in the comfort of your loved one's home. From companionship, toileting and hygiene assistance to in-home blood draws and complex infusions, our services are available around the clock to meet our clients' every need.

Nearly 70% of seniors will require assistance in their daily lives, whether it's unskilled or skilled care, according to a [Washington Post opinion piece](#). That assistance typically falls into one of three main segments in the industry's continuum of care: companion care, which includes helping clients get to appointments and assisting with their general well-being; personal care, which includes dressing, grooming, and help with mobility issues; and skilled home care, which includes nursing and medical services.

Most of BrightStar's competition only offers the first two types of care: companion and personal. BrightStar Care sets itself apart from the home care competition by offering services in all three segments, providing clients the ability to adjust their levels of care based on their changing needs without the need to change service providers. Other home care franchises that offer only personal and companion care must turn their patients over to another provider once skilled care is needed. By providing skilled care, BrightStar Care franchisees are able to keep clients for a longer period of time, maximizing revenue potential.



Multiple revenue streams

In addition to delivering care to patients one-on-one in their home, we also provide care in other settings. Other healthcare businesses frequently reach out to BrightStar Care for help with staffing needs. We provide personnel to hospitals, nursing homes, doctors' offices, labs and anywhere healthcare staff is needed. These relationships not only bring in extra revenue for franchisees — they also provide extra income opportunities for caregivers, which helps make BrightStar Care the employer of choice for caregivers.

BrightStar Care franchisees also benefit from patients referred by our network of national account partners. Many healthcare providers are looking for skilled providers to serve patients in their homes, and BrightStar Care is an ideal partner thanks to our nationwide footprint and our franchisees' accreditations. National account services range from insurance assessments and IV infusion therapy to home health, in addition to delivering flu clinic services to corporate, commercial and retail clients.

BrightStar Care franchisees earn Joint Commission Accreditation, which ensures that the highest level of health care standards are met. The care we provide empowers our clients to live well at every stage of life and in every setting. At BrightStar Care, our mission is to go above and beyond to truly deliver A Higher Standard of Care and nothing less.

BrightStar Care's business model is designed to help professionals without prior healthcare experience deliver *A Higher Standard of Care*. Our franchise support team includes a nurse practitioner who specializes in geriatric care providing coaching and training programs for caregivers; business coaches to help franchisees continually improve their businesses; IT professionals who are continually improving a proprietary technology platform that streamlines business functions and provides robust data to guide care and track patient outcomes.

These support systems help franchisees build a business that can scale up to meet the growing demand for home health care, and help our franchisees generate the highest average revenue among home health care franchises that publish financial performance data.

Ultimately, the systems help our franchisees build a business that improves lives. For us, helping people is more than our work, it's our passion. Knowing that we're making a real difference by bringing more to the lives of others every day is very rewarding.

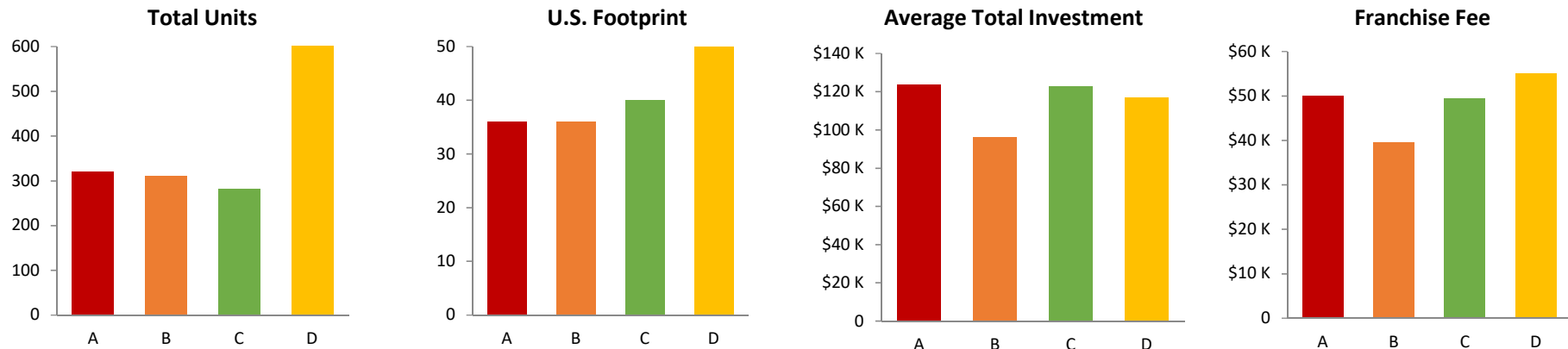
FranCompare™ Franchise Recognition Program 2019

Senior-Focused Services Industry

| | Company Name (DBA) | Legal Name | Final Score |
|---|--------------------------|-----------------------------------|-------------|
| A | BrightStar Care | BrightStar Franchising, LLC | 744 |
| B | Synergy HomeCare | Synergy HomeCare Franchising, LLC | 742 |
| C | Senior Helpers | SH Franchising, LLC | 671 |
| D | Home Instead Senior Care | Home Instead, Inc. | 646 |

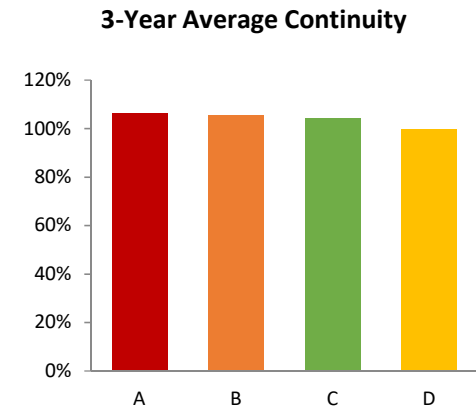
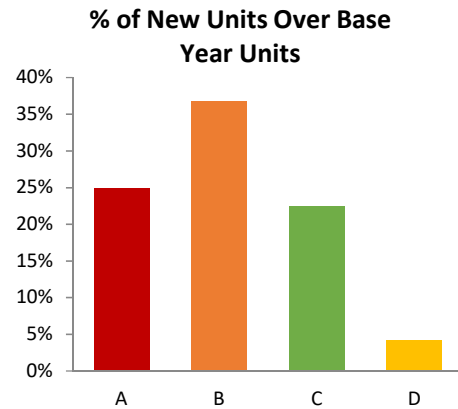
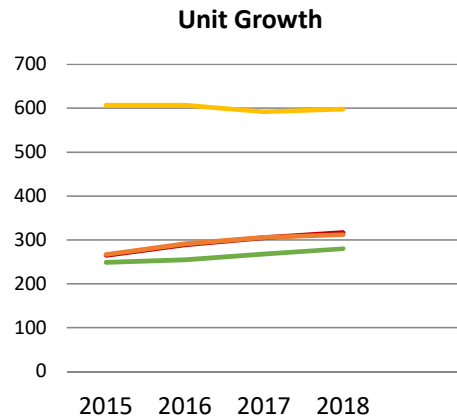
Key Unit Investment Variables

30%



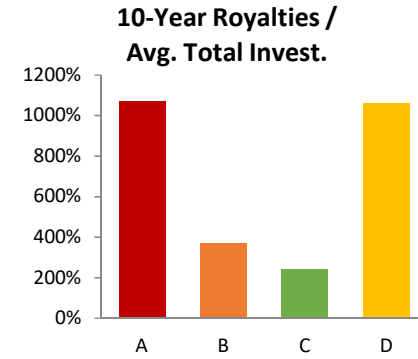
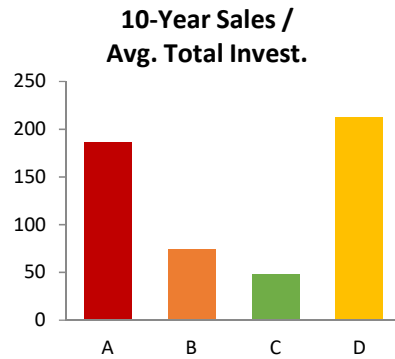
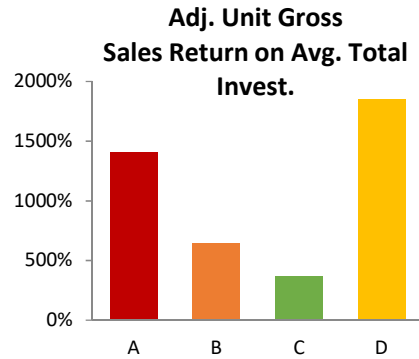
- **Total Units** is a valuable measure if recent growth was accompanied by proper support. Meteoric growth, however, with the help of third parties, frequently means franchisees are left to fend for themselves while management focuses on growth for its own sake.
- The greater the **Footprint/Geographical 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 | | |
|---|-----------------|-----------|------------------|-----------|-----------------|-----------|--------------------------|-----------|------------|
| Weighting for Primary FDD Variables (300 Points) | 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 | | |
| Year-End Total Units | 321 | 50 | 312 | 50 | 283 | 50 | 603 | 50 | 50 |
| % of Franchised Units | 98.8% | | 100.0% | | 98.9% | | 99.2% | | |
| % of Company-Owned Units | 1.2% | 5 | 0.0% | 0 | 1.1% | 5 | 0.8% | 3 | 10 |
| U.S. Footprint (# of U.S. States) | 36 | 35 | 36 | 35 | 40 | 35 | 50 | 35 | 35 |
| 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 | | |
| Average Franchise Fee (Single Unit) | \$50,000 | 12 | \$39,500 | 20 | \$49,500 | 12 | \$55,000 | 11 | 40 |
| Average Annual Royalty Fee (On-Going After Trial Period) | 5.8% | 84 | 5.0% | 85 | 5.0% | 85 | 5.0% | 85 | 90 |
| Term of Initial Contract (Years) | 10 | 20 | 5 | 10 | 10 | 20 | 10 | 20 | 35 |
| Term of First Contract Renewal (Years) | 10+5 | 18 | 5+5+5+5+5 | 20 | 5+5+5+5 | 20 | 10 | 11 | 20 |
| Average Transfer Fee (Single Unit) | \$15,000 | 5 | \$14,833 | 5 | \$24,750 | 2 | \$15,000 | 5 | 10 |
| Year Incorporated | 2002 | 9 | 1999 | 10 | 2002 | 9 | 1994 | 10 | 10 |
| 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.

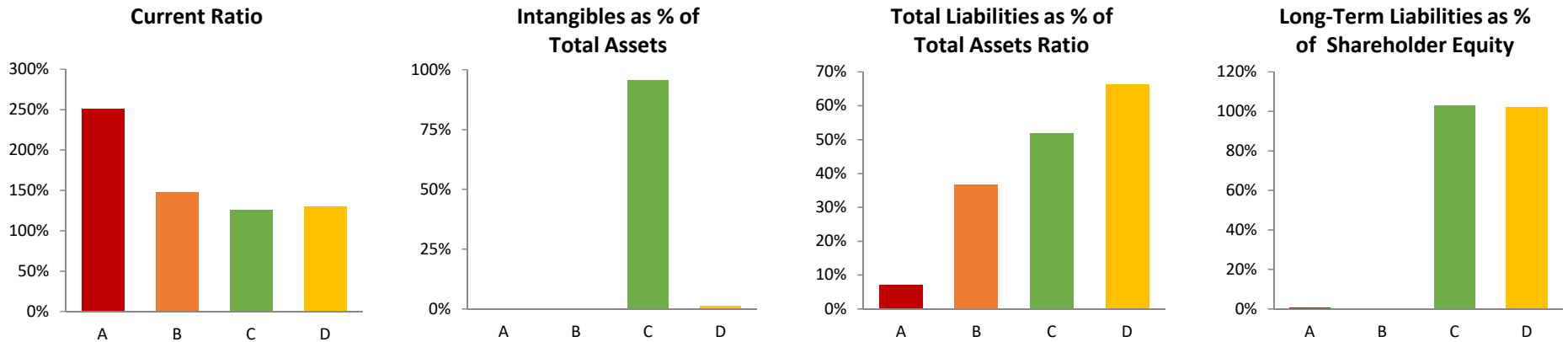
| Weighting for Primary FDD Variables (250 Points) | BrightStar Care | | Synergy HomeCare | | Senior Helpers | | Home Instead Senior Care | | Max. Score |
|--|-----------------|-------|------------------|-------|----------------|-------|--------------------------|-------|------------|
| | Data | Score | 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.

| | BrightStar Care | | Synergy HomeCare | | Senior Helpers | | Home Instead Senior Care | | |
|--|-----------------|------------|------------------|------------|-----------------|------------|--------------------------|------------|------------|
| Weighting for Primary FDD Variables (350 Points) | Data | Score | Data | Score | Data | Score | Data | Score | Max. 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 | | |
| Adjusted Unit Gross Sales Return on Avg. Total Investment | 1409.6% | 175 | 645.4% | 175 | 367.7% | 175 | 1846.4% | 175 | 175 |
| Cum.10-Year Gross Sales (Compounded at 5% Growth / Year) | \$23,072,719 | | \$7,149,283 | | \$5,962,574 | | \$24,789,351 | | |
| 10-Year Sales / Average Total Investment | 186.2 | 75 | 74.1 | 75 | 48.6 | 75 | 212.0 | 75 | 75 |
| 10-Year Total Royalty Payments | \$1,326,681 | | \$357,464 | | \$298,129 | | \$1,239,468 | | |
| 10-Year Royalties / Average Total Investment | 1070.4% | 0 | 370.6% | 0 | 242.8% | 1 | 1060.2% | 0 | 50 |
| 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 | |
| Weighting for Primary FDD Variables (100 Points) | Data | Score | Data | Score | Data | Score | Data | Score | Max. Score |
| 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-Team 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 | |
| Weighting for Primary FDD Variables (100 Points) | | | | | | | | | |
| Current Ratio (or Working Capital Ratio) | 250.9% | 25 | 147.6% | 22 | 125.5% | 22 | 129.6% | 22 | 25 |
| Intangibles & Goodwill as % of Total Assets | 0.0% | 20 | 0.0% | 20 | 95.7% | 0 | 1.2% | 19 | 20 |
| Total Liabilities as % of Total Assets Ratio | 7.1% | 35 | 36.7% | 33 | 52.0% | 30 | 66.3% | 25 | 35 |
| Long-Term Liabilities as % of Shareholders' Equity Ratio | 0.8% | 20 | 0.0% | 20 | 103.3% | 0 | 102.0% | 0 | 20 |

| | | | | | |
|--------------------|------------|------------|------------|------------|--------------|
| Total Score | 744 | 742 | 671 | 646 | /1000 |
|--------------------|------------|------------|------------|------------|--------------|

FranCompare™ and the World Franchising Network have been in the franchising business for over 30 years. During that period, we have gained some meaningful insights into what separates great franchise systems from mediocre ones. The FranCompare™ Franchise Recognition Program is the result of those decades of experience. The underlying analysis relies upon a unique template called Franchise Matrix™. The Franchise Matrix™ allows a prospective investor, analyst or lender to prioritize which objective factors in each franchisor's FDD are most important in analyzing competing systems and to compare systems side-by-side. Keep in mind that the methodology and results of the Franchise Recognition Program are solely the opinions of FranCompare™ and are based solely on what we consider to be the key factors taken from each franchisor's 2018 FDD. If you want to modify the weighting of the variables or change the variables themselves, please [click here](#) for a customizable worksheet that can accommodate your personal priorities.

FranCompare™ also provides custom side-by-side analyses for clients. You can choose from over 2,100 2018 FDDs and over 2,300 2017 FDDs listed on www.FranchiseDisclosures.com. If you have an interest in a custom FranCompare™ analysis, please give us a call at (888) 612-9908. The minimum charge for 4 companies is \$600 and each additional company is \$150.

Source: All information in the FranCompare™ Franchise Recognition Program, the Franchise Matrix™ and related charts and graphs was compiled from publicly available Franchise Disclosure Documents (FDDs). FranCompare™ permits no reproduction, electronic transmission or other distribution of the FranCompare™ Franchise Recognition Program or Franchise Matrix™, in whole or in part, except as authorized by separate signed Agreement.

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Feel free to contact us at:

FranCompare™

1814 Franklin Street, Suite 800

Oakland, CA 94612

(888) 612-9908