

APR 20 2018

FRANCHISE DISCLOSURE DOCUMENT

**Department of
Business Oversight**
Hygenex Franchising Corporation
a Delaware corporation
406 Amapola Avenue, Suite 110
Torrance, California 90501
Phone (855) HYGENEX
Fax (858) 578-0984
Website www.hygenex.com
franchise@hygenex.com

As a Hygenex franchise business, you will use the Hygenex trademarks and business methods to provide restroom hygiene services, air freshener service, hand soap service, bathroom paper, hand hygiene, "Kaizen" deep cleaning services, and restroom-related hygiene products and services to commercial customers in your assigned Area of Primary Responsibility ("APR")

The total investment necessary to begin operation of a Hygenex franchise business is between \$86,450 and \$203,600 if you are a new franchisee buying your first franchise. We base this initial investment range on an APR population of 500,000 (low) and 1.5 Million (high) respectively. This range includes (i) an Initial Franchise Fee ranging from \$30,000 - \$70,000 depending on the population in your APR, (ii) a \$10,000 Initial Training Fee, and (iii) a \$15,000 Start-Up Package Fee, all of which you pay to us when you sign the Franchise Agreement.

This Disclosure Document summarizes certain provisions of your agreement and other information in plain English. Read this Disclosure Document and all accompanying agreements carefully. You must receive this Disclosure Document at least 14 calendar days before you sign a binding agreement with, or make any payment to, the franchisor or an affiliate in connection with the proposed franchise sale. **Note, however, that no governmental agency has verified the information contained in this document.**

You may wish to receive your Disclosure Document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Jason Sarnier at 406 Amapola Avenue, Suite 110, Torrance, California 90746, Phone (855) HYGENEX, info@hygenex.com

The terms of your contract will govern your franchise relationship. Don't rely on the Disclosure Document alone to understand your contract. Read your entire contract carefully. Show your contract and this Disclosure Document to an advisor, like a lawyer or an accountant.

Buying a franchise is a complex investment. The information in this Disclosure Document can help you make up your mind. More information on franchising, such as "A Consumer's Guide to Buying a Franchise," which can help you understand how to use this Disclosure Document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, DC 20580. You can also visit the FTC's home page at www.ftc.gov for additional information. In addition, there may be laws on franchising in your state. Ask your state agencies about them.

ISSUANCE DATE APRIL 16, 2018

STATE COVER PAGE

Your state may have a franchise law that requires a franchisor to register or file with a state franchise administrator before offering or selling in your state. REGISTRATION OF A FRANCHISE BY A STATE DOES NOT MEAN THAT THE STATE RECOMMENDS THE FRANCHISE OR HAS VERIFIED THE INFORMATION IN THIS DISCLOSURE DOCUMENT.

Call the state franchise administrator listed in **Exhibit A** for information about the franchisor or about franchising in your state.

MANY FRANCHISE AGREEMENTS DO NOT ALLOW YOU TO RENEW UNCONDITIONALLY AFTER THE INITIAL TERM EXPIRES. YOU MAY HAVE TO SIGN A NEW AGREEMENT WITH DIFFERENT TERMS AND CONDITIONS IN ORDER TO CONTINUE TO OPERATE YOUR BUSINESS. BEFORE YOU BUY, CONSIDER WHAT RIGHTS YOU HAVE TO RENEW YOUR FRANCHISE, IF ANY, AND WHAT TERMS YOU MIGHT HAVE TO ACCEPT IN ORDER TO RENEW.

Please consider the following RISK FACTORS before you buy this franchise.

- 1 THE FRANCHISE AGREEMENT REQUIRES YOU TO RESOLVE DISPUTES WITH US BY LITIGATION ONLY IN THE FEDERAL AND STATE COURTS LOCATED CLOSEST TO OUR HEADQUARTERS, WHICH AT THIS TIME ARE IN TORRANCE, CALIFORNIA. OUT OF STATE LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO LITIGATE WITH US IN CALIFORNIA THAN IN YOUR OWN STATE.
- 2 THE FRANCHISE AGREEMENT STATES THAT CALIFORNIA LAW GOVERNS THE AGREEMENT, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTION AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.
- 3 YOUR SPOUSE MUST SIGN A SPOUSAL CONSENT UNDER THE FRANCHISE AGREEMENT WHICH MAY PLACE YOUR SPOUSE'S MARITAL AND OTHER ASSETS AT RISK IF YOUR FRANCHISE FAILS.
- 4 THIS NEW FRANCHISOR HAS BEEN IN BUSINESS FOR SUCH A SHORT PERIOD OF TIME THAT ITS FRANCHISES ARE A HIGHER RISK INVESTMENT THAN FRANCHISORS WITH A LONGER-TERM OPERATING HISTORY.
- 5 YOU MUST MAINTAIN MINIMUM SALES PERFORMANCE LEVELS. IF YOU FAIL TO DO SO, YOU COULD LOSE YOUR EXCLUSIVE TERRITORY OR THE FRANCHISOR COULD TERMINATE YOUR AGREEMENT AND YOU COULD LOSE YOUR INVESTMENT.
- 6 THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

At this time, we do not use the services of one or more FRANCHISE BROKERS or referral sources to assist us in selling our franchise, but we may do so in the future. A franchise broker or referral source represents us, not you. We will pay this person a fee for selling our franchise or referring you to us. You should make sure to do your own investigation of the franchise.

Effective Date See next page for state effective dates

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STATE EFFECTIVE DATES

The following states require the Disclosure Document be registered or filed with the state, or be exempt from registration California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin

This Disclosure Document is registered, on file or exempt from registration in the following states having franchise registration and disclosure laws, with the following effective dates

STATE	EFFECTIVE DATE
CALIFORNIA	Renewal Pending
HAWAII	Not Filed
ILLINOIS	Not Filed
INDIANA	Not Filed
MARYLAND	Not Filed
MICHIGAN	Not filed
MINNESOTA	Not Filed
NEW YORK	Not Filed
NORTH DAKOTA	Not Filed
RHODE ISLAND	Not Filed
SOUTH DAKOTA	Not Filed
VIRGINIA	Not Filed
WASHINGTON	Not Filed
WISCONSIN	Not Filed

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