

Provision	Section in Development Agreement	Summary
n. Franchisor's right of first refusal to acquire franchisee's business	Section 8.4	We can match any offer.
o. Franchisor's option to purchase franchisee's business	Not Applicable	Not Applicable
p. Death or disability of franchisee	Section 8.7	Interest in Development Agreement must be assigned to approved assignee within 12 months of death and within 6 months of disability.
q. Non-competition covenants during the term of the franchise	Section 11.1	No involvement in competing business and no diversion.
r. Non-competition covenants after the franchise is terminated or expires	Not Applicable	Not Applicable
s. Modification of the agreement	Section 13.1	No modification except on execution of a written agreement.
t. Integration/merger clause	Section 13.2	Only the terms of the development agreement and all valid Franchise Agreements are binding (subject to state law). Any representations or promises outside of the disclosure document, the Franchise Agreements, and development agreement may not be enforceable. Nothing in any agreement is intended to disclaim the express representations made in this Disclosure Document, its exhibits and amendments.
u. Dispute resolution by arbitration or mediation	Section 13.4	Non-binding mediation in Colorado.
v. Choice of forum	Section 13.4	Litigation in Colorado (subject to state law).
w. Choice of law	Section 13.4	Colorado (subject to state law).

## **ITEM 18**

### **PUBLIC FIGURES**

We do not use any public figure to promote our franchise.

## **ITEM 19**

### **FINANCIAL PERFORMANCE REPRESENTATIONS**

The FTC's Franchise Rule permits a franchisor to provide information about the actual or potential franchise performance of its franchised and/or franchise-owned outlets, if there is a reasonable basis for the information, and if the information is included in the disclosure document. Financial performance information that differs from that included in Item 19 may be given only if (1) a franchisor provides the

actual records of an existing outlet you are considering buying, or (2) a franchisor supplements the information provided in this Item 19, for example, by providing information about possible performance at a particular location or under particular circumstances.

As of December 31, 2023, there were 31 BAD ASS COFFEE OF HAWAII Franchise Shops operating in the United States, all of which were owned by franchisees. Two franchised Shops closed in 2023 due to the fire in Lahaina, Hawaii. One re-opened approximately two months later, and the other remains closed but intends to re-open once it is able to do so. The tables below present historic results of operations of 22 BAD ASS COFFEE OF HAWAII Shops that were open and reported sales for each of the 12 months ending December 31, 2023, as well as the two Hawaii locations described above. The Measurement Period for the data presented below is: (1) the 2023 calendar year for the non-Hawaii locations, and (2) the last full 12 months of operations for the two Hawaii locations prior to the fire (August 2022 – July 2023).

The tables below exclude seven new franchised locations that opened in 2023, as well as one Company-operated Shop that operated as test and training store only and one Company operated Shop operated as a non-traditional test concept in 2023.

**Some BAD ASS COFFEE OF HAWAII Shops have earned the amounts reported below. Your individual results may differ. There is no assurance that you will earn as much.**

**NET SALES OF FRANCHISED SHOPS  
DURING MEASUREMENT PERIOD**

**Table 1.**  
**AVERAGE NET SALES<sup>1</sup>**

<b>Net Sales</b>	<b>Net Sales of Reported Franchised Shops</b>
Average Net Sales	\$702,376 <sup>2</sup>
Median Net Sales	\$544,679
Highest Shop Net Sales	\$1,626,551
Top 5 Shops - Average Net Sales	\$1,373,095
Top 10 Shops - Average Net Sales	\$1,079,112
Bottom 10 Shops - Average Net Sales	\$387,390
Bottom 5 Shops - Average Net Sales	\$327,693
Lowest Shop Net Sales	\$278,143

<sup>(1)</sup> “Net Sales” means the total revenue received by the Shop from the sale of goods and services including sales made away from the Shop, less taxes, discounts, refunds, tips, allowances and returns.

<sup>(2)</sup> 8 of the 24 Shops (33%) exceeded the Average Net Sales set forth above.

**Table 2.****HISTORICAL AVERAGE NET SALES<sup>1</sup> GROWTH**

<b>Net Sales</b>	<b>2021 Net Sales of Reported Franchised Shops</b>	<b>2022 Net Sales of Reported Franchised Shops</b>	<b>2023 Net Sales<sup>2</sup> of Reported Franchised Shops</b>	<b>2022-2023 Year-Over-Year % Increase / Decrease</b>
Average Net Sales	\$720,544	\$717,125	\$702,376	-2%
Median Net Sales	\$644,660	\$514,860	\$544,679	6%
Highest Shop Net Sales	\$1,305,758	\$1,527,282	\$1,626,551	7%
Top 5 Shops Net Sales	\$1,184,389	\$1,343,662	\$1,373,095	2%
Top 10 Shops Net Sales	\$938,600	\$1,029,052	\$1,079,112	5%
Bottom 10 Shops Average Net Sales	\$476,964	\$384,970	\$387,390	1%
Bottom 5 Shops Average Net Sales	\$323,927	\$287,136	\$327,693	14%
Lowest Shop Net Sales	\$210,024	\$258,221	\$278,143	8%

<sup>(1)</sup> “Net Sales” means the total revenue received by the Shop from the sale of goods and services including sales made away from the Shop, less taxes, discounts, refunds, tips, allowances and returns.

<sup>(2)</sup> As noted above, the 2023 Net Sales numbers present the actual performance for the 2023 calendar year for the 22 active locations that were open for the entire year, and the twelve-month period from August 2022 to July 2023 for the two Hawaii locations that closed temporarily due to the fire in August 2023.

Written substantiation for the financial performance representation will be made available to the prospective franchisee upon reasonable request.

The information used to prepare the Tables above was prepared from the financial statements generated by our franchisees.

Other than the preceding financial performance representation, we do not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor’s management by contacting William Brand, Royal Aloha Franchise Company, LLC, 7347 South Revere Parkway, Building A, Suite A, Centennial, Colorado 80112, 888-422-3277, the Federal Trade Commission and the appropriate state regulatory agencies.

**ITEM 20**  
**OUTLETS AND FRANCHISEE INFORMATION**

**TABLE 1**  
**SYSTEMWIDE OUTLET SUMMARY**  
**FOR YEARS 2021 TO 2023**

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2021	20	20	0
	2022	20	25	+5
	2023	25	31	+6
Company-Owned	2021	0	1	+1
	2022	1	2	+1
	2023	2	2	0
Total Outlets	2021	20	21	0
	2022	21	27	+6
	2023	27	33	+6

**TABLE 2**  
**TRANSFERS OF OUTLETS FROM FRANCHISEES TO NEW OWNERS**  
**(OTHER THAN FRANCHISOR)**  
**FOR YEARS 2021 TO 2023<sup>(1)</sup>**

State	Year	Number of Transfers
Arizona	2021	0
	2022	0
	2023	1
Colorado	2021	0
	2022	0
	2023	1
Totals	2021	0
	2022	0
	2023	2

**TABLE 3**  
**STATUS OF FRANCHISED OUTLETS**  
**FOR YEARS 2021 TO 2023<sup>(1)</sup>**

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operation for other Reasons	Outlets at End of Year
Alabama	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1