

FRANCHISE DISCLOSURE DOCUMENT



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BBDI LLC grants franchises for the operation of family-style restaurants which offer signature entrees featuring huge portions under the name Black Bear Diner.®

The total investment necessary to begin operation of a single Black Bear Diner restaurant is ~~\$1,546,200~~ \$1,543,000 to ~~\$2,349,000~~ \$2,345,500. This includes \$55,000 to \$155,000 which must be paid to us. We also offer an opportunity to operate multiple Black Bear Diner restaurants under an Area Development Agreement. The estimated initial investment to operate as an Area Developer ranges from ~~\$1,675,700~~ \$1,672,500 to ~~\$2,478,500~~ \$2,475,000 for the rights to develop and operate five Black Bear Diner restaurants. This includes a Franchise Fee of \$55,000 and a Development Fee of \$74,500 which must be paid to us.

This disclosure document summarizes certain provisions of your franchise 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 BBDI LLC, attn: Chad Corrigan, 280 Hemsted Drive, Suite 200, Redding, California 96002, (530) 243-2327.

The terms of your contract will govern your franchise relationship. Don't rely on the disclosure document alone to understand your contract. Read all of your 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 TC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, D.C. 20580. You can also visit the FTC's home page at www.ftc.gov for additional information. Call your state agency or visit your public library for other sources of information on franchising.

There may also be laws on franchising in your state. Ask your state agencies about them.

The Issuance Date of this Franchise Disclosure Document is: March 28, 2025

Type of Expenditure ⁽¹⁾	Amount	Method of Payment	When Due	To Whom Paid
Expenses ⁽¹⁸⁾				
Licenses & Permits ⁽¹⁹⁾	\$7,000 to \$20,000	As Arranged	As Arranged	Third Parties
Professional Fees ⁽²⁰⁾	\$20,000 to \$65,000	As Arranged	As Arranged	Third Parties
Additional Funds-3 months ⁽²¹⁾	\$100,000 to \$150,000	As Arranged	As Arranged	You Determine
TOTAL⁽²²⁾	\$1,546,200 <u>\$1,543,000</u> to \$2,349,000 <u>\$2,345,500</u>			

EXPLANATORY NOTES:

- Type of Expenditure. In general, except for security deposits, all payments are non-refundable including the Franchise Fee. The Franchise Fee is partially refundable under certain circumstances as described in Item 5. We do not finance any portion of your initial investment.
- Franchise Fee. The Franchise Fee is described in greater detail in Item 5.
- Development Services Fee. Engaging us for Development Services is optional. The Development Services Fee is described in greater detail in Item 5.
- First Month's Rent. You must provide a suitable site from which to operate your Franchised Restaurant. Normally, a site is obtained on a leasehold basis. This estimate is based on one month's rent for a space of approximately 4,500 to 6,000 square feet. There may be other lease acquisition costs such as prepaid rent and security deposits. It is extremely difficult to estimate lease costs because of the wide variation in costs between locations.
- Security Deposits. Security deposits generally are required by the utility companies, the landlord and any equipment lessors you may elect to use. Amounts will vary depending on the requirements under the various leases, utilities' policies and your credit rating. Included is one month's rent for a security deposit in connection with your lease and utilities.
- Leasehold Improvements. The structure must be renovated according to our standards and specifications for furnishings and décor. The cost of the improvements will vary based upon size, condition and location of the premises, local wage rates and material costs. The low range assumes you obtain space that is already configured for a restaurant and that needs minimal buildout. The high range assumes that you must construct the interior from an empty shell space. Your costs will most likely be significantly higher if you elect new construction.
- Furniture, Fixtures & Equipment. You must buy or lease certain equipment and related services including serving equipment, a cash register/point-of-sale system, point-of-sale materials, a digital jukebox for use as a sound system, miscellaneous small wares, and signage. The Franchised Restaurant's equipment package will depend on the presence of existing food service facilities, square footage and anticipated volumes.

19. Licenses and Permits. These amounts will be incurred for costs such as pre-construction and operating licenses and permits. Your actual costs may vary from the estimates based on the requirements of local government agencies. Should you elect to do so, it is solely your responsibility to obtain and maintain a liquor license for your Franchised Restaurant. The cost of a liquor license can be higher in states where the availability of a license is restricted or available only from an existing holder.

20. Professional Fees. You may need to employ an architect, attorney, accountant or other professionals to assist you in establishing your Franchised Restaurant. These fees may vary from location to location depending upon the prevailing rate of service fees. Should you elect to serve beer and wine, you should retain legal counsel specialized in obtaining liquor licenses.

21. Additional Funds-3 Months. The additional funds is an estimate to cover operating expenses, including employees' salaries, for three months of operation. However, we cannot guarantee that this amount will be sufficient. Our estimate of the amount of additional funds required to operate the Franchised Restaurant is based on the experience of our affiliate in operating other Black Bear Diner restaurants. Additional funds may be required if sales are low or fixed costs are high.

22. TOTAL. In compiling this chart, we relied on our and our affiliates' experience in operating other Black Bear Diner restaurants. You should review these estimates carefully with a business advisor or accountant before making any decision to buy a franchise. We do not typically offer financing for any of the above expenditures.

YOUR ESTIMATED INITIAL INVESTMENT (AREA DEVELOPMENT AGREEMENT)

The following chart provides an estimate of your initial investment to open your first Franchised Restaurant if, for example, you sign a Development Agreement for the development of 5 Franchised Restaurants.

Type of Expenditure⁽¹⁾	Amount	Method of Payment	When Due	To Whom Paid
Development Fee ⁽²⁾	\$74,500	Lump Sum	At Signing of Area Development Agreement	Us
Franchise Fee For First Franchised Restaurant	\$55,000	Lump Sum	At Signing of Franchise Agreement	Us
Other Expenditures For 1 st Franchised Restaurant ⁽³⁾	\$1,546,200 <u>1,543,000</u> to \$2,349,000 <u>2,345,500</u>	As Disclosed in Preceding Table	As Disclosed in Preceding Table	See Preceding Table
TOTAL⁽⁴⁾	\$1,675,700 <u>1,672,500</u> to \$2,478,500 <u>2,475,000</u>			

ITEM 12 **TERRITORY**

Franchise Agreement

Under the Franchise Agreement, you will be granted the right to develop and operate a Franchised Restaurant at a specific location that first must be approved by us. You may not relocate the Franchised Restaurant without our prior written consent. If, prior to the termination or expiration of the Franchise Agreement, the lease or sublease for your Black Bear Diner restaurant location expires or terminates without your fault, or if the premises are destroyed, condemned or otherwise rendered unusable, we will permit you to relocate your Black Bear Diner restaurant to a new site acceptable to us. Any relocation will be at your sole expense, including reimbursing us for all reasonable costs and expenses that we may incur in connection with evaluating, approving and/or implementing the relocation. You also must indemnify us against all loss, liability, costs and expenses that we may incur in connection with any aspect of the relocation process.

Under the terms of the Franchise Agreement, we will grant you a geographic area known as a "Protected Area". If you comply with the Franchise Agreement, we will not operate or license others to operate a Black Bear Diner restaurant from a location within the Protected Territory during the term of the Franchise Agreement. A description of the Protected Territory is included as an exhibit to the Franchise Agreement. The perimeter of the Protected Territory may be described by street boundaries, county lines, state lines, municipal boundaries or other similar boundary descriptions. For the typical Franchised Restaurant, the Protected Territory will encompass an approximate 3-mile radius around the Franchised Restaurant.

As part of the rights reserved by us in the Franchise Agreement, we may (1) establish and operate, and license others to establish and operate, Black Bear Diner restaurants at any location outside of the Protected Area; (2) establish and operate, and license others to establish and operate, other businesses including similar restaurant concepts, using other trademarks, service marks and commercial symbols at any location either within and outside of the Protected Area; (3) sell and distribute products authorized for use and resale at the Franchised Restaurant, including the Gift Shop Products, at wholesale and at retail through alternative channels of distribution including, but not limited to, grocery stores, convenience stores, mail order and Internet sales to customers wherever located, including customers that may be located within the Protected Area; and (4) engage in any other activities not expressly forbidden by the Franchise Agreement. ~~Because of the rights we reserve, you~~

You will not receive an exclusive territory. You may face competition from other franchisees, from outlets we own, or from other channels of distribution or competitive brands we control. However,

Except as described above, we have no contractual right to modify any territorial right that we grant. As indicated above, we are not restricted from soliciting or accepting orders, from, or selling products or services using any trademarks to, consumers located within your Protected Area, including orders, products or services offered from other distribution channels, such as the Internet, catalogues, or other direct marketing sales. If we do so, we will not pay any compensation to you.

Neither we nor any affiliate currently engage in any of the activities described in the previous paragraph, but we reserve the right to do so in the future.

Under the terms of the Franchise Agreement, you are not required to achieve a sales or market penetration quota. The Franchise Agreement does not provide you any options, rights of first refusal or similar rights to acquire additional franchises.

There are no restrictions on the areas in which you may advertise or solicit customers though you must operate your Black Bear Diner restaurant solely at the restaurant premises. You may not sell products to any other customer or business for resale and you may not sell products at, from or through any other location or distribution channel such as the Internet, catalog sales, telemarketing, or other direct marketing.

Area Development Agreement

If you enter into an Area Development Agreement, you will receive a Development Area within which you will have the rights and obligation to develop one or more Black Bear Diner restaurants. The Development Area will vary in size, depending upon the number of Franchised Restaurants you intend to open, the population density, and the demographics in the area in which you intend to operate. Your Development Agreement will have a schedule by which each Franchised Restaurant to be developed must be approved for commencement of operations. We set the development schedule with you before you sign your Development Agreement. If you fail to meet the development schedule in your Development Agreement, your development rights and Development Agreement are subject to termination. The responsibility to locate and prepare a sufficient number of suitable sites is solely yours and we have no obligation to approve sites which do not meet our criteria. We do not determine the site for the first or any additional Franchised Restaurants to be developed under the Development Schedule, but you must receive our prior written consent to the development of a proposed site for the location of each of your Franchised Restaurants. So long as you comply with all provisions in the Area Development Agreement and otherwise comply with the provisions of each related Franchise Agreement, we will not establish or license others to establish a Black Bear Diner restaurant within the Development Area. In addition, you maintain your rights to your Development Area even if the population increases.

Except as specifically limited by the Development Agreement, we retain all rights with respect to Franchised Restaurants, the Marks, and any products and service. As part of the rights reserved by us in the Development Agreement, we may (1) establish and operate, and license others to establish and operate, Black Bear Diner restaurants at any location outside of the Development Area; (2) establish and operate, and license others to establish and operate, other businesses including similar restaurant concepts, using other trademarks, service marks and commercial symbols at any location either within and outside of the Development Area; (3) sell and distribute products authorized for use and resale at the Franchised Restaurant, including the Gift Shop Products, at wholesale and at retail through alternative channels of distribution including, but not limited to, grocery stores, convenience stores, mail order and Internet sales to customers wherever located, including customers that may be located within the Development Area; and (4) engage in any other activities not expressly forbidden by the Area Development Agreement. Under the terms of the Area Development Agreement, you have no right to operate a Black Bear Diner restaurant or to solicit or accept orders for any products or services. These and other related rights are only granted to you upon signing a Franchise Agreement. ~~Because of the rights we reserve, you~~

You will not receive an exclusive territory under the Development Agreement. You may face competition from other franchisees, from outlets we own, or from other channels of distribution or competitive brands we control.