CALIFORNIA
FRANCHISE DISCLOSURE DOCUMENT
NOBLE ROMAN'S CRAFT PIZZA & PUB

Noble Roman's, Inc.
an Indiana Corporation
6612 E. 75th Street, Suite 450
Indianapolis, Indiana 46250
www.nobleromans.com
(317) 634-3377

The franchisee will operate a Noble Roman's Craft Pizza & Pub® ("CP&P") franchise. CP&P is a casual dining pizza restaurant serving pizza with a wide variety of toppings, 16 different draft beers on tap and 16 different wines by the bottle and by the glass.

The total investment necessary to begin operation of a CP&P franchise is $~~503,500~~**501,000** to $~~727,000~~**735,000**. This includes an initial franchise fee of $30,000 that must be paid to Noble Roman's.

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.**

The terms of your contract will govern your franchise relationship. Do not 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 FTC at 1-877-FTC-HELP, or by writing to FTC at 600 Pennsylvania Avenue, N.W., 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 agency about them.

Issuance Date: ~~June 18~~ **March 25**, ~~2020~~**2021**
Effective Date:

How to Use This Franchise Disclosure Document

Here are some questions you may be asking about buying a franchise and tips on how to find more information:

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibits E and F.
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit B includes financial statements. Review these statements carefully.
Is the franchise system stable, growing, or shrinking?	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
Will my business be the only Noble Roman's business in my area?	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchisor have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What's it like to be a Noble Roman's franchisee?	Item 20 or Exhibits E and F list current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need To Know About Franchising *Generally*

Continuing responsibility to pay fees. You may have to pay royalties and other fees even if you are losing money.

Business model can change. The franchise agreement may allow the franchisor to change its manuals and business model without your consent. These changes may require you to make additional investments in your franchise business or may harm your franchise business.

Supplier restrictions. You may have to buy or lease items from the franchisor or a limited group of suppliers the franchisor designates. These items may be more expensive than similar items you could buy on your own.

Operating restrictions. The franchise agreement may prohibit you from operating a similar business during the term of the franchise. There are usually other restrictions. Some examples may include controlling your location, your access to customers, what you sell, how you market, and your hours of operation.

Competition from franchisor. Even if the franchise agreement grants you a territory, the franchisor may have the right to compete with you in your territory.

Renewal. Your franchise agreement may not permit you to renew. Even if it does, you may have to sign a new agreement with different terms and conditions in order to continue to operate your franchise business.

When your franchise ends. The franchise agreement may prohibit you from operating a similar business after your franchise ends even if you still have obligations to your landlord or other creditors.

Some States Require Registration

Your state may have a franchise law, or other law, that requires franchisors to register before offering or selling franchises in the state. Registration does not mean that the state recommends the franchise or has verified the information in this document. To find out if your state has a registration requirement, or to contact your state, use the agency information in Exhibit D.

Your state also may have laws that require special disclosures or amendments be made to your franchise agreement. If so, you should check the State Specific Addenda. See the Table of Contents for the location of the State Specific Addenda.

Special Risks to Consider About *This* Franchise

Certain states require that the following risk(s) be highlighted:

1. **<u>Out-of-State Dispute Resolution</u>.** The franchise agreement requires you to resolve disputes with the franchisor by litigation only in Indiana. Out-of-state litigation may force you to accept a less favorable settlement for disputes. It may also cost more to litigate with the franchisor in Indiana than in your own state.

Certain states may require other risks to be highlighted. Check the "State Specific Addenda" (if any) to see whether your state requires other risks to be highlighted.

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EXHIBITS

ITEM 1. The Franchisor and any Parents, Predecessors and Affiliates.

General Information

To simplify the language in this Disclosure Document, references to the "Company" or "We" means Noble Roman's, Inc., the franchisor. The term "You" means the person who buys the franchise and the owners of the franchise if the franchisee is a corporation, partnership or other entity. This Franchise Disclosure Document relates only to the CP&P franchise (the "Franchise"). The Company was incorporated September 21, 1972 and is an Indiana corporation with a principal place of business at 6612 E. 75th Street, Suite 450, Indianapolis, Indiana 46250. In addition to the Franchise, the Company sells and services franchises for non-traditional foodservice operations pursuant to a different Franchise Disclosure Document under the trade names "Noble Roman's Pizza" and "Noble Roman's Take-N-Bake." The Company has been operating and franchising Noble Roman's Pizza in a variety of stand-alone and non-traditional locations since 1972. The Noble Roman's Craft Pizza & Pub utilizes many of the basic elements first introduced in 1972 but in a modern atmosphere with up-to-date technology and equipment to maximize speed, enhance quality and perpetuate the taste customers love and expect from a Noble Roman's. The Noble Roman's Craft Pizza & Pub provides for a selection of over 40 different toppings, cheeses and sauces from which to choose. Beer and wine also are featured, with 16 different beers on tap including both national and local craft selections. Wines include 16 affordably priced options by the bottle or glass in a range of varietals. Beer and wine service is provided at the bar and throughout the dining room. The Company designed the system to enable fast cook times, with oven speeds running approximately 2.5 minutes for traditional pizzas and 5.75 minutes for Sicilian pizzas. Traditional pizza favorites such as pepperoni are options on the menu, but also offered is a selection of Craft Pizza & Pub original pizza creations. The menu also features a selection of contemporary and fresh, made-to-order salads and fresh-cooked pasta. The menu also incorporates baked sub sandwiches, hand-sauced wings and a selection of desserts, as well as Noble Roman's famous Breadsticks with Spicy Cheese Sauce most of which has been offered in all its locations since 1972. The Company designed its new curbside service for carry-out customers, called "Pizza Valet Service," to create added value and convenience. With Pizza Valet Service, customers place orders ahead, drive into the restaurant's reserved valet parking spaces and have their pizza run to their vehicle by specially uniformed pizza valets. Customers who pay when they place their orders are able to drive up and leave with their order very quickly without stepping out of their vehicle. For those who choose to pay after they arrive, pizza valets can take credit card payments on their mobile payment devices right at the customer's vehicle. With the fast baking times, the entire experience, from order to pick-up can take as little as 12 minutes.

~~The Company believes some of the attributes of the Franchise are:~~

- Modern yet nostalgic, family-friendly interior restaurant design
- Two styles of hand-craft, made from scratch pizzas. Traditional thinner and Deep-Dish Sicilian
- Over 40 different toppings, cheeses and sauces from which to choose including traditional toppings such as pepperoni and unusual toppings such as diced apples and candied walnuts
- Noble Roman's hand-rolled breadsticks with spicy cheese sauce
- A selection of contemporary, made-to-order salads and fresh pasta. The menu also includes baked subs, hand-sauced wings and desserts
- 16 different beers on tap including both national and local craft selections. Wines include 16 quality, affordably-priced options in a range of varietals
- Fast cook times - 2.5 minutes for traditional pies and 5.75 minutes for Sicilian pies
- Glass enclosed dough room where Noble Roman's dough masters hand make all pizza and breadstick dough from scratch in customer view
- A "Dusting and Drizzle Station" where customers customize their baked pizzas with a variety of toppings and drizzles
- Kids and adults enjoy Noble Roman's self-serve root beer tap
- Throughout the dining room and bar are large and giant screen television monitors for sports and the nostalgic black and white shorts

Currently, the Company is operating ~~five~~**seven** Noble Roman's Craft Pizza & Pub in addition to one non-traditional locations which contain a Noble Roman's Pizza and currently there are ~~two~~**three** franchised CP&P in operation ~~plus a second location is under development by the franchisee of the first franchised location~~.

Competition

The restaurant industry and the retail food industry in general are very competitive with respect to convenience, price, product quality and service.

Government Regulation

The Company and its franchisees are subject to various federal, state and local laws affecting the operation of our respective businesses. Each franchise location is subject to licensing and regulation by a number of governmental authorities, which include health, safety, sanitation, building and other agencies and ordinances in the state or municipality in which the facility is located. The process of obtaining and maintaining required licenses or approvals can delay or prevent the opening of a franchise location. Vendors, such as our third-party production and distribution services, are also licensed and subject to regulation by state and local health and fire codes, and U. S. Department of Transportation regulations. The Company, its franchisees and its vendors are also subject to federal and state environmental regulations.

The Company is subject to regulation by the Federal Trade Commission (the "FTC") and various state agencies under federal and state laws regulating the offer and sale of franchises. Several states also regulate aspects of the franchisor-franchisee relationship. The FTC requires us to furnish to prospective franchisees a disclosure document containing certain specified information. Some states also regulate the sale of franchises and require registration of a franchise disclosure document with state authorities. Substantive state laws that regulate the franchisor-franchisee relationship presently exist in a substantial number of states, and bills have been introduced in Congress from time to time that would provide for additional federal regulation of the franchisor-franchisee relationship in certain respects. State laws often limit, among other things, the duration and scope of non-competition provisions and the ability of a franchisor to terminate or refuse to renew a franchise. Some foreign countries also have disclosure requirements and other laws regulating franchising and the franchisor-franchisee relationship, and the Company would be subject to applicable laws in each jurisdiction where it seeks to market additional franchised units.

ITEM 2. Business Experience.

Executive Chairman of the Board and Chief Financial Officer - Paul W. Mobley was Chairman of the Board, Chief Executive Officer and Chief Financial Officer of the Company, 6612 E. 75th Street, Suite 450, Indianapolis, Indiana 46250, from December 1991 until November 2014 when he became Executive Chairman and Chief Financial Officer. Mr. Mobley has been a Director and an Officer since 1974. Mr. Mobley has a B.S. in Business Administration from Indiana University ~~and is a CPA~~. He is the father of A. Scott Mobley.

President, Chief Executive Officer, Secretary and a Director - A. Scott Mobley has been Chief Executive Officer of the Company, 6612 E. 75th Street, Suite 450, Indianapolis, Indiana 46250, since November 2014, a Director since January 1992 and Secretary since February 1993. Mr. Mobley has a B.S. in Business Administration magna cum laude from Georgetown University and an MBA from Indiana University. He is the son of Paul W. Mobley.

Director - Douglas H. Coape-Arnold has been a Director of the Company since 1999. Mr. Coape-Arnold has been Managing General Partner of Geovest Capital Partners, L.P., 450 Parkway N., New York, NY 10022, since January 1997. Mr. Coape-Arnold is a Chartered Financial Analyst.

Director - Marcel Herbst has been a Director of the Company since July 2016. Mr. Herbst is the founder and portfolio manager of Herbst Capital Management, LLC, 2846 N. Southport Avenue, Unit 3-N, Chicago, IL, 60657, from 2008 until current. Mr. Herbst has a Bachelor degree of Business Administration from Schiller International University in Heidelberg, Germany and a Master's degree of Management in Hospitality concentrating in food and beverage from Cornell University.

Director – William Wildman has been a director of the Company since June 2019. Mr. Wildman is the President and Chief Executive Officer of Pinnacle Commercial Capital. Mr. Wildman studied business and law at the University of Evansville, and undertook additional financial management studies at the Indiana Banking School at Purdue.

Executive Vice President of Franchising - Troy Branson has been Executive Vice President for the Company, 6612 E. 75th Street, Suite 450, Indianapolis, Indiana 46250, since November 1997. Mr. Branson has a B.S. in Business from Indiana University.

Director of Franchise Services - Terry Farabaugh, has been with the Company, 6612 E. 75th Street, Suite 450, Indianapolis, IN 46250, in various operations positions since 1989. He has been Director of Operations since 2015 and is currently also Director of Franchise Services. Mr. Farabaugh has owned various franchises of the Company and currently owns one franchise location.

ITEM 3. Litigation.

No litigation is required to be disclosed in this item.

ITEM 4. Bankruptcy.

No bankruptcy information is required to be disclosed in this disclosure document.

ITEM 5. Initial Fees.

The initial franchise fee for a CP&P is $30,000. With the sale of multiple CP&P franchises to a single franchisee, the franchise fee for the second unit is $25,000 and the franchise fee for the third unit and any additional units is $20,000 per unit.

The franchise fees are paid upon signing the Franchise Agreement and, when paid, shall be deemed fully earned and non-refundable in consideration of the administration and other expenses incurred by the Company in granting the franchises and for the lost and/or deferred opportunities to grant such franchises to any other party.

The marketing package is non-refundable and is paid either to the Company or to outside vendors for production of required marketing materials. The cost of the marketing package varies by location and is estimated to cost between $4,000 and $8,000. Whether this amount is paid to the Company or an outside vendor depends on whether the franchisee elects to purchase the marketing materials directly from the Company or requests the materials from the Company in digital form, and then have a printer not affiliated with the Company print the physical materials.

ITEM 6. Other Fees.

Type of Fee (Note 1)	Amount	Due Date
Royalty Fee (Note 2)	5% of gross sales	Payable weekly by Tuesday of the following week
Creative Fee (Note 2)	2% of gross sales	Payable weekly by Tuesday of the

		following week
Advertising Fee (Note 2)	3% of gross sales	This is only implemented if any market that has adequate penetration For an advertising cooperative. Currently none exists
Renewal Fee	$3,000	Payable at the time a renewal franchise agreement is executed
Transfer Fee (Note 3)	$5,000 (Note 4)	Prior to approval of transfer
Manual Replacement Fee	$500	Prior to replacing any Manual
Audit Fee (Note 4)	Cost of audit plus up to 10% interest (Note 5)	Five days after demand

Note 1 - All fees are imposed by and are payable to the Company. All fees are non-refundable.

Note 2 - Royalty Fee and Creative Fee. The term "gross sales" means the total selling price of all products and services and all income of every other kind and nature related to the operation of the franchised unit, whether for cash or credit, except for: (i) sales taxes collected directly from customers; and (ii) any other tax, excise or duty, levied or assessed against the franchisee by any federal, state or local authority based on sales of specific merchandise sold at or from the franchised unit, provided that such taxes are actually transmitted to the appropriate authority. You must pay to the Company a weekly royalty fee and creative fee based on the gross sales of the franchised unit for the preceding week for all products and services (as defined in Section IV of the Franchise Agreement), payable by electronic withdrawal of such fees by draft on your bank account.

Note 3 –Transfer Fee. Any transfer or assignment of your rights under the Franchise Agreement requires our prior written consent. In order for us to review and consider giving our consent, you must pay $2,000 of the $5,000 transfer fee, which is non-refundable if consent is withheld, to cover our actual time in processing the request and the $3,000 balance of the fee must be paid prior to approval of the transfer.

Note 4 - Audit Fees. We have the right, at our own expense, to audit your books and records, including purchase records from your authorized distributor. You must pay us the amount of all royalty fees due plus interest, determined from the date due until paid at the lesser of the highest rate allowed by law or a rate that is five percentage points higher than the "prime rate" then currently established by the largest bank headquartered in the state in which the location is situated, on any unreported gross sales, as determined by such audit or review. In addition, should the audit disclose a deficiency in reported gross sales in excess of 3% of the actual audited amount of gross sales, you shall reimburse us for the cost of the audit. Any amount or amounts payable by you under this disclosure document shall be remitted to the Company within five days after demand. Additionally, if gross sales are not reported by the due date, Franchisor may charge Franchisee a $25.00 administrative fee for every day sales are unreported following the due date with no additional notice being required.

ITEM 7. ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to Be Made
Initial Franchise Fee	$30,000	Lump Sum	Upon Signing	Noble Roman's, Inc.

(Note 1)			Agreement	
Equipment (Note 2)	$165,000 to $200,000	Lump Sum	As Contracted	Suppliers
Smallwares (Note 2)	$15,000 to $20,000	Lump Sum	As Contracted	Suppliers
Exterior Signage (Note 2)	$10,000 to $20,000	Lump Sum	As Contracted	Suppliers
Audio ~~Equipment~~**equipment** (Note 2)	$14,000 to $25,000	Lump Sum	As Contracted	Suppliers
Furniture (Note 2)	$20,000 to $30,000	Lump Sum	As Contracted	Suppliers
Uniforms and Inventory (Note 2)	$12,000 to $15,000	Lump Sum	As Contracted	Suppliers
Leasehold Improvements (Note 2 and Note 6)	$200,000 to $325,000	Lump Sum	As Contracted	Suppliers
Lease Expense (Note 5)	$7,500 to $12,000/mo.	Monthly beginning with opening of the restaurant	As Contracted	Landlord
Initial Training Expense	$10,000 to $20,000	As Incurred	As Incurred	Employees and Suppliers
Additional Funds (Note 3)	~~$20,000 to $30,000~~**$25,000 to $50,000**	As Incurred	As Incurred	Employees and Suppliers
Total Initial Investment (Note 4 and Note 5)	~~**$503,500 to $727,000**~~**$501,000 to $735,000**			

Note 1: The initial franchise fee is deemed fully earned and non-refundable when paid.

Note 2: These costs are payable to the suppliers of the goods or services on terms negotiated between you and such suppliers. Generally, they are due and payable as the obligations are incurred and are not refundable.

Note 3: This estimates your initial start-up expense. These expenses include payroll costs, insurance and other miscellaneous expenses and are generally non-refundable. These amounts are estimates and we cannot guarantee that you will not have additional expenses starting the business. Your costs will depend on factors such as how closely you follow our methods and your management skill, experience and business acumen. The Company relied on its experience selling franchises plus experience in the restaurant business in determining this estimate.

Note 4: The Company relied on recent purchases from suppliers and its experience in the restaurant business to prepare these estimates. You should review these amounts carefully before making any decision to purchase the franchise.

Note 5: It is assumed leased strip mall space generally known as a white box. The Company does not offer, either directly or indirectly through any affiliated companies, financing to franchisees. Annual lease cost, depending on location, is estimated to be between $25.00 per square foot and $40.00 per square foot. The first month's rent is included in the initial investment which typically begins on the day the restaurant opens for business.

Note 6: This is an estimate for the gross amount of leasehold improvements from taking the location from a "white box" to the specifications of a CP&P. A portion of the cost is sometimes paid for by the landlord in the form of "tenant improvement allowance." The amount of that allowance is determined in your negotiations for the property lease with the landlord which would reduce your cost.

ITEM 8. Restrictions on Sources of Products and Services.

You are required to purchase from distributors and suppliers approved by us all food products, facades, paper goods, marketing materials, menu boards, point-of-sale system, Noble Roman's customized ovens and signs. The Company has negotiated arrangements with its distributors and suppliers under which you will be entitled to purchase products and services at the same pricing as the distributors or suppliers offer to the Company. Other than these negotiated arrangements, the Company does not maintain any purchasing or distribution cooperative. Product specifications and standards are issued only to suppliers which have been approved by the Company. From time to time product specifications are changed as a result of market testing of new products and/or in order to obtain better quality or pricing for the products. None of our officers own an interest in any of our distributors or suppliers. We expect that approximately 80% of a franchisee's purchases of products and services in establishing and operating a franchise will be purchases from our approved suppliers.

Other than the items specified in the foregoing paragraph, you (i) are not required to purchase or lease any goods, services, supplies, fixtures, equipment, inventory or real estate relating to the establishment or operation of the franchised businesses from Company approved providers, and (ii) are permitted to purchase all other items needed in the businesses from any source which meets the Company's standard specifications described in the Operating Standards Manuals for quality, cleanliness, uniformity and delivery, and that has been approved by the Company.

For our services, such as layout and design, coordinating equipment orders and monitoring shipping and installation of equipment, the Company receives a commission on certain equipment, smallwares and signage from various suppliers as a result of your purchases. The amounts of these commissions vary from time to time based on quantities purchased by the franchisees. The Company may also receive from time to time allowances, credits or rebates from other suppliers based on purchases by you. These amounts are generally tied to specials or quantities purchased during given time periods. During ~~2019~~**2020**, the Company received approximately $~~6,000~~**7,500** from these sources, which is less than 1% of its revenues. Neither the Company nor any of its affiliates are approved suppliers.

If you desire to purchase any items from a supplier who has not previously been approved, you must request in writing the Company's approval of such supplier. Additional suppliers will generally be approved as long as their products meet our specifications and equal or exceed the quality standards of the approved products. Such quality standards will be determined solely by the Company. The Company will notify you within 10 days whether the request has been approved or denied. No fee is charged by the Company to approve a supplier. The Company reserves the right not to give approval to an unreasonable number of suppliers for any particular item or service. The Company may revoke approval of any supplier upon written notice to you in the event any supplier fails to continue to meet the Company's standards or specifications. Any purchase by you from an unauthorized supplier may result in the termination of your Franchise Agreement. Except as specified in the preceding paragraphs, neither the Company nor any affiliate receives any income derived from purchases made by you from approved independent suppliers. Criteria used to determine whether or not a supplier is approved, is not available to you. Approval for certain suppliers can be revoked at the sole discretion of the Company; however, if revoked, the Company will make necessary arrangements for an alternative supplier to have been approved by the Company prior to, or simultaneous with, the revoking of approved supplier.

ITEM 9. Franchisee's Obligations.

This table lists your principal obligations under the franchise and other agreements. It will help you find more detailed information about your obligations in these agreements and in other items of this disclosure document.

Obligation	Section in Franchise Agreement	Item in Disclosure Document
a. Site selection and acquisition/lease	Section II	Item 11
b. Pre-opening purchases/leases	Sections II	Item 8
c. Site development and other pre-opening requirements	Sections II and V	Items 5, 6, 7 and 11
d. Initial and ongoing training	Sections V and VII	Item 11
e. Opening	Sections II and V	Item 11
f. Fees	Section IV	Items 5 and 6
g. Compliance with standards and policies/Operating Manual	Sections V, VII and VIII	Items 8,11,13 and 16
h. Trademark and proprietary information	Sections IX and X	Items 13 and 14
i. Restrictions on products/services offered	Section VIII	Items 8 and 16
j. Warranty and customer service requirements	Section VIII	Item 11
k. Territorial development and sales quotas	None	None
l. Ongoing product/service purchases	Section VIII	Item 8
m. Maintenance, appearance and remodeling requirements	Sections II, III and VIII	Items 11 and 17
n. Insurance	**Section VII**	None
o. Advertising	Section VIII	Item 11
p. Indemnification	Sections IX, XIII, XIV and XV	Item 13
q. Owner's participation/management/staffing	Section VII and VIII	Items 11 and 15
r. Records and reports	Sections IV and XI **and Section VII**	Item 6
s. Inspections and audits	Sections II, VII, VIII and XI	Items 6 and 11
t. Transfer	Section XIV	Items 6 and 17
u. Renewal	Section III	Items 6 and 17
v. Post-termination obligations	Section XVIII	Item 17
w. Non-competition covenants	Section X	Item 17
x. Dispute resolution	Section XIX	Item 17

ITEM 10. Financing.

The Company does not offer direct or indirect financing. The Company does not guarantee your note, lease or any other obligation.

ITEM 11. Franchisor's Assistance, Advertising, Computer Systems and Training

Except as listed below, the Company is not required to provide you with any assistance.

(1) Franchisors site selection guidelines and such site selection assistance as Franchisor may deem advisable.

(2) Such assistance to Franchisee in the layout and design of the CP&P as Franchisor may deem necessary. You are responsible for the cost of preparing architectural, engineering and construction drawings, which you must submit to us for our review and approval before you begin construction of your location. You are responsible for the cost of construction and/or remodeling.

(3) Such site evaluation and assistance as Franchisor may deem necessary on its own initiative or in response to Franchisee's reasonable request for site evaluation~~. If~~; if services are provided at Franchisee's request, Franchisor reserves the right to charge a reasonable fee for providing such services representing the reasonable expenses incurred by Franchisor (or its designee) in connection with such on-site evaluation, including, without limitation, the cost of travel, lodging, meals and wages.

(4) The loan of one set of the Confidential Manual and such other manuals and written materials as Franchisor shall have developed for use in the Franchised Business (as the same may be revised by Franchisor from time to time, the "Manuals"), as more fully described in Section X(A) of the Franchise Agreement. Before signing the Franchise Agreement you will be permitted, upon request, to review the confidential manual in our office but will not be permitted to take any copy prior to finalizing the Agreement. We will provide and list of approved vendors and specifications for equipment and other supplies for your restaurant. We will provide assistance in reviewing quotes, at Franchisor's discretion. You must purchase, install, maintain in efficient supply, and use, only fixtures, furnishings, equipment, signs and supplies that conform to the standards and specifications provided by the Franchisor.

(5) Upon the opening of the Franchised Business, Franchisor shall provide Franchisee with a training program which also includes an on-the-job training program, or other training requirements that the Franchisor deems appropriate, on the operation of a CP&P, furnished at such times and places as Franchisor reasonably deems necessary. You will be responsible for training your employees and independent contractors including any training on the day-to-day operations of the restaurant.

(6) During the operation of the Franchised Business, such additional assistance as is reasonably necessary, in the sole discretion of Franchisor, to assist Franchisee in meeting Franchisor's quality control standards.

The Company expects the Franchisee to use print advertising and other local marketing activities in the market area immediately around each location. The print advertising may be distributed by the Franchisee in a variety of ways including newspaper, direct mail, insert in a marriage mailer and hand distribution throughout the area. The Company is not required to spend any amount on advertising in the territory where a franchise is located. All materials to be used in the advertising may be created by our in-house advertising department and in-house graphic designers. Franchisees may create their own advertising so long as the use of our trademarks and the design of the advertisement is approved by the Company in its sole discretion. There is no advertising council composed of Franchisees that advises the Franchisor. The Company is not obligated to provide you with any advertising.

Non-Obligatory Post-Opening Assistance or Services. After the opening of the restaurant, the Company, although not required by the Franchise Agreement or any other agreements, may:

(1) Maintain quality control, including periodic inspections of the Noble Roman's franchise;

(2) Continue research and development programs to develop new and improved menu items and the ingredients and components of menu items;

(3) Police and protect the Company's trademarks from infringement; or

(4) Offer advice and assistance to you in all phases of restaurant operations.

The instructors in our training program will be officers, employees or agents of the Company and who have the necessary experience to conduct such training, as judged by the Company in its sole discretion. Our instructors have an average of seven years of experience with the Company and seven years' experience in the restaurant industry.

Other restaurant personnel designated by you, who have been approved by the Company for initial training, may also attend the Company's on-the-job training program. The Company shall provide instructors and training materials for the training at no additional charge to you. On-the-job training shall be conducted by the Company at your franchise location. You are required to have two people from the following: the principal, owner, officer, general manager or assistant manager attend a nine-day training program in Indianapolis, Indiana or such other place as designated by the Franchisor at your expense.

The training materials used in training include the Company's Standard Operating Procedures Manual, the Company's Marketing Manual, instructional materials for operation of ovens and use of the Company's pan seasoning and other handouts, including but not limited to, inventory ordering materials and cost worksheets, as provided by Franchisor.

Other than the expenses for instructors and training materials, you shall be responsible for any and all expenses incurred by you or any of your personnel in connection with any initial training program, including travel and hotel expenses for the Indianapolis training.

The Company shall determine, in its sole discretion, whether the franchisee and any of its personnel have satisfactorily completed the training program. If the training program is not satisfactorily completed by any such person, or if the Company in its reasonable business judgment, based upon the performance of such person(s), determines that the training program cannot be satisfactorily completed by such person(s), (i) you shall, at the Company's request, designate a replacement for such person(s) who shall attend and complete, to the Company's satisfaction, the entire training program, or (ii) the Company may terminate the Franchise Agreement in accordance with Section XVII of the Franchise Agreement.

You and such other of your personnel, as the Company shall designate, shall attend such additional training programs and seminars as the Company may offer from time to time. For all such programs and seminars, the Company will provide the instructors and training materials, free of charge. You shall be responsible for any and all other expenses incurred by your personnel in connection with any additional training program, including without limitation, costs of travel, lodging, meals and wages.

In connection with the opening of your franchised unit, the Company shall provide to you, free of charge, an opening trained representative(s) of the Company to provide on-site pre-opening and opening training, supervision and assistance to you. The time period for which such assistance will be provided shall be determined by the Company.

TRAINING PROGRAM
Principal, Supervisor (if Applicable), General Manager (if not self-operated),
Assistant Manager (nine days plus travel - includes one study day/break)

Subject	Classroom Hours	In Training Unit Hours	Location
Introduction and Noble Roman's standard operating procedures overview	4	0	Corporate Headquarters (Indianapolis, IN)
Overview of equipment, unit layout and business flow	0	1	Training Unit
Dough making	0	10	Training Unit
Pizza making and other food preparation	0	14	Training Unit

Order coordination, expediting and screening	0	6	Training Unit
Other job positions	0	3	Training Unit
Bar management and operation	0	3	Training Unit
Dining room operation and management	0	3	Training Unit
POS system functioning	0	4	Training Unit
Inventory, ordering, receiving and food cost labor	2	6	Training Unit
Scheduling, master scheduling , labor control	2	2	Training Unit
Administrative tasks	2	4	Training Unit
Marketing, test and concluding review	4	0	Corporate Headquarters (Indianapolis, IN)
TOTAL HOURS	14	56	

ON-SITE TRAINING
Provided by Noble Roman's Field Personnel
(Approximately five days before opening and approximately nine days after opening - at Noble Roman's discretion)

Subject	On-The-Job Hours	Location
Restaurant set-up	20	Your restaurant
Oven set-up	2	Your restaurant
Employee Training	25	Your restaurant
Friends and family and VIP party	8	Your restaurant
Post-opening general operations support	40	Your restaurant
Administrative training	5	Your restaurant
TOTAL HOURS	100	

ITEM 12. Territory.

The Franchise Agreement, in the form attached to this Disclosure Document as Exhibit A, authorizes you to operate one CP&P franchise at one specific location that is pre-approved by the Company. You must receive the Company's permission to relocate. You are not restricted from accepting orders from outside of your territory if the orders are filled within the franchised business. The Franchise Agreement does not grant you any protected territorial rights or the right or license to operate the franchised business or to offer or to sell any products or services described in the Agreement at or from any site other than the location approved by the Company. You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control. The Company attempts to avoid establishing other franchised or company-owned outlets that may compete with your location but may not always be successful in doing so. The Company is not obligated to offer you additional franchised locations. The Company does not operate, franchise, or have any plans to operate or franchise any business under a different trademark that sells or will sell goods and services similar to those our franchisees offer.

ITEM 13. Trademarks.

You are granted the right under the Franchise Agreement to operate a food service business under the trade name "Noble Roman's Craft Pizza & Pub" and to use in the franchised business all of the Company's trademarks, service marks and trade names which are presently or subsequently listed in the Manuals, as modified or revised from time to time, but only in the manner provided for in the Franchise Agreement and Manuals, and only at such times as the respective trademarks, service marks and trade names are in the Manuals.

A list of all trademarks and service marks currently listed in the Manuals, all of which have been registered with the United States Patent and Trademark Office on the Principal Register, is detailed below together with the applicable registration numbers and dates of registration. The Company's trademark registrations are current and have been renewed as necessary. All required affidavits of use have been filed with respect to the registrations, and, unless otherwise indicated, the registered marks have become incontestable.

Mark	Registration Number	Registration Date
"Noble Roman's"	987,069	June 25, 1974
"Taste A Better Pizza"	1,331,478	April 16, 1985
"The Better Pizza People"	1,920,428	September 19, 1995
"The Pizza Bomb"	1,965,018	April 2, 1996
"Tuscano's Italian Style Subs"	2,979,940	July 26, 2005
"Noble Roman's Bistro"	3,634,645	June 9, 2009
"SuperSlice"	3,717,603	December 1, 2009
"Moble Roman's"	1,362,714	September 24, 1985
"Noble Roman's Pizza Monster"	1,741,904	December 22, 1992
"Noble Roman's Craft Pizza & Pub"	87-235,008	August 8, 2017
"NR CP&P Carpe Pizza"	87-235,009	August 8, 2017
"Pizza Valet"	5,834,568	August 13, 2019

There are no currently effective material determinations of the patent and trademark office, trademark trial and appeal board, the trademark administrator of this state or any court involving the aforementioned trademarks; nor is there any pending infringement, opposition, cancellation or material litigation involving such trademarks.

There are no agreements currently in effect which significantly limit the rights of the Company to use or license the use of the franchised trademarks, service marks, trade names, logotypes or other commercial symbols in any manner material to the franchise.

It is your responsibility to notify the Company in writing of any infringement of the franchised trademarks and to cooperate with the Company in stopping such infringements. The Company has the sole right to determine the need for any legal action with respect to any infringement which may occur and to control and direct any such action. The cost of any such litigation or the policing of the franchised trademarks to protect against infringement is the responsibility of the Company. The Company, however, is not obligated by the Franchise Agreement or otherwise to institute legal or other action to protect the franchised trademarks or to protect you against claims of infringement or unfair competition relating to the franchised trademarks. No legal action for infringement or unfair competition relating to the licensed trademarks may be defended by you without the consent of the Company and you shall not have the right to control and direct such defenses. The Company is not obligated by the Franchise Agreement or any other agreement to participate in your defense and/or indemnify you for damages or expenses incurred if you are a party to any administrative or judicial proceeding involving the franchised trademarks or if the proceeding is resolved unfavorably to you.

The Company has no knowledge of any infringing uses which could materially affect your right to use the registered trademarks, service marks and logos currently in use and identified in the Manuals. You may be required to modify your use of the franchised trademarks by the Company or use one or more additional or substitute marks during your operation of a franchise at your expense and you have no right to continue using those marks upon termination of the Franchise Agreement.

ITEM 14. Patents, Copyrights and Proprietary Information.

You do not receive the right to use an item covered by a patent or copyright, but you can use the proprietary information in the Manuals. The Manuals are described in Item 11. Although the Company has not filed an application for a copyright registration for the Manuals, the Company claims a copyright and the information is proprietary. The Company also considers its recipes, including those for pizza dough, sauce and breadsticks, to be trade secrets, which you are given permission to use by the Franchise Agreement.

You are required to take steps to protect the confidentiality of proprietary information belonging to the Company. You must also promptly tell us when you learn about unauthorized use of this proprietary information. The Company is not required to take any action but will respond to this information as we think appropriate. You must also agree not to contest the Company's interest in these or our other proprietary information or trade secrets. If the Company decides to add, modify or discontinue the use of an item for which the Company claims a copyright, you must also do so.

ITEM 15. Obligation to Participate in the Actual Operation of the Franchise Businesses

Upon the execution of the Franchise Agreement, you shall designate a management structure of the CP&P franchise, which must be approved by Franchisor. Two people from the following principal, supervisor, owner, general manager or assistant manager must attend the training program in Indianapolis, Indiana, as determined by the Company and be approved by the Company. If you are an individual, you shall perform all of the obligations of the General Manager. If you are an entity, you may hire an individual, who is acceptable to the Company, to serve as General Manager. The General Manager shall devote best efforts to the supervision and conduct of the franchised business. The General Manager must supervise the franchised business on-site. There are no requirements for the General Manager to have any equity interest in the franchised business. We impose no restrictions on the General Manager not previously covered except we may require the General Manager to sign a Confidentiality Agreement.

ITEM 16. Restrictions on What the Franchisee May Sell.

You must sell, and may only sell, those products designated in the Manual from time to time as being included in the CP&P menu and meeting the quality standards detailed in the Manual. The Company may change the Manual from time to time in its sole discretion. Should you desire to sell any products not authorized in the Manual, you must first secure the Company's written approval which may be granted or withheld in the sole discretion of the Company. You are only authorized to operate the franchised unit at the facility location specified in the Franchise Agreement. The sale of beer and wine is a standard part of the CP&P menu. The Company has not set any minimum or maximum prices that franchisees may charge.

ITEM 17. Renewal, Termination, Transfer and Dispute Resolution.

This table lists certain important provisions of the franchise and related agreements. You should read these provisions in the agreements attached to this disclosure document.

THE FRANCHISE RELATIONSHIP

	Provision	Section in Franchise Agreement	Summary
a.	a) Length of franchise term	Section III	Term is for 15 years.
b.	b) Renewal or extension of the term	Section III	Upon expiration, if you are in good standing, for a term of five years.
c.	c) Requirements for franchisee to renew or extend	Section III	Advance notice, renewal fee, remodel premises and execute a new franchise agreement. The new franchise agreement may have materially different terms and conditions than the original agreement.
d.	d) Termination by franchisee	Section XVII	If Franchisor becomes insolvent and fails to perform in accordance with any material term of this agreement and fails to remedy that default within thirty days after written notice, Franchisee may terminate the agreement.
e.	e) Termination by the franchisor without "cause"	None	
f.	f) Termination by the franchisor with "cause"	Section XVII (See Note 1)	The Company may terminate the Franchise Agreement on immediate notice to you and without giving you any opportunity to cure upon the occurrence of any event of default in Section XVII.A.(3). The Franchise Agreement shall automatically terminate with notice or action upon

			the insolvency or bankruptcy. The Company may terminate the Franchsie Agreement upon your failure to commence to cure on 30 day notice, or fail to cure fully to the Company's satisfaction within 30 days after such notice with respect to any event detailed in Section XVII.B of the Franchise Agreement. You are obligated upon termination of the Franchise Agreement for any reason, including termination for cause or expiration of the Franchise Agreement without renewal, to perform the duties detailed in Sections XVIII.A through XVIII.L of the Franchise Agreement.
g.	g) "Cause" defined – curable defaults	Section XVII	This definition of "cause" includes, among other things, the failure to adhere to certain other provisions of the Franchise Agreement or the Manuals. See Note 2.
h.	h) "Cause" defined – Noncurable defaults	Section XVII	This definition of "cause" includes, among other things, site not approved, failure to open restaurant timely, sale of unapproved products, abandonment of premises, conviction of a felony, threat or danger to public health, unapproved transfer, failure to pay amounts due within five days after notice, violation of confidentiality and non-competition covenants, misuse of trademarks, failure to complete required training programs.
i.	i) Franchisee's obligations upon termination/non-renewal	Section XVII and XVIII	Upon termination or non-renewal, you must, among other things, cease operation of the restaurant, cease use of Noble Roman's products, cease use of the trademarks and proprietary information, pay all amounts due Company, return Manuals, provide Company with required information regarding supplies and operation of the restaurant.
j.	j) Assignment of contract by franchisor	Section XIV	No restriction on the right to assign by Company.
k.	k) "Transfer" by franchisee - defined	Section XIV	Includes transfer of interest in Franchise Agreement, restaurant or franchise.

l.	l) Franchisor approval of transfer by franchisee	Section XIV	Company has the right to approve all transfers, but will not unreasonably withhold approval.
m.	m) Conditions for franchisor approval of transfer	Section XIV	All amounts due Company paid, including the franchise transfer fee of $5,000, new franchisee approved, execution of a new Franchise Agreement and completes training program.
n.	n) Franchisor's right of first refusal to acquire franchisee's business	None	
o.	o) Franchisor's option to purchase franchisee's business	None	
p.	p) Death or disability of franchisee	Section XIV	Survivors must either apply within 90 days of death to continue operation which application is subject to Franchisor's approval or sell the franchise within 180 days in accordance with Section XIV.
q.	q) Noncompetition covenants during the term of the franchise	Section X	No involvement in competing business (retail eating establishment featuring pizza and/or breadsticks).
r.	r) Noncompetition covenants after the franchise is terminated or expires	Section X	No involvement for a period of two years in competing business of Franchisee's franchise.
s.	s) Modification of the agreement	Section XIX	No modifications unless mutual written agreement but Manuals may be changed unilaterally and at any time by the Company.
t.	t) Integration/merger clause	Section XIX	Only the terms of the Franchise Agreement and other related written agreements are binding (subject to applicable state law). Any representations or promises outside of the disclosure document and the Franchise Agreement will not be enforceable.
u.	u) Dispute resolution by arbitration or mediation	N/A	N/A

v.	v) Choice of forum	Section XIX	Must submit disputes to a court in Indianapolis, Indiana, which may not be enforceable in California.
w.	w) Choice of law	Section XIX	Indiana law applies, which may not be enforceable in California.

ITEM 18. Public Figures.

The Company does not use any public figure to promote its franchise.

ITEM 19. Financial Performance Representations.

The FTC's Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and/or franchisor-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, ~~2019~~**2020**, the Company had ~~six~~**ten** CP&P locations open, ~~four~~**seven** of which are owned and operated by the Company. ~~All four~~**Four** of those **seven** were open ~~for the full year 2019 and the performance of those four locations are as follows:~~

~~Location #1, opened in January 2017, had gross sales for the full year 2019 of $1.6 million and margin contribution of 19.7%.~~
~~Location #2, opened in November 2017, had~~**for the full year 2020 and accounted for $4,548,000 in** gross sales ~~for the full year 2019 of $1.3 million~~ and **$478,000 in** margin contribution ~~of 15.5%~~.

~~Location #3, opened in January 2018, had gross sales for the full year 2019 of $1.3 million and margin contribution of 11.9%.~~

~~Location #4, opened in May 2018, had gross sales for the full year 2019 of $1.1 million and margin contribution of .3%.~~

Gross Sales means the total selling price of all products and services and all income of every other kind and nature related to the Noble Roman's Craft Pizza & Pub, whether for cash or credit and regardless of collection in the case of credit, but expressly excluding sums representing sales taxes collected directly from customer, based upon the laws of federal, state or local governments, by Franchisee in the operation of the Noble Roman's Craft Pizza & Pub, and any other tax, excise or duty which is levied or assessed against Franchisee by any federal, state, municipal or local authority, based on sales of specific merchandise sold at or from the Noble Roman's Craft Pizza & Pub.

Margin contribution means gross sales less all unit level operating and advertising costs, excluding any general and administrative costs.

The Company-owned locations referenced above have earned this amount. Your individual results may differ. There is no assurance you will earn as much.

Written substantiation for financial performance representation will be made available to perspective franchisees upon reasonable request.

Other than the preceding financial performance representation, Noble Roman's, Inc. does not make any financial performance representations. We also do not authorize our employees or representatives to make such representations either orally or in writing. To purchase 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 Paul Mobley, Noble Roman's, Inc., 6612 E. 7th Street, Suite 450, Indianapolis, Indiana 46250, phone 317-634-3377, the Federal Trade Commission, and the appropriate state regulatory agency.

ITEM 20. Outlets and Franchisee Information.

A list of the names of all franchisees and their addresses are attached as Exhibit E to this Disclosure Document.

Item 20, Table No. 1

CRAFT PIZZA & PUB OUTLET SUMMARY FOR FISCAL YEARS ENDED DECEMBER 31, ~~2017~~2020 / 2019 / 2018~~ / 2019~~				
	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	~~2017~~2020	~~0~~2	~~0~~3	~~0~~1
	2019	0	2	2
	2018	0	0	0
	~~2019~~	~~0~~	~~2~~	~~2~~
Company-Owned	~~2017~~2020	~~0~~4	~~2~~7	~~2~~3
	2019	4	4	0
	2018	2	4	2
	~~2019~~	~~4~~	~~4~~	~~0~~
Total Outlets	~~2017~~2020	~~0~~6	~~2~~10	~~2~~4
	2019	4	6	2
	2018	2	4	2
	~~2019~~	~~4~~	~~6~~	~~2~~

Item 20, Table No. 2

CRAFT PIZZA & PUB TRANSFERS OF OUTLETS FROM FRANCHISEES TO NEW OWNERS (other than Franchisor)		
State	Year	Number of Transfers
Totals	~~2017~~2020	0
	2019	0
	2018	0
	~~2019~~	~~0~~

Item 20, Table No. 3

CRAFT PIZZA & PUB STATUS OF FRANCHISED OUTLETS FOR FISCAL YEARS ENDED DECEMBER 31, ~~2017~~2020 / 2019 / 2018~~ / 2019~~								
State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations for Other Reasons	Outlets at the End of the Year
~~Indiana~~	~~2017~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~
	~~2018~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~
	~~2019~~	~~0~~	~~2~~	~~0~~	~~0~~	~~0~~	~~0~~	~~2~~
TOTALS	~~2017~~2020	~~0~~2	~~0~~1	0	0	0	0	~~0~~3
	~~2018~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~
	2019	0	2	0	0	0	0	2
	2018	0	0	0	0	0	0	0

The name and last known address of the franchisees who voluntarily or involuntarily ceased to do business under the franchise agreement during the most recently completed fiscal year is attached as Exhibit F. If you buy this franchise, your contact information may be disclosed in the future to other buyers when you leave the franchise system. In some instances, former franchisees sign provisions restricting their ability to speak openly about their experience with Craft Pizza & Pub.

Item 20, Table No. 4

CRAFT PIZZA & PUB STATUS OF COMPANY-OWNED OUTLETS FOR FISCAL YEARS ENDED DECEMBER 31, ~~2017~~**2020 / 2019** / 2018~~ / 2019~~							
State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of Year
~~Indiana~~	~~2017~~	~~0~~	~~2~~	~~0~~	~~0~~	~~0~~	~~2~~
	~~2018~~	~~2~~	~~2~~	~~0~~	~~0~~	~~0~~	~~4~~
	~~2019~~	~~4~~	~~0~~	~~0~~	~~0~~	~~0~~	~~4~~
TOTAL ~~2017~~	~~0~~**2020**	~~2~~**4**	**3**	0	0	0	~~2~~**7**
	2019	**4**	**0**	**0**	**0**	**0**	**4**
	2018	2	2	0	0	0	4
	~~2019~~	~~4~~	~~0~~	~~0~~	~~0~~	~~0~~	~~4~~

Item 20, Table No. 5

PROJECTED OPENINGS OF CRAFT PIZZA & PUB OUTLETS AS OF DECEMBER 31, 2020				
State	Franchise Agreement Signed But Store Not Open	Projected Franchised New Stores in the Next Fiscal Year (2020)	Projected Company-Owned Openings in Next Fiscal Year	
Indiana	**0**	1	~~2~~	3
TOTALS	**0**	1	~~2~~	3

ITEM 21. Financial Statements.

Attached to this Disclosure Document as Exhibit "B" are audited consolidated balance sheets of Noble Roman's, Inc. as of December 31, ~~2019~~**2020** and ~~2018~~**2019** and audited statements of operations, stockholders' equity and cash flows for each of the years ending December 31, ~~2017,~~ 2018~~ and 2019. Also attached are unaudited consolidated balance sheets for December 31~~, 2019~~ and March 31, 2020, and unaudited statements of operations, stockholders' equity and cash flows for the three months ended March 31, 2019 and 2020.~~ **and 2020.**

ITEM 22. Contracts.

A copy of the Franchise Agreement for a Noble Roman's franchise is attached as Exhibit "A" to this Disclosure Document.

ITEM 23. Receipts.

Attached, as the last pages of this Disclosure Document, are two Acknowledgment of Receipt forms. These receipts must be detached, completed and one copy must be returned by you to us upon delivery of the Disclosure Document. This Disclosure Document must be provided to you at least 14 days prior to the execution of the Franchise Agreement.

ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT AND
THE FRANCHISE AGREEMENT

Notwithstanding any provision described in the Offering Circular or contained in the Franchise Agreement:

1. The California Franchise Investment Law requires that a copy of all proposed agreements relating to the sale of the franchise be delivered together with the offering circular.

2. California Business and Professions Code Sections 20000 through 20043 provide rights to the Franchisee concerning terminations, transfers or non-renewal of a franchise. If the Franchise Agreement contains a provision that is inconsistent with the law, the law will control.

3. California Corporations Code, Section 31125 requires the Franchisor to give the Franchisee a disclosure document, approved by the Department of Business Oversight prior to a solicitation of a proposed material modification of an existing franchise.

4. The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et seq.).

5. The Franchise Agreement contains a covenant not to compete, which extends beyond the termination of the franchise. The provision may not be enforceable under California law.

6. The Franchise Agreement requires application of the laws of the State of Indiana. This provision may not be enforceable under California law.

7. There are no liquidated damages provisions in the Franchise.

8. Neither the Franchisor or any of the persons listed in Item 2 of the UFOC is subject to any currently effective order of any national securities association or national securities exchange, as defined the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such persons from membership in that association or exchange.

9. OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT AT ~~WWW.DBO.CA.GOV~~**www.dbo.ca.gov**.

10. You must sign a general release of claims if you renew or transfer your franchise. California Corporations Code Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Sections 31000 Through 31516). Business and Professions Code Section 20010 Voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 through 20043).

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

Except as specifically provided herein, the terms of the Franchise Agreement, as described in the offering circular and contained in the Franchise Agreement, shall remain in full force and effect and are expressly ratified hereby.

____
Franchisee

____

Print Name of Franchisee

State Effective Dates

The following states have franchise laws that require that the Franchise 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 document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

State	Effective Date
California	~~Pending~~
Indiana	~~June 21, 2020~~
Virginia	~~Pending~~

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

EXHIBIT A

CRAFT PIZZA & PUB
FRANCHISE AGREEMENT

NOBLE ROMAN'S, INC.
FRANCHISE AGREEMENT
(NOBLE ROMAN'S CRAFT PIZZA & PUB)

THIS FRANCHISE AGREEMENT (the "Agreement") is made and entered into this ____ day of ____________, ~~2020~~**2021**, by and between Noble Roman's, Inc., an Indiana corporation ("Franchisor"), and ____ ("Franchisee").

RECITALS:

Franchisor, as the result of the expenditure of time, skill, effort and money, has developed and owns a unique and distinctive system relating to the establishment and operation of Craft Pizza & Pub restaurants featuring pizza, breadsticks, other related food items, beer and wine (the "System").

The distinguishing characteristics of the System include, without limitation, a distinctive interior design, menu, system of operation and signage; special recipes and menu items; uniform standards, specifications, and procedures for operations; quality and uniformity of products and services offered; and advertising and promotional programs, all of which may be changed, improved, and further developed by Franchisor from time to time, and may (but need not) in the future include additional procedures, operations and specifications as may hereafter be designated by Franchisor in writing for use in the System.

Franchisor identifies the System by means of certain trade names, service marks, trademarks, logos, emblems and indicia of origin, including, but not limited to, the mark "Noble Roman's Craft Pizza & Pub," the mark "NR CP&P Carpe Pizza," the mark "Noble Roman's Pizza" and such other trade names, service marks, trademarks, logos, emblems and indicia of origin as are now, and may hereafter be, designated by Franchisor in writing, for use in connection with the System (collectively, the "Marks").

Franchisor continues to develop, use and control the use of the Marks in order to identify for the public the source of services and products marketed thereunder and under the System, and to represent the System's high standards of quality, appearance and service.

Franchisee understands and acknowledges the importance of Franchisor's high standards of quality, cleanliness, appearance and service and the necessity of operating the franchise granted hereunder in conformity with standards and specifications of the Franchisor.

Franchisee desires to use the System in connection with the operation of a Noble Roman's Craft Pizza & Pub in its facility (the "Facility") at the location specified, ______________________

____ (the "Location"), and to receive the other assistance provided by Franchisor in connection therewith.

NOW, THEREFORE, the parties, in consideration of the mutual undertakings and commitments set forth herein, the receipt and sufficiency of which are hereby acknowledged, agree as follows:

SECTION I - <u>GRANT</u>.

A. Franchisor hereby grants to Franchisee, and Franchisee hereby accepts, subject to the terms and conditions of this Agreement the right, license and privilege to use the Marks and the System in the operation of a Noble Roman's Craft Pizza & Pub for a period of fifteen (15) years from the date of opening a Noble Roman's Craft Pizza & Pub at the Location (the "Franchised Business"). Other than the rights expressly granted herein, nothing contained in this Agreement shall be construed to vest in the Franchisee any right, title or interest in, under or to the Marks and the System, or the goodwill now or hereafter associated therewith.

B. The specific street address of the Location is described on Page 2 of this Agreement. Franchisee shall not relocate the Franchised Business without the express prior written consent of Franchisor.

This Agreement does not grant to Franchisee any protected territorial rights or the right or license to operate the Franchised Business or to offer or sell any products or services described under this Agreement at or from any site other than the Location. Delivery of products may be approved, at the discretion of Franchisor, for products prepared at the Location, within a specified delivery area around the Location.

C. If Franchisee is unable to continue the operation of the Franchised Business at the Location because of the occurrence of a force majeure event described in Section XVII.A.(3)(f), then Franchisee may request Franchisor's approval to relocate the Franchised Business to another location, which approval shall not be unreasonably withheld. Any subsequent request to relocate the Franchised Business shall also be subject to the same procedures. If Franchisor elects to grant Franchisee the right to relocate the Franchised Business, then Franchisee shall comply with the site selection and construction procedures set forth in Section II.

SECTION II - <u>PLANS AND CONSTRUCTION</u>.

A. Franchisee assumes all cost, liability, expense and responsibility for locating, selecting, obtaining and developing a site for the Franchised Business and for constructing and equipping the Franchised Business at such site.

B. Franchisee shall, at its sole cost and expense, purchase and cause to be installed, as specified by the Franchisor, (i) approved exterior signage, (ii) approved point-of-sale system, (iii) approved ovens and other kitchen equipment and (iv) interior décor, and dining room equipment and anything affecting the appearance.

C. Franchisee acknowledges that time is of the essence. Subject to Franchisee's compliance with the conditions stated below, Franchisee shall open the Noble Roman's Craft Pizza & Pub and commence business within __ days after the execution of this Agreement, unless Franchisee obtains an extension of such time period from Franchisor in writing. Franchisor will not unreasonably withhold approval of one or more thirty (30) day extensions in the event of delay(s) due to circumstances beyond Franchisee's control. Prior to opening, Franchisee shall complete all of the requirements specified in Section II.B and shall comply with all other pre-opening obligations of Franchisee, including, but not limited to, those obligations described in Section VII, to Franchisor's satisfaction. If Franchisee fails to comply with any of such obligations, Franchisor shall have the right to prohibit Franchisee from commencing business. Franchisee's failure to open the Noble Roman's Craft Pizza & Pub and commence business in accordance with the foregoing shall be deemed a material event of default under this Agreement.

SECTION III - TERM AND RENEWAL.

A. Unless sooner terminated as provided in Section XVII hereof, the term of this Agreement shall commence on the date of execution stated on the first page of this Agreement and continue in full force and effect until the expiration of fifteen (15) years from the "Opening Date" defined as the first day the Franchisee opens the franchise for business.

B. Upon expiration of the initial fifteen (15) year term of this Agreement, or any renewal thereof, Franchisee may, with the consent of the Franchisor, renew the franchise granted hereunder for an additional term of five (5) years, provided that any such renewal shall automatically terminate upon the expiration or termination of Franchisee's right to operate the Franchised Business at the Location and be subject to any or all of the following conditions which must, in Franchisor's discretion, be met prior to and at the time of each renewal:

(1) Franchisee shall give Franchisor written notice of Franchisee's desire to renew not less than six (6) months nor more than twelve (12) months prior to the end of the initial term or any renewal term.

(2) Franchisee shall repair or replace, at Franchisee's cost and expense, equipment, signs, interior and exterior decor items, fixtures, point of sale marketing materials, menu panels, furnishings, supplies and other products and materials required for the operation of the Noble Roman's Craft Pizza & Pub as Franchisor may reasonably require and shall obtain, at Franchisee's cost and expense, any new or additional equipment, fixtures, point of sale marketing materials, menu panels, supplies and other products and materials which may be reasonably required by Franchisor for Franchisee to offer and sell new menu items from the Franchised Business and shall otherwise modernize the Restaurant premises, equipment, signs, interior and exterior decor items, fixtures, point of sale marketing materials, menu panels, furnishings, supplies and other products and materials required for the operation of the Noble Roman's Craft Pizza & Pub, as reasonably required by Franchisor to reflect the then-current standards and image of the System as contained in the Confidential Noble Roman's Craft Pizza & Pub Procedure Manual (the "Confidential Manual") or otherwise provided in writing by Franchisor;

(3) At the point of renewal, Franchisee shall not be in default of any provision of this Agreement, any amendment hereof or successor hereto, or any other agreement between Franchisee or any of its affiliates and Franchisor or any of its affiliates; and Franchisee shall have substantially complied with all the material terms and conditions of such agreements during the terms thereof;

(4) Franchisee shall have satisfied all monetary obligations owed by Franchisee to Franchisor and its affiliates under this Agreement and any other agreement between Franchisee or any of its affiliates and Franchisor or any of its affiliates;

(5) Franchisee shall present satisfactory evidence that Franchisee has the right to remain in possession of the Location or obtain Franchisor's approval of a new site for the operation of the Franchised Business for the duration of the renewal term of this Agreement;

(6) Franchisee shall execute Franchisor's then-current form of renewal franchise agreement, which agreement shall supersede this Agreement in all respects, and the terms of which may differ from the terms of this Agreement, including, without limitation, a higher percentage royalty fee, creative fee, advertising contribution or expenditure requirement;

(7) Franchisee shall comply with Franchisor's then-current qualification and training requirements; and

(8) Franchisee shall pay to Franchisor a renewal fee in the amount of Three Thousand Dollars ($3,000) at the time the renewal franchise agreement is executed.

SECTION IV - <u>FEES</u>.

A. Franchisee shall pay to Franchisor a franchise fee in the amount of _ ______________________Dollars ($______) payable at the time the Franchise Agreement for such franchise is executed.

The initial franchise fee when so paid shall be deemed fully earned and nonrefundable in consideration of the administrative and other expenses incurred by Franchisor in granting the franchise hereunder and for its lost or deferred opportunity to grant such franchise to any other party.

B. During the term of this Agreement, Franchisee shall pay to Franchisor in partial consideration for the rights herein granted, a continuing weekly royalty fee ("Royalty Fee") in the amount of five percent (5%) of the Gross Sales of the Noble Roman's Craft Pizza & Pub (as defined in Section IV.C. hereunder) and a creative fee ("Creative Fee") in the amount of two percent (2%) of the Gross Sales of the Noble Roman's Craft Pizza & Pub, as defined above. Franchisee shall also pay to Franchisor a continuing weekly advertising fee ("Advertising Fee") in the amount of three percent (3%) of the Gross Sales of the Noble Roman's Craft Pizza & Pub as defined herein, for all markets which, in the sole discretion of the Franchisor, have enough penetration to make joint advertising economically feasible.

Such Royalty Fee, Creative Fee and Advertising Fee, if any, shall be due and payable each week based on the Gross Sales for the preceding week (for purposes of this Agreement a week shall commence at 12:01 a.m. on Monday and end at 11:59 p.m. on the following Sunday) and shall be paid electronically (draft on Franchisee's bank account by electronic withdrawal) so that it is received by Franchisor on or before Tuesday of each week from a direct draw account designated by Franchisee for purposes of payment of the Royalty Fee, Creative Fee and Advertising Fee.

(1) At Franchisor's request, Franchisee shall promptly execute or re-execute within five (5) days after Franchisor's request, and deliver to Franchisor an appropriate agreement as required by Franchisee's bank to enable Franchisor to collect electronically (draft on Franchisee's account by electronic withdrawal), the Royalty Fee, Creative Fee and Advertising Fee payable under the terms of this Agreement. If the Franchisee changes its bank and/or bank account from which royalties are paid, Franchisee shall provide no less than ten (10) days' written notice to Franchisor prior to making such change.

(2) Franchisee shall report its Gross Sales by facsimile transmission, e-mail, telephone, or by such other method as Franchisor may reasonably direct, by noon on Monday (Eastern Standard Time) ("Due Date") after the end of each week or at such other times as are established by Franchisor in its sole discretion. Franchisor will then deposit or transfer the reported amounts due into its own account, using the Franchisee's pre-authorized checks agreement. If any draft, electronic or otherwise, is unpaid because of insufficient funds or otherwise, then Franchisee shall pay the resulting bank fees imposed on Franchisor plus a $25 administrative fee.

Any Advertising Fee collected shall be placed in a separate bank account by the Franchisor and shall only be spent on advertising to benefit the Franchisee.

(3) Any payment or report of Gross Sales not actually received by Franchisor on or before the Due Date shall be deemed overdue. Time is of the essence with respect to all reports of Gross Sales and payments to be made by Franchisee to Franchisor. All unpaid obligations under this Agreement shall bear interest from the date due until paid at the lesser of the highest rate allowed by law or a rate that is five (5) percentage points per annum higher than the "prime rate" then currently established by the largest bank (determined by total bank assets) headquartered in the state in which the Location is situated. Notwithstanding anything to the contrary contained herein, no provision of this Agreement shall require the payment or permit the collection of interest in excess of the maximum rate allowed by applicable law. If Gross Sales are not reported by the Due Date, Franchisor may charge Franchisee a $25 administrative fee for every day sales are unreported following the due date with no additional notice being required.

C. For the purposes of determining the Royalty Fee, Creative Fee or Advertising Fee, if any, to be paid hereunder, the term "Gross Sales" shall mean the total selling price of all products and services and all income of every other kind and nature related to the Noble Roman's Craft Pizza & Pub, whether for cash or credit and regardless of collection in the case of credit, but expressly excluding sums representing sales taxes collected directly from customer, based upon present or future laws of federal, state or local governments, by Franchisee in the operation of the Noble Roman's Craft Pizza & Pub, and any other tax, excise or duty which is levied or assessed against Franchisee by any federal, state, municipal or local authority, based on sales of specific merchandise sold at or from the Noble Roman's Craft Pizza & Pub.

All proceeds from the sale of coupons, gift certificates or vouchers are included within the definition of "Gross Sales"; provided that the retail price thereof may be credited against Gross Sales during the week in which such coupon, gift certificate or voucher is redeemed for the purpose of determining the amount of Gross Sales upon which the Royalty Fee, Creative Fee or Advertising Fee, if any, is due.

D. Franchisee shall pay such other fees or amounts described in this Agreement.

SECTION V - FRANCHISOR'S OBLIGATIONS.

Franchisor agrees to provide the services described below with regard to the Franchised Business:

(1) Franchisor's site selection guidelines and such site selection assistance as Franchisor may deem advisable.

(2) Such assistance to Franchisee in the layout and design of the Noble Roman's Craft Pizza & Pub as Franchisor may deem necessary.

(3) Such site evaluation and assistance as Franchisor may deem necessary on its own initiative or in response to Franchisee's reasonable request for site evaluation; provided, however, that if services are provided at Franchisee's request, Franchisor reserves the right to charge a reasonable fee for providing such services representing the reasonable expenses incurred by Franchisor (or its designee) in connection with such on-site evaluation, including, without limitation, the cost of travel, lodging, meals and wages.

(4) The loan of one (1) set of the Confidential Manual and such other manuals and written materials as Franchisor shall have developed for use in the Franchised Business (as the same may be revised by Franchisor from time to time, the "Manuals"), as more fully described in Section X(A) hereof.

(5) Prior to opening the Franchised Business, Franchisor shall provide the Franchisee a training program as designed or modified by time by Franchisor, and upon the opening of the Franchised Business, Franchisor shall provide Franchisee with an ongoing on-the-job training program, or other training requirements that the Franchisor deems appropriate, on the operation of a Noble Roman's Craft Pizza & Pub, furnished at such times and places as Franchisor reasonably deems necessary.

(6) During the operation of the Franchised Business, such additional assistance as is reasonably necessary, in the sole discretion of Franchisor, to assist Franchisee in meeting Franchisor's quality control standards.

SECTION VI - <u>FRANCHISOR'S AGREEMENTS, REPRESENTATIONS, WARRANTIES AND COVENANTS</u>.

A. Franchisor represents and warrants that Franchisor is a corporation duly organized and validly existing under the laws of the State of Indiana.

B. Franchisor represents and warrants that Franchisor has full right and power under its bylaws and articles of incorporation to grant Franchisee the franchise as contemplated herein and perform the same and that the execution of this Agreement by Franchisor does not infringe upon or constitute a default under any agreement or covenant to which Franchisor is a party or violate or conflict with any law or regulation by which Franchisor is bound.

C. Franchisor represents and warrants that Franchisor has all rights, title and interest to and in the Marks and has the power and authority to grant to the Franchisee the right to use the Marks as set forth herein.

D. Franchisor represents, acknowledges, agrees, covenants and warrants that Franchisor will take or cause to be taken at its cost all steps necessary to:

(1) Maintain the confidentiality of its secret recipes, secret recipe products and other licensed trade secrets in accordance with all relevant laws;

(2) Prepare, execute and file all documents, notices, applications, registrations and timely renewals thereof or other documents required or necessary for the protection of the Marks; and

(3) Defend the Marks.

E. Franchisor represents and warrants that no filing, registration, approval or consent heretofore not obtained from any governmental agency or instrumentality or any stock exchange authority is required for the authorization, execution, delivery or performance by Franchisor of this Agreement.

Franchisor acknowledges and agrees that the representations, warranties and covenants set forth above in this Section VI.A-E are continuing obligations of Franchisor and that any failure to comply with such representations, warranties and covenants shall constitute a material event of default under this Agreement. The franchisor will make reasonable efforts to cooperate with Franchisee in any efforts made by Franchisee to verify compliance with such representations, warranties and covenants.

SECTION VII - <u>FRANCHISEE'S AGREEMENTS, REPRESENTATIONS, WARRANTIES AND COVENANTS</u>.

A. Franchisee shall covenant and agree to undertake all commercially reasonable efforts to operate the Franchised Business so as to achieve optimum sales.

B. If Franchisee is a corporation, limited liability company or partnership, Franchisee represents, warrants and covenants that:

(1) Franchisee is duly organized and validly existing under the state law of its formation;

(2) Franchisee is duly qualified and is authorized to do business in each jurisdiction in which its business activities or the nature of the properties owned by it require such qualification;

(3) The execution of this Agreement and the consummation of the transactions contemplated hereby are within Franchisee's corporate power, if Franchisee is a corporation, or if Franchisee is a partnership or limited liability company, permitted under Franchisee's written partnership agreement or operating agreement and have been duly authorized by Franchisee;

(4) Franchisee's Principals (as defined in Section XIX.N) shall each execute and bind themselves to the confidentiality covenants set forth in the Confidentiality Agreement which forms Attachment A to this Agreement (see Sections X.B and X.C(4)).

(5) Franchisee shall furnish to Franchisor a certificate of insurance, from an insurance company satisfactory to Franchisor, naming Franchisor as an additional insured with such limits as may reasonably be required by Franchisor. Franchisee shall furnish said certificate of insurance within fifteen days after signing this Agreement.

(6) Franchisee shall furnish to Franchisor a financial statement in a form suitable to Franchisor within ninety (90) days following calendar year end. Additionally, if requested by Franchisor, Franchisee shall furnish to Franchisor financial statements of Franchisee's business within sixty (60) days after each calendar quarter.

Franchisee acknowledges and agrees that the representations, warranties and covenants set forth above in this Section VII.B(1) through (5) are continuing obligations of Franchisee and that any failure to comply with such representations, warranties and covenants shall constitute a material event of default under this Agreement. Franchisee will cooperate with Franchisor in any efforts made by Franchisor to verify compliance with such representations, warranties and covenants.

C. Management of the Noble Roman's Craft Pizza & Pub.

(1) The Noble Roman's Craft Pizza & Pub shall at all times be under the direct, day-to-day, full-time supervision of Franchisee or a manager (the "General Manager") who shall have been approved by the Franchisor. If the General Manager supervises the Franchised Business, the Franchisee shall remain active in overseeing the operations of the Franchised Business conducted under the supervision of the General Manager. As one requirement of receiving approval of Franchisor, at least two of the following people, principal, owner, supervisor, general manager or assistant manager, must successfully complete

Franchisor's then current nine-day training program in Indianapolis, Indiana or another location as determined by Franchisor.

(2) Franchisee shall at all times faithfully, honestly and diligently perform all obligations hereunder and continuously exert best efforts to promote and enhance the business of the Noble Roman's Craft Pizza & Pub.

D. Franchisee shall comply with all requirements of federal, state and local laws, rules, regulations, and orders.

E. Franchisee shall comply with all other requirements and perform such other obligations as provided hereunder.

SECTION VIII - FRANCHISED BUSINESS OPERATIONS.

A. Franchisee understands and agrees to the importance of maintaining uniformity among all of the units of Noble Roman's Craft Pizza & Pub and the importance of complying with all of Franchisor's standards and specifications relating to the operation of the Noble Roman's Craft Pizza & Pub. Franchisee shall diligently adhere to all standards and specifications relating to the operation and appearance of the Noble Roman's Craft Pizza & Pub.

B. Franchisee shall maintain Noble Roman's Craft Pizza & Pub in a high degree of sanitation, repair and condition, and in connection therewith shall make such additions, alterations, repairs and replacements thereto (but no others without Franchisor's prior written consent) as may be required for that purpose, including, without limitation, such periodic repair, repainting or replacement of obsolete signs, furnishings, equipment (including, but not limited to, computer hardware and software), and decor as Franchisor may reasonably direct and shall obtain, at Franchisee's cost and expense, any new or additional equipment (including computer hardware and software), fixtures, supplies and other products and materials which may be reasonably required by Franchisor for Franchisee to offer and sell new menu items from the Franchised Business. Except as may be expressly provided in the Manuals, no alterations or improvements or changes of any kind in design, equipment, signs, interior or exterior decor items, fixtures or furnishings shall be made in or about the Noble Roman's Craft Pizza & Pub or its premises without the prior written approval of Franchisor.

C. To assure the continued success of the Noble Roman's Craft Pizza & Pub, Franchisee shall, upon the request of Franchisor, make other improvements to modernize the Noble Roman's Craft Pizza & Pub premises, equipment, signs, interior and exterior decor items, fixtures, furnishings, supplies and other products and materials required for the operation of the Noble Roman's Craft Pizza & Pub, to Franchisor's then-current standards and specifications. Notwithstanding the above, Franchisee agrees that if so requested by Franchisor it will make such capital improvements or modifications described in this Section VIII.C at any time within six (6) months after receipt of written notice from Franchisor, or, if such capital improvements or modifications contemplated in this Section VIII.C are in excess of Twenty-Five Thousand Dollars ($25,000), at such other time that a majority of the other Noble Roman's Craft Pizza & Pub units have made or are utilizing best efforts to make such improvements or modifications.

D. Franchisee shall comply with all of Franchisor's standards and specifications relating to the purchase of all food and beverage items, ingredients, supplies, materials, fixtures, furnishings, equipment and other products used or offered for sale at Noble Roman's Craft Pizza & Pub. Except as provided in this Section VIII.D, Franchisee shall obtain such items from suppliers (including manufacturers, distributors, warehouses and other sources) who have been approved in writing by Franchisor prior to any purchases by Franchisee from any such supplier and who have not thereafter been disapproved by Franchisor. If Franchisee desires to purchase, lease or use any products or other items from an unapproved supplier, Franchisee shall submit to Franchisor a written request for such approval, or shall request the supplier itself to do so. Franchisee shall not purchase or lease from any supplier until and unless such supplier has been approved in writing by Franchisor. Franchisee's failure to comply with the provisions of this Section VIII.D shall be deemed a material event of default under this Agreement.

E. To ensure that the highest degree of quality and service is maintained, Franchisee shall operate Noble Roman's Craft Pizza & Pub in strict conformity with such methods, standards and specifications of Franchisor as are set forth in the Manuals and as may from time to time otherwise be prescribed in writing. In particular, Franchisee also agrees:

(1) To sell or offer for sale all menu items, products and services required by Franchisor and in the manner and style prescribed by Franchisor with respect to Noble Roman's Craft Pizza & Pub, as expressly authorized by Franchisor in writing.

(2) To sell and offer for sale only the menu items, products and services that have been expressly approved for sale in writing by Franchisor; to refrain from deviating from Franchisor's standards and specifications without Franchisor's prior written consent; and to discontinue selling and offering for sale any menu items, products or services which Franchisor shall, in its sole discretion, disapprove in writing at any time.

(3) To maintain an adequate inventory of all perishable items, non-perishable items and frozen products used in the operation of the Franchised Business, and to use and sell at all times only such food and beverage items, ingredients, products, materials, supplies and paper goods that are in strict conformity to Franchisor's standards and specifications; to prepare all menu items in accordance with Franchisor's recipes and procedures for preparation contained in the Manuals or other written directives, including, but not limited to, the prescribed measurements of ingredients; and to refrain from deviating from Franchisor's standards and specifications by the use or offer of nonconforming items or differing amounts of any items, without Franchisor's prior written consent.

(4) To strictly conform to the service standards and mode of service prescribed by Franchisor, including, but not limited to, speed of service, service procedures, maintenance of ready to serve products and order taking and production methods, as may be modified by Franchisor in writing from time to time.

(5) To permit Franchisor or its agents, at any reasonable time, to remove a reasonable number of samples of food or non-food items from Franchisee's inventory, or from the Noble Roman's Craft Pizza & Pub, without payment therefor, in amounts reasonably

necessary for testing by Franchisor or an independent laboratory to determine whether such samples meet Franchisor's then-current standards and specifications. All such sampling shall be conducted in a manner so as to minimize any disruption to the Noble Roman's Craft Pizza & Pub. In addition to any other remedies it may have under this Agreement, Franchisor may require Franchisee to bear the cost of such testing if the supplier of the item has not previously been approved by Franchisor or if the sample fails to conform with Franchisor's specifications.

(6) To grant Franchisor and its agents the right to enter upon Noble Roman's Craft Pizza & Pub premises at any reasonable time for the purpose of conducting inspections; to cooperate with Franchisor's representatives in such inspections by rendering such assistance as they may reasonably request; to permit representatives to view and print and/or copy POS or other reports, invoices, receipts and other materials as they relate to the Noble Roman's Craft Pizza & Pub, and to permit representatives of Franchisor to take photographs, movies or videotapes of Noble Roman's Craft Pizza & Pub and to interview employees and customers of Noble Roman's Craft Pizza & Pub; provided, however, that such activities by Franchisor shall be conducted in a manner so as to minimize any disruption to the Noble Roman's Craft Pizza & Pub. The Franchisor shall have the exclusive right to use any photograph, movie, videotape, or other material prepared in connection with an inspection of the Noble Roman's Craft Pizza & Pub, and shall have no obligation to obtain Franchisee's permission, or to compensate Franchisee in any manner, in connection with the use of such materials for advertising, training or other purposes. Upon notice from Franchisor or its agents and without limiting Franchisor's other rights under this Agreement, Franchisee shall take steps as may be necessary to correct immediately any deficiencies detected during any such inspection.

(7) To maintain a competent, conscientious, trained staff and to take such steps as are necessary to ensure that its employees preserve good customer relations.

(8) To maintain hours of operation as prescribed from time to time by Franchisor, with any deviation therefrom, including seasonal operation, permitted only with the prior written consent of Franchisor.

F. Franchisee acknowledges and agrees that Franchisor and its affiliates have developed and may develop for use in the System certain products which are prepared from highly confidential secret recipes and which are trade secrets of Franchisor, including, without limitation, pizza dough, sauce and breadsticks, as well as any other secret recipe products now or hereafter designated in the Manuals. Because of the importance of quality and uniformity of production and the significance of such products in the System, it is to the mutual benefit of the parties that Franchisor closely control the production and distribution of such products. Accordingly, Franchisee agrees that Franchisee shall use only Franchisor's designated products and shall purchase solely from Franchisor or Franchisor's suppliers all of Franchisee's requirements for such products. Franchisee's use of such products is limited to this Location only.

G. Franchisee shall require all advertising and promotional materials, signs, decorations, paper goods (including menus and all forms and stationery used in the Franchised Business), and other items which may be designated by Franchisor to bear the Marks in the form, color, location and manner prescribed by Franchisor. All such advertising and promotional materials, signs, decorations, paper good (including menus and all forms and stationary used in the Franchised Business) shall be submitted to Franchisor for approval prior to production or use of such items.

H. Franchisee shall process and handle all consumer complaints connected with or relating to the Franchised Business, and shall promptly notify Franchisor by telephone and in writing of all of the following complaints: (i) food related illnesses, (ii) safety or health violations, (iii) claims exceeding $1,000, and (iv) any other material claims against or losses suffered by Franchisee. Franchisee shall maintain for Franchisor's inspection any inspection reports affecting the Noble Roman's Craft Pizza & Pub or equipment located in the Franchised Business during the term of this Agreement and for thirty (30) days after the expiration or earlier termination hereof.

I. Franchisee acknowledges and agrees that Franchisee may not offer or advertise home delivery service without the express written approval of Franchisor in Franchisor's sole discretion. If Franchisor approves Franchisee's offering home delivery, Franchisee acknowledges and agrees that Franchisor shall have the right to limit or restrict the area to which Franchisee may offer or advertise home delivery and Franchisee shall strictly adhere to Franchisor's policies and procedures concerning home delivery including, but not limited to, insurance requirements.

SECTION IX - MARKS.

A. Franchisor grants Franchisee the right to use the Marks during the term of this Agreement in accordance with the System and related standards and specifications, however, any use of the marks shall be submitted to Franchisor for approval prior to production or use of such items.

B. Franchisee expressly understands and acknowledges that:

(1) As between Franchisor and Franchisee, Franchisor is the owner of all right, title and interest in and to the Marks and the goodwill associated with and symbolized by them.

(2) Franchisee shall not take any action that would prejudice or interfere with the validity of Franchisor's rights with respect to the Marks. Nothing in this Agreement shall give the Franchisee any right, title, or interest in or to any of the Marks or any of Franchisor's service marks, trademarks, trade names, trade dress, logos, copyrights or proprietary materials, except the right to use the Marks and the System in accordance with the terms and conditions of this Agreement for the operation of the Noble Roman's Craft Pizza & Pub and only at or from the Location or in approved advertising related to the Noble Roman's Craft Pizza & Pub.

(3) Franchisee understands and agrees that any and all goodwill arising from Franchisee's use of the Marks and the System shall inure solely and exclusively to Franchisor's benefit, and upon expiration or termination of this Agreement and the franchise herein granted, no monetary amount shall be assigned as attributable to any goodwill associated with Franchisee's use of the Marks.

(4) Franchisee shall not contest the validity of the interest of Franchisor or any of its affiliates in the Marks or assist others to contest the validity of the interest of Franchisor or any of its affiliates in the Marks.

(5) Franchisee acknowledges that any unauthorized use of the Marks shall constitute an infringement of Franchisor's rights in the Marks and a material event of default hereunder. Franchisee agrees that it shall provide Franchisor with all assignments, affidavits, documents, information and assistance Franchisor reasonably requests to fully vest in Franchisor all such right, title and interest in and to the Marks, including all such items as are reasonably requested by Franchisor to register, maintain and enforce such rights in the Marks.

(6) Franchisor reserves the right to substitute different Marks for use in identifying the System and the Franchised Business if Franchisor's current Marks no longer can be used, or if Franchisor, in its sole discretion, determines that substitution of different Marks will be beneficial to the System. In such event, Franchisor may require Franchisee, at Franchisee's expense, to discontinue or modify Franchisee's use of any of the Marks or to use one or more additional or substitute Marks.

C. With respect to Franchisee's use of the Marks pursuant to this Agreement, Franchisee further agrees that:

(1) Unless otherwise authorized or required by Franchisor, Franchisee shall (i) use the Marks only in connection with the operation of the Noble Roman's Craft Pizza & Pub and only with the express written consent of Franchisor, and (ii) operate and advertise the Franchised Business only under the name "Noble Roman's Craft Pizza & Pub" without prefix or suffix. Franchisee shall not use the Marks as part of its corporate or other legal name.

(2) During the term of this Agreement and any renewal hereof, Franchisee shall identify itself as the owner of the Noble Roman's Craft Pizza & Pub in conjunction with any use of the Marks, including, but not limited to, uses on invoices, order forms, receipts and contracts, as well as the display of a notice in such content and form and at such conspicuous locations on the premises of the Franchised Business as Franchisor may designate in writing.

(3) Franchisee shall not use the Marks to incur any obligation or indebtedness on behalf of Franchisor.

(4) Franchisee shall comply with Franchisor's instructions in filing and maintaining the requisite trade name or fictitious name registrations, and shall execute any documents deemed necessary by Franchisor or its counsel to obtain protection of the Marks or to maintain their continued validity and enforceability.

D. Franchisee shall notify Franchisor immediately of any apparent infringement of or challenge to Franchisee's use of any Mark, of any claim by any person of any rights in any Mark, and, except as otherwise required by law, Franchisee shall not communicate with any person other than Franchisor or any designated affiliate thereof, their counsel and Franchisee's counsel in connection with any such infringement, challenge or claim. Franchisor shall have complete discretion to take such action as it deems appropriate in connection with the foregoing, and the right to control exclusively, or to delegate control to any of its affiliates of, any settlement, litigation or proceeding in the Patent and Trademark Office or any other forum arising out of any such alleged infringement, challenge or claim or otherwise relating to any Mark. Franchisee agrees to execute any and all instruments and documents, render such assistance, and do such acts or things as may, in the opinion of Franchisor, reasonably be necessary or advisable to protect and maintain the interests of Franchisor or any affiliate in any litigation or proceeding in the Patent and Trademark Office or any other forum, or to otherwise protect and maintain the interests of Franchisor or any other interested party in the Marks. Franchisor will indemnify Franchisee against and reimburse Franchisee for all damages for which Franchisee is held liable in any proceeding arising out of Franchisee's use of any of the Marks (including settlement amounts), provided that the conduct of Franchisee with respect to such proceeding and use of the Marks is in full compliance with the terms of this Agreement.

E. Franchisee acknowledges and agrees that certain portions of Noble Roman's Craft Pizza & Pub decor and design constitute unique and protectable images to the consumer identified with Franchisor, which are a part of the goodwill associated with the System. Franchisee agrees the usage of such decor and design elements shall inure to the exclusive benefit of Franchisor. This Agreement does not grant any ownership or other interest in Noble Roman's Craft Pizza & Pub decor and design elements to Franchisee.

SECTION X - <u>CONFIDENTIALITY AND NON-COMPETITION COVENANTS</u>.

A. (1) To protect the reputation and goodwill of Franchisor and to maintain high standards of operation under Franchisor's Marks, Franchisee shall conduct its business in accordance with the Manuals, other written directives which Franchisor may issue to Franchisee from time to time whether or not such directives are included in the Manuals, and any other manuals and materials created or approved for use in the operation of the Franchised Business.

(2) Franchisee and Principals shall at all times treat the Manuals, any written directives of Franchisor, and any other manuals and materials, and the information contained therein, as confidential and shall maintain such information as secret and confidential in accordance with this Section X. Franchisee and Principals shall not at any time copy, duplicate, record or otherwise reproduce these materials, in whole or in part, or otherwise make the same available to any unauthorized person.

(3) The Manuals, written directives, other manuals and materials and any other confidential communications provided or approved by Franchisor shall at all times remain the sole property of Franchisor, shall at all times be kept in a secure place on the Franchised Business premises, and shall be returned to Franchisor immediately upon request or upon termination or expiration of this Agreement.

(4) The Manuals, any written directives, and any other manuals and materials issued by Franchisor and any modifications to such materials shall supplement this Agreement but shall not impose any additional obligation on Franchisee beyond those imposed by this Agreement.

(5) Franchisor may from time to time revise the contents of the Manuals and the contents of any other manuals and materials created or approved for use in the operation of the Franchised Business. Franchisee expressly agrees to comply with each new or changed standard.

(6) Franchisee shall at all times ensure that the Manuals are kept current and up to date. In the event of any dispute as to the contents of the Manuals, the terms of the master copy of the Manuals maintained by Franchisor at Franchisor's corporate office shall control.

(7) Franchisor will charge a replacement fee of Five Hundred Dollars ($500) for any replacement Manuals.

B. Neither Franchisee nor any Principal shall, during the term of this Agreement or thereafter, communicate, divulge or use for the benefit of any other person, persons, partnership, association or corporation and, following the expiration or termination of this Agreement, they shall not use for their own benefit, any confidential information, knowledge or know-how concerning the methods of operation of the Franchised Business which may be communicated to them or of which they may be apprised in connection with the operation of Noble Roman's Craft Pizza & Pub under the terms of this Agreement. Franchisee and the Principals shall divulge such confidential information only to such of Franchisee's employees as must have access to it in order to operate the Franchised Business. Any and all information, knowledge, know-how, techniques and any materials used in or related to the System which Franchisor provides to Franchisee in connection with this Agreement shall be deemed confidential for purposes of this Agreement. Neither Franchisee nor the Principals shall at any time, without Franchisor's prior written consent, copy, duplicate, record or otherwise reproduce such materials or information, in whole or in part, nor otherwise make the same available to any unauthorized person. The covenant in this Section shall survive the expiration, termination or transfer of this Agreement or any interest herein and shall be perpetually binding upon franchisee and each of the Principals.

Notwithstanding anything to the contrary contained in this Agreement, and provided that Franchisee has obtained Franchisor's prior written consent, which consent shall not be unreasonably withheld, the restrictions on Franchisee's disclosure and use of confidential information shall not apply to (a) information, process or techniques that are or become generally known in the fresh baked pizza industry, other than through disclosure (whether deliberate or inadvertent) by Franchisee; or (b) disclosure of confidential information in judicial or administrative proceedings to the extent Franchisee is legally compelled to disclose such information, provided that Franchisee shall have used its best efforts to obtain, and shall have afforded Franchisor the opportunity to obtain an appropriate protective order or other assurance satisfactory to Franchisor of confidential treatment for the information required to be so disclosed.

Franchisee shall require and obtain execution of covenants similar to those set forth in Section X.B from its General Manager, and any other personnel of Franchisee who have received or will have access to confidential information. Such covenants shall be substantially in the form set forth in Attachment A. All of Franchisee's Principals must also execute such covenants.

C. Franchisee and the Principals specifically acknowledge that, pursuant to this Agreement, Franchisee and the Principals will receive valuable trade secrets and confidential information, including, without limitation, information regarding the operational, sales, promotional and marketing methods and techniques of Franchisor and the System which are beyond the present skills and experience of Franchisee and the Principals and Franchisee's managers and employees. Franchisee and the Principals acknowledge that such specialized training, trade secrets and confidential information provide a competitive advantage and will be valuable to them in the development and operation of the Noble Roman's Craft Pizza & Pub, and that gaining access to such specialized training, trade secrets and confidential information is, therefore, a primary reason why they are entering into this Agreement. In consideration for such specialized training, trade secrets, confidential information and rights, Franchisee and the Principals covenant that:

(1) With respect to Franchisee, during the term of this Agreement except as otherwise approved in writing by Franchisor, Franchisee shall not, either directly or indirectly, for themselves or through, on behalf of or in conjunction with any person, partnership, corporation or other entity or association:

(a) Divert, or attempt to divert, any business or customer of the Franchised Business to any competitor or do or perform any other act injurious or prejudicial to the goodwill associated with the Marks and the System.

(b) Own, maintain, operate, engage in, be employed by, or have any financial or beneficial interest in (including any interest in corporations, partnerships, trusts, unincorporated associations or joint ventures), advise, assist or make loans to, any business which business is of a character and concept similar to the Noble Roman's Craft Pizza & Pub, including, but not limited to, a pizza business which offers as a menu item or in a mix of menu items, pizza and/or breadsticks.

(2) For a continuous uninterrupted period commencing upon the expiration, termination, or transfer of all of Franchisee's interest in this Agreement and continuing for two years thereafter, except as otherwise approved in writing by Franchisor, Franchisee shall not, for itself, or through, on behalf of or in conjunction with any person, partnership, corporation or other entity or association:

(a) Divert, or attempt to divert, any business or customer of the Franchised Business hereunder to any competitor or do or perform any other act injurious or prejudicial to the goodwill associated with the Marks and the System.

(b) Employ or solicit for employment, any person who franchisee knows is at that time or was, within the preceding thirty (30) days, employed by Franchisor or by any other Franchisee or affiliate of Franchisor, or otherwise directly or indirectly induce such person to leave that person's employment, except as may be permitted under any existing development agreement or franchise agreement between Franchisor and Franchisee.

(c) Own, maintain, operate, engage in, be employed by or have any financial or beneficial interest in (including any interest in corporations, partnerships, trusts, unincorporated associations or joint ventures), advise, assist or make loans to, any business that is of a character and concept similar to Noble Roman's Craft Pizza & Pub, including a restaurant business that offers as a menu item, or in a mix of menu items, pizza and/or breadsticks.

(3) The parties agree that each of the covenants herein shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Section is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which Franchisor is a party, Franchisee expressly agrees to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Section.

(a) Franchisee understands and acknowledges that Franchisor shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in this Section X.C, or any portion thereof, without their consent, effective immediately upon notice to Franchisee; and Franchisee agrees that it shall comply forthwith with any covenant as so modified, which shall be fully enforceable notwithstanding the provisions of Section XIX.B hereof.

(4) Franchisee shall require and obtain execution of covenants similar to those set forth in this Section X.C. from its shareholders. Such covenant shall be substantially in the form set forth in Attachment A.

XI - BOOKS AND RECORDS.

A. Franchisee shall maintain during the term of this Agreement, and shall preserve for at least five (5) years from the dates of their preparation, full, complete and accurate books, records and accounts, including, but not limited to, daily sales records, sales slips, coupons, purchase orders, payroll records, check stubs, bank statements, monthly sales tax records and returns, cash receipts and disbursements, journals and ledgers in accordance with generally accepted accounting principles and in the form and manner prescribed by Franchisor from time to time in the Manuals or otherwise in writing.

B. In addition to the remittance reports required by Sections IV and VIII hereof, Franchisee shall comply with the following reporting obligations:

(1) Franchisee shall, at Franchisee's expense, submit to Franchisor Franchisee's quarterly balance sheet and statement of operations for the Franchised Business within thirty (30) days after the end of each calendar quarter prepared in accordance with generally accepted accounting principles.

C. Franchisor or its designees shall have the right at all reasonable times to review, audit, examine and copy the books and records, including record of purchases, of Franchisee as Franchisor may require at the Noble Roman's Craft Pizza & Pub. If any audit or review determines that required royalty payments to Franchisor are delinquent, or if an inspection should reveal that such payments have been understated in any report to Franchisor, then Franchisee shall immediately pay to Franchisor the amount overdue or understated upon demand with interest determined in accordance with the provisions of Section IV.B.(3). If an inspection discloses an understatement in any report of three percent (3%) or more, Franchisee shall, in addition, reimburse Franchisor for all costs and expenses connected with the inspection (including, without limitation, reasonable accounting and attorneys' fees). These remedies shall be in addition to any other remedies Franchisor may have at law or in equity.

D. Franchisee understands and agrees that the receipt or acceptance by Franchisor of any of the statements furnished or royalties paid to Franchisor (or the cashing of any royalty checks) shall not preclude Franchisor from questioning the correctness thereof at any time and, in the event that any inconsistencies or mistakes are discovered in such statements or payments, they shall immediately be rectified by the Franchisee and the appropriate payment shall be made by the Franchisee.

SECTION XII [This Section Has Been Reserved]

SECTION XIII - <u>DEBTS AND TAXES</u>.

A. Franchisee shall promptly pay when due all Taxes (as defined below), levied or assessed, and all accounts and other indebtedness of every kind incurred by Franchisee in the conduct of the Franchised Business under this Agreement. Without limiting the provisions of Section XV, Franchisee shall be solely liable for the payment of all Taxes and shall indemnify Franchisor for the full amount of all such Taxes and for any liability (including penalties, interest and expenses) arising from or concerning the payment of Taxes, whether Taxes were correctly or legally asserted or not.

B. Each payment to be made to Franchisor hereunder shall be made free and clear and without deduction for any Taxes, except as otherwise required by law. The term "Taxes" means any present or future taxes, levies, imposts, duties or other charges of whatsoever nature, including any interest or penalties thereon, imposed by any government or political subdivision of such government on or relating to the operation of the Franchised Business, the payment of moneys, or the exercise of rights granted pursuant to this Agreement, except Taxes imposed on or measured by Franchisor's net income.

C. In the event of any bona fide dispute as to Franchisee's liability for taxes assessed or other indebtedness, Franchisee may contest the validity or the amount of the tax or indebtedness in accordance with the procedures of the taxing authority or applicable law. However, in no event shall Franchisee permit a tax sale or seizure by levy of execution or similar writ or warrant or attachment by a creditor, to occur against the premises of the Franchised Business or any improvements thereon.

D. Franchisee shall comply with all federal, state and local laws, rules and regulations and shall timely obtain any and all permits, certificates or licenses necessary for the full and proper conduct of the Franchised Business, including, without limitation, licenses to do business, fictitious name registrations, sales tax permits, fire clearances, health permits, certificates of occupancy and any permits, certificates or licenses required by any environmental law, rule or regulation.

E. Franchisee shall notify Franchisor in writing within five (5) days of the commencement of any action, suit or proceeding and of the issuance of any order, writ, injunction, award or decree of any court, agency or other governmental instrumentality, which may adversely affect the operation or financial condition of the Franchised Business.

SECTION XIV - <u>TRANSFER OF INTEREST</u>.

A. Franchisor and its affiliates shall have the right to transfer or assign this Agreement and all or any part of their rights, interests or obligations hereunder or in Franchisor to any person or legal entity. Nothing contained in this Agreement shall require Franchisor to offer any services or products, whether or not relating to the Marks, to Franchisee if Franchisor assigns all of its rights, privileges, duties and obligations under this Agreement.

B. Franchisee understands and acknowledges that the rights and duties set forth in this Agreement are personal to Franchisee, and that Franchisor has granted rights under this Agreement in reliance on the business skill, financial capacity and personal character of Franchisee. Accordingly, neither Franchisee nor any shareholder owning (directly or beneficially) twenty percent (20%) or more of any class of Franchisee's stock, shall sell, assign, transfer, convey, give away, pledge, mortgage or otherwise encumber any direct or indirect interest in this Agreement, in the Franchised Business, or in Franchisee without the prior written consent of Franchisor. Any purported assignment or transfer, by operation of law or otherwise, made in violation of this Agreement shall be null and void and shall constitute a material event of default under this Agreement.

(1) Franchisee acknowledges and agrees that Franchisor's written consent is reasonable and necessary to assure full performance of the obligations hereunder with respect to an assignment of the Franchised Business.

C. Franchisor will not unreasonably withhold its consent to any transfer or assignment, provided that all of the following conditions are met:

(1) The proposed assignee (and its partners and shareholders if the proposed assignment is not an individual) has a good credit rating and competent business qualifications reasonably acceptable to Franchisor, and Franchisee provides Franchisor with such information as Franchisor may reasonably require to make such a determination;

(2) The proposed assignee or its designated general manager, which has been approved by the Franchisor, completes Franchisor's training program then in effect for new franchisees;

(3) The proposed assignee (and its partners and shareholders if the proposed assignee is not an individual) executes a franchise agreement and other standard ancillary agreements with Franchisor on the then current standard forms used by Franchisor and a written assignment with Franchisee and Franchisor, in a form satisfactory to Franchisor, assuming all of Franchisee's obligations under this Agreement;

(4) The assignee agrees that the term of any agreements required to be executed by Franchisee or the assignee will be the unexpired term of this Agreement with renewal privileges as provided in this Agreement;

(5) Franchisee satisfies all accrued money obligations of Franchisee to Franchisor or its affiliates and assignees;

(6) Franchisee is not in default under the terms of this Agreement; and

(7) Franchisee or assignee pays Franchisor a transfer fee of Five Thousand Dollars ($5,000.00).

D. In the event of the death of any shareholder owning (directly and/or beneficially) twenty percent (20%) or more of any class of Franchisee's stock, such individual's heirs, beneficiaries, devisees, or legal representatives, together with all surviving shareholders (herein collectively called the "Survivors") shall, within ninety (90) days of the death:

(1) Apply to Franchisor for the right to continue to operate the Franchised Business for the duration of the term of this Agreement. Franchisor shall grant such application if the Survivors comply with all of the following conditions:

(a) The Survivors have a good credit rating and competent business qualifications and financial qualifications reasonably acceptable to Franchisor, and the Survivors provide Franchisor with such information as Franchisor may reasonably require to make such a determination;

(b) The Survivor's designated general manager, which has been approved by Franchisor, has completed an approved training program conducted by Franchisor or completes Franchisor's training program then in effect for new Franchisees; if the Survivors create a new corporation or entity to assume the franchise, the Survivors execute a franchise agreement, substantially identical to this Agreement, and a written assignment with Franchisor, in a form satisfactory to Franchisor, assuming all of Franchisee's obligations under this Agreement;

(c) The Survivors satisfy all money obligations of Franchisee to Franchisor, its affiliates or assignees; and

(d) Franchisee is not in default under the terms of this Agreement; or

(2) Sell, assign, transfer or convey the individual's interest in compliance with Section XIV.C of this Agreement. If Franchisor denies the Survivors' timely application for the right to continue to operate the Franchise, the Survivors shall have one hundred eighty (180) days from the date of such denial in which to sell, assign, transfer or convey the individual's interest in compliance with Section XIV.C of this Agreement.

E. Franchisor's consent to a transfer of any interest described herein shall not constitute a waiver of any claims which Franchisor may have against the transferring party, nor shall it be deemed a waiver of Franchisor's right to demand exact compliance with any of the terms of this Agreement by the transferee.

XV - <u>INDEMNIFICATION</u>.

A. Franchisee shall, at all times, indemnify and hold harmless to the fullest extent permitted by law Franchisor, its affiliates, successors and assigns and the officers, directors, shareholders, partners, agents, representatives, independent contractors, servants and employees of each of them ("Indemnities"), from all losses and expenses incurred in connection with any action, suit, proceeding, claim, demand, investigation or inquiry (formal or informal) or any settlement thereof (whether or not a formal proceeding or action has been instituted) which arises out of or is based upon any of the following:

(1) The violation, breach or asserted violation or breach by Franchisee of any federal, state or local law, regulation, ruling, standard or directive or any industry standard;

(2) The violation or breach by Franchisee or by any of the Principals of any warranty, representation, agreement or obligation in this Agreement or in any other agreement between Franchisee or any of its affiliates and Franchisor or any of its affiliates, or the officers, directors, shareholders, partners, agents, representatives, independent contractors, servants and employees of any of them; and

(3) Acts, errors, or omissions of Franchisee, any of Franchisee's affiliates, any of the Principals and the respective officers, directors, shareholders, partners, agents, representatives, independent contractors servants and employees of any of them in connection with the establishment and operation of Noble Roman's Craft Pizza & Pub, including, but not limited to, any acts, errors or omissions of any of the foregoing in the operation of any motor vehicle. The parties understand and agree that Franchisor cannot and does not exercise control over the manner of operation of any motor vehicles used by, or on behalf of, Franchisee or any employee, agent or independent contractor of Franchisee and that the safe operation of any motor vehicle is, therefore, Franchisee's responsibility.

B. Franchisee agrees to give Franchisor notice of any such action, suit, proceeding, claim, demand, inquiry or investigation. Franchisee further agrees that if Franchisor is made a party to any such action or lawsuit, then, at Franchisor's option, Franchisor may tender the defense and/or prosecution of the case to Franchisee who shall be responsible for diligently pursuing the case or action at Franchisee's expense, or may hire counsel directly to protect its respective interest and bill Franchisee for all costs and reasonable attorney's fees incurred in connection therewith, in which case Franchisee shall reimburse Franchisor for all such costs and expenses incurred.

C. The Indemnities do not assume any liability whatsoever for acts, errors, or omissions of any third party with whom Franchisee, any of the Principals, Franchisee's affiliates or any of the officers, directors, shareholders, partners, agents, representatives, independent contractors and employees of Franchisee or its affiliates may contract, regardless of the purpose. Franchisee shall hold harmless and indemnify the Indemnities for all losses and expenses which may arise out of any acts, errors or omissions of Franchisee, any of the Principals, Franchisee's affiliates, the officers, directors, shareholders, partners, agents, representatives, independent contractors and employees of Franchisee and its affiliates and any such other third parties without limitation.

D. Franchisee expressly agrees that the terms of this Section XV shall survive the termination, expiration or transfer of this Agreement or any interest herein.

E. Nothing in this section shall require the Franchisee to indemnify Franchisor for liability caused by the Franchisee's proper reliance on or use of procedures or manuals provided by the Franchisor or caused by the Franchisor's negligence.

SECTION XVI - RELATIONSHIP OF THE PARTIES.

A. The parties acknowledge and agree that this Agreement does not create a fiduciary relationship between them, that Franchisee shall be an independent contractor, and that nothing in this Agreement is intended to constitute either party an agent, legal representative, subsidiary, joint venture, partner, employee, joint employer or servant of the other for any purpose.

B. During the term of this Agreement, Franchisee shall hold itself out to the public as an independent contractor conducting its Franchised Business operations pursuant to the rights granted by Franchisor. Franchisee agrees to take such action as shall be necessary to that end, including, without limitation, exhibiting a notice of that fact in a conspicuous place on the Noble Roman's Craft Pizza & Pub premises established for the purposes hereunder, the content and form of which Franchisor reserves the right to specify in writing.

C. Franchisee understands and agrees that nothing in this Agreement authorizes Franchisee to make any contract, agreement, warranty or representation on Franchisor's behalf, or to incur any debt or other obligation in Franchisor's name, and that Franchisor shall in no event assume liability for, or be deemed liable under this Agreement as a result of, any such action, or for any act or omission of Franchisee or any claim or judgment arising therefrom.

D. Franchisor shall not have liability for any sales, use, excise, gross receipts, property or other taxes, whether levied upon Franchisee, the Franchised Business or its assets, or upon Franchisor, in connection with sales made, services performed or business conducted by Franchisee.

SECTION XVII - TERMINATION.

A. (1) Franchisee acknowledges and agrees that each of Franchisee's obligations described in this Agreement is a material and essential obligation of Franchisee; that nonperformance of such obligations will adversely and substantially affect the Franchisor and the System; and that the exercise by Franchisor of the rights and remedies set forth herein is appropriate and reasonable.

(2) Except as otherwise provided by law, Franchisee shall be deemed to be in default under this Agreement, and all rights granted herein shall automatically terminate without notice to Franchisee, if Franchisee shall become insolvent or makes a general assignment for the benefit of creditors; or if Franchisee files a voluntary petition under any section or chapter of federal bankruptcy law or under any similar law or statute of the United States or any state

thereof, or admits in writing its inability to pay its debts when due; or if Franchisee is adjudicated a bankrupt or insolvent in proceedings filed against Franchisee under any section or chapter of federal bankruptcy laws or under any similar law or statute of the United States or any state; or if a bill in equity or other proceeding for the appointment of a receiver of Franchisee or other custodian for Franchisee's business or assets is filed and consented to by Franchisee; or if a receiver or other custodian (permanent or temporary) of Franchisee's assets or property, or any part thereof, is appointed by any court of competent jurisdiction; or if proceedings for a composition with creditors under any state or federal law should be instituted by or against Franchisee; or if a final judgment remains unsatisfied or of record for thirty (30) days or longer (unless supersedeas bond is filed); or if Franchisee is dissolved; or if execution is levied against Franchisee's business or property; or if suit to foreclose any lien or mortgage against the Noble Roman's Craft Pizza & Pub premises or equipment is instituted against Franchisee and not dismissed within thirty (30) days; or if the real or personal property of Franchisee's Noble Roman's Craft Pizza & Pub shall be sold after levy thereupon by any sheriff, marshal or constable.

(3) Franchisee shall be deemed to be in material default and Franchisor may, at its option, terminate this Agreement and all rights granted hereunder, without affording Franchisee any opportunity to cure the default beyond the opportunity specified in this Section XVII.A(3), effective immediately upon notice to Franchisee, upon the occurrence of any of the following events:

(a) If Franchisee operates the Noble Roman's Craft Pizza & Pub and sells any products or services authorized by Franchisor for sale at Noble Roman's Craft Pizza & Pub at a location which has not been approved by Franchisor;

(b) If Franchisee fails to construct or remodel Noble Roman's Craft Pizza & Pub within the parameters provided to Franchisee pursuant to Section II hereunder;

(c) If Franchisee fails to open the Franchised Business for business as a Noble Roman's within the period specified in Section II.C hereof;

(d) If Franchisee after thirty (30) days' written notice from Franchisor fails to undertake all commercially reasonable efforts to operate the Franchised Business so as to achieve optimum sales;

(e) If Franchisee after thirty (30) days' written notice from Franchisor fails to comply with all of the standards and specifications of Franchisor relating to operation of Noble Roman's Craft Pizza & Pub;

(f) If Franchisee at any time ceases to operate or otherwise abandons the Franchised Business, or loses the right to possession of the premises, or otherwise forfeits the right to do or transact business in the jurisdiction where Noble Roman's Craft Pizza & Pub is located; provided, however, that this provision shall not apply in cases of Force Majeure (acts of God, strikes, lockouts or other industrial disturbances, war, riot, epidemic, fire or other catastrophe or forces beyond Franchisee's control), if through no fault of Franchisee, the premises are damaged or destroyed by an event as described above, provided that Franchisee applies within thirty (30) days after such event, for Franchisor's approval to relocate or reconstruct the premises (which approval shall not be unreasonably withheld) and Franchisee diligently pursues such reconstruction or relocation;

(g) If Franchisee or any of the Principals is convicted of, or has entered a plea of nolo contendere to, a felony, a crime involving moral turpitude, or any other crime or offense that Franchisor believes is reasonably likely to have an adverse effect on the System, the Marks, the goodwill associated therewith, or Franchisor's interests therein;

(h) If Franchisee purports to transfer any rights or obligations under this Agreement to any third party without Franchisor's prior written consent;

(i) If Franchisee or any of its affiliates fails, refuses, or neglects promptly to pay any moneys owing to Franchisor or any of its affiliates, when due under this Agreement or any other agreement, or to submit the financial or other information required by Franchisor under this Agreement and does not cure such default within five (5) days following notice from Franchisor;

(j) If Franchisee or any of the Franchisee's shareholders fail to comply with the covenants in Section X.C hereof or Franchisee fails to obtain execution of the covenants and related agreements required under Section X.C(4) hereof within ten (10) days after being requested to do so by Franchisor;

(k) If, contrary to the terms of Section X.B hereof, Franchisee or any of the Principals discloses or divulges any confidential information provided to Franchisee or the Principals by Franchisor, or fails to obtain execution of covenants and related agreements required under Section X.B hereof within ten (10) days after being requested, in writing, to do so by Franchisor;

(l) If Franchisee knowingly maintains false books or records, or submits any false reports to Franchisor;

(m) If Franchisee breaches in any material respect any of the covenants set forth in Section VII or has falsely made any of the representations or warranties set forth in Section VII;

(n) If Franchisee misuses or makes any unauthorized use of the Marks or otherwise materially impairs the goodwill associated therewith or Franchisor's rights therein; provided that, notwithstanding the above, Franchisee shall be entitled to notice of such event of default and shall have five days to cure such default;

(o) If Franchisee, repeatedly commits a material event of default under this Agreement, whether or not such defaults are of the same or different nature and whether or not such defaults have been cured by Franchisee after notice by Franchisor;

(p) If Franchisee offers any pizza and/or breadstick product for sale at the Location other than those items specifically approved by Franchisor; or

(q) If at any time the Franchised Business is not being managed by Franchisee or an approved General Manager.

B. Except as provided in Sections XVII.A(2) and (3) of this Agreement, upon any default by Franchisee which is capable of being cured, Franchisor may terminate this Agreement by giving written notice of termination stating the nature of such default to Franchisee at least thirty (30) days prior to the effective date of termination. However, Franchisee may avoid termination by immediately initiating a remedy to cure such default and curing it to Franchisor's satisfaction within the thirty (30) day period and by promptly providing proof thereof to Franchisor. If any such default is not cured within the specified time, or such longer period as applicable law may require, this Agreement shall terminate without further notice to Franchisee effective immediately upon the expiration of the thirty (30) day period or such longer period as applicable law may require.

C. If Franchisor becomes insolvent or bankrupt and fails to perform in accordance with any material term or condition of this Agreement, and such default continues unremedied for thirty (30) days after Franchisee provides written notice of that default to Franchisor, then this Agreement may be terminated at the option of Franchisee, except as otherwise provided by law, upon notice by Franchisee effective upon receipt of such notice, without prejudice to any and all rights and remedies that Franchisee may have hereunder or provided by applicable law.

SECTION XVIII - POST-TERMINATION.

Upon termination or expiration of this Agreement, all rights granted hereunder to Franchisee shall forthwith terminate, and:

A. Franchisee shall immediately cease to operate Noble Roman's Craft Pizza & Pub under this Agreement, and shall not thereafter, directly or indirectly, represent to the public or hold itself out as a present or former franchisee of Franchisor, nor make public statements or comments regarding any aspect of Noble Roman's Craft Pizza & Pub.

B. Franchisee shall immediately and permanently cease to use, in any manner whatsoever, any confidential methods, computer software, procedures, and techniques associated with the System; the mark "Noble Roman's" the mark "Noble Roman's Craft Pizza & Pub;" and all other Marks and distinctive forms, slogans, signs, symbols, and devices associated with the System. In particular, Franchisee shall cease to use, without limitation, all signs, advertising materials, paper goods, displays, stationery, trade dress, distinctive forms and any other articles which may or may not display the Marks but which are proprietary to Franchisor.

C. Franchisee shall immediately and permanently cease to use, in any manner whatsoever, any of Franchisor's products prepared from the confidential secret recipes of Franchisor, including but not limited to, pizza dough, sauce and breadsticks, and other secret recipe products now or hereafter designated in the manuals or other written directives or other materials which the Franchisor may issue to the Franchisee from time to time.

D. Franchisee shall take such action as may be necessary to cancel any assumed name or equivalent registration which contains the mark "Noble Roman's," "Noble Roman's Craft Pizza & Pub," "NR CP&P Carpe Pizza," or any other service mark or trademark of Franchisor, and Franchisee shall furnish Franchisor with evidence satisfactory to Franchisor of compliance with this obligation within five (5) days after termination or expiration of this Agreement.

E. Franchisee agrees, in the event it continues to operate or subsequently begins to operate any other business, not to use any reproduction, counterfeit, copy or colorable imitation of the Marks, distinctive forms and/or trade dress either in connection with such other business or the promotion thereof, that is likely to cause confusion, mistake, or deception, or that is likely to dilute Franchisor's rights in and to the Marks, and further agrees not to utilize any designation of origin or description or representation that falsely suggests or represents an association or connection with Franchisor.

F. Franchisee shall promptly pay all sums owing to Franchisor and its subsidiaries or affiliates. Such sums shall include all costs and expenses, including reasonable attorneys' fees, incurred by Franchisor as a result of any default by Franchisee.

G. Franchisee shall pay to Franchisor all damages, costs and expenses, including reasonable attorneys' fees, incurred by Franchisor in connection with obtaining any remedy available to Franchisor for any violation of this Agreement, any action necessary by Franchisor to enforce the terms of or defend this Agreement, and subsequent to the termination or expiration of this Agreement in obtaining injunctive or other relief for the enforcement of any provisions of this Section XVIII.

H. Franchisee shall immediately deliver, at Franchisee's expense, to Franchisor all Manuals, records, files, instructions, correspondence, any computer software licensed by Franchisor, all materials related to operating the Franchised Business, including, without limitation, agreements, invoices, and any and all other materials relating to the operation of Noble Roman's Craft Pizza & Pub in Franchisee's possession or control, and all copies thereof (all of which are acknowledged to be Franchisor's property), and shall retain no copy or record of any of the foregoing, except Franchisee's copy of this Agreement and of any correspondence between the parties and any other documents which Franchisee reasonably needs for compliance with any provision of law.

I. Franchisee and its shareholders shall comply with the non-competition covenants and the restrictions on confidential information contained in Section X of this Agreement.

J. Franchisee shall also immediately furnish Franchisor an itemized list of all trade dress items, signs, advertising and sales promotion materials, displays, stationery, distinctive forms and any other articles bearing the Marks or any of Franchisor's distinctive markings, designs, labels, or other marks thereon, whether located in Noble Roman's Craft Pizza & Pub or under Franchisee's control at any other location. Franchisee shall immediately return material covered by this paragraph to Franchisor at Franchisee's expense.

K. Title to any of the Noble Roman's Craft Pizza & Pub signage or other items which embodies Franchisor's Marks and trade dress shall transfer to Franchisor and Franchisee shall return such items to Franchisor at Franchisee's expense.

L. All obligations of Franchisor or Franchisee which expressly or by their nature survive the expiration or termination of this Agreement shall continue in full force and effect subsequent to and notwithstanding its expiration or termination and until they are satisfied or by their nature expire.

SECTION XIX - MISCELLANEOUS.

A. Any and all notices required or permitted under this Agreement shall be in writing and shall be personally delivered or mailed by expedited delivery service or certified or registered mail, return receipt requested, first-class postage prepaid, or sent by prepaid facsimile, e-mail, telegram or telex (provided that the sender confirms the facsimile, e-mail, telegram or telex by sending an original confirmation copy by certified or registered mail or expedited delivery service within three (3) business days after transmission) to the respective parties at the following addresses unless and until a different address has been designated by written notice to the other party:

Notices to Franchisor:	Noble Roman's, Inc. 6612 E. 75th Street, Suite 450800 Indianapolis, Indiana 46250 Attention: Paul W. Mobley, Executive Chairman Facsimile: (317) 685-2294 E-Mail: pmobley@nobleromans.com
Notices to Franchisee:	____________________ ____________________ ____________________ Attention: _______________ Phone: _______________ Facsimile: _______________ E-Mail: _______________

Any notice shall be deemed to have been given at the time of personal delivery or, in the case of facsimile, e-mail, telegram or telex, upon transmission (provided confirmation is sent as described above) or, in the case of expedited delivery service or registered or certified mail, three (3) business days after the date and time of mailing.

B. This Agreement, the documents referred to herein, and the Attachments hereto, constitutes the entire, full and complete agreement between Franchisor and Franchisee and the Principals concerning the subject matter hereof and shall supersede all prior related agreements between Franchisor and Franchisee and the Principals. No amendment, change or variance from this Agreement shall be binding on either party unless mutually agreed to by the parties and executed by their authorized officers or agents in writing.

C. No delay, waiver, omission or forbearance on the part of a party to exercise any right, option, duty or power arising out of any breach or default by the other party or the Principals under this Agreement shall constitute a waiver by the non-breaching party to enforce any such right, option, duty or power against the breaching party, or as to subsequent breach or default by the breaching party. Acceptance by Franchisor of any payments due to it hereunder subsequent to the time at which such payments are due shall not be deemed to be a waiver by Franchisor of any preceding breach by Franchisee or the Principals of any terms, provisions, covenants or conditions of this Agreement.

D. Whenever this Agreement requires the prior approval or consent of Franchisor, Franchisee shall make a timely written request to Franchisor, and such approval or consent shall be obtained in writing.

E. If a Force Majeure event shall occur, then, in addition to payments required under Section XVlI, Franchisee shall continue to be obligated to pay to Franchisor any and all amounts that it shall have duly become obligated to pay in accordance with the terms of this Agreement prior to the occurrence of any Force Majeure event and the Indemnities shall continue to be indemnified and held harmless by Franchisee in accordance with Section XV. Except as provided in Section XVII and the immediately preceding sentence herein, none of the parties hereto shall be held liable for a failure to comply with any terms and conditions of this Agreement when such failure is caused by an event of Force Majeure. Upon the occurrence of any event of the type referred to herein, the party affected thereby shall give prompt notice thereof to the other parties, together with a description of the event, the duration for which the party expects its ability to comply with the provisions of the Agreement to be affected thereby and a plan for resuming operation under the Agreement, which the party shall promptly undertake and maintain with due diligence. Such affected party shall be liable for failure to give timely notice only to the extent of damage actually caused.

F. FRANCHISEE AND THE PRINCIPALS HEREBY AGREE THAT SERVICE OF PROCESS MAY BE MADE UPON ANY OF THEM IN ANY PROCEEDING RELATING TO OR ARISING OUT OF THIS AGREEMENT OR THE RELATIONSHIP CREATED BY THIS AGREEMENT BY ANY MEANS ALLOWED BY INDIANA OR FEDERAL LAW. WITH RESPECT TO ALL CLAIMS, CONTROVERSIES, DISPUTES OR ACTIONS, THIS AGREEMENT SHALL BE INTERPRETED AND CONSTRUED UNDER INDIANA LAW.

G. FRANCHISEE, THE PRINCIPALS AND FRANCHISOR ACKNOWLEDGE THAT THE EXECUTION OF THIS AGREEMENT AND ACCEPTANCE OF THE TERMS BY THE PARTIES OCCURRED IN INDIANAPOLIS, INDIANA, AND FURTHER ACKNOWLEDGE THAT THE PERFORMANCE OF CERTAIN OBLIGATIONS OF FRANCHISEE ARISING UNDER THIS AGREEMENT, INCLUDING, BUT NOT LIMITED TO, THE PAYMENT OF MONEYS DUE HEREUNDER AND THE SATISFACTION OF CERTAIN TRAINING REQUIREMENTS OF FRANCHISOR, SHALL OCCUR IN INDIANAPOLIS, INDIANA. FRANCHISOR AND FRANCHISEE AGREE THAT ANY DISPUTES ARISING OUT OF THIS AGREEMENT WILL BE SUBMITTED TO A COURT IN MARION COUNTY, INDIANA.

H. This Agreement may be executed in multiple counterparts, each of which when so executed shall be an original, and all of which shall constitute one and the same instrument.

I. The captions used in connection with the sections and subsections of this Agreement are inserted only for purpose of reference. Such captions shall not be deemed to govern, limit, modify or in any other manner affect the scope, meaning or intent of the provisions of this Agreement or any part thereof nor shall such captions otherwise be given any legal effect.

J. Any obligation of Franchisee or the Principals that contemplates performance of such obligation after termination or expiration of this Agreement or the transfer of any interest of Franchisee or the Principals therein, shall be deemed to survive such termination, expiration or transfer.

K. Except as expressly provided to the contrary herein, each portion, section, part, term and provision of this Agreement shall be considered severable; and if, for any reason, any portion, section, part, term or provision is determined to be invalid and contrary to, or in conflict with, any existing or future law or regulation by a court or agency having valid jurisdiction, this shall not impair the operation of, or have any other effect upon, the other portions, sections, parts, terms or provisions of this Agreement that may remain otherwise intelligible, and the latter shall continue to be given full force and effect and bind the parties; the invalid portions, sections, parts, terms or provisions shall be deemed not to be part of this Agreement; and there shall be automatically added such portion, section, part, term or provision as similar as possible to that which was severed which shall be valid and not contrary to or in conflict with any law or regulation.

L. All references herein to the masculine, neuter or singular shall be construed to include the masculine, feminine, neuter or plural, where applicable. Without limiting the obligations individually undertaken by the Principals under this Agreement, all acknowledgments, promises, covenants, agreements and obligations made or undertaken by Franchisee in this Agreement shall be deemed, jointly and severally, undertaken by all of the Principals.

M. All rights and remedies of the parties to this Agreement shall be cumulative and not alternative, in addition to and not exclusive of any other rights or remedies which are provided for herein or which may be available at law or in equity in case of any breach, failure or default or threatened breach, failure or default of any term, provision or condition of this Agreement or any other agreement between Franchisee or any of its affiliates, and Franchisor or any of its affiliates. The rights and remedies of the parties to this Agreement shall be continuing and shall not be exhausted by any one or more uses thereof, and may be exercised at any time or from time to time as often as may be expedient; and any option or election to enforce any such right or remedy may be exercised or taken at any time and from time to time. The expiration, earlier termination or exercise of Franchisor’s rights pursuant to Section XVII of this Agreement shall not discharge or release Franchisee or any of the Principals from any liability or obligation then accrued, or any liability or obligation continuing beyond, or arising out of, the expiration, the earlier termination or the exercise of such rights under this Agreement.

N. The term "Principals" shall include, collectively and individually, Franchisee's spouse, if Franchisee is an individual, all officers and directors of Franchisee (including the officers and directors of any general partner of Franchisee), if Franchisee is a partnership, the general partners of the Franchisee, or if Franchisee is a limited liability company, the manager or managers of the Franchisee, whom Franchisor designates as Franchisee's Principals. The initial Franchisee's Principals shall be listed in Attachment C to this Agreement.

O. Each reference in this Agreement to a corporation, limited liability company or partnership shall be deemed to also refer to any other entity or organization similar thereto. Each reference to the organizational documents, equity owners, directors, and officers of a corporation in this Agreement shall be deemed to refer to the functional equivalents of such organizational documents, equity owners, directors, and officers, as applicable, in the case of a limited liability company or any other entity or organization similar thereto.

P. Except as expressly provided to the contrary herein, nothing in this Agreement is intended, nor shall be deemed, to confer upon any person or legal entity other than Franchisee, Franchisor, Franchisor's officers, directors and personnel and such of Franchisee's and Franchisor's respective successors and assigns as may be contemplated (and, as to Franchisee, authorized by Section XIV), any rights or remedies under or as a result of this Agreement.

Q. Notwithstanding any provisions described in the Franchise Disclosure Document or contained in this Agreement, nothing in this Agreement is intended to disclaim the representations made by the Franchisor in the Franchisor's Franchise Disclosure Document.

SECTION XX - ACKNOWLEDGMENTS.

A. Franchisee acknowledges that it has conducted an independent investigation of the business venture contemplated by this Agreement and recognizes that the success of this business venture involves substantial business risks and will largely depend upon the ability of Franchisee.

B. Franchisee acknowledges that Franchisee has received, read and understands this Agreement and the related Attachments and agreements and that Franchisor has afforded Franchisee sufficient time and opportunity to consult with advisors selected by Franchisee about the potential benefits and risks of entering into this Agreement.

IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be executed by its duly authorized representative as of the date first above written.

FRANCHISOR:

Noble Roman's, Inc.,
an Indiana Corporation

ATTEST:

By: ________________________________
Name: Paul W. Mobley
Title: Executive Chairman

____
Witness

FRANCHISEE:

ATTEST:

By: ________________________________
Name: ______________________________
Title: ______________________________

____
Witness

NOBLE ROMAN'S, INC.

FRANCHISE AGREEMENT

(Noble Roman's Craft Pizza & Pub)

Franchisee: ____________________________.
Date:__________________________________

TABLE OF CONTENTS

EXHIBIT B

FINANCIALS

PART I - FINANCIAL INFORMATION

ITEM 1. Financial Statements

The following audited condensed consolidated financial statements are included herein:

Report of Independent Registered Public Accounting Firm

Consolidated balance sheets for December 31, ~~2018~~**2019** and ~~2019~~**2020**.

Consolidated statements of operations for the twelve month periods ended December 31, ~~2017,~~ 2018**, 2019** and ~~2019~~**2020**.

Consolidated statements of changes in stockholders' equity for the twelve-month periods ended December 31, ~~2017,~~ 2018**, 2019** and ~~2019~~**2020**.

Consolidated statements of cash flows for the twelve month periods ended December 31, ~~2017,~~ 2018**, 2019** and ~~2019~~**2020**.

Notes to consolidated financial statements.

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of
NOBLE ROMAN'S, INC.
Indianapolis, Indiana

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of NOBLE ROMAN'S, INC. ~~(the "Company")~~ and subsidiaries **(the "Company")** as of December 31, ~~2019~~**2020** and ~~2018~~**2019**, the related consolidated statements of operations, changes in stockholders' equity and cash flows for each of the three years in the period ended December 31, ~~2019~~**2020**, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company ~~and subsidiaries~~ at December 31, ~~2019~~**2020** and ~~2018~~**2019**, and the results of ~~their~~**its** operations and ~~their~~**its** cash flows for each of the three years in the period ended December 31, ~~2019~~**2020**, in conformity with accounting principles generally accepted in the United States of America.

~~**Change in Accounting Method Related to Leases**~~

~~As discussed in Note 1 to the consolidated financial statements, the Company has changed its method of accounting for leases in 2019 due to the adoption of FASB Accounting Standards Codification Topic 842.~~

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the consolidated financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Valuation of Long-term Accounts Receivable

As described in Notes 1 and 2 to the consolidated financial statements, the Company's long-term accounts receivable balance was fully reserved, resulting in a valuation adjustment of $4.9 million for the year ended December 31, 2020, as presented in the Consolidated Statements of Operations.

We identified the valuation of long-term accounts receivable as a critical audit matter. Specifically, management is required to make significant judgments and assumptions to estimate cash flows and evaluate collection performance. Auditing these elements involved especially challenging and subjective auditor judgment due to the nature and extent of audit effort required to address these matters.

The primary procedures we performed to address this critical audit matter included:

- **Understanding the design of controls relating to management's assessment of estimated cash flows and collection performance.**
- **Testing the completeness and accuracy of collection data.**
- **Evaluating the assessment of estimated cash flows through consideration of recent performance trends and changes to the estimated cash flows.**

Valuation of Deferred Tax Assets

As described in Notes 1 and 6 to the consolidated financial statements, the Company's deferred tax asset was $3.1 million at December 31, 2020.

We identified the valuation of deferred tax assets as a critical audit matter. Specifically, management is required to make significant judgments and assumptions to estimate forecasted taxable income. Auditing these elements involved especially challenging and subjective auditor judgment due to the nature and extent of audit effort required to address these matters.

The primary procedures we performed to address this critical audit matter included:

- Understanding the design of controls relating to management’s assessment of forecasted taxable income.
- Testing the completeness and accuracy of historical taxable income.
- Evaluating the assessment of forecasted taxable income through consideration of recent performance trends.

We have served as the Company's auditor since 2007.

/s/ Somerset CPA's, P.C

Indianapolis, Indiana
~~May 12, 2020~~
March 22, 2021

Consolidated Balance Sheets
Noble Roman's, Inc. and Subsidiaries

		December 31,	
Assets	~~2018~~	2019	2020
Current assets:			
Cash	~~$ 76,194~~	$ 218,132	$ 1,194,363
Accounts receivable - net	~~1,573,600~~	978,408	879,502
Inventories	~~962,783~~	880,660	890,556
Prepaid expenses	~~688,259~~	784,650	395,918
Total current assets	~~3,300,836~~	2,861,850	3,360,339
Property and equipment:			
Equipment	~~2,872,494~~	2,899,611	3,708,689
Leasehold improvements	~~1,180,050~~	1,187,100	2,319,445
Construction and equipment in progress	~~119,340~~	374,525	510,225
	~~4,171,884~~	4,461,236	6,538,359
Less accumulated depreciation and amortization	~~1,399,435~~	1,689,520	1,989,209
Net property and equipment	~~2,772,449~~	2,771,716	4,549,150
Deferred tax asset	~~4,817,309~~	3,900,221	3,104,904
Deferred contract costs	~~698,935~~	817,763	834,018
Goodwill	~~278,466~~	278,466	278,466
Operating lease right of use assets	-	4,242,416	6,088,101
Other assets including long-term portion of accounts receivable - net	~~3,808,957~~	4,232,655	201,962
Total assets	~~$ 15,676,952~~	$ 19,105,087	$ 18,416,940
Liabilities and Stockholders' Equity			
Current liabilities:			
Current portion of term loan payable to bank	~~$ 871,429~~	$ 871,429	$ -
Accounts payable and accrued expenses	~~523,315~~	731,059	878,099
Current portion of operating lease liability		333,763	412,005
Total current liabilities	~~1,394,744~~	1,936,251	1,290,104
Long-term obligations:			
Term loans payable to bank (net of current portion)	~~3,898,733~~	2,999,275	-
Loan payable to Corbel		-	7,468,709
Corbel warrant value		-	29,037
Convertible notes payable	~~1,539,204~~	1,501,282	574,479
Operating lease liabilities – net of current portion	~~-~~	4,016,728	5,863,615
Deferred contract income	~~698,935~~	817,763	834,018
Total long-term liabilities	~~6,136,872~~	9,335,048	14,769,858
Stockholders' equity:			
Common stock – no par value (40,000,000 shares authorized, ~~21,783,131~~22,215,512			24,763,447
issued and outstanding as of December 31, ~~2018~~2019 and ~~22,215,512 issued and outstanding as of~~ December 31, ~~2019~~2020)	~~24,739,482~~	24,858,311	
Accumulated deficit	~~(16,594,146)~~	(17,024,523)	(22,406,469)
Total stockholders' equity	~~8,145,336~~	7,833,788	2,356,978
Total liabilities and stockholders' equity	~~$ 15,676,952~~	$ 19,105,087	$ 18,416,940

See accompanying notes to consolidated financial statements.

Consolidated Statements of Operations
Noble Roman's, Inc. and Subsidiaries

	Year Ended December 31,			
	~~2017~~	2018	2019	**202**
Restaurant revenue - company-owned restaurants	~~$1,820,737~~	$ 4,815,842	**$** 4,830,199	**$ 6,209,27**
Restaurant revenue - company-owned non-traditional	~~1,173,728~~	1,156,347	673,647	**470,84**
Franchising revenue	~~6,798,213~~	6,422,315	6,162,576	**4,841,22**
Administrative fees and other	~~45,730~~	53,443	38,202	**14,31**
Total revenue	~~9,838,408~~	12,447,947	11,704,624	**11,535,66**
Operating expenses:				
Restaurant expenses - company-owned restaurants	~~1,389,410~~	3,909,142	4,250,406	**4,938,13**
Restaurant expenses - company-owned non-traditional	~~1,155,074~~	1,145,106	626,453	**447,04**
Franchising expenses	~~2,443,359~~	2,627,745	2,092,001	**1,736,87**
Total operating expenses	~~4,987,843~~	7,681,993	6,968,860	**7,122,04**
Depreciation and amortization	~~240,854~~	440,240	382,793	**382,36**
General and administrative	~~1,665,980~~	1,668,718	1,739,383	**1,717,20**
Total expenses	~~6,894,677~~	9,790,951	9,091,036	**9,221,62**
Operating income	~~2,943,732~~	2,656,996	2,613,588	**2,314,04**
Interest expense	~~1,474,027~~	655,203	774,565	**1,914,34**
Adjust valuation of receivables	~~440,000~~	4,095,805	1,300,000	**4,941,71**
~~Change in fair value of derivatives~~	~~174,737~~			
Net ~~income~~ (loss) **income** before income taxes	~~854,968~~	(2,094,012)	539,023	**(4,542,01**
Income tax expense	~~4,146,459~~	930,397	917,088	**839,92**
Net loss from continuing operations	~~(3,291,491)~~	$(3,024,409)	(378,065)	**(5,381,94**
~~Income (loss)~~**Loss** from discontinued operations net of tax benefit of ~~$57,431 for 2017 and~~ $12,200 for 2018	~~(93,436)~~	(37,800)	-	
Net loss	~~$(3,384,927)~~	$(3,062,209)	$ (378,065)	**$ (5,381,94**
~~Earnings (loss)~~**Loss** per share - basic:				
Net ~~income (~~loss~~)~~ from continuing operations	~~$ (.16)~~	$ (.14)	$ (.02)	**$ (.2**
~~Net loss from discontinued operations net of tax benefit~~	~~$ .00~~	~~$ .00~~	~~$ .00~~	
Net ~~income (~~loss~~)~~	~~$ (.16)~~	$ (.14)	$ (.02)	**$ (.2**
Weighted average number of common shares outstanding	~~20,783,032~~	21,249,607	22,052,859	**22,215,51**
Diluted ~~earnings (~~loss~~)~~ per share:				
Net ~~income (~~loss~~)~~ from continuing operations (1)	~~$ (.16)~~	$ (.14)	$ (.02)	**$ (.2**
~~Net loss from discontinued operations net of tax benefit~~	~~$ .00~~	~~$ .00~~	~~$ .00~~	
Net ~~income (~~loss~~)~~ (1)	~~$ (.16)~~	$ (.14)	$ (.02)	**$ (.2**
Weighted average number of common shares outstanding	~~25,704,286~~	26,094,292	23,315,695	**23,465,51**

(1) Net loss per share is shown the same as basic loss per share because the underlying dilutive securities have anti-dilutive effect.

See accompanying notes to consolidated financial statements.

Consolidated Statements of Changes in Stockholders' Equity
Noble Roman's, Inc. and Subsidiaries

	Shares	Amount	Deficit	Total
Balance at December 31, ~~2016~~2017	20,983,131	~~$24,308,297~~$24,322,885	~~$(10,289,867)~~$(13,674,794)	~~$14,018,430~~$10,648,091
~~2017 net loss~~			~~(3,384,927)~~	~~(3,384,927)~~
~~Amortization of value of stock options~~		~~14,588~~		~~14,588~~
~~**Balance at December 31, 2017**~~	~~20,983,131~~	~~$24,322,885~~	~~$(13,674,794)~~	~~$10,648,091~~
2018 net loss			(3,062,209)	(3,062,209)
Remove derivatives in accordance with ASU 2017-11			142,857	142,857
Amortization of value of stock options		16,597		16,597
Conversion of convertible notes to common stock	800,000	400,000		400,000
Balance at December 31, 2018	21,783,131	$24,739,482	$(16,594,146)	$8,145,336
2019 net ~~income~~loss			(378,065)	(378,065)
Adjustment for the adoption of ASU 2016-02 accounting for leases			(52,312)	(52,312)
Amortization of value of stock options		18,829		18,829
Cashless exercise of warrants	232,381			
Conversion of convertible notes to common stock	200,000	100,000		100,000
Balance at December 31, 2019	22,215,512	$24,858,311	$(17,024,523)	$7,833,788
2020 net loss			**(5,381,946)**	**(5,381,946)**
Write-off unamortized closing to sub-debt that was converted		**(116,400)**		**(116,400)**
Amortization of value of stock options	**-**	**21,536**	**-**	**21,536**
Balance at December 31, 2020	**22,215,512**	**$24,763,447**	**$(22,406,469)**	**$2,356,978**

See accompanying notes to consolidated financial statements.

Consolidated Statements of Cash Flows
Noble Roman's, Inc. and Subsidiaries

	Year ended December 31,			
OPERATING ACTIVITIES	~~2017~~	2018	2019	2020
Net loss	~~$(3,384,927)~~	$ (3,062,209)	$ (378,065)	$ (5,381,946)
Adjustments to reconcile net loss to net cash provided (used) by operating activities:				
Depreciation and amortization	~~604,481~~	558,277	469,804	1,433,295
Amortization of lease cost in excess of cash paid	~~-~~	-	134,545	46,994
Deferred income taxes	~~3,886,366~~	918,195	917,088	839,928
~~Change in fair value of derivatives~~	~~174,737~~	~~-~~	~~-~~	
Changes in operating assets and liabilities (Increase) decrease in:				
Accounts receivable	~~(575,302)~~	223,157	(377,151)	(98,388)
Inventories	~~(25,572)~~	(106,539)	82,123	(9,896)
Prepaid expenses	~~112,028~~	(7,933)	(96,392)	189,884
Other assets including long-term portion of accounts receivable	~~(1,084,680)~~	3,059,197	548,648	4,508,836
Increase (decrease) in:				
Accounts payable and accrued expenses	~~585,869~~	(101,286)	207,745	147,040
NET CASH PROVIDED BY OPERATING ACTIVITIES	~~293,000~~	1,480,859	1,508,345	1,675,747
INVESTING ACTIVITIES				
Purchase of property and equipment	~~(1,372,674)~~	(1,161,168)	(289,351)	(2,084,710)
NET CASH USED BY INVESTING ACTIVITIES	~~(1,372,674)~~	(1,161,168)	(289,351)	(2,084,710)
FINANCING ACTIVITIES				
~~Payment of principal outstanding on former bank loan~~	~~(1,366,454)~~	~~-~~	~~-~~	
~~Payment of principal on Super G loan~~	~~(2,066,283)~~	~~-~~	~~-~~	
Payment of principal on First Financial Bank loan	~~(160,714)~~	(812,292)	(998,271)	(4,379,024)
Payment of principal on ~~Kingsway America loan~~convertible notes	~~(600,000)~~	-	-	(1,275,000)
Net proceeds from new financings net of closing costs	~~5,792,132~~	157,727	-	7,039,218
Lease liabilities	~~-~~	-	(78,785)	-
~~Net proceeds (repayment of) from officers loans~~	~~(310,000)~~	~~-~~	~~-~~	
NET CASH (USED) PROVIDED BY FINANCING ACTIVITIES	~~1,288,681~~	(654,565)	(1,077,056)	1,385,194
DISCONTINUED OPERATIONS				
Payment of obligations from discontinued operations	~~(225,867)~~	(50,000)	-	-
Increase (decrease) in cash	~~(16,860)~~	(384,874)	141,938	976,231
Cash at beginning of year	~~477,928~~	461,068	76,194	218,132
Cash at end of year	~~$ 461,068~~	$ 76,194	$ 218,132	$ 1,194,363

Supplemental Schedule of Non-Cash Investing and Financing Activities:

During 2018, holders of $400,000 principal amount of Notes converted the Notes to 800,000 shares of common stock, in accordance with the terms of the Notes.

During 2019, holders of $100,000 principal amount of Notes converted the Notes to 200,000 shares of common stock, in accordance with the terms of the Notes.

During 2019, options to purchase 1,080,000 shares at $0.63 and at $0.70 per share were exercised and the holders received 232,381 shares of common stock, pursuant to the cashless exercise of the options .

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements
Noble Roman's, Inc. and Subsidiaries

Note l: Summary of Significant Accounting Policies

Organization: The Company, with two wholly-owned subsidiaries, sells and services franchises and licenses and operates Company-owned foodservice locations for one non-traditional location and five traditional restaurants called Craft Pizza & Pub under the trade names "Noble Roman's Pizza", "Noble Roman's Craft Pizza & Pub" and "Tuscano's Italian Style Subs~~"~~”. Unless the context otherwise indicates, reference to the "Company" are to Noble Roman's, Inc. and its two wholly-owned subsidiaries.

Principles of Consolidation: The consolidated financial statements include the accounts of Noble Roman's, Inc. and its wholly-owned subsidiaries, Pizzaco, Inc. and RH Roanoke, Inc. Inter-company balances and transactions have been eliminated in consolidation.

Inventories: Inventories consist of food, beverage, restaurant supplies, restaurant equipment and marketing materials and are stated at the lower of cost (first-in, first-out) or net realizable value.

Property and Equipment: Equipment and leasehold improvements are stated at cost. Depreciation and amortization are computed on the straight-line method over the estimated useful lives ranging from five years to 20 years. Leasehold improvements are amortized over the shorter of estimated useful life or the term of the lease including likely renewals. Construction and equipment in progress are stated at cost for leasehold improvements, equipment for a new restaurant being constructed and for pre-opening costs of any restaurant not yet open as of the date of the statements.

Significant Accounting Policies: There have been no significant changes in the Company's accounting policies from those disclosed in its Annual Report on Form 10-K~~ except~~ for ~~those policies described below in relation to the adoption of Accounting Standards Update ("ASU") 2016-02, Leases (Topic 842)~~**the year ended December 31, 2019**.

The Company determines if an arrangement is a lease at inception. Operating leases are included in right-of-use assets ("ROU"), and lease liability obligations are included in the Company's balance sheets. ROU assets represent the Company's right to use an underlying asset for the lease term and lease liability obligations represent its obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at the commencement date based on the present value of lease payments over the lease term. As the Company's leases typically do not provide an implicit rate, the Company estimates its incremental borrowing rate based on the information available at the commencement date in determining the present value of lease payments. The Company uses the implicit rate when readily determinable. The ROU asset also includes in the lease payments made and excludes lease incentives and lease direct costs. The Company's lease term may include options to extend or terminate the lease when it is reasonably certain that the Company will exercise that option. Lease expense is recognized on a straight-line basis over the lease term.

The Company adopted the new standard to all material leases existing on January 1, 2019 and recognized a cumulative effect adjustment to the opening balance of accumulated deficit on that date.

Cash and Cash Equivalents: Includes actual cash balance. The cash is not pledged nor are there any withdrawal restrictions.

Advertising Costs: The Company records advertising costs consistent with the Financial Accounting Standards Board's (the "FASB") Accounting Standards Codification ("ASC")"Other Expense" topic and "Advertising Costs" subtopic. This statement requires the Company to expense advertising production costs the first time the production material is used.

Fair Value Measurements and Disclosures: The Fair Value Measurements and Disclosures topic of the FASB's ASC requires companies to determine fair value based on the price that would be received to sell the assets or paid to transfer to liability to a market participant. The fair value measurements and disclosure topic emphasis that fair value is a market based measurement, not an entity specific measurement. The guidance requires that assets and liabilities carried at fair value be classified and disclosed in one of the following categories:

Level One: Quoted market prices in active markets for identical assets or liabilities.

Level Two: Observable market –based inputs or unobservable inputs that are corroborated by market data.

Level Three: Unobservable inputs that are not corroborated by market data.

Use of Estimates: The preparation of the consolidated financial statements in conformity with United States generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates. After a thorough review by management in 2018, the Company permanently wrote off $1.3 million and created an additional reserve for possible non-collection of $2.8 million. After a review in 2019 and also considering the impact of the COVID-19 pandemic, it was decided to add an additional reserve **of $1.3 million** for possible non-collections~~ of $1.3 million~~**. In 2020, in light of the additional uncertainty created as a result of the COVID-19 pandemic, the Company decided to create a reserve for uncollectability on all long-term franchisee receivables**. The ~~actual amount the~~ Company ~~eventually collects may differ from this estimation~~**will continue to pursue collection where circumstances are appropriate and all collections of these receivables in the future will result in additional income at the time received**. The Company evaluates its property and equipment and related costs periodically to assess whether any impairment indications are present, including recurring operating losses and significant adverse changes in legal factors or business climate that affect the recovery of recorded value. If any impairment of an individual asset is evident, a loss would be provided to reduce the carrying value to its estimated fair value.

Debt Issuance Costs: Debt issuance cost is presented on the balance sheet as a direct reduction from the carrying amount of the associated liability. Debt issuance costs are amortized to interest expense ratably over the term of the applicable debt. The unamortized debt issuance cost at December 31, ~~2019~~**2020** was $~~800,000~~**780,000**.

Intangible Assets: The Company recorded goodwill of $278,000 as a result of the acquisition of RH Roanoke, Inc. of certain assets of a former franchisee of the Company. Goodwill has an indeterminable life and is assessed for impairment at least annually and more frequently as triggering events may occur. In making this assessment, management relies on a number of factors including operating results, business plans, economic projections, anticipated future cash flows, and transactions and marketplace data. Any impairment losses determined to exist are recorded in the period the determination is made. There are inherent uncertainties related to these factors and management's judgment is involved in performing goodwill and other intangible assets valuation ~~analyses~~**analysis**, thus there is risk that the carrying value of goodwill and other intangible assets may be overstated or understated. The Company has elected to perform the annual impairment assessment of recorded goodwill as of the end of the Company's fiscal year. The results of this annual impairment assessment indicated that the fair value of the reporting unit as of December 31, ~~2019~~**2020**, exceeded the carrying or book value, including goodwill, and therefore recorded goodwill was not subject to impairment.

Royalties, Administrative and Franchise Fees: Royalties are generally recognized as income monthly based on a percentage of monthly sales of franchised or licensed restaurants and from audits and other inspections as they come due and payable by the franchisee. Fees from the retail products in grocery stores are recognized monthly based on the distributors' sale of those retail products to the grocery stores or grocery store distributors. Administrative fees are recognized as income monthly as earned. The Company adopted ~~Accounting Standards Update~~**ASU** 2014-09 effective January 2018 which did not materially affect the Company's recognition of royalties, fees from the sale of retail products in grocery stores, administrative fees or sales from Company-owned restaurants. However, initial franchise fees and related contract costs are now deferred and amortized on a straight-line basis over the term of the franchise agreements, generally five to ten years. The effect to comparable periods within the financial statements is not material as the initial franchise fee for the non-traditional franchise is intended to defray the initial contract cost, and the franchise fees and contract costs initially incurred and paid approximate the relative amortized franchise fees and contract costs for those same periods.

Exit or Disposal Activities Related to Discontinued Operations: The Company records exit or disposal activity for discontinued operations when management commits to an exit or disposal plan and includes those charges under results of discontinued operations, as required by the ASC "Exit or Disposal Cost Obligations" topic.

Income Taxes: The Company provides for current and deferred income tax liabilities and assets utilizing an asset and liability approach along with a valuation allowance as appropriate. The Company evaluated its deferred tax assets in 2018 and determined that $1,422,960 of the deferred tax credits may expire in 2019 and 2020 before they are fully utilized, which increased the Company's tax expense for 2018 and reduced the deferred tax credit on the balance sheet. The Company again evaluated its deferred tax assets in 2019 and determined that $1.7 million of its net operating loss carry-forward may expire before they are used resulting in an additional $~~400 thousand~~**400,000** in tax expense in 2019**. In 2020, the Company again reviewed its deferred tax asset and determined that 2020 taxable income used up $267,528 and $572,400 deferred credits were expiring**. As of December 31, ~~2019~~**2020**, the net operating loss carry-forward was approximately $~~11.8~~**7.4** million which expires between the years ~~2020~~**2021** and 2036~~. As a result of the Tax Cuts and Jobs Act of 2017 (the "2017 Tax Act"), the Company reduced the carrying value of the tax impact of the net operating loss carry-forward to reflect the new highest corporate income tax rate of 21% versus the old rate of 34%~~.

U.S. generally accepted accounting principles require the Company to examine its tax positions for uncertain positions. Management is not aware of any tax positions that are more likely than not to change in the next 12 months, or that would not sustain an examination by applicable taxing authorities. The Company's policy is to recognize penalties and interest as incurred in its Consolidated Statements of Operations. None were included for the years ended December 31, ~~2017,~~ 2018~~ and~~**,** 2019 **and 2020**. The Company's federal and various state income tax returns for ~~2016~~**2017** through 2019 are subject to examination by the applicable tax authorities, generally for three years after the later of the original or extended due date.

Basic and Diluted Net Income Per Share: Net income per share is based on the weighted average number of common shares outstanding during the respective year. When dilutive, stock options and warrants are included as share equivalents using the treasury stock method.

~~The following table sets forth the calculation of basic and diluted loss per share for the year ended December 31, 2017:~~

	~~Income (Numerator)~~	~~Shares (Denominator)~~	~~Per Share Amount~~
~~Loss per share – basic~~			
~~Net loss~~	~~$ (3,384,927)~~	~~20,783,032~~	~~$ (.16)~~
~~Effect of dilutive securities~~			
~~Options~~		~~222,624~~	
~~Convertible notes~~	~~345,208~~	~~4,698,630~~	
~~Diluted loss per share~~			
~~Net loss (1)~~	~~$ (3,039,719)~~	~~25,704,286~~	~~$ (.16)~~

~~(1) Net loss per share is shown the same as basic loss per share because the underlying dilutive securities have an anti-dilutive effect.~~

The following table sets forth the calculation of basic and diluted loss per share for the year ended December 31, 2018:

	~~Income (Numerator)~~	~~Shares (Denominator)~~	~~Per Share Amount~~
~~Net loss per share – basic~~			
~~Net loss~~	~~$ (3,062,209)~~	~~21,249,607~~	~~$ (.14)~~
~~Effect of dilutive securities~~			
~~Options~~		~~511,260~~	
~~Convertible notes~~	~~213,125~~	~~4,333,425~~	
~~Diluted net income per share~~			
~~Net loss (1)~~	~~$ (2,849,084)~~	~~26,094,292~~	~~$ (.14)~~

	Income (Numerator)	Shares (Denominator)	Per Share Amount
Net loss per share - basic			
Net loss	$ (3,062,209)	21,249,607	$ (.14)
Effect of dilutive securities			
Options	-	511,260	
Convertible Notes	213,125	4,333,425	
Diluted net loss per share			
Net loss (1)	$ (2,849,084)	26,094,292	$ (.14)

(1) Net loss per share is shown the same as basic loss per share because the underlying dilutive securities have an anti-dilutive effect.

The following table sets forth the calculation of basic and diluted loss per share for the year ended December 31, 2019:

~~Income Shares Per Share (Numerator) (Denominator) Amount~~

	Income (Numerator)	Shares (Denominator)	Per Share Amount
Net loss per share - basic			
Net loss	$ (378,605)	22,052,859	$ (.02)
Effect of dilutive securities			
Options	-	12,836	
Convertible Notes	62,500	1,250,000	
Diluted net loss per share			
Net loss (1)	$ (316,105)	23,315,695	$ (.02)

(1) Net loss per share ***is shown the same as*** *basic* ~~Net~~ *loss* ~~$ (378,605) 22,052,859 $ (.02)~~ ~~**Effect of**~~ ***per share because the underlying*** *dilutive securities*

~~Options 12,836~~

~~Convertible notes 62,500 1,250,000~~

~~**Diluted net loss per share**~~

~~Net loss $ (316,105) 23,315,695 $ (.02)~~

have an anti-dilutive effect.

The following table sets forth the calculation of basic and diluted loss per share for the year ended December 31, **2020:**

	Income	Shares	Per Share

	(Numerator)	(Denominator)	Amount
Net loss per share - basic			
Net loss	$ (5,381,946)	22,215,512	$ (.24)
Effect of dilutive securities			
Options	-	-	
Convertible Notes	62,500	1,250,000	
Diluted net loss per share			
Net loss (1)	$ (5,319,446)	23,465,512	$ (.24)

(1) Net loss per share is shown the same as basic loss per share because the underlying dilutive securities have an anti-dilutive effect~~.~~

Subsequent Events: The Company evaluated subsequent events through the date the consolidated statements were issued and filed with the ~~annual report~~**Annual Report** on Form 10-K.

On February 5, 2021, the Company received an additional loan of $940,734 under the PPP. The Company intends to use the proceeds of this loan for qualifying expenses under the CARES ACT. The Company anticipates this **loan will be forgiven and, therefore will account for it as a grant.**

No subsequent event required recognition or disclosure except as discussed above.

Note 2: Accounts Receivable

At December 31, **2019 and 2020**, the carrying value of the Company's accounts receivable has been reduced to anticipated realizable value. As a result of this reduction of carrying value, the Company anticipates that substantially all of its net receivables reflected on the Consolidated Balance Sheets as of December 31, **2019 and 2020 will be collected.**

Other assets, as of December 31, **2020**, includes security deposit **and** cash value of life insurance.

Long-term receivables from franchisees **in the past represented** receivables from approximately 80 different non-traditional franchisees (Noble **Roman's** franchises located within a host facility). These receivables originated from a variety of circumstances, including where audits of a number of the non-traditional franchises' reporting of sales found them to be underreporting their sales and, therefore, underpaying their royalty obligations. In other instances, some franchisees were selling non-Noble Roman's products under Noble Roman's trademark. In addition, some receivables arose from the Company incurring legal fees to enforce the franchise agreements and other collection cost which adds to the receivables in accordance with the agreements. Some of the receivables were generated by early termination of the franchise agreements. **In 2020, in light of the additional uncertainty created as a result of the COVID-19 pandemic, the Company decided to create a reserve for uncollectability on all long-term franchisee receivables. The Company will continue to pursue collection where circumstances are appropriate and all collections of these receivables in the future will result in additional income at the time received**.

Note 3: Notes Payable

In September 2017, the Company entered into a loan agreement (the "Bank Agreement") with First Financial Bank (the "Bank"). The Bank Agreement provided for a senior credit facility (the "Credit

Facility”) to be provided by the Bank consisting of: (i) a term loan in the amount of $4.5 million (the “Term Loan”); and (ii) a development line of credit of up to $1.6 million (the “Development Line of Credit”). Borrowings under the Credit Facility bore interest at a variable annual rate equal to the London Interbank Offer Rate (“LIBOR”) plus 7.25%. The Term Loan and the Development Line of Credit were to be repaid monthly based on a seven-year term. All outstanding amounts owed under the Bank Agreement were to mature on September 13, 2022. In conjunction with a new credit facility entered into on February 7, 2020, all money still owed to the Bank was repaid in full.

On February 7, 2020, the Company entered into a Senior Secured Promissory Note and Warrant Purchase Agreement (the “Agreement”) with Corbel Capital Partners SBIC, L.P. (the “Purchaser”). Pursuant to the Agreement, the Company issued to the Purchaser a senior secured promissory note (the “Senior Note”) in the initial principal amount of $8.0 million. The Company has used or will use the net proceeds of the Agreement as follows: (i) $4.2 million was used to repay the Company’s then-existing bank debt which was in the original amount of $6.1 million; (ii) $1,275,000 was used to repay the portion of the Company’s existing subordinated convertible debt the maturity date of which most had not previously been extended; (iii) debt issuance costs; and (iv) the remaining net proceeds will be used for working capital or other general corporate purposes, including development of new Company-owned Craft Pizza & Pub locations.

The Senior Note bears cash interest of LIBOR, as defined in the Agreement, plus 7.75%. In addition, the Senior Note requires payment-in-kind interest (“PIK Interest”) of 3% per annum, which will be added to the principal amount of the Senior Note. Interest is payable in arrears on the last calendar day of each month. The Senior Note matures on February 7, 2025. The Senior Note does not require any fixed principal payments until February 28, 2023, at which time required monthly payments of principal in the amount of $33,333 begin and continue until maturity. The Senior Note requires the Company to make additional payments on the principal balance of the Senior Note based on its consolidated excess cash flow, as defined in the Agreement.

In conjunction with the borrowing under the Senior Note, the Company issued to the Purchaser a warrant (the “Corbel Warrant”) to purchase up to 2,250,000 shares of Common Stock. The Corbel Warrant entitles the Purchaser to purchase from the Company, at any time or from time to time: (i) 1,200,000 shares of Common Stock at an exercise price of $0.57 per share (“Tranche 1”), (ii) 900,000 shares of Common Stock at an exercise price of $0.72 per share (“Tranche 2”), and (iii) 150,000 shares of Common Stock at an exercise price of $0.97 per share (“Tranche 3”). The Purchaser is required to exercise the Corbel Warrant with respect to Tranche 1 if the Common Stock is trading at $1.40 per share or higher for a specified period, and is further required to exercise the Corbel Warrant with respect to Tranche 2 if the Common Stock is trading at $1.50 per share or higher for a specified period. Cashless exercise of the Corbel Warrant is only permitted with respect to Tranche 3. The Purchaser has the right, within six months after the issuance of any shares under the Corbel Warrant, to require the Company to repurchase such shares for cash or for Put Notes, at the Company's discretion. The Corbel Warrant expires on the sixth anniversary of the date of its issuance.

~~On March 16, 2020, by order of the Governor of the State of Indiana (the “Governor”), all restaurants within Indiana were ordered to close for inside dining. Due to the Order, all Craft Pizza & Pub restaurants have been open for carry-out only primarily through the Company’s Pizza Valet system and third-party delivery providers. On May 1, 2020, the Governor issued another order allowing restaurants to be open for inside dining for up to 50% of capacity as of May 11, 2020, and on June 14, 2020 up to 75% of capacity, plus bars may open up to 50% of capacity, and on July 4, 2020 restaurants and bars may resume~~

~~at 100% capacity. As the duration and scope of the pandemic is uncertain, these Orders are subject to further modification which could adversely affect the Company.~~

~~On April 25, 2020, the Company borrowed under the Payroll Protection Program in the amount of $715,000. The Company anticipates this note will be forgiven. The funds, according to the provision in the CARES Act, may be used for payroll costs including payroll benefits, interest on mortgage obligations incurred before February 15, 2020, rent under lease agreements in force before February 15, 2020 and utilities for which service began before February 15, 2020.~~

~~In February 2020, as discussed in Item 2. Properties, a lease for the Brownsburg location became effective which expires in February 2030. The obligation under this lease is included in future obligations of $7 million under operating leases, as described in Note 5.~~

~~No subsequent event required recognition or disclosure except as discussed above.~~

~~**Note 2: Accounts Receivable**~~

~~At December 31, 2018 and 2019, the carrying value of the Company's accounts receivable has been reduced to anticipated realizable value. As a result of this reduction of carrying value, the Company anticipates that substantially all of its net receivables reflected on the Consolidated Balance Sheets as of December 31, 2018 and 2019 will be collected. The allowance to reduce the receivables to anticipated net realizable value at December 31, 2018 was $4.3 million and at December 31, 2019 was $5.6 million.~~

~~Adjustments for the valuation of receivables has been $440,000 in 2017, $4.1 million in 2018 and $1.3 million in 2019.~~

~~Other assets, as of December 31, 2019, includes security deposit of $14,600, cash value of life insurance of $199,000 and long-term accounts receivables of $4.0 million, which is net of $5.6 million valuation allowance.~~

~~Long-term receivables from franchisees represent receivables from approximately 80 different non-traditional franchisees (Noble Romans franchises located within a host facility). These receivables originated from a variety of circumstances, including where audits of a number of the non-traditional franchises' reporting of sales found them to be underreporting their sales and, therefore, underpaying their royalty obligations. In other instances, some franchisees were selling non-Noble Roman's products under Noble Roman's trademark. In addition, some receivables arose from the Company incurring legal fees to enforce the franchise agreements and other collection cost which adds to the receivables in accordance with the agreements. Some of the receivables were generated by early termination of the franchise agreements. These receivables have been classified as long-term since collections are expected to extend over more than a one-year cycle.~~

~~**Note 3: Notes Payable**~~

~~In September 2017, the Company entered into a loan agreement (the "Bank Agreement") with First Financial Bank (the "Bank"). The Bank Agreement provided for a senior credit facility (the "Credit Facility") to be provided by the Bank consisting of: (i) a term loan in the amount of $4.5 million (the "Term Loan"); and (ii) a development line of credit of up to $1.6 million (the "Development Line of Credit"). Borrowings under the Credit Facility bore interest at a variable annual rate equal to the London Interbank Offer Rate ("LIBOR") plus 7.25%. The Term Loan and the Development Line of Credit were to be repaid monthly based on a seven-year term. All outstanding amounts owed under the Bank Agreement were to mature on September 13, 2022. In conjunction with a new credit facility entered into on February 7, 2020, all money still owed to the Bank was repaid in full.~~

At December 31, ~~2019~~**2020**, the balance of the ~~Credit Facility~~**Senior Note** was comprised of:

Principal Due	~~$ 4,272,023~~**$ 8,192,365**
Unamortized Loan Closing Cost	~~(401,320)~~**(723,656)**
Carrying Value	~~$ 3,870,703~~**$ 7,468,709**

~~The Bank Agreement contained affirmative and negative covenants, including, among other things, covenants requiring the Company to maintain certain financial ratios. The Company's obligations under the Bank Agreement were secured by first priority liens on all of the Company's and its subsidiaries' assets and a pledge of all of the Company's equity interest in such subsidiaries. In addition, Paul W. Mobley, the Company's Executive Chairman and Chief Financial Officer, executed a limited guarantee only of borrowings under the Development Line of Credit which was to be released upon achieving certain financial ratios by the Company's Craft Pizza & Pub locations. These loans were repaid in full on February 7, 2020.~~

In the fourth quarter of 2016, the Company issued 32 Units, for a purchase price of $50,000 per Unit, or $1,600,000 in the aggregate and, in January 2017, the Company issued another 16 Units, or an additional $800,000 in the aggregate. Each $50,000 Unit consisted of a convertible, subordinated, unsecured promissory note (the "Notes") in an aggregate principal amount of $50,000 and warrants (the "Warrants") to purchase up to 50,000 shares of the Company's common stock, no par value per share. The Company issued Units to investors including the following related parties: Paul W. Mobley, the Company's Executive Chairman, Chief Financial Officer and a director of the Company ($150,000); and Herbst Capital Management, LLC, the principal of which is Marcel Herbst, a director of the Company ($200,000).

Interest on the Notes accrued at the annual rate of 10% and is payable quarterly in arrears. Initially, the Notes ~~mature~~**matured**, and the Warrants ~~expire~~**expired**, three years after issuance. However, in December 2018, the Company offered to extend the maturity of the Notes and the expiration date of the Warrants to January 2023. Certain of the holders of the Notes and Warrants accepted the Company's offer. Accordingly, of the principal amount of the Notes, holders of $775,000 in principal amount extended their Notes until January 31, 2023. In 2018 and 2019, holders of $500,000 in principal amount of the Notes converted those Notes to 1,000,000 shares of the Company's common stock in accordance with the terms of the Note. In February 2020, in conjunction with the Company's refinancing of its debt, $1,275,000 in principal amount of those Notes was repaid leaving a balance of $625,000 which mature on January 31, 2023. The holders of the remaining $625,000 principal amount of Notes can elect, at their option any time prior to maturity, convert those Notes to common stock in accordance with the terms of the Notes.

The Warrants issued with the Notes provide for an exercise price of $1.00 per share of Common Stock (subject to anti-dilution adjustments). **As a result of the February 7, 2020 financing with Corbel, the Warrants adjusted to $0.57 per share.** All warrants were canceled with the repayment of the Notes except Warrants issued with $~~625,000~~**775,000** principal amount of Notes that were extended to the new maturity of January 31, 2023. Subject to certain limitations, the Company may redeem the outstanding Warrants at a price of $0.001 per share of Common Stock subject to the Warrant upon 30 days' notice if the daily average weighted trading price of the Common Stock equals or exceeds $2.00 per share for a period of 30 consecutive trading days.

Placement agent fees and other origination costs of the Notes are deducted from the carrying value of the Notes as original issue discount ("OID"). The OID is being amortized over the term of the Notes.

At December 31, ~~2019~~**2020**, the balance of the Notes is comprised of:

Face Value	~~$ 1,900,000~~**$ 625,000**
Unamortized OID	~~(398,718)~~**(50,521)**
Carrying Value	~~$ 1,501,282~~**$ 574,479**

~~On February 7, 2020, the Company entered into Agreement with the Purchaser pursuant to which the Company issued to the Purchaser a senior Note in the initial principal amount of $8.0 million. The Company has used or will use the net proceeds of the Agreement as follows: (i) $4.2 million was used to repay the Company's then-existing bank debt which was in the original amount of $6.1 million; (ii) $1,275,000 was used to repay the portion of the Company's existing subordinated convertible debt the maturity date of which most had not previously been extended; (iii) debt issuance cost; and (iv) the remaining net proceeds will be used for working capital or other general corporate purposes, including development of new Company-owned Craft Pizza & Pub locations. See Note 1 under the heading "Subsequent Events" for the description of the terms of the Agreement and Senior Note.~~

Total cash and non-cash interest accrued on the Company's indebtedness in **2020 was $1.9 million and in** 2019 was $775,000~~ and in 2018 was $655,000~~.

Note 4: Royalties and Fees

Approximately ~~$242,000,~~ $305,000~~ and~~**,** $307,000 **and $198,000** are included in ~~2017,~~ 2018~~ and~~**,** 2019 **and 2020**, respectively, royalties and fees in the Consolidated Statements of Operations for amortized initial franchise fees. Also included in royalties and fees were approximately $~~44,000, $~~74,000~~ and~~**,** $70,000 **and $45,000** in ~~2017,~~ 2018~~ and~~**,** 2019 **and 2020**, respectively, for equipment commissions. Most of the cost for the services required to be performed by the Company are incurred prior to the franchise fee income being recorded which is based on contractual liability for the franchisee. Such incremental costs, include training, design and related travel cost to new franchisees. The deferred contract income and costs both approximated $~~699,000 on December 31, 2018 and $~~818,000 on December 31, 2019 **and $834,000 on December 31, 2020**.

In conjunction with the development of Noble Roman's Pizza and Tuscano's Italian Style Subs, the Company has devised its own recipes for many of the ingredients that go into the making of its products ("Proprietary Products"). The Company contracts with various manufacturers to manufacture its Proprietary Products in accordance with the Company's recipes and formulas and to sell those products to authorized distributors at a contract price which includes an allowance for use of the Company's recipes. The manufacturing contracts also require the manufacturers to hold those allowances in trust and to remit those allowances to the Company on a periodic basis, usually monthly. The Company recognizes those allowances in revenue as earned based on sales reports from the distributors.

There were 3,064 franchised/licensed or Company-owned outlets in operation on December 31, ~~2019~~**2020** and ~~3,041~~**3,064** on December 31, ~~2018~~**2019**. During 2019, ~~35~~**22** new franchised/licensed were opened and ~~12~~**22** franchised outlets left the system. Grocery stores are accustomed to adding products for a period of time, removing them for a period of time and possibly re-offering them. Therefore, it is unknown how many grocery store licenses, out of the total count of 2,402, have left the system.

Note 5: Liabilities for Leased Facilities

The Company has future obligations of $~~7.0~~**8.2** million under current operating leases as follows: due in less than one year $~~771,000~~**967,000**, due in one to three years $~~2.4~~**3.0** million, due in three to five years $~~1.7~~**2.1** million and due in more than five years $2.2 million.

~~For implementing~~**To implement** the new accounting policies for leases, the Company used a weighted average discount rate of 7% and the weighted average lease term of 7.3 years. The Company recorded $~~134,545~~**34,986 more** in lease expense ~~more~~ than cash actually paid in ~~2019~~**2020** for the leases.

Note 6: Income Taxes

The Company had ~~a~~ deferred tax ~~asset~~**assets**, as a result of prior operating losses, of $~~4.8 million at December 31, 2018 and $~~3.9 million at December 31, 2019 **and $3.1** million at December 31, **2020**, which expires between the years ~~2020~~**2021** and 2036. The net operating loss carry-forward is approximately $~~11.8~~**7.4** million so the Company will have no obligation to pay income tax on the amount of that operating loss carry-forward, however the carrying value of that deferred tax asset was significantly reduced by the 2017 Tax Act which lowered the highest corporate income tax rate from 34% to 21%. In 2017, 2018 and 2019, the Company used deferred benefits to offset its tax expense of $442,000, recorded a tax benefit of $503,000, and recorded a tax benefit of $468,000 respectively, and tax benefits from loss on discontinued operations of $57,000 in 2017 and $12,000 in 2018, however, the Company recorded a tax expense of $4.1 million in 2017 to lower the carrying value of the deferred tax credit as a result of the corporate tax rate being reduced from 34% to 21%, as explained above. The Company also recorded $1.4 million in additional tax in 2018 after evaluating its deferred tax assets and determined that $1.4 million of the deferred tax credits may expire in 2019 and 2020 before they are fully utilized. The Company also reviewed its operating loss carry-forward in 2019 and determined that $1.7 million of that loss may expire before it is used and, as a result, recorded an additional $400,000 in tax expense for 2019. **In 2020, the Company again reviewed the deferred tax asset and determined that 2020 taxable income used up $267,528 of the deferred tax credits and $572,400 of the deferred tax credits were expiring.** As a result of the loss carry-forwards, the Company did not pay any income taxes in ~~2017,~~ 2018**, 2019** and ~~2019~~**2020**. There are no other material differences between reported income tax expense or benefit and the income tax expense or benefit that would result from applying the Federal and state statutory tax rates.

Note 7: Common Stock

During 2016 and 2017, the Company issued Notes in the aggregate principal amount of $2.4 million convertible to common stock within three years at the rate of $~~.50~~**0.50** per share and Warrants to purchase up to 2.4 million shares of the Company's common stock at $1.00 per share. During 2018, holders of $400,000 in principal amount of Notes converted into 800,000 shares of common stock. In 2019, holders of $100,000 in principal amount of Notes converted into 200,000 shares of common stock. In February 2020, in conjunction with the Company's refinancing, $1,275,000 in principal amount of Notes were repaid terminating the holders' right to convert and canceling their warrants. Now outstanding are $625,000 principal amount of Notes convertible to stock at $0.50 per share and warrants to purchase ~~625,000~~**775,000** shares of stock at $~~1.00~~**0.57** per share.

The Company has an incentive stock option plan for key employees, officers and directors. The options are generally exercisable three years after the date of grant and expire ten years after the date of grant. The option prices are the fair market value of the stock at the date of grant. At December 31, ~~2019~~**2020**, the Company had the following employee stock options outstanding:

# Common Shares Issuable	Exercise Price
46,500	$ 0.58
155,000	0.58
1,400,000	0.58
31,000	0.58
123,667	0.58
207,500	1.00
232,500	1.00
287,500	1.00
280,000	0.53
35,000	0.50
372,500	0.51
332,500	0.623
474,500	0.60
443,500	**0.40**

As of December 31, ~~2019~~**2020**, options for ~~3,488,834~~**3,409,501** shares were exercisable.

The Company adopted the modified prospective method to account for stock option grants, which does not require restatement of prior periods. Under the modified prospective method, the Company is required to record compensation expense for all awards granted after the date of adoption and for the unvested portion of previously granted awards that remain outstanding at the date of adoption, net of an estimate of expected forfeitures. Compensation expense is based on the estimated fair values of stock options determined on the date of grant and is recognized over the related vesting period, net of an estimate of expected forfeitures which is based on historical forfeitures.

The Company estimates the fair value of its option awards on the date of grant using the Black-Scholes option pricing model. The risk-free interest rate is based on external data while all other assumptions are determined based on the Company's historical experience with stock options. The following assumptions were used for grants in ~~2017,~~ 2018**, 2019** and ~~2019~~**2020**:

Expected volatility	~~30% to~~ 20%
Expected dividend yield	None
Expected term (in years)	3
Risk-free interest rate	1.68 to 2.82%

The following table sets forth the number of options outstanding as of December 31, ~~2016,~~ 2017, 2018**, 2019** and ~~2019~~**2020** and the number of options granted, exercised or forfeited during the years ended December 31, ~~2017,~~ 2018**, 2019** and ~~2019~~**2020**:

~~Balance of employee stock options outstanding as of 12/31/16~~	~~2,957,667~~
~~Stock options granted during the year ended 12/31/17~~	~~410,500~~
~~Stock options exercised during the year ended 12/31/17~~	~~0~~
~~Stock options forfeited during the year ended 12/31/17~~	~~(34,000)~~
Balance of employee stock options outstanding as of 12/31/17	3,334,167
Stock options granted during the year ended 12/31/18	415,000

Stock options exercised during the year ended 12/31/18	0
Stock options forfeited during the year ended 12/31/18	(105,500)
Balance of employee stock options outstanding as of 12/31/18	3,643,667
Stock options granted during the year ended 12/31/19	529,500
Stock options exercised during the year ended 12/31/19	~~-~~**0**
Stock options forfeited during the year ended 12/31/19	(195,000)
Balance of employee stock options outstanding as of 12/31/19	3,978,167
Stock options granted during the year ended 12/31/20	**443,500**
Stock options exercised during the year ended 12/31/20	**0**
Stock options forfeited during the year ended 12/31/20	**0**
Balance of employee stock options outstanding as of 12/31/20	**4,421,667**

The following table sets forth the number of non-vested options outstanding as of December 31, ~~2016,~~ 2017, 2018**, 2019** and ~~2019~~**2020**, and the number of stock options granted, vested and forfeited during the years ended December 31, ~~2017,~~ 2018**, 2019** and ~~2019~~**2020**.

~~Balance of employee non-vested stock options outstanding as of 12/31/16~~	~~791,668~~
~~Stock options granted during the year ended 12/31/17~~	~~410,500~~
~~Stock options vested during the year ended 12/31/17~~	~~(418,333)~~
~~Stock options forfeited during the year ended 12/31/17~~	~~(34,000)~~
Balance of employee non-vested stock options outstanding as of 12/31/17	749,835
Stock options granted during the year ended 12/31/18	415,000
Stock options vested during the year ended 12/31/18	(337,499)
Stock options forfeited during the year ended 12/31/18	(105,500)
Balance of employee non-vested stock options outstanding as of 12/31/18	721,836
Stock options granted during the year ended 12/31/19	529,500
Stock options vested during the year ended 12/31/19	(325,000)
Stock options forfeited during the year ended 12/31/19	(195,000)
Balance of employee non-vested stock options outstanding as of 12/31/19	731,336
Stock options granted during the year ended 12/31/20	**443,500**
Stock options vested during the year ended 12/31/20	**(212,500)**
Stock options forfeited during the year ended 12/31/20	**0**
Balance of employee non-vested stock options outstanding as of 12/31/20	**962,336**

During ~~2019~~**2020**, employee stock options were granted for ~~529,500~~**443,500** shares and options for ~~195,000~~**0** shares were forfeited. At December 31, ~~2019~~**2020**, the weighted average grant date fair value of non-vested options was $~~0.576~~**0.51** per share and the weighted average grant date fair value of vested options was $~~0.683~~**0.66** per share.

The weighted average grant date fair value of employee stock options granted ~~during 2017 was $0.51,~~ during 2018 was $0.623 ~~and~~**,** during 2019 was $0.66 **and during 2020 was $0.40**. Total compensation cost recognized for share-based payment arrangements was $~~14,588 with a tax benefit of $5,808 in 2017, $~~16,597 with a tax benefit of $3,983 in 2018, ~~and~~ $18,829 in 2019 with a tax benefit of $4,995 in 2019 **and $21,536 in 2020 with a tax benefit of $5,168**. As of December 31, ~~2019~~**2020**, total unamortized compensation cost related to options was $~~48,477~~**20,075**, which will be recognized as compensation cost over the next six to 36 months. No cash was used to settle equity instruments under share-based payment arrangements.

Note 8: Statements of Financial Accounting Standards

The Company does not believe that the recently issued Statements of Financial Accounting Standards will have any material impact on the Company's Consolidated Statements of Operations or its Consolidated Balance Sheets.

On February 25, 2016, the ~~FASB issued Accounting Standards Update ("~~ASU~~")~~ 2016-02, its leasing standard for both lessees and lessors. Under its core principle, a lessee will recognize lease assets and liabilities on the balance sheet for all arrangements with terms longer than 12 months. The new standard took effect in 2019 for public business entities and, therefore, is included in the current financial statements. This had the effect of increasing the value of the assets and liabilities of the Company and incurred an additional expense for rent on the Consolidated Statement of Operations by $~~134,545~~**34,986** in ~~2019~~**2020**.

Note 9: Loss from Discontinued Operations

The Company made the decision in late 2008 to discontinue the business of operating traditional quick service restaurants. As a result, the Company charged off or dramatically lowered the carrying value of all receivables related to the traditional restaurants and accrued future estimated expenses related to the estimated cost to prosecute a lawsuit related to those discontinued operations. The ongoing right to receive passive income in the form of royalties is not a part of the discontinued segment.

~~The Company reported a net loss on discontinued operations of $93,000 in 2017. This consisted primarily of rent and other costs related to a location that was part of the operations discontinued in 2008.~~

The Company reported a net loss on discontinued operations of $37,800 in 2018. This consisted of rent related to a location that was a part of the operations discontinued in 2008. The obligation of rent on this location has been satisfied and no further loss is expected. There are no known contingencies with regard to the operations discontinued in 2008 that are expected to result in any loss.

Note 10: Contingencies

The Company, from time to time, is or may become involved in litigation or regulatory proceedings arising out of its normal business operations.

Currently, there are no such pending proceedings which the Company considers to be material.

Note 11: Certain Relationships and Related Transactions

The following is a summary of transactions to which the Company and certain officers and directors of the Company are a party or have a financial interest. The Board of Directors of the Company has adopted a policy that all transactions between the Company and its officers, directors, principal shareholders and other affiliates must be approved by a majority of the Company's disinterested directors, and be conducted on terms no less favorable to the Company than could be obtained from unaffiliated third parties.

Of the 48 Units sold in the private placement which began in October 2016, three Units were purchased by Paul W. Mobley, Executive Chairman, and four Units were purchased by Marcel Herbst, Director. Each Unit consists of a Note in the principal amount of $50,000 and a Warrant to purchase 50,000 shares of the Company's common stock. These transactions were all ~~done~~**completed** on the same terms and conditions as all of the independent investors who purchased the other 41 Units. The Notes, at the time of issue, were to mature three years after issue date. In late 2018, the Company sent an offer to each remaining Note holder offering to extend the maturity of the Notes to January 31, 2023. Holders of $775,000 in principal amount of the Notes accepted that offer of extension including the Notes held by Paul W. Mobley and Herbst Capital Management, LLC. In conjunction with the refinancing of the Company in February 2020, Notes held by Paul Mobley were included in the $1,275,000 in principal amount of Notes that were repaid out of the proceeds of the new financing.

Note 12: Unaudited Quarterly Financial Information

~~2019~~2020	Quarter Ended December 31	Quarter Ended September 30	Quarter Ended June 30	Quarter Ended March 31
	(in thousands, except per share data)			
Total revenue	~~$ 2,582~~$ 3,268	~~$ 3,079~~$ 2,938	~~$ 3,121~~$ 2,610	~~$ 2,923~~$ 2,719
Operating income	~~224~~295	~~835~~411	~~801~~1,019	~~754~~589
Net income (loss)before income taxes	~~(1,283)~~(4,984)	~~615~~83	~~580~~696	~~627~~(337)
Net income (loss)	~~(1,763)~~(5,906)	~~467~~83	~~441~~696	~~476~~(255)
Net income (loss) per common share				
Basic	~~(.08)~~(.26)	~~.02~~.00	~~.02~~.03	~~.02~~(.01)
Diluted	~~(.08)~~(.26)	~~.02~~.00	~~.02~~.03	~~.02~~(.01)

~~2018~~2019	December 31	September 30	June 30	March 31
	Quarter Ended			
	(in thousands, except per share data)			
Total revenue	~~$ 3,043~~$ 2,582	~~$ 3,275~~$ 3,079	~~$ 3,177~~$ 3,121	~~$ 2,953~~$ 2,923
Operating income	~~541~~224	~~714~~835	~~703~~801	~~699~~754
~~Valuation allowance for receivables~~	~~(2,800)~~	~~(1,296)~~	~~-~~	~~-~~
Net income (loss) before income taxes ~~from continuing operations~~	~~(2,428)~~(1,283)	~~(755)~~615	~~550~~580	~~539~~627
Net income (loss) ~~from continuing operations~~	~~(3,277)~~(1,763)	~~(562)~~467	~~412~~441	~~403~~476
~~Loss from discontinued operations~~	~~(38)~~	~~-~~	~~-~~	~~-~~
Net income (loss)	~~(3,315)~~	~~(562)~~	~~412~~	~~403~~
~~Net income (loss) from continuing operations~~ per common share				
Basic	~~(.15)~~(.08)	~~(.03)~~.02	.02	~~-~~.02
~~Diluted (1)~~	~~(.15)~~	~~(.02)~~	~~.02~~	~~.02~~
~~Net income (loss) per common share~~				
~~Basic~~	~~(.15)~~	~~(.03)~~	~~.02~~	~~.02~~
Diluted ~~(1)~~	~~(.15)~~(.08)	~~(~~.02~~)~~	.02	.02

~~(1) Net loss per share is shown the same as basic loss per share because the underlying dilutive securities have an anti-dilutive effect.~~

EXHIBIT C

REGISTERED AGENT FOR SERVICE OF PROCESS

REGISTERED AGENT FOR SERVICE OF PROCESS

CALIFORNIA

Commissioner of Business Oversight
320 W. 4th Street, Los Angeles
California 90013-2344

EXHIBIT D

STATE ADMINISTRATORS

STATE ADMINISTRATORS

Alabama Office of the Attorney General Alabama State House 11 S. Union Street, 3rd Floor Montgomery, Alabama 36130 (800) 392-5658	**Arizona** Arizona Corporation Commission Securities Division 1300 West Washington Street, 3rd Floor Phoenix, Arizona 85007 (602) 542-4242
Arkansas Office of the Attorney General 200 Catlett-Prien Tower 323 Center Street Little Rock, Arkansas 72201 (501) 682-1323	**California** Commissioner of Business Oversight 320 West 4th Street Los Angeles, California 90013-2344 (213) 576-7505 or (866) 275-2677
Colorado Colorado Attorney General 1525 Sherman, 5th Floor Denver, Colorado 80203 (303) 866-4500	**Connecticut** Connecticut Commissioner of Banking State of Connecticut 260 Constitution Plaza Hartford, Connecticut 06103-1800 (860) 240-8100
Delaware Commissioner of Agriculture & Consumer Services Carvel State Office Building 820 N. French Street Wilmington, Delaware 19801 (302) 577-8400	**Florida** Commissioner of Agriculture & Consumer Services The Capitol Tallahassee, Florida 32399-0800 (850) 488-3022
Georgia Governor's Office of Consumer Affairs 2 Martin Luther King Jr. Drive, Suite 356 Atlanta, Georgia 30334 (404) 651-8600	**Idaho** Office of the Attorney General 700 W. Jefferson Street Boise, Idaho 83720-0010 (208) 334-2400
Illinois Illinois Attorney General 520 South Second Street Springfield, Illinois 62706 (217) 782-2256 or (800) 628-7937 (within Illinois)	**Indiana** Indiana Securities Division 302 W. Washington Street, Room E-111 Indianapolis, Indiana 46204 (317) 232-6681 or (800) 223-8791
Iowa Securities Bureau Lucas State Office Building, 2nd Floor Des Moines, Iowa 50319 (515) 281-4441	**Kansas** Office of the Attorney General Judicial Center 301 S.W. 10th Avenue Topeka, Kansas 66612 (785) 296-2215

Kentucky Division of Securities 477 Versailles Road Frankfort, Kentucky 40601 (502) 573-3390	**Louisiana** Louisiana Attorney General Consumer Protection Section State Capitol, 22nd Floor Baton Rouge, Louisiana 70804-9005 (504) 342-7013
Maine State of Maine Securities Division 121 State House Station Augusta, Maine 04333-0212 (207) 582-8760	**Maryland** Maryland Securities Commissioner 200 St. Paul Place Baltimore, Maryland 21202-2020 (410)576-6360
Massachusetts Massachusetts Securities Division One Ashburton Place, 17th Floor Boston, Massachusetts 02108 (617) 727-3548	**Michigan** Corporation and Securities Bureau 6546 Mercantile Way P.O. Box 30222 Lansing, Michigan 48909 (517) 334-6212
Minnesota Department of Commerce, Securities Division 133 E. Seventh Street, 2nd Floor St. Paul, Minnesota 55101 (612) 296-2283	**Mississippi** Mississippi Attorney General P.O. Box 220 Jackson, Mississippi 38205-0220 (601) 359-4230
Missouri Securities Division Missouri State Information Center 600 W. Main Jefferson City, Missouri 65101 (573) 751-4136 or (800) 721-7996	**Montana** Office of the Attorney General Justice Building 215 N. Sanders Helena, Montana 59620 (406) 444-2026
Nebraska Department of Banking & Finance P.O. Box 95006 Lincoln, Nebraska 68509-5006 (402) 471-3445	**Nevada** Nevada Attorney General 100 N. Carson Street Carson City, Nevada 89701-4717 (775) 687-4170
New Hampshire Office of the Attorney General 33 Capitol Street Concord, New Hampshire 03301-6397 (603) 271-3658	**New Jersey** Office of the Attorney General Hughes Justice Complex 25 Market Street, P.O. Box 080 Trenton, New Jersey 08625-0080 (609) 292-8740

New Mexico Office of the Attorney General P.O. Drawer 1508 Santa Fe, New Mexico 87504-1508 (505) 827-6060	**New York** Secretary of State 120 Broadway, 23rd Floor New York, New York 10271 (212) 416-8236
North Carolina Securities Division Department of the Secretary of State 300 N. Salisbury Street Raleigh, North Carolina 27603-5909 (919) 733-3924 or (800) 688-4507	**North Dakota** North Dakota Securities Commission State Capitol Building, 5th Floor 600 East Boulevard Avenue Bismarck, North Dakota 58505 (701) 328-2910 or (800) 297-5124
Ohio Ohio Securities Commission 77 S. High Street, 22nd Floor Columbus, Ohio 43266-0548 (614) 644-7381 or (800) 788-1194	**Oklahoma** Oklahoma Department of Securities First National Center 120 N. Robinson, Suite 860 Oklahoma City, Oklahoma 73102 (405) 280-7700
Oregon Department of Insurance and Finance 120 Labor & Industries Building Salem, Oregon 97302 (503) 378-4387	**Pennsylvania** Pennsylvania Securities Commission 1010 N. 7th Street, 2nd Floor Eastgate Office Building Harrisburgh, Pennsylvania 17102-1410 (717) 787-8061 or (800) 600-0007
Rhode Island Director of Business Regulation John O. Pastore Complex 1511 Pontiac Avenue, Bldg. 69-1 Cranston, RI 02920 (401) 222-2246	**South Carolina** Secretary of State Edgar Brown Building, Suite 525 Box 11350 Columbia, South Carolina 29211 (803) 734-2170
South Dakota Division of Insurance Securities Regulation 124 S. Euclid, Suite 104 Pierre, South Dakota 57501 (605) 773-4823	**Tennessee** Tennessee Attorney General 425 5th Avenue North Nashville, Tennessee 37243 (615) 741-3549
Texas State Securities Board 200 E. 10th Street, 5th Floor P.O. Box 13167 Austin, Texas 78711-3167 (512) 305-8302	**Utah** Utah Department of Commerce Division of Consumer Protection 160 E. 300 South, Box 146704 Salt Lake City, Utah 84114-6704 (801) 530-6601

Vermont Attorney General's Office 109 State Street Montpelier, Vermont 05609-1001 (802) 828-3171	**Virginia** The Virginia State Corporation Commission, Division of Securities and Retail Franchising 1300 East Main Street, 9th Floor Richmond, Virginia, 23219 (804) 371-9051
Washington Director of Department of Financial Institutions Securities Division 150 Israel Road, S.W. Tumwater, Washington 98501	**West Virginia** Office of the Attorney General 1900 Kanawha Blvd., Room 26E Charleston, West Virginia 25305-9924 (304) 558-2021
Wisconsin Division of Securities P.O. Box 1768 Madison, Wisconsin 53702 (608) 261-9555 or (800) 472-4325	**Wyoming** Office of the Attorney General 123 Capitol Building Cheyenne, Wyoming 82002 (307) 777-7841
Alaska Attorney General Alaska Department of Law 1031 W. Fourth Avenue, Suite 110 Anchorage, Alaska 99501	**Hawaii** Commissioner of Securities Department of Commerce and Consumer Affairs 335 Merchant Street, Room 203 Honolulu, Hawaii 96813

EXHIBIT E

LIST OF CURRENT FRANCHISEES

~~2019~~**2020** CPP CURRENT FRANCHISEES

Mega Foods LLC	Scott and Carissa Hettenbach
Patrick O'Neil	Scott Hettenbach
PO Box 302	300 Hope Court
Delphi, IN46923	Evansville, IN47712

EXHIBIT F

LIST OF FORMER FRANCHISEES

Former Franchisees - 2020

None.
None.

RECEIPT

This Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

If Noble Roman's, Inc. offers you a franchise, it must provide this Disclosure Document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale, or sooner if required by applicable state law.

If Noble Roman's, Inc. does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the California Commissioner of Business Oversight.

The following persons are authorized to sell franchises in the state of California.

Paul Mobley, 6612 E. 75th Street, Suite 450, Indianapolis, IN 46250, (317) 634-3377
Troy Branson, 6612 E. 75th Street, Suite 450, Indianapolis, IN 46250, (317) 634-3377

The issuance date of this Disclosure Document is ~~June 18~~**March 25**, ~~2020~~**2021**.

Noble Roman's, Inc. authorizes the Commissioner of Business Oversight, 320 W. 4th Street, Los Angeles, California 90013-2344, to receive service of process for Noble Roman's, Inc.

I have received a Franchise Disclosure Document dated __________~~, 2020~~**______, 2021**. This Disclosure Document included the following exhibits: (A) Franchise Agreement; (B) Financial Statements; (C) Registered Agent for Service of Process; (D) State Administrators; (E) List of Current Franchisees; and (F) List of Former Franchisees

Date:__________________________ Recipient:_____________________________________
Signature

Name Printed: ________________________________

This copy of the receipt should be retained by you, the prospective franchisee.

RECEIPT

This Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

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Date:_________________________ Recipient:___________________________________
Signature

Name Printed:________________________________

This copy of the receipt should be signed and return to Noble Roman's, Inc., 6612 E, 75th Street, Suite 450, Indianapolis, Indiana 46250, the prospective franchisor.