

# SECURITIES & EXCHANGE COMMISSION EDGAR FILING

## NOBLE ROMANS INC

**Form: 10-K**

**Date Filed: 2016-03-14**

Corporate Issuer CIK: 709005

**U.S. SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549  
FORM 10-K**

(Mark one)

- Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**  
for the fiscal year ended December 31, 2015.
- Transition Report Pursuant to Section 13 or 15 (d) of the Securities Exchange Act of 1934**  
for the transition period from \_\_\_\_ to \_\_\_\_.

Commission file number 0-11104

**NOBLE ROMAN'S, INC.**

*(Exact name of registrant as specified in its charter)*

**Indiana**  
*(State or other jurisdiction  
of incorporation or organization)*

**35-1281154**  
*(I.R.S. Employer  
Identification No.)*

**One Virginia Avenue, Suite 300  
Indianapolis, Indiana 46204**  
*(Address of principal executive offices)*

Registrant's telephone number, including area code: (317) 634-3377  
Securities registered pursuant to Section 12(b) of the Act: None  
Securities registered pursuant to Section 12(g) of the Act: Common Stock

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.    Yes    No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.    Yes    No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes     No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes     No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):  
Large Accelerated Filer  Accelerated Filer  Non-Accelerated Filer  (do not check if a smaller reporting company)  Smaller Reporting Company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act).    Yes     No

The aggregate market value of the common stock held by non-affiliates of the registrant as of June 30, 2015, the last business day of the registrant's most recently completed second fiscal quarter, based on the closing price of the registrant's common shares on such date was \$21.6 million.

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date: 20,783,032 shares of common stock as of March 4, 2016.

Documents Incorporated by Reference:

Portions of the definitive proxy statement for the registrant's 2016 Annual Meeting of Shareholders are incorporated by reference in Part III.

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**NOBLE ROMAN'S, INC.**  
**FORM 10-K**  
**Year Ended December 31, 2015**

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## ITEM 1. BUSINESS

### General Information

Noble Roman's, Inc., an Indiana corporation incorporated in 1972 with two wholly-owned subsidiaries, Pizzaco, Inc. and N.R. Realty, Inc., sells and services franchises and licenses for non-traditional foodservice operations and stand-alone take-n-bake locations under the trade names "Noble Roman's Pizza", "Noble Roman's Take-N-Bake" and "Tuscano's Italian Style Subs". The concepts' hallmarks include high quality pizza and sub sandwiches, along with other related menu items, simple operating systems, fast service times, labor-minimizing operations, attractive food costs and overall affordability. Since 1997, the Company has concentrated its efforts and resources primarily on franchising and licensing for non-traditional locations and now has awarded franchise and/or license agreements in 50 states plus Washington, D.C., Puerto Rico, the Bahamas, Italy, the Dominican Republic and Canada. The Company currently focuses all of its sales efforts on (1) franchises/licenses for non-traditional locations primarily in convenience stores and entertainment facilities, (2) franchises for stand-alone Noble Roman's Take-N-Bake Pizza retail outlets and (3) license agreements for grocery stores to sell the Noble Roman's Take-N-Bake Pizza. Pizzaco, Inc. owns and operates a Company location used for testing and demonstration purposes. References in this report to the "Company" are to Noble Roman's, Inc. and its subsidiaries, unless the context requires otherwise.

### **Noble Roman's Pizza**

The hallmark of Noble Roman's Pizza is "Superior quality that our customers can taste." Every ingredient and process has been designed with a view to produce superior results.

- A fully-prepared pizza crust that captures the made-from-scratch pizzeria flavor which gets delivered to non-traditional and grocery locations shelf-stable so that dough handling is no longer an impediment to a consistent product in those types of operations.
- Crust made with only specially milled flour (except for its gluten-free crust) with above average protein and yeast.
- Fresh packed, uncondensed and never cooked sauce made with secret spices, parmesan cheese and vine-ripened tomatoes.
- 100% real cheese blended from mozzarella and Muenster, with no soy additives or extenders.
- 100% real meat toppings, with no additives or extenders – a distinction compared to many pizza concepts.
- Vegetable and mushroom toppings that are sliced and delivered fresh, never canned.
- An extended product line that includes breadsticks and cheesy stix with dip, pasta, baked sandwiches, salads, wings and a line of breakfast products.

## **Noble Roman's Take-N-Bake**

The Company developed a take-n-bake version of its pizza as an addition to its menu offerings. The take-n-bake pizza is designed as an add-on component for new and existing convenience stores, as a stand-alone offering for grocery stores and as the centerpiece of the Company's stand-alone take-n-bake retail outlet concept. The Company offers the take-n-bake program in grocery stores under a license agreement rather than a franchise agreement. The stand-alone take-n-bake pizza units are offered under a franchise agreement. In convenience stores, take-n-bake is an available menu offering under the existing franchise/license agreement. The Company uses the same high quality pizza ingredients for its take-n-bake pizza as with its baked pizza, with slight modifications to portioning for enhanced home baking performance.

## **Tuscano's Italian Style Subs**

Tuscano's Italian Style Subs is a separate non-traditional location concept that focuses on sub sandwich menu items. Tuscano's was designed to be comfortably familiar from a customer's perspective but with many distinctive features that include an Italian-themed menu. The ongoing royalty for a Tuscano's franchise is identical to that charged for a Noble Roman's Pizza franchise. The Company awards Tuscano's franchises in the same facilities as Noble Roman's Pizza franchises. Noble Roman's has developed a grab-n-go service system for a selected portion of the Tuscano's menu. The grab-n-go system is designed to add sales opportunities at existing non-traditional Noble Roman's Pizza locations.

## **Business Strategy**

The Company's business strategy includes the following principal elements:

### **1. Focus on revenue expansion through three primary growth vehicles:**

***Sales of Non-Traditional Franchises and Licenses.*** The Company believes it has an opportunity for increasing unit growth and revenue within its non-traditional venues, particularly with convenience stores, travel plazas and entertainment facilities. The Company's franchises/licenses in non-traditional locations are foodservice providers within a host business, and usually require a substantially lower investment compared to a stand-alone traditional location. Non-traditional franchises/licenses are most often sold into pre-existing facilities as a service and/or revenue enhancer for the underlying business.

***Licensing and Franchising the Company's Take-N-Bake Program.*** Noble Roman's take-n-bake pizza is designed as a unique product offering for grocery stores, an add-on component for new or existing convenience store franchisees/licensees and stand-alone franchise locations. The Company believes there is a significant growth opportunity to license additional supermarkets to sell its take-n-bake pizzas in their deli departments.

***Franchising the Company's Take-N-Bake Program for Stand-Alone Locations.*** The Company has developed a stand-alone take-n-bake pizza prototype, which features the chain's popular traditional Hand-Tossed Style pizza, Deep-Dish Sicilian pizza, SuperThin pizza, a gluten-free pizza crust and Noble Roman's famous breadsticks with spicy cheese sauce, all in a convenient cook-at-home format. Additional menu items include fresh salads, cookie dough, cinnamon rounds, bake-able pasta and more. The Company has since developed and continues to develop several enhancements to the stand-alone concept, such as "You Bake-We Bake", lunch service, limited inside seating and delivery service.

As a result of the Company's major focus on non-traditional franchising/licensing, franchising stand-alone take-n-bake retail outlets and licensing take-n-bake pizzas for grocery stores, its requirements for overhead and operating costs are significantly less than if it were focusing on traditional franchising. In addition, the Company does not operate restaurants, other than one location used for testing and demonstration purposes, which allows for a more complete focus on selling and servicing franchises and licenses to pursue increased unit growth.

## **2. Leverage the results of research and development advances.**

The Company has invested significant time and effort to create what it considers to be competitive advantages in its products and systems for non-traditional and take-n-bake locations. The Company will continue to make these investments the focal point in its marketing process. The Company believes that the quality of its products, their cost-effectiveness, relatively simple production and service systems, and its diverse, modularized menu offerings all contribute to the Company's strategic attributes and growth potential. Every ingredient and process was designed to produce superior results. The menu items in most venues were developed to be delivered in a ready-to-use format requiring only on-site assembly and baking except for take-n-bake pizza, which is sold to bake at home, and certain other complimentary menu items which require no assembly. The Company believes this process results in products that are great tasting, quality consistent, easy to assemble, relatively low in food cost, and require minimal labor, which allow for a significant competitive advantage due to the speed at which the products can be prepared, baked and served to customers.

## **3. Aggressively communicate the Company's competitive advantages to its target market of potential franchisees and licensees.**

The Company utilizes the following methods of reaching potential franchisees and licensees and to communicate its product and system advantages: (1) calling from both acquired and in-house prospect lists; (2) frequent direct mail campaigns to targeted prospects; (3) web-based lead capturing; (4) live demonstrations at trade and food shows; and (5) in the case of prospects for the stand-alone take-n-bake outlets, requiring visits to the Company headquarters to meet management and to sample the products. In particular, the Company has found that conducting live demonstrations of its systems and products at selected trade and food shows across the country allows it to demonstrate advantages that can otherwise be difficult for a potential prospect to visualize. There is no substitute for actually tasting the difference in a product's quality to demonstrate the advantages of the Company's products. The Company carefully selects the national and regional trade and food shows where it either has an existing relationship or considerable previous experience to expect that such shows offer opportunities for fruitful lead generation.

## **Business Operations**

### **Distribution**

The Company's proprietary products are manufactured pursuant to the Company's recipes and formulas by third-party manufacturers under contracts between the Company and its various manufacturers. These contracts require the manufacturers to produce products meeting the Company's specifications and to sell them to Company-approved distributors at prices negotiated between the Company and the manufacturer.

At present, the Company has distribution agreements with its primary distributors strategically located throughout the United States. The distribution agreements require the primary distributors to maintain adequate inventories of all products necessary to meet the needs of the Company's franchisees and licensees in their distribution area for weekly deliveries to the franchisee/licensee locations and to its grocery store distributors in their respective territories. Each of the primary distributors purchases the products from the manufacturer at prices negotiated between the Company and the manufacturers, but under payment terms agreed upon by the manufacturer and the distributor, and distributes the products to the franchisee/licensee at a price determined by the distribution agreement. Payment terms to the distributor are agreed upon between each franchisee/licensee and the respective distributor. In addition, the Company has agreements with 29 grocery store distributors located in various parts of the country which agree to buy the Company's products from one of its primary distributors and to distribute those products only to their grocery store customers who have signed license agreements with the Company.

### Franchising

The Company sells franchises into various non-traditional and traditional venues.

The initial franchise fees are as follows:

Franchise Format	Non-Traditional, Except Hospitals	Hospitals	Traditional Stand-Alone
Noble Roman's Pizza	\$ 7,500	\$ 10,000	\$ 25,000
Tuscano's Subs	\$ 6,000	\$ 10,000	\$ 15,000
Noble Roman's & Tuscano's	\$ 11,500	\$ 18,000	\$ 28,000

The franchise fees are paid upon signing the franchise agreement and, when paid, are 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.

### Licensing

Noble Roman's Take-n-Bake Pizza licenses for grocery stores are governed by a supply agreement. The supply agreement generally requires the licensee to: (1) only purchase proprietary ingredients from a Noble Roman's-approved distributor; (2) assemble the products using only Noble Roman's approved ingredients and recipes; and (3) display products in a manner approved by Noble Roman's using Noble Roman's point-of-sale marketing materials. Pursuant to the distribution agreements, the distributors place an additional mark-up, as determined by the Company, above their normal selling price on the key ingredients as a fee to the Company in lieu of a royalty. The distributors agree to segregate this additional mark-up upon invoicing the licensee, to hold the amount in trust for the Company and to remit such fees to the Company within ten days after the end of each month.

### Competition

The restaurant industry and the retail food industry in general are very competitive with respect to convenience, price, product quality and service. In addition, the Company competes for franchise and license sales on the basis of product engineering and quality, investment cost, cost of sales, distribution, simplicity of operation and labor requirements. Actions by one or more of the Company's competitors could have an adverse effect on the Company's ability to sell additional franchises or licenses, maintain and renew existing franchises or licenses, or sell its products. Many of the Company's competitors are very large, internationally established companies.

Within the competitive environment of the non-traditional franchise and license segment of the restaurant industry, management has identified what it believes to be certain competitive advantages for the Company. First, some of the Company's competitors in the non-traditional venue are also large chains operating thousands of franchised, traditional restaurants. Because of the contractual relationships with many of their franchisees, some competitors may be unable to offer wide-scale site availability for potential non-traditional franchisees. The Company is not faced with any significant geographic restrictions in this regard.

Many of the Company's competitors in the non-traditional venue were established with little or no organizational history operating traditional foodservice locations. This lack of operating experience may limit their ability to attract and maintain non-traditional franchisees or licensees who, by the nature of the venue, often have little exposure to foodservice operations themselves. The Company's background in traditional restaurant operations has provided it experience in structuring, planning, marketing, and controlling costs of franchise or license unit operations which may be of material benefit to franchisees or licensees.

### **Seasonality of Sales**

Direct sales of non-traditional franchises or licenses may be affected by seasonalities and holiday periods. Sales to certain non-traditional venues may be slower around major holidays such as Thanksgiving and Christmas, and during the first quarter of the year. The Company's sales of take-n-bake pizza in grocery stores are typically slower during the summer months, especially when the weather is hot. Additionally, extreme winter weather conditions, compared to the norm for the various regions of the country, adversely affect franchisee's/licensee's sales, which in turn affects Company royalties.

### **Employees**

As of March 4, 2016, the Company employed approximately 21 persons full-time and seven persons on a part-time, hourly basis, of which 20 of the full-time employees are employed in sales and service of the franchise/license units and one full-time employee and all seven employed on a part-time manage and work the Company location. No employees are covered under collective bargaining agreements. The Company believes that relations with its employees are good.

### **Trademarks and Service Marks**

The Company owns and protects several trademarks and service marks. Many of these, including NOBLE ROMAN'S®, Noble Roman's Pizza®, THE BETTER PIZZA PEOPLE® and Tuscano's Italian Style Subs®, are registered with the U.S. Patent and Trademark Office as well as with the corresponding agencies of certain other foreign governments. The Company believes that its trademarks and service marks have significant value and are important to its sales and marketing efforts.



## **Government Regulation**

The Company and its franchisees and licensees are subject to various federal, state and local laws affecting the operation of our respective businesses. Each 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 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, licensees and vendors are also subject to federal and state environmental regulations, as well as laws and regulations relating to minimum wage and other employment-related matters. In certain circumstances, the Company is, or soon may be, subject to various local, state and/or federal laws requiring disclosure of nutritional and/or ingredient information concerning the Company's products, its packaging, menu boards and/or other literature. Changes in the laws and rules applicable to the Company or its franchisees or licensees, or their interpretation, could have a material adverse effect on the Company's business.

The Company is subject to regulation by the Federal Trade Commission ("FTC") and various state agencies pursuant to 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. Several 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 is subject to applicable laws in each jurisdiction where it seeks to market additional franchised units.

## **Officers of the Company**

Executive Chairman of the Board and Chief Financial Officer - Paul W. Mobley\* was Chairman of the Board, Chief Executive Officer and Chief Financial Officer from December 1991 until October 2014 when he became Executive Chairman and Chief Financial Officer. Mr. Mobley has been a Director and an Officer since 1974. From 1975 to 1987, Mr. Mobley was a significant shareholder and president of a company which owned and operated 17 Arby's franchise restaurants. 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 President since 1997, a Director since January 1992, Secretary since February 1993 and Chief Executive Officer since October 2014. Mr. Mobley was Vice President from November 1988 to October 1997 and from August 1987 until November 1988 served as Director of Marketing for the Company. Prior to joining the Company, Mr. Mobley was a strategic planning analyst with a division of Lithonia Lighting Company. 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.

\*Each of Messieurs Paul W. Mobley, A. Scott Mobley and Troy Branson are “executive officers” of the Company for purposes of the Securities Exchange Act of 1934, as amended.

Executive Vice President of Franchising - Troy Branson\* has been Executive Vice President for the Company since November 1997 and from 1992 to 1997, he was Director of Business Development. Before joining the Company, Mr. Branson was an owner of Branson-Yoder Marketing Group from 1987 to 1992, after graduating from Indiana University where he received a B.S. in Business.

Vice President of Development - James D. Bales has been Vice President of Operations/Development since March 2008. Before becoming Vice President of Operations/Development, Mr. Bales held various positions with the Company beginning in March 2004. Before joining the Company, Mr. Bales had 15 years of management experience in operations and marketing where he held various positions with TCBY starting in 1989. Mr. Bales attended Northern Kentucky University for Graphic Design, Inver Hills Community College for Business Management and obtained his B.S. in Business from the University of Phoenix.

Vice President of Purchasing, Distribution and Supermarket Logistics - Jeffrey Naaman has been Vice President of Supermarket Procurement and Distribution since February 2016. Before joining the Company, Mr. Naaman was Director of Sales and Marketing for Interstate Cold Storage and Director of Procurement, Produce and Foods with Caito Foods for more than five years. Prior to Caito Foods, Mr. Naaman held various positions with Meijer Supermarkets, Fresh Encounter Supermarkets, Central Grocers Supermarkets, Dawn Foods and SuperValu/Cub Foods Supermarkets. Mr. Naaman attended IUPUI University.

#### **Available Information**

We make available, free of charge through our Internet website (<http://www.nobleromans.com>), our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K and amendments to these reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, as soon as reasonably practicable after we electronically file these reports with, or furnish them to, the Securities and Exchange Commission. The information on our website is not incorporated into this annual report.

#### **ITEM 1A. RISK FACTORS**

All phases of the Company's operations are subject to a number of uncertainties, risks and other influences, many of which are outside of its control, and any one or a combination of which could materially affect its results of operations. Important factors that could cause actual results to differ materially from the Company's expectations are discussed below. Prospective investors should carefully consider these factors before investing in our securities as well as the information set forth under “Forward-Looking Statements” in Item 7 of this report. These risks and uncertainties include:

##### ***Competition from larger companies.***

The Company competes for franchise and license sales with large national companies and numerous regional and local companies. Many of its competitors have greater financial and other resources than the Company. The restaurant industry in general is intensely competitive with respect to convenience, price, product quality and service. In addition, the Company competes for franchise and license sales on the basis of several factors, including product engineering and quality, investment cost, cost of sales, distribution, simplicity of operation and labor requirements. Activities of the Company's competitors could have an adverse effect on the Company's ability to sell additional franchises or licenses or maintain and renew existing franchises and licenses or operating results of the Company's system. Unlike the other non-traditional agreements, most of the take-n-bake license agreements with grocery stores are not for any specified period of time and, therefore, grocery stores could discontinue offering the take-n-bake pizza or other retail items at any time. As a result of these factors, the Company may have difficulty competing effectively from time to time or in certain markets.

***Dependence on growth strategy.***

The Company's primary growth strategy includes selling new franchises or licenses for non-traditional locations, including grocery stores and stand-alone pizza retail outlets. The opening and success of new locations will depend upon various factors, which include: (1) the traffic generated by and viability of the underlying activity or business in non-traditional locations; (2) the ability of the franchisees and licensees to operate their locations effectively; (3) their ability to comply with applicable regulatory requirements; and (4) the effect of competition and general economic and business conditions including food and labor costs. Many of the foregoing factors are not within the Company's control. There can be no assurance that the Company will be able to achieve its plans with respect to the opening or operation of new non-traditional franchises/licenses or stand-alone take-n-bake locations.

***Dependence on success of franchisees and licensees.***

Most of the Company's earnings comes from royalties and other fees generated by its franchisees and licensees which are independent operators, and their employees are not the Company's employees. The Company is dependent on the franchisees to accurately report their weekly sales and, consequently, the calculation of royalties. If the franchisees do not accurately report their sales, the Company's revenue could decline. The Company provides training and support to franchisees and licensees but the quality of the store operations and collectability of the receivables may be diminished by any number of factors beyond the Company's control. Consequently, franchisees and licensees may not successfully operate locations in a manner consistent with the Company's standards and requirements, or may not hire and train qualified managers and other store personnel. If they do not, the Company's image and reputation may suffer, and its revenues and stock price could decline. While the Company attempts to ensure that its franchisees and licensees maintain the quality of its brand and branded products, franchisees and licensees may take actions that adversely affect the value of the Company's intellectual property or reputation. Current initiatives to increase the Federal minimum wage could have an adverse financial effect on our franchisees or licensees by increasing their labor cost.

***Dependence on distributors.***

The success of the Company's license and franchise offerings depends upon the Company's ability to engage and retain unrelated, third-party distributors. The Company's distributors collect and remit certain of the Company's royalties and must reliably stock and deliver products to our licensees and franchisees. The Company's inability to engage and retain quality distributors, or a failure by distributors to perform in accordance with the Company's standards, could have a material adverse effect on the Company.

***Dependence on consumer preferences and perceptions.***

The restaurant industry and the retail food industry is often affected by changes in consumer tastes, national, regional and local economic conditions, demographic trends, traffic patterns and the type, number and location of competing restaurants. The Company can be substantially adversely affected by publicity resulting from food quality, illness, injury, other health concerns or operating issues stemming from one restaurant or retail outlet or a limited number of restaurants and retail outlets.

***Interruptions in supply or delivery of food products.***

Dependence on frequent deliveries of product from unrelated third-party manufacturers through unrelated third-party distributors also subjects the Company to the risk that shortages or interruptions in supply caused by contractual interruptions, market conditions, inclement weather or other conditions could adversely affect the availability, quality and cost of ingredients. In addition, factors such as inflation, market conditions for cheese, wheat, meats, paper and labor may also adversely affect the franchisees and licensees and, as a result, can adversely affect the Company's ability to add new franchised or licensed locations.

***Dependence on key executives.***

The Company's business has been and will continue to be dependent upon the efforts and abilities of its executive staff generally, and particularly Paul Mobley, our Executive Chairman and Chief Financial Officer, and A. Scott Mobley, our President and Chief Executive Officer. The loss of either of their services could have a material adverse effect on the Company.

***Federal, state and local laws with regard to the operation of the businesses.***

The Company is subject to regulation by the FTC and various state agencies pursuant to federal and state laws regulating the offer and sale of franchises. Several states also regulate aspects of the franchisor-franchisee relationship. The FTC requires the Company to furnish to prospective franchisees a disclosure document containing certain specified information. Several 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 federal regulation of the franchisor-franchisee relationship in certain respects. The 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 franchise units.

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 the Company's 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.

**Obligations under loans.**

The Company recently entered into an amendment of the Bank loan.

**Indiana law with regard to purchases of our stock.**

Certain provisions of Indiana law applicable to the Company could have the effect of making it more difficult for a third party to acquire, or of discouraging a third party from attempting to acquire, control of the Company. Such provisions could also limit the price that certain investors might be willing to pay in the future for shares of its common stock. These provisions include prohibitions against certain business combinations with persons or groups of persons that become "interested shareholders" (persons or groups of persons who are beneficial owners of shares with voting power equal to 10% or more) unless the board of directors approves either the business combination or the acquisition of stock before the person becomes an "interested shareholder."

**Inapplicability of corporate governance standards that apply to companies listed on a national exchange.**

Our stock is quoted on the OTCQB, a Nasdaq-sponsored and operated inter-dealer automated quotation system for equity securities not included on the Nasdaq Stock Market. We are not subject to the same corporate governance requirements that apply to exchange-listed companies. These requirements include: (1) a majority of independent directors; (2) an audit committee of independent directors; and (3) shareholder approval of certain equity compensation plans. As a result, quotation of our stock on the OTCQB limits the liquidity and price of our stock more than if our stock was quoted or listed on a national exchange. There is no assurance that the Company's stock will continue to be authorized for quotation by the OTCQB or any other market in the future.

**ITEM 1B. UNRESOLVED STAFF COMMENTS**

None.

**ITEM 2. PROPERTIES**

The Company's headquarters are located in 7,600 square feet of leased office space in Indianapolis, Indiana. The lease for this property expires on March 31, 2018.

The Company also leases space for a Company-owned restaurant in Indianapolis, Indiana which is used as a demonstration and test restaurant. The lease for this property expires December 31, 2020.

**ITEM 3. LEGAL PROCEEDINGS**

The Company, from time to time, is or may become involved in various 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.

**ITEM 4. MINE SAFETY DISCLOSURES**

Not applicable.

## PART II

### ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

#### Market Information

The Company's common stock is included on the Nasdaq OTCQB and trades under the symbol "NROM".

The following table sets forth for the periods indicated, the high and low bid prices per share of common stock as reported by Nasdaq. The quotations reflect inter-dealer prices without retail mark-up, mark-down or commissions and may not represent actual transactions.

Quarter Ended:	2014		2015	
	High	Low	High	Low
March 31	\$ 2.24	\$ 1.39	\$ 2.47	\$ 1.97
June 30	\$ 1.65	\$ 1.18	\$ 2.38	\$ 1.85
September 30	\$ 1.76	\$ 1.50	\$ 2.00	\$ 1.34
December 31	\$ 2.22	\$ 1.58	\$ 1.55	\$ 0.94

#### Holdings of Record

As of March 4, 2016, there were approximately 265 holders of record of the Company's common stock. This excludes persons whose shares are held of record by a bank, brokerage house or clearing agency.

#### Dividends

The Company has never declared or paid dividends on its common stock. The Company's current loan agreement, as described in Note 3 of the notes to the Company's consolidated financial statements included in Item 8 of this report, prohibits the payment of dividends on common stock.

#### Sale of Unregistered Securities

None.

#### Repurchases of Equity Securities

None.

## Equity Compensation Plan Information

The following table provides information as of December 31, 2015 with respect to the shares of our common stock that may be issued under our existing equity compensation plan.

Plan Category	Number of Securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by stockholders	-	\$ -	-
Equity compensation plans not approved by stockholders	2,637,667	\$ 1.22	(1)
<b>Total</b>	<b>2,637,667</b>	<b>\$ 1.22</b>	<b>(1)</b>

(1) The Company may grant additional options under the employee stock option plan. There is no maximum number of shares available for issuance under the employee stock option plan.

The Company maintains an employee stock option plan for its employees, officers and directors. Any employee, officer and director of the Company is eligible to be awarded options under the plan. The employee stock option plan provides that any options issued pursuant to the plan will generally have a three-year vesting period and will expire ten years after the date of grant. Awards under the plan are periodically made at the recommendation of the Executive Chairman and the President and Chief Executive Officer and authorized by the Board of Directors. The employee stock option plan does not limit the number of shares that may be issued under the plan.

## ITEM 6. SELECTED FINANCIAL DATA (In thousands except per share data)

Statement of Operations Data:	Year Ended December 31,				
	2011	2012	2013	2014	2015
Royalties and fees	\$ 6,814	\$ 6,824	\$ 7,083	\$ 7,479	\$ 7,465
Administrative fees and other	44	20	24	73	56
Restaurant revenue	518	456	421	363	208
Total revenue	7,376	7,300	7,528	7,915	7,729
Operating expenses	2,202	2,348	2,527	2,716	2,774
Restaurant operating expenses	508	427	391	402	248
Depreciation and amortization	124	116	114	112	106
General and administrative	1,620	1,594	1,647	1,646	1,660
Operating income	2,922	2,815	2,849	3,039	2,941
Interest	390	413	201	190	187
Loss on restaurant discontinued	-	-	-	-	191
Adjust valuation of receivables - including the Heyser case	-	500	1,208	-	1,230
Income before income taxes from continuing operations	2,532	1,902	1,440	2,849	1,333
Income taxes	1,003	753	569	1,105	512
Net income from continuing operations	1,529	1,149	871	1,744	821
Loss from discontinued operations	(710)	(525)	(780)	(154)	(35)
Net income	\$ 819	\$ 624	\$ 91	\$ 1,590	\$ 786
Cumulative preferred dividends	99	99	99	-	-
Net income (loss) available to common stockholders	\$ 720	\$ 525	\$ (8)	\$ 1,590	\$ 786
Weighted average number of common shares	19,458	19,498	19,533	19,871	20,518
Net income per share from continuing operations	\$ .08	\$ .06	\$ .05	\$ .09	\$ .04
Net income per share	.04	.03	.01	.08	.04
Net income per share available to common stockholders	\$ .04	\$ .03	\$ -	\$ .08	\$ .04

Balance Sheet Data:	2011	2012	2013	2014	2015
Working capital (deficit)	\$ (852)	\$ 1,964	\$ 1,451	\$ 2,267	\$ 2,805
Total assets	17,224	17,161	16,374	17,758	18,465
Long-term obligations, net of current portion	1,256	3,021	2,635	1,847	2,141
Stockholders' equity	\$ 11,728	\$ 12,379	\$ 11,703	\$ 13,766	\$ 14,875

## ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

### Introduction

The Company sells and services franchises and licenses for non-traditional foodservice operations and stand-alone locations under the trade names "Noble Roman's Pizza", "Noble Roman's Take-N-Bake" and "Tuscano's Italian Style Subs". The concepts' hallmarks include high quality pizza and sub sandwiches, along with other related menu items, simple operating systems, fast service times, labor-minimizing operations, attractive food costs and overall affordability. Since 1997, the Company has concentrated its efforts and resources primarily on franchising and licensing for non-traditional locations and now has awarded franchise and/or license agreements in 50 states plus Washington, D.C., Puerto Rico, the Bahamas, Italy, Dominican Republic and Canada.

There were 2,215 franchised or licensed outlets in operation on December 31, 2014 and 2,562 on December 31, 2015. During the 12-month period ended December 31, 2015, 404 new franchised or licensed outlets opened and 57 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 have left the system.

As discussed in Note 1 of the notes to the Company's consolidated financial statements, the Company uses significant estimates in evaluating such items as notes and accounts receivable to reflect the actual amount expected to be collected for total receivables. At December 31, 2014 and 2015, the Company reported net accounts receivable of \$3.57 million and \$5.09 million, respectively, each of which were net of allowances. The allowance at December 31, 2015 was \$1.17 million to reflect the amount the Company expects to realize for the receivables. The Company has reviewed each of its accounts and only included receivables in the amount expected to be collected. The Company, at December 31, 2014 and December 31, 2015, had a deferred tax asset on its balance sheet totaling \$9.574 million and \$9.084 million, respectively. After reviewing expected results from the Company's current business plan, the Company believes it is more likely than not that the deferred tax assets will be utilized prior to their expiration, between 2019 and 2033.

### Financial Summary

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 may differ from those estimates. The Company evaluates the carrying values of its assets, including property, equipment and related costs, accounts receivable and deferred tax asset, periodically to assess whether any impairment indications are present due to (among other factors) recurring operating losses, significant adverse legal developments, competition, changes in demand for the Company's products or changes in the business climate that affect the recovery of recorded values. If any impairment of an individual asset is evident, a charge will be provided to reduce the carrying value to its estimated fair value.



**Noble Roman's, Inc. and Subsidiaries**  
**Condensed Consolidated Statement of Operations Data**

Years Ended December 31,

	2013		2014		2015	
Royalties and fees	\$ 7,082,548	94.1%	\$ 7,479,334	94.5%	\$ 7,464,963	96.6%
Administrative fees and other	24,138	0.3	72,541	0.9	56,520	0.7
Restaurant revenue	420,753	5.6	363,340	4.6	207,803	2.7
Total revenue	7,527,439	100.0	7,915,215	100.0	7,729,286	100.0
Franchise-related operating expenses:						
Salaries and wages	1,056,790	14.0	1,063,076	13.4	1,141,562	14.8
Trade show expense	514,570	6.8	541,385	6.8	543,354	7.0
Travel expense	207,572	2.8	235,127	3.0	255,125	3.3
Other operating expense	747,914	9.9	876,162	11.1	834,320	10.8
Restaurant expenses	390,507	5.2	402,281	5.1	248,139	3.2
Depreciation	113,607	1.5	111,750	1.4	105,843	1.4
General and administrative	1,646,993	21.9	1,646,502	20.8	1,659,966	21.5
Total Expenses	4,677,953	62.1	4,876,283	61.6	4,788,309	62.0
Operating income	2,849,486	37.9	3,038,932	38.4	2,940,977	38.0
Interest	201,381	2.7	190,382	2.4	186,414	2.4
Loss on restaurant discontinued	-	-	-	-	191,390	2.5
Adjust valuation of receivables – including the Heyser Case	1,208,162	16.0	-	-	1,230,000	15.9
Income before income taxes	1,439,943	19.2	2,848,550	36.0	1,333,173	17.2
Income taxes	568,406	7.6	1,104,809	14.0	512,671	6.6
Net income from continuing operations	\$ 871,537	11.6%	\$ 1,743,741	22.0%	\$ 820,502	10.6%

	Quarters Ended December 31,			
	2014		2015	
Royalties and fees	\$ 1,708,334	94.5%	\$ 1,817,673	96.3%
Administrative fees and other	15,359	0.9	11,342	0.6
Restaurant revenue	83,629	4.6	59,040	3.1
Total revenue	1,807,322	100.0	1,888,055	100.0
Franchise-related operating expenses:				
Salaries and wages	273,547	15.1	281,716	14.9
Trade show expense	140,540	7.8	137,753	7.3
Travel expense	64,326	3.6	83,427	4.4
Other operating expense	232,224	12.8	230,105	12.2
Restaurant expenses	100,628	5.6	62,833	3.4
Depreciation	28,286	1.6	26,780	1.4
General and administrative	417,578	23.1	431,355	22.9
Total Expenses	1,257,129	69.6	1,253,969	66.5
Operating income	550,193	30.4	634,086	33.5
Interest	49,517	2.7	47,774	2.5
Loss on restaurant discontinued	-	-	191,390	10.1
Adjust valuation of receivables – including the Heyser Case	-	-	380,000	20.1
Income before income taxes	500,676	27.7	14,923	0.8
Income taxes	198,061	10.9	5,738	0.3
Net income from continuing operations	\$ 302,615	16.8%	9,184	0.5%

#### **2015 Compared to 2014**

Total revenue for the year 2015 was \$7.7 million compared to \$7.9 million in 2014. The reason for the decrease was the result of the restaurant discontinued, which was a part of the discontinued operations from 2008 but continued to operate until the lease (renewed in 2010) expired. For the three months ended December 31, 2015, total revenue increased to \$1.9 million from \$1.8 million for the comparable period in 2014. For the year 2015, franchise fees and equipment commissions ("Upfront Fees") decreased to \$228,000 from \$392,000 for 2014. For the three-month period ended December 31, 2015, Upfront Fees decreased to \$16,000 from \$74,000 for the comparable period in 2014. Royalties and fees, less Upfront Fees, increased to \$7.2 million for 2015 from \$7.1 million in 2014. For the three-month period ended December 31, 2015, royalties and fees less Upfront Fees increased to \$1.8 million from \$1.6 million for the comparable period in 2014. The breakdown of royalties and fees less Upfront Fees for the year 2015 and for the three months ended December 31, 2015 compared to the comparable periods in 2014, respectively, were: royalties and fees from non-traditional franchises other than grocery stores were \$4.4 million and \$1.1 million and \$4.5 million and \$993,000; royalties and fees from the grocery store take-n-bake were \$1.9 million and \$530,000 and \$1.5 million and \$340,000; royalties and fees from stand-alone take-n-bake franchises were \$707,000 and \$151,000 and \$849,000 and \$234,000; royalties and fees from traditional locations were \$265,000 and \$64,000 and \$283,000 and \$67,000. The decline in Upfront Fees was primarily the result of selling fewer franchises for the Company's stand-alone franchises. Most of the growth came from licensing grocery store take-n-bake locations where there are no Upfront Fees. The growth in the royalties and fees from grocery store take-n-bake locations primarily was the result of adding new locations to the system.

During 2014, the Company began auditing sales used to compute royalties reported by non-traditional franchisees and plans to continue to do so on an ongoing basis, the effect of which is unknown. The Company estimates franchise sales based on product purchases as reflected on distributor reports. Where under-reporting is identified, the Company invoiced the franchisees for royalties on the unreported amount.

Restaurant revenue for 2015 decreased to \$208,000 from \$363,000 in 2014. The reason for the decrease was the result of the restaurant discontinued, which was a part of the discontinued operations from 2008 but continued to operate until the lease (renewed in 2010) expired. For the three-month period ended December 31, 2015, restaurant revenue decreased to \$59,000 from \$84,000 for the comparable period in 2014. The Company had been operating two locations used primarily for testing and demonstration purposes, however one of those locations was a quick service restaurant ("QSR") concept, which was part of the discontinued operations from 2008 but continued to operate until the lease (renewed in 2010) expired in March 2016.

As a percentage of total revenue, salaries and wages for 2015 increased to 14.8% from 13.4% in 2014. For the three-month period ended December 31, 2015, salaries and wages decreased to 14.9% from 15.1% for the comparable period in 2014. Salaries and wages remained approximately the same at \$1.1 million for both 2015 and 2014. For the three-month period ended December 31, 2015, salaries and wages increased to \$282,000 from \$274,000 for the comparable period in 2014.

As a percentage of total revenue, trade show expenses for 2015 increased to 7.0% in 2015 from 6.8% in 2014. For the three-month period ended December 31, 2015, trade show expenses decreased to 7.3% from 7.8% for the comparable period in 2014. Trade show expenses were \$543,000 and \$138,000, respectively, for the year and three-month period ended December 31, 2015 compared to \$541,000 and \$141,000, respectively, for the comparable periods in 2014.

As a percentage of total revenue, travel expenses for 2015 increased to 3.3% from 3.0% in 2014. For the three month period ended December 31, 2015, travel expense increased to 4.4% from 3.6% for the comparable period in 2014. Travel expenses were \$255,000 and \$83,000, respectively, for the year and three-month period ended December 31, 2015 and \$235,000 and \$64,000, respectively, for the comparable periods in 2014.

As a percentage of total revenue, other operating expenses for 2015 decreased to 10.8% compared to 11.1% in 2014. For the three-month period ended December 31, 2015, other operating expenses decreased to 12.2% from 12.8% for the comparable period in 2014. Other operating expenses were \$834,000 and \$230,000 for the year and three-month periods ended December 31, 2015 and \$876,000 and \$232,000, respectively, for the comparable periods in 2014.

As a percentage of total revenue, restaurant expenses in 2015 decreased to 3.2% from 5.1% in 2014. For the three-month period ended December 31, 2015, restaurant expenses decreased to 3.4% from 5.6% for the comparable period in 2014. The Company had been operating two locations used primarily for testing and demonstration purposes, however one of those locations was a QSR concept, which was part of the discontinued operations from 2008 but continued to operate until the lease (renewed in 2010) expired in March 2016.

As a percentage of total revenue, general and administrative expenses for 2015 increased to 21.5% from 20.8% in 2014. For the three-month period ended December 31, 2015, general and administrative expenses decreased to 22.9% from 23.1% for the comparable period in 2014. Other general and administrative expenses were \$1.66 million and \$431,000 for the year and three-month periods ended December 31, 2015 and \$1.65 million and \$418,000, respectively, for the comparable periods in 2014.

As a percentage of total revenue, total expenses for 2015 increased to 62.0% from 61.6% in 2014. For the three-month period ended December 31, 2015, total expenses decreased to 66.5% from 69.6% for the comparable period in 2014. Total expenses were \$4.79 million and \$1.25 million for the year and three-month periods ended December 31, 2015 and \$4.88 million and \$1.26 million, respectively, for the comparable periods in 2014.

As a percentage of total revenue, operating income for 2015 decreased to 38.0% from 38.4% in 2014. For the three-month period ended December 31, 2015, operating income increased to 33.5% from 30.4% for the comparable period in 2014. Operating income was \$2.94 million and \$634,000 for the year and three-month periods ended December 31, 2015 and \$3.04 million and \$550,000, respectively, for the comparable periods in 2014.

Interest expense, as a percentage of total revenue, remained the same at 2.4% for both 2015 and 2014. For the three-month period ended December 31, 2015, interest expense decreased to 2.5% from 2.7% for the comparable period in 2014. Actual interest expense decreased to \$186,000 and \$48,000, respectively, for the year and three month period ended December 31, 2015 compared to \$190,000 and \$50,000, respectively, for the comparable periods in 2014. The primary reason for the decrease in interest expense was the continued amortization of the principal balance of notes payable partially offset by a slightly higher effective rate of interest.

Loss on restaurant discontinued was \$191,390 in 2014 and none in 2013. This restaurant was part of the discontinued operations in 2008 but the decision was made at that time to continue to operate this location until the lease (renewed in 2010) expired. This is a non-recurring expense.

Net income before income taxes from continuing operations for 2015 decreased to \$1.3 million from \$2.8 million in 2014; however, 2015 included a valuation allowance of \$1.2 million related to receivables including the Heyser case and a loss on restaurant discontinued of \$191,000. For the three-month period ended December 31, 2015, net income before income taxes from continuing operations was \$15,000 compared to \$501,000 for the comparable period in 2014, however, included in the three-month period ended December 31, 2015 was a valuation allowance of \$380,000 related to receivables including the Heyser case and a loss on restaurant discontinued of \$191,000. Although income tax expense is reflected on the Condensed Consolidated Statement of Operations, the Company will not pay any income tax on approximately the next \$21.4 million in net income before income taxes due to its net operating loss carry-forwards.

Loss on discontinued operations was approximately \$35,000 in 2015 and \$154,000 in 2014. This loss on discontinued operations was the result of the issues related to the discontinued operations in 1999 and 2008, most of which have been resolved. The loss in 2015 consisted of \$4,800 as a final payment on a property that was closed in conjunction with the 1999 discontinued operations. In addition, the Company incurred a loss of \$30,000 for rent and legal fees related to the operations discontinued in 2008.

Net income for 2015 decreased to \$786,000 from \$1.6 million in 2014. The decrease in net income was primarily a result of recognizing a valuation allowance of \$1.2 million for receivables including the Heyser case in 2015.

## 2014 Compared to 2013

Total revenue for the year 2014 increased to \$7.9 million from \$7.5 million in 2013. For the three months ended December 31, 2014, total revenue increased to \$1.8 million from \$1.7 million for the comparable period in 2013. For the year 2014, Upfront Fees decreased to \$392,000 from \$883,000 for 2013. For the three-month period ended December 31, 2014, Upfront Fees decreased to \$74,000 from \$147,000 for the comparable period in 2013. Royalties and fees, less Upfront Fees, increased to \$7.1 million for 2014 from \$6.2 million in 2013, or a 14% increase. For the three-month period ended December 31, 2014, royalties and fees less Upfront Fees increased to \$1.6 million from \$1.5 million for the comparable period in 2013, or a 7% increase. The breakdown of royalties and fees less Upfront Fees for year 2014 and for the three months ended December 31, 2014 compared to the comparable periods in 2013, respectively, were: royalties and fees from non-traditional franchises other than grocery stores were \$4.5 million and \$993,000 and \$4.3 million and \$1.0 million; royalties and fees from the grocery store take-n-bake were \$1.5 million and \$340,000 and \$1.3 million and \$257,000; royalties and fees from stand-alone take-n-bake franchises were \$849,000 and \$234,000 and \$310,000 and \$146,000; royalties and fees from traditional locations were \$283,000 and \$67,000 and \$313,000 and \$74,000. The decline in Upfront Fees was the result of selling fewer franchises for the Company's stand alone take-n- bake franchises. The growth in the royalties and fees from grocery store take-n-bake locations primarily was the result of adding new packaging and new products.

Restaurant revenue for 2014 decreased to \$363,000 from \$421,000 in 2013. For the three-month period ended December 31, 2014, restaurant revenue increased to \$84,000 from \$83,000 for the comparable period in 2013. The Company only operated two locations used primarily for testing and demonstration purposes.

As a percentage of total revenue, salaries and wages for 2014 decreased to 13.4% from 14.0% in 2013. For the three-month period ended December 31, 2014, salaries and wages decreased to 15.1% from 16.1% for the comparable period in 2013. Salaries and wages remained approximately the same at \$1.1 million for both 2014 and 2013. For the three-month period ended December 31, 2014, salaries and wages decreased to \$274,000 from \$276,000 for the comparable period in 2013.

As a percentage of total revenue, trade show expenses for 2014 remained the same as 2013 at 6.8%. For the three-month period ended December 31, 2014, trade show expenses increased to 7.8% from 7.2% for the comparable period in 2013. Trade show expenses were \$541,000 and \$141,000, respectively, for the year and three-month period ended December 31, 2014 compared to \$515,000 and \$124,000, respectively, for the comparable periods in 2013.

As a percentage of total revenue, travel expenses for 2014 increased to 3.0% from 2.8% in 2013. For the three month period ended December 31, 2014 travel expense increased to 3.6% from 3.1% for the comparable period in 2013. Travel expense were \$235,000 and \$64,000, respectively, for the year and three-month period ended December 31, 2014 and \$208,000 and \$54,000, respectively, for the comparable periods in 2013.

As a percentage of total revenue, other operating expenses for 2014 increased to 11.1% compared to 9.9% in 2013. For the three-month period ended December 31, 2014, other operating expenses increased to 12.8% from 11.0% for the comparable period in 2013. The primary reasons for the increased other operating expenses were an increase in group insurance, general insurance and advertising costs while all other operating expenses decreased.

As a percentage of total revenue, restaurant expenses in 2014 decreased to 5.1% from 5.2% in 2013. For the three-month period ended December 31, 2014, restaurant expenses increased to 5.6% from 5.0% for the comparable period in 2013. The Company only operates two restaurants which it uses for demonstration, training and testing purposes.

As a percentage of total revenue, general and administrative expenses for 2014 decreased to 20.8% from 21.9% in 2013. For the three-month period ended December 31, 2014, general and administrative expenses decreased to 23.1% from 24.0% for the comparable period in 2013. The decrease in general and administrative expenses, as a percentage of total revenue, was the result of revenue increases.

As a percentage of total revenue, total expenses for 2014 decreased to 61.6% from 62.1% in 2013. For the three-month period ended December 31, 2014, total expenses increased to 69.6% from 68.1% for the comparable period in 2013. The decrease for the year was the result of increased revenue partially offset by an increase in the amount of expenses.

As a percentage of total revenue, operating income for 2014 increased to 38.4% from 37.9% in 2013.

For the three-month period ended December 31, 2014, operating income decreased to 30.4% from 31.9% for the comparable period in 2013. The increase for the year was a result of the success of the Company's strategies to increase revenue while maintaining relatively stable operating expenses.

Interest expense, as a percentage of total revenue, for 2014 decreased to 2.4% from 2.7% in 2013. For the three-month period ended December 31, 2014, interest expense decreased to 2.7% from 3.0% for the comparable period in 2013. Actual interest expense decreased to \$190,000 and \$50,000, respectively, for the year and three month period ended December 31, 2014 compared to \$201,000 and \$51,000, respectively, for the comparable periods in 2013. The primary reason for the decrease in interest expense was the continued amortization of the principal balance of notes payable.

Net income before income taxes from continuing operations for 2014 increased to \$2.8 million from \$1.4 million in 2013; however, 2013 included a valuation allowance of \$1.2 million related to the Heyser case. For the three-month period ended December 31, 2014, net income before income taxes from continuing operations was \$501,000 compared to a loss of \$712,000 for the comparable period in 2013. Although income tax expense is reflected on the Condensed Consolidated Statement of Operations, the Company did not pay any income tax on its net income before income taxes due to its net operating loss carry-forwards.

Loss on discontinued operations decreased to \$153,000 in 2014 compared to \$780,000 in 2013. This decrease was the result of resolution of issues related to the discontinued operations in 1999 and 2008.

Net income for 2014 increased to \$1.6 million from \$91,000 in 2013. The increase in net income was a result of the Company's strategies to increase revenue while maintaining total expenses relatively stable. In addition, the Company's net income in 2013 was reduced by the recording of a valuation allowance related to the Heyser case with an after-tax effect of \$730,000.

## **Impact of Inflation**

The primary inflation factors affecting the Company's operations are food and labor costs to the franchisee. Cheese makes up the single largest cost of a pizza. Cheese prices increased in 2013. They reached an all-time record high in April 2014 and maintained at historically high prices until mid-September 2014. They have since decreased until they are approximately 10% below the ten-year average price. The Company's business was affected by the increased cost of meats during 2014. Labor cost has remained relatively constant in the past two years. We believe any labor cost increase in the future for our franchisees will be mitigated by the relatively low labor requirements of the Company's franchise concepts.

## **Liquidity and Capital Resources**

The Company's current strategy is to grow its business by concentrating on franchising/licensing new non-traditional locations, licensing grocery stores to sell take-n-bake pizza and franchising stand-alone take-n-bake locations. This strategy is intended to not require any significant increase in expenses. The Company does not intend to operate any restaurants except for the location it is currently using for testing and demonstration purposes. This strategy requires limited overhead and operating expense and does not require significant capital investment.

The Company's current ratio was 2.9-to-1 as of December 31, 2015 compared to 2.1-to-1 as of December 31, 2014.

In May, 2012, the Company entered into a Credit Agreement with BMO Harris Bank, N.A. (the "Bank") for a term loan in the amount of \$5.0 million which was repayable in 48 equal monthly principal installments of approximately \$104,000 plus interest with a final payment due in May, 2016. In October, 2013, the Company entered into a First Amendment to the Credit Agreement (the "First Amendment"). The First Amendment maintained the terms of the term loan except for reducing the monthly principal payments from \$104,000 to approximately \$80,700 and extending the loan's maturity to February, 2017. All other terms and conditions of the term loan remained the same including interest on the unpaid principal at a rate per annum of LIBOR plus 4%. The First Amendment also provided for a new term loan in the original amount of \$825,000, used to redeem the Series B Preferred Stock, requiring monthly principal payments of approximately \$20,600 per month commencing in November, 2013 and continuing thereafter until the final payment in February, 2017. The term loan provided for interest on the unpaid principal balance to be paid monthly at a rate per annum of LIBOR plus 6.08%. Proceeds from the term loan were used to redeem the Series B Preferred Stock.

In October, 2014, the Company entered into a Second Amendment to its Credit Agreement (the "Second Amendment"). Pursuant to the Second Amendment, the Company borrowed \$700,000 in the form of a term loan repayable in 36 equal monthly installments of principal in the amount of \$19,444 plus interest on the unpaid balance of LIBOR plus 6% per annum. The terms and conditions of the Credit Agreement were otherwise unchanged. The Company used the proceeds from the loan for additional working capital, as a result of the recent growth in the grocery store take-n-bake venue.

In July, 2015, the Company borrowed \$600,000 from a third-party lender, evidenced by a promissory note which matures in July 1, 2017. Interest on the note is payable at the rate of 8% per annum quarterly in arrears and this loan is subordinate to borrowings under the Company's bank loan. In connection with the loan, the Company issued, to the holder of the promissory note, a warrant entitling the holder to purchase up to 300,000 shares of the Company's common stock at a price per share of \$2.00. The warrant expires July 1, 2020. Proceeds were used to increase working capital in anticipation of expected growth due to the Company hiring two new sales people, a Vice President of Supermarket Development, and entering into an agreement with a franchise broker.

In December 2015, the Company borrowed \$175,000 from two officers of the Company, which are evidenced by promissory notes which mature in January 2017. Interest on the notes are payable at the rate of 10% per annum quarterly in arrears and the loans are unsecured.

In January, 2016, the Company entered into a Third Amendment to its Credit Agreement (the "Third Amendment"). Pursuant to the Third Amendment, the Company consolidated its three term loans with the Bank into a new term loan of \$1,967,000 repayable in monthly payments of principal in the amount of \$54,654 plus interest on the unpaid balance of LIBOR plus 6% per annum. The new term loan matures March 31, 2017 when all remaining principal balance becomes due. In addition, the Third Amendment provides for a revolving loan in the maximum amount of \$500,000 with a maturity of March 31, 2017. Interest on the outstanding balance of the revolving loan is payable at the rate of LIBOR plus 6% per annum payable monthly in arrears.

As a result of the financial arrangements described above and the Company's cash flow projections, the Company believes it will have sufficient cash flow to meet its obligations and to carry out its current business plan at least until March 31, 2017 when the Company may need to refinance its \$1.2 million remaining debt. The Company's cash flow projections are based on the Company's strategy of focusing on growth in non-traditional venues, growth in the number of grocery store locations licensed to sell the take-n-bake pizza and the anticipated growth from franchising stand-alone locations.

The Company does not anticipate that any of the recently issued Statement of Financial Accounting Standards will have a material impact on its Statement of Operations or its Balance Sheet except:

The FASB recently issued ASU 2015-17 as part of its Simplification Initiative. The amendments eliminate the guidance in Topic 740, Income Taxes, that required an entity to separate deferred tax liabilities and assets between current and noncurrent amounts in a classified balance sheet. Rather, deferred taxes will be presented as noncurrent under the new standard. It takes effect in 2017 for public companies and early adoption is permitted.

On February 25, 2016, the FASB issued ASU 2016-02, its highly-anticipated 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 takes effect in 2019 for public business entities.

### **Contractual Obligations**

The following table sets forth the contractual obligations of the Company as of December 31, 2015:

	Total	Less than 1 Year	1-3 Years	3-5 Years
Long-term debt (1)	\$ 2,742,535	\$ 601,081	\$ 2,141,454	\$ -
Operating leases	499,759	206,290	245,183	48,286
Total	<u>\$ 3,242,294</u>	<u>\$ 807,371</u>	<u>\$ 2,386,637</u>	<u>\$ 48,286</u>

(1) The amounts do not include interest.

### **Forward-Looking Statements**

The statements contained above in Management's Discussion and Analysis concerning the Company's future revenues, profitability, financial resources, market demand and product development are forward-looking statements (as such term is defined in the Private Securities Litigation Reform Act of 1995) relating to the Company that are based on the beliefs of the management of the Company, as well as assumptions and estimates made by and information currently available to the Company's management. The Company's actual results in the future may differ materially from those indicated by the forward-looking statements due to risks and uncertainties that exist in the Company's operations and business environment, including, but not limited to competitive factors and pricing pressures, the ability to refinance its debt in 2017, non-renewal of franchise agreements, shifts in market demand, the success of new franchise programs, including stand-alone take-n-bake locations, general economic conditions, changes in demand for the Company's products or franchises, the impact of franchise regulation, the success or failure of individual franchisees and changes in prices or supplies of food ingredients and labor as well as the factors discussed under "Risk Factors" above in this annual report. Should one or more of these risks or uncertainties materialize, or should underlying assumptions or estimates prove incorrect, actual results may vary materially from those described herein as anticipated, believed, estimated, expected or intended.



**ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

The Company's exposure to interest rate risk relates primarily to its variable-rate debt. As of December 31, 2015, the Company had outstanding variable interest-bearing debt in the aggregate principal amount of \$2.0 million. The Company's current borrowings are at a variable rate tied to LIBOR plus 6% per annum adjusted on a monthly basis. Based on its current debt structure, for each 1% increase in LIBOR the Company would incur increased interest expense of approximately \$16,900 over the succeeding 12-month period.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

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

Assets	December 31,	
	2014	2015
<b>Current assets:</b>		
Cash	\$ 200,349	\$ 194,021
Accounts receivable - net	1,687,954	2,007,751
Inventories	381,400	492,222
Prepaid expenses	467,721	634,016
Deferred tax asset - current portion	1,675,000	925,000
Total current assets	4,412,424	4,253,010
<b>Property and equipment:</b>		
Equipment	1,383,380	1,376,190
Leasehold improvements	88,718	88,718
	1,472,098	1,464,908
Less accumulated depreciation and amortization	1,041,951	1,092,785
Net property and equipment	430,147	372,123
Deferred tax asset (net of current portion)	7,899,497	8,158,523
Other assets including long-term portion of accounts receivable - net	5,015,931	5,681,272
Total assets	\$ 17,757,999	\$ 18,464,928
<b>Liabilities and Stockholders' Equity</b>		
<b>Current liabilities:</b>		
Current portion of long-term notes payable to bank	\$ 1,469,028	\$ 601,081
Accounts payable and accrued expenses	676,386	847,418
Total current liabilities	2,145,414	1,448,499
<b>Long-term obligations:</b>		
Notes payable to bank (net of current portion)	1,846,736	1,366,454
Notes payable to officers	-	175,000
Note payable to Kingsway America	-	600,000
Total long-term liabilities	1,846,736	2,141,454
<b>Stockholders' equity:</b>		
Common stock – no par value (25,000,000 shares authorized, 20,095,087 issued and outstanding as of December 31, 2014 and 20,775,921 issued and outstanding as of December 31, 2015)	23,970,654	24,294,002
Accumulated deficit	(10,204,805)	(9,419,027)
Total stockholders' equity	13,765,849	14,874,975
Total liabilities and stockholders' equity	\$ 17,757,999	\$ 18,464,928

See accompanying notes to consolidated financial statements.

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

	Year Ended December 31,		
	2013	2014	2015
Royalties and fees	\$ 7,082,548	\$ 7,479,334	\$ 7,464,963
Administrative fees and other	24,138	72,541	56,520
Restaurant revenue	420,753	363,340	207,803
Total revenue	7,527,439	7,915,215	7,729,286
Operating expenses:			
Salaries and wages	1,056,790	1,063,076	1,141,562
Trade show expense	514,570	541,385	543,354
Travel expense	207,572	235,127	255,125
Other operating expenses	747,914	876,162	834,320
Restaurant expenses	390,507	402,281	248,139
Depreciation and amortization	113,607	111,750	105,843
General and administrative	1,646,993	1,646,502	1,659,966
Total expenses	4,677,953	4,876,283	4,788,309
Operating income	2,849,486	3,038,932	2,940,977
Interest	201,381	190,382	186,414
Loss on restaurant discontinued	-	-	191,390
Adjust valuation of receivables - including Heyser case	1,208,162	-	1,230,000
Income before income taxes from continuing operations	1,439,943	2,848,550	1,333,173
Income tax expense	568,406	1,104,809	512,671
Net income from continuing operations	871,537	1,743,741	820,502
Loss from discontinued operations net of tax benefit of \$511,893 for 2013, \$97,284 for 2014 and \$21,697 for 2015	(780,440)	(153,545)	(34,724)
Net income	91,097	1,590,196	785,778
Cumulative preferred dividends	99,000	-	-
Net income (loss) available to common stockholders	\$ (7,903)	\$ 1,590,196	\$ 785,778
Earnings per share - basic:			
Net income from continuing operations	\$ .05	\$ .09	\$ .04
Net loss from discontinued operations net of tax benefit	\$ (.04)	\$ (.01)	\$ (.00)
Net income	\$ .01	\$ .08	\$ .04
Net income available to common stockholders	\$ -	\$ .08	\$ .04
Weighted average number of common shares outstanding	19,533,201	19,870,904	20,517,846
Diluted earnings per share:			
Net income from continuing operations	\$ .05	\$ .08	\$ .04
Net loss from discontinued operations net of tax benefit	\$ (.04)	\$ (.01)	\$ (.00)
Net income	\$ .01	\$ .07	\$ .04
Weighted average number of common shares outstanding	20,472,908	21,204,439	21,439,242

See accompanying notes to consolidated financial statements.

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

	Preferred Stock	Common Stock		Accumulated Deficit	Total
		Shares	Amount		
<b>Balance at December 31, 2012</b>	\$ 800,250	19,516,589	\$ 23,366,058	\$ (11,787,098)	\$ 12,379,210
2013 net income				91,097	91,097
Cumulative preferred dividends				(99,000)	(99,000)
Amortization of value of stock options			117,118		117,118
Redeemed preferred stock	(800,250)				(800,250)
Issurance cost of preferred stock			(24,750)		(24,750)
Exercise of employee stock options		68,500	39,975		39,975
<b>Balance at December 31, 2013</b>	<u>\$ -</u>	<u>19,585,089</u>	<u>\$ 23,498,401</u>	<u>\$ (11,795,001)</u>	<u>\$ 11,703,400</u>
2014 net income				1,590,196	1,590,196
Cashless exercise of employee stock option		214,998			
Amortization of value of stock options			48,815		48,815
Stock issued in exchange for payables		180,000	318,208		318,208
Exercise of employee stock options		115,000	105,230		105,230
<b>Balance at December 31, 2014</b>	<u>\$ -</u>	<u>20,095,087</u>	<u>\$ 23,970,654</u>	<u>\$ (10,204,805)</u>	<u>\$ 13,765,849</u>
2015 net income				785,778	785,778
Cashless exercise of employee stock option		360,167			
Amortization of value of stock options			26,962		26,962
Stock issued in exchange for payables		50,000	95,000		95,000
Exercise of employee stock options		270,667	201,386		201,386
<b>Balance at December 31, 2015</b>	<u>\$ -</u>	<u>20,775,921</u>	<u>\$ 24,294,002</u>	<u>\$ (9,419,027)</u>	<u>\$ 14,874,975</u>

See accompanying notes to consolidated financial statements.

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

	Year ended December 31,		
	2013	2014	2015
<b>OPERATING ACTIVITIES</b>			
Net income	\$ 91,097	\$ 1,590,196	\$ 785,778
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	174,241	128,265	98,826
Deferred income taxes	568,406	1,007,526	490,974
Changes in operating assets and liabilities:			
(Increase) decrease in:			
Accounts receivable	(188,425)	(419,166)	(319,797)
Inventories	123,018	(43,578)	(110,822)
Prepaid expenses	(92,397)	4,344	(166,295)
Other assets including long-term portion of accounts receivable	738,029	(1,861,460)	(665,341)
Increase in:			
Accounts payable and accrued expenses	308,093	263,622	322,453
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>1,722,062</b>	<b>669,749</b>	<b>435,776</b>
<b>INVESTING ACTIVITIES</b>			
Purchase of property and equipment	(11,958)	(22,176)	(13,840)
<b>NET CASH USED BY INVESTING ACTIVITIES</b>	<b>(11,958)</b>	<b>(22,176)</b>	<b>(13,840)</b>
<b>FINANCING ACTIVITIES</b>			
Payment of cumulative preferred dividends	(99,000)	-	-
Payment of principal outstanding on bank loan	(1,244,375)	(1,235,694)	(1,348,229)
Redemption of all preferred stock outstanding	(825,000)	-	-
Proceeds from new bank loan net of closing costs	821,454	697,704	-
Proceeds from new Kingsway America loan	-	-	600,000
Proceeds from officers loans	-	-	175,000
Proceeds from the exercise of stock options	39,975	105,230	201,386
<b>NET CASH USED BY FINANCING ACTIVITIES</b>	<b>(1,306,946)</b>	<b>(432,760)</b>	<b>(371,843)</b>
<b>DISCONTINUED OPERATIONS</b>			
Payment of obligations from discontinued operations	(389,725)	(172,251)	(56,421)
Increase (decrease) in cash	13,433	42,562	(6,328)
Cash at beginning of year	144,354	157,787	200,349
Cash at end of year	<u>\$ 157,787</u>	<u>\$ 200,349</u>	<u>\$ 194,021</u>

**Supplemental Schedule of Non-Cash Investing and Financing Activities:**

In 2014, options to purchase 215,000 shares at \$.36, 20,000 shares at \$.83 and 40,000 shares at \$.95 were exercised pursuant to the cashless exercise provision of the options and the holders received a total of 214,998 shares of common stock. Also in 2014, the Company issued 180,000 shares of common stock in exchange for \$318,000 in payables.

In 2015, options to purchase 90,000 shares at \$.36 per share, 100,000 shares at \$.95 per share, 300,000 shares at \$1.05 per share, 66,666 shares at \$.58 per share and 30,000 shares at \$.90 per share were exercised pursuant to the cashless exercise provision of the options and the holders received 360,167 shares of common stock. Also in 2015, the Company issued 50,000 shares of common stock in exchange for \$95,000 in payables.

*See accompanying notes to consolidated financial statements.*

## **Notes to Consolidated Financial Statements**

### **Noble Roman's, Inc. and Subsidiaries**

#### **Note I: Summary of Significant Accounting Policies**

Organization: The Company sells and services franchises and/or licenses for non-traditional foodservice operations and stand-alone retail outlets under the trade names "Noble Roman's Pizza," "Tuscano's Italian Style Subs and" "Noble Roman's Take-N-Pizza". Unless the context otherwise indicates, reference to the "Company" are to Noble Roman's, Inc. and its 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 N.R. Realty, 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 market.

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 12 years. Leasehold improvements are amortized over the shorter of estimated useful life or the term of the lease.

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 ("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.

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. The Company records a valuation allowance in a sufficient amount to adjust the accounts receivables value, in its best judgment, to reflect the amount that the Company estimates will be collected from its total receivables. As any accounts are determined to be permanently impaired (bankruptcy, lack of contact, age of account balance, etc.), they are charged off against the valuation allowance. 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.

Intangible Assets: Debt issue costs are amortized to interest expense ratably over the term of the applicable debt. The debt issue cost being amortized is \$163,727 with accumulated amortization at December 31, 2015 of \$125,503.

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 including interest per the franchise agreement 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. Initial franchise fees are recognized as income when the services for the franchised restaurant are substantially completed.

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 concluded that no valuation allowance was necessary because it is more likely than not that the Company will earn sufficient income before the expiration of its net operating loss carry-forwards to fully realize the value of the recorded deferred tax asset. As of December 31, 2015, the net operating loss carry-forward was approximately \$21.4 million which expires between the years 2019 and 2033. Management made the determination that no valuation allowance was necessary after reviewing the Company's business plans, relevant known facts to date, recent trends, current performance and analysis of the backlog of franchises sold but not yet open.

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, 2013, 2014 and 2015. The Company's federal and various state income tax returns for 2012 through 2015 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 earnings per share for the year ended December 31, 2013:

	<u>Income</u> (Numerator)	<u>Shares</u> (Denominator)	<u>Per Share</u> <u>Amount</u>
Net income	\$ 91,097		
Less preferred stock dividends	(99,000)		
<b>Earnings per share – basic</b>			
Loss available to common stockholders	(7,903)	19,533,201	\$ -
<b>Effect of dilutive securities</b>		(939,707)	
Options			
Convertible preferred stock	99,000	-	
<b>Diluted earnings per share</b>			
Income available to common stockholders and assumed conversions	\$ 91,097	20,472,908	\$ .01

The following table sets forth the calculation of basic and diluted earnings per share for the year ended December 31, 2014:

	<u>Income</u> (Numerator)	<u>Shares</u> (Denominator)	<u>Per Share</u> <u>Amount</u>
<b>Earnings per share – basic</b>			
Net income	\$ 1,590,196	19,870,904	\$ .08
<b>Effect of dilutive securities</b>			
Options	-	1,333,535	
<b>Diluted earnings per share</b>			
Net income	\$ 1,590,196	21,204,439	\$ .07

The following table sets forth the calculation of basic and diluted earnings per share for the year ended December 31, 2015:

	<u>Income</u> (Numerator)	<u>Shares</u> (Denominator)	<u>Per Share</u> <u>Amount</u>
<b>Earnings per share – basic</b>			
Net income	\$ 785,778	20,517,846	\$ .04
<b>Effect of dilutive securities</b>			
Options	-	921,396	
<b>Diluted earnings per share</b>			
Net income	\$ 785,778	21,439,242	\$ .04

Subsequent Events: The Company evaluated subsequent events through the date the consolidated statements were issued and filed with the annual report. In January, 2016, the Company entered into a Third Amendment to its Credit Agreement (the "Third Amendment") with the Bank. Pursuant to the Third Amendment, the Company consolidated its three term loans with the Bank into a new term loan of \$1,967,000 repayable in monthly payments of principal in the amount of \$54,654 plus interest on the unpaid balance of LIBOR plus 6% per annum. The new term loan matures March 31, 2017 when all remaining principal balance becomes due. In addition, the Third Amendment provides for a revolving loan in the maximum amount of \$500,000 with a maturity of March 31, 2017. Interest on the outstanding balance of the revolving loan is payable at the rate of LIBOR plus 6% per annum payable monthly in arrears.

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



**Note 2: Accounts Receivable**

At December 31, 2014 and 2015, 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, 2014 and 2015 will be collected. The allowance to reduce the receivables to anticipated net realizable value at December 31, 2015 was \$1.17 million.

In 2012, the Company dismissed its counterclaims against certain plaintiffs in the lawsuit related to the operations discontinued in 2008 and reduced the net realizable value by \$500,000 related to the Company's counterclaims against the plaintiffs in the lawsuit referenced above. In 2013, based on a judgment that was entered in February 2014 in the lawsuit, the Company reduced the carrying value of the receivables subject to the counterclaims by \$1.1 million. Since the right to receive passive income in the form of royalties is not a part of the discontinued operations, the adjustments to reflect these two charges were made to continuing operations. In 2015, the Company made an adjustment for valuation of receivables, including the Heyser case above, of \$1.2 million.

**Note 3: Notes Payable**

In May, 2012, the Company entered into a Credit Agreement with Bank for a term loan in the amount of \$5.0 million which was repayable in 48 equal monthly principal installments of approximately \$104,000 plus interest with a final payment due in May, 2016. In October, 2013, the Company entered into a First Amendment to the Credit Agreement (the "First Amendment"). The First Amendment maintained the terms of the term loan except for reducing the monthly principal payments from \$104,000 to approximately \$80,700 and extending the loan's maturity to February, 2017. All other terms and conditions of the term loan remained the same including interest on the unpaid principal at a rate per annum of LIBOR plus 4%. The First Amendment also provided for a new term loan in the original amount of \$825,000, used to redeem the Series B Preferred Stock, requiring monthly principal payments of approximately \$20,600 per month commencing in November, 2013 and continuing thereafter until the final payment in February, 2017. The term loan provided for interest on the unpaid principal balance to be paid monthly at a rate per annum of LIBOR plus 6.08%. Proceeds from the term loan were used to redeem the Series B Preferred Stock.

In October, 2014, the Company entered into a Second Amendment to its Credit Agreement (the "Second Amendment"). Pursuant to the Second Amendment, the Company borrowed \$700,000 in the form of a term loan repayable in 36 equal monthly installments of principal in the amount of \$19,444 plus interest on the unpaid balance of LIBOR plus 6% per annum. The terms and conditions of the Credit Agreement were otherwise unchanged. The Company used the proceeds from the loan for additional working capital and certain equipment for use in supermarkets, as a result of the growth in the grocery store take-n-bake venue.

In January, 2016, the Company entered into the Third Amendment (the "Third Amendment"). Pursuant to the Third Amendment, the Company consolidated its three term loans with the Bank into a new term loan of \$1,967,000 repayable in monthly payments of principal in the amount of \$54,654 plus interest on the unpaid balance of LIBOR plus 6% per annum. The new term loan matures March 31, 2017 when all remaining principal balance becomes due. In addition, the Third Amendment provides for a revolving loan in the maximum amount of \$500,000 with a maturity of March 31, 2017. Interest on the outstanding balance of the revolving loan is payable at the rate of LIBOR plus 6% per annum payable monthly in arrears.

The Company's obligations under the term loans are secured by the grant of a security interest in essentially all assets of the Company and a personal guaranty of an officer and certain restrictions apply to the Company such as a prohibition on the payment of dividends on common stock, as set forth in the Credit Agreement.

In July, 2015, the Company borrowed \$600,000, evidenced by a promissory note which matures on July 1, 2017. Interest on the note is payable at the rate of 8% per annum quarterly in arrears and this loan is subordinate to borrowings under the Company's bank loan. In connection with the loan, the Company issued, to the holder of the promissory note, a warrant entitling the holder to purchase up to 300,000 shares of the Company's common stock at a price per share of \$2.00. The warrant expires July 1, 2020. Proceeds were used to increase working capital in anticipation of expected growth due to the Company hiring two new sales people, a Vice President of Supermarket Development, and entering into an agreement with a franchise broker. In December 2015 the Company borrowed \$175,000 from two officers of the Company evidenced by promissory notes which matures in January 2017. Interest on the notes is payable at the rate of 10% per annum payable quarterly in arrears and these loans are unsecured.

Interest paid on the Company's loans in 2015 was \$139,328.

**Note 4: Royalties and Fees**

Approximately \$788,000, \$313,000 and \$163,000 are included in the 2013, 2014 and 2015, respectively, royalties and fees in the Consolidated Statements of Operations for initial franchise fees. Also included in royalties and fees were approximately \$95,000, \$80,000 and \$65,000 in 2013, 2014 and 2015, 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. A substantial portion of the Company's ongoing royalty income is paid electronically by the Company initiating a draft on the franchisee's account by electronic withdrawal.

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 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 2,215 franchised or licensed outlets in operation on December 31, 2014 and 2,562 on December 31, 2015. During the 12-month period ended December 31, 2015, there were 404 new franchised or licensed outlets opened and 57 franchised or licensed 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 reoffering them. Therefore, it is unknown of the 1,797 included in the December 31, 2015 count, how many grocery store licenses were actually operating at any given time.

**Note 5: Contingent Liabilities for Leased Facilities**

The Company is no longer contingently liable on any leased facilities.

The Company has future obligations of \$499,759 under current operating leases as follows: due in less than one year \$206,290, due in one to three years \$245,183 and due in three to five years \$48,286.

**Note 6: Income Taxes**

The Company had a deferred tax asset, as a result of prior operating losses, of \$9.57 million at December 31, 2014 and \$9.08 million at December 31, 2015, which expires between the years 2019 and 2033. In 2013, 2014 and 2015, the Company used deferred benefits to offset its tax expense of \$568,000, \$1.1 million and \$513,000, respectively, and tax benefits from loss on discontinued operations of \$512,000 in 2013, \$97,000 in 2014 and \$22,000 in 2015. As a result of the loss carry-forwards, the Company did not pay any income taxes in 2013, 2014 and 2015. There are no 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**

On March 23, 2015, an employee exercised a stock option for 30,000 shares of common stock at a price of \$.36. On April 23, 2015, an employee exercised a stock option for 100,000 shares of common stock at a price of \$.95 in a cashless exercise and was issued 58,696 shares of common stock, an stock option for 300,000 shares of common stock at a price of \$1.05 in a cashless exercise and was issued 163,043 shares of common stock, and a stock option for 66,666 shares of common stock at a price of \$.58 in a cashless exercise and was issued 49,855 shares of common stock. On April 24, 2015, an employee exercised a stock option for 66,667 shares of common stock at a price of \$.58 per share. On April 27, 2015, an employee exercised a stock option for 30,000 shares of common stock at a price of \$.90 in a cashless exercise and was issued 18,412 shares of common stock. On May 12, 2015, an employee exercised a stock option for 100,000 shares of common stock at a price of \$1.05 per share. On June 5, 2015, a director exercised a stock option for 45,000 shares of common stock at a price of \$.36 per share in a cashless exercise and was issued 36,900 shares of common stock. On June 29, 2015, an employee exercised a stock option for 30,000 shares of common stock at a price of \$.58 per share. On June 29, 2015, an employee exercised a stock option for 4,000 shares of common stock at a price of \$.58 per share. On July 23, 2015, an employee exercised a stock option for 15,000 shares of common stock at a price of \$.68 per share. On August 31, 2015, an employee exercised a stock option for 25,000 shares of common stock at a price of \$.68 per share. On November 19, 2015, a director exercised a stock option for 45,000 shares of common stock at a price of \$.36 per share in a cashless exercise and was issued 33,261 shares of common stock. On June 12, 2015, the Company issued 50,000 shares of common stock as payment of certain payables at an issuance price of \$1.90 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, 2015, the Company had the following employee stock options outstanding:

# Common Shares Represented	Exercise Price
47,500	\$ 2.30
155,000	.95
1,400,000	1.05
31,000	.90
143,667	.58
230,500	1.30
267,500	1.55
362,500	1.85

As of December 31, 2015, options for 1,907,166 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.

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 2013, 2014 and 2015:

Expected volatility	20% to 30%
Expected dividend yield	None
Expected term (in years)	3 to 5
Risk-free interest rate	1.62% to 2.64%

The following table sets forth the number of options outstanding as of December 31, 2012, 2013, 2014 and 2015 and the number of options granted, exercised or forfeited during the years ended December 31, 2013, December 31, 2014 and December 31, 2015:

Balance of employee stock options outstanding as of 12/31/12	3,266,500
Stock options granted during the year ended 12/31/13	273,000
Stock options exercised during the year ended 12/31/13	(68,500)
Stock options forfeited during the year ended 12/31/13	(13,500)
Balance of employee stock options outstanding as of 12/31/13	3,457,500
Stock options granted during the year ended 12/31/14	370,000
Stock options exercised during the year ended 12/31/14	(390,000)
Stock options forfeited during the year ended 12/31/14	(2,500)
Balance of employee stock options outstanding as of 12/31/14	3,435,000
Stock options granted during the year ended 12/31/15	410,000
Stock options exercised during the year ended 12/31/15	(877,333)
Stock options forfeited during the year ended 12/31/15	(330,000)
Balance of employee stock options outstanding as of 12/31/15	2,637,667

The following table sets forth the number of non-vested options outstanding as of December 31, 2012, 2013, 2014 and 2015, and the number of stock options granted, vested and forfeited during the years ended December 31, 2013, 2014 and 2015.

Balance of employee non-vested stock options outstanding as of 12/31/12	2,187,000
Stock options granted during the year ended 12/31/13	273,000
Stock options vested during the year ended 12/31/13	(1,031,000)
Stock options forfeited during the year ended 12/31/13	(12,500)
Balance of employee non-vested stock options outstanding as of 12/31/13	1,416,500
Stock options granted during the year ended 12/31/14	370,000
Stock options vested during the year ended 12/31/14	(755,000)
Stock options forfeited during the year ended 12/31/14	-
Balance of employee non-vested stock options outstanding as of 12/31/14	1,031,500
Stock options granted during the year ended 12/31/15	410,000
Stock options vested during the year ended 12/31/15	(380,999)
Stock options forfeited during the year ended 12/31/15	(330,000)
Balance of employee non-vested stock options outstanding as of 12/31/15	730,501

During 2015, employee stock options were granted for 410,000 shares, options for 877,333 shares were exercised and options for 330,000 shares were forfeited. At December 31, 2015, the weighted average grant date fair value of non-vested options was \$1.65 per share and the weighted average grant date fair value of vested options was \$1.06 per share. The weighted average grant date fair value of employee stock options granted during 2013 was \$1.30, during 2014 was \$1.55 and during 2015 was \$1.85. Total compensation cost recognized for share-based payment arrangements was \$117,118 with a tax benefit of \$46,390 in 2013, \$48,815 with a tax benefit of \$18,935 in 2014, and \$26,961 with a tax benefit of \$10,369 in 2015. As of December 31, 2015, total compensation cost related to non-vested options was \$92,500, which will be recognized as compensation cost over the next six to 30 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 except:

The FASB recently issued ASU 2015-17 as part of its Simplification Initiative. The amendments eliminate the guidance in Topic 740, Income Taxes, that required an entity to separate deferred tax liabilities and assets between current and noncurrent amounts in a classified balance sheet. Rather, deferred taxes will be presented as noncurrent under the new standard. It takes effect in 2017 for public companies and early adoption is permitted.

On February 25, 2016, the FASB issued ASU 2016-02, its highly-anticipated 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 takes effect in 2019 for public business entities.

#### **Note 9: Loss on Restaurant Discontinued**

This restaurant was a part of the discontinued operations in 2008 but the decision was made to continue to operate this location until the lease (renewed in 2010) expired. This is a non-recurring expense.

#### **Note 10: Loss from Discontinued Operations**

The Company made the decision in 1999 to discontinue operations of its full-service restaurants and 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.

A full-service restaurant that was closed in conjunction with the business activity discontinued in 1999 was sublet to an unrelated party. In late 2008, the Company lost that sub-tenant and the building was severely damaged by a tornado. As a result, the Company incurred additional cost related to the 1999 discontinued operations as well as the ones that were discontinued in 2008.

The Company reported a net loss on discontinued operations of \$780,000 in 2013. This consisted of \$178,000 in legal and settlement costs through the expiration of the lease relating to the restaurant that was closed in conjunction with the business activity discontinued in 1999 discussed above. In addition, the Company incurred \$147,000 for legal and other costs of its lawsuit related to the operations discontinued in 2008, and wrote off \$257,000 in receivables of which \$123,000 were from various distributors and \$199,000 in obsolete support materials and other costs, all related to the operations discontinued in 2008.

The Company reported a net loss on discontinued operations of \$154,000 in 2014. This consisted of \$9,600 in legal and settlement costs through the expiration of the lease relating to the restaurant that was closed in conjunction with the business activity discontinued in 1999 discussed above. In addition, the Company incurred \$139,600 for legal and other costs related to the operations discontinued in 2008, and wrote off \$4,300 in receivables related to the operations discontinued in 2008.

The Company reported a net loss on discontinued operations of \$153,000 in 2015. This consisted of \$4,800 as a final payment on a property that was closed in conjunction with the 1999 discontinued operations. In addition, the Company incurred a loss of \$30,000 for rent and legal fees related to the operations discontinued in 2008.

#### Note 11: Contingencies

The Company, from time to time, is or may become involved in various 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 12: 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.

Jeffrey R. Gaither, a former Director, is Managing Partner of Bose McKinney & Evans, LLP, a law firm that performs legal services for the Company. The Company paid Bose McKinney for services rendered in the approximate amount of \$200,000, \$320,000 and \$95,000 in 2013, 2014 and 2015, respectively.

In December 2015, the Company borrowed \$175,000 from two officers of the Company evidenced by promissory notes which mature in January 2017. Interest on the notes is payable at the rate of 10% per annum payable quarterly in arrears and these notes are unsecured.

The Company executed a franchise agreement for three stand-alone take-n-bake retail outlets during 2012. The franchisee includes partial ownership by certain officers of the Company, however, these individuals are not involved in the management of the franchisee's operations. The Company recognized license fee revenue from the franchisee in the approximate amount of \$30,400, \$22,600 and \$27,500 for the years ended December 31, 2013, 2014 and 2015, respectively. The Company has advanced funds to the franchisee in the approximate amount of \$323,000 and \$597,000 at December 31, 2014 and 2015, respectively, which are unsecured and noninterest bearing, and are a component of "Other assets including long-term portion of accounts receivable – net" on the accompanying Consolidated Balance Sheets. The Company's future maximum exposure to loss could only increase if the Company voluntarily provided additional financial support to the franchisee. Neither the Company, nor any officers of the Company, have guaranteed any obligations of the franchisee. While the franchisee has been determined to be a variable interest entity as defined by accounting principles generally accepted in the United States of America, management has determined that the Company has a significant variable interest but does not have the power to direct the activities of the variable interest entity that most significantly impact its economic performance. Therefore, the Company is not the primary beneficiary of the franchisee, and as such, is not required to present consolidated financial statements with the franchisee.

#### Note 13: Unaudited Quarterly Financial Information

2015	Quarter Ended			
	December 31	September 30	June 30	March 31
	(in thousands, except per share data)			
Total revenue	\$ 1,888	\$ 1,918	\$ 2,096	\$ 1,827
Operating income	634	725	918	664
Loss on restaurant discontinued	191	-	-	-
Valuation allowance for receivables - including Heyser case	380	250	600	-
Net income before income taxes from continuing operations	15	425	276	618
Net income (loss) from continuing operations	10	261	170	380
Loss from discontinued operations	(35)	-	-	-
Net income (loss)	(25)	261	170	380
Net income from continuing operations per common share				
Basic	-	.01	.01	.02
Diluted	-	.01	.01	.02
Net income per common share				
Basic	-	.01	.01	.02
Diluted	-	.01	.01	.02

2014	Quarter Ended			
	December 31	September 30	June 30	March 31
	(in thousands, except per share data)			
Total revenue	\$ 1,807	\$ 2,107	\$ 2,089	\$ 1,912
Operating income	550	857	855	777
Net income before income taxes from continuing operations	501	813	808	727
Net income from continuing operations	303	499	503	439
Loss from discontinued operations	154	-	-	-
Net income	149	499	503	439
Net income from continuing operations per common share				
Basic	.02	.03	.03	.02
Diluted	.01	.02	.02	.02
Net income per common share				
Basic	.01	.03	.03	.02
Diluted	.01	.02	.02	.02

**Report of Independent Registered Public Accounting Firm**

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

We have audited the accompanying consolidated balance sheets of NOBLE ROMAN'S, INC. AND SUBSIDIARIES, as of December 31, 2015 and 2014, and 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, 2015. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, 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. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of NOBLE ROMAN'S, INC. AND SUBSIDIARIES, as of December 31, 2015 and 2014, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2015, in conformity with accounting principles generally accepted in the United States of America.

Indianapolis, Indiana  
March 14, 2016



## ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

### ITEM 9A. CONTROLS AND PROCEDURES

#### *Management's Report on Internal Control Over Financial Reporting*

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Exchange Act Rule 13a-15(f) under the Securities Exchange Act of 1934, as amended (the "Exchange Act").

Internal control over financial reporting is a process designed by, or under the supervision of, the Company's principal executive and principal financial officers, or persons performing similar functions, and effected by the Company's Board of Directors, management, and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with United States generally accepted accounting principles ("GAAP") and includes those policies and procedures that:

- (1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- (2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with GAAP, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and
- (3) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

Because of applicable limitations, there is a risk that material misstatements may not be prevented or detected on a timely basis by internal control over financial reporting. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

The Public Company Accounting Oversight Board's Auditing Standard No. 5 defines a material weakness as a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis. A deficiency in internal control over reporting exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis.

Our management, including Paul W. Mobley, the Company's Executive Chairman of the Board and Chief Financial Officer and A. Scott Mobley, the Company's President and Chief Executive Officer, conducted an evaluation of the effectiveness of our internal control over financial reporting as of December 31, 2015. Our management has concluded that the Company's internal controls over financial reporting are effective.

There have been no changes in internal controls over financial reporting during the period covered by this report that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

This annual report does not include an attestation report of the Company's registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by the Company's registered public accounting firm pursuant to rules of the Securities and Exchange Commission that permit the Company to provide only management's report in this annual report.

#### **Management's Evaluation of Disclosure Controls and Procedures**

Based on their evaluation, as of the end of the period covered by this report, Paul W. Mobley, the Company's Executive Chairman of the Board and Chief Financial Officer and A.Scott Mobley, the company's President and Chief Executive Officer, have concluded that the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) are effective.

#### **ITEM 9B. OTHER INFORMATION**

None.

### **PART III**

#### **ITEM 10. DIRECTORS, EXECUTIVE OFFICERS OF THE REGISTRANT AND CORPORATE GOVERNANCE**

Information concerning this item is included under captions "Election of Directors", "Section 16(a) Beneficial Ownership Reporting Compliance," and "Corporate Governance" in our Proxy Statement for our 2016 Annual Meeting of Shareholders (the "2016 Proxy Statement") and is incorporated herein by reference.

#### **ITEM 11. EXECUTIVE COMPENSATION**

Information concerning this item is included under the captions "Executive Compensation", "Director Compensation" and "Compensation Committee Interlocks and Insider Participation" in the 2016 Proxy Statement and is incorporated herein by reference.

#### **ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS**

Information concerning this item is included in Item 5 of this report under the caption "Equity Compensation Plan Information" and under the caption "Security Ownership of Certain Beneficial Owners and Management" in the 2016 Proxy Statement and is incorporated herein by reference.

**ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE**

Information concerning this item is included under the caption "Corporate Governance" in the 2016 Proxy Statement and is incorporated herein by reference.

**ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES**

Information concerning this item is included under the caption "Independent Auditors' Fees" in the 2016 Proxy Statement and is incorporated herein by reference.

**PART IV**

**ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES**

The following consolidated financial statements of Noble Roman's, Inc. and Subsidiaries are included in Item :

	<b>Page</b>
Consolidated Balance Sheets - December 31, 2014 and 2015	25
Consolidated Statements of Operations - years ended December 31, 2013, 2014 and 2015	26
Consolidated Statements of Changes in Stockholders' Equity - years ended December 31, 2013, 2014 and 2015	27
Consolidated Statements of Cash Flows - years ended December 31, 2013, 2014 and 2015	28
Notes to Consolidated Financial Statements	29
Report of Independent Registered Accounting Firm. – Somerset CPAs, P.C.	39

Exhibits

Exhibit Number	Description
3.1	Amended Articles of Incorporation of the Registrant, filed as an exhibit to the Registrant's Amendment No. 1 to the Post Effective Amendment No. 2 to Registration Statement on Form S-1 filed July 1, 1985 (SEC File No.2-84150), is incorporated herein by reference.
3.2	Amended and Restated By-Laws of the Registrant, as currently in effect, filed as an exhibit to the Registrant's Form 8-K filed December 23, 2009, is incorporated herein by reference.
3.3	Articles of Amendment of the Articles of Incorporation of the Registrant effective February 18, 1992 filed as an exhibit to the Registrant's Registration Statement on Form SB-2 (SEC File No. 33-66850), ordered effective on October 26, 1993, is incorporated herein by reference.
3.4	Articles of Amendment of the Articles of Incorporation of the Registrant effective May 11, 2000, filed as Annex A and Annex B to the Registrant's Proxy Statement on Schedule 14A filed March 28, 2000, is incorporated herein by reference.
3.5	Articles of Amendment of the Articles of Incorporation of the Registrant effective April 16, 2001 filed as Exhibit 3.4 to Registrant's annual report on Form 10-K for the year ended December 31, 2005, is incorporated herein by reference.
3.6	Articles of Amendment of the Articles of Incorporation of the Registrant effective August 23, 2005, filed as Exhibit 3.1 to the Registrant's current report on Form 8-K filed August 29, 2005, is incorporated herein by reference.
4.1	Specimen Common Stock Certificates filed as an exhibit to the Registrant's Registration Statement on Form S-18 filed October 22, 1982 and ordered effective on December 14, 1982 (SEC File No. 2-79963C), is incorporated herein by reference.
4.2	Warrant to purchase common stock, dated July 1, 2015, filed as Exhibit 10.11 to the Registrant's Form 10-Q filed on August 11, 2015, is incorporated herein by reference.
10.1	Employment Agreement with Paul W. Mobley dated January 2, 1999 filed as Exhibit 10.1 to Registrant's annual report on Form 10-K for the year ended December 31, 2005, is incorporated herein by reference.
10.2	Employment Agreement with A. Scott Mobley dated January 2, 1999 filed as Exhibit 10.2 to Registrant's annual report on Form 10-K for the year ended December 31, 2005, is incorporated herein by reference.
10.3	Credit Agreement with BMO Harris Bank, N.A., dated May 25, 2012, filed as Exhibit 10.17 to the Registrant's quarterly report on Form 10-Q filed on August 13, 2012, is incorporated herein by reference.
10.4	First Amendment to Credit Agreement with BMO Harris Bank, N.A. dated October 31, 2013, filed as Exhibit 10.4 to the Registrant's annual report on Form 10-K for the year ended December 31, 2013, is incorporated herein by reference.
10.5	Promissory Note (Term Loan) with BMO Harris Bank, N.A. dated October 31, 2013, filed as Exhibit 10.5 to the Registrant's annual report on Form 10-K for the year ended December 31, 2013 is incorporated herein by reference.
10.6	Promissory Note (Term Loan II) with BMO Harris Bank, N.A. dated October 31, 2013, filed as Exhibit 10.6 to the Registrant's annual report on Form 10-K for the year ended December 31, 2013 is incorporated herein by reference.
10.7	Second Amendment to Credit Agreement with BMO Harris Bank, N.A. dated October 15, 2014, filed as Exhibit 10.7 to the Registrants Annual Report on Form 10-K filed on March 12, 2015, is incorporated herein by reference.
10.8	Promissory Note with BMO Harris Bank, N.A. dated October 15, 2014, filed as Exhibit 10.8 to the Registrant's Annual Report on Form 10-K filed on March 12, 2015, is incorporated herein by reference.
10.9	Agreement dated April 8, 2015, by and among Noble Roman's, Inc. and the shareholder parties, filed as Exhibit 10.1 to Registrant's Form 8-K filed on April 8, 2015, is incorporated herein by reference.
10.10	Promissory Note payable to Kingsway America, Inc., dated July 1, 2015, filed as Exhibit 10.10 to the Registrant's Form 10-Q filed on August 11, 2015, is incorporated herein by reference.
10.11	Third Amendment to Credit Agreement with BMO Harris Bank, N.A. dated January 22, 2016, filed herewith.
10.12	Promissory Note payable to BMO Harris Bank, N.A., dated January 22, 2016, filed herewith.
10.13	Promissory Note payable to BMO Harris Bank, N.A., dated January 22, 2016, filed herewith.
10.14	Promissory Note payable to Paul Mobley, dated December 21, 2015, filed herewith.
10.15	Promissory Note payable to A. Scott Mobley, dated December 21, 2015, filed herewith.
21.1	Subsidiaries of the Registrant filed in the Registrant's Registration Statement on Form SB-2 (SEC File No. 33-66850) ordered effective on October 26, 1993, is incorporated herein by reference.
31.1	C.E.O. Certification under Rule 13a-14(a)/15d-14(a)
31.2	C.F.O. Certification under Rule 13a-14(a)/15d-14(a)
32.1	C.E.O. Certification under Section 1350
32.2	C.F.O. Certification under Section 1350
101	Interactive Financial Data

**SIGNATURES**

In accordance with of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

**NOBLE ROMAN'S, INC.**

Date: March 14, 2016

By: /s/ Scott Mobley  
Scott Mobley, President and Chief Executive Officer

Date: March 14, 2016

By: /s/ Paul W. Mobley  
Paul W. Mobley, Executive Chairman, Chief Financial Officer and Principal Accounting Officer

In accordance with the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Date: March 14, 2016

By: /s/ Paul W. Mobley  
Paul W. Mobley  
Executive Chairman of the Board,  
Chief Financial Officer and Director

Date: March 14, 2016

By: /s/ A. Scott Mobley  
A. Scott Mobley  
President, Chief Executive Officer and Director

Date: March 14, 2016

By: /s/ Douglas H. Coape-Arnold  
Douglas H. Coape-Arnold  
Director

Date: March 14, 2016

By: /s/ Schuster Tanger  
Schuster Tanger  
Director

**THIRD AMENDMENT TO CREDIT AGREEMENT**

NOBLE ROMAN'S, INC., an Indiana corporation (the "Company") and BMO HARRIS BANK N.A., a national banking association (the "Bank"), being parties to that certain Credit Agreement dated as of May 15, 2012, as previously amended (collectively, the "Agreement"), agree to further amend the Agreement by this Third Amendment to Credit Agreement (this "Amendment"), as follows.

1. **DEFINITIONS.** All defined terms used herein not otherwise defined in this Amendment shall have their respective meanings set forth in the Agreement.

(a) **Amended Definitions.** The following definitions appearing under Section 1 of the Agreement are hereby amended and restated in their respective entireties, as follows:

- "LIBOR-based Rate" means that per annum rate of interest which is equal to the sum of the London Interbank Offered Rate plus and six percent (6.00%).
- "Loan" means either the Revolving Loan or Term Loan IV, as the context requires, and in the plural means both of them, collectively.
- "Loan Document" means any of this Agreement, the Revolving Note, Term Note IV, the Security Agreement, the Guaranty Agreements, the Life Insurance Assignment, the Assignment of Franchise Agreements, the Trademark Security Agreement, the Guarantor Security Agreements, the Subordination Agreement, and any other instrument or document which evidences or secures the Loans or which expresses an agreement as to terms applicable to the Loans, and in the plural means all of them, collectively.
- "London Interbank Offered Rate" means the 1-month London Interbank Offered Rate (LIBOR) administered by the ICE Benchmark Administration as reported on the first day of each Interest Period, or relevant Interest Period (or, if such first day of an Interest Period is not a Banking Day, on the immediately prior Banking Day), unless such rate is no longer available or published, in which case such rate shall be at a comparable index rate selected by the Bank with notice to the Company. The Bank shall determine the interest rate applicable to the Loan based on the foregoing, and its determination thereof shall be conclusive and binding except in the case of manifest error. The interest rate payable under this Agreement shall be subject, however, to the limitation that such interest rate shall never exceed

the highest rate which the Borrower may contract to pay under applicable law.

- "Note" means either the Revolving Note or Term Note IV, as the context requires, and in the plural means both of them collectively.
- "Obligations" means all obligations of the Company in favor of the Bank of every type and description, whether direct or indirect, absolute or contingent, due or to become due, now existing or hereafter arising, including but not limited to: (i) all of such obligations on account of the Loans; (ii) all the Company's Rate Management Obligations; and (iii) all other obligations of the Company arising under any Loan Document as amended from time to time.

(b) **New Definitions.** The following new definitions are hereby added to Section 1 of the Agreement, as follows:

- "Advance" means a disbursement of the proceeds of the Revolving Loan, and in the plural means one or more such disbursement.
- "Authorized Officer" means the Executive Chairman and Chief Financial Officer or the Chief Executive Officer of the Company, or such other officer whose authority to perform acts to be performed only by an Authorized Officer under the terms of this Agreement is evidenced to the Bank by a certified copy of an appropriate resolution of the Board of Directors of the Company.
- "Commitment" means the agreement of the Bank to extend the Revolving Loan to the Company until the Revolving Loan Maturity Date, and, if the context so requires, the term may also refer to the maximum principal amount which is permitted to be outstanding under the Revolving Loan at any time as further set forth in Section 2(e)(i) herein.
- "Revolving Loan" is used as defined in Section 2(e) herein.
- "Revolving Loan Maturity Date" means March 31, 2017.
- "Revolving Note" is used as defined in Section 2(e)(i) herein.

- "Subordination Agreement" means that certain Subordination Agreement dated as of July 1, 2015, entered into by and among the Company, Kingsway America, Inc., a Delaware corporation, and the Bank.
- "Third Amendment" means that certain agreement entitled "Third Amendment to Credit Agreement" entered into by and between the Company and the Bank dated as of January 22, 2016, for the purpose of amending this Agreement.
- "Term Loan IV" is used as defined in Section 2(f) herein.
- "Term Note IV" is used as defined in Section 2(f)(i) herein.

2. **NEW REVOLVING LOAN** New Section 2(e) is hereby added to the Agreement, as follows:

e. The Revolving Loan. Contemporaneously with the execution of the Third Amendment, the Bank shall make a revolving loan available to the Company on the following terms and subject to the following conditions:

- (i) The Commitment -- Use of Proceeds. From the date of the Third Amendment and until the Revolving Loan Maturity Date, the Bank agrees from time to time to make Advances (collectively, the "Revolving Loan") to the Company under a revolving line of credit of amounts not exceeding in the aggregate principal amount outstanding at any one time the amount of Five Hundred Thousand and 00/100 Dollars (\$500,000.00) (the "Commitment"). Proceeds of the Revolving Loan may be used by the Company only to fund the Company's working capital requirements.
- (ii) Method of Borrowing. The obligation of the Company to repay the Revolving Loan shall be evidenced by a Promissory Note of the Company in the form of Exhibit "A" attached to the Third Amendment (the "Revolving Note"). So long as no Event of Default or Unmatured Event of Default shall have occurred and be continuing and until the Revolving Loan Maturity Date, the Company may borrow, repay and reborrow under the Revolving Note on any Banking Day; provided, that no borrowing may cause the principal balance of the Revolving Loan to exceed the Commitment or may result in an Event of Default or an Unmatured Event of Default. Each Advance under the Revolving Loan shall be conditioned upon receipt by the Bank from the Company of a request for an Advance and, if required by the Bank, delivery



of an Officer's Certificate to the Bank. In so doing, the Bank may rely on any request which shall have been received by it in good faith from a person reasonably believed to be an Authorized Officer. Each request shall in and of itself constitute the representation of the Company that no Event of Default or Unmatured Event of Default has occurred and is continuing or would result from the making of the requested Advance, and that the making of the requested Advance shall not cause the outstanding principal balance of the Revolving Loan to exceed the Commitment. All borrowings and reborrowings and all repayments shall be in amounts of not less than One Thousand Dollars (\$1,000.00), except for repayment of the entire principal balance of the Revolving Loan. Upon receipt of a request for an Advance, or at the Bank's discretion, upon receipt of an informal request for an Advance and upon compliance with any other conditions of lending stated in Section 7 of this Agreement applicable to the Revolving Loan, the Bank shall disburse the amount of the requested Advance to the Company. All Advances by the Bank and payments by the Company shall be recorded by the Bank on its books and records, and the principal amount outstanding from time to time, plus interest payable thereon, shall be determined by reference to the books and records of the Bank. The Bank's books and records shall be presumed prima facie to be correct as to such matters.

- (iii) Interest on the Revolving Loan. The principal amount of the Revolving Loan outstanding from time to time shall bear interest until maturity of Revolving Loan at a rate per annum equal to the LIBOR-based Rate. Any change in the LIBOR-based Rate due to a change in the London Interbank Offered Rate shall be effective as of the opening of business of the Bank on the day on which such London Interbank Offered Rate shall change. Accrued interest on the Revolving Loan shall be due and payable on the fifteenth (15<sup>th</sup>) day of each calendar month commencing on February 15, 2016. After maturity, whether scheduled maturity date or at maturity occurring as a result of the occurrence of an Event of Default, the outstanding principal amount of the Revolving Loan shall bear interest at a per annum rate equal to five percent (5%) above the otherwise applicable rate or rates, and shall be due and payable as accrued and without demand.
- (v) Provisions Applicable to the Revolving Loan. The provisions of Section 2(b) herein, which include provisions pertaining to prepayment, shall apply to the Revolving Loan.

3. **NEW TERM LOAN IV** New Section 2(f) is hereby added to the Agreement, as follows:

- f. Term Loan IV. The Bank will make a third term loan ("Term Loan IV") to the Company contemporaneously with the execution of the Third Amendment on the following terms and subject to the following conditions:
- (i) Amount. The original principal amount of Term Loan IV shall be One Million Nine Hundred Sixty-Seven Thousand Five Hundred Thirty-Four and 70/100 Dollars (\$1,967,534.70).
  - (ii) Term Note IV. The obligation of the Company to repay Term Loan IV shall be evidenced by a Promissory Note in the form of Exhibit "B" attached to the Third Amendment ("Term Note IV"). The principal of Term Loan IV shall be repayable in equal installments of \$54,643.74, together with accrued interest, which shall be due and payable on the fifteenth (15<sup>th</sup>) day of each calendar month commencing on February 15, 2016, and continuing thereafter until and on March 31, 2017, on which date the entire unpaid principal balance of Term Loan IV shall be due and payable in full, together with all accrued and unpaid interest. Subject to the provisions of Section 2(e)(vi) herein, the principal of Term Loan IV may be prepaid at any time in whole or in part; provided, that any partial prepayment shall be in an amount which is an integral multiple of \$1,000 and, provided further, that all partial prepayments shall be applied to the latest maturing installments of principal payable under Term Loan IV in inverse order of maturity.
  - (iii) Interest on Term Loan IV. The unpaid principal balance from time to time of Term Loan IV shall bear interest from the date Term Loan IV is made prior to the maturity of Term Note IV at a rate per annum equal to the LIBOR-based Rate. Any change in the LIBOR-based Rate due to a change in the London Interbank Offered Rate shall be effective as of the opening of business of the Bank on the day on which such London Interbank Offered Rate shall change. Accrued interest on Term Loan IV shall be due and payable on the fifteenth (15<sup>th</sup>) day of each calendar month commencing on February 15, 2016, in addition to principal payments due on such dates, and at maturity. After maturity, whether scheduled maturity date or at maturity occurring as a result of the occurrence of an Event of Default, the outstanding principal amount of Term Loan IV shall bear interest at a per annum rate equal to five percent (5%) above the otherwise applicable rate or rates, and shall be due and payable as accrued and without demand.

- (iv) Use of Proceeds of Term Loan IV. Proceeds of Term Loan IV shall be used in their entirety to consolidate current outstanding debt owing to the Bank as of the date of the Third Amendment, and to purchase equipment.
- (v) Provisions Applicable to Term Loan IV. The provisions of Section 2(b) herein, which include provisions pertaining to prepayment, shall apply to Term Loan IV.

4. **TERMINATION OF THE TERMLOAN, TERMLOAN II, AND TERMLOAN III.** Contemporaneously with the execution of this Amendment, the Term Loan, Term Loan II, and Term Loan III shall be cancelled and terminated, and all principal amounts outstanding and unpaid thereunder shall be rolled into the original principal balance of Term Loan IV.

5. **ANNUAL FINANCIAL STATEMENTS.** Section 5(b)(i) is hereby amended and restated in its entirety, as follows:

- b. **Reports, Certificates and Other Information.** The Company shall furnish to the Bank copies of the following financial statements, certificates and other information:
  - (i) **Annual Statements.** As soon as available and in any event within ninety (90) days after the close of each fiscal year, the consolidated financial statements of the Company and its Subsidiaries for such fiscal year prepared and presented in accordance with GAAP, consistently applied (except for changes in which the independent accountants of the Company concur) in each case setting forth in comparative form corresponding figures for the preceding fiscal year, together with the unqualified audit report of independent certified public accountants approved by the Bank, which approval shall not be unreasonably withheld, and the management letter, if any, issued by such independent certified public accountants.

6. **REPRESENTATIONS AND WARRANTIES.** In order to induce the Bank to enter into this Amendment, the Company affirms that the representations and warranties contained in the Agreement are correct as of the date of this Amendment, except that (i) they shall be deemed to also refer to this Amendment as well as all documents named herein, and (ii) Section 3(d) of the Agreement shall be deemed also to refer to the most recent reviewed and internally prepared consolidated financial statements of the Company and its Subsidiaries delivered to the Bank.

7. **EVENTS OF DEFAULT.** The Company certifies to the Bank that no Event of Default or Unmatured Event of Default under the Agreement, as amended by this Amendment, has occurred and is continuing as of the date of this Amendment, except as specifically waived herein.

8. **CONDITIONS PRECEDENT.** As conditions precedent to the effectiveness of this Amendment, the Bank shall have received the following contemporaneously with execution and delivery of this Amendment, each duly executed, dated and in form and substance satisfactory to the Bank:

- (i) This Amendment duly executed by the Company and the Bank.
- (ii) The Revolving Note executed by the Company in the form attached hereto as Exhibit "A."
- (iii) Term Note IV executed by the Company in the form attached hereto as Exhibit "B."
- (iv) The Reaffirmation of Guaranty Agreement executed by Paul W. Mobley in the form attached hereto as Exhibit "C."
- (v) The Reaffirmation of Guaranty Agreement executed by Pizzaco, Inc. in the form attached hereto as Exhibit "D."
- (vi) The Reaffirmation of Guaranty Agreement executed by N.R. Realty, Inc. in the form attached hereto as Exhibit "E."
- (vii) Payment to the Bank of a closing fee.
- (viii) Resolutions and Certificate of Incumbency of the Secretary of the Company certifying the resolutions of its Board of Directors authorizing the execution, delivery and performance, respectively, of this Amendment, the Revolving Note, Term Note IV and all other Loan Documents provided for in this Amendment to which the Company is a party, and certifying the names of the officer or officers authorized to execute all such documents and providing a sample of the true signature of each such officer, executed by the Secretary as of the date of this Amendment.
- (ix) Resolutions and Certificate of Incumbency of the Secretary of Pizzaco, Inc. certifying the resolutions of its Board of Directors authorizing the execution, delivery and performance, respectively, of its Reaffirmation of Guaranty Agreement and all other Loan Documents provided for in this Amendment to which Pizzaco, Inc. is a party, and certifying the names of the officer or officers authorized to execute all such documents and providing a sample of the true signature of each such officer, executed by the Secretary as of the date of this Amendment.

- (x) Resolutions and Certificate of Incumbency of the Secretary of N.R. Realty, Inc. certifying the resolutions of its Board of Directors authorizing the execution, delivery and performance, respectively, of its Reaffirmation of Guaranty Agreement and all other Loan Documents provided for in this Amendment to which N.R. Realty, Inc. is a party, and certifying the names of the officer or officers authorized to execute all such documents and providing a sample of the true signature of each such officer, executed by the Secretary as of the date of this Amendment.
- (xi) Such other documents as the Bank may reasonably request.

9. **PRIOR AGREEMENTS.** The Agreement, as amended by this Amendment, supersedes all previous agreements and commitments made or issued by the Bank with respect to the Loans and all other subjects of this Amendment, including, without limitation, any oral or written proposals which may have been made or issued by the Bank.

10. **EFFECT OF AMENDMENT.** The provisions contained herein shall serve to supplement and amend the provisions of the Agreement. To the extent that the terms of this Amendment conflict with the terms of the Agreement, the provisions of this Amendment shall control in all respects.

11. **REAFFIRMATION.** Except as expressly amended by this Amendment, all of the terms and conditions of the Agreement shall remain in full force and effect as originally written and as previously amended.

12. **COUNTERPARTS.** This Amendment may be executed in any number of counterparts, each of which shall be an original and all of which when taken together shall be one and the same agreement.

[Signatures on Next Page]

**IN WITNESS WHEREOF**, the Company and the Bank have executed and delivered in Indiana this Third Amendment Credit Agreement by their respective duly authorized officers as of January 22, 2016.

**NOBLE ROMAN'S, INC.**, an Indiana corporation

By: \_\_\_\_\_  
Paul W. Mobley, Executive Chairman  
and Chief Financial Officer

**BMO HARRIS BANK N.A.**, a national banking association

By: \_\_\_\_\_  
Brandon Williamson, Vice President

**SCHEDULE OF EXHIBITS**

- Exhibit "A" Promissory Note (Revolving Loan) (\$500,000.00) (Noble Roman's, Inc.)
- Exhibit "B" Promissory Note (Term Loan IV) (\$1,967,534.70) (Noble Roman's, Inc.)
- Exhibit "C" Reaffirmation of Guaranty Agreement (Paul W. Mobley)
- Exhibit "D" Reaffirmation of Guaranty Agreement (Pizzaco, Inc.)
- Exhibit "E" Reaffirmation of Guaranty Agreement (N.R. Realty, Inc.)

**PROMISSORY NOTE**  
**(Term Loan IV)**

\$1,967,534.70

Dated: January 22, 2016  
Final Maturity: March 31, 2017

NOBLE ROMAN'S, INC., an Indiana corporation (the "Maker") promises to pay to the order of BMO HARRIS BANK N.A., a national banking association (the "Bank") at the principal banking office of the Bank at Indianapolis, Indiana, the principal sum of One Million Nine Hundred Sixty-Seven Thousand Five Hundred Thirty-Four and 70/100 Dollars (\$1,967,534.70), and to pay interest on the unpaid principal balance outstanding from time to time as herein provided.

This Note evidences a loan (the "Loan") extended to the Maker by the Bank under a Credit Agreement entered into by and between the Maker and the Bank dated as of May 15, 2012, as amended (as amended and as may hereafter be further amended, collectively, the "Credit Agreement"). The Loan is referred to in the Credit Agreement as "Term Loan IV." All references in this Note to the Credit Agreement shall be construed as references to that Agreement as it may be amended from time to time.

The principal of the Loan shall be repaid in equal installments in the amount of \$54,643.74 each, together with accrued interest, which shall be due and payable commencing on February 15, 2016, and continuing thereafter on the fifteenth (15<sup>th</sup>) day of each calendar month until March 31, 2017, on which date the entire unpaid principal balance of this Note shall be due and payable in full together with all accrued and unpaid interest. The term "Banking Day" and all other defined terms used in this Note which are not defined herein are used as defined in the Credit Agreement. Principal may be prepaid, but only as provided in the Credit Agreement and subject to a prepayment premium as further provided therein, and provided further that all partial prepayments shall be applied to the latest maturing installments of principal payable under this Note in inverse order of maturity.

Interest on the unpaid principal balance of the Loan outstanding from time to time prior to and after maturity will accrue at the rate or rates provided in the Credit Agreement. Prior to maturity, accrued interest shall be due and payable on the fifteenth (15<sup>th</sup>) day of each calendar month commencing on February 15, 2016, in addition to the installments of principal due on those dates as provided above, and at maturity. After maturity, interest shall be due and payable as accrued and without demand. Interest shall be calculated by applying the ratio of the annual interest rate over a year of 360 days, multiplied by the outstanding principal balance, multiplied by the actual number of days the principal balance is outstanding. If any payment from the Maker under this Note becomes due on a Saturday, Sunday, or a day which is a legal holiday for banks in the State of Illinois, such payment shall be made on the next bank business day and any such extension shall be included in computing interest under this Note.

Exhibit "B"  
Page 1 of 2



If any installment of principal or interest due under the terms of this Note is not paid when due, then the Bank or any subsequent holder of this Note may, at its option and without notice, declare the entire principal amount of this Note and all accrued interest immediately due and payable. Reference is made to the Credit Agreement for other conditions under which the maturity of this Note may be accelerated.

If any installment of principal or interest due under the terms of this Note prior to maturity is not paid in full within ten (10) days when due, then the Bank at its option and without prior notice to the Maker, may assess a late payment fee in an amount equal to the greater of \$15.00 or five percent (5%) of the past due amount. Each late payment fee assessed shall be due and payable on the earlier of the due date of the next regularly scheduled payment of principal or interest, or the maturity of this Note. Waiver by the Bank of any late payment fee assessed, or the failure of the Bank in any instance to assess a late payment fee shall not be construed as a waiver by the Bank of its right to assess late payment fees thereafter.

All payments on account of this Note shall be applied first to accrued and unpaid interest, then to principal, then to other fees and charges, provided that in the event of an Event of Default, all payments received may be applied in such order and manner as the Bank shall determine. Any payment scheduled to be made on a day that is not a Banking Day shall be deemed due and payable on the first Banking Day immediately following such date, and interest shall accrue and be payable on the date of such payment.

The Maker and any endorsers severally waive demand, presentment for payment and notice of nonpayment of this Note, and each of them consents to any renewals or extensions of the time of payment of this Note without notice. Reference is made to the Credit Agreement which provides for the right of setoff and other remedies in favor of the Bank upon the occurrence of an Event of Default. All amounts payable under the terms of this Note shall be payable with expenses of collection, including attorneys' fees, and without relief from valuation and appraisal laws.

This Note is made under and will be governed in all cases by the substantive laws of the State of Indiana, notwithstanding the fact that Indiana conflicts of law rules might otherwise require the substantive rules of law of another jurisdiction to apply.

**NOBLE ROMAN'S, INC.**, an Indiana corporation

By:           [Exhibit – Do Not Execute]            
Paul W. Mobley, Executive Chairman  
and Chief Financial Officer

Exhibit "B"  
Page 2 of 2

**PROMISSORY NOTE**  
**(Revolving Loan)**

\$500,000.00

Dated: January 22, 2016  
Final Maturity: March 31, 2017

On or before March 31, 2017 ("Final Maturity"), NOBLE ROMAN'S, INC. an Indiana corporation (the "Maker") promises to pay to the order of BMO HARRIS BANK N.A., a national banking association (the "Bank") at the principal office of the Bank at Indianapolis, Indiana, the principal sum of Five Hundred Thousand and 00/100 Dollars (\$500,000.00), or so much of the principal amount of the Loan represented by this Note as may be disbursed by the Bank under the terms of the Credit Agreement described below, and to pay interest on the unpaid principal balance outstanding from time to time as provided in this Note.

This Note evidences indebtedness (the "Loan") incurred or to be incurred by the Maker under a revolving line of credit extended to the Maker by the Bank under a Credit Agreement entered into by the Maker and the Bank dated as of May 15, 2012, as amended (as amended and as may hereafter be further amended, collectively, the "Credit Agreement"). All references in this Note to the Credit Agreement shall be construed as references to that Agreement as it may be amended from time to time. The Loan is referred to in the Credit Agreement as the "Revolving Loan." Subject to the terms and conditions of the Credit Agreement, the proceeds of the Loan may be advanced and repaid and re-advanced until Final Maturity. The principal amount of the Loan outstanding from time to time shall be determined by reference to the books and records of the Bank on which all Advances under the Loan and all payments by the Maker on account of the Loan shall be recorded. Such books and records shall be deemed prima facie to be correct as to such matters. All defined terms used in this Note which are not otherwise defined herein are used as defined in the Credit Agreement.

Interest on the unpaid principal balance of the Loan outstanding from time to time prior to and after maturity will accrue at the rate or rates provided in the Credit Agreement. Prior to maturity, accrued interest shall be due and payable on the fifteenth (15<sup>th</sup>) calendar day of each calendar month commencing on February 15, 2016. After maturity, interest shall be due and payable as accrued and without demand. Interest shall be calculated by applying the ratio of the annual interest rate over a year of 360 days, multiplied by the outstanding principal balance, multiplied by the actual number of days the principal balance is outstanding. If any payment from the Maker under this Note becomes due on a Saturday, Sunday, or a day which is a legal holiday for banks in the State of Illinois, such payment shall be made on the next bank business day and any such extension shall be included in computing interest under this Note.

Exhibit "A"  
Page 1 of 2

The entire outstanding principal balance of this Note shall be due and payable, together with all accrued and unpaid interest, at Final Maturity. Reference is made to the Credit Agreement for provisions requiring prepayment of principal under certain circumstances. Principal may be prepaid, but only as provided in the Credit Agreement.

If any installment of interest due under the terms of this Note is not paid when due, then the Bank or any subsequent holder of this Note may, subject to the terms of the Credit Agreement, at its option and without notice, declare the entire principal amount of the Note and all accrued interest immediately due and payable. Reference is made to the Credit Agreement which provides for acceleration of the maturity of this Note upon the happening of other "Events of Default" as defined therein.

If any installment of interest due under the terms of this Note prior to maturity is not paid in full within ten (10) days when due, then the Bank at its option and without prior notice to the Maker, may assess a late payment fee in an amount equal to the greater of \$25.00 or five percent (5%) of the amount past due. Each late payment fee assessed shall be due and payable on the earlier of the next regularly scheduled interest payment date or the maturity of this Note. Waiver by the Bank of any late payment fee assessed, or the failure of the Bank in any instance to assess a late payment fee shall not be construed as a waiver by the Bank of its right to assess late payment fees thereafter.

All payments on account of this Note shall be applied first to expenses of collection, next to any late payment fees which are due and payable, next to interest which is due and payable, and only after satisfaction of all such expenses, fees and interest, to principal.

The Maker and any endorsers severally waive demand, presentment for payment and notice of nonpayment of this Note, and each of them consents to any renewals or extensions of the time of payment of this Note without notice.

All amounts payable under the terms of this Note shall be payable with expenses of collection, including attorneys' fees, and without relief from valuation and appraisal laws.

This Note is made under and will be governed in all cases by the substantive laws of the State of Indiana, notwithstanding the fact that Indiana conflicts of law rules might otherwise require the substantive rules of law of another jurisdiction to apply.

**NOBLE ROMAN'S, INC.**, an Indiana corporation

By:           [Exhibit – Do Not Execute]            
Paul W. Mobley, Executive Chairman  
and Chief Financial Officer

Exhibit "A"  
Page 2 of 2

## PROMISSORY NOTE

\$100,000.00

December 21, 2015

FOR VALUE RECEIVED, Noble Roman's, Inc, an Indiana corporation (the "**Debtor**"), hereby promises to pay to Paul and Jenny Mobley (the "**Holder**") the principal sum of One Hundred Thousand and 00/100 Dollars (\$100,000.00), together with interest, in the manner provided herein. Each of the Holder and the Debtor are collectively referred to herein as the "**Parties**".

1. Repayment of Principal. The entire principal balance of this Note shall be due and payable on January 10, 2017 and (b) the exercise of remedies by the Holder pursuant to Section 4, of this Note (the "**Final Payment Date**"). All principal and interest payable pursuant to this Note may be prepaid in whole or in part at any time, without payment of any penalty or premium.

2. Interest on Unpaid Principal Balance. Interest shall accrue on the unpaid principal balance of this Note at a rate of ten percent (10%) per annum (computed on the basis of a 360-day year containing 12 months, counting the actual number of days in each month), such accrued and unpaid interest shall be paid quarterly in arrears on the last business day of March, June, September and December of each year commencing March 31, 2016. All accrued and unpaid interest shall be due and payable at the Final Payment Date.

3. Payments. The Debtor will pay to Holder, by check for all amounts payable to the Holder in respect of the principal of, or interest on, this Note, without any presentation of this Note. Each such payment, when paid, shall be applied first to the payment of interest, fees, expenses and other charges accrued and unpaid under this Note in such order as Holder shall determine and second to the payment or prepayment of the principal hereof. Notwithstanding anything herein to the contrary, all outstanding principal, accrued interest and all other amounts under this Note shall be immediately due and payable in full at the Final Payment Date.

4. Event of Default. The occurrence of any one or more of the following events will constitute an "Event of Default" hereunder:

(a) Nonpayment of any installment of principal and/or interest due under this Note when it shall become due and payable (no prior demand therefor being necessary);

(b) Any representation or warranty made or deemed to be made by Debtor in this Note, or any other document, instrument or certificate delivered in connection herewith or therewith is or shall be incorrect in any material respect on or as of the date when made or deemed to have been made; provided, that any representation or warranty that is already qualified in the text thereof as to "materiality", "material adverse effect" or similar language shall be true and correct in all respects so stated on the applicable date;

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(c) The Debtor shall default in the performance of any other obligation, covenant or agreement contained in this Note (subject to any applicable grace periods), provided that the Debtor shall have the opportunity to cure such default within ten (10) business days of its receipt of notice of default;

(d) (i) the appointment of a receiver, trustee, custodian or other fiduciary, for, or for any of the property of, the Debtor; or (ii) the making of an assignment for the benefit of creditors by the Debtor; and if any of (i) through (ii) are involuntary, the failure to discharge same within sixty (60) days;

(e) The filing of a petition, complaint, motion or other pleading seeking relief under any receivership, insolvency, or debtor relief law, or seeking any readjustment of indebtedness, reorganization, composition, extension or any similar type of relief, or the filing of a petition, complaint, or motion under any chapter of the federal bankruptcy code, 11 U.S.C. 101 et seq., as the same now exists or may hereafter be amended (the "Bankruptcy Code"), by the Debtor;

(f) The filing of a petition, complaint, motion or other pleading seeking any relief under any receivership, insolvency, or debtor relief law, or under any chapter of the Bankruptcy Code, or seeking any readjustment of indebtedness, reorganization, composition, extension or any similar type of relief, or the entry of any order for relief under any chapter of the Bankruptcy Code, against, the Debtor; provided, however, that if the Debtor shall notify Holder in writing of the filing of any such petition, complaint, motion or other pleading against the Debtor and shall provide evidence satisfactory to Holder that the Debtor has in good faith and within thirty (30) days after the filing of any such petition, complaint, motion or other pleading filed an answer thereto contesting same, then there shall be no Event of Default under this subparagraph (e) until the earliest of (i) the entry of an order for relief or a judgment under any proceedings referred to in this subparagraph (e), (ii) the appointment of a receiver, trustee, custodian or other fiduciary in any such proceeding or (iii) the expiration of a period of sixty (60) days, at the end of which such petition, complaint, motion or other pleading remains undismissed;

(g) The dissolution, liquidation or termination of existence of the Debtor;

(h) A Sale of the Company shall occur;

(i) Debtor fails to make any of its filings required by the Securities Exchange Act of 1934, as amended, by the dates they are required to be filed in accordance with the rules and regulations promulgated by the Securities and Exchange Commission from time to time (without giving effect to any available extension of time with respect to any such filing);

(j) A delisting of the Debtor's Common Stock from the OTCQB marketplace.

Upon the occurrence and continuance of any Event of Default, this Note, at the option of the Holder, shall become immediately due and payable without notice of any kind; provided that this Note shall become automatically due and payable upon any Event of Default occurring under clauses (d), (e) and (f) above without any further action on behalf of Holder. The Holder's failure to exercise such option shall not constitute a waiver of the right to exercise it at any other time. Irrespective of the exercise or non-exercise of the foregoing option, if any payment of principal and/or interest is not paid in full on the date the same is due, the interest rate under this Note on the overdue amount shall be increased to eighteen percent (18%) per annum until said amount is paid in full.

Notwithstanding any provisions of this Note, it is the understanding and agreement of the Debtor and the Holder that the maximum rate of interest to be paid by the Debtor to the Holder shall not exceed the highest or maximum rate of interest permissible to be charged to a commercial borrower under any law applicable hereto. Any amount paid in excess of such rate shall be considered to have been payments in reduction of principal, and if there shall be no principal amount then outstanding, such excess shall be returned to the Debtor as an overpayment of principal.

#### 5. Representations and Warranties.

(a) Power and Authority; Execution and Delivery. Debtor has the corporate or other organizational power and authority to execute, deliver, perform and otherwise carry out the terms and provisions of this Note and the Warrant ( including such power and authority to borrow the funds as contemplated herein and to issue the equity securities as contemplated by the Warrant) and has taken all necessary corporate or other organizational action to authorize the execution, delivery and performance of this Note. Debtor has duly executed and delivered this Note and any documents executed and delivered in connection herewith or therewith.

(b) Enforceability. This Note constitutes the legal, valid and binding obligation of Debtor, enforceable against Debtor in accordance with its terms, subject to the effects of bankruptcy, insolvency, fraudulent conveyance, moratorium, reorganization and other similar laws relating to or affecting creditors' rights generally.

(c) No Violation. The execution, delivery and performance by Debtor of this this Note, the compliance with the terms and provisions hereof and thereof, and the consummation of the transactions contemplated hereby and thereby, do not and will not (i) conflict with, contravene or violate any provision of any applicable law, (ii) violate any order or decree of, or require any authorization, consent, approval, exemption or other action by or notice to, any Person which has not been obtained and is in full force and effect, (iii) conflict with, result in a breach of any of the terms, covenants, conditions or provisions of, constitute a default under, otherwise result in the termination of or a termination right under, (x) any material indenture, note, loan agreement, lease agreement, mortgage, deed of trust or other financing or security agreement, or (y) any other material agreement to which it or any of its property or assets is bound, or (iv) violate any provision of the its organization documents (i.e., charter, by-laws, etc.) or any material permit or license of Debtor.

6. Definitions. The following terms, as used herein, have the following respective meanings:

**“Sale of the Company”** means the sale (in a single transaction or a series of related transactions) of the Company to any Independent Third Party or group of Independent Third Parties pursuant to which such Independent Third Party or group of Independent Third Parties acquires (a) a majority of the Common Stock on a Fully-Diluted Basis (whether by merger, consolidation, sale or Transfer of Common Stock, reorganization, recapitalization or otherwise), or (b) all or substantially all of the assets of the Company and its Subsidiaries, determined on a consolidated basis. For purposes of this definition, all Common Stock that is issuable upon exercise or conversion of any Stock Equivalents acquired by an Independent Third Party shall be deemed to be issued and held by such Independent Third Party.

**“Subsidiary”** means any corporation, limited liability company, partnership, association, joint stock company, trust, joint venture or unincorporated organization of which the Company, at the time in respect of which such term is used, (a) owns directly or indirectly more than fifty percent (50%) of the equity or beneficial interests, on a consolidated basis, or (b) owns directly or controls with power to vote, indirectly through one or more subsidiaries, shares of capital stock or beneficial interests having the power to cast a majority of the votes entitled to be cast for the election of directors, trustees, managers or other officials having powers analogous to those of directors of a corporation. Unless otherwise specifically indicated, when used in this Agreement, the term Subsidiary shall refer to a direct or indirect Subsidiary of the Company.

**"Transfer"** means any direct or indirect transfer, donation, sale, assignment, pledge, encumbrance, hypothecation, gift, creation of a security interest in or lien on, or other disposition, irrespective of whether any of the foregoing are effected with or without consideration, voluntarily or involuntarily, directly or indirectly, by operation of law or otherwise, inter vivos or upon death.

7. No Security. This Note is unsecured on a senior basis.

8. Costs. If, and as often as, this Note is referred to an attorney for the collection of any sum payable hereunder, or to defend or enforce any of the Parties' rights hereunder, or to commence an action, cross-claim, third-party claim or counterclaim relating to this Note, the Debtor hereby agrees to pay all reasonable costs incurred by the Parties in connection therewith including reasonable attorneys' fees (including such fees incurred in appellate, bankruptcy or insolvency proceedings), with or without the institution of any action or proceeding.

9. Governing Law. This Agreement shall be governed by and construed in accordance with the domestic Laws of the State of Indiana without giving effect to any choice or conflict of Law provision or rule (whether of the State of Indiana or any other jurisdiction) that would cause the application of the Laws of any jurisdiction other than the State of Indiana.

10. Waiver of Jury Trial. EACH OF THE PARTIES WAIVES THEIR RESPECTIVE RIGHTS TO A TRIAL BY JURY OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OR RELATED TO THIS PROMISSORY NOTE IN ANY ACTION, PROCEEDING OR OTHER LITIGATION OF ANY TYPE BROUGHT BY ANY OF THE PARTIES AGAINST ANY OTHER PARTY OR ANY AFFILIATE OF ANY OTHER SUCH PARTY, WHETHER WITH RESPECT TO CONTRACT CLAIMS, TORT CLAIMS OR OTHERWISE. THE PARTIES AGREE THAT ANY SUCH CLAIM OR CAUSE OF ACTION SHALL BE TRIED BY A COURT TRIAL WITHOUT A JURY. WITHOUT LIMITING THE FOREGOING, THE PARTIES FURTHER AGREE THAT THEIR RESPECTIVE RIGHT TO A TRIAL BY JURY IS WAIVED BY OPERATION OF THIS SECTION AS TO ANY ACTION, COUNTERCLAIM OR OTHER PROCEEDING WHICH SEEKS, IN WHOLE OR IN PART, TO CHALLENGE THE VALIDITY OR ENFORCEABILITY OF THIS PROMISSORY NOTE OR ANY PROVISION HEREOF. THIS WAIVER SHALL APPLY TO ANY SUBSEQUENT AMENDMENTS, RENEWALS, SUPPLEMENTS OR MODIFICATIONS TO THIS NOTE.

11. Assignment. This Note and the rights and obligations hereunder shall be freely assignable, in whole or in part, by the Holder without the consent of the Debtor or any other Person; provided that any proposed assignee shall expressly agree to be bound by the terms of the Subordination Agreement.



IN WITNESS WHEREOF, the Debtor has caused this Promissory Note to be duly executed as of the day and year first above written.

**DEBTOR:**

**NOBLE ROMAN'S, INC.**

By: \_\_\_\_\_

Name: A. Scott Mobley

Title: President and CEO

On this 21st day of December, 2015

## PROMISSORY NOTE

\$75,000.00

December 21, 2015

FOR VALUE RECEIVED, Noble Roman's, Inc, an Indiana corporation (the "**Debtor**"), hereby promises to pay to Scott Mobley (the "**Holder**") the principal sum of Seventy-Five Thousand and 00/100 Dollars (\$75,000.00), together with interest, in the manner provided herein. Each of the Holder and the Debtor are collectively referred to herein as the "**Parties**".

1. Repayment of Principal. The entire principal balance of this Note shall be due and payable on January 10, 2017 and (b) the exercise of remedies by the Holder pursuant to Section 4, of this Note (the "**Final Payment Date**"). All principal and interest payable pursuant to this Note may be prepaid in whole or in part at any time, without payment of any penalty or premium.

2. Interest on Unpaid Principal Balance. Interest shall accrue on the unpaid principal balance of this Note at a rate of ten percent (10%) per annum (computed on the basis of a 360-day year containing 12 months, counting the actual number of days in each month), such accrued and unpaid interest shall be paid quarterly in arrears on the last business day of March, June, September and December of each year commencing March 31, 2016. All accrued and unpaid interest shall be due and payable at the Final Payment Date.

3. Payments. The Debtor will pay to Holder, by check for all amounts payable to the Holder in respect of the principal of, or interest on, this Note, without any presentation of this Note. Each such payment, when paid, shall be applied first to the payment of interest, fees, expenses and other charges accrued and unpaid under this Note in such order as Holder shall determine and second to the payment or prepayment of the principal hereof. Notwithstanding anything herein to the contrary, all outstanding principal, accrued interest and all other amounts under this Note shall be immediately due and payable in full at the Final Payment Date.

4. Event of Default. The occurrence of any one or more of the following events will constitute an "Event of Default" hereunder:

(a) Nonpayment of any installment of principal and/or interest due under this Note when it shall become due and payable (no prior demand therefor being necessary);

(b) Any representation or warranty made or deemed to be made by Debtor in this Note, or any other document, instrument or certificate delivered in connection herewith or therewith is or shall be incorrect in any material respect on or as of the date when made or deemed to have been made; provided, that any representation or warranty that is already qualified in the text thereof as to "materiality", "material adverse effect" or similar language shall be true and correct in all respects so stated on the applicable date;

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(c) The Debtor shall default in the performance of any other obligation, covenant or agreement contained in this Note (subject to any applicable grace periods), provided that the Debtor shall have the opportunity to cure such default within ten (10) business days of its receipt of notice of default;

(d) (i) the appointment of a receiver, trustee, custodian or other fiduciary, for, or for any of the property of, the Debtor; or (ii) the making of an assignment for the benefit of creditors by the Debtor; and if any of (i) through (ii) are involuntary, the failure to discharge same within sixty (60) days;

(e) The filing of a petition, complaint, motion or other pleading seeking relief under any receivership, insolvency, or debtor relief law, or seeking any readjustment of indebtedness, reorganization, composition, extension or any similar type of relief, or the filing of a petition, complaint, or motion under any chapter of the federal bankruptcy code, 11 U.S.C. 101 et seq., as the same now exists or may hereafter be amended (the "Bankruptcy Code"), by the Debtor;

(f) The filing of a petition, complaint, motion or other pleading seeking any relief under any receivership, insolvency, or debtor relief law, or under any chapter of the Bankruptcy Code, or seeking any readjustment of indebtedness, reorganization, composition, extension or any similar type of relief, or the entry of any order for relief under any chapter of the Bankruptcy Code, against, the Debtor; provided, however, that if the Debtor shall notify Holder in writing of the filing of any such petition, complaint, motion or other pleading against the Debtor and shall provide evidence satisfactory to Holder that the Debtor has in good faith and within thirty (30) days after the filing of any such petition, complaint, motion or other pleading filed an answer thereto contesting same, then there shall be no Event of Default under this subparagraph (e) until the earliest of (i) the entry of an order for relief or a judgment under any proceedings referred to in this subparagraph (e), (ii) the appointment of a receiver, trustee, custodian or other fiduciary in any such proceeding or (iii) the expiration of a period of sixty (60) days, at the end of which such petition, complaint, motion or other pleading remains undismissed;

(g) The dissolution, liquidation or termination of existence of the Debtor;

(h) A Sale of the Company shall occur;

(i) Debtor fails to make any of its filings required by the Securities Exchange Act of 1934, as amended, by the dates they are required to be filed in accordance with the rules and regulations promulgated by the Securities and Exchange Commission from time to time (without giving effect to any available extension of time with respect to any such filing);

(j) A delisting of the Debtor's Common Stock from the OTCQB marketplace.

Upon the occurrence and continuance of any Event of Default, this Note, at the option of the Holder, shall become immediately due and payable without notice of any kind; provided that this Note shall become automatically due and payable upon any Event of Default occurring under clauses (d), (e) and (f) above without any further action on behalf of Holder. The Holder's failure to exercise such option shall not constitute a waiver of the right to exercise it at any other time. Irrespective of the exercise or non-exercise of the foregoing option, if any payment of principal and/or interest is not paid in full on the date the same is due, the interest rate under this Note on the overdue amount shall be increased to eighteen percent (18%) per annum until said amount is paid in full.

Notwithstanding any provisions of this Note, it is the understanding and agreement of the Debtor and the Holder that the maximum rate of interest to be paid by the Debtor to the Holder shall not exceed the highest or maximum rate of interest permissible to be charged to a commercial borrower under any law applicable hereto. Any amount paid in excess of such rate shall be considered to have been payments in reduction of principal, and if there shall be no principal amount then outstanding, such excess shall be returned to the Debtor as an overpayment of principal.

#### 5. Representations and Warranties.

(a) Power and Authority; Execution and Delivery. Debtor has the corporate or other organizational power and authority to execute, deliver, perform and otherwise carry out the terms and provisions of this Note and the Warrant ( including such power and authority to borrow the funds as contemplated herein and to issue the equity securities as contemplated by the Warrant) and has taken all necessary corporate or other organizational action to authorize the execution, delivery and performance of this Note. Debtor has duly executed and delivered this Note and any documents executed and delivered in connection herewith or therewith.

(b) Enforceability. This Note constitutes the legal, valid and binding obligation of Debtor, enforceable against Debtor in accordance with its terms, subject to the effects of bankruptcy, insolvency, fraudulent conveyance, moratorium, reorganization and other similar laws relating to or affecting creditors' rights generally.

(c) No Violation. The execution, delivery and performance by Debtor of this this Note, the compliance with the terms and provisions hereof and thereof, and the consummation of the transactions contemplated hereby and thereby, do not and will not (i) conflict with, contravene or violate any provision of any applicable law, (ii) violate any order or decree of, or require any authorization, consent, approval, exemption or other action by or notice to, any Person which has not been obtained and is in full force and effect, (iii) conflict with, result in a breach of any of the terms, covenants, conditions or provisions of, constitute a default under, otherwise result in the termination of or a termination right under, (x) any material indenture, note, loan agreement, lease agreement, mortgage, deed of trust or other financing or security agreement, or (y) any other material agreement to which it or any of its property or assets is bound, or (iv) violate any provision of the its organization documents (i.e., charter, by-laws, etc.) or any material permit or license of Debtor.

6. Definitions. The following terms, as used herein, have the following respective meanings:

**“Sale of the Company”** means the sale (in a single transaction or a series of related transactions) of the Company to any Independent Third Party or group of Independent Third Parties pursuant to which such Independent Third Party or group of Independent Third Parties acquires (a) a majority of the Common Stock on a Fully-Diluted Basis (whether by merger, consolidation, sale or Transfer of Common Stock, reorganization, recapitalization or otherwise), or (b) all or substantially all of the assets of the Company and its Subsidiaries, determined on a consolidated basis. For purposes of this definition, all Common Stock that is issuable upon exercise or conversion of any Stock Equivalents acquired by an Independent Third Party shall be deemed to be issued and held by such Independent Third Party.

**“Subsidiary”** means any corporation, limited liability company, partnership, association, joint stock company, trust, joint venture or unincorporated organization of which the Company, at the time in respect of which such term is used, (a) owns directly or indirectly more than fifty percent (50%) of the equity or beneficial interests, on a consolidated basis, or (b) owns directly or controls with power to vote, indirectly through one or more subsidiaries, shares of capital stock or beneficial interests having the power to cast a majority of the votes entitled to be cast for the election of directors, trustees, managers or other officials having powers analogous to those of directors of a corporation. Unless otherwise specifically indicated, when used in this Agreement, the term Subsidiary shall refer to a direct or indirect Subsidiary of the Company.

**“Transfer”** means any direct or indirect transfer, donation, sale, assignment, pledge, encumbrance, hypothecation, gift, creation of a security interest in or lien on, or other disposition, irrespective of whether any of the foregoing are effected with or without consideration, voluntarily or involuntarily, directly or indirectly, by operation of law or otherwise, inter vivos or upon death.

7. No Security. This Note is unsecured on a senior basis.

8. Costs. If, and as often as, this Note is referred to an attorney for the collection of any sum payable hereunder, or to defend or enforce any of the Parties' rights hereunder, or to commence an action, cross-claim, third-party claim or counterclaim relating to this Note, the Debtor hereby agrees to pay all reasonable costs incurred by the Parties in connection therewith including reasonable attorneys' fees (including such fees incurred in appellate, bankruptcy or insolvency proceedings), with or without the institution of any action or proceeding.

9. Governing Law. This Agreement shall be governed by and construed in accordance with the domestic Laws of the State of Indiana without giving effect to any choice or conflict of Law provision or rule (whether of the State of Indiana or any other jurisdiction) that would cause the application of the Laws of any jurisdiction other than the State of Indiana.

10. Waiver of Jury Trial. EACH OF THE PARTIES WAIVES THEIR RESPECTIVE RIGHTS TO A TRIAL BY JURY OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OR RELATED TO THIS PROMISSORY NOTE IN ANY ACTION, PROCEEDING OR OTHER LITIGATION OF ANY TYPE BROUGHT BY ANY OF THE PARTIES AGAINST ANY OTHER PARTY OR ANY AFFILIATE OF ANY OTHER SUCH PARTY, WHETHER WITH RESPECT TO CONTRACT CLAIMS, TORT CLAIMS OR OTHERWISE. THE PARTIES AGREE THAT ANY SUCH CLAIM OR CAUSE OF ACTION SHALL BE TRIED BY A COURT TRIAL WITHOUT A JURY. WITHOUT LIMITING THE FOREGOING, THE PARTIES FURTHER AGREE THAT THEIR RESPECTIVE RIGHT TO A TRIAL BY JURY IS WAIVED BY OPERATION OF THIS SECTION AS TO ANY ACTION, COUNTERCLAIM OR OTHER PROCEEDING WHICH SEEKS, IN WHOLE OR IN PART, TO CHALLENGE THE VALIDITY OR ENFORCEABILITY OF THIS PROMISSORY NOTE OR ANY PROVISION HEREOF. THIS WAIVER SHALL APPLY TO ANY SUBSEQUENT AMENDMENTS, RENEWALS, SUPPLEMENTS OR MODIFICATIONS TO THIS NOTE.

11. Assignment. This Note and the rights and obligations hereunder shall be freely assignable, in whole or in part, by the Holder without the consent of the Debtor or any other Person; provided that any proposed assignee shall expressly agree to be bound by the terms of the Subordination Agreement.

IN WITNESS WHEREOF, the Debtor has caused this Promissory Note to be duly executed as of the day and year first above written.

**DEBTOR:**

**NOBLE ROMAN'S, INC.**

By: [Missing Graphic Reference]

Name: Paul Mobley

Title: Executive Chairman

On this 21st day of December, 2015

I, A. Scott Mobley, certify that:

1. I have reviewed this annual report on Form 10-K of Noble Roman's, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 14, 2016

By: /s/ A. Scott Mobley

\_\_\_\_\_  
A. Scott Mobley  
President, Chief Executive Officer



I, Paul W. Mobley, certify that:

1. I have reviewed this annual report on Form 10-K of Noble Roman's, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 14, 2016

By: /s/ Paul W. Mobley

\_\_\_\_\_  
Paul W. Mobley  
Executive Chairman  
Chief Financial Officer

**CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report of Noble Roman's, Inc. (the "Company") on Form 10-K for the year ended December 31, 2015, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, A. Scott Mobley, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

By: /s/ A. Scott Mobley  
A. Scott Mobley  
President, Chief Executive Officer  
Of Noble Roman's, Inc.

March 14, 2016

**CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report of Noble Roman's, Inc. (the "Company") on Form 10-K for the year ended December 31, 2015, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Paul Mobley, Executive Chairman and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

By: /s/ Paul W. Mobley

\_\_\_\_\_  
Paul W. Mobley  
Executive Chairman and Chief Financial  
Officer of Noble Roman's, Inc.

March 14, 2016