

SECURITIES & EXCHANGE COMMISSION EDGAR FILING

NOBLE ROMANS INC

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**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, 2019.

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.)

6612 E. 75th Street, Suite 450

Indianapolis, Indiana 46250

(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:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
N/A		

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 every Interactive Data File required to be submitted 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 such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer Accelerated Filer
Non-Accelerated Filer Smaller Reporting Company
Emerging Growth Company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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 28, 2019, 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 approximately \$11.2 million.

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date: 22,215,413 shares of common stock as of April 15, 2020.

Documents Incorporated by Reference:

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ITEM 1. BUSINESS

General Information

Noble Roman's, Inc., an Indiana corporation incorporated in 1972, sells and services franchises and licenses and operates Company-owned foodservice locations for stand-alone restaurants and non-traditional foodservice operations under the trade names "Noble Roman's Craft Pizza & Pub," "Noble Roman's Pizza," "Noble Roman's Take-N-Bake," and "Tuscano's Italian Style Subs." References in this report to the "Company" are to Noble Roman's, Inc. and its two wholly-owned subsidiaries, Pizzaco, Inc. and RH Roanoke, Inc., unless the context requires otherwise. Pizzaco, Inc. currently does not own any locations and has no income or expense. RH Roanoke, Inc. operates a Company-owned non-traditional location.

The Company has been operating, franchising and licensing Noble Roman's Pizza operations in a variety of stand-alone and non-traditional locations across the country since 1972. Its first Craft Pizza & Pub location opened in January 2017 as a Company-operated restaurant in a northern suburb of Indianapolis, Indiana. Since then, four more Company-operated locations were opened in 2017, 2018 and March 2020 with additional locations under consideration. The Company-operated locations serve as the base for what it sees as the potential future growth driver franchising to experienced, multi-unit restaurant operators with a track record of success. The Company executed an agreement with the first such operator, Indiana's largest Dairy Queen franchisee with 19 franchised Dairy Queen locations in 2019. The franchisee opened the first franchised Craft Pizza & Pub location in May 2019 and now has a second location under development, which is expected to open in early summer 2020. In November 2019, another franchisee, with an operations background in McDonald's, opened a Craft Pizza & Pub in Evansville, Indiana.

Noble Roman's Craft Pizza & Pub

The Noble Roman's Craft Pizza & Pub utilizes many of the basic elements first introduced in 1972 but in a modern atmosphere with up-to-date technology and equipment to maximize speed, enhance quality and perpetuate the taste customers love and expect from a Noble Roman's.

The Noble Roman's Craft Pizza & Pub provides for a selection of over 40 different toppings, cheeses and sauces from which to choose. Beer and wine also are featured, with 16 different beers on tap including both national and local craft selections. Wines include 16 affordably priced options by the bottle or glass in a range of varietals. Beer and wine service is provided at the bar and throughout the dining room.

The Company designed the system to enable fast cook times, with oven speeds running approximately 2.5 minutes for traditional pizzas and 5.75 minutes for Sicilian pizzas. Traditional pizza favorites such as pepperoni are options on the menu, but also offered is a selection of Craft Pizza & Pub original pizza creations. The menu also features a selection of contemporary and fresh, made-to-order salads and fresh-cooked pasta. The menu also incorporates baked sub sandwiches, hand-sauced wings and a selection of desserts, as well as Noble Roman's famous Breadsticks with Spicy Cheese Sauce most of which has been offered in all its locations since 1972.

Additional enhancements include a glass enclosed "Dough Room" where Noble Roman's Dough Masters hand make all pizza and breadstick dough from scratch in customer view. Also in the dining room is a "Dusting & Drizzle Station" where guests can customize their pizzas after they are baked with a variety of toppings and drizzles, such as rosemary-infused olive oil, honey and Italian spices. Kids and adults enjoy Noble Roman's self-serve root beer tap, which is also part of a special menu for customers 12 and younger. Throughout the dining room and the bar area there are many giant screen television monitors for sports and the nostalgic black and white shorts featured in Noble Roman's since 1972.

The Company designed its new curbside service for carry-out customers, called "Pizza Valet Service," to create added value and convenience. With Pizza Valet Service, customers place orders ahead, drive into the restaurant's reserved valet parking spaces and have their pizza run to their vehicle by specially uniformed pizza valets. Customers who pay when they place their orders are able to drive up and leave with their order very quickly without stepping out of their vehicle. For those who choose to pay after they arrive, pizza valets can take credit card payments on their mobile payment devices right at the customer's vehicle. With the fast baking times, the entire experience, from order to pick-up can take as little as 12 minutes.

Noble Roman's Pizza For Non-Traditional Locations

In 1997, the Company started franchising non-traditional locations (a Noble Roman's pizza operation within some other business or activity that had existing traffic) such as entertainment facilities, hospitals, convenience stores and other types of facilities. These locations utilize the two pizza styles the Company started with in 1972, along with its great tasting, high quality ingredients and menu extensions.

The hallmark of Noble Roman's Pizza for non-traditional locations 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 locations in a shelf-stable condition so that dough handling is no longer an impediment to a consistent product, which otherwise is a challenge in non-traditional locations.
- Fresh packed, uncondensed and never cooked sauce made with secret spices, parmesan cheese and vine-ripened tomatoes in all venues.
- 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 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.
- The fully-prepared crust also forms the basis for the Company's Take-N-Bake pizza for use as an add-on component for its non-traditional franchise base as well as an offering for its grocery store license venue.

Business Strategy

The Company is focused on revenue expansion while continuing to minimize corporate-level overhead. To accomplish this the Company will continue owning and operating a core of Craft Pizza & Pub locations in order to develop what it believes to be a large growth opportunity by franchising to qualified multi-unit franchisees. At the same time, the Company will continue to focus on franchising/licensing for non-traditional locations by franchising primarily to convenience stores and entertainment centers.

The initial franchise fees are as follows:

	Non-Traditional Except Hospitals	Non-Traditional Hospitals	Traditional Stand-Alone
Noble Roman's Pizza or Craft Pizza & Pub	\$ 7,500	\$ 10,000	\$ 30,000 ⁽¹⁾

(1) With the sale of multiple traditional stand-alone franchises to a single franchisee, the franchise fee for the first unit is \$30,000, the franchise fee for the second unit is \$25,000 and the franchise fee for the third unit and any additional unit is \$20,000.

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

The Company's proprietary ingredients 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 ingredients meeting the Company's specifications and to sell them to Company-approved distributors at prices negotiated between the Company and the manufacturer.

The Company utilizes distributors it has strategically identified across the United States. The distributor agreements require the distributors to maintain adequate inventories of all ingredients necessary to meet the needs of the Company's franchisees and licensees in their distribution areas for weekly deliveries.

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 environment in which we compete management has identified what it believes to be certain competitive advantages for the Company. 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.

The Company's Noble Roman's Craft Pizza & Pub format competes with similar restaurants in its service area. Some of the competitors are company-owned, some are franchised locations of large chains and others are independently owned. Some of the competitors are larger and have greater financial resources than the Company.

Seasonality of Sales

Bad winter weather conditions tend to adversely affect sales, especially those of the Craft Pizza & Pubs which are designed for in-store dining and carry-out, which in turn affects Company revenue. 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. Product sales of the non-traditional franchises/licenses may be slower during the first quarter of the year and certain venues such as grocery stores are typically slower during the summer months.

Employees

As of April 21, 2020, the Company employed approximately 29 persons full-time and 98 persons on a part-time, hourly basis, of which 17 of the full-time employees are employed in sales and service of the franchise/license units and 12 in restaurant locations. No employees are covered under a collective bargaining agreement. 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®, "Noble Roman's Take-N-Bake Pizza," "Noble Roman's Craft Pizza & Pub®," 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 the respective businesses. Each location, including the Company's Craft Pizza & Pub locations, are subject to licensing and regulation by a number of governmental authorities, which include health, safety, sanitation, building, employment, alcohol 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 the Company to furnish to prospective franchisees a disclosure document containing 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.

Impact of COVID-19 Pandemic

In the first quarter of 2020, a novel strain of corona virus (COVID-19) emerged and spread throughout the United States. The World Health Organization recognized COVID-19 as a pandemic in March 2020. In response to the pandemic, the U.S. federal government and various state and local governments have, among other things, imposed travel and business restrictions, including stay-at-home orders and other guidelines that required restaurants and bars to close or restrict inside dining. The pandemic has resulted in significant, economic volatility, uncertainty and disruption, reduced commercial activity and weakened economic conditions in the regions in which we and our franchisees operate.

The pandemic and the governmental response is having a significant adverse impact on the Company, due to, among other things, governmental restrictions, reduced customer traffic, staffing challenges and supply difficulties. All Company-owned Craft Pizza & Pub restaurants are located in the State of Indiana. On March 16, 2020, by order of the Governor of the State of Indiana (the "Governor"), all restaurants within Indiana were ordered to close for inside dining. Due to the order, all Craft Pizza & Pub restaurants have been open for carry-out only, primarily through the Company's Pizza Valet system and third-party delivery providers. On May 1, 2020, the Governor issued another order allowing restaurants to be open for inside dining for up to 50% of capacity as of May 11, 2020, and on June 14, 2020 up to 75% of capacity, plus bars may open up to 50% of capacity, and on July 4, 2020 restaurants and bars may resume at 100% capacity. As the duration and scope of the pandemic is uncertain, these orders are subject to further modification, which could adversely affect the Company. Further, the Company can provide no assurance the phase-out of restrictions will have a positive effect on the Company's business.

Several other states and municipalities in the United States have also temporarily restricted travel and suspended the operation of dine-in restaurants in light of COVID-19, which has negatively affected our franchised operations. Host facilities for our non-traditional franchises may also be adversely impacted by these developments. The uncertainty and disruption in the U.S. economy caused by the pandemic are likely to adversely impact the volume and resources of potential franchisees for both our Craft Pizza & Pub and non-traditional venues. For additional information regarding the risks of the COVID-19 pandemic, see Part I, Item 1A "Risk Factors."

Available Information

We make available, free of charge through our Internet website (<http://www.nobleromans.com>), our latest 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:

Current COVID-19 pandemic.

The current COVID-19 pandemic, including the governmental response to it, is having a significant adverse impact on the Company's business, including reduced customer traffic and staffing challenges and could lead to supply difficulties, some of which the Company has already experienced. All of the Company's Craft Pizza & Pub restaurants are located in the State of Indiana, the Governor of which has implemented significant restrictions on the operation of restaurants in response to the pandemic. The Company has been addressing these restrictions by (among other things) promoting the Company's Pizza Valet service, for carry-out, in order to replace a portion of the lost revenue from the dining room, but those efforts may not be fully successful. Several other states and municipalities in the United States have also temporarily suspended the operation of dine-in restaurants in light of COVID-19, which has impacted our franchised operations. Moreover, host facilities for our non-traditional franchises may be adversely impacted by these developments. Additionally, viruses may be transmitted through human contact, and the risk and perceived risk of contracting viruses could cause potential customers to avoid gathering in public places (including restaurants and non-traditional venues), which could further have adverse effects on our non-traditional business or the franchisee's ability to adequately staff the locations. If any of the Company's employees are suspected of having been exposed to COVID-19 or other similar illnesses, we could be required to quarantine some or all such employees or close and disinfect our facilities. The COVID-19 pandemic has resulted in the temporary closure of a number of meat processors throughout the country. The Company has already experienced one minor delay in supply, and could face additional supply disruptions to a minor or major degree which could impact the Company's ability to serve product with the impacted ingredients. The potential of such disruptions has prompted the Company-operated units to take on a larger than normal supply of certain key ingredients. Depending on the duration of the COVID-19 pandemic, the Company's ability to execute its growth plans could be adversely affected. These risks and any additional risks associated with COVID-19 or a similar outbreak may materially adversely affect the Company's business or results of operations, and may impact the Company's liquidity or financial condition, particularly if these risks persist for a significant amount of time.

Competition from larger companies.

The Company competes with large national companies and numerous regional and local companies for franchise and license sales and with respect to its Company-owned locations. 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 the operating results of the Company's system.

Dependence on growth strategy.

The Company's growth strategies include selling new franchises or licenses for non-traditional locations and to expand Craft Pizza & Pub locations by franchising to qualified franchisees and gradually increasing the number of Company-owned Craft Pizza & Pub locations. 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 viability of the Craft Pizza & Pub locations; (3) the ability of the franchisees and licensees of either venue to operate their locations effectively; (4) the franchisee's ability to comply with applicable regulatory requirements; and (5) 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 and/or operation of new franchises/licenses for Craft Pizza & Pub or non-traditional locations.

Dependence on success of franchisees and licensees.

While an increasing portion of its revenues are being generated by Company-owned operations, a significant portion of the Company's revenues continues to come 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 a number of factors beyond the Company's control. Consequently, franchisees and licensees may not 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. Initiatives to increase the Federal minimum wage and/or shortage of available labor could have an adverse financial effect on our franchisees/licensees or the Company by increasing the 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 the Company's 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 could be substantially adversely affected by publicity resulting from food quality, illness, an infection pandemic, injury, other health concerns or operating issues stemming from one restaurant or retail outlet or a limited number of restaurants and retail outlets.

Ability to service our outstanding indebtedness and the dilutive effect of our outstanding warrants.

As of March 20, 2020, the Company has approximately \$8.6 million in principal amount debt obligations. Of that debt, \$8.0 million is in the form of a senior secured promissory note and \$625,000 is in the form of convertible subordinated notes.

On February 7, 2020, the Company entered into a Senior Secured Promissory Note and Warrant Purchase Agreement (the "Agreement") with Corbel Capital Partners SBIC, L.P. (the "Purchaser"). Pursuant to the Agreement, the Company issued to the Purchaser a senior secured promissory note (the "Senior Note") in the initial principal amount of \$8.0 million. The Company has used or will use the net proceeds of the Agreement as follows: (i) \$4.2 million was used to repay the Company's then-existing bank debt which was in the original amount of \$6.1 million; (ii) \$1.275 million was used to repay the portion of the Company's outstanding subordinated convertible debt the maturity date of which most had not previously been extended; (iii) debt issuance costs; and (iv) the remaining net proceeds will be used for working capital or other general corporate purposes, including development of new Company-owned Craft Pizza & Pub locations.

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

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

Additionally, the Company previously issued certain units (the "Units") consisting of a convertible, subordinated, unsecured promissory note (the "Notes") in an aggregate principal amount of \$50,000 and warrants (the "Warrants") to purchase up to 50,000 shares of the Company's common stock at a price of \$1.00 per share, no par value per share. Following the refinancing described above, \$625,000 in principal amount of Notes and the associated Warrants remain outstanding. These Notes mature, and the associated Warrants expire, in January 2023.

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, labor and other items 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 W. Mobley, its Executive Chairman and Chief Financial Officer, and A. Scott Mobley, its 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 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 and Company-owned location is subject to licensing and regulation by a number of governmental authorities, which include health, safety, sanitation, building, alcohol, employment 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.

Indiana law with regard to purchases of the Company's 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.

The Company's 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. The Company is 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 or equity issuances. As a result, quotation of the Company's stock on the OTCQB limits the liquidity and price of its stock more than if its 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 owns no real property. It's headquarters are located in 8,088 square feet of leased office space in Indianapolis, Indiana. The lease for this property expires in April 2029.

The Company also leases space for its Company-owned restaurants in Westfield, Indiana which expires in January 2027, in Whitestown, Indiana which expires in November 2027, in Fishers, Indiana which expires in January 2028, in Carmel, Indiana which expires in June 2028 and in Brownsburg, Indiana, which expires February 2030.

ITEM 3. LEGAL PROCEEDINGS

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

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

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 over-the-counter market quotations on the Nasdaq OTCQB reflect inter-dealer prices without retail markup, markdown or commission and may not necessarily represent actual transactions.

Holders of Record

As of April 15, 2020, there were approximately 260 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, 2019 with respect to the shares of the Company's common stock that may be issued under its 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	3,978,167	\$.65	(1)
Total	3,978,167	\$.65	(1)

(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 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)

	Year Ended December 31,				
	2015	2016	2017	2018	2019
Statement of Operations Data:					
Royalties and fees	\$ 7,465	\$ 7,351	\$ 6,798	\$ 6,422	\$ 6,163
Administrative fees and other	56	42	45	53	38
Restaurant revenue - Craft Pizza & Pub	-	-	1,821	4,816	4,830
Restaurant revenue - non-traditional	208	443	1,174	1,157	674
Total revenue	7,729	7,836	9,838	12,448	11,705
Franchising operating expenses	2,774	2,549	2,443	2,628	2,092
Restaurant expenses - Craft Pizza & Pub (3)	-	-	1,389	3,909	4,250
Restaurant expenses - non-traditional	248	443	1,155	1,145	626
Depreciation and amortization (1)	106	125	241	440	383
General and administrative (1) (3)	1,660	1,642	1,666	1,669	1,739
Operating income	2,941	3,077	2,944	2,657	2,614
Interest	187	615	1,474	655	775
Loss on restaurant discontinued	191	37	-	-	-
Change in fair value of derivatives	-	44	175	-	-
Adjust valuation of receivables	1,230	1,104	440	4,096	1,300
Income (loss) before income taxes from continuing operations	1,333	1,277	855	(2,094)	539
Income taxes (2)	512	488	4,147	930	917
Net income (loss) from continuing operations	821	789	(3,292)	(3,024)	(378)
Loss from discontinued operations	(35)	(1,660)	(93)	(38)	-
Net income (loss)	\$ 786	\$ (871)	\$ (3,385)	\$ (3,062)	\$ (378)
Weighted average number of common shares	20,518	20,782	20,783	21,250	22,053
Net income (loss) per share from continuing operation	\$.04	\$.04	\$ (.16)	\$ (.14)	\$ (.02)
Net income (loss) per share	.04	(.04)	(.16)	(.14)	(.02)
Balance Sheet Data:					
Working capital	\$ 2,805	\$ 2,429	\$ 2,289	\$ 1,906	\$ 926
Total assets	18,465	19,899	18,885	15,677	19,105
Long-term obligations, net of current portion	2,141	3,755	6,808	6,137	9,335
Stockholders' equity	\$ 14,875	\$ 14,018	\$ 10,648	\$ 8,145	\$ 7,834

- (1) In 2018, the Company incurred \$300,000 in various expenses related to initiating a franchising program for Craft Pizza & Pub, \$166,000 in pre-opening costs for the Company's Craft Pizza & Pub locations and \$39,000 for abandoned leasehold improvements. The Company does not expect to incur any of these expenses in the future.
- (2) The significant increase in income tax expense for 2017 was a result of decreasing the carrying value of the Company's deferred tax assets as a result of the 2017 Tax Cuts and Jobs Act (the "2017 Tax Act") lowering the highest corporate income tax rate from 34% to 21%. The increase in tax expense for 2018 was the result of the Company evaluating its deferred tax assets and determining that \$1.4 million of the deferred tax credits may expire in 2019 and 2020 before they are fully utilized, partially offset by the tax benefit of \$503,000 from the loss before income from continuing operations which was primarily the result of the adjustment made to the valuation of receivables. In 2019, after again evaluating its deferred tax assets, it was determined that \$1.7 million of the net operating loss carry-forward may expire before it is used, therefore the Company increased the tax expense in 2019 and reduced the deferred tax asset by \$400 thousand.
- (3) In 2019, the Company incurred \$134,545 in rent expense in addition to rent paid as a non-cash expense for the new lease accounting rules.

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

Introduction

The Company currently owns and operates five Craft Pizza & Pub locations and one non-traditional location in a hospital. The Company uses the Company-operated Craft Pizza & Pub locations as a base to support the franchising of that concept. Craft Pizza & Pub is designed to have a fun, pleasant atmosphere serving pizza and other related menu items, all made fresh using fresh ingredients in the view of the customers for inside dining and offers Pizza Valet service for a quick, easy and fun way to provide carry-out for those customers who want to dine elsewhere. These units operate under the trade name "Noble Roman's Craft Pizza & Pub".

The Company also sells and services franchises and licenses for non-traditional foodservice operations under the trade names "Noble Roman's Pizza" and "Noble Roman's Take-N-Bake." The non-traditional concepts' hallmarks include high quality pizza along with other related menu items, simple operating systems, fast service times, labor-minimizing operations, attractive food costs and overall affordability.

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

As discussed in Note 1 to the Company's consolidated financial statements, the Company uses significant estimates in evaluating its assets including such items as accounts receivable from franchisees to reflect the actual amount that may be collected from those receivables. To arrive at these estimates the Company utilized multiple means of analysis, including management's own analysis and informed assessment of individual accounts. Based on this approach, in 2018 the Company permanently wrote off \$1.3 million and created an additional reserve for possible non-collections of \$2.8 million. Also, based on this approach and with particular consideration of the potential impact of the COVID-19 pandemic, as discussed under Risk Factors, may have on the economic stability of the former franchisees it was decided to take an additional reserve for possible non-collections of \$1.3 million. The actual amount the Company eventually collects, however, could differ from that estimation. At December 31, 2018 and 2019, the Company reported net accounts receivable from franchisees of \$4.4 million and \$4.0 million, respectively, each of which were net of allowances, to reflect the amount the Company expects to realize for the franchisee receivables. The allowance as of December 31, 2018 was \$4.3 million and as of December 31, 2019 was \$5.6 million. Approximately \$972,000 was transferred from short-term to long-term during 2019. The franchisee receivables, for which the valuation allowance is carried, are related to former franchisees and a significant portion relates back to 2014 and 2015, which arose out of a variety of breaches by former non-traditional franchisees.

The Company, at December 31, 2018 and December 31, 2019, had deferred tax assets on its balance sheet totaling \$4.8 million and \$3.9 million, respectively, after reducing the carrying value in 2018 by \$1.4 million, and in 2019 by \$400,000, respectively, based on the Company's review of its anticipated results in the current business plan. The Company believes it is more likely than not that the remaining deferred tax assets will be utilized prior to their expiration, between 2020 and 2036.

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 assets, 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.

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

	Years Ended December 31,		
	2017	2018	2019
Revenue:			
Restaurant revenue - company-owned restaurants	\$ 1,820,737	\$ 4,815,842	\$ 4,830,199
Restaurant revenue - company-owned non-traditional	1,173,729	1,156,347	673,647
Franchising revenue	6,798,213	6,422,315	6,162,576
Administrative fees and other	45,730	53,443	38,202
Total revenue	<u>9,838,409</u>	<u>12,447,947</u>	<u>11,704,624</u>
Operating expenses:			
Restaurant expenses - company-owned restaurants	1,389,410	3,909,142	4,250,406
Restaurant expenses - company-owned non-traditional	1,155,074	1,145,106	626,453
Franchising expenses	2,443,359	2,627,745	2,092,001
Total operating expenses	<u>4,987,843</u>	<u>7,681,993</u>	<u>6,968,860</u>
Depreciation and amortization	240,854	440,240	382,793
General and administrative expenses	1,665,980	1,668,718	1,739,383
Total expenses	<u>6,894,677</u>	<u>9,790,951</u>	<u>9,091,036</u>
Operating income	2,943,732	2,656,996	2,613,588
Interest expense	1,474,027	655,203	774,565
Adjust valuation of receivables	440,000	4,095,805	1,300,000
Change in fair value of derivatives	174,737	-	-
Income (loss) before income taxes	854,968	(2,094,012)	539,023
Income tax expense	4,146,459	930,397	917,088
Net loss	<u>\$ (3,291,491)</u>	<u>\$ (3,024,409)</u>	<u>\$ (378,065)</u>

	Quarter Ended December 31,	
	2018	2019
Revenue:		
Restaurant revenue – company-owned restaurants	\$ 1,152,587	\$ 1,136,277
Restaurant revenue - company-owned non-traditional	293,570	173,703
Franchising revenue	1,591,010	1,267,403
Administrative fees and other	6,267	4,413
Total revenue	<u>3,043,434</u>	<u>2,581,796</u>
Operating expenses:		
Restaurant expenses - company-owned restaurants	1,031,185	1,040,697
Restaurant expenses - company-owned non-traditional	293,340	161,983
Franchising expenses	620,039	543,446
Total operating expenses	<u>1,944,564</u>	<u>1,746,126</u>
Depreciation and amortization	142,085	145,875
General and administrative expenses	415,930	465,423
Total expenses	<u>2,502,579</u>	<u>2,357,424</u>
Operating income	540,855	224,372
Interest expense	168,911	207,720
Adjust valuation of receivables	<u>2,800,000</u>	<u>1,300,000</u>
Loss before income taxes	(2,428,056)	(1,283,348)
Income tax expense	848,765	479,719
Net loss	<u>\$ (3,276,821)</u>	<u>\$ (1,763,067)</u>

- (1) In 2018, the Company incurred \$300,000 in various expenses related to initiating a franchising program for Craft Pizza & Pub, \$166,000 in pre-opening costs for the Company's Craft Pizza & Pub locations and \$39,000 for abandoned leasehold improvements. The Company does not expect to incur these expenses in the future.
- (2) The significant increase in income tax expense for 2017 was a result of decreasing the carrying value of the Company's deferred tax assets as a result of the 2017 Tax Act lowering the highest corporate income tax rate from 34% to 21%. The increase in tax expense for 2018 was the result of the Company evaluating its deferred tax assets and determining that \$1.4 million of the deferred tax credits may expire in 2019 and 2020 before they are fully utilized, partially offset by the tax benefit of \$503,000 from the loss before income from continuing operations which was primarily the result of the adjustment made to the valuation of receivables.
- (3) In 2019, the Company incurred \$134,545 in rent expense in addition to rent paid as a non-cash expense for the new lease accounting rules. The Company reviewed its net operating loss carry-forward and concluded that \$1.7 million of its net operating loss carry-forward may expire before it is all used and therefore increased its income tax expense by \$400,000 to decrease its deferred tax assets for that amount. The Company believes the remaining deferred tax assets will be utilized completely.

The following table sets forth the revenue, expense and margin contribution of the Company's Craft Pizza & Pub locations and the percent relationship to its revenue:

Description	2018		2019		Year-Ended December 31,			
					2018		2019	
Revenue	\$ 1,152,587	100%	\$ 1,136,276	100%	\$ 4,815,842	100%	\$ 4,830,199	100%
Cost of sales	255,084	22.1	253,858	22.3	1,061,737	22.0	1,031,504	21.4
Salaries and wages	382,755	33.2	341,431	30.0	1,509,879	31.4	1,448,246	30.0
Facility cost including rent, common area and utilities	181,293	15.7	184,623	16.2	655,188	13.6	832,123	17.2
Packaging	30,000	2.6	31,469	2.8	124,407	2.6	130,708	2.7
All other operating expenses	182,053	15.8	207,819	18.3	557,931	11.6	807,825	16.7
Total expenses	1,031,185	89.5	1,019,200	89.7	3,909,142	81.2	4,250,406	88.0
Margin contribution	\$ 121,402	10.5%	\$ 117,076	10.3%	\$ 906,700	18.8%	\$ 579,793	12.0%

Margin contribution from this venue for the year ended December 31, 2019 was decreased \$134,545 for non-cash expense related to the adoption of ASU 2016-02 accounting for leases which became effective after January 1, 2019 for publicly reporting companies.

The following table sets forth the revenue, expense and margin contribution of the Company's franchising venue and the percent relationship to its revenue:

Description	2018		2019		Year Ended December 31,			
					2018		2019	
Royalties and fees franchising	\$ 1,268,229	79.7%	\$ 966,145	76.2%	\$ 4,998,678	77.8%	\$ 5,026,305	81.6%
Royalties and fees grocery	322,781	20.3	301,258	23.8	1,423,637	22.2	1,136,271	18.4
Total royalties and fees	1,591,010	100.0	1,267,403	100.0	6,422,315	100.0	6,162,576	100.0
Salaries and wages	222,614	14.0	199,839	15.8	997,011	15.5	751,961	12.2
Trade show expense	118,800	7.5	105,000	8.3	480,000	7.5	420,000	6.8
Travel and auto	65,747	4.1	25,745	2.0	194,117	3.0	108,375	1.8
All other op. expenses	361,720	22.7	212,862	16.8	956,617	14.9	811,665	13.2
Total expenses	768,881	48.3	543,446	42.9	2,627,745	40.9	2,092,001	33.9
Margin contribution	\$ 822,129	51.7%	\$ 723,957	57.1%	\$ 3,794,570	59.1%	\$ 4,070,575	66.1%

The following table sets forth the revenue, expense and margin contribution of the Company-owned non-traditional venue and the percent relationship to its revenue:

Description	2018		2019		Year Ended December 31,			
					2018		2019	
Revenue	\$ 293,570	100%	\$ 173,703	100%	\$ 1,156,347	100%	\$ 673,647	100%
Total expenses	293,340	99.9	161,982	93.3	1,145,106	99.0	626,453	93.0
Margin contribution	\$ 230	.1%	\$ 11,721	6.7%	\$ 11,241	1.0%	\$ 47,194	7.0%

Results of Operations

Company-Owned Craft Pizza & Pub

The revenue from this venue declined from \$1.2 million to \$1.1 million for the fourth quarter and grew from \$4.82 million to \$4.83 million for the 12 months ended compared to the comparable periods in 2018. The primary reason for the decrease in the three-month period were same store sales decline relative to the grand opening weeks from the latest two store openings in 2018. The increase in the year was the result of one additional restaurant, which opened in June 2018, partially offset by the unusually extreme winter weather conditions in Indiana during the months of January and February 2019.

Cost of sales increased slightly from 22.1% to 22.3% in the fourth quarter but improved from 22.0% to 21.4% for the year compared to the comparable periods in 2018. This improvement was the result of efficiency gain as the restaurants matured and as the staff gained experience.

Salaries and wages improved to 30.0% from 33.2% and to 30.0% from 31.4% for the three-month and twelve-month periods ended December 31, 2019 compared to the comparable periods in 2018. This improvement was the results of improved efficiency as the restaurants matured and as the staff gained experience. These gains were partially offset in the first three months of 2019 by the unusually extreme winter weather conditions in Indiana during the months of January and February 2019.

Facility costs, including rent, common area maintenance and utilities, increased to 16.2% from 15.7% and to 17.2% from 13.6% of revenue for the respective three-month and twelve-month periods ended December 31, 2019 compared to the comparable periods in 2018. The primary reason for the significant increases was the increase in common area maintenance. In 2018, all four locations were operating in new strip centers based on the landlord's estimate of common area maintenance costs. When the estimates were reconciled with the actual costs, the Company had to pay common area maintenance in 2019 based on the actual costs in 2018. In two cases, the actual common area maintenance costs were double the landlord's estimate. In addition, the non-cash expense related to the adoption of ASU 2016-02 increased reported rent costs of \$134,544 for the year 2019. The rent expense for existing locations will be less than the amount paid in some future years as the leases mature.

All other costs and expenses increased to 18.3% from 15.8% and to 16.7% from 11.6% of revenue for the respective three-month and twelve-month periods ended December 2019 compared to the comparable periods in 2018. The primary increases were insurance, advertising and delivery fees. The insurance increase was a combination of price increases and the effect of low sales in January and February due to the extreme winter weather conditions. The increase in advertising was a more normal level from the reduced level in 2018 during the period of new openings. The delivery fees were the result of adding delivery service by use of outside vendors which began during the harsh winter weather last year.

Gross margin contribution decreased to 10.3% from 10.5% and to 12.0% from 18.8% for the respective three-month and twelve-month periods ended December 31, 2019 compared to the comparable periods in 2018. A significant contributor of those margin decreases were the results of the impact of severe winter weather in 2019 on revenue, as noted above. In addition, the margin contribution was also impacted by the unanticipated effect of facility costs primarily due to an increase in common area maintenance fees, the addition of non-cash expense as a result of the new accounting rules regarding leases and the addition of delivery fees from adding delivery service by outside vendors that began during the harsh winter weather in January and February 2019.

Franchising Revenue and Expense

Total revenue from this venue declined to \$1.3 million from \$1.6 million and declined to \$6.2 million from \$6.4 million for the three-month and twelve-month periods ended December 31, 2019 compared to the comparable periods in 2018. Royalties and fees from franchising remained approximately the same at \$5.0 million for the twelve-month period ended December 31, 2019 compared to the comparable period in 2018. Royalties and fees from grocery store take-n-bake decreased to \$301,000 from \$323,000 and to \$1.1 million from \$1.4 million for the three-month and twelve-month periods ended December 31, 2019 compared to the comparable periods in 2018. The increase in royalties and fees from franchising and the decrease in royalties and fees from grocery store take-n-bake reflected the change in emphasis on franchising over licensing grocery stores to sell take-n-bake pizza because of the general business conditions that existed in 2019.

Gross margin in this venue increased to 57.1% from 51.7% and to 66.1% from 59.1% for the three-month and twelve-month periods ended December 31, 2019 compared to the comparable periods in 2018. These increased margins were the direct result of the Company's in-depth review of its operations to find ways to minimize costs but at the same time to support revenue. The Company expects these higher margins to continue in the future.

Company-Owned Non-Traditional Locations

Gross revenue from this venue decreased to \$174,000 from \$294,000 and to \$674,000 from \$1.16 million for the respective three-month and twelve-month periods ended December 31, 2019 compared to the comparable periods in 2018. The primary reason for this decrease was the Company operating three non-traditional locations in 2018 and only one in 2019. The two locations vacated in December 2018 were locations that the Company was only operating to the end of their contract terms. The Company does not intend to operate any more Company-owned non-traditional locations except for the one location that is currently operating.

Comparing the various expenses is not meaningful since they reflected different types of non-traditional venues. Total expenses were \$162,000 and \$626,000 for the three-month and twelve-month periods ended December 31, 2019 compared to \$293,000 and \$1.15 million for the comparable periods in 2018. The primary reason for this decrease was two fewer locations operated by the Company in 2019 compared to 2018.

Gross margin contribution from this venue increased to 6.7% and 7.0% from 0.1% and 1.0% for the three-month and twelve-month periods ended December 31, 2019 compared to the comparable periods in 2018. As discussed above, two of the locations being operated in 2018 were only being operated to the end of their contract terms.

Impact of Inflation

The primary inflation factors affecting both Company and franchised operations are food and labor costs. Cheese makes up the single largest topping cost on a pizza. Cheese prices have fluctuated substantially for the past several years. In 2015 through 2017, cheese prices averaged 3% below the 10-year average. In 2018, prices further decreased and averaged 6% below the 10-year average. On April 15, 2020, cheese price hit a record low, since the Company started tracking it in 1999.

Labor costs across the country generally, through 2019, have seen upward pressure on hourly rates as the unemployment rate decreased and competition for hourly employees increased. The same applies to salaried management. The Company's Craft Pizza & Pub operations currently pay well above minimum wage rates to remain competitive, and has seen similar pressure on management salaries. Although the Company believes future labor cost increases for non-traditional franchisees and licensees will be somewhat mitigated due to the relatively low labor requirements of the Company's franchise concepts and the high unemployment rate at the current time brought about as a result of the COVID-19 pandemic. Mounting pressures in the labor markets, with the return of an improved economy, could be a factor in both franchised and Company operations going forward. Should labor costs increase substantially, or if commodity prices for cheese or other ingredients rise significantly, or some combination thereof occurs, restaurants and foodservice concepts, including the Company and its franchisees, would face pressure to increase menu pricing, the feasibility of which could be subject to competitive concerns.

Liquidity and Capital Resources

The Company's strategy is to grow its business by concentrating on franchising/licensing non-traditional locations, franchising its updated stand-alone concept, Craft Pizza & Pub and operating a limited number of Company-owned Craft Pizza & Pub restaurants. The Company added new Company-operated Craft Pizza & Pub locations in January and November of 2017, January and June of 2018 and March 2020.

During 2018, the Company invested resources (approximately \$300,000) to commence franchising of the Craft Pizza & Pub franchise. As of December 31, 2019, the Company had two Craft Pizza & Pub locations under franchise agreements which were open and an additional franchise location under development and expected to open in the summer of 2020.

The Company is operating one non-traditional location in a hospital and has no plans for operating any additional non-traditional locations.

The Company's current ratio was 1.5-to-1 as of December 31, 2019 compared to 2.4-to-1 as of December 31, 2018. The current ratio was improved significantly with the new financing in February 2020.

In January 2017, the Company completed the offering of \$2.4 million principal amount of Notes convertible to common stock at \$.50 per share and Warrants to purchase up to 2.4 million shares of the Company's common stock at an exercise price of \$1.00 per share, subject to adjustment. In 2018, \$400,000 principal amount of Notes was converted into 800,000 shares of the Company's common stock, in January 2019 another Note in the principal amount of \$50,000 was converted into 100,000 shares of the Company's common stock, and in August 2019 another Note in the principal amount of \$50,000 was converted into 100,000 shares of the Company's common stock, leaving principal amounts of Notes of \$1.9 million outstanding as of December 31, 2019. Holders of Notes in the principal amount of \$775,000 extended their maturity date to January 31, 2023. In February 2020, \$1,275,000 of the Notes were repaid in conjunction with a new financing leaving a principal balance of \$625,000 of subordinated convertible notes outstanding due January 31, 2023. These Notes bear interest at 10% per annum paid quarterly and are convertible to common stock any time prior to maturity at the option of the Holder at \$.50 per share. Warrants to purchase 1,775,000 shares of common stock at \$1.00 expired late in 2019.

In September 2017, the Company entered into a loan agreement (the "Bank Agreement") with First Financial Bank (the "Bank"). The Bank Agreement provided for a senior credit facility (the "Credit Facility") from the Bank consisting of: (1) a term loan in the amount of \$4.5 million (the "Term Loan"); and (2) a development line of credit of up to \$1.6 million (the "Development Line of Credit") for the opening of three Craft Pizza & Pub restaurants. Borrowings under the Credit Facility bore interest at a variable annual rate up to the London Interbank Offer Rate ("LIBOR") plus 7.25%. All outstanding amounts owed under the Bank Agreement matured in September 2022, however those Notes were all paid in full from the \$8.0 million new financing in February 2020.

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

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

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

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. The Company's cash flow projections for the next two years are primarily based on the Company's strategy of growing the non-traditional franchising/licensing venues, operating Craft Pizza & Pub locations and pursuing an aggressive franchising program for Craft Pizza & Pub restaurants. The Company intends to open additional Company-owned Craft Pizza & Pub restaurants in the future.

The Company does not anticipate that any of the recently issued pronouncements relating to the Statement of Financial Accounting Standards will have a material impact on its Consolidated Statement of Operations or its Consolidated Balance Sheet.

Contractual Obligations

The following table sets forth the future contractual obligations of the Company as of February 7, 2020:

	Total	Less than 1 Year	1-3 Years	3-5 Years	More than 5 Years
Long-term debt (1)	\$ 8,625,000	\$ -	\$ 991,667	\$ 7,633,333	\$ -
Operating leases	7,033,594	771,330	2,415,812	1,675,635	2,170,817
Total	<u>\$15,658,594</u>	<u>\$ 771,330</u>	<u>\$ 3,407,479</u>	<u>\$ 9,308,968</u>	<u>\$ 2,170,817</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 the effects of the COVID-19 pandemic, competitive factors and pricing pressures, non-renewal of franchise agreements, shifts in market demand, the success of new franchise programs, including the Noble Roman's Craft Pizza & Pub format, the Company's ability to successfully operate an increased number of Company-owned restaurants, general economic conditions, changes in demand for the Company's products or franchises, the Company's ability to service its loans, 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, 2019, the Company had outstanding variable interest-bearing debt in the aggregate principal amount of \$4.3 million. The Company's current borrowings were at a variable rate tied to LIBOR plus 7.25 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 \$39,000 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,	
	2018	2019
Current assets:		
Cash	\$ 76,194	\$ 218,132
Accounts receivable - net	1,573,600	978,408
Inventories	962,783	880,660
Prepaid expenses	688,259	784,650
Total current assets	3,300,836	2,861,850
Property and equipment:		
Equipment	2,872,494	2,899,611
Leasehold improvements	1,180,050	1,187,100
Construction and equipment in progress	119,340	374,525
	4,171,884	4,461,236
Less accumulated depreciation and amortization	1,399,435	1,689,520
Net property and equipment	2,772,449	2,771,716
Deferred tax asset	4,817,309	3,900,221
Deferred contract costs	698,935	817,763
Goodwill	278,466	278,466
Operating lease right of use assets	-	4,242,416
Other assets including long-term portion of accounts receivable - net	3,808,957	4,232,655
Total assets	\$ 15,676,952	\$ 19,105,087
Liabilities and Stockholders' Equity		
Current liabilities:		
Current portion of term loan payable to bank	\$ 871,429	\$ 871,429
Accounts payable and accrued expenses	523,315	731,059
Current portion of operating lease liability	-	333,763
Total current liabilities	1,394,744	1,936,251
Long-term obligations:		
Term loans payable to bank (net of current portion)	3,898,733	2,999,275
Convertible notes payable	1,539,204	1,501,282
Operating lease liabilities	-	4,016,728
Deferred contract income	698,935	817,763
Total long-term liabilities	6,136,872	9,335,048
Stockholders' equity:		
Common stock – no par value (40,000,000 shares authorized, 21,783,131 issued and outstanding as of December 31, 2018 and 22,215,512 issued and outstanding as of December 31, 2019)	24,739,482	24,858,311
Accumulated deficit	(16,594,146)	(17,024,523)
Total stockholders' equity	8,145,336	7,833,788
Total liabilities and stockholders' equity	\$ 15,676,952	\$ 19,105,087

See accompanying notes to consolidated financial statements.

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

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

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

See accompanying notes to consolidated financial statements.

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

	<u>Shares</u>	<u>Amount</u>	<u>Deficit</u>	<u>Total</u>
Balance at December 31, 2016	20,983,131	\$ 24,308,297	\$ (10,289,867)	\$ 14,018,430
2017 net loss			(3,384,927)	(3,384,927)
Amortization of value of stock options	-	14,588	-	14,588
Balance at December 31, 2017	20,983,131	\$ 24,322,885	\$ (13,674,794)	\$ 10,648,091
2018 net loss	-	-	(3,062,209)	(3,062,209)
Remove derivatives in accordance with ASU 2017-11	-	-	142,857	142,857
Amortization of value of stock options	-	16,597	-	16,597
Conversion of convertible notes to common stock	800,000	400,000	-	400,000
Balance at December 31, 2018	21,783,131	\$ 24,739,482	\$ (16,594,146)	\$ 8,145,336
2019 net income	-	-	(378,065)	(378,065)
Adjustment for the adoption of ASU 2016-02 accounting for leases	-	-	(52,312)	(52,312)
Amortization of value of stock options	-	18,829	-	18,829
Cashless exercise of warrants	232,381	-	-	-
Conversion of convertible notes to common stock	200,000	100,000	-	100,000
Balance at December 31, 2019	22,215,512	\$ 24,858,311	\$ (17,024,523)	\$ 7,833,788

See accompanying notes to consolidated financial statements.

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

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

Supplemental Schedule of Non-Cash Investing and Financing Activities:

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

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

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

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements

Noble Roman's, Inc. and Subsidiaries

Note I: Summary of Significant Accounting Policies

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Subsequent Events: The Company evaluated subsequent events through the date the consolidated statements were issued and filed with the annual report on Form 10-K. On February 7, 2020, the Company entered into a Senior Secured Promissory Note and Warrant Purchase Agreement (the "Agreement") with Corbel Capital Partners SBIC, L.P. (the "Purchaser"). Pursuant to the Agreement, the Company issued to the Purchaser a senior secured promissory note (the "Senior Note") in the initial principal amount of \$8.0 million. The Company has used or will use the net proceeds of the Agreement as follows: (i) \$4.2 million was used to repay the Company's then-existing bank debt which was in the original amount of \$6.1 million; (ii) \$1,275,000 was used to repay the portion of the Company's existing subordinated convertible debt the maturity date of which most had not previously been extended; (iii) debt issuance costs; and (iv) the remaining net proceeds will be used for working capital or other general corporate purposes, including development of new Company-owned Craft Pizza & Pub locations.

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

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

On March 16, 2020, by order of the Governor of the State of Indiana (the "Governor"), all restaurants within Indiana were ordered to close for inside dining. Due to the Order, all Craft Pizza & Pub restaurants have been open for carry-out only primarily through the Company's Pizza Valet system and third-party delivery providers. On May 1, 2020, the Governor issued another order allowing restaurants to be open for inside dining for up to 50% of capacity as of May 11, 2020, and on June 14, 2020 up to 75% of capacity, plus bars may open up to 50% of capacity, and on July 4, 2020 restaurants and bars may resume at 100% capacity. As the duration and scope of the pandemic is uncertain, these Orders are subject to further modification which could adversely affect the Company.

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

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

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

Note 2: Accounts Receivable

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

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

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

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

Note 3: Notes Payable

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

At December 31, 2019, the balance of the Credit Facility was comprised of:

Principal Due	\$ 4,272,023
Unamortized Loan Closing Cost	(401,320)
Carrying Value	<u>\$ 3,870,703</u>

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

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

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

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

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

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

Face Value	\$ 1,900,000
Unamortized OID	(398,718)
Carrying Value	<u>\$ 1,501,282</u>

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

Total cash and non-cash interest accrued on the Company's indebtedness in 2019 was \$775,000 and in 2018 was \$655,000.

Note 4: Royalties and Fees

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

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

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

Note 5: Liabilities for Leased Facilities

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

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

Note 6: Income Taxes

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

Note 7: Common Stock

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

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

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

As of December 31, 2019, options for 3,488,834 shares were exercisable.

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

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

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

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

Balance of employee stock options outstanding as of 12/31/16	2,957,667
Stock options granted during the year ended 12/31/17	410,500
Stock options exercised during the year ended 12/31/17	0
Stock options forfeited during the year ended 12/31/17	(34,000)
Balance of employee stock options outstanding as of 12/31/17	3,334,167
Stock options granted during the year ended 12/31/18	415,000
Stock options exercised during the year ended 12/31/18	0
Stock options forfeited during the year ended 12/31/18	(105,500)
Balance of employee stock options outstanding as of 12/31/18	3,643,667
Stock options granted during the year ended 12/31/19	529,500
Stock options exercised during the year ended 12/31/19	-
Stock options forfeited during the year ended 12/31/19	(195,000)
Balance of employee stock options outstanding as of 12/31/19	3,978,167

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

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

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

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

Note 8: Statements of Financial Accounting Standards

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

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

Note 9: Loss from Discontinued Operations

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

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

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

Note 10: Contingencies

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

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

Note 11: Certain Relationships and Related Transactions

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

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

Note 12: Unaudited Quarterly Financial Information

	Quarter Ended			
	December 31	September 30	June 30	March 31
2019	(in thousands, except per share data)			
Total revenue	\$ 2,582	\$ 3,079	\$ 3,121	\$ 2,923
Operating income	224	835	801	754
Net income (loss) before income taxes	(1,283)	615	580	627
Net income (loss)	(1,763)	467	441	476
Net income per common share				
Basic	.08	.02	.02	.02
Diluted	.08	.02	.02	.02

	Quarter Ended			
	December 31	September 30	June 30	March 31
2018	(in thousands, except per share data)			
Total revenue	\$ 3,043	\$ 3,275	\$ 3,177	\$ 2,953
Operating income	541	714	703	699
Valuation allowance for receivables	(2,800)	(1,296)	-	-
Net income (loss) before income taxes from continuing operations	(2,428)	(755)	550	539
Net income (loss) from continuing operations	(3,277)	(562)	412	403
Loss from discontinued operations	(38)	-	-	-
Net income (loss)	(3,315)	(562)	412	403
Net income (loss) from continuing operations per common share				
Basic	(.15)	(.03)	.02	.02
Diluted (1)	(.15)	(.02)	.02	.02
Net income (loss) per common share				
Basic	(.15)	(.03)	.02	.02
Diluted (1)	(.15)	(.02)	.02	.02

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

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

Opinion on the Consolidated Financial Statements

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

Change in Accounting Method Related to Leases

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

Basis for Opinion

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

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

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

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

/s/ Somerset CPA's, P.C

Indianapolis, Indiana
May 12, 2020

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, 2019 based on the framework in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. 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

Set forth below is certain information regarding the executive officers and the directors of the Company:

Name	Age	Positions with the Company
Paul W. Mobley	79	Executive Chairman of the Board, Chief Financial Officer and Class II Director
A. Scott Mobley	56	Chief Executive Officer, President, Secretary and Class III Director
Douglas H. Coape-Arnold	74	Class I Director
Marcel Herbst	49	Class I Director
William Wildman	71	Class II Director
Troy Branson	56	Executive Vice President of Franchising

The officers of the Company serve at the discretion of the board of directors and are elected at the annual meeting of the board of directors. The board of directors has a classified structure in which the directors are divided into three classes with approximately one-third of the directors standing for election each year. Under this structure, directors serve staggered three-year terms or until their successors are duly elected and qualified.

The following is a brief description of the previous business background of our executive officers and directors:

Paul W. Mobley has been Executive Chairman of the Board and Chief Financial Officer since November 2014. Prior to November 2014, Mr. Mobley was Chairman of the Board, Chief Executive Officer and Chief Financial Officer since December 1991, and a director since 1974. Mr. Mobley was President of the Company from 1981 to 1997. From 1975 to 1987, Mr. Mobley was a significant shareholder and president of a company which owned and operated 17 Arby's franchise restaurants. From 1974 to 1978, he also served as Vice President and Chief Operating Officer of the Company and from 1978 to 1981 as its Senior Vice President. Mr. Mobley has a B.S. in Business Administration from Indiana University. He is the father of A. Scott Mobley.

A. Scott Mobley has been President and Chief Executive Officer since November 2014. Prior to November 2014, Mr. Mobley was President and Chief Operating Officer since 1997. He has served as a director since 1992, and Secretary since 1993. Mr. Mobley was Vice President from 1988 to 1997, and from 1987 until 1988 he also 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 from Georgetown University, and an MBA from Indiana University. He is the son of Paul W. Mobley.

Douglas H. Coape-Arnold has been a director of the Company since 1999. Mr. Coape-Arnold has been Managing General Partner of Geovest Capital Partners, L.P. since 1997, and was Managing Director of TradeCo Global Securities, Inc. from 1994 to 2002. Mr. Coape-Arnold is a Chartered Financial Analyst.

Marcel Herbst has been a director of the Company since July 2016. Mr. Herbst is the co-founder and portfolio manager of Herbst Capital Management, LLC and has over 15 years of investment experience in equities, fixed income and commodities. Mr. Herbst started his professional career in 1991 in Germany with a commercial diploma in banking. Prior to founding Herbst Capital Management, LLC, Mr. Herbst had more than 10 years' experience in the management of hospitality services for large, upscale, branded properties in the US and Europe. Most recently he served as the Director of Food and Beverage at the 1544 room Hilton Chicago, overseeing \$40 million in annual food and beverage revenue. Mr. Herbst has a Bachelor degree of Business Administration from Schiller International University in Heidelberg, Germany and a Master's degree of Management in Hospitality concentrating in food and beverage from Cornell University.

William Wildman has been a director of the Company since June 2019. Mr. Wildman is the President and Chief Executive Officer of Pinnacle Commercial Capital ("Pinnacle"), a provider of growth funding to multi-unit franchisees and franchisors. Mr. Wildman has extensive working knowledge of restaurant concepts, their franchisors and their franchise groups, including both multi-unit and single-unit operators. Before founding Pinnacle, Mr. Wildman served as a Vice President with each of Provident Bank, a regional commercial bank, Atherton Capital, a San Francisco based capital markets lender, and Meridian Financial Corporation, an equipment leasing company in Indianapolis. Mr. Wildman studied business and law at the University of Evansville, and undertook additional financial management studies at the Indiana Banking School at Purdue.

Troy Branson has been Executive Vice President of Franchising for the Company since 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. Mr. Branson received a B.S. in Business from Indiana University.

CODE OF ETHICS

The Company has adopted a code of ethics for its senior executive and financial officers. The code of ethics can be obtained without charge by contacting the Company's executive office at 6612 E. 75th Street, Suite 450, Indianapolis, Indiana 46250 and requesting a copy of the code of ethics.

ITEM 11. EXECUTIVE COMPENSATION

Summary Compensation Table for 2018 and 2019

The following table sets forth the cash and non-cash compensation awarded to or earned by the Executive Chairman of the Board and Chief Financial Officer, the Chief Executive Officer, President and Secretary and the one other highest paid executive officer of the Company.

Name and Principal Position(s)	Year	Salary	Non-Equity Incentive Compensation	Option Awards ⁽¹⁾	Total Compensation
Paul W. Mobley Executive Chairman of the Board and Chief Financial Officer	2019	\$ 300,000	\$ -	\$ 4,000	\$ 304,000
	2018	\$ 225,000	\$ -	\$ 3,850	\$ 228,850
A. Scott Mobley Chief Executive Officer, President and Secretary	2019	\$ 444,568	\$ -	\$ 5,000	\$ 449,568
	2018	\$ 443,720	\$ -	\$ 4,950	\$ 448,670
Troy Branson Executive Vice President	2019	\$ 110,000	\$ 85,967	\$ 2,125	\$ 198,092
	2018	\$ 109,615	\$ 81,938	\$ 2,338	\$ 193,891

(1) These amounts represent the grant date fair value of the option awards. See "—Equity Incentive Awards" for information regarding valuation of stock option grants.

Equity Incentive Awards

The Company maintains an employee stock option plan for our employees, officers and directors that is designed to motivate them to increase shareholder value. Any employee, officer or 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 for non-director employees will have a three-year vesting period and for director employees will vest one-third each year and both will expire ten years after the date of grant. The vesting period is intended to provide incentive for longevity with the Company. Awards under the plan are periodically made at the recommendation of the Executive Chairman/Chief Financial Officer and President/Chief Executive Officer, and then approved by the board of directors. The employee stock option plan does not have a limit on the number of shares that may be issued under the plan.

The Summary Compensation Table includes the grant date fair value for stock options granted in 2018 and 2019 to the named executive officers under the Company's employee stock option plan. The Company determines the grant date fair value of stock options calculated in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 718. See Note 7 to the Notes to the Company's Consolidated Financial Statements in the Company's Annual Report on Form 10-K for the year ended December 31, 2019 for a discussion of the Company's determination of the grant date fair value of stock options.

In 2018, the Company granted options to purchase 415,000 shares on July 6, 2018 at an exercise price equal to the then-current market price of \$0.623 per share. There were no employee stock options exercised in 2018 and stock options for 105,500 were forfeited. In 2019, the Company granted options to purchase 529,500 shares on July 2, 2019 at an exercise price equal to the then-current market price of \$.60 per share. There were no employee stock options exercised in 2019 and stock options for 195,000 were forfeited.

Employment Agreements

Paul W. Mobley has an employment agreement with the Company which: (A) fixes his base compensation at approximately \$650,000 per year for 2019 (although Mr. Mobley voluntarily reduced his base compensation to \$300,000 for 2019); (B) provides for reimbursement of travel and other expenses incurred in connection with his employment, including the furnishing of an automobile and health and accident insurance similar to that provided other employees; and (C) provides life insurance in an amount related to his base salary. The initial term of the agreement is seven years and the term automatically renews each year for a seven-year period unless the board of directors takes specific action to not renew. The agreement is terminable by the Company for cause as defined in the agreement. The agreement does not provide for any benefits payable as a result of a change of control of the Company.

A. Scott Mobley has an employment agreement with the Company which: (A) fixes his base compensation at approximately \$551,000 per year for 2019 (although Mr. Mobley voluntarily reduced his base compensation to \$444,568 for 2019); (B) provides for reimbursement of travel and other expenses incurred in connection with his employment, including the furnishing of an automobile and health and accident insurance similar to that provided other employees; and (C) provides life insurance in an amount related to his base salary. The initial term of the agreement is five years and the term automatically renews each year for a five-year period unless the board of directors takes specific action to not renew. The agreement is terminable by the Company for cause as defined in the agreement. The agreement does not provide for any benefits payable as a result of a change of control of the Company.

Non-Equity Incentive Arrangements

The Company currently has a non-equity incentive arrangement with our Executive Vice President under which he may earn additional compensation. For 2019 and 2018, his compensation was based on 2.5% of the Company's adjusted earnings before interest, taxes, depreciation and amortization ("Adjusted EBITDA")¹ for the first \$2.5 million and 3.0% of EBITDA above \$2.5 million. Under these plans, the Executive Vice President was paid incentive compensation of \$81,938 and \$85,967 in 2018 and 2019, respectively.

Outstanding Equity Awards at Fiscal Year-End

The following table sets forth information concerning the number of outstanding equity awards of the executive officers named in the Summary Compensation Table as of December 31, 2019.

Option Awards				
Name	Number of Securities Underlying Unexercised Options (#)		Option Exercise Price (\$)	Option Expiration Date
	Exercisable	Unexercisable		
Paul W. Mobley	100,000		0.58	4/28/20
	900,000		0.58	1/25/21
	33,333		0.58	6/27/22
	50,000		1.00	7/2/23
	60,000		1.00	7/2/24
	70,000		1.00	6/23/25
	60,000		0.53	7/7/26
	46,667	23,333	0.51	7/7/27
	23,333	46,667	0.623	7/6/28
	0	80,000	0.60	7/2/29
A. Scott Mobley	25,000		0.58	8/28/20
	300,000		0.58	1/25/21
	33,334		0.58	6/27/22
	50,000		1.00	7/2/23
	60,000		1.00	7/2/24
	70,000		1.00	6/23/25
	70,000		0.53	7/7/26
	60,000	30,000	0.51	7/7/27
	26,667	53,333	0.623	7/6/28
	0	100,000	0.60	7/2/29
Troy Branson	10,000		0.58	8/28/20
	40,000		1.00	7/2/23
	30,000		1.00	7/2/24
	40,000		1.00	6/23/25
	35,000		0.53	7/7/26
		42,500	0.51	7/7/27
		42,500	0.623	7/6/28
	42,500	0.60	7/2/29	

The employee stock option plan provides that any options issued pursuant to the plan for non-director employees will have a three-year vesting period and for director employees will vest one-third each year, so long as the optionee continues to be employed by the Company, and both will expire ten years after the date of grant.

DIRECTOR COMPENSATION

Name	Fees Earned or Paid in Cash (\$)	Option Awards (\$)	All Other Compensation (\$)	Total (\$)
Douglas H. Coape-Arnold	20,500	2,000	-	22,500
Marcel Herbst	20,500	2,000	-	22,500
William Wildman	9,500	3,750	-	13,250

Each non-employee director is compensated: \$18,000 as an annual retainer fee paid quarterly; a \$500 fee for each board of directors meeting attended. The directors are all eligible for stock option grants and are reimbursed for out-of-pocket expenses incurred in connection with their board service. The board of directors currently does not have any standing committees.

The Company does not pay any separate compensation for directors that are also employees of the Company.

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

As of April 15, 2020, there were 22,215,413 shares of the Company's common stock outstanding. The following table sets forth the amount and percentage of the Company's common stock beneficially owned on April 15, 2020, including shares that may be acquired by the exercise of options, by: (A) each director and named executive officer individually; (B) each beneficial owner of more than 5% of the Company's outstanding common stock known to the Company; and (C) all executive officers and directors as a group.

Name of Beneficial Owner	Number of Shares Beneficially Owned (1)	Percent of Common Stock(2)
Corbel Capital Partners SBIC, L.P.	2,250,000(3)	10.1%
Paul W. Mobley	3,439,368(4)	14.6%
A. Scott Mobley	1,871,245(5)	8.2
Douglas H. Coape-Arnold	490,000(6)	2.2
Marcel Herbst	1,071,491(7)	4.7
Troy Branson	577,500(8)	2.6
William Wildman	75,000(9)	0.3
All executive officers and directors as a group (7) persons)	9,774,604	34.6%

- (1) All shares owned directly with sole investment and voting power, unless otherwise noted.
- (2) The percentage calculations are based upon 22,215,413 shares of the Company's common stock issued and outstanding as of the most recent practicable date and, for each officer or director of the group, the number of shares subject to options, warrants or conversion rights exercisable within 60 days of April 15, 2020.
- (3) The total includes 2,250,000 warrants to purchase up to 2,250,000 shares.
- (4) The total includes 1,493,333 shares of common stock subject to options granted under a stock option plan. Mr. Mobley's address is 6612 E. 75th Street, Suite 450, Indianapolis, Indiana 46250.
- (5) The total includes 878,334 shares of common stock subject to options granted under a stock option plan. Mr. Mobley's address is 6612 E. 75th Street, Suite 450, Indianapolis, Indiana 46250.
- (6) The total includes 490,000 shares of common stock subject to options granted under a stock option plan.
- (7) The total includes 155,000 shares of common stock subject to options granted under a stock option plan, 400,000 shares issuable upon conversion of convertible notes and 200,000 shares issuable upon exercise of warrants.
- (8) The total includes 282,500 shares of common stock subject to options granted under a stock option plan.
- (9) The total includes 75,000 shares of common stock subject to options granted under a stock option plan.

The following table provides information as of December 31, 2019 with respect to the shares of the Company's common stock that may be issued under its 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	3,978,167	\$.65	(1)
Total	3,978,167	\$.65	(1)

(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 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 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

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

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

The Company's board of directors is currently comprised of: Paul W. Mobley, our Executive Chairman and Chief Financial Officer; A. Scott Mobley, our President and Chief Executive Officer; Douglas H. Coape-Arnold; Marcel Herbst; and William Wildman. For the purpose of determining director independence, the Company has adopted the New York Stock Exchange definition of independence. The board of directors has determined that Messrs. Coape-Arnold, Herbst and Wildman are independent directors under that definition.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

The following table presents fees for professional audit services rendered by Somerset CPAs for the audit of our annual financial statements and review of our quarterly financial statements, and fees billed for other services rendered by Somerset during 2019 and 2018.

	2019	2018
Audit fees and review fees ⁽¹⁾	\$ 110,000	\$ 110,000

⁽¹⁾ Audit fees consist of fees rendered for professional services rendered by Somerset for the audit of our financial statements included in our annual reports on Form 10-K for the years ended December 31, 2019 and 2018, and the review of the unaudited financial statements included in our quarterly reports on Form 10-Q during 2019 and 2018.

The engagement of Somerset, for conducting the audit of the Company's financial statements for the years ended December 31, 2019 and 2018, and for the review of its financial statements included in its Form 10-Q's during 2019 and 2018, was pre-approved by the Company's board of directors. Somerset has not been engaged by the Company to perform any services other than audits of the financial statements included in its Form 10-Ks and review of the financial statements in its Form 10-Qs. The board of directors does not have a pre-approval policy with respect to work performed by the Company's independent auditor.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

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Consolidated Balance Sheets - December 31, 2018 and 2019	20
Consolidated Statements of Operations - years ended December 31, 2017, 2018 and 2019	21
Consolidated Statements of Changes in Stockholders' Equity - years ended December 31, 2017, 2018 and 2019	22
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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.
3.7	Articles of Amendment of the Articles of Incorporation of the Registrant effective February 7, 2017, filed as Exhibit 3.7 to the Registrant's Registration Statement on Form S-1 (SEC File No. 33-217442) filed April 25, 2017, 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.
4.3	Form of Senior Secured Promissory Note issued by Registrant to Corbel Capital Partners SBIC, L.P. dated February 7, 2020 filed herewith.
4.4	Form of Warrant issued to Corbel Capital Partners SBIC, L.P. dated February 7, 2020 filed herewith.
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	Loan Agreement dated as of September 13, 2017 by and between the Registrant and First Financial, filed as Exhibit 10.1 to the Registrant's Form 8-K filed September 19, 2017, is incorporated herein by reference.
10.4	Term note dated September 13, 2017 to First Financial Bank filed as Exhibit 10.4 to the Registrant's Form 10-Q filed November 14, 2017, is incorporated herein by reference.
10.5	Development line note dated September 13, 2017 to First Financial Bank filed as Exhibit 10.5 to the Registrant's Form 10-Q filed November 14, 2017, is incorporated herein by reference.
10.6	Agreement dated April 8, 2015, by and among the Registrant 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.
10.7	Form of 10% Convertible Subordinated Unsecured note filed as Exhibit 10.16 to the Registrant's Form 10-K filed on March 27, 2017, is incorporated herein by reference.
10.8	Form of Redeemable Common Stock Purchase Class A Warrant filed as Exhibit 10.21 to the Registrant's Registration Statement on Form S-1 (SEC File No. 33-217442) on April 25, 2017, is incorporated herein by reference.
10.9	Registration Rights Agreement dated October 13, 2016, by and among the Registrant and the investors signatory thereto, filed as Exhibit 10.22 to the Registrant's Registration Statement on Form S-1 (SEC File No. 33-217442) on April 25, 2017, is incorporated herein by reference.

[10.10](#) First Amendment to the Registration Rights Agreement dated February 13, 2017, by and among the Registrant and the investors signatory thereto, filed as Exhibit 10.23 to the Registrant's Registration Statement on Form S-1 (SEC File No. 33-217442) on April 25, 2017, is incorporated herein by reference.

10.11 Senior Secured Note and Warrant Purchase Agreement dated February 7, 2020 by and between the Registrant and Corbel Capital Partners SBIC, L.P. 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 18 U.S.C. Section 1350

[32.2](#) C.F.O. Certification under 18 U.S.C. Section 1350

101 Interactive Financial Data

* Management contract for compensation plan. .

ITEM 16. FORM 10-K SUMMARY

None.

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: May 12, 2020

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

NOBLE ROMAN'S, INC.

Date: May 12, 2020

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: May 12, 2020

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

Date: May 12, 2020

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

Date: May 12, 2020

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

Date: May 12, 2020

By: /s/ Marcel Herbst
Marcel Herbst
Director

Date: May 12, 2020

By: /s/ William Wildman
William Wildman
Director

SENIOR SECURED PROMISSORY NOTE

THIS NOTE HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR ANY APPLICABLE SECURITIES LAW OF ANY JURISDICTION AND MAY NOT BE TRANSFERRED UNTIL (i) A REGISTRATION STATEMENT UNDER SUCH SECURITIES ACT OR SUCH APPLICABLE SECURITIES LAWS SHALL HAVE BECOME EFFECTIVE WITH REGARD THERETO, OR (ii) IN THE OPINION OF COUNSEL ACCEPTABLE TO THE ISSUER REGISTRATION UNDER SUCH SECURITIES ACT OR SUCH APPLICABLE SECURITIES LAWS IS NOT REQUIRED IN CONNECTION WITH SUCH PROPOSED TRANSFER, INCLUDING, WITHOUT LIMITATION, PURSUANT TO REGULATION S PROMULGATED UNDER SUCH SECURITIES ACT.

THIS NOTE HAS BEEN ISSUED WITH ORIGINAL ISSUE DISCOUNT (OID). PURSUANT TO TREASURY REGULATION §1.1275-3(b)(1), THE ISSUER WILL, BEGINNING TEN DAYS AFTER THE ISSUE DATE OF THIS NOTE, PROMPTLY MAKE AVAILABLE TO THE PAYEE UPON REQUEST THE INFORMATION DESCRIBED IN TREASURY REGULATION §1.1275-3(b)(1)(i). THE ISSUER MAY BE REACHED AT 6612 E. 75TH STREET, SUITE 450, INDIANAPOLIS, INDIANA 96250, ATTENTION: PAUL MOBLEY.

Senior Secured Promissory Note Due February 7, 2025

\$8,000,000.00

February 7, 2020

FOR VALUE RECEIVED, NOBLE ROMAN'S, INC., an Indiana corporation (the "**Issuer**"), hereby promises to pay, pursuant to the terms and conditions hereof, to Corbel Capital Partners SBIC, L.P., a Delaware limited partnership, or its registered assigns ("**Payee**"), the principal sum of Eight Million Dollars (\$8,000,000), together with interest from the date first written above on the unpaid principal balance at the rates provided in that certain Senior Secured Promissory Note and Warrant Purchase Agreement dated as of February 7, 2020 entered into among the Issuer, the Purchasers from time to time party thereto, and Corbel Capital Partners SBIC, L.P., as the Agent for such Purchasers thereunder (as amended, restated, extended, supplemented or otherwise modified from time to time, the "**Note Purchase Agreement**"). Initially capitalized terms used but not defined in this note (the "**Note**") shall have the meanings ascribed to such terms in the Note Purchase Agreement. All computations of interest shall be in accordance with the provisions of the Note Purchase Agreement. Notwithstanding anything to the contrary contained herein, under no circumstances shall the interest rate of this Note ever be more than the maximum rate permitted under Section 4.

1. Payments of Principal and Interest. On each Interest Payment Date, commencing on February 29, 2020, and at maturity (whether on the stated Maturity Date applicable to this Note, as a result of acceleration or otherwise), the Issuer will pay interest on this Note calculated in accordance with the provisions set forth in the Note Purchase Agreement. All outstanding principal of this Note shall be due and payable on the Maturity Date applicable to this Note unless

required to be paid early in accordance with the terms of the Note Purchase Agreement. Any principal or interest payment in respect of this Note which would otherwise become due on a day other than a Business Day, shall instead become due on the next succeeding Business Day and such adjustment shall be reflected in the computation of interest.

2. Note Purchase Agreement; Defaults. Reference is hereby made to the further provisions of this Note set forth in full in the Note Purchase Agreement, including, without limitation, the provisions relating to Events of Default and remedies resulting or arising therefrom, all of which provisions shall for all purposes have the same effect as if set forth in full herein.

3. Security for Payment. This Note is secured by the Collateral pursuant to the Note Documents.

4. Maximum Interest Rate. Under no circumstances shall the interest rate or rates charged hereunder, plus any other amounts paid hereunder, exceed the highest rate permissible under any law which a court of competent jurisdiction shall, in a final determination, deem applicable hereto. If such a court determines that the Payee has received or charged interest hereunder in excess of the highest legally permissible interest rate, any payments with respect to such excess amount shall be deemed received on account of, and shall automatically be applied to reduce the principal balance hereof, in the inverse order of maturity, and the provisions hereof shall be deemed amended to provide for the highest permissible rate applicable at the time or in the context in question. If there is no principal balance then outstanding, the Payee shall refund to the Issuer the amount of interest in excess of the maximum legally permissible rate.

5. Note Purchase Agreement. This Note is duly authorized and designated as the Issuer's Senior Secured Promissory Note due February 7, 2025 and issued under the Note Purchase Agreement. Reference is hereby made to the Note Purchase Agreement for a statement of the respective rights, limitations, duties and obligations thereunder of the Issuer and Payee. The Note Purchase Agreement, among other things, contains provisions for acceleration of the maturity of this Note upon the happening of certain stated events and also for prepayments on account of principal of this Note prior to the maturity hereof upon the terms and conditions specified in the Note Purchase Agreement.

6. Amendments and Waivers. No failure on the part of Payee to exercise any right or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or remedy preclude further exercise thereof or the exercise of any other right or remedy hereunder.

7. Cumulative Rights. The remedies of Payee as provided herein shall be cumulative and concurrent and may be pursued successively or concurrently against the Issuer and/or the collateral securing this Note, and the failure to exercise any such right or remedy shall in no event be construed as a waiver or release of the same.

8. Attorneys' Fees. In the event of any litigation in connection with this Note, the prevailing party shall be entitled to reasonable costs, including, without limitation, attorneys' fees.

9. Issuer's Waivers. THE ISSUER HEREBY WAIVES NOTICE OF ACCEPTANCE HEREOF, PRESENTMENT AND DEMAND FOR PAYMENT, PROTEST AND NOTICE OF

DISHONOR OR DEFAULT, TRIAL BY JURY, AND THE RIGHT TO INTERPOSE ANY SET- OFF OR COUNTERCLAIM OF ANY NATURE OR DESCRIPTION.

10. Severability. If any section or provision of this Note, or the application of such section or provision, is held invalid, the remainder of this Note and the application of such section or provision to persons or circumstances other than those to which its application is held invalid shall not be affected thereby.

11. Assignment by Payee. Payee may assign its rights under this Note as and to the extent described in the Note Purchase Agreement.

12. Governing Law. This Note shall be governed by and construed in accordance with the internal laws of the State of California, without giving effect to its conflicts or choice of law principles.

[signature page follows]

IN WITNESS WHEREOF, the undersigned have executed and delivered this Note as of the date first above written.

ISSUER:

NOBLE ROMAN'S, INC.,

an Indiana corporation

PAYEE:

CORBEL CAPITAL PARTNERS SBIC, L.P.,

By: Corbel Capital Advisors SBIC, LLC, itsneral Partner
By: Jeffrey B. Schwartz, Title: General Manager
By: ef ey S. Serota Title: Managing Member

WARRANT

THIS WARRANT AND THE SECURITIES ISSUABLE UPON EXERCISE OF THIS WARRANT HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE “**ACT**”), OR QUALIFIED UNDER ANY STATE OR FOREIGN SECURITIES LAWS AND MAY NOT BE OFFERED FOR SALE, SOLD, PLEDGED, HYPOTHECATED OR OTHERWISE TRANSFERRED OR ASSIGNED UNLESS (I) A REGISTRATION STATEMENT COVERING SUCH SHARES IS EFFECTIVE UNDER THE ACT AND IS QUALIFIED UNDER APPLICABLE STATE AND FOREIGN LAW OR (II) THE TRANSACTION IS EXEMPT FROM THE REGISTRATION AND PROSPECTUS DELIVERY REQUIREMENTS UNDER THE ACT AND THE QUALIFICATION REQUIREMENTS UNDER APPLICABLE STATE AND FOREIGN LAW.

Original Issue Date: February 7, 2020

FOR VALUE RECEIVED, NOBLE ROMANS, INC., an Indiana corporation (the “**Company**”), hereby certifies that Corbel Structured Equity Partners, SBIC, L.P. or its registered assigns (“**Holder**”) is entitled to purchase from the Company Two Million Two Hundred Fifty Thousand (2,250,000) duly authorized, validly issued, fully paid and non-assessable shares of Common Stock (subject to adjustment as provided herein) at a purchase price of (a) \$0.57 per share, in the case of 1,200,000 of such Warrant Shares (such 1,200,000 Warrant Shares, the “**Tranche 1 Shares**”), (b) \$0.72 per share, in the case of 900,000 of such Warrant Shares (such 900,000 Warrant Shares, the “**Tranche 2 Shares**”) and (c) \$0.97 per share, in the case of 150,000 of such Warrant Shares (such 150,000 Warrant Shares, the “**Tranche 3 Shares**”) (each respective purchase price, subject to adjustment as provided herein, the “**Exercise Price**”), all subject to the terms, conditions and adjustments set forth below in this Warrant. Certain capitalized terms used herein are defined in **Section 1** hereof. This Warrant was issued to Holder pursuant to the Purchase Agreement.

1. Definitions. As used in this Warrant, the following terms have the respective meanings set forth below:

“**Aggregate Exercise Price**” means an amount equal to the product of (a) the number of Warrant Shares in respect of which this Warrant is then being exercised pursuant to **Section 3** hereof, *multiplied by* (b) the Exercise Price applicable to such Warrant Shares in effect as of the applicable Exercise Date in accordance with the terms of this Warrant.

“**Attribution Parties**” has the meaning set forth in **Section 3(j)(i)**.

“**Beneficial Ownership Limitation**” has the meaning set forth in **Section 3(j)(iv)**. “**Board**” means the board of directors of the Company.

“**Business Day**” means any day, except a Saturday, Sunday or legal holiday, on which banking institutions in the city of Los Angeles, California or Indianapolis, Indiana are authorized or obligated by law or executive order to close.

“Common Stock” means the common stock, no par value, of the Company, and any capital stock into which such Common Stock shall have been converted, exchanged or reclassified following the date hereof.

“Common Stock Deemed Outstanding” means, at any given time, the sum of (a) the number of shares of Common Stock actually outstanding at such time, *plus* (b) the number of shares of Common Stock issuable upon exercise of Options actually outstanding at such time, *plus* (c) the number of shares of Common Stock issuable upon conversion or exchange of Convertible Securities actually outstanding at such time (treating as actually outstanding any Convertible Securities issuable upon exercise of Options actually outstanding at such time), in each case, regardless of whether the Options or Convertible Securities are actually exercisable at such time in accordance with their terms; provided, that Common Stock Deemed Outstanding at any given time shall not include treasury or other shares owned or held by or for the account of the Company or any of its subsidiaries.

“Company” has the meaning set forth in the preamble.

“Conditions to Forced Exercise” has the meaning set forth in **Section 3(i)(i)**. **“Convertible Securities”** means any securities (directly or indirectly) convertible into or

exercisable or exchangeable for Common Stock, but excluding Options.

“Excluded Issuances” means any issuance or sale (or deemed issuance or sale in accordance with **Section 4(d)**) by the Company after the Original Issue Date of: (1) any Warrant Shares issued upon the exercise of this Warrant; (2) shares of Common Stock issued upon the exercise or conversions of any Options or Convertible Securities outstanding on the Original Issue Date; and (3) up to 550,000 shares of Common Stock (adjusted proportionately for stock splits, stock dividends, recapitalizations and the like) issued on the exercise of Options granted by the Board to officers, directors, employees or service providers to the Company and its subsidiaries.

“Exercise Date” means, for any given exercise of this Warrant, the date on which the conditions to such exercise as set forth in **Section 3** shall have been satisfied at or prior to 5:00 p.m., Eastern time, on a Business Day, including, without limitation, the receipt by the Company of the Exercise Agreement, the Warrant and the Aggregate Exercise Price payable with respect to the Warrant Shares in question.

“Exercise Agreement” has the meaning set forth in **Section 3(a)(i)**. **“Exercise Period”** has the meaning set forth in **Section 2**.

“Exercise Price” has the meaning set forth in the preamble, as applicable to the Tranche 1 Shares, Tranche 2 Shares or Tranche 3 Shares in question.

“Fair Market Value” means, as of any particular date: (a) the average of the closing sales prices of the Common Stock for such day on all domestic securities exchanges on which the Common Stock may at the time be listed; (b) if there have been no sales of the Common Stock on

any such exchange on any such day, the average of the highest bid and lowest asked prices for the Common Stock on all such exchanges at the end of such day; (c) if on any such day the Common Stock is not listed on a domestic securities exchange, the closing sales price of the Common Stock as quoted on the OTC Bulletin Board, the Pink OTC Markets or similar quotation system or association for such day; or (d) if there have been no sales of the Common Stock on the OTC Bulletin Board, the Pink OTC Markets or similar quotation system or association on such day, the average of the highest bid and lowest asked prices for the Common Stock quoted on the OTC Bulletin Board, the Pink OTC Markets or similar quotation system or association at the end of such day; in each case, averaged over three (3) consecutive Business Days ending on the Business Day immediately prior to the day as of which "Fair Market Value" is being determined; provided, that if the Common Stock is listed on any domestic securities exchange, the term "Business Day" as used in this sentence means Business Days on which such exchange is open for trading. If at any time the Common Stock is not listed on any domestic securities exchange or quoted on the OTC Bulletin Board, the Pink OTC Markets or similar quotation system or association, the "Fair Market Value" of the Common Stock shall be the fair market value per share as determined jointly by the Board and the Holder.

"Holder" has the meaning set forth in the preamble.

"Options" means any warrants or other rights or options to subscribe for or purchase Common Stock or Convertible Securities.

"Original Issue Date" means February 7, 2020. **"Nasdaq"** means The NASDAQ Stock Market LLC.

"OTC Bulletin Board" means the Financial Industry Regulatory Authority OTC Bulletin Board electronic inter-dealer quotation system.

"Person" means any individual, sole proprietorship, partnership, limited liability company, corporation, joint venture, trust, incorporated organization or government or department or agency thereof.

"Pink OTC Markets" means the OTC Markets Group Inc. electronic inter-dealer quotation system, including OTCQX, OTCQB and OTC Pink.

"Purchase Agreement" means the Senior Secured Promissory Note and Warrant Purchase Agreement, dated as of the date hereof, between the Company, as the "Issuer", the "Purchasers" named therein, and Holder as the "Agent" for the Purchasers thereunder.

"Put Notes" means Senior Secured Promissory Notes, in substantially the form and with substantially the same terms as those applicable to the Senior Notes (including the terms applicable to the "Notes" as defined and as set forth in the Purchase Agreement), other than those providing for the accrual and payment of PIK Interest on such Senior Notes and the maturity date for such Put Notes shall be the second anniversary of the date of issuance of the Put Notes in question.

"Put Notice" has the meaning set forth in **Section 6**. "Securities Act" has the meaning set forth in **Section 11**.

"Senior Notes" means the Senior Secured Promissory Notes issued and sold to Holder or the other "Purchasers" named in, and as provided in, the Purchase Agreement.

"Tranche 1 Shares" has the meaning set forth in the preamble. "Tranche 2 Shares" has the meaning set forth in the preamble.

"Tranche 3 Shares" has the meaning set forth in the preamble.

"Warrant" means this Warrant and all warrants issued upon division or combination of, or in substitution for, this Warrant.

"Warrant Share Put Right" has the meaning set forth in **Section 6**.

"Warrant Shares" means the shares of Common Stock or other capital stock of the Company then purchasable upon exercise of this Warrant in accordance with the terms of this Warrant.

"Weighted Average Price" has the meaning set forth in **Section 3(i)(ii)**.

2. Term of Warrant. Subject to the terms and conditions hereof, at any time or from time to time following the Original Issue Date and prior to 5:00 p.m. Central time on the first six (6) year anniversary of the date hereof or, if such day is not a Business Day, on the next preceding Business Day (such period, the "Exercise Period"), the Holder of this Warrant may exercise this Warrant for all or any part of the Warrant Shares purchasable hereunder (subject to adjustment as provided herein).

3. Exercise of Warrant.

(a) **Exercise Procedure**. This Warrant may be exercised by Holder from time to time on any Business Day during the Exercise Period, for all or any part of the unexercised Warrant Shares, upon:

(i) surrender of this Warrant to the Company at its then principal executive offices (or an indemnification undertaking with respect to this Warrant in the case of its loss, theft or destruction), together with an Exercise Agreement in the form attached hereto as **Exhibit A** (each, an "Exercise Agreement"), duly completed (including specifying the number and type of Warrant Shares to be purchased) and executed; and

(ii) payment to the Company of the Aggregate Exercise Price in accordance with **Section 3(b)**.

(b) **Payment of the Aggregate Exercise Price.** Payment of the Aggregate Exercise Price shall be made at the option of the Holder as expressed in the Exercise Agreement, by the following methods:

(i) In the case of the Tranche 1 Shares, Tranche 2 Shares or Tranche 3 Shares, by delivery to the Company of a certified or official bank check payable to the order of the Company or by wire transfer of immediately available funds to an account designated in writing by the Company, in the amount of such Aggregate Exercise Price;

(ii) in the case of the Tranche 3 Shares:

(A) by instructing the Company to withhold a number of Warrant Shares then issuable upon exercise of this Warrant with an aggregate Fair Market Value as of the Exercise Date equal to such Aggregate Exercise Price (i.e. a "cashless exercise");

(B) by surrendering to the Company (x) Warrant Shares previously acquired by the Holder with an aggregate Fair Market Value as of the Exercise Date equal to such Aggregate Exercise Price and/or (y) other securities of the Company having a value as of the Exercise Date equal to the Aggregate Exercise Price (which value in the case of debt securities shall be the principal amount thereof plus accrued and unpaid interest, in the case of preferred stock shall be the liquidation value thereof plus accumulated and unpaid dividends and in the case of shares of Common Stock shall be the Fair Market Value thereof); or

(C) any combination of the foregoing.

(iii) In the event of any withholding of Warrant Shares or surrender of equity securities pursuant to **Section 3(b)(ii)(A), 3(b)(ii)(B) or 3(b)(ii)(C)** above where the number of shares whose value is equal to the Aggregate Exercise Price is not a whole number, the number of shares withheld by or surrendered to the Company shall be rounded up to the nearest whole share and the Company shall make a cash payment to the Holder (by delivery of a certified or official bank check or by wire transfer of immediately available funds) based on the incremental fraction of a share being so withheld by or surrendered to the Company in an amount equal to the product of (x) such incremental fraction of a share being so withheld or surrendered multiplied by (y) in the case of Common Stock, the Fair Market Value per share of Common Stock as of the Exercise Date, and, in all other cases, the value thereof as of the Exercise Date as determined in accordance with **Section 3(b)(ii)(B)(y)** above.

(c) **Delivery of Stock Certificates.** Upon (i) any Forced Exercise pursuant to **Section 3(i)** or (ii) Holder's exercise of this Warrant pursuant to **Section 3(a)**, including delivery to the Company of the Exercise Agreement, surrender of this Warrant and payment of the Aggregate Exercise Price (in accordance with **Section 3(b)** hereof), the Company shall, as promptly as practicable, execute (or cause to be executed) and deliver (or cause to be delivered) to

the Holder a certificate or certificates representing the Warrant Shares issuable upon such exercise, together with cash in lieu of any fraction of a share as provided in **Section 3(d)** hereof, if applicable. The stock certificate or certificates so delivered shall be in such denomination or denominations as the exercising Holder shall reasonably request in the Exercise Agreement and shall be registered in the name of the Holder or such other Person's name as shall be designated in the Exercise Agreement. This Warrant shall be deemed to have been exercised and such certificate or certificates of Warrant Shares shall be deemed to have been issued, and the Holder or any other Person so designated to be named therein shall be deemed to have become a holder of record of such Warrant Shares for all purposes, as of the Exercise Date.

(d) **Fractional Shares.** The Company shall not be required to issue a fractional Warrant Share upon exercise of any Warrant. As to any fraction of a Warrant Share that the Holder would otherwise be entitled to purchase upon such exercise, the Company shall either (i) round the number of Warrant Shares to be issued up to the next whole number or (ii) pay to such Holder an amount in cash (by delivery of a certified or official bank check or by wire transfer of immediately available funds) equal to the product of (A) such fraction multiplied by (B) the Fair Market Value of one Warrant Share on the Exercise Date.

(e) **Delivery of New Warrant.** Unless the purchase rights represented by this Warrant shall have expired or shall have been fully exercised, the Company shall, at the time of delivery of the certificate or certificates representing the Warrant Shares being issued in accordance with **Section 3(c)** hereof, deliver to the Holder a new Warrant evidencing the rights of the Holder to purchase the unexpired and unexercised Warrant Shares called for by this Warrant. Such new Warrant shall in all other respects be identical to this Warrant.

(f) **Valid Issuance of Warrant and Warrant Shares; Payment of Taxes .** With respect to the exercise of this Warrant, the Company hereby represents, covenants and agrees:

(i) This Warrant is, and any Warrant issued in substitution for or replacement of this Warrant shall be, upon issuance, duly authorized and validly issued.

(ii) All Warrant Shares issuable upon the exercise of this Warrant pursuant to the terms hereof shall be, upon issuance, and the Company shall take all such actions as may be necessary or appropriate in order that such Warrant Shares are, validly issued, fully paid and non-assessable, issued without violation of any preemptive or similar rights of any stockholder of the Company and free and clear of all taxes, liens, claims, encumbrances and charges.

(iii) The Company shall take all such actions as may be necessary to ensure that all such Warrant Shares are issued without violation by the Company of any applicable law or governmental regulation or any requirements of any domestic securities exchange upon which shares of Common Stock or other securities constituting Warrant Shares may be listed at the time of such exercise (except for official notice of issuance which shall be immediately delivered by the Company upon each such issuance).

(iv) The Company shall use its best efforts to cause the Warrant Shares, immediately upon such exercise, to be listed on any domestic securities exchange upon which shares of Common Stock or other securities constituting Warrant Shares are listed at the time of such exercise.

(v) The Company shall pay all expenses in connection with, and all taxes and other governmental charges that may be imposed with respect to, the issuance or delivery of Warrant Shares upon exercise of this Warrant; provided, that the Company shall not be required to pay any tax or governmental charge that may be imposed with respect to any applicable withholding or the issuance or delivery of the Warrant Shares to any Person other than the Holder or its designated affiliates, and no such issuance or delivery shall be made unless and until the Person requesting such issuance has paid to the Company the amount of any such tax, or has established to the satisfaction of the Company that such tax has been paid.

(g) **Conditional Exercise.** Notwithstanding any other provision hereof, if an exercise of any portion of this Warrant is to be made in connection with or with the expectation of the completion of a public offering or a sale of the Company (pursuant to a merger, sale of stock, or otherwise), such exercise may at the election of the Holder be conditioned upon the consummation of such transaction, in which case such exercise shall not be deemed to be effective until immediately prior to the consummation of such transaction.

(h) **Reservation of Shares.** During the Exercise Period, the Company shall at all times reserve and keep available out of its authorized but unissued Common Stock or other securities constituting Warrant Shares, solely for the purpose of issuance upon the exercise of this Warrant, the maximum number of Warrant Shares issuable upon the exercise of this Warrant, and, if applicable, the par value per Warrant Share shall at all times be less than or equal to the applicable Exercise Price. The Company shall not increase the par value of any Warrant Shares receivable upon the exercise of this Warrant above the Exercise Price then in effect, and shall take all such actions as may be necessary or appropriate in order that the Company may validly and legally issue fully paid and non-assessable Warrant Shares upon the exercise of this Warrant.

(i) **Forced Exercise.** After the Original Issue Date, if the Conditions to Forced Exercise set forth below then are satisfied, the Company may elect to require that the Holder exercise this Warrant with respect to the Tranche 1 Shares or the Tranche 2 Shares, as applicable, as set forth in this **Section 3(i)**, by delivering to the Holder a written notice in the form of **Exhibit B** attached hereto ("**Forced Exercise Notice**"), duly completed and executed on behalf of the Company; provided, that notwithstanding anything to the contrary herein, the Holder may elect not to exercise this Warrant pursuant to any Forced Exercise Notice if the Holder delivers written notice to the Company to such effect and confirms in writing that it forfeits its right to exercise the Warrants with respect to those Tranche 1 Shares or those Tranche 2 Shares that are subject to the Forced Exercise Notice, as applicable. If the Conditions to Forced Exercise cease to be met prior to the receipt of the Notice of Exercise by the Holder, the Forced Exercise Notice shall be deemed withdrawn, invalid, and null and void ab initio. For purposes of this **Section 3(i)**:

(i) **"Conditions to Forced Exercise"** means that each of the following conditions have been and continue to be met as of the Holder's receipt of the Forced Exercise Notice and as of the issuance of any Warrant Shares pursuant thereto:

(A) the Weighted Average Price of the Common Stock or other applicable capital stock of the Company then issuable upon exercise of this Warrant exceeds (x) in the case of a forced exercise of the Warrant with respect to the Tranche 1 Shares, \$1.40 per share (subject to appropriate adjustments for stock splits, stock dividends, stock combinations and other similar transactions affecting the Common Stock or other applicable capital stock after the Original Issue Date) and (y) in the case of a forced exercise of the Warrant with respect to the Tranche 2 Shares, \$1.50 per share (subject to appropriate adjustments for stock splits, stock dividends, stock combinations and other similar transactions affecting the Common Stock or other applicable capital stock after the Original Issue Date), in each case for each of the forty-five (45) consecutive trading days immediately preceding the date of delivery of the Forced Exercise Notice;

(B) a registration statement filed pursuant to the Securities Act of 1933, as amended, is effective and available for the immediate resale of any and all Tranche 1 Shares or Tranche 2 Shares, as applicable, to be issued upon exercise of the Warrants pursuant to the Forced Exercise Notice;

(C) the Common Stock is quoted on OTC Bulletin Board, the Pink OTC Markets or similar quotation system or association, or designated for quotation on the NASDAQ Global Market or another U.S. national securities exchange and must not have been suspended from trading on such market nor shall delisting or suspension by such market be threatened or pending either (x) in writing by such market, or (y) by falling below the minimum listing maintenance requirements of the market on which it then is trading; and

(D) the Company otherwise must be in material compliance with and must not have breached in any material respect any provision, covenant, representation or warranty of any Note Document (as defined in the Purchase Agreement) which breach remains uncured.

(ii) **"Weighted Average Price"** means, with respect to the Common Stock or other applicable capital stock then issuable upon exercise of this Warrant as of any applicable date(s), the dollar volume-weighted average trading price for such security

(A) on the domestic securities exchanges on which the Common Stock is listed on the applicable date(s) or (B) if on any such applicable date(s) the Common Stock or other applicable capital stock then issuable upon exercise of this Warrant is not listed on a domestic securities exchange, the dollar volume-weighted trading average price of the Common Stock on the OTC Bulletin Board, the Pink OTC Markets or similar quotation system or association for such applicable date(s).

(j) **Holder's Exercise Limitations.**

(i) Notwithstanding the foregoing or anything to the contrary herein, the number of Warrant Shares issuable upon any exercise of this Warrant shall be limited to the number of Warrant Shares that (after giving effect to such proposed exercise and issuance) can be beneficially owned by the Holder, Holder's affiliates, and any other Persons acting as a group together with the Holder or any of the Holder's affiliates (such other Persons, "**Attribution Parties**"), without exceeding the Beneficial Ownership Limitation (as defined below). For purposes of the foregoing sentence, the number of Warrant Shares beneficially owned by the Holder, Holder's affiliates and any applicable Attribution Parties shall include the number of Warrant Shares issuable upon the exercise of this Warrant with respect to which such determination is being made, but shall exclude the number of shares of Common Stock which would be issuable upon (A) exercise of the remaining, unexercised portion of this Warrant beneficially owned by the Holder, Holder's affiliates or any applicable Attribution Parties and (B) exercise or conversion of the unexercised or unconverted portion of any other securities of the Company (including, without limitation, any Convertible Securities or Options) that (x) are beneficially owned by the Holder, Holder's affiliates and any applicable Attribution Parties and (y) are subject to a limitation on conversion or exercise analogous to the limitation contained herein. Except as set forth in the preceding sentence, for purposes of this **Section 3(j)**, "beneficial ownership" shall be calculated in accordance with Section 13(d) of the Exchange Act and the rules and regulations promulgated thereunder. In addition, a determination as to any "group" status as contemplated above shall be determined in accordance with Section 13(d) of the Exchange Act and the applicable rules and regulations promulgated thereunder.

(ii) To the extent that the Beneficial Ownership Limitation applies, the determination of whether and to what extent this Warrant is exercisable (in relation to other securities owned by the Holder together with any of its Attribution Parties) and the portion of this Warrant that is exercisable shall be determined in the sole discretion of the Holder, and the submission of an Exercise Agreement and the other items required to exercise this Warrant as provided in **Section 3(a)** above shall be deemed to be the Holder's determination of whether and which portion of this Warrant is exercisable (in relation to other securities owned by the Holder together with Holder's affiliates and any applicable Attribution Parties), in each case subject to the Beneficial Ownership Limitation, and the Company shall have no obligation to independently verify or confirm the accuracy of such determination.

(iii) For purposes of this **Section 3(j)**, in determining the number of issued and outstanding shares of Common Stock, Holder may rely on the number of issued and outstanding shares of Common Stock as reflected in (A) the Company's most recent periodic or annual report filed with the Commission, as the case may be, (B) a more recent public announcement by the Company or (C) a more recent written notice from the Company or the Company's transfer agent setting forth the number of shares of Common Stock outstanding. Upon the written request of a Holder, the Company shall within two Business Days confirm orally and in writing to Holder the number of shares of Common

Stock then issued and outstanding. In any case, the number of issued and outstanding shares of Common Stock shall be determined after giving effect to any conversion, exercise or exchange of any Convertible Securities or Options in accordance with their terms, including this Warrant, held by the Holder, Holder's affiliates or any applicable Attribution Parties since the date as of which such number of issued and outstanding shares of Common Stock was reported.

(iv) The "**Beneficial Ownership Limitation**" shall be 9.9999% of the number of shares of Common Stock that would be outstanding immediately after giving effect to the issuance of Warrant Shares issuable upon the applicable exercise of this Warrant. Notwithstanding the foregoing, the Holder may increase or decrease the Beneficial Ownership Limitation percentage upon notice to the Company; provided, that any increase in the Beneficial Ownership Limitation will not be effective until the 61st day after such notice is delivered to the Company or such other, later date as may be specified in the notice of increase. The provisions of this paragraph shall be construed and implemented in a manner otherwise than in strict conformity with the terms of this **Section 3(j)** to the extent necessary to correct this paragraph (or any portion hereof) which may be defective or inconsistent with the intended Beneficial Ownership Limitation contained herein or to make changes or supplements necessary or desirable to properly give effect to the Beneficial Ownership Limitation and the purpose and intent of this **Section 3(j)**. To the extent the Beneficial Ownership Limitation applies to limit the number of Warrant Shares issued upon any proposed exercise of this Warrant, the Warrant Shares that are not issued as a result of the Beneficial Ownership Limit shall remain subject to this Warrant and may be issued upon a subsequent exercise of this Warrant in accordance with its terms.

4. Adjustment to Exercise Price and Number of Warrant Shares. In order to prevent dilution of the purchase rights granted under this Warrant, the Exercise Price and the number of Warrant Shares issuable upon exercise of this Warrant shall be subject to adjustment from time to time as provided in this **Section 4** (in each case, after taking into consideration any prior adjustments pursuant to this **Section 4**).

(a) **Adjustment to Exercise Price Upon Issuance of Common Stock**. Except as provided in **Section 4(c)** and except in the case of an event described in either **Section 4(e)** or **Section 4(f)**, if the Company shall, at any time or from time to time after the Original Issue Date, issue or sell, or in accordance with **Section 4(d)** is deemed to have issued or sold, any shares of Common Stock without consideration or for consideration per share less than the applicable Exercise Price(s) in effect immediately prior to such issuance or sale (or deemed issuance or sale), then immediately upon such issuance or sale (or deemed issuance or sale), each Exercise Price in effect immediately prior to such issuance or sale (or deemed issuance or sale) that is higher than the consideration per share applicable to the issuance and sale (or deemed issuance or sale) in question shall be reduced (and in no event increased) to an Exercise Price equal to the then the Exercise Price (calculated to the nearest one-hundredth of a cent) determined in accordance with the following formula:

$$CP2 = CP1 * (A + B) \div (A + C).$$

For purposes of the foregoing formula, the following definitions shall apply:

(i) "CP2" shall mean the Exercise Price in effect immediately after such issuance or deemed issuance of shares of Common Stock;

(ii) "CP1" shall mean the Exercise Price in effect immediately prior to such issuance or deemed issuance of Common Stock;

(iii) "A" shall mean the number of shares of Common Stock outstanding immediately prior to such issuance or deemed issuance of Common Stock (treating for this purpose as outstanding all shares of Common Stock issuable upon exercise of Options outstanding immediately prior to such issuance (including the Warrants) or upon conversion or exchange of Convertible Securities outstanding immediately prior to such issuance;

(iv) "B" shall mean the number of shares of Common Stock that would have been issued if such issuance or deemed issuance of Common Stock had occurred at a price per share equal to CP1 (determined by dividing the aggregate consideration received by the Corporation in respect of such issuance or deemed issuance by CP1); and

(v) "C" shall mean the number of shares of Common Stock issued or deemed issued in such transaction.

(b) **Adjustment to Number of Warrant Shares Upon Adjustment to Exercise Price**. Upon any and each adjustment of the Exercise Price as provided in **Section 4(a)**, the number of Warrant Shares issuable upon the exercise of this Warrant immediately prior to any such adjustment shall be increased to a number of Warrant Shares issuable upon exercise of this Warrant after giving effect to such adjustment equal to the quotient obtained by dividing:

(i) the product of (A) the Exercise Price in effect immediately prior to any such adjustment multiplied by (B) the number of Warrant Shares issuable upon exercise of this Warrant immediately prior to any such adjustment; by

(ii) the Exercise Price resulting from such adjustment.

(c) **Exceptions To Adjustment Upon Issuance of Common Stock**. Anything herein to the contrary notwithstanding, there shall be no adjustment to the Exercise Price or the number of Warrant Shares issuable upon exercise of this Warrant with respect to any Excluded Issuance.

(d) **Effect of Certain Events on Adjustment to Exercise Price**. For purposes of determining the adjusted Exercise Price under **Section 4(a)** hereof, the following shall be applicable:

(i) **Issuance of Options**. If the Company shall, at any time or from time to time after the Original Issue Date, in any manner grant or sell any Options (whether directly or by assumption in a merger, consolidation or otherwise), whether or not such Options or

the right to convert, exercise or exchange any Convertible Securities issuable upon the exercise of such Options are immediately exercisable, and the lowest price per share (determined as provided in this **Section 4(d)(i)** and **Section 4(d)(iv)**) for which any one share of Common Stock is issuable upon the exercise of any such Option or upon the conversion, exercise or exchange of any Convertible Security issuable upon the exercise of any such Option is less than any Exercise Price in effect immediately prior to the time of the granting or sale of such Options, then such share of Common Stock issuable upon the exercise of such Option or upon conversion, exercise or exchange of such Convertible Security issuable upon the exercise of such Option shall be deemed to have been issued as of the date of granting or sale of such Options (and thereafter shall be deemed to be outstanding for purposes of adjusting the Exercise Price under **Section 4(a)**, at a price per share equal to such lowest price per share). For purposes of this **Section 4(d)(i)**, the lowest price per share for which any one share of Common Stock is issuable upon the exercise of any such Option or upon the conversion, exercise or exchange of any Convertible Security issuable upon the exercise of any such Option shall be equal to the sum (which sum shall constitute the applicable consideration received for purposes of **Section 4(a)**) of the lowest amounts of consideration, if any, received or receivable by the Company as consideration with respect to any one share of Common Stock upon each of (A) the granting or sale of the Option, plus (B) the exercise of the Option, plus (C) in the case of an Option which relates to Convertible Securities, the issuance or sale of the Convertible Security and the conversion, exercise or exchange of the Convertible Security. Except as otherwise provided in **Section 4(d)(iii)**, no further adjustment of the applicable Exercise Price(s) shall be made upon the actual issuance of Common Stock or of Convertible Securities upon exercise of such Options or upon the actual issuance of Common Stock upon conversion, exercise or exchange of such Convertible Securities issuable upon the exercise of such Options.

(ii) **Issuance of Convertible Securities.** If the Company shall, at any time or from time to time after the Original Issue Date, in any manner grant or sell (whether directly or by assumption in a merger, consolidation or otherwise) any Convertible Securities, whether or not the right to convert, exercise or exchange any such Convertible Securities is immediately exercisable, and the lowest price per share (determined as provided in this paragraph and in **Section 4(d)(iv)**) for which one share of Common Stock is issuable upon the conversion, exercise or exchange of any such Convertible Securities is less than any Exercise Price in effect immediately prior to the time of the granting or sale of such Convertible Securities, then such share of Common Stock issuable upon conversion, exercise or exchange of such Convertible Security shall be deemed to have been issued as of the date of granting or sale of such Convertible Securities (and thereafter shall be deemed to be outstanding for purposes of adjusting the Exercise Price under **Section 4(a)**), at a price per share equal to such lowest price per share. For purposes of this **Section 4(d)(ii)**, the lowest price per share for which any one share of Common Stock is issuable upon the conversion, exercise or exchange of any such Convertible Security shall be equal to the sum (which sum shall constitute the applicable consideration received for purposes of **Section 4(a)**) of the lowest amounts of consideration, if any, received or receivable by the

Company as consideration with respect to any one share of Common Stock upon each of

(A) the granting or sale of the Convertible Security, plus (B) the conversion, exercise or exchange of the Convertible Security. Except as otherwise provided in **Section 4(d)(iii)**,

(x) no further adjustment of any Exercise Price(s) shall be made upon the actual issuance of Common Stock upon conversion, exercise or exchange of such Convertible Securities and (y) no further adjustment of the applicable Exercise Price(s) shall be made by reason of the issue or sale of Convertible Securities upon conversion, exercise or exchange of such Convertible Securities in accordance with the terms thereof, to the extent adjustments of the Exercise Price already have been made pursuant to the other provisions of this **Section 4(d)**.

(iii) **Change in Terms of Options or Convertible Securities** . Upon any change in any of (A) the lowest amounts of consideration, if any, received or receivable by the Company as consideration with respect to any one share of Common Stock upon the granting or sale of any Options or Convertible Securities referred to in **Section 4(d)(i)** or **Section 4(d)(ii)** hereof, (B) the lowest amounts of additional consideration, if any, payable to the Company with respect to any one share of Common Stock upon exercise of any Options or upon the issuance, conversion, exercise or exchange of any Convertible Securities referred to in **Section 4(d)(i)** or **Section 4(d)(ii)** hereof, (C) the rate at which Convertible Securities referred to in **Section 4(d)(i)** or **Section 4(d)(ii)** hereof are convertible into or exercisable or exchangeable for Common Stock, or (D) the maximum number of shares of Common Stock issuable in connection with any Options referred to in **Section 4(d)(i)** hereof or any Convertible Securities referred to in **Section 4(d)(ii)** hereof (in each case, other than in connection with an Excluded Issuance), then (whether or not the original issuance or sale or deemed issuance or sale of such Options or Convertible Securities resulted in an adjustment to the Exercise Price pursuant to this **Section 4**) each Exercise Price in effect at the time of such change shall be adjusted or readjusted, as applicable, to the Exercise Price which would have been in effect at such time pursuant to the provisions of this **Section 4** had such Options or Convertible Securities still outstanding provided for such changed consideration, conversion rate or maximum number of shares, as the case may be, at the time initially granted, issued or sold, but only if as a result of such adjustment or readjustment each applicable Exercise Price then in effect is reduced, and the number of Warrant Shares issuable upon the exercise of this Warrant immediately prior to any such adjustment or readjustment shall be correspondingly adjusted or readjusted pursuant to the provisions of **Section 4(b)**.

(iv) **Calculation of Consideration Received**. If the Company shall, at any time or from time to time after the Original Issue Date, issue or sell, or is deemed to have issued or sold in accordance with **Section 4(d)** any shares of Common Stock, Options or Convertible Securities: (A) for cash, the consideration received therefor shall be deemed to be the net amount received by the Company therefor; (B) for consideration other than cash, the amount of the consideration other than cash received by the Company shall be the fair value of such consideration, except where such consideration consists of marketable securities, in which case the amount of consideration received by the Company

shall be the market price (as reflected on any securities exchange, quotation system or association or similar pricing system covering such security) for such securities as of the end of business on the date of receipt of such securities; (C) for no specifically allocated consideration in connection with an issuance or sale of other securities of the Company, together comprising one integrated transaction, the amount of the consideration therefor shall be deemed to be the fair value of such portion of the aggregate consideration received by the Company in such transaction as is attributable to such shares of Common Stock, Options or Convertible Securities, as the case may be, issued or deemed issued in such transaction; or (D) to the owners of the non-surviving entity in connection with any merger in which the Company is the surviving corporation, the amount of consideration therefor shall be deemed to be the fair value of such portion of the net assets and business of the non-surviving entity as is attributable to such shares of Common Stock, Options or Convertible Securities, as the case may be, issued or deemed issued to such owners. The net amount of any cash consideration and the fair value of any consideration other than cash or marketable securities shall be determined in each case in good faith by the Board.

(v) **Record Date.** For purposes of any adjustment to the Exercise Price or the number of Warrant Shares in accordance with this **Section 4**, in case the Company shall take a record of the holders of its Common Stock or other applicable capital stock for the purpose of entitling them (A) to receive a dividend or other distribution payable in Common Stock or other applicable capital stock, Options or Convertible Securities or (B) to subscribe for or purchase Common Stock or other applicable capital stock, Options or Convertible Securities, then such record date shall be deemed to be the date of the issue or sale of the shares of Common Stock or other applicable capital stock deemed to have been issued or sold upon the declaration of such dividend or the making of such other distribution or the date of the granting of such right of subscription or purchase, as the case may be.

(vi) **Treasury Shares.** The number of shares of Common Stock or other applicable capital stock outstanding at any given time shall not include treasury or other shares owned or held by or for the account of the Company or any of its subsidiaries, and the disposition of any such shares (other than the cancellation or retirement thereof or the transfer of such shares among the Company and its wholly-owned subsidiaries) shall be deemed an issue or sale of Common Stock or other applicable capital stock for the purpose of this **Section 4**.

(vii) **Other Dividends and Distributions .** Subject to the provisions of this **Section 4(d)**, if the Company shall, at any time or from time to time after the Original Issue Date, make or declare, or fix a record date for the determination of holders of Common Stock or other applicable capital stock entitled to receive, a dividend or any other distribution payable in securities of the Company (other than a dividend or distribution of shares of Common Stock or other applicable capital stock, Options or Convertible Securities in respect of outstanding shares of Common Stock or other applicable capital stock), cash or other property, then, and in each such event, concurrently with the making or payment of any such dividend or distribution, the Holder shall receive the same kind

and amount of securities of the Company, cash or other property which the Holder would have been entitled to receive had the Warrant been exercised in full into Warrant Shares immediately prior to such event (or the record date for such event, whichever is more favorable to the Holder) and had the Holder held such Warrant Shares through the time such dividend or distribution of securities, cash or property was made to the holders of Common Stock or other applicable capital stock.

(e) **Adjustment to Exercise Price and Warrant Shares Upon Dividend, Subdivision or Combination of Common Stock** . If the Company shall, at any time or from time to time after the Original Issue Date, (i) pay a dividend or make any other distribution upon the Common Stock or any other capital stock of the Company payable in shares of Common Stock or other applicable capital stock or in Options or Convertible Securities, or (ii) subdivide (by any stock split, recapitalization or otherwise) its outstanding shares of Common Stock or other applicable capital stock or into a greater number of shares, the Exercise Price in effect immediately prior to any such dividend, distribution or subdivision shall be proportionately reduced and the number of Warrant Shares issuable upon exercise of this Warrant shall be proportionately increased. If the Company at any time combines (by combination, reverse stock split or otherwise) its outstanding shares of Common Stock or other applicable capital stock or into a smaller number of shares, the Exercise Price in effect immediately prior to such combination shall be proportionately increased and the number of Warrant Shares issuable upon exercise of this Warrant shall be proportionately decreased. Any adjustment under this **Section 4(e)** shall become effective at the close of business on the date the dividend, distribution, subdivision or combination is made or becomes effective, as applicable.

(f) **Adjustment to Exercise Price and Warrant Shares Upon Reorganization, Reclassification, Consolidation or Merger** . In the event of any (i) capital reorganization of the Company, (ii) reclassification of the stock of the Company (other than a change in par value or from par value to no par value or from no par value to par value or as a result of a stock dividend or subdivision, split-up or combination of shares), (iii) consolidation or merger of the Company with or into another Person, (iv) sale of all or substantially all of the Company's assets to another Person or (v) other similar transaction (other than any such transaction covered by **Section 4(e)**), in each case which entitles the holders of Common Stock or other applicable capital stock to receive (either directly or upon subsequent liquidation) stock, securities or assets with respect to or in exchange for Common Stock or other applicable capital stock, each Warrant shall, immediately after such reorganization, reclassification, consolidation, merger, sale or similar transaction, remain outstanding and shall thereafter, in lieu of or in addition to (as the case may be) the number of Warrant Shares then exercisable under this Warrant, be exercisable for the kind and number of shares of stock or other securities or assets of the Company or of the successor Person resulting from such transaction to which the Holder would have been entitled upon such reorganization, reclassification, consolidation, merger, sale or similar transaction if the Holder had exercised this Warrant in full immediately prior to the effective time of such reorganization, reclassification, consolidation, merger, sale or similar transaction (or any applicable record date with respect thereto, whichever is more favorable to the Holder) and acquired the applicable number of Warrant Shares then issuable hereunder as a result of such exercise (without taking into

account any limitations or restrictions on the exercisability of this Warrant); and, in such case, appropriate adjustment (in form and substance satisfactory to the Holder) shall be made with respect to the Holder's rights under this Warrant to insure that the provisions of this **Section 4** hereof shall thereafter be applicable, as nearly as possible, to this Warrant in relation to any shares of stock, securities or assets thereafter acquirable upon exercise of this Warrant (including, in the case of any consolidation, merger, sale or similar transaction in which the successor or purchasing Person is other than the Company, an immediate adjustment in the Exercise Price to the value per share for the Common Stock or other applicable capital stock reflected by the terms of such consolidation, merger, sale or similar transaction, and a corresponding immediate adjustment to the number of Warrant Shares acquirable upon exercise of this Warrant without regard to any limitations or restrictions on exercise, if the value so reflected is less than the Exercise Price(s) in effect immediately prior to such consolidation, merger, sale or similar transaction). The provisions of this **Section 4(f)** shall similarly apply to successive reorganizations, reclassifications, consolidations, mergers, sales or similar transactions. The Company shall not effect any such reorganization, reclassification, consolidation, merger, sale or similar transaction unless, prior to the consummation thereof, the successor Person (if other than the Company) resulting from such reorganization, reclassification, consolidation, merger, sale or similar transaction, shall assume, by written instrument substantially similar in form and substance to this Warrant and satisfactory to the Holder, the obligation to deliver to the Holder such shares of stock, securities or assets which, in accordance with the foregoing provisions, such Holder shall be entitled to receive upon exercise of this Warrant. Notwithstanding anything to the contrary contained herein, (I) with respect to any corporate event or other transaction contemplated by the provisions of this **Section 4(f)**, the Holder shall have the right and shall be provided reasonable prior written notice from the Company and a reasonable opportunity to elect prior to the consummation of such event or transaction (or the record date applicable thereto, whichever is more favorable to the Holder), to give effect to the exercise rights contained in **Section 2** instead of giving effect to the provisions contained in this **Section 4(f)** with respect to this Warrant; and (II) if such transaction consists of a merger pursuant to which the Company's outstanding shares will be converted into the right to exclusively receive cash or other consideration with a value per share less than an applicable Exercise Price then in effect, upon the closing of such transaction, the unexercised portion of the Warrants covering those Warrant Shares with an Exercise Price less than the value of such per share merger consideration shall be cancelled and of no further force or effect.

(g) **Certain Events.** If any event of the type contemplated by the provisions of this **Section 4** but not expressly provided for by such provisions (including, without limitation, the granting of stock appreciation rights, phantom stock rights or other rights with equity features) occurs, then the Board shall in good faith make an appropriate and equitable adjustment in the Exercise Price and the number of Warrant Shares issuable upon exercise of this Warrant so as to protect the rights of the Holder in a manner consistent with the purpose and intent of the provisions of this **Section 4**; provided, that no such adjustment pursuant to this **Section 4(g)** shall increase the Exercise Price or decrease the number of Warrant Shares issuable as otherwise determined pursuant to this **Section 4**.

(h) **Certificate as to Adjustment.**

(i) As promptly as reasonably practicable following any adjustment of the Exercise Price, but in any event not later than two (2) Business Days thereafter, the Company shall furnish to the Holder a certificate of an executive officer of the Company setting forth in reasonable detail such adjustment and the facts upon which it is based and certifying the calculation thereof.

(ii) As promptly as reasonably practicable following the receipt by the Company of a written request by the Holder, but in any event not later than two (2) Business Days thereafter, the Company shall furnish to the Holder a certificate of an executive officer certifying the Exercise Price then in effect and the number of Warrant Shares or the amount, if any, of other shares of stock, securities or assets then issuable upon exercise of the Warrant.

(i) **Notices.** In the event:

(i) that the Company shall propose to take a record of the holders of its Common Stock (or other capital stock or securities at the time issuable upon exercise of the Warrant) for the purpose of entitling or enabling them to receive any dividend or other distribution, to vote at a meeting (or by written consent), to receive any right to subscribe for or purchase any shares of capital stock of any class or any other securities, to receive any other security, or to otherwise exercise any material right as a stockholder; or

(ii) of any capital reorganization of the Company, any reclassification of the Common Stock of the Company, any consolidation or merger of the Company with or into another Person, or sale of all or substantially all of the Company's assets to another Person; or

(iii) of the voluntary or involuntary dissolution, liquidation or winding-up of the Company;

then, and in each such case, the Company shall send or cause to be sent to the Holder at least fifteen (15) days prior to the applicable record date or the applicable expected effective date, as the case may be and whichever is more favorable to the Holder, for the event, a written notice specifying, as the case may be, (A) the record date for such dividend, distribution, meeting or consent or other right or action, and a description of such dividend, distribution or other right or action to be taken at such meeting or by written consent, or (B) the effective date on which such reorganization, reclassification, consolidation, merger, sale, dissolution, liquidation or winding-up is proposed to take place, and the date, if any is to be fixed, as of which the books of the Company shall close or a record shall be taken with respect to which the holders of record of Common Stock (or such other capital stock or securities at the time issuable upon exercise of the Warrant) shall be entitled to exchange their shares of Common Stock (or such other capital stock or securities) for securities or other property deliverable upon such reorganization, reclassification, consolidation, merger, sale,

dissolution, liquidation or winding-up, and the amount per share and character of such exchange applicable to the Warrant and the Warrant Shares.

5. Purchase Rights: Anti-Dilutive Issuances. In addition to any adjustments pursuant to **Section 4** above:

(a) If at any time while this Warrant is outstanding the Company proposes to grant, issue or sell any shares of Common Stock, Options, Convertible Securities or rights to purchase stock, warrants, securities or other property pro rata to the record holders or beneficial owners of Common Stock or other applicable capital stock of the Company (the "**Purchase Rights**"), then the Holder shall be entitled to acquire and exercise, upon the terms applicable to such Purchase Rights, the aggregate Purchase Rights which the Holder would have acquired if the Holder had held the number of Warrant Shares acquirable upon complete exercise of this Warrant immediately before the date on which a record is taken for the grant, issuance, sale or exercise of such Purchase Rights, or, if no such record is taken, the date as of which the record holders of Common Stock or other applicable capital stock of the Company are to be determined for the grant, issue, sale or exercise of such Purchase Rights. Notwithstanding anything to the contrary herein, the Holder shall not be entitled to the Purchase Rights granted herein with respect to any Excluded Issuance.

(b) If at any time between the date this Warrant is exercised in whole or in part and the seven (7) year anniversary of the Original Issue Date, any Convertible Securities or Options are converted, exercised or exchanged or any Purchase Rights are issued or exercised as a result of which the percentage of the Common Stock Deemed Outstanding held by Holder is or would be reduced, the Company shall provide prompt written notice to the Holder and shall issue to Holder without any consideration and without reducing the number of Warrant Shares issuable pursuant to this Warrant (to the extent any portion hereof then remains unexercised) that number of shares of Common Stock or other applicable capital stock of the Company as is necessary for the Holder to maintain or be restored to holding the same percentage of the Common Stock Deemed Outstanding that was held by Holder prior to such conversion, exercise or exchange of Convertible Securities, Options or Purchase Rights, as applicable.

6. Warrant Share Put Rights. Holder shall have the right by delivering written notice to the Company (a "**Put Notice**") at any time and from time to time within six months after the issuance of any specific Warrant Shares under this Warrant to elect to require the Company to purchase some or all of such Warrant Shares then held by the Holder in exchange for cash or, at the election of the Company, Put Notes (such right, the "**Warrant Share Put Right**"). The Put Notice shall specify the number of Warrant Shares which the Holder is electing to require the Company to purchase and the original principal amount of Put Notes to be delivered as consideration therefor. The Put Notes issued by the Company to purchase the Warrant Shares upon exercise of the Warrant Shares Put Right shall be issued against the surrender to the Company of the Warrant Shares as to which the Put Notes are issuable and have an aggregate principal amount equal to the number of Warrant Shares to be purchased pursuant to the Put Notice multiplied by (a) in the case of Warrant Shares issued upon a forced conversion pursuant to **Section 3(i)**, the greater of (i) the average of the Weighted Average Prices of the Common Stock during the forty-five (45) consecutive trading days taken into account in determining the satisfaction of the Conditions to Forced Exercise and

(ii) the average of the Weighted Average Prices of the Common Stock during the forty-five (45) consecutive trading days preceding the date of delivery of the applicable Put Notice and (b) in the case of Warrant Shares issued upon the election of the Holder to exercise this Warrant pursuant to **Section 3(a)**, (ii) the average of the Weighted Average Prices of the Common Stock during the 10 consecutive trading days preceding the date of delivery of the applicable Put Notice.

7. **Transfer of Warrant.** This Warrant and all rights hereunder are transferable, in whole or in part, by the Holder without charge to the Holder, upon surrender of this Warrant to the Company at its then principal executive offices with a properly completed and duly executed Assignment in the form attached hereto as **Exhibit C**, together with funds sufficient to pay any transfer taxes described in **Section 3(f)(v)** in connection with the making of such transfer. Upon such compliance, surrender and delivery and, if required, such payment, the Company shall execute and deliver a new Warrant or Warrants in the name of the assignee or assignees and in the denominations specified in such instrument of assignment, and shall issue to the assignor a new Warrant evidencing the portion of this Warrant, if any, not so assigned and this Warrant shall promptly be cancelled.

8. **Holder Not Deemed a Stockholder; Limitations on Liability.** Except as otherwise specifically provided herein (including **Section 4(d)(vii)**), prior to the issuance to the Holder of any of the Warrant Shares which the Holder is entitled to receive upon the due exercise of this Warrant, the Holder shall not be entitled to vote or receive dividends or be deemed the holder of any Warrant Shares issuable upon exercise of this Warrant for any purpose, nor shall anything contained in this Warrant be construed in and of itself to confer upon the Holder by virtue of holding this Warrant any of the rights of a stockholder of the Company or any right to vote, give or withhold consent to any corporate action (whether any reorganization, issue of stock, reclassification of stock, consolidation, merger, conveyance or otherwise), receive notice of meetings, receive dividends or subscription rights, or otherwise. In addition, nothing contained in this Warrant shall be construed in and of itself as imposing any liabilities on the Holder to purchase any securities (upon exercise of this Warrant or otherwise) or as a stockholder of the Company, whether such liabilities are asserted by the Company or by creditors of the Company. Notwithstanding this **Section 8**, the Company shall provide the Holder with copies of the same notices and other information given to the stockholders of the Company generally, contemporaneously with the giving thereof to the stockholders.

9. **Replacement on Loss; Division and Combination.**

(a) **Replacement of Warrant on Loss.** Upon receipt of evidence reasonably satisfactory to the Company of the loss, theft, destruction or mutilation of this Warrant and upon delivery of an indemnity reasonably satisfactory to it (it being understood that a written indemnification agreement or affidavit of loss of the Holder shall be a sufficient indemnity and in no event shall the Holder be required to post a bond or other security in connection with any loss, theft, destruction or mutilation or the other matters described in this **Section 9**) and, in case of mutilation, upon surrender of such Warrant for cancellation to the Company, the Company at its own expense shall execute and deliver to the Holder, in lieu hereof, a new Warrant of like tenor and exercisable for an equivalent number of Warrant Shares as the Warrant so lost, stolen,

mutilated or destroyed; provided, that, in the case of mutilation, no indemnity shall be required if this Warrant in identifiable form is surrendered to the Company for cancellation.

(b) **Division and Combination of Warrant.** This Warrant may be divided or, following any such division of this Warrant, subsequently combined with other Warrants, upon the surrender of this Warrant or Warrants to the Company at its then principal executive offices, together with a written notice specifying the names and denominations in which new Warrants are to be issued, signed by the respective Holders or their agents or attorneys. The Company shall at its own expense execute and deliver a new Warrant or Warrants in exchange for the Warrant or Warrants so surrendered in accordance with such notice. Such new Warrant or Warrants shall be of like tenor to the surrendered Warrant or Warrants and shall be exercisable in the aggregate for an equivalent number of Warrant Shares as the Warrant or Warrants so surrendered in accordance with such notice.

10. **No Impairment.** The Company shall not, by amendment of its Certificate of Incorporation or Bylaws, or through any reorganization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities, or any other voluntary action or omission, avoid or seek to avoid the observance or performance of any of the terms to be observed or performed by it hereunder, but shall at all times in good faith assist in the carrying out of all the provisions of this Warrant and in the taking of all such action as may reasonably be requested by the Holder in order to protect the exercise rights of the Holder against dilution or other impairment, consistent with the tenor, purpose and intent of this Warrant.

11. **Compliance with the Securities Act: Legend.** The Holder, by acceptance of this Warrant, agrees to comply in all respects with the provisions of this **Section 11** and the restrictive legend requirements set forth on the face of this Warrant and further agrees that such Holder shall not offer, sell or otherwise dispose of this Warrant or any Warrant Shares to be issued upon exercise hereof except under circumstances that will not result in a violation of the Securities Act of 1933, as amended (the "**Securities Act**"). This Warrant and all Warrant Shares issued upon exercise of this Warrant (unless registered under the Securities Act or unless an exception from registration shall be available to the Holder at the time of issuance of the Warrant Shares) shall be stamped or imprinted with a legend in substantially the following form:

"THIS WARRANT AND THE SECURITIES ISSUABLE UPON EXERCISE OF THIS WARRANT HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR QUALIFIED UNDER ANY STATE OR FOREIGN SECURITIES LAWS AND MAY NOT BE OFFERED FOR SALE, SOLD, PLEDGED, HYPOTHECATED OR OTHERWISE TRANSFERRED OR ASSIGNED UNLESS (I) A REGISTRATION STATEMENT COVERING SUCH SHARES IS EFFECTIVE UNDER THE ACT AND IS QUALIFIED UNDER APPLICABLE STATE AND FOREIGN LAW OR (II) THE TRANSACTION IS EXEMPT FROM THE REGISTRATION AND PROSPECTUS DELIVERY REQUIREMENTS UNDER THE ACT AND THE QUALIFICATION REQUIREMENTS UNDER APPLICABLE STATE AND FOREIGN LAW."

12. Warrant Register. The Company shall keep and properly maintain at its principal executive offices books for the registration of the Warrant and any transfers thereof. The Company may deem and treat the Person in whose name the Warrant is registered on such register as the Holder thereof for all purposes, and the Company shall not be affected by any notice to the contrary, except any assignment, division, combination or other transfer of the Warrant effected in accordance with the provisions of this Warrant.

13. Notices. All notices, requests, consents, claims, demands, waivers and other communications hereunder shall be in writing and shall be deemed to have been given: (a) when delivered by hand; (b) when received by the addressee if sent by a nationally recognized overnight courier (receipt requested); (c) on the date sent by e-mail (with confirmation of transmission or receipt) if sent during normal business hours of the recipient, and on the next Business Day if sent after normal business hours of the recipient; or (d) on the fifth day after the date mailed, by certified or registered mail, return receipt requested, postage prepaid. Such communications must be sent to the respective parties at the addresses indicated below (or at such other address for a party as shall be specified in a notice given in accordance with this **Section 13**).

If to the
Company:

Noble Romans, Inc.
6612 E. 75th Street Suite 450
Indianapolis, Indiana 46250
E-mail: pmobley@nobleromans.com Attention: Paul Mobley

If to the Holder: Corbel Capital Partners SBIC, L.P. 11777 San Vicente Blvd., Suite 777 Los Angeles, California 90049
E-mail: michael@corbelsep.com Attention: Michael H. Jones

14. Cumulative Remedies. Except to the extent expressly provided in **Section 8** to the contrary, the rights and remedies provided in this Warrant are cumulative and are not exclusive of, and are in addition to and not in substitution for, any other rights or remedies available at law, in equity or otherwise.

15. Equitable Relief. Each of the Company and the Holder acknowledges that a breach or threatened breach by such party of any of its obligations under this Warrant would give rise to irreparable harm to the other party hereto for which monetary damages would not be an adequate remedy and hereby agrees that in the event of a breach or a threatened breach by such party of any such obligations, the other party hereto shall, in addition to any and all other rights and remedies that may be available to it in respect of such breach, be entitled to equitable relief, including a restraining order, an injunction, specific performance and any other relief that may be available from a court of competent jurisdiction, without any requirement to post a bond or other security or any requirement to prove the inadequacy or unavailability of monetary damages.

16. Entire Agreement. This Warrant (together with the Purchase Agreement and the other Note Documents, including any Put Notes issued pursuant to **Section 6**, as applicable) constitutes the sole and entire agreement of the parties to this Warrant with respect to the collective subject matter contained herein and therein, and supersedes all prior and contemporaneous understandings and agreements, both written and oral, with respect to such subject matter.

17. Successor and Assigns. This Warrant and the rights evidenced hereby shall be binding upon and shall inure to the benefit of the parties hereto and the successors of the Company and the successors and permitted assigns of the Holder. Such successors and/or permitted assigns of the Holder shall be deemed to be a Holder for all purposes hereunder.

18. No Third-Party Beneficiaries. This Warrant is for the sole benefit of the Company and the Holder and their respective successors and, in the case of the Holder, permitted assigns and nothing herein, express or implied, is intended to or shall confer upon any other Person any legal or equitable right, benefit or remedy of any nature whatsoever, under or by reason of this Warrant.

19. Headings. The headings in this Warrant are for convenience of reference only and shall not affect the interpretation of this Warrant.

20. Amendment and Modification; Waiver. Except as otherwise provided herein, this Warrant may only be amended, modified or supplemented by an agreement in writing signed by each party hereto. No waiver by the Company or the Holder of any of the provisions hereof shall be effective unless explicitly set forth in writing and signed by the party so waiving. No waiver by any party shall operate or be construed as a waiver in respect of any failure, breach or default not expressly identified by such written waiver, whether of a similar or different character, and whether occurring before or after that waiver. No failure to exercise, or delay in exercising, any rights, remedy, power or privilege arising from this Warrant shall operate or be construed as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege.

21. Severability. If any term or provision of this Warrant is invalid, illegal or unenforceable in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other term or provision of this Warrant or invalidate or render unenforceable such term or provision in any other jurisdiction.

22. Governing Law. This Warrant shall be governed by and construed in accordance with the internal 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 laws of any jurisdiction other than those of the State of Indiana.

23. Waiver of Jury Trial. Each party acknowledges and agrees that any controversy which may arise under this Warrant is likely to involve complicated and difficult issues and, therefore, each such party irrevocably and unconditionally waives any right it may have to a trial by jury in

respect of any legal action arising out of or relating to this Warrant or the transactions contemplated hereby.

24. Counterparts. This Warrant may be executed in counterparts, each of which shall be deemed an original, but all of which together shall be deemed to be one and the same agreement. A signed copy of this Warrant delivered by facsimile, e-mail or other means of electronic transmission shall be deemed to have the same legal effect as delivery of an original signed copy of this Warrant.

25. No Strict Construction. This Warrant shall be construed without regard to any presumption or rule requiring construction or interpretation against the party drafting an instrument or causing any instrument to be drafted.

26. Survival. The provisions of this Warrant shall survive the expiration of the Exercise Period for so long as the Company or the Holder have any executory rights or obligations hereunder, including, without limitation, pursuant to **Sections 5** and **6** hereof.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Company has duly executed this Warrant on the Original Issue Date.

NOBLE ROMANS. INC.

By:

Name: Paul Mobley

Title: Chairman and Chief Financial Officer

Accepted and agreed:

CORBEL CAPITAL PARTNERS SBIC, L.P.

By: Corbel Capital Advisors SBIC, LLC, its General Partner

By: Name: Jeffrey B. Schwartz

Title: Managing Member

By: Name: Jeffrey S. Serota

Title: Managing Member

By: Name: Michael H. Jones

Title: Managing Member

[Signature Page to Warrant)

IN WITNESS WHEREOF, the Company has duly executed this Warrant on the Original Issue Date.

NOBLE ROMANS, INC.

By: Name: Paul Mobley
Title: Chairman and Chief Financial Officer

Accepted and agreed:

CORBEL CAPITAL PARTNERS SBIC, L.P.

By: Corbel Capital Advisors SBIC, LLC, its General Partner
By: Name: Michael H. Jones, Title: Managing Member

[Signature Page to Warrant]

EXHIBIT A

EXERCISE AGREEMENT

To: Noble Romans, Inc.
6612 E. 75th Street Suite 450
Indianapolis, Indiana 46250

1. Capitalized terms used but not otherwise defined herein have the meanings ascribed thereto in the Warrant. The undersigned, pursuant to the provisions of the Warrant, hereby elects to exercise the Warrant with respect to [NUMBER] [Tranche 1 Shares] [Tranche 2 Shares] [Tranche 3 Shares] (as defined in the Warrant).

2. The undersigned herewith tenders payment for such shares, together with any applicable transfer taxes, in the following manner (please check the applicable type or types of payment and indicate the portion of the Exercise Price to be paid by each type of payment):

Exercise pursuant to Section 3(b)(i) of the Warrant

Exercise pursuant to Section 3(b)(ii)(A) of the Warrant

Exercise pursuant to Section 3(b)(ii)(B) of the Warrant

Exercise pursuant to Section 3(b)(ii)(C) of the Warrant

3. Please issue a certificate or certificates representing the Warrant Shares issuable in respect hereof under the terms of the attached Warrant Agreement, as follows:

(Name of Record Holder/Transferee)

and deliver such certificate or certificates to the following address:

(Address of Record Holder/Transferee)

(Signature)

EXHIBIT B

[Form of Forced Exercise Notice]

Date:

TO: [Insert Name and Address of Holder] RE: Forced Exercise of Warrant

The undersigned, pursuant to the provisions set forth in the attached Warrant, hereby delivers notice of a forced exercise of the Warrant for [NUMBER] Warrant Shares. The undersigned represents and warrants to the Holder that the Conditions to Forced Exercise (as defined in the Warrant) applicable to the Warrant Shares subject to this Forced Exercise Notice have been satisfied and remain satisfied as of the date of delivery of this Forced Exercise Notice to Holder.

NOBLE ROMANS, INC.

By:

Name: Title:

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EXHIBIT C

ASSIGNMENT

(To be executed upon assignment of Warrant)

For value received, _____ hereby assigns and transfers unto
value _____ sells,
the attached Warrant, together with all rights, title and interest therein, and does hereby irrevocably constitute and appoint attorney to transfer said Warrant on the books of the Company with full power of substitution in the premises.

[Name of Transferor]

By: _____ Name: _____ Title: _____

SENIOR SECURED PROMISSORY NOTE AND WARRANT PURCHASE AGREEMENT

February 7, 2020

NOBLE ROMAN'S, INC.,
an Indiana corporation, as the Issuer,

the Purchasers named herein,

CORBEL CAPITAL PARTNERS SBIC, L.P.,
as the Agent

\$8,000,000

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This SENIOR SECURED PROMISSORY NOTE AND WARRANT PURCHASE AGREEMENT, dated as of February 7, 2020, is entered into by and among NOBLE ROMAN'S, INC., an Indiana corporation (the " **Issuer**"), each purchaser from time to time party hereto (collectively, the "**Purchasers**" and individually, a "**Purchaser**"), and CORBEL CAPITAL PARTNERS SBIC, L.P., in its capacity as the administrative agent (the "**Agent**"). (Initially capitalized terms used in this Agreement have the meanings ascribed to such terms in **Annex 1**. In addition, interpretation of UCC terms, accounting terms, and other matters of construction are set forth in **Annex 1**):

A. The respective Purchasers desire to purchase Notes and Warrants from the Issuer pursuant to this Agreement, and the Issuer desires to sell and issue Notes and Warrants to the Purchasers, on the terms and subject to the conditions set forth herein; and

B. The Issuer is selling and issuing the Warrants to the respective Purchasers, as an inducement to and as consideration for the Purchaser's willingness to enter into and purchase Notes pursuant to this Agreement.

NOW, THEREFORE, in consideration for the foregoing premises, and for other good and valuable consideration the receipt and sufficiency of which are acknowledged, and intending to be legally bound, the parties hereto hereby agree as follows:

ARTICLE 1 THE NOTES AND WARRANTS

1.1 Authorization of Initial Notes and Warrants; Issuance of Initial Notes and Warrants Generally.

(a) Authorization of Initial Notes and Warrants. The Issuer has authorized the issue and sale of \$8,000,000 aggregate principal amount of its Senior Secured Promissory Notes due February 7, 2025 (the "**Initial Notes**"). The Initial Notes shall be substantially in the form attached hereto as Exhibit A. No amount repaid or prepaid under any Initial Note may be borrowed again. The Issuer also has authorized the issuance and sale of the Warrants to the Purchasers concurrently with the issuance and sale of the Initial Notes. The Warrants shall be substantially in the forms attached hereto as Exhibit B.

(b) Issuance of Initial Notes and Warrants. The Issuer hereby agrees to sell to each Purchaser on the Closing Date, and, subject to the terms and conditions set forth herein and in the other Note Documents, and in reliance upon the representations, warranties and covenants set forth herein and therein, each Purchaser severally agrees to purchase from the Issuer on the Closing Date, Initial Notes in the original principal amount set forth opposite such Purchaser's name on Part (a) of Schedule 1.1 and Warrants to purchase the respective percentages of the Ownership Interests of the respective Purchasers set forth on Part (b) of Schedule 1.1. On the Closing Date, the Issuer will deliver to each Purchaser at the offices of Morgan, Lewis & Bockius LLP, 300 South Grand Avenue, Suite 2200, Los Angeles, California, one or more original executed Initial Notes registered in such Purchaser's name and in the denomination or denominations and in the respective face amounts specified on Part (a) of Schedule 1.1, and Warrants to purchase the respective percentages of the Ownership Interests of the respective Purchasers set forth on Part (b) of Schedule 1.1, against payment of the purchase price therefor by wire transfer of immediately available funds to the bank account of the Issuer in accordance with the wire instructions set forth in the Funds Flow Memorandum. The Purchasers' obligations hereunder are several and not joint obligations and no Purchaser shall have any liability to any Person for the performance or non-performance of any obligation by any other Purchaser hereunder.

(c) OID. The Initial Notes are being issued with OID in the amount allocated to the respective Initial Notes on Part (a) of Schedule 1.1. The Issuer agrees to report the amount of OID associated with the respective Initial Notes (and to record and report any interest expense attributable to such OID) in accordance with such Schedule and allocation. For purposes of Section 1273 of the Internal Revenue Code, the aggregate issue price of the Initial Notes and the Warrants is \$8,000,000. Pursuant to GAAP consistently applied and U.S. Treasury Regulations, the Purchasers and Issuer agree to allocate \$7,940,022.88 of the issue price to the Initial Notes and

\$59,977.12 to the Warrants, and agree that such allocation reflects the relative fair market values of the Initial Notes and the Warrants as of the Closing Date. The Purchasers and Issuer further agree to recognize and adhere to the determinations and allocations of OID and valuation of the Warrants set forth herein for all federal and state income tax purposes and file all tax returns in a manner consistent herewith.

(d) Put Notes. The Issuer shall issue the Put Notes to the Purchasers if and when required pursuant to the terms of the Warrants. The Put Notes shall be substantially in the form attached hereto as Exhibit A. No amount repaid or prepaid under any Put Note may be borrowed again.

1.2 Interest Rates; Payments of Interest.

(a) Interest. Interest on the Initial Notes shall be payable from time to time partially in cash, and partially in the form of PIK Interest, and interest on the Put Notes shall be payable from time to time in cash, in each case, as provided below. Interest on the Notes will be computed as set forth in Section 1.2(b).

(i) Cash Interest on Notes. In addition to the interest payable in accordance with Section 1.2(a)(ii), if applicable, on each Interest Payment Date prior to the Maturity Date applicable thereto and at maturity (whether the stated Maturity Date applicable thereto, as a result of acceleration or otherwise), the Issuer shall pay and discharge in cash to the Agent the interest then accrued on the aggregate outstanding principal amount of the Notes (including interest accrued on all additional principal added to the principal balance of the Notes prior to such Interest Payment Date in accordance with Section 1.2(a)(ii)) at a rate equal to, subject to Section 1.2(a)(iii), the LIBOR Rate plus 7.75% per annum. Except as otherwise set forth herein, upon the expiration of an Interest Period, the Notes will continue to accrue interest under this Section 1.2(a)(i) at a rate of interest based on the LIBOR Rate for successive Interest Periods.

(ii) PIK Interest on Initial Notes. In addition to the interest payable in accordance with Section 1.2(a)(i), on each Interest Payment Date prior to the Maturity Date applicable thereto and at maturity (whether the stated Maturity Date applicable thereto, as a result of acceleration or otherwise), the Issuer shall pay interest then accrued on the aggregate

outstanding principal amount of the Initial Notes (including interest accrued on all additional principal added to the principal balance of the Initial Notes prior to such Interest Payment Date in accordance with Section 1.2(a)(ii)) in kind (“**PIK Interest**”) by adding such amount to the outstanding principal amount of the Initial Notes, at a rate equal to, subject to Section 1.2(a)(iii), 3.00% per annum (the “**PIK Interest Rate**”). Any PIK Interest added to the then outstanding principal balance of the Initial Notes shall begin accruing interest at the interest rates set forth in Section 1.2(a)(i) and (ii) beginning on and including the Interest Payment Date on which such PIK Interest is added to the principal amount of the Initial Notes. All PIK Interest added to the principal balance of the Initial Notes pursuant to this Section 1.2(a)(ii) will, for all purposes of this Agreement and the Initial Notes, constitute outstanding principal on the Initial Notes.

(iii) Default Rate. Upon the occurrence and during the continuance of an Event of Default, in addition to and not in substitution of any of the Agent’s or any Purchaser’s other rights and remedies with respect to such Event of Default, in the sole discretion of the Agent or the Required Purchasers, the entire unpaid principal balance of the Notes shall bear interest at a per annum cash rate equal to 300 basis points above the per annum cash rate, and if applicable, PIK Interest Rate, otherwise applicable thereunder. In addition, in the sole discretion of the Agent or the Required Purchasers, interest, Expenses, any fees chargeable hereunder, and other amounts due hereunder or under any other Note Document not paid when due shall bear interest at the interest rates set forth in Section 1.2(a)(i) increased by 300 basis points until such overdue payment is paid in full in cash. For the avoidance of doubt, Agent or the Required Purchasers may elect to impose the default rates above effective as of the date of the occurrence of such Event of Default regardless of the date Agent or the Purchasers give written notice of the election to impose such default rates and regardless of the date Agent or the Purchasers received notice of, or obtained knowledge of, the occurrence of such Event of Default, and such default rates shall automatically apply upon the occurrence of an Event of Default under Section 6.1(g) or (h); provided, however, that other than with respect to Events of Default under Section 6.1(g) or (h), the Issuer shall not be required to pay interest at the default rate for any periods in excess of 120 days prior to the earlier of the date on which the Issuer provided written notice to the Agent regarding the applicable Event of Default and the date on which the Agent provided written notice to the Issuer regarding the applicable Event of Default.

(b) Computation of Interest. All interest shall be calculated on the basis of a 360 day year and the actual number of days elapsed. Interest shall accrue (i) with respect to the Initial Notes, from the Closing Date to the date of repayment of the Initial Notes, and (ii) with respect to any Put Note, from the date such Put Note is issued to the date of repayment of such Put Note, in each case, in accordance with the provisions of this Agreement; provided, however, that if a Note is repaid on the same day on which it is made, then one day’s interest shall be paid on the Note. Any and all interest not paid when due shall be added to the principal balance of the applicable Note and shall bear interest thereafter as provided for in Section 1.2(a)(iii).

(c) Maximum Interest Rate. Under no circumstances shall the interest rate or rates charged hereunder or under the Notes, plus any other amounts paid hereunder or under the Notes, exceed the highest rate permissible under any law which a court of competent jurisdiction shall, in a final determination, deem applicable hereto. If such a court determines that the Purchasers have received or charged interest hereunder in excess of the highest legally permissible interest rate, any payments with respect to such excess amount shall be deemed received on

account of, and shall automatically be applied to reduce the Obligations, in the inverse order of maturity, and the provisions hereof shall be deemed amended to provide for the highest permissible rate applicable at the time or in the context in question. If there are no Obligations then outstanding, the Purchasers shall refund to the Issuer the amount of interest in excess of the maximum legally permissible rate.

(d) Payments of Interest. All accrued but unpaid interest on the Notes, calculated in accordance with this Section 1.2, shall be due and payable as set forth in Sections 1.2(a)(i) and 1.2(a)(ii). Notwithstanding anything contained herein to the contrary, all interest due and payable on the date that the entire then outstanding principal amount of the Notes becomes due and payable, whether on the stated Maturity Date applicable thereto, by acceleration or otherwise, shall be due and payable in full on such date.

(e) Cost of Money. Notwithstanding anything contained in the Note Documents to the contrary, the parties acknowledge and agree that any default interest or other amounts charged under the Note Documents that would cause the amount charged under the Note Documents to exceed the ceiling under, and as defined in, SBA Regulations §107.855, will be held in escrow as set forth in Section 1.2(f).

(f) Escrowed Payments. To the extent that any payments to Purchasers would exceed the maximum amount permitted by the SBIC Act, such excess amounts shall be held in escrow by the Issuer solely for the Purchasers' benefit and paid out to Purchasers as soon as practicable following the time(s) as such amounts are permitted to be paid to Purchasers under the SBIC Act.

1.3 Statements of Obligations. Each Purchaser shall maintain a loan account in accordance with its usual and customary practices evidencing the Obligations of the Issuer hereunder. Any failure of any Purchaser to record any charge or payment in such loan account, or any error in doing so, shall not limit or otherwise affect the obligation of the Issuer to pay any amount owing hereunder. Entries made in a Purchaser's loan account shall constitute presumptive evidence of the information contained therein. If any information contained in any such loan account is provided to or inspected by any Person, the information shall be conclusive and binding on such Person for all purposes absent manifest error.

1.4 Holidays. Any principal or interest payment in respect of the Notes which would otherwise become due on a day other than a Business Day, shall instead become due on the next succeeding Business Day and such adjustment shall be reflected in the computation of interest.

1.5 Repayment of Notes

(a) General Payment Provisions. All payments of Obligations shall be made in immediately available funds in Dollars, without offset, counterclaim or defense of any kind, not later than 12:00 noon Pacific Time on the due date. Any payment after such time shall be deemed made on the next Business Day. Notwithstanding the foregoing, the Obligations may be satisfied in whole or in part at the election of the holder of the Warrants in connection with the exercise of the Warrants pursuant to their terms.

(b) Repayment of the Notes.

(i) The Issuer shall repay the aggregate outstanding principal balance of the Initial Notes (including any PIK Interest added to the outstanding principal balance of the Initial Notes) in cash commencing on February 28, 2023, and on the last day of each month thereafter, in equal monthly installments of \$33,333.33, unless accelerated sooner pursuant to Section 6.2 or redeemed or prepaid in accordance with this Section 1.5. The Issuer shall repay the outstanding unpaid principal balance of the Initial Notes, together with any accrued but unpaid interest thereon, in cash on the Maturity Date applicable thereto (unless accelerated in accordance with Section 6.2).

(ii) The Issuer shall repay the aggregate outstanding principal balance of the Put Notes, together with any accrued but unpaid interest thereon, in cash on the Maturity Date applicable thereto (unless accelerated in accordance with Section 6.2 or redeemed or prepaid in accordance with this Section 1.5).

(c) Prepayments.

(i) Optional. The Issuer may, with or without notice, prepay the principal of the Notes, in whole or in part. Each prepayment made pursuant to this Section 1.5(c)(i) shall be accompanied by the payment of accrued interest to the date of such payment on the amount prepaid, together with any additional amounts required pursuant to Sections 1.7(b) and 1.9. Each such prepayment shall be applied against the remaining installments of principal due on the Notes in inverse order of maturity (for the avoidance of doubt, any amount that is due and payable on the Maturity Date applicable thereto shall constitute an installment). Such prepayments shall be paid to the Purchasers in accordance with their pro rata share of the Notes.

(ii) Mandatory.

(A) Dispositions and Involuntary Dispositions. Unless otherwise agreed to by Agent in its sole discretion, the Issuer shall prepay the Notes as hereinafter provided in an aggregate amount equal to the Net Cash Proceeds received by any Note Party or any Subsidiary from all Dispositions (other than Permitted Dispositions under clauses (a) through (f) of the definition of Permitted Dispositions) and Involuntary Dispositions within three (3) Business Days of the date of such Disposition or Involuntary Disposition; provided, that, with respect to any Permitted Disposition under clause (g) of the definition of Permitted Dispositions, so long as (w) no Default or Event of Default shall have occurred and is continuing or would result therefrom,

(x) the Issuer shall have given Agent prior written notice of Issuer's intention to apply such monies to the costs of replacement of the properties or assets that are the subject of such Disposition or the cost of purchase of other assets useful in the business of such Note Party or its Subsidiaries,

(y) the monies are held in a deposit account in which Agent has a perfected first-priority security interest, and (z) such Note Party or its Subsidiary, as applicable, completes such replacement or purchase within 180 days after the initial receipt of such monies, then the Note Party or such Note Party's Subsidiary whose assets were the subject of such Disposition shall have the option to apply such monies to the costs of replacement of the assets that are the subject of such Disposition unless and to the extent that such applicable period shall have expired without such replacement or purchase being made or completed, in which case, any amounts remaining in the deposit account referred to in clause (y) above shall be paid to Agent and applied in accordance with Section 1.5(c)(ii)(G).

(B) Equity Issuance. Unless otherwise agreed to by Agent in its sole discretion, within three (3) Business Days of the receipt by any Note Party or any Subsidiary of the Net Cash Proceeds of any Equity Issuance, the Issuer shall prepay the Notes as hereinafter provided in an aggregate amount equal to such Net Cash Proceeds; provided that, so long as (w) no Default or Event of Default shall have occurred and is continuing or would result therefrom,

(x) the Issuer shall have given Agent prior written notice of Issuer's intention to apply such monies to the costs of building new and/or remodeling existing Company-Owned Units and related opening costs, (y) the monies are held in a deposit account in which Agent has a perfected first- priority security interest, and (z) such Note Party or its Subsidiary, as applicable, completes such building or remodeling within three years after the initial receipt of such monies, then the Note Party or such Note Party's Subsidiary shall have the option to apply such monies for such purposes unless and to the extent that such applicable period shall have expired without such monies being used for such purposes, in which case, any amounts remaining in the deposit account referred to in clause (y) above shall be paid to Agent and applied in accordance with Section 1.5(c)(ii)(G).

(C) Debt Issuance. Unless otherwise agreed to by Agent in its sole discretion, within three (3) Business Days of the receipt by any Note Party or any Subsidiary of the Net Cash Proceeds of any issuance by any Note Party or ay Subsidiary of any Debt (other than Permitted Debt), the Issuer shall prepay the Notes as hereinafter provided in an aggregate amount equal to such Net Cash Proceeds.

(D) Extraordinary Receipts. Unless otherwise agreed to by Agent in its sole discretion, within three (3) Business Days of the receipt by any Note Party or any Subsidiary of any Extraordinary Receipt received by or paid to or for the account of any Note Party or any of its Subsidiaries, and not otherwise included in clause (A), (B) or (C) of this Section, the Issuer shall prepay the Notes as hereinafter provided in an aggregate principal amount equal to the Net Cash Proceeds received therefrom. Notwithstanding anything to the contrary in this clause (D), upon the death of Paul W. Mobley or A Scott Mobley, the Issuer shall be permitted to use up to \$500,000 of proceeds of the Life Insurance Policies, in the aggregate for both such Persons, for purposes any costs and expenses deemed necessary by the Issuer to find and secure one or more successor(s) to the deceased.

(E) Consolidated Excess Cash Flow. Unless otherwise agreed to by Agent in its sole discretion, commencing with the Financial Statements and related Compliance Certificate required to be delivered for the Fiscal Quarter of the Issuer ending December 31, 2020, within five (5) Business Days after Financial Statements have been delivered pursuant to Section 4.3(b) and the related Compliance Certificate has been delivered pursuant to Section 4.3(d), or if such Financial Statements or Compliance Certificate are not delivered on the dates so required, within five (5) Business Days after such Financial Statements and related Compliance Certificate are required to be delivered pursuant to Section 4.3(c) and 4.3(d), as applicable, the Issuer shall prepay the Notes as hereafter provided in an aggregate amount equal to 50% of Consolidated Excess Cash Flow for the Fiscal Quarter covered by such Financial Statements less the amount of any voluntary prepayments made on the Notes during such Fiscal Quarter.

(F) Consolidated Excess Cash Flow Adjustments.

(1) If the calculations of the amount of Consolidated Excess Cash Flow set forth in the Compliance Certificate delivered for Financial Statements delivered pursuant to Section 4.3(c) (the “**Annual Compliance Certificate**”) show an aggregate amount of Consolidated Excess Cash Flow for the Fiscal Year with respect to which such annual Financial Statements are delivered that is greater than the aggregate amount of Consolidated Excess Cash Flow indicated by the Issuer in the Compliance Certificates delivered for Financial Statements delivered pursuant to Section 4.3(b) for the four Fiscal Quarters of such Fiscal Year (collectively, the “**Quarterly Compliance Certificates**”), then the Issuer shall prepay, no later than five (5) Business Days after delivery of the Annual Compliance Certificate, an additional aggregate amount of the Notes (“**Additional Excess Cash Flow**”) equal to (x) the amount required to be prepaid pursuant to the terms of Section 1.5(c)(ii)(E) based on the amount of Consolidated Excess Cash Flow set forth in such Annual Compliance Certificate, less (y) the amount of Consolidated Excess Cash Flow required to be prepaid pursuant to the terms of Section 1.5(c)(ii)(E) based on the aggregate amount of Consolidated Excess Cash Flow set forth in the Quarterly Compliance Certificates.

(2) If the calculations of the amount of Consolidated Excess Cash Flow set forth in the Annual Compliance Certificate show an aggregate amount of Consolidated Excess Cash Flow for the Fiscal Year with respect to which such annual Financial Statements are delivered that is less than the aggregate amount of Consolidated Excess Cash Flow indicated by the Issuer in the Quarterly Compliance Certificates, then the Issuer may deduct from the next payment or payments, as the case may be, required pursuant to the terms of Section 1.5(c)(ii)(E) an amount equal to the difference between (x) the amount of Consolidated Excess Cash Flow required to be prepaid pursuant to the terms of Section 1.5(c)(ii)(E) based on the aggregate amount of Consolidated Excess Cash Flow set forth in the Quarterly Compliance Certificates and (y) the amount required to be prepaid pursuant to the terms of Section 1.5(c)(ii)(E) based on the amount of Consolidated Excess Cash Flow set forth in such Annual Compliance Certificate; provided that under no circumstances shall the Agent or the Purchasers be required to return any amount of Consolidated Excess Cash Flow previously received.

(G) Application of Payments. Each prepayment of the Notes pursuant to the foregoing provisions of Section 1.5(c)(ii)(A) through (F) shall be applied against the remaining installments of principal due on the Notes in inverse order of maturity (for the avoidance of doubt, any amount that is due and payable on the Maturity Date applicable thereto shall constitute an installment). Such prepayments shall be paid to the Purchasers in accordance with their pro rata share of the Notes.

The Issuer agrees to pay to the Agent upon a prepayment pursuant to Section 1.5(c)(ii)(A) through (D), the prepayment fee required pursuant to Section 1.7(b). All prepayments under this Section 1.5(c)(ii) shall be subject to Section 1.9, and shall be accompanied by interest on the principal amount prepaid through the date of prepayment.

(d) Application and Allocation of Payments.

(i) Application. Payments made by the Issuer hereunder shall be applied (A) first, as specifically required hereby; (B) second, to Obligations then due and owing;

(C) third, to other Obligations specified by the Issuer; and (D) fourth, as determined by the Required Purchasers.

(ii) Post-Default Allocation. Notwithstanding anything in any Note Document to the contrary, during the continuance of an Event of Default, monies to be applied to the Obligations, whether arising from payments by Note Parties, setoff or otherwise, shall be allocated as follows:

Purchasers;

(A) first, to all costs and expenses owing to the Agent and

(B) second, to all Obligations constituting fees;

(C) third, to all Obligations constituting interest, including PIK

Interest that has not yet been capitalized;

(D) fourth, to principal amounts outstanding under the Notes, including the principal balance thereof constituting PIK Interest that has been capitalized; and

(E) fifth, to all remaining Obligations.

Amounts shall be applied to payment of each category of Obligations only after payment in full of all preceding categories. If amounts are insufficient to satisfy a specific category, Obligations in such category shall be paid on a pro rata basis. The allocations set forth in this Section 1.5(d) are solely to determine the rights and priorities among the Purchasers, and may be changed by agreement among them without the consent of any Note Party. This Section 1.5(d) is not for the benefit of or enforceable by any Note Party, and the Issuer irrevocably waives the right to direct the application of any payments subject to this Section 1.5(d).

(iii) Erroneous Application. No Purchaser shall be liable for any application of amounts made by it in good faith and, if any such application is subsequently determined to have been made in error, the sole recourse of any Purchaser or other Person to which such amount should have been paid shall be to recover the amount from the Person that actually received it in error (and, if such amount was received by any Purchaser, such Purchaser hereby agrees to return it).

(e) Marshaling; Payments Set Aside. The Purchasers shall not be under any obligation to marshal any assets in favor of any Note Party or against any Obligations. If any payment by or on behalf of the Issuer is made to any Purchaser, or any Purchaser exercises a right of setoff, and such payment or any proceeds of such setoff is subsequently invalidated, declared to be fraudulent or preferential, set aside or required to be repaid to a trustee, receiver or any other Person (including in each case pursuant to any settlement entered into by such Purchaser in its discretion), then the Obligation originally intended to be satisfied, and all Liens, rights and remedies relating thereto, shall be revived and continued in full force and effect as if such payment had never been made or such setoff had never occurred. This provision shall survive the termination of this Agreement and the repayment in full of the Obligations.

1.6 Payment of Obligations. Obligations other than the Notes will be paid by the Issuer as provided in the Note Documents or, if no payment date is specified, shall be due and payable within five (5) calendar days of written demand by the Agent. The Issuer shall pay all of the Obligations (including principal, interest, premiums, if any, fees, costs, and expenses (including Expenses)) in full on the last Maturity Date hereunder or, if earlier, on the date on which the Obligations become due and payable pursuant to the terms of this Agreement.

1.7 Fees.

(a) **Fee.** The Issuer shall pay to Agent and Purchasers all fees specified in the Fee Letter and any other fee letter executed by the Issuer in connection with this Agreement.

(b) **Prepayment Fee.** In the event that (i) the Obligations are prepaid in whole or in part before the applicable Maturity Date, (ii) the Obligations are prepaid, reduced, refinanced or replaced by operation of law or otherwise before the applicable Maturity Date, (iii) the Obligations are accelerated (whether pursuant to the terms of this Agreement, by operation of law, or otherwise), (iv) Obligations are satisfied as a result of a foreclosure sale, or (v) an Event of Default occurs under Section 6.1(g) or 6.1(h), then Issuer shall pay the Purchasers as liquidated damages (and not as a penalty) a prepayment fee in an amount equal to a percentage of the amount of prepayment of the Obligations calculated as follows: (A) three percent (3.0%) if such prepayment, refinancing, replacement, sale, acceleration or such Event of Default occurs on or before the first anniversary of the Closing Date; (B) two percent (2.0%) if such prepayment, refinancing, replacement, sale, acceleration or such Event of Default occurs after the first anniversary of the Closing Date, but on or before the second anniversary of the Closing Date; (C) one percent (1.0%) if such prepayment, refinancing, replacement, sale, acceleration or such Event of Default occurs after the second anniversary of the Closing Date, but on or before the third anniversary of the Closing Date; and (D) zero percent (0.0%) if such prepayment, refinancing, replacement, sale, acceleration or such Event of Default occurs after the third anniversary of the Closing Date. The applicable prepayment fee set forth in this Section 1.7(b) shall be presumed to be the amount of damages sustained by the Purchasers as a result of a prepayment, and the Issuer agrees that it is reasonable under the circumstances currently existing. The prepayment fee provided for in this Section 1.7(b) shall be deemed included in the Obligations. This provision shall be applicable whether the prepayment is made voluntarily, as a result of an Event of Default, or otherwise.

1.8 Taxes on Payments. All payments in respect of the Obligations shall be made free and clear of and without any deduction or withholding for or on account of any present and future taxes, levies, imposts, deductions, charges, withholdings, assessments or governmental charges, and all liabilities with respect thereto, imposed by the United States of America, any foreign government, or any political subdivision or taxing authority thereof or therein, excluding any Excluded Taxes (all such non-Excluded Taxes being hereinafter referred to as "**Taxes**"). If any Taxes are imposed and required by law to be deducted or withheld from any amount payable to the Agent and the Purchasers, then the Issuer shall (i) increase the amount of such payment so that the Agent and the Purchasers will receive a net amount (after deduction of all Taxes) equal to the amount due hereunder, and (ii) pay such Taxes to the appropriate taxing authority for the account of the Agent and the Purchasers prior to the date on which penalties attach thereto or interest accrues thereon; provided, however, if any such penalties or interest shall become due, the Issuer

shall make prompt payment thereof to the appropriate taxing authority. The Issuer shall indemnify the Agent and the Purchasers for the full amount of Taxes (including penalties, interest, expenses and Taxes arising from or with respect to any indemnification payment) arising therefrom or with respect thereto, whether or not the Taxes were correctly or legally asserted. This indemnification shall be made on demand.

1.9 Recovery of Additional Costs. If the imposition of or any Change in Law or the interpretation or application thereof by any court or administrative or governmental authority (including any request or policy not having the force of law) shall impose, modify or make applicable any taxes (except Excluded Taxes) or reserve requirements, capital adequacy requirements or other obligations which would (a) increase the cost to the Agent and the Purchasers for extending or maintaining the loans or other financial accommodations to which this Agreement relates, (b) reduce the amounts payable to the Agent and the Purchasers under this Agreement or any other Note Documents, or (c) reduce the rate of return on the Agent and the Purchasers' capital as a consequence of the Agent and the Purchasers' obligations with respect to the loans or other financial accommodations to which this Agreement relates, then the Issuer shall pay to the Agent and the Purchasers such additional amounts as will compensate the Agent and the Purchasers therefore, within fifteen (15) days after the Agent and such Purchaser's written demand for such payment, which demand shall be accompanied by an explanation of such imposition or charge and a calculation in reasonable detail of the additional amounts payable by the Issuer, which explanation and calculations shall be conclusive in the absence of manifest error; provided that

(A) Issuer shall not be required to compensate Agent or any Purchaser for any increased costs incurred or reductions suffered more than 180 days prior to the date that Agent or such Purchaser, as the case may be, notifies Issuer of the Change in Law giving rise to such increased costs or reductions, and of Agent's or such Purchaser's intention to claim compensation therefor, and (B) if an event or circumstance giving rise to such amounts is retroactive, then the 180-day period referred to above shall be extended to include the period of retroactive effect thereof.

1.10 Inability to Determine Interest Rate.

(a) In the event that, prior to the first day of any Interest Period, (i) the Agent shall have determined (which determination shall be conclusive and binding upon the Issuer absent manifest error) that (x) by reason of circumstances affecting the relevant market, adequate and reasonable means do not exist for ascertaining the LIBOR Rate for such Interest Period, and (y) the circumstances described in Section 1.10(b)(i), do not apply, (ii) the Agent shall have determined (which determination shall be conclusive and binding upon the Issuer absent manifest error) that dollar deposits are not being offered to banks in the London interbank eurodollar market for the applicable amount and Interest Period of such Note or (iii) the Agent shall have determined that the LIBOR Rate determined or to be determined for such Interest Period will not adequately and fairly reflect the cost to one or more Purchasers (as conclusively certified by such Purchaser) of making or maintaining their affected Notes during such Interest Period, the Agent shall give telecopy or telephonic notice thereof to the Issuer as soon as practicable thereafter. If such notice is given, on the first day of such Interest Period, the interest payable under Section 1.2(a)(i) shall accrue at the Base Rate rather than the LIBOR Rate (in each case, plus the applicable margin set forth in Section 1.2(a)) until such notice has been withdrawn by the Agent.

(b) Notwithstanding anything contained herein to the contrary, if the Agent shall have determined (which determination shall be conclusive and binding upon the Issuer absent manifest error) that (i) by reason of circumstances affecting the relevant market, adequate and reasonable means do not exist for ascertaining the LIBOR Rate for any Interest Period and such circumstances are unlikely to be temporary, (ii) a public statement or publication of information has been made (x) by or on behalf of the administrator of the LIBOR Rate announcing that such administrator has ceased or will cease to provide the LIBOR Rate, permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide the LIBOR Rate, (y) by the regulatory supervisor for the administrator of the LIBOR Rate, the U.S. Federal Reserve System (or any successor), an insolvency official with jurisdiction over the administrator for the LIBOR Rate, a resolution authority with jurisdiction over the administrator of the LIBOR Rate or a court or an entity with similar insolvency or resolution authority over the administrator for the LIBOR Rate, which states that the administrator of the LIBOR Rate has ceased or will cease to provide the LIBOR Rate permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide the LIBOR Rate, or (z) by the regulatory supervisor for the administrator of the LIBOR Rate announcing that the LIBOR Rate is no longer representative,

(iii) a LIBOR Rate is not published by the administrator of the LIBOR Rate for five consecutive Business Days and such failure is not the result of temporary moratorium, embargo or disruption declared by the administrator of the LIBOR Rate or by the regulatory supervisor for the administrator of the LIBOR Rate, or (iv) a new index rate has become a widely-recognized replacement benchmark rate for the LIBOR Rate in newly originated loans denominated in Dollars in the U.S. market, then reasonably promptly thereafter, the Agent shall amend this Agreement as described below to replace the LIBOR Rate with an alternative benchmark rate (which may be a rate based on the Secured Overnight Financing Rate and which alternative benchmark rate shall be subject to a floor of 1.50% per annum), and to modify the applicable margins and make other related amendments, in each case giving due consideration to any evolving or then existing convention for similar Dollar denominated credit facilities, or any selection, endorsement or recommendation by a relevant Governmental Authority with respect to such facilities.

(c) The Agent shall provide notice to the Issuer of the amendment to this Agreement to reflect the replacement index, adjusted margins and such other related amendments as may be appropriate, in the reasonable discretion of the Agent, for the implementation and administration of the replacement index-based rate. Notwithstanding anything to the contrary contained in this Agreement or any other Note Document, such amendment shall become effective without any further action or consent of any other party to this Agreement upon delivery of notice to the Issuer.

(d) For the avoidance of doubt, to the extent Agent is prohibited by Applicable Law to use the LIBOR Rate as a reference rate following the date when a determination is made pursuant to Section 1.10(b) above and until a replacement index has been selected and implemented in accordance with the terms and conditions of Section 1.10(c), at the Agent's election, the interest payable under Section 1.2(a)(i) shall accrue at the Base Rate rather than the LIBOR Rate (in each case, plus a margin equal to the sum of (i) the LIBOR Rate in effect immediately prior to such change to Base Rate plus (ii) 7.75% per annum minus (iii) the Base Rate in effect at such time).

(e) Notwithstanding anything to the contrary contained herein, if at any time the replacement index is less than zero, then at such times, such index shall be deemed to be zero for purposes of this Agreement.

ARTICLE 2 CONDITIONS TO CLOSING

2.1 Conditions to the Purchase of the Initial Notes on the Closing Date. The Purchasers' obligation to purchase the Initial Notes on the Closing Date is subject to and contingent upon the fulfillment of each of the conditions set forth in **Annex 2** to the satisfaction of the Agent and/or the Purchasers (as specified on **Annex 2**) and its counsel.

ARTICLE 3 ISSUER REPRESENTATIONS AND WARRANTIES

In order to induce the Agent and the Purchasers to enter into this Agreement and to purchase the Notes, the Issuer hereby represents and warrants to the Agent and each Purchaser that:

3.1 Legal Status. Each Note Party is the type of organization indicated in Schedule 3.1, and is duly organized and existing under the laws of the state of its organization, as indicated in Schedule 3.1. Each Note Party has the power and authority to own its own Assets and to transact the business in which it is engaged, to execute and deliver this Agreement and the other Note Documents to which it is a party and to perform the provisions hereof and thereof (including, without limitation, the issuance and sale of the Notes and the Warrants by the Issuer on the Closing Date). Each Note Party is properly licensed, qualified to do business and in good standing in every jurisdiction in which failure to so qualify would reasonably be expected to have a Material Adverse Effect as set forth in Schedule 3.1. Each Note Party has delivered to the Agent accurate and complete copies of its Governing Documents all of which are operative and in effect as of the Closing Date.

3.2 No Violation; Compliance. The execution, delivery and performance of the Note Documents to which each Note Party is a party, and the consummation of the transactions contemplated hereby and thereby (including the issuance of the Notes and the Warrants), are duly authorized and are within such Note Party's powers, are not in conflict with the terms of the Governing Documents of such Note Party, and do not result in a material breach of or constitute a default under any material contract, obligation, indenture or other agreement or instrument to which such Note Party is a party or by which such Note Party or its assets are or may be bound or affected. No law, rule or regulation (including Regulations T, U and X of the Federal Reserve Board), nor any judgment, decree or order of any court or Governmental Authority binding on any Note Party, will be contravened by the execution, delivery, performance or enforcement of the Note Documents to which any Note Party is a party.

3.3 Authorization; Enforceability. Each Note Party has taken all action necessary to validly authorize the execution and delivery by such Note Party of the Note Documents to which

such Note Party is a party, and the consummation of the transactions contemplated to be consummated hereby and thereby. Upon their execution and delivery in accordance with the terms hereof, the Note Documents to which each Note Party is a party will constitute legal, valid and binding agreements and obligations of such Note Party enforceable against such Note Party in accordance with their respective terms, except as enforceability may be limited by bankruptcy, insolvency, and similar laws and equitable principles affecting the enforcement of creditors' rights generally.

3.4 Approvals; Consents. No approval, authorization, consent, exemption or other action by, or notice to or filing with, any Governmental Authority is necessary in connection with the execution, delivery, performance or enforcement of the Note Documents except those that have been obtained. All requisite Governmental Authorities and third parties have approved or consented to the transactions contemplated by the Note Documents and all applicable waiting periods have expired. There is no governmental or judicial action, actual or to the Knowledge of the Issuer threatened, that has or could have a reasonable likelihood of restraining, preventing or imposing materially burdensome conditions on the transactions contemplated by the Note Documents.

3.5 Liens and Debt. Each Note Party and each of the Subsidiaries has good and marketable title to, or valid leasehold interests in, all of its Assets, free and clear of all Liens or rights of others, except for Permitted Liens. No Note Party nor any Subsidiary thereof has any Debt other than Permitted Debt.

3.6 Litigation; Compliance with Laws; Product Liability; Information Security.

(a) Except as set forth on Schedule 3.6(a), there are no (i) suits, proceedings, claims or disputes pending or, to the Knowledge of the Issuer, threatened, or (ii) to the Knowledge of Issuer, facts or circumstances existing that could reasonably be expected to result in a suit, proceeding, claim or dispute, in each case, against or affecting any Note Party, or any Note Party's Assets, or any Subsidiary of a Note Party or any of such Subsidiary's Assets, which are not fully covered by applicable insurance, and as to which no reservation of rights has been taken by the insurer thereunder.

(b) Neither the Issuer nor any Subsidiary is (i) subject to or in violation of any writ, order, judgment, decree or ruling of any court, any arbitrator of any kind or any Governmental Authority or (ii) in violation of any material Applicable Law, ordinance, rule or regulation of any Governmental Authority.

(c) No product that is developed, produced, manufactured, tested, marketed, sold, and/or distributed by the Issuer or any of its Subsidiaries has been recalled (or to the Knowledge of the Issuer is threatened to be recalled) directly or indirectly by the Issuer or any of its Subsidiaries or any Governmental Authority or involuntarily withdrawn, suspended, or discontinued. Schedule 3.6(c) lists all product liability or warranty claims made during the current and the prior two Fiscal Years and the current status or resolution of such claim. To the Knowledge of the Issuer, there are no facts, circumstances, events or conditions that could reasonably be expected to result in any product recall or any product liability, material back charge or material warranty claim. Neither the Issuer nor any Subsidiary has been notified in writing of any action,

arbitration, audit, hearing, investigation, litigation, suit (whether civil, criminal, administrative, investigative, or informal) or claim commenced, brought, conducted, or heard by or before, or otherwise involving, any Governmental Authority (whether completed or pending) seeking the voluntary or other recall, withdrawal, suspension, or seizure of any product that is developed, produced, manufactured, tested, marketed, sold, and/or distributed by the Issuer or any of its Subsidiaries.

(d) Except as set forth on Schedule 3.6(d), there have not been any incidents of, or third party claims alleging, (i) a Data Breach, or (ii) other loss, theft, unauthorized access, disclosure or acquisition, modification, disclosure, corruption, or other misuse of any Personal Information or Customer Confidential Information in a Note Party's possession or in the possession of a third party service provider for the Note Party. No Note Party has notified in writing, or been required by Applicable Law or a Governmental Authority to notify in writing, any person of any Data Breach. No Note Party has received any notice of any claims, investigations (including investigations by a Governmental Authority), or alleged violations of laws with respect to Personal Information or Customer Confidential Information.

3.7 No Default. No Event of Default or Default has occurred and is continuing or would result from the incurring of obligations by any Note Party or any Subsidiary under this Agreement or the other Note Documents.

3.8 Capitalization; Subsidiaries.

(a) Set forth on Schedule 3.8(a) is a complete and accurate list showing the number and type of Ownership Interests of each Note Party authorized, the number outstanding, the number and percentage of the outstanding shares of each such class owned (directly or indirectly) by each Owner of such Note Party (or its Affiliates). All such outstanding Ownership Interests have been validly issued, are fully paid and non-assessable, and are owned by the Owner indicated on Schedule 3.8(a), free and clear of all Liens (other than Permitted Liens), options, warrants, rights of conversion or purchase or any similar rights. Except as set forth on Schedule 3.8(a), neither a Note Party nor any Owner of such Note Party is a party to, or has Knowledge of, any agreement restricting the transfer or hypothecation of any Ownership Interests of such Note Party.

(b) Set forth on Schedule 3.8(b) is a complete and accurate list showing all Subsidiaries of each Note Party and, as to each such Subsidiary, the jurisdiction of its organization, the number of shares of each class of Ownership Interests authorized (if applicable), the number outstanding, and the number and percentage of the outstanding shares of each such class owned (directly or indirectly) by its Owner(s). All of the outstanding Ownership Interests of each Subsidiary of each Note Party owned (directly or indirectly) by such Note Party have been validly issued, are fully paid and non-assessable (to the extent applicable) and are owned by such Note Party or a Subsidiary of such Note Party, free and clear of all Liens (other than Permitted Liens), options, warrants, rights of conversion or purchase or any similar rights. Except as set forth on Schedule 3.8(b), neither a Note Party nor any Subsidiary of such Note Party is a party to, or has Knowledge of, any agreement restricting the transfer or hypothecation of any Ownership Interests of any such Subsidiary, other than the Note Documents. Neither a Note Party nor any Subsidiary

of a Note Party owns or holds, directly or indirectly, any Ownership Interests of any Person other than such Subsidiaries and Permitted Investments.

3.9 Taxes. All tax returns required to be filed by each Note Party and each of the Subsidiaries in any jurisdiction have been timely filed. All taxes, assessments, fees and other governmental charges upon each Note Party and each of the Subsidiaries or upon any of their Assets, income or franchises, which are or have become due and payable have been timely paid in full, other than such taxes, assessments, fees and other governmental charges being contested in good faith by appropriate proceedings, and for which adequate reserves have been established with respect thereto as required by GAAP and, by reason of such contest or nonpayment, no Assets of the Issuer or any Subsidiary thereof is subject to a material risk of loss or forfeiture. There are no claims, audits, investigations or other proceedings regarding Taxes or Tax-related matters pending with respect to any Note Party, and to the Knowledge of Issuer no such claims, audits, investigations or other proceedings are threatened nor are there any facts or circumstances which reasonably could provide the basis therefor.

3.10 Correctness of Financial Statements; No Material Adverse Effect. The Issuer's audited consolidated Financial Statements for the Fiscal Year ended December 31, 2018 and the Issuer's unaudited consolidated Financial Statements for the nine (9) month period ended September 30, 2019 (collectively, the "**Issuer Financial Statements**") were prepared in accordance with the Issuer's books of account and other financial records, fairly present the financial position of the Issuer as of the dates thereof and the results of the Issuer's operations for the periods then ended, and have been prepared in accordance with GAAP consistently applied. Any forecasts of future financial performance delivered by the Issuer to the Agent and the Purchasers have been made in good faith and are based on reasonable assumptions and investigations by the Issuer. Since December 31, 2018, there has been no, and there are no facts or circumstances existing which constitute or could reasonably be expected to result in, a Material Adverse Effect. Except as disclosed in the Issuer Financial Statements, no Note Party has any contingent obligations, liabilities for taxes or other outstanding financial obligations or liabilities which are material individually or in the aggregate (regardless of whether required to be disclosed on a balance sheet prepared in accordance with GAAP). No Note Party has any material liabilities or obligations, other than those reflected in the Issuer Financial Statements or those liabilities and obligations which have arisen in the ordinary course of business since the date of the most recent Issuer Financial Statements and are not individually or collectively material in amount or substance. To the Knowledge of the Issuer, there are no pending adjustments to the valuation of the Assets of the Issuer or its Subsidiaries set forth on the balance sheets included in the Issuer Financial Statements.

3.11 ERISA. Neither the Issuer nor any member of the ERISA Group maintains or contributes to any Plan or Multiemployer Plan.

3.12 Full Disclosure. Each Note Party has disclosed to the Agent and the Purchasers all material agreements, instruments and corporate or other restrictions to which it or its Assets is bound or subject, and has disclosed all other matters known to it, that, individually or in the aggregate, would reasonably be expected to result in a Material Adverse Effect. All information furnished in writing by or on behalf of any Note Party and delivered to the Agent in connection with this Agreement or the consummation of the transactions contemplated hereunder or

thereunder (other than forward-looking information and projections and information of a general economic nature) does not, as of the time of delivery of such information, contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements contained therein or herein not materially misleading. Any budget or projections delivered by the Issuer hereunder represent the Issuer's good faith estimate, on the date such budget or projections are delivered, of the Note Parties and their Subsidiaries' future performance for the periods covered thereby based upon assumptions believed by the Issuer to be reasonable at the time of the delivery thereof to the Agent (it being understood that such budget or projections are subject to significant uncertainties and contingencies, many of which are beyond the control of the Note Parties and their Subsidiaries, and no assurances can be given that such budget or projections will be realized, and although reflecting the Issuer's good faith estimate, projections or forecasts based on methods and assumptions which the Issuer believed to be reasonable at the time such budget or projections were prepared, are not to be viewed as facts, and that actual results during the period or periods covered by the budget or projections may differ materially from projected or estimated results).

3.13 Other Obligations. Neither any Note Party nor any Subsidiary is in default on any

(i) Debt or (ii) any other lease, commitment, contract, instrument or obligation which is material to the operation of its business.

3.14 Investment Company Act. No Note Party is an investment company, or a company controlled by an investment company, within the meaning of the Investment Company Act of 1940, as amended.

3.15 Patents, Trademarks, Copyrights, and Intellectual Property, etc. Except as set forth in Schedule 3.15, each Note Party owns exclusively or holds licenses in all patents, patent rights, licenses, trademarks, trademark rights, trade names, trade name rights, copyrights, permits, and franchises necessary for it to conduct its business and to operate its Assets, without known conflict with the rights of third Persons, and all of same are valid and subsisting. Other than the Liens granted to the Agent pursuant to the Note Documents, the consummation of the transactions contemplated by this Agreement will not alter or impair any of such intellectual property rights of any Note Party or any Subsidiary. To the Issuer's Knowledge, no Note Party or Subsidiary is alleged to be infringing upon any intellectual property rights of any Person and, to the Issuer's Knowledge, no claims alleging infringement is threatened to be asserted against any Note Party or Subsidiary. Except as set forth on Schedule 3.15, no Intellectual Property used in or necessary in the conduct of a Note Party's business is owned by any Person other than such Note Party or another Note Party.

3.16 Environmental Condition. To the Issuer's Knowledge, (i) the operations and properties of the Note Parties and their Subsidiaries are in compliance, in all material respects, with federal, state or local environmental codes, ordinances, rules and regulations ("**Environmental Laws**"); (ii) neither any Note Party nor any Subsidiary has received a summons, citation, notice, or directive from the Environmental Protection Agency or any other Governmental Authority concerning any action or omission by any Note Party or any Subsidiary resulting in the alleged use, storage, transport, release or disposition of Hazardous Materials in violation of Environmental Laws and (iii) neither any Note Party nor any Subsidiary has any actual or claimed liabilities under any Environmental Laws, and no facts or circumstances exist that could reasonably be expected to result in any such liability under any Environmental Laws.

3.17 Solvency. The Issuer and each other Note Party and each Subsidiary, taken as a whole, are, and after giving effect to the issuance of the Notes will be, Solvent. No transfer of cash or property is being made by any Note Party or any Subsidiary and no obligation is being incurred by any Note Party or any Subsidiary in connection with the transactions contemplated by this Agreement or the other Note Documents with the intent to hinder, delay, or defraud either present or future creditors of any Note Party or any Subsidiary.

3.18 Labor Matters. There are no strikes, lockouts, slowdowns or other material labor disputes against any Note Party pending or, to the Knowledge of the Issuer, threatened, affecting or potentially affecting any Note Party's business or operations. All payments due from a Note Party, or for which any claim may be made against such Note Party, on account of wages and employee health and welfare insurance and other benefits, have been paid or properly accrued in accordance with GAAP as a liability on the books of such Note Party. No Note Party is a party to or bound by any collective bargaining or similar agreement. There are no representation proceedings pending before, or to the Issuer's Knowledge threatened to be filed with, the National Labor Relations Board, and no labor organization or group of employees of any Note Party has made a pending demand for recognition.

3.19 Brokers. Except as set forth on Schedule 3.19, no broker or finder brought about the obtaining, making or closing of the purchase of the Notes or transactions contemplated by the Note Documents, and neither the Issuer nor any Affiliate thereof has any obligation to any Person in respect of any finder's or brokerage fees in connection therewith.

3.20 Material Contracts. Schedule 3.20 attached hereto sets forth all Material Contracts to which any Note Party or any of its Subsidiaries a party or is bound. No Note Party nor any of its Subsidiaries is in breach or in default in any material respect of or under any Material Contract and to the Knowledge of the Issuer no counter-party to any Material Contract is in breach or in default in any material respect of or under any Material Contract, and no Note Party or its Subsidiaries has received any notice of the intention of any other party to any Material Contract to terminate or not renew any Material Contract. To the Knowledge of the Issuer, as of the Closing Date, there are no pending changes to any economic arrangements between the Issuer or any Subsidiary, on the one hand, and any counter-party to any Material Contract, on the other hand.

3.21 OFAC and Anti-Corruption Matters.

- (a) Neither any Note Party nor any Controlled Entity (i) is a Blocked Person,
- (ii) has been notified that its name appears or may in the future appear on a State Sanctions List or
- (iii) is a target of sanctions that have been imposed by the United Nations or the European Union.

(b) Neither any Note Party nor any Controlled Entity (i) has violated, been found in violation of, or been charged or convicted under, any applicable U.S. Economic Sanctions Laws, Anti-Money Laundering Laws or Anti-Corruption Laws or (ii) to each Note Party's knowledge, is under investigation by any Governmental Authority for possible violation of any U.S. Economic Sanctions Laws, Anti-Money Laundering Laws or Anti-Corruption Laws.

- (c) No part of the proceeds from the sale of the Notes hereunder:
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(i) constitutes or will constitute funds obtained on behalf of any Blocked Person or will otherwise be used by any Note Party or any Controlled Entity, directly or indirectly, (A) in connection with any investment in, or any transactions or dealings with, any Blocked Person, (B) for any purpose that would cause the Agent or any Purchaser to be in violation of any U.S. Economic Sanctions Laws or (C) otherwise in violation of any U.S. Economic Sanctions Laws;

(ii) will be used, directly or indirectly, in violation of, or cause the Agent or any Purchaser to be in violation of, any applicable Anti-Money Laundering Laws; or

(iii) will be used, directly or indirectly, for the purpose of making any improper payments, including bribes, to any Governmental Official or commercial counterparty in order to obtain, retain or direct business or obtain any improper advantage, in each case which would be in violation of, or cause the Agent or any Purchaser to be in violation of, any applicable Anti-Corruption Laws.

3.22 ITAR. The Issuer and each of its Subsidiaries (i) is in compliance with ITAR and EAR, (ii) is and will continue to be a "U.S. person" as defined in ITAR, and (iii) is not and will not become a "foreign national" as that term is used in the EAR.

3.23 SBIC Matters. The Issuer acknowledges on behalf of itself and each of its Subsidiaries that Corbel SBIC has a license from the U.S. Small Business Administration ("**SBA**") to operate a small business Investment company ("**SBIC**") pursuant to the Small Business Investment Act of 1958, as amended, and the SBA Regulations promulgated thereunder, as amended (collectively the "**SBIC Act**"), and hereby makes the following representations, warranties and covenants for the benefit of Corbel SBIC:

(a) The Issuer and its respective "Affiliates" (see SBA Regulations, §121.103, for purposes of this [Section 3.23](#)), together comprise a "Small Business Concern" as defined in the SBIC Act. The Issuer and its Affiliates do not presently engage in or intend to engage in any activities, nor do they intend to use, directly or indirectly, the SBIC proceeds from Corbel SBIC pursuant to this Agreement or any other Note Document, for any purpose for which an SBIC is prohibited from providing funds by the SBIC Act.

(b) The Issuer has completed, executed and delivered to Corbel SBIC SBA Forms 480, 652 and 1031. The Issuer represents and warrants that the consolidated data for the Issuer and its respective Affiliates set forth in such Forms is accurate and complete. Also, the Issuer has provided Corbel SBIC with a business plan showing financial projections (including balance sheets and income and cash flow statements) for the consolidated business of Issuer and its respective Affiliates. (See 13 CFR Sec. 107.620.)

(c) The Issuer represents and warrants that, together with their respective Affiliates, on the Closing Date, they do not have tangible net worth in excess of \$19.5 million, or average net income after Federal income taxes (excluding carry-over losses) for the prior two completed Fiscal Years of \$6.5 million. The Issuer and its Affiliates also has fewer than 500 full-time equivalent employees.

(d) The Issuer and its' primary business activity does not involve, directly or indirectly, providing funds to others, purchasing debt obligations, factoring, or long-term leasing of equipment with no provision for maintenance or repair. (See 13 CFR 107.720(a).)

(e) The Issuer is not classified under North American Industry Classification System (NAICS) codes 531110 (lessors of residential buildings and dwellings), 531120 (lessors of nonresidential buildings except miniwarehouses), 531190 (lessors of other real estate property), 237210 (land subdivision), or 236117 (new housing for-sale builders). The Issuer is not classified under NAICS codes 236118 (residential remodelers), 236210 (industrial building construction), or 236220 (commercial and institutional building construction), if the Issuer is primarily engaged in construction or renovation of properties on its own account rather than as a hired contractor. The Issuer is not classified under NAICS codes 531210 (offices of real estate agents and brokers), 531311 (residential property managers), 531312 (nonresidential property managers), 531320 (offices of real estate appraisers), or 531390 (other activities related to real estate), unless it derives at least 80 percent of its revenue from non-Affiliate sources. The proceeds of the purchase and sale of the Notes and Warrants will not be used to acquire or refinance real property. (See 13 CFR 107.720(c).)

(f) None of the Issuer's assets are intended to be reduced or consumed, generally without replacement, as the life of its business progresses, and the nature of the Issuer's business does not require that a stream of cash payments be made to the business's financing sources, on a basis associated with the continuing sale of assets (e.g., real estate development projects and oil and gas wells). The primary purpose of the issuance of the Notes and Warrants is not to fund production of a single item or defined limited number of items, generally over a defined production period, where such production will constitute the majority of the activities of the Issuer (e.g., motion pictures and electric generating plants). (See 13 CFR 107.720(d).)

(g) The Issuer will not use the proceeds of the issuance of the Notes and Warrants to acquire farm land which is or is intended to be used for agricultural or forestry purposes, such as the production of food, fiber, or wood, or is so taxed or zoned. (See 13 CFR 107.720(e).)

(h) The proceeds of the issuance of the Notes and Warrants will not be used substantially for a foreign operation. The proceeds will be used exclusively for a specific domestic purpose permitted by the SBA Act. As of the Closing Date, the Issuer does not have, and it does not presently foresee or contemplate that during the one-year period following the Closing Date that it will have, more than 49 percent of their employees or tangible assets located outside the United States and its possessions. (See 13 CFR 107.720(g).)

3.24 Warrants. Assuming the Purchaser representations and warranties in Article 8 are accurate as of the date hereof and remain accurate as of the time the Warrants are exercised by the respective Purchasers, the sale and issuance of the Warrants to the respective Purchasers and the issuance of any equity securities upon the exercise or exchange thereof (a) are exempt from registration by virtue of the exemptions from registration and qualification of such issuances provided in Section 4(a)(2) of the Securities Act and Regulation D of the rules and regulations promulgated under the Securities Act and (b) are exempt from registration and qualification under state securities or blue sky laws of the applicable jurisdictions.

3.25 Company-Owned Unit Locations; Franchised Unit Locations. Part (a) of Schedule 3.25 (as such Schedule may be updated from time to time pursuant to Section 4.3(h)) sets forth a complete and accurate list of all Company-Owned Unit Locations owned or leased by any Note Party or any Subsidiary of a Note Party as of the Closing Date or, if later, the most-recent date on which such Schedule has been updated, and identifying (x) the rent and common area maintenance charges payable in respect of any lease of any Company-Owned Unit Location, and (y) any Company-Owned Unit Locations that have closed after the Closing Date and the date of such closure. Part (b) of Schedule 3.25 (as such Schedule may be updated from time to time pursuant to Section 4.3(h)) sets forth a complete and accurate list of all Franchised Unit Locations franchised by any Note Party or any Subsidiary of a Note Party as Franchisor to any Franchisee as of the Closing Date or, if later, the most-recent date on which such Schedule has been updated, and identifying any Franchised Unit Locations that have closed after the Closing Date and the date of such closure.

3.26 Franchise Agreements; FDD.

(a) As of the Closing Date, Schedule 3.26 sets forth a complete and accurate list of all franchisees current as of December 31, 2019.

(b) Each Franchise Agreement is in full force and effect without any amendment or modification from the form or copy delivered to the Agent except for amendments which do not materially or adversely affect the rights of the Purchasers.

(c) The FDD that has been most recently delivered to the Agent is accurate and complete in all material respects and is the most recent FDD registered by the Issuer and its Subsidiaries with any Governmental Authority.

(d) The FDD (i) complies in all material respects with all Applicable Laws pertaining to offers to sell and the sale of franchises in jurisdictions in which they are being used, and (ii) does not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading.

(e) Except as set forth on Schedule 3.26, the Franchisors are authorized under all Applicable Laws to offer to sell and to sell franchises in all jurisdictions within the United States, and no approval, authorization, consent, exemption or other action by, or notice to or filing with, any Governmental Authority is necessary in connection therewith.

3.27 Leases.

(a) Schedule 3.27 (as such Schedule may be updated from time to time pursuant to Section 4.3(h)) sets forth a complete and accurate list of all Leases as of the Closing Date or, if later, the most-recent date on which such Schedule has been updated.

(b) There is a Lease in force for each Company-Owned Unit Location which is ground leased or space leased by any Note Party. A correct and complete copy of each Lease has been delivered to the Agent and each Lease is in full force and effect without amendment or modification from the form or copy delivered to the Agent except for amendments which do not

materially or adversely affect the rights of the Purchasers. No default by any party under any such Lease has occurred that would reasonably be expected to result in termination of such Lease, nor has any event occurred which, with the passage of time or the giving of notice, or both, would constitute such a default, except in each case, to the extent any such default, either individually or in the aggregate, would not reasonably be expected to have a Material Adverse Effect.

3.28 Insurance. The Issuers and its Subsidiaries have obtained, and currently maintain in effect, the insurance coverage required pursuant to Section 4.5 hereof. The Issuer and its Subsidiaries have not received any notice from any insurer or underwriter threatening to terminate, not renew, or materially increase the cost of or materially decrease the coverage provided under, nor to the Knowledge of the Issuer are there any facts or circumstances which reasonably would be expected to result in any of the foregoing.

3.29 Inventory and Equipment. The quantities of inventory (which, for purposes of this Agreement shall include assets held by, but not owned by, a Note Party) existing at the Closing Date are of a quantity and quality usable or saleable in the ordinary course of business and are sufficient, consistent with the past practices of the Note Parties, to operate the business of the Note Parties in the ordinary course of business consistent with past practice and to allow for replenishment of such inventory (which, for purposes of this Agreement shall include assets held by, but not owned by, a Note Party) within normal customer order-to-delivery lead times without incurring usual or special expense or making unusual or special arrangements.

3.30 Debt. Set forth on Schedule 3.30 is a true and complete list of all Debt for borrowed money of each Note Party and each of its Subsidiaries outstanding immediately prior to the Closing Date that is to remain outstanding immediately after giving effect to the closing hereunder on the Closing Date and such Schedule accurately sets forth the aggregate principal amount and maturity dates of such Debt as of the Closing Date.

3.31 Designation of Senior Debt. The Obligations constitute "Senior Debt" under and as defined in each Convertible Subordinated Note and the subordination provisions set forth therein are legally valid and enforceable against the parties thereto.

ARTICLE 4 AFFIRMATIVE COVENANTS

The Issuer covenants and agrees that from the Closing Date and thereafter until the payment, performance and satisfaction of the Obligations in full and all of the Agent's and each Purchaser's obligations hereunder have been terminated (other than inchoate indemnification obligations), the Issuer shall and shall cause each other Note Party to:

4.1 Punctual Payments. Punctually pay the interest and principal on the Notes, the fees payable hereunder and all Expenses and any other fees and liabilities due under this Agreement and the Note Documents at the times and place and in the manner specified in this Agreement or the other Note Documents.

4.2 Books and Records; Inspection Rights.

(a) Maintain, and cause each of the Subsidiaries to maintain, adequate books and records in accordance with GAAP.

(b) Permit representatives of the Agent to visit and inspect any of its properties, the Collateral, the Note Parties' corporate, financial and operating records, and make copies thereof or abstracts therefrom, and to discuss the Note Parties' affairs, finances and accounts with their directors, officers, and independent public accountants, all at the reasonable expense of the Issuer and at such reasonable times during normal business hours and as often as may be reasonably desired, upon reasonable advance notice to the Issuer.

(c) For as long as any Purchaser owns any Notes or other debt securities of the Issuer, the Issuer shall provide Agent and any Purchaser with sufficient financial information, as reasonably requested by Agent or any such Purchaser to enable Agent or such Purchaser, as applicable, to (i) evaluate the Issuer's financial condition in order to value each or any Purchaser's investment in the Issuer; (ii) determine the continued eligibility of the Issuer for financing by each or any Purchaser; and (iii) verify the use of proceeds of the Purchasers' investment in the Issuer, regardless of the amount and type of securities thereof owned by any particular Purchaser. All information provided pursuant to this Section 4.2(c) must be certified by the Issuer's President or Chief Executive Officer or its Treasurer or Chief Financial Officer. (See 13 CFR 107.620.)

(d) Permit each Purchaser or its representative and SBA Examiners to visit and inspect the properties and assets of the Issuer, to examine its books and records and to discuss the Issuer's affairs with the Issuer's management at such reasonable times as may be requested by Agent, any Purchaser or SBA for the purpose of verifying information provided pursuant to Corbel SBIC or as otherwise required by SBA. (See 13 CFR 107.620(c).)

(e) Permit Agent, each Purchaser and SBA to have access to the Issuer's books and records for the purpose of verifying how the proceeds of the issuance of the Notes and Warrants have been or are being used, and to assure that the proceeds have been used for the purposes specified herein. (See 13 CFR 107.610(a).)

4.3 Collateral Reporting and Financial Statements. Deliver to the Agent the following, all in form and detail reasonably satisfactory to the Agent:

(a) as soon as available but not later than 30 days after the end of each Fiscal Month, (i) a financial reporting package in the form attached hereto as Exhibit 4.3(a), providing consolidated revenue and a listing of openings and closures of Company-Owned Unit Locations and Franchised Unit Locations for the prior Fiscal Month and the Fiscal Year to date, and ending cash balances for the bank accounts of the Issuer and its Subsidiaries and the Specified Trust Accounts as of the last day of such Fiscal Month, and (ii) other financial metrics reasonably required from time to time by the Agent in form and substance reasonably satisfactory to the Agent;

(b) as soon as available but not later than 45 days after the end of each Fiscal Quarter (or, if earlier, five (5) days after the date required to be filed with the SEC (without giving effect to any extension permitted by the SEC)), (i) internally prepared consolidated Financial Statements of the Issuer, all in reasonable detail, certified by the Chief Financial Officer of the

Issuer as being complete and correct and fairly presenting the Issuer's and its Subsidiaries' financial condition and results of operations for such period, in accordance with GAAP, (ii) upon the Agent's reasonable request, a management prepared narrative discussion, in reasonable detail, signed by the Chief Financial Officer of the Issuer, describing the operations and financial condition of the Issuer for the Fiscal Quarter and the portion of the Fiscal Year then ended, (iii) a detailed listing of all contingent liabilities incurred by any of the Note Parties, and (iv) an updated listing of all rights each Note Party has obtained to any new patentable inventions, trademarks, servicemarks, copyrightable works or other new Intellectual Property;

(c) as soon as available but not later than 95 days after the end of the Fiscal Year (or, if earlier, fifteen (15) days after the date required to be filed with the SEC (without giving effect to any extension permitted by the SEC)), consolidated audited Financial Statement of the Issuer, all in reasonable detail and prepared in accordance with GAAP, accompanied by (x) a report and opinion of a certified public accountant selected by Issuer and reasonably satisfactory to the Agent, which report and opinion shall not be subject to any "going concern" or like qualification or exception or any qualifications or exceptions as to the scope of such audit, and

(y) a certificate of such certified public accountant certifying such Financial Statements and, if such firm has obtained knowledge of the existence of any Default or Event of Default during the course of its audit (if an audit was conducted), stating the nature and status of such event;

(d) concurrently with the delivery of the Financial Statements referred to in Sections 4.3(a), (b), and (c), a Compliance Certificate from the Chief Financial Officer of the Issuer, stating, among other things, that he or she has reviewed the provisions of this Agreement and the Note Documents and that, to the best of his or her knowledge after due and diligent inquiry there exists no Event of Default or Default, and containing the calculations and other details necessary to demonstrate compliance with Section 5.13 and to calculate year-to-date Consolidated Excess Cash Flow and Consolidated Excess Cash Flow for the applicable Fiscal Quarter;

(e) as soon as available but not later than 30 days prior to the end of the Fiscal Year ending December 31, 2020 and the end of each Fiscal Year thereafter, an annual operating budget for the following Fiscal Year;

(f) within 15 days of filing but not later than April 30 (or September 30 if such tax returns are on extension) of each year, copies of the Issuer's federal income tax returns (including any Schedule K-1s), and, if any such tax returns are on extension, the Issuer shall promptly provide the Agent evidence of such extension no later than April 30 of the applicable year;

(g) promptly upon receipt by the Issuer, copies of any and all reports and management letters submitted to the Issuer or any Subsidiary by any certified public accountant in connection with any examination of the Issuer's or any Subsidiary's financial records made by such accountant;

(h) as soon as available but no later than forty-five (45) days after the end of December 31 and June 30 of each year, a report supplementing Schedules 3.25 3.26 3.27 containing a description of all changes in the information included in such Schedules as may be

necessary for such Schedules to be accurate and complete, each such report to be signed by an Authorized Officer of Issuer and to be in a form reasonably satisfactory to the Agent;

(i) promptly after the end of each calendar year (but prior to February 28 of each year) and at such other times as may be reasonably requested by Corbel SBIC, the Issuer shall cooperate with Corbel SBIC to assist Corbel SBIC in producing a written assessment of the economic impact of Corbel SBIC's investment in the Issuer, including the full-time equivalent jobs created or retained in connection with such investment, the impact of such investment on the businesses of the Issuer in terms of expanded revenue and taxes, other economic benefits resulting from such investment (including, but not limited to, technology development or commercialization, minority business development, urban or rural business development and expansion of exports); and such other information as may be reasonably requested by Corbel SBIC for compliance with the SBIC Act. (See 13 CFR 107.630);

(j) promptly after the same are available, copies of each annual report, proxy or financial statement or other report or communication sent to the stockholders of the Issuer, and copies of all annual, regular, periodic and special reports and registration statements which the Issuer may file or be required to file with the SEC under Section 13 or 15(d) of the Securities Exchange Act of 1934, or with any national securities exchange, and in any case not otherwise required to be delivered to the Agent pursuant hereto;

(k) as soon as available but not later than five (5) days after any deposit required pursuant to Section 4.16, bank statements of the Tax Account reflecting such deposit; and

(l) from time to time, operating statistics, operating plans and any other information as the Agent may reasonably request, promptly upon such request.

4.4 Existence; Preservation of Licenses; Compliance with Law. Preserve and maintain, and cause each Subsidiary to preserve and maintain, its corporate existence and good standing in the state of its organization, qualify and remain qualified, and cause each Subsidiary to qualify and remain qualified, as a foreign corporation in every jurisdiction in which the Issuer or its Subsidiary is required to so qualify, except for any jurisdiction where such failure to so qualify would not reasonably be expected to have a Material Adverse Effect; and preserve, and cause each of the Subsidiaries to preserve, all of its licenses, permits, governmental approvals, rights, privileges and franchises required for its operations; and comply, and cause each of the Subsidiaries to comply, with the provisions of its Governing Documents; and comply, and cause each of the Subsidiaries to comply, with the requirements of all Applicable Laws of any Governmental Authority having authority or jurisdiction over it except where the failure to so comply would not reasonably be expected to have a Material Adverse Effect; and comply, and cause each of the Subsidiaries to comply, with all requirements for the maintenance of its business, insurance, licenses, permits, governmental approvals, rights, privileges and franchises.

4.5 Insurance.

(a) Maintain, at the Issuer's expense, and cause each Subsidiary to maintain at its expense, insurance respecting their respective Assets wherever located, covering loss or damage by fire, theft, explosion, and all other hazards and risks as ordinarily are insured against by other

Persons engaged in the same or similar businesses. The Issuer also shall maintain, and cause its Subsidiary to maintain, business interruption and directors and officers liability insurance, as well as insurance against theft, employee dishonesty, and criminal misappropriation. All such policies of insurance shall be in such amounts and with such insurance companies as are reasonably satisfactory to the Agent. The Issuer shall deliver copies of all such policies to the Agent with a satisfactory lender's loss payable endorsements (but only in respect of Collateral) and additional insured endorsements (with respect to general liability coverage), and shall contain a waiver of warranties. Each policy of insurance or endorsement shall contain a clause requiring the insurer to give not less than 30 days' (or 10 days in the case of non-payment) prior written notice to the Agent in the event of cancellation of the policy, and the insurer's agreement that any loss payable thereunder shall be payable notwithstanding any act or negligence of the Issuer or the Agent or any Purchaser which might, absent such agreement, result in a forfeiture of all or a part of such insurance payment.

(b) Copies of policies or certificates thereof reasonably satisfactory to the Agent evidencing such insurance shall be delivered to the Agent at least 30 days prior to the expiration of the existing or preceding policies. The Issuer shall give the Agent prompt notice of any loss covered by such insurance. Upon the occurrence and during the continuance of an Event of Default, the Agent shall have the exclusive right to adjust any losses payable under any such insurance policies, without any liability to the Issuer whatsoever in respect of such adjustments. Any monies received as payment for any loss under any insurance policy mentioned above (other than liability insurance policies) or as payment of any award or compensation for condemnation or taking by eminent domain, shall be paid over to the Agent and the Purchasers to be applied at the option of the Agent either to the prepayment of the Obligations or shall be disbursed to the Issuer under staged payment terms reasonably satisfactory to the Agent for application to the cost of repairs, replacements, or restorations. Any such repairs, replacements, or restorations shall be effected with reasonable promptness and shall be of a value at least equal to the value of the items or property destroyed prior to such damage or destruction. The Issuer shall, concurrently with the annual Financial Statements required to be delivered by the Issuer pursuant to Section 4.3(c), deliver to the Agent, as the Agent may reasonably request, copies of certificates describing all insurance of the Note Parties and the Subsidiaries then in effect.

4.6 Assets. Maintain, keep and preserve, and cause each Subsidiary to maintain, keep and preserve, all of its Assets (tangible or intangible) which are necessary to its business in good repair and condition (normal wear and tear, and casualty excepted), and from time to time perform appropriate maintenance and make necessary repairs, renewals and replacements thereto so that such Assets shall be fully and efficiently preserved and maintained.

4.7 Taxes and Other Liabilities. Pay and discharge when due, and cause each Subsidiary to pay and discharge when due, (a) any and all assessments and taxes, both real or personal and including federal and state income taxes, other than taxes and assessments being contested in good faith by appropriate proceedings, and for which adequate reserves have been established with respect thereto as required by GAAP and, by reason of such contest or nonpayment, the Agent has reasonably determined that there will be no impairment of the enforceability, validity or priority of any of the Agent's Liens with respect to the Collateral, and
(b) any and all Debt.

4.8 Notices to the Agent. Promptly and in any event within five (5) Business Days after any Note Party's or any Subsidiary's receipt thereof or any Note Party or any Subsidiary acquiring Knowledge thereof, give written notice to the Agent of:

- (a) any material litigation or claim which may result in material litigation affecting any Note Party or any Subsidiary;
 - (b) any material dispute which may exist between any Note Party or any Subsidiary, on the one hand, and any Governmental Authority, on the other hand;
 - (c) any labor controversy resulting in or threatening to result in a strike against any Note Party or any Subsidiary;
 - (d) any proposal by any Governmental Authority to acquire any material Assets or business of any Note Party or any Subsidiary;
 - (e) any reportable event under Section 4043(c)(5), (6) or (13) of ERISA with respect to any Plan, any decision to terminate or withdraw from a Plan, any finding made with respect to a Plan under Section 4041(c) or (e) of ERISA, the commencement of any proceeding with respect to a Plan under Section 4042 of ERISA, or any material increase in the actuarial present value of unfunded vested benefits under all Plans over the preceding year;
 - (f) any written notice of a release or discharge of Hazardous Materials or environmental claim or complaint received from any Governmental Authority or any other Person;
 - (g) any release or discharge of Hazardous Materials of, by or affecting the Issuer or its business not in compliance in all material respects with applicable Environmental Laws;
 - (h) any correspondence from or proposed material action by any Governmental Authority that licenses, regulates or otherwise has jurisdiction over or governs the Issuer or the conduct of its business;
 - (i) any Event of Default or Default;
 - (j) any breach or default in any material respect of or under any Material Contract, or receipt of any notice of the intention of any other party to any Material Contract to terminate, renegotiate or not renew any Material Contract;
 - (k) any notice or other correspondence received from the Federal Trade Commission (or comparable agency in any applicable non-U.S. jurisdiction) or any other Governmental Authority concerning any investigation or possible investigation or other inquiry by such agency regarding financial or other operational results or the franchise operations of any Note Party or any Subsidiary thereof;
 - (l) any amendment or modification to, restatement of, any FDD or any additional FDD prepared by any Note Party;
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(m) copies of each notice or other correspondence received from the SEC (or comparable agency in any applicable non-U.S. jurisdiction) concerning any investigation or possible investigation or other inquiry by such agency regarding financial or other operational results of any Note Party or any Subsidiary thereof;

(n) copies of any detailed audit reports, management letters or recommendations submitted to the Board of Directors of any Note Party by, or any material correspondence received by any Note Party from, independent accountants in connection with the accounts or books of any Note Party or any of its Subsidiaries, or any audit of any of them;

(o) any issuance of Ownership Interests of any Note Party, or any change to the terms of any outstanding Ownership Interests of any Note Party; and

(p) any other matter which has resulted or could reasonably be expected to result in a Material Adverse Effect.

4.9 Further Assurances. Execute and deliver, or cause to be executed and delivered, upon the reasonable request of the Agent and at the Issuer's expense, such additional documents, applications, notifications, registrations, instruments and agreements as the Agent, or any other third party or governmental agency, may reasonably determine to be necessary or advisable to carry out the provisions of this Agreement and the Note Documents, and the transactions and actions contemplated hereunder and thereunder, including to give, make or obtain any notices, filings, consents, registrations, accreditations, permits, licenses or approvals and any other actions that may be required to permit the Purchasers to exercise the Warrants in accordance with their terms or to foreclose on any assets or equity securities pledged by Issuer or any other Person under the Guaranty and Security Agreement or other Note Documents in accordance with Applicable Laws and the Note Documents. The Issuer covenants and agrees that the Issuer will not knowingly take any action that would render it to become a business that would be ineligible for financing from the SBIC pursuant to the terms of 13 CFR Part 107, Section 720 of the SBA Regulations. In the event that foreclosure proceedings have been initiated, the Note Parties and Issuer will appoint two (2) officers who will have the ability to execute and provide any necessary materials or documentation required by any Governmental Authority, or any other third party, for any license, registration, accreditation, certification or related requirement or application. In addition, Note Parties and Issuer will provide any other reasonable assistance necessary to complete and file any application or related document required by any Governmental Authority or third party.

4.10 Board Observer Rights.

(a) Concurrently with the issuance and sale of the Initial Notes, Purchasers and the Issuer will enter into a Board Observer Agreement substantially in the form attached hereto as Exhibit C (each, a "**Board Observer Agreement**"). Subject to the terms and conditions of the Board Observer Agreement, Purchasers collectively shall be entitled to appoint up to two (2) Observers with respect to the Board of Directors or other applicable governing body of the Issuer (and any committees thereof).

(b) The Board of Directors of the Note Parties shall hold a general meeting in person or by telephone at least one time each calendar quarter for the purpose of discussing the

business and operations of the Note Parties. In addition, the Note Parties shall provide monthly briefings and respond to questions from the Agent via telephonic meeting or other method agreed to by the Agent.

4.11 Environmental Compliance. Be and remain, and cause each Subsidiary and each operator of any of the Issuer's or any Subsidiary's Assets to be and remain, in compliance in all material respects with the provisions of all applicable Environmental Laws; promptly contain or remove any discharge of Hazardous Materials from or affecting its premises not in compliance in all material respects with applicable Environmental Laws, to the extent required by applicable Environmental Laws; promptly pay any fine or penalty assessed in connection therewith other than such fines or penalties being contested in good faith by appropriate proceedings, and for which adequate reserves have been set aside with respect thereto as required by GAAP and, by reason of such contest or nonpayment, no property is subject to a material risk of loss or forfeiture; permit the Agent to inspect the premises, to conduct tests thereon, and to inspect all books, correspondence, and records pertaining thereto; and at the Agent's reasonable request, and at the Issuer's expense, provide a report of a qualified environmental engineer, reasonably satisfactory in scope, form and content to the Agent, and such other and further assurances reasonably satisfactory to the Agent that the condition has been corrected.

4.12 Additional Collateral. With respect to any Assets (or any interest therein) acquired after the Closing Date by the Issuer or any Subsidiary, promptly (and in any event within 30 days after the acquisition thereof): (i) execute and deliver, or cause such Subsidiary to execute and deliver, to the Agent such amendments to the relevant Note Documents or such other documents as the Agent shall reasonably deem necessary or advisable to grant to the Agent a Lien on such Assets (or such interest therein), (ii) take all actions, or cause Issuer or such Subsidiary to take all actions, necessary or advisable to cause such Lien to be duly perfected in accordance with all Applicable Laws, including, without limitation, the filing of financing statements in such jurisdictions as may be reasonably requested by the Agent, and (iii) if reasonably requested by the Agent, deliver to the Agent evidence of insurance as required by Section 4.5.

4.13 Additional Guarantors. Concurrent with any acquisition or formation of any direct or indirect Subsidiary after the Closing Date, (a) cause such new Subsidiary to provide to Agent (i) a joinder to the Guaranty and Security Agreement in the form of Annex 1 thereto, and (ii) such other security agreements and mortgages, as well as appropriate financing statements, all in form and substance reasonably satisfactory to Agent (including being sufficient to grant Agent a first priority Lien (subject to Permitted Liens) in and to the assets of such newly formed or acquired Subsidiary), (b) provide, or cause the applicable Note Party to provide, to Agent a pledge agreement (or joinder to the Guaranty and Security Agreement) and appropriate certificates and powers or financing statements, pledging all of the direct or beneficial ownership interest in such new Subsidiary in form and substance reasonably satisfactory to Agent, and (c) provide to Agent all other documentation, including one or more opinions of counsel reasonably satisfactory to Agent, which, in its opinion, is appropriate with respect to the execution and delivery of the applicable documentation referred to above. Any document, agreement, or instrument executed or issued pursuant to this Section 4.13 shall constitute a Note Document.

4.14 Warrants. The Issuer has authorized and reserved for issuance, and at all times while any Warrants remain outstanding shall have authorized and reserved for issuance, sufficient

shares, units, membership interests or other applicable equity securities to allow the full exercise of the Warrants by each Purchaser or registered holder thereof in accordance with the terms of such Warrants.

4.15 Key Person Life Insurance. (a) The Issuer shall maintain (i) the policy of life insurance no. 15-701-397 (together with any supplementary contracts issued in connection with that policy) insuring the life of Alan S. Mobley (a/k/a A. Scott Mobley), issued by The Northwestern Mutual Life Insurance Company, and any other policy of life insurance obtained pursuant to Section 4.17, (ii) the policy of life insurance no. 12-041-333 (together with any supplementary contracts issued in connection with that policy) insuring the life of Paul W. Mobley, issued by The Northwestern Mutual Life Insurance Company and (iii) the policy of life insurance no. 12-048-318 (together with any supplementary contracts issued in connection with that policy) insuring the life of Paul W. Mobley, issued by The Northwestern Mutual Life Insurance Company (each, the “Life Insurance Policy”), and (b) the right to receive the proceeds of each Life Insurance Policy shall be assigned to Agent (for the benefit of the Purchasers) pursuant to a Life Insurance Assignment.

4.16 Tax Account; Estimated Tax Amounts. On or before the date that is 30 days after the earlier of (a) the first date on which the deferred tax asset listed on the consolidated balance sheet of the Issuer and its Subsidiaries is less than \$500,000 and (b) the Issuer has determined that income taxes are reasonably likely to be payable in cash by the Issuer, establish the Tax Account. Beginning with the first Fiscal Quarter ending after the establishment of the Tax Account, (x) no earlier than the date the quarterly Financial Statements and the related Compliance Certificate have been delivered pursuant to Sections 4.3(b) and 4.3(d), respectively, unless otherwise agreed by the Agent in writing, and (y) notwithstanding the preceding clause (x), no later than five Business Days after the earlier to occur of the delivery of quarterly Financial Statements under Section 4.3(b) and the date such delivery is required under Section 4.3(b), deposit any Estimated Tax Amount into the Tax Account.

4.17 Post-Closing Matters. Take or cause to be taken such actions, and otherwise comply with such obligations, as are specified on Schedule 4.17, in each case, on or before the applicable deadlines specified on Schedule 4.17 (which deadlines may be extended by Agent in its sole discretion) and exercising the level of efforts required thereby.

ARTICLE 5 NEGATIVE COVENANTS

The Issuer further covenants and agrees that from the Closing Date and thereafter until the payment, performance and satisfaction in full of the Obligations, all of the Agent’s and each Purchaser’s, obligations hereunder have been terminated (other than inchoate indemnification obligations), the Issuer shall not and shall cause each other Note Party not to:

5.1 Use of Funds: Margin Regulation.

(a) Use any proceeds of the Notes for any purpose other than (i) on the Closing Date, (x) to repay, in full, the outstanding principal, accrued interest, accrued fees and expenses

and all other obligations owing under or in connection with the Existing Credit Facility, and (y) to pay fees and expenses incurred in connection with the transactions contemplated by this Agreement, as set forth in the Funds Flow Memorandum, and (ii) thereafter, for general working capital purposes to support the Issuer's growth and development not in contravention of any Applicable Law or of any Note Document.

(b) Use any portion of the proceeds of the Notes in any manner which might cause the Notes, the application of the proceeds thereof, or the transactions contemplated by this Agreement to violate Regulation T, U, or X of the Board of Governors of the Federal Reserve System, or any other regulation of such board, or to violate the Securities and Exchange Act of 1934, as amended or supplemented.

5.2 Debt. Create, incur, assume or suffer to exist, or permit any Subsidiary to create, incur, assume or suffer to exist, any Debt except Permitted Debt.

5.3 Liens. Create, incur, assume or suffer to exist, or permit any Subsidiary to create, incur, assume or suffer to exist, any Lien (including the Lien of an attachment, judgment or execution) on any of its Assets, whether now owned or hereafter acquired, except Permitted Liens; or authorize, or permit any Subsidiary to authorize, the filing under the UCC as adopted in any jurisdiction, a financing statement which names the Issuer or such Subsidiary as a debtor, except with respect to Permitted Liens, or sign, or permit any Subsidiary to sign, any security agreement authorizing any secured party thereunder to file such a financing statement, except with respect to Permitted Liens.

5.4 Merger, Consolidation, Acquisitions. Wind up, liquidate or dissolve, reorganize, reincorporate, merge or consolidate with or into any other Person, or acquire all or substantially all of the Assets or the business of any other Person, or permit any Subsidiary to do any of the foregoing. The Issuer acknowledges on behalf of itself and each of its Subsidiaries that Corbel SBIC is subject to provisions of the SBIC Act that restrict its ability to lend to a Person based on its form, its business and its organizational structure, and therefore, any change to the Issuer's form, business or organizational structure shall not be permitted hereunder to the extent any such changes may render the Issuer ineligible under the SBIC Act to borrow from or owe Obligations to Corbel SBIC, or may restrict Corbel SBIC from holding Notes or otherwise extending loans or other financial accommodations to the Issuer unless approved by Agent in writing.

5.5 Sales and Leasebacks. Sell, transfer, or otherwise dispose of, or permit any Note Party or any Subsidiary to sell, transfer, or otherwise dispose of, any real or personal property to any Person, and thereafter directly or indirectly leaseback the same or similar property.

5.6 Dispositions. Conduct, or permit any Subsidiary to conduct, any Dispositions, other than Permitted Dispositions.

5.7 Investments. Make, or permit any Subsidiary to make, directly or indirectly, any Investment or incur any liabilities (including contingent obligations) for or in connection with any Investment, other than Permitted Investments.

5.8 Character of Business. (a) Engage in any business activities or operations substantially different from or unrelated to its present business activities and operations, or permit

any Subsidiary to do so, or (b) own, operate or franchise any franchise concept other than “Noble Roman’s Craft Pizza & Pub”, “Noble Roman’s Pizza”, “Noble Roman’s Take-N-Bake”, and “Tuscano’s Italian Style Subs”.

5.9 Restricted Payments: Officer and Employee Compensation.

(a) Declare or pay, or permit any Subsidiary to declare or pay, any Distributions, or pay any other Restricted Payments, other than Permitted Restricted Payments; provided that, to the extent Agent in its sole and absolute discretion consents on behalf of the Purchasers to any Distribution by the Issuer or other Note Party, the Note Parties acknowledge and agree that such Distribution (other than Permitted Restricted Payments) may only be made if the Issuer concurrently pays a pro rata portion of such Distribution (other than Permitted Restricted Payments) to each holder of any Warrants then outstanding the amount they would have received had the Warrants been exercised in full and the Ownership Interests issuable upon such exercise had been outstanding immediately prior to the record date or payment date for such Distribution, as applicable, or otherwise as required pursuant to the terms of the Warrants.

(b) After the Closing Date, grant, commit to, undertake, promise to pay, or pay, any cash compensation (including any bonuses or salaries) to any Owner or Affiliate thereof, or to any employee or officer of any Note Party or Affiliate thereof, other than (i) (x) with respect to Paul W. Mobley, pay compensation in an aggregate amount not to exceed \$300,000 for the Fiscal Year ending December 31, 2020, (y) with respect to A. Scott Mobley, pay compensation in an aggregate amount not to exceed \$444,568 for the Fiscal Year ending December 31, 2020; and (z) with respect to any other officer of any Note Party, compensation in an amount in effect for such officer as of the Closing Date for the Fiscal Year ending December 31, 2020; provided that, so long as no Event of Default has occurred and is continuing, the amounts set forth in clauses (x), (y) and (z) above may be increased by up to 6% for each Fiscal Year thereafter; provided, further, that if the amount of compensation that the Issuer is permitted to pay Paul W. Mobley or A. Scott Mobley in any Fiscal Year as set forth in this clause (i) is greater than the actual amount of compensation paid in such Fiscal Year (the amount by which such permitted compensation for such Fiscal Year exceeds the actual amount of compensation for such Fiscal Year, the “Excess Amount”), then such Excess Amount may be paid in any succeeding Fiscal Year (in addition to the compensation the Issuer is otherwise permitted to pay pursuant this clause (i) in such Fiscal Year) so long as (A) no Default or Event of Default then exists or would arise as a result of such payment, and (B) the Issuer shall be in pro forma compliance with all of the covenants set forth in Section 5.13, such compliance to be determined on the basis of the financial information most recently delivered pursuant to Section 4.3(a) or (b), as applicable, as though such payment had been consummated on the last day of the applicable period or date of determination, (ii) with respect to Paul W. Mobley, pay compensation that accrued prior to the Closing Date and remains unpaid as of the Closing Date in an aggregate amount of up to \$170,000 so long as (A) no Default or Event of Default then exists or would arise as a result of such payment, and (B) the Issuer shall be in pro forma compliance with all of the covenants set forth in Section 5.13, such compliance to be determined on the basis of the financial information most recently delivered pursuant to Section 4.3(a) or (b), as applicable, as though such payment had been consummated on the last day of the applicable period or date of determination, and (iii) with respect to any employee of any Note Party, reasonable compensation, severance, or employee benefit arrangements in the ordinary course of business and consistent with industry practice so long as it has been approved by such

Note Party's Board of Directors in accordance with Applicable Laws; provided, that notwithstanding anything to the contrary contained in this Agreement, the Issuer and its Subsidiaries shall not enter into any employment or compensation agreement after the Closing Date that provides for aggregate compensation in excess of \$150,000 per Fiscal Year without the prior written consent of Agent.

(c) Solely for purposes of Section 5.9(b), by their signatures to this Agreement, Paul W. Mobley and A. Scott Mobley acknowledge and agree to the restrictions set forth in Section 5.9(b) and so long as any Obligations remain outstanding, agree to defer (but not waive) any and all compensation payable to each of them under their respective employee compensation agreements to the extent in excess of that permitted in Section 5.9(b). Except as expressly set forth in this Section 5.9, nothing in this Agreement shall alter, amend or prejudice the rights and obligations of the Issuer, Paul W. Mobley and/or A. Scott Mobley under the respective compensation agreements currently in effect and on file with the SEC.

5.10 Guarantee. Except for Permitted Debt or any Guarantee of Permitted Debt, assume, Guarantee, endorse (other than checks and drafts received by the Issuer in the ordinary course of business), or otherwise be or become directly or contingently responsible or liable, or permit any Subsidiary to assume, Guarantee, endorse, or otherwise be or become directly or contingently responsible or liable (including, any agreement to purchase any obligation, stock, Assets, goods, or services or to supply or advance any funds, Assets, goods, or services, or any agreement to maintain or cause such Person to maintain, a minimum working capital or net worth, or otherwise to assure the creditors of any Person against loss) for the obligations of any other Person; or pledge or hypothecate, or permit any Subsidiary to pledge or hypothecate, any of its Assets as security for any liabilities or obligations of any other Person.

5.11 Transactions with Affiliates. Enter into any transaction, including borrowing or lending and the purchase, sale, or exchange of property or the rendering of any service (including management services), with any Affiliate, or permit any Subsidiary to enter into any transaction, including borrowing or lending and the purchase, sale, or exchange of property or the rendering of any service (including management services), with any Affiliate, other than (i) in the ordinary course of and pursuant to the reasonable requirements of the Issuer's or its Subsidiary's business and upon fair and reasonable terms no less favorable to the Issuer or its Subsidiary than might be obtained in a comparable arm's length transaction with a Person not an Affiliate, (ii) Permitted Investments, Permitted Restricted Payments, and Permitted Issuances, and (iii) payments required as a result of customary and reasonable indemnification agreements, arrangements or obligations for the benefit of directors, managers and officers of the Note Parties (but solely in their capacities as such), and any Observer (in its capacity as such), in each case in the ordinary course of business consistent with past practice or pursuant to the express terms hereof.

5.12 Securities Issuance. Issue, or permit any Subsidiary to issue, any additional Ownership Interests other than Permitted Issuances.

5.13 Financial Condition. Permit or suffer:

(a) the Consolidated Lease Adjusted Leverage Ratio, measured as of the end of each Fiscal Quarter, at any time to be more than the applicable ratio set forth in the following table for the applicable date set forth opposite thereto:

Applicable Ratio	Applicable Date
4.0:1.0	March 31, 2020
3.8:1.0	June 30, 2020, September 30, 2020 and December 31, 2020
3.0:1.0	March 31, 2021, June 30, 2021, September 30, 2021 and December 31, 2021
2.7:1.0	March 31, 2022, June 30, 2022, September 30, 2022 and December 31, 2022
2.2:1.0	The end of each Fiscal Quarter thereafter

(b) the Consolidated Fixed Charge Coverage Ratio, measured for the trailing 4 Fiscal Quarter period as at the last day of each Fiscal Quarter, commencing with the Fiscal Quarter ending March, 2020, at any time to be less than the required amount set forth in the following table for the applicable period set forth opposite thereto:

Applicable Ratio	Applicable Period
2.00:1.0	For the 4 Fiscal Quarter period ending March 31, 2020, June 30, 2020, September 30, 2020 and December 31, 2020
2.25:1.0	For the 4 Fiscal Quarter period ending March 31, 2021, June 30, 2021, September 30, 2021 and December 31, 2021
2.50:1.0	For the 4 Fiscal Quarter period ending each Fiscal Quarter thereafter

(c) Qualified Cash of the Issuer plus amounts shown owing to the Issuer with respect to the Specified Trust Accounts in an aggregate amount not to exceed \$100,000, each measured at the end of each Fiscal Month, commencing with the Fiscal Month ending February 29, 2020, to be less than \$200,000.

5.14 OFAC. Permit or cause the Issuer or any Controlled Entity to, (a) be or become subject at any time to any statute, rule, law, regulation, ordinance, order, restriction, or list of any government agency that prohibits or limits the Purchasers from holding the Notes or from otherwise conducting business with the Note Parties; (b) directly or indirectly have any investment

in or engage in any dealing or transaction (including, without limitation, any investment, dealing or transaction involving the proceeds of any of the Notes) with any Person if such investment, dealing or transaction (i) would cause the Agent or any Purchaser to be in violation of any law or regulation applicable to the Agent or such Purchaser, or (ii) is prohibited by or subject to sanctions under any U.S. Economic Sanctions Laws; or (c) engage, or permit any Subsidiary or Affiliate to engage, in any activity that could subject such Person, the Agent or any Purchaser to sanctions under the Comprehensive Iran Sanctions, Accountability and Divestment Act or any similar (federal or state) law or regulation with respect to Iran or any other country that is subject to U.S. Economic Sanctions Laws.

5.15 Fiscal Year; Accounting Methods. Change its Fiscal Year or its method of accounting (other than as may be required to conform to GAAP).

5.16 Burdensome Agreements. Enter into or permit to exist any contractual obligation (other than this Agreement, any other Note Document) that: (a) limits the ability (i) of any Subsidiary to make Restricted Payments or other Distributions to any Note Party or to otherwise transfer property to any Note Party, (ii) of any Subsidiary to Guarantee the Obligations, (iii) of any Subsidiary to make or repay loans to a Note Party, or (iv) of the Note Parties or any Subsidiary to create, incur, assume or suffer to exist Liens on property of such Person in favor of the Agent and the Purchasers; or (b) requires the grant of a Lien (other than a Permitted Lien) to secure an obligation of such Person if a Lien is granted to secure another obligation of such Person; provided, however, that in no event shall the foregoing clauses (a) and (b) preclude (1) limitations in respect of specific property encumbered to secure payment of particular Debt (including Finance Leases and purchase money Debt) or to be sold pursuant to an executed agreement with respect to a Permitted Disposition, (2) restrictions by reason of customary provisions restricting assignments, subletting or other transfers contained in leases, licenses and other agreements entered into in the ordinary course of business (provided that such restrictions are limited to the property or assets secured by such Liens or the property or assets subject to such leases, licenses or other agreements, as the case may be), (3) limitations pursuant to applicable requirements of law or (4) limitations customarily contained in partnership agreements, limited liability company organizational governance documents, asset sale and stock sale agreements and other similar agreements entered into in the ordinary course of business that restrict the transfer of ownership interests in such partnership, limited liability company or similar Person.

5.17 Prepayments and Amendments.

(a) Optionally prepay, redeem, defease, purchase, or otherwise acquire, or permit any Subsidiary to optionally prepay, redeem, defease, purchase, or otherwise acquire, any Debt of any Note Party or its Subsidiaries, other than the Obligations in accordance with this Agreement;

(b) Make any payment, or permit any Subsidiary to make any payment on account of Debt that has been contractually subordinated in right of payment to the Obligations if such payment is not permitted at such time under the subordination terms and conditions;

(c) Directly or indirectly, amend, modify, or change, or permit any Subsidiary to directly or indirectly, amend, modify, or change, any of the terms or provisions of any

agreement, instrument, document, indenture, or other writing evidencing or concerning Permitted Debt other than the Obligations in accordance with this Agreement; or

(d) Directly or indirectly, amend, modify, or change, or permit any Subsidiary to directly or indirectly, amend, modify, or change, the Governing Documents of any Note Party or any of its Subsidiaries if the effect thereof, either individually or in the aggregate, could reasonably be expected to be materially adverse to the interests of the Purchasers; provided, that the Issuer shall not amend its articles of incorporation (including pursuant to a certificate of designation) or take any action to authorize, create, offer, or issue any shares of capital stock or other Ownership Interests other than Common Stock, including without limitation any preferred stock or other Ownership Interests or rights or securities exercisable or exchangeable for or convertible into any shares of capital stock or other Ownership Interests other than Common Stock, in each case without the prior written consent of the Purchasers which may be given or withheld in the Purchasers' sole discretion.

5.18 Tax Account. Use any monies on deposit in the Tax Account for any purpose other than payment of income taxes without the prior written consent of Agent, it being understood and agreed that any amounts in the Tax Account not used for the payment of income taxes in a particular year may be used for income taxes in subsequent years. If such deposited Estimated Tax Amounts exceed the amount of the income tax liability with respect to the same periods made within 60 days of April 15 or thereafter, the excess amounts may be released to the balance sheet ("**Tax Account Release**"). If not released to the balance sheet excess amounts may be used to offset future quarterly Estimated Tax Amounts.

5.19 Settlement of Disputes. Agree to or enter into any settlement with respect to any suits, proceedings, claims or disputes pending or threatened against a Note Party or any of its Subsidiaries in an amount individually or in the aggregate in excess of \$200,000.

ARTICLE 6

EVENTS OF DEFAULT AND REMEDIES

6.1 Events of Default. The occurrence of any one or more of the following events, acts or occurrences shall constitute an event of default (an "**Event of Default**") hereunder:

(a) the Issuer fails to pay when due any principal under the Notes or any payment of interest, fees, Expenses or any other amount payable hereunder or under any Note Document;

(b) the Issuer fails to observe or perform any of the covenants and agreements set forth in Sections 4.2, 4.3, 4.4, 4.5, 4.8, 4.13, 4.14, or 4.17 or Article 5 of this Agreement, or Section 7 of the Guaranty and Security Agreement, or there is a breach by the Issuer of its obligations under the Board Observer Agreement;

(c) Any Note Party fails to observe or perform any covenant or agreement (other than those covenants and agreements described in Sections 6.1(a) and 6.1(b)) set forth in this Agreement or the Note Documents (other than the Warrants and the Investors' Rights Agreement), and such failure continues for 30 days after the earlier to occur of (i) the Issuer

obtaining Knowledge of such failure or (ii) the Agent's dispatch of notice to the Issuer of such failure;

(d) Any representation, warranty or certification made by any Note Party or any officer or employee of any Note Party in this Agreement or any Note Document, in any certificate, financial statement or other document delivered pursuant to this Agreement or any Note Document proves to have been misleading or untrue in any material respect when made or certified, or if any such representation, warranty or certification is withdrawn;

(e) Any Note Party fails to pay when due any payment in respect of its Debt (other than under this Agreement) in excess of \$200,000;

(f) (i) Any event or condition occurs that: (x) results in the acceleration of the maturity of any Debt of any Note Party with an aggregate principal amount in excess of \$200,000 (other than under this Agreement); or (y) permits (or, with the giving of notice or lapse of time or both, would permit) the holder or holders of such Debt or any Person acting on behalf of such holder or holders to accelerate the maturity thereof, or (ii) any "Event of Default" under and as defined in any Convertible Subordinated Note occurs;

(g) Any Note Party (i) commences a voluntary Insolvency Proceeding seeking liquidation, reorganization or other relief with respect to itself or its Debt or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official over it or any substantial part of its property, or consents to any such relief or to the appointment of or taking possession by any such official in an involuntary Insolvency Proceeding, (ii) fails generally or admits in writing its inability to pay its Debt as it becomes due, makes an assignment for the benefit of its creditors, (iii) consents to the appointment of a custodian, receiver, trustee or other officer with similar powers with respect to it or with respect to any substantial part of its property, (iv) is adjudicated as insolvent or to be liquidated, or (v) or takes any action to authorize any of the foregoing;

(h) An involuntary Insolvency Proceeding is commenced against any Note Party seeking liquidation, reorganization or other relief with respect to it or its Debt or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property and any of the following events occur: (i) the petition commencing the Insolvency Proceeding is not timely controverted; (ii) the petition commencing the Insolvency Proceeding is not dismissed within 60 calendar days of the date of the filing thereof; (iii) an interim trustee is appointed to take possession of all or a substantial portion of the Assets of, or to operate all or any substantial portion of the business of, such Note Party; or (iv) an order for relief shall have been issued or entered therein;

(i) Any one or more Note Parties suffers (i) one or more judgments in the aggregate amount in excess of \$200,000 which are not covered by insurance, or (ii) one or more writs, warrant of attachment, or similar process which are not released, vacated or fully bonded within 30 days of its issue or levy;

(j) A judgment creditor obtains possession of any of the Assets of any one or more Note Party in excess of \$200,000 by any means, including levy, distraint, replevin, or self- help;

(k) Any order, judgment or decree is entered decreeing the dissolution of any Note Party, or any individual Guarantor dies;

(l) Any Note Party is enjoined, restrained or in any way prevented by court order from continuing to conduct all or any material part of its business affairs, or any Note Party voluntarily ceases to conduct its business as a going concern (other than to the extent permitted by Section 5.4);

(m) A notice of lien, levy or assessment is filed of record with respect to any or all of any Note Party 's Assets by any Governmental Authority, or any taxes or debts owing at any time hereafter to any Governmental Authority becomes a Lien (whether inchoate or otherwise) upon any Assets of any Note Party and the same is not paid on the payment date thereof, in each case except for Permitted Liens;

(n) Any Reportable Event, which the Required Purchasers determine constitutes grounds for the termination of any Plan by the Pension Benefit Guaranty Corporation or for the appointment by the appropriate United States District Court of a trustee to administer any such Plan, shall have occurred and be continuing thirty (30) days after written notice of such determination shall have been given to the Issuer by the Agent, or any such Plan shall be terminated within the meaning of Title IV of ERISA, or a trustee shall be appointed by the appropriate United States District Court to administer any such Plan, or the Pension Benefit Guaranty Corporation shall institute proceedings to terminate any Plan in any such ERISA Event or Events or action or actions, individually or in the aggregate, would result in a claim against or liability of the Issuer or any of the Subsidiaries;

(o) Any event occurs that would permit the Pension Benefit Guaranty Corporation to terminate any Plan;

(p) Any Change of Control occurs;

(q) Any of the Note Documents fails to be in full force and effect for any reason, or the Agent fails to have a perfected Lien in and upon all of the Collateral;

(r) Any counterparty to a Material Contract commences or becomes the subject of any Insolvency Proceeding or provides written notice that it is terminating or intends to renegotiate or terminate its commercial relationship with any Note Party or any of its Subsidiaries, or any Material Contract is terminated by operation of law or by any party thereto prior to the termination or expiration of the stated term of such Material Contract (but including the period or any extensions or renewals thereof which are contemplated by the terms thereof as of the date hereof); provided that such Event of Default with respect to the SOFO Distribution Agreement shall be deemed not to have occurred if it has been replaced with a distribution agreement with a reasonable replacement counterparty within 30 days after Sofu Foods's last delivery;

(s) If (i) any Life Insurance Policy is terminated, (ii) any Life Insurance Policy is scheduled to terminate or expire and Issuer fails to deliver a renewal or substitute policy to Agent within 30 days before the scheduled termination date, (iii) Issuer fails to pay any premium on any Life Insurance Policy when due, or (iv) Issuer takes any other action that impairs or would be reasonably likely to impair the value of any Life Insurance Policy;

(t) Any Guarantor revokes or disputes the validity of, or liability under, his, her or its guaranty under the Guaranty and Security Agreement;

(u) Any (i) event of default (howsoever defined under any Franchise Agreement) under any Franchise Agreement as it relates to the failure by such Franchisee to make any material payment required thereunder if such payment is not made within thirty (30) days of the date on which it was originally due, (ii) any Franchisee instituting or consenting to the institution of any Insolvency Proceeding or making an assignment for the benefit of creditors, or (iii) any Franchisee applying for or consenting to the appointment of any receiver, trustee, custodian, conservator, liquidator, rehabilitator or similar officer for it or for all or substantially all of its property; in each case, which, either individually or in the aggregate with all other such similar events under any Franchise Agreement, could reasonably be expected to have a Material Adverse Effect;

(v) (i) Any of the subordination provisions of any Convertible Subordinated Note (the "**Subordination Provisions**") shall, in whole or in part, terminate, cease to be effective or cease to be legally valid, binding and enforceable against any holder of any Convertible Subordinated Note; or (ii) the Issuer or any other Note Party shall, directly or indirectly, disavow or contest in any manner (A) the effectiveness, validity or enforceability of any of the Subordination Provisions, (B) that the Subordination Provisions exist for the benefit of the Agent and the Purchasers or (C) that all payments of principal of or premium and interest on the applicable Convertible Subordinated Note, or realized from the liquidation of any property of any Note Party, shall be subject to any of the Subordination Provisions; or

(w) Any Note Party fails to observe or perform any covenant or agreement set forth in the Warrants or the Investors' Rights Agreement, and such failure continues for 30 days after the Agent's dispatch of notice to the Issuer of such failure.

6.2 Remedies. Upon the occurrence of any Event of Default described in Section 6.1(g) or 6.1(h), the Purchasers' obligation hereunder to purchase any Notes or make any loans or other financial accommodations to the Issuer shall immediately terminate, and the Obligations shall become immediately due and payable without any election or action on the part of the Agent or the Purchasers, without presentment, demand, protest or notice of any kind, all of which the Issuer hereby expressly waives. Upon the occurrence and continuance of any other Event of Default, either or both of the following actions may be taken upon the election of the Required Purchasers:

(a) without notice of their election and without demand, immediately terminate the commitments, whereupon the Purchasers' obligation hereunder to purchase any Notes or make any other financial accommodations to the Issuer shall immediately terminate; and

(b) without notice of their election and without demand, declare the Obligations to be due and payable, whereupon the Obligations shall become immediately due and payable, without presentment, demand, protest or notice of any kind, all of which the Issuer hereby expressly waives, and the Issuer shall promptly pay the outstanding principal amount of the Notes, plus accrued and unpaid interest thereon, and all other amounts due under the Note Documents.

6.3 Appointment of Receiver or Trustee. The Issuer hereby irrevocably agrees that the Agent and the Required Purchasers, have the right under this Agreement, upon the occurrence and during the continuance of an Event of Default, to seek the appointment of a receiver, trustee or similar official over the Issuer to effect the transactions contemplated by this Agreement, and that the Agent and the Required Purchasers are entitled to seek such relief. The Issuer hereby irrevocably agrees not to object to such appointment on any grounds other than that no Event of Default is then continuing.

6.4 Power of Attorney. The Issuer hereby appoints the Agent (and all Persons designated by the Agent) as the Issuer's true and lawful attorney (and agent-in-fact), with full powers of substitution, for the purposes provided in this section. The Agent, or its designee, may, without notice and in either its or the Issuer's name, but at the cost and expense of the Issuer:

(a) Endorse the Issuer's name on any payment item or other proceeds of Collateral (including proceeds of insurance) that come into the Agent's possession or control; and

(b) During the continuance of an Event of Default, (i) notify any account debtors of the assignment of their accounts, demand and enforce payment of accounts by legal proceedings or otherwise, and generally exercise any rights and remedies with respect to accounts; (ii) settle, adjust, modify, compromise, discharge or release any accounts or other Collateral, or any legal proceedings brought to collect accounts or Collateral; (iii) sell or assign any accounts and other Collateral upon such terms, for such amounts and at such times as the Required Purchasers deem advisable; (iv) collect, liquidate and receive balances in deposit accounts or investment accounts, and take control, in any manner, of proceeds of Collateral; (v) prepare, file and sign the Issuer's name to a proof of claim or other document in a bankruptcy of an account debtor, or to any notice, assignment or satisfaction of Lien or similar document; (vi) receive, open and dispose of mail addressed to the Issuer, and notify postal authorities to deliver any such mail to an address designated by the Agent; (vii) endorse any chattel paper, document, instrument, bill of lading, or other document or agreement relating to any accounts, inventory or other Collateral; (viii) use the Issuer's stationery and sign its name to verifications of accounts and notices to account debtors; (ix) use information contained in any data processing, electronic or information systems relating to Collateral; (x) make and adjust claims under insurance policies; (xi) take any action as may be necessary or appropriate to obtain payment under any letter of credit, banker's acceptance or other instrument for which the Issuer is a beneficiary; and, (xii) take all other actions as the Purchasers reasonably deem appropriate to fulfill the Issuer's obligations under this Agreement and the Note Documents.

6.5 Remedies Cumulative. The rights and remedies of the Agent and the Purchasers herein and in the other Note Documents are cumulative, and are not exclusive of any other rights, powers, privileges, or remedies, now or hereafter existing, at law, in equity or otherwise.

ARTICLE 7 AGENCY

7.1 **Appointment and Authority.** Each of the Purchasers hereby irrevocably appoints

Corbel SBIC to act on its behalf as the Agent hereunder and under the other Note Documents and authorizes the Agent to take such actions on its behalf and to exercise such powers as are delegated to the Agent by the terms hereof or thereof, together with such actions and powers as are reasonably incidental thereto. The provisions of this Article 7 are solely for the benefit of the Agent and the Purchasers, and neither the Issuer nor any other Note Party shall have any rights as a third-party beneficiary of any of such provisions. It is understood and agreed that the use of the term "agent" herein or in any other Note Documents (or any other similar term) with reference to the Agent is not intended to connote any fiduciary or other implied (or express) duties or obligations arising under agency doctrine of any Applicable Law, all of which duties and obligations are expressly disclaimed. Instead such term is used as a matter of market custom, and is intended to create or reflect only an administrative relationship between or among contracting parties.

7.2 Rights as a Purchaser. The Person serving as the Agent hereunder shall have the same rights and powers in its capacity as a Purchaser as any other Purchaser and may exercise the same as though it were not the Agent, and the term "Purchaser" or "Purchasers" shall, unless otherwise expressly indicated or unless the context otherwise requires, include the Person serving as the Agent hereunder in its individual capacity. Such Person and its Affiliates may accept deposits from, lend money to, own securities of, act as the financial advisor or in any other advisory capacity for, and generally engage in any kind of business with, any Note Party or any Subsidiary or other Affiliate thereof as if such Person were not the Agent hereunder and without any duty to account therefor to the Purchasers.

7.3 **Exculpatory Provisions.**

(a) The Agent shall not have any duties or obligations except those expressly set forth herein and in the other Note Documents, and its duties hereunder shall be administrative in nature. Without limiting the generality of the foregoing, the Agent:

(i) shall not be subject to any fiduciary or other express or implied duties, regardless of whether a Default may occur, has occurred, or is continuing;

(ii) shall not have any duty to take any discretionary action or exercise any discretionary powers, except discretionary rights and powers expressly contemplated hereby or by the other Note Documents that the Agent is required to exercise as directed in writing by the Required Purchasers (or such other number or percentage of the Purchasers as shall be expressly provided for herein or in the other Note Documents); provided, that the Agent shall not be required to take any action that, in its opinion or the opinion of its counsel, may expose the Agent to liability or that is contrary to any Note Document or Applicable Law, including for the avoidance of doubt any action that may be in violation of the automatic stay under the Bankruptcy Code or any other Applicable Law; and

(iii) shall not, except as expressly set forth herein and in the other Note Documents, have any duty to disclose, and shall not be liable for any failure to disclose or incomplete disclosure of, any information relating to the Issuer or any of its Affiliates that is communicated to or obtained by the Person serving as the Agent or any of its Affiliates in any capacity.

(b) The Agent shall not be liable for any action taken or not taken by it (i) with the consent or at the request of the Required Purchasers (or such other number or percentage of the Purchasers as shall be necessary, or as the Agent may believe is necessary, under specified circumstances), or (ii) in the absence of its own gross negligence or willful misconduct as determined by a court of competent jurisdiction and reflected in a final and nonappealable judgment. The Agent shall be deemed not to have knowledge of any Default unless and until notice describing such Default is given to the Agent in writing by the Issuer or a Purchaser.

(c) The Agent shall not be responsible for or have any duty to ascertain or inquire into (i) any statement, representation or warranty made in or in connection with this Agreement or any other Note Document, (ii) the contents of any certificate, report or other document delivered hereunder or thereunder or in connection herewith or therewith, (iii) the performance or observance of any of the covenants, agreements or other terms or conditions set forth herein or therein, (iv) the occurrence of any Event of Default or Default or the facts or circumstances giving rise thereto, (v) the validity, enforceability, effectiveness or genuineness of this Agreement, any other Note Document or any other agreement, instrument or document, or (vi) the satisfaction of any condition set forth in [Article 2](#) or referenced elsewhere herein, other than to confirm upon request the receipt of items expressly required to be delivered to the Agent.

7.4 Reliance by the Agent. The Agent shall be entitled to rely upon, and shall not incur any liability for relying upon, (a) any notice, request, certificate, consent, statement, instrument, document or other writing (including any electronic message, Internet or intranet website posting or other distribution) believed by it to be genuine and to have been signed, sent or otherwise authenticated by a proper Person or (b) any statement made to it orally or by telephone and believed by it to have been made by a proper Person, and shall not incur any liability for relying thereon. In determining compliance with any condition hereunder to the purchase of Notes or any other loan or financial accommodation made hereunder that by its terms must be fulfilled to the satisfaction of a Purchaser, the Agent may presume that such condition is satisfactory to such Purchaser unless the Agent shall have received written notice to the contrary from such Purchaser prior to the purchase of such Note or making of any loan or other financial accommodation. The Agent may consult with legal counsel (who may be counsel for the Issuer), independent accountants and other experts selected by it, and shall not be liable for any action taken or not taken by it in accordance with the advice of any such counsel, accountants or experts.

7.5 Delegation of Duties. The Agent may perform any and all of its duties and exercise its rights and powers hereunder or under any other Note Document by or through any one or more sub-agents appointed by the Agent. The Agent and any such sub-agent may perform any and all of its duties and exercise its rights and powers by or through their respective Related Parties. The exculpatory provisions of this [Article 7](#) shall apply to any such sub-agent and to the Related Parties of the Agent and any such sub agent, and shall apply to the activities as the Agent. The Agent shall not be responsible for the negligence or misconduct of any sub-agents except to the extent

that a court of competent jurisdiction determines in a final and nonappealable judgment that the Agent acted with gross negligence or willful misconduct in the selection of such sub-agents.

7.6 Resignation of the Agent.

(a) The Agent may at any time give notice of its resignation to the Purchasers and the Issuer. Upon receipt of any such notice of resignation, the Required Purchasers shall have the right to appoint a successor. If no such successor shall have been so appointed by the Required Purchasers and shall have accepted such appointment within 30 days after the resigning Agent gives notice of its resignation (or such earlier day as shall be agreed by the Required Purchasers) (the "**Resignation Effective Date**"), then the resigning Agent may (but shall not be obligated to), on behalf of the Purchasers, appoint a successor Agent meeting the qualifications set forth above. Whether or not a successor has been appointed, such resignation shall become effective in accordance with such notice on the Resignation Effective Date.

(b) With effect from the Resignation Effective Date: (i) the resigning Agent shall be discharged from its duties and obligations hereunder and under the other Note Documents (except that in the case of any collateral security held by the Agent on behalf of the Purchasers under any of the Note Documents, the resigning Agent shall continue to hold such collateral security until such time as a successor Agent is appointed) and (ii) except for any indemnity payments owed to the resigning Agent, all payments, communications and determinations provided to be made by, to or through the Agent shall instead be made by or to each Purchaser directly, until such time, if any, as the Required Purchasers appoint a successor Agent as provided for above. Upon the acceptance of a successor's appointment as the Agent hereunder, such successor shall succeed to and become vested with all of the rights, powers, privileges and duties of the resigning Agent (other than any rights to indemnity payments owed to the resigning Agent), and the resigning Agent shall be discharged from all of its duties and obligations hereunder or under the other Note Documents. The fees payable by the Issuer to a successor Agent shall be the same as those payable to its predecessor unless otherwise agreed between the Issuer and such successor. After the resigning Agent's resignation hereunder and under the other Note Documents, the provisions of this [Article 7](#) and [Section 9.3](#) shall continue in effect for the benefit of such resigning Agent, its sub-agents and its respective Related Parties in respect of any actions taken or omitted to be taken by any of them while the resigning Agent was acting as the Agent.

7.7 Non-Reliance on the Agent and Other Purchasers. Each Purchaser acknowledges that it has, independently and without reliance upon the Agent or any other Purchaser or any of their Related Parties and based on such documents and information as it has deemed appropriate, made its own analysis and decision to enter into this Agreement. Each Purchaser also acknowledges that it will, independently and without reliance upon the Agent or any other Purchaser or any of their Related Parties and based on such documents and information as it shall from time to time deem appropriate, continue to make its own decisions in taking or not taking action under or based upon this Agreement, any other Note Document or any related agreement or any document furnished hereunder or thereunder.

7.8 No Other Duties, etc. Notwithstanding anything in this Agreement or any other Note Document to the contrary, none of the Persons listed on the cover page hereof shall have any

powers, duties or responsibilities under this Agreement or any of the other Note Documents, except in its capacity, as applicable, as the Agent or a Purchaser hereunder.

7.9 The Agent May File Proofs of Claim. In case of the pendency of any proceeding under the Bankruptcy Code or any other Applicable Law or any other judicial proceeding relative to any Note Party, the Agent (irrespective of whether the principal of any Note shall then be due and payable as herein expressed or by declaration or otherwise and irrespective of whether the Agent shall have made any demand on any Purchaser) shall be entitled and empowered (but not obligated) by intervention in such proceeding or otherwise:

(a) to file and prove a claim for the whole amount of the principal and interest owing and unpaid in respect of the Notes and all other Obligations that are owing and unpaid and to file such other documents as may be necessary or advisable in order to have the claims of the Purchasers and the Agent (including any claim for the reasonable compensation, expenses, disbursements and advances of the Purchasers and the Agent and their respective agents and counsel and all other amounts due the Purchasers and the Agent under Sections 1.7 and 9.3) allowed in such judicial proceeding; and

(b) to collect and receive any monies or other property payable or deliverable on any such claims and to distribute the same;

and any custodian, receiver, assignee, trustee, liquidator, sequestrator or other similar official in any such judicial proceeding is hereby authorized by each Purchaser to make such payments to the Agent and, in the event that the Agent shall consent to the making of such payments directly to the Purchasers, to pay to the Agent any amount due for the reasonable compensation, expenses, disbursements and advances of the Agent and its agents and counsel, and any other amounts due the Agent under Sections 1.7 and 9.3.

7.10 Collateral and Guaranty Matters.

(a) The Purchasers irrevocably authorize the Agent, at its option and in its discretion:

(i) to release any Lien on any property granted to or held by the Agent under any Note Document (A) upon termination of any commitments and payment in full of all Obligations (other than contingent indemnification obligations), (B) that is sold or otherwise disposed of or to be sold or otherwise disposed of as part of or in connection with any sale or other disposition permitted under the Note Documents, or (C) subject to Section 9.4, if approved, authorized or ratified in writing by the Required Purchasers;

(ii) to subordinate any Lien on any property granted to or held by the Agent under any Note Document to the holder of any Lien on such property that is a Permitted Lien; and

(iii) to release any Guarantor from its obligations under the guaranty under the Guaranty and Security Agreement if such Person ceases to be a Subsidiary as a result of a transaction permitted under the Note Documents.

Upon request by the Agent at any time, the Required Purchasers will confirm in writing the Agent's authority to release or subordinate its interest in particular types or items of property, or to release any Guarantor from its obligations under the guaranty under the Guaranty and Security Agreement pursuant to this Section 7.10.

(b) The Agent shall not be responsible for or have a duty to ascertain or inquire into any representation or warranty regarding the existence, value or collectability of the Collateral, the existence, priority or perfection of the Agent's Lien thereon, or any certificate prepared by any Note Party in connection therewith, nor shall the Agent be responsible or liable to the Purchasers for any failure to monitor or maintain any portion of the Collateral.

ARTICLE 8

PURCHASER REPRESENTATIONS AND WARRANTIES

In order to induce the Issuer to enter into this Agreement and to issue and sell the Notes and the Warrants, each of the Purchasers hereby represents and warrants to the Issuer that on the Closing Date:

8.1 Purchase Entirely for Own Account. Each Purchaser acknowledges that this Agreement is made with such Purchaser in reliance upon such Purchaser's representation to the Issuer, which such Purchaser confirms by executing this Agreement, that the Notes, the Warrants, and any Common Stock issuable upon exercise of the Warrants (collectively, the "**Securities**") will be acquired for investment for such Purchaser's own account, not as a nominee or agent (unless otherwise specified on such Purchaser's signature page hereto), and not with a view to the resale or distribution of any part thereof, and that such Purchaser has no present intention of selling, granting any participation in, or otherwise distributing the same. By executing this Agreement, each Purchaser further represents that such Purchaser does not have any contract, undertaking, agreement or arrangement with any person to sell, transfer or grant participations to such person or to any third person, with respect to the Securities. If other than an individual, each Purchaser also represents it has not been organized solely for the purpose of acquiring the Securities.

8.2 Accredited Investor. Each Purchaser is an "accredited investor" within the meaning of Rule 501 of Regulation D promulgated under the Securities Act.

ARTICLE 9 MISCELLANEOUS

9.1 Notices. All notices, requests and other communications to any party hereunder shall be in writing (including facsimile or other electronic transmission or similar writing) and shall be given to such party at its address or facsimile number set forth on the signature pages hereof or such other address or facsimile number as such party may hereafter specify by notice to the other party in accordance with this Section 9.1. Each such notice, request or other communication shall be effective (a) if delivered in person, when delivered, (b) if delivered by facsimile transmission, on the date of transmission if transmitted on a Business Day before 4:00 p.m., Pacific time, otherwise on the next Business Day, (c) if delivered electronically, upon receipt

thereof by the recipient; (d) if delivered by overnight courier, one (1) Business Day after delivery to the courier properly addressed and (e) if mailed, upon the third (3rd) Business Day after the date deposited into the U.S. Mail, certified or registered; provided, that actual notice, however and from whomever given or received, shall always be effective on receipt; provided, further, that notices sent by the Agent or any Purchaser in connection with such Person's exercise of its enforcement rights against any of its collateral shall be deemed given when deposited in the mail or personally delivered, or, where permitted by law, transmitted by facsimile.

9.2 No Waivers. No failure or delay by the Agent or any Purchaser in exercising any right, power or privilege hereunder or under any other Note Document shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege.

9.3 Expenses; Documentary Taxes; Indemnification.

(a) The Issuer shall pay all out-of-pocket Expenses of the Agent and the Purchasers on demand.

(b) The Issuer shall pay and indemnify the Agent and each Purchaser against any and all transfer taxes, documentary taxes, assessments, or charges made by any Governmental Authority and imposed by reason of the execution and delivery of this Agreement, any of the other Note Documents, or any other document, instrument or agreement entered into in connection herewith.

(c) The Issuer shall and hereby covenants and agrees to indemnify, protect, defend and hold harmless the Agent, each Purchaser and each of their Related Parties (collectively, the "**Indemnified Persons**" and individually, an "**Indemnified Person**") from and against (i) any and all losses, claims, damages, liabilities, deficiencies, judgments, costs and expenses (including reasonable attorneys' fees incurred pursuant to proceedings arising under the Bankruptcy Code) (collectively, "**Losses**") suffered or incurred by any Indemnified Person (except to the extent that any such Losses are finally judicially determined to have resulted from the gross negligence or willful misconduct of the Indemnified Person seeking indemnification) arising out of or by reason of any litigations, investigations, claims or proceedings (whether administrative, judicial or otherwise), including discovery, whether or not such Indemnified Person is designated a party thereto, which arise out of or are in any way related to (A) this Agreement, the other Note Documents or the transactions contemplated hereby or thereby, (B) any actual or proposed use by the Issuer of the proceeds of the Notes, or (C) the Agent's and each Purchaser's entering into this Agreement, the other Note Documents or any other agreements and documents relating hereto;

(ii) any such Losses arising out of or by reason of the use, generation, manufacture, production, storage, release, threatened release, discharge, disposal or presence on, under or about the Issuer's operations or property or property leased by the Issuer of any material, substance or waste which is or becomes designated as Hazardous Materials; and (iii) any such Losses suffered or incurred in connection with any remedial or other action taken by the Issuer or the Agent in connection with compliance by the Issuer with any federal, state or local environmental laws, acts, rules, regulations, orders, directions, ordinances, criteria or guidelines (except to the extent that any such Losses are finally judicially determined to have resulted from the gross negligence or willful misconduct of the Indemnified Person seeking indemnification).

(d) Without limiting the foregoing provision, (i) the Issuer hereby covenants and agrees to indemnify, protect, defend and hold harmless each Indemnified Person from any Losses suffered or incurred as a result of any inaccuracy in or breach of any of the representations or warranties of the Issuer contained in this Agreement or any other Note Document, and (ii) the Issuer hereby covenant and agree to indemnify, protect, defend and hold harmless each Indemnified Person from any Losses suffered or incurred as a result of any breach or non- fulfillment of any covenant, agreement or obligation to be performed by the Issuer pursuant to this Agreement or any other Note Document.

(e) No Purchaser's or other Indemnified Person's rights to indemnification or other remedies based on any inaccuracy in or breach or violation of the representations, warranties, covenants and agreements of the Issuer contained herein or in any other Note Documents will be affected by any investigation conducted by Agent, any Purchaser or any other Indemnified Person with respect to, or any knowledge acquired by Agent, any Purchaser or any other Indemnified Person at any time, with respect to the accuracy or inaccuracy of or compliance with or violation of, any such representation, warranty, covenant or agreement.

(f) To the fullest extent permitted by Applicable Law, the Issuer shall not assert, and hereby unconditionally and irrevocably waives, any claim against any Indemnified Person, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement, any other Note Document or any agreement or instrument contemplated hereby, the transactions contemplated hereby or thereby, any Note or the use of the proceeds thereof. No Indemnified Person shall be liable for any damages arising from the use by unintended recipients of any information or other materials distributed to such unintended recipients by such Indemnified Person through telecommunications, electronic or other information transmission systems in connection with this Agreement or the other Note Documents or the transactions contemplated hereby or thereby.

(g) The Issuer's obligations under this Section 9.3 and Section 1.8 shall survive any termination of this Agreement and the Note Documents and the payment and satisfaction in full of the Obligations, and are in addition to, and not in substitution of, any other of its obligations set forth in this Agreement.

(h) If and to the extent that the indemnification obligations of the Issuer is unenforceable for any reason, but without limiting the proviso in Section 9.3(d) above, the Issuer hereby agrees to make the maximum contribution to the payment and satisfaction of such obligations to the Agent and the Purchasers which is permissible under Applicable Law.

9.4 Amendments and Waivers.

(a) No amendment, waiver or other modification of any provision of this Agreement or any other Note Document (other than any fee letter entered into in connection herewith), and no consent with respect to any departure by any Note Party therefrom, shall be effective unless the same shall be in writing and signed by the Required Purchasers (or by the Agent at the written request of the Required Purchasers) and the Note Parties that are party thereto and then any such waiver or consent shall be effective, but only in the specific instance and for the

specific purpose for which given; provided, that no such waiver, amendment, or consent shall, unless in writing and signed by all of the Purchasers directly affected thereby and all of the Note Parties that are party thereto, do any of the following:

(i) increase the scope or amount of or extend the expiration date of any commitment or obligation of any Purchaser;

(ii) postpone or delay any date fixed by this Agreement or any other Note Document for any payment of principal, interest, fees, or other amounts due hereunder or under any other Note Document (other than mandatory prepayments),

(iii) reduce the principal of, or the rate of interest on, the Notes or any other extension of credit hereunder, or reduce any fees or other amounts payable hereunder or under any other Note Document;

(iv) amend, modify, or eliminate this Section 9.4 or any provision of this Agreement providing for consent or other action by all Purchasers;

(v) amend, modify, or eliminate Section 7.10;

(vi) other than as permitted by Section 7.10 of this Agreement, release the Agent's Lien in and to any of the Collateral;

(vii) amend, modify, or eliminate the definition of "Required Purchaser";

(viii) contractually subordinate any of the Agent's Liens; or

(ix) other than in connection with a merger, liquidation, dissolution or sale of such Person expressly permitted by or consented to under the terms hereof or the other Note Documents, release the Issuer or any Guarantor from any obligation for the payment of money or consent to the assignment or transfer by the Issuer or any Guarantor of any of its rights or duties under this Agreement or the other Note Documents.

(b) No amendment, waiver, modification, or consent shall amend, modify, waive, or eliminate:

(i) the definition of, or any of the terms or provisions of, the Fee Letter or any other fee letter entered into in connection with this Agreement, without the written consent of the Agent and the Issuer (and shall not require the written consent of any of the Purchasers);

(ii) any provision of Article 7 pertaining to the Agent, or any other rights or duties of the Agent under this Agreement or the other Note Documents, without the written consent of the Agent, the Issuer, and the Required Purchasers; and

(c) Notwithstanding anything to the contrary in this Section 9.4, any amendment, modification, elimination, waiver, consent, termination, or release of, or with respect to, any provision of this Agreement or any other Note Document that relates only to the

relationship of the Agent and the Purchasers among themselves, and that does not affect the rights or obligations of any Note Party, shall not require consent by or the agreement of any Note Party.

9.5 Successors and Assigns; Participations; Disclosure; Register.

(a) This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns, except that the Issuer may not assign or transfer any of its rights or obligations under this Agreement without the prior written consent of the Agent and the Purchasers and any such prohibited assignment or transfer by the Issuer shall be void.

(b) Each Purchaser may make, carry or transfer the Obligations at, to or for the account of, any of its branch offices or the office of an Affiliate of such Purchaser or to any Federal Reserve Bank, all without the Issuer's consent.

(c) Each Purchaser may, at its own expense, assign to one or more banks or other financial institutions all or a portion of its rights (including voting rights) and obligations under this Agreement and the other Note Documents; provided, however, that as long as no Event of Default has occurred and is continuing, the consent of the Issuer (such consent not to be unreasonably withheld, delayed or conditioned) shall be required (it being understood that the consent of the Issuer shall be deemed to have been given if the Issuer does not respond within five

(5) Business Days of the Issuer's receipt of a request to so consent). In the event of any such assignment by the Purchasers pursuant to this Section 9.5(c), such Purchaser's obligations under this Agreement arising after the effective date of such assignment shall be released and concurrently therewith, transferred to and assumed by such assignee to the extent provided for in the document evidencing such assignment. The provisions of this Section 9.5 relate only to absolute assignments (whether or not arising as the result of foreclosure of a security interest) and that such provisions do not prohibit assignments creating security interests, including, without limitation, any pledge or assignment by any Purchaser of any Obligation or any Note to any Federal Reserve Bank or other financing source in accordance with Applicable Law.

(d) Each Purchaser may at any time sell to one or more banks or other financial institutions (each a "**Participant**") participating interests in the Notes and in any other interest of such Purchaser hereunder. In the event of any such sale by such Purchaser of a participating interest to a Participant, such Purchaser's obligations under this Agreement shall remain unchanged, such Purchaser shall remain solely responsible for the performance thereof, and the Issuer shall continue to deal solely and directly with such Purchaser in connection with such Purchaser's rights and obligations under this Agreement.

(e) The Issuer authorizes each Purchaser to disclose to any assignee under Section 9.5(c) or any Participant (either, a "**Transferee**") and any prospective Transferee any and all financial information in such Purchaser's possession concerning the Issuer that has been delivered to such Purchaser by the Issuer pursuant to this Agreement or that has been delivered to such Purchaser by the Issuer in connection with such Purchaser's credit evaluation prior to entering into this Agreement; provided that such Transferee or prospective Transferee has first agreed to be bound by the provisions of Section 9.6.

(f) The Agent, acting solely for this purpose as an agent of the Issuer, shall maintain at its office a register for the recordation of the names and addresses of each Purchaser, and the principal amounts of the loans owing to such Purchaser pursuant to the terms hereof from time to time (the "Register"). The entries in the Register shall be conclusive and binding for all purposes, absent manifest error, and the Issuer and the Purchasers shall treat the Person whose name is recorded in the Register pursuant to the terms hereof as a lender hereunder for all purposes of this Agreement. The Register shall be available for inspection by the Issuer and Purchasers at any reasonable time and from time to time upon reasonable prior notice. The obligations of the Issuer under this Agreement and the other Note Documents are registered obligations and the right, title and interest of the Purchasers and their assignees in and to such obligations shall be transferable only upon notation of such transfer in the Register. This Section 9.5(f) shall be construed so that such obligations are at all times maintained in "registered form" within the meaning of Section 163(f), 871(h)(2) and 881(c)(2) of the Internal Revenue Code and any related regulations (and any other relevant or successor provisions of the Internal Revenue Code or such regulations).

(g) With the consent of the Issuer (not to be unreasonably withheld, delayed or conditioned), the Agent and each Purchaser may use Issuer's and the Subsidiary's name(s) in advertising and promotional materials, and in conjunction therewith, the Purchasers may disclose the amount of the Notes and the purpose thereof.

9.6 Confidentiality.

(a) The Agent and each Purchaser agrees that (i) all information received prior to the Closing Date from the Issuer or its representatives other than information that was available to the Agent and the Purchasers on a non-confidential basis prior to the disclosure by the Issuer or its representative; and (ii) after the Closing Date, all material or non-public information regarding Note Parties and their Subsidiaries, their operations, assets, and existing and contemplated business plans ("**Confidential Information**") shall be treated by the Agent and each Purchaser in a confidential manner, and shall not be disclosed by the Agent or any Purchaser to Persons who are not parties to this Agreement, except: (A) to attorneys for and other advisors, accountants, auditors, and consultants to the Agent and the Purchasers who are subject to reasonably customary confidentiality restrictions or are advised to keep such information confidential in accordance with this Section 9.6, (B) to Subsidiaries and Affiliates of the Agent and the Purchasers, provided that any such Subsidiary or Affiliate shall have agreed to receive such information hereunder subject to the terms of this Section 9.6, (C) as may be required by regulatory authorities so long as such authorities are informed of the confidential nature of such information, (D) as may be required by statute, decision, or judicial or administrative order, rule, or regulation; provided that (x) prior to any disclosure under this clause (D), the disclosing party agrees to provide the Issuer with prior notice thereof, to the extent that it is practicable to do so and to the extent that the disclosing party is permitted to provide such prior notice to the Issuer pursuant to the terms of the applicable statute, decision, or judicial or administrative order, rule, or regulation, and (y) any disclosure under this clause (D) shall be limited to the portion of the Confidential Information as may be required by such statute, decision, or judicial or administrative order, rule, or regulation, (E) as may be agreed to in advance by the Issuer or as requested or required by any Governmental Authority pursuant to any subpoena or other legal process, provided, that, (x) prior to any disclosure under this clause (E) the disclosing party agrees to provide the Issuer with prior notice thereof, to the extent

that it is practicable to do so and to the extent that the disclosing party is permitted to provide such prior notice to the Issuer pursuant to the terms of the subpoena or other legal process, and (y) any disclosure under this clause (E) shall be limited to the portion of the Confidential Information as may be required by such Governmental Authority pursuant to such subpoena or other legal process,

(F) as to any such information that is or becomes generally available to the public (other than as a result of prohibited disclosure by the Agent or any Purchaser or any of their Related Parties), (G) in connection with any assignment, prospective assignment, sale, prospective sale, participation, prospective participation, pledge or prospective pledge of the Purchasers' interest under this Agreement, provided that any such Transferee or prospective Transferee shall have agreed in writing to receive such information hereunder subject to the terms of this Section, (H) in connection with any litigation or other adversary proceeding involving parties hereto which such litigation or adversary proceeding involves claims related to the rights or duties of such parties under this Agreement or the other Note Documents; provided, that, prior to any disclosure to any Person (other than any Note Party, the Agent, the Purchasers, any of their respective Affiliates, or their respective counsel) under this clause (H) with respect to litigation involving any Person (other than any Note Party, the Agent, the Purchasers, any of their respective Affiliates, or their respective counsel), the disclosing party agrees to provide the Issuer with prior notice thereof, and

(I) in connection with, and to the extent reasonably necessary for, the exercise of any secured creditor remedy under this Agreement or under any other Note Document.

(b) Agent and each Purchaser is aware, and will advise its representatives (including any Board Observer) who are informed of the matters that are the subject of this Agreement, of the restrictions imposed by United States securities laws on the purchase or sale of securities by any person who has received material, non-public information from the issues of such securities and on the communication of such information to any other person where it is reasonably foreseeable that such other person is likely to purchase or sell such securities in reliance on such information.

(c) In the event of the breach or a threatened breach by Agent or any Purchaser of any of the provisions of this Section 9.6, the Issuer would suffer irreparable harm, and in addition and supplementary to other rights and remedies existing in its favor, the Issuer shall be entitled to specific performance and/or injunctive or other equitable relief from a court of competent jurisdiction in order to enforce or prevent any violations of the provisions hereof (without posting a bond or other security).

9.7 Counterparts; Integration. This Agreement may be signed in any number of counterparts, each of which shall be an original and all of which when taken together shall be deemed one and the same instrument. Delivery of an executed counterpart of a signature page to this Agreement by facsimile or other electronic transmission shall be as effective as delivery of an original counterpart of this Agreement. Any party delivering an executed counterpart of this Agreement by facsimile or other electronic transmission also shall deliver a manually executed counterpart of this Agreement but the failure to deliver a manually executed counterpart shall not affect the validity, enforceability, and binding effect of this Agreement. This Agreement constitutes the entire agreement and understanding among the parties hereto and supersedes any and all prior agreements and understandings, oral or written, relating to the subject matter hereof.

9.8 Severability. The provisions of this Agreement are severable. The invalidity, in whole or in part, of any provision of this Agreement shall not affect the validity or enforceability of any other of its provisions. If one or more provisions hereof shall be declared invalid or unenforceable, the remaining provisions shall remain in full force and effect and shall be construed in the broadest possible manner to effectuate the purposes hereof.

9.9 Knowledge. For purposes of this Agreement, a Person will be deemed to have knowledge of a particular fact or other matter if such Person is actually aware of such fact or other matter. A Note Party will be deemed to have knowledge of a particular fact or other matter if any officer of such Note Party has, or at any time had, actual knowledge of such fact or other matter.

9.10 Additional Waivers.

(a) The Issuer agrees that checks and other instruments received by the Agent and the Purchasers in payment or on account of the Obligations constitute only conditional payment until such items are actually paid to the Agent and the Purchasers and the Issuer waives the right to direct the application of any and all payments at any time or times hereafter received by the Agent and the Purchasers on account of the Obligations and the Issuer agrees that the Agent and the Purchasers shall have the continuing exclusive right to apply and reapply such payments in any manner as the Agent and the Purchasers may deem advisable, notwithstanding any entry by the Agent and the Purchasers upon their books.

(b) The Issuer waives demand, protest, notice of protest, notice of default or dishonor, notice of payment and nonpayment, notice of any default, nonpayment at maturity, release, compromise, settlement, extension or renewal of any or all commercial paper, accounts, documents, instruments, chattel paper, and guarantees at any time held by the Agent and the Purchasers on which the Issuer may in any way be liable.

(c) Upon the occurrence and during the continuance of an Event of Default, the Issuer waives the right and the right to assert a confidential relationship, if any, it may have with any accountant, accounting firm and/or service bureau or consultant in connection with any information requested by the Agent and the Purchasers pursuant to or in accordance with this Agreement, and agrees that the Agent and the Purchasers may contact directly any such accountants, accounting firm and/or service bureau or consultant in order to obtain such information. The Issuer shall be permitted to attend any meeting with such accountants, accounting firm and/or service bureau or consultant; *provided* that no Event of Default has occurred and is continuing.

9.11 Destruction of the Issuer's Documents. Any documents, schedules, invoices or other papers delivered to the Agent and the Purchasers may be destroyed by the Agent and the Purchasers six months after they are delivered to or received by the Agent and the Purchasers, unless the Issuer requests, in writing, the return of the said documents, schedules, invoices or other papers and make arrangements, at the Issuer's expense, for their return.

9.12 CHOICE OF LAW AND VENUE; JURY TRIAL WAIVER; CLASS ACTION WAIVER.

(a) THE VALIDITY OF THIS AGREEMENT AND THE OTHER NOTE DOCUMENTS (UNLESS EXPRESSLY PROVIDED TO THE CONTRARY IN ANOTHER NOTE DOCUMENT IN RESPECT OF SUCH OTHER NOTE DOCUMENT), THE CONSTRUCTION, INTERPRETATION, AND ENFORCEMENT HEREOF AND THEREOF, AND THE RIGHTS OF THE PARTIES HERETO AND THERETO WITH RESPECT TO ALL MATTERS ARISING HEREUNDER OR THEREUNDER OR RELATED HERETO OR THERETO SHALL BE DETERMINED UNDER, GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF CALIFORNIA, WITHOUT REGARD FOR PRINCIPLES OF CONFLICTS OF LAWS.

(b) THE PARTIES AGREE THAT ALL ACTIONS OR PROCEEDINGS ARISING IN CONNECTION WITH THIS AGREEMENT AND THE OTHER NOTE DOCUMENTS SHALL BE TRIED AND LITIGATED ONLY IN THE STATE AND FEDERAL COURTS LOCATED IN THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, *PROVIDED, HOWEVER*, THAT ANY SUIT SEEKING ENFORCEMENT AGAINST ANY COLLATERAL OR OTHER PROPERTY MAY BE BROUGHT, AT THE AGENT'S AND/OR THE PURCHASERS' OPTION, IN THE COURTS OF ANY JURISDICTION WHERE SUCH COLLATERAL OR OTHER PROPERTY MAY BE FOUND. EACH PARTY HERETO WAIVES, TO THE EXTENT PERMITTED UNDER APPLICABLE LAW, ANY RIGHT EACH MAY HAVE TO ASSERT THE DOCTRINE OF FORUM NON CONVENIENS OR TO OBJECT TO VENUE TO THE EXTENT ANY PROCEEDING IS BROUGHT IN ACCORDANCE WITH THIS SECTION 9.12.

(c) EACH PARTY HERETO HEREBY WAIVES ITS RESPECTIVE RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF THIS AGREEMENT OR ANY OF THE OTHER NOTE DOCUMENTS OR ANY OF THE TRANSACTIONS CONTEMPLATED HEREIN OR THEREIN, INCLUDING CONTRACT CLAIMS, TORT CLAIMS, BREACH OF DUTY CLAIMS, AND ALL OTHER COMMON LAW OR STATUTORY CLAIMS. EACH PARTY HERETO REPRESENTS THAT IT HAS REVIEWED THIS WAIVER AND EACH KNOWINGLY AND VOLUNTARILY WAIVES ITS JURY TRIAL RIGHTS FOLLOWING CONSULTATION WITH LEGAL COUNSEL. IN THE EVENT OF LITIGATION, A COPY OF THIS AGREEMENT MAY BE FILED AS A WRITTEN CONSENT TO A TRIAL BY THE COURT.

(d) IF PERMITTED BY APPLICABLE LAW, EACH PARTY ALSO WAIVES THE RIGHT TO LITIGATE IN COURT OR AN ARBITRATION PROCEEDING ANY DISPUTE AS A CLASS ACTION, EITHER AS A MEMBER OF A CLASS OR AS A REPRESENTATIVE, OR TO ACT AS A PRIVATE ATTORNEY GENERAL. EACH PARTY (I) CERTIFIES THAT NO ONE HAS REPRESENTED TO SUCH PARTY THAT THE OTHER PARTY WOULD NOT SEEK TO ENFORCE JURY AND CLASS ACTION WAIVERS IN THE EVENT OF SUIT, AND

(II) ACKNOWLEDGES THAT IT AND THE OTHER PARTY HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS, AGREEMENTS, AND CERTIFICATIONS IN THIS SECTION.

9.13 Reference Provision. In the event the Jury Trial Waiver set forth above is not enforceable, the parties elect to proceed under this Judicial Reference Provision.

(a) With the exception of the items specified in clause (b) below, any controversy, dispute or claim (each, a “**Claim**”) between the parties arising out of or relating to this Agreement or any other Note Document will be resolved by a reference proceeding in California in accordance with the provisions of Sections 638 et seq. of the California Code of Civil Procedure (“**CCP**”), or their successor sections, which shall constitute the exclusive remedy for the resolution of any Claim, including whether the Claim is subject to the reference proceeding. Except as otherwise provided in the Note Documents, venue for the reference proceeding will be in the state or federal court in the county or district where the real property involved in the action, if any, is located or in the state or federal court in the county or district where venue is otherwise appropriate under Applicable Laws (the “**Court**”).

(b) The matters that shall not be subject to a reference are the following:

(i) nonjudicial foreclosure of any security interests in real or personal property, (ii) exercise of self- help remedies (including, without limitation, set-off), (iii) appointment of a receiver and (iv) temporary, provisional or ancillary remedies (including, without limitation, writs of attachment, writs of possession, temporary restraining orders or preliminary injunctions). This reference provision does not limit the right of any party to exercise or oppose any of the rights and remedies described in clauses (i) and (ii) or to seek or oppose from a court of competent jurisdiction any of the items described in clauses (iii) and (iv). The exercise of, or opposition to, any of those items does not waive the right of any party to a reference pursuant to this reference provision as provided herein.

(c) The referee shall be a retired judge or justice selected by mutual written agreement of the parties. If the parties do not agree within 10 days of a written request to do so by any party, then, upon request of any party, the referee shall be selected by the Presiding Judge of the Court (or his or her representative). A request for appointment of a referee may be heard on an ex parte or expedited basis, and the parties agree that irreparable harm would result if ex parte relief is not granted. Pursuant to CCP § 170.6, each party shall have one peremptory challenge to the referee selected by the Presiding Judge of the Court (or his or her representative).

(d) The parties agree that time is of the essence in conducting the reference proceedings. Accordingly, the referee shall be requested, subject to change in the time periods specified herein for good cause shown, to (i) set the matter for a status and trial-setting conference within 15 days after the date of selection of the referee, (ii) if practicable, try all issues of law or fact within 120 days after the date of the conference and (iii) report a statement of decision within 20 days after the matter has been submitted for decision.

(e) The referee will have power to expand or limit the amount and duration of discovery. The referee may set or extend discovery deadlines or cutoffs for good cause, including a party's failure to provide requested discovery for any reason whatsoever. Unless otherwise ordered based upon good cause shown, no party shall be entitled to “priority” in conducting discovery, depositions may be taken by either party upon seven (7) days written notice, and all other discovery shall be responded to within 15 days after service. All disputes relating to

discovery which cannot be resolved by the parties shall be submitted to the referee whose decision shall be final and binding.

(f) Except as expressly set forth herein, the referee shall determine the manner in which the reference proceeding is conducted including the time and place of hearings, the order of presentation of evidence, and all other questions that arise with respect to the course of the reference proceeding. All proceedings and hearings conducted before the referee, except for trial, shall be conducted without a court reporter, except that when any party so requests, a court reporter will be used at any hearing conducted before the referee, and the referee will be provided a courtesy copy of the transcript. The party making such a request shall have the obligation to arrange for and pay the court reporter. Subject to the referee's power to award costs to the prevailing party, the parties will equally share the cost of the referee and the court reporter at trial.

(g) The referee shall be required to determine all issues in accordance with existing case law and the statutory laws of the State of California. The rules of evidence applicable to proceedings at law in the State of California will be applicable to the reference proceeding. The referee shall be empowered to enter equitable as well as legal relief, enter equitable orders that will be binding on the parties and rule on any motion which would be authorized in a court proceeding, including without limitation motions for summary judgment or summary adjudication. The referee shall issue a decision at the close of the reference proceeding which disposes of all claims of the parties that are the subject of the reference. Pursuant to CCP § 644, such decision shall be entered by the Court as a judgment or an order in the same manner as if the action had been tried by the Court and any such decision will be final, binding and conclusive. The parties reserve the right to appeal from the final judgment or order or from any appealable decision or order entered by the referee. The parties reserve the right to findings of fact, conclusions of laws, a written statement of decision, and the right to move for a new trial or a different judgment, which new trial, if granted, is also to be a reference proceeding under this provision.

(h) If the enabling legislation which provides for appointment of a referee is repealed (and no successor statute is enacted), any dispute between the parties that would otherwise be determined by reference procedure will be resolved and determined by arbitration. The arbitration will be conducted by a retired judge or justice, in accordance with the California Arbitration Act §1280 through §1294.2 of the CCP as amended from time to time. The limitations with respect to discovery set forth above shall apply to any such arbitration proceeding.

(i) THE PARTIES RECOGNIZE AND AGREE THAT ALL CONTROVERSIES, DISPUTES AND CLAIMS RESOLVED UNDER THIS REFERENCE PROVISION WILL BE DECIDED BY A REFEREE AND NOT BY A JURY. AFTER CONSULTING (OR HAVING HAD THE OPPORTUNITY TO CONSULT) WITH COUNSEL OF ITS, HIS OR HER OWN CHOICE, EACH PARTY KNOWINGLY AND VOLUNTARILY, AND FOR THE MUTUAL BENEFIT OF ALL PARTIES, AGREES THAT THIS REFERENCE PROVISION WILL APPLY TO ANY CONTROVERSY, DISPUTE OR CLAIM BETWEEN OR AMONG THEM ARISING OUT OF OR IN ANY WAY RELATED TO, THIS AGREEMENT OR THE OTHER NOTE DOCUMENTS.

9.14 Patriot Act Notification. The Agent and the Purchasers are subject to the Patriot Act and hereby notify the Issuer that pursuant to the requirements of the Patriot Act, the Agent and

the Purchasers are required to obtain, verify and record information that identifies the Issuer, which information includes the name and address of the Issuer and other information that will allow the Agent and the Purchasers to identify the Issuer in accordance with the Patriot Act.

9.15 Continuing Liability. The liability of the Issuer under this Agreement and the other Note Documents to which the Issuer is a party includes Obligations arising under successive transactions continuing, compromising, extending, increasing, modifying, releasing, or renewing the Obligations, changing the interest rate, payment terms, or other terms and conditions thereof, or creating new or additional Obligations after prior Obligations have been satisfied in whole or in part.

9.16 Survival. All agreements, representations and warranties contained herein and in the other Note Documents have been given as an inducement to and relied upon by the party receiving such agreements, representations and warranties in entering into this Agreement and shall survive the execution and delivery of this Agreement and each of the other Note Documents, the issue, sale and delivery of the Notes and the Warrants and payment therefor and any disposition of the Notes or the Warrants by any Purchaser. Notwithstanding anything to the contrary contained in this Agreement or the other Note Documents, all indemnification provisions, including, without limitation, those contained in Section 9.3 and Section 1.8 shall survive indefinitely.

* * *

[remainder of this page intentionally left blank]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective authorized officers as of the day and year first above written.

ISSUER:

NOBLE ROMAN'S, INC..

an Indiana corporation

Address for notices to the Issuer: 6612 E. 75th Street. Suite 450

Indianapolis, IN 96250 Attn: Paul W. Mobley

Email: pmobley@nobleromans.com

Solely for purposes of Section 5.9 of this Agreement:

A. Scott Mobley '

M/I

Paul W. Mobley

THE AGENT AND
PURCHASER:

CORBEL CAPITAL PARTNERS SBIC,

L.P.,

as the Agent and as a Purchaser

By: Corbel Capital Advisors SBIC, LLC, its general Partner

By: y B. Schwartz

By:

By:

Na

Managing Member

/s/

===

a,

Name: Michael H. Jones

Title: Managing Member

Address for notices to Agent and Purchaser: Corbel Capital Partners SBIC, L.P.
c/o Corbel Structured Equity Partners 11777 San Vicente Blvd., Suite 777 Los Angeles, CA
90049

Attn: Michael H. Jones

Email: michael@corbelcap.com

Annex 1 To

Senior Secured Promissory Note and Warrant Purchase Agreement Definitions and Construction

1.1 Definitions.

Initially capitalized terms used in this Agreement shall have the following meanings:

"Additional Excess Cash Flow" has the meaning set forth in Section 1.5(c)(ii)(F)(1).

"Affiliate" means, with respect to any Person, any other Person (i) that, directly or indirectly, controls, is controlled by or is under common control with such Person; (ii) that directly or indirectly beneficially owns or controls 10% or more of any class of Ownership Interests of such Person; or (iii) 10% or more of the voting stock of which is directly or indirectly beneficially owned or held by such Person. For purposes of the foregoing, control (including controlled by and under common control with) shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise.

"Agent" is defined in the Preamble.

"Agreement" means this Senior Secured Promissory Note and Warrant Purchase Agreement, as amended or restated from time to time in accordance with its terms.

"Annual Compliance Certificate" has the meaning set forth in Section 1.5(c)(ii)(F)(1).

"Anti-Corruption Laws" means any law or regulation in a U.S. or any non-U.S. jurisdiction regarding bribery or any other corrupt activity, including the U.S. Foreign Corrupt Practices Act and the U.K. Bribery Act 2010.

"Anti-Money Laundering Laws" means any law or regulation in a U.S. or any non-U.S. jurisdiction regarding money laundering, drug trafficking, terrorist-related activities or other money laundering predicate crimes, including the Currency and Foreign Transactions Reporting Act of 1970 (otherwise known as the Bank Secrecy Act), the Patriot Act.

"Applicable Laws" means all applicable laws, rules, regulations and orders of any Governmental Authority, including without limitation, regulations issued by the U.S. State Department or the Office of the Comptroller of the Currency, Credit Protection Laws, the Fair Labor Standards Act, and the Americans With Disabilities Act.

"Asset" means any interest of a Person in any kind of property or asset, whether real, personal, or mixed real and personal, and whether tangible or intangible.

"Attributable Indebtedness" means, on any date, (a) in respect of any Finance Lease Obligation of any Person, the capitalized amount thereof that would appear on a balance

sheet of such Person prepared as of such date in accordance with GAAP, and (b) in respect of any Synthetic Lease Obligation, the capitalized amount of the remaining lease or similar payments under the relevant lease or other applicable agreement or instrument that would appear on a balance sheet of such Person prepared as of such date in accordance with GAAP if such lease, agreement or instrument were accounted for as a Finance Lease.

"Authorized Officer" means, with respect to the Issuer, any officer of the Issuer authorized by specific resolution of the Issuer to authorize the issuance of the Notes and otherwise request credit extensions as set forth in the Issuer's resolutions delivered to the Agent on the Closing Date (and updated from time to time as necessary).

"Bankruptcy Code" means title 11 of the United States Code, as in effect from time to time, or any successor statute, and any and all rules and regulations issued or promulgated in connection therewith.

"Base Rate" means for any day, a rate per annum equal to the greatest of (w) 1.50% per annum, (x) the Federal Funds Effective Rate in effect on such day plus $\frac{1}{2}$ of 1% per annum, (y) the rate of interest per annum as published as the "Prime Rate" for U.S. banks in The Wall Street Journal as of such date and (z) the one-month LIBOR Rate as in effect on such day plus 1.0% per annum. The Base Rate is a reference rate and does not necessarily represent the lowest or best rate actually charged to any customer. The Purchasers may make commercial loans or other loans at rates of interest at, above or below the Base Rate. If, for any reason, the Agent shall have determined (which determination shall be conclusive absent manifest error) that it is unable to ascertain the Federal Funds Effective Rate for any reason, including the inability or failure of the Agent to obtain sufficient quotations in accordance with the terms hereof, the Base Rate shall be determined without regard to clause (x) of the first sentence of this definition until the circumstances giving rise to such inability no longer exist. Any change in the Base Rate due to a change in the Federal Funds Effective Rate or the "Prime Rate", as the case may be, shall be effective on the effective date of such change in the Federal Funds Effective Rate or the "Prime Rate", as applicable.

"Blocked Person" means (a) a Person whose name appears on the list of Specially Designated Nationals and Blocked Persons published by OFAC, (b) a Person, entity, organization, country or regime that is blocked or a target of sanctions that have been imposed under U.S. Economic Sanctions Laws or (c) a Person that is an agent, department or instrumentality of, or is otherwise beneficially owned by, controlled by or acting on behalf of, directly or indirectly, any Person, entity, organization, country or regime described in clause (a) or (b).

"Board Observer Agreement" has the meaning set forth in Section 4.10.

"Board of Directors" means, as to any Person, the board of directors (or comparable managers) of such Person, or any committee thereof duly authorized to act on behalf of the board of directors (or comparable managers).

"Business Day" means any day other than a Saturday, a Sunday, or a day on which commercial banks in Los Angeles, California, are authorized or required by law or executive order or decree to close.

“Capital Expenditures” means expenditures made in cash, or financed with long term debt, by any Person for the acquisition of any fixed Assets or improvements, replacements, substitutions, or additions thereto that have a useful life of more than one (1) year, including the direct or indirect acquisition of such Assets by way of increased product or service charges, offset items, or otherwise, and the principal portion of payments with respect to Finance Lease Obligations, calculated in accordance with GAAP.

“Change in Law” means the occurrence after the date of the Agreement of: (a) the adoption or effectiveness of any law, rule, regulation, judicial ruling, judgment or treaty, (b) any change in any law, rule, regulation, judicial ruling, judgment or treaty or in the administration, interpretation, implementation or application by any Governmental Authority of any law, rule, regulation, guideline or treaty, or (c) the making or issuance by any Governmental Authority of any request, rule, guideline or directive, whether or not having the force of law; provided that notwithstanding anything in the Agreement to the contrary, (i) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives thereunder or issued in connection therewith and (ii) all requests, rules, guidelines or directives concerning capital adequacy promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States or foreign regulatory authorities shall, in each case, be deemed to be a “Change in Law,” regardless of the date enacted, adopted or issued.

“Change of Control” means the that:

(a) any Person or two or more Persons acting in concert (other than Permitted Holders), shall have acquired beneficial ownership, directly or indirectly, of Ownership Interests of the Issuer (or other securities convertible into such Ownership Interests) representing 30% or more of the combined voting power of all Ownership Interests of the Issuer entitled (without regard to the occurrence of any contingency) to vote for the election of members of the Board of Directors of the Issuer,

(b) any Person or two or more Persons acting in concert (other than Permitted Holders), shall have acquired by contract or otherwise, or shall have entered into a contract or arrangement that, upon consummation thereof, will result in its or their acquisition of the power to exercise, directly or indirectly, a controlling influence over the management or policies of the Issuer or control over the Ownership Interests of such Person entitled to vote for members of the Board of Directors of the Issuer on a fully-diluted basis (and taking into account all such Ownership Interests that such Person or group has the right to acquire pursuant to any option right) representing 30% or more of the combined voting power of such Ownership Interests,

(c) during any period of 24 consecutive months commencing on or after the Closing Date, the occurrence of a change in the composition of the Board of Directors of the Issuer such that a majority of the members of such Board of Directors are not Continuing Directors,

(d) the Issuer fails to own and control, directly or indirectly, 100% of the Ownership Interests of each other Note Party, or

(e) Paul W. Mobley or A. Scott Mobley fails for any reason to serve actively in the management of the Issuer and its Subsidiaries, whether by reason of death, disability, resignation, action by the shareholders of the Issuer, or otherwise, unless on or before 100 days (or such longer period as may be agreed to by Agent in its sole discretion) following the date of such failure, one or more successors reasonably acceptable to the Required Purchasers has commenced employment with the Issuer and is actively performing, in all material respects, the functions for the Issuer previously performed by such Person.

"Closing Date" means the date when all of the conditions set forth or referenced in Section 2.1 have been fulfilled to the reasonable satisfaction of the Agent, the Purchasers and their counsel.

"Collateral" has the meaning given to such term in any Note Document.

"Collateral Access Agreement" means a landlord waiver, mortgagee waiver, bailee letter, or acknowledgement agreement of any warehouseman, processor, lessor, consignee, or other Person in possession of, having a Lien upon, or having rights or interests in the Collateral, in each case, in form and substance reasonably satisfactory to the Agent.

"Company-Owned Unit" means a particular restaurant at a particular location that is owned (regardless of whether the real property is owned or leased) and operated by a Note Party or any Subsidiary of a Note Party.

"Company-Owned Unit Locations" means, collectively, the locations of the Company-Owned Units described in Part (a) of Schedule 3.25 (as such Schedule may be updated from time to time in accordance with this Agreement).

"Compliance Certificate" means a certificate of compliance to be delivered in accordance with Section 4.3(d), substantially in the form of Exhibit 4.3(d).

"Confidential Information" has the meaning set forth in Section 9.6. **"Consolidated Capital Expenditures"** means, for any period, for the Issuer and

its Subsidiaries on a consolidated basis, all Capital Expenditures.

"Consolidated Cash Rental Expense" means, for any period, all cash rental expense of the Issuer and its Subsidiaries paid or payable during such period, including, without limitation, common area maintenance charges, determined on a consolidated basis in accordance with GAAP, incurred under any rental agreements or leases, and excluding, for the avoidance of doubt, any Finance Lease Obligations.

"Consolidated EBITDA" means, for any period, for the Issuer and its Subsidiaries on a consolidated basis, an amount equal to (a) net income determined in accordance with GAAP, *plus* (b) the sum of the following to the extent deducted in the calculation of net income: (i) Consolidated Interest Charges; (ii) income taxes; (iii) depreciation; (iv) amortization; (v) charges attributable to de novo openings of new Company-Owned Unit Locations for such period not to exceed (x) \$50,000 per new location and (y) \$150,000 in the aggregate for all new locations during such period; (vi) other non-recurring or non-cash expenses of such Person reducing such net

income which do not represent a cash item in such period or any future period to the extent consented to in writing by the Agent; (vii) Observer Fees paid in cash in such period; *minus* (c) the sum of the following to the extent included in the calculation of net income: (i) income tax credits of such Person; (ii) extraordinary gains determined in accordance with GAAP; and (iii) all non-recurring, non-cash items increasing net income, including revenues from contract violations included in net income in accordance with GAAP which have not converted to cash in the relevant calculation period.

"Consolidated Excess Cash Flow" means, for any period, for the Issuer and its Subsidiaries on a consolidated basis, an amount equal to the sum of (a) Consolidated EBITDA for such period, *plus* (b) any Tax Account Release during such period, *minus* (c) the Estimated Tax Amount paid in cash into the Tax Account, *minus* (d) Consolidated Capital Expenditures for such period to the extent made from operating cash flows, and not equity or debt financing, *minus* (e) the cash portion of Consolidated Interest Charges for such period, *minus* (f) cash taxes paid during such period, *minus* (g) Consolidated Scheduled Funded Debt Payments for such period, *minus* (h) increases (or minus decreases) in Consolidated Working Capital excluding any increases in Ineligible Accounts Receivable related to contract violations, *minus* (i) extraordinary or non-operating losses, *plus* (j) extraordinary or non-operating gains, *minus* (k) Observer Fees paid in cash in such period, *minus* (l) charges attributable to de novo openings of new Company-Owned Unit Locations for such period not to exceed (x) for the Fiscal Quarters ending December 31, 2020 and March 31, 2021 (A) \$100,000 per new location and (B) \$300,000 in the aggregate for all new locations during such Fiscal Quarters, and (y) for all Fiscal Quarters ending thereafter, (A) \$50,000 per new location and (B) \$150,000 in the aggregate for all new locations during such Fiscal Quarters.

"Consolidated Fixed Charge Coverag Ratio" means, for any period, for the Issuer and its Subsidiaries on a consolidated basis, the ratio of (a) the sum of (i) Consolidated EBITDA for such period, *minus* (ii) Consolidated Capital Expenditures for such period to the extent made from operating cash flows, and not equity or debt financing, *minus* (iii) without duplication of any amounts deducted pursuant to the subsequent clause (iv) of this definition, taxes paid in cash during such period (other than taxes paid in cash during such period from the Tax Account), *minus* (iv) without duplication of any amounts deducted pursuant to the foregoing clause (iii) of this definition, deposits of any Estimated Tax Amount deposited into the Tax Account during such period), *minus* (v) all Restricted Payments paid (whether in cash or other property, other than common Ownership Interests) during such period, *minus* (vi) Observer Fees paid in cash during such period, *minus* (vii) any payments made on any Convertible Subordinated Note or other subordinate obligations, in each case paid in cash (other than any such payments made on or prior to the Closing Date) during such period, to (b) Consolidated Fixed Charges for such period.

"Consolidated Fixed Charges" means, for any period, for the Issuer and its Subsidiaries on a consolidated basis, the sum, without duplication, of (a) Consolidated Interest Charges required to be paid (other than interest paid-in-kind, amortization of financing fees, and other non-cash Consolidated Interest Charges) during such period, (b) the current portion of Issuer's consolidated long term Debt calculated in accordance with GAAP (including scheduled amortization payments of the Notes and the principal portion of Issuer's consolidated Finance Lease Obligations but excluding (to the extent any of the following constitute long term Debt): (x)

mandatory prepayments under Section 1.5(c)(ii)(E) or (F) and (y) the principal payment of the Notes due on the applicable Maturity Date), and (c) all federal, state, and local income taxes required to be paid during such period.

Notwithstanding anything to the contrary contained herein, for purposes of determining Consolidated Fixed Charges (i) for the Fiscal Quarter ending March 31, 2020, such amount for the period then ended shall be calculated by multiplying the actual Consolidated Fixed Charges for the Fiscal Quarter ending March 31, 2020 by 4, (ii) for the Fiscal Quarter ending June 30, 2020, such amount for the period then ended shall be calculated by summing the actual Consolidated Fixed Charges for the Fiscal Quarters ending March 31, 2020 and June 30, 2020 and multiplying such sum by 2, and (iii) for the Fiscal Quarter ending September 30, 2020, such amount for the period then ended shall be calculated by summing the actual Consolidated Fixed Charges for the Fiscal Quarters ending March 31, 2020, June 30, 2020 and September 30, 2020 and multiplying such sum by 1.33.

"Consolidated Funded Debt" means, as of any date of determination, for the Issuer and its Subsidiaries on a consolidated basis, the sum of (a) the outstanding principal amount of all obligations, whether current or long-term, for borrowed money (including Obligations hereunder) and all obligations evidenced by bonds, debentures, notes, loan agreements or other similar instruments, (b) all purchase money Debt, (c) all unpaid reimbursement obligations then due and arising under letters of credit (including standby and commercial), bankers' acceptances, bank guaranties, surety bonds and similar instruments, (d) all obligations in respect of the deferred purchase price of property or services (other than trade accounts payable in the ordinary course of business), (e) all Attributable Indebtedness, (f) without duplication, all Guarantees with respect to outstanding Debt of the types specified in clauses (a) through (e) above of Persons other than the Issuer or its Subsidiaries, and (g) all Debt of the types referred to in clauses (a) through (f) above of any partnership or joint venture (other than a joint venture that is itself a corporation or limited liability company) in which the Issuer or any of its Subsidiaries is a general partner or joint venturer, unless such Debt is expressly made non-recourse to the Issuer or such Subsidiary.

"Consolidated Interest Charges" means, for any period, for the Issuer and its Subsidiaries on a consolidated basis, (a) all interest, premium payments, debt discount, fees, charges and related expenses in connection with borrowed money (including capitalized interest) or in connection with the deferred purchase price of assets, in each case to the extent treated as interest in accordance with GAAP, (b) all interest paid or payable with respect to discontinued operations and (c) the portion of rent expense under Finance Leases that is treated as interest in accordance with GAAP.

"Consolidated Lease Adjusted Leverage Ratio" means, as of any date of determination, the ratio of (a) the sum of (i) the amount of Consolidated Funded Debt as of such date, *plus* (ii) the greater of (x) Consolidated Cash Rental Expense for the 4 Fiscal Quarter period ended as of such date *multiplied* by eight (8) and (y) the current and non-current operating lease liabilities listed on the consolidated balance sheet of the Issuer and its Subsidiaries as of such date, to (b) the sum of (i) Consolidated EBITDA for the 4 Fiscal Quarter period ended as of such date, *plus* (ii) Consolidated Cash Rental Expense for the 4 Fiscal Quarter period ended as of such date.

"Consolidated Scheduled Funded Debt Payments" means, for any period, for the Issuer and its Subsidiaries on a consolidated basis, the sum of all scheduled payments of principal on Consolidated Funded Debt. For purposes of this definition, "scheduled payments of principal" (a) shall be determined without giving effect to any reduction of such scheduled payments resulting from the application of any voluntary or mandatory prepayments made during the applicable period, (b) shall be deemed to include the Attributable Indebtedness, and (c) shall not include any optional prepayments or mandatory prepayments required pursuant to [Section 1.5\(c\)](#).

"Consolidated Working Capital" means, as of any date of determination, the excess of (a) the sum of all amounts (other than Unrestricted Cash) that would, in conformity with GAAP, be set forth opposite the caption "total current assets" (or any like caption) on a consolidated balance sheet of the Issuer and its Subsidiaries at such date over (b) the sum of all amounts that would, in conformity with GAAP, be set forth opposite the caption "total current liabilities" (or any like caption) on a consolidated balance sheet of the Issuer and its Subsidiaries on such date, including deferred revenue but excluding, without duplication, (i) the current portion of any Consolidated Funded Debt, (ii) all Debt consisting of the Notes to the extent otherwise included therein, (iii) the current portion of interest and (iv) the current portion of current and deferred income taxes, and (v) Ineligible Accounts Receivable included in total current assets.

"Continuing Director" means (a) any member of the Board of Directors who was a director (or comparable manager) of the Issuer on the Closing Date, and (b) any individual who becomes a member of the Board of Directors after the Closing Date if such individual was approved, appointed or nominated for election to the Board of Directors by either the Permitted Holders or a majority of the Continuing Directors.

"Control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise. **"Controlling"** and **"Controlled"** shall have the meanings correlative thereto.

"Control Agreement" has the meaning set forth in the Guaranty and Security Agreement.

"Controlled Entity" means (a) any of the Subsidiaries of the Issuer and any of their or Issuer's respective Controlled Affiliates and (b) if the Issuer has a parent company, such parent company and its Controlled Affiliates.

"Convertible Subordinated Notes" means the Issuer's 10% Convertible Subordinated Unsecured Notes set forth on [Schedule 3.30](#).

"Corbel SBIC" means Corbel Capital Partners SBIC, L.P.

"Customer Confidential Information" means any data or information (in both electronic and paper media) provided by a customer of a Note Party of Franchisee that is subject to a confidentiality obligation owed by the Note Party to such customer or Franchisee in accordance with a contract or Applicable Law.

"Data Breach" means any unauthorized or unlawful access, and/or use, disclosure of, or access to (a) any Personal Information, (b) any Customer Confidential Information, (c) any Note Party's information technology systems, or (d) the information technology systems of any third party service provider that processes or otherwise possesses any Personal Information or Customer Confidential Information on behalf of a Note Party.

"Debt" means, as of the date of determination, the sum, but without duplication, of any and all of a Person's: (i) indebtedness heretofore or hereafter created, issued, incurred or assumed by such Person (directly or indirectly) for or in respect of money borrowed;

(ii) Attributable Indebtedness; (iii) obligations evidenced by bonds, debentures, notes, or other similar instruments; (iv) obligations for the deferred purchase price of property or services (other than trade payables which are not more than 90 days past due incurred in the ordinary course of business); (v) current liabilities in respect of unfunded vested benefits under any Plan;

(vi) contingent obligations under letters of credit; (vii) obligations under acceptance facilities;

(viii) Guarantees; (ix) obligations secured by any Lien on any Asset of such Person, whether or not such obligations have been assumed; and (x) all monetary obligations of such Person owing under Hedge Agreements (which amount shall be calculated based on the amount that would be payable by such Person if the Hedge Agreement were terminated on the date of determination); and (xi) obligations to purchase, redeem, retire, defease or otherwise make any payment in respect of any Ownership Interests in such Person or any other Person, or any warrant, right or option to acquire such Ownership Interests, valued, in the case of a redeemable preferred interest, at the greater of its voluntary or involuntary liquidation preference plus accrued and unpaid dividends.

"Default" means any condition or event which with the giving of notice or lapse of time or both would, unless cured or waived, become an Event of Default.

"Disposition" means the sale, transfer, license, lease or other disposition (whether in one transaction or in a series of transactions, and including any sale and leaseback transaction and any sale, transfer, license or other disposition) of any property (including, without limitation, any Ownership Interests) by any Person (or the granting of any option or other right to do any of the foregoing), including any sale, assignment, transfer or other disposal, with or without recourse, of any notes or accounts receivable or any rights and claims associated therewith.

"Distributions" means dividends or distributions made in cash or in kind by a Person to its Owner.

"Dollars" or **"\$"** means lawful currency of the United States of America.

"EAR" means the Export Administration Regulations (15 C.F.R. Sections 734 *et seq.*).

"Environmental Laws" has the meaning set forth in [Section 3.16](#).

"Equity Issuance" means, any issuance by any Note Party or any Subsidiary to any Person of its Ownership Interests, other than (a) any issuance of its Ownership Interests pursuant to the exercise of options or warrants, (b) any issuance of its Ownership Interests pursuant to the conversion of any debt securities to equity or the conversion of any class of equity securities

to any other class of equity securities, and (c) any issuance of options or warrants relating to its Ownership Interests. The term "Equity Issuance" shall not be deemed to include any Disposition.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time, or any successor statute, and any and all regulations thereunder.

"ERISA Event" means (a) a Reportable Event with respect to a Plan or Multiemployer Plan, (b) the withdrawal of a member of the ERISA Group from a Plan during a plan year in which it was a substantial employer (as defined in Section 4001(a)(2) of ERISA), (c) the providing of notice of intent to terminate a Plan in a distress termination (as described in Section 4041(c) of ERISA), (d) the institution by the Pension Benefit Guaranty Corporation of proceedings to terminate a Plan or Multiemployer Plan, (e) any event or condition (i) that provides a basis under Section 4042(a)(1), (2), or (3) of ERISA for the termination of or the appointment of a trustee to administer, any Plan or Multiemployer Plan, or (ii) that may result in termination of a Multiemployer Plan pursuant to Section 4041A of ERISA, (f) the partial or complete withdrawal within the meaning of Sections 4203 and 4205 of ERISA of a member of the ERISA Group from a Multiemployer Plan, or (g) providing any security to any Plan under Section 401(a)(29) of the Internal Revenue Code by a member of the ERISA Group.

"ERISA Group" means the Issuer and all members of a controlled group of corporations and all trades or business (whether or not incorporated) under common control which, together with the Issuer are treated as a single employer under Section 414 of the Internal Revenue Code.

"Estimated Tax Amount" means the amount equal to the income tax liability of the applicable Note Party calculated reasonably and in good faith based on the income reported with respect to any relevant Fiscal Quarter based on the Financial Statements delivered pursuant to Section 4.3(b) with respect to such Fiscal Quarter.

"Event of Default" has the meaning set forth in Section 6.1.

"Excluded Taxes" means (i) any tax imposed on the net income or net profits of the Agent or a Purchaser or a Transferee, including any federal, state or local income taxes, franchise taxes, branch profits taxes or similar taxes, (ii) United States federal withholding taxes resulting from the Agent's or a Purchaser's or a Transferee's failure to claim an exemption or reduction therefrom to which the Agent or such Purchaser or such Transferee is entitled, (iii) any United States federal withholding taxes that would be imposed on amounts payable to a Transferee based upon the applicable withholding rate in effect at the time such a Transferee becomes a party to this Agreement (or designates a new lending office), and (iv) any United States federal withholding taxes imposed under FATCA.

"Existing Credit Facility" means the credit facility provided under that certain Loan Agreement dated as of September 13, 2017 by and between Noble Roman's and First Financial Bank, as amended, supplemented or restated from time to time.

"Expenses" means (i) all reasonable out-of-pocket and documented expenses of the Agent paid or incurred in connection with their due diligence and investigation of the Note Parties, including appraisal, filing, recording, documentation, publication and search fees and other

such expenses, all reasonable attorneys' fees and expenses (including attorneys' fees incurred pursuant to proceedings arising under the Bankruptcy Code) incurred in connection with the structuring, negotiation, drafting, preparation, execution and delivery of this Agreement, the other Note Documents, and any and all other documents, instruments and agreements entered into in connection herewith; (ii) all reasonable out-of-pocket and documented expenses of the Agent, including reasonable attorneys' fees and expenses (including attorneys' fees incurred pursuant to proceedings arising under the Bankruptcy Code) paid or incurred in connection with the negotiation, preparation, execution and delivery of any waiver, consent, amendment or addition to this Agreement or any other Note Document; (iii) all costs or expenses paid or advanced by the Agent or any Purchaser which are required to be paid by the Issuer under this Agreement or the other Note Documents, including taxes and insurance premiums; and (iv) if an Event of Default occurs, all expenses paid or incurred by the Agent and the Purchasers, including attorneys' fees and expenses (including attorneys' fees incurred pursuant to proceedings arising under the Bankruptcy Code), costs of investigation, collection, suit, arbitration, judicial reference and other enforcement proceedings, and any other out-of-pocket expenses incurred in connection therewith or resulting therefrom, whether or not suit is brought, or in connection with any refinancing or restructuring of the Obligations and the liabilities of the Issuer under this Agreement, any of the other Note Documents, or any other document, instrument or agreement entered into in connection herewith in the nature of a workout. The term "Expenses" shall specifically exclude any expenses payable by Issuer to any Observer pursuant to the Board Observer Agreement or Fee Letter.

"Extraordinary Receipt" means any cash received by or paid to or for the account of any Person not in the ordinary course of business, including tax refunds, pension plan reversions, proceeds of insurance, indemnity payments and any purchase price adjustments; provided, however, that an Extraordinary Receipt shall not include cash receipts from proceeds of insurance or indemnity payments to the extent that such proceeds, awards or payments are received by any Person in respect of any third party claim against such Person and applied to pay (or to reimburse such Person for its prior payment of) such claim and the costs and expenses of such Person with respect thereto.

"FATCA" means Sections 1471 through 1474 of the Internal Revenue Code, as of the date of this Agreement (or any amended or successor version that is substantively comparable and not materially more onerous to comply with) and any current or future regulations or official interpretations thereof.

"FDD" means the Franchise Disclosure Document of the Note Parties as in effect from time to time.

"Federal Funds Effective Rate" means for any day, the weighted average of the rates on overnight federal funds transactions with members of the Federal Reserve System arranged by federal funds brokers, as published on the next succeeding Business Day by the Federal Reserve Bank of New York, or, if such rate is not so published for any day which is a Business Day, the average of the quotations for the day of such transactions received by the Agent from three federal funds brokers of national recognized standing selected by it.

"Fee Letter" means the Fee Letter, dated as of even date herewith, among the Issuer and the Agent.

"Finance Lease" means any lease of an Asset by a Person as lessee which would, in conformity with GAAP, be required to be accounted for as a capitalized lease or finance lease. Finance Leases shall exclude, for the avoidance of doubt, any lease of real property in respect of any Company-Owned Unit and Borrower's chief executive office located at 6612 E. 75th Street, Suite 450, Indianapolis, IN 96250.

"Finance Lease Obligations" of a Person means the amount of the obligations of such Person under all Finance Leases which would be shown as a liability on a balance sheet of such Person prepared in accordance with GAAP.

"Financial Statement(s)" means, with respect to any accounting period of any Person, statements of income and retained earnings and statements of cash flows of such Person for such period, and balance sheets of such Person as of the end of such period, setting forth in each case in comparative form figures for the corresponding period in the preceding Fiscal Year or, if such period is a full Fiscal Year, corresponding figures from the preceding Fiscal Year's annual Financial Statements, all prepared in reasonable detail and in accordance with GAAP, subject to year-end adjustments and the absence of footnotes in the case of monthly and quarterly Financial Statements. Financial Statement(s) shall include the schedules thereto and annual Financial Statements shall also include the footnotes thereto.

"Fiscal Month" means any of the monthly accounting periods of the Issuer. **"Fiscal Quarter"** means any of the quarterly accounting periods of the Issuer. **"Fiscal Year"** means the 12-Fiscal Month period the Issuer ending December 31

of each year. Subsequent changes of the Fiscal Year of the Issuer shall not change the term "Fiscal Year" unless the Agent shall consent in writing to such change.

"Franchise Agreement" means each of the agreements entered into from time to time by a Note Party pursuant to which a Note Party, as Franchisor, agrees to allow a Franchisee to operate a pizza-focused foodservice restaurant using the "Noble Roman's", "Noble Roman's Craft Pizza & Pub", "Noble Roman's Pizza", "Noble Roman's Take-N-Bake", and "Tuscano's Italian Style Subs" concepts.

"Franchised Unit" means a facility consisting of real property (owned or leased by a Franchisee), equipment and other property, franchised by the Franchisor to the Franchisee pursuant to a Franchise Agreement.

"Franchised Unit Locations" means, collectively, the property comprising locations of Franchised Units described in Part (b) of Schedule 3.25 (as such Schedule may be updated from time to time in accordance with this Agreement).

"Franchisee" means each third party unaffiliated operator of a "Noble Roman's", "Noble Roman's Craft Pizza & Pub", "Noble Roman's Pizza", "Noble Roman's Take-N-Bake", and "Tuscano's Italian Style Subs" pizza-focused foodservice restaurant identified as a franchisee or licensee in a Franchise Agreement.

"Franchisor" means Noble Roman's.

"Funds Flow Memorandum" means the funds flow memorandum attached as hereto as Exhibit D.

"GAAP" means generally accepted accounting principles in the United States of America in effect as of the date of this Agreement, consistently applied. If any changes in accounting principles from those in effect on the date hereof are hereafter occasioned by promulgation of rules, regulations, pronouncements or opinions by or are otherwise required by the Financial Accounting Standards Board or the American Institute of Certified Public Accountants (or successors thereto or agencies with similar functions), and any of such changes results in a change in the method of calculation of, or affects the results of such calculation of, any of the financial covenants, standards or terms found herein, then the parties hereto agree to enter into and diligently pursue negotiations in order to amend such financial covenants, standards or terms so as to equitably reflect such changes, with the desired result that the criteria for evaluating financial condition and results of operations of the Issuer and the Subsidiaries shall be the same after such changes as if such changes had not been made; provided, however, that notwithstanding anything to the contrary herein, if a change in GAAP requires obligations under operating leases to be treated as Finance Lease Obligations or operating leases to be treated as Finance Leases, then for purposes of this Agreement, such obligations shall not constitute Finance Lease Obligations hereunder and such operating leases shall not constitute Finance Leases hereunder.

"Governing Documents" means the certificate or articles or certificate of incorporation, certificates of designation or determination or equivalent documents, by-laws, articles or certificate of organization, operating agreement, or other organizational or governing documents of any Person.

"Governmental Authority" means any federal, state, local or other governmental department, commission, board, bureau, agency, central bank, court, tribunal or other instrumentality or authority or subdivision thereof, domestic or foreign, exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government.

"Governmental Official" means any governmental official or employee, employee of any government-owned or government-controlled entity, political party, any official of a political party, candidate for political office, official of any public international organization or anyone else acting in an official capacity.

"Guarantee" means, as to any Person, (a) any obligation, contingent or otherwise, of such Person guaranteeing or having the economic effect of guaranteeing any Debt or other obligation payable or performable by another Person (the "**primary obligor**") in any manner, whether directly or indirectly, and including any obligation of such Person, direct or indirect, (i) to purchase or pay (or advance or supply funds for the purchase or payment of) such Debt or other obligation, (ii) to purchase or lease property, securities or services for the purpose of assuring the obligee in respect of such Debt or other obligation of the payment or performance of such Debt or other obligation, (iii) to maintain working capital, equity capital or any other financial statement condition or liquidity or level of income or cash flow of the primary obligor so as to enable the primary obligor to pay such Debt or other obligation, or (iv) entered into for the purpose of assuring in any other manner the obligee in respect of such Debt or other obligation of the payment or performance thereof or to protect such obligee against loss in respect thereof (in whole or in part),

or (b) any Lien on any assets of such Person securing any Debt or other obligation of any other Person (or any right, contingent or otherwise, of any holder of such Debt to obtain any such Lien). The amount of any Guarantee shall be deemed to be an amount equal to the stated or determinable amount of the related primary obligation, or portion thereof, in respect of which such Guarantee is made or, if not stated or determinable, the maximum reasonably anticipated liability in respect thereof as determined by the guaranteeing Person in good faith. The term **"Guarantee"** as a verb has a corresponding meaning.

"Guarantor(s)" means, individually or collectively as the context requires, (a) Pizzaco, Inc., (b) RH Roanoke, Inc., (c) each Person that guaranties all or a portion of the Obligations, including and any Person that is a "Guarantor" under the Guaranty and Security Agreement, and (d) every other Person who becomes a guarantor after the Closing Date pursuant to Section 4.13.

"Guaranty and Security Agreement" means a guaranty and security agreement, dated as of even date with this Agreement, in form and substance reasonably satisfactory to the Agent, executed and delivered by each of the Note Parties to the Agent.

"Hazardous Materials" means all or any of the following: (a) substances that are defined or listed in, or otherwise classified pursuant to, any Environmental Laws as hazardous substances, hazardous materials, hazardous wastes, toxic substances, or any other formulation intended to define, list, or classify substances by reason of deleterious properties such as ignitability, corrosivity, reactivity, carcinogenicity, reproductive toxicity, or EP toxicity or are otherwise regulated for the protection of persons, property or the environment; (b) oil, petroleum, or petroleum derived substances, natural gas, natural gas liquids, synthetic gas, drilling fluids, produced waters, and other wastes associated with the exploration, development, or production of crude oil, natural gas, or geothermal resources; (c) any flammable substances or explosives or any radioactive materials; (d) asbestos in any form or (e) electrical equipment which contains any oil or dielectric fluid containing levels of polychlorinated biphenyls in excess of fifty (50) parts per million.

"Hedge Agreement" means a "swap agreement" as that term is defined in Section 101(53B)(A) of the Bankruptcy Code.

"Indemnified Person(s)" has the meaning given to such term in Section 9.3(c). **"Ineligible Accounts Receivable"** means accounts receivable recorded in general

ledger accounts 1290, 3460, and 3470.

"Initial Notes" has the meaning given such term in Section 1.1(a).

"Insolvency Proceeding" means any proceeding commenced by or against any Person, under any provision of the Bankruptcy Code, or under any other bankruptcy or insolvency law, including, but not limited to, assignments for the benefit of creditors, formal or informal moratoriums, compositions, or extensions with some or all creditors.

"Intellectual Property" means all present and future: trade secrets, know-how and other proprietary information; trademarks, trademark applications, internet domain names, service

marks, trade dress, trade names, business names, designs, logos, slogans (and all translations, adaptations, derivations and combinations of the foregoing) indicia and other source and/or business identifiers, and all registrations or applications for registrations which have heretofore been or may hereafter be issued thereon throughout the world; copyrights and copyright applications; (including copyrights for computer programs) and all tangible and intangible property embodying the copyrights, unpatented inventions (whether or not patentable); patents and patent applications; industrial design applications and registered industrial designs; license agreements related to any of the foregoing and income therefrom; books, records, writings, computer tapes or disks, flow diagrams, specification sheets, computer software, source codes, object codes, executable code, data, databases and other physical manifestations, embodiments or incorporations of any of the foregoing; all other intellectual property; and all common law and other rights throughout the world in and to all of the foregoing.

"Intellectual Property Security Agreement" means each certain Copyright Security Agreement, Patent Security Agreement, and Trademark Security Agreement (as each of such terms are defined in the Guaranty and Security Agreement).

"Interest Payment Date" means the last day of each calendar month.

"Interest Period" means each three-month period corresponding to each calendar quarter, ending on the last day of each calendar quarter of each Fiscal Year; provided that the initial Interest Period hereunder shall commence on the Closing Date and end on March 31, 2020.

"Internal Revenue Code" means the Internal Revenue Code of 1986, as amended from time to time, or any successor statute, and any and all regulations thereunder.

"Investment" means, with respect to any Person, any investment by such Person in any other Person (including Affiliates) in the form of loans, Guarantees, advances, capital contributions, and any other items that are or would be classified as investments on a balance sheet prepared in accordance with GAAP.

"Investors' Rights Agreement" means the Investors' Rights Agreement, dated as of even date with this Agreement, in form and substance reasonably satisfactory to the Agent, by and among the Issuer, the Agent and the other Persons party thereto.

"Involuntary Disposition" means any loss of, damage to or destruction of, or any condemnation or other taking for public use of, any property of any Note Party or any Subsidiary.

"Issuer" is defined in the Preamble.

"Issuer Financial Statements" has the meaning given to such term in Section 3.10. **"ITAR"** means the International Traffic in Arms Regulation (22 C.F.R. Section

120.15).

"Knowledge" has the meaning given to such term in Section 9.9.

"Lease" means each lease of real property by any Note Party related to the operation of the business of the Note Parties.

"LIBOR Rate" means with respect to any Notes, the greater of (a) 1.50% per annum, and (b) rate per annum determined by the Agent and equal to the rate (rounded upwards, if necessary, to the nearest 1/16 of 1%) quoted as the three-month "LIBOR Rate" set forth in the money rates section of the Wall Street Journal two (2) Business Days prior to the first day of such Interest Period, in each case in an amount comparable to the amount of such Note, or, if such rate is no longer published in the Wall Street Journal (or the Wall Street Journal ceases publication), as published by such other widely recognized provider of interest rate information as selected by the Agent in its reasonable discretion on the date that is two (2) Business Days prior to the first day of such Interest Period. Each determination of the LIBOR Rate by the Agent shall be conclusive and binding upon the parties hereto, absent manifest error.

"Lien" means any mortgage, deed of trust, pledge, security interest, hypothecation, assignment, deposit arrangement or other preferential arrangement, charge or encumbrance (including, any conditional sale or other title retention agreement, or finance lease) of any kind.

"Life Insurance Assignment" means an assignment of life insurance policy as collateral to be executed by the owner and the beneficiary of the policy, in form and substance satisfactory to Agent, granting to Agent (for the benefit of the Purchasers) a first priority Lien on the Life Insurance Policy, its cash surrender value, and any proceeds arising from its sale to secure payment of the Obligations.

"Life Insurance Policy" has the meaning set forth in Section 4.15.

"Material Adverse Effect" means any facts, circumstances or developments that have had or are reasonably likely to result in a material adverse effect on (i) the business, Assets, condition (financial or otherwise), or results of operations of the Issuer and its Subsidiaries, taken as a whole; (ii) the ability of any Note Party to pay or perform its obligations under the Note Documents to which it is a party, (iii) the validity or enforceability of the Note Documents, or the rights or remedies of the Agent and the Purchasers hereunder or thereunder, (iv) the value of the Collateral, or (v) the priority of the Agent's Liens with respect to the Collateral.

"Material Contract" means (a) any contract, agreement or arrangement to which any Note Party or any of its Subsidiaries is a party (other than the Note Documents), the loss of which could reasonably be expected to result in a Material Adverse Effect, and (b) the SOFO Distribution Agreement.

"Maturity Date" (a) with respect to the Initial Notes, means February 7, 2025, and
(b) with respect to any Put Note, means the second anniversary of the date of issuance of such Put Note.

"Multiemployer Plan" means a multiemployer plan as defined in Section 4001(a)(3) of ERISA or Section 3(37) of ERISA to which any member of the ERISA Group has contributed, or was obligated to contribute, within the preceding six plan years (while a member of such ERISA Group) including for these purposes any Person which ceased to be a member of the ERISA Group during such six year period.

"Net Cash Proceeds" means the aggregate cash proceeds received by any Note Party or any Subsidiary in respect of any Disposition, Equity Issuance, issuance of Debt, or Involuntary Disposition, net of (a) direct costs incurred in connection therewith (including, without limitation, legal, accounting and investment banking fees and sales commissions), (b) taxes paid or payable as a result thereof and (c) in the case of any Disposition or any Involuntary Disposition, the amount necessary to retire any Debt secured by a Permitted Lien (ranking senior to any Lien of the Agent) on the related property; it being understood that "Net Cash Proceeds" shall include, without limitation, any cash received upon the sale or other disposition of any non-cash consideration received by any Note Party or any Subsidiary in any Disposition, Equity Issuance, issuance of Debt or Involuntary Disposition.

"Note Document(s)" means this Agreement and each of the following documents, instruments, and agreements individually or collectively, as the context requires:

- (a) the Notes;
- (b) the Guaranty and Security Agreement;
- (c) the Intellectual Property Security Agreements;
- (d) the Fee Letter;
- (e) the Collateral Access Agreements;
- (f) the Warrants;
- (g) the Side Letter;
- (h) the Board Observer Agreement;
- (i) the Investors' Rights Agreement; and

(j) such other documents, instruments, and agreements (including intellectual property security agreements, control agreements, financing statements and fixture filings) as the Agent may reasonably request in connection with the transactions contemplated hereunder or to perfect or protect the liens and security interests granted to Agent in connection herewith.

"Note Parties" the Issuer and Guarantors and **"Note Party"** means each and any of the Issuer and the Guarantors, as the context requires.

"Notes" means the Initial Notes and the Put Notes, as the context requires. **"Obligations"** means (i) any and all obligations of the Issuer (or any of them) to the Agent and the Purchasers with respect to the Notes and the other Note Documents, including without limitation all principal, interest, and other amounts, costs and Fees and Expenses payable under this Agreement and the Note Documents; and (ii) all other indebtedness, liabilities, and obligations of the Issuer owing to the Agent and/or the Purchasers, and to their successors and assigns in respect of any Note Documents, previously, now, or hereafter incurred, and howsoever

evidenced, whether direct or indirect, absolute or contingent, joint or several, liquidated or unliquidated, voluntary or involuntary, due or not due, legal or equitable, whether incurred before, during, or after any Insolvency Proceeding and whether recovery thereof is or becomes barred by a statute of limitations or is or becomes otherwise unenforceable or unallowable as claims in any Insolvency Proceeding, together with all interest thereupon (including interest under Section 1.2 and including any interest that, but for the provisions of the Bankruptcy Code, would have accrued during the pendency of an Insolvency Proceeding). The Obligations shall include, without limiting the generality of the foregoing, all principal and interest and other payment obligations owing under the Notes, all Expenses, the fees set forth in Section 1.7 and in the Fee Letter, any other fees and expenses due hereunder and under the Note Documents (including any fees or expenses that, but for the provisions of the Bankruptcy Code, would have accrued during the pendency of an Insolvency Proceeding), and all other indebtedness evidenced by this Agreement and the Note Documents.

the Treasury.

“**Observer**” has the meaning set forth in the Board Observer Agreement. “**Observer Fee**” has the meaning set forth in the Fee Letter.

“**OFAC**” means The Office of Foreign Assets Control of the U.S. Department of

“**OFAC Sanctions Program**” means any economic or trade sanction that OFAC is

responsible for administering and enforcing. A list of OFAC Sanctions Programs may be found at <http://www.treasury.gov/resource-center/sanctions/Programs/Pages/Programs.aspx>.

“**OID**” means original issue discount.

“**Owner**” means, with respect to any specified Person, any other Person that owns beneficially or of record the Ownership Interests of such specified Person.

“**Ownership Interests**” means any and all shares, interests, participations or other equity securities or equivalents (however designated) of a corporation, any and all similar or equivalent ownership interests in a Person (other than a corporation), and any and all rights, warrants, or other securities that are exercisable or exchangeable for or convertible into, any of the foregoing.

“**Participant**” has the meaning set forth in Section 9.5(d).

“**Patriot Act**” means United States Public Law 107-56, Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism (USA PATRIOT ACT) Act of 2001 and the rules and regulations promulgated thereunder from time to time in effect.

“**Permitted Debt**” means:

(a) Debt owing to the Agent and the Purchasers in accordance with the terms of the Note Documents;

(b) unsecured Debt owed to trade creditors for supplies, materials and services purchased in the ordinary course of business;

(c) Debt arising from the honoring of a check, draft or similar instrument against insufficient funds or from the endorsement of instruments for collection in the ordinary course of business;

(d) Debt with respect to surety, appeal, indemnity, performance or other similar bonds in the ordinary course of business;

(e) unsecured Debt of a of a Subsidiary of the Issuer owed to the Issuer or a wholly-owned Subsidiary of the Issuer, which Debt shall (i) to the extent required by the Agent, be evidenced by promissory notes which shall be pledged to the Agent in accordance with the terms of the Guaranty and Security Agreement, (ii) be on terms (including subordination terms) acceptable to the Agent and (iii) be otherwise permitted under the definition of "Permitted Investments";

(f) guarantees and other contingent obligations of each of the foregoing to the extent either the underlying Debt is otherwise permitted as Permitted Debt or if such guarantees are made to suppliers, licensees or customers in the ordinary course of business consistent with past practice;

(g) unsecured Debt in respect of the Convertible Subordinated Notes that are not intended to be repaid on the Closing Date as identified on Schedule 3.30, so long as such Debt remains subordinated in right of payment to the Obligations on terms and conditions reasonably satisfactory to Agent; and

(h) purchase money Debt (including Finance Lease Obligations) within the limitations set forth in clause (e) of the definition of "Permitted Liens", provided, however, that the aggregate amount of all such Debt at any one time outstanding shall not exceed \$200,000.

"Permitted Dispositions" means

(a) sales of inventory to buyers in the ordinary course of business;

(b) Dispositions of Assets by an Subsidiary of the Issuer to the Issuer;

(c) the licensing, on a non-exclusive basis, of patents, trademarks, copyrights, and other intellectual property rights in the ordinary course of business;

(d) Dispositions of cash and cash equivalents in the ordinary course of business;

(e) Permitted Issuances;

(f) Dispositions in the ordinary course of business of equipment that is worn, damaged, or obsolete or no longer useful; and

(g) Dispositions of fixed assets (including intangible property related to such fixed assets) not otherwise permitted in clauses (a) through (f) above so long as made at fair market value and the aggregate fair market value of all assets disposed during the term of this Agreement (including the proposed Disposition) would not exceed \$200,000.

"Permitted Holders" means (i) Paul W. Mobley and A. Scott Mobley, (ii) the spouse, lineal descendants (including by adoption) and spouses of the lineal descendants of the Persons in clause (i), (iii) the estates of one or more of the individuals listed in clause (i) and (ii); and (iv) trusts or other estate planning vehicles established for the exclusive benefit of any one or more of the individuals in clauses (i) and (ii).

"Permitted Investments" means:

(a) Cash and cash equivalents;

(b) Marketable direct obligations issued or unconditionally guaranteed by the United States of America or any agency or any State thereof maturing within one year from the date of acquisition thereof, commercial paper maturing no more than one year from the date of creation thereof and having a rating of at least A-2 or P-2 from either Standard & Poor's Corporation or Moody's Investors Service, Inc., certificates of deposit maturing no more than one year from the date of investment therein, money market accounts or Investments in similarly non- speculative assets;

(c) (i) Investments by the Issuer and its Subsidiaries in their respective Subsidiaries outstanding on the date hereof, (ii) additional Investments by the Issuer in its Subsidiaries that are Note Parties in an aggregate amount invested from the date hereof not to exceed \$100,000, (iii) additional Investments by Subsidiaries of the Issuer that are not Note Parties in other Subsidiaries that are not Note Parties and (iv) so long as no Default has occurred and is continuing or would result from such Investment, additional Investments by the Note Parties in wholly-owned Subsidiaries that are not Note Parties in an aggregate amount invested from the date hereof not to exceed \$100,000;

(d) Investments of any Subsidiary existing at the time it becomes a Subsidiary as long as such Investments were not made in anticipation of such Person becoming a Subsidiary of the Issuer; and

(e) Investments constituting Permitted Debt.

"Permitted Issuances" means (a) the issuance or exercise of the Warrants in accordance with their terms, (b) the issuance and exercise of options to purchase Common Stock of the Issuer to members of management or other employees of the Issuer that do not result in a Change of Control assuming the vesting and exercise of all such options, and such options (or Common Stock issued upon exercise thereof) do not dilute the percentage Ownership Interests issuable upon exercise of any Warrants, and (c) the issuances of Ownership Interests of a Subsidiary to a Note Party that is its Owner, subject to Section 7(a) and (h) of the Guaranty and Security Agreement.

"Permitted Liens" means:

(a) Liens for current taxes, assessments or other governmental charges which are not delinquent or remain payable without any penalty, or are being contested in good faith by appropriate proceedings, provided that, if delinquent, adequate reserves have been set aside with respect thereto as required by GAAP and, by reason of such contest or nonpayment, the Agent has reasonably determined that there will be no impairment of the enforceability, validity, or priority of any of the Agent's Liens with respect to the Collateral;

(b) Liens in favor of the Agent and the Purchasers pursuant to the Note Documents;

(c) statutory Liens, such as inchoate mechanics', inchoate materialmen's, landlord's, warehousemen's, and carriers' liens, and other similar liens, other than those described in clause (a) above, arising in the ordinary course of business with respect to obligations which are not delinquent or are being contested in good faith by appropriate proceedings; provided that, if delinquent, adequate reserves have been set aside with respect thereto as required by GAAP and, by reason of such contest or nonpayment, the Agent has reasonably determined that there will be no impairment of the enforceability, validity, or priority of any of the Agent's Liens with respect to the Collateral;

(d) Liens arising solely by virtue of any statutory or common law provision relating to banker's liens, rights of set-off or similar rights and remedies as to deposit accounts or other funds maintained with a creditor depository institution;

(e) Liens in respect of purchase-money Debt (including Finance Lease Obligations) provided that (i) such Liens shall be created substantially simultaneously with the acquisition of such fixed or capital asset, as the case may be, (ii) such Liens do not at any time encumber any property other than the property, equipment or improvements financed by such Debt and (iii) the principal amount of Debt secured by any such Lien shall at no time exceed 100% of the original purchase price of such property, equipment or improvements and related costs and charges imposed by the vendors thereof;

(f) judgment Liens arising solely as the result of judgments that do not give rise to a Default or Event of Default under this Agreement;

(g) purported Liens arising in the ordinary course of business from precautionary UCC financing statements regarding operating leases;

(h) reservations, exceptions, encroachments, easements, rights of way, covenants running with the land, and other similar title exceptions or encumbrances affecting any real estate owned or leased by a Note Party; provided that they do not in the aggregate materially detract from the value of the real estate or materially interfere with its use in the ordinary course of such Note Party's business; and

(i) (i) non-exclusive licenses of Intellectual Property granted by any Note Party or its Subsidiaries in the ordinary course of business and (ii) Liens arising under leases and subleases granted to others that do not materially interfere in any material respect with the ordinary conduct of the business of the Note Parties or their Subsidiaries.

"Permitted Restricted Payments" means:

(a) Permitted Issuances; and

(b) any dividend or other distribution from a Subsidiary to the Issuer. "**Person**" means and includes natural persons, corporations, limited partnerships,

general partnerships, limited liability companies, limited liability partnerships, joint stock companies, joint ventures, associations, companies, trusts, banks, trust companies, land trusts, business trusts, or other organizations, irrespective of whether they are legal entities, and governments and agencies and political subdivisions thereof.

"Personal Information" means, with respect to any customer, Franchisee and/or any employee, agent or principal of a customer or Franchisee, such Person's name, address, telephone number, Social Security number, driver's license number, state-issued identification card number, financial account numbers, credit card numbers, debit card numbers, or any security code, access code, personal identification number or password that could permit access to a financial account of such Person.

"PIK Interest" has the meaning set forth in [Section 1.2\(a\)\(ii\)](#). **"PIK Interest Rate"** has the meaning set forth in [Section 1.2\(a\)\(ii\)](#).

"Plan" means an employee benefit plan as defined in Section 3(3) of ERISA in which any personnel of any member of the ERISA Group participate or from which any such personnel may derive a benefit or with respect to which any member of the ERISA Group may incur liability, excluding any Multiemployer Plan, but including any plan either established or maintained by any member of the ERISA Group or to which such Person contributes under the laws of any foreign country.

"Purchaser" and **"Purchasers"** is defined in the Preamble. **"Put Notes"** has the meaning set forth in the Warrants.

"Qualified Cash" means, as of any date of determination, the amount of unrestricted, domestic cash of the Issuer that is in deposit accounts and which such deposit accounts are the subject of, subject to the time period set forth in [Section 4.17](#), Control Agreements and is maintained within the United States.

"Quarterly Compliance Certificates" has the meaning set forth in [Section 1.5\(c\)\(ii\)\(F\)\(1\)](#).

"Register" has the meaning set forth in [Section 9.5\(f\)](#).

"Related Parties" means, with respect to any Person, such Person's Affiliates and the partners, directors, officers, employees, agents, trustees, administrators, managers, advisors and representatives of such Person and of such Person's Affiliates.

"Reportable Event" means any of the events described in Section 4043(c) of ERISA other than a Reportable Event as to which the provision of 30 days' notice to the Pension Benefit Guaranty Corporation is waived under applicable regulations.

"Required Purchasers" means, at any time, Purchasers holding in the aggregate not less than a majority of the aggregate unpaid principal amount of the Notes.

"Restricted Payment" means (a) any payment of principal or interest or any purchase, redemption, retirement, acquisition or defeasance with respect to any Debt of any Note Party or its Subsidiaries that is subordinated to the Obligations, (b) any Distribution on account of any Ownership Interests of any Note Party, now or hereafter outstanding, (c) any purchase, redemption, retirement, sinking fund, or other direct or indirect acquisition for value of any Ownership Interests of any Note Party now or hereafter outstanding, (d) any distribution of Assets to any Owner of any Note Party, whether in cash, Assets, or in obligations of such Note Party, (e) any allocation or other set apart of any sum for the payment of any Distribution on, or for the purchase, redemption or retirement of, any Ownership Interests of any Note Party, or (f) any other distribution by reduction of capital or otherwise in respect of any Ownership Interests of any Note Party. For the avoidance of doubt, in no event shall the payment of any fees pursuant to the Fee Letter, constitute Restricted Payments.

"SBA" has the meaning set forth in Section 3.23.

"SBA Regulations" means 13 CFR Part 107, *et seq.*, as amended, and any and all other regulations promulgated from time to time under the Small Business Investment Act of 1958, as amended.

"SBIC" has the meaning set forth in Section 3.23. **"SBIC Act"** has the meaning set forth in Section 3.23.

"SEC" means the Securities and Exchange Commission, or any Governmental Authority succeeding to any of its principal functions.

"Securities Act" means the Securities Act of 1933, as amended.

"Side Letter" means that certain SBIC Regulatory Side Letter regarding Corbel SBIC's and its "associates" (as such term is defined in the SBIC Act, as defined herein) investment in the Issuer, executed by the Issuer and delivered to the Agent pursuant to this Agreement, as amended from time to time in accordance with its terms.

"SOFO Distribution Agreement" means that certain NRDA Distribution Agreement dated February 9, 2018 by and between Sofo Foods and the Issuer, as amended, modified and/or restated from time to time.

"Solvent" means, with respect to any Person on the date any determination thereof is to be made, that on such date: (a) the present fair valuation of the Assets of such Person is greater than such Person's probable liability in respect of existing debts; (b) such Person does not intend to, and does not believe that it will, incur debts beyond such Person's ability to pay as such

debts mature; and (c) such Person is not engaged in business or a transaction, and is not about to engage in business or a transaction, which would leave such Person with Assets remaining which would constitute unreasonably small capital after giving effect to the nature of the particular business or transaction. For purposes of this definition (i) the fair valuation of any property or assets means the amount realizable within a reasonable time, either through collection or sale of such Assets at their regular market value, which is the amount obtainable by a capable and diligent Person from an interested buyer willing to purchase such property or assets within a reasonable time under ordinary circumstances; (ii) the term "debts" includes any payment obligation, whether or not reduced to judgment, equitable or legal, matured or unmatured, liquidated or unliquidated, disputed or undisputed, secured or unsecured, absolute, fixed or contingent; and (iii) all rights or obligations of contribution or indemnification or other payments among Note Parties shall be considered in respect of any representation made by any other Note Party regarding solvency.

"Specified Trust Accounts" means the accounts on the Issuer's books and records reflecting cash held in trust by manufacturers and distributors of the Issuer for the benefit of the Issuer.

"State Sanctions List" means a list that is adopted by any state Governmental Authority within the United States of America pertaining to Persons that engage in investment or other commercial activities in Iran or any other country that is a target of economic sanctions imposed under U.S. Economic Sanctions Laws.

"Subsidiary" means any corporation, limited liability company, partnership, trust or other entity (whether now existing or hereafter organized or acquired) of which the Issuer or one or more Subsidiaries of the Issuer at the time owns or controls directly or indirectly more than 50% of the shares of stock or partnership or other ownership interest having general voting power under ordinary circumstances to elect a majority of the Board of Directors, managers or trustees or otherwise exercises control of such corporation, limited liability company, partnership, trust or other entity (irrespective of whether at the time stock or any other form of ownership of any other class or classes shall have or might have voting power by reason of the happening of any contingency).

"Synthetic Lease Obligation" means the monetary obligation of a Person under (a) a so-called synthetic, off-balance sheet or tax retention lease, or (b) an agreement for the use or possession of property creating obligations that do not appear on the balance sheet of such Person but which, upon the insolvency or bankruptcy of such Person, would be characterized as the indebtedness of such Person (without regard to accounting treatment).

"Tax Account" means a savings account established by the Issuer pursuant to an escrow or other arrangement approved by Agent for the purpose of depositing Estimated Tax Amounts.

"Tax Account Release" has the meaning set forth in Section 5.18. **"Taxes"** has the meaning set forth in Section 1.8.

"Transferee" has the meaning set forth in Section 9.5(e).

"UCC" means the California Uniform Commercial Code, as amended or supplemented from time to time; provided, however, that in the event that, by reason of mandatory provisions of law, any or all of the attachment, perfection, priority, or remedies with respect to Agent's Lien on any Collateral is governed by the Uniform Commercial Code as enacted and in effect in a jurisdiction other than the State of California, the term "UCC" shall mean the Uniform Commercial Code as enacted and in effect in such other jurisdiction solely for purposes of the provisions thereof relating to such attachment, perfection, priority, or remedies.

"U.S. Economic Sanctions Laws" means those laws, executive orders, enabling legislation or regulations administered and enforced by the United States pursuant to which economic sanctions have been imposed on any Person, entity, organization, country or regime, including the Trading with the Enemy Act, the International Emergency Economic Powers Act, the Iran Sanctions Act, the Sudan Accountability and Divestment Act and any other OFAC Sanctions Program.

"Warrants" means the Warrants to purchase a percentage of Common Stock issued by the Issuer to the respective Purchasers pursuant to this Agreement, together with any other or successor warrant to purchase equity securities issued in substitution or exchange therefor, and in either case as further amended from time to time in accordance with the terms thereof.

1.2 Accounting Terms and Determinations. Unless otherwise specified herein, all accounting terms used herein shall be interpreted, all accounting determinations hereunder shall be made, and all financial statements required to be delivered hereunder shall be prepared in accordance with GAAP.

1.3 UCC Terms. Any and all terms used in this Agreement or in any other Note Document which are defined in the UCC shall be construed and defined in accordance with the meaning and definition ascribed to such terms under the UCC, unless otherwise defined herein or in such Note Document.

1.4 Computation of Time Periods. In this Agreement, with respect to the computation of periods of time from a specified date to a later specified date, the word from means from and including and the words to and until each mean to but excluding. Periods of days referred to in this Agreement shall be counted in calendar days unless otherwise stated.

1.5 Construction. Unless the context of this Agreement clearly requires otherwise, references to the plural include the singular and to the singular include the plural, references to any gender include any other gender, the part includes the whole, the term including is not limiting, and the term or has, except where otherwise indicated, the inclusive meaning represented by the phrase and/or. References in this Agreement to determination by the Agent or the Purchasers include good faith estimates by the Agent and the Purchasers (in the case of quantitative determinations), and good faith beliefs by the Agent and the Purchasers (in the case of qualitative determinations). The words hereof, herein, hereby, hereunder, and similar terms in this Agreement refer to this Agreement as a whole and not to any particular provision of this Agreement. Article, section, subsection, clause, exhibit and schedule references are to this Agreement, unless otherwise specified. Any reference in this Agreement or any of the other Note Documents to this Agreement or any of the Note Documents includes any and all permitted alterations, amendments,

restatements, changes, extensions, modifications, renewals, or supplements thereto or thereof, as applicable. Any reference this Agreement or any of the other Note Documents to the satisfaction, repayment, or payment in full of any of the Obligations shall mean the latest of (a)(i) the payment or repayment in full in immediately available funds of all of the Obligations, or (ii) the cancellation of the Obligations in whole at the election of the holder of the Warrants in connection with the exercise of the Warrants pursuant to the terms thereof, (b) the termination of all of the commitments of the Purchasers under the Note Documents, and (c) the expiration or termination of the right of the Purchasers to elect to require the Issuer to exchange Warrant Shares (as defined in the Warrants) for Put Notes pursuant to the terms of the Warrants.

1.6 Exhibits and Schedules. All of the annexes, exhibits and schedules attached hereto shall be deemed incorporated herein by reference.

1.7 No Presumption Against Any Party. Neither this Agreement, any of the other Note Documents, any other document, agreement, or instrument entered into in connection herewith, nor any uncertainty or ambiguity herein or therein shall be construed or resolved using any presumption against any party hereto, whether under any rule of construction or otherwise. On the contrary, this Agreement, the other Note Documents, and the other documents, instruments, and agreements entered into in connection herewith have been reviewed by each of the parties and their counsel and shall be construed and interpreted according to the ordinary meanings of the words used so as to accomplish fairly the purposes and intentions of all parties hereto.

1.8 Independence of Provisions. All agreements and covenants hereunder, under the Note Documents, and the other documents, instruments, and agreements entered into in connection herewith shall be given independent effect such that if a particular action or condition is prohibited by the terms of any such agreement or covenant, the fact that such action or condition would be permitted within the limitations of another agreement or covenant shall not be construed as allowing such action to be taken or condition to exist.

Annex 2 To
Note Agreement Closing Conditions

The following shall be true and correct:

(a) immediately before and after the purchase of the Notes on the Closing Date, no Event of Default or Default shall have occurred or be continuing;
and

(b) all representations and warranties of the Issuer contained in the Agreement shall be true and correct in all material respects on and as of the Closing Date, except for any representation and warranty that is qualified by materiality or reference to Material Adverse Effect, in which case such representation and warranty shall be true and correct in all respects, and except to the extent that such representations and warranties specifically refer to an earlier specified date, in which case they shall be true and correct in all material respects as of such earlier specified date, except for any representation and warranty that is qualified by materiality or reference to Material Adverse Effect, in which case such representation and warranty shall be true and correct in all respects as of such earlier specified date.

In addition, the Agent must receive each of the following prior to the Closing Date, each in form and substance satisfactory to the Agent.

1. Each of the Note Documents, all duly executed by the Issuer and/or the other Persons party thereto, and acknowledged where required;
 2. A Certificate of the Secretary of each Note Party, dated as of the Closing Date, certifying (i) the incumbency and signatures of the Authorized Officers who are executing the Note Documents on behalf of such Note Party; (ii) the bylaws or equivalent documents of such Note Party and all amendments thereto as being true and correct and in full force and effect; and (iii) the resolutions of Board of Directors of such Note Party as being true and correct and in full force and effect, authorizing the execution and delivery of the Note Documents, and authorizing the transactions contemplated hereunder and thereunder, and authorizing the Authorized Officers to execute the same on behalf of such Note Party;
 3. Each Note Party's Articles of Incorporation, certified by the Secretary of State of the state in which such Note Party is organized and dated a recent date prior to the Closing Date;
 4. A certificate of status and good standing for each Note Party, dated a recent date prior to the Closing Date, showing that such Note Party is in good standing under the laws of the states indicated in Schedule 3.1(a);
 5. Certificates of foreign qualification and good standing for each Note Party, dated a recent date prior to the Closing Date, showing that such Note Party is in good standing under the laws of the states indicated in Schedule 3.1(a);
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6. A certificate signed by one or more authorized officers of the Note Parties, dated as of the Closing Date, certifying that (i) both immediately before and immediately after giving effect to the transactions contemplated by the Note Documents, the Note Parties taken as a whole are and will be Solvent; (ii) the representations and warranties of each Note Party contained in the Note Documents are true and correct in all material respects, except for any representation and warranty that is qualified by materiality or reference to Material Adverse Effect, which such representation and warranty shall be true and correct in all respects, and (iii) both immediately before and immediately after giving effect to the transactions contemplated by this Agreement and the other Note Documents, no Event of Default, Default or Material Adverse Effect is continuing or shall occur;
 7. Due diligence information with respect to the Note Parties (including background checks on management), including audits, financial and legal survey, customer/vendor contracts and other agreements;
 8. Uniform Commercial Code and other public record searches with respect to the Note Parties;
 9. Opinion(s) of counsel to the Note Parties, including, without limitation, as to enforceability and other customary financing matters, as well as compliance by the Note Parties with all applicable state law statutes, procedures or provisions governing or limiting dividends or distributions to stockholders, members or other proposed recipients thereof, in form and substance satisfactory to the Agent;
 10. All fees payable pursuant to this Agreement and the Fee Letter on the Closing Date and all Expenses owing on the Closing Date shall have been paid;
 11. Copies of insurance binders or insurance certificates evidencing the Note Parties' having caused to be obtained insurance in accordance with Section 4.5;
 12. Copies of SBA Forms 480, 652 and 1031 properly completed and executed by the Issuer; and
 - 13 Such other documents, instruments and agreements as the Agent may reasonably request in connection with the transactions contemplated hereunder or to perfect or protect the Liens granted to the Agent.
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EXHIBIT A
To
Secured Promissory Note and Warrant Purchase Agreement Form of Note

SENIOR SECURED PROMISSORY NOTE

THIS NOTE HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR ANY APPLICABLE SECURITIES LAW OF ANY JURISDICTION AND MAY NOT BE TRANSFERRED UNTIL (i) A REGISTRATION STATEMENT UNDER SUCH SECURITIES ACT OR SUCH APPLICABLE SECURITIES LAWS SHALL HAVE BECOME EFFECTIVE WITH REGARD THERETO, OR (ii) IN THE OPINION OF COUNSEL ACCEPTABLE TO THE ISSUER REGISTRATION UNDER SUCH SECURITIES ACT OR SUCH APPLICABLE SECURITIES LAWS IS NOT REQUIRED IN CONNECTION WITH SUCH PROPOSED TRANSFER, INCLUDING, WITHOUT LIMITATION, PURSUANT TO REGULATION S PROMULGATED UNDER SUCH SECURITIES ACT.

THIS NOTE HAS BEEN ISSUED WITH ORIGINAL ISSUE DISCOUNT (OID). PURSUANT TO TREASURY REGULATION §1.1275-3(b)(1), THE ISSUER WILL, BEGINNING TEN DAYS AFTER THE ISSUE DATE OF THIS NOTE, PROMPTLY MAKE AVAILABLE TO THE PAYEE UPON REQUEST THE INFORMATION DESCRIBED IN TREASURY REGULATION §1.1275-3(b)(1)(i). THE ISSUER MAY BE REACHED AT 6612 E. 75TH STREET, SUITE 450, INDIANAPOLIS, INDIANA 96250, ATTENTION: PAUL MOBLEY.

Senior Secured Promissory Note Due

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[\$ [] .00 [] , 20[]

FOR VALUE RECEIVED, NOBLE ROMAN'S, INC., an Indiana corporation (the "Issuer"), hereby promises to pay, pursuant to the terms and conditions hereof, to [], a [], or its registered assigns ("Payee"), the principal sum of [] Dollars (\$[]), together with interest from the date first written above on the unpaid principal balance at the rates provided in that certain Senior Secured Promissory Note and Warrant Purchase Agreement dated as of [], 2020 entered into among the Issuer, the Purchasers from time to time party thereto, and Corbel Capital Partners SBIC, L.P., as the Agent for such Purchasers thereunder (as amended, restated, extended, supplemented or otherwise modified from time to time, the "Note Purchase Agreement"). Initially capitalized terms used but not defined in this note (the "Note") shall have the meanings ascribed to such terms in the Note Purchase Agreement. All computations of interest shall be in accordance with the provisions of the Note Purchase Agreement. Notwithstanding anything to the contrary contained herein, under no circumstances shall the interest rate of this Note ever be more than the maximum rate permitted under Section 4.

1. Payments of Principal and Interest. On each Interest Payment Date, commencing on [], and at maturity (whether on the stated Maturity Date applicable to this Note, as a result of acceleration or otherwise), the Issuer will pay interest on this Note calculated in accordance with the provisions set forth in the Note Purchase Agreement. All outstanding principal of this Note shall be due and payable on the Maturity Date applicable to this Note unless

required to be paid early in accordance with the terms of the Note Purchase Agreement. Any principal or interest payment in respect of this Note which would otherwise become due on a day other than a Business Day, shall instead become due on the next succeeding Business Day and such adjustment shall be reflected in the computation of interest.

2. Note Purchase Agreement; Defaults. Reference is hereby made to the further provisions of this Note set forth in full in the Note Purchase Agreement, including, without limitation, the provisions relating to Events of Default and remedies resulting or arising therefrom, all of which provisions shall for all purposes have the same effect as if set forth in full herein.

3. Security for Payment. This Note is secured by the Collateral pursuant to the Note Documents.

4. Maximum Interest Rate. Under no circumstances shall the interest rate or rates charged hereunder, plus any other amounts paid hereunder, exceed the highest rate permissible under any law which a court of competent jurisdiction shall, in a final determination, deem applicable hereto. If such a court determines that the Payee has received or charged interest hereunder in excess of the highest legally permissible interest rate, any payments with respect to such excess amount shall be deemed received on account of, and shall automatically be applied to reduce the principal balance hereof, in the inverse order of maturity, and the provisions hereof shall be deemed amended to provide for the highest permissible rate applicable at the time or in the context in question. If there is no principal balance then outstanding, the Payee shall refund to the Issuer the amount of interest in excess of the maximum legally permissible rate.

5. Note Purchase Agreement. This Note is duly authorized and designated as the Issuer's Senior Secured Promissory Note due [] and issued under the Note Purchase Agreement. Reference is hereby made to the Note Purchase Agreement for a statement of the respective rights, limitations, duties and obligations thereunder of the Issuer and Payee. The Note Purchase Agreement, among other things, contains provisions for acceleration of the maturity of this Note upon the happening of certain stated events and also for prepayments on account of principal of this Note prior to the maturity hereof upon the terms and conditions specified in the Note Purchase Agreement.

6. Amendments and Waivers. No failure on the part of Payee to exercise any right or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or remedy preclude further exercise thereof or the exercise of any other right or remedy hereunder.

7. Cumulative Rights. The remedies of Payee as provided herein shall be cumulative and concurrent and may be pursued successively or concurrently against the Issuer and/or the collateral securing this Note, and the failure to exercise any such right or remedy shall in no event be construed as a waiver or release of the same.

8. Attorneys' Fees. In the event of any litigation in connection with this Note, the prevailing party shall be entitled to reasonable costs, including, without limitation, attorneys' fees.

9. Issuer's Waivers. THE ISSUER HEREBY WAIVES NOTICE OF ACCEPTANCE HEREOF, PRESENTMENT AND DEMAND FOR PAYMENT, PROTEST AND NOTICE OF

DISHONOR OR DEFAULT, TRIAL BY JURY, AND THE RIGHT TO INTERPOSE ANY SET-OFF OR COUNTERCLAIM OF ANY NATURE OR DESCRIPTION.

10. Severability. If any section or provision of this Note, or the application of such section or provision, is held invalid, the remainder of this Note and the application of such section or provision to persons or circumstances other than those to which its application is held invalid shall not be affected thereby.

11. Assignment by Payee. Payee may assign its rights under this Note as and to the extent described in the Note Purchase Agreement.

12. Governing Law. This Note shall be governed by and construed in accordance with the internal laws of the State of California, without giving effect to its conflicts or choice of law principles.

[signature page follows]

IN WITNESS WHEREOF, the undersigned have executed and delivered this Note as of the date first above written.

ISSUER:

NOBLE ROMAN'S, INC.,
an Indiana corporation

By:

Name: Title:

EXHIBIT B
To
Senior Secured Promissory Note and Warrant Purchase Agreement Form of Warrant

WARRANT

THIS WARRANT AND THE SECURITIES ISSUABLE UPON EXERCISE OF THIS WARRANT HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE “**ACT**”), OR QUALIFIED UNDER ANY STATE OR FOREIGN SECURITIES LAWS AND MAY NOT BE OFFERED FOR SALE, SOLD, PLEDGED, HYPOTHECATED OR OTHERWISE TRANSFERRED OR ASSIGNED UNLESS (I) A REGISTRATION STATEMENT COVERING SUCH SHARES IS EFFECTIVE UNDER THE ACT AND IS QUALIFIED UNDER APPLICABLE STATE AND FOREIGN LAW OR (II) THE TRANSACTION IS EXEMPT FROM THE REGISTRATION AND PROSPECTUS DELIVERY REQUIREMENTS UNDER THE ACT AND THE QUALIFICATION REQUIREMENTS UNDER APPLICABLE STATE AND FOREIGN LAW.

Original Issue Date: February 7, 2020

FOR VALUE RECEIVED, NOBLE ROMANS, INC., an Indiana corporation (the “**Company**”), hereby certifies that Corbel Structured Equity Partners, SBIC, L.P. or its registered assigns (“**Holder**”) is entitled to purchase from the Company Two Million Two Hundred Fifty Thousand (2,250,000) duly authorized, validly issued, fully paid and non-assessable shares of Common Stock (subject to adjustment as provided herein) at a purchase price of (a) \$0.57 per share, in the case of 1,200,000 of such Warrant Shares (such 1,200,000 Warrant Shares, the “**Tranche 1 Shares**”), (b) \$0.72 per share, in the case of 900,000 of such Warrant Shares (such 900,000 Warrant Shares, the “**Tranche 2 Shares**”) and (c) \$0.97 per share, in the case of 150,000 of such Warrant Shares (such 150,000 Warrant Shares, the “**Tranche 3 Shares**”) (each respective purchase price, subject to adjustment as provided herein, the “**Exercise Price**”), all subject to the terms, conditions and adjustments set forth below in this Warrant. Certain capitalized terms used herein are defined in **Section 1** hereof. This Warrant was issued to Holder pursuant to the Purchase Agreement.

1. Definitions. As used in this Warrant, the following terms have the respective meanings set forth below:

“**Aggregate Exercise Price**” means an amount equal to the product of (a) the number of Warrant Shares in respect of which this Warrant is then being exercised pursuant to **Section 3** hereof, *multiplied by* (b) the Exercise Price applicable to such Warrant Shares in effect as of the applicable Exercise Date in accordance with the terms of this Warrant.

“**Attribution Parties**” has the meaning set forth in **Section 3(j)(i)**.

“**Beneficial Ownership Limitation**” has the meaning set forth in **Section 3(j)(iv)**. “**Board**” means the board of directors of the Company.

“**Business Day**” means any day, except a Saturday, Sunday or legal holiday, on which banking institutions in the city of Los Angeles, California or Indianapolis, Indiana are authorized or obligated by law or executive order to close.

"Common Stock" means the common stock, no par value, of the Company, and any capital stock into which such Common Stock shall have been converted, exchanged or reclassified following the date hereof.

"Common Stock Deemed Outstanding" means, at any given time, the sum of (a) the number of shares of Common Stock actually outstanding at such time, *plus* (b) the number of shares of Common Stock issuable upon exercise of Options actually outstanding at such time, *plus*

(c) the number of shares of Common Stock issuable upon conversion or exchange of Convertible Securities actually outstanding at such time (treating as actually outstanding any Convertible Securities issuable upon exercise of Options actually outstanding at such time), in each case, regardless of whether the Options or Convertible Securities are actually exercisable at such time in accordance with their terms; provided, that Common Stock Deemed Outstanding at any given time shall not include treasury or other shares owned or held by or for the account of the Company or any of its subsidiaries.

"Company" has the meaning set forth in the preamble.

"Conditions to Forced Exercise" has the meaning set forth in **Section 3(i)(i)**. **"Convertible Securities"** means any securities (directly or indirectly) convertible into or

exercisable or exchangeable for Common Stock, but excluding Options.

"Excluded Issuances" means any issuance or sale (or deemed issuance or sale in accordance with **Section 4(d)**) by the Company after the Original Issue Date of: (1) any Warrant Shares issued upon the exercise of this Warrant; (2) shares of Common Stock issued upon the exercise or conversions of any Options or Convertible Securities outstanding on the Original Issue Date; and (3) up to 550,000 shares of Common Stock (adjusted proportionately for stock splits, stock dividends, recapitalizations and the like) issued on the exercise of Options granted by the Board to officers, directors, employees or service providers to the Company and its subsidiaries.

"Exercise Date" means, for any given exercise of this Warrant, the date on which the conditions to such exercise as set forth in **Section 3** shall have been satisfied at or prior to 5:00 p.m., Eastern time, on a Business Day, including, without limitation, the receipt by the Company of the Exercise Agreement, the Warrant and the Aggregate Exercise Price payable with respect to the Warrant Shares in question.

"Exercise Agreement" has the meaning set forth in **Section 3(a)(i)**. **"Exercise Period"** has the meaning set forth in **Section 2**.

"Exercise Price" has the meaning set forth in the preamble, as applicable to the Tranche 1 Shares, Tranche 2 Shares or Tranche 3 Shares in question.

"Fair Market Value" means, as of any particular date: (a) the average of the closing sales prices of the Common Stock for such day on all domestic securities exchanges on which the Common Stock may at the time be listed; (b) if there have been no sales of the Common Stock on

any such exchange on any such day, the average of the highest bid and lowest asked prices for the Common Stock on all such exchanges at the end of such day; (c) if on any such day the Common Stock is not listed on a domestic securities exchange, the closing sales price of the Common Stock as quoted on the OTC Bulletin Board, the Pink OTC Markets or similar quotation system or association for such day; or (d) if there have been no sales of the Common Stock on the OTC Bulletin Board, the Pink OTC Markets or similar quotation system or association on such day, the average of the highest bid and lowest asked prices for the Common Stock quoted on the OTC Bulletin Board, the Pink OTC Markets or similar quotation system or association at the end of such day; in each case, averaged over three (3) consecutive Business Days ending on the Business Day immediately prior to the day as of which "Fair Market Value" is being determined; provided, that if the Common Stock is listed on any domestic securities exchange, the term "Business Day" as used in this sentence means Business Days on which such exchange is open for trading. If at any time the Common Stock is not listed on any domestic securities exchange or quoted on the OTC Bulletin Board, the Pink OTC Markets or similar quotation system or association, the "Fair Market Value" of the Common Stock shall be the fair market value per share as determined jointly by the Board and the Holder.

"Holder" has the meaning set forth in the preamble.

"Options" means any warrants or other rights or options to subscribe for or purchase Common Stock or Convertible Securities.

"Original Issue Date" means February 7, 2020. **"Nasdaq"** means The NASDAQ Stock Market LLC.

"OTC Bulletin Board" means the Financial Industry Regulatory Authority OTC Bulletin Board electronic inter-dealer quotation system.

"Person" means any individual, sole proprietorship, partnership, limited liability company, corporation, joint venture, trust, incorporated organization or government or department or agency thereof.

"Pink OTC Markets" means the OTC Markets Group Inc. electronic inter-dealer quotation system, including OTCQX, OTCQB and OTC Pink.

"Purchase Agreement" means the Senior Secured Promissory Note and Warrant Purchase Agreement, dated as of the date hereof, between the Company, as the "Issuer", the "Purchasers" named therein, and Holder as the "Agent" for the Purchasers thereunder.

"Put Notes" means Senior Secured Promissory Notes, in substantially the form and with substantially the same terms as those applicable to the Senior Notes (including the terms applicable to the "Notes" as defined and as set forth in the Purchase Agreement), other than those providing for the accrual and payment of PIK Interest on such Senior Notes and the maturity date for such Put Notes shall be the second anniversary of the date of issuance of the Put Notes in question.

“**Put Notice**” has the meaning set forth in **Section 6**. “**Securities Act**” has the meaning set forth in **Section 11**.

“**Senior Notes**” means the Senior Secured Promissory Notes issued and sold to Holder or the other “Purchasers” named in, and as provided in, the Purchase Agreement.

“**Tranche 1 Shares**” has the meaning set forth in the preamble. “**Tranche 2 Shares**” has the meaning set forth in the preamble.

“**Tranche 3 Shares**” has the meaning set forth in the preamble.

“**Warrant**” means this Warrant and all warrants issued upon division or combination of, or in substitution for, this Warrant.

“**Warrant Share Put Right**” has the meaning set forth in **Section 6**.

“**Warrant Shares**” means the shares of Common Stock or other capital stock of the Company then purchasable upon exercise of this Warrant in accordance with the terms of this Warrant.

“**Weighted Average Price**” has the meaning set forth in **Section 3(i)(ii)**.

2. Term of Warrant. Subject to the terms and conditions hereof, at any time or from time to time following the Original Issue Date and prior to 5:00 p.m. Central time on the first six (6) year anniversary of the date hereof or, if such day is not a Business Day, on the next preceding Business Day (such period, the “**Exercise Period**”), the Holder of this Warrant may exercise this Warrant for all or any part of the Warrant Shares purchasable hereunder (subject to adjustment as provided herein).

3. Exercise of Warrant.

(a) **Exercise Procedure**. This Warrant may be exercised by Holder from time to time on any Business Day during the Exercise Period, for all or any part of the unexercised Warrant Shares, upon:

(i) surrender of this Warrant to the Company at its then principal executive offices (or an indemnification undertaking with respect to this Warrant in the case of its loss, theft or destruction), together with an Exercise Agreement in the form attached hereto as **Exhibit A** (each, an “**Exercise Agreement**”), duly completed (including specifying the number and type of Warrant Shares to be purchased) and executed; and

(ii) payment to the Company of the Aggregate Exercise Price in accordance with **Section 3(b)**.

(b) **Payment of the Aggregate Exercise Price.** Payment of the Aggregate Exercise Price shall be made at the option of the Holder as expressed in the Exercise Agreement, by the following methods:

(i) In the case of the Tranche 1 Shares, Tranche 2 Shares or Tranche 3 Shares, by delivery to the Company of a certified or official bank check payable to the order of the Company or by wire transfer of immediately available funds to an account designated in writing by the Company, in the amount of such Aggregate Exercise Price;

(ii) in the case of the Tranche 3 Shares:

(A) by instructing the Company to withhold a number of Warrant Shares then issuable upon exercise of this Warrant with an aggregate Fair Market Value as of the Exercise Date equal to such Aggregate Exercise Price (i.e. a "cashless exercise");

(B) by surrendering to the Company (x) Warrant Shares previously acquired by the Holder with an aggregate Fair Market Value as of the Exercise Date equal to such Aggregate Exercise Price and/or (y) other securities of the Company having a value as of the Exercise Date equal to the Aggregate Exercise Price (which value in the case of debt securities shall be the principal amount thereof plus accrued and unpaid interest, in the case of preferred stock shall be the liquidation value thereof plus accumulated and unpaid dividends and in the case of shares of Common Stock shall be the Fair Market Value thereof); or

(C) any combination of the foregoing.

(iii) In the event of any withholding of Warrant Shares or surrender of equity securities pursuant to **Section 3(b)(ii)(A), 3(b)(ii)(B) or 3(b)(ii)(C)** above where the number of shares whose value is equal to the Aggregate Exercise Price is not a whole number, the number of shares withheld by or surrendered to the Company shall be rounded up to the nearest whole share and the Company shall make a cash payment to the Holder (by delivery of a certified or official bank check or by wire transfer of immediately available funds) based on the incremental fraction of a share being so withheld by or surrendered to the Company in an amount equal to the product of (x) such incremental fraction of a share being so withheld or surrendered multiplied by (y) in the case of Common Stock, the Fair Market Value per share of Common Stock as of the Exercise Date, and, in all other cases, the value thereof as of the Exercise Date as determined in accordance with **Section 3(b)(ii)(B)(y)** above.

(c) **Delivery of Stock Certificates.** Upon (i) any Forced Exercise pursuant to **Section 3(i)** or (ii) Holder's exercise of this Warrant pursuant to **Section 3(a)**, including delivery to the Company of the Exercise Agreement, surrender of this Warrant and payment of the Aggregate Exercise Price (in accordance with **Section 3(b)** hereof), the Company shall, as promptly as practicable, execute (or cause to be executed) and deliver (or cause to be delivered) to

the Holder a certificate or certificates representing the Warrant Shares issuable upon such exercise, together with cash in lieu of any fraction of a share as provided in **Section 3(d)** hereof, if applicable. The stock certificate or certificates so delivered shall be in such denomination or denominations as the exercising Holder shall reasonably request in the Exercise Agreement and shall be registered in the name of the Holder or such other Person's name as shall be designated in the Exercise Agreement. This Warrant shall be deemed to have been exercised and such certificate or certificates of Warrant Shares shall be deemed to have been issued, and the Holder or any other Person so designated to be named therein shall be deemed to have become a holder of record of such Warrant Shares for all purposes, as of the Exercise Date.

(d) **Fractional Shares.** The Company shall not be required to issue a fractional Warrant Share upon exercise of any Warrant. As to any fraction of a Warrant Share that the Holder would otherwise be entitled to purchase upon such exercise, the Company shall either (i) round the number of Warrant Shares to be issued up to the next whole number or (ii) pay to such Holder an amount in cash (by delivery of a certified or official bank check or by wire transfer of immediately available funds) equal to the product of (A) such fraction multiplied by (B) the Fair Market Value of one Warrant Share on the Exercise Date.

(e) **Delivery of New Warrant.** Unless the purchase rights represented by this Warrant shall have expired or shall have been fully exercised, the Company shall, at the time of delivery of the certificate or certificates representing the Warrant Shares being issued in accordance with **Section 3(c)** hereof, deliver to the Holder a new Warrant evidencing the rights of the Holder to purchase the unexpired and unexercised Warrant Shares called for by this Warrant. Such new Warrant shall in all other respects be identical to this Warrant.

(f) **Valid Issuance of Warrant and Warrant Shares; Payment of Taxes .** With respect to the exercise of this Warrant, the Company hereby represents, covenants and agrees:

(i) This Warrant is, and any Warrant issued in substitution for or replacement of this Warrant shall be, upon issuance, duly authorized and validly issued.

(ii) All Warrant Shares issuable upon the exercise of this Warrant pursuant to the terms hereof shall be, upon issuance, and the Company shall take all such actions as may be necessary or appropriate in order that such Warrant Shares are, validly issued, fully paid and non-assessable, issued without violation of any preemptive or similar rights of any stockholder of the Company and free and clear of all taxes, liens, claims, encumbrances and charges.

(iii) The Company shall take all such actions as may be necessary to ensure that all such Warrant Shares are issued without violation by the Company of any applicable law or governmental regulation or any requirements of any domestic securities exchange upon which shares of Common Stock or other securities constituting Warrant Shares may be listed at the time of such exercise (except for official notice of issuance which shall be immediately delivered by the Company upon each such issuance).

(iv) The Company shall use its best efforts to cause the Warrant Shares, immediately upon such exercise, to be listed on any domestic securities exchange upon which shares of Common Stock or other securities constituting Warrant Shares are listed at the time of such exercise.

(v) The Company shall pay all expenses in connection with, and all taxes and other governmental charges that may be imposed with respect to, the issuance or delivery of Warrant Shares upon exercise of this Warrant; provided, that the Company shall not be required to pay any tax or governmental charge that may be imposed with respect to any applicable withholding or the issuance or delivery of the Warrant Shares to any Person other than the Holder or its designated affiliates, and no such issuance or delivery shall be made unless and until the Person requesting such issuance has paid to the Company the amount of any such tax, or has established to the satisfaction of the Company that such tax has been paid.

(g) **Conditional Exercise.** Notwithstanding any other provision hereof, if an exercise of any portion of this Warrant is to be made in connection with or with the expectation of the completion of a public offering or a sale of the Company (pursuant to a merger, sale of stock, or otherwise), such exercise may at the election of the Holder be conditioned upon the consummation of such transaction, in which case such exercise shall not be deemed to be effective until immediately prior to the consummation of such transaction.

(h) **Reservation of Shares.** During the Exercise Period, the Company shall at all times reserve and keep available out of its authorized but unissued Common Stock or other securities constituting Warrant Shares, solely for the purpose of issuance upon the exercise of this Warrant, the maximum number of Warrant Shares issuable upon the exercise of this Warrant, and, if applicable, the par value per Warrant Share shall at all times be less than or equal to the applicable Exercise Price. The Company shall not increase the par value of any Warrant Shares receivable upon the exercise of this Warrant above the Exercise Price then in effect, and shall take all such actions as may be necessary or appropriate in order that the Company may validly and legally issue fully paid and non-assessable Warrant Shares upon the exercise of this Warrant.

(i) **Forced Exercise.** After the Original Issue Date, if the Conditions to Forced Exercise set forth below then are satisfied, the Company may elect to require that the Holder exercise this Warrant with respect to the Tranche 1 Shares or the Tranche 2 Shares, as applicable, as set forth in this **Section 3(i)**, by delivering to the Holder a written notice in the form of **Exhibit B** attached hereto ("**Forced Exercise Notice**"), duly completed and executed on behalf of the Company; provided, that notwithstanding anything to the contrary herein, the Holder may elect not to exercise this Warrant pursuant to any Forced Exercise Notice if the Holder delivers written notice to the Company to such effect and confirms in writing that it forfeits its right to exercise the Warrants with respect to those Tranche 1 Shares or those Tranche 2 Shares that are subject to the Forced Exercise Notice, as applicable. If the Conditions to Forced Exercise cease to be met prior to the receipt of the Notice of Exercise by the Holder, the Forced Exercise Notice shall be deemed withdrawn, invalid, and null and void ab initio. For purposes of this **Section 3(i)**:

(i) **"Conditions to Forced Exercise"** means that each of the following conditions have been and continue to be met as of the Holder's receipt of the Forced Exercise Notice and as of the issuance of any Warrant Shares pursuant thereto:

(A) the Weighted Average Price of the Common Stock or other applicable capital stock of the Company then issuable upon exercise of this Warrant exceeds (x) in the case of a forced exercise of the Warrant with respect to the Tranche 1 Shares, \$1.40 per share (subject to appropriate adjustments for stock splits, stock dividends, stock combinations and other similar transactions affecting the Common Stock or other applicable capital stock after the Original Issue Date) and (y) in the case of a forced exercise of the Warrant with respect to the Tranche 2 Shares, \$1.50 per share (subject to appropriate adjustments for stock splits, stock dividends, stock combinations and other similar transactions affecting the Common Stock or other applicable capital stock after the Original Issue Date), in each case for each of the forty-five (45) consecutive trading days immediately preceding the date of delivery of the Forced Exercise Notice;

(B) a registration statement filed pursuant to the Securities Act of 1933, as amended, is effective and available for the immediate resale of any and all Tranche 1 Shares or Tranche 2 Shares, as applicable, to be issued upon exercise of the Warrants pursuant to the Forced Exercise Notice;

(C) the Common Stock is quoted on OTC Bulletin Board, the Pink OTC Markets or similar quotation system or association, or designated for quotation on the NASDAQ Global Market or another U.S. national securities exchange and must not have been suspended from trading on such market nor shall delisting or suspension by such market been threatened or pending either (x) in writing by such market, or (y) by falling below the minimum listing maintenance requirements of the market on which it then is trading; and

(D) the Company otherwise must be in material compliance with and must not have breached in any material respect any provision, covenant, representation or warranty of any Note Document (as defined in the Purchase Agreement) which breach remains uncured.

(ii) **"Weighted Average Price"** means, with respect to the Common Stock or other applicable capital stock then issuable upon exercise of this Warrant as of any applicable date(s), the dollar volume-weighted average trading price for such security

(A) on the domestic securities exchanges on which the Common Stock is listed on the applicable date(s) or (B) if on any such applicable date(s) the Common Stock or other applicable capital stock then issuable upon exercise of this Warrant is not listed on a domestic securities exchange, the dollar volume-weighted trading average price of the Common Stock on the OTC Bulletin Board, the Pink OTC Markets or similar quotation system or association for such applicable date(s).

(j) **Holder's Exercise Limitations.**

(i) Notwithstanding the foregoing or anything to the contrary herein, the number of Warrant Shares issuable upon any exercise of this Warrant shall be limited to the number of Warrant Shares that (after giving effect to such proposed exercise and issuance) can be beneficially owned by the Holder, Holder's affiliates, and any other Persons acting as a group together with the Holder or any of the Holder's affiliates (such other Persons, "**Attribution Parties**"), without exceeding the Beneficial Ownership Limitation (as defined below). For purposes of the foregoing sentence, the number of Warrant Shares beneficially owned by the Holder, Holder's affiliates and any applicable Attribution Parties shall include the number of Warrant Shares issuable upon the exercise of this Warrant with respect to which such determination is being made, but shall exclude the number of shares of Common Stock which would be issuable upon (A) exercise of the remaining, unexercised portion of this Warrant beneficially owned by the Holder, Holder's affiliates or any applicable Attribution Parties and (B) exercise or conversion of the unexercised or unconverted portion of any other securities of the Company (including, without limitation, any Convertible Securities or Options) that (x) are beneficially owned by the Holder, Holder's affiliates and any applicable Attribution Parties and (y) are subject to a limitation on conversion or exercise analogous to the limitation contained herein. Except as set forth in the preceding sentence, for purposes of this **Section 3(j)**, "beneficial ownership" shall be calculated in accordance with Section 13(d) of the Exchange Act and the rules and regulations promulgated thereunder. In addition, a determination as to any "group" status as contemplated above shall be determined in accordance with Section 13(d) of the Exchange Act and the applicable rules and regulations promulgated thereunder.

(ii) To the extent that the Beneficial Ownership Limitation applies, the determination of whether and to what extent this Warrant is exercisable (in relation to other securities owned by the Holder together with any of its Attribution Parties) and the portion of this Warrant that is exercisable shall be determined in the sole discretion of the Holder, and the submission of an Exercise Agreement and the other items required to exercise this Warrant as provided in **Section 3(a)** above shall be deemed to be the Holder's determination of whether and which portion of this Warrant is exercisable (in relation to other securities owned by the Holder together with Holder's affiliates and any applicable Attribution Parties), in each case subject to the Beneficial Ownership Limitation, and the Company shall have no obligation to independently verify or confirm the accuracy of such determination.

(iii) For purposes of this **Section 3(j)**, in determining the number of issued and outstanding shares of Common Stock, Holder may rely on the number of issued and outstanding shares of Common Stock as reflected in (A) the Company's most recent periodic or annual report filed with the Commission, as the case may be, (B) a more recent public announcement by the Company or (C) a more recent written notice from the Company or the Company's transfer agent setting forth the number of shares of Common Stock outstanding. Upon the written request of a Holder, the Company shall within two Business Days confirm orally and in writing to Holder the number of shares of Common

Stock then issued and outstanding. In any case, the number of issued and outstanding shares of Common Stock shall be determined after giving effect to any conversion, exercise or exchange of any Convertible Securities or Options in accordance with their terms, including this Warrant, held by the Holder, Holder's affiliates or any applicable Attribution Parties since the date as of which such number of issued and outstanding shares of Common Stock was reported.

(iv) The "**Beneficial Ownership Limitation**" shall be 9.9999% of the number of shares of Common Stock that would be outstanding immediately after giving effect to the issuance of Warrant Shares issuable upon the applicable exercise of this Warrant. Notwithstanding the foregoing, the Holder may increase or decrease the Beneficial Ownership Limitation percentage upon notice to the Company; provided, that any increase in the Beneficial Ownership Limitation will not be effective until the 61st day after such notice is delivered to the Company or such other, later date as may be specified in the notice of increase. The provisions of this paragraph shall be construed and implemented in a manner otherwise than in strict conformity with the terms of this **Section 3(j)** to the extent necessary to correct this paragraph (or any portion hereof) which may be defective or inconsistent with the intended Beneficial Ownership Limitation contained herein or to make changes or supplements necessary or desirable to properly give effect to the Beneficial Ownership Limitation and the purpose and intent of this **Section 3(j)**. To the extent the Beneficial Ownership Limitation applies to limit the number of Warrant Shares issued upon any proposed exercise of this Warrant, the Warrant Shares that are not issued as a result of the Beneficial Ownership Limit shall remain subject to this Warrant and may be issued upon a subsequent exercise of this Warrant in accordance with its terms.

4. Adjustment to Exercise Price and Number of Warrant Shares. In order to prevent dilution of the purchase rights granted under this Warrant, the Exercise Price and the number of Warrant Shares issuable upon exercise of this Warrant shall be subject to adjustment from time to time as provided in this **Section 4** (in each case, after taking into consideration any prior adjustments pursuant to this **Section 4**).

(a) **Adjustment to Exercise Price Upon Issuance of Common Stock**. Except as provided in **Section 4(c)** and except in the case of an event described in either **Section 4(e)** or **Section 4(f)**, if the Company shall, at any time or from time to time after the Original Issue Date, issue or sell, or in accordance with **Section 4(d)** is deemed to have issued or sold, any shares of Common Stock without consideration or for consideration per share less than the applicable Exercise Price(s) in effect immediately prior to such issuance or sale (or deemed issuance or sale), then immediately upon such issuance or sale (or deemed issuance or sale), each Exercise Price in effect immediately prior to such issuance or sale (or deemed issuance or sale) that is higher than the consideration per share applicable to the issuance and sale (or deemed issuance or sale) in question shall be reduced (and in no event increased) to an Exercise Price equal to the then the Exercise Price (calculated to the nearest one-hundredth of a cent) determined in accordance with the following formula:

$$CP2 = CP1 * (A + B) \div (A + C).$$

For purposes of the foregoing formula, the following definitions shall apply:

(i) "CP2" shall mean the Exercise Price in effect immediately after such issuance or deemed issuance of shares of Common Stock;

(ii) "CP1" shall mean the Exercise Price in effect immediately prior to such issuance or deemed issuance of Common Stock;

(iii) "A" shall mean the number of shares of Common Stock outstanding immediately prior to such issuance or deemed issuance of Common Stock (treating for this purpose as outstanding all shares of Common Stock issuable upon exercise of Options outstanding immediately prior to such issuance (including the Warrants) or upon conversion or exchange of Convertible Securities outstanding immediately prior to such issuance);

(iv) "B" shall mean the number of shares of Common Stock that would have been issued if such issuance or deemed issuance of Common Stock had occurred at a price per share equal to CP1 (determined by dividing the aggregate consideration received by the Corporation in respect of such issuance or deemed issuance by CP1); and

(v) "C" shall mean the number of shares of Common Stock issued or deemed issued in such transaction.

(b) **Adjustment to Number of Warrant Shares Upon Adjustment to Exercise Price**. Upon any and each adjustment of the Exercise Price as provided in **Section 4(a)**, the number of Warrant Shares issuable upon the exercise of this Warrant immediately prior to any such adjustment shall be increased to a number of Warrant Shares issuable upon exercise of this Warrant after giving effect to such adjustment equal to the quotient obtained by dividing:

(i) the product of (A) the Exercise Price in effect immediately prior to any such adjustment multiplied by (B) the number of Warrant Shares issuable upon exercise of this Warrant immediately prior to any such adjustment; by

(ii) the Exercise Price resulting from such adjustment.

(c) **Exceptions To Adjustment Upon Issuance of Common Stock**. Anything herein to the contrary notwithstanding, there shall be no adjustment to the Exercise Price or the number of Warrant Shares issuable upon exercise of this Warrant with respect to any Excluded Issuance.

(d) **Effect of Certain Events on Adjustment to Exercise Price**. For purposes of determining the adjusted Exercise Price under **Section 4(a)** hereof, the following shall be applicable:

(i) **Issuance of Options**. If the Company shall, at any time or from time to time after the Original Issue Date, in any manner grant or sell any Options (whether directly or by assumption in a merger, consolidation or otherwise), whether or not such Options or

the right to convert, exercise or exchange any Convertible Securities issuable upon the exercise of such Options are immediately exercisable, and the lowest price per share (determined as provided in this **Section 4(d)(i)** and **Section 4(d)(iv)**) for which any one share of Common Stock is issuable upon the exercise of any such Option or upon the conversion, exercise or exchange of any Convertible Security issuable upon the exercise of any such Option is less than any Exercise Price in effect immediately prior to the time of the granting or sale of such Options, then such share of Common Stock issuable upon the exercise of such Option or upon conversion, exercise or exchange of such Convertible Security issuable upon the exercise of such Option shall be deemed to have been issued as of the date of granting or sale of such Options (and thereafter shall be deemed to be outstanding for purposes of adjusting the Exercise Price under **Section 4(a)**, at a price per share equal to such lowest price per share). For purposes of this **Section 4(d)(i)**, the lowest price per share for which any one share of Common Stock is issuable upon the exercise of any such Option or upon the conversion, exercise or exchange of any Convertible Security issuable upon the exercise of any such Option shall be equal to the sum (which sum shall constitute the applicable consideration received for purposes of **Section 4(a)**) of the lowest amounts of consideration, if any, received or receivable by the Company as consideration with respect to any one share of Common Stock upon each of (A) the granting or sale of the Option, plus (B) the exercise of the Option, plus (C) in the case of an Option which relates to Convertible Securities, the issuance or sale of the Convertible Security and the conversion, exercise or exchange of the Convertible Security. Except as otherwise provided in **Section 4(d)(iii)**, no further adjustment of the applicable Exercise Price(s) shall be made upon the actual issuance of Common Stock or of Convertible Securities upon exercise of such Options or upon the actual issuance of Common Stock upon conversion, exercise or exchange of such Convertible Securities issuable upon the exercise of such Options.

(ii) **Issuance of Convertible Securities**. If the Company shall, at any time or from time to time after the Original Issue Date, in any manner grant or sell (whether directly or by assumption in a merger, consolidation or otherwise) any Convertible Securities, whether or not the right to convert, exercise or exchange any such Convertible Securities is immediately exercisable, and the lowest price per share (determined as provided in this paragraph and in **Section 4(d)(iv)**) for which one share of Common Stock is issuable upon the conversion, exercise or exchange of any such Convertible Securities is less than any Exercise Price in effect immediately prior to the time of the granting or sale of such Convertible Securities, then such share of Common Stock issuable upon conversion, exercise or exchange of such Convertible Security shall be deemed to have been issued as of the date of granting or sale of such Convertible Securities (and thereafter shall be deemed to be outstanding for purposes of adjusting the Exercise Price under **Section 4(a)**), at a price per share equal to such lowest price per share. For purposes of this **Section 4(d)(ii)**, the lowest price per share for which any one share of Common Stock is issuable upon the conversion, exercise or exchange of any such Convertible Security shall be equal to the sum (which sum shall constitute the applicable consideration received for purposes of **Section 4(a)**) of the lowest amounts of consideration, if any, received or receivable by the

Company as consideration with respect to any one share of Common Stock upon each of

(A) the granting or sale of the Convertible Security, plus (B) the conversion, exercise or exchange of the Convertible Security. Except as otherwise provided in **Section 4(d)(iii)**,

(x) no further adjustment of any Exercise Price(s) shall be made upon the actual issuance of Common Stock upon conversion, exercise or exchange of such Convertible Securities and (y) no further adjustment of the applicable Exercise Price(s) shall be made by reason of the issue or sale of Convertible Securities upon conversion, exercise or exchange of such Convertible Securities in accordance with the terms thereof, to the extent adjustments of the Exercise Price already have been made pursuant to the other provisions of this **Section 4(d)**.

(iii) **Change in Terms of Options or Convertible Securities** . Upon any change in any of (A) the lowest amounts of consideration, if any, received or receivable by the Company as consideration with respect to any one share of Common Stock upon the granting or sale of any Options or Convertible Securities referred to in **Section 4(d)(i)** or **Section 4(d)(ii)** hereof, (B) the lowest amounts of additional consideration, if any, payable to the Company with respect to any one share of Common Stock upon exercise of any Options or upon the issuance, conversion, exercise or exchange of any Convertible Securities referred to in **Section 4(d)(i)** or **Section 4(d)(ii)** hereof, (C) the rate at which Convertible Securities referred to in **Section 4(d)(i)** or **Section 4(d)(ii)** hereof are convertible into or exercisable or exchangeable for Common Stock, or (D) the maximum number of shares of Common Stock issuable in connection with any Options referred to in **Section 4(d)(i)** hereof or any Convertible Securities referred to in **Section 4(d)(ii)** hereof (in each case, other than in connection with an Excluded Issuance), then (whether or not the original issuance or sale or deemed issuance or sale of such Options or Convertible Securities resulted in an adjustment to the Exercise Price pursuant to this **Section 4**) each Exercise Price in effect at the time of such change shall be adjusted or readjusted, as applicable, to the Exercise Price which would have been in effect at such time pursuant to the provisions of this **Section 4** had such Options or Convertible Securities still outstanding provided for such changed consideration, conversion rate or maximum number of shares, as the case may be, at the time initially granted, issued or sold, but only if as a result of such adjustment or readjustment each applicable Exercise Price then in effect is reduced, and the number of Warrant Shares issuable upon the exercise of this Warrant immediately prior to any such adjustment or readjustment shall be correspondingly adjusted or readjusted pursuant to the provisions of **Section 4(b)**.

(iv) **Calculation of Consideration Received**. If the Company shall, at any time or from time to time after the Original Issue Date, issue or sell, or is deemed to have issued or sold in accordance with **Section 4(d)** any shares of Common Stock, Options or Convertible Securities: (A) for cash, the consideration received therefor shall be deemed to be the net amount received by the Company therefor; (B) for consideration other than cash, the amount of the consideration other than cash received by the Company shall be the fair value of such consideration, except where such consideration consists of marketable securities, in which case the amount of consideration received by the Company

shall be the market price (as reflected on any securities exchange, quotation system or association or similar pricing system covering such security) for such securities as of the end of business on the date of receipt of such securities; (C) for no specifically allocated consideration in connection with an issuance or sale of other securities of the Company, together comprising one integrated transaction, the amount of the consideration therefor shall be deemed to be the fair value of such portion of the aggregate consideration received by the Company in such transaction as is attributable to such shares of Common Stock, Options or Convertible Securities, as the case may be, issued or deemed issued in such transaction; or (D) to the owners of the non-surviving entity in connection with any merger in which the Company is the surviving corporation, the amount of consideration therefor shall be deemed to be the fair value of such portion of the net assets and business of the non-surviving entity as is attributable to such shares of Common Stock, Options or Convertible Securities, as the case may be, issued or deemed issued to such owners. The net amount of any cash consideration and the fair value of any consideration other than cash or marketable securities shall be determined in each case in good faith by the Board.

(v) **Record Date.** For purposes of any adjustment to the Exercise Price or the number of Warrant Shares in accordance with this **Section 4**, in case the Company shall take a record of the holders of its Common Stock or other applicable capital stock for the purpose of entitling them (A) to receive a dividend or other distribution payable in Common Stock or other applicable capital stock, Options or Convertible Securities or (B) to subscribe for or purchase Common Stock or other applicable capital stock, Options or Convertible Securities, then such record date shall be deemed to be the date of the issue or sale of the shares of Common Stock or other applicable capital stock deemed to have been issued or sold upon the declaration of such dividend or the making of such other distribution or the date of the granting of such right of subscription or purchase, as the case may be.

(vi) **Treasury Shares.** The number of shares of Common Stock or other applicable capital stock outstanding at any given time shall not include treasury or other shares owned or held by or for the account of the Company or any of its subsidiaries, and the disposition of any such shares (other than the cancellation or retirement thereof or the transfer of such shares among the Company and its wholly-owned subsidiaries) shall be deemed an issue or sale of Common Stock or other applicable capital stock for the purpose of this **Section 4**.

(vii) **Other Dividends and Distributions .** Subject to the provisions of this **Section 4(d)**, if the Company shall, at any time or from time to time after the Original Issue Date, make or declare, or fix a record date for the determination of holders of Common Stock or other applicable capital stock entitled to receive, a dividend or any other distribution payable in securities of the Company (other than a dividend or distribution of shares of Common Stock or other applicable capital stock, Options or Convertible Securities in respect of outstanding shares of Common Stock or other applicable capital stock), cash or other property, then, and in each such event, concurrently with the making or payment of any such dividend or distribution, the Holder shall receive the same kind

and amount of securities of the Company, cash or other property which the Holder would have been entitled to receive had the Warrant been exercised in full into Warrant Shares immediately prior to such event (or the record date for such event, whichever is more favorable to the Holder) and had the Holder held such Warrant Shares through the time such dividend or distribution of securities, cash or property was made to the holders of Common Stock or other applicable capital stock.

(e) **Adjustment to Exercise Price and Warrant Shares Upon Dividend, Subdivision or Combination of Common Stock** . If the Company shall, at any time or from time to time after the Original Issue Date, (i) pay a dividend or make any other distribution upon the Common Stock or any other capital stock of the Company payable in shares of Common Stock or other applicable capital stock or in Options or Convertible Securities, or (ii) subdivide (by any stock split, recapitalization or otherwise) its outstanding shares of Common Stock or other applicable capital stock or into a greater number of shares, the Exercise Price in effect immediately prior to any such dividend, distribution or subdivision shall be proportionately reduced and the number of Warrant Shares issuable upon exercise of this Warrant shall be proportionately increased. If the Company at any time combines (by combination, reverse stock split or otherwise) its outstanding shares of Common Stock or other applicable capital stock or into a smaller number of shares, the Exercise Price in effect immediately prior to such combination shall be proportionately increased and the number of Warrant Shares issuable upon exercise of this Warrant shall be proportionately decreased. Any adjustment under this **Section 4(e)** shall become effective at the close of business on the date the dividend, distribution, subdivision or combination is made or becomes effective, as applicable.

(f) **Adjustment to Exercise Price and Warrant Shares Upon Reorganization, Reclassification, Consolidation or Merger** . In the event of any (i) capital reorganization of the Company, (ii) reclassification of the stock of the Company (other than a change in par value or from par value to no par value or from no par value to par value or as a result of a stock dividend or subdivision, split-up or combination of shares), (iii) consolidation or merger of the Company with or into another Person, (iv) sale of all or substantially all of the Company's assets to another Person or (v) other similar transaction (other than any such transaction covered by **Section 4(e)**), in each case which entitles the holders of Common Stock or other applicable capital stock to receive (either directly or upon subsequent liquidation) stock, securities or assets with respect to or in exchange for Common Stock or other applicable capital stock, each Warrant shall, immediately after such reorganization, reclassification, consolidation, merger, sale or similar transaction, remain outstanding and shall thereafter, in lieu of or in addition to (as the case may be) the number of Warrant Shares then exercisable under this Warrant, be exercisable for the kind and number of shares of stock or other securities or assets of the Company or of the successor Person resulting from such transaction to which the Holder would have been entitled upon such reorganization, reclassification, consolidation, merger, sale or similar transaction if the Holder had exercised this Warrant in full immediately prior to the effective time of such reorganization, reclassification, consolidation, merger, sale or similar transaction (or any applicable record date with respect thereto, whichever is more favorable to the Holder) and acquired the applicable number of Warrant Shares then issuable hereunder as a result of such exercise (without taking into

account any limitations or restrictions on the exercisability of this Warrant); and, in such case, appropriate adjustment (in form and substance satisfactory to the Holder) shall be made with respect to the Holder's rights under this Warrant to insure that the provisions of this **Section 4** hereof shall thereafter be applicable, as nearly as possible, to this Warrant in relation to any shares of stock, securities or assets thereafter acquirable upon exercise of this Warrant (including, in the case of any consolidation, merger, sale or similar transaction in which the successor or purchasing Person is other than the Company, an immediate adjustment in the Exercise Price to the value per share for the Common Stock or other applicable capital stock reflected by the terms of such consolidation, merger, sale or similar transaction, and a corresponding immediate adjustment to the number of Warrant Shares acquirable upon exercise of this Warrant without regard to any limitations or restrictions on exercise, if the value so reflected is less than the Exercise Price(s) in effect immediately prior to such consolidation, merger, sale or similar transaction). The provisions of this **Section 4(f)** shall similarly apply to successive reorganizations, reclassifications, consolidations, mergers, sales or similar transactions. The Company shall not effect any such reorganization, reclassification, consolidation, merger, sale or similar transaction unless, prior to the consummation thereof, the successor Person (if other than the Company) resulting from such reorganization, reclassification, consolidation, merger, sale or similar transaction, shall assume, by written instrument substantially similar in form and substance to this Warrant and satisfactory to the Holder, the obligation to deliver to the Holder such shares of stock, securities or assets which, in accordance with the foregoing provisions, such Holder shall be entitled to receive upon exercise of this Warrant. Notwithstanding anything to the contrary contained herein, (I) with respect to any corporate event or other transaction contemplated by the provisions of this **Section 4(f)**, the Holder shall have the right and shall be provided reasonable prior written notice from the Company and a reasonable opportunity to elect prior to the consummation of such event or transaction (or the record date applicable thereto, whichever is more favorable to the Holder), to give effect to the exercise rights contained in **Section 2** instead of giving effect to the provisions contained in this **Section 4(f)** with respect to this Warrant; and (II) if such transaction consists of a merger pursuant to which the Company's outstanding shares will be converted into the right to exclusively receive cash or other consideration with a value per share less than an applicable Exercise Price then in effect, upon the closing of such transaction, the unexercised portion of the Warrants covering those Warrant Shares with an Exercise Price less than the value of such per share merger consideration shall be cancelled and of no further force or effect.

(g) **Certain Events.** If any event of the type contemplated by the provisions of this **Section 4** but not expressly provided for by such provisions (including, without limitation, the granting of stock appreciation rights, phantom stock rights or other rights with equity features) occurs, then the Board shall in good faith make an appropriate and equitable adjustment in the Exercise Price and the number of Warrant Shares issuable upon exercise of this Warrant so as to protect the rights of the Holder in a manner consistent with the purpose and intent of the provisions of this **Section 4**; provided, that no such adjustment pursuant to this **Section 4(g)** shall increase the Exercise Price or decrease the number of Warrant Shares issuable as otherwise determined pursuant to this **Section 4**.

(h) **Certificate as to Adjustment.**

(i) As promptly as reasonably practicable following any adjustment of the Exercise Price, but in any event not later than two (2) Business Days thereafter, the Company shall furnish to the Holder a certificate of an executive officer of the Company setting forth in reasonable detail such adjustment and the facts upon which it is based and certifying the calculation thereof.

(ii) As promptly as reasonably practicable following the receipt by the Company of a written request by the Holder, but in any event not later than two (2) Business Days thereafter, the Company shall furnish to the Holder a certificate of an executive officer certifying the Exercise Price then in effect and the number of Warrant Shares or the amount, if any, of other shares of stock, securities or assets then issuable upon exercise of the Warrant.

(i) **Notices.** In the event:

(i) that the Company shall propose to take a record of the holders of its Common Stock (or other capital stock or securities at the time issuable upon exercise of the Warrant) for the purpose of entitling or enabling them to receive any dividend or other distribution, to vote at a meeting (or by written consent), to receive any right to subscribe for or purchase any shares of capital stock of any class or any other securities, to receive any other security, or to otherwise exercise any material right as a stockholder; or

(ii) of any capital reorganization of the Company, any reclassification of the Common Stock of the Company, any consolidation or merger of the Company with or into another Person, or sale of all or substantially all of the Company's assets to another Person; or

(iii) of the voluntary or involuntary dissolution, liquidation or winding-up of the Company;

then, and in each such case, the Company shall send or cause to be sent to the Holder at least fifteen (15) days prior to the applicable record date or the applicable expected effective date, as the case may be and whichever is more favorable to the Holder, for the event, a written notice specifying, as the case may be, (A) the record date for such dividend, distribution, meeting or consent or other right or action, and a description of such dividend, distribution or other right or action to be taken at such meeting or by written consent, or (B) the effective date on which such reorganization, reclassification, consolidation, merger, sale, dissolution, liquidation or winding-up is proposed to take place, and the date, if any is to be fixed, as of which the books of the Company shall close or a record shall be taken with respect to which the holders of record of Common Stock (or such other capital stock or securities at the time issuable upon exercise of the Warrant) shall be entitled to exchange their shares of Common Stock (or such other capital stock or securities) for securities or other property deliverable upon such reorganization, reclassification, consolidation, merger, sale,

dissolution, liquidation or winding-up, and the amount per share and character of such exchange applicable to the Warrant and the Warrant Shares.

5. Purchase Rights: Anti-Dilutive Issuances. In addition to any adjustments pursuant to **Section 4** above:

(a) If at any time while this Warrant is outstanding the Company proposes to grant, issue or sell any shares of Common Stock, Options, Convertible Securities or rights to purchase stock, warrants, securities or other property pro rata to the record holders or beneficial owners of Common Stock or other applicable capital stock of the Company (the "**Purchase Rights**"), then the Holder shall be entitled to acquire and exercise, upon the terms applicable to such Purchase Rights, the aggregate Purchase Rights which the Holder would have acquired if the Holder had held the number of Warrant Shares acquirable upon complete exercise of this Warrant immediately before the date on which a record is taken for the grant, issuance, sale or exercise of such Purchase Rights, or, if no such record is taken, the date as of which the record holders of Common Stock or other applicable capital stock of the Company are to be determined for the grant, issue, sale or exercise of such Purchase Rights. Notwithstanding anything to the contrary herein, the Holder shall not be entitled to the Purchase Rights granted herein with respect to any Excluded Issuance.

(b) If at any time between the date this Warrant is exercised in whole or in part and the seven (7) year anniversary of the Original Issue Date, any Convertible Securities or Options are converted, exercised or exchanged or any Purchase Rights are issued or exercised as a result of which the percentage of the Common Stock Deemed Outstanding held by Holder is or would be reduced, the Company shall provide prompt written notice to the Holder and shall issue to Holder without any consideration and without reducing the number of Warrant Shares issuable pursuant to this Warrant (to the extent any portion hereof then remains unexercised) that number of shares of Common Stock or other applicable capital stock of the Company as is necessary for the Holder to maintain or be restored to holding the same percentage of the Common Stock Deemed Outstanding that was held by Holder prior to such conversion, exercise or exchange of Convertible Securities, Options or Purchase Rights, as applicable.

6. Warrant Share Put Rights. Holder shall have the right by delivering written notice to the Company (a "**Put Notice**") at any time and from time to time within six months after the issuance of any specific Warrant Shares under this Warrant to elect to require the Company to purchase some or all of such Warrant Shares then held by the Holder in exchange for cash or, at the election of the Company, Put Notes (such right, the "**Warrant Share Put Right**"). The Put Notice shall specify the number of Warrant Shares which the Holder is electing to require the Company to purchase and the original principal amount of Put Notes to be delivered as consideration therefor. The Put Notes issued by the Company to purchase the Warrant Shares upon exercise of the Warrant Shares Put Right shall be issued against the surrender to the Company of the Warrant Shares as to which the Put Notes are issuable and have an aggregate principal amount equal to the number of Warrant Shares to be purchased pursuant to the Put Notice multiplied by (a) in the case of Warrant Shares issued upon a forced conversion pursuant to **Section 3(i)**, the greater of (i) the average of the Weighted Average Prices of the Common Stock during the forty-five (45) consecutive trading days taken into account in determining the satisfaction of the Conditions to Forced Exercise and

(ii) the average of the Weighted Average Prices of the Common Stock during the forty-five (45) consecutive trading days preceding the date of delivery of the applicable Put Notice and (b) in the case of Warrant Shares issued upon the election of the Holder to exercise this Warrant pursuant to **Section 3(a)**, (ii) the average of the Weighted Average Prices of the Common Stock during the 10 consecutive trading days preceding the date of delivery of the applicable Put Notice.

7. Transfer of Warrant. This Warrant and all rights hereunder are transferable, in whole or in part, by the Holder without charge to the Holder, upon surrender of this Warrant to the Company at its then principal executive offices with a properly completed and duly executed Assignment in the form attached hereto as **Exhibit C**, together with funds sufficient to pay any transfer taxes described in **Section 3(f)(v)** in connection with the making of such transfer. Upon such compliance, surrender and delivery and, if required, such payment, the Company shall execute and deliver a new Warrant or Warrants in the name of the assignee or assignees and in the denominations specified in such instrument of assignment, and shall issue to the assignor a new Warrant evidencing the portion of this Warrant, if any, not so assigned and this Warrant shall promptly be cancelled.

8. Holder Not Deemed a Stockholder; Limitations on Liability. Except as otherwise specifically provided herein (including **Section 4(d)(vii)**), prior to the issuance to the Holder of any of the Warrant Shares which the Holder is entitled to receive upon the due exercise of this Warrant, the Holder shall not be entitled to vote or receive dividends or be deemed the holder of any Warrant Shares issuable upon exercise of this Warrant for any purpose, nor shall anything contained in this Warrant be construed in and of itself to confer upon the Holder by virtue of holding this Warrant any of the rights of a stockholder of the Company or any right to vote, give or withhold consent to any corporate action (whether any reorganization, issue of stock, reclassification of stock, consolidation, merger, conveyance or otherwise), receive notice of meetings, receive dividends or subscription rights, or otherwise. In addition, nothing contained in this Warrant shall be construed in and of itself as imposing any liabilities on the Holder to purchase any securities (upon exercise of this Warrant or otherwise) or as a stockholder of the Company, whether such liabilities are asserted by the Company or by creditors of the Company. Notwithstanding this **Section 8**, the Company shall provide the Holder with copies of the same notices and other information given to the stockholders of the Company generally, contemporaneously with the giving thereof to the stockholders.

9. Replacement on Loss: Division and Combination.

(a) **Replacement of Warrant on Loss**. Upon receipt of evidence reasonably satisfactory to the Company of the loss, theft, destruction or mutilation of this Warrant and upon delivery of an indemnity reasonably satisfactory to it (it being understood that a written indemnification agreement or affidavit of loss of the Holder shall be a sufficient indemnity and in no event shall the Holder be required to post a bond or other security in connection with any loss, theft, destruction or mutilation or the other matters described in this **Section 9**) and, in case of mutilation, upon surrender of such Warrant for cancellation to the Company, the Company at its own expense shall execute and deliver to the Holder, in lieu hereof, a new Warrant of like tenor and exercisable for an equivalent number of Warrant Shares as the Warrant so lost, stolen,

mutilated or destroyed; provided, that, in the case of mutilation, no indemnity shall be required if this Warrant in identifiable form is surrendered to the Company for cancellation.

(b) **Division and Combination of Warrant.** This Warrant may be divided or, following any such division of this Warrant, subsequently combined with other Warrants, upon the surrender of this Warrant or Warrants to the Company at its then principal executive offices, together with a written notice specifying the names and denominations in which new Warrants are to be issued, signed by the respective Holders or their agents or attorneys. The Company shall at its own expense execute and deliver a new Warrant or Warrants in exchange for the Warrant or Warrants so surrendered in accordance with such notice. Such new Warrant or Warrants shall be of like tenor to the surrendered Warrant or Warrants and shall be exercisable in the aggregate for an equivalent number of Warrant Shares as the Warrant or Warrants so surrendered in accordance with such notice.

10. **No Impairment.** The Company shall not, by amendment of its Certificate of Incorporation or Bylaws, or through any reorganization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities, or any other voluntary action or omission, avoid or seek to avoid the observance or performance of any of the terms to be observed or performed by it hereunder, but shall at all times in good faith assist in the carrying out of all the provisions of this Warrant and in the taking of all such action as may reasonably be requested by the Holder in order to protect the exercise rights of the Holder against dilution or other impairment, consistent with the tenor, purpose and intent of this Warrant.

11. **Compliance with the Securities Act: Legend.** The Holder, by acceptance of this Warrant, agrees to comply in all respects with the provisions of this **Section 11** and the restrictive legend requirements set forth on the face of this Warrant and further agrees that such Holder shall not offer, sell or otherwise dispose of this Warrant or any Warrant Shares to be issued upon exercise hereof except under circumstances that will not result in a violation of the Securities Act of 1933, as amended (the "**Securities Act**"). This Warrant and all Warrant Shares issued upon exercise of this Warrant (unless registered under the Securities Act or unless an exception from registration shall be available to the Holder at the time of issuance of the Warrant Shares) shall be stamped or imprinted with a legend in substantially the following form:

"THIS WARRANT AND THE SECURITIES ISSUABLE UPON EXERCISE OF THIS WARRANT HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR QUALIFIED UNDER ANY STATE OR FOREIGN SECURITIES LAWS AND MAY NOT BE OFFERED FOR SALE, SOLD, PLEDGED, HYPOTHECATED OR OTHERWISE TRANSFERRED OR ASSIGNED UNLESS (I) A REGISTRATION STATEMENT COVERING SUCH SHARES IS EFFECTIVE UNDER THE ACT AND IS QUALIFIED UNDER APPLICABLE STATE AND FOREIGN LAW OR (II) THE TRANSACTION IS EXEMPT FROM THE REGISTRATION AND PROSPECTUS DELIVERY REQUIREMENTS UNDER THE ACT AND THE QUALIFICATION REQUIREMENTS UNDER APPLICABLE STATE AND FOREIGN LAW."

12. Warrant Register. The Company shall keep and properly maintain at its principal executive offices books for the registration of the Warrant and any transfers thereof. The Company may deem and treat the Person in whose name the Warrant is registered on such register as the Holder thereof for all purposes, and the Company shall not be affected by any notice to the contrary, except any assignment, division, combination or other transfer of the Warrant effected in accordance with the provisions of this Warrant.

13. Notices. All notices, requests, consents, claims, demands, waivers and other communications hereunder shall be in writing and shall be deemed to have been given: (a) when delivered by hand; (b) when received by the addressee if sent by a nationally recognized overnight courier (receipt requested); (c) on the date sent by e-mail (with confirmation of transmission or receipt) if sent during normal business hours of the recipient, and on the next Business Day if sent after normal business hours of the recipient; or (d) on the fifth day after the date mailed, by certified or registered mail, return receipt requested, postage prepaid. Such communications must be sent to the respective parties at the addresses indicated below (or at such other address for a party as shall be specified in a notice given in accordance with this **Section 13**).

If to the
Company:

Noble Romans, Inc.

6612 E. 75th Street Suite 450
Indianapolis, Indiana 46250
E-mail: pmobley@nobleromans.com Attention: Paul Mobley

If to the Holder: Corbel Capital Partners SBIC, L.P. 11777 San Vicente Blvd., Suite 777 Los Angeles, California 90049
E-mail: michael@corbelsep.com Attention: Michael H. Jones

14. Cumulative Remedies. Except to the extent expressly provided in **Section 8** to the contrary, the rights and remedies provided in this Warrant are cumulative and are not exclusive of, and are in addition to and not in substitution for, any other rights or remedies available at law, in equity or otherwise.

15. Equitable Relief. Each of the Company and the Holder acknowledges that a breach or threatened breach by such party of any of its obligations under this Warrant would give rise to irreparable harm to the other party hereto for which monetary damages would not be an adequate remedy and hereby agrees that in the event of a breach or a threatened breach by such party of any such obligations, the other party hereto shall, in addition to any and all other rights and remedies that may be available to it in respect of such breach, be entitled to equitable relief, including a restraining order, an injunction, specific performance and any other relief that may be available from a court of competent jurisdiction, without any requirement to post a bond or other security or any requirement to prove the inadequacy or unavailability of monetary damages.

16. Entire Agreement. This Warrant (together with the Purchase Agreement and the other Note Documents, including any Put Notes issued pursuant to **Section 6**, as applicable) constitutes the sole and entire agreement of the parties to this Warrant with respect to the collective subject matter contained herein and therein, and supersedes all prior and contemporaneous understandings and agreements, both written and oral, with respect to such subject matter.

17. Successor and Assigns. This Warrant and the rights evidenced hereby shall be binding upon and shall inure to the benefit of the parties hereto and the successors of the Company and the successors and permitted assigns of the Holder. Such successors and/or permitted assigns of the Holder shall be deemed to be a Holder for all purposes hereunder.

18. No Third-Party Beneficiaries. This Warrant is for the sole benefit of the Company and the Holder and their respective successors and, in the case of the Holder, permitted assigns and nothing herein, express or implied, is intended to or shall confer upon any other Person any legal or equitable right, benefit or remedy of any nature whatsoever, under or by reason of this Warrant.

19. Headings. The headings in this Warrant are for convenience of reference only and shall not affect the interpretation of this Warrant.

20. Amendment and Modification; Waiver. Except as otherwise provided herein, this Warrant may only be amended, modified or supplemented by an agreement in writing signed by each party hereto. No waiver by the Company or the Holder of any of the provisions hereof shall be effective unless explicitly set forth in writing and signed by the party so waiving. No waiver by any party shall operate or be construed as a waiver in respect of any failure, breach or default not expressly identified by such written waiver, whether of a similar or different character, and whether occurring before or after that waiver. No failure to exercise, or delay in exercising, any rights, remedy, power or privilege arising from this Warrant shall operate or be construed as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege.

21. Severability. If any term or provision of this Warrant is invalid, illegal or unenforceable in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other term or provision of this Warrant or invalidate or render unenforceable such term or provision in any other jurisdiction.

22. Governing Law. This Warrant shall be governed by and construed in accordance with the internal 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 laws of any jurisdiction other than those of the State of Indiana.

23. Waiver of Jury Trial. Each party acknowledges and agrees that any controversy which may arise under this Warrant is likely to involve complicated and difficult issues and, therefore, each such party irrevocably and unconditionally waives any right it may have to a trial by jury in

respect of any legal action arising out of or relating to this Warrant or the transactions contemplated hereby.

24. Counterparts. This Warrant may be executed in counterparts, each of which shall be deemed an original, but all of which together shall be deemed to be one and the same agreement. A signed copy of this Warrant delivered by facsimile, e-mail or other means of electronic transmission shall be deemed to have the same legal effect as delivery of an original signed copy of this Warrant.

25. No Strict Construction. This Warrant shall be construed without regard to any presumption or rule requiring construction or interpretation against the party drafting an instrument or causing any instrument to be drafted.

26. Survival. The provisions of this Warrant shall survive the expiration of the Exercise Period for so long as the Company or the Holder have any executory rights or obligations hereunder, including, without limitation, pursuant to **Sections 5** and **6** hereof.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Company has duly executed this Warrant on the Original Issue Date.

NOBLE ROMANS, INC.

By: Name: Paul Mobley
Title: Chairman and Chief Financial Officer

Accepted and agreed:

CORBEL CAPITAL PARTNERS SBIC, L.P.

By: Corbel Capital Advisors SBIC, LLC, its General Partner

By: Name: Jeffrey B. Schwartz
Title: Managing Member

By: Name: Jeffrey S. Serota
Title: Managing Member

By: Name: Michael H. Jones
Title: Managing Member

[Signature Page to Warrant]

EXHIBIT A

EXERCISE AGREEMENT

To: Noble Romans, Inc.
6612 E. 75th Street Suite 450
Indianapolis, Indiana 46250

1. Capitalized terms used but not otherwise defined herein have the meanings ascribed thereto in the Warrant. The undersigned, pursuant to the provisions of the Warrant, hereby elects to exercise the Warrant with respect to [NUMBER] [Tranche 1 Shares] [Tranche 2 Shares] [Tranche 3 Shares] (as defined in the Warrant).

2. The undersigned herewith tenders payment for such shares, together with any applicable transfer taxes, in the following manner (please check the applicable type or types of payment and indicate the portion of the Exercise Price to be paid by each type of payment):

Exercise pursuant to Section 3(b)(i) of the Warrant

Exercise pursuant to Section 3(b)(ii)(A) of the Warrant

Exercise pursuant to Section 3(b)(ii)(B) of the Warrant

Exercise pursuant to Section 3(b)(ii)(C) of the Warrant

3. Please issue a certificate or certificates representing the Warrant Shares issuable in respect hereof under the terms of the attached Warrant Agreement, as follows:

(Name of Record Holder/Transferee)

and deliver such certificate or certificates to the following address:

(Address of Record Holder/Transferee)

(Signature)

EXHIBIT B

[Form of Forced Exercise Notice]

Date:

TO: [Insert Name and Address of Holder] RE: Forced Exercise of Warrant

The undersigned, pursuant to the provisions set forth in the attached Warrant, hereby delivers notice of a forced exercise of the Warrant for [NUMBER] Warrant Shares. The undersigned represents and warrants to the Holder that the Conditions to Forced Exercise (as defined in the Warrant) applicable to the Warrant Shares subject to this Forced Exercise Notice have been satisfied and remain satisfied as of the date of delivery of this Forced Exercise Notice to Holder.

NOBLE ROMANS, INC.

By:

Name: Title:

EXHIBIT C

ASSIGNMENT

(To be executed upon assignment of Warrant)

For value _____ received, _____ hereby assigns and transfers unto _____ sells, _____ the attached Warrant, together with all rights, title and interest therein, and does hereby irrevocably constitute and appoint attorney to transfer said Warrant on the books of the Company with full power of substitution in the premises.

[Name of Transferor]

By: _____ Name: _____ Title: _____

EXHIBIT C

To

Senior Secured Promissory Note and Warrant Purchase Agreement Form of Board Observer Agreement

BOARD OBSERVER AGREEMENT

This Board Observer Agreement (this "**Agreement**") is made effective as of February 7, 2020 (the "**Effective Date**"), by and between Noble Roman's, Inc., an Indiana corporation (the "**Company**"), and Corbel Capital Partners SBIC, L.P., a Delaware limited partnership (collectively, and together with any successors and any permitted assigns of the Warrant, "**Holder**").

Background

A. Pursuant to and subject to the terms and conditions of that certain Senior Secured Promissory Note and Warrant Purchase Agreement (the "**Purchase Agreement**") and the related Warrants to Purchase Shares of Common Stock dated February 7, 2020, issued by the Company in favor of Holder (each, as amended, modified, supplemented, and including any Warrant issued in exchange therefor, the "**Warrant**" and collectively, the "**Warrants**"), Holder is entitled to subscribe for and purchase, upon the terms and subject to the limitations on exercise and other conditions set forth in the respective Warrants, an aggregate of 2,250,000 shares of common stock of the Company, no par value per share (the "**Common Stock**").

B. The Company and Holder desire to memorialize Holder's right to designate at Holder's option one person to serve as an Observer (as defined below) and to delineate such Observer rights regarding the board of directors or equivalent governing body of the Company (including any applicable committees thereof, the "**Board**"), as further described and subject to the terms and conditions set forth herein.

For good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. **Observer Rights.** The Company hereby grants to Holder the option and right to appoint up to two representatives (each an "**Observer**"), which Observer shall have the right to attend all meetings (including telephonic or videoconference meetings and meetings held in executive session) of the Board and all applicable committees thereof in a non-voting, observer capacity; provided, however, that if requested by the Company any such Observer shall have executed and delivered to the Company in its capacity as an Observer a copy of the Acknowledgement and Agreement to be Bound in the form attached hereto as **Exhibit A** (the "**Acknowledgement**"). Except as set forth in **Section 2**, each Observer may observe and participate fully in discussions at all meetings of the Board and any committee thereof, but in no event shall any such Observer in its capacity as such: (a) be deemed to be a member of the Board or any committee thereof; (b) have or be deemed to have, or otherwise be subject to, any duties (fiduciary or otherwise) to the Company or its shareholders, as applicable; or (c) have the right to vote on or propose any motions or resolutions for a vote or approval by the Board. The Company shall allow each Observer to attend all meetings of the Board and each applicable committee thereof in person (if an in-person meeting) or by telephone or other electronic means of communication by which such meeting is held and pursuant to which all participants in the meetings can hear and be heard by each other. Without limiting the notice and information rights and obligations in **Section 2** below, the presence of an Observer shall not be required for purposes of establishing a quorum at any meeting of the Board or any committee thereof. Each Observer shall serve at the pleasure of Holder and may only be removed or replaced by Holder during the period during which this Agreement is in effect. The Holder has separately designated to the Company its initial two Observers, which the Company confirms are acceptable to the Company. The Company shall have the right to consent to the Holder's designation of any successor Observer hereunder, such consent not to unreasonably withheld, conditioned or delayed.

2. **Notice and Information Rights.**

2.1 The Company shall provide to each Observer copies of all notices, minutes, consents and other materials that the Company provides to its Board or committee members, including any draft versions, proposed written consents and exhibits and annexes to any such materials (collectively, "**Board Materials**"), at the same time and in the same manner as such information is delivered to the other Board or committee members. Notwithstanding the immediately preceding sentence or anything else to the contrary contained herein, the Company may withhold certain Board Materials from any Observer or exclude any Observer from certain meetings of the Board or applicable committee if the Board or applicable committee thereof determines, in good faith and based upon advice of legal counsel experienced in such matters, that such action is necessary to preserve attorney-client privilege with respect to a specific legal advice or attorney work product materials; provided, however, that any such exclusion right may only be invoked with respect to such portion of such materials or meetings that would upon advice of counsel experienced in such matters be required to preserve such attorney-client privilege.

3. **Confidential Information.**

3.1 To the extent any information obtained by an Observer from the Company (or any director, officer, manager, employee or agent thereof) is Confidential Information (defined below), Holder shall, and shall request each applicable Observer to, treat any such Confidential Information as confidential in accordance with the terms and conditions set out in this **Section 3**.

3.2 As used in this Agreement, "**Confidential Information**" means any and all information or data concerning the Company, whether in verbal, visual, written, electronic or other form, that is disclosed to the applicable Observer by the Company or any director, officer, manager, employee or agent of the Company (including all Board Materials that are non-public information), together with all information discerned from, based on or relating to any of the foregoing that may be prepared or created by any such Observer or Holder provided, however, that "Confidential Information" shall not include information that: (a) is or becomes generally available to the public (other than as a result of disclosure of such information by Holder or an Observer) in violation of a contractual, legal or fiduciary obligation owed to the applicable Company to which such information relates; (b) is independently developed by Holder or an Observer without use of Confidential Information provided by the Company or any director, officer, manager, employee or agent of the Company; (c) becomes available to Holder at any time on a non-confidential basis from a third party that is not, to Holder's knowledge, prohibited from disclosing such information to Holder or an Observer by any contractual, legal or fiduciary obligation to the Company; or (d) was known by Holder or an Observer prior to its, his or her receipt thereof from the Company or any agent or representative of any Company.

3.3 Holder shall, and shall request each Observer to: (a) retain all Confidential Information in strict confidence; (b) not release or disclose Confidential Information in any manner to any other person or entity (other than disclosures to Holder, its affiliates or to any of its or their respective agents or representatives who have a need to know such information and are informed of its confidential nature); and (c) use the Confidential Information solely in connection with: (i) Holder's and any Observer's rights hereunder; or (ii) monitoring, reviewing and analyzing Holder's investment or rights in or with respect to the Company and not for any other purpose; provided, however, that the foregoing shall not apply to any disclosure by any Observer that otherwise is consistent with such Observer's fiduciary duties or otherwise reasonably necessary for such Observer to perform his or her duties and obligations in his or her capacity as such, or any disclosure to the extent that Holder, its affiliates, any of its agents or representatives or any Observer is, pursuant to the advice of its counsel experienced in

such matters, compelled to disclose Confidential Information by judicial or administrative process or by requirements of law.

3.4 The Holder is aware, and will advise its representatives (including each Observer) who are informed of the matters that are the subject of this Agreement, of the restrictions imposed by United States securities laws on the purchase or sale of securities by any person who has received material, non-public information from the issues of such securities and on the communication of such information to any other person where it is reasonably foreseeable that such other person is likely to purchase or sell such securities in reliance on such information.

3.5 In the event of the breach or a threatened breach by Holder of any of the provisions of Section 3, the Company would suffer irreparable harm, and in addition and supplementary to other rights and remedies existing in its favor, the Company shall be entitled to specific performance and/or injunctive or other equitable relief from a court of competent jurisdiction in order to enforce or prevent any violations of the provisions hereof (without posting a bond or other security).

4. **Termination.** This Agreement shall terminate and be of no further force and effect (other than provisions which are expressly designated as surviving termination) upon the latest to occur of (a) the expiration of the Exercise Period (as defined in the Warrants, and subject to any applicable extensions thereof under the terms of the Warrant or as agreed by the Company and Holder), under the respective Warrants (b) the date on which all payment and other obligations under any Put Notes (as defined in the Warrants) issued to Holder as a result of its exercise of the Put Right have been satisfied in full and such Put Notes no longer are outstanding, (c) the date on which there are no Obligations (as defined in the Purchase Agreement) outstanding under the Purchase Agreement, and (d) the date on which Holder and its affiliates or transferees no longer beneficially own at least 100,000 shares of Common Stock or other equity securities of the Company (also counting for this purpose any shares subject to Warrants exercisable for shares of Common Stock or other equity securities of the Company) of the Company; provided, that no such termination shall affect the rights or obligations provided in **Section 5** or affect any other provision that is intended to survive such termination as provided herein.

5. **Indemnification.** Each Observer shall be entitled to rights to indemnification and contribution from the Company to the same extent provided by the Company to its directors or officers under the applicable governing documents (and with respect to directors or officers of the Company, any insurance policies) of the Company as in effect on the Effective Date or from time to time thereafter. The Company acknowledges and agrees that the foregoing rights to indemnification, contribution and insurance coverage

(a) constitute third-party rights extended to each Observer by the Company and shall be enforceable by and for the benefit of such Observer in accordance with their terms and this **Section 5**, notwithstanding that an Observer is not a signatory hereto and (b) are intended to be primary rights of and protections for Observer, notwithstanding that any each Observer may be entitled to claim or assert other rights to or benefits from other insurance policies, indemnification, or contribution, and no Observer shall be required to assert his or her rights with respect to any other available insurance, exculpation contribution, or exhaust any other rights or remedies, prior or as a condition to invoking such Observer's rights pursuant to this **Section 5**. This provision shall survive any termination of this Agreement.

6. **Amendment and Waivers.** Any provision of this Agreement may be amended, waived or modified upon the written approval of the Company and Holder.

7. **Benefit of Parties; Assignability.** All of the terms and conditions of this Agreement shall be binding upon and enforceable against any entity succeeding the Company by merger or consolidation or acquisition or reorganization or otherwise, and all of the Company' covenants and agreements shall inure

to the benefit of Holder, each Observer, and each of their respective successors and permitted assigns. No party may assign or transfer its rights or obligations under this Agreement, except in compliance with the terms hereof; provided, that the foregoing shall not affect Holder's rights to transfer any Warrant or any rights with respect thereto in whole or in part in accordance with the terms of such Warrant.

8. **Survival**. The provisions contained in this Agreement shall survive the termination hereof to the extent expressly provided herein or necessary to enforce the rights set forth therein.

9. **Captions**. The captions of the Sections of this Agreement are solely for convenient reference and shall not be deemed to affect the meaning or interpretation of any provision of this Agreement.

10. **Governing Law**. The validity and effect of this Agreement shall be governed by and construed and enforced in accordance with the Laws of the State of Delaware, without regard to its conflicts of laws rules.

11. **WAIVER OF JURY TRIAL**. THE COMPANY AND HOLDER HEREBY WAIVE (TO THE EXTENT PERMITTED BY APPLICABLE LAW) ANY RIGHTS TO A TRIAL BY JURY IN ANY LITIGATION IN ANY COURT WITH RESPECT TO, IN CONNECTION WITH, OR ARISING OUT OF THIS AGREEMENT, OR THE VALIDITY, PROTECTION, INTERPRETATION, COLLECTION OR ENFORCEMENT THEREOF. THE COMPANY AND HOLDER EACH AGREE THAT THIS SECTION IS A SPECIFIC AND MATERIAL ASPECT OF THIS AGREEMENT AND ACKNOWLEDGE THAT COMPANY AND HOLDER WOULD NOT ENTER INTO THIS AGREEMENT IF THIS SECTION WERE NOT PART OF THIS AGREEMENT.

12. **Notices**. Any notice, request, other communication, or payment required or permitted hereunder shall be in writing and shall be deemed to have been duly given upon delivery, if delivered personally, by facsimile, or by recognized overnight courier service, or five (5) days after deposit, if deposited in the United States mail for mailing by registered or certified mail, postage prepaid, and addressed to the Company at the address provided to Holder by Company or Holder at the address provided to the Company by Holder (as the case may be).

13. **Remedies**. The rights and remedies provided by this Agreement shall be cumulative, and shall be in addition to and not exclusive of other rights and remedies available at law or in equity. The exercise or waiver by Holder or Company of any right or remedy available under this Agreement shall not be deemed to be a waiver of any other right or remedy available under this Agreement, at law or in equity.

14. **Construction**. Where specific language is used to clarify by example a general statement contained herein (such as by using the word "including"), such specific language will not modify, limit or restrict in any manner the construction of the general statement to which it relates. Whenever required by the context, any pronoun used in this Agreement will include the corresponding masculine, feminine or neuter forms. The words "include" and "including," and other words of similar import when used herein, will not be terms of limitation but rather will be read as being followed in each case by the words "without limitation." The words "herein," "hereto" and "hereby," and other words of similar import in this Agreement, will in each case refer to this Agreement as a whole and not to any particular Section or other subdivision of this Agreement. Unless otherwise expressly stated, the term "party" means a party hereto and "parties" means, collectively, all parties hereto. The term "person" means any natural person or legal entity or organization. The defined terms contained in this Agreement are applicable to the singular as well as the plural forms of such terms. All references herein to sections and exhibits will be construed to refer to sections of, and exhibits to, this Agreement. The term "or" is inclusive unless otherwise indicated by context. If at any time there shall be more than one holder of the Warrants, the rights of the Holder shall

be exercised by such holders whose Warrants represent a majority of the shares of Common Stock then issuable under all unexercised Warrants.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties have has caused this Agreement to be duly executed as of the Effective Date.

COMPANY:

NOBLE ROMAN'S, INC.

By: _____ Name: Paul Mobley
Title: Chairman and Chief Financial Officer

HOLDER:

CORBEL CAPITAL PARTNERS SBIC, L.P.,

By: Corbel Capital Advisors SBIC, LLC, its General Partner

By: Jeffrey B. Schwartz, its Managing Member

By: Jeffrey S. Serota, its Managing Member

By: Michael H. Jones, its Managing Member

[Signature Page to Board Observer Agreement]

EXHIBIT A ACKNOWLEDGEMENT AND AGREEMENT TO BE BOUND

This Acknowledgement and Agreement to be Bound (“**Acknowledgement**”) is made effective as of February 7, 2020 (the “**Effective Date**”) and given by the undersigned as a representative designated by Corbel Capital Partners SBIC, L.P., a Delaware limited partnership, (together with its successors and permitted assigns, the “**Holder**”), to act as an Observer pursuant to that certain Board Observer Agreement (the “**Agreement**”) by and between Noble Roman’s, Inc., an Indiana corporation (the “**Company**”) and Holder, dated as of February 7, 2020. Capitalized terms used but not defined herein have the meanings ascribed thereto in the Agreement.

1. By execution of this Acknowledgement, the undersigned acknowledges and agrees:

(a) That the undersigned has received and reviewed a copy of the Agreement and that the undersigned’s execution of this Acknowledgement is a condition precedent to the undersigned’s appointment as an Observer under the Agreement.

(b) To treat any Confidential Information obtained by the undersigned from the Company (or any Representative thereof) in accordance with Section 3 of the Agreement.

(c) That either Holder or the undersigned may terminate the undersigned’s service as an Observer at any time, with or without cause.

2. Upon the written request of the Company or Holder, the undersigned will promptly execute and deliver any and all further instruments and documents and take such further action as such party deems necessary to effectuate the purposes of this Acknowledgement.

3. No provision of this Acknowledgement may be amended, modified or waived, except in a writing signed by each of the undersigned, the Company and Holder. The invalidity or unenforceability of any provision of this Acknowledgement shall not affect the validity or enforceability of any other provision, and if any restriction in this Acknowledgement is found by a court to be unreasonable or unenforceable, then such court may amend or modify the restriction so it can be enforced to the fullest extent permitted by law. This Acknowledgement may be executed by electronic signature and in counterparts, each of which shall be deemed an original and all of which when taken together shall constitute one and the same instrument.

4. The undersigned acknowledges and agrees that monetary damages would not be a sufficient remedy for any breach (or threatened breach) of this Agreement by the undersigned and that, in the event of any breach or threatened breach hereof: (a) the Company or Holder shall have the right to immediate injunctive and other equitable relief, without proof of actual damages; (b) the undersigned will not plead in defense thereto that there would be an adequate remedy at law; and (c) the undersigned agrees to waive any applicable right or requirement that a bond be posted by the Company. Such remedies will not be the exclusive remedies for a breach of this Agreement, but will be in addition to all other remedies that may be available to the Company or Holder at law or in equity.

5. Section 10 (Governing Law) and Section 11 (Waiver of Jury Trial) of the Agreement shall be applicable to this Acknowledgement, and the undersigned hereby agrees to be bound thereby, as if set forth

herein. If any notice, request, demand or other communication is given to the undersigned under this Acknowledgement, it shall be given to the undersigned at the address set forth on the signature page hereto or such other address as the undersigned shall have provided in writing to the Company and Holder in accordance with Section 12 (Notices) of the Agreement.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the undersigned has executed this Acknowledgement as of the Effective Date.

Print Name:

ACKNOWLEDGED AND ACCEPTED as _____ :
of

COMPANY:

NOBLE ROMAN'S, INC.

By: _____ Name: Paul Mobley
Title: Chairman and Chief Financial Officer

HOLDER:

CORBEL CAPITAL PARTNERS SBIC, L.P.

By: Corbel Capital Advisors SBIC, LLC, its General Partner

By: Jeffrey B. Schwartz, its Managing Member

By: Jeffrey S. Serota, its Managing Member

By: Michael H. Jones, its Managing Member

[Signature Page to Acknowledgement and Agreement to be Bound]

EXHIBIT D
To
Senior Secured Promissory Note and Warrant Purchase Agreement Funds Flow Memorandum

Noble Roman's, Inc. Sources and Uses

Closing Date: Friday February 7, 2020

Uses	
Gross Funding of Noble Roman's, Inc.	
Closing Cash Consideration (Initial Purchase Price)	\$8,000,000.00
Indebtedness	(\$5,531,138.06)
Total Cash Purchase Price (Gross of Seller Expenses, Below)	\$2,468,861.94
Fees and Expenses	
Corbel Capital Partners SBIC, L.P.	\$160,000.00
Corbel Management, LLC Expense Reimbursement	\$3,292.92
Morgan Lewis (Corbel Legal Counsel)	\$110,000.00
Winston and Strawn (SBA Counsel)	\$4,775.00
Squar Milner (Quality of Earnings)	\$24,074.00
Scherzer International	\$1,085.00
London Manhattan Fee	\$160,000.00
Other	-
Cash to Noble Roman's, Inc. Balance Sheet for Growth	\$2,005,635.02
Total Uses	\$8,000,000.00

Noble Roman's, Inc.

Proceeds Waterfall

Cash Purchase Price Consideration

Initial Funding Amount \$8,000,000.00

Less: Corbel Structuring Fee (\$160,000.00)

Closing Cash Proceeds, Gross of Fees & Expenses \$7,840,000.00

Minus: Transaction Fees (excl. Structuring Fee) (\$303,226.92)

Cash for Debt Paydown \$7,536,773.08

Minus: Loan Payoff - First Financial Bank Principal (\$4,199,404.7) Minus: Loan Payoff - First Financial Bank Accrued Interest + Fees (\$50,004.2) Minus: Loan Payoff - Convertible Subordinated Debt paid by Wire by Corbel (\$552,902.8) Minus: Loan Payoff - Convertible Subordinated Debt paid by Check by Compan (\$728,826.4)

Cash to Balance Sheet for Growth \$2,005,635.02

Step 1a - Corbel Nets Corbel Expenses from Senior Secured Notes**Sources**

Corbel Capital Partners SBIC, L.P.	\$8,000,000.00
Total	\$8,000,000.00
Uses	
1 Corbel Debt Financing Closing Fee	(\$160,000.00)
1 Corbel Reimbursable Expenses	(\$3,292.92)
2 Corbel Legal Expenses (Morgan Lewis)	(\$110,000.00)
3 Corbel Legal Expenses (Winston)	(\$4,775.00)
Corbel Net Funding Amount	\$7,721,932.08

Step 2 - Settle Deal Fees / Indebtedness & Fund the Operating Entity (Noble Roman's, Inc.)**Sources**

Corbel Capital Partners SBIC, L.P. - Senior Secured Notes (net funding)	\$7,721,932.08
Total Net Cash Sources	\$7,721,932.08
(+) Corbel Netted Expenses	\$278,067.92
Total Cash Sources	\$8,000,000.00
Uses	
4 Indebtedness - First Financial Bank of Cincinatti Principal + Interest / Fees	\$4,249,408.85
5 Indebtedness - Subordinated Convertible Note paid by Wire #1 (Lawrence and Susan Stanton JTWROS)	\$50,263.89
6 Indebtedness - Subordinated Convertible Note paid by Wire #2 (Barry w. Blank ttee fbo Barry W Blank Living trust)	\$301,583.34
7 Indebtedness - Subordinated Convertible Note paid by Wire #3 (Lennard Zwart)	\$201,055.56
8 Squar Milner (Quality of Earnings)	\$24,074.00
9 Scherzer International	\$1,085.00
10 London Manhattan Fee	\$160,000.00
11 Funding to Operating Entity	\$2,734,461.44
Total Net Cash Uses	\$7,721,932.08
(+) Corbel Netted Expenses	\$278,067.92
Total Cash Uses	\$8,000,000.00

Step 3 - Retire Incremental Sub-Debt by Check**Sources**

Funding to Operating Entity	\$2,734,461.44
Operating Entity Cash Sources	\$2,734,461.44
(+) Corbel Netted Expenses	\$278,067.92
(+) Settled Deal Fees / Indebtedness	\$4,987,470.64
Total Cash Sources	\$8,000,000.00
Uses	
Indebtedness - Subordinated Convertible Note paid by Check by Noble Roman's, Inc.	\$728,826.42
Cash to Noble Roman's, Inc. Balance Sheet for Growth	\$2,005,635.02
Operating Entity Cash Uses	\$2,734,461.44
(+) Corbel Netted Expenses	\$278,067.92
(+) Settled Deal Fees / Indebtedness	\$4,987,470.64
Total Cash Uses	\$8,000,000.00

Wire # Total Uses Summary

4	Indebtedness - First Financial Bank of Cincinatti Principal	\$4,199,404.70
4	Indebtedness - First Financial Bank of Cincinatti Accrued Interest + Fees	\$50,004.15
5	Indebtedness - Subordinated Convertible Note paid by Wire #1 (Lawrence and Susan Stanton JTWROS)	\$50,263.89
6	Indebtedness - Subordinated Convertible Note paid by Wire #2 (Barry w. Blank ttee fbo Barry W Blank Living trust)	\$301,583.34
7	Indebtedness - Subordinated Convertible Note paid by Wire #3 (Lennard Zwart)	\$201,055.56
1	Corbel Capital Partners SBIC, L.P.	\$160,000.00
1	Corbel Management, LLC Expense Reimbursement	\$3,292.92
2	Morgan Lewis (Corbel Legal Counsel)	\$110,000.00
3	Winston and Strawn (SBA Counsel)	\$4,775.00
8	Squar Milner (Quality of Earnings)	\$24,074.00
9	Scherzer International	\$1,085.00
10	London Manhattan Fee	\$160,000.00
11	Indebtedness - Subordinated Convertible Note paid by Check by Noble Roman's, Inc.	\$728,826.42
	Other	-
11	Cash to Noble Roman's, Inc. Balance Sheet for Growth	\$2,005,635.02
	Total Uses	\$8,000,000.00



Noble Roman's, Inc.

Wire Instructions

Sender Recipient \$ Amount Wire Information Corbel Capital Partners SBIC, L.P. Corbel Management, LLC \$163,292.92 Corbel Management, LLC East West Bank 11777 San Vicente Blvd, Suite 777 Los Angeles, CA 90049 ABA: 322 070 381 Account Number: 800 309 4326 Corbel Capital Partners SBIC, L.P. Morgan Lewis \$110,000.00 Morgan Lewis Wells Fargo Bank, N.A. ABA# 121000248 Morgan, Lewis & Bockius LLP Acct# 2100010985563 Swift Code: WFBUIUS6S Reference Account #: 111886-0014 Corbel Capital Partners SBIC, L.P. Winston & Strawn LLP \$4,775.00 **Winston & Strawn LLP** BMO Harris Bank Chicago IL ABA: 071 000 288 Account Number: 449 675 8 Total Outbound Wires \$278,067.92 Corbel Capital Partners SBIC, L.P. Noble Roman's, Inc. \$7,721,932.08 n/a - to step 2 Total Funding \$8,000,000.00

Wire # 1

2

3

n/a

Sender Recipient \$ Amount Wire Information Corbel Capital Partners SBIC, L.P. **Indebtedness - First Financial Bank of Cincinnati Principal + Interest / Fees** \$4,249,408.85 First Financial Bank ABA: 042 200 910 Account: 111 500 0 Reference: Noble Roman's Corbel Capital Partners SBIC, L.P. **Indebtedness - Subordinated Convertible Note paid by Wire #1 (Lawrence and Susan Stanton JT WROS)** \$50,263.89 Bank - TD Bank ABA - 031201360 Account # - 7855969122 Corbel Capital Partners SBIC, L.P. **Indebtedness - Subordinated Convertible Note paid by Wire #2 (Barry w. Blank ttee fbo Barry W Blank Living trust)** \$301,583.34 Bank - JP Morgan Chase ABA - 122100024 Account # - 06804683 Corbel Capital Partners SBIC, L.P. **Indebtedness - Subordinated Convertible Note paid by Wire #3 (Lennard Zwart)** \$201,055.56 Bank - Rabobank SWIFT - RABONL2UIBAN number - NL58RABO0130445096 Account # - 0130 4450 96 Bank Address: Croeselaan 18, 3521 CB, Utrecht Corbel Capital Partners SBIC, L.P. **Squar Milner (Quality of Earnings)** \$24,074.00 Squar Milner LLP Account #157516869169 Routing # 122235821 BIC Code-USBKUS44IMT Client Invoice #: 249834 Corbel Capital Partners SBIC, L.P. Scherzer International \$1,085.00 Scherzer International City National Bank Westlake Village, CA 91361 ABA: 122016066 Account Number: 052 136 849 Corbel Capital Partners SBIC, L.P. London Manhattan Fee \$160,000.00 London Manhattan KeyBank N.A. 400 Forest Ave. Portland, ME 04101 ABA: 011 200 608 Account Number: 191 331 003 134 Corbel Capital Partners SBIC, L.P. Noble Roman's, Inc. \$2,734,461.44 Noble Roman's ABA Routing #044000024 Account Name: Noble Roman's, Inc. Our Account #01401277444 Bank: Huntington National Bank Total Outbound Wires \$7,721,932.08 Total Funding \$7,721,932.08

4

5

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7

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10

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n/a

Sender Recipient \$ Amount Wire Information Noble Roman's, Inc. Convertible Subordinated Debt paid by Check by Com \$728,826.42 No Wire; checks to be sent by Company; confirmation of payoff to Agent within 3 business days Noble Roman's, Inc. Cash to Noble Roman's, Inc. Balance Sheet for Growth \$2,005,635.02 NA

Ref #

A B

11

Noble Roman's, Inc.
Schedule of Subordinated Debt to be Retired

Name	Address	Email	Amount	Accrued Interes	Total
Neal Stanton and Maria Stanton	6 Sally Ct. Bridgewater, NJ 08807	NStanton9@gmail.com	50,000.00	263.89	50,263.89
Donald Miles	6120 N. Central Ave. Phoenix, AZ 85012		50,000.00	263.89	50,263.89
Nolan and Pamela Schabacker JTWROS	226 S. Price Road Tempe, AZ 85281	Grabber@myexcel.com	50,000.00	263.89	50,263.89
Cleveland Family Limited Partnership	5307 Bent Tree Dr. Dallas, TX 75248	rc@rencapital.com	100,000.00	527.78	100,527.78
Robert Settembre	6008 W. Gambit Tr. Phoenix, AZ 85083	r3633h@yahoo.com	25,000.00	131.95	25,131.95
James William Anderson III Rev Trust	609 Confederate Circle Old Hickory, TN 37138	whispersong05@aol.co	50,000.00	263.89	50,263.89
Jon Large	11246 S. Shoshoni Dr. Phoenix, AZ 85044	jonlarge@aol.com	50,000.00	263.89	50,263.89
Robert Wahl	207 Craighead Ave. Nashville, TN 37205	rwwahl2@aol.com	25,000.00	131.95	25,131.95
Everett A. Sheslow Trust	400 East 57th Street, Apt. 2J New York, NY 10022		25,000.00	131.95	25,131.95
Adam Gittler	1936 SE 50th Ave. Portland, OR 97215	aagittler@yahoo.com	50,000.00	263.89	50,263.89
Isaac Blake	8205 S. Priest Dr., Unit 12555 Tempe, AZ 85284	iblake@live.com	50,000.00	263.89	50,263.89
Sidney Stregosky	5713 14th Ave. Brooklyn, NY 11219		50,000.00	263.89	50,263.89
Paul and Jenny Mobley JTWROS	6612 E. 75th St., Suite 450 Indianapolis, IN 46250		150,000.00	791.67	150,791.67
Total paid by Check			725,000.00	3,826.42	728,826.42

Lawrence and Susan Stanton JTWROS	52 Republic Dr. Monroe, NJ 08831	LHStanton1@gmail.co	50,000.00	263.89	50,263.89
Barry w. Blank ttee fbo Barry W Blank Living t	200 Harbor Drive, Unit 4001 San Diego, CA 92101	isbm@aol.com	300,000.00	1,583.34	301,583.34
Lennard Zwart	Overtoom 135, 1054 HG, Amsterdam		200,000.00	1,055.56	201,055.56
Total paid by Wire Transfer			550,000.00	2,902.79	552,902.79
Total Payoff			1,275,000.00	6,729.21	1,281,729.21

Wire Instructions:

Lawrence and Susan Stanton
JTWROS

Bank - TD Bank

ABA - 031201360

Account # - 7855969122

Barry W. Blank

Bank - JP Morgan Chase ABA - 122100024

Account # - 06804683

(International Wire)

Lennard
Zwart

Bank - Rabobank Overtoom 135, 1054 HG, AmsterdamSWIFT - RABONL2U

IBAN number - NL58RABO0130445096

Account # - 0130 4450 96

Bank Address: Croeselaan 18, 3521 CB, Utrecht

Exhibit 4.3(a) to
Senior Secured Promissory Note and Warrant Purchase Agreement Form of Monthly Financial Reporting Package

DB2/
38095437.16

Exhibit 4.3(d)

Noble Roman's, Inc.
Revenue Nov-19

Royalties and fees \$

Administrative fees and other \$

579,720

3,200

Restaurant revenue Total revenue

\$ 431,371

\$ 1,014,291

Store Opening List for November 2019

Corporate Name	Store Type	Address	City	State
Emrich Petroleum, Inc.	C-Store	324 W. Morris Street	Indianapolis	IN
SN Marathon, LLC	C-Store	1806 Cragmont Street	Madison	IN
Scott & Carissa Hettenbach	CPP	222 S. Red Bank Road	Evansville	IN

Store Closing List for November 2019

<u>Franchisee Name</u>	<u>Type</u>	<u>Street Address</u>	<u>City, State</u>
None			

I hereby certify that, to the best of my knowledge and belief, the above information is true, accurate and complete.

*The form of reporting set forth above is subject to modification as may be reasonably required by the Agent and incremental detail as reasonably requested by the Agent

	JAN-19	FEB-19	MAR-19	Q1 2019	APR-19	MAY-19	JUN-19	Q2 2019	JUL-19	AUG-19	SEP-19	Q3 2019	OCT-19	NOV-19	DEC-19	Q4 2019	YTD 2019
Sales																	
Food	318,354.44	344,633.38	413,916.20	1,065,904.02	382,183.99	424,073.25	422,037.44	1,228,294.68	398,313.13	384,528.99	369,835.42	1,151,672.54	361,527.55	358,170.80	367,389.14	1,087,087.49	4,533,008.73
Sell Beverage	22,189.30	23,275.54	31,077.23	76,536.87	27,203.34	30,204.75	32,652.69	89,760.78	31,668.58	27,439.51	29,496.99	88,595.08	24,734.70	23,298.52	22,866.57	76,949.79	324,444.82
Beer	28,227.00	32,186.02	37,972.00	98,435.02	35,204.00	39,938.00	42,342.72	117,474.72	42,307.50	37,419.00	39,820.00	119,546.50	33,031.50	32,020.00	30,668.50	95,720.00	392,532.22
Wine	7,862.00	7,828.00	9,022.00	24,712.00	8,792.00	9,897.00	10,975.00	29,586.00	10,774.00	8,473.00	8,926.00	28,173.00	7,899.00	7,474.00	7,148.00	22,549.00	93,491.51
Total Sales	376,632.34	400,373.24	482,965.43	1,265,246.61	442,391.32	494,215.75	497,012.95	1,447,636.23	462,165.24	451,447.49	437,658.81	1,420,086.12	427,191.75	413,789.62	428,293.31	1,264,677.07	5,353,493.28
Less Mt Discounts	33,711.58	35,481.80	34,893.63	104,087.01	36,852.27	37,200.22	37,148.89	111,402.58	39,913.82	38,319.23	37,205.27	115,438.32	33,723.84	35,038.84	35,453.78	114,216.46	459,397.21
Less Bev Discounts 703.19	5.2%	7.94% 0.2%	943.78 0.2%	2,440.37 0.2%	804.15 0.2%	1,023.63 0.2%	1,051.19 0.2%	2,822.90 0.2%	1,033.30 0.2%	896.28 0.2%	722.39 0.2%	2,382.08 0.2%	1,213.71 0.3%	869.42 0.2%	633.20 0.1%	2,716.33 0.2%	10,172.28 0.2%
Less Beer Discounts	1,852.32	1.8%	4,715.03 1.2%	4,584.17 0.9%	10,151.58 1.0%	4,487.78 1.0%	5,089.91 1.1%	14,986.19 1.0%	5,515.35 1.2%	4,884.75 1.1%	4,996.56 1.1%	14,602.29 1.1%	5,031.00 1.2%	5,363.42 0.9%	5,582.00 0.8%	15,474.44 1.0%	55,555.50 1.0%
Less Wine Discounts	1,022.00	0.3%	1,385.54 0.3%	1,111.05 0.2%	1,322.35 0.3%	1,181.23 0.3%	1,123.05 0.2%	3,077.35 0.2%	1,133.95 0.3%	1,024.54 0.2%	1,126.05 0.3%	3,357.14 0.2%	1,044.17 0.3%	972.13 0.2%	952.02 0.2%	3,219.46 0.3%	13,181.14 0.2%
Discounts	36,989.59	10.4%	40,720.13 10.2%	141,229.18 11.2%	47,437.64 10.7%	48,292.19 9.8%	44,286.78 8.9%	144,259.52 9.6%	47,124.67 9.9%	41,244.10 9.0%	40,127.82 9.1%	143,423.75 10.1%	37,801.22 9.1%	37,376.16 9.0%	36,674.30 8.7%	118,154.22 9.4%	512,822.19 9.7%
Total Revenue	339,642.76	359,652.14	448,072.80	1,124,017.43	394,543.65	445,923.56	452,726.16	1,303,376.71	414,940.62	410,193.29	400,430.54	1,276,662.37	389,468.53	376,475.26	392,819.03	1,146,462.79	4,840,671.09
Cost of Revenue:																	
Food	54,742.52																
Sell Beverage	7,855.58	19.2%	56,765.28 18.8%	70,021.03 18.5%	181,528.83 18.8%	65,218.98 18.8%	74,771.33 19.3%	74,431.92 19.3%	214,422.32 19.2%	73,209.28 20.4%	68,765.42 19.9%	64,998.42 19.3%	206,133.12 19.9%	68,596.62 21.3%	67,132.94 20.9%	67,532.02 20.4%	203,265.48 20.8%
Beer	7,274.78	37.0%	7,234.93 32.2%	10,188.88 33.9%	25,376.75 34.9%	8,749.99 33.9%	9,854.25 31.8%	10,520.46 33.1%	29,229.70 39.8%	9,701.59 33.9%	8,913.38 33.9%	8,948.66 33.3%	28,660.82 32.9%	7,837.02 33.2%	7,283.21 32.4%	7,841.67 35.2%	29,209.60 33.8%
Wine	2,923.53	33.2%	2,107.15 23.3%	2,150.45 27.0%	4,501.54 30.9%	2,423.20 23.3%	2,537.66 28.8%	2,337.41 26.9%	7,987.43 38.5%	2,549.57 31.9%	2,225.45 26.1%	2,225.14 33.1%	4,179.11 31.7%	3,694.67 38.9%	3,225.62 38.1%	1,929.94 32.1%	11,640.31 35.2%
Cost of Goods Sold	75,720.16	21.4%	71,080.16 20.1%	91,755.28 20.8%	251,775.19 20.8%	85,781.25 20.8%	94,179.75 20.8%	95,366.26 20.8%	293,859.80 20.8%	101,757.18 24.4%	91,712.99 21.4%	86,171.19 21.4%	281,121.83 21.4%	94,179.16 21.4%	94,179.16 21.4%	94,179.16 21.4%	281,121.83 21.4%
Gross Profit	263,922.60	78.6%	288,572.06 79.3%	356,297.55 79.0%	904,938.88 79.2%	359,142.31 79.2%	358,546.41 79.0%	352,910.45 79.1%	1,053,776.91 79.1%	308,433.10 78.2%	300,225.32 78.6%	306,959.12 79.0%	995,540.46 78.6%	291,418.60 77.2%	291,675.88 77.6%	291,675.88 77.6%	3,768,655.26 78.6%
Operating Expense: Salaries																	
Cash -																	
Repairs & Maintenance	23.64	0.0%	506.65 0.2%	362.38 0.1%	862.67 0.1%	1,548.23 0.4%	295.00 0.1%	623.91 0.2%	2,712.04 0.2%	1,991.91 0.2%	1,851.07 0.2%	1,891.48 0.2%	1,314.15 0.3%	1,363.63 0.3%	1,862.15 0.3%	3,726.20 0.2%	11,417.47 0.2%
Linen	2,026.46	0.6%	2,949.63 0.8%	1,863.63 0.4%	5,949.74 0.5%	1,868.83 0.5%	1,024.02 0.4%	1,547.67 0.4%	1,815.51 0.4%	1,683.87 0.4%	1,659.49 0.4%	5,084.87 0.4%	1,273.39 0.3%	1,383.63 0.4%	1,578.38 0.4%	4,923.39 0.4%	21,515.67 0.4%
Cleaning Supplies	2,376.01	0.7%	2,976.21 0.8%	1,822.47 0.4%	6,228.68 0.5%	2,927.09 0.8%	2,518.17 0.7%	7,122.02 0.6%	2,123.52 0.5%	1,941.59 0.5%	2,044.20 0.5%	7,118.90 0.6%	2,639.09 0.7%	2,487.29 0.6%	1,441.53 0.4%	6,690.91 0.6%	27,127.51 0.5%
Operating Supplies	3,065.44	0.9%	3,868.61 0.9%	3,105.48 0.7%	9,234.75 0.8%	3,124.47 0.8%	4,494.34 0.9%	11,226.34 0.8%	3,209.62 0.8%	3,167.87 0.8%	3,075.56 0.8%	10,628.85 0.8%	3,711.65 0.9%	3,483.62 0.9%	3,449.25 0.9%	10,640.55 0.9%	43,823.40 0.9%
Insurance	5,019.48	1.5%	5,019.48 1.4%	5,019.48 1.1%	15,058.44 1.3%	5,019.48 1.2%	5,133.02 1.0%	15,392.32 1.0%	5,133.02 1.0%	5,133.02 1.0%	5,133.02 1.0%	15,392.32 1.0%	5,133.02 1.0%	5,133.02 1.0%	5,133.02 1.0%	15,392.32 1.0%	51,148.28 1.0%
Utilities	13,969.93	4.1%	13,708.11 3.9%	16,961.51 2.9%	46,614.55 3.8%	14,012.92 3.1%	14,274.21 3.1%	14,874.21 3.2%	43,159.69 3.0%	16,988.64 3.8%	15,033.62 3.5%	43,159.69 3.0%	16,168.16 4.2%	14,248.23 3.5%	12,658.54 3.4%	12,779.50 3.3%	171,374.07 3.5%
Rent & CAM	46,350.39	14.3%	48,701.75 13.7%	51,916.52 11.2%	148,966.65 13.0%	51,916.52 12.8%	51,916.52 11.3%	50,190.46 11.0%	158,606.20 11.6%	51,509.93 12.1%	50,009.00 12.8%	50,009.00 13.4%	158,646.20 12.7%	50,009.00 13.0%	50,009.00 13.8%	50,009.00 13.8%	158,646.20 12.7%
Credit Card Fees	11,777.47	3.5%	9,529.77 2.7%	9,751.24 2.2%	21,064.53 2.7%	12,441.41 3.1%	11,655.91 2.5%	12,156.56 2.7%	36,467.86 2.7%	12,097.68 2.8%	11,644.41 2.9%	10,506.31 2.6%	30,621.80 2.6%	11,223.19 2.9%	9,947.87 2.8%	10,506.31 2.6%	130,650.55 2.8%
Advertising/Promotions	10,466.75	3.1%	10,466.75 3.1%	13,726.67 3.1%	12,878.70 3.1%	14,900.08 3.1%	13,788.70 3.0%	40,857.51 3.1%	13,147.67 3.1%	12,484.40 3.1%	11,822.47 3.0%	37,414.69 3.0%	11,324.07 3.0%	11,477.88 3.0%	11,477.88 3.0%	34,072.53 3.0%	94,472.39 3.1%
Delivery Fees	3,375.30	1.0%	4,284.82 1.2%	7,020.01 1.6%	14,676.13 1.3%	6,169.80 1.6%	7,073.10 1.6%	7,262.23 1.6%	20,719.13 1.6%	7,262.23 1.6%	7,262.23 1.6%	20,719.13 1.6%	8,866.48 2.0%	9,654.97 2.0%	11,584.12 3.0%	30,843.75 2.7%	94,412.38 1.9%
Misc. Expense	489.00	0.1%	120.00 0.0%	21.80 0.0%	881.90 0.1%	40.38 0.0%	181.80 0.0%	673.22 0.1%	7,077.42 0.5%	79.56 0.0%	85.53 0.0%	84.14 0.0%	264.66 0.0%	138.22 0.0%	187.72 0.0%	957.39 0.0%	2,236.96 0.0%
State Operating Exp.	25,120.48	7.4%	25,120.48 7.4%	25,120.48 5.9%	75,360.96 6.7%	25,120.48 6.7%	25,120.48 5.9%	25,120.48 6.7%	75,360.96 6.7%	25,120.48 6.7%	25,120.48 6.7%	75,360.96 6.7%	25,120.48 6.7%	25,120.48 6.7%	25,120.48 6.7%	75,360.96 6.7%	251,204.80 6.7%
Total Operating Expense	115,559.39	4.0%	115,559.39 4.0%	115,559.39 20.2%	142,714.48 12.5%	83,828.89 19.5%	79,025.03 17.2%	77,580.39 16.9%	200,443.30 16.6%	53,583.12 12.8%	53,583.12 13.1%	46,668.70 12.8%	145,841.81 11.5%	30,786.18 8.2%	40,207.23 10.5%	145,841.81 11.5%	620,472.08 12.9%

*The form of reporting set forth above is subject to modification as may be reasonably required by the Agent and incremental detail as reasonably requested by the Agent

**Exhibit 4.3(d) to
Senior Secured Promissory Note and Warrant Purchase Agreement Form of Compliance Certificate**

[, 20[]

Corbel Capital Partners SBIC, L.P., as Agent
c/o Corbel Structured Equity Partners 11777 San Vicente Blvd., Suite 777 Los Angeles,
CA 90049
Attn: Michael H. Jones
E-mail: michael@corbelcap.com

This Compliance Certificate is given pursuant to Section 4.3(d) of that certain Senior Secured Promissory Note and Warrant Purchase Agreement, dated as of February 7, 2020 (as amended, restated, supplemented or otherwise modified from time to time in accordance with its terms, the "**Agreement**"), among NOBLE ROMAN'S, INC., an Indiana corporation (the "**Issuer**"), each purchaser from time to time party thereto (collectively, the "**Purchasers**" and individually, a "**Purchaser**"), and CORBEL CAPITAL PARTNERS SBIC, L.P., in its capacity as the administrative agent, (the "**Agent**") for the Purchasers. All initially capitalized terms used but not defined in this Compliance Certificate shall have the meanings assigned to such terms in the Agreement.

THE UNDERSIGNED HEREBY CERTIFIES THAT:

- (1) He/She is the duly elected [Chief Financial Officer] of the Issuer.
 - (2) Attached hereto as *Schedule 1* are the Financial Statements and other information required by [Section 4.3(a)]/[Section 4.3(b)]/[Section 4.3(c)]/[Section 4.3(e)] of the Agreement for the [Fiscal Month]/[Fiscal Quarter]/[Fiscal Year] of the Issuer ended as of __, 20 .
 - (3) Such Financial Statements are complete and correct and fairly present the Issuer's and its Subsidiaries' financial condition and results of operations for such period, in accordance with GAAP, subject only to normal year-end audit adjustments and the absence of footnotes.
 - (4) He/She has reviewed the terms of the Agreement and has made, or has caused to be made under his/her supervision, a detailed review of the transactions and condition of the Issuer and its Subsidiaries during the accounting period covered by such Financial Statements.
 - (5) To the best of his/her knowledge after due and diligent inquiry, no Default or Event of Default exists as of the date of this Compliance Certificate, except as set forth below.
-

- (6) *Schedule 2* attached hereto and incorporated herein by this reference sets forth the financial data and computations evidencing the Issuer's compliance with the covenants set forth in Section 5.13 of the Agreement, all of which data and computations are true, complete and correct.

Described below are the exceptions, if any, to Paragraph (5) above which list, in detail, the nature of the condition or event, the period during which it has existed and the action which Issuer has taken, are taking, or propose to take with respect to each such condition or event:

[Remainder of page intentionally left blank]

This Compliance Certificate, together with the Financial Statements delivered concurrently herewith in support hereof, are made and delivered as of the date first written above.

ISSUER:

NOBLE ROMAN'S, INC.,
an Indiana corporation

By:

Name:
Title:

**Schedule 1.1 To
Senior Secured Promissory Note and Warrant Purchase Agreement Part (a) – Note Commitment**

Purchaser Commitment

Percentage of Total Commitments

Corbel Capital Partners SBIC, L.P.	\$8,000,000	100%	Total	\$8,000,000	100%
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Part (b) – Warrant

Purchaser

Corbel Capital Partners SBIC, L.P.

Warrant for 2,250,000 shares of
Common Stock

Schedule 3.1 To
Senior Secured Promissory Note and Warrant Purchase Agreement Legal Status

Note Party	Type of Organization	State of Organization	Other Qualified Jurisdictions
Noble Roman's, Inc.	Corporation	Indiana	None
RH Roanoke, Inc.	Corporation	Indiana	None
Pizzaco, Inc.	Corporation	Indiana	None

**Schedule 3.6(a) To
Senior Secured Promissory Note and Warrant Purchase Agreement Litigation**

McFarling Foods, Inc. vs. Noble Roman's, Inc. Case No. 49D02-1909-CC-040626

McFarling Foods sued Noble Roman's in Marion Superior Court for \$120,733.57 plus interest, attorneys fees and costs, alleging breach of contract for refusal to pay for services rendered. Noble Roman's has entered an appearance by local attorney and asked for an extension of time to respond. Noble Roman's denies that it owes the amounts requested. Noble Roman's may agree that it owes around \$20,000 under the contract with McFarling Foods.

Schedule 3.6(a)

**Schedule 3.6(c) To
Senior Secured Promissory Note and Warrant Purchase Agreement Product Liability**

None.

**Schedule 3.6(d) To
Senior Secured Promissory Note and Warrant Purchase Agreement Information Security**

None.

**Schedule 3.8(a) To
Senior Secured Promissory Note and Warrant Purchase Agreement Ownership of Note Parties**

Note Party	Ownership Interests Authorized	Ownership Interests Outstanding	Owners
Noble Roman's, Inc.	40,000,000 shares Common Stock 5,000,000 shares Preferred Stock	22,015,413 shares Common Stock* 0 shares Preferred Stock	*
RH Roanoke, Inc.	10,000,000 shares Common Stock	100 shares Common Stock	Noble Roman's Inc. (100%)
Pizzaco, Inc.	1,000 shares Common Stock	105 shares Common Stock	Noble Roman's Inc. (100%)

* The Issuer's Common Stock is traded publicly on over-the-counter markets. Accordingly, it can be difficult or impossible to know the exact number of shares outstanding and the owners at any given time. There were 22,015,413 shares of the Issuer's Common Stock outstanding as of November 10, 2019, as set forth in the Issuer's Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission ("SEC") November 14, 2019. As reported in the Issuer's Proxy Statement on Schedule 14A filed with the SEC April 30, 2019, the largest shareholders of the Issuer were Paul W. Mobley (16.2%), A. Scott Mobley (7.9%) and Marcel Herbst (5.0%).

**Schedule 3.8(b) To
Senior Secured Promissory Note and Warrant Purchase Agreement Ownership of Subsidiaries**

Note Party	Subsidiary	Jurisdiction	Shares and Ownership
Noble Roman's, Inc.	RH Roanoke, Inc.	Indiana corporation	100 shares Common Stock; 100% owned by the Issuer
Noble Roman's, Inc.	Pizzaco, Inc.	Indiana corporation	105 shares Common Stock; 100% owned by the Issuer
RH Roanoke, Inc.	None	N/A	N/A
Pizzaco, Inc.	None	N/A	N/A

Schedule 3.8(b)

**Schedule 3.15 To
Senior Secured Promissory Note and Warrant Purchase Agreement**

Intellectual Property

None.

Schedule 3.19 To

Senior Secured Promissory Note and Warrant Purchase Agreement Brokers

On the Closing Date, brokers The London Manhattan Company will be paid a 2% success fee.

**Schedule 3.20 To
Senior Secured Promissory Note and Warrant Purchase Agreement**

Material Contracts

SOFO Distribution Agreement

Schedule 3.25 To
Senior Secured Promissory Note and Warrant Purchase Agreement Unit Locations
Company-Owned Unit Locations:

Location	Base Rent	Common Area Maintenance and Operating Costs
17409 Wheeler Rd, Westfield, IN 46074	\$ 8,490.00	\$ 4,881.31
6248 Whitestown Parkway, Whitestown, IN 46075	\$ 9,450.00	\$ 2,450.00
11715 Allisonville Rd, Fishers, IN 46038	\$10,865.00	\$ 1,978.40
1438 W. Main Street, Suite 101, Carmel, IN 46032	\$11,773.00	\$ 3,306.65
5724 N. Green Street, Brownsburg, IN 46112	\$ 9,800.00	\$ 1,662.50

Franchisees:

Please see attached list.

2019 NOBLE ROMAN'S CURRENT FRANHCISEES

Christy Seguin Christy Seguin 10016 110 Ave
Grande Prairie, AB T8V 8L4

MCAC Inc
David Cottrell 3351 Arctic Blvd
Anchorage, AK 99503

IGA Food Cache Gayle Larson
266 Richardson Hwy Delta Junction, AK 99737

Howers IGA Lee Trout 209 Main St
Haines, AK 99827

SOS Value Mart Nancy Hyke
Mile 1.5 Keku Road Kake, AK 99830

Country Foods Grocery Inc Gary Stroh
140 S Willow St Ste A Kenai, AK 99611

Tatsuda's Supermarket Inc Katherine Tatsuda
633 Stedman St
Ketchikan, AK 99901

Williams Inc Sandi White
3816 Tongass Ave
Ketchikan, AK 99901

John Gould & Son Josh Gould
7 Heart Lake Drive King Cove, AK 99612

The Trading Union IGA Barry Morrison
102 N Nordic Dr Petersburg, AK 99833

Northstar Alaska John Wagner
PO Box 69
Quinhagak, AK 99655

Hames Corporation Paul Busby
1867 Halibut Point Rd. Sitka, AK 99835

Fairway Market Tim Fairbanks PO Box 355
Skagway, AK 99840

Cubby's Marketplace Greg Pearson
HC 89 Box 8581
Talkeetna, AK 99676

Bob's IGA Bob Robbins 223 Brueger

Wrangell, AK 99929

Mallott's General Store Larry Powell
PO Box 159

Yakutat, AK 99689

Mitchell Grocery Corp Donna Dean
PO Box 370

Alberville, AL 35950

Mack Johnson Mack Johnson 322 N 4th St Attalla, AL 35954

Fourth Avenue Supermarket Gerard D'Alessandro Jr

528 4th Ave N Bessemer, AL 35020

Belle Foods LLC Dave Dettelbach 800 Lakeshore Pkwy

Birmingham, AL 35211

Piggly Wiggly Brundidge Stanley Garrett

553 N Main St Brundidge, AL 36010

A&R Supermarket Inc Phillip Davis

11028 Hwy 25
Calera, AL 35040

Piggly Wiggly Sage Smoker PO Box 293

Camden, AL 36726

Dadeville Foodland Robert Renfroe 483 N Broadnax St

Dadeville, AL 36853

Wall Street Markets LLC Adam Treadwell

1140 Montgomery Hwy
Dothan, AL 36303

Gateway Foods Inc Greg Waldrop

PO Box 687
Double Springs, AL 35553

Jack's Foodland #505 Larry Smith

5564 Hwy 55 E
Eva, AL 35621

Fairhope Marathon Corp Mick Patel Shailav Sheth 8961 Fairhope Ave

Fairhope, AL 36532

Shop & Save Wade Pierce

1806 Temple Ave N Fayette, AL 35555

Piggly Wiggly Store #33, Inc. John Hanson

7401 Hwy 43
Florence, AL 35634

Fosters Supermarket Gerry Griffin
13474 Hwy 11 S

Fosters, AL 35463

Frisco City Market Jennie Cook
235 Hwy 21 By Pass Frisco City, AL 36445

Bruce's Foodland Scottie Smith
202 Greenhill Blvd Ft Payne, AL 35967

Cash Saver Doug Gregerson 272 N 3rd St

Gadsden, AL 35901

Dennis Foodland Ronnie Perkins PO Box 160

Grant, AL 35747

Piggly Wiggly #41 Keith Taylor

P.O. Box 316 Greensboro, AL 36744

Hackleburg Market Wally Kemp

1515 Old Hackleburg Rd Hackleburg, AL 35564

Goar's Big Star Super Market Tim Goar

2415 11th Ave
Haleyville, AL 35565

Piggly Wiggly of Haleyville Ricky Hicks

P.O. Box 618 Haleyville, AL 35565

Griner's Foodland Chad Griner

PO Box 278
Hazel Green, AL 35750

Headland IGA Inc Keith Hidle 17990 US 431 N
Headland, AL 36345

Piggly Wiggly #267 Joe Chesser

104 River Square Plaza Hueytown, AL 35020

Highway 5 Texaco Nandy Bhagat 1655 Highway 5

Jasper, AL 35503

Teague's Piggly Wiggly Phil Teague

337 9th Ave SW Lafayette, AL 36862

McGehee Road Super Foods Robert Renfroe

2905 McGehee Road
Montgomery, AL 36111

Mega Meats Scott Scoggins 528 E Patton Ave

Montgomery, AL 36111

Renfroe's Foodland Robert Renfroe

9168 Eastchase Parkway

Montgomery, AL 36117

JTM Corporation Gil Milligan

US Hwy 80 W #C

Phenix City, AL 36870

Hills Foodland Johnny Hill 851 Park Rd

Pleasant Grove, AL 35127

Piggly Wiggly #93 Jason Vinson

518 4th Ave SE Red Bay, AL 35582

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RK Allen Oil Inc Ken Allen

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Talladega, AL 35161

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Knight's Grocery Johnny Garcia

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Bill's Food Center Wesley Burruss 5194 Hwy 367 N

Bradford, AR 72020

Hometown Grocery Roger Hoskins

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Tim's Food Store Willie Hillburn 1109 Spruce St

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Rio Ranch Market Zee Haifa
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Village Fresh Market Jerry Kosmetatos 350 Lake Marian Rd

Carpentersville, IL 60110

Kirby Foods Inc Connie Alcorn

4102 B Fieldstone Rd Champaign, IL 61822

Cermak Fresh Market Dan Mondane
2701 W North Ave Chicago, IL 60647

County Fair Food Inc William Baffes
10800 South Western Ave Chicago, IL 60643

Fairplay Finer Foods Billie Jo Palaggi 4640 S Halsted St Chicago, IL 60609

Happy Foods William Tarant 6415 N Central

Chicago, IL 60646

One Stop Foods Dennis Kaldis PO Box 53545

Chicago, IL 60653

Potash Markets Peter Kryger

1525 N. Clark Street Chicago, IL 60610

Rico Fresh Market David Villegas 3552 W Armitage

Chicago, IL 60647

Country Squire Foods Jeff Jaber

113 W Joe Orr Rd
Chicago Heights, IL 60411

Supermercado La Chiquita Cermak Lulu Jimenez

4926 W Cermak
Cicero, IL 60650

Clinton IGA, Inc. Michael Chapman 220 E. Van Buren St. Clinton, IL 61727

Eagle Enterprise Inc Debra Mueller
110 S Randolph St Coulterville, IL 62237

Narain Gulebani Basheer Kaid 3401 E. Main
Danville, IL 61832

Decatur Sparetime Lanes, Inc. Gary Haines

2870 N. Jasper St. Decatur, IL 62526

Shop & Save Market Rory Hancock

518 Metropolitan Way Des Plaines, IL 60016

Frey Enterprises, Inc. Joe Frey

308 N. Main St. Dupo, IL 62239

Save-A-Lot Effingham Jeanette Gates
101 Keller Dr

Effingham, IL 62401

Eldorado Big John Dan Doughty
PO Box 288

Eldorado, IL 62930

Dave's Supermarket Mark Steffen
120 S 3rd St Fairbury, IL 61739

Farmer City Market Nick Patel

404 S Main St
Farmer City, IL 61842

Tom's Supermarket Richard Cashion

369 Market Place Drive Freeburg, IL 62243

Russell Oil Company Leon Russell

PO Box 73
Galatia, IL 62935

Valli Produce International Fresh Market

Joe Delulio 155 North Ave
Glendale Heights, IL 60139

Jacksonville County Market Laurie Welsh

1255 W Morton
Jacksonville, IL 62650

Greenup IGA Brad Williams 201 Cumberland

Greenup, IL 62428

Lanark Food Center Trushar Patel
113 N Broad St Lanark, IL 61046

Tom Hayes Tom Hayes

110 W Quincy Box 494
Griggsville, IL 62340

Mike's Market Mike Frost
133 N Church St Louisville, IL 62858

D&S Foods Mike Brand 120 Bluff St

Marseilles, IL 61341

Jambaa Inc dba Kraemart Mike Kraemer

209 W Cumberland
Martinsville, IL 62442

L&M Grocery Leonard DeRousse PO Box 306

Martinsville, IL 62442

L&M Grocery Leonard DeRousse 308 E Black St Martinsville, IL 62442

Mason City IGA Jeff Ohney
201 West Elm

Mason City, IL 62664

Mark's My Store Larry Cowell 1512 Marion Ave

Mattoon, IL 61938

Food Park Oleta Higginson

Route 14 W Randolph St McLeansboro, IL 62859

Cut Mart
Ali Abukhdair 201 Main St

Mound City, IL 62963

Mt Sterling IGA Steve Kremer

200 S Pittsfield Rd Mt Sterling, IL 62353

Midway Liquor and Tobacco Inc Greg Patel

2516 Veterans Memorial Dr Mt Vernon, IL 62864

Garden Fresh Naperville Nir Mor

955 W 75th St Naperville, IL 60565

Neoga IGA
Sandra Szatkowski 186 W 6th St Neoga, IL 62447

JDM Grocery, Inc. Jesse Mitsdarffer PO Box 287
Oakwood, IL 61858

Foodtown Ken Newton 26650 Hwy 3
Olive Branch, IL 62969

Kaufman's SuperValu Jim Kaufman
204 N 4th St Oregon, IL 61061

Paxton IGA Craig Riecks

144 West Pells Street Paxton, IL 60957

Topway Foods Jim Harrison 1205 Main St.

Pecatonica, IL 61063

Shree Harikrupa, Inc. Navin Dodia

800 NE Jefferson Avenue Peoria, IL 61603

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Pulaski, IL 62976

Red Bud IGA Rebecca Carroll 1010 S Main St Red Bud, IL 62278

Kelley Williamson Co Mark Long

1132 Harrison Ave

Rockford, IL 61104

Kirchoff Gas and Food Mart Inc Ravi Harsoor

4200 Kirchoff Rd

Rolling Meadow, IL 60008

Meehan's IGA #2 Tom Meehan

PO Box 138

Roodhouse, IL 62082

Art's Super Mart Inc Joseph Dewey

29 N Eddy St Sandwich, IL 60548

KD Market Thomas Kleszyk 1102 S Roselle Rd

Schaumburg, IL 60193

Seneca Food Mart P Patel

271 S Main St Seneca, IL 61360

Selex LLC Jill Donovan

3327 Howard St

Skokie, IL 60076

Spring Valley Supermarket Robert Lee

117 S Spaulding

Spring Valley, IL 61362

Blue Goose Market Matt Bank

300 S 2nd St

St Charles, IL 60174

Wessel's Deli John Wessel 101 E Main St

Teutopolis, IL 62467

Toledo IGA Mark Talley

816 Courthouse Square
Toledo, IL 62468

Toluca IGA Mark Cherny

124 W Santa Fe Ave Toluca, IL 61369

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Trenton, IL 62293

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Wayne City, IL 62895

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Wilmington, IL 60481

Grand Food Center Tim Lichter

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Winnetka, IL 60093

Worth BP Inc Dipak Bhatt

10631 Southwest Hwy

Worth, IL 60482

Albion Village Foods Brian Zumbrun

605 S Orange

Albion, IN 46701

Harvest Supermarkets, Inc. Don Murphy

915 Jackson St

Anderson, IN 46016

PARI, Inc.

Dharmesh Patel 1340 E. S.R. 46

Batesville, IN 47006

RS Oil Inc Raghbir Singh 333 Lincoln Ave

Bedford, IN 47421

Berkeley Finer Foods Dennis D'Amato 5447 St Charles Rd Berkeley, IN 60163

Heri Seven Inc Raj Patel

601 E 10th St Bloomington, IN 47408

Ram Krupa Inc Niru Patel

9200 S Old State Road 37

Bloomington, IN 47403

TyBen, Inc. Brad Holmes 3890 W. 3rd St.

Bloomington, IN 47404

Posey's Supermarket Richard Draeger

310 E Locust St Booneville, IN 47601

Page's Food Store William Kinley 120 S Forest Ave Brazil, IN 47834

Bellman Oil Co Inc Jamie Bellman 550 E 2nd St Bremen, IN 46506

R&M Food Markets Julie Ekstrom
501 South St

Brookston, IN 47923

Brownsburg BP Inc Kamal Jit Singh
51 Hornaday Rd

Brownsburg, IN 46112

Family Mart Ricky Singh
5726 N State Road 67

Bruceville, IN 47516

Kaiser's Supermarket Jeffrey Kaiser

PO Box 414
Butler, IN 46721

Keywest, LLC Tameka Arthur PO Box 310

Camby, IN 46113

Laser Flash, Inc. Peter Murphy

617 Third Ave. SW Carmel, IN 46032

Pavey's Grocery Carthage John Pavey

12 N Main
Carthage, IN 46115

Kemper's Market Mark Kemper

424 N State Street Chandler, IN 47610

Clayton Petroleum Inc Kulwinder (Sonny) Singh 5871 Liberty Parkway

Clayton, IN 46118

Scott Oil Inc Brent Scott PO Box 385
Clinton, IN 47842

Raj and Baj Corp. Rajwinder Kaur 1013 N. Main St.
Cloverdale, IN 46120

Goss Grocery LLC Adam Goss
5418 S. SR 109
Columbia City, IN 46725

Bigfoot Food Stores, LLC
P.O. Box 347 Columbus, IN 47202

Circle K Midwest, LLC Jim King
4080 W. Jonathan Moore Pike Columbus, IN 47201

Mahantlife Inc Dhaval Kadaria 2601 State St
Columbus, IN 47201

NR West, Inc. Stephen E. Shirar
4140 Jonathon Moore Pike Columbus, IN 47201

Ambishchambish Three Inc Bobby Singh
3676 Western Ave
Connersville, IN 47331

Clarks Eastside Market Rich Owen
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Covington Foods, Inc. Brian Carlson
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Wise Way Eugene Rosario
10839 Randolph St Crown Point, IN 46307

Park N Shop David Rhodes
1105 Lake Shore Drive Culver, IN 46511

Wallman's Quality Foods John McKean
123 E Franklin
Delphi, IN 46923

Boezeman Oil Co Inc Dan Boezeman
4541 East State Road 10
Demotte, IN 46310

Stiles & Simon Enterprises LLC Barry Stiles
12465 Glennview Dr
Derby, IN 47525

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Kiranjit Bawa 22700 Old U.S. 20 E
Elkhart, IN 46516

C.E. Taylor Oil, Inc. Chuck Taylor 10105 Hedden Rd
Evansville, IN 47725

Garden Food Inc Ajmer (AJ) Singh 3011 R Belvedere Rd Elkhart, IN 46514

SVIB LLC
Vishal Modi
2910 N Stockwell Rd Evansville, IN 47715

Brian Sitzman Brian Sitzman 1222 N Main St
Evansville, IN 47711

Tiki Hut LLC Randy Mathews

116 W Washington St Fairmont, IN 46928

Strough's Supermarket Johnny Singh
624 N Madison
Fortville, IN 46040

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402 US Hwy 27 N
Fountain City, IN 47341

BHI Senior Living Inc Dan Carr
2209 St Joe Center Rd Ft Wayne, IN 46825

Miller K Market Ahmad Musleh 5019 US Hwy 12
Gary, IN 46403

Floyd Central IGA LLC Dennis Roudenbush 1042 N. Luther Rd.
Georgetown, IN 47122

B&B Petro Inc Kiranjit Bawa
915 E Kerchere Rd Goshen, IN 46526

Step Saver, Inc. Crystal Marker
7349 Stone Mountain Road Gosport, IN 47333

AM Family Grocery Amos Lengacher 18509 Hurshtown Rd
Grabill, IN 46741

Jaysainath, Inc. Alex Patel
12760 Adams Rd.
Granger, IN 46530

Fair Brothers Inc Sanjeev Chander
1207 S Bloomington St Greencastle, IN 46135

Troy Stanton & Scott Stanton Troy Stanton
1609 E US Hwy 40
Greencastle, IN 46135

US Petro Inc Sanjeev Chander
1207 S Bloomington St Greencastle, IN 46135

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John Gerber PO Box 413
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Strack & Van Til Super Market, Inc. Sam VanTil
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Neathery Enterprises, Inc. Brenda Neathery

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FC Market Gabriel Carrillo 5600 S Sohl Ave
Hammond, IN 46320

Gateway Triangle Corp. Thomas M. Collins, II PO Box 587
Hobart, IN 46342

Johnson Junction Inc d/b/a JJ's Megan Reckelhoff
2840 Guilford St
Huntington, IN 46750

AR 13 Inc
Ravi Singh 7638 Acton Rd
Indianapolis, IN 46259

Emrich Petroleum Inc Jay Singh
324 W Morris St Unit B Indianapolis, IN 46225

Grace Foods Inc d/b/a Safeway Corey Rowland
2153 Barth Ave
Indianapolis, IN 46203

Guru Kirpa Petroleum Inc Harbhajan Bajwa
1368 Fortner Dr
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Indy Go Gas & Convenience LLC Gavin Hart
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Jack Petroleum Inc Jack Singh
2411 W 16th St
Indianapolis, IN 46222

Jackson Oil Lou Carter
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Indianapolis, IN 46221

Jathedar Corporation Mike Singh
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Indianapolis, IN 46241

Local Marathon Inc Jay Singh

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Indianapolis, IN 46256

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Mike Farabaugh

P.O. Box 47206 Indianapolis, IN 46247

Noble Roman's Inc Paul Mobley

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Pizzaco, Inc. Paul Mobley

One Virginia Ave., Ste. 800 Indianapolis, IN 46204

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Ramjo, Inc. Monica Heath
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Ray-Ron Corporation Kevin Kelly
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RFFS, Inc.
Terry Farabaugh 7044 Emblem Dr.

Indianapolis, IN 46237

Salhan, LLC Dave Singh

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Saraga International Grocery Babu Pandit

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Dave Singh
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Ski Petro Inc Sanjeev Chander
1215 S Girls School Rd Indianapolis, IN 46231

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Ryan P. Stigleman 6479 Titania Drive

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Houchens North Foods Craig Knies

611 Bartley

Jasper, IN 47546

H & M Petroleum Inc Rick Singh

4013 S. OO EW

Kokomo, IN 46902

Kiran Partners Inc Rick Singh

615 N Washington

Kokomo, IN 46901

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Rick Singh Rick Singh

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Guillaume's Store Beverly Guillaume 12228 Indiana Street

Leopold, IN 47551

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Horner's Butcher Block Verlin Horner

825 E 30th St Marion, IN 46953

McClure Oil Corp. Kelly McClure

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Marion, IN 46952

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Robert Bline PO Box 737
Michigan City, IN 46360

60's Eastside of Mitchell Inc Caylan Evans

282 IN-60
Mitchell, IN 47446

Forks County Line Stores, Inc. Jeff James
508 E Warren St Middlebury, IN 46540

Frabergs IGA Ken Fraley
490 N. Chestnut St. Monrovia, IN 46157

Shri Gianeshay Namah, Inc. Bharat K. Patel
1408 Lincolnway East

Mishawaka, IN 46544

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249 W Washington St Morgantown, IN 46160

Manny, Inc James Cavaletto PO Box 445

Morristown, IN 46161

McKim's IGA Larry Williams 1320 Main St.

Mt. Vernon, IN 47620

Gagan Petroleum Inc Avtar Singh
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Royerton Foodmart Inc Tejinder Toor

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Muncie, IN 47303

Nashville Amoco Steve Payne

P.O. Box 1955 Nashville, IN 47448

Groceries By Joe Joe Laureys

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New Carlisle, IN 46552

New Quick Stop Food Center, Inc. Onkar Singh

68310 S.R. 15
New Paris, IN 46553

JLG 3 Food Mart LLC Guljinder (Gary) Singh 765 N State St
North Vernon, IN 47265

Meera Vashi - Subway Meera Vashi

5522 Stacer Rd Suite B Newburgh, IN 47630

Orland Mid Town Market Richard (Rick) Rogers 9474 W State Route 120
Orland, IN 46776

Cicero Petro Inc d/b/a Town Market #19

Jaswant (Jessie) S Banwait 14126 Bergen Blvd
Noblesville, IN 46060

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P.O. Box 134 Orleans, IN 47452

SIYA, Inc.
Kentan Patel
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Osgood, IN 47037

Fellure Foods Pauline Fellure PO Box 197
Otterbein, IN 47970

Paragon Supermarket Darla Bryant
309 West Union Street Paragon, IN 46166

OO Gas N Go Inc James Onken

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Pendleton, IN 46064

Wills Market Donnie Smith Jr PO Box 32
Redkey, IN 47373

Don West Don West 6329 750 SW
Reelsville, IN 46171

Huffman's Corporation Christina Huffman 8530 E US Hwy 36
Rockville, IN 47872

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Salem, IN 47167

Holiday Foods & Groceries, Inc. Russell Winkler
P.O. Box 139

Santa Claus, IN 47579

T&G Gas & Food Inc Ravi Singh

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South Bend, IN 46601

Star 001 LLC
Kuljit (Shawn) Singh 3323 Prairie Ave South Bend, IN 46614

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Hick's Quick Mart, Inc. Michael Hicks
4019 S 700 W
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Baesler's Inc. Bob Baesler 2900 Poplar St.
Terre Haute, IN 47803

Shortstop Foodshop, Inc. Parind V. Shah
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Vik Ramjit Singh, Raju Bhaji and Varinder Sahi
Vikramjit (Vik) Singh 2455 Lafayette Ave Terre Haute, IN 47805

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MaraCor Inc Brian King
P.O. Box 371 Walton, IN 46994

Freedom Oil LLC Gregory J Cobb PO Box 1789

Warsaw, IN 46582

Clarkson's Market Chris Clarkson 106 E Main St.

Westport, IN 47283

S&D's Market, Inc. d/b/a Sanders Foods Jay Sanders

858 North Plymouth Rd. Winamac, IN 46996

Worthington Foods, Inc. d/b/a Worthington Country Markets Timothy Wright

319 Canal St.

Worthington, IN 47471

Meade Thriftway Brad Jansonius 922 W Carthage

Meade, KS 67864

Farmers Country Market Ben Parsons

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Satanta Grocery Renee Massey 109 E Comanche

Satanta, KS 67870

Santan County Foods Inc Hugh Brown

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Venture Foods Beth Geisick PO Box 155

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Wyatt's SuperValu Roger Craig

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Frenchburg IGA Jerry "Skip" Nantz Jr 1175 Hwy 36

Frenchburg, KY 40322

Don's Super Saver Scott Parsons

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Mike Phillips Mike Phillips PO Box 226

Hiseville, KY 42152

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ValuMarket Supermarket
J. Geoff Neumann

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Ryan Supply Sandip Patel 8463 Aa Hwy

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Nortonville Bestway Phil Gilkey

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1403 W 2nd St Owensboro, KY 42301

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Young's Grocery Scott Young 24004 LA Hwy 333

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Champagne Market Randy Champagne 1051 W Maple

Eunice, LA 70535

Galliano Food Store Dannie Burregi 18210 West Main St Galliano, LA 70354

Brown's Food Center Jim Brown

620 Main St (Hwy 27)
Hackberry, LA 70645

Marcel's Supermarket Jeryl Marcel

2013 Hwy 182
Houma, LA 70364

Star A and G Supermarket James M Odom
3003 Hwy 10

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Mac's Supermarket Roy Spence
2438 E Oak St Jena, LA 71342

Larry's Super Foods Travis Roussel
1313 W Veterans Memorial Dr Kaplan, LA 70548

Simon's Supermarket Monica Bass

212 E 11th St Lot 2
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Superfoods Market Pratt Reddy

331 Veterans Blvd
Kenner, LA 70062

Soprano's

Dennis Gremillion 8389 Hwy 190
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Piggly Wiggly Paul Durnin Jr 54033 Hwy 1062

Loranger, LA 70446

Miller's Market Todd Simon 120 Main St

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Harvest Foods Scott Key

241 Tunica Village Lane Marksville, LA 71351

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Maurepas, LA 70449

Whitehall Grocery Carli Fontenot 22633 Hwy 22
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USA Neighborhood Market Moody Ahmad

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Pierre Part Store Chris Rowell 3421 Hwy 70 S

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Bohning and Co., Inc. Chet Kolwe

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Saint Amant, LA 70774

Romero's Grocery Kenny Suire

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Lishman's City Market Gary Cox

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Kenyan Enterprises - Piggly Wiggly Victor Krausch

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Tureau's Grocery Nick Tureau 44463 Hwy 431

St Amant, LA 70774

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Douglas Curtis 400 E Darrow St
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Daigle's Supermarket Chris Daigle
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R&M IGA
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Geresbeck's Food Market John Stricker
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Harvest Fare Mike Lazarus

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JM Kim Inc Jae Won Kim

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Sandhu LLC d/b/a Samaiyra Mart Gurmeet Singh

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P&L Country Market Ron Roberts

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Future Foods Walter Berry 5 Depot Sq
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Fairlane Food Center Patrick Pattah
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Grand Price Supermarket Ronny Ayer
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Lance's Hometown Market Omar Ayar
8656 Wyoming Ave
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Alpena Supermarket Inc Nathan Neiman
2010 S River Road East China, MI 48054

North River Party Shoppe Ray Rosati
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Oak Ridge Markets Michael Kohler
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Gladstone SuperValu Curt Spreen
409 N 9th St Gladstone, MI 49837

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Hanover Market, LLC Rick Bodell
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Gary's Quality Foods Jeff Peretto
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Baumann Food Pride Terry Baumann
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King's County Market Steve Wotrang
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Sullivan's Grocery Steve Sullivan 1175 E Third St Forest, MS 39074

SuperValu Foods Sandra Simmons 128 N Harvey
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SuperValu Foods Luther Haire

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Houston, MS 38851

Sunflower Food Store #37 Jason McKnight
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Potter and Sims Food Inc Marc Sims
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Brooks Grocery Brooks Davis
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Shell Truck Plaza LLC David Thind
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237 W Oxford St Pontotoc, MS 38863

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Piggly Wiggly Joe Williams 323 Erwin Rd

Stonewall, MS 39363

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Summit, MS 39666

Ramey's Ronnie Starns
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Kilgore's Supermarket Jason Kilgore
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Tande Grocery Brad Tande 300 1st Ave.

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K's Supermarket Stanford, MT 59479

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Ekness Super Valu Randy Ekness
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Hinrichs SuperValu Terry Hinrichs
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Kenmare SuperValu Duwayne Gillseth 16 E Division St
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Manjit Singh

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Super Town Food, LLC d/b/a Smitty's Foodtown

Keith Fansler 108 Lacey Rd
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Dial Oil Co., Inc. d/b/a Sundial Stores Ron Dial

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Triangle Grocery Adam Pruitt 12165 N Hwy 14

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Raintree Thriftway Hannah Butler
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Peppers Supermarket Mark Schultze
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Jicarilla Super Market Michelle Garcia
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Kaune's
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Bales Al Best

17675 SW Farmington Rd. Aloha, OR 97007

Meanga S, Inc. d/b/a Stop N Save Hinder (Harry) Singh

210 Main St.

Aumsville, OR 97325

Jim's Thriftway Mark Ward 660 S. Main St.

Banks, OR 97106

CE Lovejoy Market Kristin Wolfe

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Erickson's T/W Bend Doug Schmidt

725 NE Greenwood Ave. Bend, OR 97701

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C&K Market Inc Ben Gallego 615 5th St

Brookings, OR 97415

Erickson's T/W Burns Doug Schmidt

13011 Hwy 20
Burns, OR 97720

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P.O. Box 1080

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Dollars Corner LLC Kelly Hackwith
P.O. Box 187 Cove, OR 97824

Lincoln Beach Thriftway George Gaye
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Depoe Bay, OR 97341

Elgin Food Town Bob Ludwig 1480 Division St

Elgin, OR 97827

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Garibaldi, OR 97118

Gearhart Grocery Molly Lowenberg 599 Pacific Way

Gearhart, OR 97138

Halsey Select Market Markeeta Noffsinger 360 W. 2nd St.

Halsey, OR 97348

Devin Oil Steven Scott

650 N 1st St, Ste D Hermiston, OR 97838

R&M Foods, Inc. d/b/a Hank's Thriftway
Tom Evans

661 SE Baseline Rd. Hillsboro, OR 97123

Manzanita Fresh Foods Tim Welsh

730 Manzanita Ave
Manzanita, OR 97130

Chester's Thriftway Robert Cowan Thompson 631 West Main St.
John Day, OR 97845

Sherm's Thunderbird Market, Inc. Steve Olsrud

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Medford, OR 97501

Erickson's T/W Madras Doug Schmidt
561 SW Fourth St. Madras, OR 97741

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Mill City, OR 97360

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Newport, OR 97365

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Everyday Deals Extreme Discount Inc Steve Harkless
600 SE 146th Ave Portland, OR 97236

Lamb's Garden Home Cary Kutter

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Erickson's T/W Prineville Josie

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Scio Hometown Market Sam Singh

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Kirby Company Brian Brame

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Hoodland Thriftway John Archer
P.O. Box 1267 Welches, OR 97067

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Food 4 Less Mega Foods Robert Kennedy

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Ambridge, PA 15503

Tusca Shop 'N Save John Spagnola

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Selecto

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Cresson Shop 'N Save Vincent LaMantia 1213 Second St

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Mihelic Shop-n-Save Mike Walker

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Payless Foods Josh Stocick

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Big D Oil Co Don Policky PO Box 1378

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Bean Station, TN 37708

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Bradford Bestway Tracy Tate
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Piggly Wiggly Todd Foxx

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Columbia, TN 38401

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City Market Kurt Jaeger 200 E Renfro St

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Tim Van Slyke

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Eagle Grocery and Market Jaime Rodriguez

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Bill L Dover Co Randy Fuller PO Box 600

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Hill Country Grocery Store Cash

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United Supermarkets LLC Diane Earl

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Magnolia Food Inc Karim Maknojia

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Family Center IGA Michael Hall
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Farid Abusaleh Farid Abusaleh 2600 Memorial Blvd

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Dick's Food Store - Seadrift Karen Barton

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John K Vinyard 6693 FM-115
Scroggins, TX 75480

Debra Gilles Debra Gilles
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Patek's Grocery Bob Patek
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Blue Marlin Supermarket Omar Martnez
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Food Rite Market Kiet Nguyen 5320 FM-1765

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Lakeland West Capital II LLC Sam Bitton

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Valley Market Carly Worden

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Main Street Market Sandra Behling

Ute Plaza Supermarket Uleeta Myore

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Farmer's Market
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Red Mountain Market Todd Muse

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Leeds Market Todd Muse

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Kamas Foodtown Phil Bair

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Royal's Food Town Misako Taylor

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Manti Market, Inc. Tyler Merrill

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Drew Leroy Drew Leroy
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Farmer's Foods
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Jay's Market Keith Perry 1809 124th NE
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Selah Red Apple Mart Selah, WA 98942

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Hillsboro County Market Melinda Campbell E18590 Wisconsin 33

Hillsboro, WI 54634

Iola Sentry Foods Doug Kulinski 125 Meadow Rd

Iola, WI 54945

Stinebrink's Lake Geneva Foods LLC Mark Stinebrink
100 E. Geneva Sq.

Lake Geneva, WI 53147

Conrad's Sentry Foods Brian Conrad

105 S Madison St Lake Mills, WI 53551

Lake Mills Market Diane Williamson

375 W Tyranena Park Rd Lake Mills, WI 53551

Lakewood Supervalu Dave Seeber

17186 Twin Pines Rd Lakewood, WI 54138

Capitol Center Market Diane Williamson

111 N. Broom St. Madison, WI 53703

Rob's Family Market Lori Scheffler

2330 Menasha Ave
Manitowoc, WI 54220

The Butcher's Corner Mohammad Taha PO Box 8

Marion, WI 54950

Piggly Wiggly Mayville Curt Schmidt

1440 Horicon St
Mayville, WI 53050

Medford County Market Glen Bersie

PO Box 407
Medford, WI 54451

Bulk Petroleum Corp Gary Dhaliwal

9653 N Granville Rd Mequon, WI 53097

Dave's County Market Ray Lefferts

300 E. First St. Merrill, WI 54452

71st Lisbon Sentry Pat Martin

7101 W Lisbon Ave Milwaukee, WI 53210

Best Food & Meat Market Sam Ayesh

2430 N Martin Luther King Dr Milwaukee, WI 53212

El Rey Food Mart Socorro Franco 1320 W Burnham St

Milwaukee, WI 53204

El Rey Plaza Inc Jason Hyland

3524 W Burnham St Milwaukee, WI 53215

MK Food Market Jaspreet Gill

4623 W Burleigh St Milwaukee, WI 53210

Roundy's Supermarkets, Inc. Todd Willits

875 E Wisconsin Ave Milwaukee, WI 53202

Sentry Foods Doug Schwans

9210 W Lisbon Ave Milwaukee, WI 53222

Silver Spring Meat Sammy

6350 W Silver Spring Dr Milwaukee, WI 53218

Point Grocery Inc Jeff Basting

622 Dodge St

Mineral Point, WI 53565

Piggly Wiggly Judy Semrad

W 189 S 7847 Racine Ave

Muskego, WI 53150

Stells Piggly Wiggly, Inc. Bonnie Kautzer

2243 Calumet Dr.

New Holstein, WI 53061

Marcouiller's Foods Inc Shannon Marcouiller 501 Washington Ave

Niagara, WI 54151

Charles Potter, Inc. Charles (Chuck) Potter 2201 E. Rawson Ave. Oak Creek, WI 53154

Thompson's County Market Mike Thompson

722 Brazeau Ave.

Oconto, WI 54153

Scott & Lori's Family Foods Scott Jalling

PO Box 176
Owen, WI 54460

Marv & Alison's Sentry Foods Cindy Bathery

25300 75th St
Paddock Lake, WI 53168

Port Washington Sentry Foods Joseph Sanfilippo

101 West Seven Hills Road Port Washington, WI 53074

Pierce's Markets Paul Frey
2915 New Pinery Road Portage, WI 53901

Prentice IGA Deloris J Dearth 520 Center St

Prentice, WI 54556

Super Ron's Food Center John Ullmer
960 C.R. B

Pulaski, WI 54162

Reedsburg Village Market Craig Stovey

115 2nd St.
Reedsburg, WI 53959

Viking Village Foods Pamela Schulenberg 150 Viking Dr

Reedsburg, WI 53959

Mark's Market Mark Watters 108 Lincoln Ave

Rio, WI 53960

Dick's Fresh Market Dick Rinehart

P.O. Box 239
River Falls, WI 54022

Opahle's Piggly Wiggly Janet Bennett

724 Phillips Blvd. Sauk City, WI 53583

Charlie's County Market Kelly Sufka

521 S Main
Shawano, WI 54166

St Germain Sentry David Weber

PO Box 99
St Germain, WI 54558

People's Meat Market Lee Falkavage

1765 County Rd.
Stevens Point, WI 54482

Davel's One Stop Mark Kraus

307 3rd Ave

Stratford, WI 54484

Thorp SuperValu Cheryl Niemuth 110 W. Prospect St. Thorp, WI 54771

Baker's Three Lakes Foods Rob Baker

1593 Hwy 32
Three Lakes, WI 54562

Cedar Street Market Judi Hegewald

234 Cedar Street
Tigerton, WI 54486

Great Lakes Foods of Tomahawk Patrick D Fritz
990 N 4th St Tomahawk, WI 54487

Nelson's County Market Tim Hoglund
662 N 4th St Tomahawk, WI 54487

Mike's Supermarket Steve Janesch
PO Box 77

Townsend, WI 54175

Austads Supervalu Adam Austad

608 US Hwy 8
Turtle Lake, WI 54889

Miller and Sons Supermarket Laura Eyler

210 S Main
Verona, WI 53593

Village Market William Schultz 1230 N. Main St. Viroqua, WI 54665

Quality Foods IGA Rib Mountain Scott Fritsche

2900 Rib Mountain Dr Wausau, WI 54401

Wayne's Star of the North Market, Inc. Chanda Elliott
P.O. Box 366 Webster, WI 54893

Quality Foods Rib Mountain Scott Fritsche

2900 Rib Mountain Ave. Wausau, WI 54401

Wayne's Piggly Wiggly Wayne Krueger
910 E. Main St. Winneconne, WI 54986

Solberg Enterprises LTD d/b/a Trig's Food and Drug

Julie Enerson 110 S 17th Ave
Wausau, WI 54401

Quality Markets Merlin Jeffery 1021 W Grand Ave

Wisconsin Rapids, WI 54495

M and J Operations, LLC d/b/a One Stop

Michael R. Graney 500 River East Dr. Belle, WV 25015

Smith's Foodfair Mary Jane Joseph 106 Beech Street

Clendenin, WV 25045

Eddie's Supermarket Roger Armentrout

6057 Robert C Byrd Drive Bradley, WV 25818

Cornerstone IGA Phil Cutlip

123 Seneca Trail

Fairlea, WV 24902

Bigley Foodland Fresh Sheila Burgess

10 Spring Street

Charleston, WV 25302

Franklin Great Valu Alan Thomas

PO Box 219

Franklin, WV 26807

Piggly Wiggly Reid Meadows

24332 Midland Trail

Hico, WV 25854

TWJ Inc James Oppe 1206 Plum St

Parkersburg, WV 26101

Sissonville Piggly Wiggly Bob Kees

6405 Sissonville Dr

Sissonville, WV 25312

St Marys Galaxy Casey Edwards

1408 North Pleasants Hwy St Marys, WV 26170

G&R IGA

Tim McCoy 109 Baker St

Webster Springs, WV 26288

Goodson's Supermarket Inc Todd Goodson

PO Box 858

Welch, WV 24801

D.J.'s, Inc Kelly Holiday 895 Fort St

Buffalo, WY 82834

Hines General Store Ben Hines

14597 US Hwy 287

Fort Washakie, WY 82514

Ron's Food Farm Ron Fiene

PO Box 272

Greybull, WY 82426

Benedict's Market James Benedict 950 N Hwy 414

Mountain View, WY 82939

Buckhorn IGA Warren Tritschler 723 Dayton Street

Ranchester, WY 82839

Blair's Super Market Kent Foulger

1801 Big Horn Ave Worland, WY 82401

K & K Island Pride John Artia Stovall

1782 Amate Kabua Blvd
Majuro, Marshall Islands, 96960

Shoppers Value Foods Brandon Rivers

2019 CPP CURRENT FRANCHISEES

Mega Foods LLC Patrick O'Neil PO Box 302

Delphi, IN 46923

Scott and Carissa Hettenbach Scott Hettenbach

300 Hope Court
Evansville, IN 47712

**Schedule 3.26 To
Senior Secured Promissory Note and Warrant Purchase Agreement Franchise Agreements; FDD**

(a) Franchisees:

Please see list attached to Schedule 3.25

(e)

The Franchisor is not authorized to sell franchises Noble Roman's franchises in Hawaii. The Franchisor is not authorized to sell Craft Pizza & Pub franchises in the following states:

Hawaii.
Illinois.
Maryland.
Minnesota.
New York.
North Dakota.
Rhode Island.
South Dakota.
Washington.
Wisconsin.

**Schedule 3.27 To
Senior Secured Promissory Note and Warrant Purchase Agreement**

Leases

Leases:

Office Lease dated August 1, 2018 by and between Nobler Roman's, Inc. and Alidade Heritage, I, LLC

Lease dated March 21, 2018 by and between Nobler Roman's, Inc. and Pennsylvania Way Associates, LLC.

Lease dated August 15, 2017 by and between Nobler Roman's, Inc. and KRG Fishers Station, LLC.

Lease Agreement dated July 2017 by and between Nobler Roman's, Inc. and Villages @ Anson IV.

Lease of Premises dated September 28, 2016 by and between Nobler Roman's, Inc. and Greenwalt-Monon Marketplace, LLC, as amended by the First Amendment to Lease Agreement dated October 10, 2016.

Lease dated April 23, 2019 by and between Nobler Roman's, Inc. and Paragon Carmony, LLC, as amended by the First Amendment to Retail Lease Agreement dated July 15, 2019 and the Second Amendment to Retail Lease Agreement dated September 27, 2019.

Schedule 3.30 To
Senior Secured Promissory Note and Warrant Purchase Agreement Debt
Convertible Subordinated Notes

Lender	Outstanding Principal Amount as of the Closing Date
Lawrence & Susan Stanton*	\$50,000.00
Everett A. Sheslow Trust*	\$25,000.00
Richard Dolan	\$25,000.00
Robert Wahl*	\$25,000.00
Donald Miles*	\$50,000.00
Robert Settembre*	\$25,000.00
Edgar & Margaret Huffman	\$50,000.00
James William Anderson III Rev Trust*	\$50,000.00
Robert H. Paul	\$100,000.00
Nolan & Pamela Schabacker*	\$50,000.00
Cleveland Family Limited Partnership*	\$100,000.00
Barry W. Blank TTEE FBO Barry W. Blank Living Trust*	\$200,000.00
Herbst Capital Management	\$200,000.00
James & Cornelia Sullivan	\$50,000.00
Neal & Maria Stanton*	\$50,000.00
Roger & Darla Weissenberg	\$100,000.00
Paul & Jenny Mobley*	\$50,000.00
Paul & Jenny Mobley*	\$100,000.00
Sidney Stregosky*	\$50,000.00
Lennard Christian Zwart*	\$200,000.00
Orion Capital Investments, LLC	\$100,000.00
Wedbush Securities, Inc. Custodian FBO Adam Gittler IRA*	\$50,000.00
Wedbush Securities, Inc. Custodian FBO Jon Large IRA*	\$50,000.00
Barry W. Blank Trust DTD*	\$100,000.00
Isaac Blake*	\$50,000.00
TOTAL	\$1,900,000.00

* To be paid off on the Closing Date

Each Convertible Subordinated Note not being paid off on the Closing Date is due and payable January 31, 2023, unless earlier converted.

**Schedule 4.17 To
Senior Secured Promissory Note and Warrant Purchase Agreement Post-Closing Matters**

1. The Issuer shall deliver to the Agent, on or before the date that is 45 days after the Closing Date, a Life Insurance Assignment for each Life Insurance Policy, which shall have been acknowledged in writing by the applicable life insurance company.
2. The Issuer shall use commercially reasonable efforts to deliver to the Agent, on or before the date that is 45 days after the Closing Date, (i) a supplement to Life Insurance Policy no. 15-701-397 or an additional Life Insurance Policy, in each case on terms and from an insurance company as are reasonably satisfactory to the Agent, with respect to A. Scott Mobley, with a death benefit in an incremental amount of at least \$3,000,000, and (ii) a Life Insurance Assignment with respect to any such supplement or additional Life Insurance Policy, which shall have been acknowledged in writing by the applicable life insurance company.
3. The Issuer shall deliver to the Agent, on or before the date that is 45 days after the Closing Date, a Collateral Access Agreement with respect to 6612 E. 75th Street, Suite 450, Indianapolis, IN 46250.
4. The Issuer shall deliver to the Agent, on or before the date that is 45 days after the Closing Date, a Control Agreement, in form and substance reasonably satisfactory to Agent, with respect to each deposit account and securities account maintained by any Note Party at Huntington National Bank and SunTrust Bank (to the extent not an Excluded Account (as defined in the Guaranty and Security Agreement)).
5. The Issuer shall, on or before the date that is 45 days after the Closing Date, either (i) deliver to the Agent a Control Agreement with respect to all deposit accounts and securities accounts maintained at First Financial Bank, or (ii) provide evidence to the Agent that all deposit accounts and/or securities accounts maintained by any Note Party at First Financial Bank have been closed and all funds from such deposit accounts and/or securities accounts have been transferred to a deposit account and/or securities account of such Note Party that is subject to a Control Agreement.
6. The Issuer shall have received, on or before the date that is 10 Business Days after the Closing Date, all certificates representing the Pledged Interests (as defined in the Guaranty and Security Agreement) owned by any Note Party as of the Closing Date and undated powers endorsed in blank with respect to such certificates.
7. The Issuer shall have received, on or before the date that is 30 days after the Closing Date, the endorsements required by Section 4.5(a) in form and substance satisfactory to the Agent.

8. The Issuer shall have received, on or before the date that is 3 Business Days after the Closing Date, FedEx labels and receipts and copies of checks evidencing that payment in full has been tendered with respect to each of the Convertible Subordinated Notes to be repaid on the Closing Date as identified on Schedule 3.30.

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.

May 12, 2020

/s/ A. Scott Mobley

A. Scott Mobley
President and 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.

May 12, 2020

/s/ Paul W. Mobley

Paul W. Mobley

Executive Chairman and 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, 2019, 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.

May 12, 2020

/s/ A. Scott Mobley

A. Scott Mobley
President and Chief Executive 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, 2019, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Paul W. 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.

May 12, 2020

/s/ Paul W. Mobley

Paul W. Mobley
Executive Chairman and Chief Financial Officer
