

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, 2023.
- 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 X Smaller Reporting Company X
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 has filed a report on and attestation to its management’s assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report ___

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ___

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the Registrant’s executive officers during the relevant recovery period pursuant to §240.10D-1(b). ___

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

The aggregate market value of the common stock held by non-affiliates of the registrant as of June 30, 2023, 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 \$3.14 million.

Indicate the number of shares outstanding of each of the registrant’s classes of common stock, as of the latest practicable date: 22,215,512 shares of common stock as of March 1, 2024.

Documents Incorporated by Reference: None

NOBLE ROMAN’S, INC.
FORM 10-K
Year Ended December 31, 2023
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Explanatory Note

Noble Roman's, Inc. (the "Company") was recently advised by Assurance Dimensions ("Assurance"), the independent accounting firm, that the Company's previously issued financial statements in its Annual Report on Form 10-K for the year ended December 31, 2022 (the "Prior Statements") should be restated to correct errors from prior periods that were reflected in the opening balance sheet for that year. The errors affected accounts payable and accumulated deficit. Accordingly, the prior statements should no longer be relied upon. As a result, we determined to restate such financial statements to correct the error, as included in this report.

The error related to years prior to 2020 and were carried forward to 2022. This error affected the Company's accounts payable and accumulated deficit in the consolidated balance sheets. Specifically, the Company's accounts payable and accumulated deficit were understated. The correction also restates interest expense incurred in 2022 which the Company had recorded in 2023.

Below is a comparison of the previously reported amounts, as compared to the restated amounts:

Balance Sheet as of December 31, 2022

	As Filed	As Restated
Total current assets	\$ 3,032,303	\$ 3,032,303
Net property and equipment	4,713,208	4,713,208
All other assets	<u>10,597,687</u>	<u>10,597,687</u>
Total assets	18,343,198	18,343,198
Accounts payable and accrued expenses	650,582	1,807,035
All other current liabilities	<u>1,665,831</u>	<u>1,665,831</u>
Total current liabilities	<u>2,316,413</u>	<u>3,472,866</u>
Long-term liabilities	14,160,123	14,160,123
Common stock	24,819,736	24,819,736
Accumulated deficit	<u>(22,953,074)</u>	<u>(24,109,527)</u>
Total liability and stockholders equity	\$18,343,198	\$18,343,198

This restatement of the balance sheet as of December 31, 2022 would indicate the three quarter 10-Q's for 2023 needed to be restated as the change above would carry over to the balance sheet of those quarterly reports. However, because of the immaterial nature of the restatement on the quarterly reports, management has made the decision not to restate those quarterly reports.

Management evaluated its prior conclusions regarding the effectiveness of the Company disclosure control and procedures and internal control over financial reporting. Based on that evaluation, management has concluded that this matter resulted from material weaknesses in the Company's internal control over financial reporting. See Part II, Item 9A, Controls and Procedures, for additional information regarding this material weakness.

PART 1

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 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, RH Roanoke, Inc. and Pizzaco, Inc., unless the context requires otherwise. RH Roanoke, Inc. operates a Company-owned non-traditional location. Pizzaco, Inc. currently is dormant.

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. The Company is currently experiencing significant growth in the number of non-traditional franchised locations. See "Noble Roman's Pizza for Non-Traditional Locations" below for additional information.

The Company's first Craft Pizza & Pub location opened in January 2017 as a Company-operated restaurant in a northern suburb of Indianapolis, Indiana. Since then, the Company opened a total of eight more Company-operated locations in 2017, 2018, 2020 and 2021. The Company may open additional locations in the future. The Company-operated locations serve as the base for what it sees as a significant potential future growth driver, including additional Company operated locations and franchising its full-service restaurant format to experienced, multi-unit restaurant operators with a track record of success.

As discussed below under "Impact of COVID-19 Pandemic" the COVID-19 pandemic materially affected the Company's business and its franchising operations, beginning when the pandemic emerged during the first quarter of 2020.

Noble Roman's Craft Pizza & Pub

The Noble Roman's Craft Pizza & Pub format incorporates many of the basic elements first introduced in 1972 but in a modern atmosphere with up-to-date baking technology and equipment to maximize speed, enhance quality and continue 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. Popular pizza favorites such as pepperoni are options on the menu and these locations also offer 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 its locations since 1972. In 2022, new salad bars were rolled out over time across all Company-operated restaurants.

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. 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 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 host business or activity with 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 Company refocused its development plans toward selling more non-traditional franchises as a result of the pandemic coming to an end and the owners of non-traditional locations becoming more willing to look at expansion options and to invest in their growth. The focus on selling more non-traditional franchise locations, including several locations with higher-than-average potential volumes, is proceeding, and the Company has a significant backlog of prospects to expand the franchise locations.

As an example of its development plans, in October 2023, the Company entered into a development agreement with Majors Management, LLC (“Majors Management”) for 100 franchise locations to be developed prior to September 30, 2026. Majors Management owns many more locations than the initial locations covered by this development agreement and has indicated that it is likely to expand the Company’s development of new locations with many other locations. In addition, the Company believes that its development with Majors Management has spurred interest in the Company’s concept by many other owners of potential host facilities.

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 additives or extenders.

- 100% real meat toppings, with no soy additives or extenders, a distinction compared to many pizza concepts.
- Vegetables (like onions and green peppers) and mushrooms for pizzas 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 and licensing base.

Business Strategy

The Company refocused its development plans toward selling more non-traditional franchises as a result of the pandemic coming to an end and the owners of non-traditional locations becoming more willing to look at expansion options and to invest in their growth. In doing so the Company is maintaining its focus on expansion of revenue while carefully managing corporate-level overhead expenses. The Company will also continue to develop, own and operate select Craft Pizza & Pub locations as opportunities present themselves. The Company believes franchising the Craft Pizza & Pub concept has considerable future growth potential as well.

The initial fees for a Noble Roman’s Pizza non-traditional location or a Craft Pizza & Pub location are as follows:

	Non-Traditional Except Hospitals	Non-Traditional Hospitals	Traditional Stand-Alone
Either a 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 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.

The Company’s proprietary ingredients used by both Craft Pizza & Pub locations and non-traditional locations 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 in areas across the United States where Company-owned and franchise operations are located. 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 the Company competes, 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

Inclement or unusually cold winter weather conditions tend to adversely affect sales, especially those of the Craft Pizza & Pubs which are primarily designed for in-store dining and carry-out, which in turn affects Company revenue. Spring weather may also adversely affect sales in Craft Pizza & Pub locations as people first start to spend time outside. Sales of non-traditional franchises or licenses may be affected by weather and holiday periods. Non-traditional venue sales may be slower around major holidays such as Thanksgiving and Christmas, and during the first quarter of the year. Product sales by the non-traditional franchises/licenses may be slower during the first quarter of the year.

Human Capital

As of March 1, 2024, the Company employed approximately 36 persons full-time and 118 persons on a part-time, hourly basis, of which 11 of the full-time employees are employed in sales and service of the franchise/license units and 25 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®," "Pizza Valet" 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 third parties that produce and distribute products the Company and its franchisees and licensees sell are also licensed and subject to regulation by state and local health and fire codes, and the U. S. Department of Transportation. 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. The Company is 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 and the Government Response

In the first quarter of 2020, a novel strain of coronavirus (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 resulted in significant economic volatility, uncertainty and disruption, reduced commercial activity and weakened economic conditions in the regions in which the Company and its franchisees operate.

The pandemic and the governmental response had a significant adverse impact on the Company due to, among other things, governmental restrictions, reduced customer traffic, staffing challenges and supply difficulties, especially as a result of the emergence of the Omicron and other variants of COVID-19 in late 2021 and early in 2022. Many states and municipalities in the United States, including Indiana where all of the Company-owned Craft Pizza & Pub restaurants are located, temporarily restricted travel and suspended the operations of dine-in restaurants and other businesses in light of COVID-19 which negatively affected the Company's operations. Future outbreaks of COVID-19 or other pandemics could adversely affect the Company. Further, the Company can provide no assurance the phase out of restrictions will result in the full restoration of the Company's historical sales patterns and levels.

Host facilities for the Company's non-traditional franchises were also affected by labor shortages which adversely impacted those developments and in turn slowed the sales of franchises. The largest impact on the Company's non-traditional franchising segment was that essentially all facilities located inside

entertainment centers, including bowling centers, were ordered to close as they were deemed to be high risk of spread of the disease. Though varied by state, generally speaking those locations were closed for up to two years by government order. Often being small businesses and not highly capitalized, most could not withstand that period of being closed and were not able to reopen. However, with the current strategy of focusing the Company's efforts on well capitalized non-traditional locations it has successfully replaced those locations with other non-traditional franchise locations.

In February 2021, the Company received a loan of \$940,734 under the Paycheck Protection Program ("PPP"), which was in addition to prior PPP loan. In accordance with the adoption of the applicable accounting policy, the Company accounted for the loan as a government grant and presented it in the Condensed Consolidated Statement of Operations as a reduction of certain qualifying expenses incurred during the three-month period ended March 31, 2021. The expenses included payroll costs and benefits, interest on mortgage obligations, rent under lease agreements, utilities and other qualifying expenses pursuant to the Coronavirus Aid, Relief and Economic Security Act (the "CARES Act"). Because the \$940,734 loan was applied against relevant expenses in the first quarter 2021, the result of operations for the 12-month periods in 2021 and 2022 are of limited comparability.

The employee retention credit ("ERC") is a refundable tax credit that businesses may claim on qualified wages paid to employees. The program was introduced in March 2020 in the CARES Act to incentivize employees to keep their employees on their payroll during the pandemic and economic shutdown. The credit applies to all qualified wages, including certain health plan expenses, paid during the period in which the operations were fully or partially suspended due to a government shutdown order or where there was significant cost increases or decline in gross receipts.

When first established under the CARES Act, the tax credit was equal to 50% of the qualified wages an eligible employer paid to employees after March 12, 2020 and before January 1, 2021. The credit was also limited to a maximum annual per employee credit of \$5,000. The credit was then extended through June 30, 2021 by the Tax Payer Certainty and Disaster Relief Act ("Relief Act") (Division EE of the Consolidated Appropriations Act). The Relief Act modified the credit to be 70% of up to \$10,000 of qualified wages per quarter in 2021 through June 30, 2021. The program was further extended through December 31, 2021 by the American Rescue Plan Act of 2021 ("ARPA") but was retroactively cut short by the Infrastructure Investment and Jobs Act, ending effective September 30, 2021.

During the first quarter of 2023 the Company determined that it was entitled to an ERC of \$1.718 million and submitted amended federal Form 941 returns claiming that refund. The ERC refund is treated as a government grant and reduced appropriate expenses for the \$1.718 million less expenses for applying for the refund of \$258,000 or a net of \$1.460 million. This refund applied both to Noble Roman's, Inc. and its subsidiary, RH Roanoke, Inc. To date, the Company has received all five quarterly refunds for RH Roanoke, Inc. and three refunds for 2020 and one of the two quarterly refunds for 2021 for Noble Roman's, Inc. In recent communications with the Internal Revenue Service ("IRS"), that was initiated by the Company, the IRS indicated the final refund claim had been received and was still in process but that all ERC refund payments had been delayed while IRS addresses administrative issues in processing refunds generally.

Available Information

The Company makes available, free of charge through its Investor Relations website (<http://www.nrom.info>), the 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 electronically filing these reports with, or furnishing them to, the Securities and Exchange Commission. The information on the Company's investor website is not incorporated into this Annual Report on Form 10-K.

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 the Company's securities as well as the information set forth under "Forward-Looking Statements" in Item 7 of this report. These risks and uncertainties include:

Risks Related to Economic Conditions and Events

Continuing effects of COVID-19 pandemic and continuing economic uncertainties.

The COVID-19 pandemic and the governmental response had a significant adverse impact on the Company due to, among other things, governmental restrictions and forced business closures, reduced customer traffic, staffing challenges, decreased franchising interest, supply chain disruptions, inflation and product shortages. To date, consumer spending behavior has not yet returned to pre-pandemic patterns and the economic pressures resulting from the pandemic and government actions have had an adverse impact on consumer spending at the Company-operated restaurants. Additionally, several venues within the Company's non-traditional franchising segment, particularly within the broad entertainment venue, remain unviable but the number of locations impacted have been replaced with different non-traditional locations. There is no assurance that these specific conditions will return to pre-pandemic norms. Furthermore, a resurgence of COVID, or the start of a new pandemic or other national emergencies, could result in renewed issues of the type listed above. 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.

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. The Company believes it has some compelling advantages to compete 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 though 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 strategy includes continuing to sell new franchises or licenses and continuing to open the backlog of sold but unopened non-traditional locations. The Company's growth strategy also contemplates expanding Craft Pizza & Pub locations opportunistically in the future 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 continued 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 of non-traditional locations and/or Craft Pizza & Pub locations.

Risks Related to the Company's Operations

Dependence on success of franchisees and licensees.

While a portion of its revenues are being generated by Company-owned operations, a growing portion of the Company's revenues comes from royalties and other fees generated by its franchisees and licensees which are independent operators. 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. 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 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. Overall inflation, general economic conditions, initiatives to increase the Federal minimum wage and a shortage of available labor could have an adverse financial effect on the franchisees/licensees or the Company by increasing labor and other costs.

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 as well as the Company-owned operations. 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. The COVID-19 pandemic had a materially adverse impact on many of the Company's current distributors as well as other potential distributors, especially those located in or servicing states that had or have significant and/or prolonged restrictions. Potential disruptions in distribution could result in distribution service under less favorable terms to the Company and its franchisees and licensees. This risk is somewhat mitigated by the number of distributors in the market from which to choose.

Dependence on consumer preferences and perceptions.

The restaurant industry and the retail food industry are 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.

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. The COVID-19 pandemic created supply chain shortages that adversely impacted the Company's operations. In addition, factors such as inflation, which has intensified significantly since the beginning of 2021, 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.

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. Failure of the Company or its franchisees to comply with these laws and regulations could have an adverse impact on the Company, its operations, financial results or reputation. Additionally, expenses related to compliance with these laws and regulations could have an adverse impact on the Company's financial results.

Material Weaknesses in Our Internal Control Over Financial Reporting That Resulted in Restatement of Our Financial Statements For the Year Ended December 31, 2022

As a public company, we are required to maintain internal control over financial reporting and to report any material weaknesses in such internal control. Effective internal control over financial reporting is necessary for us to provide reliable financial reports and is designed to prevent fraud. Any failure to maintain or implement required new or improved controls, or difficulties encountered in implementation could cause us to fail to meet our reporting obligations.

As disclosed in the explanatory note at the beginning of this report and Note 2 of our Consolidated Financial Statements, we have identified material weaknesses in our internal control over our financial reporting, which pre-dated our balance sheet as of January 1, 2022. The material weakness was caused by an ineffective control environment resulting from a former employee, who lacked a sufficient level of accounting knowledge and training to appropriately analyze the records and disclose this particular matter accurately. Management of the Company thought they were provided sufficient oversight but on this particular matter they obviously were not. The material weakness is described in more detail under the heading Part II, Item 9kA, Controls and Procedures, in this report. This material weakness resulted in the error discussed in the Explanation Note and elsewhere in this report and the Company concluded that our prior statements should be restated.

Risks Related to the Company's Indebtedness

Ability to service outstanding indebtedness and the dilutive effect of the Company's outstanding warrants.

As of February 19, 2024, the Company had approximately \$8.0 million in principal amount debt obligations. Of that debt, \$7.4 million is in the form of a senior secured promissory note (as amended, the "Senior Note") and \$575,000 is in the form of convertible, subordinated, unsecured promissory notes (the "Notes"), each as described below.

In February 2020, the Company entered into a Senior Secured Promissory Note and Warrant Purchase Agreement (as amended, the "Agreement") with Corbel Capital Partners SBIC, L.P. (the "Purchaser"). Pursuant to the Agreement, the Company issued to the Purchaser the Senior Note in the initial principal amount of \$8.0 million. The Company has used the net proceeds of the Agreement as follows: (i) \$4.2 million to repay the Company's then-existing bank debt which was in the original amount of \$6.1 million; (ii) \$1.275 million to repay the portion of the Company's outstanding subordinated convertible debt the maturity date of which most had not previously been extended; (iii) payment of debt issuance costs; and (iv) 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 SOFR, as defined in the Agreement, plus 7.75%. Interest is payable in arrears on the last calendar day of each month. In addition, the Note requires non-cash payment-in-kind interest ("PIK Interest") of 3% per annum, which is added to the principal amount of the Senior Note. The Senior Note matures on February 7, 2025. Beginning February 28, 2023, the Senior Note requires fixed principal payments in the amount of \$33,333 per month during February 2023 and \$83,333 per month continuing until maturity.

In conjunction with the Senior Note, the Company issued to the Purchaser a warrant (as amended, the "Corbel Warrant") to purchase up to 2,250,000 shares of Common Stock. The Corbel Warrant, as

amended in September 2023, 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 \$0.30 per share (“Tranche 1”), (ii) 900,000 shares of Common Stock at an exercise price of \$0.30 per share (“Tranche 2”), and (iii) 150,000 shares of Common Stock at an exercise price of \$0.30 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 seventh anniversary of the date of its issuance.

Additionally, the Company previously issued certain units (the “Units”) consisting of a Note 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. Following the refinancing described above, \$575,000 in principal amount of Notes and the associated Warrants remain outstanding, however, per the terms of the agreement, the Warrants were re-priced to \$0.30 per share. Notes with an outstanding principal balance of \$150,000 matured and accompanying Warrants expired January 31, 2023, however a \$50,000 note was repaid to Margaret Huffman with the approval of Corbel. The principal amount of \$100,000 such Notes cannot be repaid until Corbel's loan is paid because the Notes are subordinate to such loan. The maturity of the Notes with an outstanding principal balance of \$475,000, and accompanying Warrants, have been extended to February 28, 2025 or the repayment of the Senior Secured Loan, whichever comes first.

Risks Related to Human Capital

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.

Risks Related to the Company's Common Stock

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, although the company does have a majority of independent directors; (2) an audit committee of independent directors, instead the Board as a whole acts as the audit committee; and (3) shareholder approval of certain equity compensation plans or equity issuances. As a result, stockholders do not have the same governance protection as they would for a stock traded on a national exchange.

Thinly traded stock.

The market for the Common Stock is limited, meaning that an investment in the Company's stock is less liquid than in a stock listed on a national exchange with a higher average trading volume. Because of this, attempts by one or more stockholders of the Company to sell significant amounts of stock may result in an imbalance in the market that materially decreases the trading price of the stock which could continue for an indefinite period of time. Accordingly, the traded price of the stock may not reflect the Company's equity value. Additionally, 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.

Activities of activist group of investors.

BTB Brands, Inc. ("BT Brands") and its CEO and principal shareholder, Gary Copperud ("Copperud"), launched a proxy contest to elect Copperud to the Company's board of directors at its 2023 annual meeting. BT Brands, Copperud and Kenneth Brimmer, BT Brands CFO, reported beneficial ownership as a group of 1.9 million Company shares.

BT Brands, (NASDAQ: BTBD), purports to operate 18 restaurants of various formats. For the fiscal year ended December 31, 2023, BT Brands reported a net loss of \$887,368 (\$0.14 per share) on sales of \$14 million after tax benefit of \$145,000. BTBD stock price has declined by over 42% over the past 52 weeks and its market capitalization currently is approximately \$10.7 million.

Upon review, the Company determined that BT Brands had not complied with the express requirements for a shareholder nomination and had misrepresented its record ownership of the Company's shares in their submission to the Company for the nomination required under the Company's By-laws. Accordingly, Copperud was disqualified as a nominee. The Company's Board determined that Mr. Copperud was not a suitable Board candidate given his background of unsuccessful business ventures and misconduct in pursuing the election contest. BT Brands and Mr. Copperud filed a lawsuit in Federal Court and also filed for a temporary restraining order and preliminary injunction requiring the Company to permit Copperud to stand for election despite admitting that he had not met the requirements to do so. The Company has to date incurred \$181,570 of direct expenses in successfully defending against BT Brands and Copperud. The Company may incur additional expenses if BT Brands or Copperud again takes action the Board determines is not in the best interest of all shareholders.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 1C. CYBERSECURITY

In many areas, the Company is dependent upon computer systems, devices and communications networks to efficiently collect, process and store data necessary to conduct many aspects of its business. For example, the Company:

- collects and processes transactions in its Craft Pizza & Pub locations using point-of-purchase equipment
- transmits credit card information from customers through credit/debit card processing terminals in its Craft Pizza & Pub locations
- collects, transmits and stores personnel data relating to employment and payroll
- collects and transmits data related to employee health insurance enrollments
- collects, stores and uses customer data in a voluntary email program for marketing purposes – this data is limited to names, email addresses and other very limited information such as restaurant location preference
- the collection and processing of sales and royalty information from franchisees, and the frequent execution of ACH transactions to collect those royalties

This list is not exhaustive and is only meant to provide a sampling of the types of information the Company collects, stores and processes directly. Additionally, the Company uses third parties to assist in some services, such as health insurance, third-party home delivery services and third-party web ordering services. These third parties are also subject to cybersecurity risks, and the Company can have no assurance that their cybersecurity measures would prevent security threats from being successful.

The Company recognizes the importance of protecting both its information and operations from threats that could disrupt its business or compromise the Company's customer, franchisee and employee data. The Company's cybersecurity is implemented and maintained using security procedures, hardware, software and services that are reviewed and updated as needed on a periodic basis.

As of the date of this Annual Report, the Company is not aware of any previous cybersecurity breaches that have materially affected the Company. However, the Company acknowledges that cybersecurity threats are continually proliferating and evolving, and the possibility of future cybersecurity incidents remains. Security measures cannot guarantee that a significant cybersecurity attack will not occur. While the Company intends to devote increasing resources to its cybersecurity measures beyond those currently in place and designed to protect systems and information, no security measure is infallible. As discussed, the Company relies on many third parties for various aspects of its data collection, processing and storage, and thus also relies on those third parties to provide continuing cybersecurity but does not control their ability to do so.

The Company's management, as a result of efforts by Company employees as well as external experts, who may be consulted from time to time, will report on the Company's cybersecurity efforts to the entire Board of Directors on a periodic basis.

ITEM 2. PROPERTIES

The Company owns no real property. Its 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, in Brownsburg, Indiana which expires October 2030, in Greenwood, Indiana which expires in October 2030, in McCordsville, Indiana which expires in February 2031, in Indianapolis, Indiana which expires in October 2031, and in Franklin, Indiana which expires in February 2032. The Company's lender holds a security interest in the leasehold interest.

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 "NRDM". 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.

Holder of Record

As of March 1, 2024, there were approximately 208 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 6 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, 2023 with respect to the shares of the Company's Common Stock that may be issued under its existing equity compensation plan.

<u>Plan Category</u>	<u>Number of Securities to be issued upon exercise of outstanding options, warrants and rights (a)</u>	<u>Weighted-average exercise price of outstanding options, warrants and rights (b)</u>	<u>Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)</u>
Equity compensation plans approved by stockholders	-	\$ -	-
Equity compensation plans not approved by stockholders	<u>3,240,000</u>	\$.58	<u>(1)</u>
Total	<u>3,240,000</u>	\$.58	<u>(1)</u>

(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. RESERVED

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

Restatement of Previously Issued Consolidated Financial Statements

The Company has restated certain of its previously issued consolidated financial statements contained in this Annual Report on Form 10-K. Refer to the section entitled "Explanatory Note" preceding Item 1 hereof for background on the restatement, the fiscal periods impacted, control considerations, and other information.

Introduction

The Company currently owns and operates nine Craft Pizza & Pub locations and one non-traditional location in a hospital. 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.

During the 12-month period ended December 31, 2023 there were no company-operated or franchised Craft Pizza & Pub restaurants opened or closed. During the same 12-month period there were 61 new non-traditional outlets opened and six non-traditional outlets closed.

The Company, at December 31, 2022 and December 31, 2023, had deferred tax assets on its balance sheet totaling \$3.4 million. Based on the Company’s review of its available tax credits the Company believes it is more likely than not that the deferred tax assets will be utilized prior to their expiration.

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 recorded to reduce the carrying value to its estimated fair value.

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

	<u>Years Ended December 31,</u>	
	<u>2022 (as restated)</u>	<u>2023</u>
Revenue:		
Restaurant revenue – company-owned restaurants	\$9,704,169	\$ 8,744,158
Restaurant revenue –company-owned non-traditional	712,517	934,662
Franchising revenue	4,002,824	4,665,187
Administrative fees and other	<u>33,255</u>	<u>29,567</u>
Total revenue	14,452,765	14,373,574
Operating expenses:		
Restaurant expenses – company-owned restaurants	8,516,405	7,813,176
Restaurant expenses – company-owned non-traditional	704,665	792,532
Franchising expenses	<u>2,185,751</u>	<u>231,695</u>
Total operating expenses	11,406,821	8,837,403
Depreciation and amortization	450,550	379,516
General and administrative expenses	2,167,678	1,548,878
Defense against activist shareholder	-	<u>168,092</u>
Total expenses	<u>14,025,049</u>	<u>10,933,889</u>
Operating income	427,716	3,439,685

Interest expense	1,884,147	1,744,488
Change in fair value of warrants	-	234,913
Income (loss) before income taxes	<u>(1,456,431)</u>	<u>1,460,284</u>
Income tax expense (benefit)	<u>(142,435)</u>	<u>-</u>
Net income (loss)	<u>\$ (1,313,996)</u>	<u>\$1,460,284</u>

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	Year Ended December 31,			
	2022		2023	
Revenue	\$9,704,169	100%	\$ 8,744,158	100%
Cost of sales	2,076,514	21.4	1,795,473	20.5
Salaries and wages	2,850,333	29.4	2,542,083	29.1
Facility cost including rent, common area and utilities	1,635,951	16.8	1,585,492	18.1
Packaging	344,823	3.6	289,139	3.3
All other operating expenses	<u>1,608,784</u>	<u>16.5</u>	<u>1,600,989</u>	<u>18.3</u>
Total expenses	<u>8,516,405</u>	<u>87.7</u>	<u>7,813,176</u>	<u>89.4</u>
Margin contribution	<u>\$1,187,764</u>	<u>12.3%</u>	<u>\$ 930,982</u>	<u>10.6%</u>

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	Year Ended December 31,			
	2022		2023	
Royalties and fees franchising	\$ 4,002,824	100%	\$ 4,665,187	100%
Salaries and wages	861,190	21.5	886,680	19.0
Trade show expense	315,000	7.9	111,629	2.4
Travel and auto	113,186	2.8	148,846	3.2
All other operating expenses (benefit)	<u>896,375</u>	<u>22.4</u>	<u>(915,460)(1)</u>	<u>(19.6)</u>
Total expenses	<u>2,185,751</u>	<u>54.6</u>	<u>231,695</u>	<u>5.0</u>
Margin contribution	<u>\$ 1,817,073</u>	<u>45.4%</u>	<u>\$4,433,492</u>	<u>95.0%</u>

(1) All other expenses in franchising are shown as a large negative as the credits from the ERTC refund for various expenses were not separated between other categories. In addition, select salaries and other expenses were treated as deferred expenses under our revenue recognition policy.

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	Year Ended December 31,			
	2022		2023	
Revenue	\$ 712,517	100%	\$ 934,662	100%
Total expenses	<u>704,665</u>	<u>98.9</u>	<u>792,532</u>	<u>84.8</u>
Margin contribution	<u>\$ 7,852</u>	<u>1.1%</u>	<u>\$ 142,130</u>	<u>15.2%</u>

Results of Operations

Company-Owned Craft Pizza & Pub

The revenue from the company-owned Craft Pizza & Pub generates from the retail sales to the restaurants' customers primarily from inside dining and carry-out but some through third-party delivery.

The revenue is recognized when the product is delivered to the customer or to the third-party delivery companies.

The revenue from this venue decreased from \$9.7 million to \$8.7 million for the 12 months ended December 31, 2023 compared to the corresponding period in 2022. The primary reason for the decrease in the 12-month period was same store sales reduction as a result of the general economy, high gas prices, extraordinarily high consumer credit card balances and a decrease in disposable income on the part of local consumers.

Despite inflationary pressures, cost of sales as a percentage of revenue decreased from 21.4% to 20.5% for the 12-month periods ended December 31, 2023 compared to 2022. The decrease was the result of a small increase in menu prices in mid-2022 in addition to more stability in staffing, new efficiencies in production methodologies and declining commodity cheese prices late in 2023.

Salaries and wages as a percentage of revenue decreased from 29.4% to 29.1% for the 12-month period ended December 31, 2023 compared to the corresponding periods in 2022. The decrease in the 12-month period was the result of scheduling efficiencies and stabilized restaurant management, despite the significant increase in individual labor cost.

Facility costs, including rent, common area maintenance and utilities, as a percentage of revenue increased from 16.8% to 18.1% of revenue for the respective 12-month period ended December 31, 2023 compared to the corresponding period in 2022. The primary reasons for the increase was a slight decline in sales volumes and increases in other operating rent costs as well as utility costs.

All other operating costs and expenses as a percentage of revenue increased from 16.5% to 18.3% for the 12-month period ended December 31, 2023 compared to the corresponding period in 2022. The increase was the result of general inflationary pressure on substantially all costs of operations.

Gross margin contribution decreased from 12.3% to 10.6% for the 12-month period ended December 31, 2023 compared to the corresponding period in 2022. The decrease in margin was primarily the result of increase in wages and other costs due to inflationary pressures and slightly lower sales volumes only partially offset by tighter controls in both cost of sales and personnel cost. The Company had no menu price increases in 2023.

Franchising Revenue and Expense

Franchise revenue consists of initial franchise fee amortization over the term of the agreements, royalties generated by the 7% of sales by franchisees mostly collected on a weekly basis from sales reports from the franchisees, commissions on equipment sales that the company helps franchisees arrange the purchase of, and manufacturing allowances based on the volume of product used. Total revenue from this venue increased from \$4.0 million to \$4.7 million for the 12-month period ended December 31, 2023 compared to the corresponding period in 2022. The increase in revenue from this venue was a result of opening more non-traditional locations as a result of the Company refocusing its efforts on that goal as COVID was receding and convenience stores and travel plazas became willing to invest to increase their margins and profitability. In addition, in October 2023 the Company entered into a development agreement with Majors Management for 100 franchise locations to be developed over the next three years. In addition, the Company believes that the development with Majors Management has spurred interest in the concept by many other owners of host facilities.

Gross margin in this venue increased from 45.4% to 95.0% for the 12-month period ended December 31, 2023 compared to the corresponding period in 2022. A primary factor in this substantial growth in margin was the result of all of the additional sales and openings in this venue and from the refund of various expenses and reimbursement of lost revenue by the Employee Retention Tax Credit (“ERC”) program which was created as a part of the CARES Act. The negative cost of other operating expenses in this category was a result of the ERC program. All other expenses in franchising are shown as a large negative as the credits from the ERTC refund for various expenses were not separated between other categories. In addition, due to the significant growth in opened non-traditional franchise units this year, select salaries and other expenses were treated as deferred expenses under our revenue recognition policy.

Company-Owned Non-Traditional Locations

Gross revenue from this venue increased from \$713,000 to \$935,000 for the 12-month period ended December 31, 2023 compared to the corresponding period in 2022. This venue consists of one location in a hospital. Access to the hospital had been very limited and movement within the hospital was prohibited because of the potential spread of COVID-19, and revenue increased as those restrictions within the hospital were relaxed. The Company does not intend to operate any more Company-owned non-traditional locations except for the one location that is currently being operated.

Total expenses increased from \$705,000 to \$793,000 for the 12-month period ended December 31, 2023 compared to the corresponding period in 2022. The primary reason for the increase was increased revenue as the hospital relieved many of their restrictions on access to the hospital and on movement within the hospital, as discussed in the previous paragraph, resulting from the COVID-19 pandemic.

Corporate Expenses

Depreciation and amortization decreased from \$451,000 to \$380,000 for the 12-month period ended December 31, 2023 compared to the corresponding period in 2022. The decrease was the result of the Company not opening any Company locations during 2023.

General and administrative expenses decreased from \$2.17 million to \$1.55 million for the 12-month period ended December 31, 2023 compared to the corresponding period in 2022. The decrease was the result of maintaining tight controls on expenditures despite the inflationary pressures on substantially all costs. In addition, \$280,000 of the cost was deferred relating directly to costs attributable to new franchise locations to be amortized over the term of the contracts.

Interest expense decreased from \$1.9 million to \$1.7 million for the 12-month period ended December 31, 2023 compared to the corresponding period in 2022. The primary reason for the decrease was the result of principal payments on the Senior Note partially offset by compounding of the PIK interest on the Senior Note and an increase in interest rate due to the variable loan terms. This is also the correcting entry moving \$257,926 into interest expense in 2022 from 2023. In 2024, the interest cost should decline gradually as a result of the required principal payment on the note assuming steady or falling interest rates.

Direct expenses to defend against an activist shareholder increased from \$0 to \$168,000 for the twelve-month period ended December 31, 2023 compared to the corresponding period in 2022. Shortly before the 2023 annual meeting, BT Brands filed a lawsuit against Noble Roman’s, Inc. and its Directors. Additionally, they filed motions for a temporary restraining and for a preliminary injunction. The Federal court held a hearing on both motions and heard arguments from both parties. The court denied both of BT Brands’ motions, in part because the Judge did not believe the underlying lawsuit would be

successful. As a result, BT Brands voluntarily dismissed their lawsuit against Noble Roman's and its Directors on September 7, 2023. See activities of activist group of investors on page 14 for more details.

Liquidity and Capital Resources

The Company's current ratio was 1.1-to-1 as of December 31, 2023 compared to .9-to-1 as of December 31, 2022.

In January 2017, the Company completed the offering of \$2.4 million principal amount of convertible common stock at \$0.50 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 principal amount 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. In April 2023, the holder of \$50,000 principal amount of the subordinated convertible notes were repaid by the Company leaving \$575,000 outstanding. These Notes bear interest at 10% per annum, including the Notes which have not been extended, paid quarterly and are convertible to Common Stock any time prior to maturity at the option of the holder at \$0.30 per share.

In February 2020, the Company entered into the Agreement with Corbel, pursuant to which the Company issued to Corbel the Senior Note in the initial principal amount of \$8.0 million. The Company used the net proceeds of the Agreement as follows: (i) \$4.2 million to repay the Company's then-existing bank debt which were in the original amount of \$6.1 million; (ii) \$1,275,000 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) for working capital and other general corporate purposes, including development of new Company-owned Craft Pizza & Pub locations.

The Senior Note bears cash interest of SOFR, as defined in the Agreement, plus 7.75%. In addition, the Senior Note requires PIK Interest of 3% per annum, which is 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, as amended, requires principal payments of \$33,333 in February 2023 and beginning in March 2023 principal payments of \$83,333 per month continuing until maturity. In July 2023, the Company made non-required principal payments of approximately \$579,000.

See Note 1 to the Company's consolidated financial statements for discussion of funds received from the ERC.

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 a franchising program for Craft Pizza & Pub restaurants as market conditions allow. The Company intends to refinance its outstanding debt payable to Corbel before maturity in February 2025.

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 December 31, 2023:

	Total	Less than 1 Year	1-3 Years	3-5 Years	More than 5 years
Long-term debt	8,117,386	1,000,000	7,117,386	-	-
Operating leases	5,190,203	801,759	2,766,139	1,127,863	494,442
Total	13,307,589	1,801,759	9,883,525	1,127,863	494,442

(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 and its aftermath, competitive factors and pricing and cost pressures, non-renewal of franchise agreements or the openings contemplated by the Development Agreement not occurring, the Company’s ability to successfully remediate material weakness in its internal control over financial reporting, shifts in market demand, the success of franchise programs, general economic conditions, changes in demand for the Company’s products or franchises, the Company’s ability to service its loans and refinance the Senior Note before its maturity in 2025, the acceptance of the amended federal Form 941 return relating to the ERC, the impact of franchise regulation, the success or failure of individual franchisees and inflation, other changes in prices or supplies of food ingredients and labor and as well as the factors discussed under “Risk Factors” contained in this Annual Report on Form 10-K. 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. If activist stockholder activities ensue, the Company business could be adversely impacted.

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, 2023, the Company had outstanding variable interest-bearing debt in the aggregate principal amount of \$7.4 million. The Company’s current borrowings were at a variable rate tied to SOFR plus 7.75% per annum adjusted on a monthly basis. Based on its current debt structure, for each 1% increase in SOFR the Company would incur increased interest expense of approximately \$72,000 over the succeeding 12-month period.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

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

	<u>December 31,</u>	
Assets	<u>2022 (As Restated)</u>	<u>2023</u>
Current assets:		
Cash	\$ 785,522	\$ 872,335
Employee Retention Tax Credit Receivable	-	507,726
Accounts receivable - net	824,091	1,169,446
Inventories	997,868	965,819
Prepaid expenses	<u>424,822</u>	<u>318,195</u>
Total current assets	<u>3,032,303</u>	<u>3,833,521</u>
Property and equipment:		
Equipment	4,351,558	4,386,430
Leasehold improvements	3,116,030	3,130,430
Construction and equipment in progress	<u>63,097</u>	<u>-</u>
	7,530,685	7,516,860
Less accumulated depreciation and amortization	<u>2,817,477</u>	<u>3,196,993</u>
Net property and equipment	<u>4,713,208</u>	<u>4,319,867</u>
Deferred tax asset	3,374,841	3,374,841
Deferred contract costs	934,036	1,403,299
Goodwill	278,466	278,466
Operating lease right of use assets	5,660,155	4,930,014
Other assets	<u>350,189</u>	<u>339,817</u>
Total assets	<u>\$ 18,343,198</u>	<u>\$ 18,479,825</u>
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable and accrued expenses	\$ 1,807,035	\$ 1,284,210
Current portion of operating lease liability	799,164	799,165
Current portion of Corbel loan payable	866,667	1,000,000
Warrant liability	29,037	540,650
Total current liabilities	<u>3,501,903</u>	<u>3,624,025</u>
Long-term obligations:		
Loan payable to Corbel net of current portion	7,470,900	6,133,691
Convertible notes payable	622,864	575,000
Operating lease liabilities – net of current portion	5,103,286	4,378,927
Deferred contract income	<u>934,036</u>	<u>1,577,299</u>
Total long-term liabilities	<u>14,131,086</u>	<u>12,664,917</u>
Total liabilities	<u>\$ 17,632,989</u>	<u>\$ 16,288,942</u>
See Note 12 regarding Contingencies		
Stockholders' equity:		
Common Stock – no par value (40,000,000 shares authorized, 22,215,512 issued and outstanding as of December 31, 2022 and December 31, 2023)	24,819,736	24,840,126
Accumulated deficit	<u>(24,109,527)</u>	<u>(22,649,243)</u>
Total stockholders' equity	<u>710,209</u>	<u>2,190,883</u>
Total liabilities and stockholders' equity	<u>\$ 18,343,198</u>	<u>\$ 18,479,825</u>

See accompanying notes to consolidated financial statements.

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

	<u>Year Ended December 31,</u>	
	<u>2022 (As</u>	<u>2023</u>
	<u>Restated)</u>	
Restaurant revenue - company-owned restaurants	\$ 9,704,169	\$ 8,744,158
Restaurant revenue - company-owned non-traditional	712,517	934,662
Franchising revenue	4,002,824	4,665,187
Administrative fees and other	<u>33,255</u>	<u>29,567</u>
Total revenue	14,452,765	14,373,574
Operating expenses:		
Restaurant expenses - company-owned restaurants	8,516,405	7,813,176
Restaurant expenses - company-owned non-traditional	704,665	792,532
Franchising expenses	<u>2,185,751</u>	<u>231,695</u>
Total operating expenses	11,406,821	8,837,403
Depreciation and amortization	450,550	379,516
General and administrative	2,167,678	1,548,878
Defense against activist shareholder	-	168,092
Total expenses	<u>14,025,049</u>	<u>10,933,889</u>
Operating income	427,716	3,439,685
Interest expense	1,884,147	1,744,488
Change in fair value of warrants	-	234,913
Net income (loss) before income taxes	(1,456,431)	1,460,284
Income tax expense (benefit)	<u>(142,435)</u>	<u>-</u>
Net income (loss)	<u>\$ (1,313,996)</u>	<u>\$ 1,460,284</u>
Income (loss)per share - basic:		
Net income (loss)	\$ (.06)	\$.07
Weighted average number of common shares outstanding	22,215,512	22,215,512
Diluted income (loss)per share:		
Net income (loss) (1)	\$ (.06)	\$.06
Weighted average number of common shares outstanding	22,215,512	23,599,853

(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, 2021	<u>22,215,512</u>	<u>\$24,791,568</u>	<u>\$(21,897,004)</u>	<u>\$2,894,564</u>
Adjustment to accumulated deficit (1)			(898,527)	(898,527)
2022 net loss (restated)			(1,313,996)	(1,313,996)
Amortization of value of stock options	<u> </u>	<u>28,168</u>	<u> </u>	<u>28,168</u>
Balance at December 31, 2022 as restated	<u>22,215,512</u>	<u>24,819,736</u>	<u>\$(24,109,527)</u>	<u>\$710,209</u>
2023 net income			1,460,284	1,460,284
Amortization of value of stock options	<u> </u>	<u>20,390</u>	<u> </u>	<u>20,390</u>
Balance at December 31, 2023	<u>22,215,512</u>	<u>\$24,840,126</u>	<u>\$(22,649,243)</u>	<u>\$2,190,883</u>

(1) Prior to 2019, accounts payable and accrued expenses were understated by \$898,527 and this entry was made to increase accounts payable and accrued expenses and to increase the deficit in the accumulated deficit account.

See accompanying notes to consolidated financial statements...

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

	<u>Year ended December 31,</u>	
	<u>2022 (As Restated)</u>	<u>2023</u>
OPERATING ACTIVITIES		
Net income (loss)	\$ (1,313,996)	\$ 1,460,284
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities:		
Stock compensation	28,168	20,390
Change in fair value of warrants	-	234,913
Depreciation and amortization	450,550	379,516
Amortization of loan closing cost and PIK interest	492,427	520,533
Deferred contract revenue	123,992	643,271
Deferred revenue contract cost	(123,992)	(469,263)
Amortization of lease cost in excess of cash paid	18,552	5,783
Deferred income taxes	(142,435)	-
Changes in operating assets and liabilities		
(Increase) decrease in:		
Employee retention tax credit receivables	-	(507,726)
Accounts receivable	52,216	(345,373)
Inventories	(3,783)	32,049
Prepaid expenses	(9,514)	106,627
Other assets including long-term portion of accounts receivable	122,804	10,372
Increase in:		
Accounts payable and accrued expenses	334,595	(522,825)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>29,584</u>	<u>1,568,551</u>
INVESTING ACTIVITIES		
Purchase of property and equipment	(507,575)	13,825
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>(507,575)</u>	<u>13,825</u>
FINANCING ACTIVITIES		
Payment of principal on Corbel loan	-	(1,445,563)
Payment of principal on convertible notes	-	(50,000)
NET CASH USED BY FINANCING ACTIVITIES	<u>-</u>	<u>(1,495,563)</u>
Increase (decrease) in cash	(477,991)	86,813
Cash at beginning of year	<u>1,263,513</u>	<u>785,522</u>
Cash at end of year	\$ <u>785,522</u>	\$ <u>872,335</u>

Supplemental Schedule of Non-Cash Investing and Financing Activities:

None.

Cash interest paid in 2023 was \$875 thousand. No income taxes were paid in 2023.

Cash interest paid in 2022 was \$1.1 million.

Revaluation of warrants in 2023 was \$276,210.

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements
Noble Roman's, Inc. and Subsidiaries
December 31, 2023 and 2022

Note 1: Summary of Significant Accounting Policies

Organization: The Company, with two wholly-owned subsidiaries, sells and services franchises and licenses and operates Company-owned stand-alone restaurants and non-traditional foodservice operations 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 wholly-owned subsidiaries.

Principles of Consolidation: The consolidated financial statements include the accounts of Noble Roman’s, Inc. and its wholly-owned subsidiaries, RH Roanoke, Inc. and Pizzaco, Inc. (inactive). 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.

Franchise Support Costs: Certain direct costs of franchising operations are charged to franchise expense and also to deferred contract costs which are amortized over the life of each franchise.

Leases: 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.

Deferred Revenue: The upfront fees for franchise locations are credited to deferred contract income and amortized over the life of the individual franchises.

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

Accounts receivables are evaluated for collectability. The Company accounts for credit losses in accordance with Accounting Standards Codification (“ASC”) Topic 326, Financial Instruments – Credit Losses (“ASC Topics 326”). ASC Topic 326 impacts the impairment model of certain financial assets

measured at amortized cost by requiring a current expected credit loss (“CECL”) methodology to estimate expected credit losses over the entire life of the financial asset, recorded at inception or purchase. The Company has the ability to determine there are no expected credit losses in certain circumstances. The Company identified accounts receivable, prepaid expenses and other assets which are carried at amortized cost as in scope for consideration under ASC Topic 326.

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

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

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

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

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

Use of Estimates: The preparation of the consolidated financial statements in conformity with United States generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates. In 2020, in light of the additional uncertainty created as a result of the COVID-19 pandemic, the Company decided to create a reserve for collectability on all long-term franchisee receivables. The Company will continue to pursue collection where circumstances are appropriate and all collections of these receivables in the future will result in additional income at the time received or otherwise secured. 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, 2023 was \$373,013.

Intangible Assets: The Company recorded goodwill of \$278,000 as a result of the acquisition of RH Roanoke, Inc. of certain assets of a former franchisee of the Company. Goodwill has an indeterminable life and is assessed for impairment at least annually and more frequently as triggering events may occur. In making this assessment, management relies on a number of factors including operating results, business plans, economic projections, anticipated future cash flows, and transactions and marketplace data. Any impairment losses determined to exist are recorded in the period the determination is made. There are inherent uncertainties related to these factors and management’s judgment is involved in

performing goodwill and other intangible assets valuation analysis, thus there is risk that the carrying value of goodwill and other intangible assets may be overstated or understated. The Company has elected to perform the annual impairment assessment of recorded goodwill as of the end of the Company's fiscal year. The results of this annual impairment assessment indicated that the fair value of the reporting unit as of December 31, 2023, exceeded the carrying or book value, including goodwill, and therefore recorded goodwill was not subject to impairment.

Long Lived Assets: The Company reviews long lived assets on an annual basis to determine if there has been any impairment in value. The Company has determined there has been no impairment of value in the recorded fixed assets.

Franchising Revenue: This includes royalty income, amortized franchise fee income in accordance with ASC 606, commissions on equipment, marketing allowances and other miscellaneous income. Royalties are generally recognized as income monthly based on a percentage of monthly sales of franchised or licensed restaurants and from audits and other inspections as they come due and payable by the franchisee. Fees from the retail products in grocery stores are recognized monthly based on the distributors' sale of those retail products to the grocery stores or grocery store distributors. Administrative fees are recognized as income monthly as earned. The Company adopted Accounting Standards Update ("ASU") 2014-09 effective January 2018 which did not materially affect the Company's recognition of royalties, fees from the sale of retail products in grocery stores, administrative fees or sales from Company-owned restaurants. However, initial franchise fees and related contract costs, as defined in the franchise agreements, are now deferred and amortized on a straight-line basis over the term of the franchise agreements, generally five to ten years.

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, at December 31, 2022 and December 31, 2023, had net deferred tax assets on its balance sheet totaling \$3.4 million. Based on the Company's review of its available tax credits and 2023 taxable income, the Company believes it is more likely than not that the deferred tax assets will be utilized prior to their expiration.

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 federal and various state income tax returns for 2020 through 2023 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 (loss) 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, 2022:

	<u>Loss</u> (Numerator)	<u>Shares</u> (Denominator)	<u>Per Share</u> Amount
Net loss per share – basic			
Net loss	\$ (1,313,996)	22,215,512	\$ (.06)
Effect of dilutive securities			
Options and warrants	-	47,038	
Convertible Notes	<u>62,500</u>	<u>1,250,000</u>	
Diluted net loss per share			
Net loss (1)	\$ (1,251,496)	23,512,550	\$ (.06)

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

The following table sets forth the calculation of basic and diluted income per share for the year ended December 31, 2023:

	<u>Income</u> (Numerator)	<u>Shares</u> (Denominator)	<u>Per Share</u> Amount
Net income per share – basic			
Net income	\$ 1,460,284	22,215,512	\$.07
Effect of dilutive securities			
Options and warrants	-	134,341	
Convertible Notes	<u>57,500</u>	<u>1,250,000</u>	
Diluted net loss per share			
Net income	\$ 1,517,784	23,599,853	\$.06

Stock-based compensation – The Company accounts for all compensation related to stock, options or warrants using a fair value based method whereby compensation cost is measured at the grant date based on the value of the award and is recognized over the service period, which is usually the vesting period. The Company uses the Black-Scholes valuation model to calculate the fair value of options and warrants issued to both employees and non-employees. Stock issued for compensation is valued on the effective date of the agreement in accordance with generally accepted accounting principles, which includes determination of the fair value of the share-based transaction. The fair value is determined through use of the quoted stock price.

Employee Retention Credit: The employee retention credit (“ERC”) is a refundable tax credit that businesses can claim on qualified wages paid to employees. The program was introduced in March 2020 in the Coronavirus Aid, Relief and Economic Security Act (the “CARES Act”) to incentivize employees to keep their employees on their payroll during the pandemic and economic shutdown. The credit applies to all qualified wages, including certain health plan expenses, paid during the period in which the operations were fully or partially suspended due to a government shutdown order or where there was significant decline in gross receipts.

When first established under the CARES Act, the tax credit was equal to 50% of the qualified wages an eligible employer paid to employees after March 12, 2020 and before January 1, 2021. The credit was also limited to a maximum annual per employee credit of \$5,000. The credit was then extended through June 30, 2021 by the Tax Payer Certainty and Disaster Relief Act (“Relief Act”) (Division EE of the Consolidated Appropriations Act). The Relief Act modified the credit to be 70% of up to \$10,000 of qualified wages per quarter in 2021 through June 30, 2021. The program was further extended through

December 31, 2021 by the American Rescue Plan Act of 2021 (“ARPA”) but was retroactively cut short by the Infrastructure Investment and Jobs Act, ending effective September 30, 2021.

During the first quarter 2023 the Company determined that it is entitled to an ERC of \$1.718 million and has submitted amended federal Form 941 returns claiming that refund. The ERC refund is treated as a government grant reducing appropriate expenses for the \$1.718 million less expenses for applying for the refund of \$258,000 or a net of \$1.460 million which primarily affected franchising venue as other operating expenses. This refund applied both to Noble Roman’s, Inc. and its subsidiary, RH Roanoke, Inc. To date the Company has received all five quarterly refunds for Roanoke, Inc. and three refunds for 2020 and one of the two quarterly refunds for 2021 for Noble Roman’s, Inc. In recent communications, the Internal Revenue Service, indicated the final refund claim had been received and was in process, but the Commissioner had put a temporary hold on all additional returns while IRS addresses administrative issues in processing refunds generally.

Note 2: Restatement of Previously Issued Consolidated Financial Statements

The Company restated the previously issued consolidated financial statement in its Form 10-K for the year ended December 31, 2022 to correct historical error related to accounts payable and accumulated deficit as of January 1, 2022 and for the year then ended. This misstatement consisted of underreported accounts payable and an understatement of accumulated deficit, which related to years which occurred prior to 2020 and carried forward to 2022. Please refer to the Explanatory Note prior to Part I of this Form 10-K. Also shown in the Explanatory Note is a table showing the effect of the restated amount to the consolidated balance sheet as of that date.

Description of Restatement Tables

The following tables represent our restated consolidated balance sheets, consolidated statements of operations, and consolidated statements of cash flows as of December 31, 2022 and for the year then ended.

Following the restated consolidated financial statement tables, we have presented a reconciliation from our prior periods as previously reported to the restated values. The values as previously reported for the year ended December 31, 2022 were derived from our 2022 Annual Report on Form 10-K, filed on April 13, 2023.

Balance Sheet as of December 31, 2022

	As Filed	As Restated
Total current assets	\$ 3,032,303	\$ 3,032,303
Net property and equipment	4,713,208	4,713,208
All other assets	<u>10,597,687</u>	<u>10,597,687</u>
Total assets	18,343,198	18,343,198
Accounts payable and accrued expenses	650,582	1,807,035
All other current liabilities	<u>1,665,831</u>	<u>1,665,831</u>
Total current liabilities	<u>2,316,413</u>	<u>3,472,866</u>
All long-term liabilities	14,160,123	14,160,123
Common stock	24,819,736	24,819,736
Accumulated deficit	<u>(22,953,074)</u>	<u>(24,109,527)</u>
Total liability and stockholders equity	<u>\$18,343,198</u>	<u>\$18,343,198</u>

Consolidated Statement of Operations for the year ended December 31, 2022

	As Filed	As Restated
Total revenue	<u>\$ 14,452,765</u>	<u>\$ 14,452,765</u>
Total operating expenses	11,406,821	11,406,821
Other expenses	2,618,228	2,618,228
Operating income	427,716	427,716
Interest	<u>1,626,221</u>	<u>1,884,147</u>
Net income (loss) before taxes	(1,198,505)	(1,456,431)
Income tax (benefit)	(142,435)	(142,435)
Net (loss)	<u>\$ (1,156,070)</u>	<u>\$ (1,313,996)</u>

Consolidated Statement of Cash Flows for the year ended December 31, 2022

	As Filed	As Restated
Net (loss)	\$ (1,056,070)	\$ (1,313,996)
Depreciation and amortization, deferred contract revenue, deferred contract cost, amortization of lease in excess of cash paid, deferred income taxes, accounts receivable, inventories, prepaid expenses and other assets	<u>1,008,985</u>	<u>1,008,985</u>
Accounts payable and accrued expenses	<u>76,669</u>	<u>334,595</u>
Cash provided by operating activity	<u>29,584</u>	<u>29,584</u>
Cash used in investing activities	<u>(507,575)</u>	<u>(507,575)</u>
Cash used in financing activities	-	-
(Decrease) in cash	(477,991)	(477,991)
Cash at beginning of year	<u>1,263,513</u>	<u>1,263,513</u>
Cash at end of year	<u>\$ 785,522</u>	<u>\$ 785,522</u>

Note 3: Inventory

Inventory consists of ingredient inventory used to make products in the Company-owned restaurants, marketing materials to sell to franchisees and equipment inventory to be used in future locations. At December 31, 2023 and 2022 inventory consisted of the following:

	2023	2022
Ingredient inventory used to make products in company locations	\$ 157,861	\$ 178,372
Marketing materials	27,086	33,146
Equipment inventory	<u>780,872</u>	<u>786,350</u>
Total	<u>\$ 965,819</u>	<u>\$ 997,868</u>

Note 4: Accounts Receivable

At December 31, 2022 and 2023, 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 receivables reflected on the Consolidated Balance Sheets as of December 31, 2022 and 2023 will be collected, therefore no reserve has been recorded.

Other assets, as of December 31, 2023, include security deposits and other miscellaneous assets in the amount of \$122,000 and cash value of life insurance in the amount of \$218,000.

Note 5: Property and Equipment

A summary of property and equipment as of December 31, 2023 and 2022 is as follows:

	<u>2023</u>	<u>2022</u>
Equipment	\$ 4,386,430	\$ 4,351,558
Leasehold improvements	3,130,430	3,116,030
Construction and equipment in progress	-	63,097
Total before depreciation and amortization	<u>7,516,860</u>	<u>7,530,685</u>
Less accumulated depreciation and amortization	(3,196,993)	(2,817,477)
Net property and equipment	<u>\$ 4,319,867</u>	<u>\$ 4,713,208</u>

Note 6: Notes Payable

On February 7, 2020, the Company entered into a Senior Secured Promissory Note and Warrant Purchase Agreement (as amended, 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 (as amended, the “Senior Note”) in the initial principal amount of \$8.0 million. The Company has used 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 were 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 SOFR, as defined in the Agreement, plus 7.75% which was 13.08% at December 31, 2023 and 11.07% at December 31, 2022. In addition, the Senior Note requires payment-in-kind interest (“PIK Interest”) of 3% per annum, which is being 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 requires principal payments of \$33,333 in February 2023 and beginning in March 2023 principal payments of \$83,333 per month continuing until maturity in February 2025.

In conjunction with the borrowing under the Senior Note, the Company issued to the Purchaser a warrant (as amended, the “Corbel Warrant”) to purchase up to 2,250,000 shares of Common Stock. The Corbel Warrant, as amended, 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 \$0.30 per share (“Tranche 1”), (ii) 900,000 shares of Common Stock at an exercise price of \$0.30 per share (“Tranche 2”), and (iii) 150,000 shares of Common Stock at an exercise price of \$0.30 per share (“Tranche 3”). 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 seventh anniversary of the date of its issuance. The agreement contains covenants for ratios regarding a fixed charge ratio and lease adjusted leverage ratio. The Company was in compliance or had obtained waivers as of December 31, 2023. The warrant had a fair market value of \$540,650 and \$29,037 as of December 31, 2023 and 2022. The change in fair value of the warrant was \$234,913 for the year ended December 31, 2023. The recalculation of the warrant was \$276,710.

At December 31, 2023, the balance of the Senior Note was comprised of:

Principal	\$ 7,506,704
Unamortized Loan Closing Cost	\$ (373,013)
Carrying Value	\$ 7,133,691

Current portion of Corbel loan payable	\$1,000,000
Long-term portion of Corbel loan payable	<u>\$6,133,691</u>
Total carrying value of Corbel loan payable	<u>\$7,133,691</u>

In January 2017, the Company completed the offering of \$2.4 million principal amount of promissory notes (the “Notes”) convertible to Common Stock at \$0.50 per share and warrants (the “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 principal amount 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. In April 2023, the holder of \$50,000 principal amount of the subordinated convertible notes were repaid by the Company leaving \$575,000 outstanding, most of which has been extended to February 28, 2025 or the repayment of the Corbel loan, whichever comes first. These Notes bear interest at 10% per annum, including the Notes which have not been extended, paid quarterly and are convertible to Common Stock any time prior to maturity at the option of the holder at \$0.30 per share.

Placement agent fees and other origination costs of the Notes were deducted from the carrying value of the Notes as original issue discount (“OID”). The OID was being amortized over the term of the Notes. The OID was fully amortized in early 2022.

Total cash and non-cash interest accrued on the Company’s indebtedness in 2023 was \$1.51 million and in 2022 was \$1.63 million.

Note 7: Royalties and Fees

Approximately \$293,500 and \$203,310 are included in 2022 and 2023, respectively, for amortized initial fees in the Consolidated Statements of Operations. Also included in royalties and fees were approximately \$61,000 and \$123,000 in 2022 and 2023, respectively, for equipment commissions. Most of the cost for the services required to be performed by the Company are incurred prior to the initial fee income being recorded which is based on contractual liability for the franchisee.

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.

During the 12-month period ended December 31, 2023 there were no company-operated or franchised Craft Pizza & Pub restaurants opened or closed. During that period there were 61 new non-traditional outlets opened and six non-traditional outlets closed.

Note 8: Liabilities for Leased Facilities

The Company has various leases for its Company-owned Craft Pizza & Pub locations and its corporate office.

The following table summarizes the right of use asset and lease liability as of December 31, 2023.

Right of use assets	\$ <u>4,930,014</u>
Lease liability	
Current	799,165
Long-term	<u>4,378,927</u>
Total	\$ <u>5,178,092</u>

The following table summarizes the Company’s scheduled minimum lease payments as of December 31, 2023.

2024	\$.802 million
2025 and 2026	2.766 million
2027 and 2028	1.1 million
After 2028	.5 million
Total operating lease obligations	\$ 5.2 million

Note 9: Income Taxes

The Company had deferred tax assets, as a result of prior operating losses, of \$3.4 million at December 31, 2022 and December 31, 2023. The net operating loss carry-forward is approximately \$17.7 million to be used to offset otherwise taxable income in the future. The net operating loss carry-forward would indicate a deferred asset of \$4.4 million compared to the balance sheet amount of \$3.4 million, therefore no income tax was recorded for 2023 as it was offset fully against net operating losses at a tax rate of 24%. No temporary differences were noted. In effect, we have a reserve in the deferred tax asset account of \$1.0 million. The net operating losses were generated primarily in the transition the Company made from its original free-standing locations to the more modern Craft Pizza & Pub style locations. In addition, the Company transformed as a major franchisor of non-traditional locations (which are defined as locations within some other type business or activity). Formerly net operating losses not used expired after 20 years. The remaining carry-forward is indefinite but they can only be used to offset up to 80% of the otherwise taxable income in any one tax year, however the unused net operating loss carry-forward continues to be carried forward for future years. As with any other asset, the Company is required to evaluate whether or not that tax credit is more likely than not to be used in coming years. The Company has made this evaluation and determined that the deferred tax credit recorded will more likely than not be used within the next four years. The deferred tax asset is based on an effective tax rate for State and

Federal income taxes of 24%. According to the internal projections made by the Company, the net operating loss carry-forward will be fully utilized to offset income taxes in future years. Should there be a significant change in the Company's ownership, the Company's future use of its existing net operating losses may be limited.

Note 10: Common Stock

As of December 31, 2023, outstanding were \$575,000 principal amount of Notes convertible into Common Stock at \$0.50 per share and warrants to purchase 625,000 shares with an exercise price of \$0.30 per share. During 2022, all of those Notes were extended except for a Note with outstanding principal of \$100,000. The Note that was not extended matured, and accompanying Warrants expired January 31, 2023, but cannot be repaid until the Corbel Note is repaid. The Company issued to the Purchaser the Corbel Warrant to purchase up to 2,250,000 shares of Common Stock, as described in Note 6 of these notes to the Company's consolidated financial statements.

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. As of December 31, 2023, options for 2,679,001 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 2022:

Expected volatility	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, 2021, 2022 and 2023 and the number of options granted, exercised or forfeited and/or expired during the years ended December 31, 2022 and 2023:

Balance of employee stock options outstanding as of 12/31/21	4,855,167
Stock options granted during the year ended 12/31/22	520,000
Stock options exercised during the year ended 12/31/22	0
Stock options forfeited/expired during the year ended 12/31/22	(59,000)
Balance of employee stock options outstanding as of 12/31/22	5,316,167
Stock options granted during the year ended 12/31/23	0
Stock options exercised during the year ended 12/31/23	0

Stock options forfeited/expired during the year ended 12/31/23	(2,076,167)
Balance of employee stock options outstanding as of 12/31/23	3,240,000

The following table sets forth the number of non-vested options outstanding as of December 31, 2021, 2022 and 2023, and the number of stock options granted, vested and forfeited and/or expired during the years ended December 31, 2022 and 2023.

Balance of employee non-vested stock options outstanding as of 12/31/21	1,041,500
Stock options granted during the year ended 12/31/22	520,000
Stock options vested during the year ended 12/31/22	(327,500)
Stock options forfeited/expired during the year ended 12/31/22	(59,000)
Balance of employee non-vested stock options outstanding as of 12/31/22	1,175,000
Stock options granted during the year ended 12/31/23	0
Stock options vested during the year ended 12/31/23	(217,833)
Stock options forfeited/expired during the year ended 12/31/23	(396,168)
Balance of employee non-vested stock options outstanding as of 12/31/23	560,999

The weighted average grant date fair value of employee stock options granted during 2022 was \$0.22. No options were granted in 2023. Total compensation cost recognized for share-based payment arrangements was \$28,168 in 2022 with a tax benefit of \$6,873 and \$20,390 in 2023 with a tax benefit of \$4,894. As of December 31, 2023, total unamortized compensation cost related to options was \$9,522, 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 11: 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. The Company does not have any current expected credit losses, therefore no reserve has been recorded. The Company accounts for credit losses in accordance with ASC Topic 326, Financial Instruments – Credit Losses (“ASC Topics 326”). ASC Topic 326 impacts the impairment model of certain financial assets measured at amortized cost by requiring a current expected credit loss (“CECL”) methodology to estimate expected credit losses over the entire life of the financial asset, recorded at inception or purchase. The Company has the ability to determine there are no expected credit losses in certain circumstances. The Company identified accounts receivable, prepaid expenses and other assets which are carried at amortized cost as in scope for consideration under ASC Topic 326.

Note 12: 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.

There are no commitments to any key executives or officers beyond an employment agreement with the each of Executive Chairman and the President and Chief Executive Officer.

Note 13: 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 completed on the same terms and conditions as all of the independent investors who purchased the other 41 Units. The Notes, at the time of issue, were to mature three years after issue date. In late 2018, the Company sent an offer to each remaining Note holder offering to extend the maturity of the Notes to January 31, 2023. Holders of \$775,000 in principal amount of the Notes accepted that offer of extension including the Notes held by Paul W. Mobley and Herbst Capital Management, LLC. In conjunction with the refinancing of the Company in February 2020, Notes held by Paul Mobley were included in the \$1,275,000 in principal amount of Notes that were repaid out of the proceeds of the new financing. In September 2022, Paul Mobley bought a subordinated note in principal amount of \$200,000 from Marcel Herbst which is included in the balance sheet as a portion of the convertible notes payable along with the attached warrants. In 2023, Paul Mobley received the 10% interest in the amount of \$20,000 from the Company at the same time and same rate as all other subordinated debt holders were paid their interest and included in interest expense.

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of
Noble Roman's, Inc.
Indianapolis, Indiana

We consent to include our report dated April 13, 2023, with respect to the consolidated financial statements of Noble Roman's, Inc. as of and for the year ended December 31, 2022, excluding any adjustments recorded by management subsequent to our report dated April 13, 2023, that would have an impact on the consolidated financial statements for the year ended December 31, 2022, which is incorporated by reference in this Annual Report (Form 10-K) for the year ended December 31, 2023.

SOMERSET CPAs, P.C.
Indianapolis, Indiana

Report of Independent Registered Public Accounting Firm

**To the Board of Directors and Stockholders of
Noble Roman's, Inc.
Indianapolis, Indiana**

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of Noble Roman's, Inc. and subsidiaries (the "Company") as of December 31, 2022 and 2021, 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, 2022, 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 at December 31, 2022 and 2021, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2022, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

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

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

Critical Audit Matters

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

as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Valuation of Deferred Tax Assets

As described in Notes 1 and 6 to the consolidated financial statements, the Company's deferred tax asset was \$3.4 million at December 31, 2022.

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

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

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

Valuation of Accounts Receivable

As described in Note 2 to the consolidated financial statements, the Company has recorded its accounts receivable at anticipated realizable value at December 31, 2022.

We identified the allowance for doubtful accounts as a critical audit matter. Specifically, management is required to make significant judgments and assumptions to estimate cash flows and evaluate collectability. Auditing these elements involved especially challenging and subjective auditor judgment due to the nature and extent of audit effort required to address these matters.

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

- Understanding the design of controls relating to management's assessment of estimated cash flow and collectability.
- Testing the completeness and accuracy of historical collections.
- Evaluating the assessment of estimated cash flows through consideration of recent performance trends and changes to collectability.

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

Somerset CPA's, P.C.
Indianapolis, Indiana
April 13, 2023

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of
Noble Roman's, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Noble Roman's, Inc. and subsidiaries (the Company) as of December 31, 2023 and the related consolidated statements of operations, changes in stockholders' equity, and cash flows for the year then ended and the related consolidated notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and the results of its operations and its cash flows for the year ended December 31, 2023, in conformity with accounting principles generally accepted in the United States of America.

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 audit. 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 audit 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 audit 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 audit 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 audit provides a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matters to be communicated, are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments.

Valuation of Deferred Tax Assets

As described in Notes 1 and 9 to the consolidated financial statements, the Company's deferred tax asset was \$3.4 million at December 31, 2023.

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

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

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

We agreed with management's assessment for the year ended December 31, 2023 which concluded the valuation allowance in place was reasonable.

Other Matter

The consolidated financial statements of the Company as of and for the year ended December 31, 2022, before the restatement described in Note 2, were audited by another auditor whose report was dated April 13, 2023 and expressed an unmodified opinion on those statements.

As part of our audit of the December 31, 2023 consolidated financial statements, we also audited the restatement of the accrued liabilities account as described in Note 2 that were applied to restate the 2022 consolidated financial statements. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to the 2022 consolidated financial statements of the Company other than with respect to these adjustments described in Note 2 and, accordingly, we do not express an opinion or any other form of assurance on the 2022 consolidated financial statements as a whole.

Assurance Dimensions

We have served as the Company's auditor since 2023.

Margate, Florida

May 16, 2024

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

None.

ITEM 9A. CONTROLS AND PROCEDURES

In connection with the preparation of this Annual Report, management, under the supervision and with the participation of the Company's Chief Executive Officer and Chief Financial Officer, have evaluated the effectiveness of the Company's disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Securities and Exchange Act of 1934, as amended (the "Exchange Act"), as of the end of the period covered by this Annual Report. In designing and evaluating the disclosure controls and procedures, our management recognizes that any controls and procedures are designed only to provide reasonable assurance, and no matter how well designed and operated, there can be no assurance that disclosure controls and procedures will operate effectively in all circumstances. Based on this evaluation, our Chief Executive Officer and our Chief Financial Officer concluded that as of December 31, 2023, the Company's disclosure controls and procedures were not effective based on the criteria in Internal Control – Integrated Framework issued by the COSO, version 2013, as discussed below.

Management's Report on Internal Control Over Financial Reporting

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rule 13a-15(f). The Company carried out an evaluation under the supervision and with the participation of the Company's management, including the Company's Chief Executive Officer and Chief Financial Officer, of the effectiveness of the Company's internal control over financial reporting. The Company's management used the framework in Internal Control-Integrated Framework (2013) issued by the Committee of Sponsoring Organizations (COSO) to perform this evaluation. As a result of this assessment, management identified a material weakness in internal control over financial reporting control environment for accounts payable, and accrued liabilities. The material weakness resulted in reporting errors requiring a restatement of our consolidated financial statements for Annual Reports on Form 10-K for the years ended December 31, 2022 (the "Prior Statements").

Remediation Efforts to Address Material Weaknesses

Our management, including our CFO, is working with experts and our board of directors to design and implement a remediation plan to correct the material weakness in our internal control over financial reporting. The following activities highlight our commitment to remediating our identified material weaknesses. In order to correct this weakness the Company will require, on a quarterly basis, a reconciliation of all accounts payable and accrued expenses to be reviewed with management.

In addition to the items noted above, as we continue to evaluate, remediate, and improve our internal control over financial reporting, our management expects to continue to implement additional measures to address control deficiencies and further refine and improve the remediation efforts described above. Specifically, we are developing a checklist of activities based on the criteria established in the COSO Framework against which we will assess the design of entity-level and activity-level controls, and the operational effectiveness of such controls. Deficiencies identified in this process will be addressed by management, including our

CEO and CFO. This assessment, any deficiencies, and any remedial actions will be shared and discussed with our board of directors and accounting experts.

Changes in Internal Control Over Financial Reporting

There have been no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during 2023 other than noted above that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

None.

ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

Not applicable.

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:

<u>Name</u>	<u>Age</u>	<u>Positions with the Company</u>
Paul W. Mobley	83	Executive Chairman of the Board, Chief Financial Officer and Class II Director
A. Scott Mobley	60	Chief Executive Officer, President, Secretary and Class III Director
Douglas H. Coape-Arnold	78	Class I Director
Marcel Herbst	53	Class I Director
William Wildman	75	Class II Director
Troy Branson	60	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 2022 and 2023

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	2023	\$ 330,750	\$ -	\$ -	\$ 330,750
	2022	\$ 330,750	\$ -	\$ 2,800	\$ 333,550
A. Scott Mobley Chief Executive Officer, President and Secretary	2023	\$ 484,976	\$ -	\$ -	\$ 484,976
	2022	\$ 489,078	\$ -	\$ 4,800	\$ 493,878
Troy Branson Executive Vice President	2023	\$ 202,472	\$ -	\$ -	\$ 202,472
	2022	\$ 191,798	\$ 18,016	\$ 2,800	\$ 212,614

(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 2022 and none in 2023 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 ASC Topic 718. See Note 10 to the Notes to the Company's Consolidated Financial Statements in this Annual Report on Form 10-K a discussion of the Company's determination of the grant date fair value of stock options.

In 2023, there were no options granted by the Company and 2,076,167 stock options were forfeited.

Employment Agreements

Paul W. Mobley has an employment agreement with the Company which: (A) fixes his base compensation at \$682,500 per year for 2023 (although Mr. Mobley voluntarily reduced his base compensation to \$330,750 for 2023 and pursuant to an agreement entered into in conjunction with the Corbel financing in 2020 Mr. Mobley agreed to limit his salary in future years to a 5% per annum increase); (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 group life insurance in accordance with the group policy provided all salaried employees. 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 \$607,477 per year for 2023 (although Mr. Mobley voluntarily reduced his base compensation to \$484,976 for 2023 and pursuant to an agreement entered into in conjunction with the Corbel financing in 2020 Mr. Mobley agreed to limit his salary in future years to a 5% per annum increase); (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 group life insurance in accordance with the group policy provided all salaried employees. 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.

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, 2023.

Name	Option Awards			
	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Option Exercise Price (\$)	Option Expiration Date
Paul W. Mobley	60,000		1.00	7/2/24
	70,000		1.00	6/23/25
	60,000		0.53	7/7/26
	70,000		0.51	7/7/27
	70,000		0.623	7/6/28
	80,000		0.60	7/2/29
	70,000		0.40	9/30/30
	46,667	23,333	0.70	7/2/31
	23,333	46,667	0.22	6/1/32
A. Scott Mobley	60,000		1.00	7/2/24
	70,000		1.00	6/23/25
	70,000		0.53	7/7/26
	90,000		0.51	7/7/27
	80,000		0.623	7/6/28
	100,000		0.60	7/2/29
	80,000		0.40	9/30/30
	80,000	40,000	0.70	7/2/31
	40,000	80,000	0.22	6/1/32
Troy Branson	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
	30,000		0.40	9/30/30
		35,000	0.70	7/2/31
		70,000	0.22	6/1/32

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	19,000	-	-	19,000
Marcel Herbst	19,000	-	-	19,000
William Wildman	19,000	-	-	19,000

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 March 1, 2024, there were 22,215,512 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 March 1, 2024, 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.

<u>Name of Beneficial Owner</u>	<u>Number of Shares Beneficially Owned (1)</u>	<u>Percent of Common Stock (2)</u>
Corbel Capital Partners SBIC, L.P.	2,250,000 (3)	9.2%
Paul W. Mobley	3,316,035 (4)	14.1
A. Scott Mobley	1,782,911 (5)	7.7
Douglas H. Coape-Arnold	305,000 (6)	1.4
Marcel Herbst	350,000(7)	1.6
Troy Branson	397,500 (8)	1.8
William Wildman	255,000 (9)	1.1
BT Brands, Inc. and Gary Copperud	1,437,184 (10)	6.5
All executive officers and directors as a group (6) persons	6,406,446	25.1%

- (1) All shares owned directly with sole investment and voting power, unless otherwise noted.
- (2) The percentage calculations are based upon 22,215,512 shares of the Company's Common Stock issued and outstanding as of the most recent practicable date and, for each officer, director or significant holder of the group, the number of shares subject to options, warrants or conversion rights exercisable within 60 days of March 1, 2024.
- (3) According to the information provided to the Company in a Schedule 13G, filed with the SEC on February 14, 2020, the total includes 2,250,000 warrants to purchase up to 2,250,000 shares. The Schedule 13-G states that the filer has sole voting power and sole dispositive power for all such shares. Corbel's address is 11777 San Vicente Blvd., Suite 777, Los Angeles, California 90049.
- (4) The total includes 620,000 shares of Common Stock subject to options granted under a stock option plan, 400,000 shares issuable upon conversion of convertible notes and warrants to purchase 350,000 shares. Mr. Mobley's address is 6612 E. 75th Street, Suite 450, Indianapolis, Indiana 46250.
- (5) The total includes 790,000 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 305,000 shares of Common Stock subject to options granted under a stock option plan. Mr. Coape-Arnold's address is 6612 E. 75th Street, Suite 450, Indianapolis, Indiana 46250.
- (7) The total includes 280,000 shares of Common Stock subject to options granted under a stock option plan. Mr. Herbst's address is 6612 E. 75th Street, Suite 450, Indianapolis, Indiana 46250.
- (8) The total includes 367,500 shares of Common Stock subject to options granted under a stock option plan. Mr. Branson's address is 6612 E. 75th Street, Suite 450, Indianapolis, Indiana 46250.
- (9) The total includes 200,000 shares of Common Stock subject to options granted under a stock option plan. Mr. Wildman's address is 6612 E. 75th Street, Suite 450, Indianapolis, Indiana 46250.
- (10) According to information provided to the Company in an amendment to Schedule 13D filed with SEC on February 23, 2023, the total includes 176,031 shares for which Mr. Copperud states he sole voting power and sole dispositive power and 1,261,153 shares for which BT Brands, Inc. states it has sole voting power and sole dispositive power. The reporting persons' address is 405 West Main Avenue, Suite 2D, West Fargo, North Dakota 58078.

The following table provides information as of December 31, 2023 with respect to the shares of the Company's Common Stock that may be issued under its existing equity compensation plan.

<u>Plan Category</u>	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	<u>3,240,000</u>	\$.58	<u>(1)</u>
Total	<u>3,240,000</u>	\$.58	<u>(1)</u>

(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, via Herbst Capital Management, LLC. 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. In September 2022, Paul Mobley bought a subordinated note in principal amount \$200,000 from Marcel Herbst along with attached warrants. In 2023, Paul Mobley received the 10% interest from the Company at the same time as all other subordinated debt holders were paid their interest.

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 2022 and 2023.

	<u>2022</u>	<u>2023</u>
Audit fees and review fees ⁽¹⁾	\$110,000	\$111,175

⁽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 year ended December 31, 2022, and the review of the unaudited financial statements included in our quarterly reports on Form 10-Q during 2022.

The engagement of Somerset and Assurance Dimensions, for conducting the audit of the Company's financial statements for the year ended December 31, 2022 and 2023, respectively, and for the review of its financial statements included in its Form 10-Q's during 2022 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

The following consolidated financial statements of Noble Roman's, Inc. and Subsidiaries are included in Item 8:	<u>Page</u>
Consolidated Balance Sheets - December 31, 2022 and 2023	25
Consolidated Statements of Operations - years ended December 31, 2022 and 2023	26
Consolidated Statements of Changes in Stockholders' Equity - years ended December 31, 2022 and 2023	27
Consolidated Statements of Cash Flows - years ended December 31, 2022 and 2023	28
Notes to Consolidated Financial Statements	29
Report of Independent Registered Accounting Firm – Somerset CPAs, P.C.	39
Report of Independent Registered Accounting Firm – Assurance Dimensions	40

<u>Exhibit Number</u>	<u>Description</u>
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 on Form S-1 (SEC File No.332-217442) filed April 25, 2017, is incorporated herein by reference.
4.1	Description of Registered Securities
4.2	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.
4.3	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.
4.4	Form of Senior Secured Promissory Note issued by Registrant to Corbel Capital Partners SBIC, L.P. dated February 7, 2020 and filed as Exhibit 4.3 to Registrant's annual report on Form 10-K for the year ended December 31, 2019 is incorporated herein by reference.
4.5	Form of Warrant issued to Corbel Capital Partners SBIC, L.P. dated February 7, 2020 and filed as Exhibit 4.4 to Registrant's annual report on Form 10-K for the year ended December 31, 2019 is incorporated herein by reference.
10.1*	Employment Agreement with Paul W. Mobley dated January 2, 1999 filed as Exhibit 10.1 to Registrant's annual report on Form 10-K for the year ended December 31, 2005, is incorporated herein by reference.
10.2*	Employment Agreement with A. Scott Mobley dated January 2, 1999 filed as Exhibit 10.2 to Registrant's annual report on Form 10-K for the year ended December 31, 2005, is incorporated herein by reference.

- 10.3 Agreement dated April 8, 2015, by and among Noble Roman's, Inc. and the shareholder parties, filed as Exhibit 10.1 to Registrant's Form 8-K filed on April 8, 2015, is incorporated herein by reference.
- 10.4 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.
- 10.5 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.
- 10.6 Registration Rights Agreement dated October 13, 2016 by and between 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.
- 10.7 First Amendment to the Registration Rights Agreement dated February 13, 2017 by and between 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.
- 10.8 Senior Secured Note and Warrant Purchase Agreement dated February 7, 2020 by and between the Registrant and Corbel Capital Partners SBIC, L.P. filed as Exhibit 10.11 to Registrant's annual report on Form 10-K for the year ended December 31, 2019 is incorporated herein by reference.

- 21.1 Subsidiaries of the Registrant filed in the Registrant's Registration Statement on Form SB-2 (SEC File No 33-66850) ordered effective on October 26, 1993, is incorporated herein by reference.

- 31.1 C.E.O. Certification under Rule 13a-14(a)/15d-14(a)
- 31.2 C.F.O. Certification under Rule 13a-14(a)/15d-14(a)

- 32.1 C.E.O. Certification under Section 1350
- 32.2 C.F.O. Certification under Section 1350

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* 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 16, 2024

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

Date: May 16, 2024

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 16, 2024

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

Date: May 16, 2024

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

Date: May 16, 2024

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

Date: May 16, 2024

/s/ Marcel Herbst
Marcel Herbst
Director

Date: May 16, 2024

/s/ William Wildman
William Wildman
Director

I, A. Scott Mobley, certify that:

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

- (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
- (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 16, 2024

/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.

Date: May 16, 2024

/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, 2023, 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.

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

May 16, 2024

**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, 2023, 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.

/s/ Paul W. Mobley
Paul W. Mobley
Executive Chairman and Chief Financial Officer

May 24, 2024