

Business Review

Annual Shareholder's Meeting

July 2, 2013

NOBLE ROMAN'S, INC.

Business Model Introduction

2 FOODSERVICE BRANDS



NON-TRADITIONAL FOCUS

Venue Based

- 1 -

Host-Premise Foodservice

- 2 -

Off-Premise Baking
"Take-n-Bake"

Noble Roman's Pizza

- Primary Brand
- Established in 1972
- Focus is Pizza & Breadsticks
- Supplementary Menu Examples
 - Chicken Wings
 - Baked Pasta
 - Salads
 - Cinnamon Desert Pizza
 - Breakfast Line

Tuscano's Subs

- Complimentary Brand
- Sub & Salad Focused
- Usually Acquired in a Supporting Role to a Noble Roman's Pizza Franchise
- Established in 1999 by Expansion of Noble Roman's Sub Menu
 - Developed by Request of Franchisees
 - Allows One Franchisor for 2 Popular Food Categories

Defining Non-Traditional Foodservice

- Providing food where and when people want to consume it
- Not a typical brick & mortar restaurant
 - Often inside another type of business
 - Putting the end consumer in control of the eating occasion

Venue Driven Approach

- Venue = Retail Channel Category
- Each venue represents a targeted marketing opportunity
- Individual venues cycle through levels of growth opportunity at different times
 - Based on general economic factors
 - Based on specific industry factors

Examples of Targeted Venues

- Convenience Stores
- Travel Plazas
- Bowling & Entertainment Facilities
- Parks & Attractions
- Military Bases
- Hospitals
- Universities
- Grocery Delis
- Stand-Alone Take-n-Bake Facilities

C-Store Venue Examples



Zionsville, IN



Crawfordsville, IN

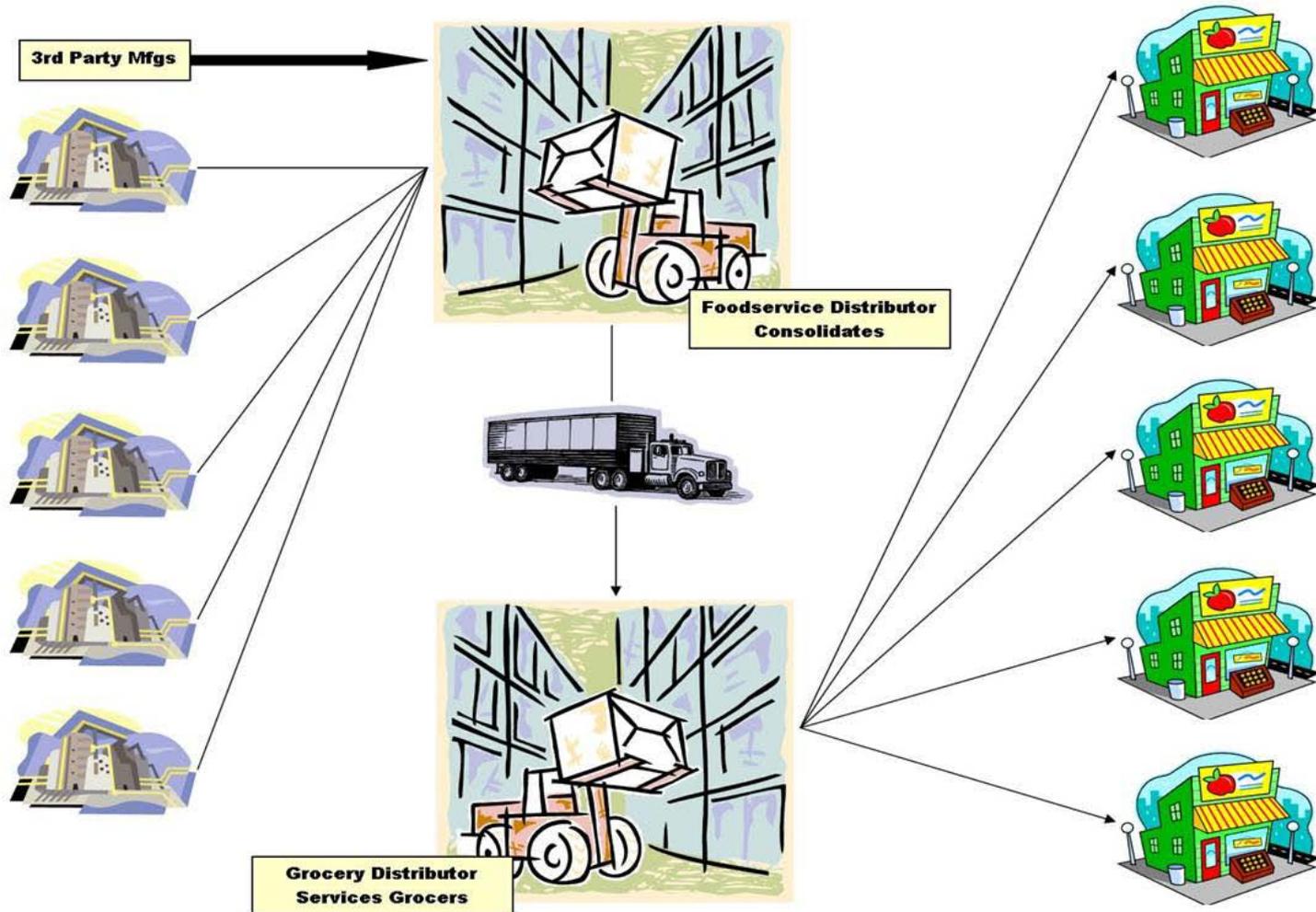
Grocery Take-n-Bake Venue



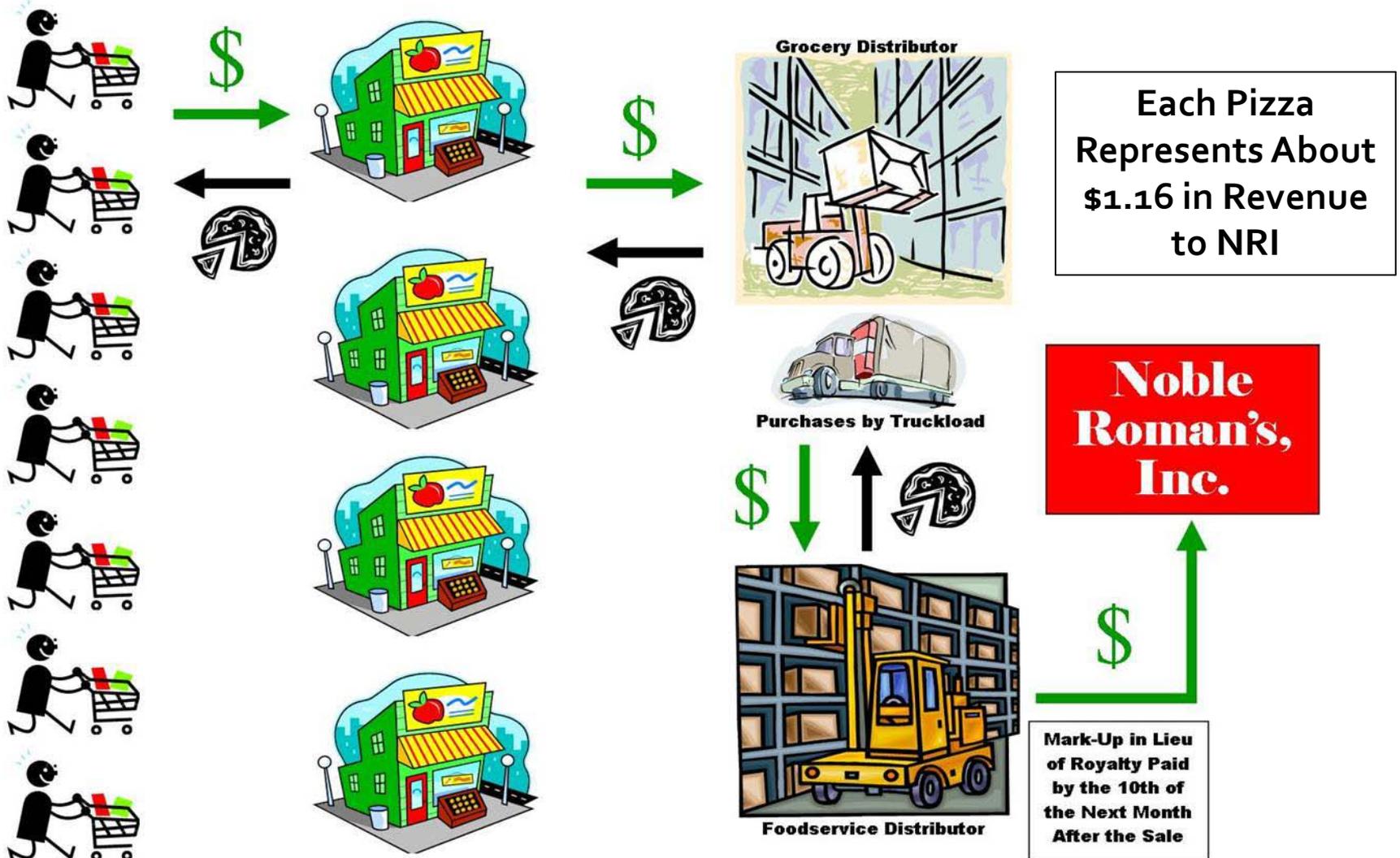
Structure of Grocery Licensing Venue

- Sign distribution agreements with grocery distributors
- Sign licensing agreements with grocery distributor customers (individual grocers)
- Establish product procedures, merchandising space and marketing on site at each grocery
- Service grocery distributors through Noble Roman's foodservice distributors

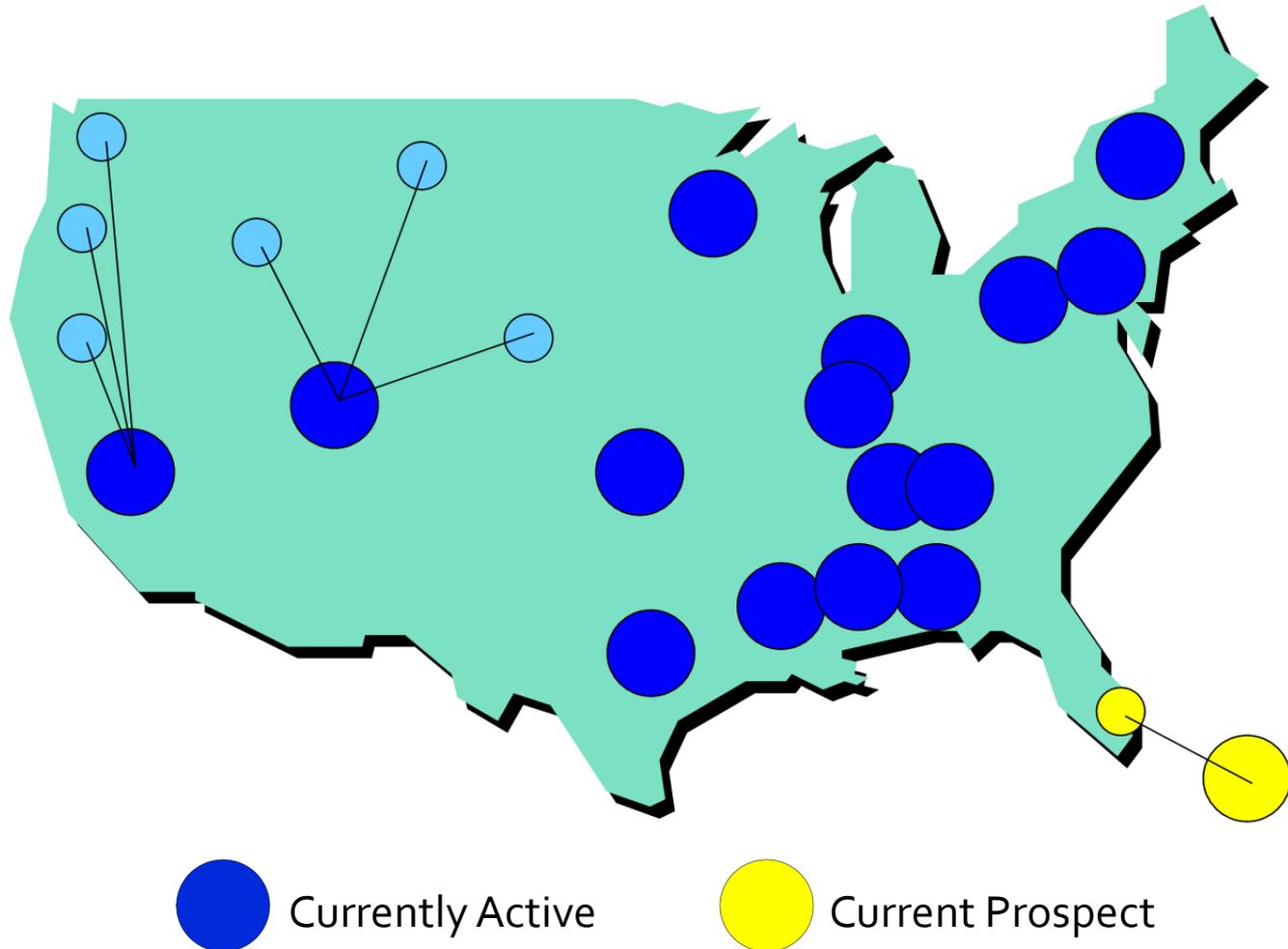
Grocery Supply Chain Explained



Grocery Venue Revenue Flow



Participating Grocery Distributors



Advantages of Grocery Distributors

- Gives our program instant credibility with grocery customers of the distributors
 - We market ourselves as “in partnership with . . .”
- Gives us access to key contacts, mailing and email addresses of member grocers
- Allows us to present at distributor food shows
- Additional sales effort through distributor sales staff
- Makes distribution cost more affordable for the grocer
 - Spreading cost over thousands of sku's

Unique Grocery Venue Factors

- Difficult to economically develop relationships with grocers
 - Grocers are the customers of their distributor
 - Grocers manage thousands of sku's
- Grocers are licensees rather than franchisees
 - Licensing agreement protects our brand
 - Retailers narrow/expand, drop/add the program based on many factors
- Grocers are reluctant to drop programs once customer acceptance has been established

Not Your Average Can of Corn!



Grocer Loyalty: Program vs SKU

- Getting a grocer to think of our program as a program rather than just another slot on a shelf
 - The way the program is “sold”
 - The way the program is prepped
 - The way the program is introduced
 - The way the program works
 - The way the program is marketed
 - The way the program is followed up on

Grocers Must Become “Program Certified”



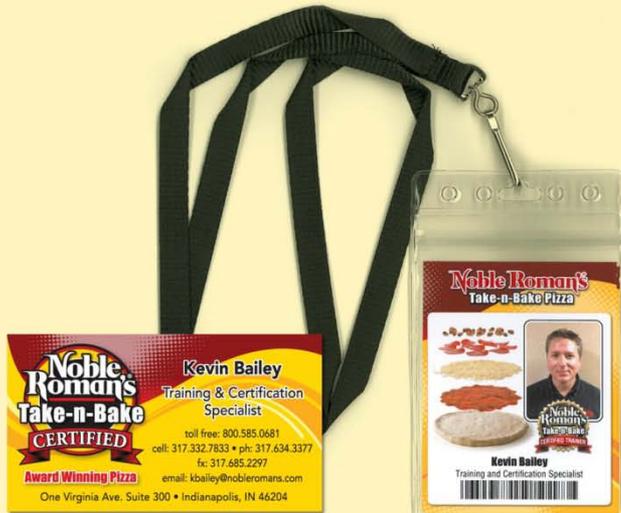
A welcoming packet is sent to each new grocery licensee.

The folder contains information on program extensions, and reinforces the concept of “program” through certification.

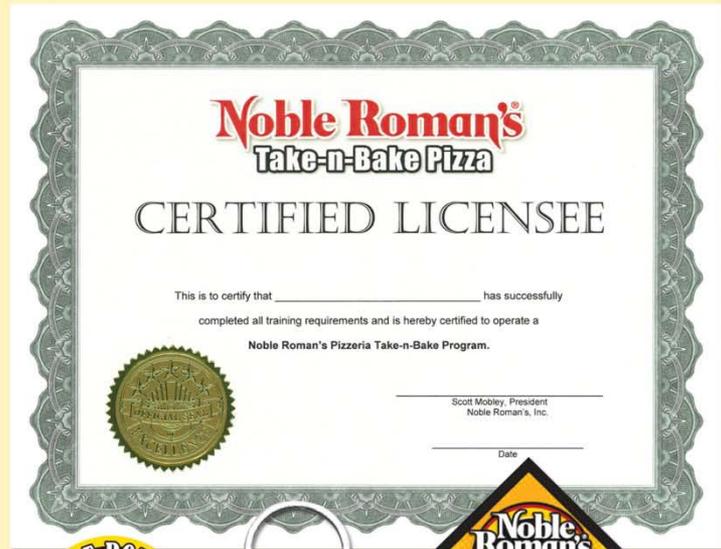
Certification Program Materials



Training & Certification Specialist



Certified Licensee



Post Certification



Beebe, Arkansas

Hot Pizza Program for Groceries



Sample Grocery Locations



Tallulah, LA



Atalla, AL



Panama City, FL

Stand-Alone Take-n-Bake

Noble Roman's Newest Venue



Take-n-Bake Market Attractive

- Papa Murphy's® the only national competitor
 - 1,350 locations in US & Canada
 - 2011 average per-unit volume of \$560,000
 - 2011 system-wide sales reported at \$702 million
 - 2011 sales up 10%; same stores up 5.8%
 - Technomic's® 2013 Consumer Brand Metrics study reports Papa Murphy's as #1
 - Evidence of growing popularity of take-n-bake
- Other take-n-bake competitors are regional or local

Noble Roman's Pre-Positioned

- Extensive R&D development already in place with grocery TNB
- Distribution system already established
 - Minimal number of additional sku's necessary
- On-going monitoring of Papa Murphy's

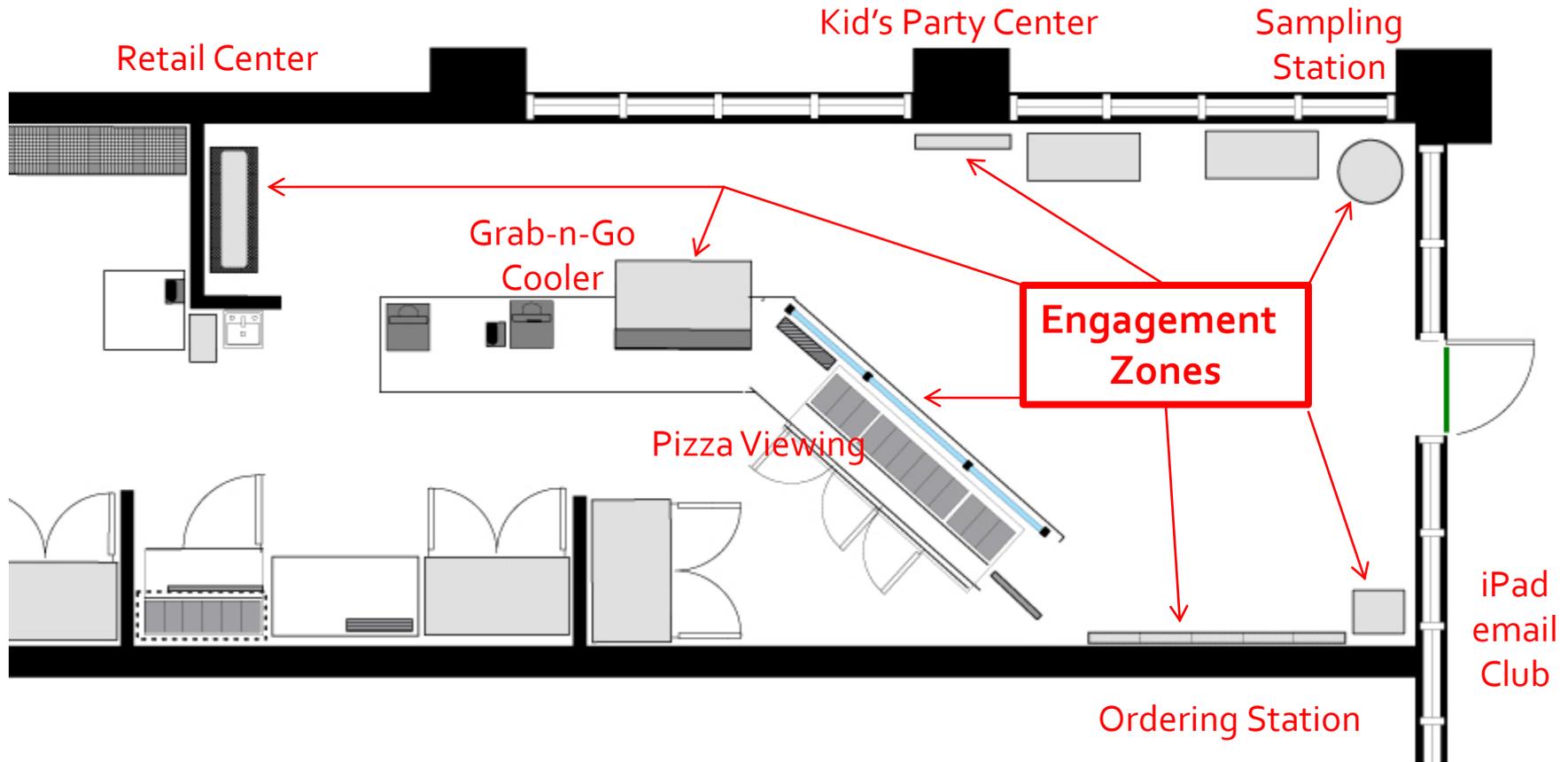
Preparation & Follow-Up

- Still required extensive R&D
- Additional time spent in prototyping and developing layouts and systems
- Extensive competitive research
 - Reverse engineering operations
 - Interviewing management
 - Studying locations
- Developing & testing brand design & support materials
- Hiring of additional experienced sales executive

Noble Roman's Differentiation

- Product Quality
 - Particularly our crust options
- Customer Engagement Zone
 - Personalizing service
 - Centralizing lobby
 - Stations of engagement
- The 10 Steps of WOW!
 - Incorporated into the P'ZA Mission Statement

Customer Engagement Zones



The 10 Points of WOW!

Here are the ways we want you to say, “WOW!”:

the 10 points of WOW!

- When you walk in the door ▶ We greet you quickly, with a clean store & proper uniforms
- When we take your order ▶ We step out from behind the counter and make it personal
- When we help you make decisions ▶ We tell you about our side items and desserts
- When we finish taking your order ▶ We remind you to sign up for our email club
- When you order multiple pizzas ▶ We all pitch in to make them
- When we make your pizza ▶ We make it fast, pretty and the same every time
- Before we wrap your pizza ▶ We make sure you are pleased with it
- As we give you your pizza ▶ We review the baking instructions with you
- When we ring up your order ▶ We do it fast and accurately
- When you leave ▶ We smile and say, “Thanks, come again soon!”

P'ZA Mission Statement



makin'
WOW!

Pizza means fun, and that means our job is helping folks create delicious good times. Take-n-Bake is the best way to do pizza because it is made fresh, baked fresh and served fresh. Our mission is to design every take-n-bake pizza experience so our customers say, "WOW!" when they take, bake & taste their pizza. **Makin' WOW! That's what we do.**

Here are the ways we want you to say, "WOW!":

- the 10 points of WOW!
- When you walk in the door ▶ We greet you quickly, with a clean store & proper uniforms
 - When we take your order ▶ We step out from behind the counter and make it personal
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 - As we give you your pizza ▶ We review the baking instructions with you
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 - When you leave ▶ We smile and say, "Thanks, come again soon!"

So when you take, bake and taste your pizza, you say . . .

"WOW!"



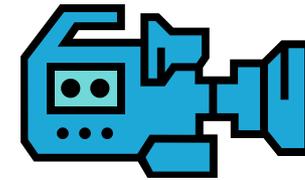
Did we get you to say, "WOW"? Let us know!
Go to www.freshpza.com and click on "Feedback" or phone scan QR code

Our mission statement and the
"10 Points of WOW!"
are printed on the back of the
baking instruction sheets sent
home with every pizza.

Take the Tour!



US 31 S & Thompson Road, Indianapolis, IN



A Video Tour of a
Take-n-Bake P'ZA
Location is Available at:

www.freshpza.com

Scroll to the bottom and click on
"Take the Tour."

Estimated Cash to Open

	Low Estimate	High Estimate
Franchise Fee	\$15,000	\$15,000
Lease & Utility Deposits	\$1,000	\$3,000
Leasehold Improvements	\$0	\$35,000
Equipment & Counter	\$36,000	\$40,000
Signage & Décor	\$9,000	\$20,000
Opening Inventory	\$3,500	\$5,500
Initial Advertising	\$12,500	\$30,000
First Month Rent & Occupancy	\$0	\$2,500
Employee Training	\$500	\$1,000
General Insurance (3 months)	\$400	\$600
Miscellaneous Expense	\$2,000	\$7,000
Total Estimated Cash	\$79,900	\$159,600

Estimated from industry experience; based on 900-1,200 square foot strip center location; amounts may change over time and are subject to local variations.

Comparing Investment Costs

Stand-Alone Take-n-Bake Location

	Low Estimate	High Estimate
Noble Roman's	\$79,900	\$159,600
Papa Murphy's	\$216,430	\$391,220

SOURCES: Papa Murphy's International, LLC FDD dated April 2012.
Noble Roman's, Inc. estimates dated June 2013.

R&D Pipeline

Product Introductions & Improvements



Sampling of R&D Projects

- Noble Roman's Take-n-Bake P'ZA
 - Hand-Pinched look to our pizza sausage
 - Improved breakfast gravy recipe
 - More cream, more sausage, shelf stable, same \$
 - Fade-Resistant Pepperoni
 - Reconfigured Deep-Dish Lasagna
 - Maintain product acceptance with lower cost
- Product & equipment specs for grocery hot program

Sample R&D for Take-n-Bake P'ZA

- Special anodizing for aluminum pans
- Home oven version of Deep-Dish Sicilian pizza
- Home oven version of Noble Roman's breadsticks
- New SuperThin[®] crust
- Alfredo white pizza sauce
- Make-n-Bake kid pizza kits
- New special pizza combinations
 - Tuscan Deli, Greek Delight
- All new pizza making charts

Grab-n-Go Hamburger Extension

- Product extension designed for non-traditional locations
- High quality flame broiled steak burger
- Pre-cooked & bakeable in pizza ovens
- 4 varieties featuring the “Pizza Burger”
- In the process of working into distribution now with operational support

Noble Roman's Pizza Burger



Commodity Prices

Major Barometers: Cheese ▪ Wheat ▪ Oil

Slightly High



Relatively Stable

Cheese Prices

- Currently running approximately \$.05 above the 5 year average
- Relatively stable during 2013 except for a period of high pricing in May

Wheat Prices

- Currently running about \$7/bushel
- Higher than desired
- Better than the \$9+/bushel prices in 2012

Oil Prices and Gas Margins

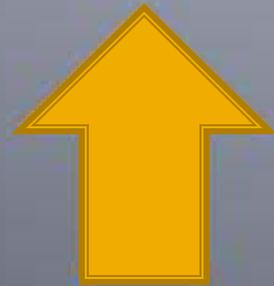
- Current oil prices
 - West Texas at about \$95
 - Brent Sea at about \$100
- Convenience store gas margins
 - Generally much better than 2012
 - Consistently over the \$.10-\$.12 credit card threshold breakeven point

Supplier Pricing Pressures

- Pent up demand for supplier price increases
- Non-commodity suppliers and contracts pressured previously by recession & slow economy
- Continued sluggish economic recovery and increased overhead costs causing suppliers to be more aggressive

Concluding Remarks

Increasing Shareholder Value



REVENUES



EXPENSES

Continuing Focus

- Focus on Growing Revenue
- Targeting these Venues:
 - Convenience Stores
 - Grocery Take-n-Bake Locations
 - Stand-Alone Take-n-Bake Locations
 - Miscellaneous Non-Traditional Locations
- Minimizing Corporate Overhead Growth
- Maximizing the Drop-Down Rate to the Bottom Line

Development Count Update

As of July 2, 2013

- Grocery Take-n-Bake Licensing:
 - Signed licensing agreements – Approx 1,650
 - Licensing locations opened – Approx 1,200
- Stand-Alone Take-n-Bake Franchising:
 - Number of locations under agreement: 20
 - Number of locations opened: 7
- Other Non-Traditional Agreements
 - YTD new 2013 agreements signed: 30

Corporate Debt Reduction

- Refinanced on 5/15/2012 with BMO Harris Bank N.A.
- 48 month term; LIBOR + 4% = about 4.25%
- Reduced overall effective interest rate from 7-8% to approximately 4.15% currently
- Refinanced \$4.9m on 5/15/2012
- Debt now reduced to \$3.5m as of 6/30/13
- Company will use excess cash flow to eliminate debt as soon as possible

The statements contained in this presentation concerning the company's future revenues, profitability, financial resources, market demand and product & venue 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 projected in the forward-looking statements due to risks and uncertainties that exist in the company's operations and business environment, including, but not limited to, market acceptance of current or future products, venues and brands, competitive factors and pricing pressures, the current litigation with certain former traditional franchisees, non-renewal of franchise agreements, shifts in market demand, general economic conditions and other factors including, but not limited to, changes in demand for the company's products, franchises or licenses, the success or failure of individual franchisees and licensees, and changes in prices or supplies of food ingredients and labor as well. In addition, the company has no previous experience selling its products through retail channels or take-n-bake locations and there can be no assurance that grocers will continue to stock the company's pizzas or that customers will continue to buy them. 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. The company undertakes no obligations to update the information in this presentation for subsequent events.

End of Presentation

Noble Roman's, Inc.
2013 Annual Shareholder's Meeting