

NEWS BULLETIN

RE: NOBLE ROMAN'S, INC.

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Noble Roman's Highlights Second Quarter Events; Announces Financial Results for the Second Quarter and Year-to-Date.

(Indianapolis, Indiana) – August 14, 2018-- Noble Roman's, Inc. (OTCQB: NROM), the Indianapolis based franchisor and licensor of Noble Roman's Pizza, today announced highlights from the most recent three-month and six-month periods ended June 30, 2018.

During the second quarter the company opened its fourth Craft Pizza & Pub location in Carmel, Indiana towards the end of May. All four company-owned and operated Craft Pizza & Pub locations continue to out-perform pre-opening expectations. During the three-month and six-month periods ended June 30, 2018, total revenue from those locations were \$1.2 million and \$2.4 million, respectively. Total expenses for the Craft Pizza & Pub locations for the three-month and six-month periods ended June 30, 2018 were \$964,000 and \$1.8 million, for an operating profit of 22.6% and 22.4% for the three-month and six-month periods. Management anticipates that the operating profit margins will continue to increase as the staff for the new Craft Pizza & Pub locations continue to gain experience. Two of the four Craft Pizza & Pub restaurants were open during the entire six-month period, and one of those was open for more than a full year.

During the first six months of this year, the company has invested significant time, effort and expense in systems development, including sales and operations personnel, to create future growth in franchise units for both the Craft Pizza & Pub venue as well as its non-traditional franchise venue. As a result of those efforts, the company recently announced the signing of a franchise agreement for a Craft Pizza & Pub restaurant with Patrick and Holly O'Neil, who are currently Dairy Queen's largest Indiana franchisee with 19 locations in the state of Indiana. The O'Neil's first location will be in Tippecanoe County, Indiana for either Lafayette or West Lafayette, home of Purdue University. The O'Neil's have tremendous multi-unit operating experience and a commendable history of success, and they are committed to the kind of "WOW" operations that set Craft Pizza & Pub apart from its competition. The O'Neil's are looking at this to be the first of many more units to come. In addition to signing the Craft Pizza & Pub franchise, the company has signed 22 franchise locations thus far in 2018 for its non-traditional franchise venue.

Noble Roman's intends to accelerate the development of Craft Pizza & Pub locations through franchising and is currently in conversations with other targeted potential franchisees. General franchising is planned for Indiana and surrounding areas with a focus on franchisees that can become multi-unit operators. The company will also pursue development of other markets deemed suitable for the concept with experienced multi-unit operators.

Financial Results for the Three-Month Period ended June 30, 2018 Compared to the Comparable Period Ended in 2017

- Total revenue was \$3.2 million compared to \$2.5 million (a 28.8% increase).
- Operating income was \$703,000 compared to \$739,000 as a result of incurring additional operating expenses including sales and operating personnel and other costs to initiate the plan to increase growth in

the number of franchise locations for both the Craft Pizza & Pub venue as well as its non-traditional franchise venue.

- Interest expense was \$153,000 compared to \$299,000 as a result of the refinancing all the company's debt in September 2017 at a much lower effective interest rate, which was partially offset by the borrowing of the development loans to increase the number of company-owned Craft Pizza & Pub locations from one to four.
- Net income before income taxes was \$550,000 compared to \$755,000. The comparable period in 2017 received the benefit of a non-cash non-operating gain of \$315,000 from the change in fair value of derivatives. In addition, the current three-month period incurred additional operating expenses to prepare for the planned growth in the number of franchise locations.
- Net income was \$412,000, or \$.02 per basic share, compared to a net income of \$581,000, or \$.03 per basic share. The comparable period in 2017 received the benefit of a non-cash non-operating gain of \$315,000 from the change in fair value of derivatives. In addition, the current three-month period incurred additional operating expenses to prepare for the planned growth in the number of franchise locations.
- Upfront franchise fees and commissions were \$66,000 compared to \$76,000.
- Royalties and fees less upfront fees were approximately \$1.6 million in both three-month periods in 2018 and 2017.
- Royalties and fees from non-traditional locations other than grocery stores were \$1.1 million in both three-month periods in 2018 and 2017.
- Royalties and fees from grocery store take-n-bake locations were \$366,000 compared to \$429,000. This reflects the company's decision to focus on franchising non-traditional locations and Craft Pizza & Pub locations due to the strong economic environment, which management believes favors food fully-prepared away from home versus home replacement meals baked at home.

Financial Results for the Six-Month Period ended June 30, 2018 Compared to the Comparable Period Ended in 2017

- Total revenue was \$6.1 million compared to \$4.7 million (a 31% increase).
- Operating income was \$1.4 million for the six-month periods in both 2018 and 2017 despite incurring additional operating expenses including sales and operating personnel and other costs in 2018 to initiate the plan to increase growth in the number of franchise locations for both Craft Pizza & Pub venue as well as its non-traditional franchise venue.
- Interest expense was \$314,000 compared to \$620,000. This was a result of the refinancing of all the company's debt in September 2017 which significantly reduced interest expense but that was partially offset by interest incurred on the development loans to increase the number of company-owned Craft Pizza & Pub locations from one to four.
- Net income before income taxes was \$1.1 million in both the six-month periods in 2018 and 2017. However, the six-month period in 2017 received a non-cash non-operating benefit of \$297,000 from the change in fair value of derivatives and the six-month period in 2018 was reduced by incurring additional operating expenses to prepare for the plan to increase growth in the number of franchise locations.
- Net income was \$815,000, or \$.04 per basic share, compared to \$774,000, or \$.04 per basic share. As explained above, the 2018 period was reduced by additional operating expenses to prepare for the plan to increase growth in the number of franchise locations and the 2017 period benefitted by the non-cash non-operating benefit of \$297,000 from the change in fair value of derivatives.
- Upfront franchisee fees and commissions were \$160,000 compared to \$140,000.
- Royalties and fees less upfront fees were \$3.0 million compared to \$3.2 million. The decrease was the result of retiring the stand-alone take-n-bake concept and reflects the company's decision not to focus on adding grocery store take-n-bake locations but, instead, focus on franchising non-traditional locations and franchising Craft Pizza & Pub locations due to the strong economic environment. Management believes economic growth periods versus recessionary periods favors meals fully prepared away from home versus home replacement meals baked at home.

- Royalties and fees from non-traditional franchises other than grocery stores were approximately \$2.1 million in both six-month periods in 2018 and 2017.
- Royalties and fees from grocery store take-n-bake locations were \$840,000 compared to \$891,000. The company believes that in the current economic environment there is greater opportunity from franchising both non-traditional and Craft Pizza & Pub locations, therefore it is not focusing on growing the grocery store take-n-bake venue at this time due to the strong economic environment, which management believes favors food fully-prepared away from home versus home replacement meals baked at home.

Balance Sheet Summary

Current assets totaled \$3.6 million and current liabilities totaled \$1.3 million as of June 30, 2018 compared to total current assets of \$3.7 million and current liabilities of \$1.4 million as of December 31, 2017. Total stockholders' equity as of June 30, 2017 was \$11.8 million compared to \$10.6 million as of December 31, 2017.

The statements contained in this press release 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 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 competitive factors and pricing pressures, non-renewal of franchise agreements, shifts in market demand, the reliability and continued performance of third party manufacturers and distributors, the success of new franchise programs, including the new Noble Roman's Craft Pizza & Pub format, the company's ability to successfully operate an increased number of company-owned restaurants, general economic conditions, changes in purchases of or demand for the company's products, licenses or franchises, the success or failure of individual franchisees and licensees, the success or failure of the company's focus on franchise sales, changes in prices or supplies of food ingredients and labor, the ability to refinance its convertible debt into 2019 if any remains outstanding and dependence on continued involvement of current management. Should one or more of these risks or uncertainties materialize, or should underlying assumptions or estimates prove incorrect, actual results may differ materially from those described herein as anticipated, believed, estimated, expected or intended. The company undertakes no obligations to update the information in this press release for subsequent events.

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Noble Roman's, Inc. and Subsidiaries
Condensed Consolidated Balance Sheets
(Unaudited)

Assets	December 31, <u>2017</u>	June 30, <u>2018</u>
Current assets:		
Cash	\$ 461,068	\$ 144,665
Accounts receivable - net	1,796,757	1,861,328
Inventories	779,989	830,116
Prepaid expenses	<u>680,326</u>	<u>780,546</u>
Total current assets	<u>3,718,140</u>	<u>3,616,655</u>
Property and equipment:		
Equipment	2,533,848	3,008,654
Leasehold improvements	581,197	1,243,460
Construction and equipment in progress	<u>558,602</u>	<u>399,965</u>
	3,673,647	4,652,079
Less accumulated depreciation and amortization	<u>1,372,821</u>	<u>1,466,880</u>
Net property and equipment	2,300,826	3,185,199
Deferred tax asset	5,735,504	5,461,383
Deferred contract cost	-	592,160
Goodwill	278,466	278,466
Other assets including long-term portion of receivables - net	<u>6,851,697</u>	<u>6,918,056</u>
Total assets	<u>\$ 18,884,633</u>	<u>\$ 20,051,919</u>
Liabilities and Stockholders' Equity		
Current liabilities:		
Current portion of term loan payable to bank	754,173	871,428
Accounts payable and accrued expenses	<u>674,600</u>	<u>478,068</u>
Total current liabilities	<u>1,428,773</u>	<u>1,349,496</u>
Long-term obligations:		
Term loans payable to bank (net of current portion)	4,246,375	4,287,785
Convertible notes payable	1,131,982	2,002,675
Deferred contract income	-	592,160
Derivative warrant liability	503,851	-
Derivative conversion liability	<u>925,561</u>	-
Total long-term liabilities	<u>6,807,769</u>	<u>6,882,620</u>
Stockholders' equity:		
Common stock – no par value (40,000,000 shares authorized, 20,783,032 issued and outstanding as of December 31, 2017 and 21,183,032 issued and outstanding as of June 30, 2018)	24,322,885	24,537,043
Accumulated deficit	<u>(13,674,794)</u>	<u>(12,717,240)</u>
Total stockholders' equity	<u>10,648,091</u>	<u>11,819,803</u>
Total liabilities and stockholders' equity	<u>\$ 18,884,633</u>	<u>\$ 20,051,919</u>

Noble Roman's, Inc. and Subsidiaries
Condensed Consolidated Statements of Operations
(Unaudited)

	Three months ended June 30,		Six months ended June 30,	
	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>
Revenue:				
Royalties and fees	\$ 1,715,674	\$ 1,633,352	\$ 3,328,594	\$ 3,175,231
Administrative fees and other	11,871	6,384	23,941	20,629
Restaurant revenue – Craft Pizza & Pub	459,907	1,245,943	766,217	2,354,366
Restaurant revenue – non-traditional	<u>279,034</u>	<u>291,526</u>	<u>560,352</u>	<u>579,642</u>
Total revenue	2,466,486	3,177,205	4,679,104	6,129,868
Operating expenses:				
Salaries and wages	242,187	260,848	481,894	528,816
Trade show expense	123,456	123,766	245,112	244,539
Travel expense	48,134	30,631	108,428	52,570
Other operating expenses	229,044	269,897	427,734	508,313
Restaurant expenses - Craft Pizza & Pub	341,971	963,893	555,117	1,829,391
Restaurant expenses – non-traditional	275,023	288,831	548,396	572,687
Depreciation and amortization	59,870	100,253	111,763	172,756
General and administrative	<u>407,615</u>	<u>436,044</u>	<u>812,087</u>	<u>818,325</u>
Total expenses	<u>1,727,300</u>	<u>2,474,163</u>	<u>3,290,531</u>	<u>4,727,397</u>
Operating income	739,186	703,042	1,388,573	1,402,472
Interest	298,759	153,365	619,753	313,653
Change in fair value of derivatives	<u>(314,900)</u>	-	<u>(297,273)</u>	-
Income before income taxes	755,327	549,677	1,066,093	1,089,818
Income tax expense	<u>174,255</u>	<u>137,529</u>	<u>292,477</u>	<u>274,121</u>
Net income	\$ <u>581,072</u>	\$ <u>412,148</u>	\$ <u>773,616</u>	\$ <u>814,697</u>
Earnings per share – basic:				
Net income	\$.03	\$.02	\$.04	\$.04
Weighted average number of common shares outstanding	20,783,032	21,156,658	20,783,032	21,013,971
Diluted earnings per share:				
Net income	\$.02	\$.02	\$.03	\$.03
Weighted average number of common shares outstanding	25,774,314	26,377,773	25,569,895	26,377,773