

NEWS BULLETIN

RE:NOBLE ROMAN'S, INC.

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Noble Roman's Announces 2018 Results; Discusses Continuing Success with New Craft Pizza & Pub and Growth in Non-Traditional Venue

(Indianapolis, Indiana) – March 27, 2019 - Noble Roman's, Inc. (OTCQB: NROM), the Indianapolis based franchisor and licensor of Noble Roman's Pizza, today announced results for 2018 in accordance with generally accepted accounting principles ("GAAP") as well as net income adjusted for non-recurring items and adjusted earnings before interest, taxes, depreciation and amortization ("EBITDA"), which management reviews in evaluating the company's current operating results. In accordance with GAAP, the company reported a loss of \$3.1 million in 2018 compared to a loss of \$3.4 million in 2017. Adjusting for non-recurring, non-operating factors, however, the company had an adjusted net income in 2018 of \$2.5 million compared to \$1.5 million in 2017 (see Appendix #1 for details). Adjusting for non-recurring, non-operating factors, EBITDA was \$3.4 million in 2018 compared to \$3.2 million in 2017 (see Appendix #2 for details). The non-recurring, non-operating adjustments included: discontinued operations, expiring tax credits in 2018 and lowering the value of the deferred tax credit as a result of the 2017 Tax Act, adjusted valuation of receivables for former non-traditional franchisees dating to 2014 and 2015 (see notes to Appendix #1 and #2 for details), Craft Pizza & Pub development and start-up expenses, and leasehold improvements for a non-traditional location no longer in operation. Even though the deferred tax credit value was adjusted, the company will not pay any income taxes on the next \$15 million of income.

With a new catalyst for growth, the company believes it is potentially entering the most exciting expansion phase it has experienced in its 47-year history in the fast-growing pizza segment of the restaurant industry. Upon taking the mantle of CEO in late 2014, Scott Mobley utilized his 30 years of industry experience to guide an intensive, 24-month R&D effort to develop a fresh, modernized version of the company's traditional pizzeria model. All four members of the company's executive management team, with 106 years of combined experience, were involved in the development effort. Under the trade name Noble Roman's Craft Pizza & Pub, the company has challenged the competitive landscape with bold new dining rooms, very fast baking speeds, and a line-up of creatively delicious food, beer and wine. Noble Roman's Craft Pizza & Pub is simultaneously new and not new – modern and fresh with a hint of nostalgia. It represents what might be described as a radical improvement on both the traditional pizzeria model and the shortcomings of the fast-casual chain offerings. Now, in combination with steady growth in the company's large base of hundreds of franchised, non-traditional locations, the company could be positioned for accelerated new growth with Craft Pizza & Pub as its flagship.

The company has been operating, franchising and licensing Noble Roman's Pizza operations in a variety of stand-alone and non-traditional locations across the country since 1972. Its first Craft Pizza & Pub location opened in January of 2017 as a company-operated restaurant in a northern suburb of Indianapolis, IN. Since then, three more company-operated units have opened with an additional four locations being considered. The company-operated locations serve as the base for what it sees as the potential primary growth driver in the near future – franchising to experienced, multi-unit restaurant operators with a track record of success. The company has already signed the first such operator, Indiana's largest franchisee of Dairy Queen with 19 operations located across north central Indiana. This franchisee's first Craft Pizza & Pub location is under construction in Lafayette, IN with an opening anticipated for spring of 2019.

As indicated by the operating results in 2018, the company's strategy is already producing results. While still just in the infancy phase of this growth plan, the company is already beginning to see a transformation of its business as total revenues grew 26% in 2017 over 2016 and 26.5% in 2018 over 2017. Even with the initial startup costs of the Craft Pizza & Pub model, and even though the company is still in the earliest stages of its growth plan, the company is already operating profitably with adjusted EBITDA of \$3.4 million in 2018; management projects that the growth cycle is just beginning.

In addition to its franchises in stand-alone restaurants, in 1997 the company started franchising to non-traditional locations (a Noble Roman's pizza operation within some other business or activity that had existing traffic) such as entertainment facilities, hospitals, convenience stores and other types of facilities. This utilizes the two pizza styles the company started with in 1972 along with its great tasting, high quality ingredients and well-rounded menu extensions. From January 1, 2019 to March 26, 2019 the company has signed 14 new franchise/license agreements compared to 6 for the comparable period in 2018.

Financial Summary

For the year 2018 compared to 2017:

- Total revenue increased to \$12.4 million from \$9.8 million
- Royalties and fees revenue were \$6.5 million compared to \$6.8 million. The decrease was primarily the result of take-n-bake license fees decreasing to \$1.4 million from \$1.8 million. However, royalties and fees from non-traditional franchise/license locations were up \$120,000 over 2017.
- Restaurant revenue from Craft Pizza & Pub increased to \$4.8 million from \$1.2 million. Though a significant increase reflecting the addition of new units, revenue growth was hampered due to unusually harsh winter weather conditions in December, which continued on through January and February 2019. However, with the weather breaking more favorably in March, sales have increased significantly (by approximately 23% over December).
- Restaurant revenue from non-traditional Company-owned locations remained approximately the same at \$1.2 million
- Franchise-related operating expenses increased to \$2.6 million from \$2.4 million including approximately \$300,000 in various expenses during 2018 related to initiating a franchising program for Craft Pizza & Pub, which is not expected to re-occur in the future
- Restaurant expenses for Craft Pizza & Pub increased to \$3.9 million from \$1.4 million reflecting the addition of new units. Due to the sales impact of the unusually inclement winter weather and the addition of new locations not yet up to maximum efficiency levels, the percentage net income from the Craft Pizza and Pub decreased to 18.7% of sales. With the return of more normalized weather patterns, and with added experience in the newer locations (and as March 2019 results indicate), the margin is expected to move back above 20% in the coming months.
- Restaurant expenses for company-owned non-traditional locations remained approximately the same at \$1.1 million
- Depreciation expense increased to \$440,000 from \$241,000 including \$166,000 in 2018 for pre-opening costs associated with the Craft Pizza & Pub locations and \$39,000 from leasehold improvements in a non-traditional location which was discontinued in December 2018
- General and administrative expenses remained approximately the same at \$1.7 million for both years
- Interest expense decreased to \$655,000 from \$1.5 million primarily due to the company's refinancing completed in September 2017

For the quarter ended December 31, 2018 compared to the comparable period in 2017:

- Total revenue increased to \$3.0 million from \$2.6 million
- Royalties and fees revenue were approximately \$1.7 million for both years, however royalties and fees from non-traditional locations increased by approximately \$80,000 and fees from grocery store take-n-bake decreased by approximately \$120,000
- Restaurant revenue from Craft Pizza & Pub increased to \$1.2 million from \$597,000 despite the unusual severity of the winter weather. Going forward, some portion of the weather-related seasonality of sales is expected to be mitigated as a result of the introduction of Pizza Valet curbside carry-out service and the partnering with third-party delivery service.
- Restaurant revenue from non-traditional, company-owned locations decreased to \$294,000 from \$304,000 as a result of discontinuing two of the three locations in December 2018
- Franchise related operating expenses increased to \$620,000 from \$578,000
- Restaurant expenses for Craft Pizza & Pub increased to \$1.0 million from \$487,000. For the reasons previously stated, the margin in fourth quarter 2018 decreased to 16.7% from 18.4%. As previously mentioned, some of the weather-related seasonality of sales is expected to be somewhat mitigated in the future as a result of the introduction of Pizza Valet curbside carry-out service and the partnering with third-party delivery service.
- Restaurant expenses for company-owned, non-traditional locations decreased to \$293,000 from \$299,000
- General and administrative expenses decreased to \$416,000 from \$419,000
- Interest expense decreased to \$169,000 from \$253,000

Development of Craft Pizza & Pub

While maintaining its focus on continuing to grow its non-traditional locations, the company utilized its two styles of pizza and great tasting, high quality ingredients in addition to more research and menu development to upgrade its design for stand-alone pizza restaurants, calling it Noble Roman's Craft Pizza & Pub. The Craft Pizza & Pub utilizes many of the basic elements first introduced in 1972 but in a modern atmosphere with up-to-date technology and equipment to maximize speed, enhance quality and perpetuate the taste customers love and expect from a Noble Roman's.

Noble Roman's Craft Pizza & Pub is designed to harken back to the company's early history when it was known simply as "Pizza Pub." Like then, and like the new full-service pizza concepts today, ordering takes place at the counter and food runners deliver orders to the dining room for dine-in guests. The company believes that Noble Roman's Craft Pizza & Pub features many enhancements over the current competitive landscape. As previously indicated, this update incorporates all the many features that has been utilized since 1972 with a selection of 40 different toppings, cheeses and sauces from which to choose. Beer and wine are also 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 are provided at the bar and throughout the dining room.

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

Additional enhancements include a glass enclosed "Dough Room" where Noble Roman's Dough Masters hand make all pizza and breadstick dough from scratch in customer view. Also in the dining room is a

“Dusting & Drizzle Station” where guests can customize their pizzas after they are baked with a variety of toppings and drizzles, such as rosemary-infused olive oil, honey and Italian spices. Kids and adults enjoy Noble Roman’s self-serve root beer tap, which is also part of a special menu for customers 12 and younger. Throughout the dining room and the bar area there are many giant screen television monitors for sports and the nostalgic black and white shorts featured in Noble Roman’s since 1972.

Noble Roman’s new curbside service for carry-out customers was designed to create added value and convenience. The program, which Noble Roman’s calls “Pizza Valet Service,” breaks new ground in the attempt to make the carry-out pizza experience super convenient, fast and fun. 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 pull in and leave with their hand-crafted pizza, breadsticks, salads and other menu items within seconds, and all without stepping out of their vehicle. For those who choose to pay when they arrive, pizza valets can take credit card payments on their mobile payment device right at the customer’s vehicle. With Noble Roman’s super-fast baking times, the entire experience, from ordering to pick-up, only takes approximately 12 minutes.

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 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, changes in prices or supplies of food ingredients and labor, 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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APPENDIX #1

	2017	2018
Net loss in accordance with GAAP	\$ (3,384,927)	\$ (3,062,209)
Add-back: Loss on discontinued operations - non-recurring	93,436	37,800
Income tax - In 2017 lowering the value of the deferred tax credits as a result of the 2017 Tax Act lowering the top tax rate from 34% to 21% and in 2018 as a result of a \$1.4 million tax credits expiring before total utilization	4,146,459	930,397
Adjust valuation of receivables for non-traditional franchisees largely from 2014 and 2015 plus legal expenses related thereto (1)	440,000	4,095,805
Change in fair value of derivatives	174,737	
Various expenses related to initiating a franchise program for Craft Pizza & Pub - not expected to incur in the future		300,000
Preopening costs for the Craft Pizza & Pub locations - not expected to incur in the future on existing locations		166,000
Leasehold improvements for a non-traditional location no longer in operation		<u>39,000</u>
Net income adjusted for non-recurring items	<u>\$ 1,469,705</u>	<u>\$ 2,506,793</u>

(1) The company uses significant estimates in evaluating its assets including such items as accounts receivable from franchisees to conservatively reflect the actual amount that may be collected from those receivables. To arrive at these estimates the company utilized multiple means of analysis, including (1) management's subjective, informed assessment of individual accounts and (2) historical, mathematical trends relating to receivables overall. When the outcomes of these approaches to estimation differ, as they have in 2018, the company has opted to select the more conservative estimation when arriving at the value of receivables it expects to collect. The actual amount the company eventually collects, however, could differ from that estimation. At December 31, 2017 and 2018, the company reported net accounts receivable from franchisees of \$7.6 million and \$4.4 million, respectively, each of which were net of allowances, to reflect the amount the Company expects to realize for the franchisee receivables. The allowance at each of December 31, 2017 was \$1.5 million and December 31, 2018 was \$4.3 million. The franchisee receivables, for which the valuation allowance is being created, are not related to current franchisees but rather reflect receivables, mostly dating back to 2014 and 2015, which are from a variety of violations related to former non-traditional franchisees. There are no past due receivables related to existing franchisees.

APPENDIX #2

	2017	2018
Net loss in accordance GAAP	\$ (3,382,927)	\$ (3,062,209)
Add-back: Loss on discontinued operations - non-recurring	93,436	37,800
Income tax - In 2017 lowering the value of the deferred tax credits as a result of the 2017 Tax Act lowering the top tax rate from 34% to 21% and in 2018 as a result of a \$1.4 million tax credits expiring before total utilization	4,146,459	930,397
Adjust valuation of receivables for non-traditional franchisees largely from 2014 and 2015 plus legal expenses related thereto (1)	440,000	4,095,805
Interest	1,474,027	655,203
Depreciation and amortization	240,854	440,240
Change in fair value of derivatives	174,737	-
Various expenses related to initiating a franchise program for Craft Pizza & Pub not expected to incur in the future	-	300,000
Adjusted EBITDA	<u>\$ 3,186,586</u>	<u>\$ 3,397,236</u>

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

	<u>December 31,</u>	
Assets	<u>2017</u>	<u>2018</u>
Current assets:		
Cash	\$ 461,068	\$ 76,194
Accounts receivable - net	1,796,757	1,573,600
Inventories	779,989	962,783
Prepaid expenses	<u>680,326</u>	<u>688,259</u>
Total current assets	<u>3,718,140</u>	<u>3,300,836</u>
Property and equipment:		
Equipment	2,533,848	2,872,494
Leasehold improvements	581,197	1,180,050
Construction and equipment in progress	<u>558,602</u>	<u>119,340</u>
	3,673,647	4,171,884
Less accumulated depreciation and amortization	<u>1,372,821</u>	<u>1,399,435</u>
Net property and equipment	2,300,826	2,772,449
Deferred tax asset	5,735,504	4,817,309
Deferred contract costs	-	698,935
Goodwill	278,466	278,466
Other assets including long-term portion of accounts receivable - net	<u>6,851,697</u>	<u>3,808,957</u>
Total assets	<u>\$ 18,884,633</u>	<u>\$ 15,676,952</u>
Liabilities and Stockholders' Equity		
Current liabilities:		
Current portion of long-term notes payable to bank	\$ 754,173	\$ 871,429
Accounts payable and accrued expenses	<u>674,600</u>	<u>523,315</u>
Total current liabilities	<u>1,428,773</u>	<u>1,394,744</u>
Long-term obligations:		
Term loans payable to bank (net of current portion)	4,246,375	3,898,733
Convertible notes payable	1,131,982	1,539,204
Deferred contract income	-	698,935
Derivative warrant liability	503,851	-
Derivative conversion liability	<u>925,561</u>	<u>-</u>
Total long-term liabilities	<u>6,807,769</u>	<u>6,136,872</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 21,583,032 issued and outstanding as of December 31, 2018)	24,322,885	24,739,482
Accumulated deficit	<u>(13,674,794)</u>	<u>(16,594,146)</u>
Total stockholders' equity	<u>10,648,091</u>	<u>8,145,336</u>
Total liabilities and stockholders' equity	<u>\$ 18,884,633</u>	<u>\$ 15,676,952</u>

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

	<u>Year Ended December 31,</u>		
	<u>2016</u>	<u>2017</u>	<u>2018</u>
Royalties and fees	\$ 7,350,692	\$ 6,798,213	\$ 6,422,315
Administrative fees and other	42,402	45,730	53,443
Restaurant revenue-Craft Pizza & Pub	-	1,820,737	4,815,842
Restaurant revenue-non-traditional	<u>443,391</u>	<u>1,173,728</u>	<u>1,156,347</u>
Total revenue	7,836,485	9,838,408	12,447,947
Operating expenses:			
Salaries and wages	996,303	925,648	997,011
Trade show expense	520,691	493,803	486,085
Travel expense	230,091	170,978	102,883
Other operating expenses	802,032	852,930	1,041,766
Restaurant expenses - Craft Pizza & Pub	-	1,389,410	3,909,142
Restaurant expenses - non-traditional	443,389	1,155,073	1,145,106
Depreciation and amortization	124,773	240,854	440,240
General and administrative	<u>1,641,853</u>	<u>1,665,980</u>	<u>1,668,718</u>
Total expenses	<u>4,759,132</u>	<u>6,894,676</u>	<u>9,790,951</u>
Operating income	3,077,353	2,943,732	2,656,996
Interest	615,685	1,474,027	655,203
Loss on restaurant discontinued	36,776	-	-
Change in fair value of derivatives	44,464	174,737	-
Adjust valuation of receivables	<u>1,103,521</u>	<u>440,000</u>	<u>4,095,805</u>
Income (loss) before income taxes from continuing operations	1,276,907	854,968	(2,094,012)
Income tax expense	<u>487,880</u>	<u>4,146,459</u>	<u>930,397</u>
Net income (loss) from continuing operations	789,027	(3,291,491)	(3,024,409)
Loss from discontinued operations net of tax benefit of \$1,026,277 for 2016, \$57,431 for 2017 and \$12,200 for 2018	<u>(1,659,867)</u>	<u>(93,436)</u>	<u>(37,800)</u>
Net loss	<u>\$ (870,840)</u>	<u>\$ (3,384,927)</u>	<u>\$ (3,062,209)</u>
Earnings (loss) per share - basic:			
Net income (loss) from continuing operations	\$.04	\$ (.16)	\$ (.14)
Net loss from discontinued operations net of tax benefit	\$ (.08)	\$ (.00)	\$.00
Net loss	\$ (.04)	\$ (.16)	\$ (.14)
Weighted average number of common shares outstanding	20,781,886	20,783,032	21,249,607
Diluted earnings (loss) per share:			
Net income (loss) from continuing operations (1)	\$.04	\$ (.16)	\$ (.14)
Net loss from discontinued operations net of tax benefit	\$ (.08)	\$ (.00)	\$.00
Net loss (1)	\$ (.04)	\$ (.16)	\$ (.14)
Weighted average number of common shares outstanding	21,208,173	25,704,286	26,094,292

(1) In 2017 and 2018, net loss per share is shown the same as basic loss per share because the underlying dilutive securities have anti-dilutive effect.