

NEWS BULLETIN

RE: NOBLE ROMAN'S, INC.

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Noble Roman's Announces First Quarter 2019 Results; Announces Agreement for 2nd Franchised Craft Pizza & Pub Location; Discusses Growth in Non-Traditional Venue.

(Indianapolis, Indiana) – May 15, 2019 - Noble Roman's, Inc. (OTCQB: NROM), the Indianapolis based franchisor and licensor of Noble Roman's Pizza and Craft Pizza & Pub, today announced results for the three-month period ended March 31, 2019 along with other strategic highlights for the company.

Net income was \$476,000, or \$.02 per share, for the three-months ended March 31, 2019 compared to \$402,000, or \$.02 per share, for the same period in 2018. Net income before income taxes was \$627,000 for the first quarter 2019 compared to \$539,000 for the same period in 2018. The net income before income taxes is significant as the company will not pay any taxes on the next approximately \$15 million in otherwise taxable income. These results were achieved despite the highly unusual, extreme winter weather conditions this year in Indiana during the months of January and February, which significantly curtailed revenue and margins during those months. In addition, the results are after a \$12,000 non-cash expense in the quarter ended March 31, 2019 as a result of the adoption of the new accounting rules regarding accounting for leases, which became effective January 1, 2019 for publicly reporting entities.

On the heels of an extremely successful opening of the company's first franchised Noble Roman's Craft Pizza & Pub location in Lafayette, Indiana, the franchisees, Patrick and Holly O'Neil, have just signed a franchise agreement to open a second location. This restaurant will be located in West Lafayette, Indiana, the home of Purdue University (Indiana's second largest university campus by enrollment). The first franchised location in Lafayette opened May 2, 2019 and has seen double the anticipated sales volume, averaging approximately \$57,000 per week for the period since it opened. Site location efforts will begin immediately for the West Lafayette restaurant, with a projected opening tentatively planned for later this year.

The company also announced that it has now opened 13 non-traditional franchised locations thus far in 2019. The most recent opening occurred this week in Muncie, Indiana, the home of Ball State University. The twelfth non-traditional opening was in Machesney Park, Illinois (a suburb of Rockford, Illinois) and was notable because it became the seventh Noble Roman's Pizza location to be owned and operated by the Kelley Williamson Company. Established in 1926, the Kelley Williamson Company is consistently recognized as a leader in the convenience store industry. In addition to the seven Noble Roman's locations the Kelley Williamson Company operates now, they are preparing an eighth location for a Noble Roman's which is expected to open within the next 30 days. Beyond the non-traditional units already opened in 2019, the company has a number of additional units for which it has signed agreements that are yet to open, and a substantial pipeline of prospects for future franchise agreements.

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

Description	Three Months ended March 31,			
	2018		2019	
Revenue	\$1,108,423	100%	\$1,142,614	100%
Cost of sales	245,036	22.1	237,675	20.8
Salaries and wages	349,124	31.5	365,981	32.0
Facility cost including rent, common area and utilities	174,835	15.8	200,607	17.5
Packaging	28,970	2.6	41,318	3.6
All other operating expenses	67,534	6.1	165,338	14.5
Total expenses	865,499	78.1	1,010,919	88.5
Margin contribution	\$ 242,924	21.9%	\$ 131,695	11.5%

Margin contribution from this venue was decreased \$11,897 for non-cash expense related to the adoption of ASU 2016-02 accounting for lease which became effective after January 1, 2019 for publicly reporting companies.

- Revenue from this venue increased to \$1.4 million from \$1.1 million despite the highly unusual, extreme weather conditions in Indiana during the months of January and February.
- Cost of sales improved to 20.8% of revenue compared to 22.1% as the restaurants gained experience over time.
- Salaries and wages and other operating costs increased to 67.7% from 56.0% as a result of the reduced sales in January and February due to the severe winter weather.
- Gross margin contribution from this venue decreased to 11.5% from 21.9% largely as a result of the impact of severe winter weather in January and February. The impact of the weather can be seen in the monthly breakdown where gross margin contributions were 4.0% in January, then 10.8% in February and then back to 20.5% in March when the weather improved. In addition, the margin was impacted by the \$12,000 non-cash expense from the impact of the accounting change regarding accounting for leases.

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

Description	Three Months ended March 31,			
	2018		2019	
Royalties and fees non-traditional franchising	\$1,108,658	71.9%	\$1,287,178	80.8%
Royalties and fees non-traditional grocery	433,221	28.1	305,836	19.2
Total non-traditional revenue	1,541,879	100.0	1,593,014	100.0
Salaries and wages	267,968	17.4	195,626	12.3
Trade show expense	120,772	7.8	105,094	6.6
Insurance	74,749	4.8	109,924	6.9
Travel and auto	47,833	3.1	27,549	1.7
All other operating expenses	137,774	8.9	56,518	3.5
Total expenses	649,096	42.0	494,711	31.0
Margin contribution	\$ 892,783	58.0%	\$1,098,303	69.0%

- Total revenue from this venue grew to \$1.6 million from \$1.5 million; royalties and fees from non-traditional franchising grew to \$1.3 from \$1.1 million; and fees from grocery store take-n-bake decreased to \$300,000 from \$400,000. The decrease in fees from grocery stores reflects the company's decision to not focus on grocery stores at this time since management believes this venue tends to be more counter cyclical in nature.

- Salaries and wages, trade show expense and other operating costs decreased to \$495,000 from \$649,000 primarily as a result of management's in-depth review and implementation of ways to minimize costs in this venue.
- Gross margin contribution from this venue increased to \$1.1 million from \$900,000, an increase to 69% of revenue compared to 58%.

The following bullet points discuss other financial highlights from the quarter:

- The company-owned non-traditional location had a margin contribution of \$16,800, or 9.9% of its revenue. In the current quarter, the company has one company-owned non-traditional location in a hospital and does not intend to operate any additional locations. During the comparable period in 2018, the company was operating two additional non-traditional locations until they subsequently reached the end of their contract periods.
- Operating income increased to \$754,000 from \$699,000 primarily as a result of the margin contribution on franchising non-traditional locations increasing to \$1.1 million from \$900,000 which was partially offset by the decrease in margin contribution from the company-owned Craft Pizza & Pub locations as a result of the highly unusual, severe winter weather conditions for Indiana during the months of January and February 2019.
- Depreciation and amortization increased to \$93,600 from \$72,500 as a result of the third and fourth company-owned Craft Pizza & Pub opening in 2018.
- General and administrative expenses increased to \$416,000 from \$382,000 as a result of an increase in audit and other professional expenses of \$34,000.
- Interest expense decreased to \$127,000 from \$160,000 primarily as a result of the continuing monthly payments of principal on the bank loans, and the conversion of \$450,000 principal amounts of its subordinated convertible debt to common stock, partially offset by the increased interest rate on the company's variable rate loans on the bank debt.

With a new catalyst for growth and a combined focus on development in the non-traditional venue, 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 as well as senior staff, with over 150 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 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: resolution of a disagreement with the bank over the interpretation of certain financial covenants, competitive factors, pricing pressures, non-renewal of franchise agreements, shifts in market demand, the success of new franchise programs, including Noble Roman's Craft Pizza & Pub venue, 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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Consolidated Balance Sheets
Noble Roman's, Inc. and Subsidiaries
(Unaudited)

Assets	December 31, <u>2018</u>	March 31, <u>2019</u>
Current assets:		
Cash	\$ 76,194	\$ 145,791
Accounts receivable - net	1,573,600	1,560,958
Inventories	962,783	929,698
Prepaid expenses	<u>688,259</u>	<u>720,515</u>
Total current assets	<u>3,300,836</u>	<u>3,356,962</u>
Property and equipment:		
Equipment	2,872,494	2,878,293
Leasehold improvements	1,180,050	1,180,637
Construction and equipment in progress	<u>119,340</u>	<u>109,815</u>
	4,171,844	4,168,745
Less accumulated depreciation and amortization	<u>1,399,435</u>	<u>1,474,003</u>
Net property and equipment	2,772,449	2,694,742
Deferred tax asset	4,817,309	4,666,910
Deferred contract cost	698,935	698,935
Goodwill	278,466	278,466
Operating lease right of use assets	-	4,475,106
Other assets including long-term portion of receivables - net	<u>3,808,957</u>	<u>4,050,439</u>
Total assets	<u>\$15,676,952</u>	<u>\$20,221,560</u>
Liabilities and Stockholders' Equity		
Current liabilities:		
Current portion of term loan payable to bank	\$ 871,429	\$ 871,429
Accounts payable and accrued expenses	523,315	253,271
Current portion of operating lease liability	<u>-</u>	<u>312,739</u>
Total current liabilities	<u>1,394,744</u>	<u>1,437,439</u>
Long-term obligations:		
Term loans payable to bank (net of current portion)	3,898,733	3,705,579
Convertible notes payable	1,539,204	1,496,906
Operating lease liabilities - net of short-term portion	-	4,263,420
Deferred contract income	<u>698,935</u>	<u>698,935</u>
Total long-term liabilities	<u>6,136,872</u>	<u>10,164,840</u>
Stockholders' equity:		
Common stock – no par value (40,000,000 shares authorized, 21,583,032 issued and outstanding as of December 31, 2018 and 21,683,032 as of March 31, 2019)	24,739,482	24,789,482
Accumulated deficit	<u>(16,594,146)</u>	<u>(16,170,201)</u>
Total stockholders' equity	<u>8,145,336</u>	<u>8,619,281</u>
Total liabilities and stockholders' equity	<u>\$15,676,952</u>	<u>\$20,221,560</u>

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

	Three-Months Ended	
	<u>March 31,</u>	
	<u>2018</u>	<u>2019</u>
Revenue:		
Restaurant revenue - company-owned Craft Pizza & Pub	\$1,108,423	\$1,142,614
Restaurant revenue - company-owned non-traditional	288,116	170,502
Franchising revenue - non-traditional	1,541,879	1,593,014
Administrative fees and other	<u>14,245</u>	<u>16,619</u>
Total revenue	2,952,663	2,922,749
Operating expenses:		
Restaurant expenses - company-owned Craft Pizza & Pub	865,499	1,010,919
Restaurant expenses - company-owned non-traditional	283,856	153,709
Franchising expenses - non-traditional	<u>649,096</u>	<u>494,712</u>
Total operating expenses	<u>1,798,451</u>	<u>1,659,340</u>
Depreciation and amortization	72,503	93,600
General and administrative expenses	<u>382,280</u>	<u>416,248</u>
Total expenses	<u>2,253,234</u>	<u>2,169,188</u>
Operating income	699,429	753,561
Interest expense	<u>160,288</u>	<u>126,903</u>
Income before income taxes	539,141	626,658
Income tax expense	<u>136,592</u>	<u>150,398</u>
Net income	<u>\$ 402,549</u>	<u>\$ 476,260</u>
Earnings per share - basic		
Net income	\$.02	\$.02
Weighted average number of common shares outstanding	20,869,689	21,671,921
Diluted earnings per share:		
Net income	\$.02	\$.02
Weighted average number of common shares outstanding	26,389,740	25,584,889