

Noble Roman's, Inc.

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BUSINESS REVIEW

ANNUAL SHAREHOLDER'S MEETING

JULY 2, 2014

Noble Roman's[®] Inc.

Overview

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The purpose of this presentation is to put some “flesh on the bones” behind the numbers presented in the annual and quarterly financial reports.

- Business Model
- Venue Developments
- Macro Considerations

History

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- Noble Roman's Pizza
- Founded as a single pizzeria in 1972
- IU campus in Bloomington, IN
- Focus on high quality products
 - Traditional Pizza
 - Deep-Dish Sicilian Pizza
 - Breadsticks & Spicy Cheese Dip



**QUALITY YOU
CAN TASTE!**

Tuscano's

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- Sub & Salad Brand Added in 1999
- Developed from an Existing Sub Sandwich Line Within Noble Roman's
- At the request of Hospital Franchisees
 - Wanted an expanded sub offering
 - Did not want inefficiencies of Subway
 - Preferred dealing with a single franchisor
- Usually Acquired in a Supporting Role to Noble Roman's Pizza



Business Model

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- Non-Traditional Foodservice
- Providing food where and when people want to consume it
- Not confined to typical stand-alone restaurant facility
- Not confined to fully prepared, cooked food
- Often inside another business structure
- Put the consumer in control of the eating occasion

Business Structure

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- Venue driven approach
- A way of market segmentation
- Venue approximately equates to a Retail Channel of Distribution

Examples of Venues

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- **Host Premise Foodservice**
 - Convenience Stores
 - Bowling Centers
 - Entertainment Facilities
- **Off-Premise Baking**
 - Grocery Deli Pizza
 - Stand-Alone Take-n-Bake Facilities

Venue Segmentation Advantages

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- Different venues are stronger at different times
 - General economic factors
 - Industry specific factors
- Venue segmentation allows for greater pin-point franchise sales targeting
- Venue segmentation allows for greater unit customization
 - Products
 - Service System
 - Point of Sale
 - Marketing



Host Premise Foodservice

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- **Noble Roman's Advantages**
 - More Revenue Sources
 - ✦ Menu items for breakfast, lunch, snacks & dinner
 - Excellent Cost Structure
 - ✦ Low initial investment & good on-going food costs
 - Flexible Structure
 - ✦ Franchise with royalty or License with mark-up
 - Personalized Support
 - ✦ Pre-opening guidance, customization, on-site set-up
 - Backed By Franchise Services
 - ✦ R&D, Distribution, Buying Power, Marketing

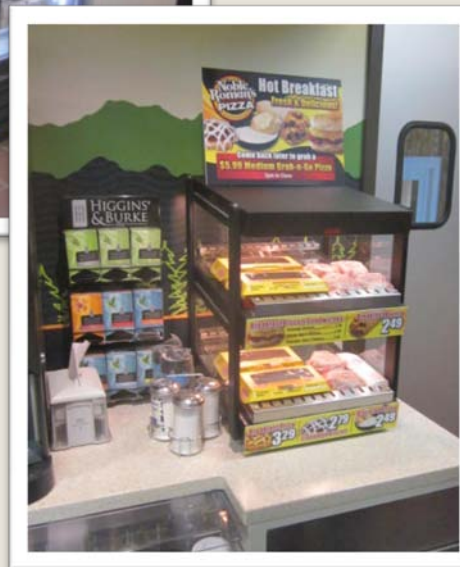
Convenience Store Location

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Primary Grab-n-Go Merchandiser -
with Take-n-Bake Cooler

**Farmingdale,
Maine**



Breakfast Merchandiser –
Coffee Section

Stand Alone Take-n-Bake

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- **Consumer Rationale for Take-n-Bake**
 - Fresh Made – Consumer watches their pizza being made
 - Fresh baked – Consumer experiences the pizza at its peak quality, straight from the oven
 - Control – Consumer decides the moment they wish to enjoy the pizza
 - Convenience – Purchasing the product and enjoying the product can be separated in time

Fresh is Hot!

Stand-Alone Take-n-Bake

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- **Noble Roman's Advantages**
 - Product quality – it tastes better!
 - No in-store dough makes it simple and consistent
 - Small amount of space – 900 to 1,200 sq.ft.
 - Minimal amount of build-out
 - Excellent menu selection with 4 crusts & a variety of add-ons
 - WOW! service system
 - Attractive overall investment requirement

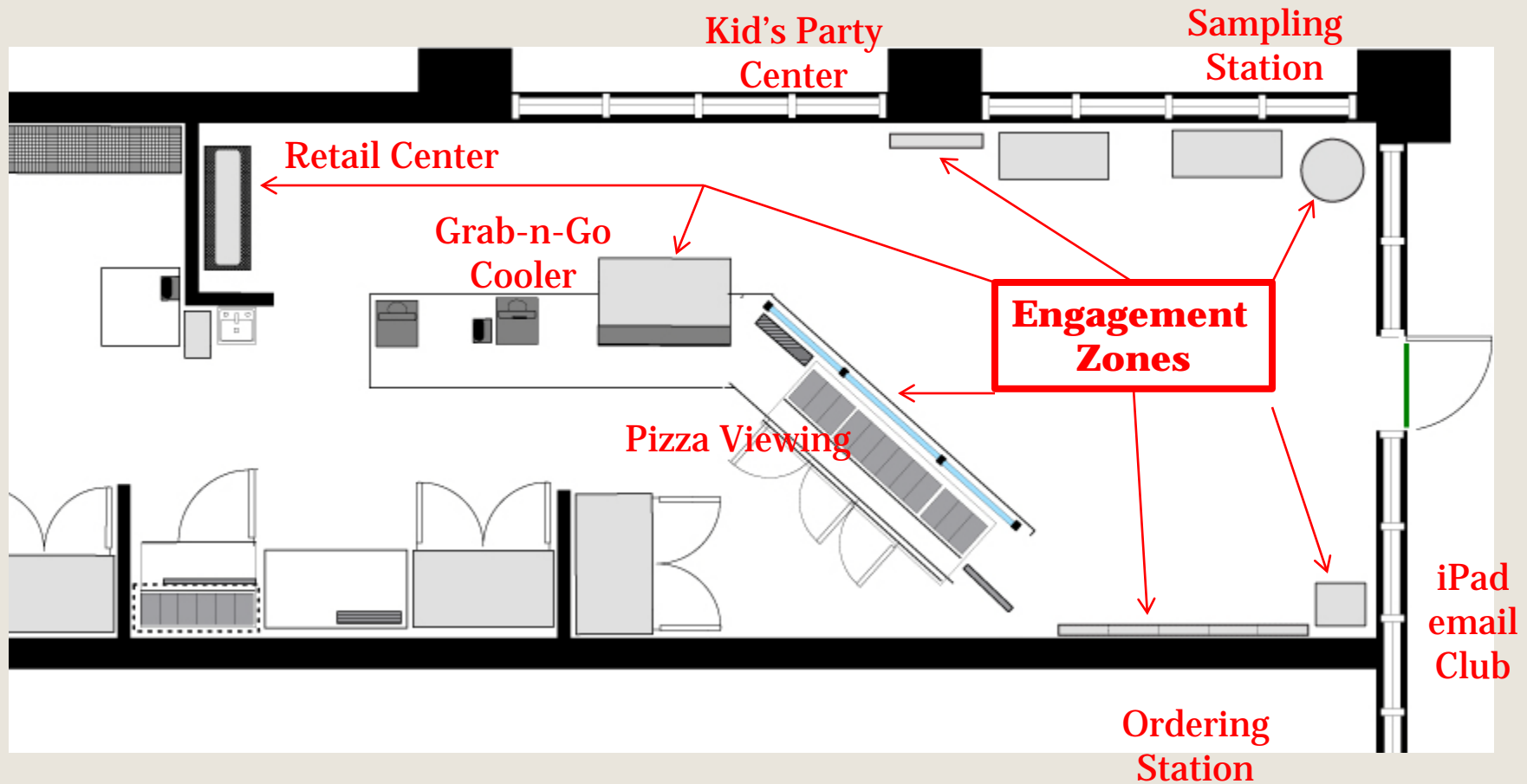
Typical Store Front

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Typical Layout

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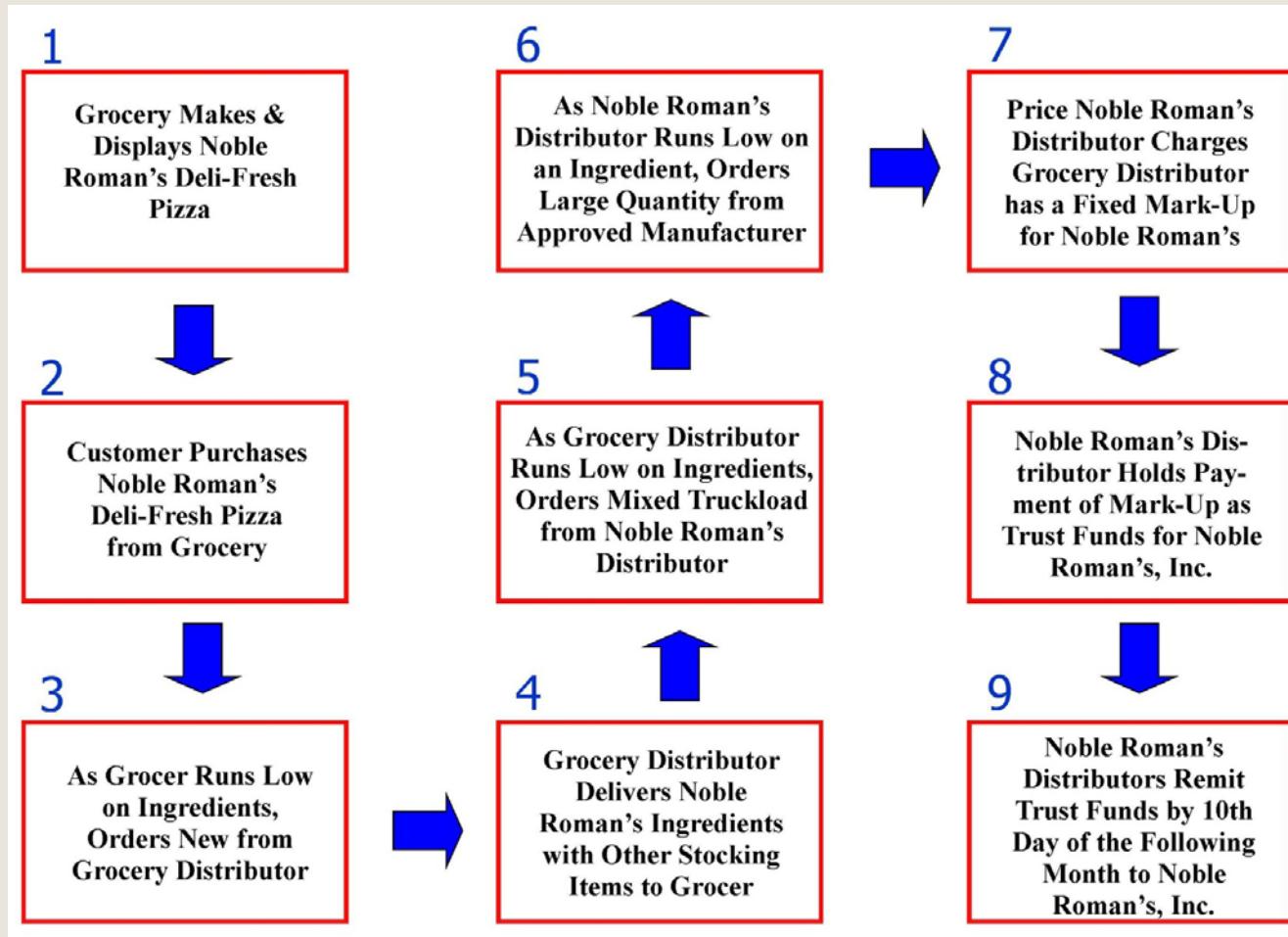
Grocery Deli Pizza

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- **Noble Roman's Advantages**
 - Product quality – it tastes better!
 - Component program vs assembled frozen
 - “Made Fresh Here Daily” with pizzeria branding
 - Excellent margins with good value pricing
 - On-site personalized set-up & training
 - Marketing & merchandising kits
 - On-going program development with R&D

Grocery Venue – Revenue Flow

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Stand-Alone Take-n-Bake Venue

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Newly Introduced Enhancements

Stand-Alone Take-n-Bake Venue

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- **Introduction of Gluten Free Pizza Crust**
 - Delicious crust the entire family will enjoy!
 - Participates in a multi-billion dollar and growing business segment
 - Targets the 2 largest segment of the market:
 - ✦ Lifestyle and general health segment
 - ✦ Mild gluten intolerances
 - Not targeting the 2 smaller segments of the market
 - ✦ Complete gluten non-celiac intolerance
 - ✦ Celiac disease

Gluten Free Pizza Crust

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Thin Crust Topped Edge-to-Edge

Stand-Alone Take-n-Bake Venue

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- **Introduction of New Baking Service**
 - “You Bake or We Bake”
 - We bake it for \$1 – Customer receives \$1 coupon
 - Requires 1-2 table-top mini conveyor ovens
 - No major modification to current layout
 - Requires electrical wiring for 208v
 - Requires minor kitchenware utensils
 - Some locations may require:
 - ✦ Add'l HVAC
 - ✦ Non-fire suppressing exhaust hood

Pizza Baking Service

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You Bake-or-We Bake!
PZA Baking Station



The Pizza Buck

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Redeemable for Baking Services or as a Bounce Back Coupon

Stand-Alone Take-n-Bake Venue

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- **Introduction of New Baked Lunch Service**
 - For use in units with “You Bake or We Bake”
 - Requires a heated display
 - Enables a unit to offer the following core items:
 - ✦ 7” Traditional Crust Pizza
 - ✦ Individual Sized Sicilian Pizza
 - ✦ Breadsticks
 - Enable complimentary items such as individual salads
 - Will enable additional menu introductions over time

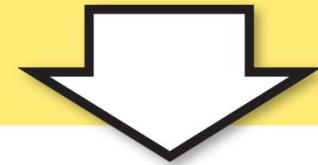
Fresh Baked Lunch

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fresh, hot
& ready

PZA
lunch



Stand-Alone Take-n-Bake Venue

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- **Offsite Sales & Concessions Program**
 - Allows units to target facilities within a 1.5 mile radius
 - ✦ **Concessions**
 - ✦ **Businesses such as bars and convenience stores**
 - Stocking those facilities with pre-made TNB pizzas
 - Supplying them with small ovens and displays as necessary
 - Host unit then merchandises hot Noble Roman's Pizza by the slice

Concessions Program

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Cooking,
Merchandising
& Marketing
Materials
Provided to
Sales &
Concessions
Partners



Stand-Alone Take-n-Bake Venue

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- **Introduction of New Online Ordering**
 - Individualized menu pricing for each unit
 - Standardized portal look
 - Order through direct link or through freshpza.com
 - Uses outside 3rd Party Service
 - ✦ “Invisible” in the background hosting
 - ✦ Fully Noble Roman’s branded service
 - ✦ Small transaction and maintenance fee
 - ✦ Much more cost efficient than proprietary system

On-Line Ordering Screen

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Noble Roman's Take-n-Bake - Indianapolis
404 E. Thompson Road
Indianapolis, IN, US, 46227
Tel: 317-783-4862 Fax: 317-783-6988



RESTAURANT HOURS
Sunday thru Saturday 11:00AM - 09:00PM

 Like 0

HOME ORDER ONLINE FIND US LOGIN CONTACT US

Includes All Your Favorite Toppings!

SuperThin
Large **\$11⁹⁹**

Traditional Pizza
Medium **\$9⁹⁹** Large **\$11⁹⁹**

Deep-Dish
Large **\$13⁹⁹**

We'll bake it HOT!
(\$1 per order)

1 BROWSE OUR MENU

2 SAVE TIME, ORDER ONLINE (PAY IN PERSON)

3 GET YOUR FOOD & ENJOY!

OUR MENU

Pizza Favorites

- Simply Classic
- Add a Medium for \$5.99
- Create Your Own Pizza

Search our menu...

PIZZA FAVORITES


All our Favorites are available on our three delicious crusts: Traditional, SuperThin or Deep-Dish Sicilian.

SHOPPING CART




Name	Qty	Price
Subtotal		\$0.00
Tax		\$0.00
Total Amount		\$0


Verizon 12:29 PM 74%

Noble Roman's Take-n-Bake - Indianapolis



ADD ITEM TO CART

 **The Works**
Pepperoni, Sausage, Bacon, Onion, Mushroom, Green Pepper

Quantity 1

*** Choose Pizza Size & Crust**

☐ Traditional (Medium) (\$9.99) ☐ Traditional (Large) (\$11.99)

☐ SuperThin (Large) ☐ Deep Dish (Large)

Full-Screen &
Mobile Platforms

Stand-Alone Take-n-Bake Venue

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- **Introduction of New Grilling Instructions**
 - Provides guidelines for gas and charcoal grills
 - Useable for both Traditional, SuperThin and Gluten Free Crust pizzas
 - Introduced in early spring for the grilling season
 - ✦ 4-color mini booklet online or at the unit
 - “Grilling is an Art!”
 - ✦ Actual methodology to be tailored to individual circumstances
 - ✦ Allows us to get feedback through a grilling survey at freshpza.com/grillsurvey

Pizza Grilling Instructions

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**Noble Roman's®
Take-n-Grill**

www.freshpza.com

**Grilling
is an art!**

**Start with these
suggestions before
grilling your next
pizza.**

SuperThin® tends to grill easier than Traditional; not recommended for Deep Dish Sicilian.

3 & 4 burner gas grills yield more predictable results than 2 burner gas or charcoal grills.

Every grill and every day is different!

**Use these suggestions to
develop your own approach.**



LET US HEAR FROM YOU!

Individual grill and cooking conditions vary greatly! These procedures are generalized - the settings and procedures that work best for your situation may differ from those described. Let us know what works best for you - complete our "P'ZA Grill Survey" at www.freshpza.com/grillsurvey



**Full Color, 4-Page Booklet
Available In-Store & On-Line**

Stand-Alone Take-n-Bake Venue

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- **Testing a “Create-Your-Own” Salad Offering**
 - Primarily but not exclusively a lunch offering
 - Large personal salad bowl
 - Utilizes iceberg and Romaine blend
 - Available 12 toppings to choose from
 - ✦ Customer selects up to 6
 - ✦ Gets choice of dressings (receives 2)
 - Utilizes the secondary pieboard which is generally not utilized until evenings

TEST: Fresh Salad Station

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create your own
Fresh Salad Station
Pick Six! Choose up to 6
toppings plus your favorite dressing

Newly Introduced Enhancements

Grocery Venue

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- **Introduced New Standard Packaging**
 - Same 13” pan used in the stand-alone venue
 - Quick heating, quick cooling, recyclable aluminum
 - Black anodized bottom finish for better baking
 - Clear plastic dome lid for product viewing
 - Sticker band used for brand ID and product tamper protection
 - Creates a “Deli Fresh” visual appearance
 - Standard in new units; replacing boxes as current inventory is depleted

Grocery Venue

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- **Introduction of New Mega-Topped Pizzas**
 - Extra-loaded with toppings – over 2 pounds
 - Larger 14” crust size (versus program standard 12”)
 - Served in TNB pan with clear dome lid
 - Comes in 3 varieties:
 - ✦ Extra Cheese Four Cheese Pizza
 - ✦ Mile High Extra Meat Pizza
 - ✦ Double Topped Pepperoni Pizza with Extra Cheese
 - Great customer value and high grocer margins

14" Mega-Topped Pizza

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Double Topped Pepperoni & Extra Cheese Pizza

Grocery Venue

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- **Introduced New Gluten Free Crust**
 - Same crust used throughout the Noble Roman's system
 - A delicious crust the entire family will enjoy
 - Available in two combinations:
 - ✦ **Four Cheese Pizza**
 - ✦ **Pepperoni Pizza**

Grocery Venue

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- **Introducing New Merchandising Kit**
 - Bright color to attract attention
 - Delicious product photography
 - Space demarcation strategy
 - ✦ Mark space left and right
 - ✦ Mark individual “facings” – shelf spots
 - ✦ Mark location within store
 - Additional awareness strategy
 - ✦ Grocery cart signage
 - ✦ Frozen pizza area signage
 - Same administration as before
 - ✦ Set-up done by our field managers/trainers
 - ✦ Paid for by vendor contributions

Grocery Merchandising Kit

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Noble Roman's
award winning pizza made fresh here daily
Deli-Fresh Pizza

5"x36"
Deli Cooler
Banner



48"x28" Hanging Banner 2-sided



6" shelf sign for under
pizzas in cooler



5.5"x8.5" Cooler Decal



6"x5" Grocery Cart Sign



5.5"x5.5" Promotional Signs (attach to the 5"x36" banner)



12"x2.75" Cooler Shelf Product Identifiers



Grocery Merchandizing Display

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Flagship Marsh®
Supermarket Location –
Downtown Indianapolis

Noble Roman's®
Deli-Fresh Pizza

marsh.
EXPERTS IN FRESH

Host Premise Venues

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- **New Product Introductions Complete:**
 - Pizza Burger program
 - Breakfast Burrito
 - Chicken Wrap
 - Boneless “Chicken Dippers” (Chicken Wings)
 - Take-n-Bake add-on

Recent Menu Additions

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External Factors

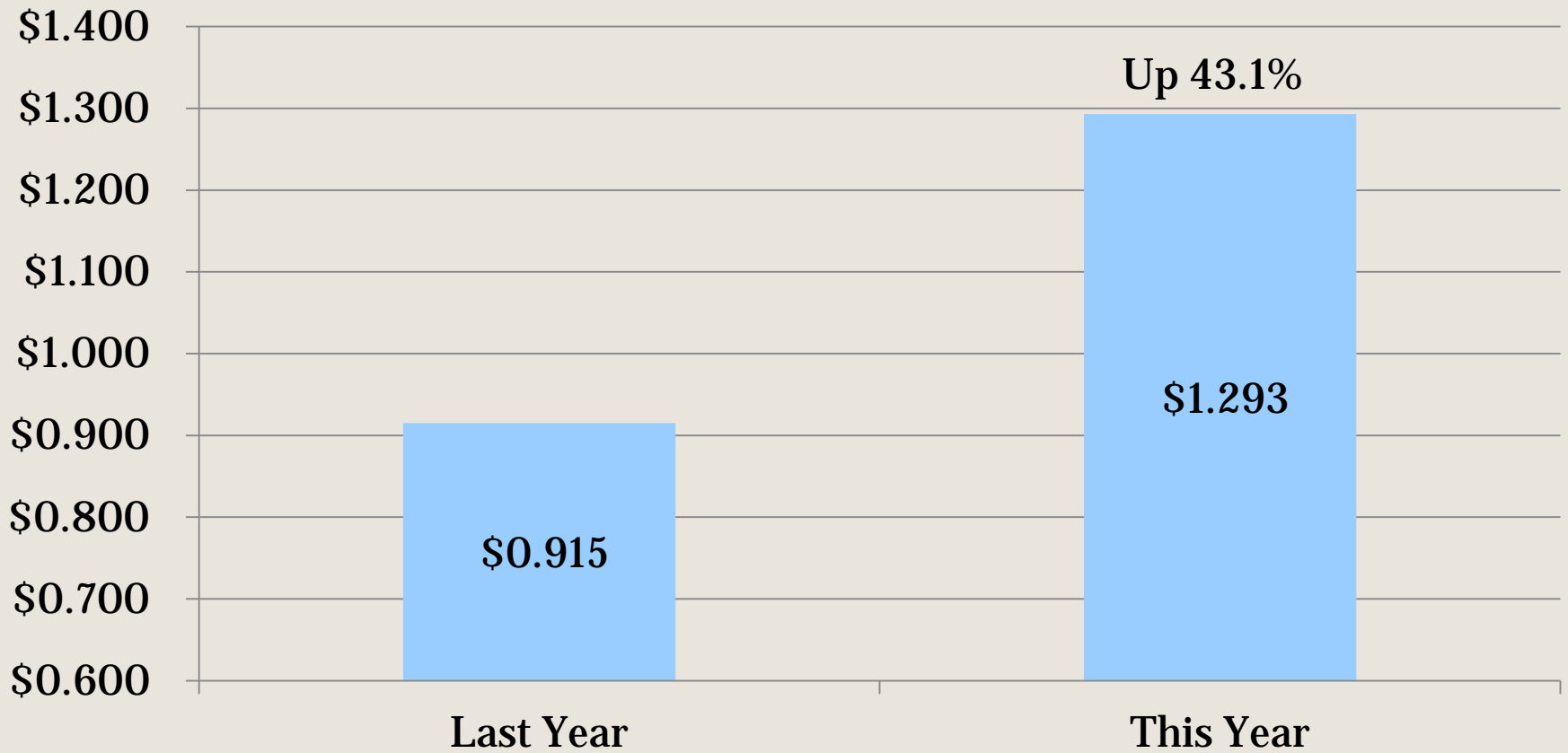
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- Overall Economy
- Weather Conditions
- Competition
- Commodity Prices*

Pork Pricing

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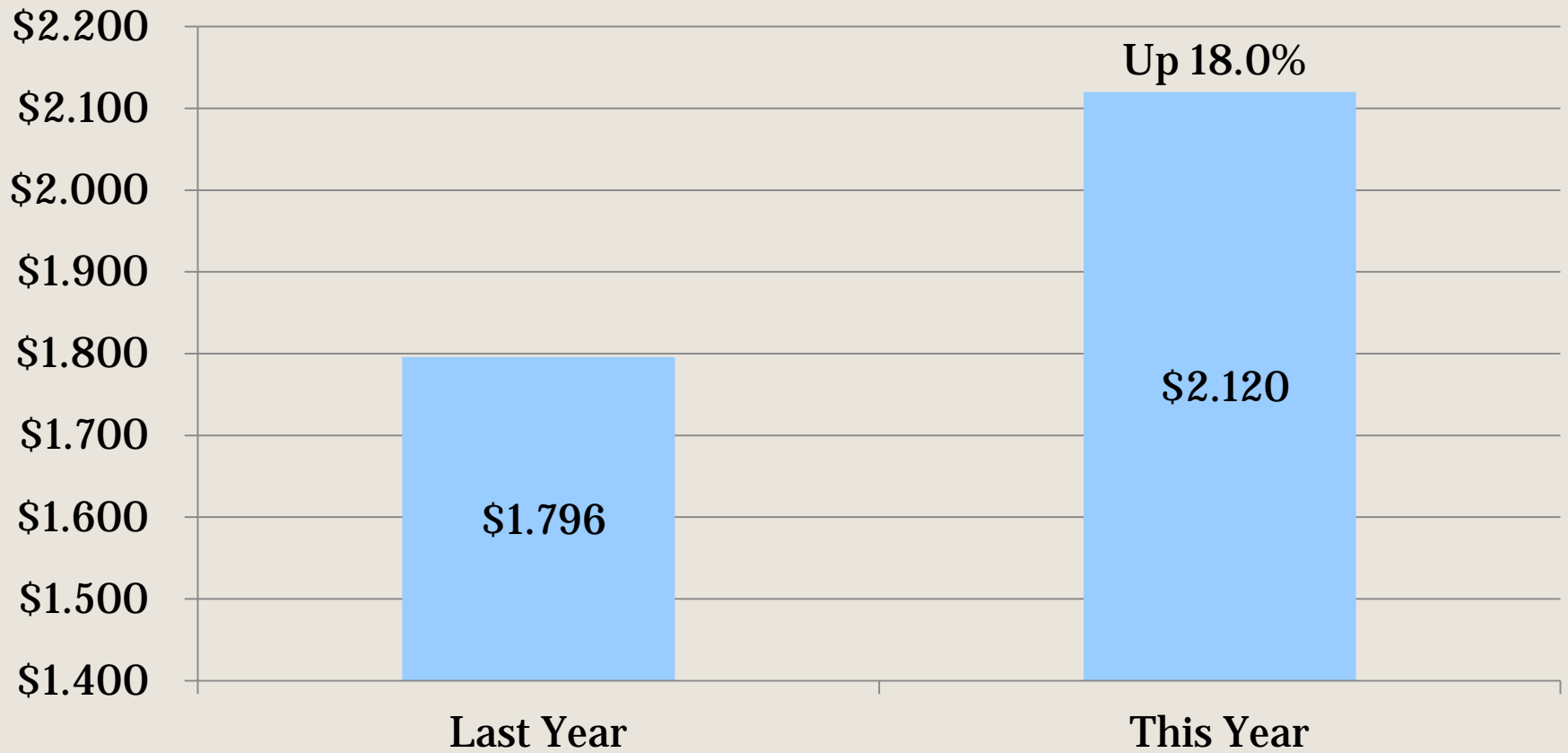
Current \$ per #



Beef Prices

45

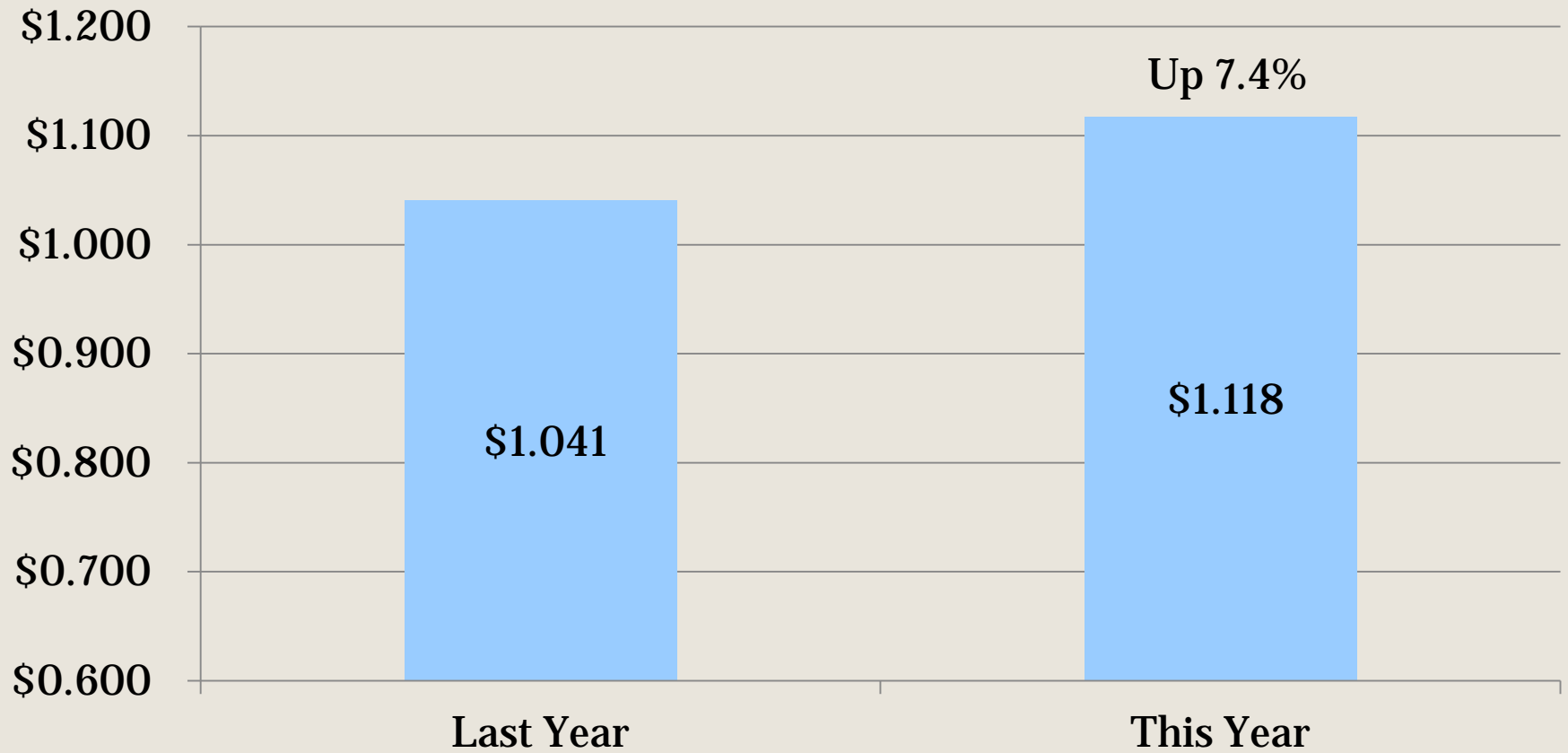
Current \$ per #



Poultry Prices

46

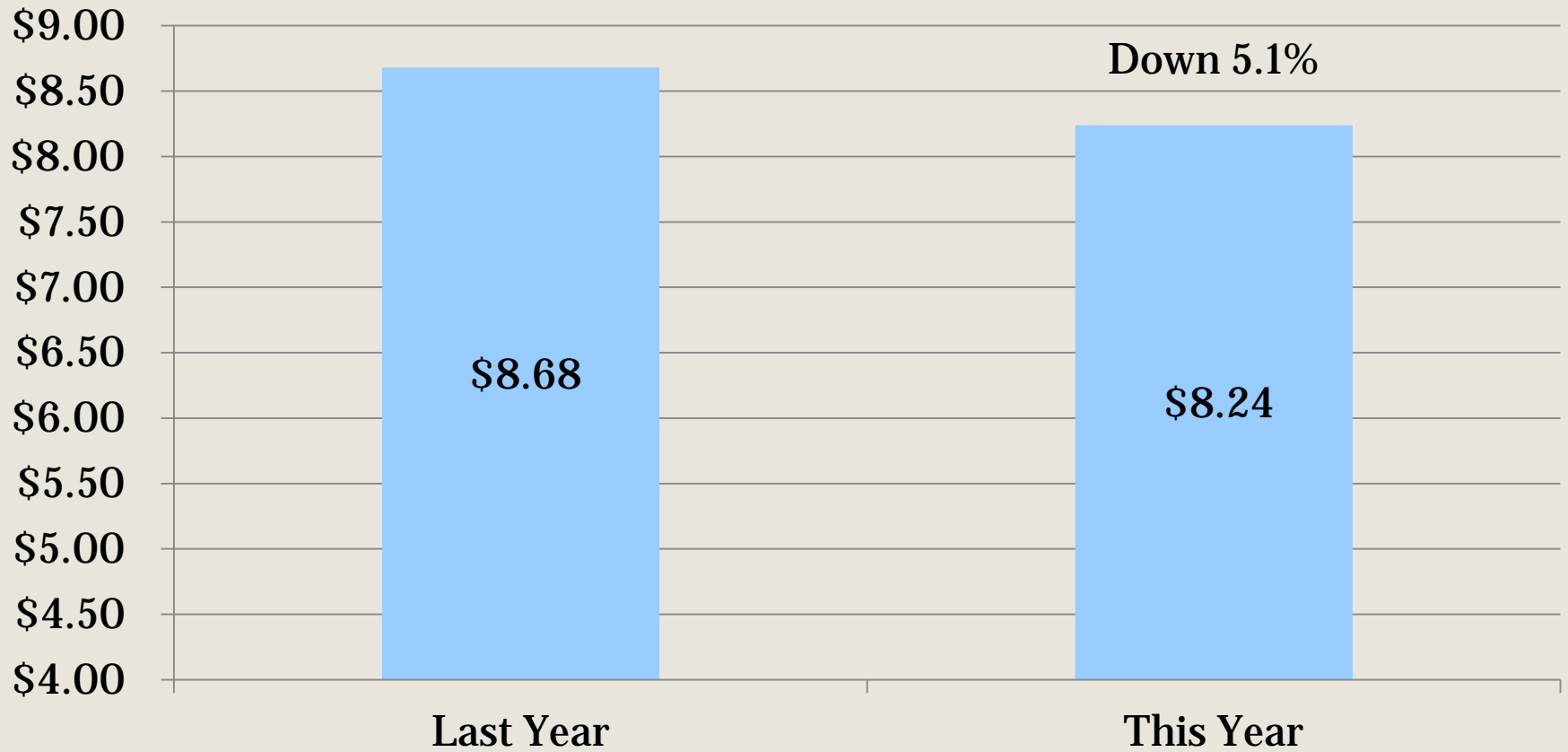
Current \$ per #



Wheat Prices

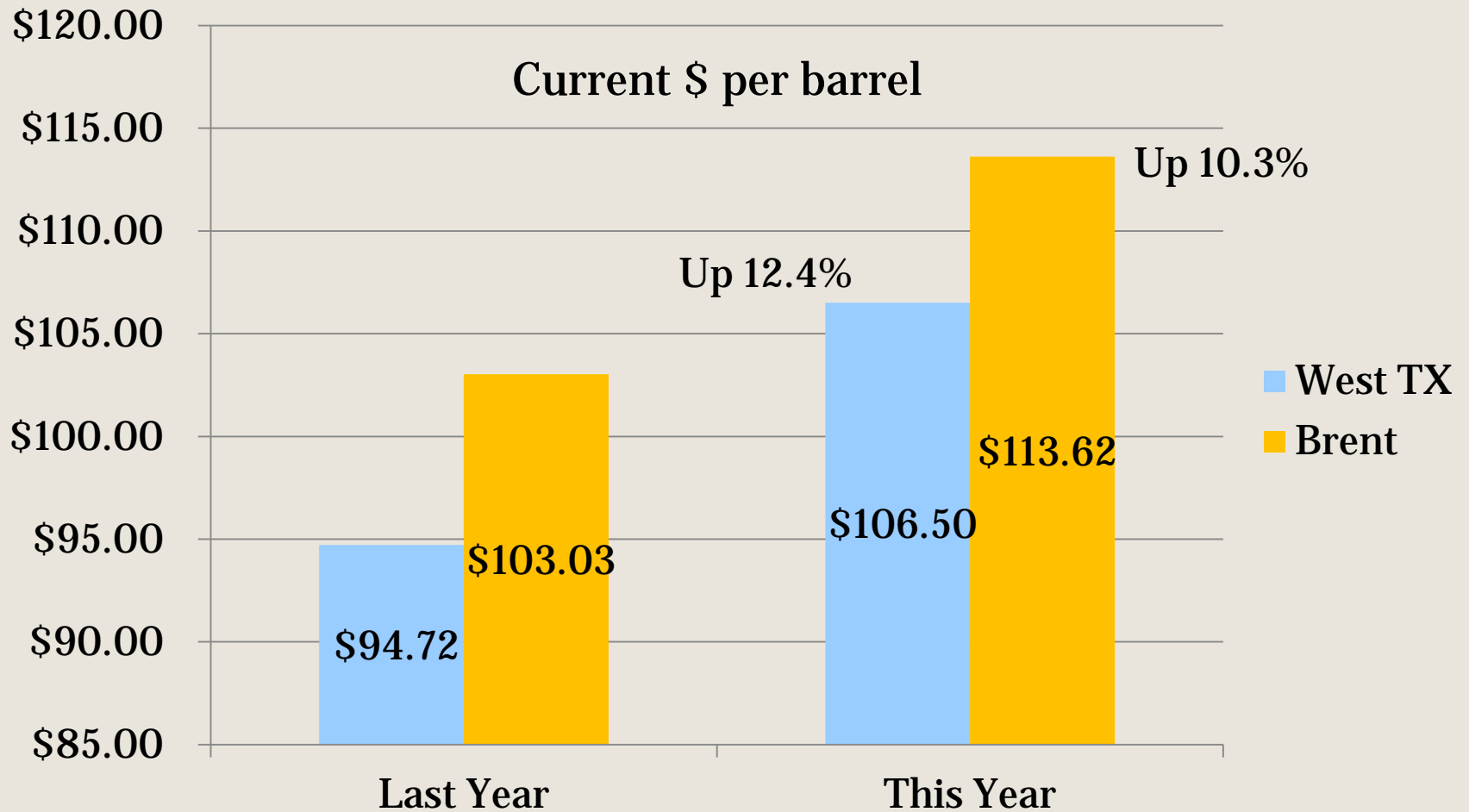
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Current \$ per bushel



Crude Oil Prices

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Convenience Store Gas Margins

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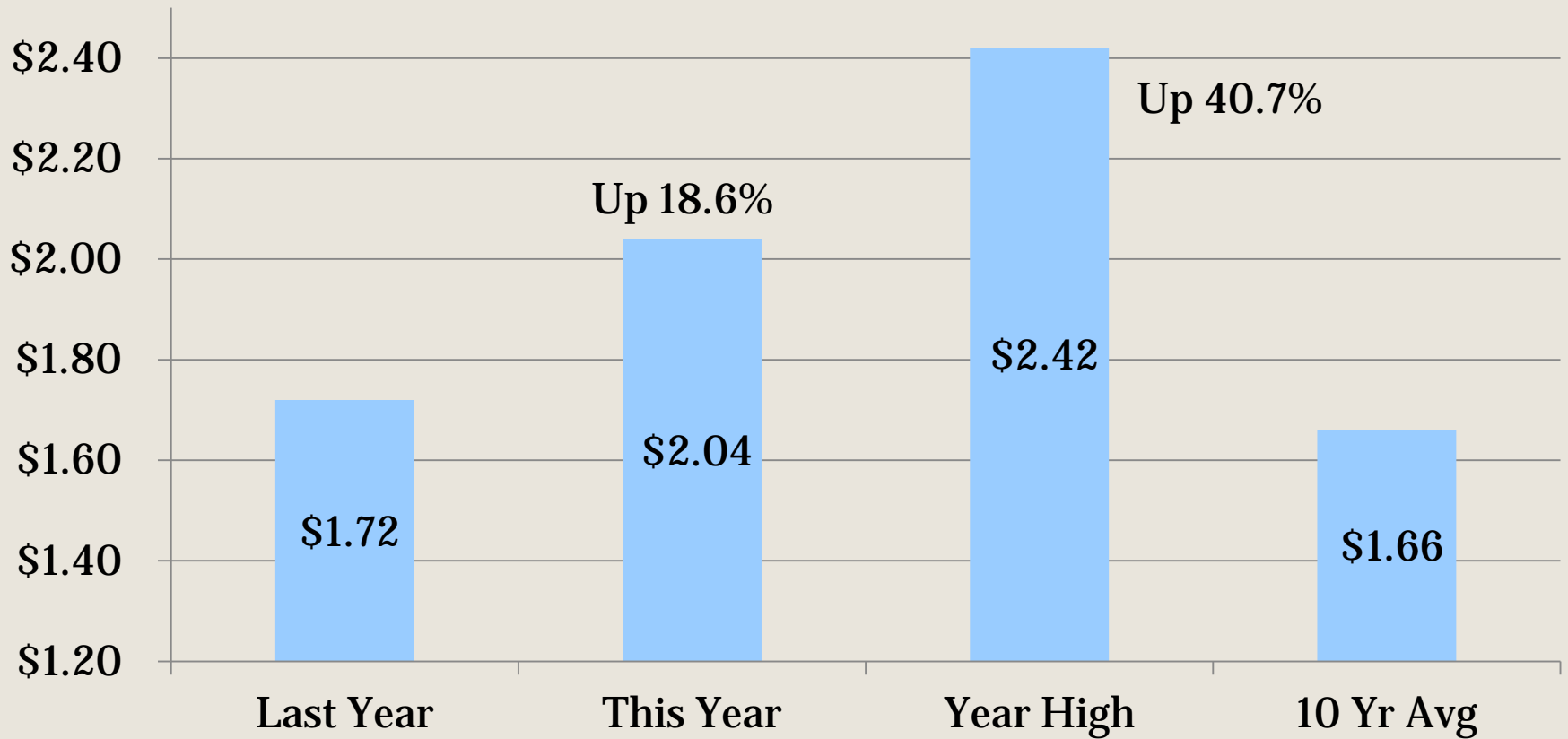
	Current Margin per Gallon	Year Average Price per Gallon
Last Year	\$.17	\$3.54
This Year	\$.16	\$3.44

Retail gas volumes up 3.7% for 2014 vs 2013

Cheese Prices

50

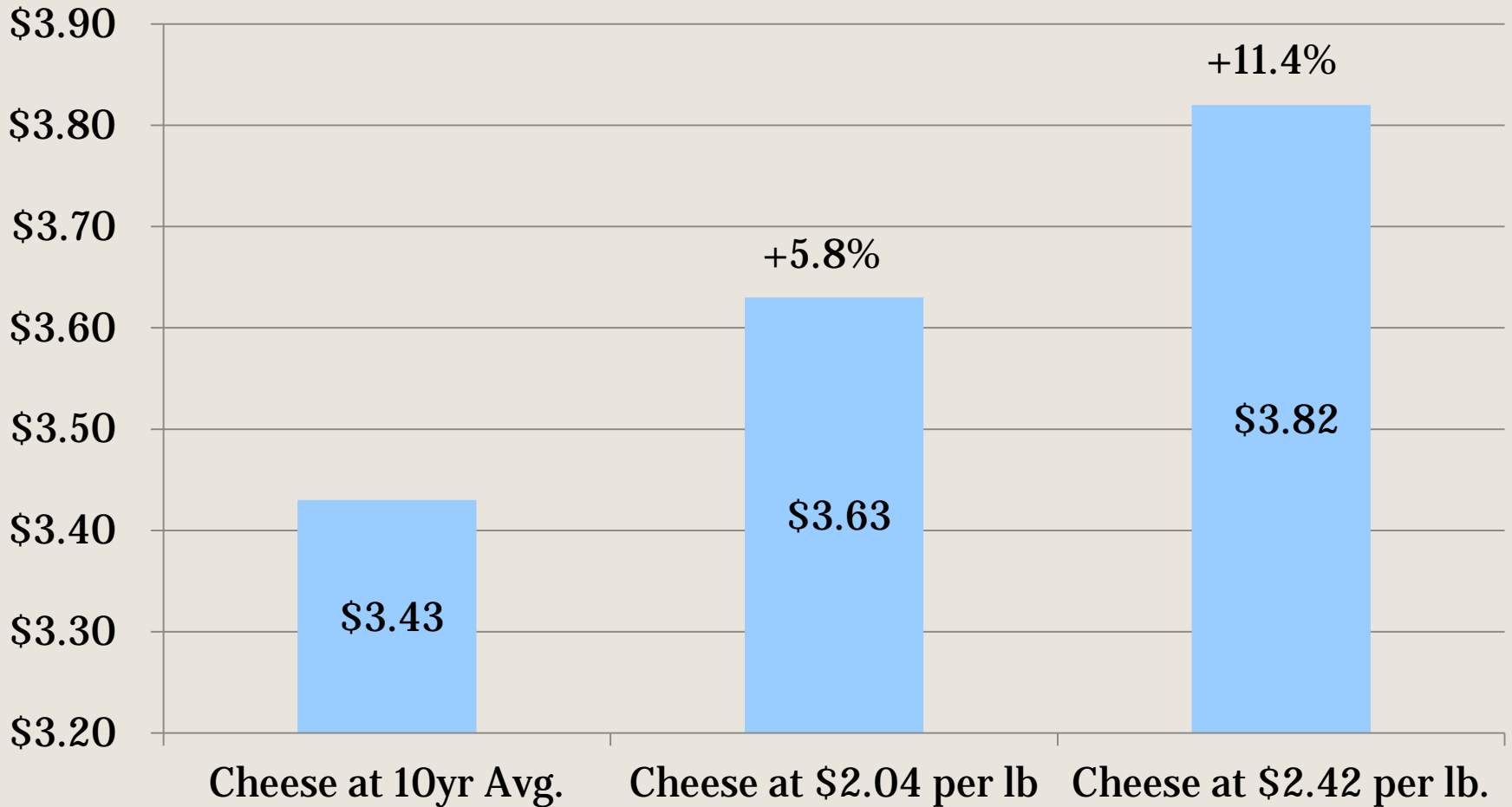
Current & Historical \$ per



Impact of Cheese Prices

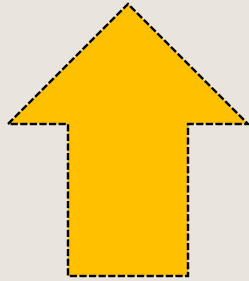
Cost of a Large 14" Pepperoni Pizza

51

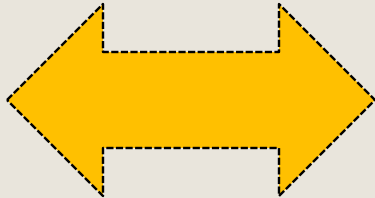


On-Going Strategy & Concluding Remarks

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REVENUES



EXPENSES

Continuing Focus

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- Focus on growing revenue
- Target primary venues:
 - Convenience Stores
 - Entertainment Facilities
 - Grocery Deli Locations
 - Stand-Alone Take-n-Bake Locations
- Minimize corporate overhead growth
- Maximize the drop-down rate to the bottom line

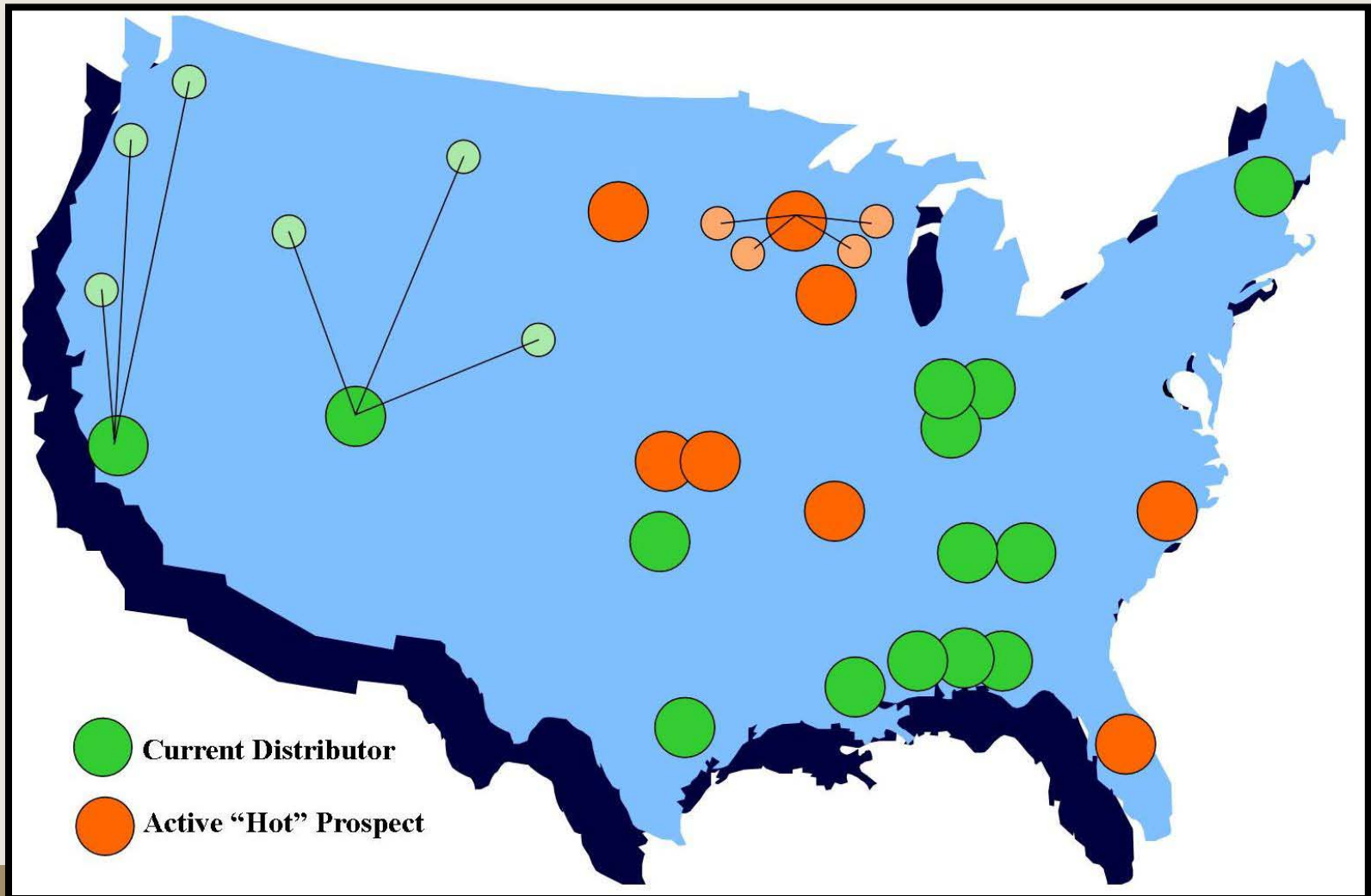
Revenue Growth Goals for 2014

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Category	Growth Goal
Royalties & Fees from Host Premise Venue	5% to 7%
Royalties & Fees from Grocery Venue	10% to 15%
Royalties & Fees from Stand-Alone TNB Venue	300% to 350%
Total Revenue Growth Goal	Approx. 16.7%
	Up \$1.0m to \$1.5m

Growth in Grocery Distributors

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Corporate Debt Structure

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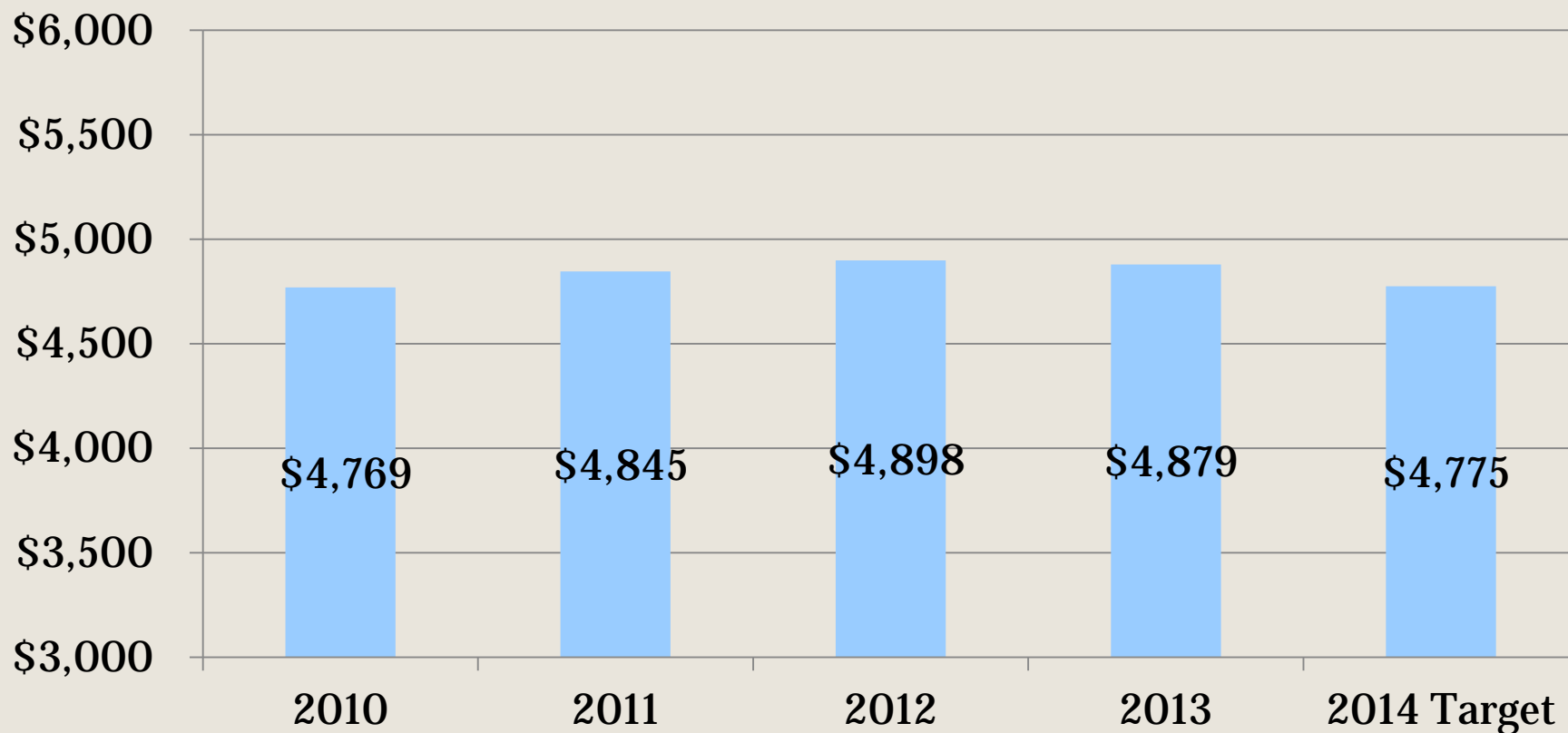
	Outstanding Amount	Rate	Blended Rate
June 30, 2012			
Bank Loan	\$ 4,895,833	4.25%	
Preferred Stock	825,000	12.0%	
Total June 30, 2012	\$ 5,720,833		5.37%
June 30, 2013			
Bank Loan	\$ 3,645,833	4.20%	
Preferred Stock	825,000	12.0%	
Total June 30, 2013	\$ 4,470,833		5.64%
June 30, 2014			
Bank Loans	\$ 3,243,333	4.57%	
Preferred Stock	0		
Total June 30, 2014	\$ 3,243,333		4.57%

Note: Preferred Stock redemption effective October 31, 2013

Overhead Management

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Total Operating Expenses Plus Interest Expense (In Thousands)



End of Presentation

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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, 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 grocery channels or stand-alone 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.