

NEWS BULLETIN

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Noble Roman's Provides Results for New "Craft Pizza & Pub"; Announces 2016 Annual Financial Summary; Confirms Overall Strategic Direction.

(Indianapolis, Indiana) – March 27, 2017-- Noble Roman's, Inc. (OTCQB: NROM), the Indianapolis based franchisor and licensor of Noble Roman's Pizza, today reviewed the results to date of the company's new "Craft Pizza & Pub", announced results for the year 2016 and the quarterly period ended December 31, 2016, and reviewed the company's strategic direction.

Craft Pizza & Pub

The first unit of its new generation, stand-alone pizzerias, known as Noble Roman's Craft Pizza & Pub, continues to exceed management pre-opening expectations by over 50%. During its first full calendar month of operation in February, net sales were in excess of \$150,000 with an operating margin of over 33%. With current trends, March net sales are expected to exceed \$160,000. According to Scott Mobley, President & CEO of Noble Roman's, "Even though after 8 weeks of operation the unit may still be considered in its honeymoon phase, sales and margins continue to run consistently higher than forecasted and we are obviously greatly pleased with the results."

The Noble Roman's Craft Pizza & Pub opened in 4,000 square feet of the newly constructed Monon Marketplace on Main Street/Highway 32 across from Grand Park in Westfield, Indiana, a prosperous and growing community on the northwest side of Indianapolis. The pizzeria concept has a hint of nostalgia with a modern flair and substantial new innovations. Noble Roman's Craft Pizza & Pub harkens back to the company's early history when it was known simply as "Pizza Pub." Like then, for fast and efficient service that is easy to staff and manage, ordering takes place at the counter and food runners deliver orders to the dining room for dine-in guests. Noble Roman's Craft Pizza & Pub features many exciting enhancements over the current competitive landscape. As the name implies, the restaurant features two styles of hand-crafted, made-from-scratch pizzas with a selection of 40 different toppings, cheeses and sauces from which to choose. Beer and wine is also featured, with 16 different beers on tap including both national and local craft selections. Wines include 16 high quality, affordably priced options by the bottle or glass in a range of varietals. Beer and wine service is provided at the bar and throughout the dining room.

The pizza offerings feature Noble Roman's traditional hand-crafted thinner crust as well as its signature deep-dish Sicilian crust. New technology and extensive R&D are bringing amazingly fast cook times, with oven speeds running only 2.5 minutes for traditional pies and 5.75 minutes for Sicilian pies. And not just individual pizzas, as with the more menu-limited fast casual chains, but medium and full-sized large pizzas as well – an essential component, the company believes, to offer that full-fledged pizzeria experience where dinnertime meals are a shared experience. Traditional pizza favorites such as pepperoni are obvious options on the menu, but also offered is a fun selection of original creations such as "Pig in the Apple Tree," a pizza featuring bacon, diced apples, candied walnuts and gorgonzola cheese. The menu also features a selection of contemporary and fresh, made-to-order salads such as "Avocado Chicken Caesar," and fresh-cooked pasta like "Chicken

Fettuccine Alfredo.” Baked subs, hand-sauced wings, a selection of desserts and, of course, Noble Roman’s famous Breadsticks with Spicy Cheese Sauce also make the menu.

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 alike enjoy Noble Roman’s root beer tap, which is also part of a special menu for customers 12 and younger. Throughout the dining room and the bar area are thirteen large and giant screen TV monitors for sports and the nostalgic black & white shorts featured in Noble Roman’s earlier days.

As Scott Mobley previously stated, “Noble Roman’s Craft Pizza & Pub is the most exciting development for the company since it pioneered the non-traditional pizza venue. This stand-alone pizzeria concept is the culmination of some of the best of our history combined with all-new, leading edge technology and recipes to produce what we think will be a terrific growth vehicle for the future.”

Financial Results for the Year Ended December 31, 2016 Compared to Year Ended December 31, 2015

- Operating income from continuing operations was \$3.1 million compared to \$2.9 million.
- Net income from continuing operations before taxes was \$1.3 million, or \$0.06 per basic share, for both 2016 and 2015. However, interest expense was \$593,000 in 2016 compared to \$186,000 in 2015 due to additional borrowing at a higher rate.
- Loss on discontinued operations in 2016 was \$1.7 million compared to \$35,000 in 2015. The loss on discontinued operations in 2016 was the result of the company discontinuing the stand-alone take-n-bake venue and charging off all assets related thereto. The company believes losses on discontinued operations have now been recorded and further expenses related to discontinued operations will be minimal, if any.
- Net loss was \$871,000, or \$0.04 per basic share, compared to a net income of \$786,000, or \$0.04 per basic share. The net loss for 2016 was a result of a \$1.1 million adjustment to the valuation of receivables, including the Heyser case, a one-time \$1.7 million loss on discontinued operations from discontinuing the stand-alone take-n-bake venue as described above and a \$44,000 change in fair value of derivatives.
- In 2016, the operating margin was 39.3% of revenue compared to 38.0%.
- Total revenue was \$7.8 million compared to \$7.7 million.
- Upfront franchisee fees and commissions were \$299,000 compared to \$228,000. The increase in upfront fees was the result of selling more non-traditional franchises.
- Royalties and fees less upfront fees were \$7.1 million compared to \$7.2 million. The decrease was a result of the decrease in stand-alone take-n-bake revenue mostly offset by the increase in royalties and fees from non-traditional locations and the increase in royalties and fees from the grocery store take-n-bake.
- Royalties and fees from non-traditional franchises other than grocery stores were \$4.4 million for both years, however there was a slight increase in 2016.
- Royalties and fees from grocery store take-n-bake locations were \$2.1 million compared to \$1.9 million.
- Royalties and fees from stand-alone take-n-bake locations were \$318,000 compared to \$707,000. The reason for this decrease was the decision to discontinue the stand-alone take-n-bake venue.
- Royalties and fees from traditional locations were \$238,000 compared to \$265,000. This is a result of losing two of the older franchises during the second quarter of 2015, mostly offset by same store sales increases. These fees are expected to grow significantly in 2017 as a result of the company’s new Craft Pizza & Pub locations.

Financial Results for Fourth Quarter 2016 Compared to Fourth Quarter 2015

- Operating income was \$679,000 compared to \$634,000.
- Net loss before taxes from continuing operations was \$42,000 compared to net income of \$15,000. Interest expense was \$324,000 compared to \$48,000. Adjustment for valuation of receivables, including the Heyser

case, was \$353,000 compared to \$380,000. The company will pay no income taxes on approximately the next \$23 million in net income.

- Net loss was \$260,000 for 2016 compared to net income of \$25,000 for 2015. The reason for the net loss in the quarter ended December 31, 2016 was a valuation allowance of \$353,000 related to receivables including the Heyser case, \$35,000 loss on discontinued operations from discontinuing the stand-alone take-n-bake venue and \$44,000 from a change in fair value of derivatives.
- Total revenue was \$2.1 million for the fourth quarter 2016 compared to \$1.9 million for 2015.
- Upfront franchisee fees and commissions were \$78,000 compared to \$16,000. The increase in upfront fees was the result of selling more non-traditional franchises.
- Royalties and fees less upfront fees were \$1.7 million compared to \$1.8 million. The reason for the decrease was the decrease in revenue from the stand-alone take-n-bake venue as a result of that venue being discontinued which offset the modest gains in the other venues.
- Royalties and fees from non-traditional franchises other than grocery stores were \$1.1 million in both the quarter ended December 31, 2016 and 2015.
- Royalties and fees from grocery store take-n-bake locations were \$551,000 compared to \$532,000.
- Royalties and fees from stand-alone take-n-bake locations were \$42,000 compared to \$151,000. This decrease was the result of discontinuing the stand-alone take-n-bake venue.
- Royalties and fees from traditional locations were \$58,000 compared to \$64,000. As previously discussed, this decrease was the result of two fewer franchised locations operating. This revenue source is expected to grow significantly in 2017 as a result of the new Craft Pizza & Pub locations.
- Operating margin was 32.4% compared to 33.5%. This slight decrease was a result of a higher percentage of total revenue coming from restaurant sales as opposed to fee income.

Balance Sheet Summary

Current assets totaled \$4.6 million and current liabilities totaled \$2.1 million as of December 31, 2016 compared to total current assets of \$4.3 million and current liabilities of \$1.4 million as of December 31, 2015. Total debt was \$5.5 million as of December 31, 2016 compared to \$2.7 million as of December 31, 2015. Total stockholders' equity as of December 31, 2016 was \$14 million compared to \$14.9 million as of December 31, 2015.

Strategic Review

The company continues to focus its growth strategy in two general areas: (1) non-traditional locations in host businesses such as convenience stores, entertainment facilities and grocery deli departments, and (2) franchised stand-alone restaurant locations. In discussing the company's strategic priorities, Scott Mobley stated, "In 2016, as CEO, my evaluation of the company's strategic opportunities for growth indicated that the stand-alone venue will have the most significant and dependable long-term revenue and growth potential. Although more mature and staid, with our efforts to update and modernize our product and trade dress, I believe the non-traditional venue also offers significant additional potential for long term growth as well. Our objective is to continue to capture available opportunities in the grocery take-n-bake venue while developing and expanding the non-traditional venue generally. At the same time, we are working hard to begin capitalizing on the strong, longer-term opportunities in the stand-alone venue represented by Craft Pizza & Pub."

As discussed previously, during 2015 and 2016 the company developed and tested new products, services and systems in its stand-alone venue, resulting in the opening of the first Noble Roman's Craft Pizza & Pub at the end of January 2017. The company believes these efforts will further capitalize on the brand's name recognition, history and product strengths. Along with this, the company also believes it is extremely important in 2017 and 2018 to develop two to three additional Craft Pizza & Pub units to be company owned and operated to serve as a show case for prospective franchisees and to serve as a catalyst for growth in the venue. Concurrent with the development of two or more additional corporately operated locations, the company anticipates initiating franchise development of additional units as well.

Starting in October 2016 and finishing in 2017, the company completed a private placement of convertible notes with attached warrants for \$2.4 million. The private placement was accomplished by selling 48 units with each unit consisting of: 1) a convertible subordinated note for \$50,000 due in three years with interest payable quarterly in arrears at 10% per annum but convertible at any time during that three years to common stock at \$.50 per share; and 2) a warrant to purchase 50,000 shares of common stock at any time during the three year term of the note at \$1.00 per share. Paul Mobley, a Director and Officer, purchased three of the units and Marcel Herbst, a Director, purchased four of the units. The other 41 units were purchased by unrelated parties. To make better use of and to increase available cash flow, to maintain a healthy degree of leverage, and to undertake the development of two or three more company owned and operated Craft Pizza & Pub units as described above, the company has undertaken initial efforts to restructure and refinance all of its current debt, except its convertible debt, at a more favorable rate and with a long term repayment period. Proceeds of the proposed refinancing would be used to pay the remaining balance of the term loan to BMO Harris Bank, to repay the remaining balance of the Super G Funding loan, to repay the officer loans, to open two or three Craft Pizza & Pub locations, with the balance intended for general corporate purposes.

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

	December 31,	
Assets	2015	2016
Current assets:		
Cash	\$ 194,021	\$ 477,928
Accounts receivable - net	2,007,751	1,828,534
Inventories	492,222	754,418
Prepaid expenses	634,016	568,386
Deferred tax asset - current portion	<u>925,000</u>	<u>925,000</u>
Total current assets	<u>4,253,010</u>	<u>4,554,266</u>
Property and equipment:		
Equipment	1,376,190	1,963,957
Leasehold improvements	88,718	88,718
Construction and equipment in progress	<u>-</u>	<u>351,533</u>
	1,464,908	2,404,208
Less accumulated depreciation and amortization	<u>1,092,785</u>	<u>1,194,888</u>
Net property and equipment	372,123	1,209,320
Deferred tax asset (net of current portion)	8,158,523	8,696,870
Goodwill	-	278,466
Other assets including long-term portion of accounts receivable - net	<u>5,681,272</u>	<u>5,159,937</u>
Total assets	<u>\$ 18,464,928</u>	<u>\$ 19,898,859</u>
Liabilities and Stockholders' Equity		
Current liabilities:		
Current portion of long-term notes payable to bank	\$ 601,081	\$ 655,725
Current portion of loan payable to Super G	-	1,130,765
Accounts payable and accrued expenses	<u>847,418</u>	<u>339,125</u>
Total current liabilities	<u>1,448,499</u>	<u>2,125,615</u>
Long-term obligations:		
Notes payable to bank (net of current portion)	1,366,454	710,729
Loan payable to Super G (net of current portion)	-	718,175
Notes payable to officers	175,000	310,000
Note payable to Kingsway America	600,000	600,000
Convertible notes payable	-	769,835
Derivative warrant liability	-	210,404
Derivative conversion liability	<u>-</u>	<u>435,671</u>
Total long-term liabilities	<u>2,141,454</u>	<u>3,754,814</u>
Stockholders' equity:		
Common stock – no par value (25,000,000 shares authorized, 20,775,921 issued and outstanding as of December 31, 2015 and 20,783,032 issued and outstanding as of December 31, 2016)	24,294,002	24,308,297
Accumulated deficit	<u>(9,419,027)</u>	<u>(10,289,867)</u>
Total stockholders' equity	<u>14,874,975</u>	<u>14,018,430</u>
Total liabilities and stockholders' equity	<u>\$ 18,464,928</u>	<u>\$ 19,898,859</u>

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

	Year Ended December 31,		
	<u>2014</u>	<u>2015</u>	<u>2016</u>
Royalties and fees	\$ 7,479,334	\$ 7,464,963	\$ 7,350,692
Administrative fees and other	72,541	56,520	42,402
Restaurant revenue	<u>363,340</u>	<u>207,803</u>	<u>443,391</u>
Total revenue	7,915,215	7,729,286	7,836,485
Operating expenses:			
Salaries and wages	1,063,076	1,141,562	996,303
Trade show expense	541,385	543,354	520,691
Travel expense	235,127	255,125	230,091
Broker commissions	-	-	32,241
Other operating expenses	876,162	834,320	769,791
Restaurant expenses	402,281	248,139	443,389
Depreciation and amortization	111,750	105,843	124,773
General and administrative	<u>1,646,502</u>	<u>1,659,966</u>	<u>1,641,853</u>
Total expenses	<u>4,876,283</u>	<u>4,788,309</u>	<u>4,759,132</u>
Operating income	3,038,932	2,940,977	3,077,353
Interest	190,382	186,414	615,685
Loss on restaurant discontinued	-	191,390	36,776
Change in fair value of derivatives	-	-	44,464
Adjust valuation of receivables - including Heyser case	<u>-</u>	<u>1,230,000</u>	<u>1,103,521</u>
Income before income taxes from continuing operations	2,848,550	1,333,173	1,276,907
Income tax expense	<u>1,104,809</u>	<u>512,671</u>	<u>487,880</u>
Net income from continuing operations	1,743,741	820,502	789,027
Loss from discontinued operations net of tax benefit of \$97,284 for 2014, \$21,697 for 2015 and \$1,026,277 for 2016	<u>(153,545)</u>	<u>(34,724)</u>	<u>(1,659,867)</u>
Net income (loss)	<u>\$ 1,590,196</u>	<u>\$ 785,778</u>	<u>\$ (870,840)</u>
Earnings per share - basic:			
Net income from continuing operations	\$.09	\$.04	\$.04
Net loss from discontinued operations net of tax benefit	\$ (.01)	\$ (.00)	\$ (.08)
Net income (loss)	\$.08	\$.04	\$ (.04)
Weighted average number of common shares outstanding	19,870,904	20,517,846	20,781,886
Diluted earnings (loss) per share:			
Net income from continuing operations	\$.08	\$.04	\$.04
Net loss from discontinued operations net of tax benefit	\$ (.01)	\$ (.00)	\$ (.08)
Net income (loss)	\$.07	\$.04	\$ (.04)
Weighted average number of common shares outstanding	21,204,439	21,439,242	21,208,173