

NEWS BULLETIN

RE:NOBLE ROMAN'S, INC.

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Noble Roman's Announces First Quarter 2017 Results for "Craft Pizza & Pub"; Announces Full Financial Results for the First Quarter 2017.

(Indianapolis, Indiana) – May 15, 2017 -- Noble Roman's, Inc. (OTCQB: NROM), the Indianapolis based franchisor and licensor of Noble Roman's Pizza, today announced the results of the company's new "Craft Pizza & Pub" for the first two months of operation and announced results for the quarterly period ended March 31, 2017.

Craft Pizza & Pub

The first unit of the company's new-generation, stand-alone pizzerias, known as Noble Roman's Craft Pizza & Pub, continues to exceed management's pre-opening expectations by nearly 50%. For the two months the unit was open during the first quarter, sales were \$306,000 net of discounts and promotions, with operating expenses of \$213,000 for a net income from operations of \$93,000. The Craft Pizza & Pub operating expenses, including cost of sales of 21% and cost of labor of 28% of net sales, were 69.6% for an operating margin of 30.4% of sales. According to Scott Mobley, President & CEO of Noble Roman's, "Outside of Easter and spring break weekends, Craft Pizza & Pub sales have maintained at essentially grand opening levels throughout its 14 week operating history. We continue to be very excited with the results and are currently making plans for a second company operated location. We are also initiating franchising plans for the concept, focusing on experienced business operators in Indiana markets."

The Noble Roman's Craft Pizza & Pub opened in 4,200 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, particularly when compared to the fast-casual segment from which it differs greatly. 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. The pizza offerings feature Noble Roman's traditional hand-crafted thinner crust as well as its signature deep-dish Sicilian crust. Beer and wine is also featured, with 16 different beers on tap including both national and local craft selections.

Noble Roman's Craft Pizza & Pub features fast and efficient service, but it is a full-featured, family-friendly pizzeria rather than a more limited, fast-casual concept. 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 Quarter ended March 31, 2017 Compared to the Comparable Period Ended in 2016

- Total revenue was \$2.2 million compared to \$1.8 million.
- Operating income was \$649,000 compared to \$662,000.
- Net income before taxes was \$311,000 compared to \$570,000. However, interest expense was \$321,000 compared to \$55,000. The breakdown of interest expense during the three-month period ended March 31, 2017 was interest on the convertible note of \$55,000, interest on the bank term loan \$22,000, interest on the Super G loan \$121,000, interest on the Kingsway loan (which has been repaid) \$24,000 and interest on the loan from officers \$15,000, for a total cash interest of \$238,000 and non-cash interest of \$83,000 from amortizing the value of derivatives.
- Net income was \$193,000, or \$0.01 per basic share, compared to a net income of \$350,000, or \$0.02 per basic share. The decrease in net income was a decrease in revenue from stand-alone take-n-bake of \$106,000 (which operations have now been discontinued) offset by \$93,000 net income from the new Craft Pizza & Pub location which opened on January 31, 2017, the increased interest expenses, as described above, and change in fair value of derivative.
- Operating margin was 29.3% of total revenue compared to 37.2%. As explained above, operating income was \$649,000 compared to \$662,000. The reason for the percentage decrease was the increase in total restaurant revenue to \$587,000 from \$51,000 as a result of adding the new Craft Pizza & Pub and the acquisition of two previously franchised non-traditional locations.
- Upfront franchisee fees and commissions were \$64,000 compared to \$56,000. The increase in upfront fees was the result of selling more non-traditional franchises.
- Royalties and fees less upfront fees were \$1.6 million compared to \$1.7 million. The decrease was a result of retiring the stand-alone take-n-bake concept. This loss in revenue was mostly offset by the \$93,000 net income by the first two months of operation of the new Craft Pizza & Pub.
- Royalties and fees from non-traditional franchises other than grocery stores were approximately \$1.0 million in both 2017 and 2016.
- Royalties and fees from grocery store take-n-bake locations were \$476,000 compared to \$462,000.
- Royalties and fees from stand-alone take-n-bake locations were \$17,000 compared to \$123,000, as a result of discontinuing franchising in the stand-alone take-n-bake venue.

Balance Sheet Summary

Current assets totaled \$3.9 million and current liabilities totaled \$3.2 million as of March 31, 2017 compared to total current assets of \$4.6 million and current liabilities of \$2.1 million as of December 31, 2016. The primary reason for the change in the company's current ratio was from moving the current portion of the deferred tax assets to long-term assets in accordance with the Financial Accounting Standards Board recently issued Accounting Standards Update as a part of its Simplification Initiative. In addition, since the company's term loan

with the bank matures on March 31, 2018, it was moved into current liabilities. Total stockholders equity as of March 31, 2017 was \$14.2 million compared to \$14.0 million as of December 31, 2016.

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, "Based on the results of the Craft Pizza & Pub to date, my previous assessment of the company's strategic opportunities for growth indicating that the stand-alone venue will have the most significant and dependable long-term revenue and growth potential still stands. 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 any available opportunities in the grocery take-n-bake venue while more aggressively developing and expanding the non-traditional venue generally. At the same time, we are working diligently to begin capitalizing on the strong, longer-term opportunities in the stand-alone venue represented by Craft Pizza & Pub."

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

Assets	December 31, <u>2016</u>	March 31, <u>2017</u>
Current assets:		
Cash	\$ 477,928	\$ 287,101
Accounts receivable - net	1,828,534	2,025,138
Inventories	754,418	846,871
Prepaid expenses	568,386	719,380
Deferred tax asset - current portion	<u>925,000</u>	<u>-</u>
Total current assets	<u>4,554,266</u>	<u>3,878,490</u>
Property and equipment:		
Equipment	1,963,957	2,232,218
Leasehold improvements	88,718	282,310
Construction and equipment in progress	<u>351,533</u>	<u>-</u>
	2,404,208	2,514,528
Less accumulated depreciation and amortization	<u>1,194,888</u>	<u>1,236,298</u>
Net property and equipment	1,209,320	1,278,230
Deferred tax asset (net of current portion)	8,696,870	9,503,647
Goodwill	278,466	278,466
Other assets including long-term portion of receivables - net	<u>5,159,937</u>	<u>5,271,232</u>
Total assets	<u>\$ 19,898,859</u>	<u>\$ 20,210,065</u>
Liabilities and Stockholders' Equity		
Current liabilities:		
Current portion of term loan payable to bank	\$ 655,725	\$ 1,202,522
Current portion of loan payable to Super G	1,130,765	1,362,506
Note payable to officer	-	424,166
Accounts payable and accrued expenses	<u>339,125</u>	<u>198,399</u>
Total current liabilities	<u>2,125,615</u>	<u>3,187,593</u>
Long-term obligations:		
Term loan payable to bank (net of current portion)	710,729	-
Loan payable to Super G (net of current portion)	718,175	322,159
Notes payable to officers	310,000	310,000
Notes payable to Kingsway America	600,000	-
Convertible notes payable	769,835	902,162
Derivative warrant liability	210,404	461,507
Derivative conversion liability	<u>435,671</u>	<u>810,795</u>
Total long-term liabilities	<u>3,754,814</u>	<u>2,806,623</u>
Stockholders' equity:		
Common stock – no par value (40,000,000 shares authorized, 20,783,032 issued and outstanding as of December 31, 2016 and March 31, 2017)	24,308,297	24,313,173
Accumulated deficit	<u>(10,289,867)</u>	<u>(10,097,324)</u>
Total stockholders' equity	<u>14,018,430</u>	<u>14,215,849</u>
Total liabilities and stockholders' equity	<u>\$ 19,898,859</u>	<u>\$ 20,210,065</u>

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

	Three months ended	
	March 31,	
	<u>2016</u>	<u>2017</u>
Revenue:		
Royalties and fees	\$ 1,716,311	\$ 1,612,920
Administrative fees and other	11,074	12,069
Restaurant revenue – Craft Pizza & Pub	-	306,311
Restaurant revenue – non-traditional	<u>51,494</u>	<u>281,318</u>
Total revenue	1,778,879	2,212,618
Operating expenses:		
Salaries and wages	251,308	239,707
Trade show expense	128,436	121,656
Travel expense	61,267	60,295
Other operating expenses	195,313	198,690
Restaurant expenses - Craft Pizza & Pub	-	213,146
Restaurant expenses – non-traditional	45,732	273,373
Depreciation and amortization	29,412	51,893
General and administrative	<u>405,809</u>	<u>404,472</u>
Total expenses	<u>1,117,277</u>	<u>1,563,232</u>
Operating income	661,602	649,386
Interest	55,205	320,994
Loss on restaurant discontinued	36,776	-
Change in fair value of derivatives	<u>-</u>	<u>17,627</u>
Income before income taxes	569,621	310,765
Income tax expense	<u>219,822</u>	<u>118,222</u>
Net income	<u>\$ 349,799</u>	<u>\$ 192,543</u>
Earnings per share – basic:		
Net income	\$.02	\$.01
Weighted average number of common shares outstanding	20,778,422	20,783,032
Diluted earnings per share:		
Net income	\$.02	\$.01
Weighted average number of common shares outstanding	20,835,847	25,419,967