

ARC Group, Inc.
Reconciliation of GAAP to Non-GAAP Financial Measures (Unaudited)

Table 1: EBITDA

	<u>For the Three Months Ended June 30,</u>		<u>For the Six Months Ended June 30,</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Net income / (loss) (as reported)	\$ (118,313)	\$ 149,532	\$ 87,764	\$ 250,174
Interest (income) / expense	8,299	-	16,224	(2,915)
Depreciation expense	4,185	-	7,331	-
EBITDA	<u>\$ (105,829)</u>	<u>\$ 149,532</u>	<u>\$ 111,319</u>	<u>\$ 247,259</u>

Table 2: Adjusted Net Income and Earnings Per Share

	<u>For the Three Months Ended June 30,</u>		<u>For the Six Months Ended June 30,</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
EBITDA	\$ (105,829)	\$ 149,532	\$ 111,319	\$ 247,259
Stock-based compensation expense	193,537	12,432	206,852	25,001
Income from investment in Paradise on Wings	-	(29,349)	-	(5,026)
Adjusted net income	<u>\$ 87,708</u>	<u>\$ 132,615</u>	<u>\$ 318,171</u>	<u>\$ 267,234</u>
Adjusted earnings per share – basic and fully diluted	<u>\$ 0.01</u>	<u>\$ 0.02</u>	<u>\$ 0.05</u>	<u>\$ 0.04</u>
Weighted average number of shares outstanding – basic and fully diluted	<u>6,734,534</u>	<u>6,592,464</u>	<u>6,691,239</u>	<u>6,592,072</u>