NEWS BULLETIN

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Noble Roman's Announces 1st Quarter 2023 Financial Data

(Indianapolis, Indiana) – May 10, 2023 - Noble Roman's, Inc. (OTCQB: NROM), the Indianapolis based franchisor and licensor of Noble Roman's Pizza and Noble Roman's Craft Pizza & Pub ("CPP"), today announced financial results for the first quarter 2023 and other operational highlights.

Financial highlights from the first quarter 2023 include:

- Revenues of $3.3 million compared to revenues of $3.5 million in the corresponding period in 2022
- Net income of $868,000, or $.04 per share, compared to a net loss of $137,000, or $(.01) per share, in the corresponding period in 2022
- The company recorded an Employee Retention Tax Credit of $1.7 million, less an expense of $258,000 for claiming the tax credit, as reimbursement for certain expenses and lost revenue directly resulting from shutdown orders related to the Coronavirus pandemic
- Company-owned Craft Pizza & Pub revenues of $2.1 million compared to $2.3 million in the corresponding period in 2022
- Company franchising revenue nearly level at about $1 million compared to $1 million in the corresponding period in 2022

The Employee Retention Tax Credit ("ERTC") is a refundable tax credit that businesses can claim on qualified wages paid to employees. The program was introduced on March 27, 2020 in the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") to incentivize employers to keep their employees on their payroll during the pandemic and economic shutdown. The credit applies to all qualified wages, including certain health plan expenses, paid during the period in which the operations were fully or partially suspended due to a government shutdown order or where there was significant decline in gross receipts.

During the first quarter of 2023 the company determined that it was entitled to an ERTC of $1.718 million and submitted amended federal Form 941 returns claiming that refund. The ERTC refund is treated as a government grant and recognized in the first quarter of 2023 as reducing appropriate expenses for the $1.718 million less expense of $258,000 for applying for the refund or a net benefit of $1.460 million.

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:

	Three Months ended March 31,			
	2022		2023	
Revenue	$2,283,596	100.0	$ 2,090,342	100.0
Cost of sales	470,273	20.6	451,359	21.6
Salaries and wages	722,958	31.7	617,463	29.5
Facility cost including rent, common area and utilities	393,697	17.2	404,824	19.4
Packaging	80,738	3.5	72,028	3.4

Delivery fees	36,924	1.6	31,122	1.5
All other operating expenses	353,939	15.5	338,025	16.2
Total expenses	2,058,529	90.1	1,914,821	91.6
Margin contribution	$ 225,067	9.9%	$ 175,521	8.4%

The revenue from this venue was $2.1 million for the three months ended March 31, 2023 compared to $2.3 million for the corresponding period in 2022. The primary reason for this decrease was the two restaurants that opened near the end of 2021 had less sales as a result of still benefiting from their opening period in early 2022. To a lesser extent, the decrease was a result of a decline in third party deliveries which was not totally offset by an increase in dine-in or carry-out sales.

Cost of sales increased to 21.6% for the three months ended March 31, 2023 from 20.6% in the corresponding period last year. This increase was the result of the inflationary pressures on essentially all products partially offset by more strict controls as a result of more experienced employees and menu price increases.

Salaries and wages decreased to 29.5% for the three months ended March 31, 2023 from 31.7% for the comparable period in 2022, which was the result of more efficient use of labor because employees had been there longer and more strict controls which offset the salary and wage rate increases caused by the overall labor shortage.

Gross margin contribution decreased to 8.4% for the three months ended March 31, 2023 from 9.9% for the quarter compared to the comparable period last year, which was primarily the result of a decrease in revenue as explained in the paragraph above.

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

	Three Months ended March 31,			
	2022		2023	
Royalties and fees from franchising	$ 1,034,244	100.0%	$ 987,343	100%
Salaries and wages	193,596	18.7	222,458	22.5
Trade show expense	90,000	8.7	90,200	9.1
Insurance	95,851	9.3	91,175	9.2
Travel and auto	18,808	1.8	32,130	3.3
All other operating expenses	63,100	6.1	(1,304,909)	(132.1)
Total expenses	461,355	44.6	(868,946)	(88.0)
Margin contribution	$ 572,889	55.4%	$ 1,856,289	188.0%

Note: The credit to all other expenses is the result of recording the ERTC in quarter one although the extra expenses which this program was designed to reimburse the Company for occurred in 2020 and 2021.

The revenue from this venue decreased slightly from $1.03 million to $987 thousand for the three months ended March 31, 2023 compared to the corresponding period in 2022. This decrease was the result of the closure of several non-traditional locations as a result of the emergence of the Omicron variant of COVID-19, and most of which has now been offset by the opening of additional locations and improved sales. This venue is now continuing to grow again as the company has sold approximately 26 new franchises since January 1, 2023 with a significant number of prospects in the pipeline.

Salaries and wages increased to 22.5% from 18.7% for the comparable period in 2022, primarily the result of adding additional staff to add renewed emphasis on growth in this venue as most of the COVID restrictions have been minimized.

As a result of recording a reduction of expenses by recording an ERTC of approximately $1.38 million, gross margin contribution increased to 188.0% from 55.4% for the quarter compared to the comparable period last year. The reduction in other operating cost was a result of recording the ERTC in the first quarter of 2023 although the extra expenses and lost revenue which this program was designed to reimburse the company for occurred in 2020 and 2021.

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

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	Three Months ended March 31,			
	2022		2023	
Revenue	$ 133,129	100.0%	$ 223,381	100%
Total expenses	132,877	99.8	121,830	54.5
Margin contribution	$ 252	.2%	$ 101,551	45.5%

Note: The significant increase in revenue was primarily the result of the hospital releasing most of its pandemic restrictions by allowing employees and guests to travel throughout the hospital.

Total expenses were reduced by $83,177 as a result of recording the ERTC in quarter one although the extra expenses, which the program was designed to reimburse the company for occurred in 2020 and 2021.

Gross revenue from this venue increased to $223,000 from $133,000 in the three-month period ended March 31, 2023 compared to the corresponding period in 2022. The primary reason for this increase was the lifting of the restrictions placed on the hospital as a result of the COVID-19 pandemic whereby the hospital was restricted from having outside visitors and staff inside the hospital going from one area of the hospital to another. The company does not intend to operate any more company-owned non-traditional locations except the one location that it is currently operating.

As a result of reducing expenses by recording ERTC in this venue by $83,177, total expenses decreased to $122,000 from $133,000 for the three-month period ended March 31, 2023 compared to the corresponding period in 2022. The primary reason for this decrease was the increase in revenue as described above and stricter controls on the costs to maintain service in the hospital.

Corporate Expenses

Depreciation and amortization decreased to $96,000 from $113,000 for the three-month period ended March 31, 2023 compared to the corresponding periods in 2022. The primary reason for the decrease was the lack of building new company-owned locations since late 2021.

General and administrative expenses decreased to $519,000 from $541,000 for the three-month period ended March 31, 2023 compared to the corresponding period in 2022. The primary reason for the decrease was the tighter control on expenses.

Interest expense increased to $383,000 from $342,000 for the three-month period ended March 31, 2023 compared to the corresponding period in 2022. The primary reason for the increase was a result of adding non-cash PIK interest to the principal balance of the Senior Note and was partially offset by beginning principal payments on the Senior Note in February 2023.

Net income before taxes increased to $1.1 million for the period ended March 31, 2023 compared to a loss of $200 thousand for the corresponding period in 2022. Net income before income tax is an important measure for the company since it has deferred tax credits on the balance sheet to offset any income tax expense for approximately the next $12 million in net income before taxes. The primary reason for the significant increase was the recording of the ERTC in the first quarter of 2023 in the amount of $1.46 million, which is net of the expenses of $258,000 for filing for the refund.

Net income increased to $868,000 from a net loss of $137,000 for the three-month period ended March 31, 2023 compared to the corresponding period in 2022.

The company's current ratio was 1.7-to-1 as of March 31, 2023 compared to 1.3-to-1 as of December 31, 2022.

Concluding Observations

According to Scott Mobley, President and CEO, "We are excited to see our focus on growing the non-traditional venue start to pay off after the severe disruptions it experienced during the Coronavirus pandemic. Most of our franchises located in recreational and entertainment centers were closed for an extended period and many of those franchisees did not have the capital to survive and were unable to reopen. As a result, we have pivoted for the time being to an exclusive focus on the convenience store segment, which has paid off with about 26 new franchises sold and 14 opened since the first of January. Included in the new franchises sold are six to a very large, multi-unit operator who is now in discussions with the company for a development agreement for a substantial number of additional locations.

"We are also making headway currently on cost improvements in our Craft Pizza & Pub venue, both in labor and in cost of sales, largely as a result of a more stable employment environment but also through some creative control procedures and tough negotiations with manufacturers. In this environment, that is certainly counter to the norm, but we are expecting some progress. We are also working on several projects with Craft Pizza & Pub to enhance results in this consumer-sensitive economic climate by increasing ordering options and creating value opportunities, especially in those more economically sensitive trade areas."

The statements contained above 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 indicated by the forward-looking statements due to risks and uncertainties that exist in the company's operations and business environment, including, but not limited to the continuing effects of the COVID-19 pandemic and its aftermath, competitive factors and pricing and cost pressures, non-renewal of franchise agreements, shifts in market demand, the success of franchise programs, including the Noble Roman's Craft Pizza & Pub format, the company's ability to successfully operate an increased number of company-owned restaurants, the outcome of the election of directors at the company's 2023 annual meeting of shareholders (as discussed under "Part II-Other Information" in Form 10-Q filed with SEC on May 10, 2023), general economic conditions, changes in demand for the company's products or franchises, the company's ability to service its loans and refinance its debt under suitable terms, the acceptance of the amended federal Form 941 returns relating to the ERTC, the impact of franchise regulation, the success or failure of individual franchisees and inflation and other changes in prices or supplies of food ingredients and labor as well as the factors discussed under "Risk Factors" contained in this company's Annual Report on Form 10-K for the year ended December 31, 2022. 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.

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

Assets	December 31, 2022	March 31, 2023
Current assets:		
Cash	$ 785,522	$ 463,283
Employee Retention Tax Credit Receivable	-	1,460,444
Accounts receivable - net	824,091	851,225
Inventories	997,868	1,006,689
Prepaid expenses	424,822	401,369
Total current assets	3,032,303	4,183,010
Property and equipment:		
Equipment	4,351,558	4,358,367
Leasehold improvements	3,116,030	3,127,880
Construction and equipment in progress	63,097	57,774
	7,530,685	7,544,021
Less accumulated depreciation and amortization	2,817,477	2,912,993
Net property and equipment	4,713,208	4,631,028
Deferred tax asset	3,374,841	3,100,651
Deferred contract cost	934,036	943,109
Goodwill	278,466	278,466
Operating lease right of use assets	5,660,155	5,484,455
Other assets including long-term portion of receivables-net	350,189	377,611
Total assets	$ 18,343,198	$ 18,998,330
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable and accrued expenses	$ 650,582	$ 598,748
Current portion of operating lease liability	799,164	799,164
Current portion of Corbel loan payable	866,667	1,000,000
Total current liabilities	2,316,413	2,397,912
Long-term obligations:		
Term loan payable to Corbel	7,470,900	7,330,892
Corbel warrant value	29,037	29,037
Convertible notes payable	622,864	625,000
Operating lease liabilities - net of short-term portion	5,103,286	4,931,053
Deferred contract income	934,036	943,109
Total long-term liabilities	14,160,123	13,859,091
Stockholders' equity:		
Common stock – no par value (40,000,000 shares authorized, 22,215,512 issued and outstanding as of December 31, 2022 and as of March 31, 2023)	24,819,736	24,826,130
Accumulated deficit	(22,953,074)	(22,084,803)
Total stockholders' equity	1,866,662	2,741,327
Total liabilities and stockholders' equity	$ 18,343,198	$ 18,998,330

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

	Three-Months Ended March 31, 2022	Three-Months Ended March 31, 2023
Revenue:		
Restaurant revenue - company-owned Craft Pizza & Pub	$ 2,283,598	$ 2,090,342
Restaurant revenue - company-owned non-traditional	133,129	223,381
Franchising revenue	1,034,244	987,342
Administrative fees and other	14,215	6,738
Total revenue	3,465,186	3,307,803
Operating expenses:		
Restaurant expenses - company-owned Craft Pizza & Pub	2,058,529	1,914,821
Restaurant expenses - company-owned non-traditional	132,877	121,830
Franchising expenses (benefit)	461,355	(868,946)
Total operating expenses	2,652,761	1,167,705
Depreciation and amortization	112,753	95,517
General and administrative expenses	540,530	518,832
Total expenses	3,306,044	1,782,054
Operating income	159,142	1,525,749
Interest expense	341,879	383,289
Income (loss) before income taxes	(182,737)	1,142,460
Income tax expense (benefit)	(46,041)	274,190
Net income (loss)	$ (136,696)	$ 868,270
Earnings (loss) per share - basic		
Net income (loss)	$ (.01)	$ .04
Weighted average number of common shares outstanding	22,215,512	22,215,512
Diluted earnings (loss) per share:		
Net income (loss)	$ (.01)	$ .04
Weighted average number of common shares outstanding	23,465,512	23,628,012