

# NEWS BULLETIN

**RE: NOBLE ROMAN'S, INC.**  
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## **Noble Roman's Announces 3<sup>rd</sup> Quarter Financial Data; Discusses Recent Signing of a Development Agreement for 100 New Units; Announces Introduction of a New Value-Driven Pizza.**

**(Indianapolis, Indiana)** – November 14, 2023 - Noble Roman's, Inc. (OTCQB: NROM), the Indianapolis based franchisor of Noble Roman's Pizza and Noble Roman's Craft Pizza & Pub ("CPP"), today announced financial results for the third quarter 2023 as well as additional franchising growth in the non-traditional venue and a new value-driven pizza recently introduced in its Craft Pizza & Pubs.

The company reported a net income of \$154,516, or \$.01 per share, and \$1.35 million, or \$.06 per share, for the three-month and nine-month periods ended September 30, 2023 compared to a net income of \$3,852 and a net loss of \$183,105 for the comparable periods in 2022. The net income for the three-month period largely reflected growth in the franchising venue and was unaffected by the Employee Retention Tax Credit ("ERTC") refund. However, since the ERTC was recorded in the first quarter it is reflected in the results for the nine-month period.

The company generated approximately \$1.06 million in net cash from operating activities for the nine months ended September 30, 2023 compared to approximately \$23,000 for the comparable period in 2022.

The largest contributor to the improvement in results has been the continuous growth in the non-traditional franchising segment, which has a net contribution of \$3.7 million towards overall earnings for the nine months in 2023 compared to \$1.8 million in 2022. This is primarily the result of the continued growth in non-traditional franchising and is expected to expand even more with the signing of the development agreement with Majors Management, LLC for 100 new locations on October 27, 2023. The development agreement requires Majors to have 31 new locations open by June 30, 2024, 50 by December 31, 2024, and the remainder of the 100 locations open on or before September 2026. The development agreement allows for the locations to be developed throughout the 48 contiguous states, but the major concentration of the locations will be in Texas, Alabama, Georgia and Tennessee.

Total revenue for the three-month and nine-month periods ended September 30, 2023 was \$3.7 million and \$11.0 million, respectively, compared to \$3.9 million and \$11.1 million for the comparable periods in 2022. Franchising revenue for the three-month and nine-month periods ended September 30, 2023 was \$1.3 million and \$3.7 million, respectively, compared to \$1.1 million and \$3.2 million in the comparable periods in 2022. Company-owned Craft Pizza & Pub revenue for the three-month and nine-month periods ended September 30, 2023 was \$2.2 million and \$6.6 million, respectively, compared to \$2.6 million and \$7.4 million for the comparable periods in 2022. The revenue for the

periods in 2022 reflected relatively higher, grand-opening sales from a few locations that opened late in the previous year which disrupts their comparability. In addition, same store sales declined during this period due to a softening of consumer spending resulting from an increase in credit card debt, an increase in gas prices and overall inflation resulting in less disposable income for the ordinary consumer.

Even though the company-owned CPP locations had a sales decline in the 3<sup>rd</sup> quarter, as explained above, they continue to make significant margin contributions to the overall profitability of the company. The margin contribution for the first nine months of 2023 has been nearly \$750,000 despite considerable inflationary pressure on ingredients and labor over the last year. The company has not implemented any menu price increases in its CPP operations in over a year, having determined from its extensive set of daily consumer data that a slowdown in guest spending due to the economy might be a likelihood, which was in fact experienced in the 3<sup>rd</sup> quarter.

Driving additional sales with a value-conscious consumer was the motivating factor behind the company's latest R&D efforts and its new, "limited time only" pizza which was launched on November 9<sup>th</sup>. Called the "oversized" XL Pizza, it is a high-value, quality pizza with a starting price of just \$9.99 for a cheese-only version, with toppings just \$2.50 each. The oversized, rectangular pizza is baked on an 18" x 13" half sheet-pan baking tray using the company's traditional dough recipe and is approximately 40% larger than a 14" large traditional pizza. Modeled loosely on what is known on the East Coast as "Beach Pizza" or "Bakery Pizza", the XL Pizza has significantly more cheese and toppings per square inch, fitting Midwestern and CPP guest expectations. During the first weekend of the promotion, the company's expectations were substantially exceeded, having sold approximately 750 XL Pizzas in its 9 company-operated units. Social media and online advertising began its first full week on November 13<sup>th</sup>.

Results from the company's franchising venue have seen a significant increase in both revenue and margins. The company refocused its development plans toward selling more non-traditional franchises as a result of the pandemic and its aftereffects coming to an end and the determination that owners of non-traditional locations would be more willing to look at expansion options and a willingness to invest in their growth. With the sales efforts in the first nine months of this year, the company generated 54 new franchised units available for opening. During the first nine months of 2023, the company opened 40 new locations with the remaining balance of the locations sold and not yet open in various stages of development to be opened. In addition, the company has a significant pipeline of leads and prospects for future non-traditional franchise sales.

Scott Mobley, the company's President & CEO, stated, "As we announced earlier in the year, several initiatives were implemented in both the non-traditional and Craft Pizza & Pub venues, and it is rewarding to see that these efforts are paying off. The company has focused more of its resources on expanding non-traditional franchising efforts, which is successfully driving significant growth. In the Craft Pizza & Pubs, we continue to use creative means to control inflationary pressures on food and labor costs, and the new XL Pizza gives us an exciting tool to appeal to price conscious consumers. Finally, we are continuing to focus efforts successfully to tightly control corporate level overhead expenses."

The following table sets forth the revenue, expense and margin contribution of the company's Craft Pizza & Pub venue and the percentage relationship to its revenue:

Description	Three months ended September 30,				Nine months ended September 30,			
	2022		2023		2022		2023	
Revenue	\$2,587,182	100%	\$2,175,219	100%	\$7,374,143	100%	\$6,639,213	100%
Cost of sales	569,470	22.0	430,826	19.8	1,562,878	21.2	1,359,126	20.5
Salaries and wages	712,239	27.5	643,081	29.6	2,155,734	29.2	1,913,450	28.8
Facility cost including rent, common area and utilities	432,126	16.7	399,684	18.4	1,232,359	16.7	1,210,276	18.2
Packaging	93,647	3.6	71,586	3.3	259,390	3.5	220,694	3.4
Third-party delivery fees	39,330	1.5	26,227	1.2	115,677	1.6	86,444	1.3
All other operating expenses	<u>348,448</u>	<u>13.5</u>	<u>403,230</u>	<u>18.5</u>	<u>1,090,641</u>	<u>14.8</u>	<u>1,124,658</u>	<u>16.9</u>
Total expenses	<u>2,195,260</u>	<u>84.8</u>	<u>1,974,635</u>	<u>90.8</u>	<u>6,416,679</u>	<u>87.0</u>	<u>5,914,648</u>	<u>89.1</u>
Margin contribution	<u>\$ 391,922</u>	<u>15.2%</u>	<u>\$ 200,584</u>	<u>9.2%</u>	<u>\$ 957,464</u>	<u>13.0%</u>	<u>\$ 724,565</u>	<u>10.9%</u>

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

Description	Three months ended September 30,				Nine months ended September 30,			
	2022		2023		2022		2023	
Royalties and fees franchising	\$1,119,793	100%	\$1,310,284	100%	\$3,218,401	100%	\$3,671,160	100%
Salaries and wages	227,441	20.3	193,781	14.8	637,695	19.8	648,342	17.7
Trade show expense	90,000	8.0	44,936	3.4	225,000	7.0	229,056	6.2
Travel and auto	22,348	2.0	37,908	2.9	81,158	2.5	96,057	2.6
All other operating expenses	<u>159,689</u>	<u>14.3</u>	<u>119,152</u>	<u>9.1</u>	<u>500,220</u>	<u>15.6</u>	<u>(1,009,710)</u>	<u>(27.5)</u>
Total expenses	<u>499,478</u>	<u>44.6</u>	<u>395,777</u>	<u>30.2</u>	<u>1,444,073</u>	<u>44.9</u>	<u>(36,255)</u>	<u>(1.0)</u>
Margin contribution	\$ 620,315	55.4%	\$ 914,507	69.8%	\$1,774,328	55.1%	\$3,707,415	101%

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:

Description	Three months ended September 30,				Nine months ended September 30,			
	2022		2023		2022		2023	
Revenue	\$ 195,647	100%	\$ 247,252	100%	\$ 505,891	100%	\$ 707,217	100%
Total expenses	201,013	102.7	240,245	97.2	503,639	99.6	566,225	80.1
Margin contribution	\$ (5,366)	(2.7)%	\$ 7,007	2.8%	\$ 2,252	.4%	\$ 140,992	19.9%

## Other Expenses

Depreciation and amortization expense were \$95,517 and \$286,550 for the three-month and nine-month periods ended September 30, 2023 compared to \$112,555 and \$337,994 for the comparable periods in 2022, respectively. The decrease in depreciation expense was the result of not opening any new corporate-owned locations to date in 2023.

General and administrative expenses were \$519,291 and \$1,564,433 for the three-month and nine-month periods ended September 30, 2023, compared to \$518,466 and \$1,598,689 for the comparable periods in 2022, respectively. This reflects the Company's focus on minimizing costs while growing revenue through franchising.

Operating income was \$513,947 and \$2,744,056 for the three-month and nine-month periods ended September 30, 2023 compared to \$381,860 and \$822,587 for the comparable periods in 2022, respectively. The increase was a result of growth in the franchising venue with a slight decline in Craft

Pizza & Pub profitability while actually obtaining a small reduction in administrative expenses. The nine-month period results also benefited from the recognition of the ERTC in the first quarter of 2023.

Interest expense was \$359,431 and \$1,121,505 for the three-month and nine-month periods ended September 30, 2023 compared to \$378,008 and \$1,067,605 for the comparable periods in 2022, respectively. The interest expense was reduced by the monthly principal payments required by the loan agreement in addition to voluntary payments to reduce principal totaling \$578,897.

The Company's current ratio was 1.8-to-1 as of September 30, 2023, compared to 1.3-to-1 as of December 31, 2022.

*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 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 or the openings contemplated by the development agreement not occurring, 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, general economic conditions, changes in demand for the Company's products or franchises, including its new XL Pizza, the Company's ability to service its loans, the acceptance of the remaining quarter amended federal Form 941 returns relating to the ERTC, the impact of franchise regulation, the success or failure of individual franchisees and inflation, other changes in prices or supplies of food ingredients and labor and, 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. If activist stockholder activities ensue, the Company's business could be adversely impacted.*

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

<b>Assets</b>	December 31, <u>2022</u>	September 30, <u>2023</u>
Current assets:		
Cash	\$ 785,522	\$ 563,646
Employee Retention Tax Credit Receivable	-	507,726
Accounts receivable – net	824,091	809,807
Inventories	997,868	942,763
Prepaid expenses	<u>424,822</u>	<u>691,317</u>
Total current assets	<u>3,032,303</u>	<u>3,515,259</u>
Property and equipment:		
Equipment	4,351,558	4,369,954
Leasehold improvements	3,116,030	3,127,880
Construction and equipment in progress	<u>63,097</u>	<u>62,632</u>
	7,530,685	7,560,466
Less accumulated depreciation and amortization	<u>2,817,477</u>	<u>3,104,026</u>
Net property and equipment	<u>4,713,208</u>	<u>4,456,440</u>
Deferred tax asset	3,374,841	3,100,651
Deferred contract cost	934,036	1,121,826
Goodwill	278,466	278,466
Operating lease right of use assets	5,660,155	5,123,819
Other assets including long-term portion of receivables – net	<u>350,189</u>	<u>395,935</u>
Total assets	<u>\$18,343,198</u>	<u>\$17,992,396</u>
<b>Liabilities and Stockholders' Equity</b>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 650,582	\$ 192,440
Current portion of operating lease liability	799,164	799,164
Current portion of Corbel loan payable	<u>866,667</u>	<u>1,000,000</u>
Total current liabilities	<u>2,316,413</u>	<u>1,991,604</u>
Long-term obligations:		
Term loan payable to Corbel – net of current portion	7,470,900	6,467,678
Corbel warrant value	29,037	29,037
Convertible notes payable	622,864	575,000
Operating lease liabilities – net of current portion	5,103,286	4,574,360
Deferred contract income	<u>934,036</u>	<u>1,121,826</u>
Total long-term liabilities	<u>14,160,123</u>	<u>12,767,900</u>
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 September 30, 2023)	24,819,736	24,837,605
Accumulated deficit	<u>(22,953,074)</u>	<u>(21,604,713)</u>
Total stockholders' equity	<u>1,866,662</u>	<u>3,232,892</u>
Total liabilities and stockholders' equity	<u>\$18,343,198</u>	<u>\$17,992,396</u>

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

	Three months ended September 30,		Nine months ended September 30,	
	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>
Revenue:				
Restaurant revenue - company-owned restaurants	\$2,587,182	\$2,175,219	\$7,374,143	\$6,639,213
Restaurant revenue - company-owned non-traditional	195,647	247,252	505,891	707,217
Franchising revenue	1,119,793	1,310,284	3,218,401	3,671,160
Administrative fees and other	<u>5,961</u>	<u>6,657</u>	<u>25,226</u>	<u>22,068</u>
Total revenue	3,908,583	3,739,412	11,123,661	11,039,658
Operating expenses:				
Restaurant expenses - company-owned restaurants	2,195,261	1,974,635	6,416,678	5,914,648
Restaurant expenses - company-owned non-traditional	201,013	240,245	503,639	566,225
Franchising expenses	<u>499,478</u>	<u>395,777</u>	<u>1,444,073</u>	<u>(36,255)</u>
Total operating expenses	2,895,752	2,610,657	8,364,391	6,444,618
Depreciation and amortization	112,555	95,517	337,994	286,550
General and administrative expenses	<u>518,466</u>	<u>519,291</u>	<u>1,598,689</u>	<u>1,564,433</u>
Total expenses	<u>3,526,723</u>	<u>3,225,465</u>	<u>10,301,074</u>	<u>8,295,602</u>
Operating income	<u>381,860</u>	<u>513,947</u>	<u>822,587</u>	<u>2,744,056</u>
Interest expense	<u>378,008</u>	<u>359,431</u>	<u>1,067,605</u>	<u>1,121,505</u>
Income (loss) before income taxes	3,852	154,516	(245,018)	1,622,551
Income tax expense (benefit)	<u>-</u>	<u>-</u>	<u>(61,913)</u>	<u>274,190</u>
Net income (loss)	<u>\$ 3,852</u>	<u>\$ 154,516</u>	<u>\$(183,105)</u>	<u>\$1,348,361</u>
<b>Earnings per share – basic:</b>				
Net income (loss) before income tax	\$ .00	\$ .01	\$ (.01)	\$ .07
Net income (loss)	\$ .00	\$ .01	\$ (.01)	\$ .06
Weighted average number of common shares outstanding	22,215,512	22,215,512	22,215,512	22,215,512
<b>Diluted earnings per share:</b>				
Net income (loss) before income tax	\$ .00	\$ .01	\$ (.01)	\$ .07
Net income (loss)	\$ .00	\$ .01	\$ (.01)	\$ .06
Weighted average number of common shares outstanding	23,513,954	\$23,581,300	23,513,954	\$23,581,300