# NEWS BULLETIN

**RE: NOBLE ROMAN'S, INC.**
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## Noble Roman's Announces 4th Quarter & 12-Month 2021 Financial Data

**(Indianapolis, Indiana**) – March 22, 2022 - 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 results for the year 2021, results for the three-months ended December 31, 2021 and other strategic highlights.

Financial highlights from the year 2021 include:

- Revenues of $13.9 million compared to revenues of $11.5 million in the same period in 2020
- Net income before tax of $382,000 compared to a loss of $4.5 million in the same period in 2020. The $382,000 for the current year was negatively impacted by the expensing of $471,000 of pre-opening costs of new openings of additional Craft Pizza & Pub locations. During that period in 2020 the company expensed $4.9 million in valuation of receivables. The company recorded the $4.9 million reserve for collectability of all long-term receivables due to the uncertainty in the non-traditional long-term receivables from former franchisees because of the potential effect on the host facilities due to the COVID pandemic.
- Adjusted EBITDA of $2.6 million compared to $2.5 million in the same period in 2020
- Company-owned CPP revenues increased to $8.9 million from $6.2 million in the same period in 2020
- Franchising revenue decreased to $4.4 million from $4.8 million in the same period in 2020
- Slower than expected expansion of non-traditional units, largely because of labor shortages by the host businesses

Financial highlights from the fourth quarter 2021 include:

- Revenues of $3.6 million compared to revenues of $3.3 million in the same period in 2020
- Net loss before taxes of $451,000 compared to a net loss $4.9 million in the same period in 2020. See comments above regarding expensing of pre-opening costs and reserve for collectability of long-term franchise receivables.
- Company-owned CPP revenues increased to $2.5 million from $2.1 million in the same period in 2020
- Company franchising revenue nearly leveled to $1.01 million from $1.03 million in the same period in 2020
- Labor shortages, a resurgence of COVID, and supply chain disruptions were challenges in both the CPP and non-traditional venues during the fourth quarter which negatively impacted results

Development highlights for Craft Pizza & Pub in the fourth quarter 2021 include:

- In October, the company opened an additional CPP location in north central Indianapolis
- In December, the company opened an additional CPP location in Franklin, Indiana
- The company is currently negotiating on a site for an additional company-owned CPP location

Scott Mobley, the company's President & CEO, stated, "Having come out of the difficult operating environment of the last many months, we continue to execute on our growth strategy by focusing more attention on our non-traditional franchising efforts and expanding our popular Craft Pizza & Pub concept. Taking into account the inflationary pressures from labor and ingredients, as well as the additional costs of managing supply chain emergencies, we remain extremely pleased with the financial performance of our existing Craft Pizza & Pub restaurants. At this time, given some relative relief in the emergency management status previously necessary to deal with labor, COVID and supply chain issues, we are able to redeploy human resources to the non-traditional venue while maintaining our management controls at CPP."

**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:**

| Description | Three Months ended December 31, 2020 | | 2021 | | Year-Ended December 31, 2020 | | 2021 | |
|---|---|---|---|---|---|---|---|---|
| Revenue | $2,126,214 | 100% | $2,443,781 | 100% | $6,209,279 | 100% | $8,939,569 | 100% |
| Cost of sales | 476,772 | 22.4 | 513,848 | 21.0 | 1,348,084 | 21.7 | 1,868,997 | 20.9 |
| Salaries and wages | 583,000 | 27.4 | 743,396 | 30.5 | 1,354,795 | 21.8 | 2,233,376 | 25.0 |
| Facility cost including rent, common area and utilities | 289,845 | 13.6 | 379,851 | 15.5 | 947,571 | 15.3 | 1,187,984 | 13.3 |
| Packaging | 58,792 | 2.8 | 87,317 | 3.6 | 176,267 | 2.8 | 271,507 | 3.0 |
| All other operating expenses | 376,600 | 17.7 | 442,063 | 18.1 | 1,111,416 | 17.9 | 1,662,969 | 18.6 |
| Total expenses | 1,785,009 | 84.0 | 2,166,475 | 88.7 | 4,938,133 | 79.5 | 7,224,833 | 80.8 |
| Margin contribution | $ 341,205 | 16.0% | $ 277,306 | 11.3% | $1,271,146 | 20.5% | $1,714,736 | 19.2% |

The revenue from this venue increased from $2.1 million to $2.4 million for the fourth quarter and grew from $6.2 million to $8.9 million for the 12 months ended December 31, 2021, respectively, compared to the corresponding periods in 2020. The primary reason for the increase in both the three-month period and the 12-month period were new locations which opened in October and November 2020 and October and December 2021, respectively.

Margin contribution decreased from 16.0% to 11.3% and from 20.5% to 19.2% for the respective three-month and 12-month periods ended December 31, 2021, respectively, compared to the corresponding periods in 2020. The decreases in margin were primarily the result of increase in wages and other costs due to inflationary pressures only partially offset by menu price increases. The company has initiated a second price increase in March of 2022 to help offset the continuing cost pressures.

**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 December 31, 2020 | | 2021 | | Year Ended December 31, 2020 | | 2021 | |
|---|---|---|---|---|---|---|---|---|
| Royalties and fees franchising | $ 845,509 | 81.8% | $ 860,192 | 84.8% | $ 4,102,304 | 84.7% | $ 3,816,164 | 85.8% |
| Royalties and fees grocery | 187,494 | 18.2 | 153,639 | 15.2 | 738,925 | 15.3 | 628,662 | 14.2 |
| Total royalties and fees | 1,033,003 | 100% | 1,013,831 | 100% | 4,841,229 | 100% | 4,444,826 | 100% |
| Salaries and wages | 205,631 | 19.9 | 215,656 | 21.3 | 625,954 | 12.9 | 719,252 | 16.2 |
| Trade show expense | 105,000 | 10.2 | 105,000 | 10.4 | 420,000 | 8.7 | 399,000 | 9.0 |
| Travel and auto | 16,348 | 1.6 | 21,446 | 2.1 | 86,323 | 1.8 | 73,270 | 1.6 |
| All other op. expenses | 169,512 | 16.4 | 154,789 | 15.2 | 604,592 | 12.5 | 618,841 | 13.9 |
| Total expenses | 496,491 | 48.1 | 496,891 | 49.0 | 1,736,869 | 35.9 | 1,810,363 | 40.7 |
| Margin contribution | $ 536,512 | 51.9% | $ 516,940 | 51.0% | $3,104,359 | 64.1% | $ 2,634,463 | 59.3% |

Total revenue from this venue declined from $1.03 million to $1.01 million and from $4.84 million to $4.44 million for the three-month and 12-month periods ended December 31, 2021, respectively, compared to the corresponding periods in 2020. Royalties and fees from franchising increased from $846,000 to $860,000 in the fourth quarter and decreased from $4.10 million to $3.82 million for the year ended December 31, 2021 compared to the corresponding periods in 2020. Royalties and fees from grocery store take-n-bake for the same period decreased from $187,000 to $154,000 and from $739,000 to $629,000 for the three-month and 12-month periods ended December 31, 2021 compared to the corresponding periods in 2020. Many of the grocery stores that previously offered take-n-bake were not offering take-n-bake at this time because of operational demands on the grocery stores and a shortage of available labor.

Margin in this venue decreased from 51.9% to 51.0% and from 64.1% to 59.3% for the three-month and 12-month periods ended December 31, 2021, respectively, compared to the corresponding periods in 2020. This decrease was the result of the decrease in revenue. The decrease in revenue was largely due to closings, some of which were temporary and some permanent, of various host business locations throughout the country as a result of the impact of the COVID pandemic.

**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 December 31, 2020 | | 2021 | | Year Ended December 31, 2020 | | 2021 | |
|---|---|---|---|---|---|---|---|---|
| Revenue | $ 105,474 | 100% | $ 131,978 | 100% | $ 470,846 | 100% | $ 485,595 | 100% |
| Total expenses | 108,880 | 103.2 | 131,890 | 99.9 | 447,040 | 94.9 | 466,469 | 96.1 |
| Margin contribution | $ (3,406) | (3.2)% | $ 88 | .1% | $ 23,806 | 5.1% | $ 19,126 | 3.9% |

Revenue from this venue increased from $105,000 to $132,000 and from $471,000 to $486,000 for the respective three-month and 12-month periods ended December 31, 2021 compared to the corresponding periods in 2020. This venue consists of one location in a hospital. Access to the hospital had been very limited and movement within the hospital was prohibited because of the potential spread of COVID-19, which has no somewhat eased. The company does not intend to operate any more company-owned non-traditional locations except for the one location that is currently being operated.

Total expenses increased from $109,000 to $132,000 and from $447,000 to $466,000 for the three-month and 12-month periods ended December 31, 2021, respectively, compared to the corresponding periods in

2020. The primary reason for the increases was increased revenue as the hospital lessened many of their restrictions on access to the hospital and on movement within the hospital, as discussed in the previous paragraph, resulting from the COVID-19 pandemic.

**Corporate Expenses**

Depreciation and amortization increased from $120,000 to $400,000 and from $382,000 to $849,000 for three-month and 12-month periods ended December 31, 2021, respectively, compared to the corresponding periods in 2020. These increases were the result of more company-owned locations of Craft Pizza & Pub restaurants combined with expensing of preopening costs of new locations in the approximate amount of $471,000.

General and administrative expenses increased from $463,000 to $504,000 and from $1.72 million to $1.79 million for the three-month and 12-month periods ended December 31, 2021, respectively, compared to the corresponding periods in 2020. The increase reflected general inflation pressures, the addition of an independent investor relations service as well as the growth of the Craft Pizza & Pub venue.

Interest expense increased from $337,000 to $345,000 for the three-month period ended December 31, 2021 compared to the corresponding period in 2020, and decreased from $1.91 million to $1.36 million for the respective and 12-month period ended December 31, 2021, respectively, compared to the corresponding period in 2020. The primary reason for the increase in the three-month period was the compounding of the PIK interest on the Senior Note. The decrease in the 12-month period was a result of the financing that occurred in February 2020 resulting in non-cash write-offs of the unamortized original loan cost for both First Financial Bank and the private placement subordinated debt, which in the aggregate was $658,000 partially offset by the non-cash PIK interest expense of $221,000 in the period ended December 31, 2020 and $254,000 in 2021. This non-cash expense of $658,000 in 2020 was necessary to obtain the new financing in order to reduce cash outlays for principal repayments, provide liquidity and to provide growth capital for addition of Craft Pizza & Pub locations.

Net income (loss) before income tax improved to $(451,000) from $(4,941,718) and improved to $382,000 from $(4,542,000) for the respective three-month and 12-month periods ended December 31, 2021 compared to the corresponding periods in 2020. The $382,000 for the current year was negatively impacted by the expensing of $471,000 of pre-opening costs of new openings of additional Craft Pizza & Pub locations. During that period in 2020 the company expensed $4.9 million in valuation of receivables. The company recorded the $4.9 million reserve for collectability of all long-term receivables due to the uncertainty in the non-traditional long-term receivables from former franchisees because of the potential effect on the host facilities due to the COVID pandemic.

The company's current ratio was 2.3-to-1 as of December 31, 2021 compared to 2.6-to-1 as of December 31, 2020. The current ratio was improved significantly with the PPP funding in February 2021 and the net income from operations.

**Continuing Impact of the COVID-19 Pandemic & Government Actions**

The uncertainty and disruption in the U.S. economy directly and indirectly caused by the pandemic and the government response are likely to continue adversely impacting the volume and resources of both the company's CPP locations and especially that of existing and potential franchisees of non-traditional locations, at least until greater normalcy stabilizes over a significant period. This return to normalcy was interrupted during the third quarter of 2021 with the introduction of the 'Delta variant' of COVID-19, which the company believes impacted consumer, employee and supplier behavior. This disruption was further magnified by the introduction of the 'Omicron variant' of COVID-19 in the fourth quarter of 2021, which was the most business-disruptive variant yet. Additionally, the rising cost of labor and ingredients as well as the costs associated with managing supply chain emergencies rose dramatically in the fourth quarter of 2021 and the first half of the first quarter of 2022 and are likely to persist at abnormal levels into the future. Menu price increases were implemented on November 10, 2021 and on March 3, 2022 to help mitigate these cost pressures on company-owned Craft Pizza & Pub restaurants.

Said Scott Mobley, "There have been many periods of very difficult operating conditions during the pandemic, but the fourth quarter of 2021 continuing through the first month or so of 2022 brought the most challenging operating environment I have experienced in the last thirty years. In particular, the period from mid-November 2021 through mid-January 2022 required operating on a constant emergency footing as we responded almost daily to pricing issues, ingredient shortages, personnel shortages, COVID-19 isolations and quarantines, disruptions to distribution, and shortages of equipment parts and service. Additionally, many non-traditional franchisees operate their Noble Roman's foodservice within an underlying small business that sometimes lack the capitalization or liquidity necessary to manage through these pandemic disruptions and are most affected by the labor shortages which adversely impact their ability to operate or add a franchise to their small business. With all of that in mind, we are very pleased with our progress in new revenue generation, and we are excited to continue growth plans for CPP as well as our non-traditional franchising efforts, where we have recently been able to redeploy increased management and staffing focus."

*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 effects of the COVID-19 pandemic, the availability of hourly and management labor to adequately staff company-operated and franchise operations, competitive factors and pricing pressures, accelerating inflation and the cost of labor, food items and supplies, non-renewal of franchise agreements, shifts in market demand, the success of new 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, the company's ability to service its loans, the impact of franchise regulation, the success or failure of individual franchisees and changes in prices or supplies of food ingredients and labor as well as the factors discussed under "Risk Factors" contained in the company's annual report on Form 10-K. 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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**Consolidated Balance Sheets**
**Noble Roman's, Inc. and Subsidiaries**

| Assets | December 31, 2020 | December 31, 2021 |
|---|---|---|
| Current assets: | | |
| Cash | $ 1,194,363 | $ 1,263,513 |
| Accounts receivable - net | 879,502 | 904,474 |
| Inventories | 890,556 | 994,085 |
| Prepaid expenses | 395,918 | 415,309 |
| Total current assets | 3,360,339 | 3,577,381 |
| Property and equipment: | | |
| Equipment | 3,708,689 | 4,216,246 |
| Leasehold improvements | 2,319,445 | 3,065,644 |
| Construction and equipment in progress | 510,225 | 235,051 |
| | 6,538,359 | 7,516,941 |
| Less accumulated depreciation and amortization | 1,989,209 | 2,366,927 |
| Net property and equipment | 4,549,150 | 5,150,014 |
| Deferred tax asset | 3,104,904 | 3,232,406 |
| Deferred contract costs | 834,018 | 810,044 |
| Goodwill | 278,466 | 278,466 |
| Operating lease right of use assets | 6,088,101 | 6,003,044 |
| Other assets including long-term portion of accounts receivable - net | 201,962 | 324,402 |
| Total assets | $ 18,416,940 | $ 19,375,757 |
| **Liabilities and Stockholders' Equity** | | |
| Current liabilities: | | |
| Accounts payable and accrued expenses | $ 878,099 | $ 919,157 |
| Current portion of operating lease liability | 412,005 | 656,146 |
| Total current liabilities | 1,290,104 | 1,575,303 |
| Long-term obligations: | | |
| Loan payable to Corbel | 7,468,709 | 7,898,941 |
| Corbel warrant value | 29,037 | 29,037 |
| Convertible notes payable | 574,479 | 597,229 |
| Operating lease liabilities – net of current portion | 5,863,615 | 5,570,639 |
| Deferred contract income | 834,018 | 810,044 |
| Total long-term liabilities | 14,769,858 | 14,905,890 |
| Stockholders' equity: | | |
| Common Stock – no par value (40,000,000 shares authorized, 22,215,512 issued and outstanding as of December 31, 2020 and December 31, 2021) | 24,763,447 | 24,791,568 |
| Accumulated deficit | (22,406,469) | (21,897,004) |
| Total stockholders' equity | 2,356,978 | 2,894,564 |
| Total liabilities and stockholders' equity | $ 18,416,940 | $ 19,375,757 |

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

| | Year Ended December 31, | | |
|---|---|---|---|
| | 2019 | 2020 | 2021 |
| Restaurant revenue - company-owned restaurants | $ 4,830,199 | $ 6,209,279 | $ 8,939,569 |
| Restaurant revenue - company-owned non-traditional | 673,647 | 470,846 | 485,595 |
| Franchising revenue | 6,162,576 | 4,841,229 | 4,444,826 |
| Administrative fees and other | 38,202 | 14,310 | 14,898 |
| Total revenue | 11,704,624 | 11,535,664 | 13,884,888 |
| Operating expenses: | | | |
| Restaurant expenses - company-owned restaurants | 4,250,406 | 4,938,133 | 7,224,833 |
| Restaurant expenses - company-owned non-traditional | 626,453 | 447,040 | 466,469 |
| Franchising expenses | 2,092,001 | 1,736,870 | 1,810,363 |
| Total operating expenses | 6,968,860 | 7,122,043 | 9,501,665 |
| Depreciation and amortization | 382,793 | 382,368 | 848,913 |
| General and administrative | 1,739,383 | 1,717,209 | 1,790,722 |
| Total expenses | 9,091,036 | 9,221,620 | 12,141,300 |
| Operating income | 2,613,588 | 2,314,044 | 1,743,588 |
| Interest expense | 774,565 | 1,914,344 | 1,361,625 |
| Adjust valuation of receivables | 1,300,000 | 4,941,718 | - |
| Net (loss) income before income taxes | 539,023 | (4,542,018) | 381,963 |
| Income tax expense (benefit) | 917,088 | 839,928 | (127,502) |
| Net (loss) income | $(378,065) | $(5,381,946) | $ 509,465 |
| Income (loss) per share - basic: | | | |
| Net income (loss) | $ (.02) | $ (.24) | $ .02 |
| Weighted average number of common shares outstanding | 22,052,859 | 22,215,512 | 22,215,512 |
| Diluted income (loss) per share: | | | |
| Net income (loss) (1) | $ (.02) | $ (.24) | $ .02 |
| Weighted average number of common shares outstanding | 23,315,695 | 23,465,512 | 23,641,678 |

(1) Net loss per share is shown the same as basic loss per share because the underlying dilutive securities have anti-dilutive effect.