

NEWS BULLETIN

RE: NOBLE ROMAN'S, INC.

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Noble Roman's Announces Results of 2nd Quarter 2021

Revenues Increased 38% YOY; Company Expansion of Craft Pizza & Pub Continues

(Indianapolis, Indiana) – August 11, 2021 - Noble Roman's, Inc. (OTCQB: NROM), the Indianapolis based franchisor and licensor of Noble Roman's Pizza and Noble Roman's Craft Pizza & Pub, today announced results for the three-month and six-month periods ended June 30, 2021 along with other strategic highlights.

Financial highlights from the second quarter 2021 include:

- Revenues of \$3.6 compared to revenues of \$2.6 in the same period in 2020
- Net income of \$85,000 compared to \$441,000 in the same period 2020, however the 2020 quarter includes the benefit of \$715,000 from the Paycheck Protection Plan ("PPP") which is not repeated in the 2021 quarter
- EBITDA of \$600,000 compared to \$1,117,000 in the same period in 2020, however the 2020 quarter includes the benefit of \$715,000 from the Paycheck Protection Plan ("PPP") which is not repeated in the 2021 quarter
- Company-owned Craft Pizza & Pub revenues increased to \$2.3 million from \$1.4 million in the same period in 2020
- Company franchising revenue increased to \$1.2 million from \$1.1 million in the same period in 2020

Operational highlights from and subsequent to the second quarter 2021 include:

- In June, the company signed a lease for an additional Craft Pizza & Pub location in north central Indianapolis with a plan to open that location at the end of the third quarter
- In July, the company signed a lease for an additional Craft Pizza & Pub location in Franklin, Indiana with a plan to open this location in the fourth quarter
- The company plans to open an additional company-owned Craft Pizza & Pub location late in the fourth quarter

Scott Mobley, the company's President & CEO, stated, "We continue to execute on our growth strategy by expanding our popular Craft Pizza & Pub concept and continuing our non-traditional franchising efforts. We are extremely pleased with the financial performance of our existing Craft Pizza & Pub restaurants open greater than one year, with an average annual revenue per location of approximately \$1.2 million and store level EBITDA averaging above 15%. Newer locations opened in 2020 are averaging \$1.4 million in annual sales per location with store level EBITDA ranging from 17% to 20%. To date the company has recognized cash on cash returns of greater than 30% on these locations. As the company continues its expansion of the Craft Pizza & Pub concept, we anticipate continued gains in both revenue and EBITDA going forward."

For the three-month and six-month periods ended June 30, 2021, the company reported total revenues of \$3.6 million and \$6.9 million, respectively, compared to \$2.6 million and \$5.3 million, respectively, for the corresponding periods in 2020. Operating profit before interest and taxes for the three-month and six-month periods ended June 30, 2021 was \$424,000 and \$1.6 million, respectively, compared to \$1.0 million and \$1.6 million, respectively, for the corresponding periods in 2020. The fluctuation was primarily the result of the U.S. Government's Payroll Protection Plan ("PPP") loan/grant offsetting certain expenses in the 2nd quarter 2020 and a second PPP loan/grant offsetting certain expenses in the 1st quarter 2021. On February 19, 2021, the company received formal notice from the Small Business Administration that the entire first loan under the PPP was forgiven in accordance with the provisions of the CARES Act, and it is anticipated the second loan will be forgiven as well and has therefore been accounted for as a grant.

Net income for the three-month and six-month periods ended June 30, 2021 was \$85,000 and \$913,000, or \$.04 per share, respectively, compared to \$696,000 and \$441,000, or \$.02 per share, for the corresponding periods in 2020.

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 June 30,				Six Months ended June 30,			
	2020		2021		2020		2021	
Revenue	\$1,406,865	100%	\$2,264,739	100%	\$2,499,813	100%	\$4,373,436	100%
Cost of sales	279,037	19.8	472,307	20.9	514,629	20.6	910,318	20.8
Salaries and wages	36,781	2.6	642,302	28.4	355,305	14.2	871,251	19.9
Facility cost including rent, common area and utilities	185,576	13.2	340,368	15.0	388,356	15.5	454,752	10.4
Packaging	45,126	3.2	57,702	2.5	75,379	3.0	114,399	2.6
Delivery fees	73,131	5.2	91,972	4.1	108,330	4.3	186,217	4.3
All other operating expenses	184,689	11.0	331,093	14.6	334,370	13.4	627,701	14.4
Total expenses	804,340	57.2	1,935,744	85.5	1,776,369	71.1	3,164,637	72.4
Margin contribution	\$ 602,525	42.8%	\$ 328,995	14.5%	\$ 723,444	28.9%	\$1,208,798	27.6%

Margin contribution from this venue was decreased \$8,594 for the six-month period ended June 30, 2021 due to non-cash expense related to the adoption of Accounting Standards Update 2016-02, accounting for lease, which became effective after January 1, 2019 for publicly reporting companies.

Total revenue from this venue was \$2.3 million and \$4.4 million for the three-month and six-month periods ended June 30, 2021 compared to \$1.4 million and \$2.5 million for the corresponding periods in 2020. Revenue was increased by the opening of three additional Craft Pizza & Pub restaurants in March, October and November 2020, respectively, but that increase was constrained by the Governor of the State of Indiana issuing an order on March 16, 2020 in response to the COVID-19 pandemic closing all dining rooms for inside dining for an indefinite period of time and only allowing carry-out and delivery.

Gross margin contribution from this venue was 14.5% and 27.6% for the three-month and six-month periods ended June 30, 2021 compared to 42.8% and 28.9% compared to the corresponding periods in 2020. The fluctuation was primarily the result of the PPP loan/grant offsetting certain expenses in the 2nd quarter 2020 and a second PPP loan/grant offsetting certain expenses in the 1st quarter 2021. Despite rising commodity prices and higher labor rates resulting from the intense competition for staff, the company was able to maintain a margin of 27.6% for the six-month period ended June 30, 2021 compared to 28.9% for the corresponding period in 2020 primarily because of the facility cost decreasing to 10.4% for the six-month ended June 30, 2021 compared to 15.5% for the corresponding period in 2020. The facility cost improvement was aided by

the higher sales volume on the most recent Craft Pizza & Pub locations combined with more favorable rent structures for those same locations.

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 June 30,				Six Months ended June 30,			
	2020		2021		2020		2021	
Royalties and fees franchising	\$ 914,831	84.1%	\$1,046,037	87.2%	\$2,192,932	85.8%	\$1,936,091	85.9%
Royalties and fees grocery	<u>173,513</u>	<u>15.9</u>	<u>153,223</u>	<u>12.8</u>	<u>362,791</u>	<u>14.2</u>	<u>317,129</u>	<u>14.1</u>
Total royalties and fees revenue	<u>1,088,344</u>	<u>100.0</u>	<u>1,199,260</u>	<u>100.0</u>	<u>2,555,723</u>	<u>100.0</u>	<u>2,253,220</u>	<u>100.0</u>
Salaries and wages	19,147	1.8	208,305	17.4	215,196	8.4	296,551	13.2
Trade show expense	105,000	9.6	84,000	7.0	210,000	8.2	189,000	8.4
Insurance	37,551	3.5	89,408	7.5	123,977	4.9	151,806	6.7
Travel and auto	18,322	1.7	21,914	1.8	46,770	1.9	38,284	1.7
All other operating expenses	<u>87,608</u>	<u>8.0</u>	<u>78,682</u>	<u>6.6</u>	<u>162,041</u>	<u>6.3</u>	<u>146,033</u>	<u>6.5</u>
Total expenses	<u>267,628</u>	<u>24.6</u>	<u>482,309</u>	<u>40.2</u>	<u>757,984</u>	<u>29.7</u>	<u>821,674</u>	<u>36.5</u>
Margin contribution	\$ 820,716	75.4%	\$ 716,951	59.8%	\$1,797,739	70.3%	\$1,431,546	63.5%

The revenue from this venue was \$1.2 million and \$2.3 million for the three-month and six-month periods ended June 30, 2021 compared to \$1.1 million and \$2.6 million for the corresponding periods in 2020. The increase in the three-month period over the corresponding period in 2020 reflected a slow improvement from the significant impact of the pandemic which caused a number of the locations to be closed during 2020 and the first quarter of 2021. A portion of that increase was offset by a decrease in the grocery store take-n-bake venue. This venue has not been a focus of the company's efforts for two reasons. First, the company believed the strong economy prior to the COVID-19 pandemic favored non-traditional franchising as a more viably attractive revenue growth strategy. Second, during the COVID-19 pandemic through current time, the company believes groceries have experienced both a significant increase in traffic and simultaneous decrease in available labor causing them to focus on basic operational issues rather than revenue generators that require dedicated labor and management time. The decrease in the six-month period reflects the impact of the pandemic on non-traditional locations where many were closed as a result of different government mandates related to the COVID-19 pandemic as well as resulting capitalization and liquidity issues. The company plans to open three more company-owned Craft Pizza & Pub locations in 2021, two of which are now under development with plans to open one at the end of the third quarter and one in the fourth quarter.

Gross margin contribution from this venue was 59.8% and 63.5% for the three-month and six-month periods ended June 30, 2021 compared to 75.4% and 70.3% for the corresponding periods in 2020. These fluctuations were largely the result of the first PPP loan/grant occurring in the second quarter 2020 and the second PPP loan/grant occurring in the first quarter 2021. In addition, the decrease in the six-month margin from 70.3% to 63.5% was the result of franchising volume being down due to the pandemic, where the impact of government mandates was more negatively substantial in certain states than other states.

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 June 30,				Six Months ended June 30,			
	2020		2021		2020		2021	
Revenue	\$ 111,433	100%	\$117,197	100%	\$ 266,117	100%	\$233,301	100%
Cost of sales	44,786	40.2	42,328	36.1	104,348	39.2	86,357	37.0
Salaries and wages	4,118	3.7	48,301	41.2	60,374	22.7	65,682	28.2
Rent	10,707	9.6	11,542	9.8	25,417	9.6	22,858	9.8

Packaging	3,163	2.8	3,572	3.0	7,333	2.8	6,842	2.9
All other operating expenses	<u>14,209</u>	<u>12.8</u>	<u>12,916</u>	<u>11.0</u>	<u>31,754</u>	<u>11.9</u>	<u>26,074</u>	<u>11.2</u>
Total expenses	<u>76,983</u>	<u>69.1</u>	<u>118,659</u>	<u>101.2</u>	<u>229,226</u>	<u>86.1</u>	<u>207,813</u>	<u>89.1</u>
Margin contribution	\$ 34,450	30.9%	\$(1,462)	(1.2)%	\$ 36,891	13.9%	\$ 25,488	10.9

Gross revenue from this venue was \$117,000 and \$233,000 for the three-month and six-month periods ended June 30, 2021 compared to \$111,000 and \$266,000 for the corresponding periods in 2020. The primary reason for this decrease was the limitations placed on hospital locations as a result of the COVID-19 pandemic whereby hospitals were restricted from having outside visitors, and employees inside the hospital were restricted from 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.

Gross margin contribution from this venue was 10.9% for the six-month period ended June 30, 2021 compared to 13.9% for the corresponding period in 2020. The three-month periods are not comparable since a PPP loan was used to offset certain expenses in the second quarter of 2020 and the second PPP loan was used to offset certain expenses in the first quarter of 2021. The decline in margin from 2020 to 2021 is due to the decrease in sales volume resulting from the restrictions placed on the hospital as a result of the pandemic.

Corporate Expenses

Depreciation and amortization was \$142,000 and \$307,000 for the three-month and six-month periods ended June 30, 2021 compared to \$98,000 and \$164,000 for the corresponding periods in 2020. The primary reason for the increase was the result of the new company-owned Craft Pizza & Pub locations opening during the months of March, October and November 2020, and in addition expensing certain pre-opening costs in the amount of \$118,000. The company intends to open three additional company-owned Craft Pizza & Pubs during 2021 and two of those three are currently under development at this time, one in north central Indianapolis and a second one in Franklin, Indiana.

General and administrative expenses were \$482,000 and \$780,000 for the three-month and six-month periods ended June 30, 2021 compared to \$344,000 and \$794,000 for the corresponding periods in 2020. Certain expenses were reimbursed from the PPP loans in both years, partially offset by a small increase in various operating expenses.

Operating income for the six-month period ended June 30, 2021 was \$1.6 million compared to the same operating income in the corresponding period in 2020. The three-month periods are not comparable since the first PPP loan was accounted for in the second quarter 2020 and the second PPP loan was accounted for in the first quarter 2021. Operating income for the six-months ended June 30, 2021 increased by approximately \$485,000 from the growth in the Craft Pizza & Pub venue and decreased by approximately \$366,000 from the non-traditional franchising venue as a direct result of the lower volumes in that venue due to the pandemic which caused the closure of many non-traditional locations because of different mandates by different states.

Interest expense was \$339,000 and \$673,000 for the three-month and six-month periods ended June 30, 2021 compared to \$323,000 and \$1.25 million for the corresponding periods in 2020. The primary reason for the difference was the financing that occurred in February 2020 resulting in one-time non-cash write-offs of the unamortized original loan cost for the former bank loan that the company refinanced and the private placement subordinated debt, which in the aggregate was \$658,000.

Net income was \$85,000 and \$913,000, or \$0.4 per share, for the three-month and six-month periods ended June 30, 2021 compared to \$696,000 and \$441,000, or \$.02 per share, for the corresponding periods in 2020. The primary reason for the fluctuation was the company's receipt of a reimbursement of certain expenses during the second quarter 2020 from the first PPP loan/grant and reimbursement of certain expenses during the

first quarter 2021 from the second PPP loan/grant. In addition, the company-operated Craft Pizza & Pub locations generated improved profit contributions as a result of opening additional restaurants in March, October and November 2020, which was partially offset by lower margins from franchising due to the restrictions created by the pandemic in various parts of the country. Income tax for all periods was not material since the partial reimbursement of certain expenses in both years by the two PPP loans/grants is non-taxable.

The company's current ratio was 4.7-to-1 as of June 30, 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

Many states and municipalities in the United States continued to restrict travel, impose restrictions on activities and suspend or severely restrict the operation of dine-in restaurants in light of COVID-19, which negatively impacted the company's franchise operations during the second quarter and beyond. Most host facilities for the company's non-traditional franchises were adversely impacted by these developments as well. The uncertainty and disruption in the U.S. economy caused by the pandemic are likely to continue adversely impacting the volume and resources of both the company's Craft Pizza & Pub 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 has recently been interrupted in the face of rapidly rising cases attributed to the new 'Delta variant' of COVID-19, which the company believes is impacting consumer, employee and supplier behavior.

Said Scott Mobley, "The second quarter of 2021 certainly ranks as one of the most challenging operational periods ever. Not only were we continuing to deal with government and health advisory restrictions on our operations, commodity shortages and inflation, manufacturing disruptions and dislocations in distribution, we believe government policies put into place early this year resulted in additional and immediate staffing difficulties already associated with the pandemic directly. Additionally, many non-traditional franchisees operate their Noble Roman's foodservice within an underlying small business that sometimes lacks the capitalization or liquidity necessary to manage through these pandemic disruptions. With all of that in mind, we are very pleased with our progress, and we are excited to be accelerating our growth plans for Craft Pizza & Pub as well as our non-traditional franchising efforts."

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

Assets	December 31, <u>2020</u>	June 30, <u>2021</u>
Current assets:		
Cash	\$ 1,194,363	\$ 2,016,677
Accounts receivable - net	879,502	1,006,329
Inventories	890,556	907,662
Prepaid expenses	395,918	466,092
Total current assets	<u>3,360,339</u>	<u>4,396,760</u>
Property and equipment:		
Equipment	3,708,689	3,730,952
Leasehold improvements	2,319,445	2,337,079
Construction and equipment in progress	<u>510,225</u>	<u>414,016</u>
	6,538,359	6,482,047
Less accumulated depreciation and amortization	<u>1,989,209</u>	<u>2,178,068</u>
Net property and equipment	<u>4,549,150</u>	<u>4,303,797</u>
Deferred tax asset	3,104,904	3,104,904
Deferred contract cost	834,018	829,260
Goodwill	278,466	278,466
Operating lease right of use assets	6,088,101	5,812,719
Other assets including long-term portion of receivables - net	<u>201,962</u>	<u>233,688</u>
Total assets	<u>\$ 18,416,940</u>	<u>\$ 18,959,776</u>
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable and accrued expenses	\$ 878,099	\$ 533,708
Current portion of operating lease liability	<u>412,005</u>	<u>403,499</u>
Total current liabilities	<u>1,290,104</u>	<u>937,207</u>
Long-term obligations:		
Term loan payable to Corbel	7,468,709	7,681,536
Corbel warrant value	29,037	29,037
Convertible notes payable	574,479	585,104
Operating lease liabilities - net of short-term portion	5,863,615	5,615,344
Deferred contract income	<u>834,018</u>	<u>829,260</u>
Total long-term liabilities	<u>14,769,858</u>	<u>14,740,281</u>
Stockholders' equity:		
Common stock – no par value (40,000,000 shares authorized, 22,215,512 issued and outstanding as of December 31, 2020 and as of June 30, 2021)	24,763,447	24,776,184
Accumulated deficit	<u>(22,406,469)</u>	<u>(21,493,896)</u>
Total stockholders' equity	<u>2,356,978</u>	<u>3,282,288</u>
Total liabilities and stockholders' equity	<u>\$ 18,416,940</u>	<u>\$ 18,959,776</u>

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

	Three months ended June 30,		Six months ended June 30,	
	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>
Revenue:				
Restaurant revenue - company-owned Craft Pizza & Pub	\$1,406,865	\$2,264,739	\$2,499,813	\$4,373,436
Restaurant revenue - company-owned non-traditional	111,433	117,197	266,117	233,301
Franchising revenue	1,088,344	1,199,260	2,555,723	2,253,220
Administrative fees and other	<u>3,867</u>	<u>3,513</u>	<u>8,118</u>	<u>7,069</u>
Total revenue	2,610,509	3,584,709	5,329,771	6,867,026
Operating expenses:				
Restaurant expenses - company-owned Craft Pizza & Pub	804,340	1,935,744	1,776,369	3,164,638
Restaurant expenses - company-owned non-traditional	76,983	118,659	229,226	207,813
Franchising expenses	<u>267,628</u>	<u>482,309</u>	<u>757,984</u>	<u>821,674</u>
Total operating expenses	1,148,951	2,536,712	2,763,579	4,194,125
Depreciation and amortization	98,279	142,133	164,226	306,849
General and administrative expenses	<u>344,374</u>	<u>481,860</u>	<u>793,795</u>	<u>780,449</u>
Total expenses	<u>1,591,604</u>	<u>3,160,705</u>	<u>3,721,600</u>	<u>5,281,423</u>
Operating income	<u>1,018,905</u>	<u>424,004</u>	<u>1,608,171</u>	<u>1,585,603</u>
Interest expense	<u>323,165</u>	<u>338,839</u>	<u>1,249,454</u>	<u>673,030</u>
Income before income taxes	695,740	85,165	358,717	912,573
Income tax expense (benefit)	<u>-</u>	<u>-</u>	<u>(81,983)</u>	<u>-</u>
Net income	<u>\$ 695,740</u>	<u>\$ 85,165</u>	<u>\$ 440,700</u>	<u>\$ 912,573</u>

Earnings per share – basic:

Net income before income tax	\$.03	\$.00	\$.02	\$.04
Net income	\$.03	\$.00	\$.02	\$.04
Weighted average number of common shares outstanding	22,215,512	22,215,512	22,215,512	22,215,512

Diluted earnings per share:

Net income before income tax	\$.03	\$.00	\$.02	\$.04
Net income	\$.03	\$.00	\$.02	\$.04
Weighted average number of common shares outstanding	23,465,512	23,465,512	23,465,512	23,465,512