

Noble Roman's, Inc. Announces First Quarter Earnings

2008-05-14

For the quarter the company reported net income of \$321,431, or \$.02 per share, on 19.2 million weighted shares outstanding.

Noble Roman's, Inc. (BULLETIN BOARD: NROM), the Indianapolis based franchisor of Noble Roman's Pizza and Tuscano's Italian Style Subs, today announced earnings for the quarter ended March 31, 2008.

For the quarter the company reported net income of \$321,431, or \$.02 per share, on 19.2 million weighted shares outstanding. This compares to a net income of \$703,003, or \$.04 per share, on 16.7 million weighted shares outstanding for the quarter ended March 31, 2007. Total revenues for the quarter ended March 31, 2008 were \$2.4 million compared to \$2.9 million for the corresponding period in 2007.

Slower growth for the company's traditional co-brand franchise concept during the first quarter more than accounted for the decrease in first quarter revenue, royalty and fee income from existing franchises apart from new franchise and development related fees actually increased from \$1,551,997 during the first quarter of 2007 to \$1,702,178 for the first quarter of 2008. Program enhancements previously announced in November 2007 were in full implementation during the first quarter of 2008. These enhancements include: more rigorous franchisee selection criteria, a longer, more robust training period for new franchisees, more direct franchisee involvement in the construction and marketing process, and intensified monitoring and enforcement of operating standards and unit performance. As previously forecast, these enhancements have initially resulted in slower growth in the company's traditional concept, but the company believes they ultimately will provide for a stronger base of future growth.

The company is also continuing its focus on awarding franchise agreements for both Noble Roman's Pizza and Tuscano's Italian Style Subs in non-traditional venues such as hospitals, military bases, universities, convenience stores, attractions, entertainment facilities, casinos, airports, travel plazas, office complexes and hotels. The non-traditional franchising program has been the company's predominant growth vehicle for the last several years, and it has recently increased its sales staff to facilitate faster growth. Recent economic conditions, such as record oil prices and difficult credit markets, have hampered the pace of growth in certain non-traditional venues, but the company remains positive on the longer-term outlook for these venues as the economic disruptions begin to stabilize and resolve.

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

Assets	December 31, 2007	March 31, 2008
Current assets:		
Cash	\$832,207	\$2,990,315
Accounts and notes receivable (net of allowances of \$106,712 as of December 31, 2007 and March 31, 2008)	1,770,994	2,058,725
Inventories	310,362	329,733
Assets held for resale	643,915	1,182,509
Prepaid expenses	175,022	230,115
Current portion of long-term notes receivable	133,736	84,373
Deferred tax asset - current portion	1,971,875	1,588,000
Total current assets	5,838,111	8,463,770
Property and equipment:		
Equipment	1,289,795	1,291,901
Leasehold improvements	107,729	107,729
	1,397,524	1,399,630
Less accumulated depreciation and amortization	755,987	782,733
Net property and equipment	641,537	616,897
Deferred tax asset (net of current portion)	9,106,008	9,324,298
Other assets including long-term portion of notes receivable less allowances of \$550,000 as of December 31, 2007 and March 31, 2008	1,883,644	1,936,308
Total assets	\$17,469,300	\$20,311,273
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable and accrued expenses	\$532,264	455,283
Current portion of long-term note payable	1,500,000	1,500,000
Total current liabilities	2,032,264	1,955,283
Long-term obligations:		
Note payable to bank (net of current portion)	4,125,000	6,750,000
Total long-term liabilities	4,125,000	6,750,000
Stockholders' equity:		
Common stock - no par value (25,000,000 shares authorized, 19,187,499 issued and outstanding as of December 31, 2007 and 19,197,499 issued and outstanding as of March 31, 2008)	22,905,617	22,924,775
Preferred stock (5,000,000 shares authorized and 20,625 issued and outstanding as of December 31, 2007 and March 31, 2008)	800,250	800,250
Accumulated deficit	(12,393,830)	(12,089,035)

Total stockholders' equity 11,312,036 11,635,990
Total liabilities and
stockholders' equity \$17,469,300 \$20,341,273
Noble Roman's, Inc. and Subsidiaries
Condensed Consolidated Statements of Operations
(Unaudited)

	Three Months Ended	
	March 31,	
	2007	2008
Royalties and fees	\$2,585,407	\$1,948,153
Administrative fees and other	18,347	13,441
Restaurant revenue	251,585	388,841
Total revenue	2,855,339	2,350,435
Operating expenses:		
Salaries and wages	377,544	381,092
Trade show expense	137,786	123,473
Travel expense	79,239	113,581
Sales commissions	114,988	31,688
Other operating expenses	226,020	237,474
Restaurant expenses	234,407	374,427
Depreciation and amortization	21,347	25,318
General and administrative	425,032	422,302
Operating income	1,238,976	641,080
Interest and other expense	173,819	154,063
Income before income taxes	1,065,157	487,016
Income tax expense	362,154	165,586
Net income	703,003	321,431
Cumulative preferred dividends	41,135	16,636
Net income available to common stockholders	\$661,868	\$304,795
Earnings per share - basic:		
Net income	\$.04	\$.02
Net income available to common stockholders	.04	.02
Weighted average number of common shares outstanding	16,668,018	19,196,395
Diluted earnings per share:		
Net income	\$.04	\$.02
Weighted average number of common shares outstanding	20,046,737	20,297,994

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