

Noodles & Company
Consolidated Balance Sheets
(in thousands, except share and per share data)

	January 3, 2017	December 29, 2015
Assets		
Current assets:		
Cash and cash equivalents	\$ 1,837	\$ 1,912
Accounts receivable	5,438	4,990
Inventories	11,285	10,494
Prepaid expenses and other assets	6,972	7,185
Income tax receivable	256	820
Total current assets	25,788	25,401
Property and equipment, net	173,533	203,713
Deferred tax assets, net	—	664
Goodwill	6,400	6,400
Intangibles, net	1,715	1,809
Other assets, net	2,025	1,974
Total long-term assets	183,673	214,560
Total assets	\$ 209,461	\$ 239,961
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 10,601	\$ 15,073
Accrued payroll and benefits	10,723	5,417
Accrued expenses and other current liabilities	27,709	12,424
Total current liabilities	49,033	32,914
Long-term debt	84,676	67,732
Deferred rent	44,929	39,597
Deferred tax liabilities, net	435	—
Other long-term liabilities	4,570	5,946
Total liabilities	183,643	146,189
Commitments and contingencies		
Stockholders' equity:		
Preferred stock—\$0.01 par value, authorized 1,000,000 shares as of January 3, 2017 and December 29, 2015; no shares issued or outstanding	—	—
Common stock—\$0.01 par value, authorized 180,000,000 shares as of January 3, 2017 and December 29, 2015; 30,300,925 issued and 27,877,054 outstanding as of January 3, 2017 and 30,138,672 issued and 27,714,801 outstanding as of December 29, 2015	303	301
Treasury stock, at cost, 2,423,871 shares as of January 3, 2017 and December 29, 2015, respectively	(35,000)	(35,000)
Additional paid-in capital	124,272	120,634
Accumulated other comprehensive loss	(51)	(134)
(Accumulated deficit) retained earnings	(63,706)	7,971
Total stockholders' equity	25,818	93,772
Total liabilities and stockholders' equity	\$ 209,461	\$ 239,961

See accompanying notes to consolidated financial statements.

Noodles & Company
Consolidated Statements of Operations
(in thousands, except share and per share data)

	Fiscal Year Ended		
	January 3, 2017	December 29, 2015	December 30, 2014
<i>Revenue:</i>			
Restaurant revenue	\$ 482,544	\$ 450,482	\$ 398,993
Franchising royalties and fees	4,930	4,969	4,748
Total revenue	487,474	455,451	403,741
<i>Costs and expenses:</i>			
Restaurant operating costs (exclusive of depreciation and amortization shown separately below):			
Cost of sales	130,630	120,455	107,217
Labor	161,219	143,145	120,492
Occupancy	55,912	50,300	42,540
Other restaurant operating costs	73,011	63,549	52,580
General and administrative	55,654	37,244	31,394
Depreciation and amortization	28,134	27,802	24,787
Pre-opening	3,131	4,407	4,425
Restaurant impairments, closure costs and asset disposals	47,311	29,616	1,391
Total costs and expenses	555,002	476,518	384,826
(Loss) income from operations	(67,528)	(21,067)	18,915
Interest expense, net	2,916	1,432	365
(Loss) income before income taxes	(70,444)	(22,499)	18,550
Provision (benefit) for income taxes	1,233	(8,734)	7,122
Net (loss) income	\$ (71,677)	\$ (13,765)	\$ 11,428
(Loss) earnings per Class A and Class B common stock, combined			
Basic	\$ (2.58)	\$ (0.48)	\$ 0.38
Diluted	\$ (2.58)	\$ (0.48)	\$ 0.37
Weighted average Class A and Class B common stock outstanding, combined			
Basic	27,808,708	28,938,901	29,717,304
Diluted	27,808,708	28,938,901	31,001,099

See accompanying notes to consolidated financial statements.

Noodles & Company
Consolidated Statements of Cash Flows
(in thousands)

	Fiscal Year Ended		
	January 3, 2017	December 29, 2015	December 30, 2014
Operating activities			
Net (loss) income	\$ (71,677)	\$ (13,765)	\$ 11,428
Adjustments to reconcile net (loss) income to net cash provided by operating activities:			
Depreciation and amortization	28,134	27,802	24,787
Deferred income taxes, net	1,099	(8,878)	6,330
Excess tax benefit on stock-based compensation	—	—	(253)
Restaurant impairments, closure costs and asset disposals	45,536	28,927	1,391
Amortization of debt issuance costs	140	98	101
Stock-based compensation	2,319	1,469	1,330
Gain on insurance proceeds received for property damage	(494)	—	—
Changes in operating assets and liabilities:			
Accounts receivable	(443)	(437)	(75)
Inventories	(790)	(1,058)	(1,840)
Prepaid expenses and other assets	162	(1,025)	(1,768)
Accounts payable	(2,440)	2,794	2,661
Deferred rent	5,328	7,143	6,390
Income taxes	564	(193)	(24)
Accrued expenses and other liabilities	17,299	1,629	(1,431)
Net cash provided by operating activities	24,737	44,506	49,027
Investing activities			
Purchases of property and equipment	(43,335)	(50,093)	(56,352)
Acquisitions of franchise restaurants	—	(628)	(15,708)
Insurance proceeds received for property damage	578	—	—
Net cash used in investing activities	(42,757)	(50,721)	(72,060)
Financing activities			
Net (repayments) borrowings from swing line loan	(1,649)	1,846	(813)
Proceeds from borrowings on long-term debt	19,800	55,600	97,400
Payments on long-term debt	(1,000)	(16,700)	(75,400)
Debt issuance costs	(347)	(249)	—
Acquisition of treasury stock	—	(35,000)	(71)
Proceeds from exercise of stock options and employee stock purchase plan	1,100	952	2,676
Excess tax benefit on stock-based compensation	—	—	253
Other financing activities	—	(94)	(74)
Net cash provided by financing activities	17,904	6,355	23,971
Effect of exchange rate changes on cash	41	(134)	—
Net increase in cash and cash equivalents	(75)	6	938
Cash and cash equivalents			
Beginning of year	1,912	1,906	968
End of year	\$ 1,837	\$ 1,912	\$ 1,906

See accompanying notes to consolidated financial statements.