

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

	January 1, 2019	January 2, 2018
Assets		
Current assets:		
Cash and cash equivalents	\$ 4,655	\$ 3,361
Accounts receivable	2,391	2,434
Inventories	9,646	9,929
Prepaid expenses and other assets	6,474	6,258
Income tax receivable	185	76
Total current assets	23,351	22,058
Property and equipment, net	138,774	152,593
Goodwill	6,400	6,400
Intangibles, net	1,291	1,565
Other assets, net	2,216	2,617
Total long-term assets	148,681	163,175
Total assets	\$ 172,032	\$ 185,233
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 7,854	\$ 10,929
Accrued payroll and benefits	13,391	11,719
Accrued expenses and other current liabilities	11,183	21,221
Current portion of long-term debt	719	—
Total current liabilities	33,147	43,869
Long-term debt, net	44,183	57,624
Deferred rent	37,334	38,872
Deferred tax liabilities, net	133	416
Other long-term liabilities	4,554	8,591
Total liabilities	119,351	149,372
Commitments and contingencies		
Stockholders' equity:		
Preferred stock—\$0.01 par value, 1,000,000 shares authorized and undesignated as of January 1, 2019 and January 2, 2018; no shares issued or outstanding	—	—
Common stock—\$0.01 par value, 180,000,000 shares authorized as of January 1, 2019 and January 2, 2018; 46,353,309 issued and 43,929,438 outstanding as of January 1, 2019 and 43,550,329 issued and 41,126,458 outstanding as of January 2, 2018	464	436
Treasury stock, at cost, 2,423,871 shares as of January 1, 2019 and January 2, 2018, respectively	(35,000)	(35,000)
Additional paid-in capital	198,352	171,613
Accumulated deficit	(111,135)	(101,188)
Total stockholders' equity	52,681	35,861
Total liabilities and stockholders' equity	\$ 172,032	\$ 185,233

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 1, 2019	January 2, 2018	January 3, 2017
<i>Revenue:</i>			
Restaurant revenue	\$ 453,671	\$ 451,599	\$ 482,544
Franchising royalties and fees	4,170	4,893	4,930
Total revenue	457,841	456,492	487,474
<i>Costs and expenses:</i>			
Restaurant operating costs (exclusive of depreciation and amortization shown separately below):			
Cost of sales	121,102	121,473	130,630
Labor	149,746	150,161	161,219
Occupancy	49,020	51,877	55,912
Other restaurant operating costs	65,575	64,091	73,011
General and administrative	46,092	39,746	55,654
Depreciation and amortization	22,872	24,613	28,134
Pre-opening	50	935	3,131
Restaurant impairments, closure costs and asset disposals	7,142	37,446	47,311
Total costs and expenses	461,599	490,342	555,002
Loss from operations	(3,758)	(33,850)	(67,528)
Loss on extinguishment of debt	626	—	—
Interest expense, net	4,305	3,839	2,916
Loss before income taxes	(8,689)	(37,689)	(70,444)
(Benefit) provision for income taxes	(248)	(207)	1,233
Net loss	(8,441)	(37,482)	(71,677)
Accretion of preferred stock to redemption value	—	(7,967)	—
Net loss attributable to common stockholders	\$ (8,441)	\$ (45,449)	\$ (71,677)
Loss per Class A and Class B common stock, combined			
Basic	\$ (0.20)	\$ (1.20)	\$ (2.58)
Diluted	\$ (0.20)	\$ (1.20)	\$ (2.58)
Weighted average Class A and Class B common stock outstanding, combined			
Basic	42,329,556	37,759,497	27,808,708
Diluted	42,329,556	37,759,497	27,808,708

See accompanying notes to consolidated financial statements.

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

	Fiscal Year Ended		
	January 1, 2019	January 2, 2018	January 3, 2017
Operating activities			
Net loss	\$ (8,441)	\$ (37,482)	\$ (71,677)
Adjustments to reconcile net loss to net cash provided by operating activities:			
Depreciation and amortization	22,872	24,613	28,134
Deferred income taxes, net	(283)	(228)	1,099
Restaurant impairments, closure costs and asset disposals	6,992	30,859	45,536
Loss on extinguishment of debt	626	—	—
Amortization of debt issuance costs	607	465	140
Stock-based compensation	2,979	1,514	2,319
Loss on liquidation of Canadian subsidiary	—	70	—
Gain on insurance proceeds received for property damage	(370)	—	(494)
Changes in operating assets and liabilities:			
Accounts receivable	91	2,976	(443)
Inventories	(541)	(387)	(790)
Prepaid expenses and other assets	185	332	162
Accounts payable	(1,580)	(1,302)	(2,440)
Deferred rent	(1,396)	1,597	5,328
Income taxes	(109)	180	564
Accrued expenses and other liabilities	(16,286)	(19,105)	17,299
Net cash provided by operating activities	5,346	4,102	24,737
Investing activities			
Purchases of property and equipment	(14,338)	(20,828)	(43,335)
Insurance proceeds received for property damage	500	—	578
Net cash used in investing activities	(13,838)	(20,828)	(42,757)
Financing activities			
Net repayments from swing line loan	(101)	(96)	(1,649)
Proceeds from borrowings on long-term debt	74,889	10,532	19,800
Payments on long-term debt	(87,030)	(37,015)	(1,000)
Debt issuance costs	(1,713)	(938)	(347)
Issuance of preferred stock and common stock warrants, net of transaction expenses (see Note 8)	—	16,589	—
Issuance of common stock, net of transaction expenses (see Note 8)	22,992	29,110	—
Proceeds from exercise of stock options and employee stock purchase plan	749	83	1,100
Net cash provided by financing activities	9,786	18,265	17,904
Effect of exchange rate changes on cash	—	(15)	41
Net increase (decrease) in cash and cash equivalents	1,294	1,524	(75)
Cash and cash equivalents			
Beginning of year	3,361	1,837	1,912
End of year	\$ 4,655	\$ 3,361	\$ 1,837

See accompanying notes to consolidated financial statements.