

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

	January 2, 2018	January 3, 2017
Assets		
Current assets:		
Cash and cash equivalents	\$ 3,361	\$ 1,837
Accounts receivable	2,434	5,438
Inventories	9,929	11,285
Prepaid expenses and other assets	6,258	6,972
Income tax receivable	76	256
Total current assets	22,058	25,788
Property and equipment, net	152,593	173,533
Goodwill	6,400	6,400
Intangibles, net	1,565	1,715
Other assets, net	2,617	2,025
Total long-term assets	163,175	183,673
Total assets	\$ 185,233	\$ 209,461
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 10,929	\$ 10,601
Accrued payroll and benefits	11,719	10,723
Accrued expenses and other current liabilities	21,221	27,709
Total current liabilities	43,869	49,033
Long-term debt, net	57,624	84,676
Deferred rent	38,872	44,929
Deferred tax liabilities, net	416	435
Other long-term liabilities	8,591	4,570
Total liabilities	149,372	183,643
Commitments and contingencies		
Stockholders' equity:		
Preferred stock—\$0.01 par value, 1,000,000 shares authorized and undesignated as of January 2, 2018 and January 3, 2017; no shares issued or outstanding	—	—
Common stock—\$0.01 par value, authorized 180,000,000 shares as of January 2, 2018 and January 3, 2017; 43,550,329 issued and 41,126,458 outstanding as of January 2, 2018 and 30,300,925 issued and 27,877,054 outstanding as of January 3, 2017	436	303
Treasury stock, at cost, 2,423,871 shares as of January 2, 2018 and January 3, 2017, respectively	(35,000)	(35,000)
Additional paid-in capital	171,613	124,272
Accumulated other comprehensive loss	—	(51)
Accumulated deficit	(101,188)	(63,706)
Total stockholders' equity	35,861	25,818
Total liabilities and stockholders' equity	\$ 185,233	\$ 209,461

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 2, 2018	January 3, 2017	December 29, 2015
<i>Revenue:</i>			
Restaurant revenue	\$ 451,599	\$ 482,544	\$ 450,482
Franchising royalties and fees	4,893	4,930	4,969
Total revenue	456,492	487,474	455,451
<i>Costs and expenses:</i>			
Restaurant operating costs (exclusive of depreciation and amortization shown separately below):			
Cost of sales	121,473	130,630	120,455
Labor	150,161	161,219	143,145
Occupancy	51,877	55,912	50,300
Other restaurant operating costs	64,091	73,011	63,549
General and administrative	39,746	55,654	37,244
Depreciation and amortization	24,613	28,134	27,802
Pre-opening	935	3,131	4,407
Restaurant impairments, closure costs and asset disposals	37,446	47,311	29,616
Total costs and expenses	490,342	555,002	476,518
Loss from operations	(33,850)	(67,528)	(21,067)
Interest expense, net	3,839	2,916	1,432
Loss before income taxes	(37,689)	(70,444)	(22,499)
(Benefit) provision for income taxes	(207)	1,233	(8,734)
Net loss	(37,482)	(71,677)	(13,765)
Accretion of preferred stock to redemption value	(7,967)	—	—
Net loss attributable to common stockholders	\$ (45,449)	\$ (71,677)	\$ (13,765)
Loss per Class A and Class B common stock, combined			
Basic	\$ (1.20)	\$ (2.58)	\$ (0.48)
Diluted	\$ (1.20)	\$ (2.58)	\$ (0.48)
Weighted average Class A and Class B common stock outstanding, combined			
Basic	37,759,497	27,808,708	28,938,901
Diluted	37,759,497	27,808,708	28,938,901

See accompanying notes to consolidated financial statements.

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

	Fiscal Year Ended		
	January 2, 2018	January 3, 2017	December 29, 2015
Operating activities			
Net loss	\$ (37,482)	\$ (71,677)	\$ (13,765)
Adjustments to reconcile net loss to net cash provided by operating activities:			
Depreciation and amortization	24,613	28,134	27,802
Deferred income taxes, net	(228)	1,099	(8,878)
Restaurant impairments, closure costs and asset disposals	30,859	45,536	28,927
Amortization of debt issuance costs	465	140	98
Stock-based compensation	1,514	2,319	1,469
Loss on liquidation of Canadian subsidiary	70	—	—
Gain on insurance proceeds received for property damage	—	(494)	—
Changes in operating assets and liabilities:			
Accounts receivable	2,976	(443)	(437)
Inventories	(387)	(790)	(1,058)
Prepaid expenses and other assets	332	162	(1,025)
Accounts payable	(1,302)	(2,440)	2,794
Deferred rent	1,597	5,328	7,143
Income taxes	180	564	(193)
Accrued expenses and other liabilities	(19,105)	17,299	1,629
Net cash provided by operating activities	4,102	24,737	44,506
Investing activities			
Purchases of property and equipment	(20,828)	(43,335)	(50,093)
Acquisitions of franchise restaurants	—	—	(628)
Insurance proceeds received for property damage	—	578	—
Net cash used in investing activities	(20,828)	(42,757)	(50,721)
Financing activities			
Net (repayments) borrowings from swing line loan	(96)	(1,649)	1,846
Proceeds from borrowings on long-term debt	10,532	19,800	55,600
Payments on long-term debt	(37,015)	(1,000)	(16,700)
Debt issuance costs	(938)	(347)	(249)
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)	29,110	—	—
Acquisition of treasury stock	—	—	(35,000)
Proceeds from exercise of stock options and employee stock purchase plan	83	1,100	952
Other financing activities	—	—	(94)
Net cash provided by financing activities	18,265	17,904	6,355
Effect of exchange rate changes on cash	(15)	41	(134)
Net increase (decrease) in cash and cash equivalents	1,524	(75)	6
Cash and cash equivalents			
Beginning of year	1,837	1,912	1,906
End of year	\$ 3,361	\$ 1,837	\$ 1,912

See accompanying notes to consolidated financial statements.