

JUNE 2021

# INVESTOR PRESENTATION



# Disclaimer

## Forward-Looking Statements

This presentation contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. All statements other than statements of historical fact included in this presentation are forward-looking statements. Forward-looking statements discuss our current expectations and projections relating to our financial condition, results of operations, plans, objectives, future performance and business. These statements may be preceded by, followed by or include the words “may,” “might,” “will,” “objective,” “intend,” “should,” “could,” “can,” “would,” “expect,” “believe,” “design,” “estimate,” “predict,” “potential,” “plan” or the negatives thereof and other words and terms of similar meaning. These statements are not guarantees of future performance and involve a number of known and unknown risks, assumptions, trends, uncertainties and factors that are beyond our control, including without limitation, those identified in our annual report on Form 10-K for the fiscal year ended December 29, 2020 filed on February 26, 2021 and our quarterly reports on Form 10-Q, under the sections titled “Risk Factors,” “Cautionary Note Regarding Forward-Looking Statements,” and “Management's Discussion and Analysis of Financial Condition and Results of Operations.” Should one or more of these risks or uncertainties materialize or should underlying assumptions prove incorrect, actual results may vary materially from those anticipated, estimated or projected. You should not place undue reliance on these statements. We have based these forward-looking statements on our current expectations and projections about future events. Although Noodles & Company (“we” or the “Company”) believes that our assumptions made in connection with the forward-looking statements are reasonable, we cannot assure you that the assumptions and expectations will prove to be correct. All forward-looking statements speak only as of the date of this document. We undertake no obligations to update or revise publicly any forward-looking statements in this presentation, whether as a result of new information, future events or otherwise other than as required under the federal securities laws.

## Note Regarding Non-GAAP Measures

In this presentation, we include certain supplemental financial measures, including EBITDA, Adjusted EBITDA, restaurant contribution, and restaurant contribution margin, which are neither required by nor presented in accordance with generally accepted accounting principles in the U.S. (“GAAP”). The presentation of this financial information is not intended to be considered in isolation or as a substitute for, or to be superior to, the financial information prepared and presented in accordance with GAAP. We use these non-GAAP financial measures for financial and operational decision making and as a means to evaluate period-to-period comparisons. We believe that they provide useful information about operating results, enhance the overall understanding of past financial performance and future prospects and allow for greater transparency with respect to key metrics used by management in its financial and operational decision making. You are cautioned, however, that these measures, as we calculate them, are not necessarily comparable to similarly titled measures reported by other companies. In addition, these measures have limitations as analytical tools and should be considered only in conjunction with our financial results reported under GAAP, and not in isolation. See the Appendix for a reconciliation of each non-GAAP financial measure included in this presentation to its directly comparable GAAP measurement. For more information on why management considers these non-GAAP financial measures to be important indicators of our operational strength and performance, as well as the limitations on these measures as an analytical tool, please see our annual report on Form 10-K for the fiscal year ended December 29, 2020 filed on February 26, 2021 and our quarterly reports on Form 10-Q, under the sections titled “Key Measures We Use to Evaluate Our Performance.”



## Investment Highlights

# Winning in 2021 and Beyond



### OUR BRAND:

Fast Casual Leader in a Consumer Favorite: Noodles and Pasta

### OUR MENU:

Innovative, Varied and Cooked Fresh-to-Order Attracts Today's Consumer

### OUR GUEST ENGAGEMENT:

Personalized Digital Connections Puts Guests in Control

### OUR OPERATING MODEL:

A Robust Model Executed by a High Performing, Passionate Team

### OUR UNIT GROWTH:

A Deep and Growing Pipeline of Company Locations and Recent Southern US Franchise Program Launch








## Investment Highlights

# Built a Strong Foundation for Accelerated Growth






## 2017

-  Launched Noodles Rewards Program

## 2018

-  Introduced healthy-noodle option – zucchini noodles (“zoodles”)
-  Expanded off-prem model to include Quick Pick-Up
-  Invested in advanced labor management technology



## 2019

-  Expanded healthy noodle options—Cauliflower-infused noodles
-  Order ahead and drive thru addition
-  Reimagined mobile app and Rewards platform
-  Introduced industry-leading team member benefits – *LifeatNoodles*
-  Launched National delivery

## 2020

-  Expanded Noodles native delivery and curbside pickup
-  Rollout “Kitchen of the Future” - FOH efficiency acceleration
-  New executive leadership – CFO and CMO
-  Launched Group Ordering, Apple Pay and Order Status
-  Expanded inclusion & diversity mental health efforts
-  Bolstered company & franchise teams

## 2021

-  New menu innovations – Cauliflower Gnocchi & Tortelloni
-  Steamer introduction
-  Franchise Initiative launched



## Investment Highlights

# Goal: Become the Premier Restaurant Growth Story

noodles  
nextlevel

### Unit Expansion

10%+ Systemwide Growth by 2023  
Superior Economics (30%+ COC Target)  
Ideal Operating Model For Post-Covid World

### AUV Growth

Nearly 40% of Units Already >\$1.45M AUV\*  
On Trend Culinary Innovation  
Digital & Off-Premise Strengths

### Margin Expansion

Pricing Power  
Low Fixed Cost Structure  
Continued Labor / COGS Efficiency Opportunities

\* April 2021



## Our Brand

# A Brand Unlike Any Other



## Welcome to Noodles & Company

Noodles & Pasta are one of America's favorite foods – a staple of diets across the globe and the ultimate comfort food to bring family and friends together.

From kids to adults, healthy to indulgent, and familiar to new, Noodles & Company has something for everyone.

Fresh, inventive, and cooked fresh-to order by our caring team members, we offer guests the ability to experience a world of flavors - however, whenever, and wherever they would like to.



## Our Brand

### Unique offering of a consumer favorite

- Only national fast casual chain delivering world flavors through noodles and pasta
- Proprietary sauces and innovative approach to cooking provide high barrier to entry





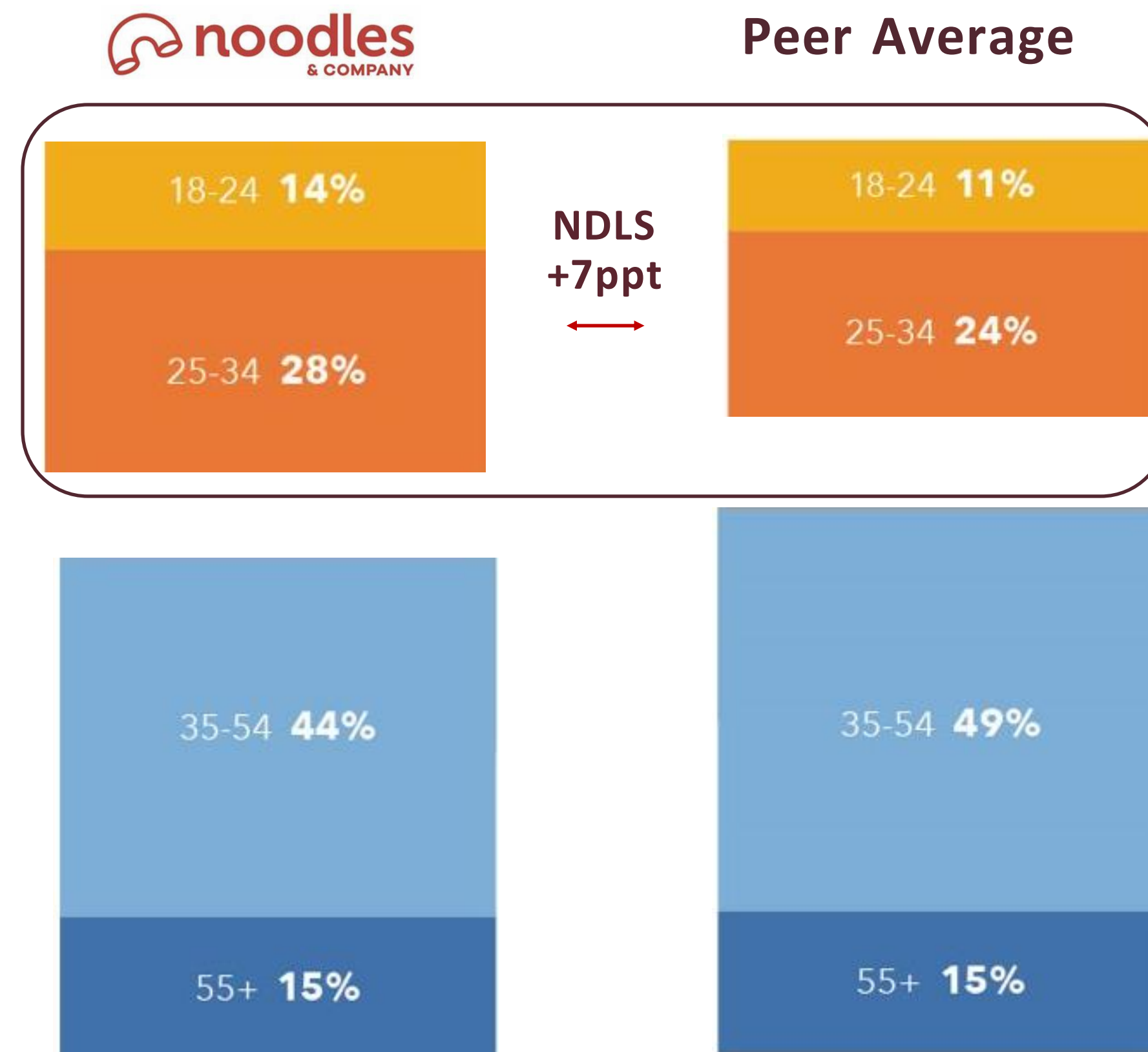
## Our Brand

# Attractive Target Market With Broad Appeal

- Younger demographic, +7ppt vs industry peers
- Particular strength with millennial families

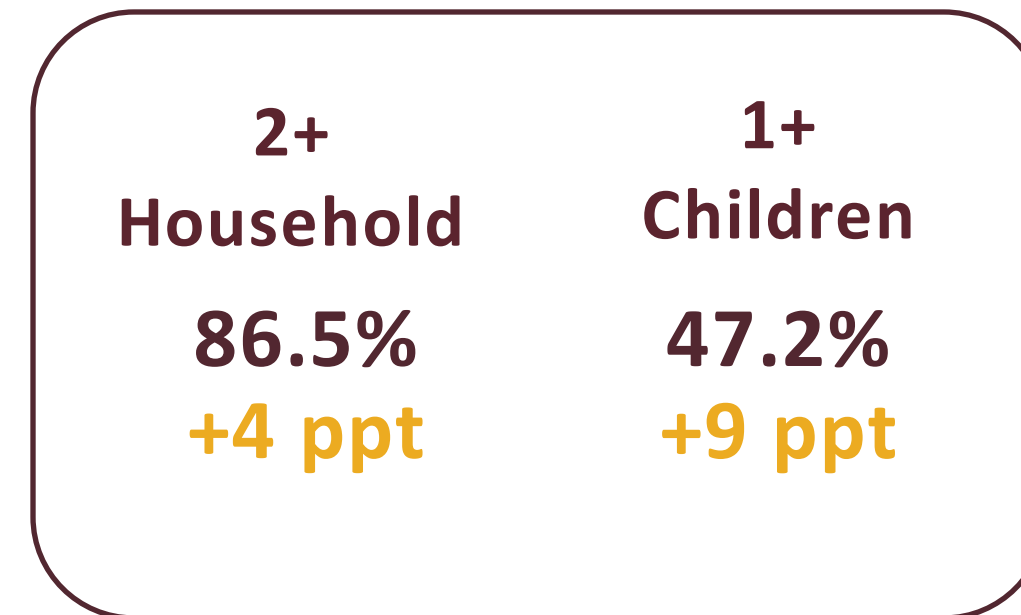


### Age Distribution of Customers (Noodles & Company vs Peers)

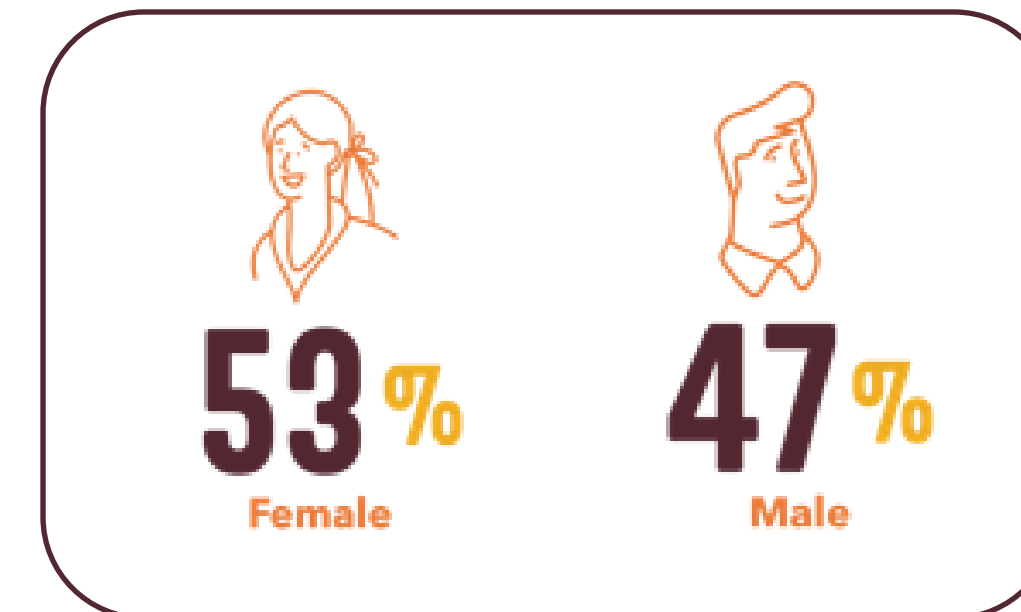


Source: Sense360, surveys collected Q1-Q4 '20

### Household Distribution (vs Peers)



### Gender Distribution



Source: Coke Dine360, NDLS vs fast casual, Aug '20 TTM



## Our Menu

# A World of Flavors Under One Roof

- Variety to meet wide range of dietary and flavor preferences
- Strength in both lunch and dinner dayparts

### Signature Flavors

**Penne Rosa** with  
Parmesan-Crusted  
Chicken 🍴



**Chicken Veracruz**  
Salad 🍴



**Pesto Cavatappi**  
with Grilled  
Chicken 🍴



**Buffalo**  
Chicken Mac 🍴



**Japanese Pan**  
Noodles with  
Marinated Steak 🍴



🍴 Spicy

🍴 Gluten Sensitive  
Made without gluten-containing  
ingredients but potential for cross-  
contact exists.

🍴 Vegetarian  
Excludes meat & fish.

### Classic Noodles

**3-Cheese Tortelloni**  
Rosa 🍴

**3-Cheese Tortelloni**  
Pesto 🍴

**Roasted Garlic Cream**  
Tortelloni 🍴

**Penne Rosa** 🍴

**Buttered Noodles** 🍴

**Spaghetti & Meatballs**

**Alfredo MontAmoré\***  
with Parmesan-Crusted  
Chicken

**Pesto Cavatappi** 🍴

**Shrimp Scampi**



### Zoodles and Caulifloodles

**Zucchini Shrimp**  
Scampi 🍴

**Zucchini Pesto** with  
Grilled Chicken 🍴

**Cauliflower Rigatoni** in  
Roasted Garlic Cream 🍴

**Cauliflower Rigatoni**  
Fresca with Shrimp

**Cauliflower Gnocchi** with  
Roasted Garlic Cream 🍴

**Cauliflower Gnocchi**  
Rosa 🍴

Ask us for our Nutrition and Allergen Guide. Before placing your order, please inform a team member if a person in your party has a food allergy. 2,000 calories a day is used for general nutrition advice, but calorie needs vary. Additional nutrition information available upon request.

### Substitute



**Any Noodle** including  
Cauliflower Rigatoni



**Zucchini**  
Noodles



**Gluten-Free**  
Pipette Shells



**3-Cheese**  
Tortelloni

### World Famous Macs

**Wisconsin**  
Mac & Cheese 🍴

**Gluten-Sensitive**  
Pipette Mac 🍴

**Buffalo Chicken**  
Mac 🍴

**BBQ Pork Mac** 🍴



### Asian Noodles

**Grilled Orange**  
Chicken Lo Mein

**Japanese Pan**  
Noodles 🍴

**Pad Thai** 🍴  
**Spicy Korean**  
Beef Noodles 🍴



### Add Meat or Tofu

**Grilled Chicken**  
Oven-Roasted  
Meatballs

**Seasoned Tofu**  
Naturally Raised Pork

**Parmesan-Crusted**  
Chicken

**Marinated Steak**  
Sautéed Shrimp

### Salads Now with Tuscan Greens

**The Med Salad** with Chicken 🍴

**Chicken Veracruz** Salad 🍴

**Grilled Chicken** Caesar



### Make It a Meal

Add a Reg Drink  
& Side or Dessert



### Drinks

**Fountain Drink**  
**Fresh-Brewed**  
Iced Tea

### Shareables



**Potstickers**

**Cheesy Garlic**  
Bread 🍴

**Korean BBQ**  
Meatballs 🍴

### Sides

**Wisconsin Mac & Cheese**  
**Caesar Salad**  
**Tomato Basil Bisque**  
**Chicken Noodle Soup**  
**Flatbread**  
Baguette

### Soups

**Tomato Basil**  
Bisque 🍴  
**Chicken Noodle**



### Kids Meals with Noodleimals

**Choose An Entrée**

**Wisconsin**  
Mac & Cheese  
**Buttered Noodles**  
**Spaghetti &**  
**Meatballs**

**Grilled Chicken**  
Breast with  
Marinara  
**Tortelloni**  
Marinara

**Choose**  
**Two Sides**

**Broccoli**  
**Applesauce**  
**Kids Crispy**

**Choose**  
**A Drink**

**Organic**  
Lowfat Milk  
**Organic Juice**

**Animal-shaped**  
**Noodleimals.**  
A fun species of  
noodle, served in  
most Kids Meals.

**Get more veggies.**  
Substitute Cauliflower-  
Infused Rigatoni.

**Gluten sensitive?**  
Substitute Gluten-Free  
Pipette Shells.

0000 to 0000 calories a day is used for general nutrition advice for children ages 4-8 years, but calorie needs vary.



## Our Menu

# Innovative Approach to Culinary

- Focused on increasing both trial and frequency
- Broadened reach through introduction of healthier alternatives, representing 14% product mix

**2018 | 2019 Zucchini & Cauliflower Noodles**



**2020 Perfect Bowls & Shrimp Scampi**



**January 2021, Cauliflower Gnocchi**



**Summer 2021, Tortelloni & Salad Refresh Expansion**

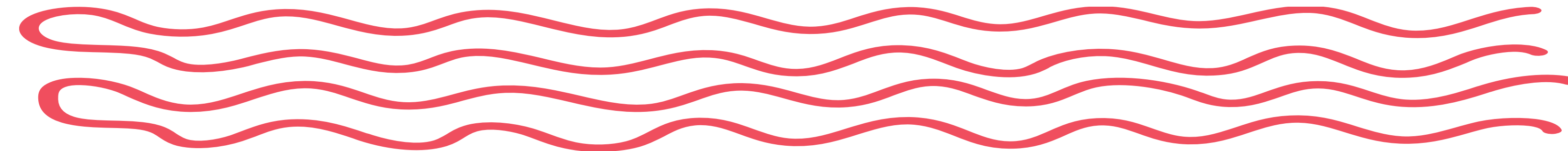




## Our Menu

### Craveable Food, Cooked Fresh

- Real cooking, right when you order it. Customized exactly how you like it.
- Incredibly satisfying, high-quality food experience





## Our Guest Engagement

### Best in Class Off-Premise Experience

- Food travels extremely well. Speed and price point matches a wide range of dining occasions
- Continuous innovation in quick-pick up and curbside provides options to make every visit quick and satisfying
- Introduction of order ahead drive through window for new units
- Nearly 60% off-premise mix even before COVID, currently at 92% off-premise as in store dining has recently resumed



**GET YOUR NOODLES  
DELIVERED WITH  
A SIDE OF REWARDS.**

Now through 5/2, earn 2x bonus points\*\* when you order Delivery.





## Our Guest Engagement

### Increasing Digital Sales Even as In Restaurant Sales Return

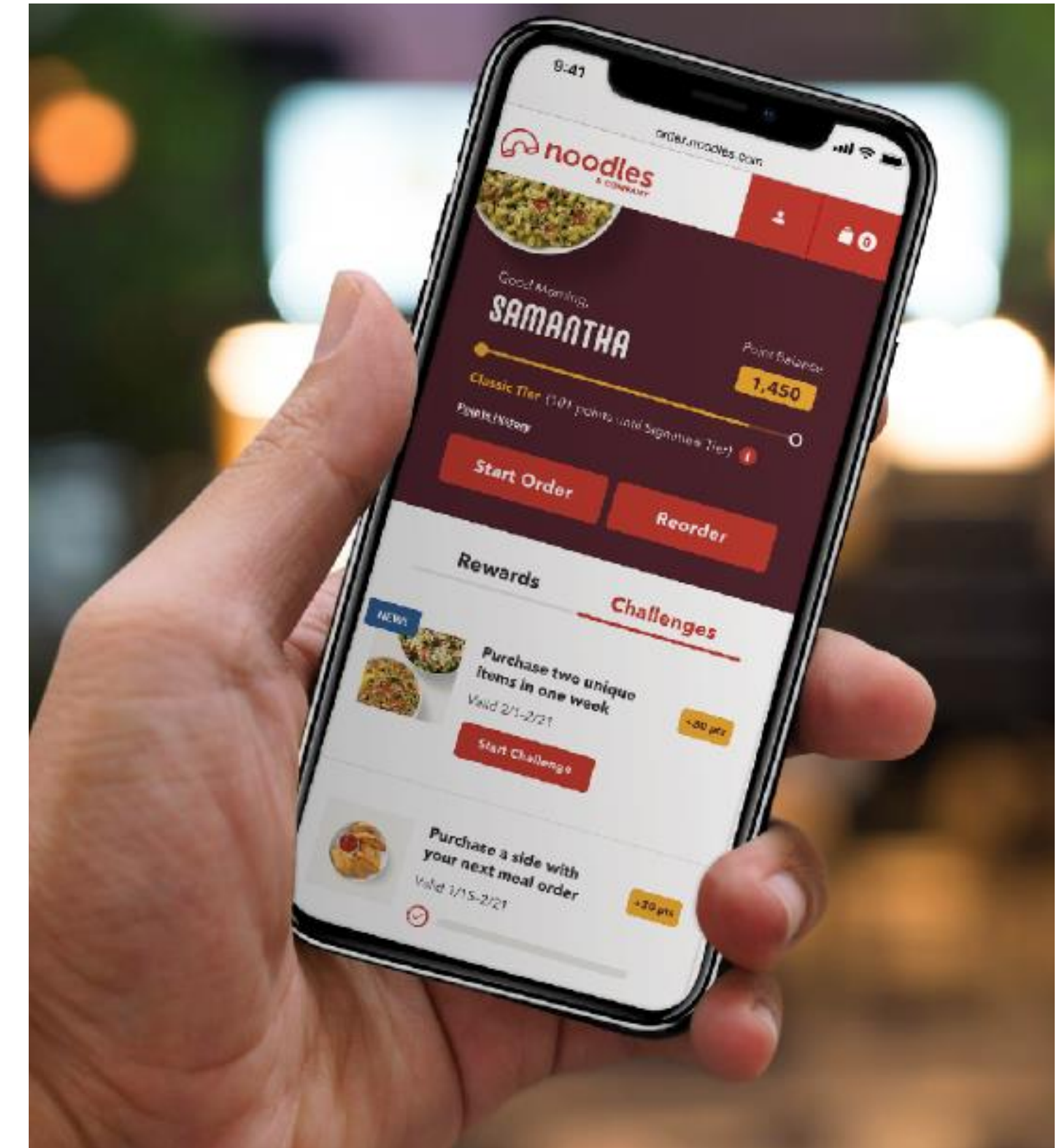
- Digital sales growth has proven long-standing with continued expansion opportunity
- Continued growth and opportunity for in-restaurant sales

#### AUV and channel mix (\$ in thousands)

	Digital	In-Restaurant	Total
April '21	\$768	\$579	\$1,347
1Q '21	\$724	\$446	\$1,169
FY2019	\$327	\$841	\$1,168

Digital channel includes Online ordering, curbside and delivery. In-restaurant includes dine-in and To Go.

AUV consists of the average annualized sales of all restaurants for a given time period. AUV is calculated by dividing restaurant revenue by the number of operating days within each time period and multiplying by the number of operating days we have in a typical year. AUV normalizes for the impact of temporarily closed restaurants.





## Our Guest Engagement

### Digital and Delivery Accelerating Brand Awareness

- Prominently shown in delivery platforms for multiple cuisines searches (Asian, Italian, Vegetarian, etc.)
- More effective targeted digital media spend

Significant increase in aided awareness



Meaningful improvement in brand trial



Source: Noodles & Company awareness tracker. March '21

Average Restaurant Level Sales by channel  
(\$ in thousands)

	Delivery	In-Restaurant
April '21	\$379	\$579
1Q '21	\$361	\$446
FY2019	\$117	\$841

Increase in Delivery sales even as In-Restaurant sales increased

Note: Delivery includes Third Party delivery and owned delivery. AUV consists of the average annualized sales of all restaurants for a given time period. AUV is calculated by dividing restaurant revenue by the number of operating days within each time period and multiplying by the number of operating days we have in a typical year. AUV normalizes for the impact of temporarily closed restaurants.



## Our Guest Engagement

### Rapidly Growing Rewards Program

- Program combining point-based redemption, experiential benefits, surprise & delight rewards
- Ability to analyze, understand, and predict guest behavior to personalize engagement with the brand



  
+ **3.6M**  
REWARDS MEMBERS

  
**20%**  
REWARDS GROWTH  
vs. 2019

“Noodles Rewards  
named #2 Fast Casual  
Rewards Program by  
Newsweek for 2021”






## Our Operating Model

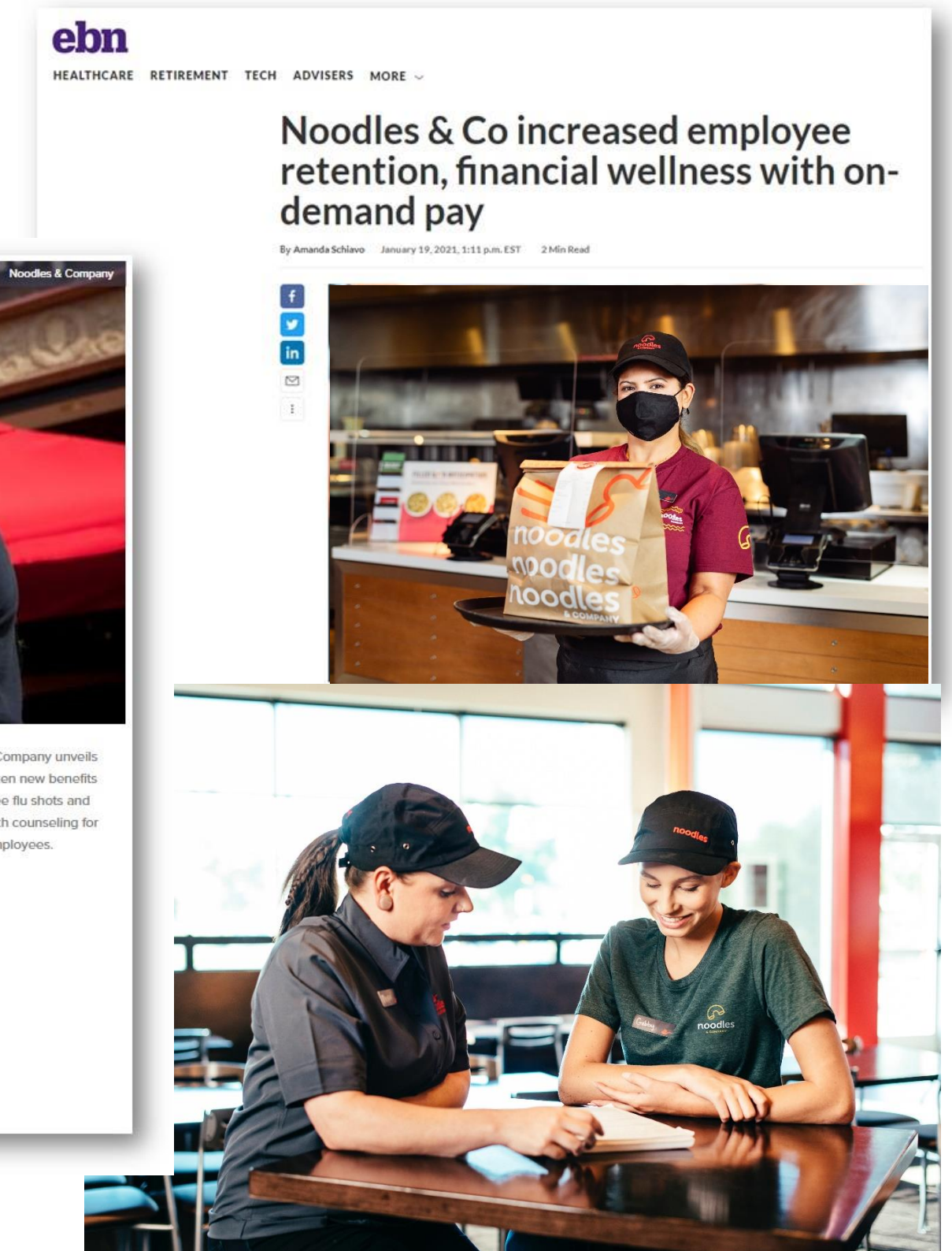
# Team Member Retention Meaningfully Better than Industry Average

- A culture of caring and operational excellence
- Industry leading approach to benefits and employee engagement

### Superior Turnover Metrics to Industry TTM Q1 2021

		Fast Casual
Manager	28%	43%
Team member	110%	132%

Source: Black Box Workforce Intelligence





## Our Operating Model

### Relentless Focus on Improving Efficiencies

- **7 hours of labor per restaurant per day removed from system from 2018 to 2020**

Represents \$14 million in annual labor savings / cost avoidance

- **2021 Steamer launch anticipated benefits**

Increases efficiency in production by bringing ingredients to temp quickly prior to cooking

~2 hours additional labor savings per restaurant per day

~30 second improvement in cook times

- **Supply Chain innovation to improve sourcing and contracting strategy**

Disciplined approach to cost management, food safety, and distribution

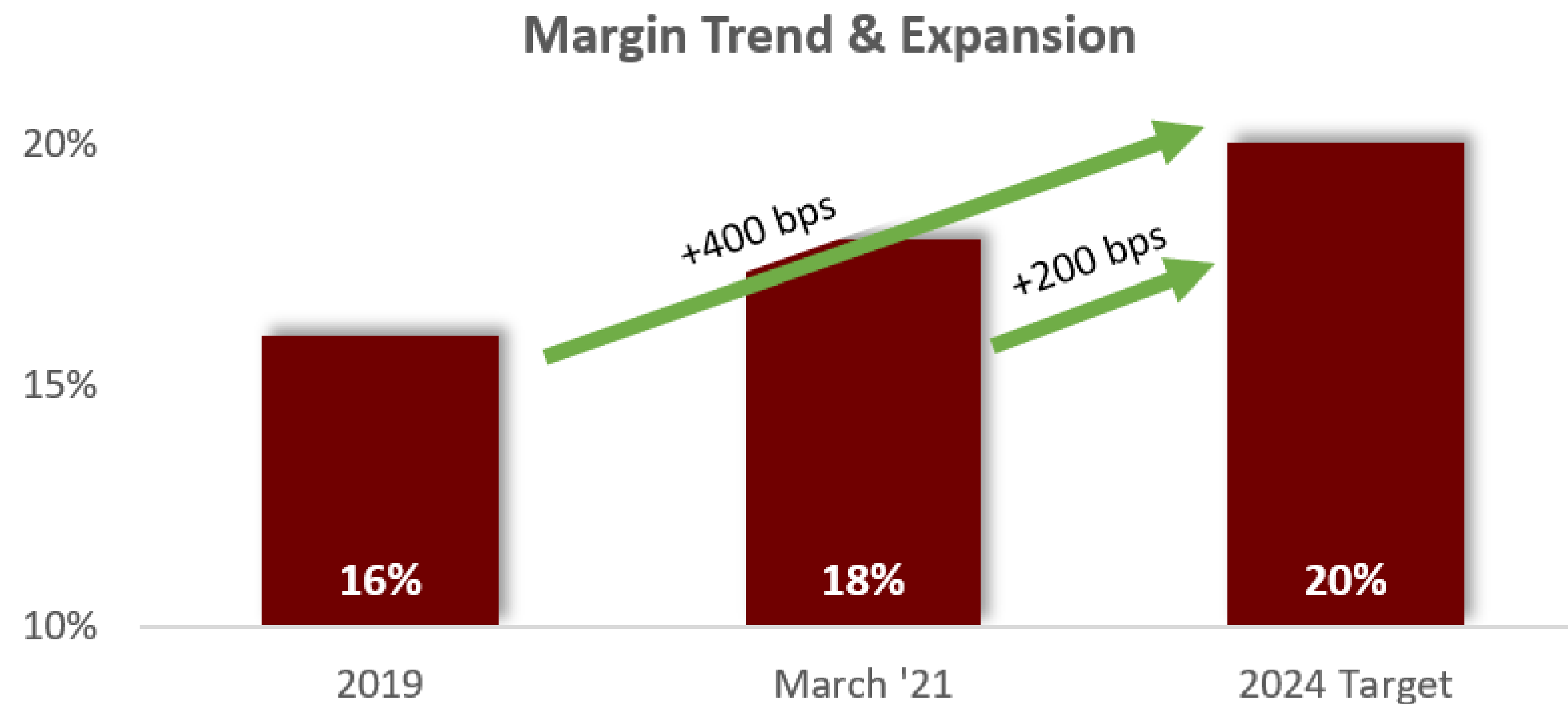
	1Q'19	1Q'21	B / (W)
COGS	<b>26.7%</b>	<b>25.0%</b>	<b>170 bps</b>
Labor	<b>34.1%</b>	<b>31.8%</b>	<b>230 bps</b>





## Our Operating Model

### Margin Expansion Levers in Place



Pricing power and low prime costs mitigates inflationary pressure and allows for meaningful leverage on fixed costs



Labor efficiencies found in kitchen, particularly through introduction of steamers, and in off-premise sales model and team retention



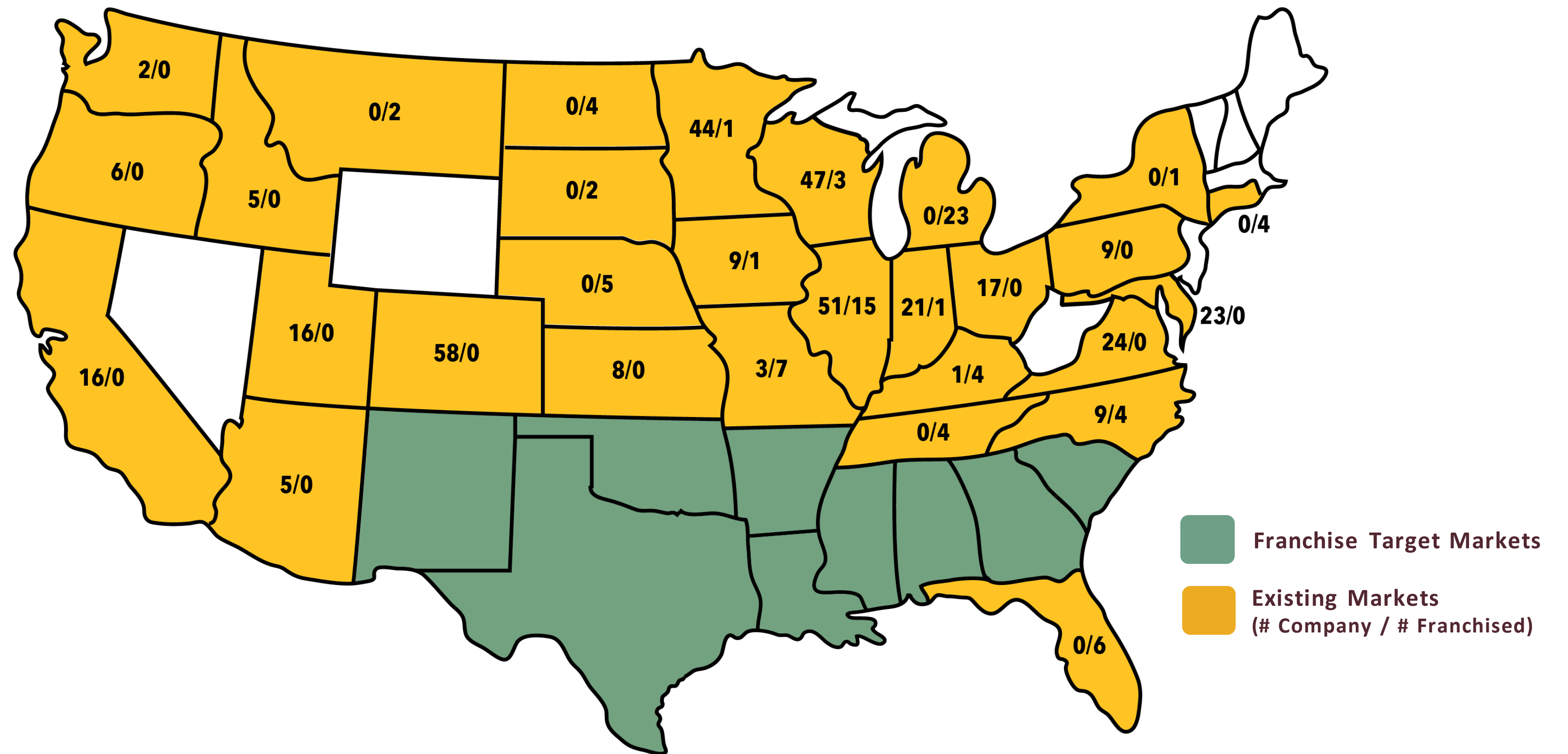
COGS efficiencies through vendor duplicity and commodity management



## Our Unit Growth

# National Footprint with Both Infill and New Market Opportunities

- Significant infill opportunities in existing markets
- Contiguous company new market growth
- Recent southern U.S. franchise initiative



# 372

COMPANY  
RESTAURANTS



# 76

FRANCHISED  
RESTAURANTS

As of 3/30/2021

## 1,500+ National Unit Potential



Our Unit Growth

Company Infill Growth with >30% Cash-on-Cash Returns

- 2019/2020 new restaurant class is the best in our history, and well ahead of prospective new unit economic model
  - Q1 2021: New Restaurants 109% of Company Avg. Sales; +340 bps Margin
- Efficient operating model: Reduced square footage, more efficient kitchen
  - Off premise orientation: 70%+ of new units to include order ahead drive through window
- Disciplined strategy with majority of company growth from infill locations
  - Majority of company markets <50% penetrated
  - Infill complemented by entry into contiguous new markets with existing infrastructure



New Unit Economic Model

Size (Sq. Ft)	2,000
Net Development Cost	\$800K
Year 1 AUV	95-100% COMPANY AVG
Maturation	18 MONTHS
Annual Cash Flow (post-maturation)	\$250K
Cash on Cash Return	30%+

Note: Represents infill markets. New markets average approximately 85 – 90% of Company Average for Year 1 AUV, and mature in approximately 24 months.



## Our Unit Growth

# Franchising Poised for Significant Growth

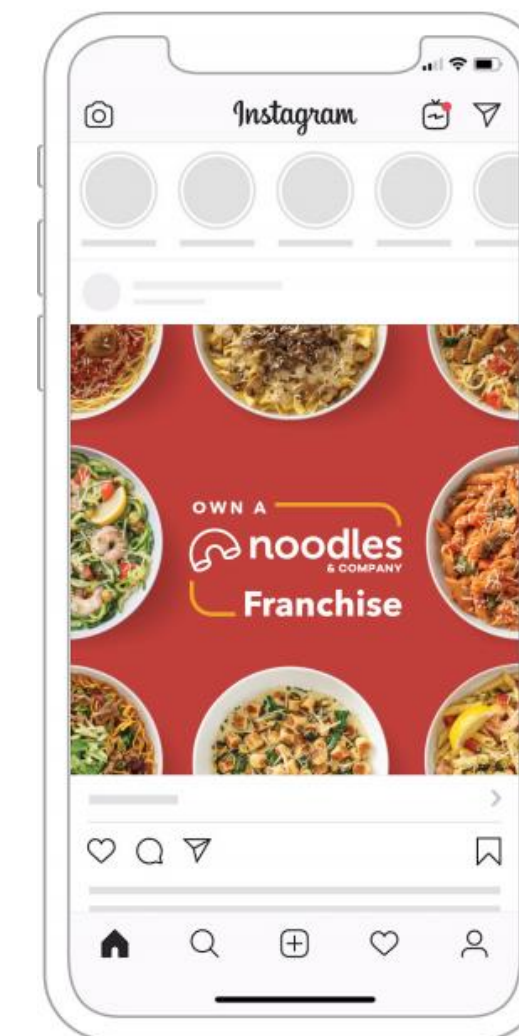
- Early 2021 announcement on expanded franchise program
- Attractive economic and operating model for franchisees
  - Low build-out cost relative to most QSR / casual dining models
  - Strong cash on cash returns, inclusive of ~55% prime costs
  - Infrastructure to support growth & quickly achieve scale
  - Concept's digital, off-premise and menu strengths on trend

## The Future of Franchising is Now at Noodles & Company

April 20, 2021 From [www.restaurantnews.com](http://www.restaurantnews.com) By RestaurantNews.com

**RestaurantNews.com**

Noodles & Company targets system-wide unit growth of at least 7% annually beginning in 2022, with a goal of 10% annual growth on a path to at least 1,500 units



## Noodles & Company is noodling an expansion to Dallas

The company so far has no restaurants in Texas.



### Featured

- LIVE WEATHER UPDATES >
- TODAY'S E-RAPER >
- YOUR CITY'S NEWS >
- TEXT WITH OUR JOURNALISTS >
- 50+ FREE NEWSLETTERS >
- CORONAVIRUS UPDATES >
- TIMELESS IN TEXAS >
- CURIOUS TEXAS >
- PUBLIC NOTICES >
- NEWSPAPER ARCHIVES >
- PUZZLES AND GAMES >

[go to www.dallasnews.com/food/restaurant-news/2021/02/25/noodles-company-franchise-will-expand-to-dallas-texas/](https://www.dallasnews.com/food/restaurant-news/2021/02/25/noodles-company-franchise-will-expand-to-dallas-texas/)





# APPENDIX



# Restaurant Contribution Margin Reconciliation

	Quarter Ended								
	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019
Income (loss) from operations	(\$1,365)	(\$3,372)	\$722	(\$12,525)	(\$4,854)	\$247	\$5,044	\$1,238	(\$1,090)
Less: Franchising and Royalty Fees	1,833	1,838	1,569	136	1,632	1,582	1,545	1,332	1,281
Plus: General and Administrative	10,929	11,461	10,827	10,034	10,554	11,022	10,436	11,848	10,140
Depreciation and Amortization	5,587	5,436	5,541	5,397	5,335	5,460	5,458	5,661	5,507
Pre-opening	58	60	239	71	73	71	266	65	-
Restaurant impairments, closure costs and asset disposal	1,231	2,557	369	2,558	1,056	4,107	336	2,884	420
Restaurant Contribution	\$14,607	\$14,304	\$16,129	\$5,399	\$10,532	\$19,325	\$19,995	\$20,364	\$13,696
Restaurant contribution margin	13.6%	13.6%	15.4%	6.7%	10.7%	17.2%	17.1%	17.1%	12.6%

**Note:** Restaurant contribution and restaurant contribution margin are non-GAAP measures that are neither required by, nor presented in accordance with GAAP. Restaurant contribution represents restaurant revenue less restaurant operating costs which are cost of sales, labor, occupancy and other restaurant operating costs. Restaurant contribution margin represents restaurant contribution as a percentage of restaurant revenue. The calculation of these measures may not be comparable to similar measures reported by other companies. The presentation of restaurant contribution and restaurant contribution margin is not intended to be considered in isolation or as a substitute for, or to be superior to, the financial information prepared and presented in accordance with GAAP. Management believes that restaurant contribution and restaurant contribution margin are important tools for investors and other interested parties because they are widely-used metrics within the restaurant industry to evaluate restaurant-level productivity, efficiency and performance. Management also uses restaurant contribution and restaurant contribution margin as metrics to evaluate the profitability of incremental sales at our restaurants, restaurant performance across periods and restaurant financial performance compared with competitors.