UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

**CURRENT REPORT PURSUANT
TO SECTION 13 OR 15 (d) OF THE
SECURITIES EXCHANGE ACT OF 1934**

Date of report (Date of earliest event reported): May 10, 2023

NOODLES & COMPANY

(Exact name of registrant as specified in its charter)

Delaware	**001-35987**	**84-1303469**
(State or Other Jurisdiction of Incorporation)	(Commission File Number)	(I.R.S. Employer Identification No.)

520 Zang Street, Suite D Broomfield, CO	**80021**
(Address of principal executive offices)	(Zip Code)

Registrant's Telephone Number, Including Area Code: (720) 214-1900

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class A common stock	NDLS	Nasdaq Global Select Market

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§ 230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§ 240.12b-2 of this chapter).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 2.02. Results of Operations and Financial Condition.

On May 10, 2023, Noodles & Company issued a press release disclosing earnings and other financial results for its fiscal quarter ended April 4, 2023, and that as previously announced, its management would review these results in a conference call at 4:30 p.m. (EST) on May 10, 2023. The full text of the press release is furnished hereto as Exhibit 99.1.

The information furnished with this report, including Exhibit 99.1, shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference into any other filing under the Securities Act of 1933, as amended, or the Exchange Act, except as expressly set forth by specific reference in such filing.

Item 9.01. Financial Statements and Exhibits.

(d) *Exhibits.*

Exhibit No.	Description
99.1	Noodles & Company Press Release dated May 10, 2023
104	Cover Page Interactive Data File. The cover page XBRL tags are embedded within the Inline XBRL document.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

	Noodles & Company
By:	/s/ CARL LUKACH
Name:	Carl Lukach
Title:	Chief Financial Officer

DATED: May 10, 2023

Exhibit 99.1

Noodles & Company Announces First Quarter 2023 Financial Results

Total Revenue Increases 12.0%; Company Comparable Restaurant Sales Increase 6.9%;
Operating Margin Improves 360 Basis Points and Restaurant Contribution Margin Improves 400 Basis Points Compared to First Quarter 2022

Broomfield, Colo., May 10, 2023 (GLOBE NEWSWIRE) - Noodles & Company (Nasdaq: NDLS) today announced financial results for its first quarter ended April 4, 2023.

Key highlights for the first quarter of 2023 versus the first quarter of 2022 include:

- Total revenue increased 12.0% to $126.1 million from $112.6 million in the first quarter of 2022.
- Comparable restaurant sales increased 6.4% system-wide, comprised of a 6.9% increase at company-owned restaurants and a 4.1% increase at franchise restaurants.
- Company Average Unit Volumes ("AUV") of $1.34 million, a 7.5% increase versus the first quarter of 2022.
- Net loss was $3.1 million, or $0.07 loss per diluted share, compared to $6.4 million, or $0.14 loss per diluted share, in the first quarter of 2022.
- Operating margin was (1.8)% compared to (5.4)% in the first quarter of 2022.
- Restaurant contribution margin[(1)] was 13.7% compared to 9.7% in the first quarter of 2022.
- Adjusted EBITDA[(1)] was $7.0 million, an increase of $4.8 million compared to the first quarter of 2022.
- Adjusted net loss[(1)] was $2.3 million, or a $0.05 loss per diluted share, compared to adjusted net loss of $5.8 million, or $0.13 loss per diluted share, in the first quarter of 2022.
- Three new company-owned restaurants opened in the first quarter of 2023.

(1) Restaurant contribution margin, EBITDA, adjusted EBITDA, and adjusted net income (loss) are non-GAAP measures. Reconciliations of operating income (loss) to restaurant contribution margin, net income (loss) to EBITDA and adjusted EBITDA and net income (loss) to adjusted net income (loss) are included in the accompanying financial data. See "Non-GAAP Financial Measures."

"Noodles & Company's strong results in the first quarter reflected continued progress in our cost-savings initiatives, a more favorable expense environment, and the ability to leverage a double-digit revenue increase from both comparable sales and new restaurant growth. Our first quarter included 400 basis points of restaurant level margin expansion versus prior year and adjusted EBITDA of $7.0 million, an increase of $4.8 million, which more than tripled from the prior year," said Dave Boennighausen, Chief Executive Officer of Noodles & Company. "As we look to the balance of 2023, the Company is focused on capitalizing on our improved margin profile to drive top line sales through a disciplined approach towards value. We are continuing to activate our rapidly growing Noodles Rewards program, in addition to offering other value focused promotions such as the return of our popular '7 for $7' menu."

Boennighausen concluded, "Margin expansion and driving profitable sales growth remain our focus to deliver significant improvement in adjusted EBITDA for 2023. Our results in the first quarter were an important step towards this objective. Additionally, we continue to make progress in overall restaurant growth with the opening of three new restaurants this quarter and the strengthening of our pipeline for 2023 and beyond."

First Quarter 2023 Financial Results

Total revenue increased $13.5 million in the first quarter of 2023, or 12.0%, to $126.1 million, compared to $112.6 million in the first quarter of 2022. This increase was primarily due to sales growth in the comparable restaurant base, in addition to a benefit from open restaurants that were temporarily closed during a portion of the first quarter of 2022 due to the Omicron variant. Revenue also benefited by an incremental $4.3 million from new restaurant openings since the beginning of the first quarter of 2022, partially offset by a decline of $1.4 million due to restaurants closed or refranchised since the first quarter of 2022.

In the first quarter of 2023, system-wide comparable restaurant sales increased 6.4%, comprised of a 6.9% increase at company-owned restaurants and a 4.1% increase at franchise restaurants. Comparable restaurant sales reflect continued momentum in our in-person channels in addition to price increases in our core menu. Digital sales during the first quarter accounted for 54.5% of total revenue. Company AUVs were $1.34 million and increased 7.5% over the first quarter of 2022.

Operating margin improved to (1.8)% in the first quarter of 2023 from (5.4)% in the first quarter of 2022, primarily due to decreased food costs and lower wage inflation.

Restaurant contribution margin increased to 13.7% in the first quarter of 2023, compared to 9.7% in the first quarter of 2022. This increase was primarily due to overall lower food and ingredient commodity pricing and labor efficiencies, in addition to sales leverage.

Three company-owned restaurants opened during the first quarter of 2023 and two company-owned restaurants closed. One franchise restaurant closed during the quarter. There were 461 restaurants system-wide at the end of the first quarter 2023, comprised of 369 company-owned restaurants and 92 franchise restaurants.

For the first quarter of 2023, the Company reported net loss of $3.1 million, or $0.07 loss per diluted share, compared with net loss of $6.4 million in the first quarter of 2022, or $0.14 loss per diluted share. Loss from operations for the first quarter of 2023 was $2.2 million, compared to loss from operations of $6.1 million in the first quarter of 2022.

Adjusted net loss was $2.3 million, or $0.05 loss per diluted share, in the first quarter of 2023, compared to adjusted net loss of $5.8 million, or $0.13 loss per diluted share, in the first quarter of 2022. Adjusted EBITDA increased 218.2%, or $4.8 million, to $7.0 million in the first quarter of 2023 compared to the year-earlier period.

Liquidity Update:

As of April 4, 2023, the Company had $2.1 million of cash on hand and outstanding debt of $52.8 million. The amount available for future borrowings under its revolving credit facility was $69.3 million as of April 4, 2023.

Business Outlook:

Based upon management's current assessment following first quarter results, the Company is reiterating guidance related to its 2023 performance. The following is expected for the full year 2023:

- Restaurant level contribution margins of 16.0% to 17.0%;
- Adjusted EBITDA of $45 million to $50 million;
- Depreciation and amortization of $25.5 million to $27.5 million;
- Disposal of assets of $3.0 million to $3.5 million;
- Net interest expense of $4.0 million to $4.5 million;
- Stock-based compensation of $6.0 million to $7.0 million;
- Adjusted EPS of $0.10 to $0.20;
- Approximately 7.5% new restaurant growth system-wide, with a majority of openings being company-owned; and
- Capital expenditures of $53 million to $58 million in 2023.

Non-GAAP Financial Measures

The Company believes that a quantitative reconciliation of certain of the Company's non-GAAP financial measures guidance to the most comparable financial measures calculated and presented in accordance with GAAP cannot be made available without unreasonable efforts. A reconciliation of these certain non-GAAP financial measures would require the Company to provide guidance for various reconciling items that are outside of the Company's control and cannot be reasonably predicted due to the fact that these items could vary significantly from period to period. A reconciliation of certain non-GAAP financial measures would also require the Company to predict the timing and likelihood of outcomes that determine future impairments and the tax benefit thereof. None of these measures, nor their probable significance, can be reliably quantified. The non-GAAP financial measures noted above have limitations as analytical financial measures, as discussed below in the section entitled "Non-GAAP Financial Measures." In addition, the guidance with respect to non-GAAP financial measures is a forward-looking statement, which by its nature involves risks and uncertainties that could cause actual results to differ materially from the Company's forward-looking statement, as discussed below in the section entitled "Forward-Looking Statements."

Key Definitions

Average Unit Volumes — represent the average annualized sales of all company-owned restaurants for a given time period. AUVs are 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. Based on this calculation, temporarily closed restaurants are excluded from the definition of AUV, however restaurants with temporarily reduced operating hours are included. This measurement allows management to assess changes in consumer traffic and per person spending patterns at our restaurants. In addition to the factors that impact comparable restaurant sales, AUVs can be further impacted by effective real estate site selection and maturity and trends within new markets.

Comparable Restaurant Sales — represents year-over-year sales comparisons for the comparable restaurant base open for at least 18 full periods. This measure highlights performance of existing restaurants, as the impact of new restaurant openings is excluded. Changes in comparable restaurant sales are generated by changes in traffic, which we calculate as the number of entrées sold and changes in per-person spend, calculated as sales divided by traffic. Restaurants that were temporarily closed or operating at reduced hours remained in comparable restaurant sales.

Restaurant Contribution and Restaurant Contribution Margin — restaurant contribution represents restaurant revenue less restaurant operating costs, which are costs of sales, labor, occupancy and other restaurant operating items. Restaurant contribution margin represents restaurant contribution as a percentage of restaurant revenue. Restaurant contribution and restaurant contribution margin are presented 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. See “Non-GAAP Financial Measures” below.

EBITDA and Adjusted EBITDA — EBITDA represents net income (loss) before interest expense, net, provision (benefit) for income taxes and depreciation and amortization. Adjusted EBITDA represents net income (loss) before interest expense, net, provision (benefit) for income taxes, depreciation and amortization, restaurant impairments, closure costs and asset disposals, fees, costs related to corporate matters and stock-based compensation. EBITDA and Adjusted EBITDA are presented because: (i) management believes they are useful measures for investors to assess the operating performance of our business without the effect of non-cash charges such as depreciation and amortization expenses and restaurant impairments, asset disposals and closure costs, and (ii) management uses them internally as a benchmark for certain of our cash incentive plans and to evaluate our operating performance or compare performance to that of competitors. See “Non-GAAP Financial Measures” below.

Adjusted Net Income (Loss) — represents net income (loss) plus various adjustments and the tax effects of such adjustments. Adjusted net income (loss) is presented because management believes it helps convey supplemental information to investors regarding the Company’s performance, excluding the impact of special items that affect the comparability of results in past quarters and expected results in future quarters. See “Non-GAAP Financial Measures” below.

Conference Call

Noodles & Company will host a conference call to discuss its first quarter financial results on Wednesday, May 10, 2023 at 4:30 PM Eastern Time. The conference call can be accessed live by registering at https://register.vevent.com/register/BI5340fcd127b94c6f9b42e812711e91a3. While not required, it is recommended that you join 10 minutes prior to the event start time. The conference call will also be webcast live from the Company’s corporate website at investor.noodles.com, under the “Events & Presentations” page. An archive of the webcast will be available at the same location on the corporate website shortly after the call has concluded.

Non-GAAP Financial Measures

To supplement its condensed consolidated financial statements, which are prepared and presented in accordance with accounting principles generally accepted in the United States of America ("GAAP"), the Company uses the following non-GAAP financial measures: EBITDA, adjusted EBITDA, adjusted net income (loss), adjusted earnings (loss) per share, restaurant contribution and restaurant contribution margin (collectively, the "non-GAAP financial measures"). 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. The Company uses these non-GAAP financial measures for financial and operational decision making and as a means to evaluate period-to-period comparisons. The Company believes 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. Adjusted net income (loss) is presented because management believes it helps convey supplemental information to investors regarding the Company's operating performance excluding the impact of restaurant impairment and closure costs and costs related to corporate transactions and the tax effect of such adjustments. However, the Company recognizes that non-GAAP financial measures have limitations as analytical financial measures. The Company compensates for these limitations by relying primarily on its GAAP results and using non-GAAP metrics only supplementally. There are numerous of these limitations, including that: adjusted EBITDA does not reflect the Company's capital expenditures or future requirements for capital expenditures; adjusted EBITDA does not reflect interest expense or the cash requirements necessary to service interest or principal payments, associated with our indebtedness; adjusted EBITDA does not reflect depreciation and amortization, which are non-cash charges, although the assets being depreciated and amortized will likely have to be replaced in the future, and do not reflect cash requirements for such replacements; adjusted EBITDA does not reflect the cost of stock-based compensation; adjusted EBITDA does not reflect changes in, or cash requirements for, our working capital needs; adjusted net income (loss) does not reflect cash expenditures, or future requirements, for lease termination payments and certain other expenses associated with reduced new restaurant development; and restaurant contribution and restaurant contribution margin are not reflective of the underlying performance of our business because corporate-level expenses are excluded from these measures. When analyzing the Company's operating performance, investors should not consider non-GAAP financial metrics in isolation or as substitutes for net income (loss) or cash flow from operations, or other statement of operations or cash flow statement data prepared in accordance with GAAP. The non-GAAP financial measures used by the Company in this press release may be different from the measures used by other companies. To the extent that the Company provides guidance, it does so only on a non-GAAP basis and does not provide reconciliations of such forward-looking non-GAAP measures to GAAP. Specifically, forecasted adjusted EBITDA, adjusted earnings per share, and contribution margin are forward-looking non-GAAP measures. Quantitative reconciling information for these measures is unavailable without unreasonable efforts. The corresponding GAAP measures (net income, earnings per share, and income (loss) from operations, respectively) are not accessible on a forward-looking basis and such information is likely to be significant to an investor.

For more information on the non-GAAP financial measures, please see the "Reconciliation of Non-GAAP Measurements to GAAP Results" tables in this press release. These accompanying tables have more details on the GAAP financial measures that are most directly comparable to non-GAAP financial measures and the related reconciliations between these financial measures.

About Noodles & Company

Since 1995, Noodles & Company has been serving noodles your way, from noodles and flavors that you know and love, to new ones you're about to discover for the first time. From indulgent Wisconsin Mac & Cheese to good-for-you Zoodles, Noodles serves a world of flavor in every bowl. Made up of over 450 restaurants and approximately 8,000 passionate team members, Noodles is dedicated to nourishing and inspiring every guest who walks through the door. To learn more or find the location nearest you, visit www.noodles.com.

Forward-Looking Statements

In addition to historical information, this press release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 that involve risks and uncertainties such as the number of restaurants we intend to open, projected capital expenditures and estimates of our effective tax rates. In some cases, you can identify forward-looking statements by terms such as “may,” “might,” “will,” “objective,” “intend,” “should,” “could,” “can,” “would,” “expect,” “believe,” “design,” “estimate,” “predict,” “potential,” “plan” or the negative of these terms and similar expressions intended to identify forward-looking statements. These statements reflect our current views with respect to future events and are based on currently available operating, financial and competitive information. Examples of forward-looking statements include all matters that are not historical facts, such as statements regarding expectations with respect to unit growth and planned restaurant openings, projected capital expenditures, and potential volatility through 2023 due to the current high inflationary environment and economic uncertainties, including the affects on the consumer sentiment and behavior. Our actual results may differ materially from those anticipated in these forward-looking statements due to reasons including, but not limited to, our ability to sustain our overall growth, including our digital sales growth; our ability to open new restaurants on schedule and cause those newly opened restaurants to be successful; our ability to achieve and maintain increases in comparable restaurant sales and to successfully execute our business strategy, including new restaurant initiatives and operational strategies to improve the performance of our restaurant portfolio; the success of our marketing efforts, including our ability to introduce new products; current economic conditions including any impact from inflation or an economic recession; a rising interest rate environment; price and availability of commodities and other supply chain challenges; our ability to adequately staff our restaurants; changes in labor costs; other conditions beyond our control such as weather, natural disasters, disease outbreaks, epidemics or pandemics impacting our customer or food supplies; and consumer reaction to industry related public health issues and health pandemics, including perceptions of food safety. For additional information on these and other factors that could affect the Company’s forward-looking statements, see the Company’s risk factors, as they may be amended from time to time, set forth in its filings with the SEC, included in our most recently filed Annual Report on Form 10-K, and, from time to time, in our subsequently filed Quarterly Reports on Form 10-Q. The Company disclaims and does not undertake any obligation to update or revise any forward-looking statement in this press release, except as may be required by applicable law or regulation. To the extent that the Company provides guidance, it does so only on a non-GAAP basis and does not provide reconciliations of such forward-looking non-GAAP measures to GAAP. Specifically, forecasted adjusted EBITDA, adjusted EPS and restaurant contribution margin are forward-looking non-GAAP measures. Quantitative reconciling information for these measures is unavailable without unreasonable efforts. The corresponding GAAP measures (net income, earnings per share and operating margin, respectively) are not accessible on a forward-looking basis and such information is likely to be significant to an investor.

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

	Fiscal Quarter Ended	
	April 4, 2023	March 29, 2022
Revenue:		
Restaurant revenue	$ 123,227	$ 109,961
Franchising royalties and fees, and other	2,850	2,601
Total revenue	126,077	112,562
Costs and expenses:		
Restaurant operating costs (exclusive of depreciation and amortization shown separately below):		
Cost of sales	31,025	30,771
Labor	39,830	35,493
Occupancy	11,486	11,149
Other restaurant operating costs	24,011	21,866
General and administrative	13,641	11,840
Depreciation and amortization	6,250	5,721
Pre-opening	492	408
Restaurant impairments, closure costs and asset disposals	1,569	1,389
Total costs and expenses	128,304	118,637
Loss from operations	(2,227)	(6,075)
Interest expense, net	961	437
Loss before taxes	(3,188)	(6,512)
Benefit from income taxes	(73)	(83)
Net loss	$ (3,115)	$ (6,429)
Loss per Class A and Class B common stock, combined		
Basic	$ (0.07)	$ (0.14)
Diluted	$ (0.07)	$ (0.14)
Weighted average shares of Class A and Class B common stock outstanding, combined:		
Basic	46,115,506	45,726,500
Diluted	46,115,506	45,726,500

Noodles & Company
Condensed Consolidated Statements of Operations as a Percentage of Revenue
(unaudited)

	Fiscal Quarter Ended	
	April 4, 2023	March 29, 2022
Revenue:		
Restaurant revenue	97.7 %	97.7 %
Franchising royalties and fees, and other	2.3 %	2.3 %
Total revenue	100.0 %	100.0 %
Costs and expenses:		
Restaurant operating costs (exclusive of depreciation and amortization shown separately below): (1)		
Cost of sales	25.2 %	28.0 %
Labor	32.3 %	32.3 %
Occupancy	9.3 %	10.1 %
Other restaurant operating costs	19.5 %	19.9 %
General and administrative	10.8 %	10.5 %
Depreciation and amortization	5.0 %	5.1 %
Pre-opening	0.4 %	0.4 %
Restaurant impairments, closure costs and asset disposals	1.2 %	1.2 %
Total costs and expenses	101.8 %	105.4 %
Loss from operations	(1.8)%	(5.4)%
Interest expense, net	0.8 %	0.4 %
Loss before taxes	(2.5)%	(5.8)%
Benefit from income taxes	— %	(0.1)%
Net loss	(2.5)%	(5.7)%

(1) As a percentage of restaurant revenue.

Noodles & Company
Consolidated Selected Balance Sheet Data and Selected Operating Data
(in thousands, except restaurant activity, unaudited)

	As of	
	April 4, 2023	**January 3, 2023**
Balance Sheet Data		
Total current assets	$ 21,086	$ 21,636
Total assets	349,044	343,843
Total current liabilities	67,966	64,113
Total long-term debt	51,216	46,051
Total liabilities	313,113	305,479
Total stockholders' equity	35,931	38,364

	Fiscal Quarter Ended				
	April 4, 2023	**January 3, 2023**	**September 27, 2022**	**June 28, 2022**	**March 29, 2022**
Selected Operating Data					
Restaurant Activity:					
Company-owned restaurants at end of period	369	368	366	363	360
Franchise restaurants at end of period	92	93	93	93	93
Revenue Data:					
Company-owned average unit volume	$ 1,343	$ 1,379	$ 1,387	$ 1,421	$ 1,249
Franchise average unit volume	$ 1,257	$ 1,276	$ 1,260	$ 1,276	$ 1,225
Company-owned comparable restaurant sales	6.9 %	10.2 %	3.4 %	5.1 %	5.3 %
Franchise comparable restaurant sales	4.1 %	1.3 %	(3.8)%	5.3 %	11.9 %
System-wide comparable restaurant sales	6.4 %	8.7 %	2.1 %	5.1 %	6.4 %

Reconciliations of Non-GAAP Measurements to GAAP Results

Noodles & Company
Reconciliation of Net Loss to EBITDA and Adjusted EBITDA
(in thousands, unaudited)

	Fiscal Quarter Ended	
	April 4, 2023	**March 29, 2022**
Net loss	$ (3,115)	$ (6,429)
Depreciation and amortization	6,250	5,721
Interest expense, net	961	437
Benefit from income taxes	(73)	(83)
EBITDA	$ 4,023	$ (354)
Restaurant impairments, closure costs and asset disposals	1,569	1,389
Stock-based compensation expense	1,391	1,169
Costs related to corporate matters	30	—
Adjusted EBITDA	$ 7,013	$ 2,204

EBITDA and adjusted EBITDA are supplemental measures of operating performance that do not represent and should not be considered as alternatives to net income (loss) or cash flow from operations, as determined by GAAP, and our calculation thereof may not be comparable to that reported by other companies. These measures are presented because we believe that investors' understanding of our performance is enhanced by including these non-GAAP financial measures as a reasonable basis for evaluating our ongoing results of operations.

EBITDA is calculated as net income (loss) before interest expense, net, provision (benefit) for income taxes and depreciation and amortization. Adjusted EBITDA further adjusts EBITDA to reflect the eliminations shown in the table above.

EBITDA and adjusted EBITDA are presented because: (i) we believe they are useful measures for investors to assess the operating performance of our business without the effect of non-cash charges such as depreciation and amortization expenses and restaurant impairments, closure costs and asset disposals and (ii) we use adjusted EBITDA internally as a benchmark for certain of our cash incentive plans and to evaluate our operating performance or compare our performance to that of our competitors. The use of adjusted EBITDA as a performance measure permits a comparative assessment of our operating performance relative to our performance based on our GAAP results, while isolating the effects of some items that vary from period to period without any correlation to core operating performance or that vary widely among similar companies. Companies within our industry exhibit significant variations with respect to capital structures and cost of capital (which affect interest expense and income tax rates) and differences in book depreciation of property, plant and equipment (which affect relative depreciation expense), including significant differences in the depreciable lives of similar assets among various companies. Our management believes that adjusted EBITDA facilitates company-to-company comparisons within our industry by eliminating some of these foregoing variations. Adjusted EBITDA as presented may not be comparable to other similarly-titled measures of other companies, and our presentation of adjusted EBITDA should not be construed as an inference that our future results will be unaffected by excluded or unusual items.

Noodles & Company
Reconciliation of Net Loss to Adjusted Net Loss
(in thousands, except share and per share data, unaudited)

	Fiscal Quarter Ended	
	April 4, 2023	March 29, 2022
Net loss	$ (3,115)	$ (6,429)
Restaurant impairments, divestitures and closure costs [a]	837	624
Costs related to corporate matters [b]	30	—
Tax impact of adjustments above [c]	(20)	(8)
Adjusted net loss	$ (2,268)	$ (5,813)
Loss per Class A and Class B common stock, combined		
Basic	$ (0.07)	$ (0.14)
Diluted	$ (0.07)	$ (0.14)
Adjusted loss per Class A and Class B common stock, combined [d]		
Basic	$ (0.05)	$ (0.13)
Diluted	$ (0.05)	$ (0.13)
Weighted average Class A and Class B common stock outstanding, combined [d]		
Basic	46,115,506	45,726,500
Diluted	46,115,506	45,726,500

Adjusted net income (loss) is a supplemental measure of financial performance that is not required by or presented in accordance with GAAP. We define adjusted net income (loss) as net income (loss) plus the impact of adjustments and the tax effects of such adjustments. Adjusted net income (loss) is presented because management believes it helps convey supplemental information to investors regarding our performance, excluding the impact of special items that affect the comparability of results in past quarters to expected results in future quarters. Adjusted net income (loss) as presented may not be comparable to other similarly-titled measures of other companies, and our presentation of adjusted net income (loss) should not be construed as an inference that our future results will be unaffected by excluded or unusual items. Our management uses this non-GAAP financial measure to analyze changes in our underlying business from quarter to quarter based on comparable financial results.

(a) Reflects the adjustment to eliminate the impact of divestiture costs and ongoing closure costs recognized during the first quarter of 2023 and 2022. Both periods include ongoing closure costs from restaurants closed in previous years. These expenses are included in the "Restaurant impairments, closure costs and asset disposals" line in the Condensed Consolidated Statements of Operations.

(b) Reflects the adjustments to eliminate the expenses related to certain corporate matters.

(c) Reflects the tax impact of the other adjustments discussed in (a) through (b) above using the estimated annual effective tax rate.

(d) Adjusted per share amounts are calculated by dividing adjusted net income (loss) by the basic and diluted weighted average shares outstanding.

Noodles & Company
Reconciliation of Operating Loss to Restaurant Contribution
(in thousands, unaudited)

	Fiscal Quarter Ended	
	April 4, 2023	March 29, 2022
Loss from operations	$ (2,227)	$ (6,075)
Less: Franchising royalties and fees, and other	2,850	2,601
Plus: General and administrative	13,641	11,840
Depreciation and amortization	6,250	5,721
Pre-opening	492	408
Restaurant impairments, closure costs and asset disposals	1,569	1,389
Restaurant contribution	$ 16,875	$ 10,682
Restaurant contribution margin	13.7 %	9.7 %

____

Restaurant contribution represents restaurant revenue less restaurant operating costs, which are the cost of sales, labor, occupancy and other operating items. Restaurant contribution margin represents restaurant contribution as a percentage of restaurant revenue. Restaurant contribution and restaurant contribution margin are non-GAAP measures that are neither required by, nor presented in accordance with GAAP, and the calculations thereof may not be comparable to similar measures reported by other companies. These measures are supplemental measures of the operating performance of our restaurants and are not reflective of the underlying performance of our business because corporate-level expenses are excluded from these measures.

Restaurant contribution and restaurant contribution margin have limitations as analytical tools and should not be considered in isolation or as substitutes for analysis of our results as reported under GAAP. Management does not consider these measures in isolation or as an alternative to financial measures determined in accordance with GAAP. However, 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 these measures as metrics to evaluate the profitability of incremental sales at our restaurants, restaurant performance across periods, and restaurant financial performance compared with competitors.