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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

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**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): November 3, 2022**

**NOODLES & COMPANY**  
(Exact name of registrant as specified in its charter)

**Delaware**  
(State or Other Jurisdiction of  
Incorporation)

**001-35987**  
(Commission File Number)

**84-1303469**  
(I.R.S. Employer  
Identification No.)

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

**80021**  
(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**  
Class A common stock

**Trading Symbol(s)**  
NDLS

**Name of each exchange on which registered**  
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.

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**Item 2.02. Results of Operations and Financial Condition.**

On November 3, 2022, Noodles & Company issued a press release disclosing earnings and other financial results for its fiscal quarter ended September 27, 2022, and that as previously announced, its management would review these results in a conference call at 4:30 p.m. (EST) on November 3, 2022. 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.*

<b>Exhibit No.</b>	<b>Description</b>
99.1	<a href="#">Noodles &amp; Company Press Release dated November 3, 2022</a>

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**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: November 3, 2022



**Noodles & Company Announces Third Quarter 2022 Financial Results**  
 Company Comparable Restaurant Sales of 3.4%; Sales Trends Accelerate Through the Quarter;  
 Company Comparable Sales of 10.5% During Fiscal October

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**Broomfield, Colo., November 3, 2022** (GLOBE NEWSWIRE) - Noodles & Company (Nasdaq: NDLS) today announced financial results for its third quarter ended September 27, 2022.

**Key highlights for the third quarter of 2022 versus the third quarter of 2021 include:**

- Total revenue increased 3.4% to \$129.4 million from \$125.1 million in the third quarter of 2021.
- Comparable restaurant sales increased 2.1% system-wide, comprised of a 3.4% increase at company-owned restaurants and a 3.8% decrease at franchise restaurants.
- Company Average Unit Volumes (“AUV”) of \$1.39 million, a 16.8% increase versus the third quarter of 2019.
- Net income was \$0.8 million, or \$0.02 per diluted share, compared to \$4.7 million, or \$0.10 per diluted share in the third quarter of 2021.
- Operating margin was 1.2% compared to 4.3% in the third quarter of 2021.
- Restaurant contribution margin<sup>(1)</sup> was 14.4% compared to 18.1% in the third quarter of 2021, which was inclusive of an approximately 300 bps increase in cost of goods sold.
- Adjusted EBITDA<sup>(1)</sup> was \$9.8 million, a decrease of \$3.4 million compared to the third quarter of 2021.
- Adjusted net income<sup>(1)</sup> was \$1.6 million, or \$0.04 per diluted share compared to adjusted net income of \$5.3 million, or \$0.12 per diluted share, in the third quarter of 2021.
- Three new company-owned restaurants and one new franchise location opened in the third quarter of 2022.

(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.”

“We are pleased with our third quarter sales performance, as Noodles strong value proposition and on trend innovation continues to resonate with our guests,” said Dave Boennighausen, Chief Executive Officer of Noodles & Company. “Our sales trends accelerated throughout the quarter and we continue to see strong momentum thus far in the fourth quarter, resulting in company comparable restaurant sales of 10.5% during fiscal October.”

Boennighausen continued, “Moreover, while it remains a difficult inflationary environment, particularly concerning wage pressure, we are seeing meaningful improvements in some of our key input costs, notably chicken. As we finalize a fixed cost contract for chicken for next year we believe COGS will improve meaningfully from our third quarter results as we enter 2023. Our brand has proven resilient in the face of a challenging economic environment, and our upcoming investments in labor efficiency and technology, including our newly launched rollout of digital menu boards across our system, have the potential to yield tangible upside to both the top and bottom line. Finally, as we accelerate new unit growth, this year we have already opened more new restaurants than any year since 2016, which combined with strong performance of new restaurants and a robust pipeline gives us further confidence in our ability to become a premier growth story in the restaurant industry.”

**Third Quarter 2022 Financial Results**

Total revenue increased \$4.3 million in the third quarter of 2022, or 3.4%, to \$129.4 million, compared to \$125.1 million in the third quarter of 2021. This increase was primarily due to sales growth in the comparable restaurant base in addition to an incremental \$3.5 million benefit from new restaurant openings since the beginning of the third quarter of 2021. This increase was partially offset by the refranchising of 15 company-owned restaurants in January of 2022, which equated to an approximate \$4.5 million decline in sales in the third quarter of 2022.

In the third quarter of 2022, system-wide comparable restaurant sales increased 2.1%, comprised of a 3.4% increase at company-owned restaurants and a 3.8% decrease 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 third quarter accounted for 49.7% of total revenue. Company average unit volumes were \$1.39 million and increased 0.7% over the third quarter of 2021 and 16.8% compared to the third quarter of 2019.

Operating margin decreased to 1.2% in the third quarter of 2022 from 4.3% in the third quarter of 2021, primarily due to increased inflation costs associated with both food and wages.

Restaurant contribution margin decreased to 14.4% in the third quarter of 2022, compared to 18.1% in the third quarter of 2021. This decrease was primarily due to an approximately 300 bps increase in costs of goods sold, due to higher food and ingredient commodity pricing, particularly within our protein mix, offset slightly by supply chain savings initiatives.

Three company-owned restaurants and one franchise restaurant opened during the third quarter of 2022. One franchise restaurant closed during the quarter. There were 459 restaurants system-wide at the end of the third quarter 2022, comprised of 366 company-owned restaurants and 93 franchise restaurants.

For the third quarter of 2022, the Company reported net income of \$0.8 million, or \$0.02 per diluted share, compared with net income of \$4.7 million in the third quarter of 2021, or \$0.10 per diluted share. Income from operations for the third quarter of 2022 was \$1.5 million, compared to income from operations of \$5.3 million in the third quarter of 2021.

Adjusted net income was \$1.6 million, or \$0.04 per diluted share, in the third quarter of 2022, compared to adjusted net income of \$5.3 million, or \$0.12 per diluted share, in the third quarter of 2021. Adjusted EBITDA decreased 25.8%, or \$3.4 million, to \$9.8 million in the third quarter of 2022 compared to the year-earlier period, primarily due to the impact of inflation on our cost of food and wages.

#### **Liquidity Update:**

As of September 27, 2022, the Company had \$1.8 million of cash on hand and outstanding debt of \$37.9 million. The amount available for future borrowings under its revolving credit facility was \$84.2 million.

#### **Business Outlook:**

The Company is providing the following expectations for the fiscal year 2022, reflecting the 53rd fiscal week that will occur during the fourth quarter of 2022:

- Fourth quarter 2022 total revenue of \$133.5 million to \$136.5 million;
- Fourth quarter 2022 restaurant level contribution margin of 14.5% to 15.0%;
- Reiterates full year 2022 unit growth of approximately 5%; and
- Reiterates full year 2022 capital expenditures of \$30.0 to \$33.0 million in 2022, representing approximately \$7.0 to \$10.0 million in the fourth quarter.

#### **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, or changes in per-person spend, calculated as sales divided by traffic. Restaurants that were temporarily closed or operating at reduced hours or dining capacity due to the COVID-19 pandemic 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, provision (benefit) for income taxes and depreciation and amortization. Adjusted EBITDA represents net income (loss) before interest expense, provision (benefit) for income taxes, depreciation and amortization, restaurant impairments, closure costs and asset disposals, acquisition costs and stock-based compensation expense. 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 third quarter financial results on Thursday, November 3, 2022 at 4:30 PM Eastern Time. The conference call can be accessed live by registering at <https://register.vevent.com/register/BI42833963ebff4322ade9ec0f51c3baa7>. 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](http://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, net debt, 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, dead deal or registration statement costs, severance costs and stock-based compensation expense 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; 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.

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 9,000 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](http://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 opening, projected capital expenditures, and potential volatility through 2022 due to the current staffing and supply chain environment, including the potential impact of commodity and wage inflation. 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, in particular, 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 successfully introduce new products; current economic conditions including any impact from inflation or an economic recession; price and availability of commodities and other supply chain challenges; our ability to adequately staff our restaurants; changes in labor costs; the impact of the COVID-19 pandemic, including on our revenue and balance sheets; other conditions beyond our control such as weather, natural disasters, disease outbreaks, epidemics or pandemics impacting our customers 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.



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

	Fiscal Quarter Ended		Three Fiscal Quarters Ended	
	September 27, 2022	September 28, 2021	September 27, 2022	September 28, 2021
<i>Revenue:</i>				
Restaurant revenue	\$ 126,638	\$ 123,094	\$ 364,873	\$ 354,553
Franchising royalties and fees, and other	2,743	2,032	8,137	5,799
<b>Total revenue</b>	<b>129,381</b>	<b>125,126</b>	<b>373,010</b>	<b>360,352</b>
<i>Costs and expenses:</i>				
Restaurant operating costs (exclusive of depreciation and amortization shown separately below):				
Cost of sales	35,528	30,946	101,963	88,728
Labor	39,049	36,896	113,370	108,128
Occupancy	11,135	11,426	33,358	34,594
Other restaurant operating costs	22,709	21,529	67,367	62,816
General and administrative	11,596	12,187	36,180	36,094
Depreciation and amortization	5,826	5,571	17,310	16,734
Pre-opening	337	125	1,098	346
Restaurant impairments, closure costs and asset disposals	1,672	1,126	5,032	2,747
<b>Total costs and expenses</b>	<b>127,852</b>	<b>119,806</b>	<b>375,678</b>	<b>350,187</b>
Income (loss) from operations	1,529	5,320	(2,668)	10,165
Interest expense, net	735	594	1,661	1,714
Income (loss) before taxes	794	4,726	(4,329)	8,451
(Benefit from) provision for income taxes	(1)	29	(40)	48
<b>Net income (loss)</b>	<b>\$ 795</b>	<b>\$ 4,697</b>	<b>\$ (4,289)</b>	<b>\$ 8,403</b>
Earnings (loss) per Class A and Class B common stock, combined				
Basic	\$ 0.02	\$ 0.10	\$ (0.09)	\$ 0.19
Diluted	\$ 0.02	\$ 0.10	\$ (0.09)	\$ 0.18
Weighted average shares of Class A and Class B common stock outstanding, combined:				
Basic	46,010,824	45,635,455	45,872,893	45,414,332
Diluted	46,197,511	46,382,509	45,872,893	46,134,994

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

	Fiscal Quarter Ended		Three Fiscal Quarters Ended	
	September 27, 2022	September 28, 2021	September 27, 2022	September 28, 2021
<i>Revenue:</i>				
Restaurant revenue	97.9 %	98.4 %	97.8 %	98.4 %
Franchising royalties and fees, and other	2.1 %	1.6 %	2.2 %	1.6 %
<b>Total revenue</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>
<i>Costs and expenses:</i>				
Restaurant operating costs (exclusive of depreciation and amortization shown separately below): <sup>(1)</sup>				
Cost of sales	28.1 %	25.1 %	27.9 %	25.0 %
Labor	30.8 %	30.0 %	31.1 %	30.5 %
Occupancy	8.8 %	9.3 %	9.1 %	9.8 %
Other restaurant operating costs	17.9 %	17.5 %	18.5 %	17.7 %
General and administrative	9.0 %	9.7 %	9.7 %	10.0 %
Depreciation and amortization	4.5 %	4.5 %	4.6 %	4.6 %
Pre-opening	0.3 %	0.1 %	0.3 %	0.1 %
Restaurant impairments, closure costs and asset disposals	1.3 %	0.9 %	1.3 %	0.8 %
<b>Total costs and expenses</b>	<b>98.8 %</b>	<b>95.7 %</b>	<b>100.7 %</b>	<b>97.2 %</b>
Income (loss) from operations	1.2 %	4.3 %	(0.7)%	2.8 %
Interest expense, net	0.6 %	0.5 %	0.4 %	0.5 %
Income (loss) before taxes	0.6 %	3.8 %	(1.2)%	2.3 %
(Benefit from) provision for income taxes	— %	— %	— %	— %
<b>Net income (loss)</b>	<b>0.6 %</b>	<b>3.8 %</b>	<b>(1.2)%</b>	<b>2.3 %</b>

(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	
	September 27, 2022	December 28, 2021
<b>Balance Sheet Data</b>		
Total current assets	\$ 21,651	\$ 22,562
Total assets	343,248	341,459
Total current liabilities	66,457	76,582
Total long-term debt	36,141	18,931
Total liabilities	306,867	303,826
Total stockholders' equity	36,381	37,633

	Fiscal Quarter Ended				
	September 27, 2022	June 28, 2022	March 29, 2022	December 28, 2021	September 29, 2021
<b>Selected Operating Data</b>					
Restaurant Activity:					
Company-owned restaurants at end of period	366	363	360	372	374
Franchise restaurants at end of period	93	93	93	76	76
Revenue Data:					
Company-owned average unit volume	\$ 1,387	\$ 1,421	\$ 1,249	\$ 1,310	\$ 1,377
Franchise average unit volume	\$ 1,260	\$ 1,276	\$ 1,225	\$ 1,320	\$ 1,347
Company-owned comparable restaurant sales	3.4 %	5.1 %	5.3 %	9.5 %	15.3 %
Franchise comparable restaurant sales	(3.8)%	5.3 %	11.9 %	20.8 %	21.0 %
System-wide comparable restaurant sales	2.1 %	5.1 %	6.4 %	11.2 %	16.3 %

## Reconciliations of Non-GAAP Measurements to GAAP Results

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

	Fiscal Quarter Ended		Three Fiscal Quarters Ended	
	September 27, 2022	September 28, 2021	September 27, 2022	September 28, 2021
Net income (loss)	\$ 795	\$ 4,697	\$ (4,289)	\$ 8,403
Depreciation and amortization	5,826	5,571	17,310	16,734
Interest expense, net	735	594	1,661	1,714
(Benefit from) provision for income taxes	(1)	29	(40)	48
EBITDA	\$ 7,355	\$ 10,891	\$ 14,642	\$ 26,899
Restaurant impairments, closure costs and asset disposals	1,672	1,126	5,032	2,747
Stock-based compensation expense	751	1,177	3,419	3,590
Fees and costs related to transactions and other acquisition/disposition costs	7	—	70	—
Adjusted EBITDA	\$ 9,785	\$ 13,194	\$ 23,163	\$ 33,236

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, provision 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 Income (Loss) to Adjusted Net Income (Loss)**  
**(in thousands, except share and per share data, unaudited)**

	Fiscal Quarter Ended		Three Fiscal Quarters Ended	
	September 27, 2022	September 28, 2021	September 27, 2022	September 28, 2021
Net income (loss)	\$ 795	\$ 4,697	\$ (4,289)	\$ 8,403
Restaurant impairments, divestitures and closure costs <sup>(a)</sup>	531	647	2,164	1,935
Fees and costs related to transactions and other acquisition/disposition costs <sup>(b)</sup>	7	—	70	—
Loss on debt modification <sup>(c)</sup>	310	—	310	—
Tax impact of adjustments above <sup>(d)</sup>	(10)	(4)	(23)	(11)
Adjusted net income (loss)	<u>\$ 1,633</u>	<u>\$ 5,340</u>	<u>\$ (1,768)</u>	<u>\$ 10,327</u>
Earnings (loss) per Class A and Class B common stock, combined				
Basic	\$ 0.02	\$ 0.10	\$ (0.09)	\$ 0.19
Diluted	\$ 0.02	\$ 0.10	\$ (0.09)	\$ 0.18
Adjusted earnings (loss) per Class A and Class B common stock, combined <sup>(e)</sup>				
Basic	\$ 0.04	\$ 0.12	\$ (0.04)	\$ 0.23
Diluted	\$ 0.04	\$ 0.12	\$ (0.04)	\$ 0.22
Weighted average Class A and Class B common stock outstanding, combined <sup>(e)</sup>				
Basic	46,010,824	45,635,455	45,872,893	45,414,332
Diluted	46,197,511	46,382,509	45,872,893	46,134,994

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 impairing restaurants, divestiture costs and ongoing closure costs recognized during the first three quarters of 2022 and 2021. 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 transactions.
- (c) Reflects the write-off of a portion of the unamortized debt issuance costs related to the debt refinancing in the third quarter of 2022.
- (d) Reflects the tax impact of the other adjustments discussed in (a) through (c) above using the estimated annual effective tax rate.
- (e) 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 Income (Loss) to Restaurant Contribution**  
(in thousands, unaudited)

	Fiscal Quarter Ended		Three Fiscal Quarters Ended	
	September 27, 2022	September 28, 2021	September 27, 2022	September 28, 2021
Income (loss) from operations	\$ 1,529	\$ 5,320	\$ (2,668)	\$ 10,165
Less: Franchising royalties and fees, and other	2,743	2,032	8,137	5,799
Plus: General and administrative	11,596	12,187	36,180	36,094
Depreciation and amortization	5,826	5,571	17,310	16,734
Pre-opening	337	125	1,098	346
Restaurant impairments, closure costs and asset disposals	1,672	1,126	5,032	2,747
Restaurant contribution	<u>\$ 18,217</u>	<u>\$ 22,297</u>	<u>\$ 48,815</u>	<u>\$ 60,287</u>
Restaurant contribution margin	14.4 %	18.1 %	13.4 %	17.0 %

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.