

NOODLES & Co

Form 10-Q

November 07, 2016

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[Table of Contents](#)

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

FORM 10-Q

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

For the quarterly period ended September 27, 2016

or

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

For the transition period from _____ to _____
Commission File Number: 001-35987

NOODLES & COMPANY

(Exact name of registrant as specified in its charter)

Delaware

84-1303469

(State or other jurisdiction of incorporation or organization) (I.R.S. Employer Identification No.)

520 Zang Street, Suite D

Broomfield, CO

80021

(Address of principal executive offices) (Zip Code)

(720) 214-1900

(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer

Non-accelerated filer Smaller reporting company

(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Outstanding at October 31, 2016
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Class A Common Stock, \$0.01 par value per share	26,341,763 shares
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Class B Common Stock, \$0.01 par value per share	1,522,098 shares
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Table of Contents**TABLE OF CONTENTS**

	Page
<u>PART I</u>	
Item 1. <u>Financial Statements (unaudited)</u>	<u>2</u>
<u>Condensed Consolidated Balance Sheets</u>	<u>2</u>
<u>Condensed Consolidated Statements of Operations</u>	<u>3</u>
<u>Condensed Consolidated Statements of Comprehensive Income (Loss)</u>	<u>4</u>
<u>Condensed Consolidated Statements of Cash Flows</u>	<u>5</u>
<u>Notes to Condensed Consolidated Financial Statements</u>	<u>6</u>
Item 2. <u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>13</u>
Item 3. <u>Quantitative and Qualitative Disclosures About Market Risk</u>	<u>24</u>
Item 4. <u>Controls and Procedures</u>	<u>25</u>
<u>PART II</u>	
Item 1. <u>Legal Proceedings</u>	<u>26</u>
Item 1A. <u>Risk Factors</u>	<u>27</u>
Item 2. <u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	<u>27</u>
Item 3. <u>Defaults Upon Senior Securities</u>	<u>27</u>
Item 4. <u>Mine Safety Disclosures</u>	<u>27</u>
Item 5. <u>Other Information</u>	<u>28</u>
Item 6. <u>Exhibits</u>	<u>29</u>
<u>SIGNATURES</u>	<u>30</u>

Table of Contents**PART I****Item 1. Financial Statements****Noodles & Company****Condensed Consolidated Balance Sheets****(in thousands, except share and per share data)**

	September 27, 2016	December 29, 2015
	(unaudited)	
Assets		
Current assets:		
Cash and cash equivalents	\$ 1,966	\$ 1,912
Accounts receivable	4,801	4,990
Inventories	11,212	10,494
Prepaid expenses and other assets	8,458	7,185
Income tax receivable	699	820
Total current assets	27,136	25,401
Property and equipment, net	202,304	203,713
Deferred tax assets, net	—	664
Goodwill	6,400	6,400
Intangibles, net	1,738	1,809
Other assets, net	2,017	1,974
Total long-term assets	212,459	214,560
Total assets	\$ 239,595	\$ 239,961
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 9,298	\$ 15,073
Accrued payroll and benefits	10,732	5,417
Accrued expenses and other current liabilities	15,428	12,424
Total current liabilities	35,458	32,914
Long-term debt, net	83,990	67,732
Deferred rent	44,085	39,597
Deferred tax liabilities, net	461	—
Other long-term liabilities	4,769	5,946
Total liabilities	168,763	146,189
Stockholders' equity:		
Preferred stock—\$0.01 par value, authorized 1,000,000 shares as of September 27, 2016 and December 29, 2015; no shares issued or outstanding	—	—
Common stock—\$0.01 par value, authorized 180,000,000 shares as of September 27, 2016 and December 29, 2015; 30,292,166 issued and 27,868,295 outstanding as of September 27, 2016 and 30,138,672 issued and 27,714,801 outstanding as of December 29, 2015	303	301
Treasury stock, at cost, 2,423,871 shares as of September 27, 2016 and December 29, 2015	(35,000)	(35,000)
Additional paid-in capital	123,889	120,634
Accumulated other comprehensive loss	(31)	(134)
(Accumulated deficit) retained earnings	(18,329)	7,971
Total stockholders' equity	70,832	93,772
Total liabilities and stockholders' equity	\$ 239,595	\$ 239,961

See accompanying notes to condensed consolidated financial statements.

2

Table of Contents

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,	September 29,	September 27,	September 29,
	2016	2015	2016	2015
<i>Revenue:</i>				
Restaurant revenue	\$ 121,442	\$ 116,151	\$ 354,511	\$ 334,767
Franchising royalties and fees	1,239	1,177	3,563	3,555
Total revenue	122,681	117,328	358,074	338,322
<i>Costs and expenses:</i>				
Restaurant operating costs (exclusive of depreciation and amortization shown separately below):				
Cost of sales	33,112	30,941	95,465	88,616
Labor	40,973	37,687	117,723	105,865
Occupancy	13,792	12,911	40,794	37,609
Other restaurant operating costs	18,470	17,003	53,958	46,878
General and administrative	15,251	9,384	35,128	27,034
Depreciation and amortization	7,006	7,117	20,983	20,959
Pre-opening	856	1,108	2,689	3,150
Restaurant impairments, closure costs and asset disposals	2,283	16,479	14,547	22,815
Total costs and expenses	131,743	132,630	381,287	352,926
Loss from operations	(9,062)	(15,302)	(23,213)	(14,604)
Interest expense, net	738	391	1,964	818
Loss before income taxes	(9,800)	(15,693)	(25,177)	(15,422)
Provision (benefit) for income taxes	41	(5,872)	1,124	(5,911)
Net loss	\$(9,841)	\$(9,821)	\$(26,301)	\$(9,511)
Loss per share of Class A and Class B common stock, combined:				
Basic	\$(0.35)	\$(0.35)	\$(0.95)	\$(0.32)
Diluted	\$(0.35)	\$(0.35)	\$(0.95)	\$(0.32)
Weighted average shares of Class A and Class B common stock outstanding, combined:				
Basic	27,802,020	28,253,859	27,786,827	29,349,061
Diluted	27,802,020	28,253,859	27,786,827	29,349,061

See accompanying notes to condensed consolidated financial statements.

Table of Contents

Noodles & Company
Condensed Consolidated Statements of Comprehensive Income (Loss)
(in thousands, unaudited)

Fiscal Quarter Ended		Three Fiscal Quarters Ended	
September 27, 2016	September 29, 2015	September 27, 2016	September 29, 2015
Net loss	\$ (9,841)		