

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-K

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

For the fiscal year ended December 31, 2024

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)

(IRS 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

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

Title of each class	Trading Symbol	Name of each exchange on which registered
Class A common stock, par value \$0.01 per share	NDLS	Nasdaq Global Select Market

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

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 every Interactive Data File required to be submitted 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 such files). Yes ☒ No ☐

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

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input checked="" type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

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. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☐

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

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

The aggregate market value of the voting and non-voting common stock held by non-affiliates as of July 2, 2024, the last business day of the registrant's most recently completed second fiscal quarter, was \$53.3 million. This amount was calculated based on the closing price of the common stock on July 2, 2024

on the Nasdaq Global Select Market. All executive officers and directors of the registrant have been deemed, solely for the purpose of the foregoing calculation, to be “affiliates” of the registrant.

As of February 28, 2025, there were 45,738,007 shares of the registrant’s Class A common stock, par value of \$0.01 per share outstanding.

TABLE OF CONTENTS

		<u>Page</u>
DOCUMENTS INCORPORATED BY REFERENCE	PART I	
Portions of the registrant’s proxy statement relating to its 2025 Annual Meeting of Stockholders, to be held on or about May 14, 2025, are incorporated by reference into Part III of this Annual Report on Form 10-K, where so indicated. Such proxy statement will be filed with the U.S. Securities and Exchange Commission within 120 days after the end of the fiscal year to which this report relates.	ITEM 1. Business	1
	ITEM 1A. Risk Factors	7
	ITEM 1B. Unresolved Staff Comments	21
	ITEM 1C. Cybersecurity	21
	ITEM 2. Properties	23
	ITEM 3. Legal Proceedings	24
	ITEM 4. Mine Safety Disclosures	24
	PART II	
	ITEM 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities	25
	ITEM 6. [Reserved]	25
	ITEM 7. Management's Discussion and Analysis of Financial Condition and Results of Operations	26
	ITEM 7A. Quantitative and Qualitative Disclosures About Market Risk	38
	ITEM 8. Financial Statements and Supplementary Data	39
	ITEM 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure	65
	ITEM 9A. Controls and Procedures	65
	ITEM 9B. Other Information	66
	ITEM 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections	66
	PART III	
	ITEM 10. Directors, Executive Officers and Corporate Governance	66
	ITEM 11. Executive Compensation	66
	ITEM 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters	66
	ITEM 13. Certain Relationships and Related Transactions, and Director Independence	66
	ITEM 14. Principal Accounting Fees and Services	66
	PART IV	
	ITEM 15. Exhibits, Financial Statement Schedules	67
	ITEM 16. Form 10-K Summary	72
	SIGNATURES	
	EXHIBITS	

Special Note Regarding Forward-Looking Statements

This report contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 that involve risks and uncertainties, including but not limited to the risks and uncertainties discussed under Item 1A. “Risk Factors,” Item 7. “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and Item 1. “Business.” 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. Forward-looking statements may relate to, among other things: (i) our business objectives and strategic plans, including projected or anticipated growth rates, including in guest traffic, digital orders, and new restaurants, revenues, planned improvements in operational efficiencies, gross margins, and cost management, and enhancements to our restaurant environments and guest engagement, including the anticipated impacts of innovations, improvements, and marketing efforts; (ii) our expectations about pricing strategy; (iii) our expectations about the competitiveness of the labor market and our ability to hire, train, and retain qualified personnel; (iv) anticipated capital investments and the results of such investments, including in new restaurant openings, local marketing, our digital capabilities, and information technology systems, and the anticipated related benefits; (v) our expectations about restaurant operating costs, including commodity and food prices, occupancy costs, and labor and energy costs; and our ability to offset higher costs with menu price increases and related impacts on consumer behavior; (vi) anticipated legislation and other regulation of our business, the expected impacts of government regulations on our operations and financial condition, and changes in such regulation, including in relation to our franchise operations; (vii) our ability to attract and build relationships with experienced franchise partners; (viii) our expectations about anticipated uses of, and risks associated with, future cash flows, liquidity, future capital expenditures, and other capital deployment opportunities, and taxes; (ix) our expectations regarding competition; (x) our expectations regarding demand and business recovery, consumer preferences, and consumer discretionary spending; (xi) our ability to successfully implement our food safety programs; (xii) our ability to successfully implement our health and safety initiatives; (xiii) our expectations and other statements regarding interest rates, commodity prices, and other factors; (xiv) the seasonality of our business; (xv) anticipated impacts of future pandemics; (xvi) our plans to regain compliance with Nasdaq’s continued listing required requirements; and (xvii) the other risks discussed under the section titled Risk Factors below. These statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performances or achievements expressed or implied by the 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. Unless required by United States federal securities laws, we do not intend to update any of these forward-looking statements to reflect circumstances or events that occur after the statement is made.

PART I

ITEM 1. Business

General

Noodles & Company is a restaurant concept offering lunch and dinner within the fast-casual segment of the restaurant industry. Our core offerings include noodle and pasta dishes, staples of many different cuisines, with the goal of delivering fresh ingredients and flavors from around the world under one roof. Today, our globally-inspired menu includes a wide variety of high quality, cooked-to-order dishes, including noodles and pasta, salads, soups and appetizers. As of December 31, 2024, we operated 463 restaurants in 31 states, which included 371 company locations and 92 franchise locations.

Noodles & Company is a Delaware corporation that was organized in 2002. Noodles & Company and its subsidiaries are sometimes referred to as “Noodles,” “we,” “us,” “our,” and the “Company” in this report. We refer to our Class A Common Stock, par value \$0.01 per share, as our “common stock.”

Our Concept and Business Strategy

We believe Noodles is a broadly appealing concept in the national fast-casual dining space. We are focused on offering customers flavorful, cooked-to-order dishes in a warm and welcoming environment at an attractive value. We offer approximately 20 globally-inspired and highly customizable dishes that can be enjoyed inside our restaurants, taken to-go, or delivered to our customers.

Our customers experience the Noodles brand through our company-owned and franchise operated locations, and digitally through our mobile app, website www.noodles.com and third-party delivery services. In 2024, approximately 56% of our sales were derived from digital ordering, where guests have the opportunity to select in restaurant quick pick-up or delivery to their home or office. We believe that the breadth of ways that consumers can access our brand, the variety inherent in our menu, and how well our food travels is a business strength in relation to consumer trends towards convenience.

We are one of the only national restaurant chains to offer a menu devoted to noodles across a variety of cuisines. We offer a wide variety of flavor profiles, combining classic noodle dishes with more contemporary options. We hand-chop fresh vegetables and prepare nine noodle varieties in-house every day. All of our dishes are cooked-to-order. Choice and customization have always been a great strength of the brand. This focus on culinary innovation allows us to prepare and serve high quality food and meet changing consumer expectations. In late 2024, we began one of the most comprehensive menu upgrade in our 30-year history. This includes reimaged favorites including more sauce, more vegetables, and more premium ingredients. Additionally, the new menu includes thoughtfully curated new dishes with bold flavors that addressed gaps in our existing menu offering. We began the rollout of our updated menu in late 2024 and will be substantially complete by the end of the first half of 2025.

Consistent with our culture of enhanced customer service, we seek to hire, develop and retain individuals who will deliver prompt, attentive service by engaging customers the moment they enter our restaurants. Our training philosophy empowers both our restaurant managers and team members, also referred to as employees, to add a personal touch when engaging with our customers. Our restaurant managers are critical to our success, as we believe that their entrepreneurial spirit and outreach efforts build our brand in our communities.

Restaurant Portfolio and Franchising

Restaurant Portfolio. As of December 31, 2024, we had 371 company-owned restaurants and 92 franchise restaurants in 31 states. Our restaurants are typically between 2,000 and 2,600 square feet and are located in end-cap, in-line or free-standing locations across a variety of suburban, collegiate and urban markets. We continue to analyze our restaurant prototype design to better facilitate future expansion and better meet the needs of the changing consumer experience.

Restaurant Development. In 2024, we opened ten new company-owned restaurants. In 2025, we plan to open two new company-owned restaurants.

Certain Restaurant Closures. We closed thirteen company-owned restaurants in 2024, most of which were either generating low or negative cash flows, at or approaching the expiration of their leases, or in trade areas that are not as well positioned for current

consumer trends. We will continue to analyze our restaurant portfolio and expect to close or relocate certain restaurants, that are at, or near, the expiration of their leases, generating low or negative cash flows or in trade areas that are not as well positioned for current consumer trends.

Franchising. As of December 31, 2024, we had 92 franchise units in 20 states operated by 14 franchisees. In 2024, our franchisees opened three restaurants and closed seven restaurants. In 2024, we sold six company-owned restaurants to a franchisee (the “DND Sale”). As part of the DND Sale, we entered into a six-year development plan commitment that includes development of ten new locations throughout Oregon and Washington. We have 10 area developers who have signed development agreements providing for the opening of 119 restaurants in their respective territories. We expect franchising to be a part of our growth strategy in future years which could include refranchising existing markets. We look for experienced, well-capitalized franchise partners who are able to leverage their existing infrastructure and local knowledge in a manner that benefits both our franchisees and us. We expect to continue to offer development rights in markets where we do not intend to build company-owned restaurants. We may offer such rights to larger developers who commit to open 10 or more units, or to smaller developers who may commit to open fewer restaurants. We do not currently intend to offer single-unit franchises. We believe the strength and attractiveness of our brand will attract experienced and well-capitalized area developers.

Site Development and Expansion

We consider our site selection and development process critical to our long-term success. We have used a combination of our own internal team and outside real estate consultants to locate, evaluate and negotiate new sites using various criteria. In making site selection decisions, we use several analytical tools designed to uncover the key site, demographic, business, retail, competitive and traffic characteristics that drive successful locations. We utilize third-party resources to assist with evaluating potential new sites. Once a location has been approved by our executive-level selection committee, we begin a design process to match the characteristics and feel of the location to the trade area. Due to increased construction and development costs and lower than expected returns on investment on recent new restaurant openings, we have reduced our new restaurant development pipeline for 2025 and 2026.

Restaurant Management and Operations

Friendly Team Members. We believe our genuine, friendly team members separate us from our competitors. We value the individuality of our team members, which we believe results in a management, operations and training philosophy distinct from that of our competitors. We strive to hire team members who share our values, a passion for food, have a competitive spirit and will operate our restaurants in a way that is consistent with our high standards. We seek to hire individuals who will deliver prompt, attentive service by engaging customers at all points during the Noodles brand experience. We empower our team members to enrich the experience of our customers and directly address any concerns that may arise in a manner that contributes to the success of our business.

Restaurant Management and Employees. Each restaurant typically has a general manager, an assistant general manager, multiple shift managers and team members. We cross-train our employees in an effort to create a depth of competency in our critical restaurant functions. To lead our restaurant management teams, we have area managers (each of whom is responsible for approximately five to 10 restaurants), as well as regional directors (each of whom is responsible for approximately 50 to 60 restaurants).

Training and Career Development. We believe that our training efforts create a culture of continuous learning and professional growth that allows our team members to continue their career development with us. Within each restaurant, two to four team members are designated to lead the training efforts and maintain a consistent approach to team member development. We produce training materials that encourage individual contributions and participation from our team members while also requiring adherence to certain guidelines and procedures.

Food Preparation and Quality. Our teams use classic professional cooking methods, including sautéing many of our vegetables, in full kitchens resembling those of full-service restaurants. All team members, including our restaurant managers, spend their first several days working solely with food and learning these techniques, and we spend a significant amount of time training team members to prepare and cook our food properly.

The majority of our restaurants have exhibition-style kitchens. This design demonstrates our commitment to cooking fresh food in an accessible manner. We provide each customer with individual attention and make every effort to respond to customer suggestions and concerns in a personal and hospitable way.

We require all of our dishes to be cooked to order at food safe temperatures or, in the case of salads, subject to our produce washing protocols, as food safety is a top priority for us. We have designed our food safety and quality assurance programs to maintain high standards for our food and food preparation procedures. Our director of quality assurance oversees robust restaurant and supplier audits based upon the potential food safety risk of each food. We also consider food safety and quality assurance when selecting our distributors and suppliers. Our suppliers are inspected by federal, state and local regulators or other reputable, qualified inspection services, which promotes compliance with all federal food safety and quality guidelines. We regularly inspect our suppliers to confirm that the ingredients we buy conform to our quality standards and that the prices we pay are competitive. We train our employees to pay detailed attention to food quality at every stage of the food preparation cycle, and we have developed a daily checklist that our employees are required to use to assess the freshness and quality of food supplies. Finally, we encourage our customers to provide feedback regarding our food quality so that we can identify and resolve problems or concerns as quickly as possible.

Restaurant Marketing

Our strategic marketing efforts seek to drive sales and increase brand loyalty by highlighting our competitive strengths through a variety of channels including digital marketing, social media, public relations, guest engagement and local marketing. We focus on attributes that set us apart including the breadth and customization of our menu and our best-in-class convenience offerings, and ultimately use a data-driven approach to guide our strategy.

- *Our Contemporary Menu Offerings.* At the heart of our marketing is our food and the desire to craft harmonious dishes that reflect the modern, borderless flavors and celebrate fresh, cooked to order, real food. We focus some of our marketing efforts on new menu offerings to broaden our appeal to our customers and we continue to invest in high quality ingredients and portions that improve the taste and appearance of our dishes. At the same time, we showcase the dishes that continue to be loved by many. For instance, in 2024, our focus on new menu offering efforts centered around the launch of three new dishes: Crispy Chicken Bacon Alfredo, Chipotle Chicken Cavatappi and Lemon Garlic Shrimp Scampi. In 2025, we are set to introduce five new contemporary dishes and culinary changes to four other dishes.
- *Brand Platform.* From time to time, we launch new brand platforms to enhance our brand awareness, introduce Noodles to new guests and remind existing guests what sets Noodles apart.
- *Loyalty Program.* Our *Noodles Rewards* program grew approximately 8% during 2024 to approximately 5.6 million members. The Rewards program provides us with guest data that can be used to target and personalize offers and communications. The program allows guests to accumulate reward points associated with each purchase that can be redeemed for offers such as free bowls, free side dishes, discounts, and free delivery. Rewards members are typically the first to learn about new offerings, and in some cases are provided exclusive access to certain menu items for a limited time.
- *Digital Business.* We continue to make strategic investments in our digital capabilities to improve the overall guest experience and increase our digital sales. Our digital platforms, inclusive of our website and our app, offer guests a differentiated and seamless ordering experience and make it convenient for guests to purchase their favorites. We use our digital platforms to increase brand engagement and usage of the Rewards program. Additionally, we have expanded our third-party partnerships to increase our brand’s reach among guests who primarily place orders through these delivery providers. We invest in digital advertising to advertise specific product categories, highlight convenient off-premise channel offerings, communicate rewards and encourage guest action and long-term guest loyalty. We leverage zero-party, first-party and third-party data to drive effective and efficient advertising spend, helping us to improve the return on our investment. We have installed digital menu boards across all company-owned locations that allow us to showcase key menu features, target guest communication, enhance our pricing capabilities and increase flexibility for culinary testing.

Human Capital Management

We believe the strength of our workforce is one of the significant contributors to our success as a brand. This is largely attributed to our team members who strive every day to create an environment for our guests where they feel welcomed and cared for. Therefore, one of our strategic priorities is to develop people as a differentiator, including investing in the following areas of focus:

Oversight and Management. We value the diversity of our team members, which reflects the diversity of our guests and communities, and believe in creating an inclusive and equitable environment that supports equal employment opportunities and represents a broad spectrum of backgrounds and cultures. Our Human Resources department is tasked with managing employment-related matters, including recruiting and hiring, onboarding and training, compensation and benefit planning, organizational design, performance management, succession planning and talent development. Our management and cross-functional teams also work closely to evaluate human capital management matters such as team member retention, workplace safety, harassment and bullying, as well as to implement measures to mitigate these risks.

Our Board of Directors and Board committees provide oversight on certain human capital matters. Our Compensation Committee, with input from members of our management team and a third-party compensation consultant, who provides benchmarked data, has responsibility for approving annually certain elements of compensation, including our incentive compensation plans and equity-based plans. Management provides input into the design of our incentive compensation programs to confirm that these programs support the Company’s business objectives and strategic priorities. The annual business plan initially established by our management, and approved by our Board, is an important element of our Compensation Committee’s decision-making process for performance measures and goals.

At Noodles & Company, we prioritize investing in our workforce by offering industry competitive base wages and salaries, performance-based cash and equity incentives, and competitive benefits that enhance the well-being, career growth, and financial security of our team members. Our quarterly and annual performance-based bonus plans are designed to align compensation with company success by rewarding team members for achieving key financial and operational performance metrics. Additionally, eligible team members receive long-term incentives—such as restricted stock units (RSUs) and performance stock units (PSUs)—that align their interests with long-term shareholder value creation.

Beyond compensation, Noodles & Company provides a competitive and targeted benefits package designed to support the financial, physical, and mental well-being of our team members. Our offerings include medical, dental, and vision insurance, along with mental health support and wellness programs to promote overall well-being. To enhance financial security, we offer a 401(k) program with a company match, an Employee Stock Purchase Plan (the “ESPP” plan), early access to earned wages, a deferred compensation plan for eligible positions, and short-term and long-term disability coverage for eligible positions.

Additionally, we support team member engagement and work-life balance with paid time off, family-planning benefits, immigration support, education assistance, and meal discounts. Our Employee Assistance Program (EAP) provides valuable resources, including financial planning support and legal assistance, providing our team members access to the tools they need for personal and professional success. We are committed to fostering career growth by offering leadership development programs, skills training, and succession planning to prepare team members for higher-level roles. Our goal of being a best-in-class workplace has earned us continued recognition, including being named one of Forbes’ Best Employers for Diversity for the fourth consecutive year in 2024.

To further demonstrate our commitment to supporting our team members, we established the Noodles & Company Foundation to provide assistance in times of need and invest in their futures. Since its inception, the Foundation has granted over \$580,000 in emergency assistance and more than \$540,000 in scholarships to help team members and their families achieve their educational goals. Created by and for our team members, the Foundation reinforces our dedication to fostering a resilient, empowered workforce and giving back to the communities we serve. Looking ahead, we are planning to continue to elevate the team member experience by enhancing our talent development, workplace culture, and innovative total rewards programs that differentiate Noodles & Company as an employer of choice in our industry.

As of December 31, 2024, we had approximately 7,300 employees, including approximately 500 salaried employees and approximately 6,800 hourly employees. None of our employees are unionized or covered by a collective bargaining agreement, and we consider our current employee relations to be good.

Suppliers

Maintaining a high degree of quality in our restaurants depends in part on our ability to acquire fresh ingredients and other necessary supplies that meet our specifications from reliable suppliers. We carefully select suppliers based on quality and their understanding of our brand, and we seek to develop mutually beneficial long-term relationships with them. We work closely with our suppliers and use a mix of forward, fixed and formula pricing protocols. In some cases, we have made efforts to increase the number of suppliers for our ingredients, which we believe can help mitigate pricing volatility. We monitor industry news, trade issues, weather, crises and other world events that may affect supply prices.

Seasonality/Quarterly Financial Information

Seasonal factors and the timing of holidays cause our revenue to fluctuate from quarter to quarter. Our revenue per restaurant is typically lower in the first and fourth quarters, due to reduced winter and holiday traffic, and higher in the second and third quarters. Other factors also have a seasonal effect on our results. For example, restaurants located near colleges and universities generally do more business during the academic year. Seasonal factors, however, might be moderated or outweighed by other factors that may influence our quarterly results, such as worldwide health pandemics, fluctuations in food or packaging costs, or the timing of menu price increases or promotional activities and other marketing initiatives.

Our quarterly results are also affected by other factors such as the amount and timing of incentive-based compensation expense and related tax rate impacts, impairment charges and non-operating costs, timing of marketing or promotional expenses, the number and timing of new restaurants opened in a quarter, and the closure of restaurants. New restaurants typically have higher operating costs following opening because of the expenses associated with their opening and operating inefficiencies in the months immediately following opening. Accordingly, results for a particular quarter are not necessarily indicative of results to be expected for any other quarter or for any year.

Competition

We face competition from the casual dining, quick-service and fast-casual segments of the restaurant industry. These segments are highly competitive with respect to taste, price, food quality and presentation, service, location and the ambiance and condition of each restaurant, among other things. Our competition includes a variety of locally owned restaurants and national and regional chains who offer dine-in, carry-out and delivery services. Many of our competitors have existed longer and have a more established market presence with substantially greater financial, marketing, personnel and other resources than we have. Among our competitors are a number of multi-unit, multi-market fast-casual restaurant concepts, some of which are expanding nationally. We will continue to face competition from these concepts and new competitors that strive to compete within our market segments.

We also face competition from firms outside the restaurant industry, such as grocery stores and home meal replacement services, who sell prepared meals for takeout and delivery service.

Intellectual Property and Trademarks

We own a number of trademarks and service marks registered or pending with the U.S. Patent and Trademark Office. We also have certain trademarks registered in certain foreign countries. In addition, we own the internet domain name *www.noodles.com*. The information on, or that can be accessed through, our website is not part of this report. We believe that our trademarks, service marks and other intellectual property rights have significant value and are important to the marketing of our brand, and it is our policy to protect and defend vigorously our rights to such intellectual property.

Governmental Regulation and Environmental Matters

We are subject to extensive and varied federal, state and local government regulation, including regulations relating to public and occupational health and safety, sanitation and fire prevention. We operate each of our restaurants in accordance with standards and procedures designed to comply with applicable codes and regulations. However, an inability to obtain or retain health department or other licenses could adversely affect our operations. Although we have not experienced, and do not anticipate, any significant difficulties, delays or failures in obtaining required licenses, permits or approvals, any such problem could delay or prevent the opening of, or adversely impact the viability of, a particular restaurant or group of restaurants.

We are subject to federal, state and local environmental laws and regulations concerning waste disposal, pollution, protection of the environment and the presence, discharge, storage, handling, release and disposal of, or exposure to, hazardous or toxic substances (“environmental laws”). These environmental laws can provide for significant fines and penalties for non-compliance and liabilities for remediation, sometimes without regard to whether the owner or operator of the property knew of, or was responsible for, the release or presence of the hazardous or toxic substances. Third parties may also make claims against owners or operators of properties for personal injuries and property damage associated with releases of, or actual or alleged exposure to, such substances. We are not aware of any environmental laws that will materially affect our earnings or competitive position, or result in material capital expenditures relating to our restaurants. However, we cannot predict what environmental laws will be enacted in the future, how existing or future environmental laws will be administered, interpreted or enforced, or the amount of future expenditures that we may need to make to comply with, or to satisfy claims relating to, environmental laws. It is possible that we will become subject to environmental liabilities at our properties, and any such liabilities could materially affect our business, financial condition or results of operations.

Management Information Systems

We use a variety of applications and systems to securely manage the flow of information within each restaurant, and within our central support office infrastructure. All of our restaurants use computerized management information systems, which we believe are scalable to support any future growth plans. We use point-of-sale (“POS”) computers designed specifically for the restaurant industry. Our POS system provides a touch screen interface, a graphical order confirmation display and integrated, high-speed credit card and gift card processing. Our online ordering system allows customers to place orders online or through our mobile app. Orders taken remotely are routed to the point-of-sale system based on the time of customer order pickup. The POS system is used to collect daily transaction data, which generates information about daily sales, product mix and average check that we actively analyze. All products sold and prices at our company-owned restaurants are programmed into the system from our central support office. We also continue to modernize and make investments in our information technology networks and infrastructure, specifically in our physical and technological security measures, to anticipate cyber-attacks and defend against breaches and to provide improved control, security and scalability. Enhancing the security of our financial data, customer information and other personal information is a high priority for us.

Our in-restaurant back office computer system is designed to assist in the management of our restaurants and provide labor and food cost management tools. These tools provide restaurant operations management and our central support office quick access to detailed business data and reduces restaurant managers’ administrative time. The system provides our restaurant managers the ability to submit orders electronically with our distribution network. The system also supplies sales, bank deposit and variance data to our finance department on a daily basis. We use this data to generate daily sales information and weekly consolidated reports regarding sales and other key measures.

Franchisees use similar point of sale systems and are required to report sales on a daily basis through an online reporting network and submit their restaurant-level financial statements on a quarterly and annual basis. We also offer certain restaurant technology support services to our franchisees.

Financial Information About Segments

We operate as a single accounting segment. Financial information related to our business is included in Item 8 of this Annual Report on Form 10-K.

Available Information

We maintain a website at *www.noodles.com*, including an investor relations section at *investor.noodles.com*, on which we routinely post important information, such as webcasts of quarterly earnings calls, and any related materials. You may access our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, amendments to those reports and other reports relating to us that are filed with or furnished to the SEC, free of charge in the investor relations section of our website as soon as reasonably practicable after such material is electronically filed with or furnished to the SEC.

The contents of the websites mentioned herein are not incorporated into and should not be considered a part of this report. The references to the URLs for these websites are intended to be inactive textual references only.

ITEM 1A. Risk Factors

The following risk factors and other information included in this Annual Report on Form 10-K should be carefully considered. The risks and uncertainties described below are not the only ones we face. Additional risks and uncertainties not presently known to us or that we presently deem less significant may also impair our business operations. You should carefully consider the risks described below, as well as the other information in this Annual Report on Form 10-K, including our financial statements and the related notes and “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” as well as our other filings with the Securities and Exchange Commission, before deciding whether to invest in our common stock. If any of the following risks occur, our business, financial condition, results of operations and future growth prospects could be materially and adversely affected.

Risks Related to Our Business and Industry

We may not achieve our operational, strategic or financial goals.

We continue to pursue a number of financial, operational and strategic goals and we may be unsuccessful in achieving some or all of them. Our strategies are designed to, among other objectives, improve restaurant operations and increase our restaurant revenue, comparable restaurant sales, net income and adjusted EBITDA, as defined in management’s discussion and analysis. However, our strategies may not be successful in achieving these goals in part or at all.

Our strategies include innovating our menu offerings, enhancing our menu structure and layout, improving operational effectiveness and strengthening our financial foundation, optimizing our catering offerings, refining our pricing strategies, better understanding and tailoring communications to customers through our customer data platform and digital ecosystem, introducing new technology and equipment, and continuing to focus on manager selection, training and development of our teams. However, customers may not favor new menu offerings and pricing or may not find initiatives aimed at off-premise dining appealing, and our efforts to increase our sales growth and improve our offerings may be unsuccessful. Additionally, our operational initiatives may be ineffective at reducing costs or may reduce the quality of the customer experience. Any failure of our new initiatives could materially adversely affect our business, financial condition, results of operations or cash flows.

Further, we have had, and expect to continue to have, initiatives in various stages of testing, evaluation and implementation, upon which we expect to rely to improve our results of operations and financial condition. Failure to achieve successful implementation of our initiatives, including our menu innovation rollout, could materially adversely affect our business, financial condition, results of operations or cash flows.

Our strategic and operational goals are designed to improve our results of operations, including restaurant revenue and profitability. The level of comparable restaurant sales, which represent the change in year-over-year sales for restaurants open for at least 18 full periods, affects our restaurant revenue growth and will continue to be a critical factor affecting profitability. Our ability to increase comparable restaurant sales depends in part on our ability to successfully implement our initiatives, including increasing guest traffic. It is possible that such initiatives will not be successful, that we will not achieve our desired comparable restaurant sales growth or that the change in comparable restaurant sales could be negative, which may cause a decrease in restaurant revenue and profitability that could materially adversely affect our business, financial condition, results of operations or cash flows. For example, in 2023 and 2024 we experienced a decline in same store sales, as well as an increased loss from operations.

Changes in economic conditions, including higher inflationary pressures and continued elevated interest rates, may reduce customer demand and increase our costs.

Our business, and the restaurant industry in general, depends on consumer discretionary spending. Changes in market conditions, including negative economic conditions resulting from inflation, increased interest rates, recessionary economic cycles, changes in trade policies, including tariffs or other trade restrictions or the threat of such actions, stock market volatility, war, terrorist activities, global economic occurrences or trends or other geo-political events, may result in decreased consumer confidence, increased cost of consumer credit and ultimately reduced consumer disposable income. In turn, consumers may make changes to their discretionary spending behavior in a way that negatively affects our business, including dining out less frequently, reducing the amount they spend while dining out, or choosing to eat at other lower priced restaurants. Additionally, these changes in market conditions may impact our development pipeline, including the availability of new sites, increased construction costs and availability of contract labor.

Changes in economic conditions, particularly with respect to inflationary pressures, may result in increased interest rates persisting for longer than expected and/or further increases in interest rates, labor shortages, and supply chain disruptions. These inflationary pressures may also increase our costs including our labor and raw material costs, utilities, and our cost of borrowing, and we may not be able to fully offset such higher costs through price increases. For example, in 2023 and 2024, we executed amendments to our credit agreement, which resulted in increased borrowing rates. In 2022, the cost of several of our food ingredients increased as a result of inflation in many commodities, particularly the cost of our chicken. As a result, we implemented a temporary chicken-price surcharge of \$1.00 for several months while chicken was at its peak of the commodity cycle and made certain other menu price increases throughout 2022.

If customer demand were to decrease or our costs were to increase without a corresponding increase in our prices, our profitability would decline. Moreover, as a result of such economic conditions, we may record additional asset impairment charges, implement additional restaurant closures, or slow our planned growth. Any of these economic factors may materially adversely affect our business, financial condition, results of operations or cash flows.

Competition from other restaurant companies could adversely affect us.

We face competition from the casual dining, fast-casual and quick-service segments of the restaurant industry. These segments are highly competitive with respect to taste, price, food quality and presentation, service, location and the ambiance and condition of each restaurant, among other things. Our competition includes a variety of locally owned restaurants and national and regional chains who offer dine-in, carry-out and delivery services. Many of our competitors have existed longer and have a more established market presence with substantially greater financial, marketing, personnel and other resources than we have. Among our competitors are a number of multi-unit, multi-market fast-casual restaurant concepts, some of which are expanding nationally. We continually face competition from these concepts and new competitors that strive to compete with our market segments. For example, additional competitive pressures come from the deli sections and in-store caf  s of grocery store chains, as well as from convenience stores and online meal preparation sites. These competitors may have, among other things, lower operating costs, food offerings more responsive to consumer preferences, better locations and facilities, more experienced management, more effective marketing and more efficient operations.

Several of our competitors compete by offering menu items that are specifically identified as low in carbohydrates, gluten-free, or rich in protein. In addition, many of our competitors emphasize lower-cost value options or meal packages, or strategies we do not currently pursue. Any of these competitive factors may materially adversely affect our business, financial condition, results of operations or cash flows.

Our marketing programs may not be successful.

We incur costs and expend other resources in our marketing efforts to attract and retain customers. These initiatives may not be successful, resulting in expenses incurred without the benefit of higher revenues. Additionally, many of our competitors have more marketing resources and we may not be able to successfully compete. If our competitors increase spending on marketing, or if our marketing funds decrease for any reason, or if our advertising and promotions are less effective than those of our competitors, our financial performance could be materially affected.

Many of our competitors are devoting increased resources to their social media marketing programs. Social media can be challenging because it reaches a broad audience with an ability to respond or react, in near real time. In addition, social media can facilitate the improper disclosure of proprietary information, personally identifiable information, or inaccurate information. As a result, if we do not appropriately manage our social media strategies, our marketing efforts in this area may not be successful and could damage our reputation, negatively impacting our restaurant sales and financial performance.

Negative publicity relating to one or more of our restaurants, including our franchised restaurants, could reduce sales at some or all of our other restaurants.

Our success is dependent in part upon our ability to maintain and enhance the value of our brand, consumers’ connection to our brand and positive relationships with our franchisees. We may be faced with negative publicity relating to food quality, restaurant facilities, customer complaints or litigation alleging illness or injury, health inspection scores, integrity of our or our suppliers’ food processing, employee relationships or other matters, regardless of whether the allegations are valid or whether we are held to be responsible. The negative impact of adverse publicity relating to one restaurant may extend far beyond the restaurant or

franchise involved to affect some or all of our other restaurants. The risk of negative publicity is particularly great with respect to our franchised restaurants because we are limited in the manner in which we can regulate them, especially on a real-time basis. Negative publicity generated by such incidents may be amplified by the use of social media. A similar risk exists with respect to unrelated food service businesses, if consumers associate those businesses with our own operations or are concerned with the food safety of the broader restaurant industry.

Additionally, employee claims against us based on, among other things, wage and hour violations, discrimination, harassment or wrongful termination may also create negative publicity that could materially adversely affect us and divert our financial and management resources that would otherwise be used to benefit the future performance of our operations. A significant increase in the number of these claims or an increase in the number or scope of successful claims could materially adversely affect our business, financial condition, results of operations or cash flows. Consumer demand for our products and our brand’s value could diminish significantly if any such incidents or other matters create negative publicity or otherwise erode consumer confidence in us or our products, or in the restaurant industry as a whole, which would likely result in lower sales and could materially adversely affect our business, financial condition, results of operations or cash flows.

Food safety and foodborne illness concerns could have an adverse effect on our business.

We cannot guarantee that our internal controls and training will be fully effective in preventing all food safety issues at our restaurants, including any occurrences of foodborne illnesses such as E. coli, Hepatitis A, listeria, norovirus and salmonella. The risk of illnesses associated with our food might also increase in connection with the expansion of our catering and delivery businesses or other situations in which our food is served or delivered in conditions that we cannot control. Furthermore, we and our franchisees rely on third-party vendors throughout our supply chain, making it difficult to monitor food safety compliance and increasing the risk that foodborne illness would affect multiple locations rather than a single restaurant. Some foodborne illness incidents could be caused by third-party vendors and transporters outside of our control. New illnesses resistant to our current precautions may develop in the future, or diseases with long incubation periods could arise, that could give rise to claims or allegations on a retroactive basis. One or more instances of foodborne illness in any of our restaurants or markets or related to food products we sell could negatively affect our restaurant sales nationwide if highly publicized on national media outlets or through social media. This risk exists even if it were later determined that the illness was wrongly attributed to us or one of our restaurants.

A number of other restaurant chains have experienced incidents related to foodborne illnesses that have had a material adverse effect on their operations, including E. coli, listeria and norovirus outbreaks at other fast-casual concepts. These incidents at other restaurants could cause some customers to have a negative perception of fast-casual concepts generally, which can negatively affect our restaurants. The occurrence of a similar incident at one or more of our restaurants, or negative publicity or public speculation about an incident, could materially adversely affect our business, financial condition, results of operations or cash flows.

We may raise menu prices or revise our pricing structure, which may not be sufficient to offset rising costs or which could decrease customer demand.

We have historically, and expect to continue to, utilize menu price increases to help offset cost increases, including increased cost for food ingredients and supplies, wages, employee benefits, insurance costs, construction, utilities and other key operating costs. If our selection and amount of menu price increases are not accepted by consumers and reduce guest traffic, or are insufficient to counter increased costs, our financial results could be negatively affected. For example in 2023, primarily in response to inflationary food, labor and operating costs, we made certain menu price increases, which we believe negatively affected our traffic.

Unexpected events have impacted and may in the future impact our business, financial condition and results of operations.

The occurrence of one or more unexpected events, including war, acts of terrorism, pandemics, civil unrest, natural disasters and other forms of severe weather in the United States or in other locations in which our suppliers are located, have affected and could in the future affect our operations and financial performance. It is possible that weather conditions may impact our business more than other businesses in our industry because of the significant concentration of our restaurants in the Upper Midwest, Rocky Mountain and Mid-Atlantic states. Such events could affect our guest traffic, sales and operating costs and/or cause complete or partial closure of one or more distribution centers, cause temporary or long-term disruption or inoperability of our information technology systems (including our digital platform), temporary or long-term disruptions in our delivery channel or the supply of

products from suppliers, and disruption and delay in the transport of products, any of which may have a material adverse effect on our business, financial condition, and results of operations. Existing insurance coverage may not provide protection from all the costs that may arise from such events.

We are subject to risks associated with long-term non-cancellable leases and the costs of exiting leases at restaurants we have closed or may close in the future may be greater than we estimate or could be greater than the funds we raise to address closure costs.

We do not own any real property. Payments under our operating leases account for a significant portion of our operating expenses and we expect the new restaurants we open in the future will similarly be leased. Our leases generally have an initial term of ten years and generally can be extended only in five-year increments (at increased rates). All of our leases require a fixed annual rent, although some require the payment of additional rent if restaurant sales exceed a negotiated amount. Generally, our leases are “net” leases, which require us to pay all of the cost of insurance, taxes, maintenance and utilities. We generally cannot cancel these leases. Additional sites that we lease are likely to be subject to similar long-term non-cancelable leases. In connection with closing restaurants, we may nonetheless be committed to perform our obligations under the applicable lease including, among other things, paying the base rent for the balance of the lease term. In 2024, we performed a detailed portfolio review that identified approximately 20 restaurants that we evaluated for potential closure before the end of their lease terms. In addition, as each of our leases expires, we may fail to negotiate renewals, either on commercially acceptable terms or at all, which could cause us to pay increased occupancy costs or to close restaurants in desirable locations.

Opening and operating new restaurants entails numerous risks and uncertainties.

One element of our operational strategy is the opening of new restaurants and operating those restaurants on a profitable basis with an acceptable return on investment. In 2024, we opened ten company-owned restaurants and closed thirteen company-owned restaurants. In 2024, our franchisees opened three restaurants and closed seven restaurants.

Opening new restaurants presents numerous risks and uncertainties. We may not successfully identify an appropriate location or be able to open new restaurants as quickly as planned. In the past, we have experienced delays in opening some restaurants due to adverse weather and permitting delays. Delays or failures in opening new restaurants could occur in the future and could materially adversely affect our business strategy and our expected results.

Our ability to successfully open new restaurants also depends on other factors, including: site selection; local economic trends and demographics; proximity of potential development sites to an existing location; anticipated development near our new restaurants; negotiating leases with acceptable terms; identifying, hiring and training qualified employees; the state of the labor market in each local market; timely delivery of leased premises to use; managing construction and development costs; avoiding the impact of inclement weather, natural disasters and other calamities; obtaining construction materials and labor at acceptable costs; securing required governmental approvals, permits and licenses; generating sufficient returns on our new restaurant investments; and accessing capital. Our new restaurant growth will decrease in 2025 due to lower than expected rates of return on investment for our recently opened restaurants as well as increased construction and development costs. As a result, we have reduced our new restaurant development pipeline for 2025. We continue to enhance our operating model and are researching a new prototype that would address costs, as well as changing consumer behaviors.

Our long-term success is partially dependent on our ability to effectively identify appropriate target markets and secure appropriate sites for new restaurants.

In order to build new restaurants, we must first identify target markets where we can expand our footprint, taking into account numerous factors, including the location of our current restaurants, local economic trends, population density, area demographics and geography. The selection of target markets for expansion is challenging. We also must locate and secure appropriate sites for new restaurants, which is one of our biggest challenges. There are numerous factors involved in identifying and securing an appropriate site, including, among others: identification and availability of locations; competition; financial conditions affecting developers and potential landlords; developers and potential landlords obtaining licenses or permits for development projects on a timely basis; proximity of potential development sites to an existing location; anticipated development near our new restaurants; and availability of acceptable lease arrangements. If we are unable to fully implement our development plan, our business, financial condition, results of operations or cash flows could be materially adversely affected.

New restaurants, once opened, may not be profitable.

New restaurants may not be profitable, their sales performance may not follow historical patterns, or our average restaurant sales and comparable restaurant sales may underperform our expectations. In addition, the construction costs supporting the new restaurant openings may be higher than historical averages, placing a higher profitability threshold to generate an attractive cash-on-cash return. Our ability to operate new restaurants profitably, maintain an attractive cash-on-cash return, and increase average restaurant sales and comparable restaurant sales will depend on many factors, some of which are beyond our control, including: consumer awareness, understanding and support of our brand; general economic conditions, construction cost inflation, local labor costs and availability and prices we pay for the food products and other supplies we use; changes in consumer preferences; competition; temporary and permanent site characteristics of new restaurants; and changes in government regulation.

If our new restaurants do not perform as planned, our business and future prospects could be harmed. In addition, if we are unable to achieve our expected average restaurant sales, our business, financial condition, results of operations or cash flows could be materially adversely affected. The return on investment on our recent new restaurant openings have not been as expected. As a result, we have reduced our new restaurant development pipeline for 2025.

Opening new restaurants in existing markets may negatively affect sales at our existing restaurants.

The consumer target area of our restaurants varies by location, depending on a number of factors, including population density, other local retail and business attractions, area demographics and geography. As a result, opening a new restaurant in or near markets in which we already have restaurants could materially adversely affect the sales of these existing restaurants. Existing restaurants could also make it more difficult to build our consumer base for a new restaurant in the same market. Our core business strategy does not entail opening new restaurants that we believe will materially affect sales at our existing restaurants, but we may selectively open new restaurants in and around areas of existing restaurants that are operating at or near capacity to effectively serve our customers. Sales cannibalization between our restaurants may become significant in the future as we continue to expand our operations and could affect our sales growth, which could, in turn, materially adversely affect our business, financial condition, results of operations or cash flows.

Risks Related to Our Employees, Executives and Franchisees

Our business could be adversely affected by difficulties in hiring and retaining top-performing employees.

Our success depends on the efforts of our employees and our ability to hire, motivate and retain qualified employees. We have taken strategic steps to improve the retention of our labor force, which has improved sequentially since peak levels in mid-2022 and turnover levels are now at lower levels and wage inflation is moderating. There may be a small supply of qualified individuals in some of the communities in which we operate, and competition in these communities for qualified individuals could require us to pay higher wages and provide greater benefits. We devote significant resources to training our employees and strive to reduce turnover in order to keep top performing employees and better realize our investment in training new employees. However, turnover among our restaurant employees may increase. Failure to hire and retain top-performing employees could impact our financial performance by increasing our training and labor costs and reducing the quality of our customers’ experiences.

A failure to recruit, develop and retain effective leaders or the loss or shortage of personnel with key capacities and skills could impact our strategic growth plans and jeopardize our ability to meet our business performance expectations and growth targets.

Our ability to continue to grow our business depends substantially on the contributions and abilities of our executive leadership team and other key management personnel. Changes in senior management could expose us to significant changes in strategic direction and initiatives. In 2023, we hired a new Chief Financial Officer and appointed an interim Chief Executive Officer, ultimately naming him our permanent Chief Executive Officer in 2024. We also appointed our new Chief Concept Officer and an Executive Vice President of Marketing in 2024 and recently announced the appointment of our new President and Chief Operating Officer in February 2025. A failure to maintain appropriate organizational capacity and capability to support our strategic initiatives or to build adequate bench strength with key skill sets required for seamless succession of leadership, could jeopardize our ability to meet our business performance expectations and growth targets. If we are unable to attract, develop, retain and incentivize sufficiently experienced and capable management personnel, our business and financial results may suffer.

If we or our franchisees face labor shortages or increased labor costs, our operating results could be adversely affected.

Labor is a primary component in the cost of operating our restaurants and our success depends in part upon our and our franchisees’ ability to control labor costs and attract, motivate and retain a sufficient number of well-qualified restaurant operators and management personnel, as well as a sufficient number of other qualified employees. Qualified individuals needed to fill these positions has been and may continue to be in short supply in some geographic areas. In addition, restaurants have traditionally experienced relatively high employee turnover rates relative to other industries. If we encounter labor shortages, we have and may continue to be forced to temporarily close restaurants or reduce store hours, which could result in reduced revenue. In addition, failure to recruit and retain qualified individuals has and may continue to delay the planned openings of new restaurants. If labor costs increase, whether because of increased competition for employees, higher employee turnover rates, increases in the federal, state or local minimum wage or other employee benefits costs (including costs associated with workers’ compensation and health insurance coverage), our operating expenses could increase.

We have taken strategic steps to attempt to make our restaurant operations more labor-efficient, including reconfigured restaurant operations, increased off-premise offerings, and new technology and equipment, but in certain instances these may require initial investment costs and there can be no assurances that these strategies will succeed.

We may not be successful in executing our franchise strategy.

We rely in part on our franchisees and the manner in which they operate their locations to develop and promote our business. Although we have developed criteria to evaluate and screen prospective franchisees, we cannot be certain that our franchisees will have the business acumen or financial resources necessary to operate successful franchises in their franchise areas and state franchise laws may limit our ability to terminate or modify these franchise arrangements. Moreover, despite our training, support and monitoring, franchisees may not successfully operate restaurants in a manner consistent with our standards and requirements or may not hire and train qualified managers and other restaurant personnel. The failure of our franchisees to operate their franchises successfully could have a material adverse effect on us, our reputation, our brand and our ability to attract prospective franchisees and could materially adversely affect our business, financial condition, results of operations or cash flows. Failure to provide our franchisees with adequate support and resources could also materially adversely affect these franchisees, as well as cause disputes between us and them and potentially lead to material liabilities.

Franchisees may not have access to the financial or management resources that they need to open the restaurants contemplated by their agreements with us or be able to find suitable sites on which to develop them, or they may elect to cease development for other reasons, including as a consequence of elevated interest rates and construction cost inflation. Franchisees may not be able to negotiate an acceptable lease or purchase terms for the sites, obtain the necessary permits and government approvals or meet construction schedules. Any of these problems could reduce our franchise revenues. When we sell restaurants to franchisees, we frequently remain liable on the related restaurant facility leases. If franchise owners default on leases that the Company remains liable on, it could result in material liabilities and negatively impact our results from operations and cash flows.

Risks Related to Our Supply Chain and Technology

We rely heavily on information technology, and any material failure, weakness, interruption or breach of security could prevent us from effectively operating our business.

We rely heavily on information systems, including point-of-sale processing in our restaurants, for management of our supply chain, payment of obligations, collection of cash, credit and debit card transactions and other processes and procedures. We also rely on third-party vendors to provide information technology systems and to securely process and store related information, especially as it relates to credit and debit card transactions and online ordering. Our franchisees also rely on information systems and third-party vendors. Our ability to efficiently and effectively manage our business depends significantly on the reliability and capacity of these systems. Our operations depend upon our and our franchisees’, and our vendors’, ability to protect computer equipment and systems against damage from physical theft, fire, power loss, telecommunications failure or other catastrophic events, as well as from internal and external security breaches, viruses and other disruptive problems. Avoiding such incidents in the future will require us and our franchisees and vendors to continue to enhance information systems, procedures and controls and to hire, train and retain employees. The failure of these systems to operate effectively, maintenance problems, upgrading or transitioning to new platforms, or a breach in security of these systems could result in delays in customer service and reduce efficiency in our operations. Remediation of such problems could result in significant, unplanned capital investments and harm our business, financial condition, results of operations or cash flows.

We may be harmed by breaches of security of information technology systems or our confidential consumer, employee, financial, or other proprietary data.

We are part of an industry that is vulnerable to cyber attacks and other cybersecurity incidents. In response, we have implemented cybersecurity processes, technologies, and controls to aid in our efforts to assess, identify, and manage cybersecurity risks. Our enterprise risk management framework considers cybersecurity risk alongside other company risks as part of our overall risk assessment process. Our enterprise risk management team includes information technology and digital security functions to gather insights for assessing, identifying and managing cybersecurity threat risks, their severity, and potential mitigations. The rapid evolution and increased adoption of artificial intelligence technologies may intensify our risks.

We assess Noodles & Company’s cybersecurity program using several frameworks including the cybersecurity framework from the National Institute of Standards and Technology (NIST-CSF). This program includes policies, processes and procedures that help assess and identify our cybersecurity risks and inform how security measures and controls are developed, implemented and maintained. The risk assessment along with risk-based analysis and judgment are used to prioritize our cybersecurity initiatives. During this process, the following factors, among others, are considered: likelihood and severity of risk, impact on the Company and others if a risk materializes, feasibility and cost of controls and impact of controls on operations.

We maintain internal resources to perform penetration testing designed to simulate evolving tactics and techniques of real-world threat actors, engage with industry partners and law enforcement and intelligence communities and conduct tabletop exercises and periodic risk interviews across our business. We also engage several independent third parties to perform internal and external penetration testing of our technology environment periodically and engage other third-parties to periodically conduct assessments of our cybersecurity processes and capabilities. In addition, we continue to expand training and awareness practices to mitigate risk from human error, including mandatory computer-based training and internal communications for employees. Our employees undergo cybersecurity awareness training and regular phishing awareness campaigns that are based upon and designed to emulate real-world contemporary threats. We provide prompt feedback (and, if necessary, additional training or remedial action) based on the results of such exercises.

We use many information technology systems throughout our operations, including systems that record and process customer sales, manage human resources and generate accounting and financial reports. For example, our restaurants use computerized management information systems, including point-of-sale computers that process customer credit card, debit card and gift card payments, and in-restaurant back office computer systems designed to assist in the management of our restaurants and provide labor and food cost management tools. Our franchisees use similar point of sale systems and are required to report business and operational data through an online reporting network. Through these systems, we have access to and store a variety of consumer, employee, financial and other types of information related to our business. We also rely on third-party vendors to provide information technology systems and to securely process and store related information. Our franchisees also use information technology systems and rely on third-party vendors. If our technology systems, or those of third-party vendors we or our franchisees rely upon, are compromised as a result of a cyber-attack (including from circumvention of security systems, denial-of-service attacks, hacking, “phishing” attacks, computer viruses, ransomware, malware, or social engineering) or other external or internal methods, it could materially adversely affect our reputation, business, financial condition, results of operations or cash flows.

The cyber risks we face range from cyber-attacks common to most industries to attacks that target us due to the confidential consumer information we obtain through our electronic processing of credit and debit card transactions. Like others in our industry, we have experienced many attempts to compromise our information technology and data, including a successful attempt in 2016 that we have discussed in previous filings, and we may experience more attempts in the future. In addition to property and casualty insurance, which may cover restoration of data, certain physical damage or third-party injuries, we have cybersecurity insurance related to a breach event. However, damage and claims arising from such incidents may not be covered or may exceed the amount of any available insurance.

Because cyber-attacks take many forms, change frequently, are becoming increasingly sophisticated, and may be difficult to detect for significant periods of time, we may not be able to respond adequately or timely to future cyber-attacks. If we or our franchisees, or third-party vendors, were to experience a material breach resulting in the unauthorized access, use, or destruction of our information technology systems or confidential consumer, employee, financial, or other proprietary data, it could negatively impact our reputation, reduce our ability to attract and retain customers and employees and disrupt the implementation and execution of our strategic goals. Moreover, such breaches could result in a violation of various privacy-related laws, including the various state specific privacy laws and subject us to investigations or private litigation, which, in turn, could expose us to civil

or criminal liability, fines and penalties imposed by state and federal regulators, claims for purportedly fraudulent transactions arising out of the actual or alleged theft of credit or debit card information, compromised security and information systems, failure of our employees to comply with applicable laws, the unauthorized acquisition or use of such information by third parties, or other similar claims, and various costs associated with such matters.

We rely heavily on certain vendors, suppliers and distributors, which could adversely affect our business.

Our ability to maintain consistent price, quality and safety throughout our restaurants depends in part upon our ability to acquire specified food products and supplies in sufficient quantities from third-party vendors, suppliers and distributors at a reasonable cost. We do not control the businesses of our vendors, suppliers and distributors and our efforts to specify and monitor the standards under which they perform may not be successful. Furthermore, certain food items are perishable, and we have limited control over whether these items will be delivered to us in appropriate condition for use in our restaurants. If any of our distributors or suppliers perform inadequately, or our distribution or supply relationships are disrupted for any reason, our business, financial condition, results of operations or cash flows could be materially adversely affected. If we cannot replace or engage distributors or suppliers who meet our specifications in a short period of time, including any suppliers who are a sole source of supply of a particular ingredient, that could increase our expenses and cause shortages of food and other items at our restaurants, which could cause a restaurant to remove items from its menu. If that were to happen, affected restaurants could experience significant reductions in sales during the shortage or thereafter, especially if customers change their dining habits as a result. Our focus on a limited menu would make the consequences of a shortage of a key ingredient more severe. In addition, because we provide moderately priced food, we may choose not to, or may be unable to, pass along commodity price increases to consumers. These potential changes in food and supply costs could materially adversely affect our business, financial condition, results of operations or cash flows.

In addition, we use various third-party vendors to provide, support and maintain most of our management information systems. We also outsource certain accounting, payroll and human resource functions to business process service providers. The failure of such vendors to fulfill their obligations could disrupt our operations. Any changes we may make to the services we obtain from our vendors, or new vendors we employ, may disrupt our operations. These disruptions could materially adversely affect our business, financial condition, results of operations or cash flows. For example, during 2023 our point of sale provider and food ordering vendors experienced temporary system outages. Future outages could lead to greater disruption to our operations.

We also partner with various third-party vendors to deliver our food. If any of our delivery vendors perform inadequately, or our delivery relationships are disrupted for any reason, our business, financial condition, results of operations or cash flows could be materially adversely affected.

Our ability to continue to expand our digital business, delivery orders, and catering is uncertain, and these business lines are subject to risks.

We rely on third-party providers to fulfill delivery orders, and the ordering and payment platforms used by these third parties, or our mobile app or online ordering system, could be damaged or interrupted by technological failures, user errors, cyber-attacks or other factors, which may materially adversely impact our sales through these channels and could negatively impact our brand. Additionally, our delivery partners are responsible for order fulfillment and may make errors or fail to make timely deliveries, leading to customer disappointment that may negatively impact our brand. We also incur additional costs associated with using third-party service providers to fulfill these digital orders and the costs of delivery may have a material adverse impact on restaurant level margins. Additionally, several jurisdictions have implemented minimum wages for delivery drivers, and other jurisdictions are considering similar wage regulations, which could increase delivery fees and decrease our digital sales. Our competitive position within the third-party platforms can impact our sales. Moreover, the third-party restaurant delivery business is intensely competitive, with a number of players competing for market share, online traffic, capital, and delivery drivers and other people resources. The third-party delivery services with which we work may struggle to compete effectively, and if they were to cease or curtail operations, or fail to provide timely delivery services in a cost-effective manner, or if they give greater priority on their platforms to our competitors, our delivery business may be negatively impacted. Delivery and catering offerings also increase the risk of illnesses associated with our food because the food is transported and/or served by third parties in conditions we cannot control.

Changes in food and supply costs could adversely affect our results of operations.

Our profitability depends in part on our ability to anticipate and react to changes in food and supply costs. Shortages or interruptions in the availability of certain supplies caused by seasonal fluctuations, unanticipated demand, problems in production or distribution, food contamination, product recalls, government regulations, inclement weather or other conditions could materially adversely affect the availability, quality and cost of our ingredients, which could harm our operations. Weather related issues, such as freezes, heavy rains or drought, may also lead to temporary spikes in the prices of some ingredients such as produce or meats. Increasing weather volatility or other long-term changes in global weather patterns, including any changes associated with global climate change, could have a significant impact on the price, availability and timing of delivery of some of our ingredients. In addition, at certain times of the year a substantial volume of our produce items is imported from Mexico and other countries. The United States has recently implemented or threatened certain changes in trade policies, including tariffs. Any new or increased import duties, tariffs or taxes, or other changes in U.S. trade or tax policy, could result in higher food and supply costs. Any increase in the prices of the food products most critical to our menu, such as pasta, beef, chicken, wheat flour, cheese and other dairy products, tofu and vegetables, could materially adversely affect our operating results, especially if we are unable to increase our menu prices in order to pass these increased costs on to consumers.

In 2022, the cost of several of our food ingredients increased as a result of inflation in many commodities, particularly chicken. As a result, specifically for our chicken purchases, we entered into temporary formula pricing contracts with our vendors and were susceptible to fluctuations in the commodities markets. While we saw material market improvement in chicken and other food ingredients in 2023 and 2024, if food inflation in the chicken market or any other food ingredient were to persist, our financial condition and business operations could be severely impacted. We have, and expect to continue to, enter into fixed-based pricing agreements for certain food ingredients to reduce our exposure to cost increases, but there can be no guarantee that we will be able to do so on favorable terms or at all.

Our inability or failure to recognize, respond to and effectively manage the accelerated impact of social media could have an adverse effect on our business.

There has been a widespread and dramatic increase in the use of social media platforms that allow users to access a broad audience of consumers and other interested persons. The availability of information on social media can be virtually immediate, as can its impact, and users of many social media platforms can post information without filters or checks on the accuracy of the content posted. Adverse information concerning our restaurants or brand, including user reviews, whether accurate or inaccurate, may be posted on such platforms at any time and can quickly reach a wide audience. The resulting harm to our reputation may be immediate, without affording us an opportunity to correct or otherwise respond to the information, and it is challenging to monitor and anticipate developments on social media in order to respond in an effective and timely manner.

In addition, although search engine marketing, social media and other new technological platforms offer great opportunities to increase awareness of and engagement with our restaurants and brand, our failure to use social media effectively in our marketing efforts may further expose us to the risks associated with the accelerated impact of social media. Many of our competitors are expanding their use of social media and the social media landscape is rapidly evolving, potentially making more traditional social media platforms obsolete. As a result, we need to continuously innovate and develop our social media strategies in order to maintain broad appeal with guests and brand relevance, and we may not do so effectively. A variety of additional risks associated with our use of social media include the possibility of improper disclosure of proprietary information, exposure of personally identifiable information of our employees or guests, fraud, or the publication of out-of-date information, any of which may result in material liabilities or reputational damage. Furthermore, any inappropriate use of social media platforms by our employees could also result in negative publicity that could materially damage our reputation or lead to litigation that materially increases our costs.

Legal, Accounting, and Regulatory Risks

Changes to estimates related to our property, fixtures and equipment or operating results that are lower than our current estimates at certain restaurant locations may cause us to incur impairment charges on certain long-lived assets, which may materially adversely affect our results of operations.

In accordance with accounting guidance as it relates to the impairment of long-lived assets, we make certain estimates and projections with regard to individual restaurant operations, as well as our overall performance, in connection with our impairment analyses for long-lived assets. When impairment triggers are deemed to exist for any location, the estimated undiscounted future cash flows are compared to its carrying value. If the carrying value exceeds the undiscounted cash flows, an impairment charge equal to the difference between the carrying value and the fair value is recorded. The projections of future cash flows used in these analyses require the use of judgment and a number of estimates and projections of future operating results. If actual results differ from our estimates, additional charges for asset impairments may be required in the future. Over the past several years we have recognized significant impairment charges and if future impairment charges continue to be significant, this could have a material adverse effect on our business or results of operations.

Failure of our internal control over financial reporting could adversely affect our business and financial results.

Our management is responsible for establishing and maintaining effective internal control over financial reporting. Internal control over financial reporting is a process to provide reasonable assurance regarding the reliability of financial reporting for external purposes in accordance with accounting principles generally accepted in the United States of America (“GAAP”). Because of its inherent limitations, internal control over financial reporting is not intended to provide absolute assurance that we would prevent or detect a material misstatement of our financial statements or fraud. Any failure to maintain an effective system of internal control over financial reporting could limit our ability to report our financial results accurately and timely or to detect and prevent fraud. The identification of a material weakness could indicate a lack of controls adequate to generate accurate financial statements that, in turn, could cause a loss of investor confidence and decline in the market price of our common stock. We may not be able to timely remediate any material weaknesses that may be identified in future periods or maintain all of the controls necessary for continued compliance. Likewise, we cannot assure you that we will be able to retain sufficient skilled finance and accounting personnel, especially in light of the increased demand for such personnel among publicly traded companies.

Governmental regulation may adversely affect our business, financial condition, results of operations or cash flows.

We are subject to various federal, state and local regulations, including those relating to building and zoning requirements and those relating to the preparation and sale of food. Our restaurants are also subject to state and local licensing and regulation by health, sanitation, food and occupational safety and other agencies. We may experience material difficulties or failures in obtaining the necessary licenses, approvals or permits for our restaurants, which could delay planned restaurant openings or affect the operations at our existing restaurants. In addition, stringent and varied requirements of local regulators with respect to zoning, land use and environmental factors could delay or prevent development of new restaurants in particular locations. Moreover, the current uncertainty surrounding government regulations and policies could lead to disruptions in our business.

We are subject to the Americans with Disabilities Act and similar state laws that give civil rights protections to individuals with disabilities in the context of employment, public accommodations and other areas, including our restaurants. We may in the future have to modify restaurants, for example, by adding access ramps or redesigning certain architectural fixtures, to provide service to or make reasonable accommodations for disabled persons. The expenses associated with these modifications could be material.

Our operations are also subject to the U.S. Occupational Safety and Health Act, which governs worker health and safety, the U.S. Fair Labor Standards Act, which governs such matters as minimum wages and overtime and a variety of similar federal, state and local laws that govern these and other employment law matters. Changes in these laws or implementation of new proposals for similar matters could materially adversely affect our business, financial condition, results of operations or cash flows.

Our franchising activities are subject to federal rules and regulations administered by the U.S. Federal Trade Commission and laws enacted by a number of states. In particular, we are subject to federal and state laws regulating the offer and sale of franchises, as well as judicial and administrative interpretations of such laws. Such laws impose registration and disclosure requirements on franchisors in the offer and sale of franchises and may also apply substantive standards to the relationship between franchisor and franchisee, including limitations on the ability of franchisors to terminate franchises and alter franchise

arrangements. Failure to comply with new or existing franchise laws, rules, and regulations in any jurisdiction or to obtain required government approvals could negatively affect our ability to grow or expand our franchise business and sell franchises.

Our business involves the collection, transmission and retention of large volumes of customer and employee data (among others), including credit and debit card numbers and other personally identifiable information. The collection and use of such information is regulated at the federal and state levels, as well as internationally. Regulatory requirements, both domestic and abroad, have been changing with increasing regulation relating to the privacy, security and protection of data. Such regulatory requirements may become more prevalent in other states and jurisdictions as well. Monitoring and complying with these laws requires substantial resources and there is no assurance that our compliance efforts will be successful in preventing breaches or data loss. Failure to comply with these laws, whether through fault of our own information systems or those of third parties, could not only cause us to fail to comply with these laws and regulations, but also could cause us to face litigation and penalties that could adversely affect our business, financial condition and results of operations.

Changes in employment laws may adversely affect our business.

Various federal and state labor laws govern the relationship with our employees and affect labor and operating costs. These laws include employee classification as exempt/non-exempt for overtime and other purposes, minimum wage requirements, unemployment tax rates, workers’ compensation rates, mandatory health benefits, immigration status and other wage and benefit requirements. Some jurisdictions, including some of those in which we operate, have recently increased their minimum wage by a significant amount, and other jurisdictions are considering similar actions, which has and may continue increase our labor costs. Several jurisdictions have implemented fair workweek or “secure scheduling” legislation, which impose complex requirements related to scheduling for certain restaurant and retail employees, and additional jurisdictions are considering similar legislation. Several jurisdictions have also implemented sick pay and paid time off legislation, which requires employers to provide paid time off to employees, and “just cause” termination legislation, which restricts companies’ ability to terminate employees or reduce employees’ hours unless they can prove “just cause” or a “bona fide economic reason” for the termination or reduction in hours. All of these regulations impose additional obligations on us and our failure to comply with any of these regulations could subject us to penalties and other legal liabilities. Significant additional government-imposed increases in the following areas could materially affect our business, financial condition, operating results or cash flow: overtime rules; mandatory health benefits; vacation accruals; paid leaves of absence, including paid sick leave; and tax reporting.

Immigration laws have recently been an area of considerable focus by the Department of Homeland Security, with enforcement operations taking place across the country, resulting in arrests, detentions and deportation of unauthorized workers. Some of these changes and enforcement programs may increase our obligations for compliance and oversight, which could subject us to additional costs and make our hiring process more cumbersome or reduce the availability of potential employees. Although we require all workers to provide us with government-specified documentation evidencing their employment eligibility, some of our employees may, without our knowledge, be unauthorized workers. Unauthorized workers are subject to deportation and may subject us to fines or penalties, and if any of our workers are found to be unauthorized we could experience adverse publicity that negatively impacts our brand and may make it more difficult to hire and keep qualified employees. Termination of a significant number of employees who were unauthorized employees may disrupt our operations, cause temporary increases in our labor costs as we train new employees and result in additional adverse publicity. We could also become subject to fines, penalties and other costs related to claims that we did not fully comply with all recordkeeping obligations of federal and state immigration compliance laws. These factors could materially adversely affect our business, financial condition, results of operations or cash flows.

New information or attitudes regarding diet and health could result in changes in regulations and consumer consumption habits that could adversely affect our results of operations.

Regulations and consumer eating habits may change as a result of new information or attitudes regarding diet, health and safety. Such changes may include federal, state and local regulations and recommendations from medical and diet professionals pertaining to the ingredients and nutritional content of the food and beverages we offer. The success of our restaurant operations is dependent, in part, upon our ability to effectively respond to changes in any consumer health regulations and our ability to adapt our menu offerings to trends in food consumption. If consumer health regulations or consumer eating habits change significantly, we may choose or be required to modify or remove certain menu items, which may cause us to incur costs to implement those changes and may materially adversely affect the appeal of our menu to new or returning customers. To the extent we are unwilling or unable to respond with appropriate changes to our menu offerings, it could materially affect consumer demand and could have a material adverse impact on our business, financial condition, results of operations or cash flows.

Government regulation and consumer eating habits may impact our business as a result of changes in attitudes regarding diet, medications and health or new information regarding the adverse health effects of consuming certain menu offerings. As discussed in Part I, “Business-Governmental Regulation and Environmental Matters” of this 10-K, these changes have resulted in, and may continue to result in, laws and regulations requiring us to disclose the nutritional content of our food offerings, and they have resulted, and may continue to result in, laws and regulations affecting permissible ingredients and menu offerings. Inconsistencies among state laws with respect to presentation of nutritional content could be challenging for us to comply with in an efficient manner. The Patient Protection and Affordable Care Act also requires covered restaurants to provide to consumers, upon request, a written summary of detailed nutritional information for each standard menu item, and to provide a statement on menus and menu boards about the availability of this information upon request. An unfavorable report on, or reaction to, our menu ingredients, the size of our portions or the nutritional content of our menu items could negatively influence the demand for our offerings.

Compliance with current and future laws and regulations regarding the ingredients and nutritional content of our menu items may be costly and time-consuming. The risks and costs associated with nutritional disclosures on our menus could also impact our operations, particularly given differences among applicable legal requirements and practices within the restaurant industry with respect to testing and disclosure, ordinary variations in food preparation among our own restaurants and the need to rely on the accuracy and completeness of nutritional information obtained from third-party suppliers.

We may not be able to effectively respond to changes in consumer health and safety perceptions or to successfully implement the nutrient content disclosure requirements and adapt our menu offerings to trends in eating habits. The imposition of additional menu labeling laws could materially adversely affect our business, financial condition, results of operations or cash flows, as well as our position within the restaurant industry in general.

We may not be able to adequately protect our intellectual property, which could harm the value of our brand and could adversely affect our business.

Our intellectual property is material to the conduct of our business and our marketing efforts. Our ability to implement our business plan successfully depends in part on our ability to further build brand recognition using our trademarks, service marks, trade dress and other proprietary intellectual property, including our name and logos and the unique ambiance of our restaurants. While it is our policy to protect and defend vigorously our rights to our intellectual property, we cannot predict whether steps taken by us to protect our intellectual property rights will be adequate to prevent misappropriation of these rights or the use by others of restaurant features based upon, or otherwise similar to, our concept. It may be difficult for us to prevent others from copying elements of our concept and any litigation to enforce our rights will likely be costly and may not be successful. Although we believe that we have sufficient rights to all of our trademarks and service marks, we may face claims of infringement that could interfere with our ability to market our restaurants and promote our brand. Any such litigation may be costly and divert resources from our business. Moreover, if we are unable to successfully defend against such claims, we may be prevented from using our trademarks or service marks in the future, may be liable for damages and may have to change our marketing efforts, which in turn could materially adversely affect our business, financial condition, results of operations or cash flows.

We could be party to litigation that could adversely affect us by distracting management, increasing our expenses or subjecting us to material money damages and other remedies.

Our customers occasionally file complaints or lawsuits against us alleging we caused an illness or injury they suffered at or after a visit to our restaurants, or that we have problems with food quality or operations. These kinds of complaints or lawsuits may be more common in a period in which the public is focused on health safety issues, or may attract more attention due to publication on various social media outlets. We are also subject to a variety of other claims arising in the ordinary course of our business, including personal injury claims, contract claims and claims alleging violations of federal and state law regarding workplace and employment matters, equal opportunity, discrimination and similar matters and we could become subject to class action or other lawsuits related to these or different matters in the future. In addition, the restaurant industry has from time to time been subject to claims based on the nutritional content of food products sold and disclosure and advertising practices. We may also become subject to various employee and workplace litigation, including claims related to discrimination, harassment, workplace safety, medical and family leave, and wage-and-hour issues.

Regardless of whether any claims against us are valid, or whether we are ultimately held liable, claims may be expensive to defend and may divert time and money away from our operations and hurt our performance. A judgment in excess of our

insurance coverage for any claims could materially adversely affect our financial condition or results of operations. Any adverse publicity resulting from these allegations, even if proven to be false, may also materially adversely affect our reputation or prospects, which in turn could materially adversely affect our business, financial condition, results of operations or cash flows.

Increasing attention to and evolving expectations for corporate responsibility matters may increase our costs, harm our reputation, or otherwise adversely affect our business.

Our reputation could be harmed if we fail, or are perceived to fail, to comply with various regulatory requirements or if we are unable to meet stakeholder expectations in a number of areas such as health, safety and security; sustainability; environmental stewardship; climate change; human rights; and corporate governance. We manage a broad range of corporate responsibility matters, taking into consideration their expected effect on the sustainability of our business over time, and the potential effect of our business on society and the environment. Such efforts can be costly and complex, and we may not ultimately accomplish our desired objectives, either as intended or at all. In addition, both guest, and shareholder and other stakeholder expectations regarding such matters are evolving, and navigating these issues will require us to successfully manage differing views on these matters. Adverse incidents or failure to comply or meet expectations with respect to our corporate responsibility efforts could negatively affect our reputation, the cost of our operations, and relationships with guests and shareholder and other stakeholders, all of which could adversely affect our business, results of operations, and the price of our stock.

Risks Related to Our Common Stock and Debt Financing

We may fail to qualify for continued listing on the Nasdaq Global Select Market, which could make it more difficult for our stockholders to sell their shares and reduce our ability to raise additional capital.

We are required to satisfy the continued listing requirements of the Nasdaq Global Select Market (“Nasdaq”) to maintain such listing, including, among other things, the maintenance of a minimum closing bid price of \$1.00 per share. On December 24, 2024, we received a notice from Nasdaq indicating that we were not in compliance with the minimum bid price requirements set forth in Nasdaq Listing Rule 5450(a)(1) for continued listing on Nasdaq. Nasdaq Listing Rule 5450(a)(1) requires listed securities maintain a minimum closing bid price of \$1.00 per share, and Nasdaq Listing Rule 5810(c)(3)(A) provides that a failure to meet the minimum closing bid price requirement exists if the deficiency continues for a period of 30 consecutive business days. The notification of noncompliance had no immediate effect on the listing or trading of our common stock on Nasdaq and we had 180 calendar days from the date of notice to achieve compliance with the minimum bid price requirement. To regain compliance, the closing bid price of our common stock must have been at least \$1.00 per share for a minimum of 10 consecutive business days at any time prior to the expiration of the 180-calendar day grace period, unless Nasdaq exercised its discretion to extend this ten-day period. On February 5, 2025, Nasdaq notified us that, as of February 5, 2025, we had regained compliance with Nasdaq Listing Rule 5450(a)(1) and that the matter is now closed.

Though we recently regained compliance, we could be notified in the future of non compliance if our stock price again falls below \$1 for the compliance time period. We may fail to qualify for continued listing on the Nasdaq Global Select Market again. We intend to monitor closely the closing bid price of our common stock and to consider all of the options for maintaining, or if necessary, regaining, compliance with Nasdaq’s Listing Rule 5450(a)(1), including by proposing a reverse stock split for stockholder approval, if necessary. While we plan to review all available options, there can be no assurance that we will be able to regain compliance with Nasdaq Listing Rule 5450(a)(1) during the 180-calendar day compliance period or any subsequent extension period.

If our common stock is delisted by Nasdaq, we could face significant material adverse consequences, including: a limited availability of market quotations for our common stock; reduced liquidity with respect to our common stock; a determination that our shares are “penny stock,” which will require brokers trading in our shares to adhere to more stringent shares, and which may limit demand for our common stock; a limited amount of analyst coverage for our company; and a decreased ability to obtain additional financing in the future.

Our quarterly operating results may fluctuate significantly and could fall below the expectations of securities analysts and investors due to seasonality and other factors, some of which are beyond our control, resulting in a decline in our stock price.

Our quarterly operating results may fluctuate significantly because of several factors, including but not limited to: increases and decreases in average unit volumes and comparable restaurant sales; profitability of our restaurants; labor availability and costs for hourly and management personnel; changes in interest rates; macroeconomic conditions, both nationally and locally; negative publicity relating to the consumption of products we serve; changes in consumer preferences and competitive conditions; impairment of long-lived assets and any loss on and exit costs associated with restaurant closures; expansion to new markets; the timing of new restaurant openings and related expense; restaurant operating costs for our newly-opened restaurants; increases in infrastructure costs; and fluctuations in commodity prices. During 2024, we experienced lower comparable sales, lower operating income and a decline in our stock price.

Seasonal factors, particularly weather disruptions, and the timing of holidays also cause our revenue to fluctuate from quarter to quarter. Our revenue per restaurant is typically lower in the first and fourth quarters due to reduced winter and holiday traffic and higher in the second and third quarters. As a result of these factors, our quarterly and annual operating results and comparable restaurant sales may fluctuate significantly. Accordingly, results for any one quarter are not necessarily indicative of results to be expected for any other quarter or for any year and comparable restaurant sales for any particular future period may decrease. In the future, operating results may fall below the expectations of securities analysts and investors. In that event, the price of our common stock would likely decrease.

Future sales of our common stock, or the perception that such sales may occur, could depress our common stock price.

Sales of a substantial number of shares of our common stock in the public market, or the perception that such sales may occur, could depress the market price of our common stock. Our amended and restated certificate of incorporation authorizes us to issue up to 180,000,000 shares of Class A common stock and Class B common stock. As of December 31, 2024, we have 45,738,007 outstanding shares of Class A common stock and no outstanding shares of Class B common stock. In addition, as of such date, approximately 3,914,863 shares of Class A common stock are issuable upon the exercise of outstanding stock options and the vesting of restricted stock units. Moreover, as of that date, approximately 3.4 million shares of our common stock are available for future grants under our stock incentive plan and for future purchase under our employee stock purchase plan.

Provisions in our organizational documents and Delaware law may delay or prevent our acquisition by a third party.

Our amended and restated certificate of incorporation, our second amended and restated bylaws and Delaware law each contain several provisions that may make it more difficult for a third party to acquire control of us without the approval of our Board of Directors. For example, we have a classified Board of Directors with three-year staggered terms, which could delay the ability of stockholders to change the membership of a majority of our Board of Directors. These provisions may make it more difficult or expensive for a third party to acquire a majority of our outstanding equity interests. These provisions also may delay, prevent or deter a merger, acquisition, tender offer, proxy contest or other transaction that might otherwise result in our stockholders receiving a premium over the market price for their common stock.

Our credit facility has variable interest rates and increases in or sustained high interest rates could continue to result in high borrowing costs.

Our A&R Credit Agreement (as defined below) has a variable interest rate equal to the Secured Overnight Financing Rate (“SOFR”) plus a margin of 1.75% to 3.75% per annum, based upon the consolidated total lease adjusted leverage ratio. Interest rates may rise in the future due to inflation or other causes. Interest rates were relatively high during 2022 and 2023 and moderated in 2024. As a result, the costs of servicing our variable interest rate debt have and could again increase again even if the amount borrowed under such credit facility remains the same. Increased servicing costs could adversely affect our business, financial condition, results of operations or cash flows. During 2023 and 2024, we amended our credit agreement which resulted in, among other things, an increase in our borrowing rates.

We may be unable to negotiate favorable borrowing terms, and any additional capital we may require could be senior to existing equity holders, dilute existing equity holders or include unfavorable restrictions.

As a general matter, operating and developing our business requires significant capital. Our credit agreement ends in 2027 and securing access to credit on reasonable terms thereafter will require us to extend or refinance such agreement. In addition, in order to pursue our business and operational strategies, we may need additional sources of liquidity in the future and it may be difficult or impossible at such time to increase our liquidity. Our lenders may not agree to amend our credit agreement at such time to increase our borrowing capacity. Further, our requirements for additional liquidity may coincide with periods during which we are not in compliance with covenants under our credit agreement and our lenders may not agree to further amend our credit agreement to accommodate such non-compliance. Even if we are able to access additional liquidity, agreements governing any borrowing arrangement could contain covenants restricting our operations. If we raise additional funds through future issuances of equity or convertible debt securities, our existing stockholders could suffer significant dilution, and any new equity securities we issue could have rights, preferences and privileges superior to those of holders of our common stock. Any debt financing we secure in the future could involve higher interest rates, especially given the current inflationary environment, and restrictive covenants relating to our capital-raising activities and other financial and operational matters, which might make it more difficult for us to obtain additional capital and to pursue business opportunities. Moreover, if we issue new debt securities, the debt holders would have rights senior to common stockholders to make claims on our assets. We amended our credit agreement in 2023 and 2024, which resulted in an increase in our borrowing rates and modifications to both the Fixed Charge and Consolidated Total Lease Adjusted Leverage ratios and restrictions related to new restaurant growth and new leases.

ITEM 1B. Unresolved Staff Comments

None.

ITEM 1C. Cybersecurity

In the ordinary course of our business, we collect, store and transmit sensitive information including intellectual property, proprietary business information and personal information in connection with business operations. Additionally, we leverage our third-party vendors to collect, use, store, and transmit confidential, sensitive, proprietary, personal, and health-related information. The secure maintenance of this information and our information technology systems is important to our operations and business strategy. To this end, we have implemented processes designed to assess, identify, and manage risks from potential unauthorized occurrences on or through our information technology systems that may result in adverse effects on the confidentiality, integrity, and availability of these systems and the data residing therein. These processes are managed and monitored by a dedicated information technology team, which is led by our Executive Vice President of Technology, and include mechanisms, controls, technologies, systems, and other processes designed to prevent or mitigate data loss, theft, misuse, or other security incidents or vulnerabilities affecting the data and maintain a stable information technology environment. For example, we regularly monitor our information technology environment for abnormal behavior, conduct penetration and vulnerability testing, data recovery testing, security audits, and ongoing risk assessments, including due diligence on our key technology vendors and other third-party service providers that have access to the personal information we collect, use, store, and transmit. We leverage standard industry tools from a software and hardware perspective and maintain a cybersecurity risk insurance policy. We also conduct periodic employee trainings on cyber and information security, among other topics. In addition, we consult with outside advisors and experts on a regular basis to assist with assessing, identifying, and managing cybersecurity risks, including to anticipate future threats and trends, and their impact on the Company’s risk environment.

Our Executive Vice President of Technology, who reports directly to the Chief Executive Officer and has over 17 years of experience managing information technology and cybersecurity matters, together with our senior leadership team, is responsible for assessing and managing cybersecurity risks. We consider cybersecurity, along with other significant risks that we face, within our overall enterprise risk management framework. Since the beginning of the last fiscal year, we have not identified risks from known cybersecurity threats, including as a result of any prior cybersecurity incidents, that have materially affected us, but we face certain ongoing cybersecurity risks threats that, if realized, are reasonably likely to materially affect us. Additional information on cybersecurity risks we face is discussed in Part I, Item 1A, “Risk Factors,” under the heading “We may be harmed by breaches of security of information technology systems or our confidential consumer, employee, financial, or other proprietary data.”

The Board of Directors, as a whole and at the committee level, has oversight for the most significant risks facing us and for our processes to identify, prioritize, assess, manage, and mitigate those risks. The Audit Committee, which is comprised solely of independent directors, has been designated by our Board to oversee cybersecurity risks. The Audit Committee receives regular updates on cybersecurity, including immediate notification of any material cybersecurity events, and information technology matters and related risk exposures from our Executive Vice President of Technology as well as other members of the senior leadership team. The Audit Committee also reviews reports from third party service providers and discusses the findings with management. The Board receives updates from management and the Audit Committee on cybersecurity risks.

ITEM 2. Properties

As of December 31, 2024, we and our franchisees operated 463 restaurants in 31 states. Our restaurants are typically between 2,000 and 2,600 square feet and are located in a variety of suburban, collegiate and urban markets. We lease the property for our central support office and all of the properties on which we operate restaurants. The chart below shows the locations of our company-owned and franchised restaurants as of December 31, 2024.

State	Company-owned	Franchised	Total
Arizona	8	—	8
California	—	10	10
Colorado	54	—	54
Connecticut	—	5	5
Florida	—	6	6
Idaho	7	—	7
Illinois	51	5	56
Indiana	23	1	24
Iowa	10	2	12
Kansas	9	—	9
Kentucky	1	3	4
Maryland	22	—	22
Michigan	—	20	20
Minnesota	45	1	46
Missouri	3	5	8
Montana	—	2	2
Nebraska	—	5	5
Nevada	1	—	1
New York	1	—	1
North Carolina	9	4	13
North Dakota	—	6	6
Ohio	19	—	19
Oregon	—	5	5
Pennsylvania	11	—	11
South Carolina	—	2	2
South Dakota	—	2	2
Tennessee	—	4	4
Utah	16	—	16
Virginia	25	—	25
Washington	—	1	1
Wisconsin	56	3	59
	371	92	463

We are obligated under non-cancelable leases for our restaurants and our central support office. Our restaurant leases generally have initial terms of 10 years with two or more five-year renewal options. Our restaurant leases may require us to pay a proportionate share of real estate taxes, insurance, common area maintenance charges and other operating costs.

ITEM 3. Legal Proceedings

In the normal course of business, the Company is subject to other proceedings, lawsuits and claims. Such matters are subject to many uncertainties, and outcomes are not predictable with assurance. Consequently, the Company is unable to ascertain the ultimate aggregate amount of monetary liability or financial impact with respect to these matters as of December 31, 2024. These matters could affect the operating results of any one financial reporting period when resolved in future periods. The Company believes that an unfavorable outcome with respect to these matters is remote or a potential range of loss is not material to its consolidated financial statements. Significant increases in the number of these claims, or one or more successful claims that result in greater liabilities than the Company currently anticipates, could materially and adversely affect its business, financial condition, results of operations or cash flows.

ITEM 4. Mine Safety Disclosures

Not applicable.

PART II

ITEM 5. Market for the Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Our Class A common stock trades on the Nasdaq Global Select Market under the symbol NDLS. As of February 28, 2025, there were approximately 30 holders of record of our common stock. The number of holders of record is based upon the actual numbers of holders registered at such date and does not include holders of shares in “street name” or persons, partnerships, associates, corporations or other entities in security position listings maintained by depositories.

Purchases of Equity Securities by the Issuer

We had no share repurchases during the fourth quarter of 2024.

Sales of Unregistered Securities by the Issuer

We sold no unregistered securities that have not been previously included in a Quarterly Report on Form 10-Q or in a Current Report on Form 8-K.

Dividends

No dividends have been declared or paid on our shares of common stock. We do not anticipate paying any cash dividends on any of our shares of common stock in the foreseeable future. We currently intend to retain any earnings to reduce outstanding debt and finance the development and expansion of our business. Any future determination to pay dividends will be at the discretion of our Board of Directors and will be dependent upon then-existing conditions, including our earnings, capital requirements, results of operations, financial condition, business prospects and other factors that our Board of Directors considers relevant. Further, our credit facility and warrants each contain provisions that limit our ability to pay dividends on our common stock. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Certain Relationships and Related Transactions, and Director Independence” for additional information regarding our financial condition.

ITEM 6. [Reserved]

ITEM 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our consolidated financial statements and related notes included in Item 8. “Financial Statements and Supplementary Data.” This section of the Form 10-K generally discusses 2024 and 2023 items and year-to-year comparisons of 2024 to 2023. Discussions of 2022 items and year-to-year comparisons of 2023 and 2022 that are not included in this Form 10-K can be found in “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in Part II, Item 7 on our Annual Report on Form 10-K for the year ended January 2, 2024. In addition to historical information, this discussion and analysis contains forward-looking statements that involve risks and uncertainties. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors including, but not limited to, those discussed in Item 1A. “Risk Factors” and elsewhere in this report.

We operate on a 52- or 53-week fiscal year ending on the Tuesday closest to December 31. Fiscal years 2024 and 2023, which ended on December 31, 2024 and January 2, 2024, respectively, contained 52 weeks. We refer to our fiscal years as 2024 and 2023. Our fiscal quarters each contained 13 operating weeks.

Overview

Noodles & Company is a restaurant concept offering lunch and dinner within the fast-casual segment of the restaurant industry. We opened our first location in 1995, offering noodle and pasta dishes, staples of many different cuisines, with the goal of delivering fresh ingredients and flavors from around the world under one roof. Today, our globally-inspired menu includes a wide variety of high quality, cooked-to-order dishes, including noodles and pasta, soups, salads and appetizers. We believe we offer our customers value with a per-person spend of \$13.31 in 2024.

Recent Trends, Risks and Uncertainties

Comparable Restaurant Sales. In fiscal 2024, system-wide comparable restaurant sales decreased 1.5%, comprised of a 1.8% decrease for company-owned restaurants and a 0.2% decrease for franchise restaurants. Restaurant industry sales remain volatile, with elevated levels of discounting targeting increasingly price-sensitive consumers. Our sales have been impacted by the challenging consumer environment and we responded with added promotional support in the fourth quarter of 2024. The consumer environment has caused many restaurant companies to report a decreased level of same store sales in 2024, and our sales trends have followed. We are focusing on revitalizing our menu options and began implementing menu changes late in 2024 and into the first half of 2025 when the substantial portion of the rollout is to be completed nationally. We are taking these and other actions to address these declines, but there is no guarantee these actions will ultimately be successful and we cannot predict the extent and duration of this decline.

Cost of Sales. In recent years, we incurred incremental costs of sales driven by volatility in the commodity and food ingredients markets, particularly with our chicken products, in addition to an increase in packaging costs and distribution. The commodity markets underlying our cost of food have improved since the historically high costs in 2022. Our commodity inflation in 2024 was less than 2%. Throughout these periods of volatility, we have continued to work with our suppliers for ongoing supply chain efficiencies, including managing food waste and adding additional suppliers as necessary.

Labor Costs. Similar to much of the restaurant industry, our base labor costs have risen in recent years. In 2024, we have seen the rate of wage inflation decrease. Our wage inflation in 2024 was less than 3%. We have been able to partially mitigate the impact of wage inflation through a continued focus on maximizing efficiencies of labor hour usage per restaurant.

Other Restaurant Operating Costs. We have and expect to continue to incur third-party delivery fees resulting from a significant and increasing use of third-party delivery services.

Restaurant Development. In 2024, we opened ten company-owned restaurants and three franchise restaurants. As of December 31, 2024, we had 371 company-owned restaurants and 92 franchise restaurants in 31 states. In 2025, we plan to open two new company-owned restaurants.

Certain Restaurant Closures. We closed thirteen and six company-owned restaurants in 2024 and 2023, respectively, most of which were either generating low or negative cash flows, at or approaching the expiration of their leases or in trade areas that are not as well positioned for current consumer trends. We continue to analyze our restaurant portfolio and expect to close certain restaurants that are either generating low or negative cash flows, at or approaching the expiration of their leases or in trade areas that are not as well positioned for current consumer trends.

Impairment of Long-lived Assets. We impaired sixteen restaurants in 2024 and two restaurants in 2023. We performed a detailed review of significantly underperforming restaurants in 2024 and based on this review, recorded impairments on certain restaurants that we believed had fair market values below their net book values. Impairment is based on our current assessment of the expected future cash flows of various restaurants based on recent results and other specific market factors.

Key Measures We Use to Evaluate Our Performance

To evaluate the performance of our business, we utilize a variety of financial and performance measures. These key measures include revenue, comparable restaurant sales, average unit volumes (“AUVs”), EBITDA and adjusted EBITDA. EBITDA and adjusted EBITDA are non-GAAP financial measures.

Revenue

Revenue includes both restaurant revenue and franchise royalties and fees. Restaurant revenue represents sales of food and beverages in company-owned restaurants. Several factors affect our restaurant revenue in any period, including the number of restaurants in operation and per-restaurant sales.

Franchise royalties and fees represent royalty income and initial franchise fees. While we expect that the majority of our revenue and net income growth will be driven by company-owned restaurants, our franchise restaurants remain an important factor impacting our revenue and financial performance.

Seasonal factors cause our revenue to fluctuate from quarter to quarter. Our revenue per restaurant is typically lower in the first and fourth quarters due to reduced winter and holiday traffic and is typically higher in the second and third quarters. As a result of these factors, our quarterly and annual operating results and comparable restaurant sales may fluctuate.

Comparable Restaurant Sales

Comparable restaurant sales refer to year-over-year sales comparisons for the comparable restaurant base. We define the comparable restaurant base to include restaurants open for at least 18 full periods. As of the end of 2024, 2023 and 2022, there were 350, 355 and 347 restaurants, respectively, in our comparable restaurant base for company-owned locations. 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. Per-person spend can be influenced by changes in menu prices and the mix and number of items sold per person.

Measuring our comparable restaurant sales allows us to evaluate the performance of our existing restaurant base. Various factors impact comparable restaurant sales, including, but not limited to:

- consumer recognition of our brand and our ability to respond to changing consumer preferences;
- overall economic trends, particularly those related to consumer spending;
- our ability to operate restaurants effectively and efficiently to meet consumer expectations;
- pricing;
- the number of restaurant transactions, per-person spend and average check amount;
- marketing and promotional efforts;
- abnormal weather patterns;
- food safety and foodborne illness concerns;

- the impact of health pandemics;
- local and national competition;
- trade area dynamics;
- introduction of new and seasonal menu items and limited time offerings; and
- opening and closing restaurants in the vicinity of other restaurant locations.

Consistent with common industry practice, we present comparable restaurant sales on a calendar-adjusted basis that aligns current year sales weeks with comparable periods in the prior year, regardless of whether they belong to the same fiscal period or not. Since opening new company-owned and franchise restaurants is a part of our long-term growth strategy and we anticipate new restaurants will be a component of our long-term revenue growth, comparable restaurant sales is only one measure of how we evaluate our performance.

Average Unit Volumes

AUVs consist of 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.

EBITDA and Adjusted EBITDA

We define EBITDA as net income (loss) before net interest expense, provision (benefit) for income taxes and depreciation and amortization. We define adjusted EBITDA as net income (loss) before net interest expense, provision (benefit) for income taxes, depreciation and amortization, restaurant impairments, loss on disposal of assets, net lease exit costs (benefits), gain (loss) on sale of restaurants, severance and executive transition costs and stock-based compensation.

We believe that EBITDA and adjusted EBITDA provide clear pictures of our operating results by eliminating certain non-recurring and non-cash expenses that may vary widely from period to period and are not reflective of the underlying business performance.

The presentation of EBITDA and adjusted EBITDA, which may not be comparable to similarly titled financial measures used by other companies, 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 accounting principles generally accepted in the United States of America (“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 to management and investors 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.

The following table presents a reconciliation of net loss to EBITDA and adjusted EBITDA:

	Fiscal Year	
	2024	2023
	(in thousands)	
Net loss	\$ (36,213)	\$ (9,856)
Depreciation and amortization	29,066	26,792
Interest expense, net	8,381	4,803
Provision for income taxes	54	24
EBITDA	\$ 1,288	\$ 21,763
Restaurant impairments ⁽¹⁾	13,441	2,987
Loss on disposal of assets	3,079	1,979
Lease exit costs, net	924	396
Gain on sale of restaurants	(490)	—
Severance and executive transition costs	1,677	1,559
Stock-based compensation expense	3,680	4,346
Adjusted EBITDA	<u>\$ 23,599</u>	<u>\$ 33,030</u>

(1) Restaurant impairments in all periods presented above include amounts related to restaurants previously impaired. See Note 6, Restaurant Impairments, Closure Costs and Asset Disposals.

Key Financial Definitions

Cost of Sales

Cost of sales includes the direct costs associated with the food, beverage and packaging of our menu items. Cost of sales also includes any costs related to discounted menu items. Cost of sales is a substantial expense and can be expected to change proportionally as our restaurant revenue changes. Fluctuations in cost of sales are caused primarily by volatility in the cost of commodity food items and related contracts for such items. Other important factors causing fluctuations in cost of sales include seasonality, discounting activity, distribution costs and restaurant level management of food waste.

Labor Costs

Labor costs include wages, payroll taxes, workers’ compensation expense, benefits and incentives paid to our restaurant teams. Similar to certain other expense items, we expect hourly labor costs to change proportionally as our restaurant revenue changes. Factors that influence fluctuations in our labor costs include minimum wage and payroll tax legislation, wage inflation, the frequency and severity of workers’ compensation claims, health care costs and the performance of our restaurants.

Occupancy Costs

Occupancy costs include rent, common area maintenance charges and real estate tax expense related to our restaurants and are expected to grow proportionally as we open new restaurants.

Other Restaurant Operating Costs

Other restaurant operating costs include the costs of repairs and maintenance, utilities, restaurant-level marketing, credit card processing fees, third-party delivery fees, restaurant supplies and other restaurant operating costs. Similar to certain other costs, they are expected to grow proportionally as restaurant revenue grows.

General and Administrative Expense

General and administrative expense is composed of payroll, other compensation, travel, marketing, accounting and legal fees, insurance and other expenses related to the infrastructure required to support our restaurants. General and administrative expense also includes the non-cash stock compensation expense related to our stock incentive plan.

Depreciation and Amortization

Our principal depreciation and amortization charges relate to depreciation of long-lived assets, such as property, equipment and leasehold improvements, from restaurant construction and ongoing maintenance.

Pre-Opening Costs

Pre-opening costs relate to the costs incurred prior to the opening of a restaurant. These include management labor costs, staff labor costs during training, food and supplies utilized during training, marketing costs and other pre-opening related costs. Pre-opening costs also include rent recorded between the date of possession and the opening date for our restaurants.

Restaurant Impairments, Closure Costs and Asset Disposals

Restaurant impairments, closure costs and asset disposals include the net gain or loss on disposal of long-lived assets related to retirements and replacement of equipment or leasehold improvements, lease expenses that the Company is still obligated for, refranchising gains or losses, gains or losses on lease terminations, other restaurant closure costs and impairment charges. Each quarter we evaluate possible impairment of property and equipment at the restaurant level and record an impairment loss whenever we determine that the fair value of these assets is less than their carrying value. There can be no assurance that such evaluations will not result in additional impairment costs in future periods.

Interest Expense

Interest expense consists primarily of interest on our outstanding indebtedness and amortization of debt issuance costs over the life of the related debt reduced by capitalized interest.

Provision for Income Taxes

Provision for income taxes consists of federal, state and local taxes on our income.

Restaurant Openings, Closures and Relocations

The following table shows restaurants opened or closed in the years indicated:

	Fiscal Year	
	2024	2023
Company-Owned Restaurants		
Beginning of period	380	368
Openings	10	18
Divestitures ⁽¹⁾	(6)	—
Closures	(13)	(6)
End of period	371	380
Franchise Restaurants		
Beginning of period	90	93
Openings	3	—
Acquisitions ⁽¹⁾	6	—
Closures	(7)	(3)
End of period	92	90
Total restaurants	463	470

(1) During 2024, we sold six company-owned restaurants to a franchisee.

Results of Operations

The following table summarizes key components of our results of operations for the periods indicated as a percentage of our total revenue, except for the components of restaurant operating costs, which are expressed as a percentage of restaurant revenue.

	Fiscal Year	
	2024	2023
Revenue:		
Restaurant revenue	97.9 %	97.9 %
Franchising royalties and fees, and other	2.1 %	2.1 %
Total revenue	100.0 %	100.0 %
Costs and expenses:		
Restaurant operating costs (exclusive of depreciation and amortization, shown separately below):		
Cost of sales	25.6 %	25.2 %
Labor	31.9 %	32.0 %
Occupancy	9.6 %	9.3 %
Other restaurant operating costs	19.7 %	18.6 %
General and administrative	10.3 %	10.3 %
Depreciation and amortization	5.9 %	5.3 %
Pre-opening	0.3 %	0.4 %
Restaurant impairments, closure costs and asset disposals	4.1 %	1.7 %
Total costs and expenses	105.6 %	101.0 %
Loss from operations	(5.6)%	(1.0)%
Interest expense, net	1.7 %	1.0 %
Loss before income taxes	(7.3)%	(2.0)%
Provision for income taxes	— %	— %
Net loss	(7.3)%	(2.0)%

Fiscal Year 2024 compared to Fiscal Year 2023

The table below presents our operating results for 2024 and 2023, and the related year-over-year changes:

	Fiscal Year		Increase / (Decrease)	
	2024	2023	\$	%
(in thousands)				
Revenue:				
Restaurant revenue	\$ 483,097	\$ 492,648	\$ (9,551)	(1.9)%
Franchising royalties and fees, and other	10,174	10,757	(583)	(5.4)%
Total revenue	493,271	503,405	(10,134)	(2.0)%
Costs and Expenses:				
Restaurant operating costs (exclusive of depreciation and amortization, shown separately below):				
Cost of sales	123,692	124,102	(410)	(0.3)%
Labor	154,258	157,608	(3,350)	(2.1)%
Occupancy	46,366	45,925	441	1.0 %
Other restaurant operating costs	95,032	91,559	3,473	3.8 %
General and administrative	50,824	51,833	(1,009)	(1.9)%
Depreciation and amortization	29,066	26,792	2,274	8.5 %
Pre-opening	1,543	2,215	(672)	(30.3)%
Restaurant impairments, closure costs and asset disposals	20,268	8,400	11,868	141.3 %
Total costs and expenses	521,049	508,434	12,615	2.5 %
Loss from operations	(27,778)	(5,029)	(22,749)	*
Interest expense, net	8,381	4,803	3,578	74.5 %
Loss before income taxes	(36,159)	(9,832)	(26,327)	(267.8)
Provision for income taxes	54	24	30	125.0 %
Net loss	<u>\$ (36,213)</u>	<u>\$ (9,856)</u>	<u>\$ (26,357)</u>	<u>(267.4)</u>
Company-owned:				
Average unit volumes	\$ 1,289	\$ 1,329	\$ (40)	(3.0)%
Comparable restaurant sales	(1.8)%	(2.0)%		

* Not meaningful.

Revenue

Total revenue decreased by \$10.1 million, or 2.0%, in 2024 compared to 2023. This decrease was primarily due to: \$8.3 million from a decline in company same store sales, \$7.1 million due to refranchising and \$6.7 million due to permanent restaurant closures, partially offset by \$12.0 million from growth in new restaurant revenue.

Average unit volumes decreased 3.0% to \$1.29 million in 2024 compared to \$1.33 million in 2023 primarily due to decreases in traffic. System-wide comparable restaurant sales decreased 1.5% in 2024, comprised of a 1.8% decrease at company-owned restaurants and a 0.2% decrease at franchise-owned restaurants.

Cost of Sales

Cost of sales decreased by \$0.4 million, or 0.3%, in 2024 compared to 2023. As a percentage of restaurant revenue, cost of sales increased to 25.6% in 2024 from 25.2% in 2023, primarily due to a 0.8% impact from a combination of menu mix shifts and inflation, partially offset by a 0.4% benefit from menu price increases.

Labor Costs

Labor costs decreased by \$3.4 million, or 2.1%, in 2024 compared to 2023. As a percentage of restaurant revenue, labor costs decreased to 31.9% in 2024 compared to 32.0% in 2023, primarily due to a 0.5% benefit from menu price increases, a 0.5% benefit from labor efficiencies and a 0.5% benefit from a combination of lower incentive pay and benefits, partially offset by increases of 0.8% from traffic deleverage and 0.6% from wage inflation.

Occupancy Costs

Occupancy costs increased by \$0.4 million, or 1.0%, in 2024 compared to 2023, due primarily to new restaurant openings. As a percentage of restaurant revenue, occupancy costs increased to 9.6% in 2024 from 9.3% in 2023, due primarily to a decrease in restaurant revenue.

Other Restaurant Operating Costs

Other restaurant operating costs increased by \$3.5 million, or 3.8%, in 2024 compared to 2023. As a percentage of restaurant revenue, other restaurant operating costs increased to 19.7% in 2024 from 18.6% in 2023, primarily due to a 0.5% impact from higher delivery fees driven by higher delivery sales, a 0.4% impact from sales deleverage, and a 0.3% impact from increased marketing spend in 2024.

General and Administrative Expense

General and administrative expense decreased by \$1.0 million, or 1.9%, in 2024 compared to 2023, due primarily to decreases in wages and labor expenses of \$1.5 million partially offset by increases in marketing spend and expenses related to our bi-annual manager conference. As a percentage of revenue, general and administrative expense remained flat at 10.3% in 2024 and 2023.

Depreciation and Amortization

Depreciation and amortization increased by \$2.3 million, or 8.5%, in 2024 compared to 2023, due primarily to new restaurant and technology investments, partially offset by restaurants impaired or closed. As a percentage of revenue, depreciation and amortization increased to 5.9% in 2024 compared to 5.3% in 2023.

Pre-Opening Costs

Pre-opening costs decreased \$0.7 million in 2024 compared to 2023 due to less new restaurant openings in 2024 compared to 2023.

Restaurant Impairments, Closure Costs and Asset Disposals

Restaurant impairments, closure costs and asset disposals increased by \$11.9 million, or 141.3%, in 2024 compared to 2023. The increase was largely due to an increase in write-downs of lease related assets and fixed asset impairment charges with sixteen restaurants impaired in 2024 compared to two restaurants impaired in 2023. We performed a detailed review of significantly underperforming restaurants in 2024 and based on this review, recorded impairments on certain restaurants that we believed had fair market values below their net book values. Both years include ongoing equipment costs for restaurants previously impaired and lease related costs and expenses in connection with the divestiture of company-owned restaurants in previous years.

Interest Expense

Interest expense increased by \$3.6 million, or 74.5% in 2024 compared to 2023. The increase was mainly due to higher average borrowings and a higher average interest rate in 2024 compared to 2023. Interest rates for all amounts outstanding are variable.

Provision for Income Taxes

The effective tax rate was (0.1)% in 2024 compared to (0.2)% in 2023. We will continue to maintain a valuation allowance against deferred tax assets until there is sufficient evidence to support a full or partial reversal. The reversal of a previously recorded valuation allowance will generally result in a benefit from income tax.

Liquidity and Capital Resources

Current Resources

As of December 31, 2024, our available cash and cash equivalents balance was \$1.1 million, and \$19.0 million was available for future borrowings under our A&R Credit Agreement (defined below).

On May 9, 2018, we entered into a Credit Agreement (the “Credit Agreement”) with each other Loan Party (as defined in the Credit Agreement) party thereto, each lender from time to time party thereto, and U.S. Bank National Association, as Administrative Agent, L/C Issuer and Swing Line Lender (each as defined in the Credit Agreement). The Credit Agreement consisted of a term loan facility in an aggregate principal amount of \$25.0 million and a revolving line of credit of \$65.0 million, which included a letter of credit subfacility in the amount of \$15.0 million and a swingline subfacility in the amount of \$10.0 million. The Credit Agreement was subsequently amended on November 20, 2019 and June 16, 2020. On July 27, 2022, we amended and restated our Credit Agreement by entering into the Amended and Restated Credit Agreement (as further amended, restated, extended, supplemented, modified and otherwise in effect from time to time, the “A&R Credit Agreement”), with each other Loan Party (as defined in the A&R Credit Agreement) party thereto, each lender from time to time party thereto, and U.S. Bank National Association, as Administrative Agent, L/C Issuer and Swing Line Lender (each as defined in the A&R Credit Agreement). The A&R Credit Agreement matures on July 27, 2027. Among other things, the A&R Credit Agreement: (i) increased the credit facility from \$100.0 million to \$125.0 million and (ii) eliminated the term loan and principal amortization components of the credit facility. The A&R Credit Agreement was subsequently amended on December 21, 2023.

On October 29, 2024, the Company amended its A&R Credit Agreement, by entering into that certain Second Amendment to Amended and Restated Credit Agreement (the “Second Amendment”). Among the modifications, the Second Amendment: (i) increased the maximum applicable rate ranges (A) with respect to SOFR loans, from 1.75% - 3.00% to 1.75% - 3.75% per annum and (B) with respect to base rate loans, from 0.75% - 2.00% to 0.75% - 2.75% per annum, in each case as determined by the Consolidated Total Lease Adjusted Leverage Ratio (as defined in the A&R Credit Agreement), (ii) conditioned the use of the general restricted payment basket on satisfaction of a Consolidated Total Lease Adjusted Leverage Ratio (as defined in the A&R Credit Agreement) of less than or equal to 4.00 to 1.00 and a Consolidated Fixed Charge Coverage Ratio (as defined in the A&R Credit Agreement) of greater than or equal to 1.25 to 1.00, (iii) restricted entry into new lease agreements so long as the Consolidated Total Lease Adjusted Leverage Ratio (as defined in the A&R Credit Agreement) in Section 7.11(a) of the A&R Credit Agreement is greater than or equal to 4.50 to 1.00, (iv) increased the Consolidated Total Lease Adjusted Leverage Ratio (as defined in the A&R Credit Agreement) in Section 7.11(a) of the A&R Credit Agreement to be no greater than (x) 5.50 to 1.00 for the fiscal quarter ending on October 1, 2024 until and including the last day of the fiscal quarter ending September 30, 2025 and (y) stepping down to (1) 5.25 to 1.00 per annum for the fiscal quarter ending December 30, 2025, (2) 5.00 to 1.00 per annum for the fiscal quarters ending March 31, 2026 and June 30, 2026, (3) 4.75 to 1.00 for the fiscal quarters ending September 29, 2026 and December 29, 2026 and (4) 4.50 to 1.00 per annum for the fiscal quarter ended March 30, 2027 and thereafter and (v) amended the Consolidated Fixed Charge Coverage Ratio (as defined in the A&R Credit Agreement) in Section 7.11(b) of the A&R Credit Agreement to be no less than (x) 1.05 to 1.00 for the fiscal quarter ending on October 1, 2024 until and including the last day of the fiscal quarter ending September 30, 2025 and (y) stepping up to (1) 1.15 to 1.00 for the fiscal quarters ending December 30, 2025 and March 31, 2026 and (2) 1.25 to 1.00 for the fiscal quarter ending June 30, 2026 and thereafter.

As of December 31, 2024, we had \$103.0 million of indebtedness (excluding \$2.3 million of unamortized debt issuance costs) and \$3.0 million of letters of credit outstanding under the A&R Credit Agreement.

Availability of borrowings under the A&R Credit Agreement is conditioned upon our compliance with the terms of the A&R Credit Agreement, including the financial covenants and other customary affirmative and negative covenants, such as limitations on additional borrowings, acquisitions, dividend payments and lease commitments, and customary representations and warranties. As of December 31, 2024, we were in compliance with all of our debt covenants.

We expect that we will meet all applicable financial covenants in our A&R Credit Agreement through at least the next four fiscal quarters. However, there can be no assurance we will meet such financial covenants. If such covenants are not met, we would be required to seek a waiver or amendment from the banks participating in the credit facility. There can be no assurance that such waiver or amendment would be granted, which could have a material adverse impact on our liquidity.

Cash Flow Analysis

Cash flows from operating, investing and financing activities are shown in the following table:

	Fiscal Year Ended	
	December 31, 2024	January 2, 2024
	(in thousands)	
Net cash provided by operating activities	\$ 7,561	\$ 27,495
Net cash used in investing activities	(26,714)	(51,800)
Net cash provided by financing activities	17,289	25,795
Net (decrease) increase in cash and cash equivalents	<u>\$ (1,864)</u>	<u>\$ 1,490</u>

Operating Activities

Net cash provided by operating activities in 2024 was \$7.6 million compared to \$27.5 million in 2023. The decrease in operating cash flows resulted primarily from a decrease in net income as adjusted for non-cash items including depreciation and impairments, as well as changes in working capital related to payroll timing and normal changes in accounts payable and other accrued expenses.

Investing Activities

Net cash used in investing activities decreased \$25.1 million to \$26.7 million in 2024 compared to 2023. This decrease was primarily due to decreased investment in new restaurant openings and the completion of installation for our digital menu boards in 2023. We opened ten and eighteen company-owned restaurants in 2024 and 2023, respectively.

Financing Activities

Net cash provided by financing activities was \$17.3 million in 2024, compared to \$25.8 million in 2023. The decrease from 2023 was primarily due to a reduction in net borrowings to fund capital spending in 2024.

Material Cash Requirements

Our short-term obligations consist primarily of certain lease and other contractual commitments related to our operations, normal recurring operating expenses, working capital needs, new store development, capital improvements and maintenance of our restaurants, regular interest payments on our debt obligations and certain non-recurring expenditures.

Our long-term obligations consist primarily of certain lease and other contractual commitments related to our operations and payment of our outstanding debt obligations. In addition, new store development will require capital each year which is expected to be funded by currently available cash and cash equivalents, cash flows from operations and our revolving credit facility.

Our capital expenditure requirements are primarily dependent upon the pace of our real estate development program and resulting new restaurant openings, costs for maintenance and remodeling of our existing restaurants, as well as information technology expenses and other general corporate capital expenditures.

Our total capital expenditures for 2024 were \$28.8 million, which includes amounts for restaurants that will be opening in 2025. We expect our 2025 capital expenditures to be in the range of \$11.0 million to \$13.0 million. Our capital expenditures in 2025 are expected to be primarily related to our reinvestment in existing restaurants, the opening of two new restaurants and technology improvements.

Our contractual obligations consist of lease obligations, purchase obligations, long-term debt and other liabilities. See Note 4 Long-Term Debt and Note 12 Leases to our consolidated financial statements for further discussion. We are obligated under non-cancelable leases for our restaurants, administrative offices and equipment. In addition to those lease obligations, we have legally binding minimum lease payments for leases signed but not yet commenced amounting to \$1.1 million as of December 31, 2024. We enter into various purchase obligations in the ordinary course of business. As of December 31, 2024, our binding purchase obligations are approximately \$49.4 million, which includes \$29.1 million to be incurred within the next 12 months. These amounts relate to volume commitments for beverage and food products, as well as binding commitments for the construction of new restaurants. Our other liabilities of \$2.2 million as of December 31, 2024 includes our commitment under our non-qualified deferred compensation plan and severance.

We believe that we have sufficient liquidity to meet our liquidity needs and capital resource requirements for at least the next twelve months primarily through currently available cash and cash equivalents, cash flows from operations, and borrowings under the A&R Credit Agreement. Our working capital position benefits from the fact that we generally collect cash from sales to customers the same day, or in the case of credit or debit card transactions, within several days of the related sale, and we typically have up to 30 days to pay our vendors. In addition, we receive trade credit for the purchase of food, beverages and supplies, therefore reducing the need for incremental working capital to support growth.

Critical Accounting Policies and Estimates

Our consolidated financial statements and accompanying notes are prepared in accordance with GAAP. Preparing consolidated financial statements requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses. These estimates and assumptions are affected by the application of our accounting policies. Our significant accounting policies are described in Note 1 Business and Summary of Significant Accounting Policies, to our consolidated financial statements. Critical accounting estimates are those that require application of management’s most difficult, subjective or complex judgments, often as a result of matters that are inherently uncertain and may change in subsequent periods. While we apply our judgment based on assumptions believed to be reasonable under the circumstances, actual results could vary from these assumptions. It is possible that materially different amounts would be reported using different assumptions. We believe the critical accounting policies described below affect our more significant judgments and estimates used in the preparation of our consolidated financial statements.

Impairment of Long-Lived Assets

We review long-lived assets, such as property and equipment, right of use assets and intangibles, subject to amortization, for impairment when events or circumstances indicate the carrying value of the assets may not be recoverable. In determining the recoverability of the asset value, an analysis is performed at the individual restaurant level and primarily includes an assessment of historical cash flows and other relevant factors and circumstances. The other factors and circumstances include changes in the economic environment, changes in the manner in which assets are used, unfavorable changes in legal factors or business climate, incurring excess costs in construction of the asset, overall restaurant operating performance and projections for future performance. These estimates result in a wide range of variability on a year to year basis due to the nature of the criteria. Restaurant-level cash flow less than our internal threshold over the previous 12 periods is considered an indicator of potential impairment. In such situations, we evaluate future undiscounted cash flow projections in conjunction with qualitative factors and future operating plans. Our impairment assessment process requires the use of estimates and assumptions regarding the future undiscounted cash flows and operating outcomes, which are based upon a significant degree of management’s judgment.

In performing our impairment testing, we forecast our future undiscounted cash flows by looking at recent restaurant level performance, restaurant level operating plans, sales trends and cost trends for cost of sales, labor and operating expenses. We believe that this combination of information gives us a fair benchmark to estimate future undiscounted cash flows. We compare this cash flow forecast, excluding occupancy rent expense, to the asset’s carrying value, excluding lease liability, at the restaurant. Based on this analysis, if the carrying amount of the assets is greater than the estimated future undiscounted cash flows, an impairment charge is recognized, measured as the amount by which the carrying amount exceeds the fair value of the asset. If these projections are not achieved, we could realize future impairments.

Leases

We lease all restaurant facilities, office space and certain equipment. Pursuant to FASB Accounting Standards Codification (“ASC”) Topic 842, all operating and finance lease assets and liabilities are recognized on our Consolidated Balance Sheets.

Right of use (“ROU”) assets represent our right to use an underlying asset for the lease term and lease liabilities represent our obligation to make future lease payments arising from the lease. Operating lease ROU assets and liabilities are recorded at commencement date based on the present value of lease payments over the lease term, which includes options to extend lease terms that are reasonably certain of being exercised. To determine the present value of lease payments not yet paid, we estimate incremental borrowing rates corresponding to the reasonably certain lease term. As most of our leases do not provide an implicit rate, we use the incremental borrowing rate based on information available at commencement date in determining the present value of lease payments. Leases with an initial term of 12 months or less are not recorded on the Consolidated Balance Sheets. We recognize lease expense for these short-term leases on a straight-line basis over the lease term.

Our leases typically contain rent escalations over the lease term. We recognize expense for these leases on a straight-line basis over the lease term. Additionally, tenant incentives used to fund leasehold improvements are recognized when earned and reduce the right-of-use asset related to the lease. These are amortized through the right-of-use asset as reductions of expense over the lease term. Rent expense for the period prior to the restaurant opening is reported as pre-opening expense in the Consolidated Statements of Operations. If our estimates or underlying assumptions, including discount rate and sublease income change in the future, our operating results may be materially impacted.

ITEM 7A. Quantitative and Qualitative Disclosure about Market Risk

Interest Rate Risk

We are exposed to market risk from changes in interest rates on debt. Our exposure to interest rate fluctuations is limited to our outstanding borrowing under our A&R Credit Agreement, which bears interest at variable rates equal to SOFR plus a margin of 1.75% to 3.75% per annum, based upon the consolidated total lease-adjusted leverage ratio. As of December 31, 2024, \$103.0 million in borrowings were outstanding under our A&R Credit Agreement. An increase or decrease of 1.0% in the effective interest rate applied to our borrowings would have resulted in a pre-tax interest expense fluctuation of approximately \$1.0 million on an annualized basis.

Commodity Price Risk

We purchase certain products that are affected by commodity prices and are, therefore, subject to price volatility caused by weather, market conditions and other factors that are not considered predictable or within our control. Although these products are subject to changes in commodity prices, certain purchasing contracts or pricing arrangements contain risk management techniques designed to minimize price volatility. We use these types of purchasing techniques to control costs as an alternative to directly managing financial instruments to hedge commodity prices. In many cases, we believe we may be able to address material commodity cost increases by adjusting our menu pricing, but multiple price increases over a short period of time may negatively affect customer behavior, as we observed in 2023. Beginning in 2023 and continuing into 2024, the commodity markets underlying our cost of food began to stabilize. However, increases in commodity prices, without adjustments to our menu prices, could increase restaurant operating costs as a percentage of restaurant revenue.

Inflation

The primary inflationary factors affecting our operations are food costs, labor costs, energy costs and materials used in the construction of new restaurants and maintenance of existing restaurants. Increases in federal, state or local minimum wages directly affect our labor costs. Many of our leases require us to pay taxes, maintenance, repairs, insurance and utilities, all of which are generally subject to inflationary increases. Additionally, the cost of constructing our restaurants is subject to inflationary increases in the costs of labor and material. We expect inflation may continue to affect our results in the near future. However, in 2024, we have seen a decline in the rate of wage inflation.

ITEM 8. Financial Statements and Supplementary Data

Noodles & Company

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Financial Statements

Consolidated Balance Sheets as of December 31, 2024 and January 2, 2024	40
Consolidated Statements of Operations for the years ended December 31, 2024, January 2, 2024 and January 3, 2023	41
Consolidated Statements of Stockholders’ Equity (Deficit) for the years ended December 31, 2024, January 2, 2024 and January 3, 2023	42
Consolidated Statements of Cash Flows for the years ended December 31, 2024, January 2, 2024 and January 3, 2023...	43
Notes to Consolidated Financial Statements	44
Report of Independent Registered Public Accounting Firm (PCAOB ID: 42).....	63

See accompanying notes to consolidated financial statements.

Noodles & Company Consolidated Balance Sheets (in thousands, except share data)		
	December 31, 2024	January 2, 2024
Assets		
Current assets:		
Cash and cash equivalents	\$ 1,149	\$ 3,013
Accounts receivable	4,058	5,144
Inventories	10,500	10,251
Prepaid expenses and other assets	4,156	3,879
Income tax receivable	329	337
Total current assets	20,192	22,624
Property and equipment, net	137,237	152,176
Operating lease assets, net	157,821	183,857
Goodwill	7,154	7,154
Intangibles, net	495	538
Other assets, net	1,749	1,746
Total long-term assets	304,456	345,471
Total assets	<u>\$ 324,648</u>	<u>\$ 368,095</u>
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 13,194	\$ 16,691
Accrued payroll and benefits	7,632	7,769
Accrued expenses and other current liabilities	12,836	12,950
Current operating lease liabilities	32,055	30,104
Total current liabilities	65,717	67,514
Long-term debt, net	100,742	80,218
Long-term operating lease liabilities, net	156,723	186,285
Deferred tax liabilities, net	276	255
Other long-term liabilities	6,769	6,663
Total liabilities	<u>330,227</u>	<u>340,935</u>
Commitments and contingencies		
Stockholders' equity:		
Preferred stock—\$0.01 par value, 1,000,000 shares authorized and undesignated as of December 31, 2024 and January 2, 2024; no shares issued or outstanding	—	—
Common stock—\$0.01 par value, 180,000,000 shares authorized as of December 31, 2024 and January 2, 2024; 48,161,878 issued and 45,738,007 outstanding as of December 31, 2024; 47,413,585 issued and 44,989,714 outstanding as of January 2, 2024	482	474
Treasury stock, at cost, 2,423,871 shares as of December 31, 2024 and January 2, 2024, respectively	(35,000)	(35,000)
Additional paid-in capital	213,396	209,930
Accumulated deficit	(184,457)	(148,244)
Total stockholders' (deficit) equity	<u>(5,579)</u>	<u>27,160</u>
Total liabilities and stockholders' equity	<u>\$ 324,648</u>	<u>\$ 368,095</u>

See accompanying notes to consolidated financial statements.

Noodles & Company Consolidated Statements of Operations (in thousands, except share and per share data)				
	Fiscal Year Ended			
	December 31, 2024	January 2, 2024	January 3, 2023	
<i>Revenue:</i>				
Restaurant revenue	\$ 483,097	\$ 492,648	\$ 498,359	
Franchising royalties and fees, and other	10,174	10,757	11,121	
Total revenue	493,271	503,405	509,480	
<i>Costs and expenses:</i>				
Restaurant operating costs (exclusive of depreciation and amortization shown separately below):				
Cost of sales	123,692	124,102	137,859	
Labor	154,258	157,608	155,023	
Occupancy	46,366	45,925	45,213	
Other restaurant operating costs	95,032	91,559	91,220	
General and administrative	50,824	51,833	49,903	
Depreciation and amortization	29,066	26,792	23,268	
Pre-opening	1,543	2,215	1,662	
Restaurant impairments, closure costs and asset disposals	20,268	8,400	6,164	
Total costs and expenses	521,049	508,434	510,312	
Loss from operations	(27,778)	(5,029)	(832)	
Interest expense, net	8,381	4,803	2,445	
Loss before income taxes	(36,159)	(9,832)	(3,277)	
Provision for income taxes	54	24	37	
Net loss	<u>\$ (36,213)</u>	<u>\$ (9,856)</u>	<u>\$ (3,314)</u>	
Loss per Class A and Class B common stock, combined				
Basic	\$ (0.80)	\$ (0.21)	\$ (0.07)	
Diluted	\$ (0.80)	\$ (0.21)	\$ (0.07)	
Weighted average Class A and Class B common stock outstanding, combined				
Basic	45,465,727	45,863,719	45,913,787	
Diluted	45,465,727	45,863,719	45,913,787	

See accompanying notes to consolidated financial statements.

Noodles & Company
Consolidated Statements of Stockholders' Equity (Deficit)
(in thousands, except share data)

	Common Stock ⁽¹⁾		Treasury		Additional Paid-In Capital	Accumulated Deficit	Total Stockholders' Equity (Deficit)
	Shares	Amount	Shares	Amount			
Balance—December 28, 2021	48,125,151	\$ 481	2,423,871	\$ (35,000)	\$ 207,226	\$ (135,074)	\$ 37,633
Stock plan transactions and other	339,147	4	—	—	(360)	—	(356)
Stock-based compensation expense	—	—	—	—	4,401	—	4,401
Net loss	—	—	—	—	—	(3,314)	(3,314)
Balance—January 3, 2023	48,464,298	485	2,423,871	(35,000)	211,267	(138,388)	38,364
Stock plan transactions and other	681,239	6	—	—	(655)	—	(649)
Shares repurchased and retired	(1,731,952)	(17)	—	—	(4,987)	—	(5,004)
Stock-based compensation expense	—	—	—	—	4,305	—	4,305
Net loss	—	—	—	—	—	(9,856)	(9,856)
Balance—January 2, 2024	47,413,585	474	2,423,871	(35,000)	209,930	(148,244)	27,160
Stock plan transactions and other	748,293	8	—	—	(196)	—	(188)
Stock-based compensation expense	—	—	—	—	3,662	—	3,662
Net loss	—	—	—	—	—	(36,213)	(36,213)
Balance—December 31, 2024	48,161,878	\$ 482	2,423,871	\$ (35,000)	\$ 213,396	\$ (184,457)	\$ (5,579)

(1) Unless otherwise noted, activity relates to Class A common stock.

See accompanying notes to consolidated financial statements.

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

	Fiscal Year Ended		
	December 31, 2024	January 2, 2024	January 3, 2023
Operating activities			
Net loss	\$ (36,213)	\$ (9,856)	\$ (3,314)
Adjustments to reconcile net loss to net cash provided by operating activities:			
Depreciation and amortization	29,066	26,792	23,268
Deferred income taxes, net	21	26	(40)
Restaurant impairments, closure costs and asset disposals	14,402	3,981	2,261
Amortization of debt issuance costs	606	366	723
Stock-based compensation	3,609	4,235	4,328
Gain on insurance proceeds received for property damage	—	(205)	—
Changes in operating assets and liabilities:			
Accounts receivable	1,086	1,201	(2,576)
Inventories	(702)	(303)	(743)
Prepaid expenses and other assets	(280)	(520)	1,244
Accounts payable	(1,943)	2,206	(563)
Operating lease assets and liabilities	(1,466)	(1,025)	(5,417)
Income taxes	8	(161)	(68)
Accrued expenses and other liabilities	(633)	758	(9,546)
Net cash provided by operating activities	7,561	27,495	9,557
Investing activities			
Purchases of property and equipment	(28,767)	(52,043)	(33,886)
Proceeds from restaurant refranchising	2,053	—	1,577
Insurance proceeds received for property damage	—	243	—
Net cash used in investing activities	(26,714)	(51,800)	(32,309)
Financing activities			
Net borrowings from swing line loan	1,820	(9)	4,781
Proceeds from borrowings on long-term debt	19,000	34,500	53,512
Payments on long-term debt	—	—	(32,850)
Debt issuance costs	(902)	(690)	(1,077)
Payment of finance leases	(2,441)	(2,376)	(1,990)
Repurchase of common stock	—	(4,981)	—
Stock plan transactions and tax withholding on share-based compensation awards	(188)	(649)	(356)
Net cash provided by financing activities	17,289	25,795	22,020
Net (decrease) increase in cash and cash equivalents	(1,864)	1,490	(732)
Cash and cash equivalents			
Beginning of year	3,013	1,523	2,255
End of year	\$ 1,149	\$ 3,013	\$ 1,523

See accompanying notes to consolidated financial statements.

1. Business and Summary of Significant Accounting Policies

Business

Noodles & Company (the “Company” or “Noodles & Company”), a Delaware corporation, develops and operates fast-casual restaurants that serve globally-inspired noodle and pasta dishes, soups, salads and appetizers. As of December 31, 2024, the Company had 371 company-owned restaurants and 92 franchise restaurants in 31 states. The Company operates its business as one operating and reportable segment.

Principles of Consolidation and Basis of Presentation

The accompanying consolidated financial statements include the accounts of Noodles & Company and its subsidiaries. All intercompany balances and transactions are eliminated in consolidation.

Fiscal Year

The Company operates on a 52- or 53-week fiscal year ending on the Tuesday closest to December 31. Fiscal years 2024 and 2023 which ended on December 31, 2024 and January 2, 2024, respectively, each contained 52 weeks. Fiscal year 2022 which ended on January 3, 2023 contained 53 weeks.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (“GAAP”) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Company considers all highly liquid investment instruments with an initial maturity of three months or less when purchased to be cash equivalents. Amounts receivable from credit card processors are converted to cash shortly after the related sales transaction and are considered to be cash equivalents because they are both short-term and highly liquid in nature. Amounts receivable from credit card processors as of December 31, 2024 and January 2, 2024, which are included in cash and cash equivalents, were \$0.8 million and \$2.4 million, respectively. Additionally, the Company records “book overdrafts” when outstanding checks at year end are in excess of cash and cash equivalents. Such book overdrafts are recorded within accounts payable in the accompanying Consolidated Balance Sheets and within operating activities in the accompanying Consolidated Statements of Cash Flows.

Accounts Receivable

Accounts receivable consists primarily of franchise receivables and vendor rebates, as well as insurance receivables and other miscellaneous receivables arising from the normal course of business. The Company believes all amounts to be collectible, accordingly, no allowance for doubtful accounts has been recorded as of December 31, 2024 or January 2, 2024. In 2023, the Company recognized \$0.5 million of bad debt expense.

Inventories

Inventories consist of food, beverages, supplies and smallwares, and are stated at the lower of cost (first-in, first-out method) or net realizable value. Smallwares inventory, which consist of the plates, silverware and cooking utensils used in the restaurants, are frequently replaced and are therefore considered current assets. Replacement costs of smallwares inventory are recorded as other restaurant operating costs in the Consolidated Statements of Operations and are expensed as incurred. As of December 31, 2024 and January 2, 2024, smallwares inventory of \$6.7 million, was included in the accompanying Consolidated Balance Sheets.

Property and Equipment

Property and equipment are stated at cost, less accumulated depreciation. Expenditures for major renewals and improvements are capitalized, while expenditures for minor replacements and maintenance and repairs are expensed as incurred. Upon retirement or disposal of assets, the accounts are relieved of cost and accumulated depreciation and the related gain or loss is reflected in earnings. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets. Leasehold improvements are amortized over the shorter of the estimated useful life or the lease term, which generally includes option periods that are reasonably certain to be exercised. Depreciation and amortization expense on property and equipment, including assets recorded as finance leases, was \$29.0 million, \$26.7 million and \$23.2 million in 2024, 2023 and 2022, respectively.

The estimated useful lives for property and equipment are:

Property and Equipment	Estimated Useful Lives
Leasehold improvements	Shorter of lease term or estimated useful life, not to exceed 20 years
Furniture and fixtures	3 to 15 years
Equipment	3 to 7 years

The Company capitalizes internal payroll and payroll-related costs directly related to the successful acquisition, development, design and construction of its new restaurants. Capitalized internal costs were \$0.4 million, \$0.5 million and \$0.4 million in 2024, 2023 and 2022, respectively. Interest incurred on funds used to construct company-owned restaurants is capitalized and amortized over the estimated useful life of the related assets. Capitalized interest totaled \$0.4 million, \$0.9 million and \$0.6 million in 2024, 2023 and 2022, respectively.

Goodwill

Goodwill represents the excess of purchase price over the fair value of identifiable net assets acquired. Goodwill is not subject to amortization, but instead is tested for impairment at least annually (or more often, if necessary) as of the first day of the Company’s fourth fiscal quarter.

Goodwill is evaluated at the level of the Company’s single operating segment, which also represents the Company’s only reporting unit. In 2024, 2023 and 2022, the Company performed a qualitative impairment assessment. Under this approach, the Company first assesses qualitative factors to determine whether it is more likely than not that the fair value of its reporting unit is less than its carrying amount as a basis for determining whether it is necessary to perform the two-step goodwill impairment test. The more-likely-than-not threshold is defined as having a likelihood of more than 50 percent. If after performing the qualitative assessment, the Company determines there is less than a 50 percent chance that the fair value of its reporting unit is less than its carrying amount, then performing the two-step test is unnecessary. Based on the qualitative assessment performed, management did not believe that it is more likely than not that the Company’s goodwill has been impaired.

Based on the Company’s analysis, no impairment charges were recognized on goodwill in 2024, 2023 or 2022.

Intangibles, net

Intangibles, net consists primarily of reacquired franchise rights and trademarks. The Company amortizes the reacquired franchise rights over the remaining contractual terms of the reacquired franchise area development agreements at the time of acquisition, which ranged from approximately one year to eight years as of December 31, 2024. Trademark rights are considered indefinite-lived intangible assets, the carrying value of which are analyzed for impairment at least annually (or more often, if necessary).

Impairment of Long-Lived Assets

Long-lived assets are reviewed for impairment on a regular basis, in addition to whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets is measured by a comparison of the carrying amount of the assets to the future undiscounted net cash flows expected to be generated by the assets. Identifiable cash flows are measured at the lowest level for which they are largely independent of the cash flows of other groups of assets and liabilities, generally at the restaurant level. If the assets are determined to be impaired, the amount of impairment recognized is measured by the amount by which the carrying amount of the assets exceeds their fair value. Estimates of future cash flows are based on the Company’s experience and knowledge of local operations. During 2024, 2023 and 2022, the Company recorded impairment charges of certain long-lived assets which are included in restaurant impairments, closure costs and asset disposals in the Consolidated Statements of Operations. See Note 6, Restaurant Impairments, Closure Costs and Asset Disposals. Fair value of the restaurant assets was determined using Level 3 inputs (as described in Note 5, Fair Value Measurements).

Debt Issuance Costs

Certain fees and costs incurred to obtain long-term financing are capitalized and included as a reduction in the net carrying value of long-term debt, net of accumulated amortization. These costs are amortized to interest expense over the term of the related debt. When debt is extinguished prior to its maturity date, the amortization of the remaining unamortized debt issuance costs, or pro-rata portion thereof, is charged to loss on extinguishment of debt. Debt issuance costs of \$2.3 million and \$2.0 million, net of accumulated amortization, as of December 31, 2024 and January 2, 2024, respectively, are included as a reduction of long-term debt in the Consolidated Balance Sheets.

Self-Insurance Programs

The Company self-insures for health, workers’ compensation, general liability and property damage. Predetermined loss limits have been arranged with insurance companies to limit the Company’s per occurrence cash outlay. Estimated costs to settle reported claims and incurred but unreported claims for health and workers’ compensation self-insured plans are recorded in accrued payroll and benefits and for general liability and property damage in accrued expenses and other liabilities in the Consolidated Balance Sheets.

Concentrations of Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of cash and cash equivalents and accounts receivable. The Company’s cash balances may exceed federally insured limits. Credit card transactions at the Company’s restaurants are processed by one service provider. Concentration of credit risk related to accounts receivable are limited, as the Company’s receivables are primarily amounts due from franchisees and the Company directly pulls the amounts owed from the franchisees bank accounts.

Revenue Recognition

Revenue consists of sales from restaurant operations and franchise royalties and fees. Revenue from the operation of company-owned restaurants is recognized when sales occur. The Company reports revenue net of sales and use taxes collected from customers and remitted to governmental taxing authorities.

Gift Cards

The Company sells gift cards which do not have an expiration date, and it does not deduct non-usage fees from outstanding gift card balances. The Company recognizes revenue from gift cards when the gift card is redeemed by the customer or the Company determines the likelihood of the gift card being redeemed by the customer is remote (“gift card breakage”). The determination of the gift card breakage rate is based upon Company-specific historical redemption patterns. The Company has determined that approximately 15% of gift cards will not be redeemed, which is recognized ratably over the estimated redemption period of the gift card, approximately 24 months.

Loyalty Program

The Company operates the Noodles Rewards program, which is primarily a spend-based loyalty program. With each purchase, Noodles Rewards members earn loyalty points that can be redeemed for rewards, including free products. Using an estimate of the value of reward redemptions, we defer revenue associated with points earned, net of estimated points that will not be redeemed. Points generally expire after six months. Revenue is recognized in a future period when the reward points are redeemed.

Franchise Royalties

Royalties from franchise restaurants are based on a percentage of restaurant revenues and are recognized in the period the related franchised restaurants’ sales occur. Development fees and franchise fees, portions of which are collected in advance, are nonrefundable. The Company has determined that the initial franchise services are not distinct from the continuing rights or services offered during the term of the franchise agreement and should be treated as a single performance obligation; therefore, such fees are recognized in income ratably over the term of the related franchise agreement or recognized upon the termination of the agreement between the Company and the franchisee.

As of December 31, 2024, January 2, 2024 and January 3, 2023, there were 92, 90 and 93 franchise restaurants in operation, respectively. Franchisees opened three restaurants in 2024, no restaurants in 2023 and three in 2022. Seven franchise restaurants closed in 2024, three franchise restaurants closed in 2023 and one closed in 2022. In addition, there were six company-owned locations acquired by a franchisee in 2024 and 15 acquired by a franchisee in 2022.

Sublease Income

The Company records sublease income related to leases for which the Company remains obligated. The Company has entered into transactions to sell company-owned restaurants to franchisees. The lease agreements for those restaurants were assigned to the franchisee, but in some instances, the Company was not relieved of its primary obligations under the main lease, therefore these leases are treated as subleases. The lease income on these locations has been recorded in “Franchising royalties and fees, and other” and the offsetting lease expense has been recorded in “Restaurant impairments, closure costs and asset disposals” in the Consolidated Statement of Operations.

Pre-Opening Costs

Pre-opening costs, including rent, wages, benefits and travel for the training and opening teams, food, beverage and other restaurant operating costs, are expensed as incurred prior to a restaurant opening for business.

Advertising and Marketing Costs

Advertising and marketing costs are expensed as incurred and were \$12.7 million, \$10.8 million and \$9.3 million in 2024, 2023 and 2022, respectively. These costs are included in restaurant operating costs, general and administrative expenses and pre-opening costs based on the nature of the advertising and marketing costs incurred.

Rent

Rent expense for the Company’s leases, which generally have escalating rentals over the term of the lease, is recorded on a straight-line basis over the lease term. Additionally, tenant incentives used to fund leasehold improvements are recognized when earned and reduce the right-of-use asset related to the lease. These are amortized through the right-of-use asset as reductions of expense over the lease term. Some of the Company’s leases include rent escalations based on inflation indexes and fair market value adjustments. Certain leases contain contingent rental provisions that include a fixed base rent plus an additional percentage of the restaurant’s sales in excess of stipulated amounts. Lease expense associated with rent escalation and contingent rental provisions is not material and is included within operating lease cost. Operating lease liabilities are calculated using the prevailing index or rate at lease commencement. Subsequent escalations in the index or rate and contingent rental payments are recognized as variable lease expenses. Our lease agreements do not contain any material residual value guarantees or material restrictive covenants.

As most of the Company’s leases do not provide an implicit rate, the Company used its incremental borrowing rate based on the information available at commencement date in determining the present value of lease payments.

Provision (Benefit) for Income Taxes

Provision (benefit) for income taxes is accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carry forwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those deferred amounts are expected to be recovered or settled. Valuation allowances are recorded for deferred tax assets that more likely than not will not be realized. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. The Company’s policy is to recognize interest to be paid on an underpayment of income

NOODLES & COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

taxes in interest expense and any related statutory penalties in provision (benefit) for income taxes in the Consolidated Statements of Operations.

Stock-Based Compensation Expense

Stock-based compensation expense is measured at the grant date based upon the estimated fair value of the portion of the award that is ultimately expected to vest and is recognized as expense over the applicable vesting period of the award generally using the straight-line method (see Note 9, Stock-Based Compensation for more information).

Recently Issued Accounting Pronouncements

Recently Adopted Accounting Pronouncement

In November 2023, the FASB issued ASU No. 2023-07, “Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosure.” The ASU updates reportable segment disclosure requirements, primarily through requiring enhanced disclosures about significant segment expenses and information used to assess segment performance. The Company adopted ASU No. 2023-07 during the year ended December 31, 2024. See Note 17, Segment Reporting for further detail.

Recent Accounting Pronouncements Not Yet Adopted

In December 2023, the FASB issued ASU No. 2023-09, “Income Taxes (Topic 740): Improvements to Income Tax Disclosures.” The ASU includes amendments requiring enhanced income tax disclosures, primarily related to standardization and disaggregation of rate reconciliation categories and income taxes paid by jurisdiction. The guidance is effective for fiscal years beginning after December 15, 2024, with early adoption permitted, and should be applied either prospectively or retrospectively. The Company is currently evaluating the impact this guidance may have on its consolidated financial statements and related disclosures.

In November 2024, the FASB issued ASU No. 2024-03, "Disaggregation of Income Statement Expenses (Subtopic 220-40)." The ASU requires public entities to disaggregate, in a tabular presentation, certain income statement expenses into different categories, such as purchases of inventory, employee compensation, depreciation, and intangible asset amortization. The guidance is effective for fiscal years beginning after December 15, 2026, with early adoption permitted, and may be applied retrospectively. The Company is currently evaluating the impact of adopting the new ASU on its consolidated financial statements and related disclosures.

2. Supplemental Financial Information

Accounts receivable consist of the following (in thousands):

	2024	2023
Delivery program receivables	\$ 1,306	\$ 1,869
Vendor rebate receivables	763	779
Franchise receivables ⁽¹⁾	1,127	1,043
Other receivables	862	1,453
Accounts receivable	<u>\$ 4,058</u>	<u>\$ 5,144</u>

⁽¹⁾ Franchise receivables include amounts related to equipment purchased in advance at a discount for franchisees.

Prepaid expenses and other assets consist of the following (in thousands):

	2024	2023
Prepaid occupancy related costs	\$ 850	\$ 800
Prepaid insurance	950	928
Prepaid expenses	2,332	2,127
Other current assets	24	24
Prepaid expenses and other assets	<u>\$ 4,156</u>	<u>\$ 3,879</u>

NOODLES & COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Property and equipment, net, consist of the following (in thousands):

	2024	2023
Leasehold improvements	\$ 230,211	\$ 232,060
Furniture, fixtures and equipment	177,070	176,872
Construction in progress	4,463	6,426
	411,744	415,358
Accumulated depreciation and amortization	(274,507)	(263,182)
Property and equipment, net	<u>\$ 137,237</u>	<u>\$ 152,176</u>

Accrued payroll and benefits consist of the following (in thousands):

	2024	2023
Accrued payroll and related liabilities	\$ 4,489	\$ 5,205
Accrued bonus	1,405	698
Insurance liabilities	1,738	1,866
Accrued payroll and benefits	<u>\$ 7,632</u>	<u>\$ 7,769</u>

Accrued expenses and other current liabilities consist of the following (in thousands):

	2024	2023
Gift card liability	\$ 2,000	\$ 2,222
Occupancy related	1,926	1,066
Utilities	1,340	1,311
Current portion of finance lease liability	1,976	2,337
Other restaurant expense accruals	1,842	1,466
Other corporate expense accruals	3,752	4,548
Accrued expenses and other current liabilities	<u>\$ 12,836</u>	<u>\$ 12,950</u>

3. Goodwill and Intangible Assets

The Company had no goodwill impairment charges in 2024, 2023 or 2022. As of December 31, 2024 and January 2, 2024, the goodwill balance remained at \$7.2 million.

The following table presents intangible assets subject to amortization as of December 31, 2024 and January 2, 2024, (in thousands):

	2024	2023
Amortized intangible assets:		
Reacquired franchise rights	\$ 933	\$ 933
Accumulated amortization	(692)	(627)
Amortized intangible assets, net	241	306
Non-amortized intangible assets:		
Trademark rights	254	232
Intangibles, net	<u>\$ 495</u>	<u>\$ 538</u>

NOODLES & COMPANY		
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)		
The estimated aggregate future amortization expense as of December 31, 2024 is as follows, (in thousands):		
2025	\$	66
2026		52
2027		43
2028		29
2029		16
Thereafter		35
	\$	241

No impairment charges were recorded related to non-amortized intangible assets in 2024, 2023 or 2022.

4. Long-Term Debt

Credit Facility

On July 27, 2022, the Company amended and restated the Credit Agreement by entering into the Amended and Restated Credit Agreement (as further amended, restated, extended, supplemented, modified and otherwise in effect from time to time, the “A&R Credit Agreement”), with each other Loan Party (as defined in the A&R Credit Agreement) party thereto, each lender from time to time party thereto, and U.S. Bank National Association, as Administrative Agent, L/C Issuer and Swing Line Lender (each as defined in the A&R Credit Agreement). The A&R Credit Agreement matures on July 27, 2027. Among other things, the A&R Credit Agreement: (i) increased the credit facility from \$100.0 million to \$125.0 million; (ii) eliminated the term loan and principal amortization components of the credit facility; (iii) removed the capital expenditure covenant; (iv) enhanced flexibility for certain covenants and restrictions; and (v) lowered the spread within the Company’s cost of borrowing and transitioned from LIBOR to SOFR plus a margin of 1.50% to 2.50% per annum, based upon the consolidated total lease-adjusted leverage ratio. In connection with the entry into the A&R Credit Agreement, the Company wrote off a portion of the unamortized debt issuance costs related to the Credit Agreement in the amount of \$0.3 million in 2022. The A&R Credit Agreement is secured by a pledge of stock of substantially all of the Company’s subsidiaries and a lien on substantially all of the personal property assets of the Company and its subsidiaries.

On December 21, 2023, the Company amended its A&R Credit Agreement by entering into that certain First Amendment to Amended and Restated Credit Agreement (the “Amendment”). Among the modifications, the Amendment: (i) increased applicable rate ranges (A) with respect to SOFR loans, from 1.50% - 2.50% per annum to 1.75% - 3.00% per annum and (B) with respect to base rate loans, from 0.50% - 1.50% per annum to 0.75% - 2.00% per annum, in each case as determined by the Consolidated Total Lease Adjusted Leverage Ratio (as defined in the A&R Credit Agreement), (ii) amended the Consolidated Fixed Charge Coverage Ratio (as defined in the A&R Credit Agreement) in order to limit the deduction of capital expenditures to “Non-Growth Capital Expenditures”, (iii) added a defined term for “Non-Growth Capital Expenditures” (along with certain related definitions), (iv) added a new capital expenditures covenant governing entry into new lease agreements and (v) increased the Consolidated Total Lease Adjusted Leverage Ratio (as defined in the A&R Credit Agreement) to be no greater than (x) 4.50 to 1.00 for the period beginning on the last day of the fiscal quarter ending January 2, 2024 until and including the last day of the fiscal quarter ending December 30, 2025 and (y) 4.25 to 1.00 for the period beginning on the last day of the fiscal quarter ending March 31, 2026 until and including the last day of the fiscal quarter ending September 29, 2026.

On October 29, 2024, the Company amended its A&R Credit Agreement, by entering into that certain Second Amendment to Amended and Restated Credit Agreement (the “Second Amendment”). Among the modifications, the Second Amendment: (i) increased the maximum applicable rate ranges (A) with respect to SOFR loans, from 1.75% - 3.00% to 1.75% - 3.75% per annum and (B) with respect to base rate loans, from 0.75% - 2.00% to 0.75% - 2.75% per annum, in each case as determined by the Consolidated Total Lease Adjusted Leverage Ratio (as defined in the A&R Credit Agreement), (ii) conditioned the use of the general restricted payment basket on satisfaction of a Consolidated Total Lease Adjusted Leverage Ratio (as defined in the A&R Credit Agreement) of less than or equal to 4.00 to 1.00 and a Consolidated Fixed Charge Coverage Ratio (as defined in the A&R Credit Agreement) of greater than or equal to 1.25 to 1.00, (iii) restricted entry into new lease agreements so long as the Consolidated Total Lease Adjusted Leverage Ratio (as defined in the A&R Credit Agreement) in Section 7.11(a) of the Credit Agreement is greater than or equal to 4.50 to 1.00, (iv) increased the Consolidated Total Lease Adjusted Leverage Ratio (as defined in the A&R Credit Agreement) in Section 7.11(a) of the Credit Agreement to be no greater than (x) 5.50 to 1.00 for the fiscal quarter ending on October 1, 2024 until and including the last day of the fiscal quarter ending September 30, 2025 and (y)

NOODLES & COMPANY		
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)		
stepping down to (1) 5.25 to 1.00 per annum for the fiscal quarter ending December 30, 2025, (2) 5.00 to 1.00 per annum for the fiscal quarters ending March 31, 2026 and June 30, 2026, (3) 4.75 to 1.00 for the fiscal quarters ending September 29, 2026 and December 29, 2026 and (4) 4.50 to 1.00 per annum for the fiscal quarter ended March 30, 2027 and thereafter and (v) amended the Consolidated Fixed Charge Coverage Ratio (as defined in the A&R Credit Agreement) in Section 7.11(b) of the Credit Agreement to be no less than (x) 1.05 to 1.00 for the fiscal quarter ending on October 1, 2024 until and including the last day of the fiscal quarter ending September 30, 2025 and (y) stepping up to (1) 1.15 to 1.00 for the fiscal quarters ending December 30, 2025 and March 31, 2026 and (2) 1.25 to 1.00 for the fiscal quarter ending June 30, 2026 and thereafter.		
As of December 31, 2024, the Company had \$103.0 million of indebtedness (excluding \$2.3 million of unamortized debt issuance costs) and \$3.0 million of letters of credit outstanding under the A&R Credit Agreement.		

The Company also maintains outstanding letters of credit to secure obligations under its workers’ compensation program and certain lease obligations. As of December 31, 2024, the Company was in compliance with all of its debt covenants.

The Company’s revolver, which had a balance of \$96.4 million as of December 31, 2024, bore interest at rates between 7.95% to 10.75% during 2024. The Company’s swingline, which had a balance of \$6.6 million as of December 31, 2024, bore interest at rates between 10.00% and 10.75% in 2024. The Company recorded interest expense of \$8.4 million, \$4.8 million and \$2.4 million for 2024, 2023 and 2022, respectively, of which \$0.6 million, \$0.4 million and \$0.4 million was amortization of debt issuance costs in each of the respective years.

5. Fair Value Measurements

The carrying amounts of cash and cash equivalents, accounts receivable, accounts payable and all other current assets and liabilities approximate fair values due to their short-term nature. The carrying amounts of borrowings approximate fair value as the line of credit and borrowings vary with market interest rates and negotiated terms and conditions are consistent with current market rates. The fair value of the Company’s line of credit borrowings is measured using Level 2 inputs.

Assets and Liabilities Measured at Fair Value on a Nonrecurring Basis

Assets recognized or disclosed at fair value in the consolidated financial statements on a non-recurring basis include items such as leasehold improvements, property and equipment, operating lease assets, goodwill and other intangible assets. These assets are measured at fair value if determined to be impaired or when acquired. Adjustments to the fair value of assets measured at fair value on a non-recurring basis as of December 31, 2024 and January 2, 2024, are discussed in Note 6, Restaurant Impairments, Closure Costs and Asset Disposals. Assets held for sale are measured at fair value on a non-recurring basis using Level 3 inputs.

The fair values are assigned a level within the fair value hierarchy, depending on the source of the inputs into the calculation.

Level 1—Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2—Quoted prices in markets that are not active or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability.

Level 3—Prices or valuation techniques which require inputs that are both significant to the fair value measurement and unobservable (*i.e.*, supported by little or no market activity).

NOODLES & COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

6. Restaurant Impairments, Closure Costs and Asset Disposals

The following table presents restaurant impairments, closure costs and asset disposals for fiscal years 2024, 2023 and 2022 (in thousands):

	2024	2023	2022
Restaurant impairments ⁽¹⁾	\$ 13,441	\$ 2,987	\$ 1,362
Closure costs ⁽¹⁾	2,337	1,198	1,285
Loss on disposal of assets and other	4,490	4,215	3,517
Total restaurant impairments, closure costs and asset disposals	<u>\$ 20,268</u>	<u>\$ 8,400</u>	<u>\$ 6,164</u>

(1) Restaurant impairments and closure costs in all periods presented above include amounts related to restaurants previously impaired or closed.

Restaurant Impairments

Impairment is based on management’s current assessment of the expected future cash flows of its company-owned restaurants based on recent results and other specific market factors. Impairment expense is a Level 3 fair value measure and is determined by comparing the carrying value of restaurant assets to the estimated fair market value of the restaurant assets at resale value.

During 2024, the Company recorded fixed asset impairment on sixteen restaurants and wrote down lease related assets on seven restaurants. We performed a detailed review of significantly underperforming restaurants in 2024 and based on this review, recorded impairments on certain restaurants that we believed had fair market values below their net book values. Additionally, the Company wrote-off its lease related assets on two previously closed restaurants after determining abandonment of its lease on the retail space. In 2023, the Company recognized an impairment charge related to the fixed assets on two restaurants and a write-down of its lease related assets on four restaurants. In 2022, the Company impaired the fixed assets on four restaurants and the lease related assets on two restaurants. All periods include ongoing equipment costs for restaurants previously impaired.

Restaurant Closures

Closure costs during 2024, 2023 and 2022 pertain to ongoing costs of restaurants that closed in previous years, as well as costs related to the closure of thirteen, six, and five restaurants, respectively. These closure costs were offset by gains of \$0.6 million in 2024 and \$0.2 million in 2023 resulting from the adjustments to liabilities as lease terminations occur. Closure costs can also include fees from real estate advisors and brokers related to terminations of the leases and charges resulting from final adjustments to liabilities as lease terminations occur.

Losses on Disposal of Assets and Other

All periods include asset disposals in the normal course of business and lease related costs and expenses that the Company is still obligated for. In 2024, the Company recognized a gain of \$0.5 million from the sale of six company-owned restaurants to a new franchisee (“DND Sale”). In 2022, the Company also recorded \$0.3 million loss from the sale of its fifteen company-owned restaurants to a franchisee. Losses on disposal of assets and other in 2023 were partially offset by 0.2 million gain on insurance proceeds from property damage.

Sublease Expense

The Company records sublease expense related to leases for which the Company remains obligated. In previous years, the Company has entered into transactions to sell company-owned restaurants to franchisees. The lease agreements for those restaurants were assigned to the franchisee, but in some instances, the Company was not relieved of its primary obligations under the lease, therefore these leases are treated as subleases. The lease income for these restaurants has been recorded in “Franchising royalties and fees, and other” and the offsetting lease expense has been recorded in “Restaurant impairments, closure costs and asset disposals” in the Consolidated Statement of Operations.

NOODLES & COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

7. Income Taxes

The components of the provision (benefit) for income taxes are as follows for 2024, 2023 and 2022 (in thousands):

	2024	2023	2022
Current tax provision:			
Federal	\$ —	\$ —	\$ —
State	33	(2)	77
	<u>33</u>	<u>(2)</u>	<u>77</u>
Deferred tax (benefit) provision:			
Federal	17	21	(27)
State	4	5	(13)
	<u>21</u>	<u>26</u>	<u>(40)</u>
Total provision for income taxes	<u>\$ 54</u>	<u>\$ 24</u>	<u>\$ 37</u>

The reconciliation of income tax provision (benefit) that would result from applying the federal statutory rate to pre-tax income as shown in the accompanying Consolidated Statements of Operations is as follows for 2024, 2023 and 2022 (in thousands):

	2024	2023	2022
Federal income tax benefit at federal rate	\$ (7,730)	\$ (2,065)	\$ (688)
State income tax benefit, net of federal tax	(1,793)	(420)	(112)
Other permanent differences	783	629	368
Tax credits	(1,400)	(1,513)	(1,608)
Change in valuation allowance	9,484	3,352	1,558
Tax rate change	74	—	—
Deferred tax asset write-off	630	78	320
Other items, net	6	(37)	199
Provision for income taxes	<u>\$ 54</u>	<u>\$ 24</u>	<u>\$ 37</u>
Effective income tax rate	<u>(0.1)%</u>	<u>(0.2)%</u>	<u>(1.1)%</u>

The Company’s total deferred tax assets and liabilities are as follows (in thousands):

	2024	2023
Deferred tax assets	\$ 118,454	\$ 121,801
Deferred tax liabilities	(58,573)	(71,383)
Total deferred tax assets	59,881	50,418
Valuation allowance	(60,157)	(50,673)
Net deferred tax liabilities	<u>\$ (276)</u>	<u>\$ (255)</u>

NOODLES & COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Deferred income taxes arise because of the differences in the book and tax bases of certain assets and liabilities. Deferred income tax liabilities and assets consist of the following (in thousands):

	2024	2023
Deferred tax assets (liabilities):		
Loss carry forwards	\$ 47,555	\$ 45,547
Deferred franchise revenue	1,655	1,968
Property, equipment and intangible assets	(14,479)	(20,473)
Stock-based compensation	1,197	1,872
Tax credit carry forwards	10,143	8,744
Interest expense	3,609	1,935
Inventory smallwares	(1,754)	(1,772)
Other accrued expenses	886	518
Operating lease assets	(42,340)	(49,138)
Operating lease liabilities	51,739	59,611
Other	1,670	1,606
Total net deferred tax assets	59,881	50,418
Valuation allowance	(60,157)	(50,673)
Net deferred tax liabilities	<u>\$ (276)</u>	<u>\$ (255)</u>

For the year ended December 31, 2024, the Company determined that it was appropriate to maintain a valuation allowance of \$60.2 million against U.S. deferred tax assets due to uncertainty regarding the realizability of future tax benefits. The previously recorded valuation allowance increased during 2023 due to increases in deferred tax assets. The valuation allowance is recorded against net deferred tax assets, exclusive of indefinite-lived assets and liabilities. The Company will maintain the remaining valuation allowance until there is sufficient evidence to support a full or partial reversal. The reversal of a previously recorded valuation allowance will generally result in a benefit to the effective tax rate.

As of December 31, 2024 and January 2, 2024, net operating loss (“NOL”) carry forwards for federal income tax purposes of approximately \$184.0 million and \$180.0 million, respectively, were available to offset future taxable income. Of these amounts, \$106.8 million is available to offset future taxable income through 2037 and \$77.2 million can be carried forward indefinitely, but can only offset 80% of future taxable income. The Internal Revenue Code Section 382 generally limits the utilization of NOLs when there is an ownership change. The Company completed an analysis under Section 382 through December 31, 2024 and determined that there isn’t a current year limitation on utilization of tax attributes. Prior to the utilization of NOLs in the future, the Company will determine whether there are any limitations under Section 382. If such a limitation exists, it is possible that a portion of the NOLs may not be available for use before expiration.

Uncertain tax positions are recognized if it is more likely than not that the Company will be able to sustain the tax position taken, and the measurement of the benefit is calculated as the largest amount that is more than 50% likely to be realized upon resolution of the benefit. The Company has analyzed filing positions in all of the federal and state jurisdictions where it is required to file income tax returns, as well as all open tax years in these jurisdictions.

There were no uncertain tax positions for the years ended December 31, 2024 or January 2, 2024. For federal and state income tax purposes, the Company’s 2021 through 2023 tax years remain open for examination by the authorities under the normal three year statute of limitations. Should the Company utilize any of its U.S. or state NOLs, the tax year to which the original loss relates will remain open to examination.

NOODLES & COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

8. Stockholders’ Equity

Common Stock

The Company has 181,000,000 shares of stock authorized, consisting of 150,000,000 shares of Class A common stock, par value \$0.01 per share; 30,000,000 shares of Class B common stock, par value \$0.01 and 1,000,000 shares of preferred stock, par value \$0.01 per share. Preferred stock rights are determined by the Company’s Board of Directors when preferred shares are issued. The following summarizes the rights of common stock:

Voting—Shares of Class A common stock and Class B common stock are entitled to one vote per share in all voting matters, with the exception that Class B common stock does not vote on the election or removal of directors.

Conversion—Each share of Class B common stock is convertible, at the option of the holder, into one share of Class A common stock.

Dividends—Class A common stock and Class B common stock share equally if a dividend is declared or paid to either class, but they do not have rights to any special dividend.

Liquidation, Dissolution or Winding Up—Class A common stock and Class B common stock share equally in distributions in liquidation, dissolution or winding up of the corporation.

Share Repurchases

On July 26, 2023, the Company announced a share repurchase program (the “2023 Share Repurchase Program”) of up to \$5.0 million of the Company’s Class A common stock. Under this program, the Company purchased shares of the Company’s Class A common stock in the open market. The Company conducted any open market share repurchase activities in compliance with the safe harbor provisions of Rule 10b-18 of the Exchange Act. During 2023, the Company repurchased 1,731,952 shares of its common stock for approximately \$5.0 million in open market transactions at an average price of \$2.86 per share. Share repurchases were accounted for under the retirement method and all repurchased shares were retired and cancelled. The excess of the purchase price over the par value of the shares was recorded as a reduction in additional paid-in capital. The 2023 Share Repurchase Program and the remaining diminimus balance was cancelled by the Company’s Board of Directors in the fourth quarter of 2023.

9. Stock-Based Compensation

In May of 2023, the Company’s Board of Directors adopted the 2023 Stock Incentive Plan, which was approved at the annual meeting of stockholders on May 16, 2023 (the “2023 Plan”). The 2023 Plan authorizes the grant of non-qualified stock options, incentive stock options, stock appreciation rights (“SARs”), restricted stock, restricted stock units (“RSUs”), performance share units (“PSUs”) and incentive bonuses to employees, officers, non-employee directors and other service providers, as applicable. The Company’s 2013 Stock Incentive Plan, as amended and restated in May of 2013 was terminated. The 2023 Plan is administered by the Compensation Committee of the Company’s Board of Directors (the “Board”) or another committee designated by the Board, or in the absence of any such committee, the Board itself (the “administrator”). Stock options are granted at a price determined by the administrator at an exercise price that is not less than the fair market value of the underlying stock on the date of grant. The administrator may also grant SARs and RSUs with terms determined by the administrator in accordance with the 2023 Plan. All share-based awards (except for RSUs) granted under the 2023 Plan have a life of ten years. Most awards vest ratably over four years; however, some have been granted with different vesting schedules. Of the awards outstanding, none have been granted to non-employees (except those granted to non-employee members of the Board of Directors of the Company) under the 2023 Plan. In 2022, the Company launched the General Manager (“GM”) Equity program which granted RSUs to top performing general managers with a three year cliff vesting. The final grant under the GM Equity program was in the first quarter of 2024. At December 31, 2024, approximately 2.7 million share-based awards were available to be granted under the 2023 Plan.

In July of 2024, the Company’s Board of Directors adopted the 2024 Inducement Plan (the “Inducement Plan”). The Inducement Plan provides for the potential grant of options, stock appreciation rights, restricted stock and restricted stock units, any of which may be performance-based, and for incentive bonuses, which may be paid in cash or stock or a combination thereof, for certain newly hired employees. As of December 31, 2024, approximately 355,405 share-based awards were available to be granted under the Inducement Plan.

Stock-based compensation expense is generally recognized on a straight-line basis over the service period of the awards. In 2024, 2023 and 2022, non-cash stock-based compensation expense of \$3.7 million, \$4.3 million and \$4.4 million, respectively, was included in general and administrative expense. As of December 31, 2024, there was \$5.6 million of unrecognized compensation

costs related to non-vested share-based compensation arrangements granted under the Plan, which is expected to be recognized over 2.6 years.

The Company has estimated forfeiture rates that average 26% based upon the class of employees receiving stock-based compensation in its calculation of stock-based compensation expense for the year ended December 31, 2024. These estimates are based on historical forfeiture behavior exhibited by employees of the Company.

Stock Options

The estimated fair value of each option granted is calculated using the Black-Scholes option-pricing model. Expected volatilities are based on the Company’s historical data and implied volatility. The Company uses historical data to estimate expected employee forfeitures of stock options. The expected life of options granted is management’s best estimate using recent and expected transactions. The risk-free rate for periods within the expected life of the option is based on the U.S. Treasury yield curve in effect at the time of grant. In 2024, the Company granted 250,000 performance-based stock options to its chief executive officer, which will vest and become exercisable on the third anniversary of the grant date subject to the achievement of stock price target conditions at the end of the three-year performance period. The fair value of each option share was \$1.05 at grant date and calculated using a Monte Carlo valuation model. The Company did not grant any options in 2023 or 2022.

A summary of aggregate option award activity under the Plan as of December 31, 2024, and changes during the fiscal year then ended is presented below:

	Awards	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term	Aggregate Intrinsic Value (1) (in thousands)
Outstanding—January 2, 2024	661,826	\$ 12.36		
Granted	250,000	2.51		
Forfeited or expired	(460,920)	20.97		
Exercised	—	—		
Outstanding—December 31, 2024	450,906	\$ 6.65	5.92	\$ —
Vested and expected to vest	450,906	\$ 6.65	5.92	\$ —
Exercisable as of December 31, 2024	200,906	\$ 11.80	1.86	\$ —

(1) Aggregate intrinsic value represents the amount by which fair value of the Company’s stock exceeds the exercise price of the option as of December 31, 2024.

No option shares vested in 2024. The Company had 34,980 and 57,147 options that vested in 2023 and 2022, respectively. These awards had a total estimated fair value of \$0.1 million, and \$0.3 million at the date of vesting during the fiscal years ended January 2, 2024 and January 3, 2023, respectively.

Performance Stock Units

The Company grants PSUs to its executive officers under the Plan. These PSU awards are earned over a three-year performance period subject to the achievement of certain target performance conditions. The number of shares eligible to vest ranges from 0% to 200%, however no share shall vest if the defined minimum targets are not met. During fiscal years 2019 to 2022, PSUs were granted based on target performance measures over the Company’s comparable sales growth and Adjusted EBITDA (“Financial PSU”). Additionally, during fiscal years 2021 to 2024, the Company also awarded PSUs based on a total shareholder return based metric (“TSR”), which compares the stock price of the Company’s shares to a group of peer companies.

Each share of the Financial PSUs has a fair value equal to the Company’s stock price at the date of grant while the fair value of each share of TSR is determined using a Monte Carlo valuation model. The Financial PSU stock-based compensation expense is recognized during the three-year period and is adjusted for the number of shares that are expected to vest based on the probability of achieving the targeted performance measures. Stock-based compensation expense for TSR awards is recognized straight-line over the term of the award. PSUs remain unvested until the end of the performance period and through the post-performance holding period of three to six months (“vest date”). For TSR awards, there is a mandatory post-vest holding period of one year. PSUs are forfeited in the event of termination prior to the vest date.

The stock-based compensation expense recognized from the PSUs amounted to \$0.2 million, \$(0.6) million and \$0.9 million during 2024, 2023 and 2022, respectively. In 2023, the Company recorded a reversal of previously recognized compensation costs due to forfeitures of \$0.3 million related to executive officer departures and \$0.5 million reversal due to target performance measures not being met.

Restricted Stock Units

A summary of the status of the Company’s non-vested restricted stock units as of December 31, 2024 and changes during the year then ended is presented below:

	Awards	Weighted-Average Grant Date Fair Value
Outstanding—January 2, 2024	2,838,765	\$ 5.24
Granted	2,202,288	1.99
Vested	(783,269)	4.82
Forfeited	(793,827)	4.51
Non-vested at December 31, 2024	3,463,957	\$ 3.36

The Company had 783,269, 793,739 and 393062 restricted stock units, including 23368, 167662 and 46949 PSUs, that vested in 2024, 2023 and 2022, respectively. These units had a total estimated fair value of \$1.5 million, \$3.4 million and \$2.2 million at the date of vesting during the fiscal years ended December 31, 2024, January 2, 2024 and January 3, 2023, respectively.

10. (Loss) Earnings Per Share

Basic (loss) earnings per share (“EPS”) is calculated by dividing net (loss) income available to common shareholders by the weighted-average number of shares of common stock outstanding during each period. Diluted EPS is calculated using net (loss) income available to common stockholders divided by diluted weighted-average shares of common stock outstanding during each period. Potentially dilutive securities include shares of common stock underlying stock options and restricted common stock. Diluted EPS considers the impact of potentially dilutive securities except in periods in which there is a loss because the inclusion of the potential common shares would have an anti-dilutive effect.

The following table sets forth the computations of basic and diluted EPS (in thousands, except share and per share data):

	2024	2023	2022
Net loss attributable to common stockholders	\$ (36,213)	\$ (9,856)	\$ (3,314)
Shares:			
Basic weighted average shares outstanding	45,465,727	45,863,719	45,913,787
Effect of dilutive securities	—	—	—
Diluted weighted average number of shares outstanding	45,465,727	45,863,719	45,913,787
Loss per share:			
Basic loss per share	\$ (0.80)	\$ (0.21)	\$ (0.07)
Diluted loss per share	\$ (0.80)	\$ (0.21)	\$ (0.07)

The Company computes the effect of dilutive securities using the treasury stock method and average market prices during the period. Potential common shares are excluded from the computation of diluted earnings per share when the effect would be anti-dilutive. Shares issuable on the vesting or exercise of share-based awards or exercise of outstanding warrants were excluded from the calculation of diluted loss per share because the effect of their inclusion would have been anti-dilutive totaled 3,770,218, 3,458,622 and 2,402,238 for 2024, 2023 and 2022, respectively.

11. Employee Benefit Plans

Defined Contribution Plan

In October 2003, the Company adopted a defined contribution plan, The Noodles & Company 401(k) Plan (the “401(k) Plan”). Company employees aged 21 or older, are eligible to participate in the 401(k) Plan beginning on the first day of the calendar month following 30 days of employment. Under the provisions of the 401(k) Plan, the Company may, at its discretion, make contributions to the 401(k) Plan. Participants are 100% vested in their own contributions. In 2019, the board of directors authorized matching contributions equal to 25% of the first 4% of compensation that is deferred by the participant. The Company recognized matching contribution expense of \$0.4 million in each of the fiscal years 2024, 2023 and 2022, respectively.

Deferred Compensation Plan

The Company’s deferred compensation plan, under which compensation deferrals began in 2013, is a non-qualified deferred compensation plan which allows highly compensated employees to defer a portion of their base salary and variable compensation, including 401(k) refund, each plan year. To offset its obligation, the Company holds a portfolio of mutual funds in a Rabbi Trust. As of December 31, 2024 and January 2, 2024, \$1.2 million and \$1.2 million, respectively, were included in other assets, net, which represents the value of the mutual funds, and \$1.2 million and \$1.2 million, respectively, were included in accrued expenses and other current liabilities and other long-term liabilities, which represents the carrying value of the liability for deferred compensation.

Employee Stock Purchase Plan

In 2013, the Company adopted an Employee Stock Purchase Plan (the “ESPP”) under which eligible team members may voluntarily contribute up to 15% of their salaries, subject to limitations, to purchase common stock at a price equal to 85% of the fair market value of a share of the Company’s common stock on the first day of each offering period or 85% of the fair market value of a share of the Company’s common stock on the last day of each offering period, whichever amount is less. In general, all non-highly compensated employees who have been employed by the Company for at least 30 days prior to the offering period and who are regularly scheduled to work more than 20 hours per week and for more than five months in any calendar year, are eligible to participate in the ESPP which operates in-line with the Company’s fiscal quarters. A total of 750,000 shares of common stock are available for issuance under the ESPP. The Company has issued a total of 489,989 shares under this plan, of which 151,403 shares were issued during 2024. A total of 260,011 shares remain available for future issuance. For 2024, in accordance with the guidance for accounting for stock compensation, the Company estimated the fair value of the stock purchase plan using the Black-Scholes multiple-option pricing model. The average assumptions used in the model included a 4.41% risk-free interest rate; 0.25 years expected life; expected volatility of 77.4%; and a zero percent dividend yield. The weighted average fair value per share at grant date was \$0.26. In 2024, the Company recognized \$43,000 of compensation expense related to the ESPP.

12. Leases

The Company leases restaurant facilities, office space and certain equipment that expire on various dates through September 2043. Lease terms for restaurants in traditional shopping centers generally include a base term of 10 years, with options to extend these leases for additional periods of five to 15 years.

The Company’s leases typically contain rent escalations over the lease term. The Company recognizes expense for these leases on a straight-line basis over the lease term. Additionally, tenant incentives used to fund leasehold improvements are recognized when earned and reduce the right-of-use asset related to the lease. These are amortized through the right-of-use asset as reductions of expense over the lease term. Total rent expense for operating leases for 2024, 2023 and 2022 was approximately \$39.4 million, \$39.2 million and \$38.5 million, respectively.

Some of the Company’s leases include rent escalations based on inflation indexes and fair market value adjustments. Certain leases contain contingent rental provisions that include a fixed base rent plus an additional percentage of the restaurant’s sales in excess of stipulated amounts. Lease expense associated with rent escalation and contingent rental provisions is not material and is included within operating lease cost. Operating lease liabilities are calculated using the prevailing index or rate at lease commencement. Subsequent escalations in the index or rate and contingent rental payments are recognized as variable lease expenses. Our lease agreements do not contain any material residual value guarantees or material restrictive covenants.

The Company elected the practical expedient to account for lease and non-lease components as a single component for substantially all lease types.

As most of the Company’s leases do not provide an implicit rate, the Company used its incremental borrowing rate based on the information available at commencement date in determining the present value of lease payments.

Changes in the market trend of the trade area affected certain of our restaurant operating results and the underlying asset values of the restaurant lease. The Company recorded right-of-use asset impairment charges, which reduced the carrying value of operating lease assets to their respective estimated fair value by \$1.7 million, \$1.6 million, and \$0.2 million in 2024, 2023 and 2022 respectively.

Supplemental balance sheet information related to leases is as follows (in thousands):

Classification		2024	2023
Assets			
Operating	Operating lease assets, net	\$ 157,821	\$ 183,857
Finance	Property and equipment	3,807	3,440
Total leased assets		<u>\$ 161,628</u>	<u>\$ 187,297</u>
Liabilities			
Current lease liabilities			
Operating	Current operating lease liabilities	\$ 32,055	\$ 30,104
Finance	Accrued expenses and other current liabilities	1,976	2,337
Long-term lease liabilities			
Operating	Long-term operating lease liabilities	156,723	186,285
Finance	Other long-term liabilities	2,014	1,469
Total lease liabilities		<u>\$ 192,768</u>	<u>\$ 220,195</u>

The components of lease costs are as follows (in thousands):

		Year Ended December 31, 2024	Year Ended January 2, 2024	Year Ended January 3, 2023
Operating lease cost	Occupancy, other restaurant operating costs, general and administrative expenses, and pre-opening costs	\$ 39,416	\$ 39,192	\$ 38,514
	Closure costs, loss on disposals and other	2,833	2,929	3,071
Finance lease cost				
Amortization of lease assets	Depreciation and amortization	2,243	2,270	2,250
Interest on lease liabilities	Interest expense, net	186	297	401
		44,678	44,688	44,236
Sublease income	Franchising royalties and fees, and other	(3,094)	(3,087)	(3,242)
Total lease cost, net		<u>\$ 41,584</u>	<u>\$ 41,601</u>	<u>\$ 40,994</u>

NOODLES & COMPANY			
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)			
Future minimum lease payments required under existing leases as of December 31, 2024 are as follows (in thousands):			
	Operating Leases	Finance Leases	Total
2025	\$ 41,241	\$ 2,158	\$ 43,399
2026	41,151	1,094	42,245
2027	36,519	973	37,492
2028	30,454	72	30,526
2029	24,945	34	24,979
Thereafter	76,999	27	77,026
Total lease payments	251,309	4,358	255,667
Less: Imputed interest	62,531	368	62,899
Present value of lease liabilities	<u>\$ 188,778</u>	<u>\$ 3,990</u>	<u>\$ 192,768</u>

Operating lease payments include \$66.7 million related to options to extend lease terms that are reasonably certain of being exercised and exclude \$1.1 million of legally binding minimum lease payments for leases signed but not yet commenced.

Lease term and discount rate are as follows:

	December 31, 2024	January 2, 2024
Weighted average remaining lease term (years):		
Operating	7.8	8.3
Finance	2.5	2.0
Weighted average discount rate:		
Operating	8.0 %	8.0 %
Finance	7.2 %	6.5 %

Supplemental disclosures of cash flow information related to leases are as follows (in thousands):

Cash paid for lease liabilities:	2024	2023
Operating leases	\$ 43,643	\$ 42,731
Finance leases	2,626	2,672
	<u>\$ 46,269</u>	<u>\$ 45,403</u>
Right-of-use assets obtained in exchange for new lease liabilities:		
Operating leases	\$ 3,978	\$ 27,385
Finance leases	2,639	462
	<u>\$ 6,617</u>	<u>\$ 27,847</u>

13. Supplemental Disclosures to Consolidated Statements of Cash Flows

The following table presents the supplemental disclosures to the Consolidated Statements of Cash Flows for 2024, 2023 and 2022 (in thousands):

	2024	2023	2022
Interest paid (net of amounts capitalized)	\$ 7,497	\$ 3,975	\$ 1,500
Income taxes paid	25	158	123
Purchases of property and equipment accrued in accounts payable	2,091	4,853	5,640

NOODLES & COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

14. Commitments and Contingencies

In the normal course of business, the Company is subject to other proceedings, lawsuits and claims. Such matters are subject to many uncertainties, and outcomes are not predictable with assurance. Consequently, the Company is unable to ascertain the ultimate aggregate amount of monetary liability or financial impact with respect to these matters as of December 31, 2024. These matters could affect the operating results of any one financial reporting period when resolved in future periods. The Company believes that an unfavorable outcome with respect to these matters is remote or a potential range of loss is not material to its consolidated financial statements. Significant increases in the number of these claims, or one or more successful claims that result in greater liabilities than the Company currently anticipates, could materially and adversely affect its business, financial condition, results of operations or cash flows.

15. Related Party Transactions

Securities Purchase Agreement

Under the securities purchase agreement with Mill Road Capital II, L.P. (“Mill Road”), if at any time Mill Road owns 10.0% or more of our outstanding common stock, Mill Road has the right to designate one nominee for election to our Board of Directors. If Mill Road’s ownership level falls below 10.0% of our outstanding common stock, Mill Road will no longer have a right to designate a nominee. As of December 31, 2024, Mill Road continues to have holdings above the parameters in the agreement and Thomas Lynch of Mill Road is a member of the Company’s Board of Directors.

Support Agreement

On June 6, 2024, the Company entered into a Support Agreement (the “Support Agreement”) with Hoak & Co, James M. Hoak, Jr., J. Hale Hoak, Hoak Public Equities, L.P., Zierk Family 2010 Irrevocable Trust and Hoak Fund Management, L.P. (collectively, “Hoak”) and Britain Peakes. Pursuant to the Support Agreement the Company agreed to appoint Britain Peakes (the “Appointee”) to the Company’s Board of Directors as a Class III director. The Support Agreement also includes, among other provisions, certain standstill and voting commitments by Hoak. The standstill period shall extend until the later of (x) 12:01 a.m. on the 30th day prior to the advance notice deadline for making director nominations at the 2026 annual meeting of shareholders and (y) thirty days after the date that the Appointee ceases to serve as a director. If the Appointee is not elected to the Board of Directors at the Company’s 2025 annual meeting of stockholders, the standstill and voting requirements will terminate. If the Company notifies Hoak in writing at least ten business days prior to the expiration of the standstill period that it intends to nominate Appointee as a director for election at the Company’s 2026 annual meeting of stockholders, the standstill restrictions will extend until prior to the 2027 annual meeting, unless the Appointee is not elected at such 2026 annual meeting. The Company has agreed that unless (x) the Board otherwise determines in good faith that it would not be in the best interests of the Company or its stockholders and/or (y) Hoak’s net long ownership position is less than 9.0% of the Company’s then outstanding shares of common stock as of any date between the date of the Support Agreement and the filing of the proxy statement for the 2025 annual meeting of stockholders, it will recommend for election, and solicit proxies for the election of the Appointee at the 2025 annual meeting of stockholders. Hoak’s ownership percentage was never less than the 9.0% threshold during the relevant period.

16. Revenue Recognition

Gift Cards

As of December 31, 2024 and January 2, 2024, the current portion of the gift card liability, \$2.0 million and \$2.2 million, respectively, is included in accrued expenses and other current liabilities, and the long-term portion, \$1.0 million, is included in other long-term liabilities in the Consolidated Balance Sheets.

Revenue recognized in the Consolidated Statements of Operations for the redemption of gift cards was \$2.6 million, \$2.8 million and \$3.4 million in 2024, 2023 and 2022, respectively. The Company recognized gift card breakage in restaurant revenue of approximately \$0.4 million, \$0.3 million and \$0.5 million in 2024, 2023 and 2022, respectively.

Franchise Fees

Initial fees received from franchisees are recognized as revenue over the term of each respective franchise agreement, which is typically 20 years. The Company recognized revenue of \$0.3 million, \$0.2 million and \$0.1 million in 2024, 2023 and 2022, respectively related to initial fees from franchisees that were included in the contract liability balance at the beginning of the year. The Company expects to recognize approximately \$0.1 million each fiscal year through fiscal 2029 and approximately \$0.6 million thereafter related to performance obligations that are unsatisfied as of December 31, 2024.

Loyalty Program

The Company operates the Noodles Rewards program, which is primarily a spend-based loyalty program. With each purchase, Noodles Rewards members earn loyalty points that can be redeemed for rewards, including free products. Using an estimate of the value of reward redemptions, we defer revenue associated with points earned, net of estimated points that will not be redeemed. Points generally expire after six months. Revenue is recognized in a future period when the reward points are redeemed. Deferred revenue related to the rewards was \$1.0 million and \$0.9 million as of December 31, 2024 and January 2, 2024, respectively, and was included in accrued expenses and other current liabilities in the Consolidated Balance Sheets.

17. Segment Reporting

The Company’s Chief Operating Decision Maker (“CODM”) is the senior executive team that includes the Chief Executive Officer, the Chief Financial Officer and the Chief Operating Officer. The Company has one reportable operating segment. The reportable operating segment is comprised of one operating segment, which has been aggregated to a single operating segment in consideration of the aggregation criteria set forth in ASC 280. The one reportable segment derives its revenue from company-owned restaurants and franchise owned restaurants. No guest accounts for 10% or more of the Company’s revenues. The Company’s CODM uses income (loss) from operations to evaluate performance and make key operating decisions, such as deciding the rate at which we invest resources into the segment.

The following table presents selected financial information with respect to our single reportable segment regularly reviewed by our CODM for 2024, 2023 and 2022 (in thousands):

	2024	2023	2022
Revenue:			
Restaurant revenue	\$ 483,097	\$ 492,648	\$ 498,359
Franchising royalties and fees, and other	10,174	10,757	11,121
Total segment revenue	493,271	503,405	509,480
Less:			
Cost of sales	123,692	124,102	137,859
Labor	154,258	157,608	155,023
Occupancy	46,366	45,925	45,213
Other restaurant operating costs	95,032	91,559	91,220
General and administrative	50,824	51,833	49,903
Depreciation and amortization	29,066	26,792	23,268
Pre-opening	1,543	2,215	1,662
Restaurant impairments, closure costs and asset disposals	20,268	8,400	6,164
Total segment expenses	521,049	508,434	510,312
Segment loss from operations	\$ (27,778)	\$ (5,029)	\$ (832)
Reconciliation:			
Interest expense, net	8,381	4,803	2,445
Consolidated loss before income taxes	\$ (36,159)	\$ (9,832)	\$ (3,277)
	December 31, 2024	January 2, 2024	
Other segment disclosures (in thousands):			
Total long-lived assets ⁽¹⁾	\$ 295,058	\$ 336,033	
Total assets	\$ 324,648	\$ 368,095	

(1) Long-lived assets include the Company’s property and equipment and operating lease assets presented in the Consolidated Balance Sheets.

Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of Noodles & Company

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Noodles & Company (the Company) as of December 31, 2024 and January 2, 2024, the related consolidated statements of operations, stockholders’ equity (deficit) and cash flows for each of the three years in the period ended December 31, 2024, and the related notes (collectively referred to as the “consolidated financial statements”). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2024 and January 2, 2024, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2024, in conformity with U.S. generally accepted accounting principles.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company’s financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of the critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

<i>Description of the Matter</i>	<p><i>Impairment of long-lived assets</i></p> <p>As more fully described in Note 1 and Note 6 to the consolidated financial statements, during the year ended December 31, 2024, the Company recorded impairment charges of \$13.4 million related to its restaurants. The Company evaluates its long-lived assets for impairment whenever events or changes indicate that the carrying amount of an asset may not be recoverable. Management groups and evaluates long-lived assets for impairment at the individual restaurant level, which is the lowest level at which independent identifiable cash flows are available. The Company estimates the future undiscounted cash flows expected to be generated by the assets and compares those estimates to the carrying value of the related assets. If the assets are determined to be impaired, they are written down to their fair values.</p> <p>When indicators of impairment were identified, auditing the Company’s long-lived asset impairment analyses involved subjective auditor judgment in evaluating the expected restaurant revenues included in the future undiscounted cash flows. This assumption is subjective in nature and is affected by expectations about future market conditions for a given store.</p>
----------------------------------	---

<i>How We Addressed the Matter in Our Audit</i>	To test the significant assumption described above, our audit procedures included, among others, comparing estimated revenue trends to historical results for similar restaurants and evaluating current trends by restaurant and testing the data used in the calculations for completeness and accuracy. We inquired of the Company’s management to understand the business initiatives supporting the revenue assumption in the future cash flows. We performed a sensitivity analysis of the forecasted restaurant revenues to evaluate the change in future undiscounted cash flow estimates that would result from changes in the assumption.
---	---

/s/ Ernst & Young LLP

We have served as the Company’s auditor since 2009.
Denver, Colorado
March 7, 2025

ITEM 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

ITEM 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our management carried out an evaluation, under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rule 13a-15(e) of the Exchange Act) as of the end of the period covered by this report. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of the end of the period covered by this annual report.

Changes in Internal Control Over Financial Reporting

There have been no changes in our internal control over financial reporting that occurred during our most recent fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Management’s Annual Report on Internal Control Over Financial Reporting

The management of Noodles & Company is responsible for establishing and maintaining adequate internal control over financial reporting. Our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States of America. Our internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our assets; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with accounting principles generally accepted in the United State of America, and that our receipts and expenditures are being made only in accordance with authorizations of our management and directors; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of assets that could have a material effect on our financial statements.

Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we carried out an evaluation of the effectiveness of our internal control over financial reporting as of December 31, 2024 based on the criteria in “Internal Control - Integrated Framework (the 2013 framework)” issued by the Committee of Sponsoring Organizations of the Treadway Commission (“COSO”). Based on this evaluation, our management concluded that our internal control over financial reporting was effective as of December 31, 2024.

Attestation Report of the Independent Registered Public Accounting Firm

Our independent registered public accounting firm, Ernst & Young LLP, is not required to issue an attestation report on the effectiveness of our internal control over financial reporting as of December 31, 2024.

ITEM 9B. Other Information

Director and Executive Officer Trading

During the quarter ended December 31, 2024, no director or officer adopted or terminated any Rule 10b5-1 or non-Rule 10b5-1 trading arrangements (as defined in Item 408 of Regulation S-K).

ITEM 9C. Disclosures Regarding Foreign Jurisdictions that Prevent Inspections

Not applicable.

PART III

ITEM 10. Directors, Executive Officers and Corporate Governance

We have adopted a Code of Business Conduct and Ethics that applies to our directors and a Code of Business Conduct and Ethics that applies to our officers and employees (collectively, the “Codes”), including our principal executive, financial and accounting officers, and persons performing similar functions. These Codes are published on our corporate governance website located at *investor.noodles.com/corporate-governance.cfm*. We intend to disclose certain future amendments to provisions of our Codes, or waivers of provisions of the Codes granted to executive officers and directors, on the website within four business days following the date of such amendment or waiver.

The remaining information required by this item is incorporated herein by reference to the sections entitled “Proposal No. 1 - Election of Directors,” “Delinquent Section 16(a) Report,” “Executive Officers,” “Board Committees—Policy Regarding Stockholder Recommendations,” “Insider Trading Policy,” and “Board Committees—Audit Committee” in our definitive Proxy Statement for the Annual Meeting of Stockholders to be held on May 14, 2025 (the “Proxy Statement”).

ITEM 11. Executive Compensation

The information required by this item is incorporated by reference to the sections entitled “Executive Compensation,” “Director Compensation” and “Board Committees—Compensation Committee Interlocks and Insider Participation” in the Proxy Statement.

ITEM 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information required by this item is incorporated by reference to the sections entitled “Equity Compensation Plan Information” and “Security Ownership of Certain Beneficial Owners and Management” in the Proxy Statement.

ITEM 13. Certain Relationships and Related Transactions, and Director Independence

The information required by this item is incorporated by reference to the sections entitled “Transactions with Related Persons” and “Directors and Corporate Governance—Board Independence” in the Proxy Statement.

ITEM 14. Principal Accountant Fees and Services

The information required by this item is incorporated by reference to the section entitled “Proposal No. 3 - Ratification of Appointment of Independent Registered Public Accounting Firm for 2025” in the Proxy Statement.

PART IV

ITEM 15. Exhibits, Financial Statement Schedules

- Our Consolidated Financial Statements and Notes thereto are included in Item 8, “Financial Statements and Supplementary Data,” of this Annual Report on Form 10-K.
- All financial schedules have been omitted either because they are not applicable or because the required information is provided in our Consolidated Financial Statements and Notes thereto, included in Item 8 of this Annual Report on Form 10-K.
- The Index to Exhibits is incorporated herein by reference and is filed as part of this 10-K.

EXHIBITS					
Description of Exhibit Incorporated Herein by Reference					
Exhibit Number	Exhibit Description	Form	File No.	Filing Date	Exhibit Number Filed Herewith
3.1	Amended and Restated Certificate of Incorporation	S-1	333-192402	November 19, 2013	3.1
3.2	Second Amended and Restated Bylaws	8-K	001-35987	August 24, 2015	3.1
4.1	Specimen Stock Certificate	S-1/A	333-188783	June 17, 2013	4.1
4.2	Certificate of Designations for Series A Convertible Preferred Stock	8-K	001-35987	February 9, 2017	4.1
4.3	Form of Warrant to Purchase Class A Common Stock	8-K	001-35987	February 9, 2017	4.2
4.4	Description of Securities	10-K	001-35987	February 26, 2021	4.4
10.1	Noodles & Company Amended and Restated 2010 Stock Incentive Plan	S-1/A	333-188783	June 17, 2013	10.1
10.2	Noodles & Company 2013 Employee Stock Purchase Plan	S-1/A	333-188783	June 17, 2013	10.2
10.3	Amended and Restated Credit Agreement dated July 27, 2022, by and among Noodles & Company, each of the Guarantors signatory thereto, U.S. Bank National Association, as Administrative Agent, L/C Issuer and Swing Line Issuer and the lenders signatory thereto	8-K	001-35987	July 27, 2022	10.1
10.4	First Amendment to Amended and Restated Credit Agreement, dated as of December 21, 2023, by and among Noodles & Company, each of the Guarantors signatory thereto, U.S. Bank National Association, as Administrative Agent, L/C Issuer and Swing Line Issuer and the lenders signatory thereto	8-K	001-35987	December 26, 2023	10.1
10.5	Second Amendment to Amended and Restated Credit Agreement, dated as of October 29, 2024, by and among Noodles & Company, each of the Guarantors signatory thereto, U.S. Bank National Association, as Administrative Agent, L/C Issuer and Swing Line Issuer and the lenders signatory thereto	8-K	001-35987	October 30, 2024	10.1
10.6	Security Agreement, dated May 9, 2018, by and between Noodles & Company and U.S. Bank National Association, as administrative agent	10-Q	001-35987	May 11, 2018	10.2
10.7	Pledge Agreement, dated May 9, 2018, by and between Noodles & Company and U.S. Bank National Association, as administrative agent	10-Q	001-35987	May 11, 2018	10.3
10.8	Form of Indemnification Agreement by and between Noodles & Company and each of its directors	S-1/A	333-188783	June 17, 2013	10.15
10.9	Form of Area Development Agreement	10-K	001-35987	February 24, 2015	10.9

10.10	Form of Franchise Agreement	10-K	001-35987	February 24, 2015	10.10
10.11*	Form of Stock Option Agreement (Nonqualified Stock Options)	10-Q	001-35987	November 9, 2017	10.7
10.12*	Form of Restricted Stock Unit Agreement	10-Q	001-35987	November 9, 2017	10.8
10.13*	Form of Restricted Stock Unit Agreement for Nonemployee Directors	10-Q	001-35987	November 9, 2017	10.9
10.14*	The Executive Nonqualified “Excess” Plan Adoption Agreement, adopted by Noodles & Company on May 16, 2013	S-1/A	333-188783	June 17, 2013	10.22
10.15	Letter Agreement, dated February 15, 2017, between Noodles & Company and Mill Road Capital Management LLC	8-K	001-35987	March 14, 2017	10.2
10.16	Securities Purchase Agreement, dated March 13, 2017, between Noodles & Company and Mill Road Capital Management LLC	8-K	001-35987	March 14, 2017	10.1
10.17*	Amended and Restated Noodles & Company Compensation Plan for Non-Employee Directors, dated December 12, 2018	10-K	001-35987	March 15, 2019	10.34
10.18*	Compensation Plan for Non-Employee Directors Amended and Restated September 19, 2019	10-Q	001-35987	June 17, 2020	10.2
10.19*	Form of 2020 Performance Restricted Stock Unit Agreement	10-K	001-35987	February 26, 2020	10.35
10.20*	Employment Agreement, dated October 27, 2020, between Noodles & Company and Brad West	10-Q	001-35987	October 29, 2020	10.2
10.21*	Form of 2021 Performance Restricted Stock Unit Agreement	10-Q	001-35987	April 30, 2021	10.1
10.22*	Employment Agreement, dated August 2, 2021, between Noodles & Company and Kathy Lockhart	10-Q	001-35987	August 4, 2021	10.1
10.23*	Employment Agreement, dated July 30, 2021, between Noodles & Company and Corey Kline	10-Q	001-35987	August 4, 2021	10.3
10.24*	Form of 2019 Performance Restricted Stock Unit Agreement	10-K	001-35987	February 24, 2022	10.40
10.25*	Form of 2022 Performance Restricted Stock Unit Agreement	10-Q	001-35987	April 28, 2022	10.1
10.26*	Form of Restricted Stock Unit Agreement for General Manager Equity Partner Plan	10-Q	001-35987	November 4, 2022	10.1
10.27*	Form of 2023 Restricted Stock Unit Agreement	10-Q	001-35987	May 11, 2023	10.1
10.28*	Form of 2023 Performance Restricted Stock Unit Agreement	10-Q	001-35987	May 11, 2023	10.2
10.29*	Form of 2023 Restricted Stock Unit Agreement For General Manager Equity Partner Plan	10-Q	001-35987	May 11, 2023	10.3
10.30*	Compensation Plan for Non-employee Directors, Amended and Restated May 15, 2023	10-Q	001-35987	August 10, 2023	10.1
10.31*	Noodles & Company 2023 Stock Incentive Plan	S-8	333-272120	May 22, 2023	99.1
10.32*	Mike Hynes Employment Agreement	8-K	001-35987	June 26, 2023	10.1

10.33*	Mike Hynes Offer Letter	8-K	001-35987	June 26, 2023	10.2
10.34*	Drew Madsen Offer Letter	8-K	001-35987	November 13, 2023	10.1
10.35*	Restricted Stock Unit Agreement, dated November 9, 2023, between Noodles & Company and Drew Madsen	8-K	001-35987	November 13, 2023	10.2
10.36*	Form of 2024 Restricted Stock Unit Agreement For General Manager Equity Partner Plan	10-Q	001-35987	May 09, 2024	10.1
10.37*	Madsen Employment Agreement	8-K	001-35987	March 07, 2024	10.1
10.38*	Stock Option Agreement (Nonqualified Stock Options), dated March 6, 2024, between Noodles & Company and Drew Madsen	8-K	001-35987	March 07, 2024	10.2
10.39*	Restricted Stock Unit Agreement, dated March 6, 2024, between Noodles & Company and Drew Madsen	8-K	001-35987	March 07, 2024	10.3
10.40*	Performance Stock Unit Agreement, dated March 6, 2024, between Noodles & Company and Drew Madsen	8-K	001-35987	March 07, 2024	10.4
10.41*	Form of 2024 Restricted Stock Unit Agreement	10-Q	001-35987	August 08, 2024	10.1
10.42*	Form of 2024 Performance Restricted Stock Unit Agreement	10-Q	001-35987	August 08, 2024	10.2
10.43*	Form of 2024 Restricted Stock Unit Agreement for Non-Employee Directors	10-Q	001-35987	August 08, 2024	10.3
10.44*	Employment Agreement, dated June 10, 2024, between Noodles & Company and Scott Davis	10-Q	001-35987	August 08, 2024	10.4
10.45	Support Agreement dated June 6, 2024, between Noodles & Company and Hoak & Co, James M. Hoak, Jr., J. Hale Hoak, Hoak Public Equities, L.P., Zierk Family 2010 Irrevocable Trust and Hoak Fund Management, L.P. and Britain Peakes	8-K	001-35987	June 11, 2024	10.1
10.46*	Transition Services and Separation Agreement between Noodles & Company and Brad West dated September 10, 2024	8-K	001-35987	September 11, 2024	10.1
10.47*	Separation Agreement between Noodles & Company and Melissa Heidman dated June 18, 2024	8-K	001-35987	June 25, 2024	10.1
10.48*	Employment agreement dated February 12, 2025, between Noodles & Company and Joseph Christina	8-K	001-35987	February 19, 2025	10.1
10.49*	Joseph Christina Offer Letter				X
19.1	Insider Trading Policy				X
21.1	List of Subsidiaries of Noodles & Company				X
23.1	Consent of Ernst & Young LLP				X
24.1	Power of Attorney (included on signature page of this report)				X
31.1	Certification of Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002				X

31.2	Certification of Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002					X
32.1	Certification of Chief Executive Officer and Chief Financial Officer Section 906 of the Sarbanes-Oxley Act of 2002					X
97.1	Noodles & Company Dodd-Frank Clawback Policy	10-K	001-35987	March 08, 2024	97.1	
101.INS	Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document					X
101.SCH	Inline XBRL Taxonomy Extension Schema Document					X
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document					X
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document					X
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document					X
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document					X
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)					X

* Management contract or compensatory plan or arrangement.

ITEM 16. Form 10-K Summary.

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on March 7, 2025.

NOODLES & COMPANY

By: /s/ DREW MADSEN
Drew Madsen
Chief Executive Officer

POWER OF ATTORNEY

Know all persons by these presents, that each person whose signature appears below constitutes and appoints Kathy Lockhart as such person’s true and lawful attorney-in-fact and agent, with full power of substitution and re-substitution, for such person and in such person’s name, place and stead, in any and all capacities, to sign any and all amendments to this Report, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorney-in-fact and agent full power and authority to do and perform each and every act and thing requisite and necessary to be done in connection therewith, as fully to all intents and purposes as such person might or could do in person, hereby ratifying and confirming all that said attorney-in-fact and agent or their or such person’s substitute or substitutes, may lawfully do or cause to be done by virtue thereof.

Pursuant to the requirements of the Securities Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<div>/s/ DREW MADSEN</div> <div>Drew Madsen</div>	Director, Chief Executive Officer <i>(principal executive officer)</i>	March 7, 2025
<div>/s/ MIKE HYNES</div> <div>Mike Hynes</div>	Chief Financial Officer <i>(principal financial officer)</i>	March 7, 2025
<div>/s/ KATHY LOCKHART</div> <div>Kathy Lockhart</div>	Chief Accounting Officer <i>(principal accounting officer)</i>	March 7, 2025
<div>/s/ JEFFREY JONES</div> <div>Jeffrey Jones</div>	Chairman	March 7, 2025
<div>/s/ ROBERT HARTNETT</div> <div>Robert Hartnett</div>	Director	March 7, 2025
<div>/s/ MARY EGAN</div> <div>Mary Egan</div>	Director	March 7, 2025
<div>/s/ THOMAS LYNCH</div> <div>Thomas Lynch</div>	Director	March 7, 2025
<div>/s/ BRITAIN PEAKES</div> <div>Britain Peakes</div>	Director	March 7, 2025
<div>/s/ ELISA SCHREIBER</div> <div>Elisa Schreiber</div>	Director	March 7, 2025
<div>/s/ SHAWN TAYLOR</div> <div>Shawn Taylor</div>	Director	March 7, 2025

