



## Safe Harbor Concerning Forward Looking Statements

Matters discussed in this presentation that relate to events or developments which are expected to occur in the future, including any discussion, expressed or implied, of anticipated growth, new store openings, operating results or earnings constitute forward-looking statements. Forward-looking statements are based on management's beliefs, assumptions and expectations of our future economic performance, taking into account the information currently available to management. These statements are not statements of historical fact. Forward-looking statements involve risks and uncertainties that may cause our actual results, performance or financial condition to differ materially from the expectations of future results, performance or financial condition we express or imply in any forward-looking statements. Factors that could contribute to these differences include, but are not limited to:

- the cost of our principal food products and supply and delivery shortages and interruptions;
- labor shortages or increased labor costs;
- changes in demographic trends and consumer tastes and preferences, including changes resulting from concerns over nutritional or safety aspects of beef, poultry, or other foods or the effects of food-borne illnesses;
- expansion into new markets including foreign markets
- our ability to locate suitable restaurant sites in new and existing markets and negotiate acceptable lease terms
- competition in our markets, both in our business and in locating suitable restaurant sites;
- our operation and execution in new and existing markets;
- our ability to recruit, train and retain qualified corporate and restaurant personnel and management;
- cost effective and timely planning, design and build out of restaurants
- our ability to attract and retain qualified franchisees
- our ability to generate positive cash flow from existing and new restaurants;
- the rate of our internal growth and our ability to generate increased revenue from our existing restaurants
- the reliability of our customer and market studies
- fluctuations in our quarterly results due to seasonality;
- increased government regulation and our ability to secure required government approvals and permits
- our ability to create customer awareness of our restaurants in new markets;
- market saturation due to new restaurant openings;
- inadequate protection of our intellectual property;
- adverse weather conditions which impact customer traffic at our restaurants; and
- adverse economic conditions.

The words "believe," "may," "will," "should," "anticipate," "estimate," "expect," "intend," "objective," "seek," "plan," "strive" or similar words, or the negatives of these words, identify forward-looking statements. We qualify any forward-looking statements entirely by these cautionary factors.



# Fiscal 2013 Teleconference Agenda

- Introductory Comments
- Financial Results
  - Slide 4 – Restaurant Margin Performance Q4
  - Slide 5 – Reconciliation of Non-GAAP Measures To Net Income Q4
  - Slide 6 – Restaurant Margin Performance YTD
  - Slide 7 – Reconciliation of Non-GAAP Measures To Net Income YTD
- Questions and Answers

# Restaurant Margin Performance – Q4

U.S. Dollars in Thousands <sup>(1)</sup>

	13 Weeks Ended December 30, 2013		13 Weeks Ended December 31, 2012		Margin Change <sup>(1)</sup>		
<b>Restaurant Net Sales</b>	\$	19,226	100.0%	\$	21,894	100.0%	---
<b>Comp Sales % <sup>(2)</sup></b>		-5.7%			-5.7%		
<b>Cost of Food and Beverage</b>	\$	4,836	25.2%	\$	5,237	23.9%	130 Basis Points Increase
<b>Gross Profit</b>	\$	14,390	74.8%	\$	16,657	76.1%	130 Basis Points Decrease
<b>Labor and Related Benefits</b>	\$	7,899	41.1%	\$	8,216	37.5%	360 Basis Points Increase
<b>Other Operating Expenses</b>	\$	2,732	14.2%	\$	2,528	11.6%	260 Basis Points Increase
<b>Controllable Contribution</b>	\$	3,759	19.5%	\$	5,913	27.0%	750 Basis Points Decrease
<b>Occupancy Costs</b>	\$	4,339	22.5%	\$	4,498	20.5%	200 Basis Points Increase
<b>Restaurant Cash Flow</b>	\$	(580)	-3.0%	\$	1,415	6.5%	950 Basis Points Decrease

<sup>(1)</sup> Due to Rounding, some percentages might not foot.

<sup>(2)</sup> As reported in public filings - assumes 13 week quarter

## Reconciliation of Non-GAAP Measures To Net Income

	<u>13 Weeks Ended December 30, 2013</u>	<u>13 Weeks Ended December 31, 2012</u>
Restaurant Net Sales	\$ 19,226	\$ 21,894
Cost of Food and Beverage	\$ 4,836	\$ 5,237
Labor and Related Benefits	\$ 7,899	\$ 8,216
Occupancy and Other Operating Expenses	\$ 7,071	\$ 7,026
Restaurant Cash Flow	<u>\$ (580)</u>	<u>\$ 1,415</u>
Franchise Fees and Royalties	\$ 720	\$ 718
General and Administrative Expenses	\$ 3,283	\$ 2,947
Depreciation and Amortization	\$ 630	\$ 819
Provision for Asset Impairments and Disposals	\$ 423	\$ 387
Lease Termination Expense and Closed Store Costs	\$ -	\$ 50
Gain on Sale of Assets	<u>\$ (34)</u>	<u>\$ -</u>
Operating Loss	\$ (4,162)	\$ (2,070)
Interest Income, net	\$ -	\$ -
Other Income, net	<u>49</u>	<u>34</u>
Net Loss	<u><u>\$ (4,113)</u></u>	<u><u>\$ (2,036)</u></u>
EPS	\$ (0.23)	\$ (0.11)

# Restaurant Margin Performance - YTD

U.S. Dollars in Thousands <sup>(1)</sup>

	52 Weeks Ended December 30, 2013		52 Weeks Ended December 31, 2012		Margin Change <sup>(1)</sup>		
<b>Restaurant Net Sales</b>	\$	83,338	100.0%	\$	94,757	100.0%	---
<b>Comp Sales % <sup>(2)</sup></b>		-5.1%			-0.9%		
<b>Cost of Food and Beverage</b>		20,736	24.9%		22,171	23.4%	150 Basis Points Increase
<b>Gross Profit</b>		62,602	75.1%		72,586	76.6%	150 Basis Points Decrease
<b>Labor and Related Benefits</b>		32,379	38.8%		34,165	36.1%	270 Basis Points Increase
<b>Other Operating Expenses</b>		11,357	13.7%		11,445	12.1%	160 Basis Points Increase
<b>Controllable Contribution</b>		18,866	22.6%		26,976	28.4%	580 Basis Points Decrease
<b>Occupancy Costs</b>		17,614	21.1%		18,892	19.9%	120 Basis Points Increase
<b>Restaurant Cash Flow</b>	\$	1,252	1.5%	\$	8,084	8.5%	700 Basis Points Decrease

<sup>(1)</sup> Due to Rounding, some percentages might not foot.

<sup>(2)</sup> As reported in public filings - assumes 52 week year.

## Reconciliation of Non-GAAP Measures To Net Income

	<u>52 Weeks Ended</u> <u>December 30, 2013</u>	<u>52 Weeks Ended</u> <u>December 31, 2012</u>
Restaurant Net Sales	\$ 83,338	\$ 94,757
Cost of Food and Beverage	20,736	22,171
Labor and Related Benefits	32,379	34,165
Occupancy and Other Operating Expenses	28,971	30,337
Restaurant Cash Flow	<u>1,252</u>	<u>8,084</u>
Franchise Fees and Royalties	2,989	3,195
General and Administrative Expenses	11,746	11,641
Depreciation and Amortization	2,724	3,613
Provision for Asset Impairments and Disposals	1,122	424
Restaurant Pre-Opening Expenses	29	-
Lease Termination Expense and Closed Store Costs	181	104
Gain on Sale of Assets	<u>(34)</u>	<u>-</u>
Operating Loss	(11,527)	(4,503)
Interest Income, net	-	-
Other Income, net	<u>83</u>	<u>62</u>
Net Loss	<u>\$ (11,444)</u>	<u>\$ (4,441)</u>
EPS	\$ (0.64)	\$ (0.29)