

Cosi, Inc.
Consolidated Balance Sheets
As of December 29, 2014 and December 30, 2013
(dollars in thousands)

	December 29, 2014	December 30, 2013
Assets		
Current assets:		
Cash and cash equivalents	\$ 21,560	\$ 6,021
Accounts receivable, net	581	594
Notes receivable, current portion	551	551
Inventories	825	779
Prepaid expenses and other current assets	1,279	1,348
Total Current Assets	24,796	9,293
Furniture and fixtures, equipment and leasehold improvements, net	7,308	8,195
Notes receivable, net of current portion	-	-
Other assets	1,327	1,115
Total Assets	33,431	18,603
 Liabilities and Stockholder's Equity		
Current liabilities:		
Accounts payable	\$ 1,519	\$ 2,462
Accrued liabilities	9,336	9,088
Deferred franchise revenue	18	18
Current portion of long-term liabilities	177	196
Total current liabilities	11,050	11,764
Long-term debt, net	6,623	-
Deferred franchise revenue	1,724	1,931
Other liabilities, net of current portion	1,663	2,189
Total Liabilities	21,060	15,884
Stockholder's equity:		
Common stock - \$0.01 par value, 100,000,000 shares authorized, 38,410,196 and 18,106,979 shares issued, respectively	383	181
Additional paid-in capital	323,256	297,181
Treasury stock, 59,886 shares at cost	(1,198)	(1,198)
Accumulated deficit	(310,070)	(293,445)
Total stockholder's equity	12,371	2,719
Total liabilities and stockholder's equity	33,431	18,603

The accompanying notes are an integral part of these consolidated financial statements.

Cosi, Inc.
Consolidated Statements of Operations and Comprehensive Loss
For the Three and Twelve Month Periods Ended December 29, 2014 and December 30, 2013
(dollars in thousands, except share and per share data)

	Three Months Ended		Twelve Months Ended	
	December 29, 2014 <u>(Unaudited)</u>	December 30, 2013 <u>(Unaudited)</u>	December 29, 2014 <u>(Audited)</u>	December 30, 2013 <u>(Audited)</u>
Revenues:				
Restaurant net sales	\$ 18,596	\$ 19,226	\$ 74,905	\$ 83,338
Franchise fees and royalties	907	720	2,853	2,989
Total revenues	<u>19,503</u>	<u>19,946</u>	<u>77,758</u>	<u>86,327</u>
Costs and expenses:				
Cost of food and beverage	5,454	4,836	20,078	20,736
Restaurant labor and related benefits	7,406	7,899	29,046	32,379
Occupancy and other restaurant operating expenses	6,825	7,071	27,720	28,971
	<u>19,685</u>	<u>19,806</u>	<u>76,844</u>	<u>82,086</u>
General and administrative expenses	3,194	3,283	12,359	11,746
Depreciation and amortization	581	630	2,394	2,724
Restaurant pre-opening expenses	15	-	15	29
Provision for losses on asset impairments and disposals	105	423	346	1,122
Closed store costs	(24)	56	172	124
Lease termination expense (income), net	150	(56)	1,468	57
Gain on sale of assets	-	(34)	(50)	(34)
Total costs and expenses	<u>23,706</u>	<u>24,108</u>	<u>93,548</u>	<u>97,854</u>
Operating loss	<u>(4,203)</u>	<u>(4,162)</u>	<u>(15,790)</u>	<u>(11,527)</u>
Other income (expense):				
Interest expense	(178)	-	(471)	-
Debt issuance amortization	(164)	-	(446)	-
Other income	8	49	82	83
Total other income	<u>(334)</u>	<u>49</u>	<u>(835)</u>	<u>83</u>
Net loss and comprehensive loss	<u>\$ (4,537)</u>	<u>\$ (4,113)</u>	<u>\$ (16,625)</u>	<u>\$ (11,444)</u>
Per Share Data:				
Loss per share, basic and diluted	<u>\$ (0.18)</u>	<u>\$ (0.23)</u>	<u>\$ (0.82)</u>	<u>\$ (0.64)</u>
Weighted average common shares outstanding	<u>24,828,125</u>	<u>18,012,465</u>	<u>20,271,585</u>	<u>17,993,858</u>

The accompanying notes are an integral part of these consolidated financial statements.

	Three Months Ended		Twelve Months Ended	
	December 29, 2014	December 30, 2013	December 29, 2014	December 30, 2013
Revenues:				
Restaurant net sales	95.3% %	96.4 %	96.3% %	96.5% %
Franchise fees and royalties	4.7%	3.6	3.7%	3.5%
Total revenue	100.0%	100.0	100.0%	100.0%
Cost and expenses:				
Cost of food and beverage (1)	29.3%	25.2	26.8%	24.9%
Restaurant labor and related benefits (1)	39.8%	41.1	38.8%	38.9%
Occupancy and other restaurant operating expenses (1)	36.7%	36.7	37.0%	34.8%
	105.9%	103.0	102.6%	98.5%
General and administrative expenses	16.4%	16.5	15.9%	13.6%
Depreciation and amortization	3.0%	3.2	3.1%	3.2%
Restaurant pre-opening expenses	0.1%	-	0.0%	0.0%
Provision for losses on asset impairments and disposals	0.5%	2.1	0.4%	1.3%
Closed stores costs	-0.1%	0.3	0.2%	0.1%
Lease termination expense and closed store costs	0.8%	(0.3)	1.9%	0.1%
Gain on sales of assets	0.0%	(0.2)	-0.1%	0.0%
Total costs and expenses	121.5%	120.8	120.3%	113.4%
Operating loss	-21.5%	(20.8)	-20.3%	-13.4%
Interest expense	0.9%	-	-0.6%	0.0%
Debt issuance expense	-0.8%	-	-0.6%	0.0%
Other income	0.0%	0.2	0.1%	0.1%
Net loss and comprehensive loss	-23.3% %	(20.6) %	-21.4% %	-13.3% %

(1) These are expressed as a percentage of restaurant net sales versus all other items expressed as a percentage of total revenues

For the Twelve Months Ended

	December 29, 2014			December 30, 2013		
	Company- Owned	Franchise	Total	Company- Owned	Franchise	Total
Restaurants at beginning of period	70	52	122	75	50	125
New restaurants opened	1	2	3	-	4	4
Franchise-owned converted to Company-owned	3	3	-	-	-	-
Company-owned converted to Franchised-owned	-	-	-	1	1	-
Restaurants permanently closed	10	4	14	4	3	7
Restaurants at end of period	<u>64</u>	<u>47</u>	<u>111</u>	<u>70</u>	<u>52</u>	<u>122</u>