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## NEWS RELEASE

### **JONES SODA CO. ANNOUNCES SECOND QUARTER 2005 FINANCIAL RESULTS**

July 28, 2005

Trading Symbol: TSXVE JSD  
OTC: JSDA

**Seattle, Washington U.S.A. – Jones Soda Co.** (the “Company” or “Jones”), today announced financial results for the second quarter ended June 30, 2005.

Net sales for the second quarter of fiscal 2005 increased 20.5% to \$8,984,808 compared to \$7,458,022 for the second quarter of fiscal 2004. Net income for the quarter decreased to a loss of \$160,433 versus net income of \$554,312, a year ago, and diluted loss per share was \$0.01 versus diluted earnings per share of \$0.03 during the same period a year ago.

For the six months ended June 30, 2005, net sales increased approximately 19.6% to \$15,858,984 compared to \$13,260,269 for the six months ended June 30, 2004. Net income for the six months ended June 30, 2005 decreased to a loss of \$143,506, compared to net income of \$841,369 a year ago, and diluted loss per share was \$0.01 versus diluted earnings per share of \$0.04 during the same period a year ago.

Gross margin for the second quarter of 2005 was 34.1% compared to 35.5% for the second quarter of 2004. Operating expenses as a percentage of sales were 38.6% during the quarter compared to 28.4% for the corresponding period a year ago.

Peter van Stolk, President and CEO stated, “We continued to experience meaningful revenue gains during the second quarter driven by ongoing strength in our direct store distribution (DSD) and direct to retail (DTR) businesses. We are very pleased with our top-line performance which underscores the significant progress we have made broadening our geographic reach and expanding our channels of distribution.”

“Our relationship with Target continues to evolve and we are excited about our premium carbonated soft drink (CSD) strategy and the future prospects for this business,” continued Mr. van Stolk. “During the second quarter we were invited to participate in a nationwide sampling program at all 1,350 Target locations to kick-off the summer selling season. It was a terrific event with tremendous exposure for our brand, and while we incurred some increased costs which impacted our bottom line results, we have already seen benefits in terms of increased sales and heightened brand awareness within Target. In addition, we will be initiating a number of unique programs with Target, starting this Halloween with our new, limited edition, decorated 8.50-ounce cans which will be sold in the Halloween section of every Target store.”

Mr. van Stolk further commented, "Our DSD business was up 10.4% during the quarter over the comparable quarter in 2004, led by solid growth in our Northeast, Southwest, and Eastern Canadian markets. At the same time, we witnessed strength in all our DTR channels – Starbucks, Panera Bread, and Barnes & Noble and our direct business with Target – with sales increasing 56.6% year-over-year. On the product development front, our new venture with Kroger for Jones Frozen Soda Pops is off to a great start. Furthermore, we are very excited and encouraged about the attention we are receiving from national retailers regarding our new Jones Organics tea line that was launched in mid May. While we realize that it is still early in the launch process, Jones Organics is exceeding our expectations and we expect to continue to expand our presence in the fast growing Organic category during the back half of 2005."

Mr. van Stolk concluded, "During the first six months of fiscal 2005 we made the strategic decision to further increase our sales and marketing expenditures in an effort to improve our operating platform and better position Jones Soda for long-term success. As we head into the back half of the year we are excited by the positive momentum we have created and we look forward to leveraging our enhanced infrastructure to drive growth into the future."

Headquartered in Seattle, Washington, Jones Soda Co. manufactures its Jones Soda, Jones Naturals, Jones Energy, Jones Organics and Whoopass brands and sells through its distribution network in select markets across North America and through several large national retail accounts. A leader in the premium soda category, Jones is known for its innovative labeling technique that incorporates always-changing photos sent in from its consumers. Jones Soda is sold through traditional beverage retailers and everywhere you'd never expect to find a soda.

This press release contains forward-looking statements and projections concerning the Company's plans, strategies, expectations, predictions and financial projections concerning the Company's future activities and results of operations and other future events or conditions, and are "forward-looking statements" as defined by the Private Securities Litigation Reform Act of 1995. Words such as "will", "expect," "believe," "prospects", "opportunities", "look forward" and other similar expressions are intended to identify these forward-looking statements. In particular, statements in this release regarding potential growth opportunities and new product lines, working capital and cash flow management, operating and marketing expenses and expense controls, future profitability and results of operations are forward looking. Statements in this press release, and elsewhere, that look forward in time or include anything other than historical information involve risks and uncertainties that may affect the Company's actual results of operations. These statements by the Company are subject to certain risks, including, among others, future demand for its products, competition from other businesses providing similar products, the ability to operate profitably and control expenses and the Company's ability to successfully execute its business strategy. These and other risks and uncertainties are discussed in more detail in the Company's periodic reports filed with the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended, which are available at the SEC website at [www.sec.gov](http://www.sec.gov).

(See attached Exhibits)

**JONES SODA CO.**  
**CONSOLIDATED STATEMENT OF OPERATIONS**  
(Unaudited - \$US)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2005	2004	2005	2004
<b>Revenue</b>	\$8,984,808	\$7,458,022	\$15,858,984	\$13,260,269
<b>Cost of Goods Sold</b>	5,916,407	4,809,001	10,559,592	8,697,662
<b>Gross Profit</b>	\$3,068,401	\$2,649,021	\$5,299,392	\$4,562,607
<b>Gross Margin</b>	34.1%	35.5%	33.4%	34.4%
<b>Licensing Revenue</b>	230,243		333,791	
<b>Operating Expenses:</b>				
<b>Promotion and Selling</b>	\$2,576,892	\$1,535,556	\$4,158,165	\$2,643,967
<b>General &amp; Admin.</b>	835,913	530,489	1,525,413	1,005,308
<b>Dep'n &amp; Amortization</b>	51,551	48,665	100,950	91,816
<b>Non Cash Stock     Compensation</b>	860	6,537	5,745	9,842
	3,465,216	2,121,247	5,790,273	3,750,933
<b>Earnings (loss) from Operations</b>	(166,572)	527,774	(157,090)	811,674
<b>Other income</b>	6,139	26,538	13,584	29,695
<b>Earnings (loss)</b>	\$(160,433)	\$554,312	\$(143,506)	\$841,369
<b>Earnings (loss) per share:</b>				
<b>Basic</b>	\$(0.01)	\$0.03	\$(0.01)	\$0.04
<b>Diluted</b>	\$(0.01)	\$0.03	\$(0.01)	\$0.04
<b>Weighted average number of common stock:</b>				
<b>Basic</b>	21,419,157	20,507,047	21,273,578	20,415,386
<b>Diluted</b>	21,419,157	21,920,563	21,273,578	21,902,987

**JONES SODA CO.  
CONSOLIDATED BALANCE SHEET  
(\$US)**

	Jun. 30, 2005	Dec. 31, 2004
	(unaudited)	
<b>ASSETS</b>		
<b>Current Assets:</b>		
Cash and cash equivalents	\$50,810	\$333,533
Accounts Receivable	4,040,046	2,834,882
Inventory	4,406,584	3,550,595
Prepaid Expenses	244,354	399,779
	\$8,741,794	\$7,118,789
<b>Capital Assets</b>	763,679	682,439
<b>Intangible Assets</b>	49,306	49,444
	\$9,554,779	\$7,850,672
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current Liabilities:</b>		
Bank indebtedness	-	480,285
Accounts payable and accrued liabilities	\$4,515,186	\$2,745,602
Current portion of capital lease obligations	116,478	63,549
Current portion of deferred revenue	52,273	50,000
	\$4,683,937	\$3,339,436
<b>Capital Lease Obligations</b>	148,040	113,509
<b>Deferred Revenue</b>	25,000	50,000
<b>Shareholders' Equity</b>	4,697,802	4,347,727
	\$9,554,779	\$ 7,850,672

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The Toronto Venture Exchange has not reviewed and does not accept responsibility for the adequacy of the content of the information herein.