

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 8-K

CURRENT REPORT PURSUANT
TO SECTION 13 OR 15(D) OF THE
SECURITIES EXCHANGE ACT OF 1934

Date of report (Date of earliest event reported): May 7, 2009

Jones Soda Co.

(Exact Name of Registrant as Specified in Its Charter)

Washington
(State or Other Jurisdiction of Incorporation)

0-28820
(Commission File Number)

91-1696175
(IRS Employer Identification No.)

234 Ninth Avenue North, Seattle, Washington
(Address of Principal Executive Offices)

98109
(Zip Code)

(206) 624-3357
(Registrant's Telephone Number, Including Area Code)

Not Applicable
(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (*see* General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 2.02. Results of Operations and Financial Condition

On May 7, 2009, Jones Soda Co. issued a press release announcing its financial results for the first quarter ended March 31, 2009. The press release is furnished as Exhibit 99.1 to this Current Report on Form 8-K.

The information in this Current Report, including but not limited to Exhibit 99.1, is being furnished and shall not be deemed “filed” for the purpose of Section 18 of the Securities and Exchange Act of 1934, or otherwise subject to the liabilities of that Section. The information in this Current Report, including but not limited to Exhibit 99.1, shall not be incorporated by reference into any registration statement or other document filed pursuant to the Securities Act of 1933, except as shall be expressly set forth by specific reference in such a filing.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

99.1 Press Release, dated May 7, 2009

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

JONES SODA CO.
(Registrant)

Date: May 7, 2009

By: /s/ Michael R. O'Brien
Michael R. O'Brien
Chief Financial Officer



FOR IMMEDIATE RELEASE

JONES SODA CO. REPORTS FIRST QUARTER 2009 RESULTS

Seattle, WA — May 7, 2009 — Jones Soda Co. (the Company) (NASDAQ: JSDA), a leader in the premium soda category and known for its unique branding and innovative marketing, today announced results for the quarter ended March 31, 2009.

First Quarter Summary — Comparison of Quarters ended March 31, 2009 and March 31, 2008

- Revenue decreased 25% to \$7.1 million compared to \$9.4 million in the first quarter of 2008. The decrease in revenue was primarily attributable to the discontinuance of the Jones Soda glass bottles at some of our major retailers in our DTR channel which occurred in 2008 as part of our realigned channel focus on higher margin points of distribution, and to a lesser extent, reduced demand that we believe resulted in large part from the impact of the economic downturn on consumer spending levels.
 - Promotion allowances and slotting fees increased slightly to \$1.1 million compared to \$951,000 in the corresponding quarter of 2008.
 - Although finished product case sales declined 30% to 539,300 cases in the first quarter compared to the same period in 2008, the decrease was partially offset by the February 2009 launch of Jones GABA, which contributed 29,800 cases for the quarter.
- Gross profit as a percentage of revenue remained flat at 20%, driven by the product launch of our higher margin Jones GABA product offset by a decline in total revenue as a result of lower case sales of our core product, Jones Soda glass bottles.
- Operating expenses decreased 30%, compared to the corresponding period a year ago, due primarily to the strategic refocus in the fourth quarter of 2008 which resulted in a reduction in force that reduced salaries and benefits expense, as well as cost containment measures that reduced marketing and promotional expense.
- Net loss of \$2.6 million, or (\$0.10) per share, for the quarter improved by 33% over the first quarter 2008 net loss of \$3.9 million, or (\$0.15) per share.

Joth Ricci, President & Chief Executive Officer, stated, “Our first quarter results reflect the challenging economic environment and our ongoing transition to a leaner organization as we continue to make adjustments to manage bottom-line improvement. We had planned case sales to be down versus a year ago as we continue to realign our distribution and focus more resources on a higher margin, single serve strategy for our product portfolio. Accordingly, we continued to right-size our infrastructure and effectively controlled spending, evidenced by the 30% reduction in operating expenses versus a year ago. This allowed us to lower our net loss both on a sequential and year-over-year basis and we remain on track to deliver continued bottom line improvement throughout 2009.”

Balance Sheet

As of March 31, 2009, we had cash, cash-equivalents and short-term investments of approximately \$8.2 million, working capital of \$14.4 million and no debt. The change in our cash, cash-equivalent, and short-

term investments from December 31, 2008, reflects the shift of a \$1.2 million inventory purchase of GABA as part of our amended Pharma GABA supply agreement from the fourth quarter of 2008 into the first quarter of 2009, of which \$1.0 million is recorded to other assets. We expect future GABA inventory purchases to be at significantly reduced levels. We intend to continually monitor and adjust our business plan as necessary to respond to developments in our business, our markets and the broader economy and intend to take action if necessary including further cost reductions in sales, marketing and general and administrative areas, in order to protect and preserve our cash position.

As of March 31, 2009, we had inventories of \$4.9 million compared to \$5.7 million as of March 31, 2008. We are comfortable with the level and mix of our inventories as we head into the summer selling season.

Mr. Ricci, concluded, "The current economic conditions continue to create a challenging selling environment and have made forecasting demand much more difficult. Our transition to a leaner, more flexible organization over the past 12 months is allowing us to react quicker to changes in the marketplace and drive higher productivity on lower case volumes. Until visibility improves, our focus will be on cash preservation, strengthening our balance sheet and managing expenses, while at the same time selectively pursuing growth opportunities that fit our margin targets. We believe our business plan is sound and that we have the right people and systems in place to achieve our near-term objectives and return greater shareholder value over the long-term."

Conference Call

The Company will discuss its results for the quarter ended March 31, 2009 and its business outlook on its scheduled conference call today, May 7, 2009 at 1:30 p.m., Pacific time (4:30 p.m. ET). The live web cast of the conference call can be accessed from the Investor Relations section of the Jones Soda Web site at www.jonessoda.com. The replay will be available starting three hours after the call and remain in effect until June 2010.

About Jones Soda Co.

Headquartered in Seattle, Washington, Jones Soda Co. markets and distributes premium beverages under the Jones Soda, Jones Pure Cane Soda, Jones 24C, Jones GABA, Jones Organics, Jones Naturals and Whoopass brands and sells through its distribution network in markets primarily across North America. A leader in the premium soda category, Jones is known for its variety of flavors and innovative labeling technique that incorporates always-changing photos sent in from its consumers. Jones Soda is sold through traditional beverage retailers. For more information visit www.jonessoda.com, www.myjones.com, and www.jonesGABA.com.

Forward-Looking Statements Disclosure

Certain statements in this press release are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, including, without limitation, statements regarding our expectations regarding GABA inventory purchases. Forward-looking statements include all passages containing verbs such as "aims," "anticipates," "estimates," "expects," "intends," "plans," "predicts," "projects" or "targets" or nouns corresponding to such verbs. Forward-looking statements also include any other passages that are primarily relevant to expected future events or that can only be evaluated by events that will occur in the future. Forward-looking statements are based on the opinions and estimates of the management at the time the statements are made and are subject to certain risks and uncertainties that could cause actual results to differ materially from those anticipated in the forward-looking statements. Factors that could affect Jones Soda's actual results include, among others, its inability to establish distribution arrangements directly with retailers or with independent distributors, its inability to successfully implement its launch of Jones GABA or the failure of this product to gain market acceptance, its

inability to maintain relationships with its co-packers, its inability to maintain a consistent and cost-effective supply of raw materials, its inability to receive returns on its trade spending and slotting fee expenditures, its inability to maintain brand image and product quality, its inability to protect its intellectual property, the impact of current and future litigation, the impact of the global economic crisis, its inability to develop new products to satisfy customer preferences and the impact of intense competition from other beverage suppliers. More information about factors that potentially could affect Jones Soda's financial results is included in Jones Soda's most recent annual report on Form 10-K and quarterly reports on Form 10-Q filed in 2009 with the Securities and Exchange Commission. Readers are cautioned not to place undue reliance upon these forward-looking statements that speak only as to the date of this release. Except as required by law, Jones Soda undertakes no obligation to update any forward-looking or other statements in this press release, whether as a result of new information, future events or otherwise.

For further information, contact:

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JONES SODA CO.
CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS
(In thousands, except share data)
(Unaudited — \$US)

	Three Months Ended March 31,	
	2009	2008
Revenue	\$ 7,071	\$ 9,418
Cost of goods sold	5,626	7,496
Gross profit	1,445	1,922
Gross profit %	20.4%	20.4%
Licensing revenue	28	51
Operating expenses:		
Promotion and selling	2,320	3,002
General and administrative	1,802	2,860
	4,122	5,862
Loss from operations	(2,649)	(3,889)
Other income, net:	21	148
Loss before income tax	(2,628)	(3,741)
Income tax benefit (expense):		
Current	27	(112)
Deferred	—	—
	27	(112)
Net loss	\$ (2,601)	\$ (3,853)
Net loss per share, basic and diluted	\$ (0.10)	\$ (0.15)
Weighted average common shares outstanding:		
Basic and diluted	26,456,594	26,266,011
	Three Months Ended March 31,	
	2009	2008
288-ounce equivalent case sales:		
Finished products case sales	539,300	765,700
Concentrate case sales	163,300	35,200
Total case sales	702,600	800,900

JONES SODA CO.
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands, except share data)
(\$US)

	<u>March 31, 2009</u>	<u>December 31, 2008</u>
	<u>(Unaudited)</u>	
Assets		
Current assets:		
Cash and cash equivalents	\$ 7,304	\$ 11,736
Short-term investments	894	890
Accounts receivable	3,625	2,428
Inventory	4,889	5,654
Prepaid expenses and other current assets	1,490	1,410
Total current assets	<u>18,202</u>	<u>22,118</u>
Deferred income tax asset	95	98
Other assets	1,018	—
Fixed assets	1,884	2,099
Total assets	<u>\$ 21,199</u>	<u>\$ 24,315</u>
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable	\$ 1,498	\$ 1,469
Accrued liabilities	2,137	2,788
Taxes payable	14	34
Capital lease obligations, current portion	156	153
Total current liabilities	<u>3,805</u>	<u>4,444</u>
Capital lease obligations	281	321
Long term liabilities — other	67	75
Commitments and contingencies		
Shareholders' equity		
Common stock no par value:		
Authorized: 100,000,000		
Issued and outstanding: 26,454,592 and 26,460,409 shares, respectively.	43,925	43,924
Additional paid-in capital	5,339	5,044
Accumulated other comprehensive (loss) income	(203)	(79)
Accumulated deficit	<u>(32,015)</u>	<u>(29,414)</u>
Total shareholders' equity	<u>17,046</u>	<u>19,475</u>
Total liabilities and shareholders' equity	<u>\$ 21,199</u>	<u>\$ 24,315</u>