Carrols Restaurant Group, Inc (TAST)

Fourth Quarter Earnings Call

February 2023

Safe Harbor Statement

Under the Private Securities Litigation Reform Act of 1995

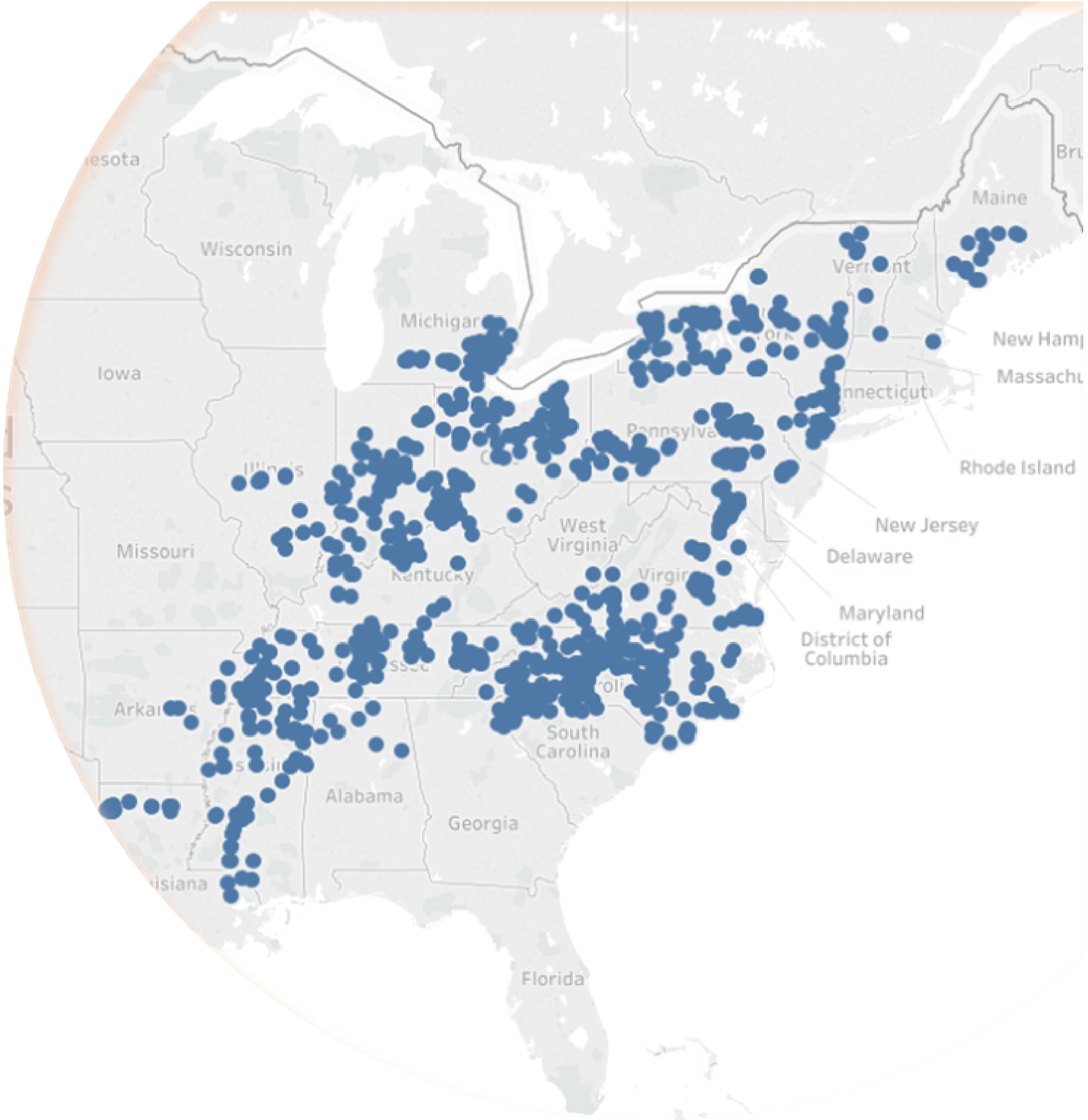
- Our presentation includes, and our response to various questions may include, forward-looking statements. Statements that are predictive in nature or that depend upon or refer to future events or conditions are forward-looking statements. These statements are often identified by the words “may”, “might", “will”, “should”, “anticipate”, “believe”, “expect”, “intend”, “estimate”, “hope”, “plan” or similar expressions. In addition, expressions of our strategies, intentions or plans are also forward looking statements. These statements reflect management’s current views with respect to future events and are subject to risks and uncertainties, both known and unknown. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of their date. There are important factors that could cause actual results to differ materially from those in forward-looking statements, many of which are beyond our control. Investors are cautioned that any such forward-looking statements are not guarantees of future performance and involve risks and uncertainties, and that actual results may differ materially from those projected or implied in the forward-looking statements. We have identified significant factors that could cause actual results to differ materially from those stated or implied in the forward-looking statements. Such factors include the impact of the COVID-19 pandemic and our initiatives designed to respond to the COVID-19 pandemic, effectiveness of the Burger King and Popeyes advertising programs and the overall success of the Burger King and Popeyes brands, increases in food costs and other commodity costs, our ability to hire and retain employees at current or increased wage rates, competitive conditions, including pricing pressures, discounting, aggressive marketing and the potential impact of competitors’ new unit openings and promotions on sales of our restaurants, our ability to integrate any restaurants we acquire, regulatory factors, environmental conditions and regulations, general economic conditions, particularly in the retail sector, weather conditions, fuel prices, significant disruptions in service or supply by any of our suppliers or distributors, changes in consumer perception of dietary health and food safety, labor and employment benefit costs, including the effects of minimum wage increases, healthcare reform and changes in the Fair Labor Standards Act, the outcome of pending or future legal claims or proceedings, our ability to manage our growth and successfully implement our business strategy, our inability to service our indebtedness, our borrowing costs and credit ratings, which may be influenced by the credit ratings of our competitors, the availability and terms of necessary or desirable financing or refinancing and other related risks and uncertainties, and factors that affect the restaurant industry generally, including recalls if products become adulterated or misbranded, liability if our products cause injury, ingredient disclosure and labeling laws and regulations, reports of cases of foodborne illnesses, and the possibility that consumers could lose confidence in the safety and quality of certain food products as well as negative publicity regarding food quality, illness, injury, or other health concerns. Investors are referred to the full discussion of risks and uncertainties, as included in Carrols Restaurant Group, Inc.’s filings with the Securities and Exchange Commission (SEC) including, without limitation, its Annual Report on Form 10-K.

Non-GAAP Financial Measures

- EBITDA, Adjusted EBITDA, Adjusted Restaurant-Level EBITDA, Adjusted Net Loss, Adjusted EBITDA Margin, and Adjusted Restaurant-Level EBITDA Margin are non-GAAP financial measures. We are presenting these financial measures because we believe that they provide a more meaningful comparison of our core business operating results, as well as with those of other similar companies. Additionally, we present Adjusted Restaurant-Level EBITDA because it excludes restaurant integration costs, restaurant pre-opening costs, other income and expense, and the impact of general and administrative expenses such as salaries and expenses associated with corporate and administrative functions that support the development and operations of our restaurants, legal, auditing and other professional fees. Management believes that Adjusted EBITDA and Adjusted Restaurant-Level EBITDA, when viewed with our results of operations in accordance with GAAP and the accompanying reconciliations within the appendix and our filings with the SEC, provide useful information about operating performance and period-over-period growth, and provide additional information that is useful for evaluating the operating performance of our core business without regard to potential distortions. Additionally, management believes that Adjusted EBITDA and Adjusted Restaurant-Level EBITDA permit investors to gain an understanding of the factors and trends affecting our ongoing cash earnings, from which capital investments are made and debt is serviced. However, EBITDA, Adjusted EBITDA, Adjusted Restaurant-Level EBITDA and Adjusted Net Loss are not measures of financial performance or liquidity under GAAP and, accordingly, should not be considered as alternatives to net income, income from operations or cash flow from operating activities as indicators of operating performance or liquidity. Also, these measures may not be comparable to similarly titled captions of other companies. For the reconciliation between Net Loss to EBITDA, Adjusted EBITDA and Adjusted Net Loss and the reconciliation of income (loss) from operations to Adjusted Restaurant-Level EBITDA, see the appendix and our filings with the SEC.
- Free Cash Flow is a non GAAP financial measure and may not necessarily be comparable to other similarly titled captions of other companies due to differences in methods of calculation. We believe that Free Cash Flow, when viewed with the Company's results of operations in accordance with GAAP and the accompanying reconciliation set forth in the Appendix, provides useful information about the Company's cash flow for liquidity purposes and to service the Company's debt. However, Free Cash Flow is not a measure of liquidity under GAAP and, accordingly, should not be considered as an alternative to the Company's consolidated statements of cash flows and net cash provided by operating activities, net cash used for investing activities and net cash provided by financing activities as indicators of liquidity or cash flow.
- We direct you to the Appendix to this presentation and to our filings with the SEC for a reconciliation of these non-GAAP financial measures to the appropriate GAAP financial measures.

About the Company

- Carrols is one of the largest restaurant franchisees in the United States, operating 1,087 restaurants across the Burger King® and Popeyes® brands
- With 1,022 Burger King restaurants, Carrols is the largest Burger King franchisee in the country, operating approximately 15% of all U.S. Burger Kings
- Carrols has a history of outperforming same store sales in the U.S. Burger King restaurant base
- Carrols added 65 Popeyes restaurants to its portfolio in 2019, one of the fastest growing QSR brands in the U.S.
- Carrols' two largest shareholders are invested in our long-term success:
  - Burger King Corporation, 15.1% fully diluted – franchisor/partner
  - Cambridge Franchise Holdings, 23.8% fully diluted – affiliate of Garnett Station Partners, engaged board members, strong record of generating returns



Carrols Restaurant Group Q4 2022 Highlights

7.0% Revenue Increase

- Total Restaurant Sales increased 7.0% to $445.1M compared to $416.1M in Q4-21
- BK Q4 SSS ↑ 6.2% compared to 4.9% in Q3-22, 2.8% in Q2-22 and 1.6% in Q1-22
- Popeyes Q4 SSS ↑ 9.2%

Avg Check ↑ 13.3% Year-over-Year

- BK average check increase of 13.3% year-over-year mainly due to menu price increases inclusive of actions taken late in 2021 and 2022 and lower promotional and discounting activity
- Partially offset by a reduction in restaurant traffic of 6.2%.

$25.4M of Adjusted EBITDA

- Adjusted EBITDA[a] was $25.4M compared to $13.9M in the prior year quarter
- Adjusted EBITDA Margin increased to 5.7% of restaurant sales from 3.3% in the prior year quarter and improved sequentially from 4.0% in the third quarter of 2022.

Adjusted Restaurant-Level EBITDA Progress

- Adjusted Restaurant-Level EBITDA[a] ↑ 37.1% or $12.8M year-over-year
- Sequential improvement in Adjusted Restaurant-Level EBITDA Margin of 200bps
- Inflation continuing to moderate with commodity inflation down to 12% from 15% in Q3 and base rate labor inflation down to 6.3% from 7.7% in Q3

Strong Balance Sheet

- Strong balance sheet continues to provide us with significant liquidity, a long runway with respect to debt maturities, and stable and manageable debt service obligations
- Generated $14.5M in Free Cash Flow[a] in Q4 2022
- Ended Q4 2022 with $211.2M of liquidity[b]

(a) Please see Appendix for Reconciliation of EBITDA, Adjusted EBITDA, Adjusted Restaurant-Level EBITDA and Free Cash Flow.
(b) Liquidity equals borrowing availability under our Revolving Credit Facility plus cash and cash equivalents.

Q4 2022 Financial Summary

	Q4 2022	
Total Restaurant Sales	$445.1 million	Up 7.0% compared to $416.1 million in Q4 2021
Adjusted Restaurant-Level EBITDA[a]	$46.9 million	Compared to$34.2 million in Q4 2021
Adjusted EBITDA[a]	$25.4 million	Compared to $13.9 million in Q4 2021
Income (loss) from operations	$2.8 million	Compared to $(10.0) million in Q4 2021
Net loss	$(19.1) million	Compared to $(16.4) million in Q4 2021
Net loss per share	$(0.38) per diluted share	$(0.33) per diluted share in Q4 2021
Adjusted Net Loss[a]	$(2.5) million	Compared to $(7.5) million in Q4 2021
Adjusted Diluted Net Loss Per Share[a]	$(0.05) per diluted share	$(0.15) per diluted share in Q4 2021

(a) Please see appendix for Reconciliation of Adjusted Restaurant-Level EBITDA, Adjusted EBITDA, Adjusted Net Loss and Adjusted Diluted Net Loss Per Share.

Q4 2022 Adjusted EBITDA

(in millions) *(unaudited)*	Three Months Ended (a) January 1, 2023	Three Months Ended (a) January 2, 2022	Twelve Months Ended (a) January 1, 2023	Twelve Months Ended (a) January 2, 2022
Restaurant Revenue	$ 445.1	$ 416.1	$ 1,730.4	$ 1,652.4
Food, Beverage and Packaging Costs	133.0	128.4	534.2	499.7
Food, Beverage and Packaging Costs %	*29.9 %*	*30.8 %*	*30.9 %*	*30.2 %*
Restaurant Labor	145.4	141.4	585.2	549.9
Restaurant Labor %	*32.7 %*	*34.0 %*	*33.8 %*	*33.3 %*
Advertising & Royalties	37.7	34.9	146.2	138.2
Other Operating Expenses	50.0	46.1	197.4	184.9
Rent	32.0	31.2	125.5	122.7
Adjusted Restaurant-Level EBITDA[a]	**46.9**	**34.2**	**141.9**	**157.0**
% increase (decrease) from prior year	*37.1 %*		*(9.6)%*	
Adjusted Restaurant-Level EBITDA Margin	*10.5 %*	*8.2 %*	*8.2 %*	*9.5 %*
G&A Expense (excluding stock comp)	21.6	20.7	83.2	77.5
Less: Acquisition costs, litigation and other professional expenses	—	(0.4)	(3.8)	(2.1)
Adjusted G&A Expense	21.6	20.3	79.4	75.4
Adjusted EBITDA[a]	25.4	13.9	62.5	81.6
% increase (decrease) from prior year	*82.4 %*		*(23.4)%*	
Adjusted EBITDA Margin	*5.7 %*	*3.3 %*	*3.6 %*	*4.9 %*

(a) Please see Appendix for Reconciliations of Adjusted Restaurant-Level EBITDA and Adjusted EBITDA.

Capitalization Overview

($ in millions) As of	January 1, 2023	October 2, 2022	January 2, 2022	January 3, 2021
Cash & Cash Equivalents	**$ 18.4**	**$ 3.2**	**$ 29.2**	**$ 65.0**
Revolver due 2026[a]	12.5	10.0	—	—
Term B Loans due 2026[b]	167.6	168.7	171.9	418.6
Term B-1 Loans due 2026[c]	—	—	—	74.6
Senior Notes Due 2029[d]	300.0	300.0	300.0	—
Finance Lease Liabilities	12.8	13.6	6.3	0.9
Total Debt	$ 493.0	$ 492.3	$ 478.2	$ 494.2
Total Funded Net Debt (per Credit Agreement)	***$ 474.6***	***$ 489.0***	***$ 449.0***	***$ 429.2***
TTM Covenant EBITDA (per Credit Agreement)	***66.5***	***56.4***	***89.4***	***112.4***
Total Net Leverage Ratio	*7.14x*	*8.67x*	*5.02x*	*3.82x*
Senior Secured Net Leverage Ratio	**2.63x**	**3.35x**	**1.67x**	**3.82x**
Total Liquidity Available[e]	$ 211.2	$ 198.6	$ 235.1	$ 201.1

(a) The current Revolver capacity is $215.0M after the Eighth Amendment dated September 30, 2021. The Revolver has an interest rate of SOFR plus 3.25% and a maturity date of January 29, 2026.

(b) Term B loans have an interest rate of SOFR plus 3.25% and a maturity date of April 30, 2026. This rate is fixed for up to $120.0M of borrowings under our senior credit facility through February 2025.

(c) Term B-1 loans, which had an interest rate of 7.25%, were repaid in full on June 28, 2021 in connection with the issuance of the Senior Notes.

(d) On June 28, 2021, the Company issued $300.0M principal amount of 5.875% Senior Unsecured Notes due 2029 in a private placement and used the proceeds and $46.0M of revolving credit borrowings to repay $74.4M of outstanding term B-1 loans and $243.6M of outstanding term B loans, pay fees and expenses related to the offering and for working capital and general corporate purposes.

(e) Liquidity equals borrowing availability under our Revolving Credit Facility plus cash and cash equivalents. As of Jan 1, 2023, there were $9.6M of letters of credit issued under the Revolving Credit Facility.

Appendix

Consolidated Statement of Operations

(in thousands, except per share amounts) (unaudited)	Three Months Ended (a)		Twelve Months Ended (a)	
	January 1, 2023	January 2, 2022	January 1, 2023	January 2, 2022
Restaurant sales	$ 445,058	$ 416,133	$ 1,730,440	$ 1,652,370
Costs and expenses:				
Food, beverage and packaging costs	132,994	128,368	534,238	499,685
Restaurant wages and related expenses	145,431	141,392	585,204	549,933
Restaurant rent expense	31,994	31,206	125,481	122,662
Other restaurant operating expenses	69,881	64,494	274,557	257,774
Advertising expense	17,943	16,506	69,389	65,433
General and administrative expenses (b) (c)	22,656	22,384	88,072	83,660
Depreciation and amortization	19,171	19,667	78,068	80,798
Impairment and other lease charges	2,009	3,189	21,877	4,470
Other expense (income), net (d)	183	(1,075)	(926)	(1,186)
Total costs and expenses	442,262	426,131	1,775,960	1,663,229
Income (loss) from operations	2,796	(9,998)	(45,520)	(10,859)
Interest expense	7,873	7,399	30,841	28,791
Loss on extinguishment of debt	—	—	—	8,538
Loss before income taxes	(5,077)	(17,397)	(76,361)	(48,188)
Provision (benefit) for income taxes	14,053	(997)	(789)	(5,159)
Net loss	$ (19,130)	$ (16,400)	$ (75,572)	$ (43,029)
Basic and diluted net loss per share (e)(f)	$ (0.38)	$ (0.33)	$ (1.49)	$ (0.86)
Basic and Diluted weighted average common shares outstanding	50,807	49,928	50,718	49,899

(a) The Company uses a 52 or 53 week fiscal year that ends on the Sunday closest to December 31. The three and twelve months ended January 1, 2023 and January 2, 2022 included thirteen and fifty-two weeks, respectively.

(b) General and administrative expenses include certain executive transition, litigation and other professional expenses of $0.4 million for the three months ended January 2, 2022, and $3.8 million and $1.7 million for the twelve months ended January 1, 2023 and January 2, 2022, respectively.

(c) General and administrative expenses include stock-based compensation expense of $1.1 million and $1.7 million for the three months ended January 1, 2023 and January 2, 2022, respectively, and $4.9 million and $6.2 million for the twelve months ended January 1, 2023 and January 2, 2022, respectively.

(d) Other expense (income), net, for the three months ended January 1, 2023 included a loss on disposal of assets of $0.2 million. Other expense (income), net, for the twelve months ended January 1, 2023, included loss on sale leaseback transactions of $0.4 million, a loss on disposal of assets of $1.2 million and a gain from a settlement with a vendor of $2.5 million. Other expense (income), net, for the three months ended January 2, 2022, included a gain of $1.1 million from the sale of a litigation claim during the period, insurance recoveries from previous property damage at our restaurants of $0.2 million and a loss on disposal of assets of $0.3 million. Other expense (income), net, for the twelve months ended January 2, 2022, included a $1.1 million gain from the sale of a litigation claim during the period, a gain from insurance recoveries of $1.3 million related to property damage at two of the Company's restaurants and a loss on disposal of assets of $1.2 million.

(e) Basic net loss per share was computed without attributing any loss to preferred stock and non-vested restricted shares as losses are not allocated to participating securities under the two-class method.

(f) Diluted net loss per share was computed including shares issuable for convertible preferred stock and non-vested restricted shares unless their effect would have been anti-dilutive for the periods presented.

Reconciliation of EBITDA and Adjusted EBITDA (b)

(in thousands)	Three Months Ended (a)		Twelve Months Ended (a)	
(unaudited)	January 1, 2023	January 2, 2022	January 1, 2023	January 2, 2022
Net loss	$ (19,130)	$ (16,400)	$ (75,572)	$ (43,029)
Provision (benefit) for income taxes	14,053	(997)	(789)	(5,159)
Interest expense	7,873	7,399	30,841	28,791
Depreciation and amortization	19,171	19,667	78,068	80,798
EBITDA	**21,967**	**9,669**	**32,548**	**61,401**
Impairment and other lease charges	2,009	3,189	21,877	4,470
Acquisition costs (c)	—	(2)	—	398
Pre-opening costs (d)	119	16	292	75
Executive transition, litigation and other professional expenses (e)	20	363	3,777	1,678
Other expense (income), net (f)(g)	183	(1,075)	(926)	(1,186)
Stock-based compensation expense	1,085	1,693	4,902	6,234
Loss on extinguishment of debt	—	—	—	8,538
Adjusted EBITDA	**$ 25,383**	**$ 13,853**	**$ 62,470**	**$ 81,608**

Please see slide 12 for footnotes

Reconciliation of Adjusted Restaurant-Level EBITDA (b)

(in thousands) *(unaudited)*	Three Months Ended (a)		Twelve Months Ended (a)	
	January 1, 2023	January 2, 2022	January 1, 2023	January 2, 2022
Income (loss) from operations	$ 2,796	$ (9,998)	$ (45,520)	$ (10,859)
Add:				
General and administrative expenses	22,656	22,384	88,072	83,660
Pre-opening costs (d)	119	16	292	75
Depreciation and amortization	19,171	19,667	78,068	80,798
Impairment and other lease charges	2,009	3,189	21,877	4,470
Other expense (income), net (f)(g)	183	(1,075)	(926)	(1,186)
Adjusted Restaurant-Level EBITDA	**$ 46,934**	**$ 34,183**	**$ 141,863**	**$ 156,958**

Please see slide 12 for footnotes

Reconciliation of Adjusted Net Loss (b)

(in thousands) *(unaudited)*	Three Months Ended (a) January 1, 2023	Three Months Ended (a) January 2, 2022	Twelve Months Ended (a) January 1, 2023	Twelve Months Ended (a) January 2, 2022
Net loss	$ (19,130)	$ (16,400)	$ (75,572)	$ (43,029)
Add:				
Impairment and other lease charges	2,009	3,189	21,877	4,470
Acquisition costs (c)	—	(2)	—	398
Pre-opening costs (d)	119	16	292	75
Executive transition, litigation and other professional expenses (e)	20	363	3,777	1,678
Other expense (income), net (f)(g)	183	(1,075)	(926)	(1,186)
Loss on extinguishment of debt	—	—	—	8,538
Income tax effect on above adjustments (h)	(583)	(623)	(6,256)	(3,494)
Valuation allowance for deferred taxes (i)	14,897	7,075	21,065	11,272
Adjusted Net Loss	**$ (2,485)**	**$ (7,457)**	**$ (35,743)**	**$ (21,278)**
Adjusted diluted net loss per share (j)	$ (0.05)	$ (0.15)	$ (0.70)	$ (0.43)
Adjusted diluted weighted average common shares outstanding	50,807	49,928	50,718	49,899

Please see slide 12 for footnotes

Footnotes

CARROLS

(a) The Company uses a 52 or 53 week fiscal year that ends on the Sunday closest to December 31. The three and twelve months ended January 1, 2023 and January 2, 2022 included thirteen and fifty-two weeks, respectively.

(b) Within this presentation, we make reference to EBITDA, Adjusted EBITDA, Adjusted Restaurant-Level EBITDA and Adjusted Net Loss which are non-GAAP financial measures. EBITDA represents net loss before income taxes, interest expense and depreciation and amortization. Adjusted EBITDA represents EBITDA as adjusted to exclude impairment and other lease charges, acquisition costs, stock-based compensation expense, restaurant pre-opening costs, non-recurring litigation and other professional expenses, loss on extinguishment of debt and other income and expense. Adjusted Restaurant-Level EBITDA represents loss from operations as adjusted to exclude general and administrative expenses, restaurant pre-opening costs, depreciation and amortization, impairment and other lease charges and other income and expense. Adjusted Net Loss represents net loss as adjusted, net of tax, to exclude impairment and other lease charges, acquisition costs, restaurant pre-opening costs, non-recurring litigation and other professional expenses, other income and expense, loss on extinguishment of debt and deferred tax valuation allowance changes.

Adjusted EBITDA, Adjusted Restaurant-Level EBITDA and Adjusted Net Loss are presented because the Company believes that they provide a more meaningful comparison than EBITDA and net loss of its core business operating results, as well as with those of other similar companies. Additionally, Adjusted Restaurant-Level EBITDA is presented because it excludes restaurant pre-opening costs, other income and expense, and the impact of general and administrative expenses, which primarily represents salaries and expenses for corporate and administrative functions that support the development and operations of our restaurants as well as legal, auditing and other professional fees. Although these costs are not directly related to restaurant-level operations, these expenses are necessary for the profitability of our restaurants. Management believes that Adjusted EBITDA, Adjusted Restaurant-Level EBITDA and Adjusted Net Loss, when viewed with the Company's results of operations in accordance with U.S. GAAP and the accompanying reconciliations in the table above, provide useful information about operating performance and period-over-period growth, and provide additional information that is useful for evaluating the operating performance of the Company's core business without regard to potential distortions. Additionally, management believes that Adjusted EBITDA and Adjusted Restaurant-Level EBITDA permit investors to gain an understanding of the factors and trends affecting our ongoing cash earnings, from which capital investments are made and debt is serviced.

However, EBITDA, Adjusted EBITDA, Adjusted Restaurant-Level EBITDA and Adjusted Net Loss are not measures of financial performance or liquidity under U.S. GAAP and, accordingly, should not be considered as alternatives to net loss from operations or cash flow from operating activities as indicators of operating performance or liquidity. Also, these measures may not be comparable to similarly titled captions of other companies. The tables above provide reconciliations between net loss and EBITDA, Adjusted EBITDA and Adjusted Net Loss and between loss from operations and Adjusted Restaurant-Level EBITDA.

(c) Acquisition costs for the three and twelve months ended January 2, 2022 mostly include integration, travel, legal and professional fees incurred in connection with restaurants acquired during the second quarter of 2021, which were included in general and administrative expenses.

(d) Pre-opening costs for the three and twelve months ended January 1, 2023 and January 2, 2022 include training, labor and occupancy costs incurred during the construction of new restaurants.

(e) Executive transition, litigation and other professional expenses for the three and twelve months ended January 1, 2023 and January 2, 2022 include executive search and transition costs, costs pertaining to an ongoing lawsuit with one of the Company's former vendors and other non-recurring professional service expenses.

(f) Other expense (income), net, for the three months ended January 1, 2023 included a loss on disposal of assets of \$0.2 million. Other expense (income), net, for the twelve months ended January 1, 2023, included loss on sale leaseback transactions of \$0.4 million, a loss on disposal of assets of \$1.2 million and a gain from a settlement with a vendor of \$2.5 million.

(g) Other expense (income), net, for the three months ended January 2, 2022, included a gain of \$1.1 million from the sale of a litigation claim during the period, insurance recoveries from previous property damage at our restaurants of \$0.2 million and a loss on disposal of assets of \$0.3 million. Other expense (income), net, for the twelve months ended January 2, 2022, included a \$1.1 million gain from the sale of a litigation claim during the period, a gain from insurance recoveries of \$1.3 million related to property damage at two of the Company's restaurants and a loss on disposal of assets of \$1.2 million.

(h) The income tax effect related to the adjustments to Adjusted Net Loss during the periods presented was calculated using an incremental income tax rate of 25.0% for the three and twelve months ended January 1, 2023 and January 2, 2022, respectively.

(i) Reflects the removal of the income tax provision recorded to increase the valuation allowance on our net deferred income tax assets during the three and twelve months ended January 1, 2023 and January 2, 2022, respectively.

(j) Adjusted diluted net loss per share is calculated based on Adjusted Net Loss and the dilutive weighted average common shares outstanding for the respective periods, where applicable.

Reconciliation of Free Cash Flow

(in thousands) *(unaudited)*	Three Months Ended (a) January 1, 2023	Three Months Ended (a) January 2, 2022	Twelve Months Ended (a) January 1, 2023	Twelve Months Ended (a) January 2, 2022
Reconciliation of Free Cash Flow: (b)				
Net cash provided by operating activities	$ 22,946	$ 20,644	$ 20,804	70,871
Net cash used for investing activities	(8,479)	(11,876)	(37,245)	(58,579)
Net cash paid for acquisitions, net of related sale-leasebacks	—	—	—	10,633
Total Free Cash Flow	$ 14,467	$ 8,768	$ (16,441)	$ 22,925

(a) The Company uses a 52 or 53 week fiscal year that ends on the Sunday closest to December 31. The three and twelve months ended January 1, 2023 and January 2, 2022 both included thirteen and fifty-two weeks, respectively.

(b) Free Cash Flow is a non-GAAP financial measure and may not necessarily be comparable to other similarly titled captions of other companies due to differences in methods of calculation. Free Cash Flow is defined as cash provided by operating activities less cash used for investing activities, adjusted to add back net cash paid for acquisitions (excluding proceeds from acquisition-related sale-leaseback transactions completed in the third quarter of 2021). Management believes that Free Cash Flow, when viewed with the Company's results of operations in accordance with U.S. GAAP and the accompanying reconciliations in the table above, provides useful information about the Company's cash flow for liquidity purposes and to service the Company's debt. However, Free Cash Flow is not a measure of liquidity under U.S GAAP, and, accordingly should not be considered as an alternative to the Company's consolidated statements of cash flows and net cash provided by operating activities, net cash used for investing activities and net cash provided by financing activities as indicators of liquidity or cash flow. Free Cash Flow for the three months ended January 1, 2023 and January 2, 2022 is derived from the Company's consolidated statements of cash flows for the respective twelve month periods to be presented in the Company's Consolidated Financial Statements in its Form 10-K for the period ended January 1, 2023 and the Company's consolidated statements of cash flows for the previously reported nine month periods ended October 2, 2022 and October 3, 2021 contained in the Company's Form 10-Q for the period ended October 2, 2022.