Carrols Restaurant Group, Inc. (TAST)

2022 Annual Meeting of Stockholders

June 2022

Safe Harbor Statement

Under the Private Securities Litigation Reform Act of 1995

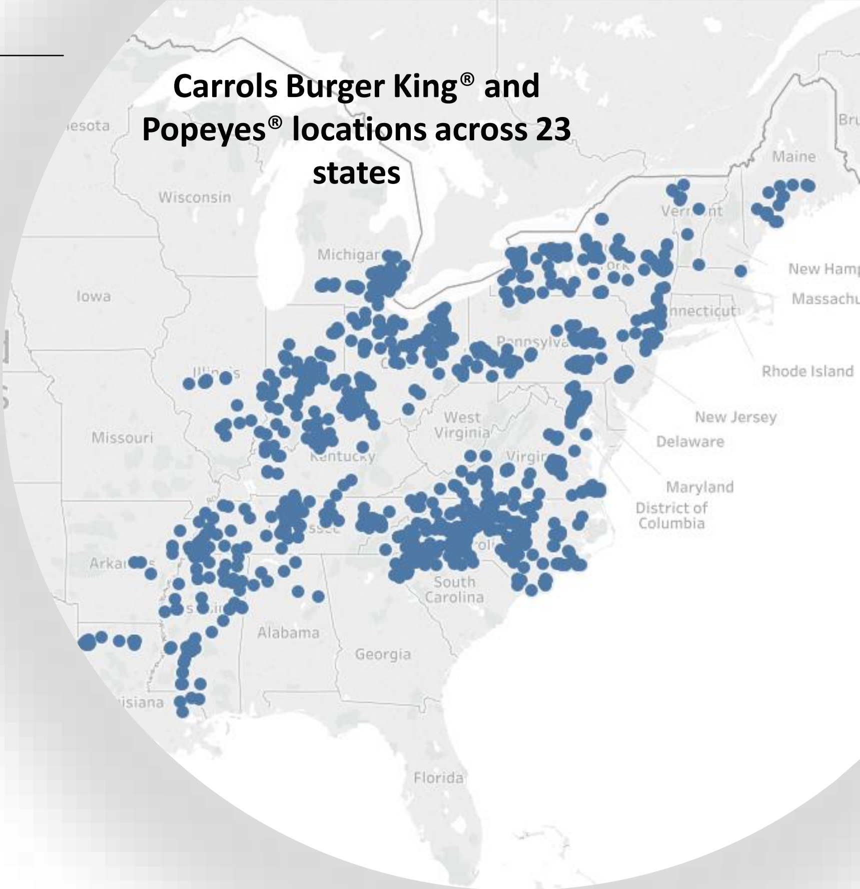
- Our presentation includes, and our response to various questions may include, forward-looking statements. Statements that are predictive in nature or that depend upon or refer to future events or conditions are forward-looking statements. These statements are often identified by the words “may”, “might", “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, including the impact of COVID-19 on our business, 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 from operations to Adjusted Restaurant-Level EBITDA, see the appendix and our filings with the SEC.
- 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 1,091 restaurants across the Burger King® and Popeyes® brands
- With 1,026 Burger King restaurants, Carrols is the largest Burger King franchisee in the country, operating 14% of all U.S. Burger Kings
- Carrols has been operating Burger King restaurants since 1976.
- Carrols has a history of outperforming same store sales in the U.S. Burger King restaurant base, including in 23 of the last 25 quarters
- Carrols added 65 Popeyes restaurants to its portfolio in 2019, one of the fastest growing QSR brands in the U.S.



Positioning Carrols for Long-Term Success

Over the past year, numerous changes have been made to help improve long-term value

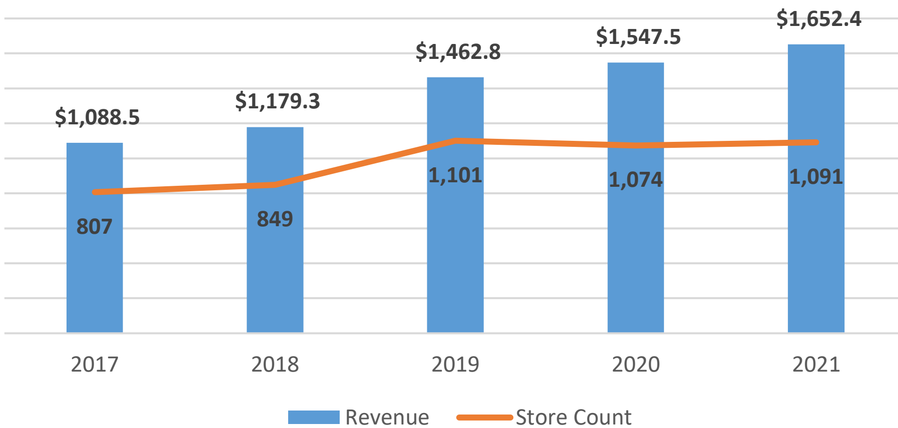
- New President and Chief Executive Officer
- New Independent Chairman of the Board
- Active Board oversight
- Ongoing Board refreshment
- Increased number of independent directors
- Enhanced shareholder disclosure as to Board composition and diversity
  - Skills and Experience Matrix
  - Board Diversity Matrix
  - 40% of directors self-identify as women or people of color
- Incentive Compensation Clawback Policy, Minimum Stock Ownership Guidelines and other policies to align director and executive interests with stockholders
- Revolver capacity increased to $215 million in September 2021
- In June 2021, added long-term capital in the form of $300 million principal amount of 5.875% Senior Unsecured Notes due 2029
- $194.5 million of available liquidity at the end of the 1Q 2022
- Disciplined capital expenditures; approximately $50 million run-rate per annum
- Year-round engagement with investors and other stakeholders
- Enhanced disclosure regarding commitment to sustainable business practices

Five Year Recap

In the last five years, Carrols has increased store base by 35% and restaurant sales by 52%

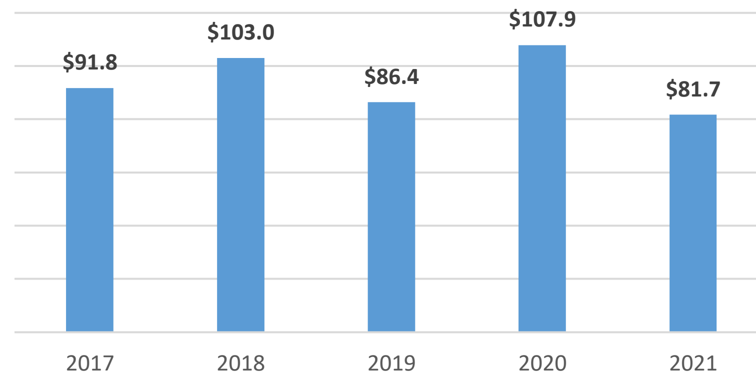
Revenues

($ in millions)



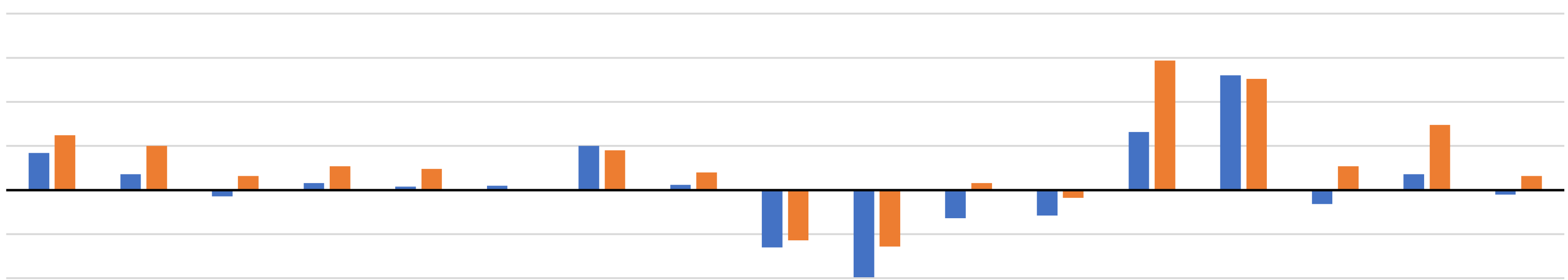
Adjusted EBITDA

($ in millions)



2019 includes $10.2M in convenience store revenues and ($487k) of EBITDA.
2020 includes a 53rd week of $28.4M in revenues and $5.3M in EBITDA.

Carrols Comparable Unit Sales vs. U.S. & Canada BK System Average



	Q1-18	Q2-18	Q3-18	Q4-18	Q1-19	Q2-19	Q3-19	Q4-19	Q1-20	Q2-20	Q3-20	Q4-20	Q1-21	Q2-21	Q3-21	Q4-21	Q1-22
BK System	4.2%	1.8%	-0.7%	0.8%	0.4%	0.5%	5.0%	0.6%	-6.5%	-9.9%	-3.2%	-2.9%	6.6%	13.0%	-1.6%	1.8%	-0.5%
Carrols	6.2%	5.0%	1.6%	2.7%	2.4%	0.1%	4.5%	2.0%	-5.7%	-6.4%	0.8%	-0.9%	14.7%	12.6%	2.7%	7.4%	1.6%

BK System Carrols

Full Year 2021 Adjusted EBITDA

($ in millions)	Twelve Months Ended (a)	
(unaudited)	**Jan 02, 2022** *52 weeks*	**Jan 03, 2021** *53 weeks*
Restaurant Revenue	$ 1,652.4	$ 1,547.5
Food, Beverage and Packaging Costs	499.7	452.7
Food, Beverage and Packaging Costs %	*30.2%*	*29.3%*
Restaurant Labor	549.9	498.1
Restaurant Labor %	*33.3%*	*32.2%*
Advertising & Royalties	138.2	128.0
Other Operating Expenses	184.9	168.8
Rent	122.7	118.4
Adjusted Restaurant-Level EBITDA (a)	**157.0**	**181.6**
Adjusted Restaurant-Level EBITDA margin	*9.5%*	*11.7%*
G&A Expense (excl stock comp)	77.4	78.8
Less: Acquisition costs, abandoned development costs, pre-opening costs, litigation and other professional expenses	(2.2)	(5.3)
Adjusted G&A Expense	75.3	73.6
Adjusted EBITDA (a)	**$ 81.7**	**$ 107.9**
Adjusted EBITDA margin	*4.9%*	*7.0%*

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

Q1 2022 Adjusted EBITDA

($ in millions)	Three Months Ended	
(unaudited)	**Apr 03, 2022**	**Apr 04, 2021**
Restaurant Revenue	$ 399.5	$ 390.0
Food, Beverage and Packaging Costs	123.1	113.8
Food, Beverage and Packaging Costs %	*30.8%*	*29.2%*
Restaurant Labor	141.6	129.6
Restaurant Labor %	*35.5%*	*33.2%*
Advertising & Royalties	33.7	32.4
Other Operating Expenses	47.7	44.3
Rent	31.0	30.3
Adjusted Restaurant-Level EBITDA (a)	**22.5**	**39.5**
Adjusted Restaurant-Level EBITDA margin	*5.6%*	*10.1%*
G&A Expense (excl stock comp)	20.1	19.9
Less: Executive transition, litigation and other professional expenses	(2.0)	(0.3)
Adjusted G&A Expense	18.1	19.6
Adjusted EBITDA (a)	**$ 4.3**	**$ 19.9**
Adjusted EBITDA margin	*1.1%*	*5.1%*

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

Appendix

2021 Consolidated Statements of Operations

(in thousands)	Twelve Months Ended (a)	
(unaudited)	**Jan 02, 2022** *52 weeks*	**Jan 03, 2021** *53 weeks*
Restaurant Sales	$ 1,652,370	$ 1,547,502
Costs and Expenses:		
Food, beverage and packaging costs	499,685	452,738
Restaurant wages and related expenses	549,933	498,127
Restaurant rent expense	122,662	118,444
Other restaurant operating expenses	257,774	236,059
Advertising expense	65,433	60,735
General and administrative expenses (b) (c)	83,660	84,051
Depreciation and amortization	80,798	81,727
Impairment and other lease charges	4,470	12,778
Other expense (income), net (d)	(1,186)	(1,271)
Total Costs and Expenses	**1,663,229**	**1,543,388**
Income (loss) from operations	(10,859)	4,114
Interest expense	28,791	27,283
Loss on extinguishment of debt	8,538	-
Loss before income taxes	(48,188)	(23,169)
Provision (benefit) for income taxes	(5,159)	6,294
Net loss	$ (43,029)	$ (29,463)
Basic and diluted net loss per share (e)(f)	$ (0.86)	$ (0.58)
Basic and Diluted weighted average common shares outstanding	49,899	50,751

(a) The Company uses a 52 or 53 week fiscal year that ends on the Sunday closest to December 31. The twelve months ended January 2, 2022 included fifty-two weeks. The twelve months ended January 3, 2021 included fifty-three weeks.

(b) General and administrative expenses include acquisition costs of $0.4 million and $0.3 million for the twelve months ended January 2, 2022 and January 3, 2021, respectively.

(c) General and administrative expenses include stock-based compensation expense of $6.2 million and $5.2 million for the twelve months ended January 2, 2022 and January 3, 2021, respectively.

(d) 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. Other expense (income), net, for the twelve months ended January 3, 2021, included a gain of $2.1 million related to insurance recoveries from property damage at four of our restaurants, a net gain on sale-leaseback transactions of $0.2 million, and loss on disposal of assets of $1.0 million.

(e) Basic net income (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.

Q1 2022 Consolidated Statements of Operations

(in thousands)	Three Months Ended (a)	
(unaudited)	**Apr 03, 2022**	**Apr 04, 2021**
Restaurant Sales	$ 399,476	$ 389,993
Costs and Expenses:		
Food, beverage and packaging costs	123,057	113,790
Restaurant wages and related expenses	141,620	129,646
Restaurant rent expense	31,013	30,314
Other restaurant operating expenses	65,407	61,419
Advertising expense	15,964	15,369
General and administrative expenses (b)	22,017	21,369
Depreciation and amortization	19,542	20,609
Impairment and other lease charges	496	353
Other expense, net (c)	202	227
Total Costs and Expenses	**419,318**	**393,096**
Loss from operations	(19,842)	(3,103)
Interest expense	7,436	6,726
Loss before income taxes	(27,278)	(9,829)
Benefit from income taxes	(6,009)	(2,661)
Net loss	$ (21,269)	$ (7,168)
Basic and diluted net loss per share (d)(e)	$ (0.42)	$ (0.14)
Basic and diluted weighted average common shares outstanding	50,460	49,824

(a) The Company uses a 52 or 53 week fiscal year that ends on the Sunday closest to December 31. The three months ended April 3, 2022 and April 4, 2021 each included thirteen weeks.

(b) General and administrative expenses include stock-based compensation expense of $1.9 million and $1.5 million for the three months ended April 3, 2022 and April 4, 2021, respectively.

(c) Other expense, net, for the three months ended April 3, 2022 included a loss on disposal of assets of $0.3 million and additional gains on previous sale-leaseback transactions of $0.1 million. Other expense, net, for the three months ended April 4, 2021 included a loss on disposal of assets of $0.2 million.

(d) 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.

(e) 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.

2021 Reconciliation of EBITDA and Adjusted EBITDA (b)

(in thousands)	Twelve Months Ended (a)	
(unaudited)	**Jan 02, 2022** *52 weeks*	**Jan 03, 2021** *53 weeks*
Net loss	$ (43,029)	$ (29,463)
Provision (benefit) for income taxes	(5,159)	6,294
Interest expense	28,791	27,283
Depreciation and amortization	80,798	81,727
EBITDA	**61,401**	**85,841**
Impairment and other lease charges	4,470	12,778
Acquisition costs (c)	398	273
Abandoned development costs (d)	-	3,464
Pre-opening costs (e)	75	163
Litigation and other professional expenses (f)	1,678	1,384
Other expense (income), net (g)(h)	(1,186)	(1,271)
Stock-based compensation expense	6,234	5,223
Loss on extinguishment of debt	8,538	-
Adjusted EBITDA	**$ 81,608**	**$ 107,855**

Please see slide 16 for footnotes

Q1 2022 Reconciliation of EBITDA and Adjusted EBITDA (b)

(in thousands)	Three Months Ended (a)	
(unaudited)	**Apr 03, 2022**	**Apr 04, 2021**
Net loss	$ (21,269)	$ (7,168)
Benefit from income taxes	(6,009)	(2,661)
Interest expense	7,436	6,726
Depreciation and amortization	19,542	20,609
EBITDA	**(300)**	**17,506**
Impairment and other lease charges	496	353
Stock-based compensation expense	1,941	1,469
Pre-opening costs (c)	45	29
Executive transition, litigation and other professional expenses (d)	1,918	282
Other expense, net (e)(f)	202	227
Adjusted EBITDA	**$ 4,302**	**$ 19,866**

Please see slide 17 for footnotes

2021 Reconciliation of Adjusted Restaurant-Level EBITDA (b)

(in thousands)	**Twelve Months Ended (a)**	
(unaudited)	**Jan 02, 2022** *52 weeks*	**Jan 03, 2021** *53 weeks*
Income (loss) from operations	**$ (10,859)**	**$ 4,114**
Add:		
General and administrative expenses	83,660	84,051
Pre-opening costs (e)	75	163
Depreciation and amortization	80,798	81,727
Impairment and other lease charges	4,470	12,778
Other expense (income), net (g)(h)	(1,186)	(1,271)
Adjusted Restaurant-Level EBITDA	**$ 156,958**	**$ 181,562**

Please see slide 16 for footnotes

Q1 2022 Reconciliation of Adjusted Restaurant-Level EBITDA (b)

(in thousands)	Three Months Ended (a)	
(unaudited)	**Apr 03, 2022**	**Apr 04, 2021**
Loss from operations	**$(19,842)**	**$ (3,103)**
Add:		
General and administrative expenses	22,017	21,369
Pre-opening costs (c)	45	29
Depreciation and amortization	19,542	20,609
Impairment and other lease charges	496	353
Other expense, net (e)(f)	202	227
Adjusted Restaurant-Level EBITDA	**$ 22,460**	**$ 39,484**

Please see slide 17 for footnotes

2021 Reconciliation of Adjusted Net Loss (b)

(in thousands)	**Twelve Months Ended (a)**	
	Jan 02, 2022	**Jan 03, 2021**
(unaudited)	52 weeks	53 weeks
Net loss	**$ (43,029)**	**$ (29,463)**
Add:		
Impairment and other lease charges	4,470	12,778
Acquisition costs (c)	398	273
Abandoned development costs (d)	—	3,464
Pre-opening costs (e)	75	163
Litigation and other professional expenses (f)	1,678	1,384
Other expense (income), net (g) (h)	(1,186)	(1,271)
Loss on extinguishment of debt	8,538	—
Income tax effect on above adjustments (i)	(3,494)	(4,199)
Valuation allowance for deferred taxes (j)	11,272	13,138
Adjusted Net Loss	**$ (21,278)**	**$ (3,733)**
Adjusted diluted net loss per share (k)	$ (0.43)	$ (0.07)
Adjusted diluted weighted average common shares outstanding	49,899	50,751

Please see slide 16 for footnotes

Q1 2022 Reconciliation of Adjusted Net Loss (b)

(in thousands)	Three Months Ended (a)	
(unaudited)	**Apr 03, 2022**	**Apr 04, 2021**
Net loss	$ (21,269)	$ (7,168)
Add:		
Impairment and other lease charges	496	353
Pre-opening costs (c)	45	29
Executive transition, litigation and other professional expenses (d)	1,918	282
Other expense, net (e)(f)	202	227
Income tax effect on above adjustments (g)	(665)	(223)
Valuation allowance for deferred taxes (h)	2,207	—
Adjusted Net Loss	**$ (17,066)**	**$ (6,500)**
Adjusted diluted net loss per share (i)	$ (0.34)	$ (0.13)
Adjusted diluted weighted average common shares outstanding	50,460	49,824

Please see slide 17 for footnotes

Footnotes – Full Year 2021

(a) The Company uses a 52 or 53 week fiscal year that ends on the Sunday closest to December 31. The twelve months ended January 2, 2022 included fifty-two weeks. The twelve months ended January 3, 2021 included fifty-three weeks.

(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, certain abandoned development costs, 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 income (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, certain abandoned development 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 income (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 income (loss) from operations and Adjusted Restaurant-Level EBITDA.

(c) Acquisition costs for the 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) Abandoned development costs for the twelve months ended January 3, 2021 represents the write-off of capitalized costs due to revisions of the Company's development plans in 2020.

(e) Pre-opening costs for the twelve months ended January 2, 2022 and January 3, 2021 include training, labor and occupancy costs incurred during the construction of new restaurants.

(f) Litigation and other professional expenses for the twelve months ended January 2, 2022 and January 3, 2021 include executive recruiting and severance costs, costs pertaining to an ongoing lawsuit with one of the Company's former vendors and other non-recurring professional service expenses.

(g) 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) Other expense (income), net, for the twelve months ended January 3, 2021, included a gain of $2.1 million related to insurance recoveries from property damage at four of our restaurants, a net gain on sale-leaseback transactions of $0.2 million, and loss on disposal of assets of $1.0 million.

(i) 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 2, 2022 and January 3, 2021, respectively.

(j) Reflects the removal of the income tax provision recorded for the establishment of a valuation allowance on all our net deferred income tax assets during the three and twelve months ended January 2, 2022.

(k) 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.

Footnotes – Q1 2022

(a) The Company uses a 52 or 53 week fiscal year that ends the Sunday closest to December 31. The three months ended April 3, 2022 and April 4, 2021 both included thirteen weeks.

(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, stock-based compensation expense, restaurant pre-opening costs, non-recurring litigation and other professional expenses, and other expense. Adjusted Restaurant-Level EBITDA represents loss from operations as adjusted to exclude general and administrative expenses, 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, restaurant pre-opening costs, non-recurring litigation and other professional expenses, other expense and valuation allowance for deferred taxes.

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 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. 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) Pre-opening costs for the three months ended April 3, 2022 and April 4, 2021 include training, labor and occupancy costs incurred during the construction of new restaurants.

(d) Executive transition, litigation and other professional expenses for the three months ended April 3, 2022 and April 4, 2021 include executive recruiting and severance costs, costs pertaining to an ongoing lawsuit with one of the Company's former vendors and other non-recurring professional service expenses.

(e) Other expense, net, for the three months ended April 3, 2022 included a loss on disposal of assets of $0.3 million and additional gains on previous sale-leaseback transactions of $0.1 million.

(f) Other expense, net, for the three months ended April 4, 2021 included a loss on disposal of assets of $0.2 million.

(g) The income tax effect related to the adjustments to Adjusted Net Loss was calculated using an incremental income tax rate of 25% for the three months ended April 3, 2022 and April 4, 2021.

(h) Reflects the removal of the income tax provision recorded for the establishment of a valuation allowance on all our net deferred income tax assets during the three months ended April 3, 2022.

(i) 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.