



FOURTH QUARTER 2019 EARNINGS SUPPLEMENTAL
CORRECTED COPY
FEBRUARY 24, 2020



CAUTIONARY NOTE ON FORWARD-LOOKING STATEMENTS

This presentation contains forward-looking statements, within the meaning of the Private Securities Litigation Reform Act of 1995, which are subject to known and unknown risks, uncertainties and other important factors that may cause actual results to be materially different.

All statements other than statements of historical fact included in this presentation are forward-looking statements, including, but not limited to, expected financial outlook for fiscal 2020, expected Shack openings, expected same-Shack sales growth and trends in Shake Shack Inc.'s (the "Company's") operations.

Forward-looking statements discuss the Company's current expectations and projections relating to its financial position, results of operations, plans, objectives, future performance and business. You can identify forward-looking statements by the fact that they do not relate strictly to historical or current facts. These statements may include words such as "aim," "anticipate," "believe," "estimate," "expect," "forecast," "outlook," "potential," "project," "projection," "plan," "intend," "seek," "may," "could," "would," "will," "should," "can," "can have," "likely," the negatives thereof and other similar expressions.

All forward-looking statements are expressly qualified in their entirety by these cautionary statements. You should evaluate all forward-looking statements made in this presentation in the context of the risks and uncertainties disclosed in the Company's Annual Report on Form 10-K for the fiscal year ended December 25, 2019, filed with the Securities and Exchange Commission ("SEC"). All of the Company's SEC filings are available online at www.sec.gov, www.shakeshack.com or upon request from Shake Shack Inc. The forward-looking statements included in this presentation are made only as of the date hereof. The Company undertakes no obligation to publicly update or revise any forward-looking statement as a result of new information, future events or otherwise, except as otherwise required by law.

FULL-YEAR 2019 HIGHLIGHTS

+1.3%

Growth in
Same-Shack Sales¹



+29% YoY

Total Revenue
\$594.5M



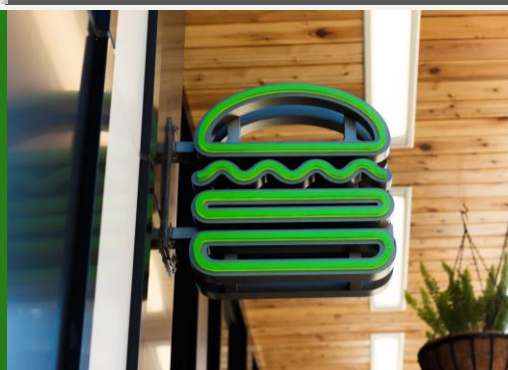
+33% YoY

Shack System-wide Sales²
\$895.3M



\$81.8M

Adjusted EBITDA³
+11% YoY



275

Licensed & Domestic Shacks
Worldwide

\$128M

Shack-Level Operating
Profit⁴
+13% YoY

1. "Same-Shack sales" represents Shack sales for the comparable Shack base, which is defined as the number of domestic company-operated Shacks open for 24 full fiscal months or longer.

2. "Shack system-wide sales" is an operating measure and consists of sales from the Company's domestic company-operated Shacks, domestic licensed Shacks and international licensed Shacks. The Company does not recognize the sales from licensed Shacks as revenue. Of these amounts, revenue is limited to Shack sales from domestic company-operated Shacks and licensing revenue based on a percentage of sales from domestic and international licensed Shacks.

3. "Adjusted EBITDA," a non-GAAP measure, a non-GAAP measure, is defined as EBITDA excluding equity-based compensation expense, deferred lease costs, losses on the disposal of property and equipment, amortization of cloud-based software implementation assets, as well as certain non-recurring items that the Company does not believe directly reflect its core operations and may not be indicative of the Company's recurring business operations. See appendix for definition and reconciliation to most comparable GAAP measure.

4. "Shack-level operating profit," a non-GAAP measure, is defined as Shack sales less Shack-level operating expenses including food and paper costs, labor and related expenses, other operating expenses and occupancy and related expenses. See appendix for definition and reconciliation to most comparable GAAP measure.

Q4 2019 FINANCIAL HIGHLIGHTS

-3.6%

Decrease in
Same-Shack Sales¹



+22% YoY

Total Revenue
\$151.4M



+31% YoY

Shack System-wide Sales²
\$235.0M



\$14.8M

Adjusted EBITDA³
+2% YoY



25

New Domestic
Company-Operated and Licensed
Shacks opened in Q4

\$29.7M

Shack-Level Operating
Profit⁴
+9% YoY

1. "Same-Shack sales" represents Shack sales for the comparable Shack base, which is defined as the number of domestic company-operated Shacks open for 24 full fiscal months or longer.

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BUSINESS HIGHLIGHTS



Opened largest class of shacks ever, with **73** Shacks around the globe, unlocking major new markets



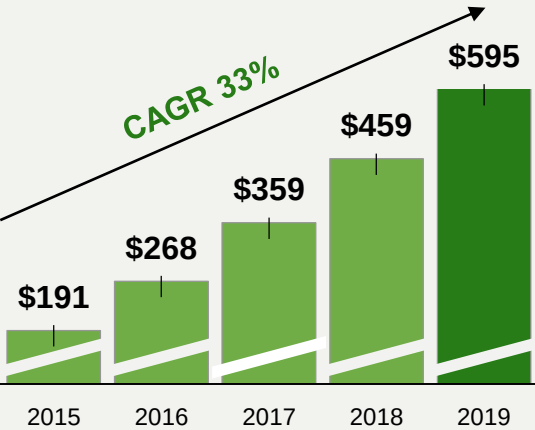
Added **\$135 million** in Total Revenue, a record increase for total dollar growth



Grew system-wide sales by **33%** and launched in **7** new markets domestically and **4** new markets internationally

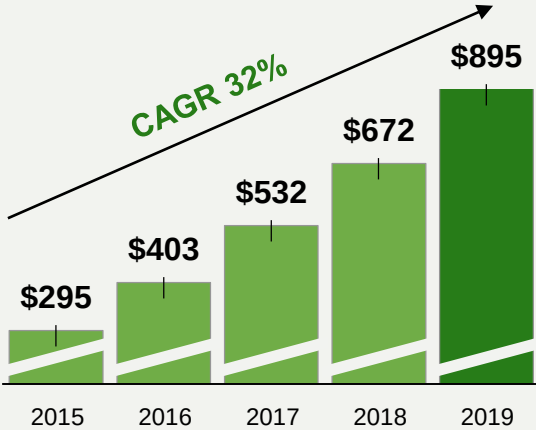
Total Revenue

\$595 Million



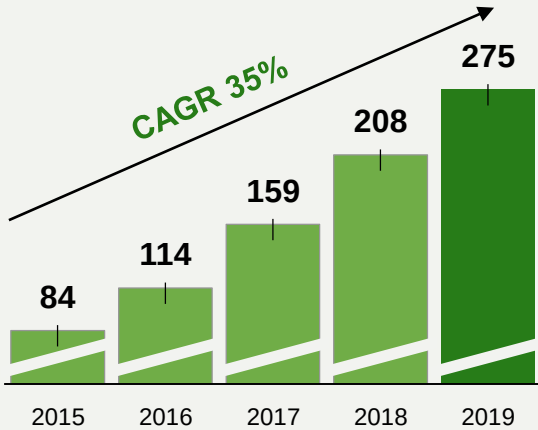
System-wide Sales¹

\$895 Million



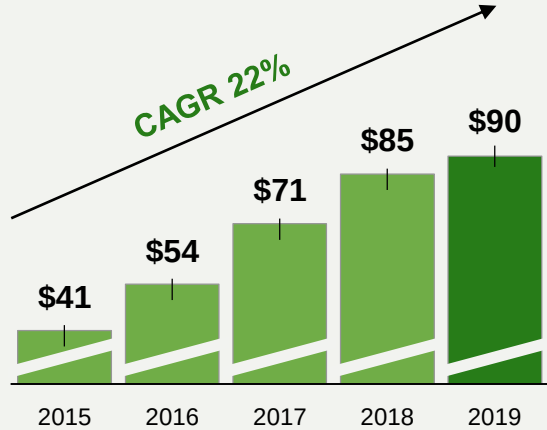
System-wide Shack Count

275 as of the end of the period



Cash Flow from Operations

\$90 Million



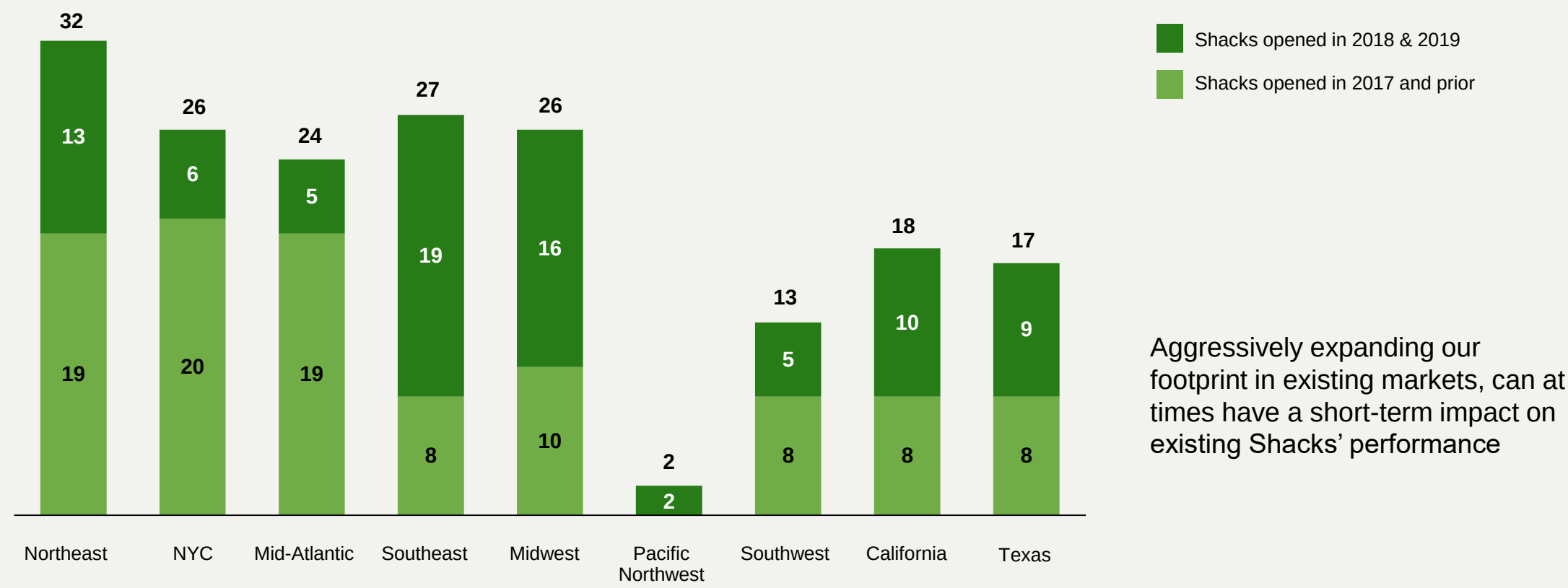
1. "Shack system-wide sales" is an operating measure and consists of sales from the Company's domestic company-operated Shacks, domestic licensed Shacks and international licensed Shacks. The Company does not recognize the sales from licensed Shacks as revenue. Of these amounts, revenue is limited to Shack sales from domestic company-operated Shacks and licensing revenue based on a percentage of sales from domestic and international licensed Shacks.

Note: CAGR for total revenue, system-wide sales, system-wide Shack count and cash flow from operations, is the compounded annual growth rate between 2015 and the end of 2019.

CONTINUED INNOVATION & EXPANSION OF SHACK FORMATS

FREE STANDING PAD	AIRPORTS	EVENTS	FOOD TRUCK	DIGITAL FOCUSED	TRANSIT CENTER
					
URBAN	STADIUM	SHOPPING CENTER	MALL	FOOD COURT	ROADSIDE
					

SIGNIFICANT EXPANSION WITHIN EXISTING MARKETS BUILDING ON GROWING BRAND AWARENESS



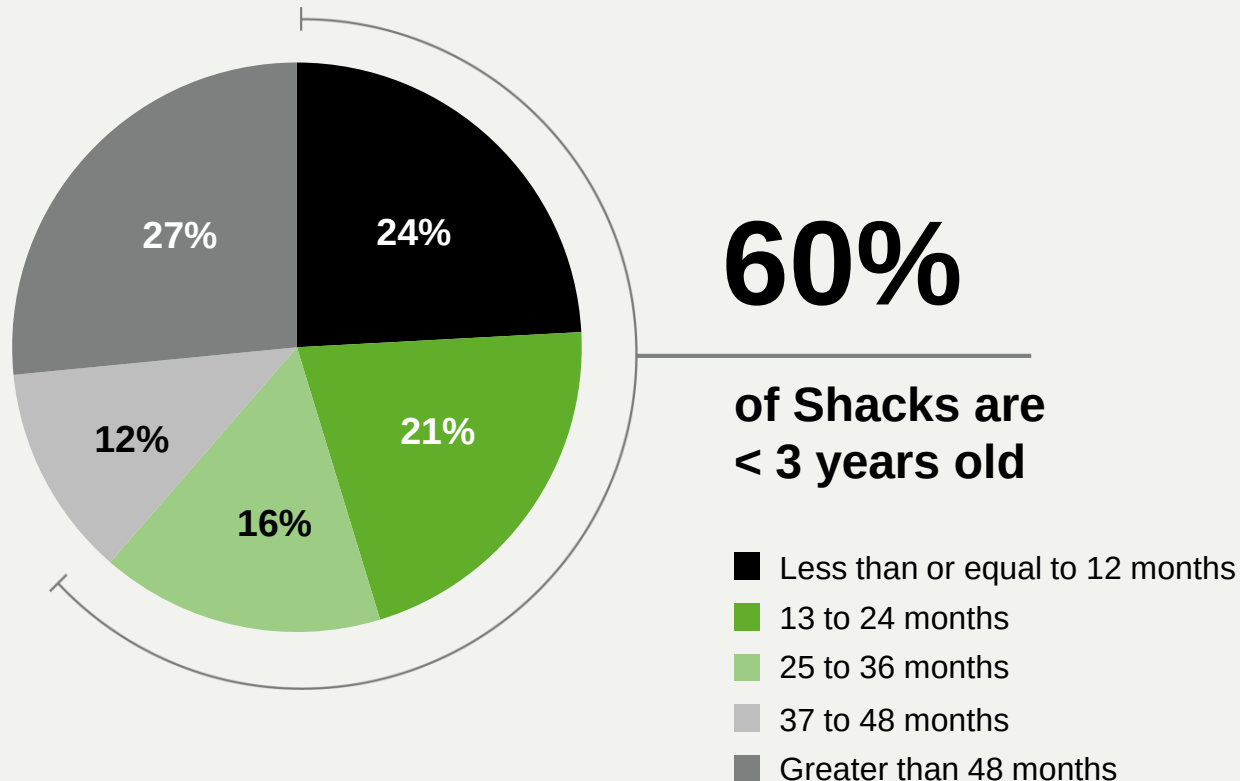
The above includes domestic company-operated shacks and domestic licensed shacks as of the end of Q4 2019

The regions of domestic company-operated Shacks are defined as: Northeast, which represents non-NYC NY, CT, MA, NJ, RI ; NYC, which represents 5 boroughs; Mid-Atlantic which represents DC, DE, MD, PA, VA; Southeast, which represents AL, FL, GA, LA, NC, TN ; Midwest, which represents IL, KS, KY, MI, MN, MO, OH, WI; Pacific Northwest which represents WA; Southwest, which represents AZ, CO, NV, UT.

7

EARLY STAGE OF DOMESTIC EXPANSION PLAN

AGE OF DOMESTIC COMPANY-OPERATED SHACK BASE

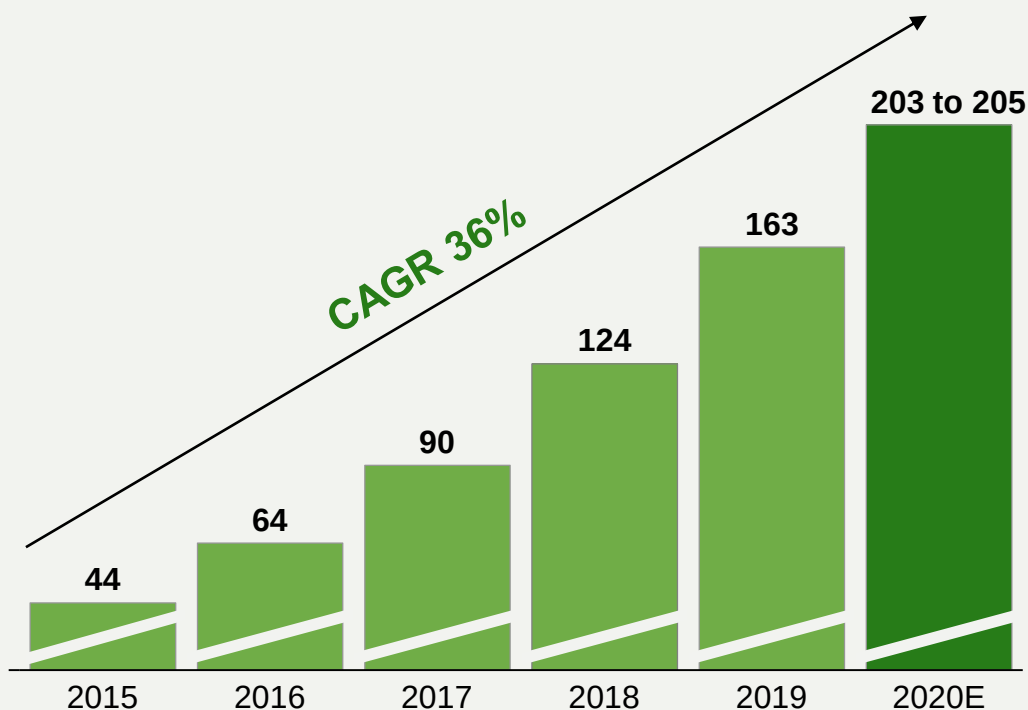


2.9 years
average age of
company-operated
Shacks

2020 DOMESTIC DEVELOPMENT FOCUSED ON FURTHER EXPANSION WITHIN EXISTING MARKETS

Domestic company-operated Shacks

(At Fiscal Year End)



~90% of 2020 openings planned for within existing markets

Opening third Shack in Seattle, second location in Nashville and continuing to grow the Los Angeles market with an opening in Santa Monica later this year

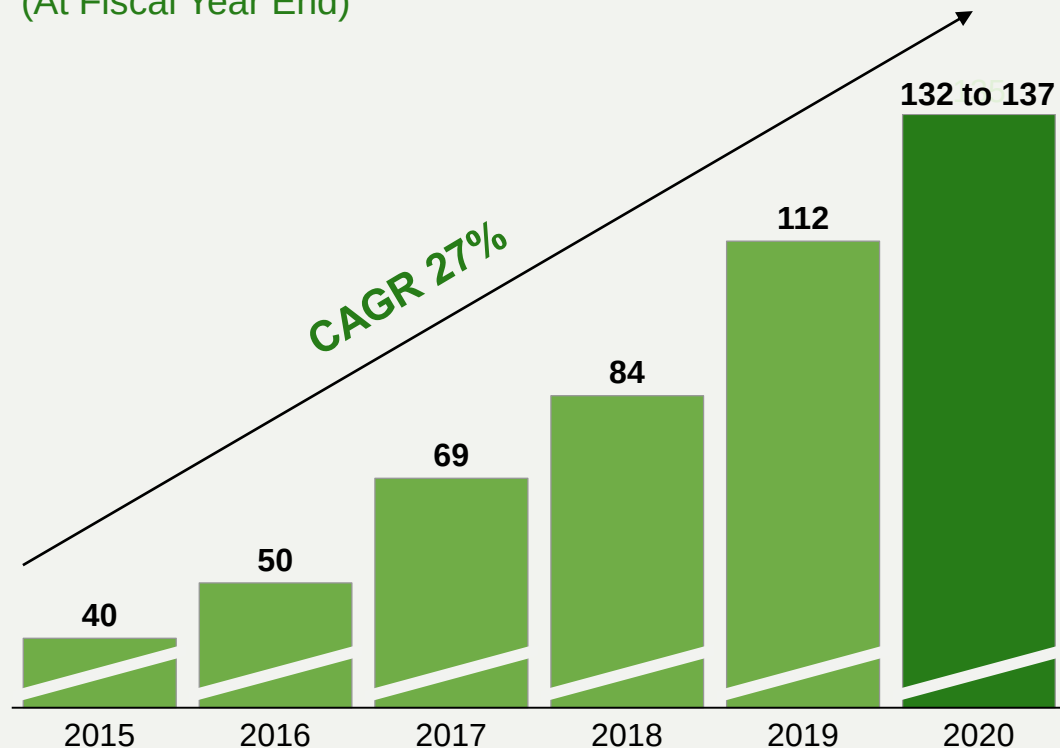
Testing new kitchen flows in select new Shacks with goal of labor reduction, improved accuracy and greater throughput

New Shack design and certain renovations to improve peak time pick-up experience and more fully integrate the digital experience

LICENSED BUSINESS DELIVERING STRONG RESULTS WITH KEY NEW MARKET ENTRIES IN 2019

Licensed Shacks

(At Fiscal Year End)



Long-term opportunity for growth in China is material with only three shacks in Shanghai, six Shacks in Hong Kong, and planned entrance into Beijing market later this year

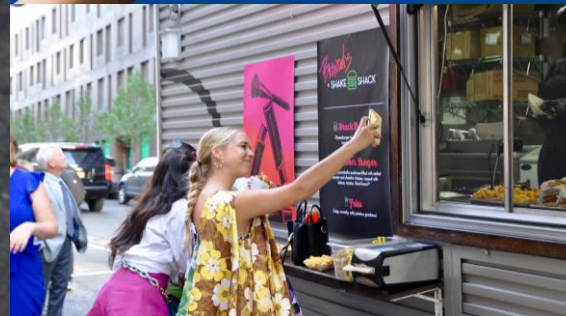
Anticipating coronavirus to have significant impact on business across Asia through much of 2020

Mexico City, Singapore and the Philippines all opened with strong starts and represent significant growth opportunity over the long-term

Continued expansion of our domestic licensed business through a variety of locations and formats

Plan to open second roadside Shack at Vince Lombardi stop on the New Jersey Turnpike

STRENGTHENING OUR BRAND BY CREATING BUZZ & CONNECTING WITH OUR COMMUNITIES



CONTINUED INVESTMENT IN OUR TEAM



Promoted over 1,600 individuals around the company, of whom almost 60% were women

Recognized by the Human Rights Campaign and awarded a 100% score on HRC Equality Index for corporate policies and practices

Continued investment in additional programs throughout 2020 aimed at leadership development and professional growth

Testing a four-day work week for Shack Managers in about a third of Shacks, encouraged with results and early feedback

2019 MENU DEVELOPMENT FOCUSED ON CHICK'N BITES LAUNCH; INCREASING INNOVATION IN 2020

2019 focused on the successful launch of Chick'n Bites which was moved onto the core menu in early 2020, while continuing to assess guest feedback

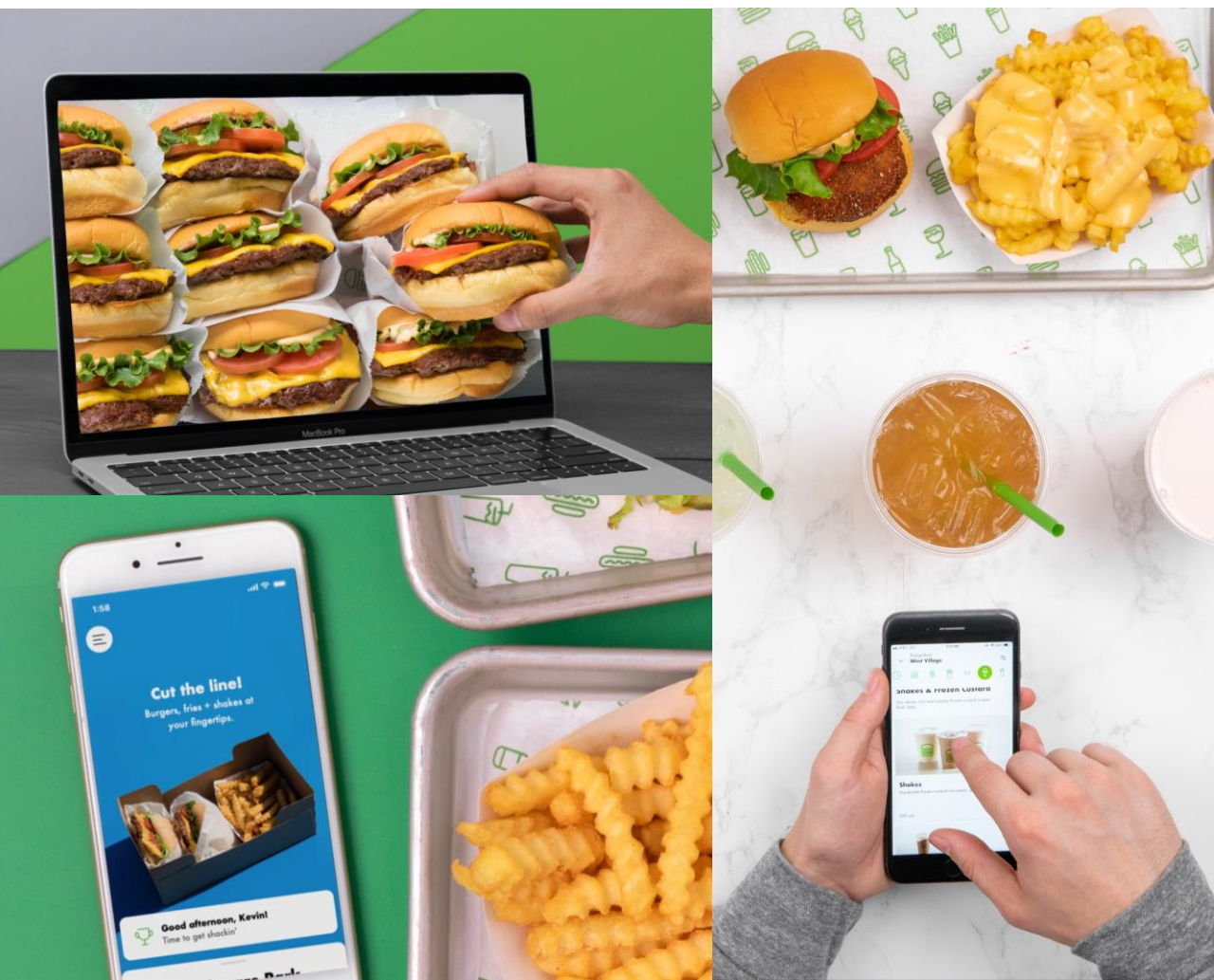
2020 will see increased levels of menu innovation with buzz-worthy LTOs, expansion of existing categories, and the exploration of new categories

A previous favorite, the ShackMeister Burger, will run through Q1 2020, with Hot Chick'n also returning, in conjunction with a new LTO – Hot Chick'n Bites

Plan to test new Veggie Shack Burger which is made with real vegetables, herbs and grains as part of new category expansion learning



INVESTING TO IMPROVE DIGITAL EXPERIENCE ACROSS ALL OUR CHANNELS



Deploying app, kiosk and web enhancements adding loyalty-driving functionality to drive acquisition and frequency

Building an integrated digital and data ecosystem, working towards a single view of the guest

Expanding personalized marketing-focused capabilities across different channels and regions

Aim to remove friction, and add convenience to the guest journey regardless of the channel

DELIVERY UPDATE



Decision to pursue a single partner strategy for marketed and integrated delivery (with GrubHub) was announced in August 2019

POS technology integration with Grubhub completed early in the Fourth Quarter although majority of Shacks were still integrated with multiple partners at year end

Phased regional transition to single partner integration is ongoing; almost half the Shacks now solely integrated

A single integrated partner better enables focus on guest experience, joint marketing activity, activation of guest data & insights, and sustainable economics

Delivery sales in 2020 expected to be volatile as a result of the ongoing transition

SHACK DESIGN EVOLVING FOR THE DIGITAL JOURNEY

Digital and in-Shack experiences converging with expansion of digital channels and pick-up in Shack

Front of house flow increasingly separating order-ahead channels to minimize friction in pick-up experience

In-Shack digital ordering with kiosks in approximately one third of Shacks and further rollout planned

Iterative design & renovation process to further integrate the digital experience into the physical Shack experience



2020 GUIDANCE

Total Revenue ¹	\$712M to \$720M
Licensed Revenue	\$21M to \$22M
Same-Shack Sales (%) ^{2 3}	Low single digit decrease
Domestic company-operated openings	40 to 42
Licensed Shack openings	20 to 25, net
Average Unit Volume ⁴	\$3.7M to \$3.8M
Shack-level operating profit margin ⁵ (%)	22% to 22.5%
General and administrative expenses	\$80M to \$82M
Core general and administrative expenses	\$72.2M to \$74.2M
Equity-based compensation	\$7.5M
Project Concrete	\$0.3M
Depreciation expense	\$52.5M to \$53.5M
Pre-opening costs	\$15M to \$16M
Interest expense	\$0.6M
Adjusted pro forma tax rate ⁶ (%)	26% to 27%

These forward-looking projections are subject to known and unknown risks, uncertainties and other important factors that may cause actual results to be materially different. Factors that might cause such differences include, but are not limited to, those discussed in Part I, Item 1A of the Company's Form 10-K for the fiscal year ended December 25, 2019 under the heading "Risk Factors."

These forward-looking projections should be reviewed in conjunction with the consolidated financial statements and the section titled "Trends in Our Business" which forms the basis of our assumptions used to prepare these forward-looking projections. You should not attribute undue certainty to these projections, and we undertake no obligation to revise or update any forward-looking information, except as required by law.

1. Includes approximately \$15 million sales impact from a 53rd week.

2. Includes approximately 1.5% to 2.0% of menu price increases taken in December 2019

3. Normalized for the 53rd week

4. Includes only domestic company-operated shacks

5. Shack-level operating profit margin is a non-GAAP measure. A reconciliation to the most directly comparable GAAP measure, operating income, has not been provided as we cannot project certain reconciling items, such as gains or losses on disposal of property and equipment, without unreasonable effort given the uncertainty around the timing and amount of such gains or losses. Losses on disposal of property and equipment were less than \$1.5 million for each of the fiscal years 2019, 2018 and 2017.

6. Adjusted pro forma effective tax rate is a non-GAAP measure. A reconciliation to the most directly comparable GAAP measure, income tax expense, has not been provided as we cannot project income tax expense without unreasonable effort due to our inability to predict changes in our ownership interest in SSE Holdings, LLC resulting from redemptions of LLC Interests by non-controlling interest holders and equity-based award activity. Income tax expense for fiscal years 2019, 2018 and 2017 was \$3.4 million, \$8.9 million and \$151.4 million, respectively.



APPENDIX
INCLUDING GAAP & NON-GAAP MEASURES



IMPACT OF NEW LEASE ACCOUNTING STANDARD

Balance Sheet changes

- ▲ Right-of-use asset & lease liabilities
- ▼ Landlord funded assets & deemed landlord financing liabilities
- ▼ Deferred rent liabilities

Balance Sheet impact from the adoption of the new lease accounting standard

- Net increase to total assets of **\$218 million**
- Net increase to total liabilities of **\$213 million**

Income Statement changes

- ▲ Occupancy and related expenses
- ▼ Other operating expenses
- ▼ Interest expense

Net resulting Income Statement impact

- Approximately 50 basis points net unfavorable impact to Shack-level Operating Profit margin in 2019 due to adoption of the new lease standard
- Expect unfavorable impact to Adjusted EBITDA; minimal net impact to Net Income

DEFINITIONS

"Adjusted EBITDA," a non-GAAP measure, is defined as EBITDA (as defined above), excluding equity-based compensation expense, deferred lease costs, losses on the disposal of property and equipment, amortization of cloud-based software implementation assets, as well as certain non-recurring items that the Company does not believe directly reflect its core operations and may not be indicative of the Company's recurring business operations.

"Adjusted EBITDA margin," a non-GAAP measure, is defined as net income before net interest, taxes, depreciation and amortization, which also excludes equity-based compensation expense, deferred lease costs, losses on the disposal of property and equipment, amortization of cloud-based software implementation assets, as well as certain non-recurring and other items that the Company does not believe directly reflect its core operations, as a percentage of revenue.

"Average unit volumes" or "AUVs" for any 12-month period consist of the average annualized sales of all domestic company-operated Shacks over that period. AUVs are calculated by dividing total Shack sales from domestic company-operated Shacks by the number of domestic company-operated Shacks open during that period. For Shacks that are not open for the entire period, fractional adjustments are made to the number of Shacks open such that it corresponds to the period of associated sales.

"Same-Shack Sales" represents Shack sales for the comparable Shack base, which is defined as the number of domestic company-operated Shacks open for 24 full fiscal months or longer.

"EBITDA," a non-GAAP measure, is defined as net income before interest expense (net of interest income), income tax expense, and depreciation and amortization expense.

"Shack-level operating profit," a non-GAAP measure, is defined as Shack sales less Shack-level operating expenses including food and paper costs, labor and related expenses, other operating expenses and occupancy and related expenses.

"Shack-level operating profit margin," a non-GAAP measure, is defined as Shack sales less Shack-level operating expenses, including food and paper costs, labor and related expenses, other operating expenses and occupancy and related expenses as a percentage of Shack sales.

"Shack sales" is defined as the aggregate sales of food, beverages and Shake Shack-branded merchandise at domestic company-operated Shacks and excludes sales from licensed Shacks.

"Shack system-wide sales" is an operating measure and consists of sales from domestic company-operated Shacks, domestic licensed Shacks and international licensed Shacks. The Company does not recognize the sales from licensed Shacks as revenue. Of these amounts, revenue is limited to Shack sales from domestic company-operated Shacks and licensing revenue based on a percentage of sales from domestic and international licensed Shacks, as well as certain up-front fees such as territory fees and opening fees.

INCOME STATEMENT

(dollar amount in thousands)

	Fiscal Quarter Ended				Fiscal Year Ended			
	December 25, 2019		December 26, 2018		December 25, 2019		December 26, 2018	
Shack sales	\$ 145,814	96.3%	\$ 120,720	97.1%	\$ 574,625	96.7%	\$ 445,589	97.0%
Licensing revenue	5,621	3.7%	3,545	2.9%	19,894	3.3%	13,721	3.0%
TOTAL REVENUE	151,435	100.0%	124,265	100.0%	594,519	100.0%	459,310	100.0%
Shack-level operating expenses ⁽¹⁾ :								
Food and paper costs	43,127	29.6%	34,760	28.8%	168,176	29.3%	126,096	28.3%
Labor and related expenses	41,920	28.7%	34,443	28.5%	160,811	28.0%	122,094	27.4%
Other operating expenses	17,899	12.3%	15,247	12.6%	69,169	12.0%	51,783	11.6%
Occupancy and related expenses	13,142	9.0%	9,089	7.5%	48,451	8.4%	32,710	7.3%
General and administrative expenses	19,229	12.7%	15,173	12.2%	65,649	11.0%	52,720	11.5%
Depreciation expense	11,153	7.4%	8,095	6.5%	40,392	6.8%	29,000	6.3%
Pre-opening costs	4,156	2.7%	4,248	3.4%	14,834	2.5%	12,279	2.7%
Loss on disposal of property and equipment	321	0.2%	374	0.3%	1,352	0.2%	917	0.2%
TOTAL EXPENSES	150,947	99.7%	121,429	97.7%	568,834	95.7%	427,599	93.1%
OPERATING INCOME	488	0.3%	2,836	2.3%	25,685	4.3%	31,711	6.9%
Other income, net	1,004	0.7%	444	0.4%	2,263	0.4%	1,514	0.3%
Interest expense	(132)	-0.1%	(645)	-0.5%	(434)	-0.1%	(2,415)	-0.5%
INCOME BEFORE INCOME TAXES	1,360	0.9%	2,635	2.1%	27,514	4.6%	30,810	6.7%
Income tax expense	3,433	2.3%	3,183	2.6%	3,386	0.6%	8,862	1.9%
NET INCOME	(2,073)	-1.4%	(548)	-0.4%	24,128	4.1%	21,948	4.8%
Less: net income attributable to non-controlling interests	20	—%	410	0.3%	4,301	0.7%	6,769	1.5%
NET INCOME ATTRIBUTABLE TO SHAKE SHACK INC.	\$ (2,093)	-1.4%	\$ (958)	-0.8%	\$ 19,827	3.3%	\$ 15,179	3.3%
Earnings per share of Class A common stock:								
Basic	(\$0.06)		(\$0.03)		\$0.63		\$0.54	
Diluted	(\$0.06)		(\$0.03)		\$0.61		\$0.52	
Weighted-average shares of Class A common stock outstanding:								
Basic	33,877		29,408		31,381		28,299	
Diluted	33,877		29,408		32,251		29,179	

(1) As a percentage of Shack sales.

SHACK-LEVEL OPERATING PROFIT DEFINITIONS

Shack-Level Operating Profit

Shack-level operating profit is defined as Shack sales less Shack-level operating expenses, including food and paper costs, labor and related expenses, other operating expenses and occupancy and related expenses.

How This Measure Is Useful

When used in conjunction with GAAP financial measures, Shack-level operating profit and Shack-level operating profit margin are supplemental measures of operating performance that the Company believes are useful measures to evaluate the performance and profitability of its Shacks. Additionally, Shack-level operating profit and Shack-level operating profit margin are key metrics used internally by management to develop internal budgets and forecasts, as well as assess the performance of its Shacks relative to budget and against prior periods. It is also used to evaluate employee compensation as it serves as a metric in certain performance-based employee bonus arrangements. The Company believes presentation of Shack-level operating profit and Shack-level operating profit margin provides investors with a supplemental view of its operating performance that can provide meaningful insights to the underlying operating performance of the Shacks, as these measures depict the operating results that are directly impacted by the Shacks and exclude items that may not be indicative of, or are unrelated to, the ongoing operations of the Shacks. It may also assist investors to evaluate the Company's performance relative to peers of various sizes and maturities and provides greater transparency with respect to how management evaluates the business, as well as the financial and operational decision-making.

Limitations of the Usefulness of this Measure

Shack-level operating profit and Shack-level operating profit margin may differ from similarly titled measures used by other companies due to different methods of calculation. Presentation of Shack-level operating profit and Shack-level operating profit margin is not intended to be considered in isolation or as a substitute for, or superior to, the financial information prepared and presented in accordance with GAAP. Shack-level operating profit excludes certain costs, such as general and administrative expenses and pre-opening costs, which are considered normal, recurring cash operating expenses and are essential to support the operation and development of the Company's Shacks. Therefore, this measure may not provide a complete understanding of the Company's operating results as a whole and Shack-level operating profit and Shack-level operating profit margin should be reviewed in conjunction with the Company's GAAP financial results. A reconciliation of Shack-level operating profit to operating income, the most directly comparable GAAP financial measure, is set forth below.

SHACK-LEVEL OPERATING PROFIT

(dollar amount in thousands)

	Fiscal Quarter Ended		Fiscal Year Ended	
	December 25, 2019	December 26, 2018	December 25, 2019	December 26, 2018
Operating income	\$ 488	\$ 2,836	\$ 25,685	\$ 31,711
Less:				
Licensing revenue	5,621	3,545	19,894	13,721
Add:				
General and administrative expenses	19,229	15,173	65,649	52,720
Depreciation expense	11,153	8,095	40,392	29,000
Pre-opening costs	4,156	4,248	14,834	12,279
Loss on disposal of property and equipment	321	374	1,352	917
Shack-level operating profit	<u>\$ 29,726</u>	<u>\$ 27,181</u>	<u>\$ 128,018</u>	<u>\$ 112,906</u>
Total revenue	\$ 151,435	\$ 124,265	\$ 594,519	\$ 459,310
Less: licensing revenue	5,621	3,545	19,894	13,721
Shack sales	<u>\$ 145,814</u>	<u>\$ 120,720</u>	<u>\$ 574,625</u>	<u>\$ 445,589</u>
Shack-level operating profit margin	<u>20.4%</u>	<u>22.5%</u>	<u>22.3%</u>	<u>25.3%</u>

ADJUSTED EBITDA DEFINITIONS

EBITDA and Adjusted EBITDA

EBITDA is defined as net income before interest expense (net of interest income), income tax expense and depreciation and amortization expense. Adjusted EBITDA is defined as EBITDA (as defined above) excluding equity-based compensation expense, deferred lease cost, losses on the disposal of property and equipment, amortization of cloud-based software implementation costs, as well as certain non-recurring items that the Company does not believe directly reflect its core operations and may not be indicative of the Company's recurring business operations.

How These Measures Are Useful

When used in conjunction with GAAP financial measures, EBITDA and adjusted EBITDA are supplemental measures of operating performance that the Company believes are useful measures to facilitate comparisons to historical performance and competitors' operating results. Adjusted EBITDA is a key metric used internally by management to develop internal budgets and forecasts and also serves as a metric in its performance-based equity incentive programs and certain bonus arrangements. The Company believes presentation of EBITDA and adjusted EBITDA provides investors with a supplemental view of the Company's operating performance that facilitates analysis and comparisons of its ongoing business operations because they exclude items that may not be indicative of the Company's ongoing operating performance.

Limitations of the Usefulness of These Measures

EBITDA and adjusted EBITDA may differ from similarly titled measures used by other companies due to different methods of calculation. Presentation of EBITDA and adjusted EBITDA is not intended to be considered in isolation or as a substitute for, or superior to, the financial information prepared and presented in accordance with GAAP. EBITDA and adjusted EBITDA exclude certain normal recurring expenses. Therefore, these measures may not provide a complete understanding of the Company's performance and should be reviewed in conjunction with the GAAP financial measures. A reconciliation of EBITDA and adjusted EBITDA to net income, the most directly comparable GAAP measure, is set forth below.

ADJUSTED EBITDA

(dollar amounts in thousands)

	Fiscal Quarter Ended		Fiscal Year Ended	
	December 25, 2019	December 26, 2018	December 25, 2019	December 26, 2018
Net income	\$ (2,073)	\$ (548)	\$ 24,128	\$ 21,948
Depreciation expense	11,153	8,095	40,392	29,000
Interest expense, net	132	645	434	2,407
Income tax expense	3,433	3,183	3,386	8,862
EBITDA	12,645	11,375	68,340	62,217
Equity-based compensation	1,761	1,691	7,600	6,067
Amortization of cloud-based software implementation costs ⁽¹⁾	205	—	312	—
Deferred lease costs ⁽²⁾	565	355	2,608	876
Loss on disposal of property and equipment	321	374	1,352	917
Other income related to adjustment of liabilities under tax receivable agreement	(794)	(78)	(808)	(78)
Executive transition costs ⁽³⁾	—	60	126	340
Project Concrete ⁽⁴⁾	80	684	2,111	1,292
Costs related to relocation of Home Office ⁽⁵⁾	—	—	—	1,019
Hong Kong office ⁽⁶⁾	15	—	199	—
Legal Settlement ⁽⁷⁾	—	—	—	1,200
Adjusted EBITDA	\$ 14,798	\$ 14,461	\$ 81,840	\$ 73,850
Adjusted EBITDA margin⁽⁸⁾	9.8%	11.6%	13.8%	16.1%

(1) Represents amortization of capitalized implementation costs related to cloud-based software arrangements that are included within general and administrative expenses.

(2) Reflects the extent to which lease expense is greater than or less than cash lease payments. As a result of adoption of the new lease accounting standard on December 27, 2018, these lease costs may also include certain additional lease components, such as common area maintenance costs and property taxes, that were previously not included in lease expense for prior periods.

(3) Represents fees paid in connection with the search for certain of the Company's executive and key management positions, non-recurring signing bonuses and other transition costs, including related equity-based compensation.

(4) Represents consulting and advisory fees related to the Company's enterprise-wide system upgrade initiative called Project Concrete.

(5) Costs incurred in connection with the Company's relocation to a new Home Office.

(6) Represents costs associated with establishing our first international office in Hong Kong.

(7) Expense incurred to establish an accrual related to the settlement of a legal matter.

(8) As a percentage of total revenue which was \$151,435 and \$594,519 for the fourth quarter and fiscal year ended December 25, 2019, respectively, and \$124,265 and \$459,310 for the fourth quarter and fiscal year ended December 26, 2018, respectively.

2019 ADJUSTED PRO FORMA EFFECTIVE TAX RATE

	Thirteen Weeks Ended March 27, 2019			Thirteen Weeks Ended June 26, 2019			Thirteen Weeks Ended September 25, 2019			Thirteen Weeks Ended December 25, 2019			Fiscal Year Ended December 25, 2019		
	Income Tax Expense	Income Before Income Taxes	Effective Tax Rate	Income Tax Expense	Income Before Income Taxes	Effective Tax Rate	Income Tax Expense	Income Before Income Taxes	Effective Tax Rate	Income Tax Expense	Income Before Income Taxes	Effective Tax Rate	Income Tax Expense	Income Before Income Taxes	Effective Tax Rate
<i>(dollar amounts in thousands)</i>															
As reported	\$ 2,047	\$ 5,654	36.2%	\$ 1,050	\$ 12,221	8.6%	\$ (3,144)	\$ 8,279	-38.0%	\$ 3,433	\$ 1,360	252.4%	\$ 3,386	\$ 27,514	12.3%
Non-GAAP adjustments (before tax):															
Executive transition costs		38			88									126	
Project Concrete		472			213			1,346			80			2,111	
Hong Kong Office					171			13			15			199	
Other income related to the adjustment of liabilities under tax receivable agreement		(14)									(794)			(808)	
Remeasurement of deferred tax assets in connection with other tax rate changes															
Tax effect of change in basis related to the adoption of ASC 842	(1,161)												(1,161)		
Tax effect of non-GAAP adjustments and assumed exchange of outstanding LLC Interests	315			1,397			2,765			(4,924)			(446)		
Adjusted pro forma	\$ 1,201	\$ 6,150	19.5%	\$ 2,447	\$ 12,693	19.3%	\$ (379)	\$ 9,638	-3.9%	\$ (1,491)	\$ 661	-225.6%	\$ 1,779	\$ 29,142	6.1%
Less:															
Windfall tax benefits from stock-based compensation	459			958			2,827			1,598			5,842		
Adjusted pro forma (excluding windfall tax benefits)	\$ 1,660	\$ 6,150	27.0%	\$ 3,405	\$ 12,693	26.8%	\$ 2,448	\$ 9,638	25.4%	\$ 107	\$ 661	16.2%	\$ 7,621	\$ 29,142	26.2%

2018 ADJUSTED PRO FORMA EFFECTIVE TAX RATE

	Thirteen Weeks Ended March 28, 2018			Thirteen Weeks Ended June 27, 2018			Thirteen Weeks Ended September 26, 2018			Thirteen Weeks Ended December 26, 2018			Fiscal Year Ended December 26, 2018		
	Income Tax Expense	Income Before Income Taxes	Effective Tax Rate	Income Tax Expense	Income Before Income Taxes	Effective Tax Rate	Income Tax Expense	Income Before Income Taxes	Effective Tax Rate	Income Tax Expense	Income Before Income Taxes	Effective Tax Rate	Income Tax Expense	Income Before Income Taxes	Effective Tax Rate
<i>(dollar amounts in thousands)</i>															
As reported	\$ 1,198	\$ 6,177	19.4%	\$ 2,240	\$ 12,811	17.5%	\$ 2,241	\$ 9,187	24.4%	\$ 3,183	\$ 2,635	120.8%	\$ 8,862	\$ 30,810	28.8%
Non-GAAP adjustments (before tax):															
Legal settlement								1,200						1,200	
Executive transition costs					248			32			60			340	
Project Concrete		239			77			292			684			1,292	
Home Office relocation		998			19			2						1,019	
Other income related to the adjustment of liabilities under tax receivable agreement											(78)			(78)	
Remeasurement of deferred tax assets in connection with other tax rate changes										(3,782)			(3,919)		
Tax effect of change in basis related to the adoption of ASC 606	311												311		
Tax effect of non-GAAP adjustments and assumed exchange of outstanding LLC Interests	246			(47)			616			1,463			2,415		
Adjusted pro forma	\$ 1,755	\$ 7,414	23.7%	\$ 2,193	\$ 13,155	16.7%	\$ 2,857	\$ 10,713	26.7%	\$ 864	\$ 3,301	26.2%	\$ 7,669	\$ 34,583	22.2%
Less:															
Windfall tax benefits from stock-based compensation	199			1,326			243			142			1,910		
Adjusted pro forma (excluding windfall tax benefits)	\$ 1,954	\$ 7,414	26.4%	\$ 3,519	\$ 13,155	26.8%	\$ 3,100	\$ 10,713	28.9%	\$ 1,006	\$ 3,301	30.5%	\$ 9,579	\$ 34,583	27.7%

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