



**Fourth Quarter and Full-Year 2022
Earnings Presentation**
-- March 2, 2023 --

Cautionary Statements

Forward-Looking Statements

In addition to historical information, this presentation contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, Section 21E of the Securities Exchange Act of 1934, as amended and the Private Securities Litigation Reform Act of 1995. Forward-looking statements, written, oral or otherwise made, represent the Company's expectation or belief concerning future events. Without limiting the foregoing, the words "believes," "expects," "may," "might," "will," "should," "seeks," "intends," "plans," "strives," "goal," "estimates," "forecasts," "projects" or "anticipates" or the negative of these terms and similar expressions are intended to identify forward-looking statements. Forward-looking statements included in this presentation may include, among others, statements relating to our (i) future financial position and results of operations, including 2024 growth targets of same-store sales growth, average unit volumes, shop-level margins, franchise targets, new unit growth, franchise unit growth, long-term unit potential and the timeline for achieving such targets, (ii) business strategy, including the refranchising of shops and our plans to continue to shift towards a primarily franchise-owned system, (iii) ability to successfully execute against our Five-Pillar Strategy, (iv) outlook for Q1 2023 including average unit volumes, same-store sales, shop-level margins, guidance for adjusted EBITDA and our expectations regarding the continued improvement of our shop-level margins, (v) outlook for full-year 2023 including average unit volumes, same-store sales growth, shop level margin projections, F&P inflation projections and expectations of further acceleration and a favorable inflationary environment, (vi) ability to successfully build on the momentum from 2022 and progress towards our 2024 long-term growth targets, (vii) intention to continue to invest in the Perks and Loyalty Program and expectations regarding marketing opportunities and its ability to support traffic and enhance customer engagement, (viii) expectations to announce additional deals under the Franchising Growth Acceleration (FGA) Initiative, (ix) expectations regarding our franchise pipeline, its ability to support the FGA Initiative and the ability to sign additional Shop Development Area Agreements, (x) expectations regarding the tailwinds for the continued recovery of Airport and CBD locations attributing to growth portfolio-wide in 2023, (xi) ability to successfully grow our digital channels, increase guest acquisition and brand loyalty and accelerate our franchise development pipeline and (xii) our ability to deliver additional growth and profitability for our stakeholders.

By nature, forward-looking statements involve risks and uncertainties that could cause actual results to differ materially from those projected or implied by the forward-looking statement, due to reasons including, but not limited to, risks related to the COVID-19 outbreak; compliance with our Credit Agreement covenants; competition; general economic conditions; our ability to successfully implement our business strategy; the success of our initiatives to increase sales and traffic; changes in commodity, energy and other costs; our ability to attract and retain management and employees; consumer reaction to industry-related public health issues and perceptions of food safety; our ability to manage our growth; reputational and brand issues; price and availability of commodities; consumer confidence and spending patterns; and weather conditions. In addition, there may be other factors of which we are presently unaware or that we currently deem immaterial that could cause our actual results to be materially different from the results referenced in the forward-looking statements. All forward-looking statements contained in this presentation are qualified in their entirety by this cautionary statement. Although we believe that our plans, intentions and expectations are reasonable, we may not achieve our plans, intentions or expectations. Forward-looking statements are based on current expectations and assumptions and currently available data and are neither predictions nor guarantees of future events or performance. You should not place undue reliance on forward-looking statements, which speak only as of the date hereof. See "Risk Factors" and "Cautionary Statement on Forward-Looking Statements" included in our most recent annual report on Form 10-K and other risk factors described from time to time in subsequent quarterly reports on Form 10-Q or other subsequent filings, all of which are available on our website at www.potbelly.com. 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.

Note Regarding Non-GAAP Measures

This presentation includes financial measures, including adjusted EBITDA and adjusted net income, that are derived on the basis of methodologies other than generally accepted accounting principles ("GAAP"). We offer these measures to assist the users of our financial statements in assessing our financial performance under GAAP, but these measures are non-GAAP measures and investors should not rely on these measures as a substitute for any GAAP measure. In addition, our non-GAAP financial measures may be different from non-GAAP measures used by other companies, limiting their usefulness for comparison purposes. Reconciliations of these measures to the GAAP measures we consider most comparable are included in the Financial Appendix.

Executive Summary: Strong Momentum

FY'22 Review

- Improvement across entire shop portfolio backed by solid performance from Suburban, CBD and Airport locations as well as strength in the catering channel
- Strengthened operational efficiencies through improved staffing and training, increased throughput, and improvement in customer satisfaction scores
- Signed multiple Shop Development Area Agreements in 2022, adding 51 new shop commitments over the next 7-8 years
 - Established a robust pipeline of qualified franchisee candidates
- Enhanced marketing initiatives including targeted digital advertising, refined Perks Loyalty program, and an improved app interface, lead to record-level digital engagements and strong traffic
- Launched craveable LTO sandwich, cookie, and/or shake each quarter
- Expanded testing and implementation of Potbelly Digital Kitchen (PDK) across both Company-owned and franchised shop locations

Traffic-Driven Profitability and Unit Growth



Craveable
Quality
Food
at a Great
Value



People
Creating
Good Vibes



Customer
Experiences
that Drive
Traffic
Growth



Digitally-
Driven
Awareness,
Connection
& Traffic



Franchise
Focused
Development

Potbelly is the sandwich shop with the craveable quality and good vibes of a first-class dive.

Q4 & FY 2022 Financials Highlights: Record Revenue

Financial Review

Q4'22

- Achieved record quarterly revenue of \$120.2 million and record AUVs of \$24,144, annualized level of approximately \$1.3 million¹
- Shop-level margins meaningfully expanded to 14.2%; improving by 450bps year-over-year
- Net income of \$2.7 million, marking the third consecutive quarter of positive net income
- Marketing initiatives and resilient demand contribute to same-store-sales growth of +18.9%

FY'22

- Achieved record annual revenue of \$452.0 million and AUVs of \$22,464 for the year, annualized level of approximately \$1.2 million¹
- Significant improvement in profitability with \$4.3 million net income and \$15.7 million in adj. EBITDA
- Significant shop-level margin expansion to 10.5% from 7.4% in 2021

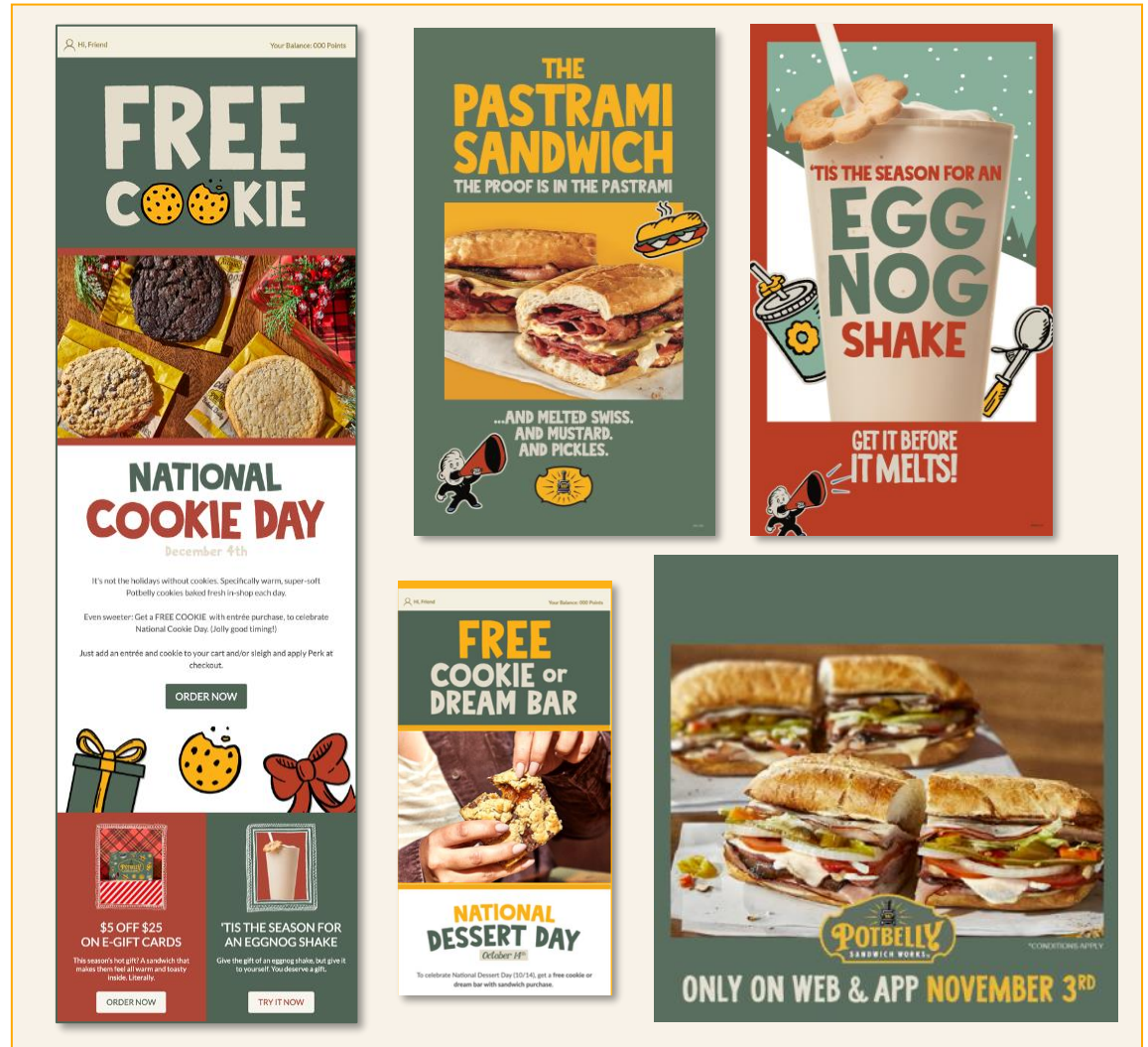
Revenue (\$M)		Net Income (\$M)	
\$120.2	\$452.0	\$2.7	\$4.3
Q4'22	FY'22	Q4'22	FY'22
SSS vs. 2021		Adj. EBITDA ² (\$M)	
+18.9%	+18.5%	\$7.5	\$15.7
Q4'22	FY'22	Q4'22	FY'22

1. Calculated as weekly AUV*52 weeks *2. See Appendix to this presentation for GAAP to Non-GAAP reconciliations. NOTE: All delta comparisons represent year-over-year figures.

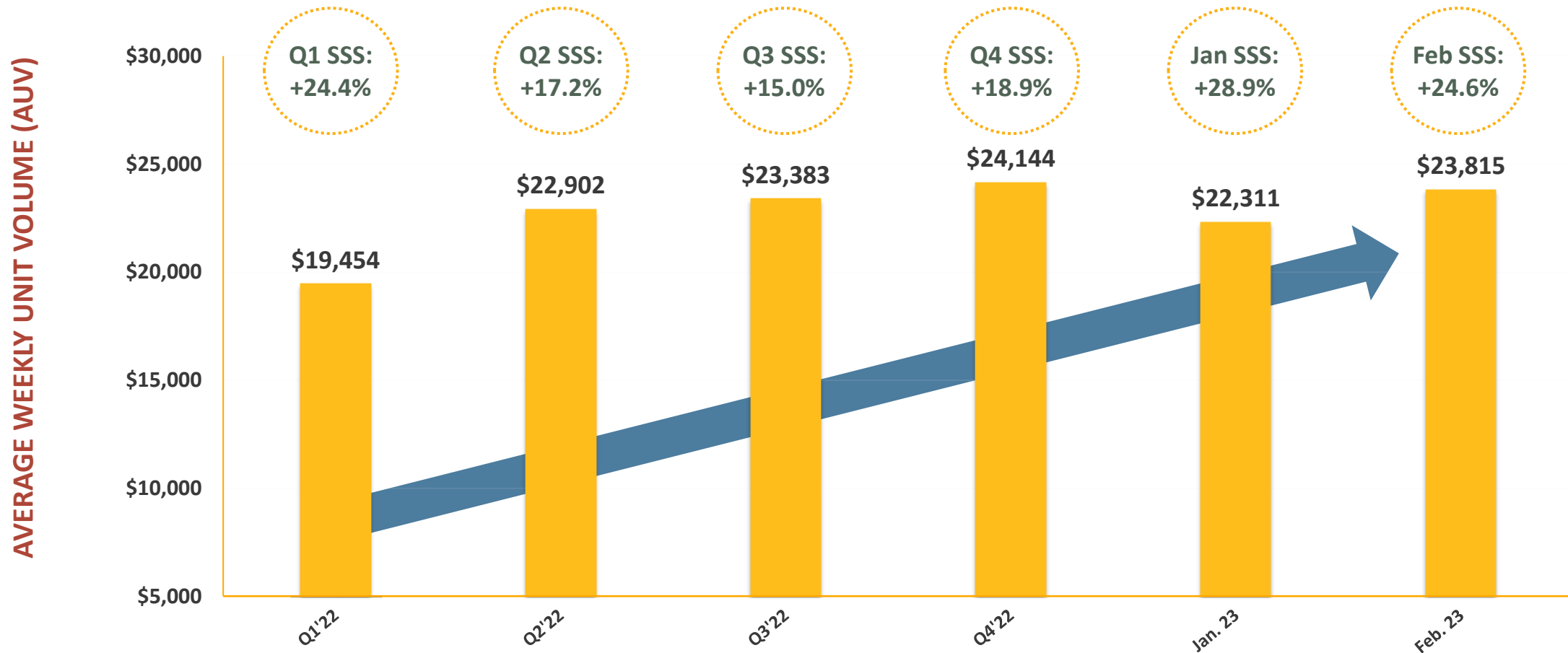
Q4 2022 Marketing Highlights

Strong Digital Engagement

- Continued strength in digital results, representing 38% of revenue, and Perks Loyalty Program activations, driving record fourth quarter top-line results
- Digital engagement driven by a combination of increased digital marketing efforts and promotional activity such as the digital-only offering to promote National Cookie Day
- Catering business continues to strengthen and fast approaching pre-pandemic levels driven by both office and social engagements
- Launched LTOs such as the Pastrami Sandwich and Eggnog Shake, which built customer excitement and drove top-line expansion



SSS and AUV Trends Continue Positive Momentum



Q4 2022 Performance Review: Y/Y

<i>In Millions</i>	Q4 2022	Q4 2021
Revenue	\$120.2	\$102.8
Same Store Sales (SSS)	18.9%	33.8%
GAAP Net Income (Loss)	\$2.7	(\$2.5)
Adjusted Net Income (Loss) ¹	\$2.6	(\$1.6)
Adjusted EBITDA ¹	\$7.5	\$2.6
Shop-level Profit ¹	\$16.9	\$9.9
G&A/Sales	9.0%	8.4%
Food, Beverage, & Packaging Costs/Sales	28.7%	28.4%
Labor/Sales	30.8%	32.8%
Other Operating Expenses/Sales	15.1%	16.2%
Shop-level Margin ¹	14.2%	9.7%

1. See Appendix to this presentation for GAAP to Non-GAAP reconciliations; Shop-level margins now include allocation of marketing and advertising expenses.

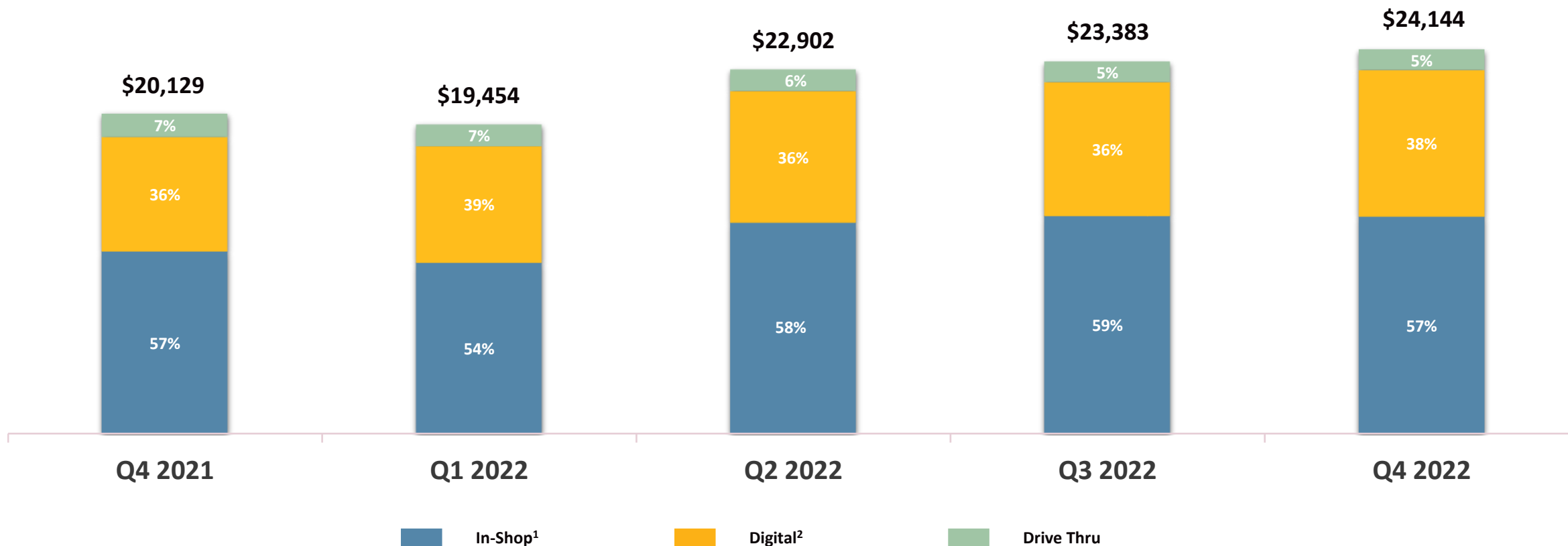
FY 2022 Performance Review: Y/Y

<i>In Millions</i>	FY 2022	FY 2021
Revenue	\$452.0	\$380.1
Same Store Sales (SSS)	18.5%	30.3%
GAAP Net Income (Loss)	\$4.3	(\$23.8)
Adjusted Net Income (Loss) ¹	(\$0.1)	(\$14.4)
Adjusted EBITDA ¹	\$15.7	\$0.5
Shop-level Profit ¹	\$47.2	\$27.8
G&A/Sales	8.4%	8.3%
Food, Beverage, & Packaging Costs/Sales	28.8%	27.8%
Labor/Sales	31.7%	33.7%
Other Operating Expenses/Sales	16.7%	16.8%
Shop-level Margin ¹	10.5%	7.4%

1. See Appendix to this presentation for GAAP to Non-GAAP reconciliations; Shop-level margins now include allocation of marketing and advertising expenses.

Consistent Order Mode Mix with Ongoing Digital Strength

Average Unit Volume and Order Mode Mix



1. "In-Shop" includes all revenue for orders placed at the counter or via phone/fax.
2. "Digital" includes all revenue for orders placed through the mobile app, website, and third-party delivery partners.

First Quarter and Full-Year 2023 Outlook



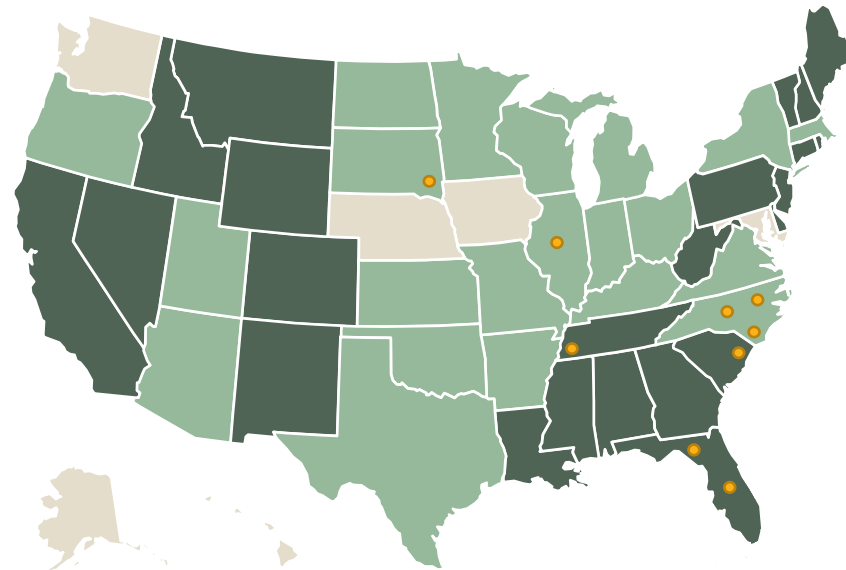
Q1'23 and FY'23 Outlook

	Q1'23	FY'23
Average Unit Volumes:	\$23,000 to \$24,000	Record levels
Same-store-sales:	18.5% to 20.5%	High single-digit growth
Shop-level margin:	10.0% to 11.5%	Low teens
Adj. EBITDA	\$4-5 million	--

Franchise Growth Acceleration (FGA) Initiative

FGA Update

- Signed multiple new Shop Development Area Agreements in 2022, adding 51 new shop commitments over the next 7-8 years
- Highly active and fluid pipeline of engagements and relationships with quality Potbelly franchisee candidates
- Material growth in new franchise candidate pipeline leads



- Available
- Limited Availability
- Unavailable
- New Franchise Development Agreements



EXCELLENT SALES-TO-INVESTMENT RATIO

- Double-digit comp growth
- Flexible shop formats that include:
 - Inline, Endcap, Drive-thru and Non-traditional
- Diverse menu with multiple dayparts
- Seasoned leadership team with 100+ years combined experience



CRAVEABLE FOOD AND GOOD VIBES

- Iconic neighborhood sandwich shop, an atmosphere that sets us apart
- Toasty sandwiches, salads, cookies, shakes and soups sustain our loyal following
- Seasonal LTOs intrigue new consumers and keep existing fans coming back for more



400+
Shops

32
States

46
Year History

MULTI-UNIT GROWTH OPPORTUNITIES AVAILABLE



AND WE'RE REFRANCHISING!

25 PERCENT OF CORPORATE-OWNED LOCATIONS; ONLY IN SELECT MARKETS

Strong Platform to Achieve Growth Targets



Strong Brand, Differentiated Experience

Authentic fast casual concept, with fresh, fast, & friendly service and high brand recognition across 400+ locations



Franchise Focused Development

2024 targets including 10% unit growth and rebrand 25% of Company-owned shops; Long-term goal of 2,000 shops



Renewed Focus of Strategic Marketing

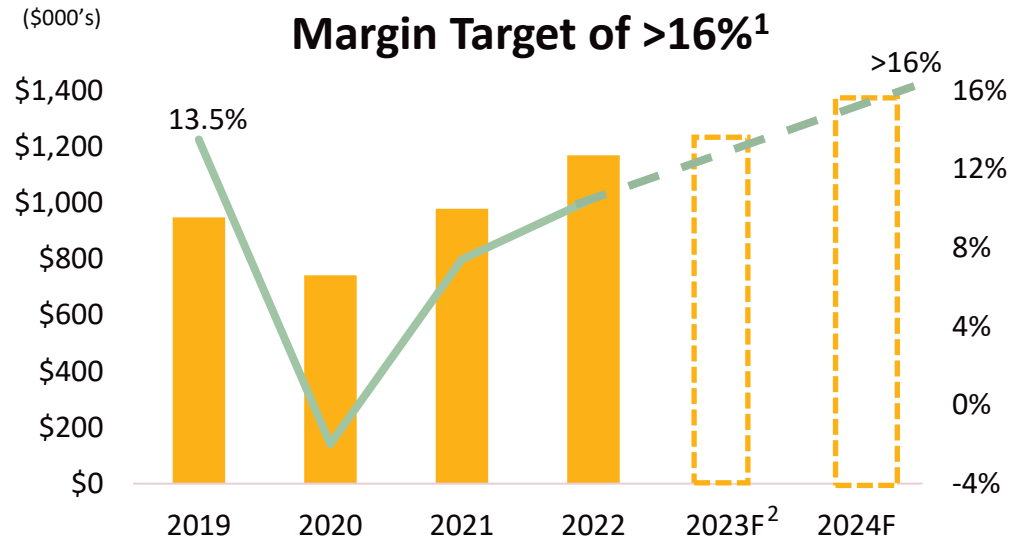
Positive momentum with Scale digital media and Perks loyalty program integration



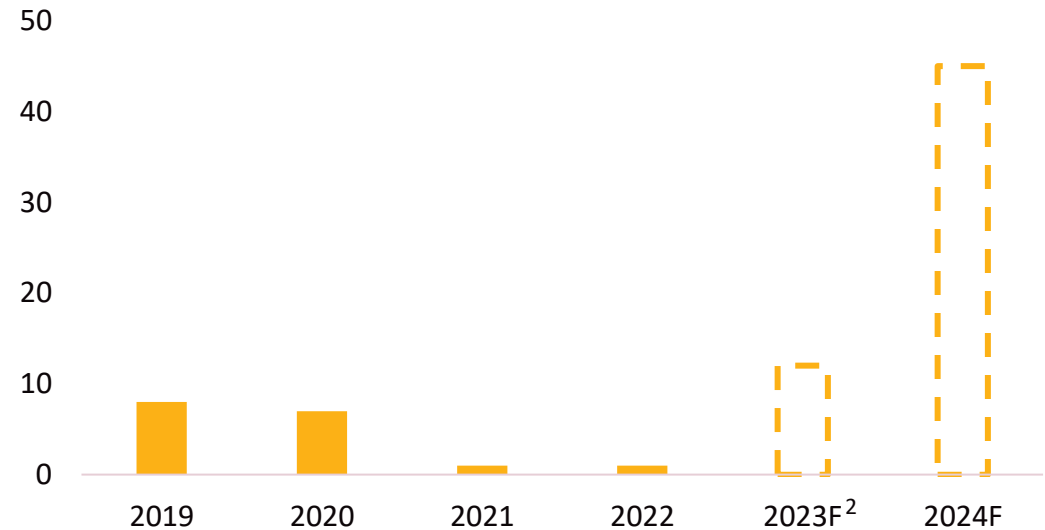
Executing Five-Pillar Strategic Plan

'Traffic-Driven Profitability' underpinned by five key pillars to achieve sustainable long-term growth

2024 AUV Target of \$1.3M; Shop Margin Target of >16%¹



New Unit Growth



1. All margin levels for historical years reflect new margin reporting structure
 2. The Company did not provide nominal 2023 guidance; for illustrative purpose only



APPENDIX:

GAAP TO NON-GAAP RECONCILIATIONS



Q4 & FY 2022 Performance Review: Adjusted Net Income

<i>In Millions</i>	Q4 2022	FY 2022
Net Income (Loss)	\$2.7	\$4.3
Impairment, Disposals & Closures	\$0.8	\$4.8
Gain on Debt Extinguishment	\$0.0	(\$10.2)
Income Tax Adjustments	(\$0.8)	\$1.0
Adjusted Net Income (Loss)	\$2.6	(\$0.1)

Q4 & FY 2022 Performance Review: Adjusted EBITDA

<i>In Millions</i>	Q4 2022	FY 2022
Net Income/(Loss)	\$2.7	\$4.3
Depreciation Expense	\$2.8	\$11.9
Interest Expense	\$0.3	\$1.3
Income Tax Expense	\$0.2	\$0.3
EBITDA	\$5.9	\$17.9
Impairment, Disposals & Closures	\$0.8	\$4.8
Stock Compensation	\$0.8	\$3.3
Gain on Debt Extinguishment	\$0.0	(\$10.2)
Adjusted EBITDA	\$7.5	\$15.7

Q4 & FY 2022 Performance Review: Shop Margin

<i>In Millions</i>	Q4 2022	FY 2022
Income/(Loss) from Operations	\$3.2	(\$3.8)
Less: Franchise Revenue	\$1.1	\$4.1
Franchise Marketing	\$0.3	\$0.7
G&A Expense	\$10.8	\$37.7
Depreciation Expense	\$2.8	\$11.9
Impairment, Disposals & Closures	\$0.8	\$4.8
Shop-level Profit	\$16.9	\$47.2
Total Revenues	\$120.2	\$452.0
Less: Franchise Revenue	\$1.1	\$4.1
Sandwich Shop Sales, Net	\$119.0	\$447.9
Shop-level Margin	14.2%	10.5%

Use of Non-GAAP Measures

Note Regarding Non-GAAP Measures

We prepare our financial statements in accordance with Generally Accepted Accounting Principles (“GAAP”). Within this press release, we make reference to EBITDA, adjusted EBITDA, adjusted diluted EPS, adjusted net loss, shop-level profit, and shop-level profit margin, which are non-GAAP financial measures. The Company includes these non-GAAP financial measures because management believes they are useful to investors in that they provide for greater transparency with respect to supplemental information used by management in its financial and operational decision making.

Management uses adjusted EBITDA, adjusted net income and adjusted diluted EPS to evaluate the Company’s performance and in order to have comparable financial results to analyze changes in our underlying business from quarter to quarter. Adjusted EBITDA, adjusted net income and adjusted diluted EPS exclude the impact of certain non-cash charges and other items that affect the comparability of results in past quarters and which we do not believe are reflective of underlying business performance. Management uses shop-level profit and shop-level profit margin as key metrics to evaluate the profitability of incremental sales at our shops, to evaluate our shop performance across periods and to evaluate our shop financial performance against our competitors.

Accordingly, the Company believes the presentation of these non-GAAP financial measures, when used in conjunction with GAAP financial measures, is a useful financial analysis tool that can assist investors in assessing the Company’s operating performance and underlying prospects. This analysis should not be considered in isolation or as a substitute for analysis of our results as reported under GAAP. This analysis, as well as the other information in this press release, should be read in conjunction with the Company’s financial statements and footnotes contained in the documents that the Company files with the U.S. Securities and Exchange Commission. The non-GAAP financial measures used by the Company in this press release may be different from the methods used by other companies. For more information on the non-GAAP financial measures, please refer to the table, “Reconciliation of Non-GAAP Financial Measures to GAAP Financial Measures.”

Information reconciling forward-looking shop-level profit margin to GAAP financial measures is unavailable to the Company without unreasonable effort. The Company is not able to provide reconciliations of shop-level profit margins to GAAP financial measures because certain items required for such reconciliations are outside of the Company’s control and/or cannot be reasonably predicted. These items include but are not limited to impairment charges, gain or loss on asset disposals, shop closure costs, and restructuring costs that are difficult to predict in advance in order to include in a GAAP estimate and may be significant.

Definitions

The following definitions apply to these terms as used throughout this presentation:

- **Revenues** – represents net company-operated sandwich shop sales and our franchise royalties and fees. Net company-operated shop sales consist of food and beverage sales, net of promotional allowances and employee meals. Franchise royalties and fees consist of an initial franchise fee, a franchise development agreement fee and royalty income from the franchisee.
- **Company-operated comparable store-sales or same-store traffic**– represents the change in year-over-year sales or transactions for the comparable company-operated store base open for 15 months or longer.
- **Average Unit Volumes (AUV)** – represents the average sales of all company-operated shops which reported sales during the associated time period.
- **EBITDA** – represents income before depreciation and amortization expense, interest expense and the provision for income taxes.
- **Adjusted EBITDA** – represents income before depreciation and amortization expense, interest expense and the provision for income taxes, adjusted to eliminate the impact of other items, including certain non-cash and other items that we do not consider representative of our ongoing operating performance.
- **Shop-level profit (loss)** – represents income (loss) from operations excluding franchise royalties and fees, franchise marketing expenses, general and administrative expenses, depreciation expense, pre-opening costs, restructuring costs and impairment, loss on the disposal of property and equipment and shop closures.
- **Shop-level profit (loss) margin** – represents shop-level profit expressed as a percentage of net company-operated sandwich shop sales.
- **Adjusted net income (loss)** – represents net income (loss), adjusted to eliminate the impact of restructuring costs, impairment, loss on the disposal of property and equipment, shop closures, and other items we do not consider representative of our ongoing operating performance, including the income tax effects of those adjustments.
- **Adjusted diluted EPS** – represents adjusted net income (loss) divided by the weighted average number of fully dilutive common shares outstanding.

Investor Relations Contacts



Investor Relations Contacts:

Lisa Fortuna or Ashley Gruenberg

Alpha IR Group

312-445-2870

PBPB@alpha-ir.com