



**Winter 2022
Investor Presentation
-- November --**

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 three-year targets for growth, profitability, AUVs, shop-level margins, franchise unit growth and long-term unit potential, (ii) business strategy, including investments in G&A growth, the refranchising of shops, expansion and deployment of high-return strategic marketing, (iii) ability to successfully execute against our Five-Pillar Strategy, (iv) guidance for Q3 2022 revenue and shop-level margins, (v) outlook for full year 2022, including sales, average unit volumes, same store sales and shop-level margins, (vi) ability to strengthen sales through the use of promotional campaigns, (vii) ability to recruit and retain employees, (viii) expectations regarding the recovery of Airport and CBD locations, (ix) ability to successfully grow our digital channels, increase guest acquisition and brand loyalty and accelerate our franchise development pipeline. 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

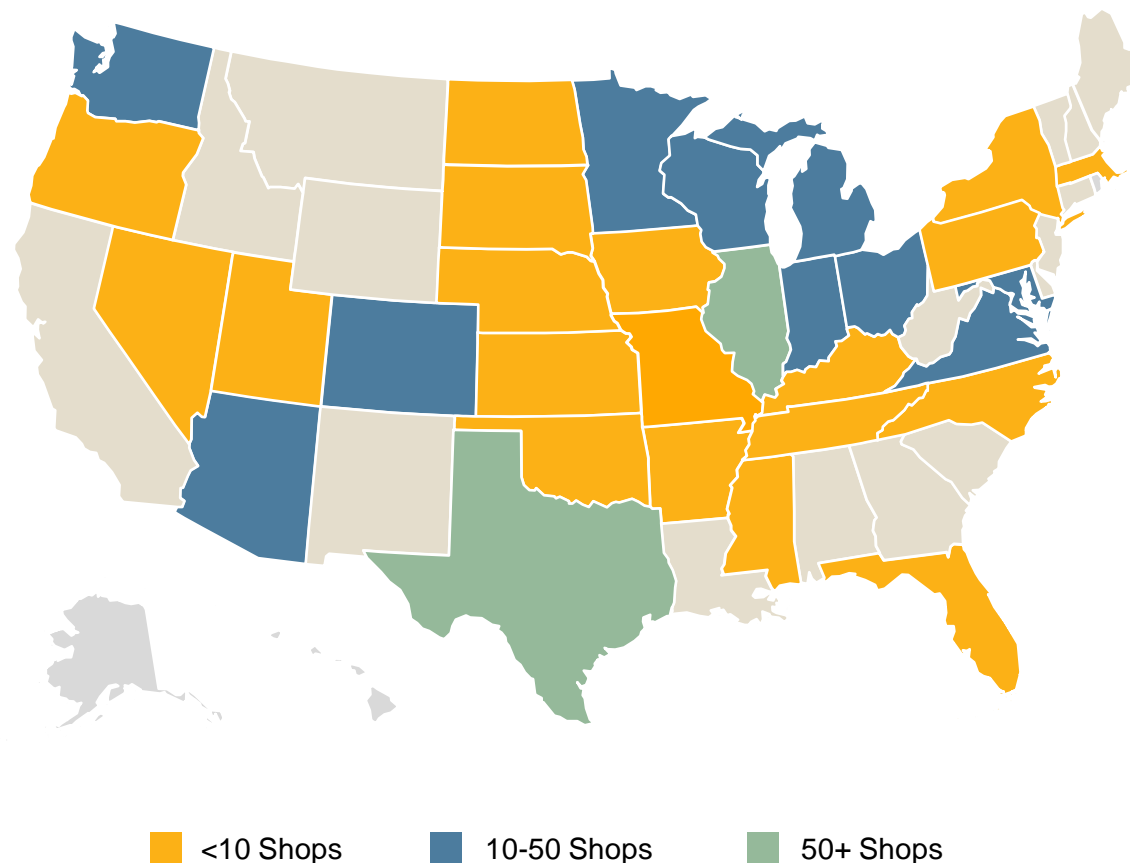
This presentation includes financial measures, including adjusted EBITDA and adjusted net income, that are derived on the basis of methodologies other than generally accepted accounting principles ("GAAP"). We offer these measures to assist the users of our financial statements in assessing our financial 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.

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.

Welcome to Potbelly

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

- Strong heritage – founded in a Chicago antique shop in 1977
- ~400 locations today, including 46 franchise shops in the U.S.
- Delicious, craveable food made-to-order with fresh, high-quality ingredients
- Authentic concept:
 - Inviting neighborhood feel
 - Fresh, Fast & Friendly service
 - Unique brand position



Why Invest in PBPB?



NASDAQ: PBPB



Strong Brand, Differentiated Experience

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



Strong Leadership Team

Highly experienced executive leadership team with deep restaurant roots and a reinvigorated results-oriented culture



Executing Against Five-Pillar Strategy

Positive momentum driven by renewed focus on food innovation and promotions, leveraging of tech stack to drive an increase in user base and heightened engagement



Focus on Volume and Profitability Targets

2024 strategic growth objectives including \$1.3M in annualized AUVs, shop-level margins of 16% with continued recovery across shop portfolio, targeted marketing/advertising and cost discipline



Franchise Growth Acceleration Initiative

Capital light franchise growth targets of refranchising ~25% of company-owned shops, achieving at least 10% franchise unit growth with long-term goal of ~2,000 shops

Brand Position

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



Strong Leadership Team: Deep Restaurant Experience



Bob Wright
President & CEO



Steve Cirulis
Chief Financial Officer



Adam Noyes
Chief Operations Officer



Adiya Dixon
Chief Legal Officer



Jeffrey Douglas
Chief Information Officer



Scott Swayne
Chief People Officer



Larry Strain
Chief Development Officer



David Daniels
Chief Marketing Officer

Executing Against Five-Pillar Strategic Plan

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

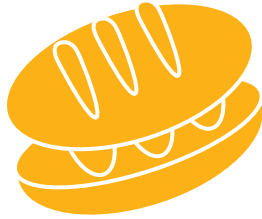


Franchise
Focused
Development

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

Pillar 1: Craveable Quality Food at a Great Value

1



- Increasing promotions tied to special occasions, events, and LTO menu items such as The Gyro, Pumpkin Spice Shake and S'mores cookie
- National rollout of simplified menu was successfully implemented in 2021
- Redefined sandwich sizes has improved value for consumers
- Increased pick your pair combination options



What'll it be?		
SIZE		
SKINNY		
ORIGINAL		
BIG		
BREAD		
WHITE or MULTIGRAIN		
For less bread, try a Thin-Cut		
FLAT (Crisp Flatbread)		
70 cal less, Original size only		
PICK your PAIR		
Skinny Sandwich	ONLY 8.29	
Cup of Soup		
Half Salad + Cup of Soup	8.99	
Skinny Sandwich + Half Salad	9.49	
MEAL DEAL		
Chips +	ONLY 2.99	
Reg. Fountain Drink	cal 140-510	
or a Large Drink for 20¢ more (only 0-150 cal)		
Kids Combo		
Small Sandwich and Cheese	ONLY 4.99	
Turkey & Swiss	330 cal	
Ham & Swiss	370 cal	
Grilled Chicken	300 cal	
P.B. & J	350 cal	
Mac & Cheese	310 cal	
or a combo with:		
Beefy Pasta 12 oz. Apple Sauce 12 oz.		
Mini Cheddar Cheese Chip Cookie 100 cal		



Pillar 2: People Creating Good Vibes

2



- Continue to embrace 'Hire for attitude, train for skills' mantra
- Hours-based labor management improves deployment and employee performance while reducing cost
- Implemented new employee retention and acquisition initiatives including referral bonus programs, pay band modifications, and digital tipping feature
- Balanced score card system at shop level to align incentives around driving traffic and profitable growth



Pillar 3: Customer Experiences that Drive Traffic Growth

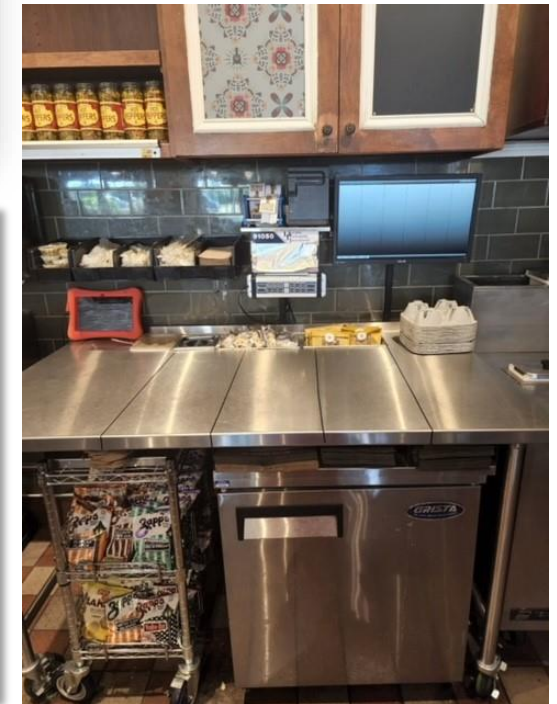
3



- Focus on food quality, speed, throughput and cleanliness driving customer satisfaction and sales
- Leveraging two-line kitchen to deliver digital and off premise business while maintaining in shop line speed and experience
- Testing and implementing in shop technology innovation platform 'Potbelly Digital Kitchen', designed to improve the employee experience and enhancement of speed, thru-put, accuracy and food quality
- Staffing & training systems and materials simplified and updated for associates and managers
- Successful campaigns with third-party partners like Grubhub and Uber Eats



GRUBHUB
Uber Eats
DOORDASH

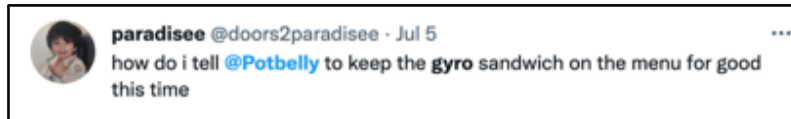


Pillar 4: Digitally-Driven Awareness, Connection & Traffic

4



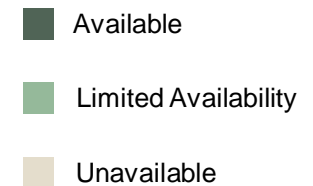
- Continued positive customer response to app, website and digital order integration
- Strong Perks loyalty program allowing for more personalization, easy re-ordering capability and targeted offers
- Continual improvements in digital channels, with digital revenue representing 36% of sales
- Strong digital marketing campaign drives a balance of awareness, traffic, sales, and ROI



5



POTBELLY.



2024 Strategic Growth Targets & Long-Term Unit Potential

Volume & Profitability Targets



AUVs → \$1.3 Million

- Continued customer experience enhancements and refreshed corporate branding
- Increased digital marketing and targeted loyalty engagement
- Support continued catering sales growth
- Food innovation and LTOs

Shop-Level Margins → > 16%

- Sales leverage through execution of Five-Pillar Strategy
- Effective management of supply chain and food costs
- Continue roll-out of Potbelly Digital Kitchen, improving operations
- Lower labor and shop operating costs through efficiency and technology

Franchise Growth Acceleration Initiative



Refranchise ~ 25% of Shops

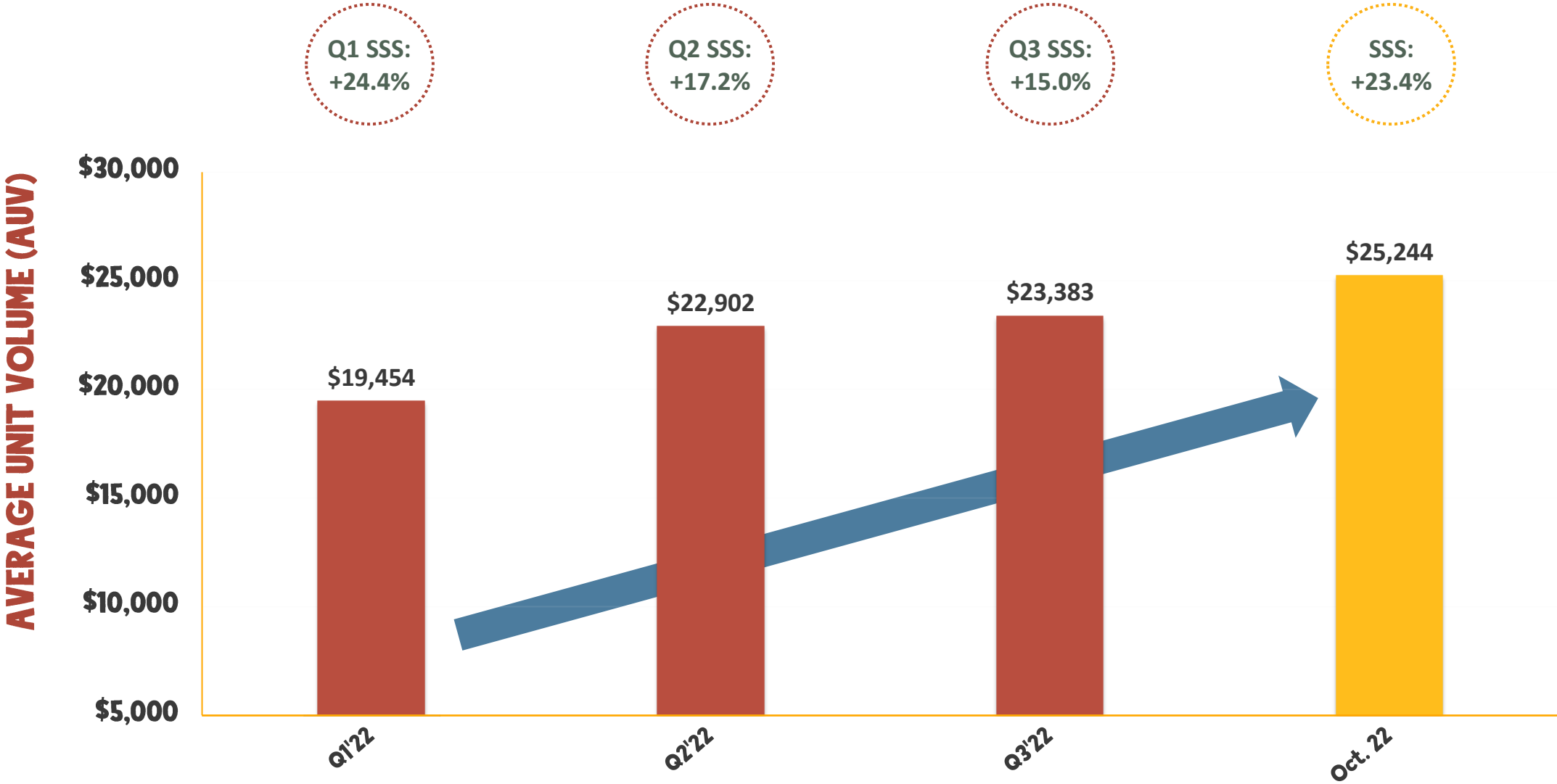
- Focuses company capital and resources
- Appeals to high quality franchisees
- Provides catalyst for franchise unit growth
- Drives new shop development in market – refranchising delivers 2-5:1 new shops: existing shops

Franchise Unit Growth → 10%

- Franchise First organizational mindset
- Market and trade area planning in existing and new markets
- Shop Development Area Agreements (SDAAs) of 10-20 shops
- Franchisees attracted to Potbelly brand and economics

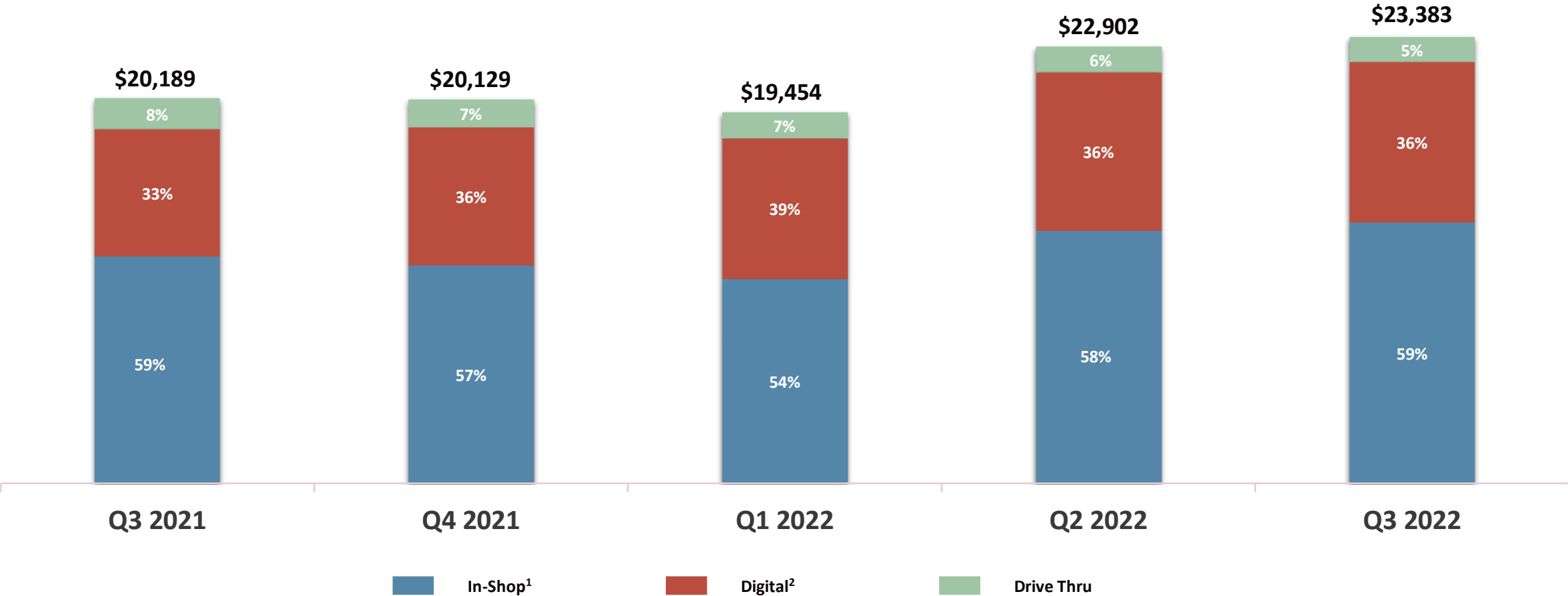
Long-term goal of 2,000 total shops

SSS and AUV Trends Sustain Positive Momentum



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.

Year-to-Go Focus Areas and Q4/FY 2022 Outlook

Q4'22 Focus Areas

- Maintain record level AUV performance
- Capitalize on strong margin trends through the rest of the fourth quarter and into 2023 through operational discipline
- Drive operational performance and enhance customer experience through PDK implementation
- Continue expansion of digital marketing initiatives, catering business and Perks success
- Accelerate franchise development deals to support Franchise Growth Acceleration Initiative



Q4 & FY 2022 Outlook

Q4 2022

- Revenue of between \$114 million to \$119 million
- Shop-level margins of between 10% to 13%

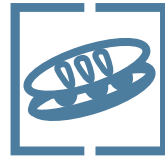
FY 2022

- Record AUVs of between \$1.14 million to \$1.16 million
- Same-store sales of between 16% to 18%
- Shop-level margins of approximately 10%

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APPENDIX:

GAAP TO NON-GAAP RECONCILIATIONS



Q3'22 Performance Review: Y/Y

<i>In Millions</i>	Q3 2022	Q3 2021
Revenue	\$117.6	\$101.7
Same Store Sales (SSS)	15.0%	33.7%
GAAP Net Income (Loss)	\$9.0	(\$2.9)
Adjusted Net Income (Loss) ¹	\$0.3	(\$1.5)
Adjusted EBITDA ¹	\$4.7	\$2.7
Shop-level Profit ¹	\$12.3	\$8.8 ²
G&A/Sales	8.1%	7.1% ²
Food, Beverage, & Packaging Costs/Sales	29.9%	27.9%
Labor/Sales	30.9%	32.8%
Other Operating Expenses/Sales	17.0%	17.3% ²
Shop-level Margin ¹	10.6%	8.7%

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

2. Q3'21 includes reclassification of marketing and advertising expenses from Advertising and G&A to other operating expenses, which is a component of shop-level profit.

Q3'22 Performance Review: Adjusted Net Income (Y/Y)

<i>In Millions</i>	Q3 2022	Q3 2021
Net Income (Loss)	\$9.0	(\$2.9)
Impairment, Disposals & Closures	\$1.6	\$1.1
Gain on Debt Extinguishment	(\$10.2)	\$0.0
Income Tax Adjustments	(\$0.2)	\$0.3
Adjusted Net Income (Loss)	\$0.3	(\$1.5)

Q3'22 Performance Review: Adjusted EBITDA (Y/Y)

<i>In Millions</i>	Q3 2022	Q3 2021
Net Income/(Loss)	\$9.0	(\$2.9)
Depreciation Expense	\$2.9	\$3.6
Interest Expense	\$0.4	\$0.2
Income Tax Expense	(\$0.0)*	\$0.02
EBITDA	\$12.3	\$0.9
Impairment, Disposals & Closures	\$1.6	\$1.1
Stock Compensation	\$1.0	\$0.6
Gain on Debt Extinguishment	(\$10.2)	\$0.0
Adjusted EBITDA	\$4.7	\$2.7

Income Tax Expense was (\$4,000) for the third quarter of 2022

Q3'22 Performance Review: Shop Margin (Y/Y)

<i>In Millions</i>	Q3 2022	Q3 2021
Income/(Loss) from Operations	(\$0.7)	(\$2.6)
Less: Franchise Revenue	\$1.2	\$0.7
Franchise Marketing	\$0.1	\$0.1
G&A Expense	\$9.6	\$7.3
Depreciation Expense	\$2.9	\$3.6
Impairment, Disposals & Closures	\$1.6	\$1.1
Shop-level Profit	\$12.3	\$8.8
Total Revenues	\$117.6	\$101.7
Less: Franchise Revenue	\$1.2	\$0.7
Sandwich Shop Sales, Net	\$116.4	\$101.0
Shop-level Margin	10.6%	8.7%

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.”

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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