



Q2 2021
Investor Presentation

June 2021

Cautionary Statements



Forward-Looking Statements

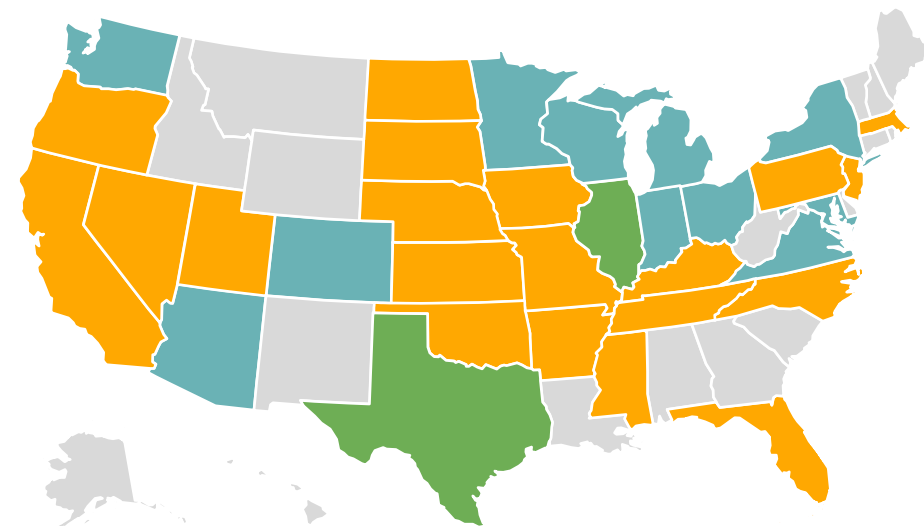
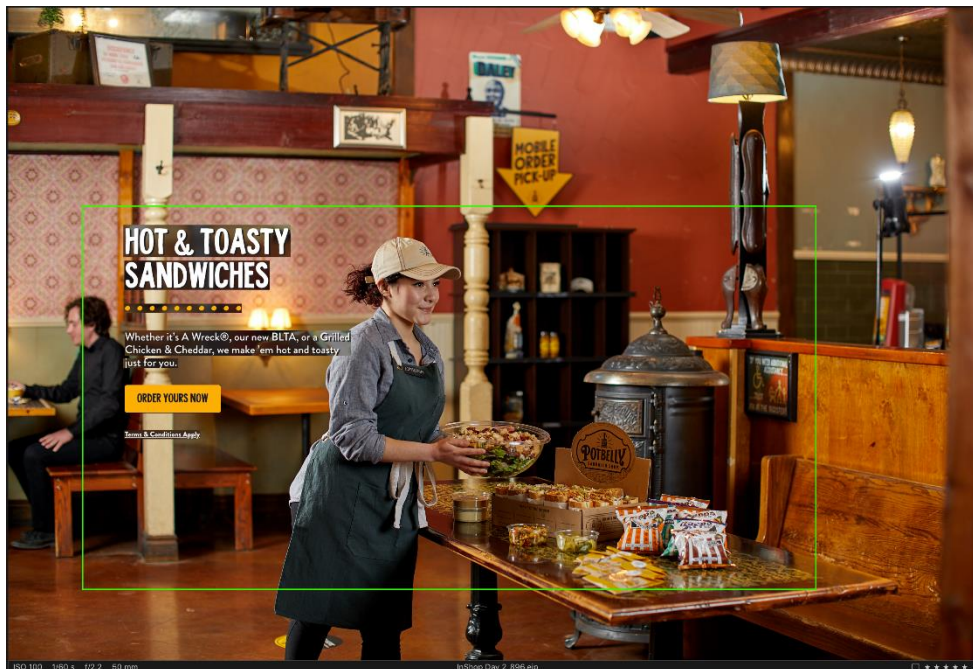
In addition to historical information, this press release contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, Section 21E of the Securities Exchange Act of 1934, as amended and the Private Securities Litigation Reform Act of 1995. Forward-looking 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 press release may include, among others, statements relating to our future financial position and results of operations, business strategy, budgets, projected costs and plans and objectives of management for future operations, our expectations regarding improvements in top-line results throughout each fiscal quarter in 2021, our expectation that the majority of our operating earnings and Adjusted EBITDA will be generated in the second half of 2021, our expectation that we will deliver enterprise-level profitability and positive cash flow during the second half of 2021, the strengthening of our liquidity position throughout 2021 and our intention to stay disciplined in controlling costs and balanced in investing in our strategic initiatives. 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 press release 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, adjusted net income, and shop-level profit margin, 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.

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

- Strong heritage – founded in Chicago in 1977
- ~400 locations today, including 40 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



Orange <10 Shops

Teal 10-50 Shops

Green 50+ Shops

Why Invest in PBPB?



Strong Brand, Differentiated Experience

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



Rebuilt Leadership Team

New CEO, CFO, COO, CLO, CPO, CDO and reinvigorated results-oriented culture



Executing New Strategic Plan

'Traffic-Driven Profitability' Strategic Plan with five key pillars to return to profitable long-term growth



Progress on Strategic Initiatives

Positive momentum with Simplified Menu, Tech Stack, Scale Media and Perks Loyalty Program



Franchise Focused Development

Significant growth opportunity given under penetration across much of U.S. and highly scalable brand



Stronger Financial Foundation to Fund Growth Initiatives

Streamlined platform, lower cost structure, and recently enhanced balance sheet to support future operating leverage and growth



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

Rebuilt Leadership Team: Deep Restaurant Experience



Bob Wright

President & CEO



Steve Cirulis

Chief Financial Officer



Adam Noyes

Chief Operating Officer



Adiya Dixon

Chief Legal Officer



Scott Swayne

Chief People Officer



Jeffrey Douglas

Chief Information Officer



Larry Strain

Chief Development Officer

Strategic Focus: Traffic-Driven Profitability



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



- Simplified Menu to improve traffic, customer experience & value perceptions
- Testing progressing at more locations since Apr'21
- Consolidating menu boards, wider price ladder
- Product enhancements like smaller sandwiches and half salads outside of popular Pick-Your-Pair offering
- Larger-sized options with more meat, cheese and toppings
- Menu rollout expected across all shops in 2H'21

What'll it be?

SIZE

SKINNY
ORIGINAL
BIG

BREAD

WHITE or MULTIGRAIN
For less bread, try it 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 **ONLY 2.99**
Chips + Reg. Fountain Drink cal 140-510
or a Large Drink for 20¢ more (add 0-150 cal)

Kids Combo **ONLY 4.99**
Ages 12 and under. Choose one:
Turkey & Swiss 330 cal
Ham & Swiss 370 cal
PB & J 550 cal
Mac & Cheese 310 cal
It also comes with...
Bottled Water 0 cal Mini Oatmeal Chocolate
Apple Sauce 50 cal Chip Cookie 100 cal

TOASTY SANDWICHES

V CAN BE MADE VEGAN

A Wreck

A meaty fan favorite!
Turkey breast, hickory smoked ham,
Angus roast beef, salami, swiss

SKINNY 5.29 400 cal ORIGINAL 7.29 660 cal BIG 10.49 980 cal

Avo Turkey **FRESH SLICED**

Hand-sliced turkey breast,
swiss, fresh-sliced avocado,
cucumber

SKINNY 5.49 390 cal ORIGINAL 8.29 640 cal BIG 11.49 950 cal

Steakhouse Beef

Angus roast beef,
crumbled blue cheese,
provolone, horseradish aioli

SKINNY 5.49 470 cal ORIGINAL 8.29 790 cal BIG 11.49 1180 cal

Pizza Melt

Pepperoni, old-world capicola,
crumbled meatball, marinara sauce,
provolone, mushrooms, Italian seasoning

SKINNY 5.29 450 cal ORIGINAL 7.49 750 cal BIG 10.49 1120 cal

BLTA **FRESH SLICED**

Applewood smoked bacon,
lettuce, tomato,
and fresh-sliced avocado

SKINNY 5.49 410 cal ORIGINAL 8.29 680 cal BIG 11.49 1000 cal

Italian

Salami, old-world capicola,
pepperoni, mortadella,
provolone

SKINNY 5.29 440 cal ORIGINAL 7.29 730 cal BIG 10.49 1070 cal

Chicken Club

All-natural grilled chicken,
applewood smoked bacon,
cheddar

SKINNY 5.49 420 cal ORIGINAL 8.29 690 cal BIG 11.49 1030 cal

Veggie Melt **FRESH SLICED**

Fresh-sliced avocado,
mushrooms, swiss,
cheddar, provolone

SKINNY 4.99 440 cal ORIGINAL 7.29 750 cal BIG 10.49 1110 cal

Mediterranean

All-natural grilled chicken, feta,
hummus, artichoke hearts,
roasted red peppers, cucumbers

SKINNY 5.49 410 cal ORIGINAL 7.79 670 cal BIG 10.99 1000 cal

Mama's Meatball

Homestyle beef + pork meatballs,
marinara sauce, provolone,
Italian seasoning

SKINNY 5.49 530 cal ORIGINAL 7.49 910 cal BIG 10.99 1360 cal

...or keep it simple

SKINNY 4.49 ORIGINAL 6.59 BIG 9.49

Turkey Breast & Swiss
cal 330 | 520 | 770

Smoked Ham & Swiss
cal 370 | 590 | 880

Roast Beef & Provolone
cal 380 | 610 | 910

Grilled Chicken & Cheddar
cal 360 | 570 | 850

Tuna Salad & Swiss
cal 440 | 730 | 1080

Chicken Salad & Provolone
cal 440 | 740 | 1110

FREE TOPPINGS

PRICE VARIES BY SIZE

MAYO cal 50-150
DELI MUSTARD cal 10-25
HOT PEPPERS cal 15-40
LETTUCE cal 0-10
ONION cal 0-5

TOMATO cal 0-10
PICKLE cal 0
OIL cal 20-60
ITALIAN SEASONING cal 0

EXTRAS

BACON cal 60-180
AVOCADO cal 60-180
MUSHROOMS cal 0-10

DOUBLE CHEESE cal 35-400
DOUBLE MEAT cal 60-720

Calorie range varies by sandwich size

SOUPS

MAC!

CUP cal 230 | 350 BOWL cal 250 | 370

Broccoli Cheddar cal 230 | 350

Garden Vegetable cal 70 | 110

Loaded Baked Potato cal 210 | 310

Chicken Pot Pie cal 420 | 560

Chili cal 250 | 370

Mac & Cheese cal 310 | 480

SALADS

HALF 5.99 WHOLE 7.99

Farmhouse cal 400 | 790
All-natural grilled chicken, bacon,
crumbled blue cheese, egg, cucumbers,
tomatoes, field greens, buttermilk ranch

Apple Walnut cal 430 | 850
All-natural grilled chicken,
crumbled blue cheese, grapes, apples,
dried cranberries, candied walnuts,
field greens, balsamic vinaigrette

Powerhouse cal 280 | 560
All-natural grilled chicken, avocado,
hummus, egg, cucumbers, tomatoes,
field greens, fat free vinaigrette

Chicken Salad Salad cal 230 | 460
Chicken salad, provolone,
dried cranberries, cucumbers, tomatoes,
field greens, balsamic vinaigrette

SHAKES

REGULAR 4.29

Oreo Cookie 770 cal

Chocolate 770 cal

Strawberry 710 cal

Vanilla 700 cal

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Pillar 2: People Creating Good Vibes



2



- Continue to embrace 'Hire for attitude, train for skills' mantra
- Appointed Scott Swayne as Chief People Officer (CPO) to further drive results-oriented culture
- Hours-based labor management improves deployment and employee performance while reducing cost
- New bonus program to motivate top talent & drive performance
- 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
- 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



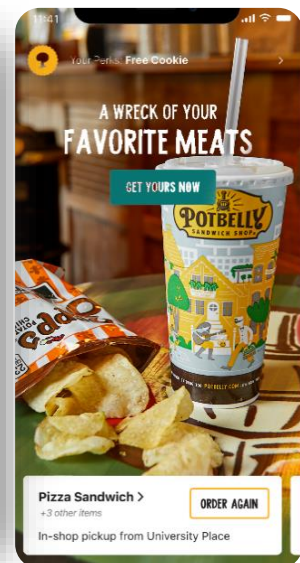
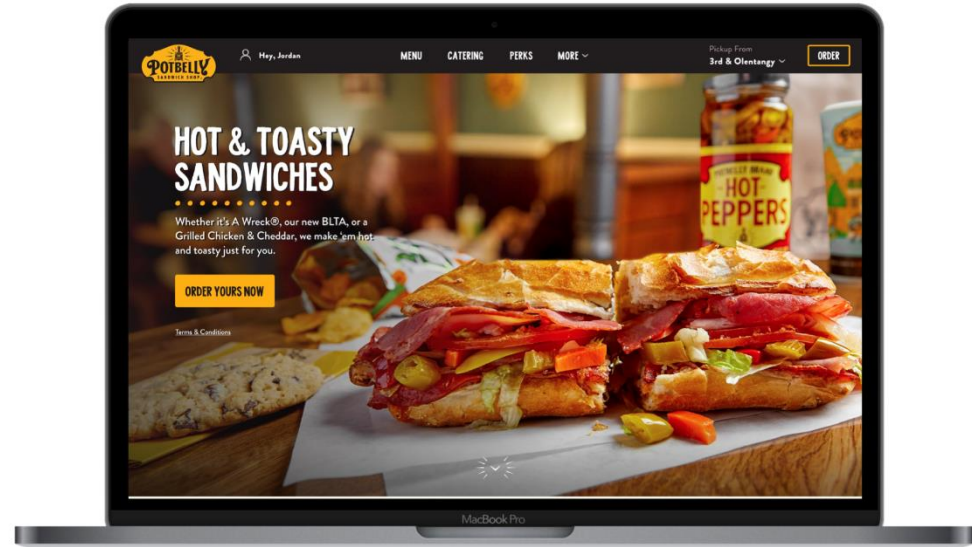
Pillar 4: Digitally-Driven Awareness, Connection & Traffic



4



- New website, app and improved online ordering
- Grow Perks Loyalty Program from current base of 2.3M members and 197K Monthly Average Users (MAU)
- Focus on Scale Media and enhance Local Shop Marketing (LSM) to grow traffic and frequency
- Creative approach leverages Potbelly user with customer-generated content
- Tech Stack launch slated Q3'21



5



- 3-5 new franchised shops slated for 2021, with significant annual growth expected to commence in 2022
- Potbelly's brand recognition and growth potential creates unique franchise opportunity
- Enhanced unit level economics and shop margins should bring additional experienced franchisees
- Appointment of Larry Strain as CDO adds expertise to franchise development strategy



WHY POTBELLY OWN YOUR OWN POTBELLY AVAILABLE AREAS INVESTMENT FAQs GET STARTED

JUST 8 SIMPLE STEPS

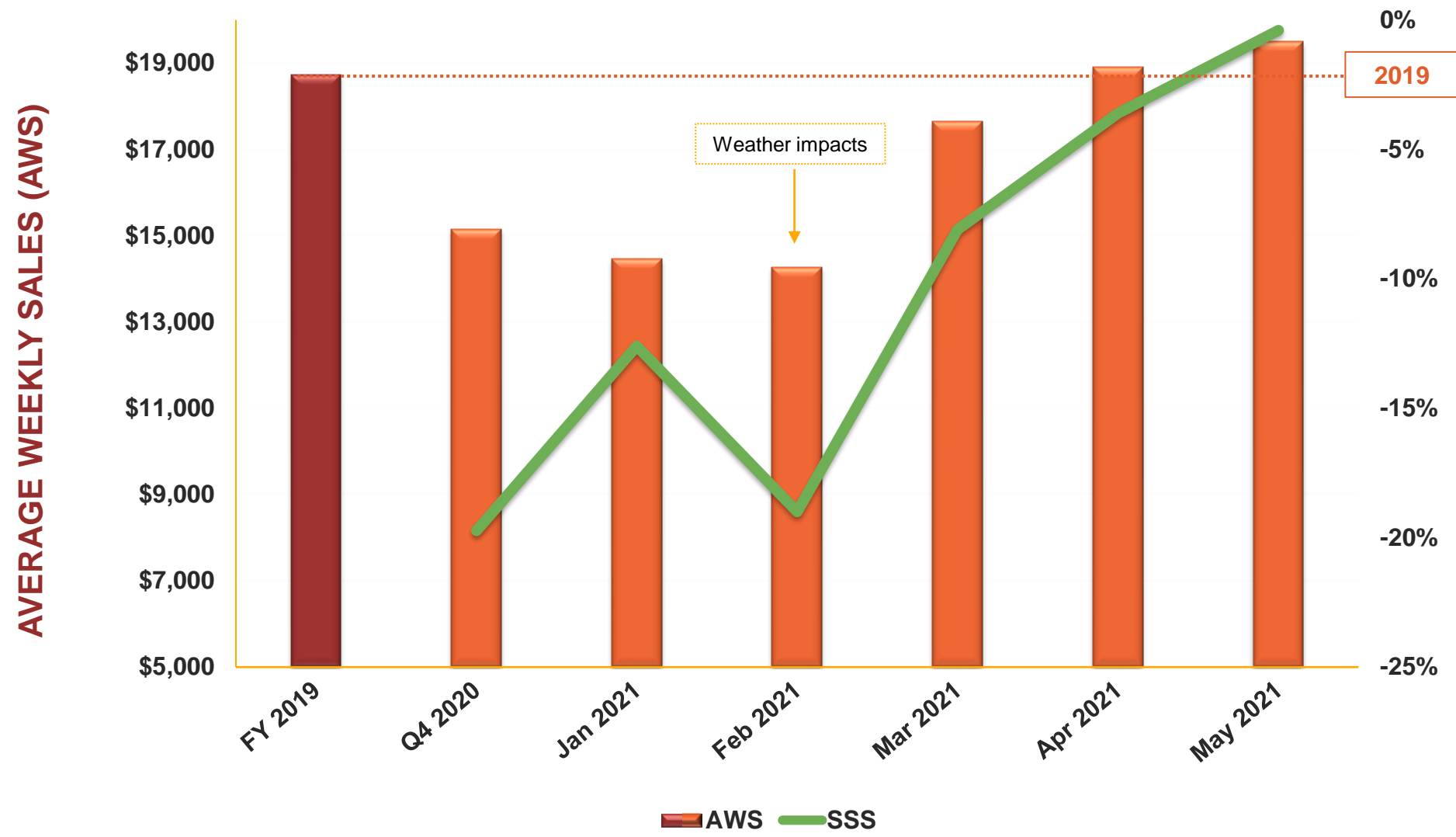
- 1 Complete and submit the Get Started form to let us know you are interested
- 2 Telephone call with a member of the Potbelly Franchise Team
- 3 Attend "Discovery Day" at the Potbelly Support Center in Chicago
- 4 Go on a "Day in the Life" in-shop experience
- 5 Sign the Potbelly Franchise agreement and start looking for your perfect shop
- 6 Attend the design and construction workshop
- 7 Get trained on all things Potbelly
- 8 Build your shop and hire your team

A SHOP FOR EVERYONE

Strong Recovery drives SSS to Pre-Pandemic Levels



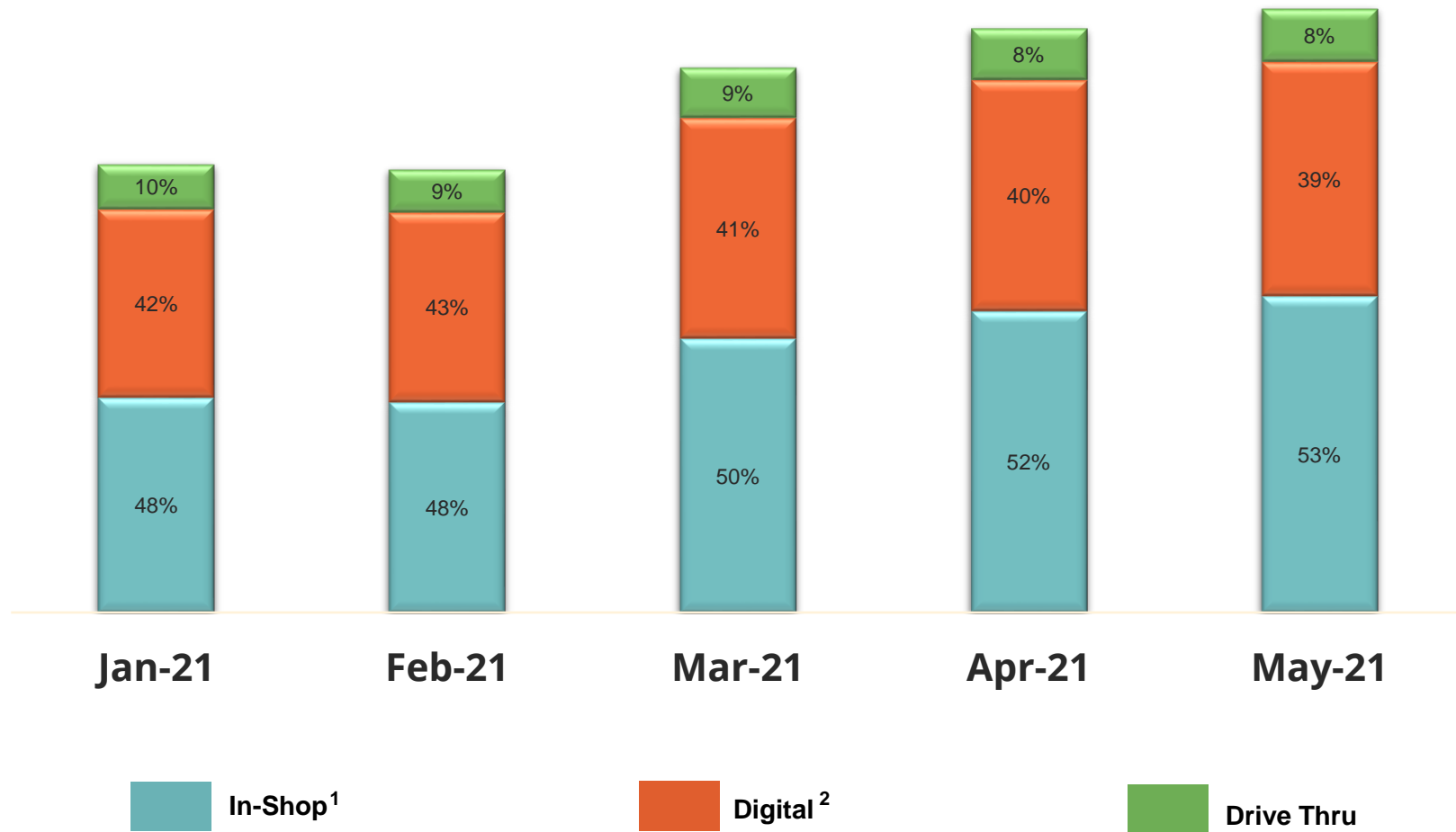
Average Weekly Sales by Shop and '19 vs. '21 SSS Comps



Blending In-Shop and Digital Trends: Consistent Mix



Monthly AWS by Service Mode for FY'21



(1) In-Shop includes all revenue for in-shop and take out services

(2) Digital includes all revenue for delivery and pick up services through mobile ordering and catering

2021 Outlook: 1H Recovery & 2H Acceleration



Strategic initiatives and economic recovery expected to support sequential quarterly improvement in performance and return to positive cash flow and enterprise profitability in second half of 2021

1H'21



- Consumer spending trends expected to improve as COVID-19 infections decrease and vaccinations increase
- 1H'21 expected to track above 2H'20, with recovery accelerating mid-year
- Enter year with roughly \$11.3 million in deferred cash expense, \$3.5 million of which was paid in Q1'21 with balance to be paid throughout 2021
- Project shop-level profitability for 1H'21
 - ✓ *Achieved in Q1'21 ahead of plan*

2021



- Expect sequential improvement in top-line results throughout each quarter of fiscal 2021
- Planning 3-5 franchise openings and no new corporate openings/closures at this time
- Will generate the majority of operating earnings and Adjusted EBITDA during 2H'21
- Expect to deliver enterprise-level profitability as well as positive cash flow in 2H'21
 - ✓ *Positive cash flow now projected Q3'21*

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APPENDIX:

GAAP to Non-GAAP Reconciliations



Q1 2021 Performance Review: Q/Q



(\$s in millions)

	Q1 2021	Q4 2020
Revenue	\$78.1	\$74.9
Same Store Sales (SSS)	(3.1%)	(19.7%)
GAAP Net Income (Loss)	(\$14.5)	(\$16.4)
Adjusted Net Income (Loss)*	(\$8.5)	(\$13.7)
Adjusted EBITDA*	(\$6.6)	(\$6.9)
G&A/Sales	9.5%	8.9%
COGS/Sales	27.7%	28.5%
Labor/Sales	36.9%	36.5%
Other Operating Expenses/Sales	17.2%	17.7%
Liquidity Position**	\$33.5	\$44.6

* See Appendix to this presentation for GAAP to Non-GAAP reconciliations

** Liquidity Position is defined as cash on hand and availability under the revolving credit facility

Q1 2021 Adjusted Net Income: Q/Q



(\$s in millions)

	Q1 2021	Q4 2020
Net Loss	(\$14.5)	(\$16.4)
Disposals, Impairment & Closures	\$3.1	\$2.7
Restructuring Costs	-	\$1.7
Income Tax Adjustments	\$2.9	(\$1.7)
Adjusted Net Loss	(\$8.5)	(\$13.7)

Q1 2021 Adjusted EBITDA: Q/Q



(\$s in millions)

	Q1 2021	Q4 2020
Net Loss	(\$14.5)	(\$16.4)
Depreciation Expense	\$4.2	\$4.7
Interest Expense	\$0.3	\$0.3
Income Tax Expense (Benefit)	\$0.05	\$0.05
EBITDA	(\$10.0)	(\$11.3)
Disposals, Impairment & Closures	\$3.1	\$2.7
Stock Compensation	\$0.2	\$0.03
Restructuring Costs	-	\$1.7
Adjusted EBITDA	(\$6.6)	(\$6.9)

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 special items that affect the comparability of results in past quarters. 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."

Definitions

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

- **Revenues** – represents net company-operated sandwich shop sales and our franchise operations. 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** – represents the change in year-over-year sales for the comparable company-operated store base open for 15 months or longer.
- **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 as well as other items that we do not consider representative of our ongoing operating performance.
- **Shop-level profit** – represents income (loss) from operations less franchise royalties and fees, 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 margin** – represents shop-level profit expressed as a percentage of net company-operated sandwich shop sales.

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