



**William Blair Conference
June 4, 2024**

Jalapeño Popper Chicken

Cautionary Statements

Forward-Looking Statements

In addition to historical information, this presentation and our earnings conference call contain 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, (ii) business strategy, including our five-pillar strategic plan and our short- and long-term goals, (iii) growth potential, including franchise unit growth, (iv) ability to sustain progress made towards our profitability targets and long-term strategic growth, (v) intentions to leverage sales and control costs, (vi) expectation that we will make meaningful progress in Potbelly's next phase of growth, (vii) anticipated revenue and profitability growth in 2024, (viii) expectations and plans for new shop development deals and new shop openings in 2024; (ix) expectations regarding digital business growth and opportunities for digital innovation; and (x) plans for food and marketing innovations, including our marketing initiatives; (xi) ability to drive demand and value for customers; (xii) fiscal year 2024 outlook including our projections regarding AWSs, AUVs, same-store sales growth, shop-level margin, adjusted EBITDA and unit growth; (xiii) expectations for a 2,000 unit system; and (ix) expectations regarding our new reporting framework.

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, compliance with covenants in our credit facility; competition; general economic conditions, including any impact from inflation; our ability to successfully implement our business strategy, including the success of our franchising initiatives; changes in commodity, energy and other costs; our ability to attract and retain management and employees and adequately staff our shops; 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 the Company's filings with the U.S. Securities and Exchange Commission, including the Company's 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.

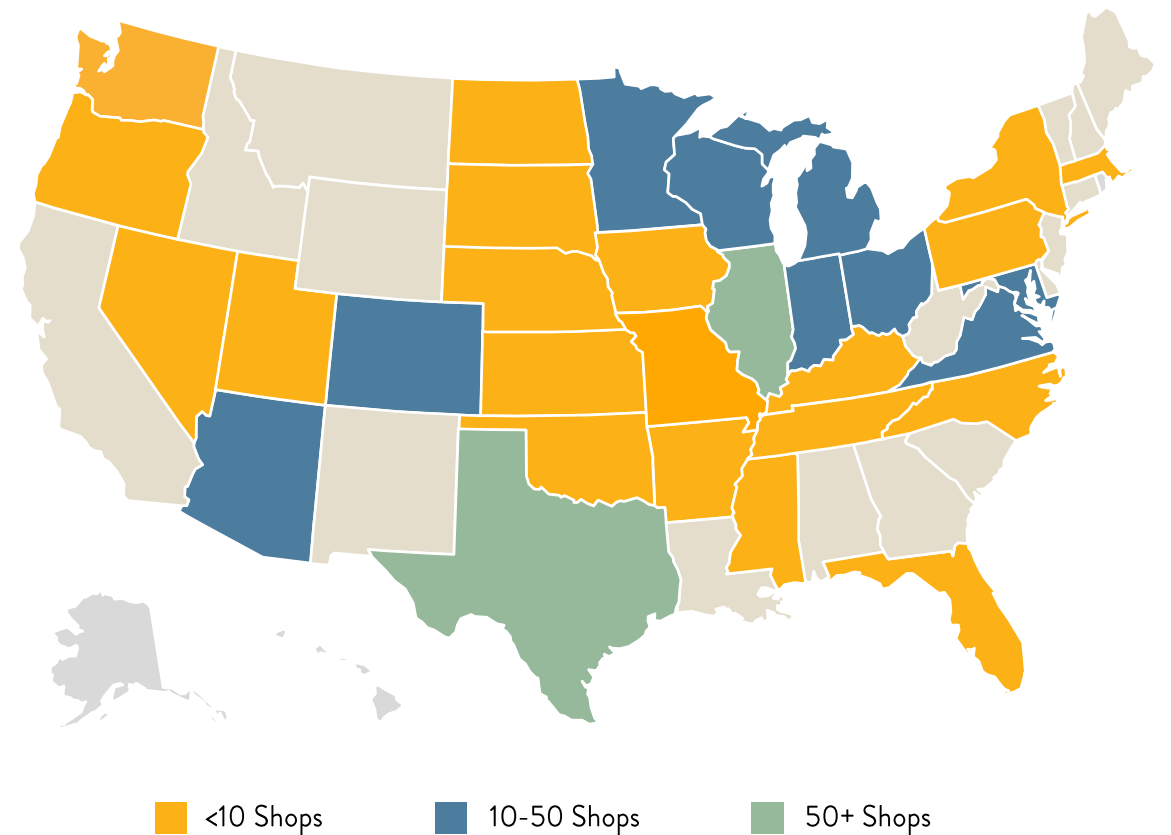
Note Regarding Non-GAAP Measures

We prepare our financial statements in accordance with Generally Accepted Accounting Principles ("GAAP"). Within this presentation, 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 presentation, 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 presentation may be different from the methods used by other companies. For more information on the non-GAAP financial measures, please refer to the tables in Appendix: GAAP To Non-GAAP Reconciliations. 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 and Adjusted EBITDA 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
- 427 locations today, including 82 franchise shops in the U.S.
- Delicious, craveable food made-to-order with fresh, high-quality ingredients
- Authentic concept with loyal customer base:
 - Inviting neighborhood feel
 - Fresh, Fast & Friendly service
 - Unique brand position



427 Total Shops with 2,000 Targeted Shops

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 and growing



Strong Leadership Team

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



Proven History Of Executing Against Five-Pillar Strategy

Positive momentum driven by renewed focus on food innovation and promotions; enhanced loyalty program to driving an increase in user base and heightened engagement



Sustainable Profitability Improvements

Targeted annual restaurant margin expansion in 2024 and beyond with ongoing efforts to improve costs including a new smaller footprint prototype which could benefit margins by multiple percentage points



Accelerating Unit Growth

Capital light franchise growth targets of achieving 10% unit growth in 2024 and low-double digit growth thereafter 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 Operating Officer



Adiya Dixon
Chief Legal Officer



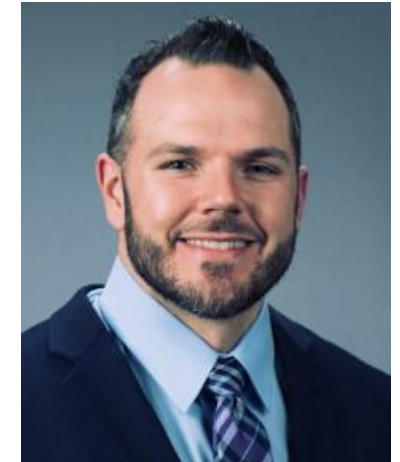
Jeffrey Douglas
Chief Information Officer



David Daniels
Chief Marketing Officer



Lynette McKee
SVP, Franchising



Patrick Walsh
Chief People 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

Mission: To delight customers with GREAT FOOD & GOOD VIBES
Vision: To be the most loved sandwich brand in EVERY NEIGHBORHOOD

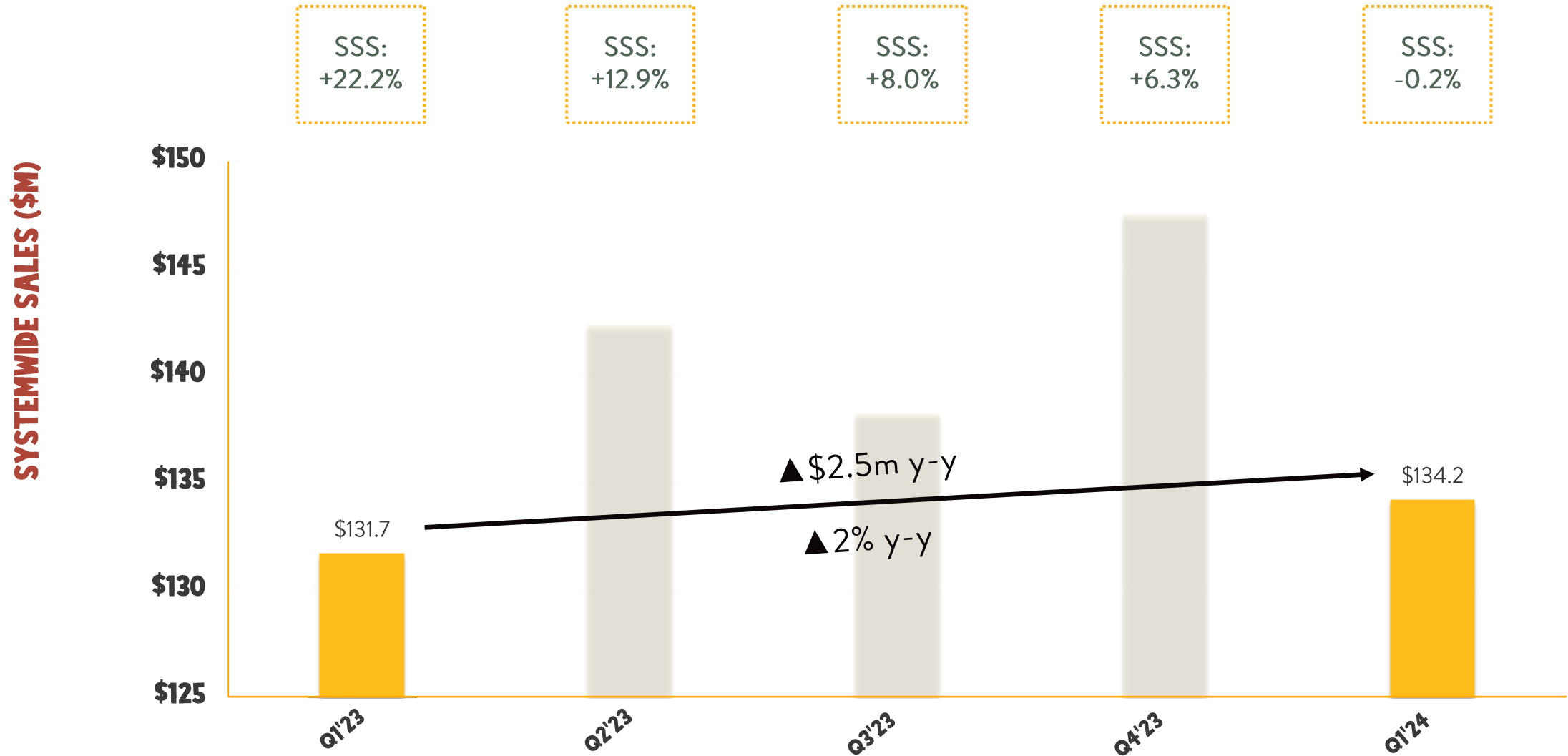


FINANCIAL RESULTS

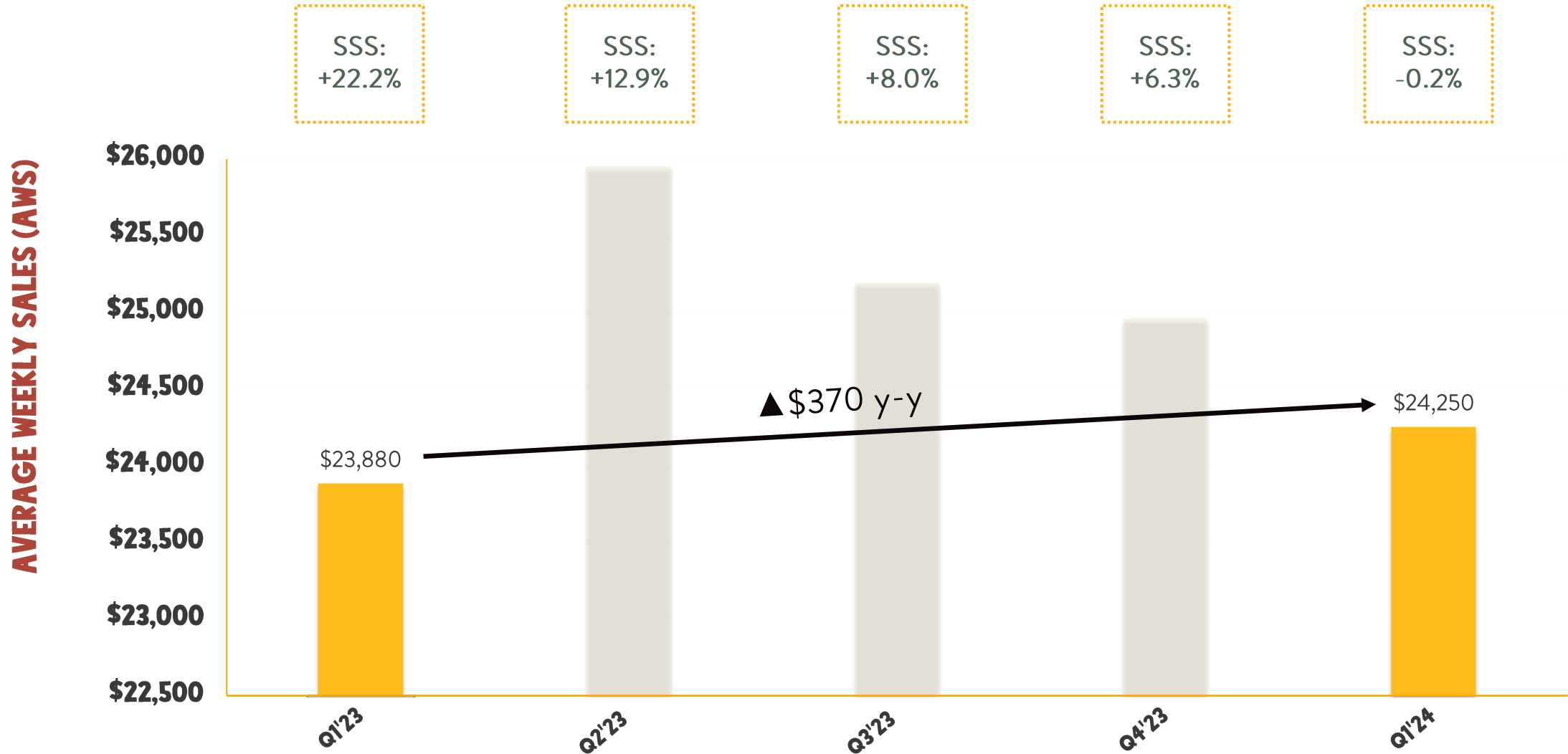
Sustainable Top-Line Growth & Profitability Improvements



Continued Systemwide Sales Growth

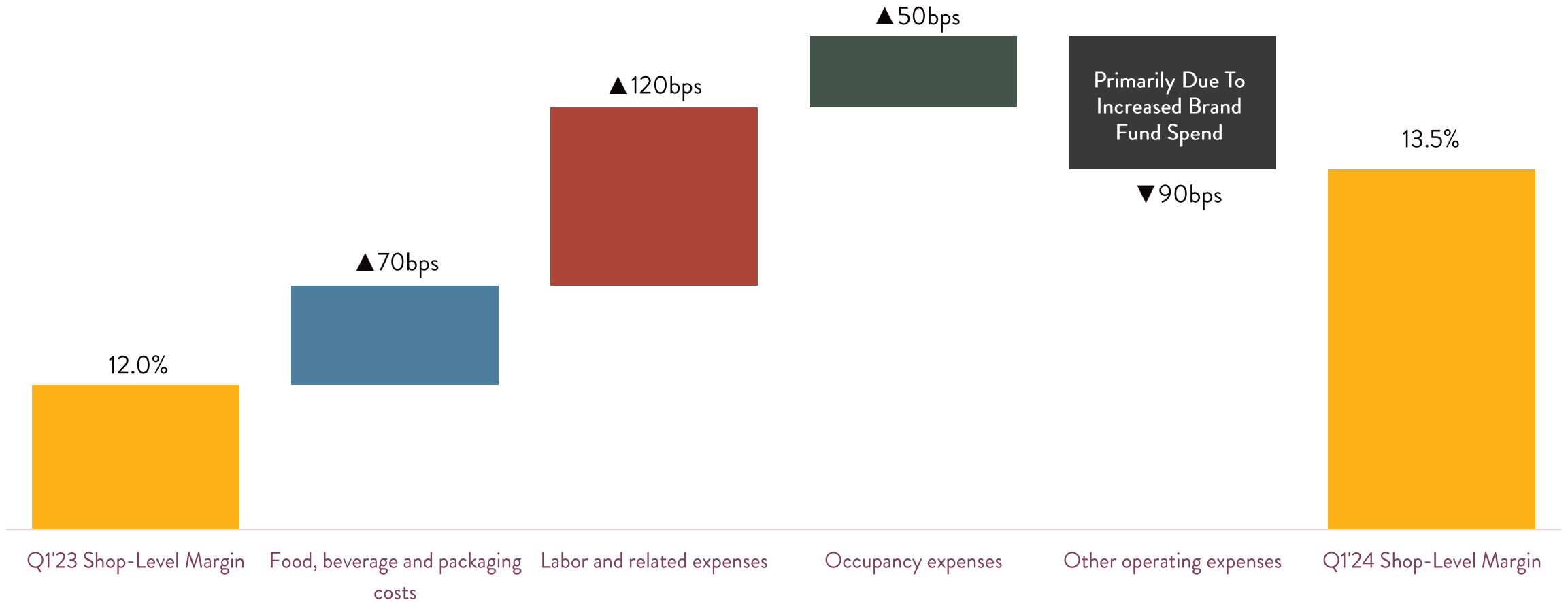


Company Operated AWS Growth



Note: AWS figures rounded to nearest \$10;

Strong Growth in Shop-Level Profit Margin



Note: Bridged incremental figures rounded to nearest 10 basis points



DIGITALLY-DRIVEN

Enhanced Potbelly Perks Loyalty Program

☀️ New program launched on Monday, January 22nd

☀️ Previous Program

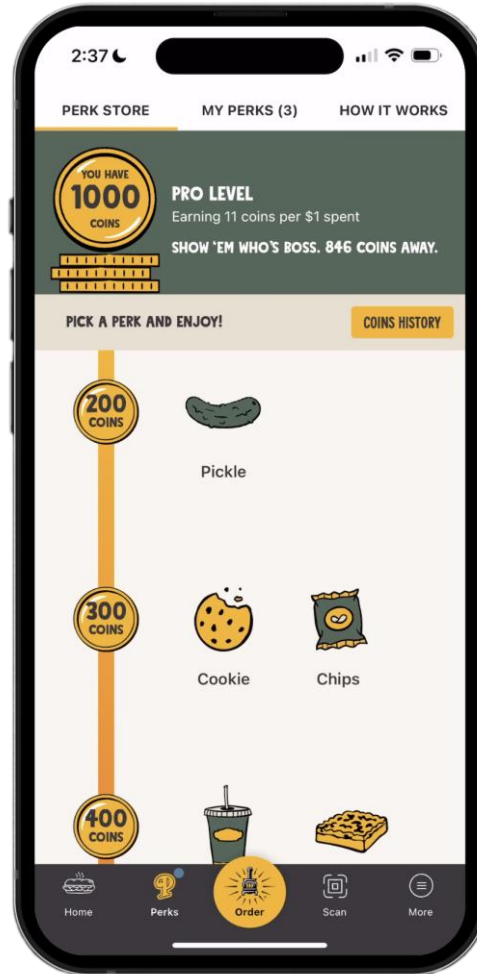
- 10 points per \$1 spent
- 1,000 points for a free Original sandwich

☀️ New Program

- Three Member Levels
 - Rookie Level – 0+ coins earned per year
 - 10 coins per \$1 spent
 - Pro Level – 2,000+ coins earned per year
 - 11 coins per \$1 spent
 - Boss Level – 5,000+ coins earned per year
 - 12 coins per \$1 spent
- Multiple Redemption Tiers Ranging From:
 - 200 coins – Pickle
 - 1,500 coins – Big sandwich



Success of Enhanced Potbelly Perks Loyalty Program



OLD



NEW



Active Members

+36% YoY



FRANCHISE-FOCUSED DEVELOPMENT

Sustainable Long-Term Unit Growth



Accelerating Franchise Growth

☀️ Outstanding Brand with Significant Growth Potential

- 47 years of success with distinct fast casual sandwiches, soups, salads and desserts
- Broad appeal to consumers, operators and employees
- Significant multi-unit market development potential

☀️ World-Class Franchise Growth Company

- Franchising team leads market planning, recruitment and franchisee selection
- Development team leads shop development design, engineering and construction
- Systems, processes and tools designed to support operations, marketing and development for all owners/operators

☀️ Strong Economic Model

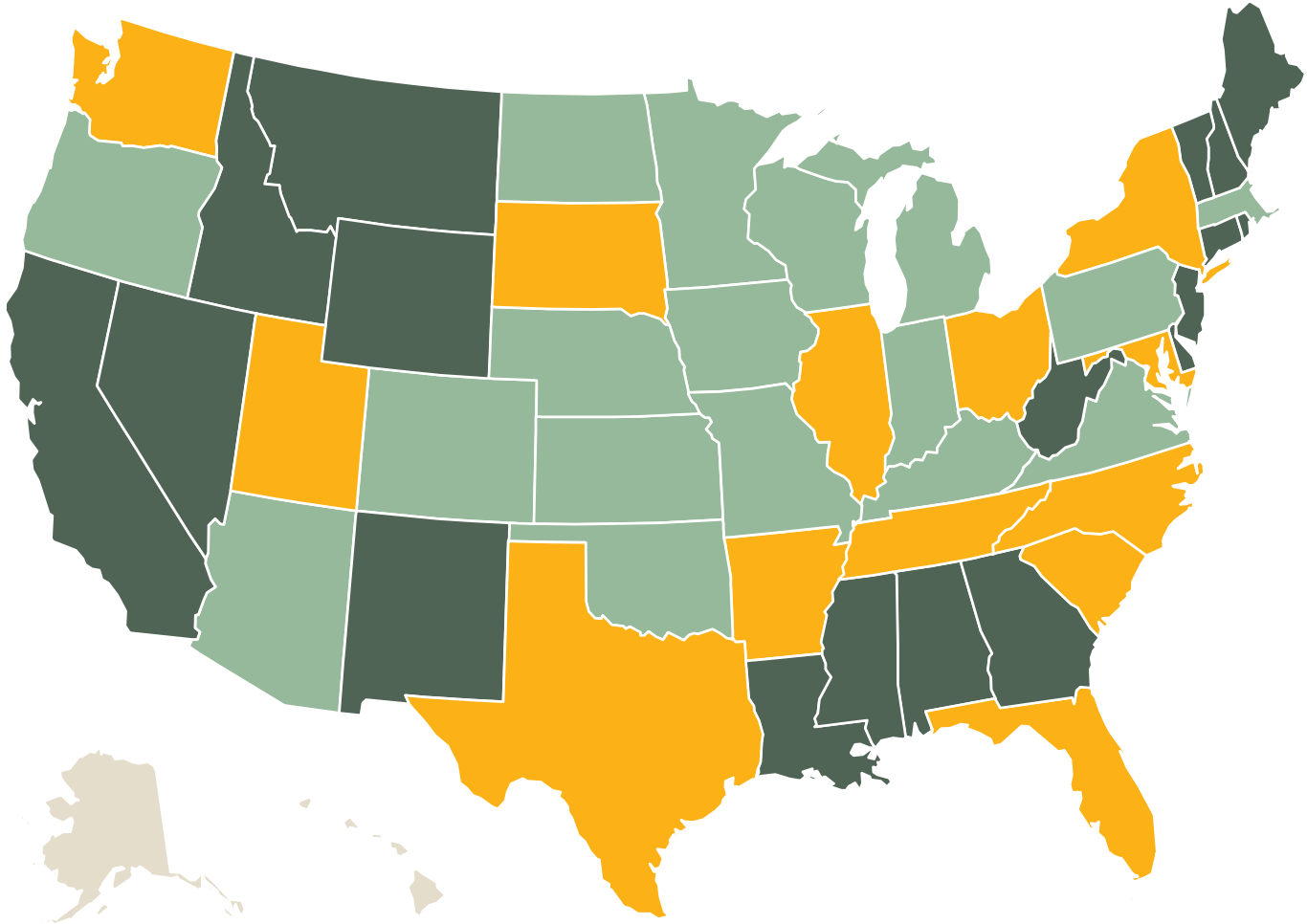
- Among the Highest Average Unit Volume (AUV) in sandwich category
- ~2:1 Sales to investment ratio
- Attractive investment and operating unit-level economics

☀️ New 1,800 Square Foot Prototype Design

- 500 square feet smaller than current average
- Flexible design expands franchise real estate options
- Benefits dine-in and digital customer experiences and adds operations efficiency



Franchise Growth Acceleration (FGA) Initiative



Available

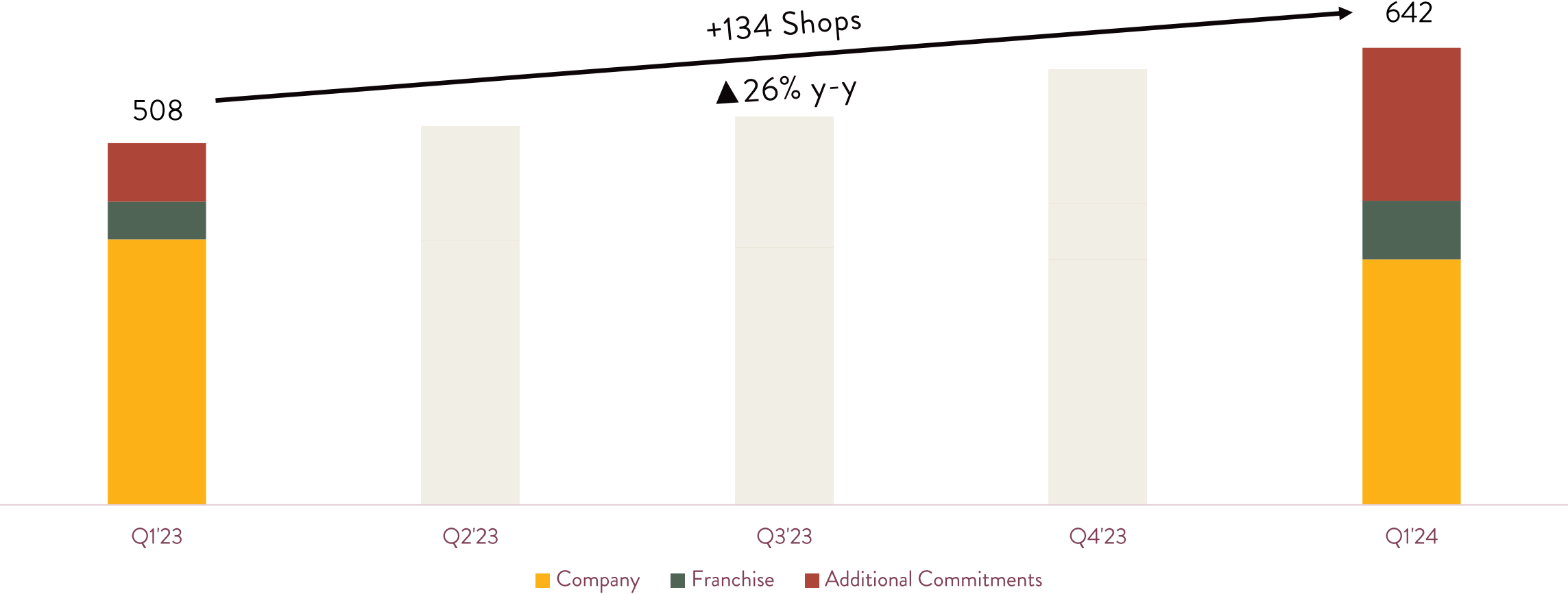
Limited Availability

Unavailable

New Development Commitments

Franchise Growth Acceleration (FGA) Initiative

642 Open and Committed Shops mark progress toward 2,000 Shop Target





FINANCIAL OUTLOOK

From Turnaround Story to Growth Story



Financial Outlook

Q2'24 Guidance

Same Store Sales

0.0% to +2.0%

Adjusted EBITDA

\$7.0M to \$8.5M

Financial Outlook

	2024 Guidance	Long-Term Growth Ranges
Same Store Sales % Growth	Low-Single Digit	Low-Single Digit to Mid-Single Digit
New Unit % Growth	~10%	Low-Double Digit
Adjusted EBITDA % Growth	Mid-Single Digit to High-Single Digit	Low-Double Digit to Mid-Double Digit

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 and growing



Strong Leadership Team

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



Proven History Of Executing Against Five-Pillar Strategy

Positive momentum driven by renewed focus on food innovation and promotions; enhanced loyalty program to driving an increase in user base and heightened engagement



Sustainable Profitability Improvements

Targeted annual restaurant margin expansion in 2024 and beyond with ongoing efforts to improve costs including a new smaller footprint prototype which could benefit margins by multiple percentage points



Accelerating Unit Growth

Capital light franchise growth targets of achieving 10% unit growth in 2024 and low-double digit growth thereafter with long-term goal of ~2,000 shops



APPENDIX:

FINANCIAL REVIEW AND GAAP TO NON-GAAP RECONCILIATIONS



Q1'24 Performance Review: Adjusted Net Income

<i>In Millions</i>	Q1 2024	Q1 2023
Net Loss to PBPB	(\$2.8)	(\$1.3)
Impairment, Disposals & Closures	\$0.7	\$1.0
Loss on Extinguishment of Debt	\$2.4	\$0.2
Loss on FGA Initiative	\$0.1	\$0.9
Income Tax Adjustments	(\$0.3)	(\$0.3)
Adjusted Net Income	\$0.2	\$0.6

Note: Totals may not foot due to rounding.

Q1'24 Performance Review: Adjusted EBITDA

<i>In Millions</i>	Q1 2024	Q1 2023
Net Loss to PBPB	(\$2.8)	(\$1.3)
Depreciation Expense	\$3.0	\$3.0
Interest Expense	\$0.4	\$0.7
Income Tax Expense	\$0.1	\$0.1
EBITDA	\$0.7	\$2.4
Impairment, Disposals & Closures	\$0.7	\$1.0
Stock Compensation	\$1.8	\$0.9
Loss on Extinguishment of Debt	\$2.4	\$0.2
Loss on FGA Initiative	\$0.1	\$0.9
Adjusted EBITDA	\$5.7	\$5.6

Note: Totals may not foot due to rounding.

Q1'24 Performance Review: Shop Margin

<i>In Millions--</i>	Q1 2024	Q1 2023
Income from Operations [A]	\$0.1	(\$0.2)
<i>Income from operations margin [A ÷ B]</i>	0.1%	(0.2%)
Less: Franchise Revenue	\$3.6	\$1.3
Franchise Support, Rent & Marketing	\$2.5	\$0.6
G&A Expense	\$11.5	\$10.0
Pre-opening Costs	--	\$0.0
Loss on FGA Initiative	\$0.1	\$0.9
Depreciation Expense	\$3.0	\$3.0
Impairment, Disposals & Closures	\$0.7	\$1.0
Shop-level Profit [C]	\$14.5	\$14.0
Total Revenues [B]	\$111.2	\$118.3
Less: Franchise Revenue	\$3.6	\$1.3
Sandwich Shop Sales, Net [D]	\$107.6	\$116.9
Shop-level Margin [C ÷ D]	13.5%	12.0%

Note: Totals may not foot due to rounding.

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 presentation, 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.

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

- **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 royalty income, franchise fees, and other fees collected from franchisees including advertising and rent.
- **Company-operated comparable store-sales or same-store traffic**– an operating measure that represents the change in year-over-year sales or entrée counts for the comparable company-operated store base open for 15 months or longer. In fiscal years that include a 53rd week, the last week of the fourth quarter and fiscal year is excluded from the year-over-year comparisons so that the time periods are consistent. In fiscal years that follow a 53-week year, the current period sales are compared to the trailing 52-week sales to compare against the most closely comparable weeks from the prior calendar year.
- **Average Weekly Sales (AWS)** – an operating measure that represents the average weekly sales of all company-operated shops which reported sales during the associated time period.
- **Average Unit Volume (AUV)** – an operating measure that represents the average annual sales of all company-operated shops which reported sales during the associated time period.
- **System-wide sales** – an operating measure that represents the sum of sales generated by company-operated shops and sales generated by franchised shops, net of all promotional allowances, discounts, and employee meals. Net sales from franchised shops are not included in total revenues. Rather, revenues are limited to the royalties, fees and other income collected from franchisees.
- **EBITDA** – a non-GAAP measure that represents income before depreciation and amortization expense, interest expense and the provision for income taxes.
- **Adjusted EBITDA** – a non-GAAP measure that 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** – a non-GAAP measure that represents income (loss) from operations excluding franchise royalties and fees, franchise support, marketing and rent expenses, general and administrative expenses, depreciation expense, pre-opening costs, restructuring costs, loss on Franchise Growth Acceleration Initiative activities and impairment, loss on the disposal of property and equipment and shop closures.
- **Shop-level profit margin** – a non-GAAP measure that represents shop-level profit expressed as a percentage of net company-operated sandwich shop sales.
- **Adjusted net income (loss)** – a non-GAAP measure that 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** – a non-GAAP measure that represents adjusted net income (loss) divided by the weighted average number of fully dilutive common shares outstanding.
- **Shop commitments** – an operating measure that represents the number of company and franchise shops that are committed to be developed. For franchise shops, a shop development area agreement (SDAA) or standalone franchise agreement represents a commitment. For company shops, a commitment is made through a good faith combination of business decision-making and capital allocation needed to develop and operate a new shop location.

Investor Relations Contacts



Investor Relations Contacts:

Jeff Priester

ICR

investor@potbelly.com