



Third Quarter Earnings Presentation

November 5, 2020



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," "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 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. 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's business stabilized in the third quarter as COVID-19 consumer trends took root and patterns began to emerge

- SSS improved throughout the quarter, increased for 6 straight months (May-Oct)
- Reached profitability at the shop level during the quarter and continued through the end of October
- Drive-thrus and digital channels showed sequential and Y/Y positive comps
- Suburban shops outperformed system as work-from-home trends continued
- Perks membership continued to accelerate and Perks-related sales increased by over \$1 million Q/Q
- Cash on hand was \$23.4 million as of September 27, 2020, and total liquidity of \$50.8 million was up from \$45.8 million as of Q2'20
- Reopened 14 shops that had been previously closed, expect additional 10 in Q4
- Opened two new franchised shops in North Carolina and one company-owned in Illinois, expect two franchised shops and one company-owned shop in Q4
- Strengthening the Potbelly shop base with 25-30 permanent shop closures and 280 leases renegotiated to date

Transition: Pandemic-Response to Turnaround & Growth

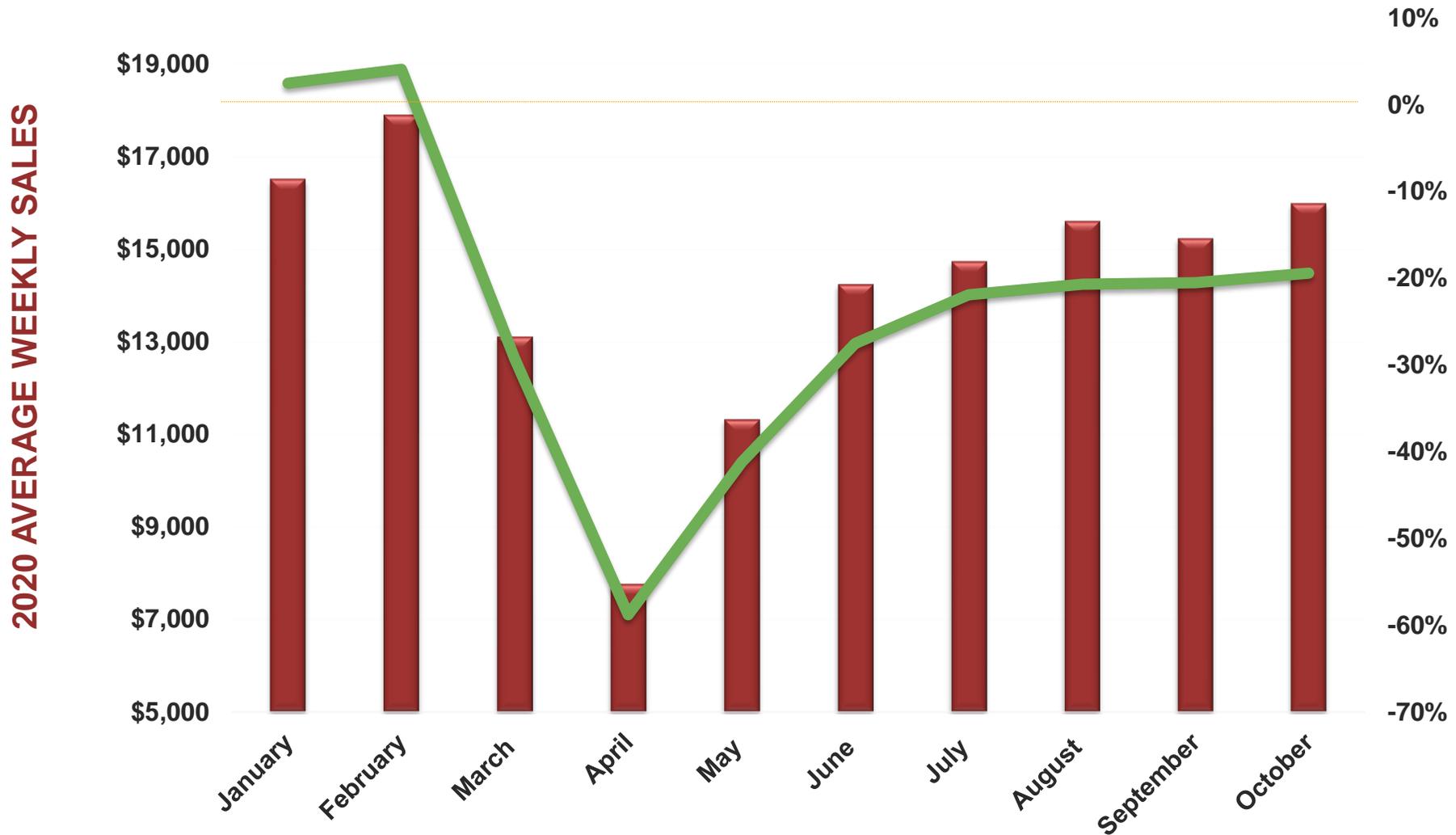


- ✓ New seasoned COO, with a proven track record
- ✓ Deep clean and reset of dining rooms to welcome back customers
- ✓ Expanded hours of operation back to pre-COVID levels in most shops
- ✓ Simplified points-based Perks program and beginning to deliver results
- ✓ Early digital media testing in multiple markets showing traffic and sales success
- ✓ Finalizing brand position and strategic plan
- ✓ Launched G&A restructuring, expected to yield \$3.5-4.0 million in annual corporate expense optimization and be largely complete by end of November





Year-to-Date Average Weekly Sales per Shop and SSS Comps



Q3 2020 Performance Review: Q/Q



(\$s in millions)

	Q3 2020	Q2 2020
Revenue	\$72.7	\$56.2
Same Store Sales (SSS)	(21.0%)	(41.5%)
GAAP Net Income (loss)	(\$13.4)	(\$22.2)
Adjusted Net Income (loss)	(\$10.0)	(\$14.9)
Adjusted EBITDA	(\$7.3)	(\$14.4)
G&A/Sales	13.5%	14.2%*
COGS/Sales	28.7%	28.8%
Labor/Sales	35.8%	39.2%
Other Operating Expenses/Sales	16.8%	19.7%
Liquidity Position	\$50.8	\$45.8

*Reflective of G&A reclassification

Lease Negotiation Efforts Successful



- Amended/restructured 280 leases to date
- Terminated 25 shops and in active discussions with a few more
- Termination fees to date ~\$2 million, anticipate ~\$3 million in total
- Benefits from lease abatement, restructuring savings and shop loss avoidance over \$15 million
- Trailing twelve-month results from the projected 25-30 permanently closed shops (Pre-COVID, Feb'19-Feb'20) is estimated to be:
 - Revenue \$13 - \$15 million
 - EBITDA (\$1.8) - (\$2.4) million
- Annual rent savings post completion of the project to average about \$1.0-\$1.5 million per year over the next 2-3 years



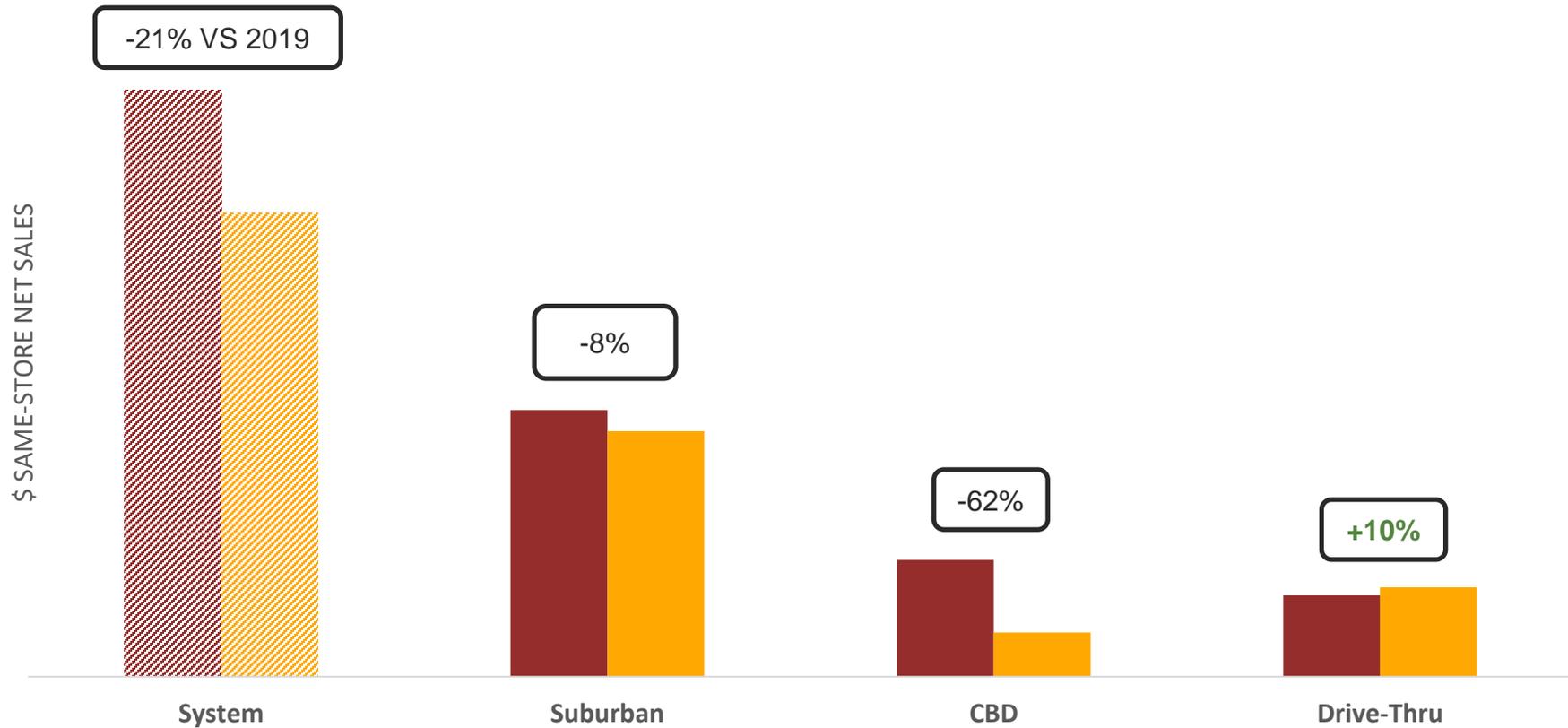
Performance Varies by Shop Type



Q3 2020 Same-Store Net Sales

By Location Type

■ Q3 2019 ■ Q3 2020

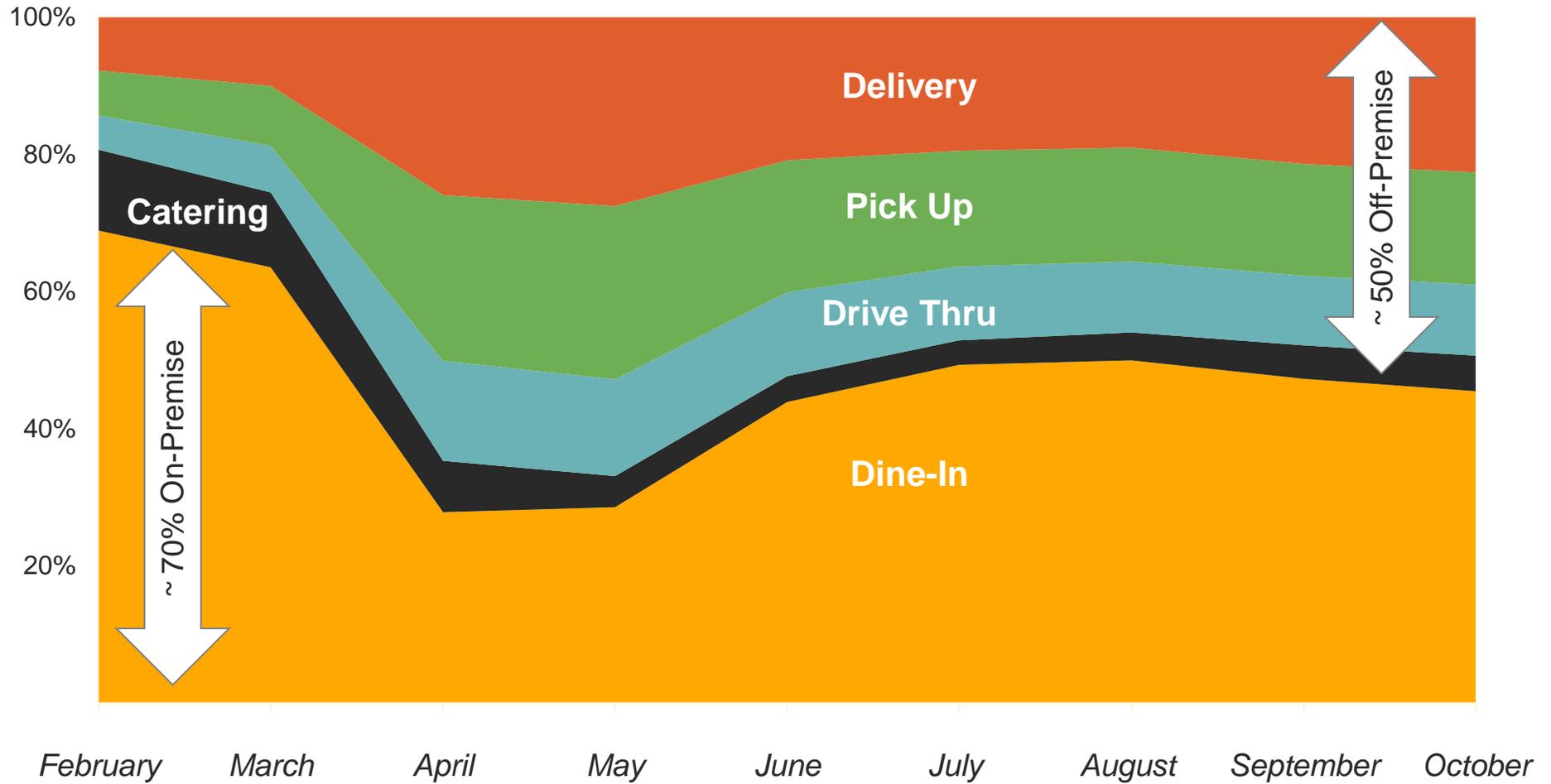


Balancing Dine-In and Off-Premise



Percentage of Revenue

By Fiscal Period and Service Mode





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



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
and Traffic



Franchise
Focused
Development

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

Investor Relations Contacts:

Ryan Coleman or Elizabeth Steckel

Alpha IR Group

312-445-2870

PBPB@alpha-ir.com

