SHAKE SHACK®

FIRST QUARTER EARNINGS SUPPLEMENTAL
MAY 6, 2021









CAUTIONARY NOTE ON FORWARD-LOOKING STATEMENTS

This presentation contains forward-looking statements, within the meaning of the Private Securities Litigation Reform Act of 1995 ("PSLRA"), which are subject to known and unknown risks, uncertainties and other important factors that may cause actual results to be materially different from the statements made herein.

All statements other than statements of historical fact included in this presentation are forward-looking statements, including, but not limited to, expected financial results and operating performance for fiscal 2021, including expected 2021 key financial drivers, expected development targets for fiscal 2021 and fiscal 2022, including expected Shack construction and openings, expected same-Shack sales growth and trends in the Company's operations, the expansion of the Company's delivery services, the Company's digital investments and strategies, and statements relating to the effects of COVID-19 and the Company's mitigation efforts.

Forward-looking statements discuss the Company's current expectations and projections relating to its financial operations, plans, objectives, future performance and business. You can identify forward-looking statements by the fact that they do not relate strictly to historical or current facts. These statements may include words such as "aim," "anticipate," "believe," "estimate," "expect," "forecast," "future," "intend," "outlook," "potential," "project," "projection," "plan," "seek," "may," "could," "would," "will," "should," "can," "can have," "likely," the negatives thereof and other similar expressions. All forward-looking statements are expressly qualified in their entirety by these cautionary statements. Some of the factors which could cause results to differ materially from the Company's expectations include the impact of the COVID-19 pandemic, our ability to develop and open new Shacks on a timely basis, the management of our digital capabilities and expansion into delivery, and risks relating to the restaurant industry generally. You should evaluate all forward-looking statements made in this presentation in the context of the risks and uncertainties disclosed in the Company's Annual Report on Form 10-K for the fiscal year ended December 30, 2020 as filed with the Securities and Exchange Commission ("SEC"). All of the Company's SEC filings are available online at www.sec.gov, www.shakeshack.com or upon request from Shake Shack Inc. The forward-looking statements included in this presentation are made only as of the date hereof. 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.

Q1 2021 RESULTS

$155M

Q1 Total Revenue

+8.5% YoY



$228M

Shack system-wide sales[1]

+3% YoY



+5.7%

Increase in Q1 same-Shack sales versus 2020[2]

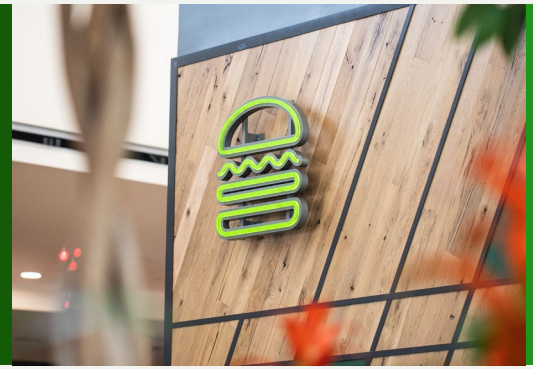
(14.8%) decrease in Q1 same-Shack sales versus 2019[3]



$22.6M

Shack-level operating profit[4]

15.0% of Shack sales



$7.1M

Adjusted EBITDA[5]

4.6% of Total Revenue



1. “Shack system-wide sales” is an operating measure and consists of sales from the Company's domestic Company-operated Shacks, domestic licensed Shacks and international licensed Shacks. The Company does not recognize the sales from licensed Shacks as revenue. Of these amounts, revenue is limited to Shack sales from domestic Company-operated Shacks and licensing revenue based on a percentage of sales from domestic and international licensed Shacks.
2. "Same-Shack sales" or “SSS” represents Shack sales for the comparable Shack base, which is defined as the number of domestic Company-operated Shacks open for 24 full fiscal months or longer. For days that Shacks were temporarily closed, the comparative prior period was also adjusted.
3. To normalize for the 53rd week in fiscal 2020, the compare periods for both 2020 and 2019 have been shifted forward a week from the fiscal calendar in order to show a more like-for-like comparison. See appendix for more information and 2021 SSS comparative periods.
4. "Shack-level operating profit," a non-GAAP measure, is defined as Shack sales less Shack-level operating expenses including food and paper costs, labor and related expenses, other operating expenses and occupancy and related expenses. See appendix for definition and reconciliation to most comparable GAAP measure.
5. “Adjusted EBITDA,” a non-GAAP measure, is defined as EBITDA excluding equity-based compensation expense, deferred lease costs, impairment and loss on disposal of assets, amortization of cloud-based software implementation costs, as well as certain non-recurring items that the Company does not believe directly reflect its core operations and may not be indicative of the Company's recurring business operations. See appendix for definition and reconciliation to most comparable GAAP measure.

BUSINESS HIGHLIGHTS



Average weekly sales improvement exiting Q1, and fiscal April 2021 at $69K; major urban markets remain below pre-COVID levels



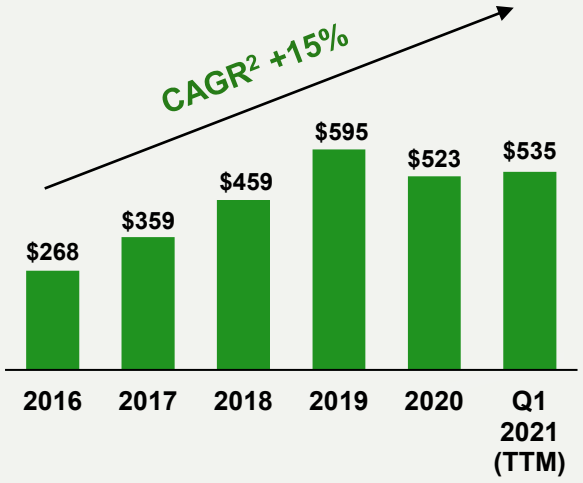
First quarter Company owned app and web channels grew ~230% YoY despite lapping COVID onset; 2.4 million new purchasers acquired in those channels since mid-March 2020



16-18 Company-operated Shacks to open through Q2 with 35-40 planned in total for 2021, focusing on new formats that incorporate Shack Track and digital convenience

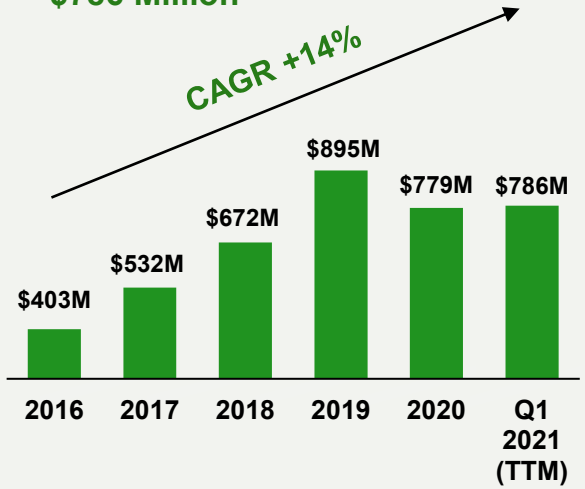
Total Revenue

$535 Million



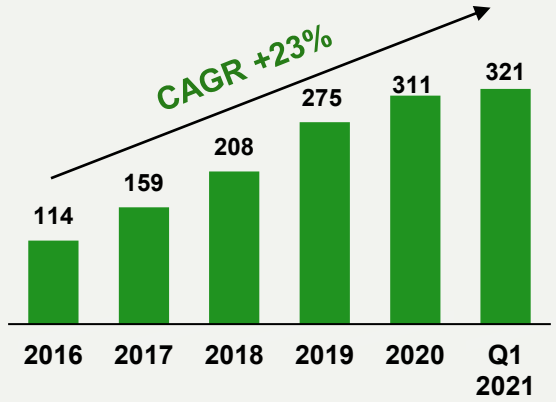
System-wide Sales[1]

$786 Million



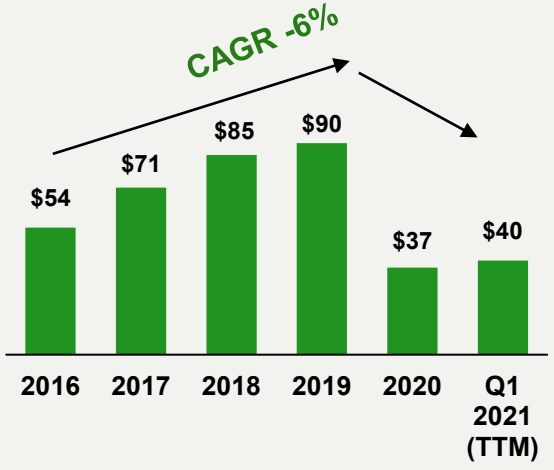
System-wide Shack Count

321 as of Q1 2021



Cash Flow from Operations

$37 Million



1. "Shack system-wide sales" is an operating measure and consists of sales from the Company's domestic Company-operated Shacks, domestic licensed Shacks and international licensed Shacks. The Company does not recognize the sales from licensed Shacks as revenue. Of these amounts, revenue is limited to Shack sales from domestic Company-operated Shacks and licensing revenue based on a percentage of sales from domestic and international licensed Shacks.
2. CAGR for total revenue, system-wide sales, system-wide Shack count and cash flow from operations, is the compounded annual growth rate between 2016 and the end of Q1 2021.

FISCAL APRIL 2021 SNAPSHOT

$69K

Fiscal April average weekly sales, up from $64K in Q1



+86%

Increase in fiscal April same-Shack sales versus 2020[1]



(15%)

decrease in fiscal April same-Shack sales versus 2019[2]



~90%

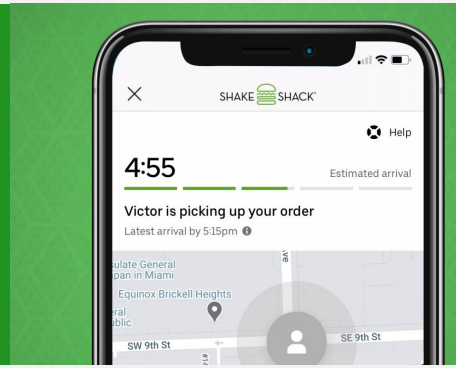
Retention of digital sales in fiscal April versus highs in fiscal January 2021



15

Company-operated Shacks opened through fiscal April YTD

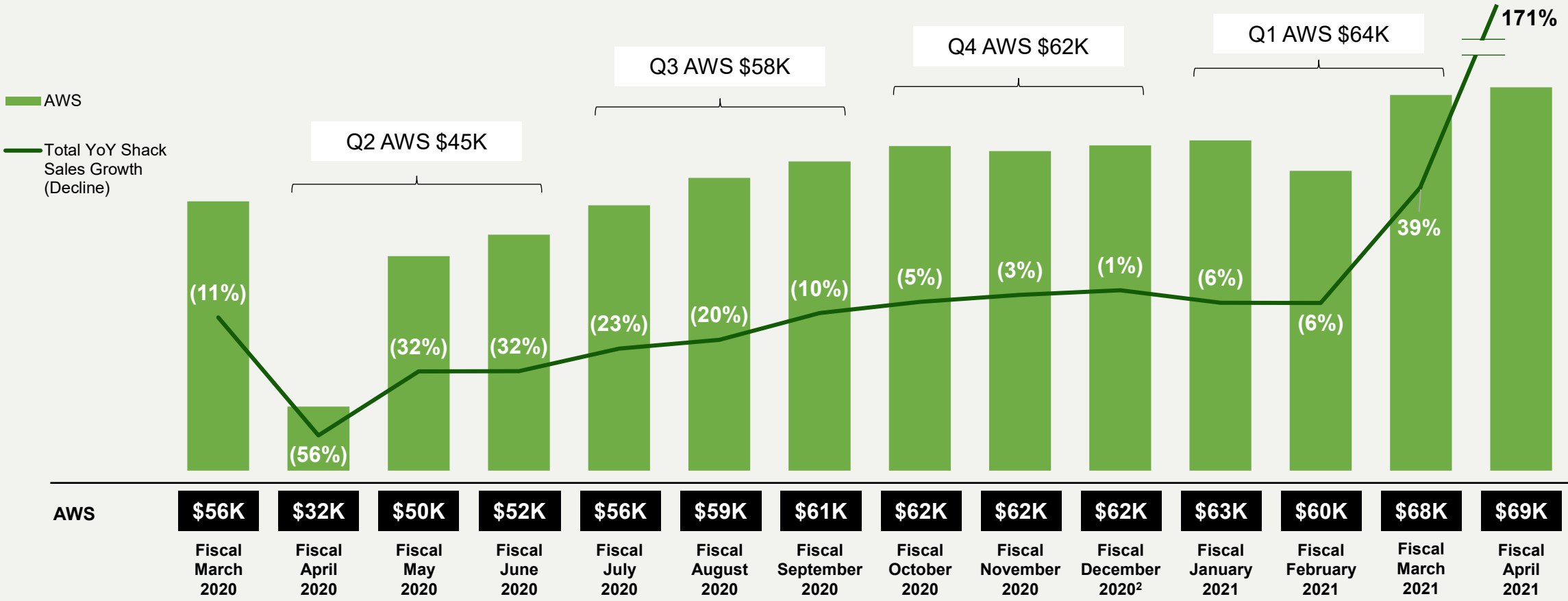
8 licensed Shacks opened through fiscal April YTD



1. "Same-Shack sales" or "SSS" represents Shack sales for the comparable Shack base, which is defined as the number of domestic Company-operated Shacks open for 24 full fiscal months or longer. For days that Shacks were temporarily closed, the comparative prior year period was also adjusted.
2. To normalize for the 53rd week in fiscal 2020, the compare periods for both 2020 and 2019 have been shifted forward a week from the fiscal calendar in order to show a more like-for-like comparison. See appendix for more information and 2021 SSS comparative periods.

AVERAGE WEEKLY SALES[1] (AWS)

AWS CONTINUED TO INCREASE IN MARCH TO $68K AND APRIL TO $69K

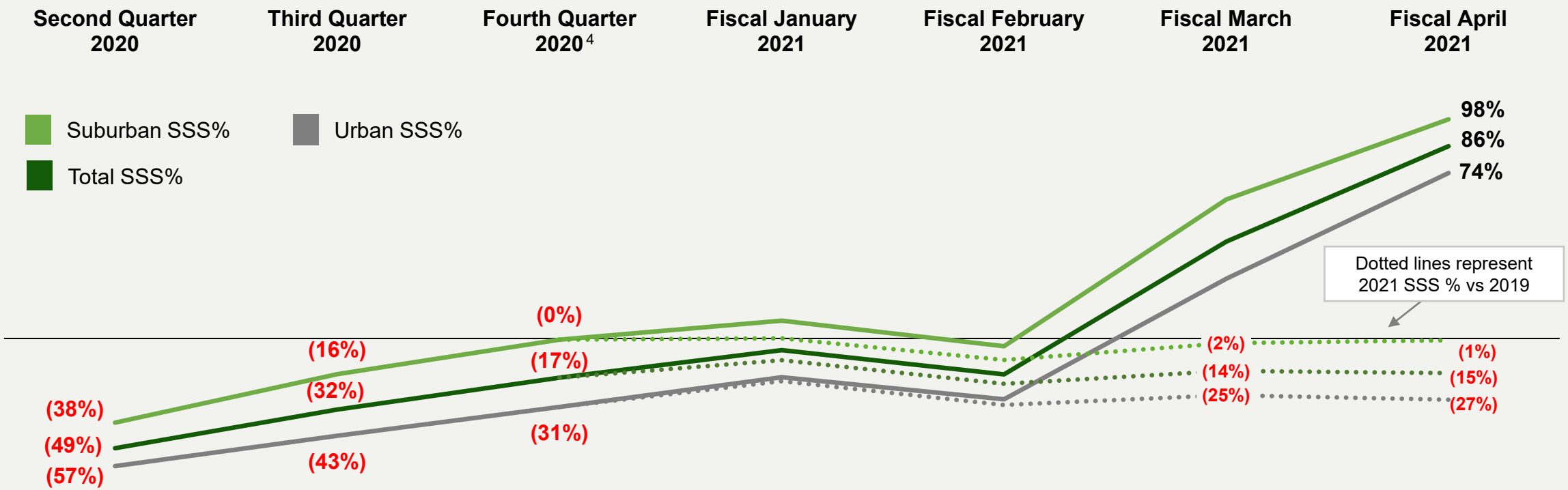


1. Average Weekly Sales ("AWS") is calculated by dividing total Shack sales by the number of operating weeks for all Shacks in operation during the period. For Shacks that are not open for the entire period, fractional adjustments are made to the number of operating weeks open such that it corresponds to the period of associated sales.
2. Fiscal December 2020 total YoY Shack sales decline excludes impact of the 53rd fiscal accounting week and compares the five weeks from November 19, 2020 through December 23, 2020 to the five weeks from November 21, 2019 through December 25, 2020.. The favorable impact of the 53rd week in fiscal 2020 was an incremental Shack sales of $10.7 million.

SUBURBAN SHACKS CONTINUE TO LEAD RECOVERY

SUBURBAN SAME-SHACK SALES FLAT TO 2019 LEVELS, WHILE URBAN MARKETS REMAIN MATERIALLY IMPACTED

URBAN/SUBURBAN[1] SAME-SHACK SALES[2] VS PRIOR YEAR AND 2019[3]

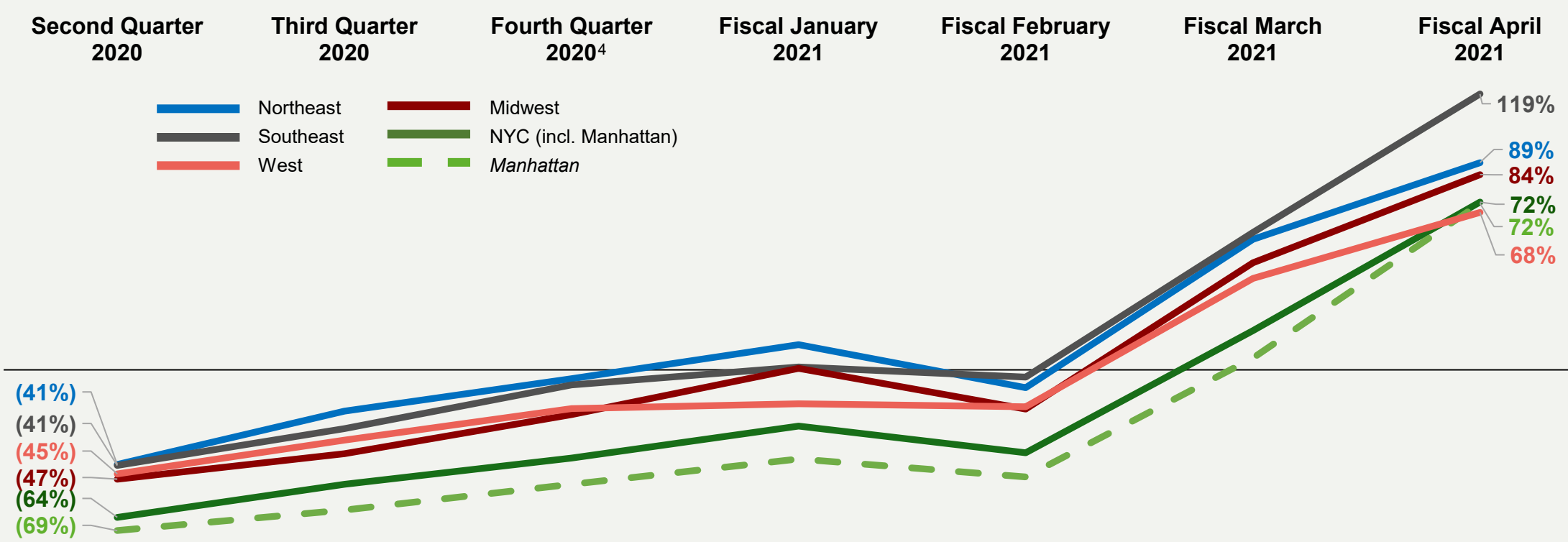


1. Urban refers to a Shack that is located in a very densely populated city area. These locations tend to be very walkable, close to lots of traffic, shopping, tourism and/or office buildings. Suburban is any Shack that is not classified as urban.
2. "Same-Shack sales" or "SSS" represents Shack sales for the comparable Shack base, which is defined as the number of domestic Company-operated Shacks open for 24 full fiscal months or longer. For days that Shacks were temporarily closed, the comparative year period was also adjusted.
3. To normalize for the 53rd week in fiscal 2020, the compare periods for both 2020 and 2019 have been shifted forward a week from the fiscal calendar in order to show a more like-for-like comparison. See appendix for more information and 2021 SSS comparative periods.
4. For Q4 2020, same-Shack sales excludes the impact of the fourteenth week and compares the thirteen weeks from September 24, 2020 through December 23, 2020 to the thirteen weeks from September 26, 2019 through December 25, 2019.

REGIONAL PERFORMANCE DRIVEN BY SUBURBAN DENSITY

SOUTHEAST REGION, HEAVY SUBURBAN FOOTPRINT, ABOVE 2019 LEVELS WITH NYC, MANHATTAN CONTINUING TO LAG AS BUSINESS TRAFFIC, TOURISM SLOW TO RETURN

REGIONAL[1] SAME-SHACK SALES [2] VS PRIOR YEAR[3]

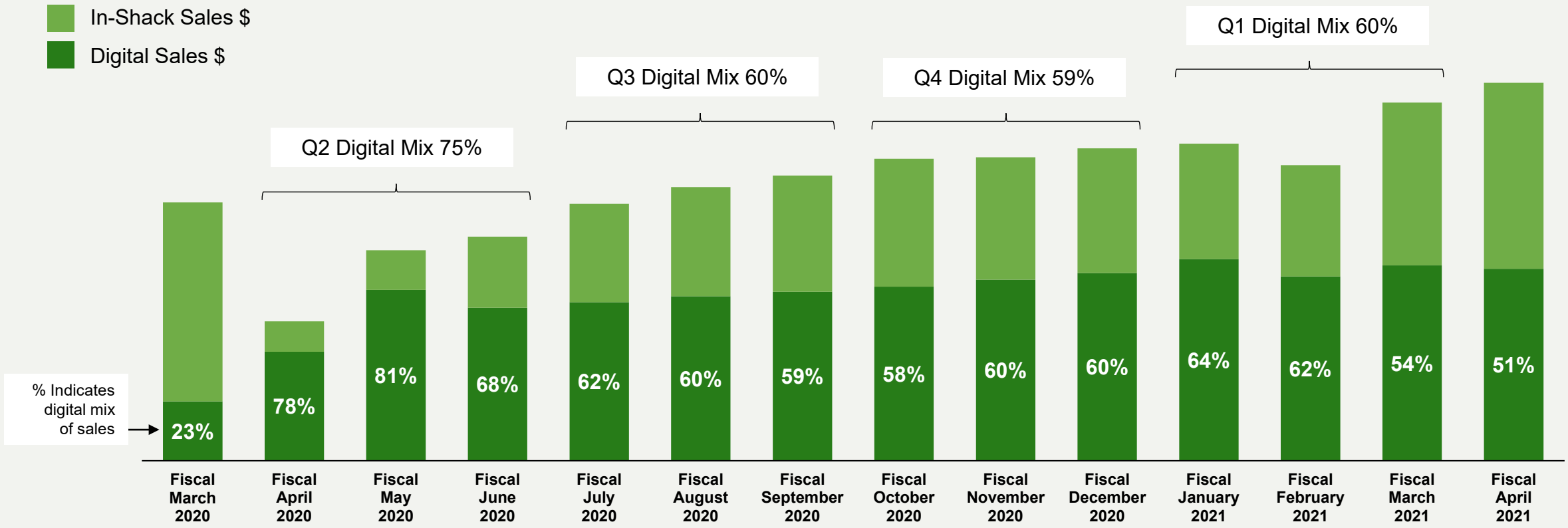


Fiscal April 2021 vs 2019
2%
(9%)
(11%)
(17%)
(35%)
(44%)

1. The regions of domestic Company-operated Shacks are defined as: NYC, which represents 5 boroughs; Northeast, which represents non-NYC NY, CT, DC, DE, MA, MD, NJ, PA, RI, VA; Southeast, which represents AL, FL, GA, LA, NC, TN, TX; Midwest, which represents IL, KS, KY, MI, MN, MO, OH, WI; and West, which represents AZ, CA, CO, NV, UT, WA.
2. "Same-Shack sales" or "SSS" represents Shack sales for the comparable Shack base, which is defined as the number of domestic Company-operated Shacks open for 24 full fiscal months or longer. For days that Shacks were temporarily closed, the comparative year period was also adjusted.
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~90% RETENTION[1] OF DIGITAL SALES[2] IN FISCAL APRIL AS IN-SHACK SALES GRADUALLY RETURN

COMPANY-OWNED APP & WEB CHANNELS ACQUIRED 2.4 MILLION NEW PURCHASERS SINCE MARCH 2020; Q1 2021 DIGITAL AUV OF $2.0M[3]



1. Retention of fiscal January 2021 digital sales levels in fiscal April 2021.
2. Digital sales includes sales made through the Shake Shack mobile application, Shake Shack website, and delivery partners. Does not include sales through Kiosks that are located inside Shacks. Digital sales are normalized to reflect a consistent four-week period.
3. Digital AUV calculated by annualizing first quarter 2021 digital sales.

DIGITAL FOCUS ON NEW PROGRAMS AND ENHANCED USER EXPERIENCE

FULLY LAUNCHED SHACK APP DELIVERY IN FIRST QUARTER





Shack App Delivery rolled out nationwide in March through partnership with Uber Eats

Upcoming web redesign will feature enhanced user experience and greater personalization through targeted messaging and improved merchandising

Other digital product launches including new payment gateway and new Android app will encourage app delivery & pre-order conversion

16-18 SHACKS PLANNED TO OPEN IN FIRST HALF OF 2021

FIRST INDIANAPOLIS SHACK OPENED WITH DRIVE-UP SHACK TRACK WINDOW; 2021 SHACK CLASS OPENING WITH STRONG SALES AT $79K AWS IN Q1

Guests line up for the Santa Monica opening



Pull right up to the Shack Track drive-up window in Fishers - Indianapolis area







Take out at the Shack Track walk-up window in Boulder



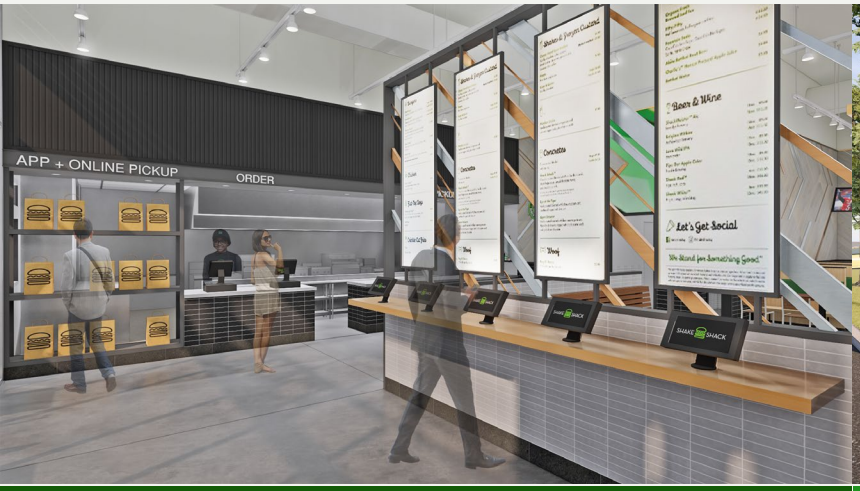
NEW FORMATS TO ENHANCE EASE OF PICKUP

CLASS OF 2021 LEADING WITH SHACK TRACK DIGITAL CONVENIENCE: INCLUDING WALK-UP WINDOWS, DRIVE-UP WINDOWS, CURBSIDE AND ENHANCED INTERIOR PICKUP

Shacks designed to enhance interior pickup with shelving, kiosks and status screens

In 2021, approximately one third of new Shacks will have walk-up windows and 10% will have drive-up windows

First drive-thru planned to open this year; targeting at 5-8 more opening through 2022



INTERIORS DESIGNED TO REDUCE FRICTION IN SHACKS



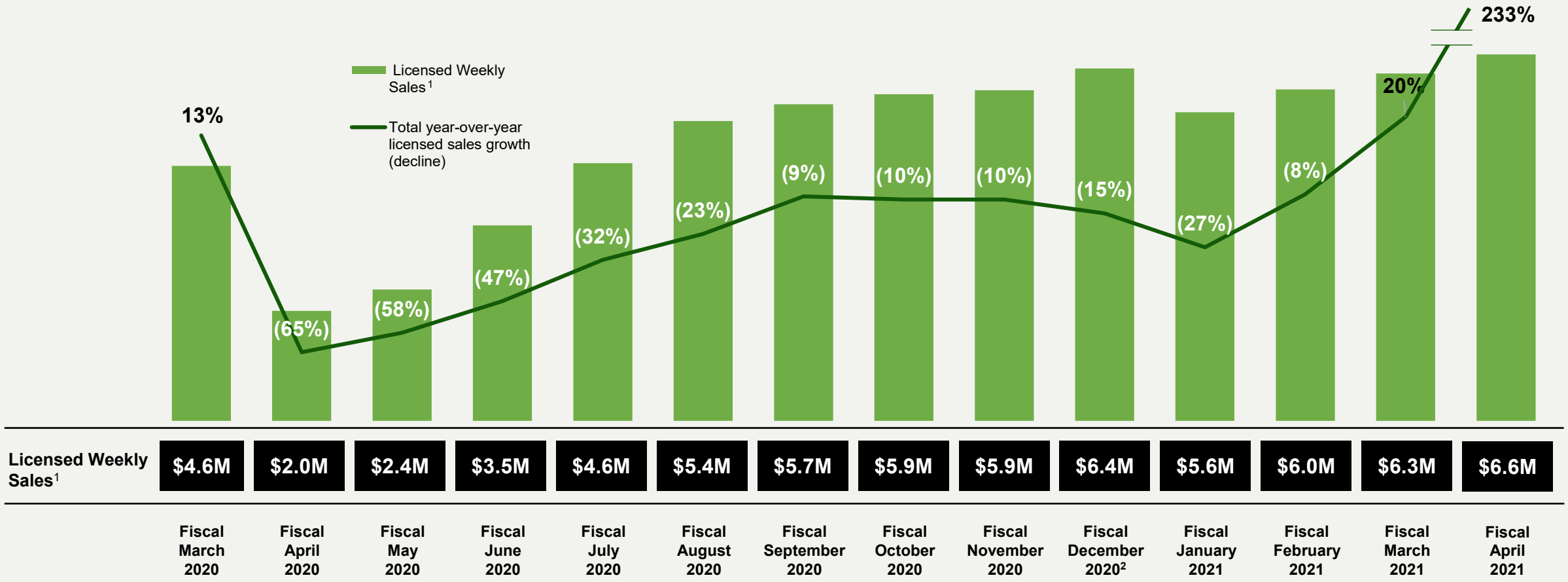
SHACK TRACK WINDOWS PROVIDE GUESTS WITH OPTIONS AND CONVENIENCE



DRIVE-THRUS EXPAND POTENTIAL NEW MARKET REACH

LICENSED BUSINESS IMPROVED THROUGHOUT FIRST QUARTER

IMPROVING PERFORMANCE ACROSS INTERNATIONAL AND DOMESTIC SHACKS DRIVEN BY NEW OPENINGS, RESTRICTIONS BEING LIFTED AND INCREASED AIRPORT TRAFFIC



1. Licensed weekly sales is an operating measure and consists of sales from domestic licensed Shacks and international licensed Shacks. The Company does not recognize the sales from licensed Shacks as revenue. Of these amounts, revenue is limited to licensing revenue based on a percentage of sales from domestic and international licensed Shacks, as well as certain up-front fees, such as territory fees and opening fees.
2. Fiscal December 2020 total YoY licensed sales decline excludes impact of the 53rd fiscal accounting week. The favorable impact of the 53rd week in fiscal 2020 was an incremental licensed sales of $7.0 million.

8 LICENSED SHACKS OPENED YTD, 15-20 TARGETED IN 2021

NEW MARKET GROWTH IN MACAO ALONG WITH ADDITIONAL OPENINGS IN KOREA, MAINLAND CHINA, SINGAPORE AND MIDDLE EAST; SHENZHEN EXPECTED TO OPEN LATER THIS YEAR









CULINARY COLLABS FEATURING DIVERSE LOCAL CHEFS

THE *NOW SERVING* SERIES FOCUSES ON SUPPORTING THE RESTAURANT INDUSTRY WITH A PORTION OF NET PROCEEDS GOING TO NON-PROFITS THAT BENEFIT LOCAL RESTAURANT COMMUNITIES



Pinky Cole of Slutty Vegan ATL in Atlanta





Junghyun Park of Atoboy/Atomix in NYC

ANNUAL STAND FOR SOMETHING GOOD REPORT: ESG EFFORTS PUBLISHED

A HIGH-LEVEL OVERVIEW OF SHAKE SHACK'S DOMESTIC, COMPANY-OWNED OPERATIONS IN 2020 AND NEW OR UPCOMING RESPONSIBLE BUSINESS INITIATIVES

2020 Company Milestones

For the second year in a row, earned a **100% score on Human Rights Campaign's Corporate Equality Index** for support of LGBTQ+ employees in the workplace	Provided **11,000+ meals to healthcare and frontline workers**	Launched **four Employee Resource Groups (ERGs)** Hosted internal **"Stand Together Series"** Ran Company-wide **unconscious bias training**	Donated **$100K to Equal Justice Initiative** in support of their mission to end mass incarceration and challenge racial and economic injustice
Cumulatively invested an **additional $6M** (approx.) in employees, including premium pay and up to a $400 holiday bonus for all hourly team members, plus guaranteed bonus for managers	Distributed **6,500+ custom-designed Black Lives Matter uniform shirts** to team members	Empowered team members to vote by providing educational resources and developing a **paid time off Voting Policy** in support of #ShacktheVote	Launched **Shift Up,** a leadership development program providing Shift Managers with the professional skills needed to advance to Manager roles at Shake Shack

Full report now available on the Shake Shack investor relations webpage



2021 OUTLOOK

Q2 2021 Guidance

Total revenue	$174M to $183M
Shack sales	$170M to $178M
Licensed revenue	$4M to $5M
Same-Shack sales versus 2020	+ mid 40s% to 50%
Shack-level operating margin	15% to 17%
Domestic Company-operated openings – through end of Q2 fiscal 2021	16 to 18

FY 2021 Guidance

Domestic Company-operated openings	35 to 40
Licensed openings	15 to 20
General and administrative expenses	$83M to $86M[1]
Equity-based compensation	Approximately $10M
Depreciation expense	$60M to $63M
Pre-opening costs	$14M to $15M

1. Includes approximately $9 million of the approximately $10 million total Equity-based compensation.

These forward-looking projections are subject to known and unknown risks, uncertainties and other important factors that may cause actual results to be materially different. Factors that might cause such differences include, but are not limited to, those discussed in the Company's Form 10-K for the fiscal year ended December 30, 2020.

These forward-looking projections should be reviewed in conjunction with the consolidated financial statements and the section titled “Cautionary Note Regarding Forward-Looking Information” which forms the basis of our assumptions used to prepare these forward-looking projections. You should not attribute undue certainty to these projections, and we undertake no obligation to revise or update any forward-looking information, except as required by law.

Q2 and full year 2021 guidance is derived from recent trends and does not assume material changes to the current operating environment, inclusive of any potential further COVID impacts



FINANCIAL DETAILS



DEFINITIONS

“Adjusted EBITDA,” a non-GAAP measure”, is defined as EBITDA (as defined below), excluding equity-based compensation expense, deferred lease costs, impairment and loss on disposal of assets, amortization of cloud-based software implementation assets, as well as certain non-recurring items that the Company does not believe directly reflect its core operations and may not be indicative of the Company's recurring business operations.

“Adjusted EBITDA margin,” a non-GAAP measure, is defined as net income (loss) before interest expense (net of interest income), taxes, depreciation and amortization, which also excludes equity-based compensation expense, deferred lease costs, impairment and loss on disposal of assets, amortization of cloud-based software implementation assets, as well as certain non-recurring and other items that the Company does not believe directly reflect its core operations, as a percentage of revenue.

"Same-Shack Sales" represents Shack sales for the comparable Shack base, which is defined as the number of domestic Company-operated Shacks open for 24 full fiscal months or longer. For days that Shacks were temporarily closed, the comparative 2019 period was also adjusted.

“Licensed weekly sales” is calculated by dividing the total sales for the period for all licensed Shacks by the number of weeks in the period.

“EBITDA,” a non-GAAP measure, is defined as net income (loss) before interest expense (net of interest income), income tax expense (benefit), and depreciation and amortization expense.

"Shack-level operating profit," a non-GAAP measure, is defined as Shack sales less Shack-level operating expenses including food and paper costs, labor and related expenses, other operating expenses and occupancy and related expenses.

"Shack-level operating profit margin," a non-GAAP measure, is defined as Shack sales less Shack-level operating expenses, including food and paper costs, labor and related expenses, other operating expenses and occupancy and related expenses as a percentage of Shack sales.

"Shack sales" is defined as the aggregate sales of food, beverages and Shake Shack-branded merchandise at domestic Company-operated Shacks and excludes sales from licensed Shacks.

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“Adjusted pro forma effective tax rate,” a non-GAAP measure, represents the effective tax rate assuming the full exchange of all outstanding SSE Holdings, LLC membership interests ("LLC Interests") for shares of Class A common stock, adjusted for certain non-recurring items that the Company does not believe are directly related to its core operations and may not be indicative of its recurring business operations.

2021 METHODOLOGY FOR SAME-SHACK SALES CALCULATION

Notes

Reason for Shifted Weeks:

Given the 53rd fiscal week in 2020 the comparison periods for 2021 Same-Shack Sales have been shifted one week forward in both 2019 & 2020 to ensure comparable dates and key holidays fall in similar weeks and, therefore, create a more aligned year-over-year compare

How to Read the Fiscal Calendar Comparisons:

Fiscal periods are color coded to show comparison weeks from the prior two years

For example: P1 W1 2021 (beginning 12/31/20) is compared to P1 W2 2020 (beginning 1/2/20)

Fiscal Calendar Comparisons

Fiscal 2019

Q1 2019

	Th	F	Sa	Su	M	Tu	W	Comparison vs 2021
JAN	27	28	29	30	31	1	2	
	3	4	5	6	7	8	9	Compares to Period 1 | Week 1
	10	11	12	13	14	15	16	Compares to Period 1 | Week 2
	17	18	19	20	21	22	23	Compares to Period 1 | Week 3
	Th	F	Sa	Su	M	Tu	W	
FEB	24	25	26	27	28	29	30	Compares to Period 1 | Week 4
	31	1	2	3	4	5	6	Compares to Period 2 | Week 1
	7	8	9	10	11	12	13	Compares to Period 2 | Week 2
	14	15	16	17	18	19	20	Compares to Period 2 | Week 3
	Th	F	Sa	Su	M	Tu	W	
MAR	21	22	23	24	25	26	27	Compares to Period 2 | Week 4
	28	1	2	3	4	5	6	Compares to Period 3 | Week 1
	7	8	9	10	11	12	13	Compares to Period 3 | Week 2
	14	15	16	17	18	19	20	Compares to Period 3 | Week 3
	21	22	23	24	25	26	27	Compares to Period 3 | Week 4

Q2 2019

	Th	F	Sa	Su	M	Tu	W	
APR	28	29	30	31	1	2	3	Compares to Period 3 | Week 5
	4	5	6	7	8	9	10	
	11	12	13	14	15	16	17	
	18	19	20	21	22	23	24	

Fiscal 2020

Q1 2020

	Th	F	Sa	Su	M	Tu	W	Comparison vs 2021
JAN	26	27	28	29	30	31	1	
	2	3	4	5	6	7	8	Compares to Period 1 | Week 1
	9	10	11	12	13	14	15	Compares to Period 1 | Week 2
	16	17	18	19	20	21	22	Compares to Period 1 | Week 3
	Th	F	Sa	Su	M	Tu	W	
FEB	23	24	25	26	27	28	29	Compares to Period 1 | Week 4
	30	31	1	2	3	4	5	Compares to Period 2 | Week 1
	6	7	8	9	10	11	12	Compares to Period 2 | Week 2
	13	14	15	16	17	18	19	Compares to Period 2 | Week 3
	Th	F	Sa	Su	M	Tu	W	
MAR	20	21	22	23	24	25	26	Compares to Period 2 | Week 4
	27	28	29	1	2	3	4	Compares to Period 3 | Week 1
	5	6	7	8	9	10	11	Compares to Period 3 | Week 2
	12	13	14	15	16	17	18	Compares to Period 3 | Week 3
	19	20	21	22	23	24	25	Compares to Period 3 | Week 4

Q2 2020

	Th	F	Sa	Su	M	Tu	W	
APR	26	27	28	29	30	31	1	Compares to Period 3 | Week 5
	2	3	4	5	6	7	8	
	9	10	11	12	13	14	15	
	16	17	18	19	20	21	22	

Fiscal 2021

Q1 2021

	Th	F	Sa	Su	M	Tu	W	2021 Fiscal Week
JAN	31	1	2	3	4	5	6	Period 1 | Week 1
	7	8	9	10	11	12	13	Period 1 | Week 2
	14	15	16	17	18	19	20	Period 1 | Week 3
	21	22	23	24	25	26	27	Period 1 | Week 4
	Th	F	Sa	Su	M	Tu	W	
FEB	28	29	30	31	1	2	3	Period 2 | Week 1
	4	5	6	7	8	9	10	Period 2 | Week 2
	11	12	13	14	15	16	17	Period 2 | Week 3
	18	19	20	21	22	23	24	Period 2 | Week 4
	Th	F	Sa	Su	M	Tu	W	
MAR	25	26	27	28	1	2	3	Period 3 | Week 1
	4	5	6	7	8	9	10	Period 3 | Week 2
	11	12	13	14	15	16	17	Period 3 | Week 3
	18	19	20	21	22	23	24	Period 3 | Week 4
	25	26	27	28	29	30	31	Period 3 | Week 5

Q2 2021

	Th	F	Sa	Su	M	Tu	W	
APR	1	2	3	4	5	6	7	
	8	9	10	11	12	13	14	
	15	16	17	18	19	20	21	
	22	23	24	25	26	27	28	

INCOME STATEMENT

	Thirteen Weeks Ended			
	March 31, 2021		March 25, 2020	
Shack sales	$ 150,668	97.0%	$ 138,048	96.4%
Licensing revenue	4,614	3.0%	5,122	3.6%
TOTAL REVENUE	155,282	100.0%	143,170	100.0%
Shack-level operating expenses[(1)]:				
Food and paper costs	44,630	29.6%	39,564	28.7%
Labor and related expenses	46,382	30.8%	41,766	30.3%
Other operating expenses	23,144	15.4%	17,779	12.9%
Occupancy and related expenses	13,911	9.2%	12,558	9.1%
General and administrative expenses	19,565	12.6%	16,191	11.3%
Depreciation and amortization expense	13,726	8.8%	11,768	8.2%
Pre-opening costs	3,576	2.3%	2,243	1.6%
Impairment and loss on disposal of assets	369	0.2%	2,088	1.5%
TOTAL EXPENSES	165,303	106.5%	143,957	100.5%
OPERATING LOSS	(10,021)	-6.5%	(787)	-0.5%
Other income (expense), net	31	0.0%	(93)	-0.1%
Interest expense	(515)	-0.3%	(112)	-0.1%
LOSS BEFORE INCOME TAXES	(10,505)	-6.8%	(992)	-0.7%
Income tax expense (benefit)	(11,080)	-7.1%	87	0.1%
NET INCOME (LOSS)	575	0.4%	(1,079)	-0.8%
Less: net loss attributable to non-controlling interests	(734)	-0.5%	(119)	-0.1%
NET INCOME (LOSS) ATTRIBUTABLE TO SHAKE SHACK INC.	$ 1,309	0.8%	$ (960)	-0.7%
Earnings (loss) per share of Class A common stock:				
Basic	$0.03		($0.03)	
Diluted	$0.01		($0.03)	
Weighted-average shares of Class A common stock outstanding:				
Basic	38,948		34,444	
Diluted	42,789		34,444	

(1) As a percentage of Shack sales.

SHACK-LEVEL OPERATING PROFIT DEFINITIONS

Shack-Level Operating Profit

Shack-level operating profit is defined as Shack sales less Shack-level operating expenses, including Food and paper costs, Labor and related expenses, Other operating expenses and Occupancy and related expenses.

How This Measure Is Useful

When used in conjunction with GAAP financial measures, Shack-level operating profit and Shack-level operating profit margin are supplemental measures of operating performance that the Company believes are useful measures to evaluate the performance and profitability of its Shacks. Additionally, Shack-level operating profit and Shack-level operating profit margin are key metrics used internally by management to develop internal budgets and forecasts, as well as assess the performance of its Shacks relative to budget and against prior periods. It is also used to evaluate employee compensation as it serves as a metric in certain performance-based employee bonus arrangements. The Company believes presentation of Shack-level operating profit and Shack-level operating profit margin provides investors with a supplemental view of its operating performance that can provide meaningful insights to the underlying operating performance of the Shacks, as these measures depict the operating results that are directly impacted by the Shacks and exclude items that may not be indicative of, or are unrelated to, the ongoing operations of the Shacks. It may also assist investors to evaluate the Company's performance relative to peers of various sizes and maturities and provides greater transparency with respect to how management evaluates the business, as well as the financial and operational decision-making.

Limitations of the Usefulness of this Measure

Shack-level operating profit and Shack-level operating profit margin may differ from similarly titled measures used by other companies due to different methods of calculation. Presentation of Shack-level operating profit and Shack-level operating profit margin is not intended to be considered in isolation or as a substitute for, or superior to, the financial information prepared and presented in accordance with GAAP. Shack-level operating profit excludes certain costs, such as General and administrative expenses and Pre-opening costs, which are considered normal, recurring cash operating expenses and are essential to support the operation and development of the Company's Shacks. Therefore, this measure may not provide a complete understanding of the Company's operating results as a whole and Shack-level operating profit and Shack-level operating profit margin should be reviewed in conjunction with the Company’s GAAP financial results. A reconciliation of Shack-level operating profit to operating income, the most directly comparable GAAP financial measure, is set forth on next slide.

SHACK-LEVEL OPERATING PROFIT

(dollar amount in thousands)	Thirteen Weeks Ended March 31, 2021	March 25, 2020
Operating loss	$ (10,021)	$ (787)
Less:		
Licensing revenue	4,614	5,122
Add:		
General and administrative expenses	19,565	16,191
Depreciation and amortization expense	13,726	11,768
Pre-opening costs	3,576	2,243
Impairment and loss on disposal of assets[(1)]	369	2,088
Shack-level operating profit	$ 22,601	$ 26,381
Total revenue	$ 155,282	$ 143,170
Less: licensing revenue	4,614	5,122
Shack sales	$ 150,668	$ 138,048
Shack-level operating profit margin[(2)]	15.0%	19.1%

(1) For the thirteen weeks ended March 25, 2020, amount includes a non-cash impairment charge of $1.1 million related to one Shack.

(2) As a percentage of Shack sales.

ADJUSTED EBITDA DEFINITIONS

EBITDA and Adjusted EBITDA

EBITDA is defined as Net income (loss) before interest expense (net of interest income), Income tax expense (benefit) and Depreciation and amortization expense. Adjusted EBITDA is defined as EBITDA (as defined above) excluding equity-based compensation expense, deferred lease cost, Impairment and loss on disposal of assets, amortization of cloud-based software implementation costs, as well as certain non-recurring items that the Company does not believe directly reflect its core operations and may not be indicative of the Company's recurring business operations.

How These Measures Are Useful

When used in conjunction with GAAP financial measures, EBITDA and adjusted EBITDA are supplemental measures of operating performance that the Company believes are useful measures to facilitate comparisons to historical performance and competitors' operating results. Adjusted EBITDA is a key metric used internally by management to develop internal budgets and forecasts and also serves as a metric in its performance-based equity incentive programs and certain bonus arrangements. The Company believes presentation of EBITDA and adjusted EBITDA provides investors with a supplemental view of the Company's operating performance that facilitates analysis and comparisons of its ongoing business operations because they exclude items that may not be indicative of the Company's ongoing operating performance.

Limitations of the Usefulness of These Measures

EBITDA and adjusted EBITDA may differ from similarly titled measures used by other companies due to different methods of calculation. Presentation of EBITDA and adjusted EBITDA is not intended to be considered in isolation or as a substitute for, or superior to, the financial information prepared and presented in accordance with GAAP. EBITDA and adjusted EBITDA exclude certain normal recurring expenses. Therefore, these measures may not provide a complete understanding of the Company's performance and should be reviewed in conjunction with the GAAP financial measures. A reconciliation of EBITDA and adjusted EBITDA to net income, the most directly comparable GAAP measure, is set forth on next slide.

ADJUSTED EBITDA

(dollar amounts in thousands)	Thirteen Weeks Ended March 31, 2021	Thirteen Weeks Ended March 25, 2020
Net income (loss)	$ 575	$ (1,079)
Depreciation and amortization expense	13,726	11,768
Interest expense, net	515	112
Income tax expense (benefit)	(11,080)	87
EBITDA	**3,736**	**10,888**
Equity-based compensation	1,681	1,300
Amortization of cloud-based software implementation costs[(1)]	313	260
Deferred lease costs[(2)]	204	(330)
Impairment and loss on disposal of assets[(3)]	369	2,088
Debt offering related costs[(4)]	236	—
Legal settlement[(5)]	595	—
Executive transition costs[(6)]	—	34
Project Concrete[(7)]	—	(261)
Other[(8)]	—	285
Adjusted EBITDA	**$ 7,134**	**$ 14,264**
Adjusted EBITDA margin[(9)]	4.6%	10.0%

(1) Represents amortization of capitalized implementation costs related to cloud-based software arrangements that are included within General and administrative expenses.

(2) Reflects the extent to which lease expense is greater than or less than contractual fixed base rent.

(3) Includes losses on disposals of property and equipment in the normal course of business. For the thirteen weeks ended March 25, 2020, amount includes a non-cash impairment charge of $1.1 million related to one Shack.

(4) Costs incurred in connection with the Company's Convertible Notes, issued in March 2021, including consulting and advisory fees.

(5) Expense incurred to establish an accrual related to the settlement of a legal matter.

(6) Represents fees paid in connection with the search and hiring of certain executive and key management positions.

(7) Represents consulting and advisory fees related to the Company's enterprise-wide system upgrade initiative called Project Concrete.

(8) Represents incremental expenses incurred related to an inventory adjustment and certain employee-related expenses.

(9) Calculated as a percentage of total revenue which was $155.3 million and $143.2 million for the thirteen weeks ended March 31, 2021 and March 25, 2020, respectively.

ADJUSTED PRO FORMA EFFECTIVE TAX RATE DEFINITIONS

Adjusted Pro Forma Effective Tax Rate

Adjusted pro forma effective tax rate represents the effective tax rate assuming the full exchange of all outstanding SSE Holdings, LLC membership interests ("LLC Interests") for shares of Class A common stock, adjusted for certain non-recurring items that the Company does not believe are directly related to its core operations and may not be indicative of its recurring business operations.

How This Measure Is Useful

When used in conjunction with GAAP financial measures, adjusted pro forma effective tax rate is a supplemental measure of operating performance that the Company believes is useful to evaluate its performance period over period and relative to its competitors. By assuming the full exchange of all outstanding LLC Interests, the Company believes this measure facilitates comparisons with other companies that have different organizational and tax structures, as well as comparisons period over period because it eliminates the effect of any changes in effective tax rate driven by increases in its ownership of SSE Holdings, which are unrelated to the Company's operating performance, and excludes items that are non-recurring or may not be indicative of ongoing operating performance.

Limitations of the Usefulness of this Measure

Adjusted pro forma effective tax rate may differ from similarly titled measures used by other companies due to different methods of calculation. Presentation of adjusted pro forma effective tax rate should not be considered an alternative to effective tax rate, as determined under GAAP. While this measure is useful in evaluating the Company's performance, it does not account for the effective tax rate attributable to the non-controlling interest holders and therefore does not provide a complete understanding of effective tax rate. Adjusted pro forma effective tax rate should be evaluated in conjunction with GAAP financial results. A reconciliation of adjusted pro forma effective tax rate, the most directly comparable GAAP measure, is set forth on next slide.

2021 ADJUSTED PRO FORMA EFFECTIVE TAX RATE

(dollar amounts in thousands)	Thirteen Weeks Ended March 31, 2021		
	Income Tax Expense (Benefit)	Income (Loss) Before Income Taxes	Effective Tax Rate
As reported	$ (11,080)	$ (10,505)	105.5%
Non-GAAP adjustments (before tax):			
Debt offering related costs		236	
Revolving Credit Facility amendment-related costs		323	
Legal settlement		595	
Tax effect of non-GAAP adjustments and assumed exchange of outstanding LLC Interests	(24)		
Adjusted pro forma	$ (11,104)	$ (9,351)	118.7%
Less:			
Net tax impact from stock-based compensation	8,352		
Adjusted pro forma (excluding windfall tax benefits)	(2,752)	$ (9,351)	29.4%

2020 ADJUSTED PRO FORMA EFFECTIVE TAX RATE

(dollar amounts in thousands)	Thirteen Weeks Ended March 25, 2020		
	Income Tax Expense (Benefit)	Income (Loss) Before Income Taxes	Effective Tax Rate
As reported	$ 87	$ (992)	-8.8%
Non-GAAP adjustments (before tax):			
Executive transition costs		34	
Project Concrete		(261)	
Inventory adjustment and certain employee-related expenses		285	
Tax effect of non-GAAP adjustments and assumed exchange of outstanding LLC Interests	(1,819)		
Adjusted pro forma	$ (1,732)	$ (934)	185.4%
Less:			
Windfall tax benefits from stock-based compensation	1,469		
Adjusted pro forma (excluding windfall tax benefits)	$ (263)	$ (934)	28.2%

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