SHAKE SHACK®

SECOND QUARTER EARNINGS SUPPLEMENTAL
AUGUST 5, 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 guidance for the third quarter of 2021 and the full year of 2021, 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 Company's licensed business, the Company's investment in its employees, 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 our Annual Report on Form 10-K for the fiscal year ended December 30, 2020 as filed with the Securities and Exchange Commission (the "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.

Q2 2021 RESULTS

Total Revenue:

$187M

+104.2% YoY



Shack system-wide sales[1]:

$282M

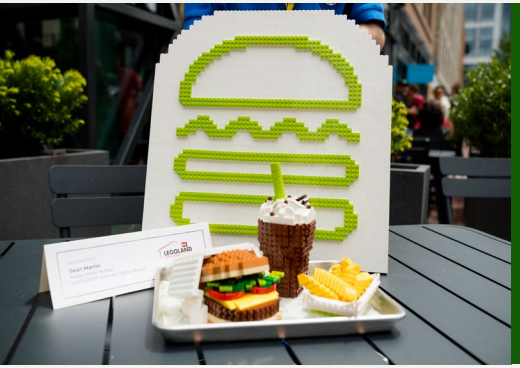
+127.7% YoY



Same-Shack Sales versus 2020[2,3]:

+52.7%

(12.4%) decrease in SSS versus 2019



Shack-level operating profit[4]:

$34.8M

19.2% of Shack sales



Adjusted EBITDA[5]:

$20.6M

11.0% 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 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. "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 Shacks that 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 Financial Details section 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 Financial Details section 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 Financial Details section for definition and reconciliation to most comparable GAAP measure.

BUSINESS HIGHLIGHTS



In-Shack Come Back:
Average weekly sales (AWS)[1] improvement, at $72K in Q2, driven by the return of in-Shack sales. Digital sales retention remains high at ~80%[2].



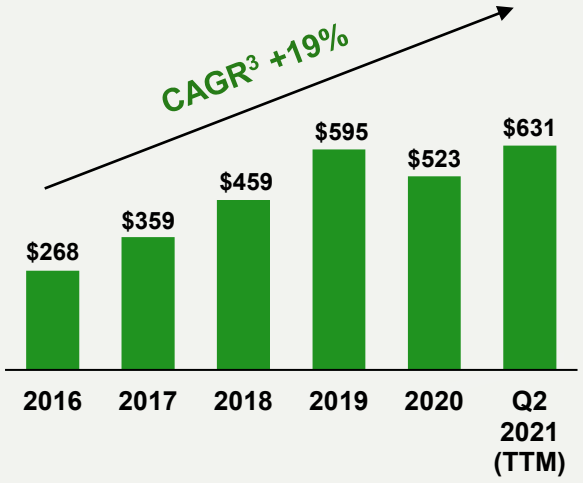
Standing Together:
Investing $10M in Shack team with wage increases and retention bonuses over next 12 months, while doubling down on team member professional development.



Strong New Openings and Development:
Class of 2021 AWS $81K and opened 19 Company-operated YTD as of fiscal July. Targeting 35-38 total openings in 2021, including the first Shack drive thru.

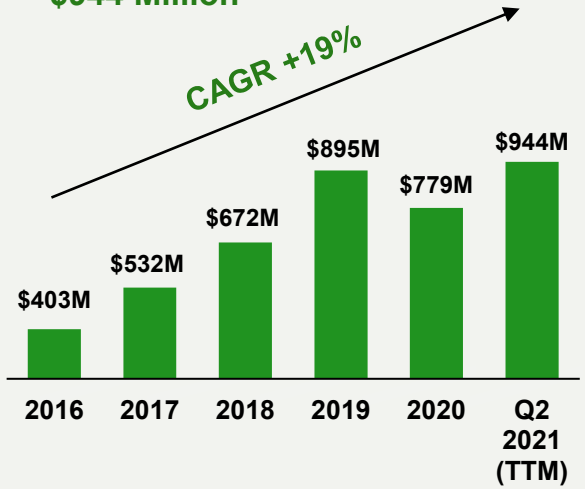
Total Revenue

$631 Million



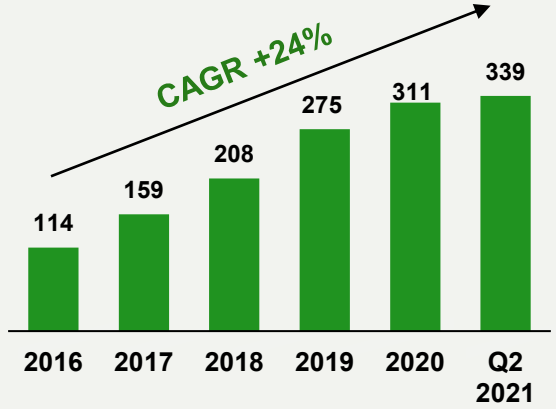
System-wide Sales

$944 Million



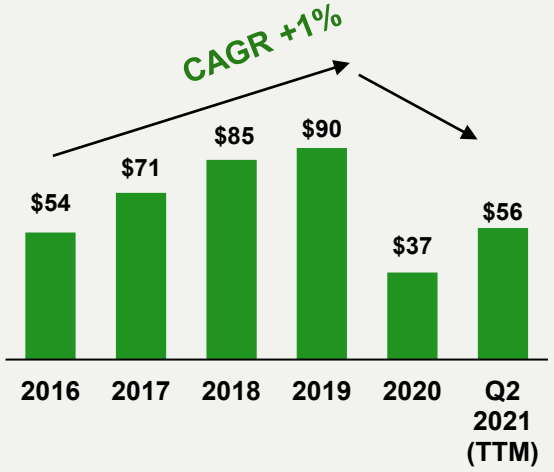
System-wide Shack Count

339 as of Q2 2021



Cash Flow from Operations

$56 Million



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. Retention of fiscal January 2021 digital sales levels in fiscal June 2021, when digital sales peaked.
3. 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 Q2 2021.

FISCAL JULY 2021 SNAPSHOT

Building Sales Momentum:

$74K

Fiscal July AWS, up from $64K in Q1



Strong New Shack Sales:

$81K

Fiscal July Class of 2021 AWS; ~20% higher than rest of Company-operated Shacks



SSS vs 2020 Recovery:

38%

Increase in fiscal July SSS versus 2020[1]



SSS vs 2019 Improvement:

(9%)

Fiscal July SSS versus 2019, improvement from (15%) in fiscal April



Urban SSS v 2019 Progress:

(18%)

Urban fiscal July SSS versus 2019, improvement from (27%) in fiscal April



1. 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 Financial Details section for more information and 2021 SSS comparative periods.

INVESTING ADD'L $10M IN SHACK TEAM OVER NEXT 12 MONTHS

WE ARE FOCUSED ON RETAINING AND DEVELOPING OUR CURRENT AND FUTURE EMPLOYEES



Announced an additional investment of more than $9M in Shack team member wage increases, following the raises provided earlier this year.



Also providing $1M in hiring and retention bonuses.



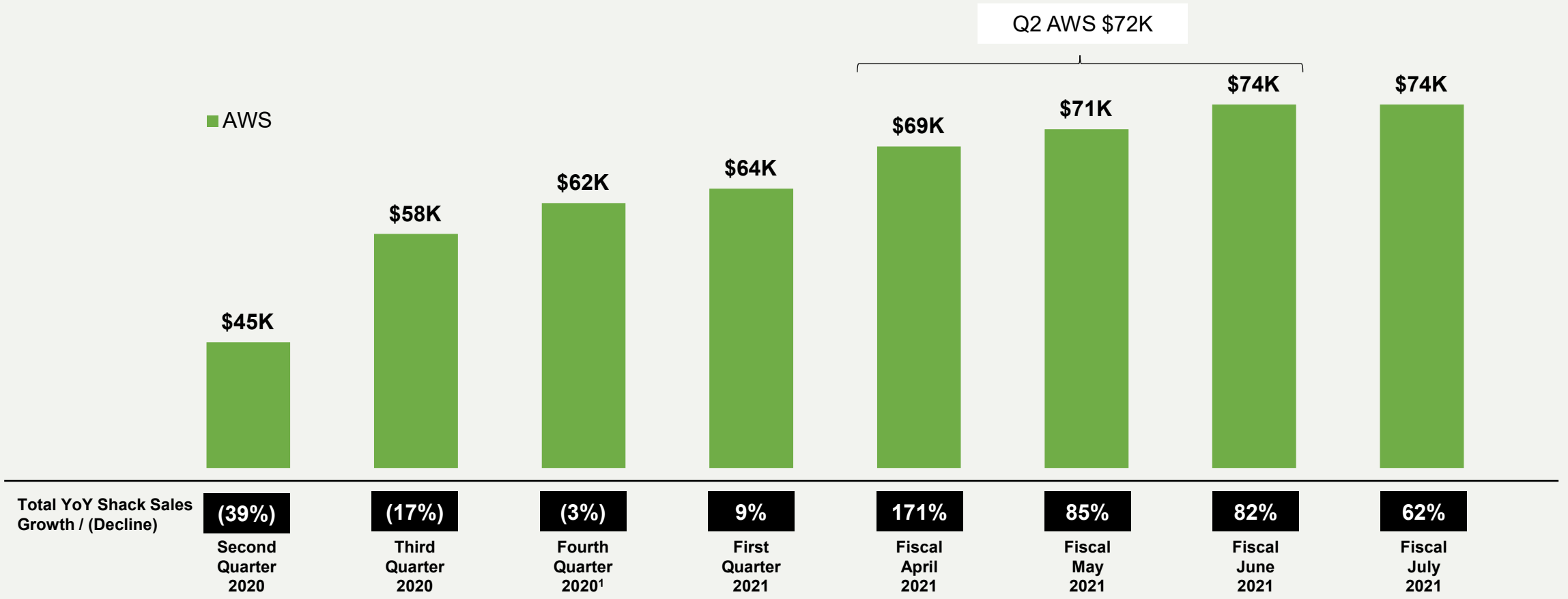
Shake Shack is proud to offer equity grants for General Managers, allowing them to grow with the company.



Leadership development programs train team members for internal promotions and build our pipeline for growth.

AVERAGE WEEKLY SALES RECOVERY CONTINUES

HIGH LEVELS DRIVEN PREDOMINATELY BY IN-SHACK SALES >300% IN Q2 2021 VERSUS 2020

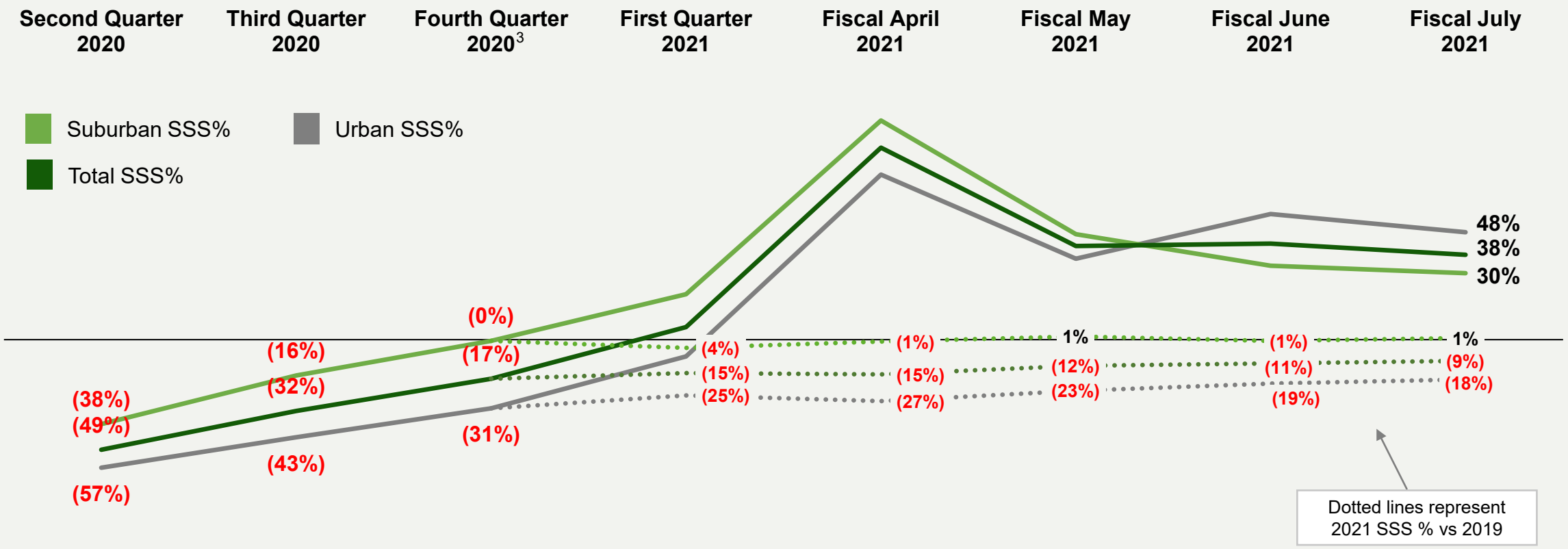


1. Fourth Quarter 2020 total YoY Shack sales decline excludes impact of the 53rd fiscal accounting week and compares the thirteen weeks from September 24, 2020 through December 23, 2020 to the thirteen weeks from September 26, 2019 through December 25, 2019. The favorable impact of the 53rd week in fiscal 2020 was an incremental Shack sales of $10.7 million.

ONGOING URBAN RECOVERY DRIVING COMPANY IMPROVEMENT

SUBURBAN HOLDING STEADY AT 2019 LEVELS

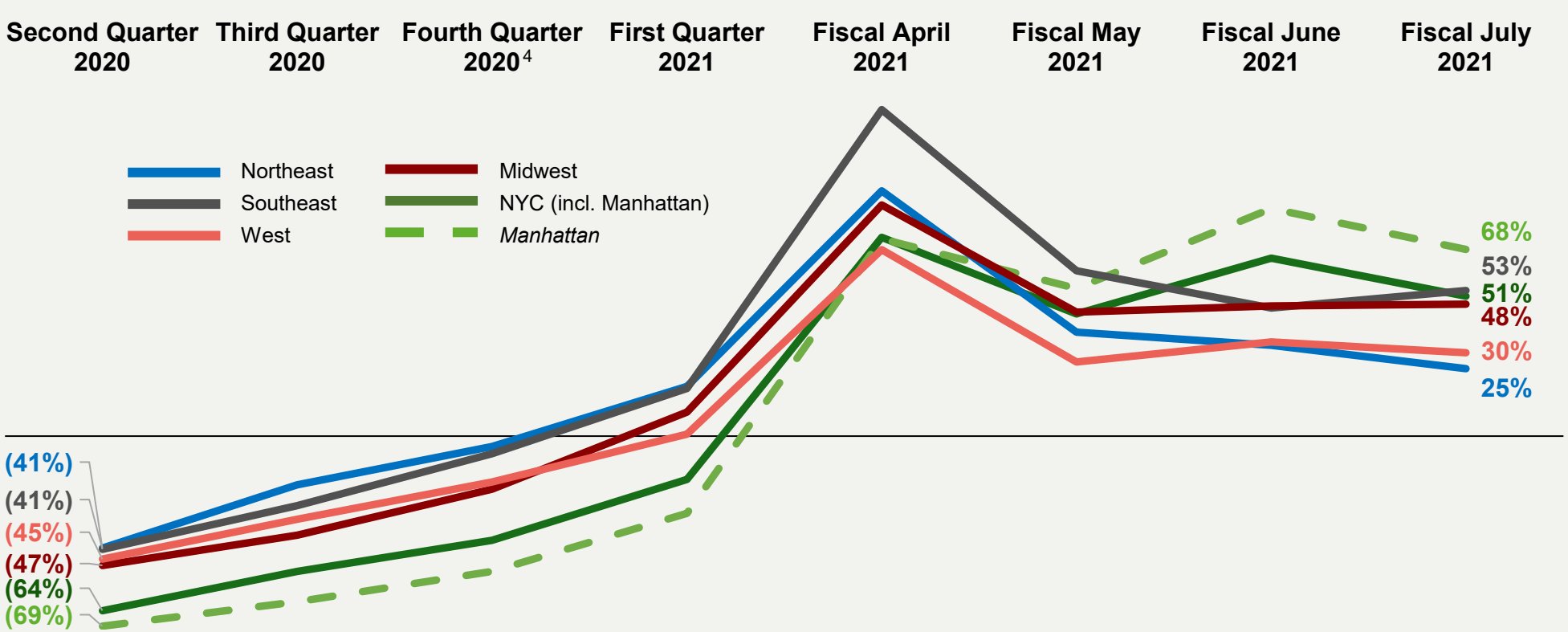
URBAN/SUBURBAN[1] SAME-SHACK SALES VS PRIOR YEAR AND 2019[2]



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. 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 Financial Details section for more information and 2021 SSS comparative periods.
3. 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.

BROAD BASED SAME SHACK SALES IMPROVEMENT ACROSS ALL REGIONS, LED BY NYC RECOVERY

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

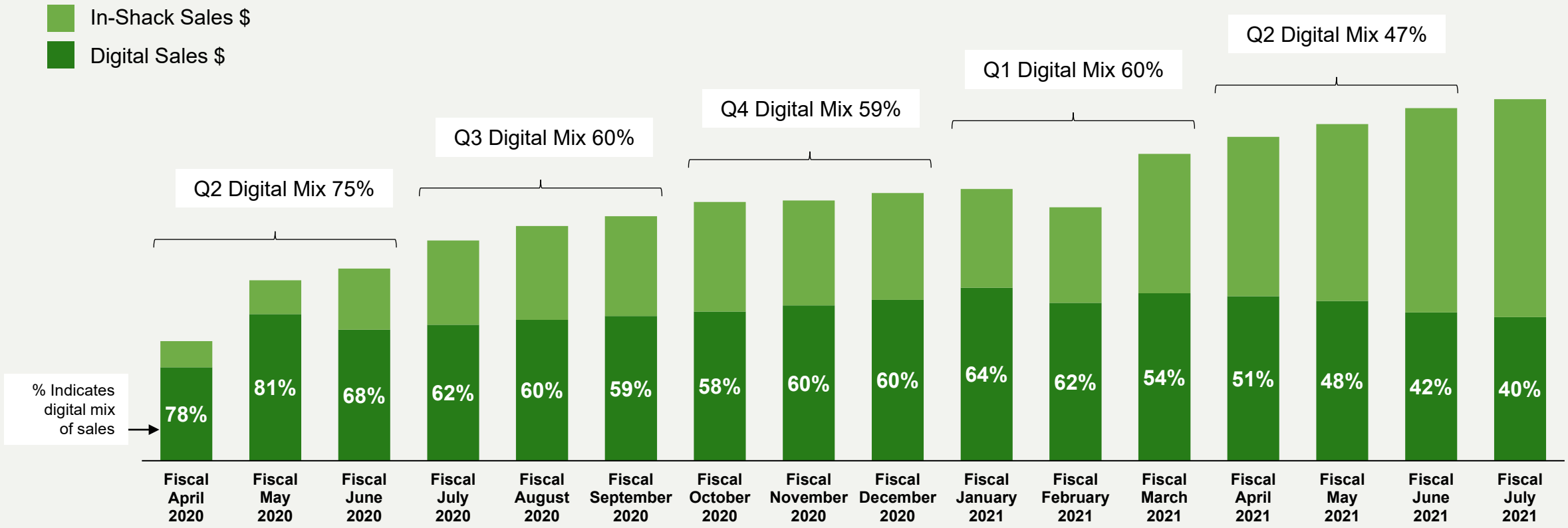


Fiscal April 2021 vs 2019	Fiscal July 2021 vs 2019
2%	4%
(9%)	(5%)
(11%)	(8%)
(17%)	(9%)
(35%)	(26%)
(44%)	(33%)

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.
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 Financial Details section 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.

RETAINED ~80% OF DIGITAL SALES AS IN-SHACK RECOVERS[1,2]

~17% INCREASE OF NEW PURCHASERS IN COMPANY-OWNED APP & WEB CHANNELS QoQ, 2.8M TOTAL PURCHASERS ACQUIRED SINCE MARCH 2020



1. Retention of fiscal January 2021 digital sales levels in fiscal June 2021, when digital sales peaked.
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.

CLASS OF 2021 OPENINGS: AWS ~20% > REST OF COMPANY

19 SHACKS OPENED AS OF FISCAL JULY, 35-38 SHACKS TOTAL IN 2021; 45-50 OPENING 2022



New Shacks will incorporate elements of Shack Track digital experience, delivering greater guest convenience.

Fishers, IN, our second Shack Track drive-up window currently serving ~20% of sales.

About a third of class of 2021 new Shacks will have Shack Track walk-up windows and 10% will have drive-up windows.

TARGETING 10 DRIVE THRU OPENINGS THROUGH 2022

DYNAMIC DESIGNS WILL ELEVATE THE DRIVE THRU GUEST EXPERIENCE AND PROVIDE CONVENIENCE

First drive thru opening in 2021; milestone in multi-format evolution

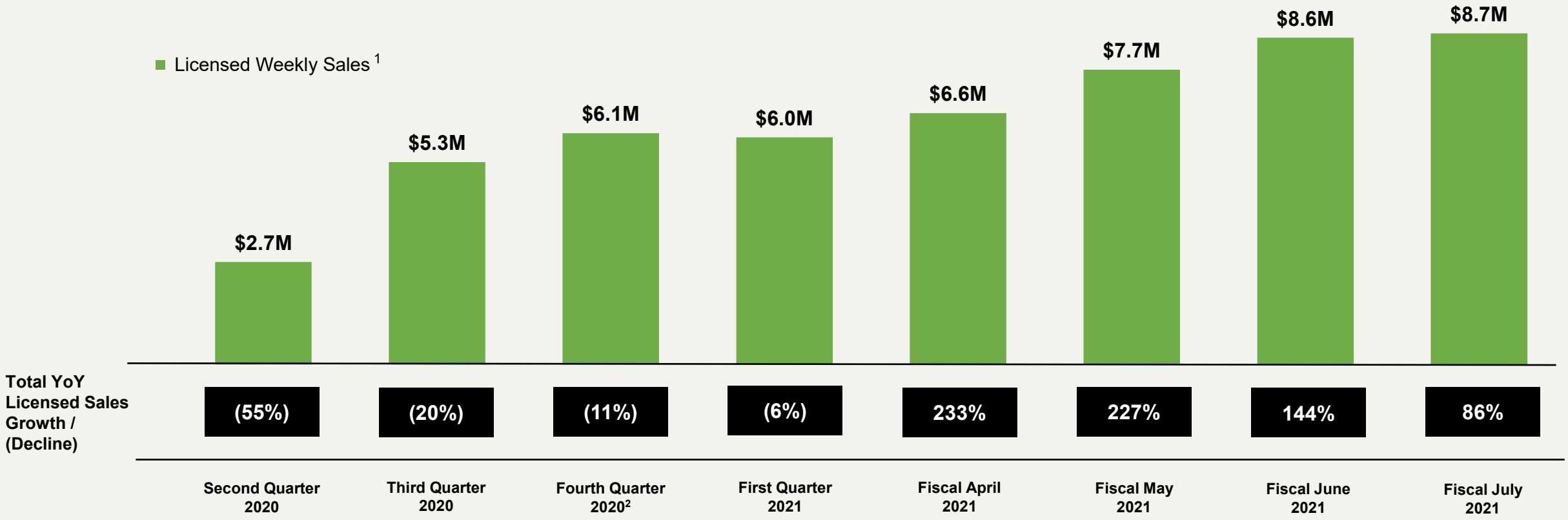
Drive thrus incorporate enlightened hospitality through branded digital features





LICENSED BUSINESS STRENGTHENED IN Q2

DOMESTIC TRAVEL, STADIUM VENUE REOPENINGS AND CERTAIN INTERNATIONAL MARKETS DROVE IMPROVEMENTS, WHILE COVID-IMPACTED GLOBAL MARKETS REMAIN VOLATILE



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. Fourth Quarter 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.

LICENSED BUSINESS GLOBAL FOOTPRINT EXPANSION









15 Shacks opened through fiscal July, 20-25[1] total expected for fiscal 2021.

One permanently closed and 10 remain temporarily closed through fiscal July primarily due to COVID.

20-25 Shacks targeted in 2022 in new and existing markets, including Shack Track formats.

Strong class of 2021; opening of first Shack in Shenzhen saw one of the highest opening week sales across all system-wide Shacks.

Expanded development agreement with partners in China to grow footprint over next 10 years; including more Shacks in South China and entry into Central China.

1. 2021-2022 expected Shack openings is gross and does not include closures.

FOCUS ON CULINARY INNOVATION

LTO CALENDAR FEATURES CHICKEN AND SEASONAL LEMONADES. LIFT IN AVERAGE IN-SHACK CHECK IN Q2 VERSUS Q1 DRIVEN BY POPULAR BEVERAGE OFFERINGS







2021 OUTLOOK

Q3 2021 Guidance

Total revenue	$194M to $200M
Shack sales	$188M to $193M
Licensed revenue	$6M to $7M
Same-Shack sales versus 2020	+ mid to high 20s%
Shack-level operating profit margin	15% to 17%

FY 2021 Guidance

Domestic Company-operated openings	35 to 38
Licensed openings (gross)	20 to 25
General and administrative expenses	$86M to $88M[1]
Equity-based compensation	Approximately $9M
Depreciation expense	$60M to $63M
Pre-opening costs	$13M to $14M

Q3 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



1. Includes approximately $8M of the approximately $9M 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 from these projections. Factors that may cause such differences include those discussed in the Company's Form 10-K for the fiscal year ended December 30, 2020 and our Cautionary Note On Forward-Looking Statements herein.

These forward-looking projections should be reviewed in conjunction with the condensed consolidated financial statements and the section titled “Cautionary Note Regarding Forward-Looking Information” which form 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.

MARGIN PRESSURES INCLUDING LABOR INVESTMENTS EXPECTED IN Q3

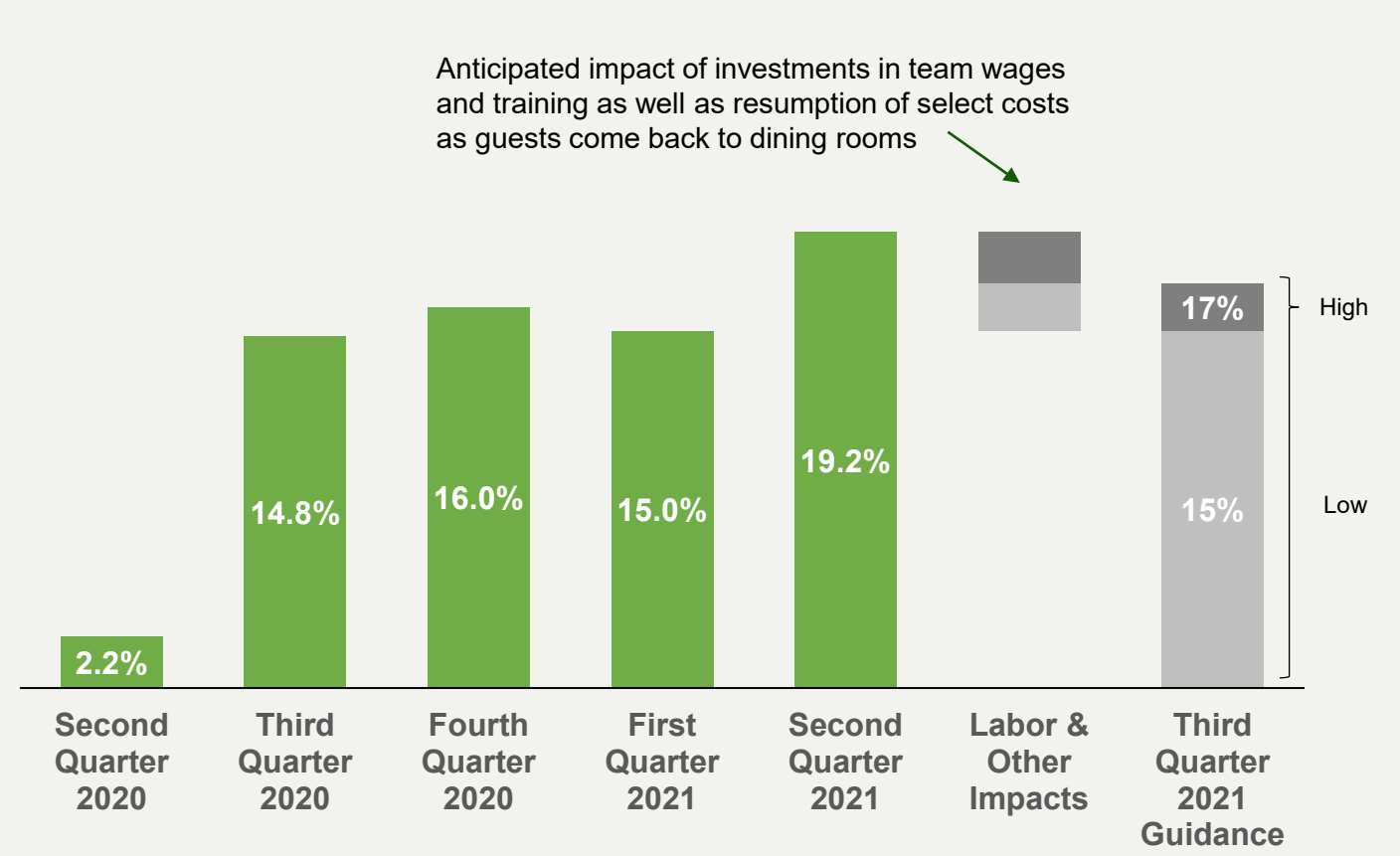
COMMITTED TO SUPPORT TEAM MEMBER RETENTION AND DEVELOPMENT











FINANCIAL DETAILS



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				Twenty-Six Weeks Ended			
	June 30, 2021		June 24, 2020		June 30, 2021		June 24, 2020	
Shack sales	$ 181,470	96.8%	$ 89,519	97.5%	$ 332,138	96.9%	$ 227,567	96.9%
Licensing revenue	5,990	3.2%	2,267	2.5%	10,604	3.1%	7,389	3.1%
TOTAL REVENUE	187,460	100.0%	91,786	100.0%	342,742	100.0%	234,956	100.0%
Shack-level operating expenses[(1)]:								
Food and paper costs	54,917	30.3%	30,027	33.5%	99,547	30.0%	69,591	30.6%
Labor and related expenses	52,631	29.0%	30,933	34.6%	99,013	29.8%	72,699	31.9%
Other operating expenses	24,275	13.4%	14,304	16.0%	47,419	14.3%	32,083	14.1%
Occupancy and related expenses	14,876	8.2%	12,323	13.8%	28,787	8.7%	24,881	10.9%
General and administrative expenses	20,366	10.9%	14,017	15.3%	39,931	11.7%	30,208	12.9%
Depreciation and amortization expense	14,472	7.7%	12,089	13.2%	28,198	8.2%	23,857	10.2%
Pre-opening costs	2,258	1.2%	1,734	1.9%	5,834	1.7%	3,977	1.7%
Impairment and loss on disposal of assets	358	0.2%	434	0.5%	727	0.2%	2,522	1.1%
TOTAL EXPENSES	184,153	98.2%	115,861	126.2%	349,456	102.0%	259,818	110.6%
OPERATING INCOME (LOSS)	3,307	1.8%	(24,075)	(26.2)%	(6,714)	(2.0)%	(24,862)	(10.6)%
Other income, net	108	0.1%	394	0.4%	139	0.0%	301	0.1%
Interest expense	(359)	(0.2)%	(442)	(0.5)%	(874)	(0.3)%	(554)	(0.2)%
INCOME (LOSS) BEFORE INCOME TAXES	3,056	1.6%	(24,123)	(26.3)%	(7,449)	(2.2)%	(25,115)	(10.7)%
Income tax expense (benefit)	991	0.5%	(6,092)	(6.6)%	(10,089)	(2.9)%	(6,005)	(2.6)%
NET INCOME (LOSS)	2,065	1.1%	(18,031)	(19.6)%	2,640	0.8%	(19,110)	(8.1)%
Less: net income (loss) attributable to non-controlling interests	121	0.1%	(1,820)	(2.0)%	(613)	(0.2)%	(1,939)	(0.8)%
NET INCOME (LOSS) ATTRIBUTABLE TO SHAKE SHACK INC.	$ 1,944	1.0%	$ (16,211)	(17.7)%	$ 3,253	0.9%	$ (17,171)	(7.3)%
Earnings (loss) per share of Class A common stock:								
Basic	$ 0.05		$ (0.43)		$ 0.08		$ (0.48)	
Diluted	$ 0.05		$ (0.43)		$ 0.06		$ (0.48)	
Weighted-average shares of Class A common stock outstanding:								
Basic	39,114		37,309		39,031		35,876	
Diluted	43,789		37,309		43,289		35,876	

(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.

"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.

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		Twenty-Six Weeks Ended	
	June 30, 2021	**June 24, 2020**	**June 30, 2021**	**June 24, 2020**
Operating income (loss)	$ 3,307	$ (24,075)	$ (6,714)	$ (24,862)
Less:				
Licensing revenue	5,990	2,267	10,604	7,389
Add:	-	-	-	-
General and administrative expenses	20,366	14,017	39,931	30,208
Depreciation and amortization expense	14,472	12,089	28,198	23,857
Pre-opening costs	2,258	1,734	5,834	3,977
Impairment and loss on disposal of assets[(1)]	358	434	727	2,522
Shack-level operating profit	$ 34,771	$ 1,932	$ 57,372	$ 28,313
Total revenue	$ 187,460	$ 91,786	$ 342,742	$ 234,956
Less: licensing revenue	5,990	2,267	10,604	7,389
Shack sales	$ 181,470	$ 89,519	$ 332,138	$ 227,567
Shack-level operating profit margin[(2)]	19.2%	2.2%	17.3%	12.4%

(1) For the twenty-six weeks ended June 24, 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.

"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.

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		Twenty-Six Weeks Ended	
	June 30, 2021	**June 24, 2020**	**June 30, 2021**	**June 24, 2020**
Net income (loss)	$ 2,065	$ (18,031)	$ 2,640	$ (19,110)
Depreciation and amortization expense	14,472	12,089	28,198	23,857
Interest expense, net	359	442	874	554
Income tax expense (benefit)	991	(6,092)	(10,089)	(6,005)
EBITDA	17,887	(11,592)	21,623	(704)
	-	-	-	-
Equity-based compensation	1,958	1,419	3,639	2,719
Amortization of cloud-based software implementation costs[(1)]	314	368	627	628
Deferred lease costs[(2)]	(75)	479	129	149
Impairment and loss on disposal of assets[(3)]	358	434	727	2,522
Debt offering related costs[(4)]	-	-	236	-
Legal Settlement[(5)]	24	-	619	-
Executive transition costs[(6)]	179	34	179	68
Project Concrete[(7)]	-	24	-	(237)
Other[(8)]	-	-	-	285
Adjusted EBITDA	$ 20,645	$ (8,834)	$ 27,779	$ 5,430
	-	-	-	-
Adjusted EBITDA margin[(9)]	11.0%	(9.6)%	8.1%	2.3%

(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 twenty-six weeks ended June 24, 2020, this 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 $187,460 and $342,742 for the thirteen and twenty-six weeks ended June 30, 2021, respectively, and $91,786 and $234,956 for the thirteen and twenty-six weeks ended June 24, 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 June 30, 2021			Fiscal Year Ended June 30, 2021		
	Income Tax Expense (Benefit)	Income (Loss) Before Income Taxes	Effective Tax Rate	Income Tax Expense	Income Before Income Taxes	Effective Tax Rate
As reported	$ 991	$ 3,056	32.4%	$ (10,089)	$ (7,449)	135.4%
Non-GAAP adjustments (before tax):						
Debt offering related costs		-		-	236	
Revolving Credit Facility amendment-related costs		-		-	323	
Legal settlement		24		-	619	
Executive transition costs		179		-	179	
Tax effect of non-GAAP adjustments and assumed exchange of outstanding LLC Interests	(112)			(136)	-	
Adjusted pro forma	$ 879	$ 3,259	27.0%	$ (10,225)	$ (6,092)	167.8%
Less:						
Net tax impact from stock-based compensation	121			8,472	-	
Adjusted pro forma (excluding windfall tax benefits)	1,000	$ 3,259	30.7%	$ (1,753)	$ (6,092)	28.8%

2020 ADJUSTED PRO FORMA EFFECTIVE TAX RATE

(dollar amounts in thousands)	Thirteen Weeks Ended June 24, 2020			Fiscal Year Ended June 24, 2020		
	Income Tax Expense (Benefit)	Income (Loss) Before Income Taxes	Effective Tax Rate	Income Tax Expense	Income Before Income Taxes	Effective Tax Rate
As reported	$ (6,092)	$ (24,123)	25.3%	$ (6,005)	$ (25,115)	23.9%
Non-GAAP adjustments (before tax):						
Executive transition costs		34		-	68	
Project Concrete		24		-	(237)	
Inventory adjustment and certain employee-related expenses				-	285	
Tax effect of non-GAAP adjustments and assumed exchange of outstanding LLC Interests	286			(1,533)	-	
Adjusted pro forma	$ (5,806)	$ (24,065)	24.1%	$ (7,538)	$ (24,999)	30.2%
Less:						
Windfall tax benefits from stock-based compensation	(876)			593		
Adjusted pro forma (excluding windfall tax benefits)	$ (6,682)	$ (24,065)	27.8%	$ (6,945)	$ (24,999)	27.8%

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