

SHAKE SHACK®

THIRD QUARTER EARNINGS SUPPLEMENTAL
NOVEMBER 4, 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 fourth 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.

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 continuing impact of the COVID-19 pandemic, including the potential impact of any COVID-19 variants, our ability to develop and open new Shacks on a timely basis, increased costs or shortages or interruptions in the supply or delivery of our products, increased labor costs or shortages, the management of our digital capabilities and expansion into delivery, our ability to maintain and grow sales at our existing Shacks, 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.



Q3 2021 RESULTS

Total Revenue:

\$193.9M

+48.7% YoY



Shack system-wide sales¹:

\$298.6M

+53.1% YoY



Same-Shack Sales versus 2020^{2,3}:

+24.8%

(7.3%) SSS versus 2019



Shack-level operating profit⁴:

\$29.6M

15.8% of Shack sales



Adjusted EBITDA⁵:

\$15.8M

8.2% 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



3Q Sales Outpaced Seasonality Despite COVID and Weather: COVID and weather impacts triggered ~100 days of closures that amounted to ~\$850K in lost sales. Even with these headwinds, Shack sales continued to recover.



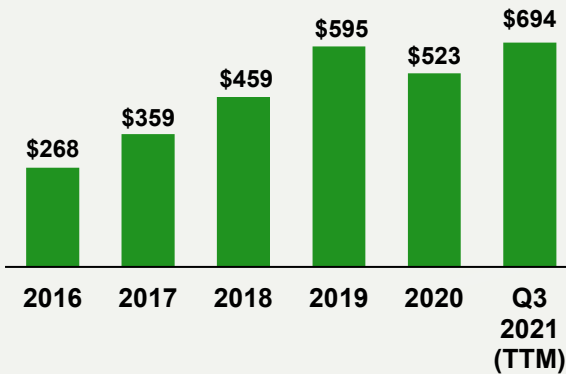
SSS vs 2019 Improved: SSS for Q3 down ~7% vs 2019, an improvement from Q2 down ~12%, as return to office, events, commuting and tourism drove urban sales.



Profitability Pressures: Realized 330 bps of impact to Shack-level operating profit this quarter from investments in team members and chicken and beef inflation.

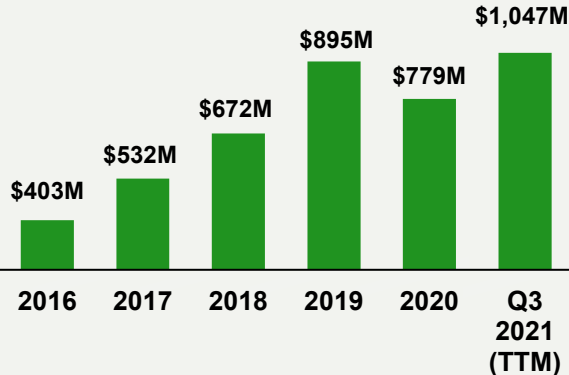
Total Revenue

\$694 Million



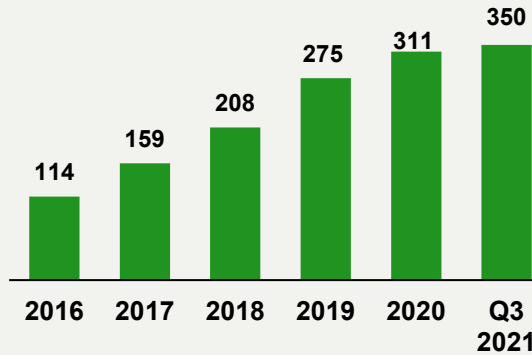
System-wide Sales

\$1 Billion



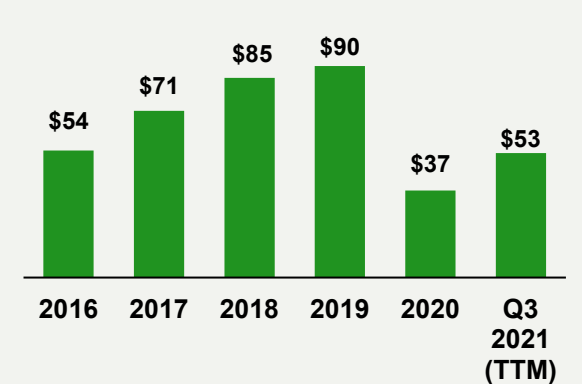
System-wide Shack Count

350 as of Q3 2021



Cash Flow from Operations

\$53 Million





FISCAL OCTOBER 2021 SNAPSHOT

SALES OUTPACED SEASONALITY AND NEARLY CLOSED THE GAP TO 2019

Continued Sales Strength:

\$70K

Fiscal October Average Weekly Sales (AWS), outpacing seasonal declines



SSS vs 2019 Improvement:

(1%)

Fiscal October SSS versus 2019, marking an improvement from (9%) in fiscal July¹



SSS vs 2020 Recovery:

18%

Increase in fiscal October SSS versus 2020



Urban SSS vs 2019 Momentum:

(8%)

Urban fiscal October SSS versus 2019, improvement from (18%) in fiscal July



Suburban SSS vs 2019 Momentum:

+7%

Suburban fiscal October SSS versus 2019, improvement from +1% in fiscal July

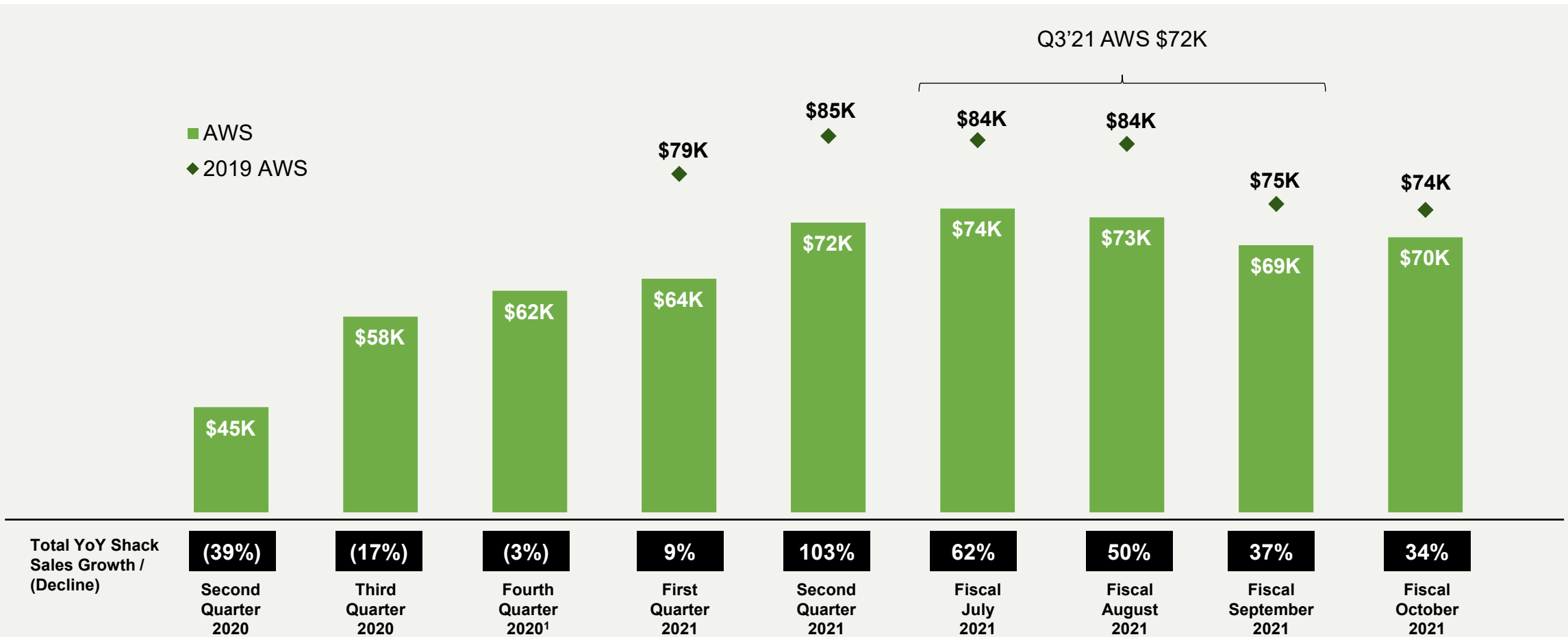


1. To normalize for the 53rd week in fiscal 2020, the compare periods for both 2020 and 2019 have been shifted forward a week from the fiscal calendar in order to show a more like-for-like comparison. See Financial Details section for more information and 2021 SSS comparative periods.



AWS OUTPACED HISTORICAL SEASONALITY

OCTOBER AVERAGE WEEKLY SALES ROSE MoM



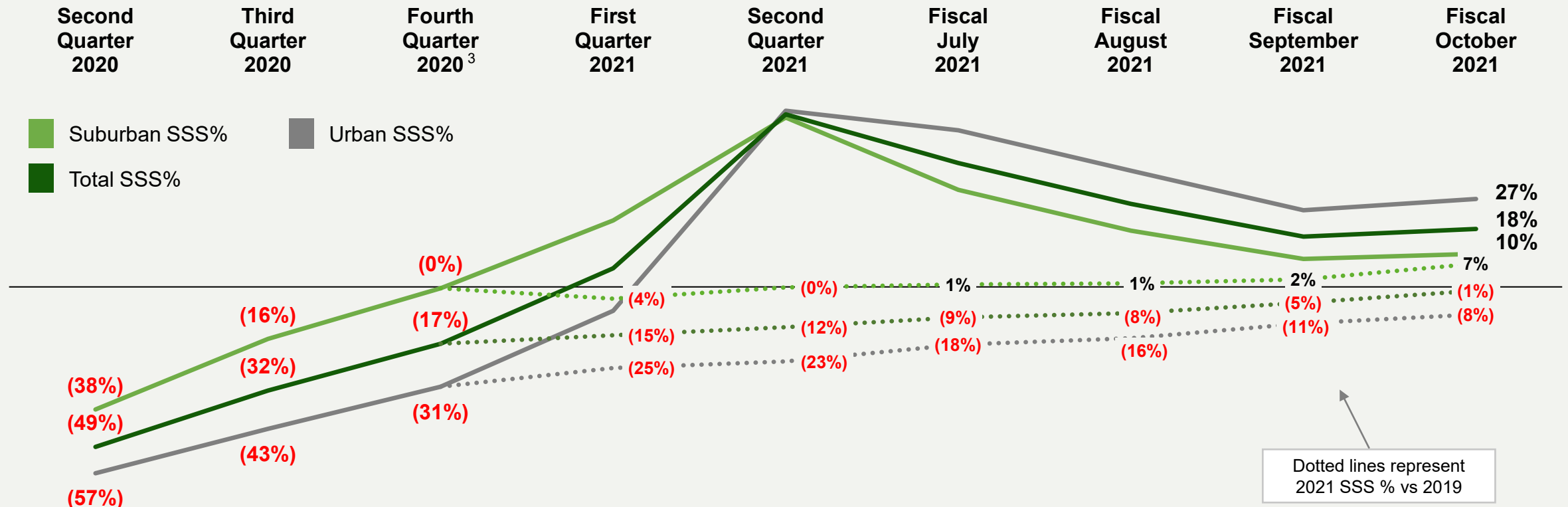
1. Fourth Quarter 2020 total YoY Shack sales decline excludes impact of the 53rd fiscal accounting week and compares the thirteen weeks from September 24, 2020 through December 23, 2020 to the thirteen weeks from September 26, 2019 through December 25, 2019. The favorable impact of the 53rd week in fiscal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



Q3 SSS IMPROVEMENT LED BY BROAD BASED RECOVERY

SUBURBAN SSS GREW EVEN AS MORE GUESTS RETURNED TO URBAN SHACKS

URBAN/SUBURBAN¹ SAME-SHACK SALES VS PRIOR YEAR AND 2019²



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.



SUBURBAN LEADING DEVELOPMENT ACROSS DIVERSE FORMATS; 45-50 COMPANY-OPERATED SHACKS IN 2022

FREESTANDING BUILDINGS | SHOPPING CENTERS | REGIONAL MALLS | OUTLET MALLS



Oak Lawn, IL - Freestanding with Shack Track Drive Up



Suburban Square, PA – Outdoor Shopping Center



The Westchester, NY – Regional Mall Food Court



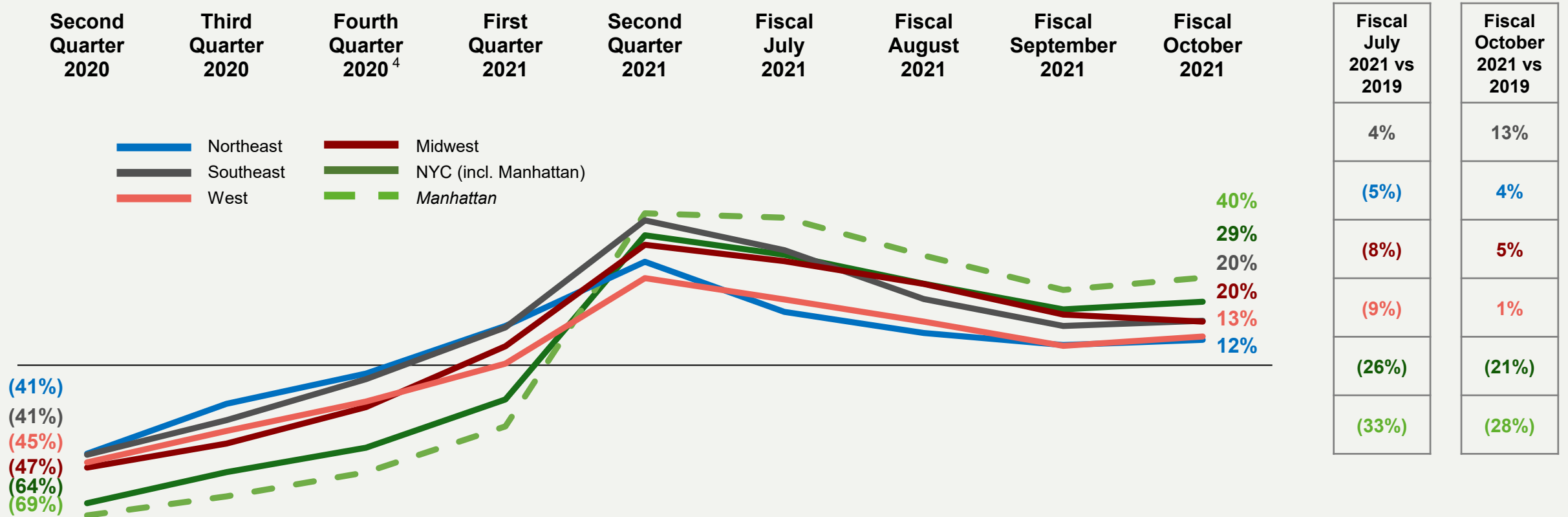
Orlando Premium Outlets, FL – Outlet Mall



SSS PERFORMANCE VARIED ACROSS REGIONS

NYC AND MANHATTAN DROVE SIGNIFICANT IMPROVEMENT; SOUTHEAST SAW GREATER COVID & WEATHER PRESSURES IN Q3

REGIONAL¹ SAME-SHACK SALES² VS PRIOR YEAR³



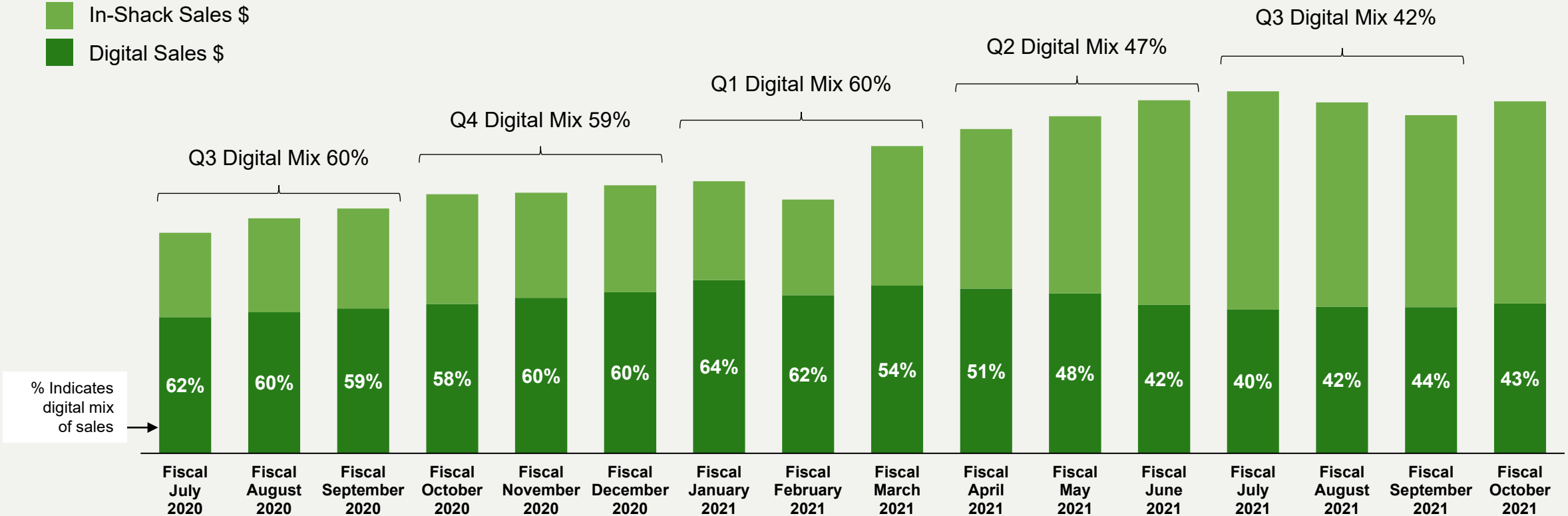
1. The regions of domestic Company-operated Shacks are defined as: NYC, which represents 5 boroughs; Northeast, which represents non-NYC NY, CT, DC, DE, MA, MD, NJ, PA, RI, VA; Southeast, which represents AL, FL, GA, LA, NC, TN, TX; Midwest, which represents IL, KS, KY, MI, MN, MO, OH, WI; and West, 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.
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DIGITAL SALES RETENTION HOLDS AT ~80%^{1,2}

ADDED ~14% NEW PURCHASERS IN COMPANY-OWNED APP & WEB CHANNELS QoQ;
3.2M TOTAL PURCHASERS ACQUIRED SINCE MARCH 2020

■ In-Shack Sales \$
■ Digital Sales \$



% Indicates digital mix of sales

1. Retention of fiscal January 2021 digital sales levels in fiscal September 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.



DIGITAL HOSPITALITY MEETS GUESTS ONLINE AND IN-SHACK

OFFERING A TRUE OMNICHANNEL GUEST EXPERIENCE
WEBSITE REDESIGN | DIGITAL & KIOSK | APP-ONLY LTO LAUNCH

SHAKE  SHACK®

Order Now

=

Shacks with kiosks generate 75% of sales through kiosk and other digital channels

SHACK TO YOUR DOORSTEP

Lines? Nope. Shoes? Never. Only 99¢? Always.

Visit our New Website, Launched Q3
www.shakeshack.com



BURGERS

ORDER HERE
CREDIT ONLY

Chip Card And Mobile Payment Only

Chip Card And Mobile Payment Only

BLACK TRUFFLE BURGER



ORDER ON OUR APP

Continue to mobile web



CLASS OF 2021 FEATURES NEW, CONVENIENT FORMATS

SHACK TRACK DRIVE UP WINDOWS | FIRST DRIVE THRU COMING DECEMBER 2021

Shack Track Drive Up Window at Oak Lawn, IL



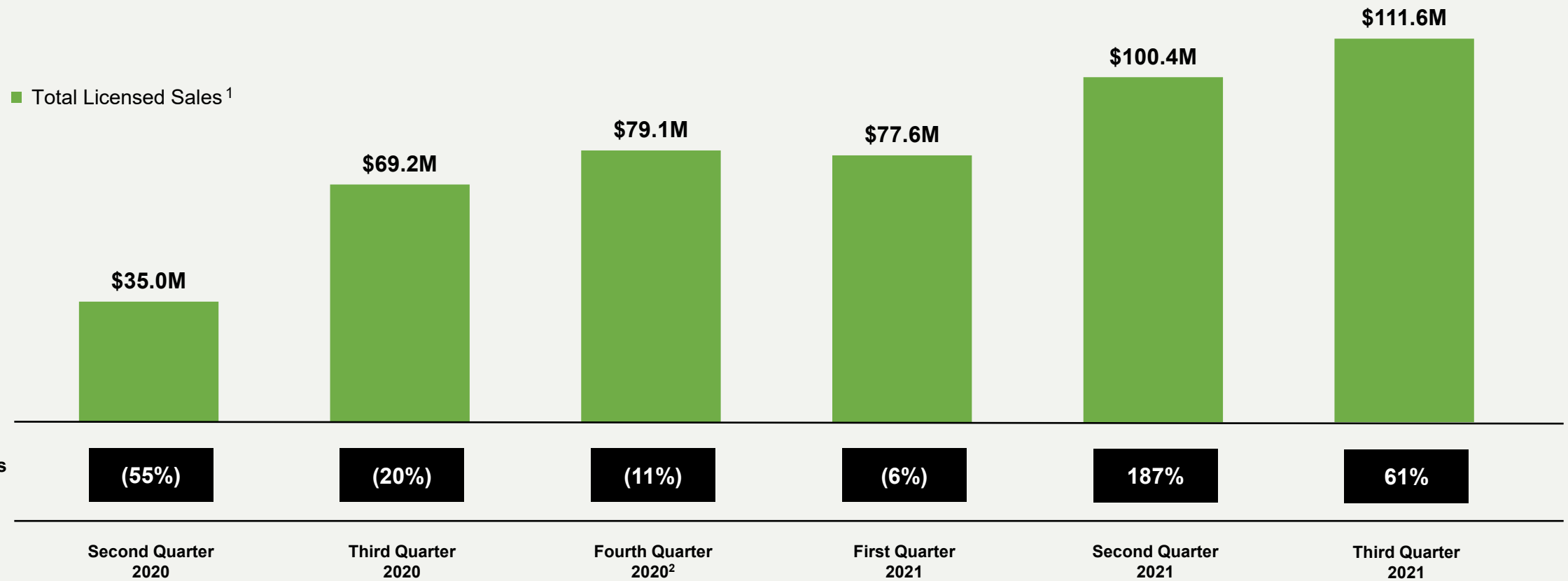
Drive Thru Rendering





TOTAL LICENSED SALES ROSE 61% YOY

BENEFITED FROM STRONG NEW OPENINGS AND EASING COVID RESTRICTIONS



Total YoY
Licensed Sales
Growth /
(Decline)

1. Total Licensed 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 Licensed sales and YoY 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 BRINGS SHAKE SHACK WORLDWIDE

OPENED 21 SHACKS THROUGH FISCAL OCTOBER, WITH ~25 EXPECTED FY 2021;
DEVELOPMENT PLANS WILL INCREASE PRESENCE ACROSS NEW AND EXISTING MARKETS

First Shack opened in Hangzhou, China



First Shack opened in Monterrey, Mexico





BREAKTHROUGH BRAND MOMENTS IN LTO MARKETING

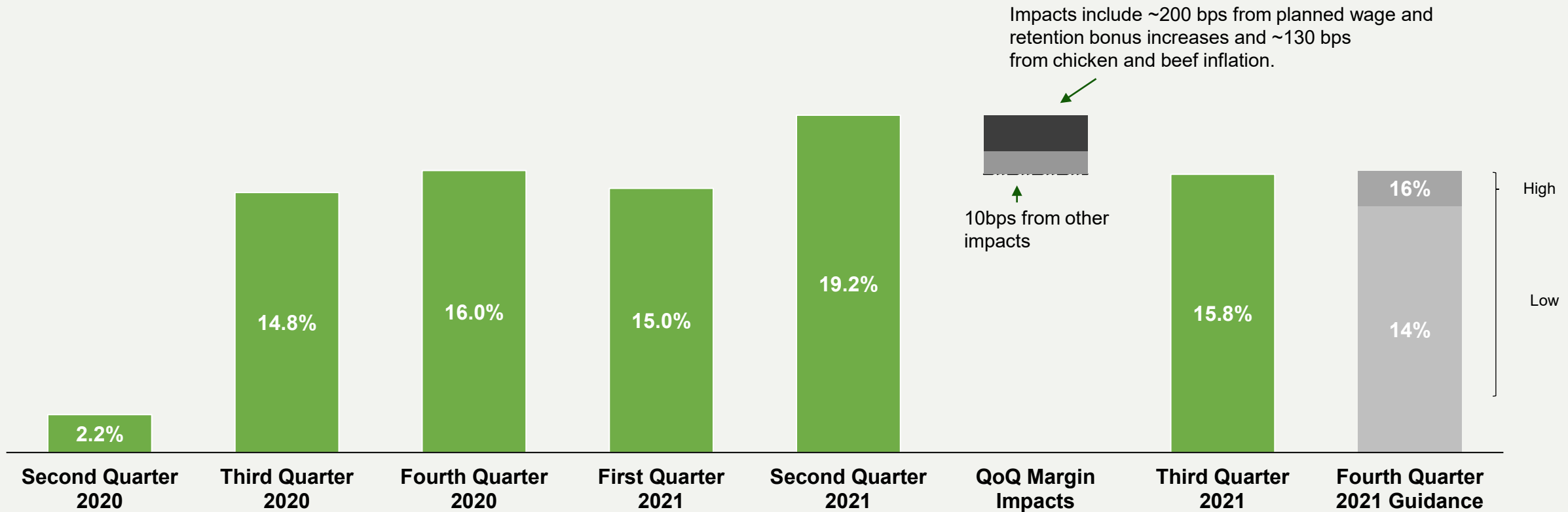
CULINARY MARKETING CAMPAIGNS ENGAGE CUSTOMERS WITH COLLABORATIONS AND LIMITED TIME OFFERS





MARGIN PRESSURE TO CONTINUE FOR FORESEEABLE FUTURE

LABOR INVESTMENTS AND SUPPLY CHAIN INFLATION LIKELY TO PERSIST INTO 2022





2021 OUTLOOK

Q4 2021 Guidance

Total revenue	\$193.5M to \$200M
Shack sales	\$187M to \$193M
Licensed revenue	\$6.5M to \$7.0M
Same-Shack sales versus 2020	+ mid to high teens
Shack-level operating profit margin	14% to 16%

FY 2021 Guidance

Domestic Company-operated openings	35 to 38
Licensed openings (gross)	Approximately 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

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.

Fiscal fourth quarter and fiscal 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. The Company is reaffirming the full year Shack openings and expense guidance provided earlier this year.





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							Fiscal 2020							Fiscal 2021													
Q1 2019							Q1 2020							Q1 2021													
Comparison vs 2021							Comparison vs 2021							2021 Fiscal Week													
Th	F	Sa	Su	M	Tu	W	Th	F	Sa	Su	M	Tu	W	Th	F	Sa	Su	M	Tu	W							
J A N	27	28	29	30	31	1	2	J A N	26	27	28	29	30	31	1	J A N	31	1	2	3	4	5	6	Period 1 Week 1			
	3	4	5	6	7	8	9		2	3	4	5	6	7	8		7	8	9	10	11	12	13	Period 1 Week 2			
	10	11	12	13	14	15	16		9	10	11	12	13	14	15		14	15	16	17	18	19	20	Period 1 Week 3			
	17	18	19	20	21	22	23		16	17	18	19	20	21	22		21	22	23	24	25	26	27	Period 1 Week 4			
F E B	24	25	26	27	28	29	30	F E B	23	24	25	26	27	28	29	F E B	28	29	30	31	1	2	3	Period 2 Week 1			
	31	1	2	3	4	5	6		30	31	1	2	3	4	5		4	5	6	7	8	9	10	Period 2 Week 2			
	7	8	9	10	11	12	13		6	7	8	9	10	11	12		11	12	13	14	15	16	17	Period 2 Week 3			
	14	15	16	17	18	19	20		13	14	15	16	17	18	19		18	19	20	21	22	23	24	Period 2 Week 4			
M A R	21	22	23	24	25	26	27	M A R	20	21	22	23	24	25	26	M A R	25	26	27	28	1	2	3	Period 3 Week 1			
	28	1	2	3	4	5	6		27	28	29	1	2	3	4		4	5	6	7	8	9	10	Period 3 Week 2			
	7	8	9	10	11	12	13		5	6	7	8	9	10	11		11	12	13	14	15	16	17	Period 3 Week 3			
	14	15	16	17	18	19	20		12	13	14	15	16	17	18		18	19	20	21	22	23	24	Period 3 Week 4			
21	22	23	24	25	26	27	19	20	21	22	23	24	25	25	26	27	28	29	30	31	Period 3 Week 5						
A P R	28	29	30	31	1	2	3	A P R	26	27	28	29	30	31	1	A P R	1	2	3	4	5	6	7	Period 3 Week 1			
	4	5	6	7	8	9	10		2	3	4	5	6	7	8		8	9	10	11	12	13	14	Period 3 Week 2			
	11	12	13	14	15	16	17		9	10	11	12	13	14	15		15	16	17	18	19	20	21	Period 3 Week 3			
	18	19	20	21	22	23	24		16	17	18	19	20	21	22		22	23	24	25	26	27	28	Period 3 Week 4			



INCOME STATEMENT

	Thirteen Weeks Ended				Thirty-Nine Weeks Ended			
	September 29, 2021		September 23, 2020		September 29, 2021		September 23, 2020	
Shack sales	\$ 186,972	96.4 %	\$ 126,288	96.8 %	\$ 519,110	96.7 %	\$ 353,855	96.9 %
Licensing revenue	6,923	3.6 %	4,113	3.2 %	17,527	3.3 %	11,502	3.1 %
TOTAL REVENUE	193,895	100.0 %	130,401	100.0 %	536,637	100.0 %	365,357	100.0 %
Shack-level operating expenses ⁽¹⁾ :								
Food and paper costs	57,925	31.0 %	37,903	30.0 %	157,472	30.3 %	107,494	30.4 %
Labor and related expenses	58,208	31.1 %	37,898	30.0 %	157,221	30.3 %	110,597	31.3 %
Other operating expenses	26,613	14.2 %	18,743	14.8 %	74,032	14.3 %	50,826	14.4 %
Occupancy and related expenses	14,640	7.8 %	13,093	10.4 %	43,427	8.4 %	37,974	10.7 %
General and administrative expenses	20,504	10.6 %	14,962	11.5 %	60,435	11.3 %	45,170	12.4 %
Depreciation and amortization expense	15,183	7.8 %	12,376	9.5 %	43,381	8.1 %	36,233	9.9 %
Pre-opening costs	2,933	1.5 %	1,822	1.4 %	8,767	1.6 %	5,799	1.6 %
Impairment and loss on disposal of assets	535	0.3 %	402	0.3 %	1,262	0.2 %	2,924	0.8 %
TOTAL EXPENSES	196,541	101.4 %	137,199	105.2 %	545,997	101.7 %	397,017	108.7 %
LOSS FROM OPERATIONS	(2,646)	(1.4) %	(6,798)	(5.2) %	(9,360)	(1.7) %	(31,660)	(8.7) %
Other income, net	18	— %	34	— %	157	— %	335	0.1 %
Interest expense	(350)	(0.2) %	(143)	(0.1) %	(1,224)	(0.2) %	(697)	(0.2) %
LOSS BEFORE INCOME TAXES	(2,978)	(1.5) %	(6,907)	(5.3) %	(10,427)	(1.9) %	(32,022)	(8.8) %
Benefit from income taxes	(576)	(0.3) %	(797)	(0.6) %	(10,665)	(2.0) %	(6,802)	(1.9) %
NET INCOME (LOSS)	(2,402)	(1.2) %	(6,110)	(4.7) %	238	— %	(25,220)	(6.9) %
Less: Net loss attributable to non-controlling interests	(224)	(0.1) %	(551)	(0.4) %	(837)	(0.2) %	(2,490)	(0.7) %
NET INCOME (LOSS) ATTRIBUTABLE TO SHAKE SHACK INC.	\$ (2,178)	(1.1) %	\$ (5,559)	(4.3) %	\$ 1,075	0.2 %	\$ (22,730)	(6.2) %
Earnings (loss) per share of Class A common stock:								
Basic	\$ (0.06)		\$ (0.15)		\$ 0.03		\$ (0.62)	
Diluted	\$ (0.06)		\$ (0.15)		\$ 0.01		\$ (0.62)	
Weighted-average shares of Class A common stock outstanding:								
Basic	39,137		38,251		39,066		36,668	
Diluted	39,137		38,251		43,448		36,668	

(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

	Thirteen Weeks Ended		Thirty-Nine Weeks Ended	
	September 29, 2021	September 23, 2020	September 29, 2021	September 23, 2020
<i>(dollar amounts in thousands)</i>				
Loss from Operations	\$ (2,646)	\$ (6,798)	\$ (9,360)	\$ (31,660)
Less:				
Licensing revenue	6,923	4,113	17,527	11,502
Add:				
General and administrative expenses	20,504	14,962	60,435	45,170
Depreciation and amortization expense	15,183	12,376	43,381	36,233
Pre-opening costs	2,933	1,822	8,767	5,799
Impairment and loss on disposal of assets ⁽¹⁾	535	402	1,262	2,924
Shack-level operating profit	\$ 29,586	\$ 18,651	\$ 86,958	\$ 46,964
Total revenue	\$ 193,895	\$ 130,401	\$ 536,637	\$ 365,357
Less: Licensing revenue	6,923	4,113	17,527	11,502
Shack sales	\$ 186,972	\$ 126,288	\$ 519,110	\$ 353,855
Shack-level operating profit margin ⁽²⁾	15.8 %	14.8 %	16.8 %	13.3 %

(1) For the thirty-nine weeks ended September 23, 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		Thirty-Nine Weeks Ended	
	September 29, 2021	September 23, 2020	September 29, 2021	September 23, 2020
Net income (loss)	\$ (2,402)	\$ (6,110)	\$ 238	\$ (25,220)
Depreciation and amortization expense	15,183	12,376	43,381	36,233
Interest expense, net	350	143	1,224	697
Benefit from income taxes	(576)	(797)	(10,665)	(6,802)
EBITDA	12,555	5,612	34,178	4,908
Equity-based compensation	2,324	1,339	5,963	4,058
Amortization of cloud-based software implementation costs ⁽¹⁾	308	458	935	1,086
Deferred lease costs ⁽²⁾	108	258	237	407
Impairment and loss on disposal of assets ⁽³⁾	535	402	1,262	2,924
Debt offering related costs ⁽⁴⁾	—	—	236	—
Legal settlement ⁽⁵⁾	—	—	619	—
Executive transition costs ⁽⁶⁾	—	82	179	150
Project Concrete ⁽⁷⁾	—	8	—	(229)
Other ⁽⁸⁾	—	—	—	285
Adjusted EBITDA	\$ 15,830	\$ 8,159	\$ 43,609	\$ 13,589
Adjusted EBITDA margin⁽⁹⁾	8.2 %	6.3 %	8.1 %	3.7 %

(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 thirty-nine weeks ended September 23, 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 \$193,895 and \$536,637 for the thirteen and thirty-nine weeks ended September 29, 2021, respectively, and \$130,401 and \$365,357 for the thirteen and thirty-nine weeks ended September 23, 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

	Thirteen Weeks Ended			Fiscal Year Ended		
	September 29, 2021			September 29, 2021		
	Income Tax Expense (Benefit)	Income (Loss) Before Income Taxes	Effective Tax Rate	Income Tax Expense	Income Before Income Taxes	Effective Tax Rate
<i>(dollar amounts in thousands)</i>						
As reported	\$ (576)	\$ (2,978)	19.3%	\$ (10,665)	\$ (10,427)	102.3%
Non-GAAP adjustments (before tax):						
Debt offering related costs		-		-	236	
Revolving Credit Facility amendment-related costs		-		-	323	
Legal settlement		-		-	619	
Tax effect of non-GAAP adjustments and assumed exchange of outstanding LLC Interests	(392)			(528)	-	
Adjusted pro forma	\$ (968)	\$ (2,978)	32.5%	\$ (11,193)	\$ (9,070)	123.4%
Less:						
Net tax impact from stock-based compensation	54			8,526	-	
Adjusted pro forma (excluding windfall tax benefits)	(914)	\$ (2,978)	30.7%	\$ (2,667)	\$ (9,070)	29.4%



2020 ADJUSTED PRO FORMA EFFECTIVE TAX RATE

	Thirteen Weeks Ended			Fiscal Year Ended		
	September 23, 2020			September 23, 2020		
	Income Tax Expense (Benefit)	Income (Loss) Before Income Taxes	Effective Tax Rate	Income Tax Expense	Income Before Income Taxes	Effective Tax Rate
<i>(dollar amounts in thousands)</i>						
As reported	\$ (797)	\$ (6,907)	11.5%	\$ (6,802)	\$ (32,022)	21.2%
Non-GAAP adjustments (before tax):						
Executive transition costs		82		-	150	
Project Concrete		8		-	(229)	
Inventory adjustment and certain employee-related expenses				-	285	
Tax effect of non-GAAP adjustments and assumed exchange of outstanding LLC Interests	(1,608)			(3,141)	-	
Adjusted pro forma	\$ (2,405)	\$ (6,817)	35.3%	\$ (9,943)	\$ (31,816)	31.3%
Less:						
Windfall tax benefits from stock-based compensation	405			997		
Adjusted pro forma (excluding windfall tax benefits)	\$ (2,000)	\$ (6,817)	29.3%	\$ (8,946)	\$ (31,816)	28.1%



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