



FOURTH QUARTER EARNINGS SUPPLEMENTAL
FEBRUARY 17, 2022





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, expected development targets for fiscal 2022, including expected Shack construction and openings, expected same-Shack sales growth, average weekly sales and trends in the Company's operations, the expansion of the Company's delivery services, the Company's digital investments and strategies, 2022 guidance, 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 position, results of 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," "preliminary," "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, the Company's ability to develop and open new Shacks on a timely basis, increased costs or shortages or interruptions in the supply and delivery of the Company's products, increased labor costs or shortages, the Company's management of its digital capabilities and expansion into delivery, the Company's ability to maintain and grow sales at its 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 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.



Q4 2021 RESULTS

Total Revenue:

\$203.3M



Shack System-wide Sales¹:

\$314.3M



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

+20.8%

+2.2% SSS versus 2019



Shack-level operating profit⁴:

\$32.2M

16.4% of Shack sales



Adjusted EBITDA⁵:

\$12.4M

6.1% 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 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.
4. "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 Shake sales. 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.



Q4 2021 BUSINESS HIGHLIGHTS



Strong momentum in 4Q21:
Average Weekly Sales (AWS) of \$74,000 outperformed seasonality, driven by strong reception to October menu price as well as urban and suburban strength.



Shack development acceleration:
Opened 36 company-operated and 26 licensed Shacks (gross) in FY21.



System-wide sales top \$1.1b:
Strong sales illustrate the growing reach of the brand domestically and internationally.

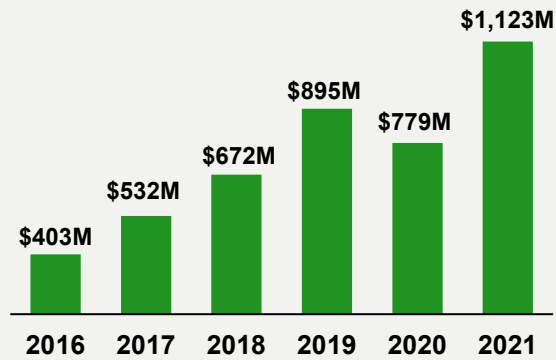
Total Revenue

\$740 Million



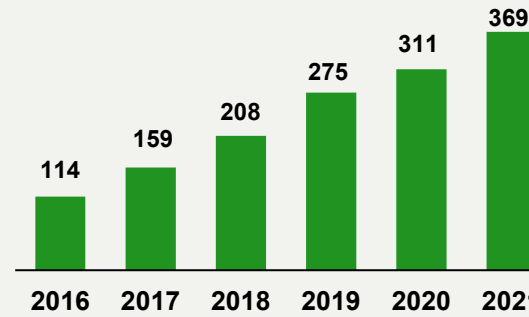
System-wide Sales

\$1.1 Billion



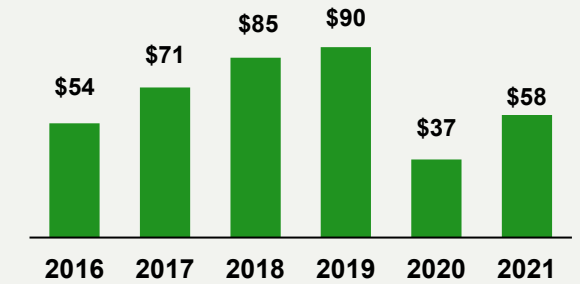
System-wide Shack Count

369 as of FY21



Cash Flow from Operations

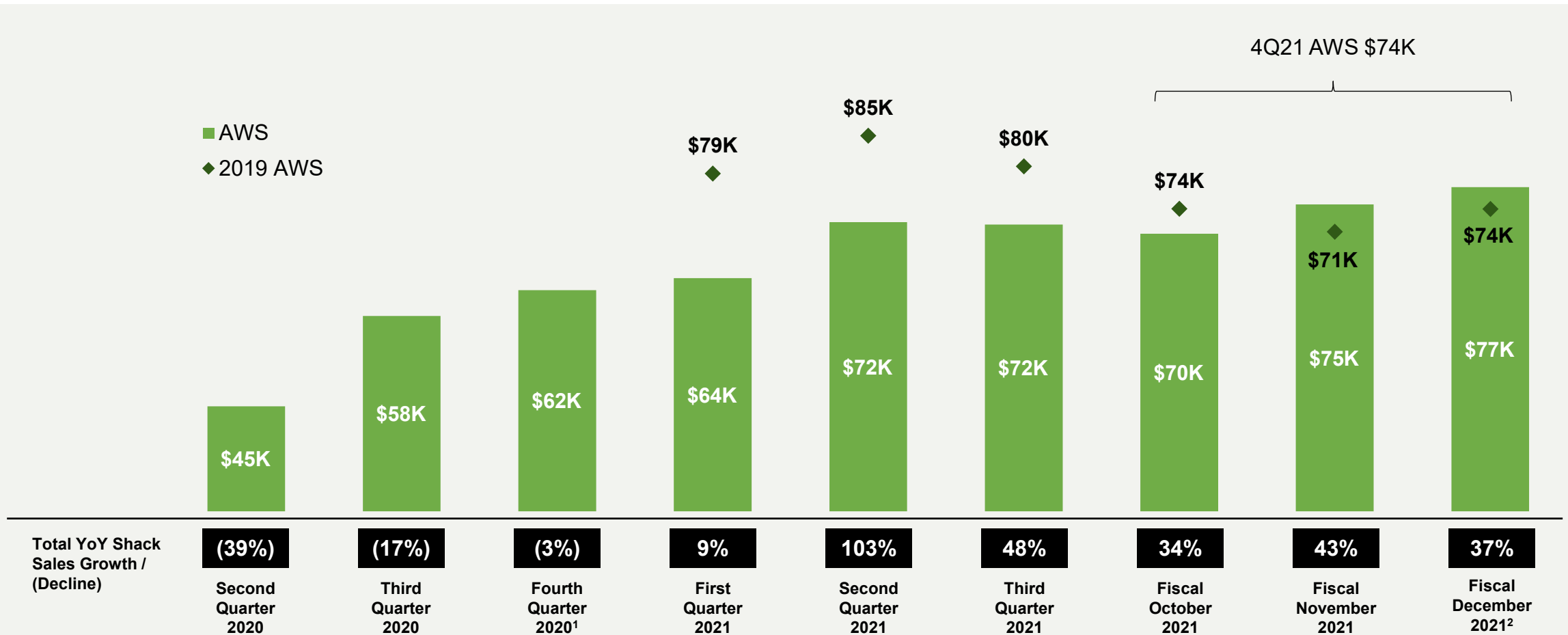
\$58 Million





STRONG 4Q21 AVERAGE WEEKLY SALES (AWS)

SALES OUTPERFORMED SEASONALITY ON SUCCESSFUL OCTOBER PRICE INCREASE, AS WELL AS TRAFFIC-DRIVEN GAINS IN URBAN AND SUBURBAN MARKETS.



1. Fourth Quarter 2020 total YoY Shack sales decline excludes the impact of the 53rd fiscal accounting week in 2020 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.

2. Fiscal December 2021 total YoY Shack sales increase excludes the impact of the 53rd fiscal accounting week in 2020 and compares the five weeks from November 25, 2021 through December 29, 2021 to the five weeks from November 19, 2020 through December 23, 2020.



YTD 2022 SNAPSHOT

FEBRUARY TO DATE SSS % +~13% SHOWS A MARKED IMPROVEMENT AFTER HEADWINDS FROM OMICRON REALTED SALES PRESSURES, LOST HOURS AND CLOSURES IN JANUARY.

AWS negatively impacted by COVID:

\$63K

Fiscal January AWS down from \$74K in 4Q21 due to slower sales per hour and reduced hours.



Fiscal January SSS % vs Prior Year (PY):

+2%

Total SSS decelerated from 4Q21 trends.



Fiscal February through 2/15/2022 SSS % vs PY:

+ ~13%

Total SSS steadily improving from January pressures.



Fiscal January Urban SSS vs PY:

+8%

A deceleration versus prior periods.



Fiscal January Suburban SSS vs PY:

(3%)

A deceleration from prior periods.





PRODUCT INNOVATION | LTOS & PREMIUM ADD-ONS TO CORE

OUR BLACK TRUFFLE BURGER AND FRIES, INITIALLY LAUNCHED AS AN IN-APP EXCLUSIVE, WAS THE BEST PERFORMING LTO ACROSS OUR DIGITAL CHANNELS IN 2021. BUFFALO CHICKEN AND FRIES KICK OFF 2022'S ROBUST CULINARY CALENDAR.

BUFFALO CHICKEN



HAND BREADED.
NO ANTIBIOTICS.

REAL. BLACK.TRUFFLE.



SHAKE  SHACK®

WAKE & SHAKE

RED BAY COFFEE,
maple syrup + orange zest
740 CALS



CHOCOLATE PIE SHAKE

FOUR & TWENTY
BLACKBIRDS
chocolate ganache oat pie
880 CALS





FORMAT TRANSFORMATION | DRIVE-THRU

UNLOCKING DRIVE-THRU OPPORTUNITY IN SUBURBAN, DRIVE-THRU HEAVY MARKETS, WITH ROLLOUT OPTIMIZED FOR LEARNING THROUGH VARIOUS DESIGN LAYOUTS.



Opened first three drive-thrus since December 2021.

Expect to open at least 10 by end of 2022.



New format targets increasing addressable market across the country, and potentially globally.



Operations delivers elevated hospitality, made to order, balanced with convenience and speed.

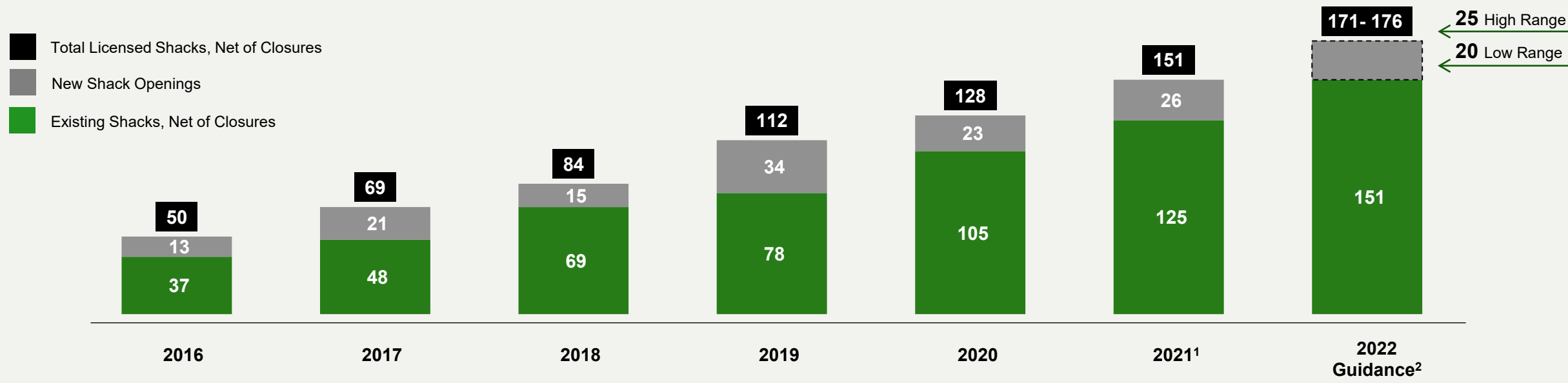


Development focused in heavy drive-thru markets to optimize learnings.



FOCUSED GROWTH IN OUR LICENSED BUSINESS

WE EXPECT TO OPEN 20-25 NEW LICENSED SHACKS IN 2022, BRINGING OUR TOTAL SYSTEM-WIDE COMPANY-OPERATED AND LICENSED UNITS TO 434-444.



Development Highlights

Korea market launch

Hong Kong market launch

Shanghai, Singapore, Philippines & Mexico market launches

Beijing market launch

Monterrey, Macau, Shenzhen & Hangzhou market launches

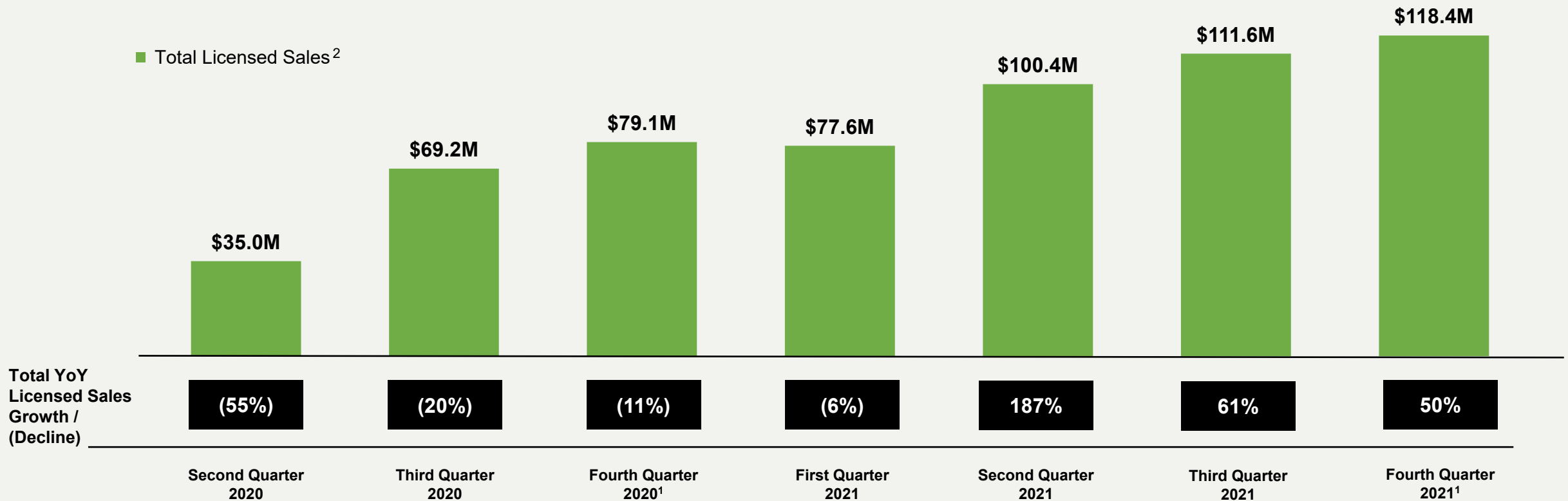
Nanjing, Chengdu & Guangzhou market launches; expanding roadside in the US

1. 2021 ending Shack count is net of 3 closures.
2. 2022 Guidance for total Licensed Shack counts is a gross figure and assumes no closures in 2022.



TOTAL LICENSED SALES ROSE 50% YOY¹

BROAD BASED MOMENTUM ACROSS DOMESTIC AND INTERNATIONAL LICENSED MARKETS.



1. Fourth Quarter 2020 and Fourth Quarter 2021 total Licensed sales and YoY declines exclude the impact of the 53rd fiscal accounting week in 2020. The favorable impact of the 53rd week in fiscal 2020 was an incremental licensed sales of \$7.0 million.

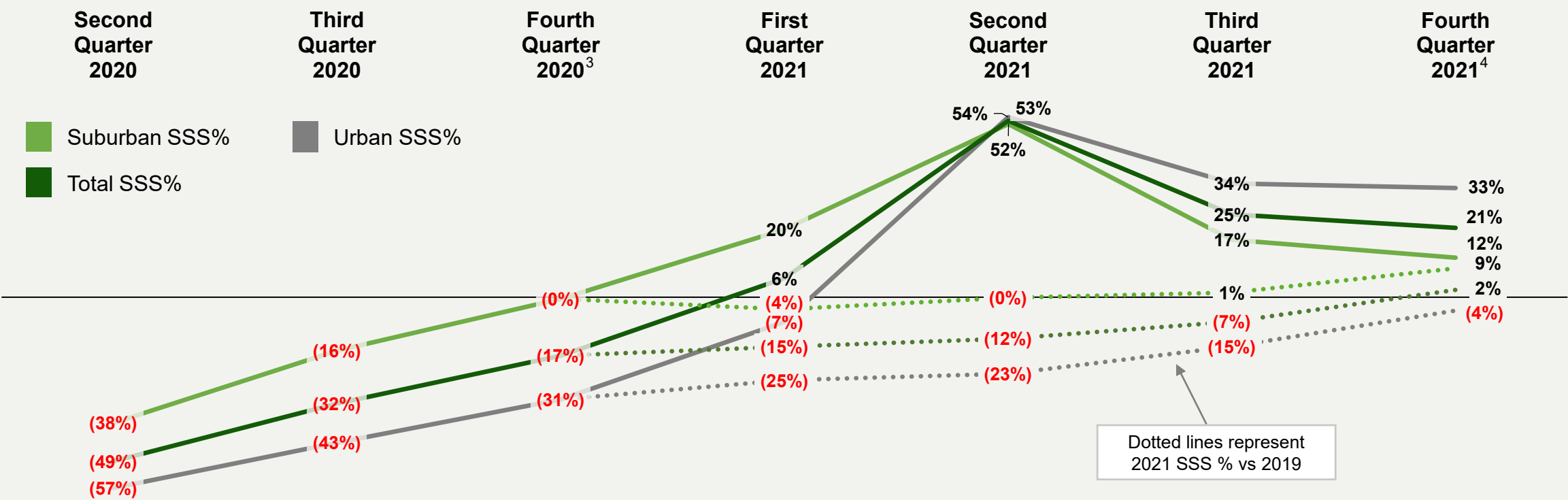
2. Total Licensed sales is an operating measure and consists of sales from domestic licensed Shacks and international licensed Shacks. The Company does not recognize the sales from licensed Shacks as revenue. Of these amounts, revenue is limited to licensing revenue based on a percentage of sales from domestic and international licensed Shacks, as well as certain up-front fees, such as territory fees and opening fees.



SSS % BY URBAN AND SUBURBAN MARKETS

BOTH URBAN AND SUBURBAN 4Q21 SAME SHACK SALES VERSUS 2019 IMPROVED QoQ.

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



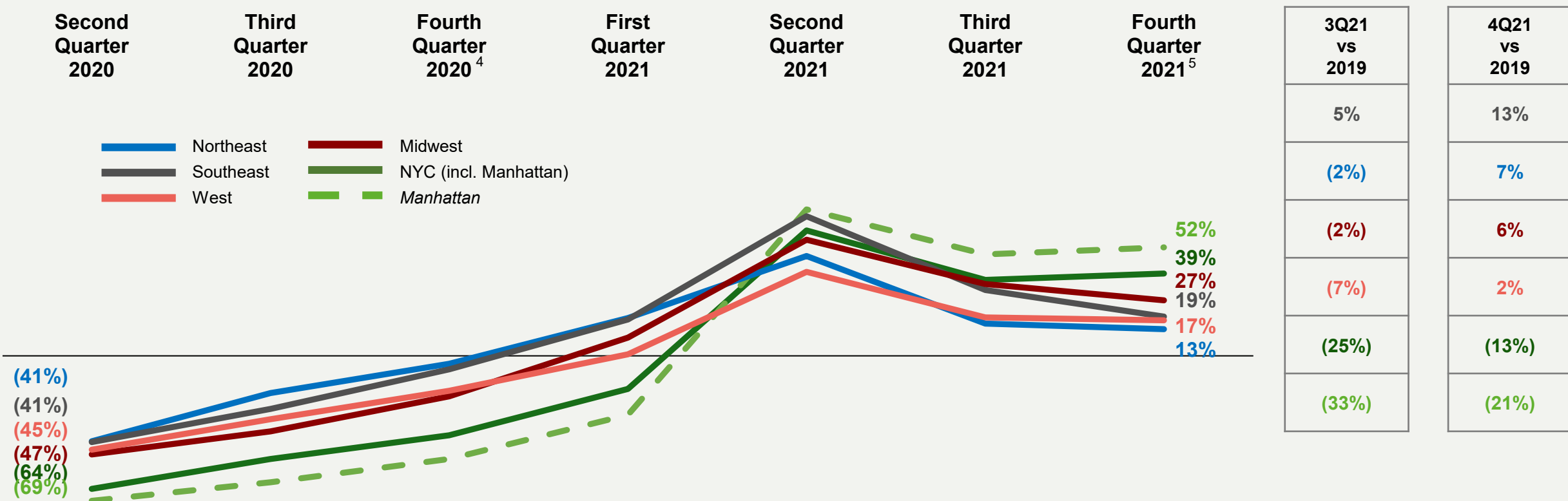
1. Urban refers to a Shack that is located in a very densely populated city area. These locations tend to be very walkable, close to lots of traffic, shopping, tourism and/or office buildings. Suburban is any Shack that is not classified as urban.
2. To normalize for the 53rd week in fiscal 2020, the 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 below footnotes for comparative periods.
3. For Q4 2020, same-Shack sales excludes the impact of the fourteenth week in 2020 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.
4. For Q4 2021, same-Shack sales were adjusted for the fourteenth week in 2020 and compares the thirteen weeks from September 30, 2021 through December 29, 2021 to the thirteen weeks from October 1, 2020 through December 30, 2020.



SSS % PERFORMANCE VARIED ACROSS REGIONS

NYC AND MANHATTAN DROVE SIGNIFICANT IMPROVEMENT IN 4Q21.

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 below footnotes for comparative periods.

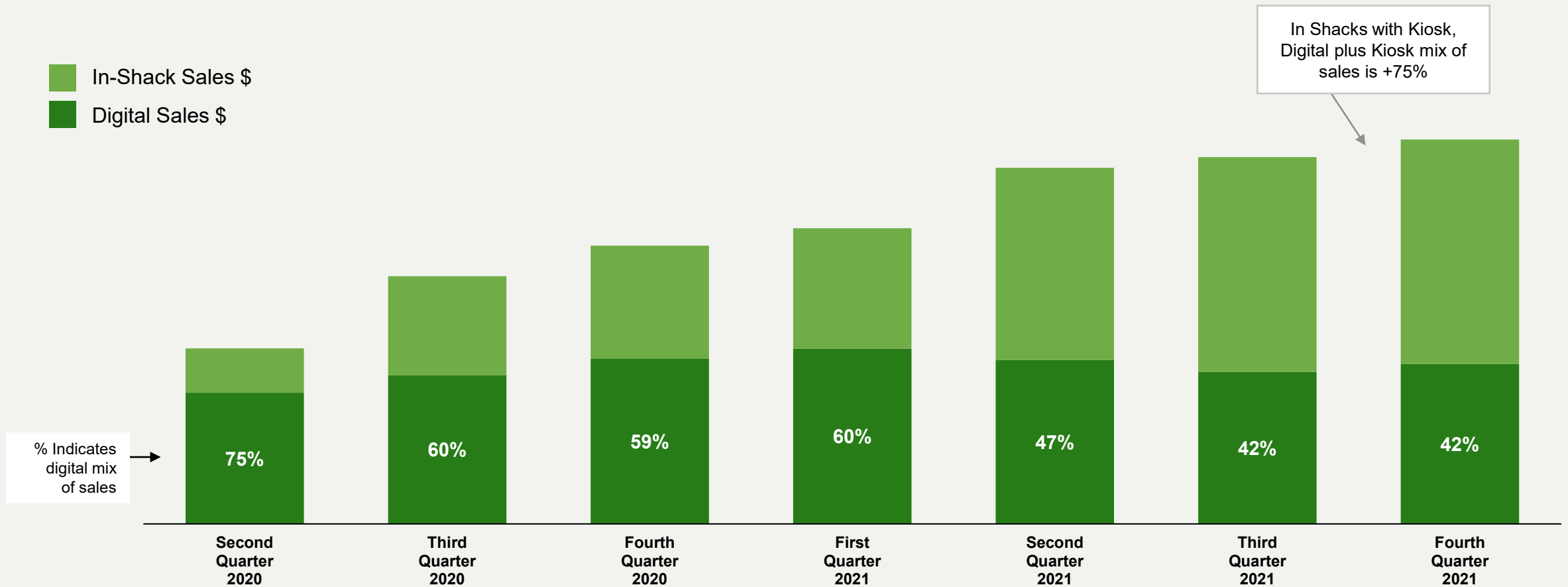
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5. For Q4 2021, same-Shack sales were adjusted for the impact of the fourteenth week in 2020 and compares the thirteen weeks from September 30, 2021 through December 29, 2021 to the thirteen weeks from October 1, 2020 through December 30, 2020.



DIGITAL SALES RETENTION HOLDS AT ~80%^{1,2}

ADDED MORE THAN 80% NEW PURCHASERS IN COMPANY-OWNED APP & WEB CHANNELS YOY; 3.5M TOTAL PURCHASERS ACQUIRED SINCE MARCH 2020.



1. Measured by fiscal December 2021 digital sales versus fiscal January 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 thirteen-week quarter.



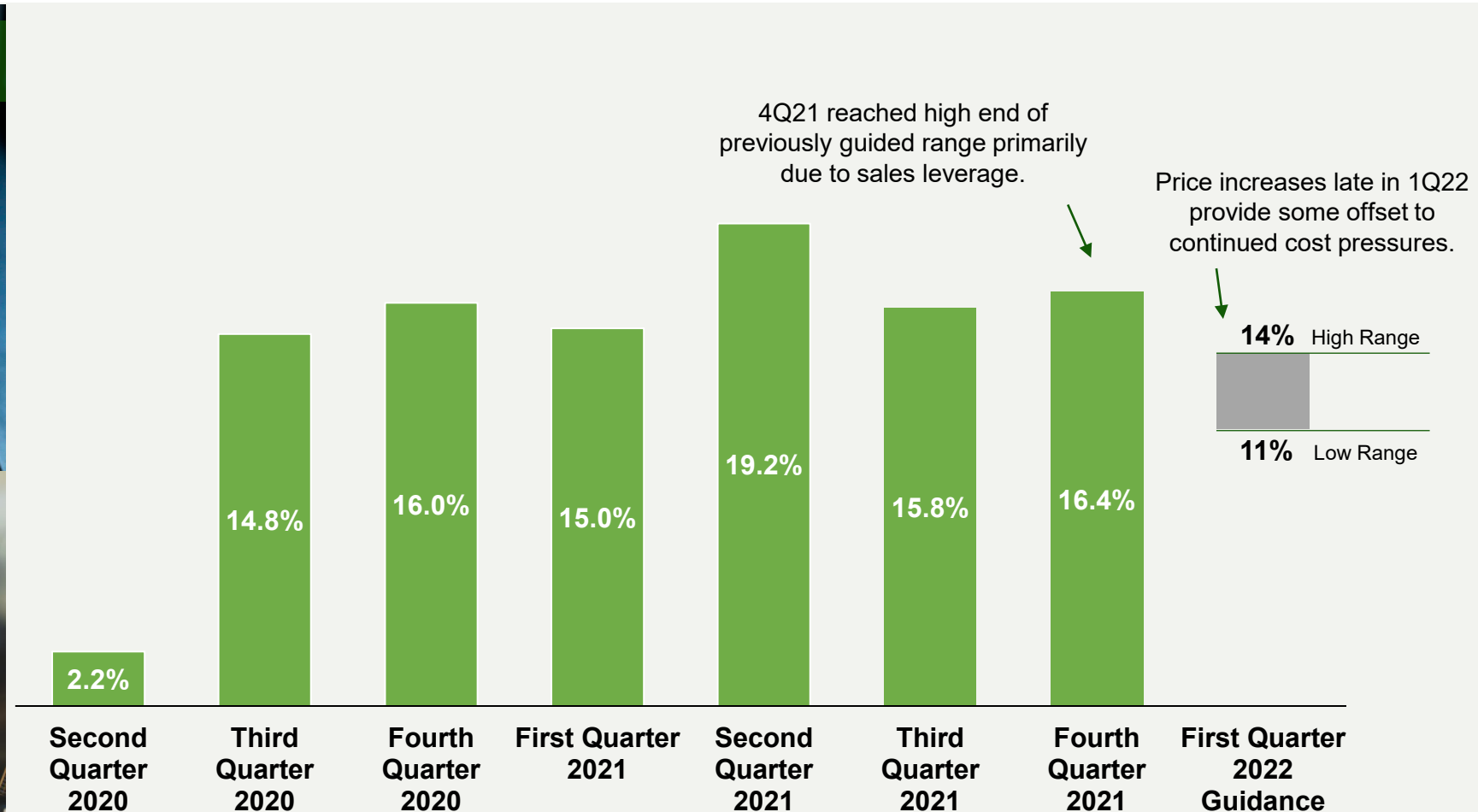
MATERIAL IMPACTS TO STORE MARGINS LIKELY TO CONTINUE

1Q22 GUIDANCE RANGE REFLECTS SALES IMPACT AND DELEVERAGE ACROSS MARGINS, ALONG WITH HIGHER DELIVERY MIX, ONGOING INFLATIONARY PRESSURES, AND INCREASED OPERATING EXPENSES TO SUPPORT STRONG IN-SHACK SALES RECOVERY.

We expect inflationary pressures in our Shacks to persist for the foreseeable future.



We'll continue to make investments in our team member pay, recruiting, and development amidst a challenging labor market.





2022 OUTLOOK

Q1 2022 Guidance

Total revenue	\$196M-\$201.4M
Shack sales	\$190M-\$195M
Licensing revenue	\$6M-\$6.4M
Same-Shack sales versus 2021	HSD to LDD %
Shack-level operating profit margin	11%-14%

FY 2022 Guidance

Domestic Company-operated openings	45-50
Licensed openings	20-25
General and administrative expenses	\$108M to \$114M ¹
Equity-based compensation	Approximately \$13M
Depreciation expense	\$70M to \$75M
Pre-opening costs	\$14M to \$17.5M
Adjusted Pro Forma Tax Rate	28%-30%

1. Includes approximately \$12M of the approximately \$13M 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 Statements" 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 first quarter and fiscal year 2022 guidance is derived from preliminary unaudited results, based on information currently available to the Company. While the Company believes these estimates are meaningful, they could differ from the actual results that the Company ultimately reports in its Annual Report on Form 10-K for the fiscal year ended December 28, 2022.



Carlsbad, CA



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						Comparison vs 2021						Q1 2020						Comparison vs 2021						Q1 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			Th	F	Sa	Su	M	Tu	W								
J A N		27	28	29	30	31	1	2				26	27	28	29	30	31	1				31	1	2	3	4	5	6			Period 1 Week 1												
		3	4	5	6	7	8	9	Compares to Period 1 Week 1			2	3	4	5	6	7	8	Compares to Period 1 Week 1			7	8	9	10	11	12	13	Compares to Period 1 Week 2		Period 1 Week 2												
		10	11	12	13	14	15	16	Compares to Period 1 Week 2			9	10	11	12	13	14	15	Compares to Period 1 Week 2			14	15	16	17	18	19	20	Compares to Period 1 Week 3		Period 1 Week 3												
		17	18	19	20	21	22	23	Compares to Period 1 Week 3			16	17	18	19	20	21	22	Compares to Period 1 Week 3			21	22	23	24	25	26	27	Compares to Period 1 Week 4		Period 1 Week 4												
		Th	F	Sa	Su	M	Tu	W					Th	F	Sa	Su	M	Tu	W					Th	F	Sa	Su	M	Tu	W					Th	F	Sa	Su	M	Tu	W		
F E B		24	25	26	27	28	29	30	Compares to Period 1 Week 4			23	24	25	26	27	28	29	Compares to Period 1 Week 4			28	29	30	31	1	2	3	Compares to Period 2 Week 1		Period 2 Week 1												
		31	1	2	3	4	5	6	Compares to Period 2 Week 1			30	31	1	2	3	4	5	Compares to Period 2 Week 1			4	5	6	7	8	9	10	Compares to Period 2 Week 2		Period 2 Week 2												
		7	8	9	10	11	12	13	Compares to Period 2 Week 2			6	7	8	9	10	11	12	Compares to Period 2 Week 2			11	12	13	14	15	16	17	Compares to Period 2 Week 3		Period 2 Week 3												
		14	15	16	17	18	19	20	Compares to Period 2 Week 3			13	14	15	16	17	18	19	Compares to Period 2 Week 3			18	19	20	21	22	23	24	Compares to Period 2 Week 4		Period 2 Week 4												
		Th	F	Sa	Su	M	Tu	W					Th	F	Sa	Su	M	Tu	W					Th	F	Sa	Su	M	Tu	W					Th	F	Sa	Su	M	Tu	W		
M A R		21	22	23	24	25	26	27	Compares to Period 2 Week 4			20	21	22	23	24	25	26	Compares to Period 2 Week 4			25	26	27	28	1	2	3	Compares to Period 3 Week 1		Period 3 Week 1												
		28	1	2	3	4	5	6	Compares to Period 3 Week 1			27	28	29	1	2	3	4	Compares to Period 3 Week 1			4	5	6	7	8	9	10	Compares to Period 3 Week 2		Period 3 Week 2												
		7	8	9	10	11	12	13	Compares to Period 3 Week 2			5	6	7	8	9	10	11	Compares to Period 3 Week 2			11	12	13	14	15	16	17	Compares to Period 3 Week 3		Period 3 Week 3												
		14	15	16	17	18	19	20	Compares to Period 3 Week 3			12	13	14	15	16	17	18	Compares to Period 3 Week 3			18	19	20	21	22	23	24	Compares to Period 3 Week 4		Period 3 Week 4												
	21	22	23	24	25	26	27	Compares to Period 3 Week 4			19	20	21	22	23	24	25	Compares to Period 3 Week 4			25	26	27	28	29	30	31	Compares to Period 3 Week 5		Period 3 Week 5													
Q2 2019												Q2 2020												Q2 2021																			
		Th	F	Sa	Su	M	Tu	W					Th	F	Sa	Su	M	Tu	W					Th	F	Sa	Su	M	Tu	W					Th	F	Sa	Su	M	Tu	W		
A P R		28	29	30	31	1	2	3	Compares to Period 3 Week 5			26	27	28	29	30	31	1	Compares to Period 3 Week 5			1	2	3	4	5	6	7	Compares to Period 3 Week 5		Period 3 Week 5												
		4	5	6	7	8	9	10				2	3	4	5	6	7	8				8	9	10	11	12	13	14															
		11	12	13	14	15	16	17				9	10	11	12	13	14	15				15	16	17	18	19	20	21															
		18	19	20	21	22	23	24				16	17	18	19	20	21	22				22	23	24	25	26	27	28															



INCOME STATEMENT

(in thousands, except per share amounts)

	Fiscal Quarter Ended				Fiscal Year Ended			
	December 29, 2021		December 30, 2020 ⁽¹⁾		December 29, 2021		December 30, 2020 ⁽¹⁾	
Shack sales	\$ 195,879	96.4%	\$ 152,484	96.8%	\$ 714,989	96.6%	\$ 506,339	96.8%
Licensing revenue	7,377	3.6%	5,026	3.2%	24,904	3.4%	16,528	3.2%
TOTAL REVENUE	\$ 203,256	100.0%	\$ 157,510	100.0%	\$ 739,893	100.0%	\$ 522,867	100.0%
Shack-level operating expenses ⁽²⁾ :								
Food and paper costs	60,790	31.0%	45,841	30.1%	218,262	30.5%	153,335	30.3%
Labor and related expenses	57,893	29.6%	46,217	30.3%	215,114	30.1%	156,814	31.0%
Other operating expenses	29,200	14.9%	22,394	14.7%	103,232	14.4%	73,220	14.5%
Occupancy and related expenses	15,801	8.1%	13,618	8.9%	59,228	8.3%	51,592	10.2%
General and administrative expenses	25,561	12.6%	19,080	12.1%	85,996	11.6%	64,250	12.3%
Depreciation and amortization expense	15,610	7.7%	12,568	8.0%	58,991	8.0%	48,801	9.3%
Pre-opening costs	4,524	2.2%	2,781	1.8%	13,291	1.8%	8,580	1.6%
Impairment and loss on disposal of assets	370	0.2%	7,227	4.6%	1,632	0.2%	10,151	1.9%
TOTAL EXPENSES	\$ 209,749	103.2%	\$ 169,726	107.8%	\$ 755,746	102.1%	\$ 566,743	108.4%
LOSS FROM OPERATIONS	(6,493)	(3.2)%	(12,216)	(7.8)%	(15,853)	(2.1)%	(43,876)	(8.4)%
Other income (expense), net	(62)	– %	(1,121)	(0.7)%	95	– %	(786)	(0.2)%
Interest expense	(353)	(0.2)%	(118)	(0.1)%	(1,577)	(0.2)%	(815)	(0.2)%
LOSS BEFORE INCOME TAXES	\$ (6,908)	(3.4)%	\$ (13,455)	(8.5)%	\$ (17,335)	(2.3)%	\$ (45,477)	(8.7)%
Income tax expense (benefit)	3,441	1.7%	6,859	4.4%	(7,224)	(1.0)%	57	0.0%
NET LOSS	\$ (10,349)	(5.1)%	\$ (20,314)	(12.9)%	\$ (10,111)	(1.4)%	\$ (45,534)	(8.7)%
Less: Net loss attributable to non-controlling interests	(619)	(0.3)%	(886)	(0.6)%	(1,456)	(0.2)%	(3,376)	(0.6)%
NET LOSS ATTRIBUTABLE TO SHAKE SHACK INC.	\$ (9,730)	(4.8)%	\$ (19,428)	(12.3)%	\$ (8,655)	(1.2)%	\$ (42,158)	(8.1)%
Loss per share of Class A common stock:								
Basic	\$ (0.25)		\$ (0.50)		\$ (0.22)		\$ (1.14)	
Diluted	\$ (0.25)		\$ (0.50)		\$ (0.22)		\$ (1.14)	
Weighted-average shares of Class A common stock outstanding:								
Basic	39,141		38,513		39,085		37,129	
Diluted	39,141		38,513		39,085		37,129	

(1) The Company operates on a 52/53 week fiscal year that ends on the last Wednesday of the calendar year. Fiscal 2021 contained 52 weeks and Fiscal 2020 contained 53 weeks. The additional operating week is referred to as the "53rd week".

(2) 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

	Fiscal Quarter Ended		Fiscal Year Ended	
	December 29, 2021	December 30, 2020 ⁽¹⁾	December 29, 2021	December 30, 2020 ⁽¹⁾
<i>(dollar amounts in thousands)</i>				
Loss from Operations ⁽²⁾	\$ (6,493)	\$ (12,216)	\$ (15,853)	\$ (43,876)
Less:				
Licensing revenue	7,377	5,026	24,904	16,528
Add:				
General and administrative expenses	25,561	19,080	85,996	64,250
Depreciation and amortization expense	15,610	12,568	58,991	48,801
Pre-opening costs	4,524	2,781	13,291	8,580
Impairment and loss on disposal of assets ⁽³⁾	370	7,227	1,632	10,151
Shack-level operating profit	<u>\$ 32,195</u>	<u>\$ 24,414</u>	<u>\$ 119,153</u>	<u>\$ 71,378</u>
 Total revenue	 203,256	 157,510	 739,893	 522,867
Less: Licensing revenue	7,377	5,026	24,904	16,528
Shack sales	<u>\$ 195,879</u>	<u>\$ 152,484</u>	<u>\$ 714,989</u>	<u>\$ 506,339</u>
 Shack-level operating profit margin ⁽⁴⁾	 <u>16.4%</u>	 <u>16.0%</u>	 <u>16.7%</u>	 <u>14.1%</u>

(1) The Company operates on a 52/53 week fiscal year that ends on the last Wednesday of the calendar year. Fiscal 2021 contained 52 weeks and Fiscal 2020 contained 53 weeks. The additional operating week is referred to as the "53rd week".

(2) For the fourth quarter and fiscal year 2020, Loss from Operations included a \$0.9 million reduction in Occupancy and related expenses due to the closure of the Company's Shack in Penn Station.

(3) For the fourth quarter of fiscal 2020, this amount includes a non-cash impairment charge of \$6.5 million related to one Shack and the Company's home office. For the full year ended fiscal 2020, this amount includes a non-cash impairment charge of \$7.6 million related to two Shacks and the Company's home office.

(4) 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

(in thousands)

	Fiscal Quarter Ended		Fiscal Year Ended	
	December 29, 2021	December 30, 2020 ⁽¹⁾	December 29, 2021	December 30, 2020 ⁽¹⁾
Net loss	\$ (10,349)	\$ (20,314)	\$ (10,111)	\$ (45,534)
Depreciation and amortization expense	15,610	12,568	58,991	48,801
Interest expense, net	353	118	1,577	815
Income tax expense (benefit)	3,441	6,859	(7,224)	57
EBITDA	9,055	(769)	43,233	4,139
Equity-based compensation	2,740	1,502	8,703	5,560
Amortization of cloud-based software implementation costs ⁽²⁾	310	358	1,245	1,444
Deferred lease costs ⁽³⁾	8	(315)	245	92
Impairment and loss on disposal of assets ⁽⁴⁾	370	7,227	1,632	10,151
Debt offering related costs ⁽⁵⁾	(5)	-	231	-
Legal settlement ⁽⁶⁾	(59)	-	560	-
Executive transition costs ⁽⁷⁾	-	-	179	150
Project Concrete ⁽⁸⁾	-	-	-	(229)
Other (income) loss related to the adjustment of liabilities under tax receivable agreement	(2)	1,147	(2)	1,147
Other ⁽⁹⁾	-	-	-	285
Adjusted EBITDA	\$ 12,417	\$ 9,150	\$ 56,026	\$ 22,739
Adjusted EBITDA margin ⁽¹⁰⁾	6.1%	5.8%	7.6%	4.3%

- (1) The Company operates on a 52/53 week fiscal year that ends on the last Wednesday of the calendar year. Fiscal 2021 contained 52 weeks and Fiscal 2020 contained 53 weeks. The additional operating week is referred to as the "53rd week".
- (2) Represents amortization of capitalized implementation costs related to cloud-based software arrangements that
- (3) Reflects the extent to which lease expense is greater than or less than contractual fixed base rent. For the fourth quarter and full year of fiscal 2020, this amount included a \$0.9 million reduction in Occupancy and related expenses related to the closing of the Company's Shack in Penn Station.
- (4) For the fourth quarter of 2020, this amount includes a non-cash impairment charge of \$6.5 million related to one Shack and the Company's home office. For the full year ended fiscal 2020, this amount includes a non-cash impairment charge of \$7.6 million related to two Shacks and the Company's home office.
- (5) Costs incurred in connection with the Company's Convertible Notes, issued in March 2021, including consulting and advisory fees.
- (6) Expense incurred to establish an accrual related to the settlement of a legal matter.
- (7) Represents fees paid in connection with the search and hiring of certain executive and key management positions.
- (8) Represents consulting and advisory fees related to the Company's enterprise-wide system upgrade initiative called Project Concrete.
- (9) Represents incremental expenses incurred related to an inventory adjustment and certain employee-related expenses.
- (10) Calculated as a percentage of total revenue, which was \$203.3 million and \$739.9 million for the fourth quarter and fiscal year ended December 29, 2021, respectively, and \$157.5 million and \$522.9 million for the fourth quarter and fiscal year ended December 30, 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)

As reported

Non-GAAP adjustments (before tax):

Debt offering related costs

Revolving Credit Facility amendment-related costs

Legal settlement

Executive transition costs

TRA Liability

Other income related to the adjustment of liabilities under tax receivable agreement

Remeasurement of deferred tax assets in connection with other tax rate changes

Tax effect of non-GAAP adjustments and assumed exchange of outstanding LLC Interests

Adjusted pro forma

Less:

Net tax impact from stock-based compensation

Adjusted pro forma (excluding windfall tax benefits)

Fiscal Quarter Ended December 29, 2021			Fiscal Year Ended December 29, 2021		
Income Tax Expense (Benefit)	Income (Loss) Before Income Taxes	Effective Tax Rate	Income Tax Expense (Benefit)	Income (Loss) Before Income Taxes	Effective Tax Rate
\$ 3,441	\$ (6,908)	(49.8%)	\$ (7,224)	\$ (17,335)	41.7%
-	(5)		-	231	
-	-		-	323	
-	(59)		-	560	
-	-		-	179	
-	(2)		-	(2)	
-	-		-	-	
-	-		-	-	
(5,647)	-		(6,175)	-	
\$ (2,206)	\$ (6,974)	31.6%	\$ (13,399)	\$ (16,044)	83.5%
52	-		8,578	-	
\$ (2,154)	\$ (6,974)	30.9%	\$ (4,821)	\$ (16,044)	30.0%



2020 ADJUSTED PRO FORMA EFFECTIVE TAX RATE

(dollar amounts in thousands)

As reported

Non-GAAP adjustments (before tax):

Executive transition costs

Project Concrete

Impairments

Non-cash rent expense related to the closure of the Penn Station Shack

Other income related to the adjustment of liabilities under tax receivable agreement

Inventory adjustment and certain employee-related expenses

Other income related to the adjustment of liabilities under tax receivable agreement

Remeasurement of deferred tax assets in connection with other tax rate changes

Tax effect of change in basis related to the adoption of ASC 842

Tax effect of non-GAAP adjustments and assumed exchange of outstanding LLC Interests

Adjusted pro forma

Less:

Windfall tax benefits from stock-based compensation

Adjusted pro forma (excluding windfall tax benefits)

Fiscal Quarter Ended December 30, 2020			Fiscal Year Ended December 30, 2020		
Income Tax Expense (Benefit)	Income (Loss) Before Income Taxes	Effective Tax Rate	Income Tax Expense (Benefit)	Income (Loss) Before Income Taxes	Effective Tax Rate
\$ 6,859	\$ (13,455)	(51.0%)	\$ 57	\$ (45,477)	(0.1%)
-	-		-	150	
-	-		-	(229)	
-	6,512		-	7,644	
-	(897)		-	(897)	
-	1,147		-	1,147	
-	-		-	285	
-	-		-	-	
-	-		-	-	
-	-		-	-	
(12,262)	-		(15,089)	-	
\$ (5,403)	\$ (6,693)	80.7%	\$ (15,032)	\$ (37,377)	40.2%
3,746	-		4,743	-	
\$ (1,657)	\$ (6,693)	24.8%	\$ (10,289)	\$ (37,377)	27.5%



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