

Shake Shack Inc.
Form 10-Q
November 10, 2016
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q
(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 28, 2016
OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____
Commission file number: 001-36823

SHAKE SHACK INC.
(Exact name of registrant as specified in its charter)

Delaware	47-1941186
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)
24 Union Square East, 5th Floor	10003
New York, New York	
(Address of principal executive offices) (Zip Code)	
(646) 747-7200	
(Registrant's telephone number, including area code)	
Not applicable	
(Former name or former address, if changed since last report)	

Indicate by check mark if the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No
Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule-405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer
Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes No
As of November 2, 2016, there were 24,921,902 shares of Class A common stock outstanding and 11,432,080 shares of Class B common stock outstanding.

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Cautionary Note Regarding Forward-Looking Information

This Quarterly Report on Form 10-Q ("Form 10-Q") 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. All statements other than statements of historical fact are forward-looking statements. Many of the forward-looking statements are located in Part I, Item 2 of this Form 10-Q under the heading "Management's Discussion and Analysis of Financial Condition and Results of Operations." Forward-looking statements discuss our current expectations and projections relating to our 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," "outlook," "potential," "project," "projection," "plan," "intend," "seek," "may," "could," "would," "will," "should," "can," "can have," "likely," the negatives thereof and other similar expressions.

While we believe that our assumptions are reasonable, it is very difficult to predict the impact of known factors, and it is impossible to anticipate all factors that could affect our actual results. All forward-looking statements are expressly qualified in their entirety by these cautionary statements, except that the safe harbor provisions of the PSLRA do not apply to any forward-looking statements relating to the operations of any of our partnerships or limited liability companies. You should evaluate all forward-looking statements made in this Form 10-Q in the context of the risks and uncertainties disclosed in Part I, Item 1A of our Annual Report on Form 10-K for the fiscal year ended December 30, 2015 and subsequent Quarterly Reports on Form 10-Q filed with the U.S. Securities and Exchange Commission (the "SEC") under the heading "Risk Factors."

The forward-looking statements included in this Form 10-Q are made only as of the date hereof. We undertake 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.

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SHAKE SHACK INC.
 CONDENSED CONSOLIDATED BALANCE SHEETS
 (UNAUDITED)
 (in thousands, except share and per share amounts)

	September 28 2016	December 30 2015
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 12,227	\$ 70,849
Marketable securities	61,348	275
Accounts receivable	4,488	4,217
Inventories	828	543
Prepaid expenses and other current assets	3,057	3,050
Total current assets	81,948	78,934
Property and equipment, net	123,073	93,041
Deferred income taxes, net	301,654	201,957
Other assets	5,269	5,615
TOTAL ASSETS	\$ 511,944	\$ 379,547
LIABILITIES		
AND		
STOCKHOLDERS'		
EQUITY		
Current liabilities:		
Accounts payable	\$ 5,845	\$ 6,786
Accrued expenses	8,228	6,801
Accrued wages and related liabilities	5,311	5,804
Other current liabilities	6,741	4,614
Total current liabilities	26,125	24,005
Note payable	—	313
Deferred rent	28,363	22,927
Liabilities under tax receivable agreement, net of current portion	261,902	170,933
Other long-term liabilities	4,132	4,350

Total liabilities	320,522	222,528
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, no par value—10,000,000 shares authorized; none issued and outstanding as of September 28, 2016 and December 30, 2015.	—	—
Class A common stock, \$0.001 par value—200,000,000 shares authorized; 24,597,759 and 19,789,259 shares issued and outstanding as of September 28, 2016 and December 30, 2015, respectively.	25	20
Class B common stock, \$0.001 par value—35,000,000 shares authorized; 11,754,078 and 16,460,741 shares issued and outstanding as of September 28, 2016 and December 30, 2015, respectively.	11	16
Additional paid-in capital	129,650	96,311
Retained earnings	12,799	4,273
Accumulated other comprehensive loss	(15)	(5)
Total stockholders' equity attributable	142,470	100,615

to Shake Shack
Inc.

Non-controlling interests	48,952	56,404
Total equity	191,422	157,019
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 511,944	\$ 379,547

See accompanying Notes to Condensed Consolidated Financial Statements.

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SHAKE SHACK INC.
 CONDENSED CONSOLIDATED STATEMENTS OF INCOME (LOSS)
 (UNAUDITED)
 (in thousands, except per share amounts)

	Thirteen Weeks Ended September 28, 2016		Thirty-Nine Weeks Ended September 28, 2016	
	2015	2015	2015	2015
Shack sales	\$ 71,871	\$ 51,275	\$ 188,430	\$ 133,905
Licensing revenue	2,696	1,998	6,774	5,626
TOTAL REVENUE	74,567	53,273	195,204	139,531
Shack-level operating expenses:				
Food and paper costs	20,393	14,929		