

Shake Shack Inc.
Form S-1
December 29, 2014

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As filed with the Securities and Exchange Commission on December 29, 2014

Registration No. 333-

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM S-1
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

Shake Shack Inc.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

5810
(Primary Standard Industrial
Classification Code Number)
24 Union Square East, 5th Floor
New York, NY 10003
Telephone: (646) 747-7200

47-1941186
(I.R.S. Employer
Identification No.)

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

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Approximate date of commencement of proposed sale to the public:
As soon as practicable after this Registration Statement is declared effective.

If any of the securities being registered on this form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box.

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

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 Smaller reporting company
(Do not check if a smaller reporting company)

CALCULATION OF REGISTRATION FEE

Title of each class of securities to be registered	Proposed maximum aggregate offering price(1)(2)	Amount of registration fee
Class A common Stock, \$0.01 par value per share	\$ 100,000,000.00	\$ 11,620.00

(1) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(o) under the Securities Act of 1933, as amended.

(2) Includes the offering price of shares of Class A common stock that may be sold if the option to purchase additional shares of Class A common stock solely to cover over-allotments granted by the Registrant to the underwriters is exercised.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

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You should rely only on the information contained in this prospectus or in any free writing prospectus we may authorize to be delivered or made available to you. We and the underwriters have not authorized anyone to provide you with different information. We are offering to sell, and seeking offers to buy, shares of our Class A common stock only in jurisdictions where offers and sales are permitted. The information in this prospectus is accurate only as of the date of this prospectus, regardless of the time of delivery of this prospectus or any sale of shares of our Class A common stock.

For investors outside the United States: We have not and the underwriters have not done anything that would permit this offering or possession or distribution of this prospectus in any jurisdiction where action for that purpose is required, other than in the United States. Persons outside the United States who come into possession of this prospectus must inform themselves about, and observe any restrictions relating to, the offering of the shares of Class A common stock and the distribution of this prospectus outside the United States. See "Underwriting (Conflicts of Interest)."

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BASIS OF PRESENTATION

In connection with the closing of this offering, we will effect certain organizational transactions. Unless otherwise stated or the context otherwise requires, all information in this prospectus reflects the consummation of the organizational transactions and this offering, which we refer to collectively as the "Transactions." See "The Transactions" for a description of the Transactions and a diagram depicting our organizational structure after giving effect to the Transactions, including this offering.

As used in this prospectus, unless the context otherwise requires, references to:

"we," "us," "our," the "Company," "Shake Shack" and similar references refer: (i) following the consummation of the Transactions, including this offering, to Shake Shack Inc., and, unless otherwise stated, all of its subsidiaries, including SSE Holdings, LLC, which we refer to as "SSE Holdings," and, unless otherwise stated, all of its subsidiaries, and (ii) on or prior to the completion of the Transactions, including this offering, to SSE Holdings and, unless otherwise stated, all of its subsidiaries.

"Continuing SSE Equity Owners" refer to those Original SSE Equity Owners (including USHG (as defined below), Daniel Meyer and the S Corporations (as defined below), certain affiliates of LGP (as defined below), certain affiliates of SEG (as defined below) and certain of our executive officers) that will continue to own LLC Interests (as defined below) after the Transactions and who may, following the consummation of this offering, exchange their LLC Interests for shares of our Class A common stock as described in "Certain Relationships and Related Party Transactions SSE Holdings LLC Agreement."

"Former SSE Equity Owners" refer to those Original SSE Equity Owners who will transfer their LLC Interests for shares of our Class A common stock in connection with the consummation of this offering.

"Former UAR Plan Participants" refer to certain individuals who hold existing awards under SSE Holdings' Unit Appreciation Rights Plan, which we refer to as the "UAR Plan," and will receive shares of Class A common stock in settlement of their awards under the UAR Plan in connection with the consummation of this offering.

"LLC Interests" refer to the single class of newly-issued common membership interests of SSE Holdings.

"Original SSE Equity Owners" refer to the owners of SSE Holdings prior to the Transactions, including, the members of the Voting Group (as defined below).

"USHG" refer to Union Square Hospitality Group, LLC.

"Voting Group" refer collectively to (i) Daniel Meyer (including a trust affiliate), (ii) Union Square Cafe Corp. and Gramercy Tavern Corp., each of which are controlled by Mr. Meyer, which we refer to collectively as the "S Corporations" and, together with Mr. Meyer, as the "Meyer Group," (iii) certain affiliates of Leonard Green & Partners, L.P., which we refer to as "LGP," (iv) certain affiliates of Select Equity Group, which we refer to as "SEG," and (v) certain other Original SSE Equity Owners, all of whom will be parties to the Stockholders Agreement as described in "Certain Relationships and Related Party Transactions Stockholders Agreement." The Voting Group will hold Class A common stock and Class B common stock representing in the aggregate a majority of the combined voting power of our common stock.

We will be a holding company and the sole managing member of SSE Holdings, and upon completion of this offering and the application of proceeds therefrom, our principal asset will be LLC Interests of SSE Holdings. SSE Holdings, LLC is the predecessor of the issuer, Shake Shack Inc., for

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financial reporting purposes. Shake Shack Inc. will be the audited financial reporting entity following this offering. Accordingly, this prospectus contains the following historical financial statements:

Shake Shack Inc. Other than the inception balance sheet, dated as of September 23, 2014, the historical financial information of Shake Shack Inc. has not been included in this prospectus as it is a newly incorporated entity, has no business transactions or activities to date and had no assets or liabilities during the periods presented in this prospectus.

SSE Holdings, LLC. As we will have no other interest in any operations other than those of SSE Holdings, LLC and its subsidiaries, the historical consolidated financial information included in this prospectus is that of SSE Holdings, LLC and its subsidiaries.

The unaudited pro forma financial information of Shake Shack Inc. presented in this prospectus has been derived by the application of pro forma adjustments to the historical consolidated financial statements of SSE Holdings, LLC and its subsidiaries included elsewhere in this prospectus. These pro forma adjustments give effect to the Transactions as described in "The Transactions," including the completion of this offering, as if all such transactions had occurred on December 27, 2012, in the case of the unaudited pro forma consolidated statement of operations data, and as of September 24, 2014, in the case of the unaudited pro forma consolidated balance sheet. See "Unaudited Pro Forma Consolidated Financial Information" for a complete description of the adjustments and assumptions underlying the pro forma financial information included in this prospectus.

SSE Holdings, LLC is, and Shake Shack Inc. will be, on a 52- or 53-week fiscal year ending on the last Wednesday of the calendar year. Accordingly, references to fiscal 2012 and fiscal 2013 represent the financial results of SSE Holdings, LLC and its subsidiaries for the fiscal years ended December 26, 2012 and December 25, 2013, respectively. In a 52-week fiscal year, each quarter contains 13 weeks of operations; in a 53-week fiscal year, each of the first, second and third quarters includes 13 weeks of operations and the fourth quarter includes 14 weeks of operations. Every five or six years, a 53-week fiscal year occurs. Fiscal 2012 and fiscal 2013 were both 52-week years. Fiscal 2014 is a 53-week year ending on December 31, 2014, which may cause our revenue, expenses and other results of operations to be higher due to an additional week of operations.

TRADEMARKS

This prospectus includes our trademarks, trade names and service marks, such as "Shake Shack®," "ShackBurger®," "ShackMeister®," "Shack-Cago Dog®," "SmokeShack®," "ShackMeister®," "Shack 0®," "Pooch-ini®" and "Stand for Something Good®," which are protected under applicable intellectual property laws and are our property. This prospectus also contains trademarks, trade names and service marks of other companies, which are the property of their respective owners. Solely for convenience, trademarks, trade names and service marks referred to in this prospectus may appear without the ®, orSM symbols, but such references are not intended to indicate, in any way, that we will not assert, to the fullest extent under applicable law, our rights or the right of the applicable licensor to these trademarks, trade names and service marks. We do not intend our use or display of other parties' trademarks, trade names or service marks to imply, and such use or display should not be construed to imply, a relationship with, or endorsement or sponsorship of us by, these other parties.

MARKET AND INDUSTRY DATA

Unless otherwise indicated, information contained in this prospectus concerning our industry and the markets in which we operate is based on information from independent industry and research organizations, other third-party sources (including industry publications, surveys and forecasts, as well as market analyses and reports prepared for us by eSite, Inc.), and management estimates. Management estimates are derived from publicly available information released by independent industry analysts and third-party sources, as well as data from our internal research, and are based on

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assumptions made by us upon reviewing such data and our knowledge of such industry and markets which we believe to be reasonable. Although we believe the data from these third-party sources is reliable, we have not independently verified any third-party information. In addition, projections, assumptions and estimates of the future performance of the industry in which we operate and our future performance are necessarily subject to uncertainty and risk due to a variety of factors, including those described in "Risk Factors" and "Cautionary Note Regarding Forward-Looking Statements." These and other factors could cause results to differ materially from those expressed in the estimates made by the independent parties and by us.

NON-GAAP FINANCIAL MEASURES

Certain financial measures presented in this prospectus, such as same Shack sales, Average Unit Volumes, Shack-level operating profit margin, EBITDA and Adjusted EBITDA are not recognized under accounting principles generally accepted in the United States, which we refer to as "GAAP." We define these terms as follows:

"Same Shack sales" means, for any reporting period, sales for the comparable Shack base, which we define as the number of domestic company-operated Shacks open for 24 months or longer. For the fiscal years ended December 26, 2012 and December 25, 2013 and the thirty-nine weeks ended September 25, 2013 and September 24, 2014, there were five, eight, eight and 12 Shacks, respectively, in our comparable Shack base.

"Average Unit Volumes" or "AUVs" for any 12-month period consists of the average annualized sales of all domestic company-operated Shacks over that period. AUVs are calculated by dividing total sales from domestic company-operated Shacks by the number of domestic company-operated Shacks open during that period. For Shacks that are not open for the entire period, we make fractional adjustments to the number of Shacks open such that it corresponds to the period of associated sales. The measurement of AUVs allows us to assess changes in guest traffic and per transaction patterns at our domestic company-operated Shacks.

Because our AUVs are significantly higher in Manhattan, we analyze AUVs on both a domestic company-operated Manhattan Shack ("Manhattan Shack") basis and domestic company-operated non-Manhattan Shack ("non-Manhattan Shack") basis. Manhattan Shack AUVs have historically been higher than non-Manhattan Shack AUVs given the population density and overall familiarity with the Shake Shack brand. Given that the majority of our new domestic company-operated Shack growth is expected to occur outside of Manhattan, we believe that non-Manhattan Shack AUVs are a more representative measure of expected sales in new Shacks, compared to Manhattan Shack AUVs.

"Shack-level operating profit margin" is defined as Shack sales less operating expenses, including food and paper costs, labor and related expenses, other operating expenses and occupancy and related expenses as a percentage of Shack sales. Shack-level operating profit margin is not required by, or presented in accordance with, GAAP. Shack-level operating profit margin is a supplemental measure of operating performance of our Shacks and our calculations thereof may not be comparable to similar measures reported by other companies. Shack-level operating profit margin has limitations as an analytical tool and should not be considered as a substitute for analysis of our results as reported under GAAP. We believe that Shack-level operating profit margin is an important measure to evaluate the performance and profitability of each Shack, individually and in the aggregate. We use Shack-level operating profit margin information to benchmark our performance versus competitors.

"EBITDA" means, for any reporting period, net income before interest, taxes, depreciation, and amortization.

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"Adjusted EBITDA" is a supplemental measure of our performance and is also the basis for performance evaluation under our executive compensation programs. Adjusted EBITDA is defined as net income before depreciation and amortization, interest expense and provision for income taxes, adjusted for the impact of certain non-cash and other items that we do not consider in our evaluation of ongoing operating performance. These items include, among other things, equity-based compensation expense, non-cash deferred rent charges and pre-opening costs, as well as certain non-recurring charges. We believe that Adjusted EBITDA is an appropriate measure of operating performance because it eliminates the impact of expenses that do not relate to business performance.

EBITDA and Adjusted EBITDA are included in this prospectus because they are key metrics used by management and our board of directors to assess our financial performance. EBITDA and Adjusted EBITDA are frequently used by analysts, investors and other interested parties to evaluate companies in our industry.

EBITDA and Adjusted EBITDA are not GAAP measures of our financial performance or liquidity and should not be considered as alternatives to net income (loss) as a measure of financial performance or cash flows from operations as measures of liquidity, or any other performance measure derived in accordance with GAAP. Adjusted EBITDA should not be construed as an inference that our future results will be unaffected by unusual or non-recurring items. Additionally, EBITDA and Adjusted EBITDA are not intended to be measures of free cash flow for management's discretionary use, as they do not reflect tax payments, debt service requirements, capital expenditures, Shack openings and certain other cash costs that may recur in the future, including, among other things, cash requirements for working capital needs and cash costs to replace assets being depreciated and amortized. Management compensates for these limitations by relying on our GAAP results in addition to using EBITDA and Adjusted EBITDA supplementally. Our measures of EBITDA and Adjusted EBITDA are not necessarily comparable to similarly titled captions of other companies due to different methods of calculation.

"Cash-on-cash return" is defined as third year operating profits for our domestic company-operated Shacks open for at least three full years as of September 24, 2014, divided by their life-to-date associated build-out costs excluding any pre-opening costs. The small number of Shacks included in our calculation of our average cash-on-cash return may cause this measure to fluctuate and be subject to change.

"Payback period" is defined as the length of time required to recover the original cash investment in a Shack. It is calculated as total build-out costs (excluding any pre-opening costs) for our domestic company-operated Shacks open for at least three full years as of September 24, 2014, divided by their associated third year operating profits.

ADDITIONAL FINANCIAL MEASURES AND OTHER DATA

"Shack sales" represents the aggregate sales of food and beverages in domestic company-operated Shacks. Shack sales in any period are directly influenced by the number of operating weeks in such period, the number of open Shacks and same Shack sales.

The "number of new Shack openings" reflects the number of Shacks opened during a particular reporting period. Before we open new Shacks, we incur pre-opening costs, as described below. We expect that, beginning in fiscal 2015, we will open at least 10 domestic company-operated Shacks each fiscal year for the foreseeable future, which is the primary driver of our expected sales growth. The total number of new Shacks per year and the timing of Shack openings has, and will continue to have, an impact on our results. New Shacks sometimes experience normal

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inefficiencies in the form of higher labor and other operating expenses and, as a result, Shack-level operating profit margins are generally lower during the start-up period of operation.

"Same Shack sales growth" means, for any reporting period, the change in same Shack sales as compared to the corresponding prior reporting period. Same Shack sales growth can be generated by an increase in the number of daily transactions and/or by increases in the average amount of each transaction resulting from a shift in menu mix and/or higher prices from new products or price increases. The small number of Shacks included in our comparable Shack base may cause same Shack sales growth to fluctuate and be unpredictable.

Given our focused marketing efforts surrounding each Shack opening, new Shacks often experience an initial start-up period with considerable sales volumes, which subsequently decrease to stabilized levels after approximately 12 months. As a result, the initial comparison of second year sales to first year sales is often to higher than normal sales in the first year. Accordingly, we do not include Shacks in the comparable Shack base until they have been open 24 months or longer. We expect that this trend will continue into the foreseeable future as we continue to open and expand into new markets.

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PROSPECTUS SUMMARY

This summary highlights selected information contained elsewhere in this prospectus. This summary does not contain all of the information that you should consider before deciding to invest in our Class A common stock. You should read the entire prospectus carefully, including the "Risk Factors," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and the related notes included elsewhere in this prospectus, before making an investment decision. The principles of "Enlightened Hospitality," as defined by Danny Meyer, state that we prioritize our own people above all else, because we understand that taking care of each other is the foundation that enables us to provide uncommon excellence and hospitality to our team members, guests, our community, our suppliers and our investors. We refer to our customers as "guests," as we treat anyone who walks into our restaurants, or "Shacks," as if they were guests in our home. Except as specifically noted or as the context otherwise implies, the description of our menu, supply chain and operations in this prospectus applies to our domestic company-operated Shacks, as some of the Shacks operated by our licensees vary in menu, supply chain and operations.

Overview of Shake Shack

Shake Shack is a modern day "roadside" burger stand serving a classic American menu of premium burgers, hot dogs, crinkle-cut fries, shakes, frozen custard, beer and wine. Founded by Danny Meyer's Union Square Hospitality Group, LLC ("USHG"), Shake Shack was created leveraging USHG's expertise in community building, hospitality, fine dining, restaurant operations and sourcing premium ingredients. Danny's vision of Enlightened Hospitality guided the creation of the unique Shake Shack culture that, we believe, creates a differentiated experience for our guests across all demographics at each of the 63 Shacks around the world. As Shake Shack's Board Chairman and USHG's Chief Executive Officer, Danny has drawn from USHG's experience creating and operating some of New York City's most acclaimed and popular restaurants, including Union Square Cafe, Gramercy Tavern, Blue Smoke, The Modern, Maialino and Marta, to build what we believe is a new *fine casual* restaurant category in Shake Shack.

Shake Shack originated from a hot dog cart that USHG established in 2001 to support the rejuvenation of New York City's Madison Square Park through its Conservancy's first art installation "I ♥ Taxi." The hot dog cart was an instant hit, with lines forming daily throughout the summer months for the next three years. In response to this success, the city's Department of Parks and Recreation awarded Shake Shack a contract to create a kiosk to help fund the park's future. In 2004, Shake Shack officially opened and immediately became a community gathering place for New Yorkers and visitors from all over the world. Over the last decade, Shake Shack has become a beloved New York City institution that generates significant media attention, critical acclaim and a passionately devoted following. We have since grown rapidly, with 63 Shacks in nine countries and 34 cities.

Our vision is to *Stand For Something Good* in all aspects of Shake Shack's business, including the exceptional team we hire and train, the premium ingredients making up our menu, our community engagement and the design of our Shacks. *Stand For Something Good* is a call to action to all of our stakeholders—our team, guests, communities, suppliers and investors—and we actively invite them all to share in this philosophy with us. This commitment drives our integration into the local communities in which we operate and fosters a lasting connection with our guests. We continually invest in our "Shack Team," as we believe that team members who are treated and trained well will deliver Enlightened Hospitality and a superior guest experience. Through our leadership development program, *The Shacksperience*, we teach our team members the principles of Enlightened Hospitality and how to live and breathe our *Shack Pact*, the agreement that encompasses our value system and brand ethos. Our people make all the difference, as they embody the sense of community necessary to create the complete Shake Shack experience. This vision reflects our goal to be the best burger company in the world, for the world and for our team.

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We believe Shake Shack has become a compelling lifestyle brand and has helped to pioneer the creation of a new *fine casual* category in restaurants. *Fine casual* couples the ease, value and convenience of fast casual concepts with the high standards of excellence in thoughtful ingredient sourcing, preparation, hospitality and quality grounded in fine dining. As a pioneer in this new category, we strive to maintain the culinary traditions of the classic American burger stand, while providing our guests a menu of chef-inspired food and drinks. Our signature items are our all-natural, hormone and antibiotic-free burgers, hot dogs, crinkle-cut fries, shakes and frozen custard. We cook our burgers and spin our shakes to order and strive to use the freshest premium ingredients available. This core menu is supplemented with seasonal and innovative culinary offerings such as those featured during our annual *Shacktoberfest* event.

Of the 63 Shacks, there are 31 domestic company-operated Shacks, five domestic licensed Shacks and 27 international licensed Shacks. We open Shacks in areas where communities gather, often with high foot traffic and substantial commercial density such as New York City's Theater District, London's Covent Garden and Dubai's Mall of the Emirates. We have been able to successfully grow across a variety of locations due to our versatile Shack formats and designs that are tailored to reflect each Shack community's core attributes. During the three fiscal years ended December 25, 2013, we grew from seven Shacks in two states to 40 Shacks across six states, Washington, D.C. and eight other countries, representing a 79% compound annual growth rate ("CAGR"). In fiscal 2013, our domestic company-operated Shacks had AUVs of approximately \$5.0 million, of which our Manhattan Shacks had AUVs of approximately \$7.4 million and our non-Manhattan Shacks had AUVs of approximately \$3.8 million. During the three fiscal years ended December 25, 2013, our total revenue grew from \$19.5 million to \$82.5 million, a 62% CAGR, our net income grew from \$0.2 million to \$5.4 million, and Adjusted EBITDA grew to \$14.5 million. For a reconciliation of Adjusted EBITDA, a non-GAAP measure, to net income, see " Summary Historical and Pro Forma Consolidated Financial and Other Data."

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- (1) Shack system-wide sales includes combined revenue from all of our domestic company-operated Shacks and our domestic and international licensed Shacks. Our total revenue is limited to Shack sales from domestic company-operated Shacks and licensing revenue from our domestic and international licensed Shacks.

The Burger Market

Shake Shack is part of the burger market of the restaurant industry, which is the largest dine-out segment in the United States with more than \$72 billion in 2013 sales, according to Technomic Inc. The burger industry is estimated to be twice the size of the pizza market, which is the next largest category. Given its role as the quintessential American meal, burgers have also proven to be the most portable concept internationally, with an estimated global market size of over \$135 billion.

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With the majority of the burger restaurant segment comprised of quick service restaurant competitors, we believe that Shake Shack is well positioned to take market share, as we believe consumers will continue to trade up to higher quality offerings given an increasing consumer focus on responsible sourcing, ingredients and preparation. Additionally, we believe that consumers will continue to move away from the added time commitment and cost of traditional casual dining.

We believe that many consumers want to associate with brands whose ethos matches that of their own, and that Shake Shack's *fine casual* position, born and raised in Manhattan, creates a distinctly differentiated global lifestyle brand opportunity.

What Makes Shake Shack Special

1. Our culture of Enlightened Hospitality: taking care of each other. We believe that the culture of our team is the single most important factor in our success. We aim to recruit and develop a team with the innate "personality to please" that cannot be taught. We look for people who are warm, friendly, motivated, caring, self-aware and intellectually curious team members, or what we call "51%'ers." We use the term "51%" to describe the emotional skills needed to thrive at the job and "49%" to describe the technical skills needed for the job. Our 51%'ers are excited and committed to championship performance, remarkable and enriching hospitality, embodying our culture and actively growing themselves and the brand. Our team is trained to understand and practice the values of Enlightened Hospitality: caring for each other, caring for our guests, caring for our community, caring for our suppliers and caring for our investors. These principles have been championed by Danny Meyer throughout his career and are detailed in his *New York Times* best-selling book *Setting the Table: The Transforming Power of Hospitality in Business*; they are fundamental to the way Shake Shack operates its business. We invest in our team through extensive leadership development programs to ensure that Shake Shack remains a great place to work and an exciting career choice for team members at every level. We have built a culture of active learning and we foster an environment of leadership development throughout the entire lifecycle of employment. We seek to be the employer of choice by offering above industry average compensation in most markets, comprehensive benefits and a variety of incentive programs, including a monthly revenue-sharing program with our employees. We believe that our culture of Enlightened Hospitality enables us to develop future leaders from within and deliver a consistent Shack experience as we continue to grow.

2. Fine Casual: inspired food and drink. We embrace our Company's fine-dining heritage and are committed to sourcing premium, sustainable ingredients, such as all-natural, hormone and antibiotic-free beef, while offering excellent value to our guests. Our core menu remains focused and is supplemented with targeted innovation inspired by the best versions of the classic American roadside burger stands. As a result of culinary creativity and excellence, we attract continued interest from partners such as award-winning chefs, talented bakers, farmers and artisanal purveyors who want to collaborate with us in different and engaging ways. We never stop looking for the best culinary ingredients and the best partners in order to exceed our guests' expectations in every aspect of their experience.

3. Beloved lifestyle brand. In Shake Shack's 10-year history, we have become a globally recognized brand with outsized consumer awareness relative to our current footprint. Shake Shack is a New York City institution, a vibrant and authentic community gathering place that delivers an unparalleled experience to loyal, passionate guests and a broad, global demographic. Born in 2004, Shake Shack grew up alongside the emergence of social media and has benefited from an ongoing love affair with passionate fans who share their real-time experiences with friends. We aim to establish genuine connections with our guests and the communities in which they live. Each Shack is localized with design and menu options that we believe drive a sense of appreciation and enthusiasm for the Shake Shack brand. Shake Shack has been recognized with numerous accolades, including *Bon Appétit's* "The 20 Most Important Restaurants in America" (ranked #16), *TIME Magazine's* "17 Most Influential

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Burgers of All Time" (ranked #7 for the ShackBurger) and winning "Best Burger" in 2007 and 2014 at the South Beach Wine and Food Festival's Burger Bash.

4. Versatile real estate model built for growth. During fiscal 2013, we grew the number of our domestic company-operated Shacks by 62% with the opening of eight new Shacks, and have opened 10 domestic company-operated Shacks during fiscal 2014. We will continue to not only fill in existing markets such as New York, Boston, Philadelphia, Washington, D.C., Atlanta, Chicago and South Florida to leverage operational effectiveness as we cluster in high-density markets, but also enter new markets, such as Austin, where we have signed leases. Although we currently have only 63 Shacks around the world, we have identified many attractive and differentiated markets for the Shake Shack experience. In major metropolitan areas, we seek locations where communities gather, often with characteristics such as high foot traffic, substantial commercial density, reputable co-tenants and other traffic drivers such as proximity to parks, museums, schools, hospitals and tourist attractions. For every potential domestic company-operated Shack we consider, we apply rigorous financial metrics to ensure we maintain our targeted profitability. We measure much of our financial success by analyzing Shack-level operating profit margins, cash-on-cash returns and payback periods. Our flexible model allows us to design our Shacks so that we can pursue a variety of property types. We have successfully launched different layouts and sizes of Shacks in varied locations throughout urban high density areas, suburban in-line and pad sites, regional malls, lifestyle centers, ballparks, airports and train stations. Each design is critical to the Shake Shack experience and we blend our core brand identifiers with features specifically designed for each Shack to be of its place and connect directly with its neighborhood. With a disciplined approach to new Shack development and a successful track record in site selection, we are positioned well for future growth.

5. Shack-onomics. Our brand power and thoughtful approach to growth have resulted in strong Shack performance across a variety of geographic areas and formats and during both strong and weak economic environments. Our Shack model is designed to generate attractive Shack-level operating profit margins, strong cash flow and high returns on invested capital. We have notable AUVs at both Manhattan Shacks and non-Manhattan Shacks. In fiscal 2013, our domestic company-operated Shacks had AUVs of approximately \$5.0 million, of which our Manhattan Shacks generated AUVs of approximately \$7.4 million with Shack-level operating profit margins of approximately 30% and our non-Manhattan Shacks generated AUVs of approximately \$3.8 million with Shack-level operating profit margins of approximately 22%. Historically, our domestic company-operated Shacks have delivered an attractive average cash-on-cash return of 65% and payback period of 1.5 years, of which our Manhattan Shacks generated an average cash-on-cash return of 82% and payback period of 1.2 years and our non-Manhattan Shacks generated an average cash-on-cash return of 31% and payback period of 3.2 years. Since the vast majority of future Shacks will be non-Manhattan locations, we are targeting AUVs in the \$2.8 to \$3.2 million range, Shack-level operating profit margins in the 18 to 22% range and cash-on-cash returns in the 30 to 33% range.

6. The Shack travels abroad. With 27 licensed Shacks outside the United States, we believe that we have proven to be an internationally desirable restaurant concept. Our track record of opening successful Shacks in both the United States and overseas demonstrates the global appeal of Shake Shack and validates our belief in our significant whitespace opportunity internationally. We currently have license agreements for four major international territories, with Shacks operating in eight countries. The Middle East has been our most prominent growth market with 20 Shacks in operation, followed by Turkey with four, Russia with two and the United Kingdom with one. In fiscal 2013, our international licensed Shacks had AUVs of approximately \$6.1 million, which resulted in license fees of approximately \$3.5 million. In addition to license fees, we also receive exclusive territory fees, which help us fund further domestic growth.

7. Leaders training future leaders. Our team is led by passionate and experienced senior leaders, balanced with professionals formerly from USHG's fine dining operations and industry veterans from

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larger restaurant companies. Randy Garutti, our Chief Executive Officer, combines strategic multi-unit leadership experience with fine dining expertise. Randy has worked in restaurants since he was 13 and joined USHG in 2000 as General Manager of Tabla, followed by Union Square Cafe, and later took on the role of Director of Operations overseeing all USHG restaurants, prior to launching the first Shake Shack in 2004. Randy has led the development of the Shake Shack concept from its earliest stages and guided every aspect of the business. Jeff Uttz, our Chief Financial Officer, brings valuable experience managing high growth restaurant concepts drawing from his 22 years of restaurant finance experience, most recently as Chief Financial Officer at Yard House Restaurants. Jeff led the expansion of Yard House from three units when he began to over 40 units when Yard House was acquired by Darden Restaurants, Inc. Randy and Jeff are supported by a talented executive leadership team that has deep experience in operations, culinary arts, supply chain, finance and accounting, training and leadership development, people resources, real estate and design, construction and facilities, information technology, legal, marketing and communications.

Shake Shack is in the Very Early Stages of Growth

We believe that we are well-positioned to achieve significant, sustainable financial growth, primarily driven by:

Opening new domestic company-operated Shacks. This is where our greatest immediate opportunity for growth lies. We waited nearly five years to open our second Shack, and we are still in the very nascent stage of our story, with only 31 domestic company-operated and five domestic licensed Shacks in 10 states and Washington, D.C. We believe there is tremendous whitespace opportunity to expand in both existing and new U.S. markets, and we have invested in our infrastructure through new hires at our home office to enable us to continue to grow rapidly and with discipline. In fiscal 2013, we significantly expanded our domestic company-operated footprint by opening eight new Shacks representing 62% domestic unit growth. In fiscal 2014, we opened 10 domestic company-operated Shacks. We plan to open at least 10 new domestic company-operated Shacks each year, beginning in fiscal 2015, for the foreseeable future. Based on our experience, and analysis and research conducted for us by eSite, we believe that over the long-term we have the potential to grow our current domestic company-operated Shack footprint to at least 450 Shacks by opening domestic company-operated Shacks in new and existing markets. The rate of future Shack growth in any particular period is inherently uncertain and is subject to numerous factors that are outside of our control. As a result, we do not currently have an anticipated timeframe for such expansion. We believe we have a versatile real estate model built for growth. We have adopted a disciplined expansion strategy designed to leverage the strength of our business model and our significant brand awareness to successfully develop new Shacks in an array of markets that are primed for growth, including new and existing and small and large markets. We will use a portion of the proceeds from this offering to open new Shacks and renovate existing Shacks. See "Use of Proceeds." As we grow, we will continue to live by one principle to ensure the success of both our new and existing restaurants: "The Bigger We Get, The Smaller We Need To Act." This mantra is central to our *Stand For Something Good* vision and encompasses our commitment to continue to make decisions that focus on the core of who we are, staying true to the principles of Enlightened Hospitality.

Capitalizing on our outsized brand awareness. The Shake Shack experience has cultivated significant brand awareness relative to the small number of Shacks. We have worked tirelessly to establish a genuine connection with our guests and integrate into their communities through investment in innovative marketing and programming. We utilize various social media outlets to actively engage with our growing online following. In June 2014, we ranked #10 on *Restaurant Social Media Index's* top 250 restaurant brands, which is measured on influence, sentiment and engagement. Furthermore, we believe that our press and media impressions and industry recognition are a testament to the strength of our brand. We were named one of "The 25 Most Innovative Consumer and Retail Brands" in 2014 by

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Entrepreneur.com, ranked #11 in *The Daily Meal's* "101 Best Restaurants in America" for 2013, and were the winner of the 2013 "Most Loved Brand of the Year" from the RIZMY Awards, "Best Burger" at the 2014 South Beach Wine and Food Festival's Burger Bash and more.

Additionally, we give back to the communities in which we operate, and strengthen awareness for philanthropic causes such as *Share Our Strength's No Kid Hungry* campaign. Our marketing focuses on interacting with our guests in an authentic, innovative manner which creates memorable, meaningful experiences. The experience that we provide for our guests and local communities has generated a growing loyal following who promote our brand through word-of-mouth. We believe that this outsized brand awareness will continue to fuel our growth in existing and new markets.

Growing Same Shack Sales. Given the significant awareness of our brand and the excitement we have been able to generate for our market launches, our Shacks have generally opened with higher volumes and operating profits relative to their second year, which have often shown a decline in sales and operating profit. In year three, our Shacks generally mature and continue to grow from the second year base and then retain these higher volumes over time. It is important to note that, while our goal is to grow same Shack sales over time, this is not our greatest growth opportunity. We expect our Shacks to deliver low same Shack sales growth for the foreseeable future as the number of new Shack openings relative to our comparable Shack base remains our primary driver of growth. We do, however, continually focus on improving our same Shack sales performance by providing an engaging and differentiated guest experience that includes new seasonal and Shack-specific offerings, unique and thoughtful integration with local communities and high standards of excellence and hospitality. We will continue to innovate around our core menu to keep our offerings fresh, while remaining focused on our signature items. For example, our SmokeShack, which debuted in 2012, has been a great success and helped drive sales.

Opportunistically increasing our licensed Shacks abroad. We will continue to grow our licensed portfolio by expanding further in the eight countries abroad in which we currently have internationally licensed operations. This strategy historically has been a low-cost, high-return method of growing our brand awareness and provides an increasing source of cash flow. We believe there are additional international markets that will embrace the Shake Shack concept. Given our position in New York and the success of our current licensed Shacks at home and abroad, we continue to attract substantial interest from potential international licensees around the world and have identified opportunities to expand our licensing footprint in existing and new international markets.

Summary Risk Factors

We are subject to a number of risks, including risks that may prevent us from achieving our business objectives or that may adversely affect our business, financial condition, results of operations, cash flows and prospects. You should carefully consider the risks discussed in the section entitled "Risk Factors," including the following risks, before investing in our Class A common stock:

our long-term success is highly dependent on our ability to successfully identify and secure appropriate sites and timely develop and expand our operations in existing and new markets;

damage to our reputation could negatively impact our business, financial condition and results of operations;

food safety and food-borne illness incidents may have an adverse effect on our business by not only reducing demand but also increasing operating costs;

shortages or interruptions in the supply or delivery of food products;

risks related to our international operations and our international licensed Shacks; and

we face significant competition for guests, and our inability to compete effectively may affect our traffic, Shack sales and Shack-level operating profit margins.

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Summary of the Transactions

Prior to the consummation of this offering and the organizational transactions described below, the Original SSE Equity Owners are the only members of SSE Holdings. Shake Shack Inc. was incorporated as a Delaware corporation on September 23, 2014 to serve as the issuer of the Class A common stock offered hereby. Prior to the consummation of this offering and the organizational transactions below, we will pay a distribution to certain of the Original SSE Equity Owners in the amount of approximately \$21.9 million funded from borrowings under the Revolving Credit Facility in the same amount.

In connection with the closing of this offering we will consummate the following organizational transactions:

we will amend and restate the second amended and restated limited liability company agreement of SSE Holdings, as amended, effective as of the completion of this offering (the "SSE Holdings LLC Agreement"), to, among other things, (i) provide for LLC Interests that will be the single class of common membership interests in SSE Holdings, (ii) exchange all of the Original SSE Equity Owners' existing membership interests in SSE Holdings for LLC Interests and (iii) appoint Shake Shack as the sole managing member of SSE Holdings;

we will amend and restate Shake Shack's certificate of incorporation to, among other things, (i) provide for Class A common stock and Class B common stock and (ii) issue shares of Class B common stock to the Continuing SSE Equity Owners, on a one-to-one basis with the number of LLC Interests they own, for nominal consideration;

we will issue shares of our Class A common stock to the purchasers in this offering;

we will use all of the net proceeds from this offering (including net proceeds received upon exercise of the underwriters' option to purchase additional shares of Class A common stock) to acquire newly-issued LLC Interests from SSE Holdings at a purchase price per interest equal to the initial public offering price per share of Class A common stock, less underwriting discounts and commissions, collectively representing % of SSE Holdings' outstanding LLC Interests (or %, if the underwriters exercise in full their option to purchase additional shares of Class A common stock);

SSE Holdings will use the proceeds from the sale of LLC Interests to Shake Shack as described in "Use of Proceeds," including (i) to pay fees and expenses of approximately \$ million in connection with this offering and the Transactions, (ii) to repay the outstanding borrowings under our Revolving Credit Facility of approximately \$ million, including approximately \$21.9 million of borrowings used to pay a distribution to certain of the Original SSE Equity Owners, and (iii) approximately \$ million for general corporate purposes, including opening new Shacks and renovating existing Shacks. To the extent the gross proceeds of this offering exceed \$ million (including as a result of the exercise by the underwriters of their option to purchase additional shares of Class A common stock), SSE Holdings will pay an additional distribution to certain of the Original SSE Equity Owners in an amount equal to the product of (A) the increase in the gross proceeds and (B) 0.273, and the balance of such additional net proceeds will be used for general corporate purposes, including opening new Shacks and renovating existing Shacks;

the Former SSE Equity Owners will exchange their indirect ownership of LLC Interests for shares of Class A common stock on a one-to-one basis;

the Former UAR Plan Participants will receive shares of Class A common stock in settlement of their awards under the UAR Plan (and Shake Shack will receive a corresponding number of LLC Interests from SSE Holdings);

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the Continuing SSE Equity Owners will continue to own the LLC Interests they received in exchange for their existing membership interests in SSE Holdings and will have no economic interests in Shake Shack despite their ownership of Class B common stock (where "economic interests" means the right to receive any distributions or dividends, whether cash or stock, in connection with common stock). LLC Interests, following this offering, will be redeemable, at the election of such members, for newly-issued shares of Class A common stock on a one-for-one basis (and their shares of Class B common stock will be cancelled on a one-for-one basis upon any such issuance). Shake Shack's board of directors, which will include directors who hold LLC Interests or are affiliated with holders of LLC Interests and may include such directors in the future, may, at its option, instead make a cash payment equal to a volume weighted average market price of one share of Class A common stock for each LLC Interest redeemed (subject to customary adjustments, including for stock splits, stock dividends and reclassifications) in accordance with the terms of the SSE Holdings LLC Agreement; and

Shake Shack will enter into (i) a tax receivable agreement (the "Tax Receivable Agreement") with the Continuing SSE Equity Owners, (ii) a stockholders agreement (the "Stockholders Agreement") with the Voting Group and (iii) a registration rights agreement (the "Registration Rights Agreement") with the Continuing SSE Equity Owners who, assuming that all of the LLC Interests of the Continuing SSE Equity Owners are redeemed or exchanged for newly-issued shares of Class A common stock on a one-for-one basis, will own _____ shares of Shake Shack's Class A common stock, representing approximately _____ % of the combined voting power of all of Shake Shack's common stock (or approximately _____ %, if the underwriters exercise in full their option to purchase additional shares of Class A common stock), and the Former SSE Equity Owners.

We refer to the foregoing distribution and organizational transactions collectively as the "Transactions." For more information regarding our structure after the completion of the Transactions, including this offering, see "The Transactions."

Immediately following this offering, Shake Shack will be a holding company and its principal asset will be the LLC Interests it purchases from SSE Holdings and acquires from the Former SSE Equity Owners. As the sole managing member of SSE Holdings, we will operate and control all of the business and affairs of SSE Holdings and, through SSE Holdings and its subsidiaries, conduct our business. Accordingly, although we will have a minority economic interest in SSE Holdings, we will have the sole voting interest in, and control the management of, SSE Holdings. As a result, we will consolidate SSE Holdings in our consolidated financial statements and will report a non-controlling interest related to the LLC Interests held by the Continuing SSE Equity Owners on our consolidated financial statements.

See "Description of Capital Stock" for more information about our certificate of incorporation and the terms of the Class A common stock and Class B common stock. See "Certain Relationships and Related Party Transactions" for more information about:

the SSE Holdings LLC Agreement, including the terms of the LLC Interests and the redemption right of the Continuing SSE Equity Owners;

the Tax Receivable Agreement;

the Registration Rights Agreement; and

the Stockholders Agreement.

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The diagram below depicts our organizational structure after giving effect to the Transactions, including this offering, assuming no exercise by the underwriters of their option to purchase additional shares of Class A common stock.

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Our Corporate Information

Shake Shack Inc., the issuer of the Class A common stock in this offering, was incorporated as a Delaware corporation on September 23, 2014. Our corporate headquarters are located at 24 Union Square East, 5th Floor, New York, NY 10003. Our telephone number is (646) 747-7200. Our principal website address is www.shakeshack.com. The information on any of our websites is deemed not to be incorporated in this prospectus or to be part of this prospectus.

Implications of Being an Emerging Growth Company

As a company with less than \$1.0 billion in revenue during our last fiscal year, we qualify as an "emerging growth company" as defined in the Jumpstart Our Business Startups Act of 2012, or JOBS Act. An emerging growth company may take advantage of specified reduced reporting and other requirements that are otherwise applicable generally to public companies. These provisions include:

we are required to have only two years of audited financial statements and only two years of related Management's Discussion and Analysis of Financial Condition and Results of Operations disclosure;

we are not required to engage an auditor to report on our internal controls over financial reporting pursuant to Section 404(b) of the Sarbanes-Oxley Act of 2002 (the "Sarbanes-Oxley Act");

we are not required to comply with any requirement that may be adopted by the Public Company Accounting Oversight Board (the "PCAOB") regarding mandatory audit firm rotation or a supplement to the auditor's report providing additional information about the audit and the financial statements (*i.e.*, an auditor discussion and analysis);

we are not required to submit certain executive compensation matters to stockholder advisory votes, such as "say-on-pay," "say-on-frequency" and "say-on-golden parachutes;" and

we are not required to disclose certain executive compensation related items such as the correlation between executive compensation and performance and comparisons of the chief executive officer's compensation to median employee compensation.

We may take advantage of these provisions until the last day of our fiscal year following the fifth anniversary of the completion of this offering or such earlier time that we are no longer an emerging growth company. We would cease to be an emerging growth company if we have more than \$1.0 billion in annual revenue, have more than \$700 million in market value of our Class A common stock held by non-affiliates, or issue more than \$1.0 billion of non-convertible debt over a three-year period. We may choose to take advantage of some but not all of these reduced burdens. We have elected to adopt the reduced disclosure with respect to financial statements and the related Management's Discussion and Analysis of Financial Condition and Results of Operations disclosure. As a result of this election, the information that we provide stockholders may be different than you might get from other public companies in which you hold equity.

The JOBS Act permits an emerging growth company like us to take advantage of an extended transition period to comply with new or revised accounting standards applicable to public companies. We are choosing to "opt out" of this provision and, as a result, we will comply with new or revised accounting standards as required when they are adopted. This decision to opt out of the extended transition period is irrevocable.

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The Offering

Issuer in this offering	Shake Shack Inc.
Class A common stock offered by us	shares.
Underwriters' option to purchase additional shares of Class A common stock from us solely to cover overallocments	shares.
Class A common stock to be issued to the Former SSE Equity Owners and the Former UAR Plan Participants	shares.
Class A common stock to be outstanding after this offering	shares (or shares, if the underwriters exercise in full their option to purchase additional shares of Class A common stock).
Class B common stock to be outstanding after this offering	shares, all of which will be owned by the Continuing SSE Equity Owners.
Voting Rights	<p>Holders of our Class A common stock and Class B common stock will vote together as a single class on all matters presented to stockholders for their vote or approval, except as otherwise required by law. Each share of Class A common stock and Class B common stock will entitle its holder to one vote per share on all such matters. See "Description of Capital Stock."</p> <p>% (or %, if the underwriters exercise in full their option to purchase additional shares of Class A common stock).</p>
Voting power held by purchasers in this offering	
Voting power held by the Former SSE Equity Owners and the Former UAR Plan Participants	% (or %, if the underwriters exercise in full their option to purchase additional shares of Class A common stock).
Voting power held by all holders of Class A common stock after giving effect to this offering	% (or %, if the underwriters exercise in full their option to purchase additional shares of Class A common stock).
Voting power held by all holders of Class B common stock after giving effect to this offering	% (or %, if the underwriters exercise in full their option to purchase additional shares of Class A common stock).

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Voting power held by the Original SSE Equity Owners and the Former UAR Plan Participants after giving effect to this offering
Ratio of shares of Class A common stock to LLC Interests

% (or %, if the underwriters exercise in full their option to purchase additional shares of Class A common stock).

Our amended and restated certificate of incorporation and the SSE Holdings LLC Agreement will require that (i) we at all times maintain a ratio of one LLC Interest owned by us for each share of Class A common stock issued by us (subject to certain exceptions for treasury shares and shares underlying certain convertible or exchangeable securities), and (ii) SSE Holdings at all times maintain (x) a one-to-one ratio between the number of shares of Class A common stock issued by us and the number of LLC Interests owned by us and (y) a one-to-one ratio between the number of shares of Class B common stock owned by the Continuing SSE Equity Owners and the number of LLC Interests owned by the Continuing SSE Equity Owners. This construct is intended to result in the Continuing SSE Equity Owners having a voting interest in Shake Shack that is identical to the Continuing SSE Equity Owners' percentage economic interest in SSE Holdings. The Continuing SSE Equity Owners will own all of our outstanding Class B common stock.

Use of proceeds

We estimate that the net proceeds to us from this offering, after deducting underwriting discounts and estimated offering expenses, will be approximately \$ million (or approximately \$ million if the underwriters exercise in full their option to purchase additional shares of Class A common stock), assuming the shares are offered at \$ per share (the midpoint of the price range listed on the cover page of this prospectus).

We intend to use the net proceeds that we receive from this offering to purchase newly-issued LLC Interests from SSE Holdings at a purchase price per interest equal to the initial public offering price per share of Class A common stock less underwriting discounts and commissions payable thereon.

We intend to cause SSE Holdings to use such proceeds as follows: (i) to pay fees and expenses of approximately \$ million in connection with this offering and the Transactions, (ii) to repay the outstanding borrowings under our Revolving Credit Facility of approximately \$ million, including approximately \$21.9 million of borrowings used to pay a distribution to certain of the Original SSE Equity Owners, and (iii) approximately \$ million for general corporate purposes, including opening new Shacks and renovating existing Shacks. To the extent the gross proceeds of this

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offering exceed \$ million (including as a result of the exercise by the underwriters of their option to purchase additional shares of Class A common stock), we will pay an additional distribution to certain of the Original SSE Equity Owners in an amount equal to the product of (A) the increase in the gross proceeds and (B) 0.273, and the balance of such additional net proceeds will be used for general corporate purposes, including opening new Shacks and renovating existing Shacks. See "Use of Proceeds."

Conflicts of interest

Because J.P. Morgan Securities LLC and/or certain of its affiliates are lenders under the Revolving Credit Facility and will receive more than 5% of the net proceeds of this offering due to the repayment of outstanding borrowings under the Revolving Credit Facility, J.P. Morgan Securities LLC is deemed to have a conflict of interest within the meaning of Rule 5121 of the Financial Industry Regulatory Authority, Inc. ("FINRA"). Accordingly, this offering will be conducted in accordance with Rule 5121. See "Underwriting (Conflicts of Interest) Conflicts of Interest."

Redemption rights of holders of LLC Interests

The Continuing SSE Equity Owners, from time to time following the offering may require SSE Holdings to redeem or exchange all or a portion of their LLC Interests for newly-issued shares of Class A common stock on a one-for-one basis. Shake Shack's board of directors, which will include directors who hold LLC Interests or are affiliated with holders of LLC Interests and may include such directors in the future, may, at its option, instead make a cash payment equal to the volume weighted average market price of one share of our Class A common stock for each LLC Interest redeemed (subject to customary adjustments, including for stock splits, stock dividends and reclassifications) in accordance with the terms of the SSE Holdings LLC Agreement. See "Certain Relationships and Related Party Transactions SSE Holdings LLC Agreement." Shares of our Class B common stock will be cancelled on a one-for-one basis if we, at the election of a Continuing SSE Equity Owner, redeem or exchange LLC Interests of such Continuing SSE Equity Owner pursuant to the terms of the SSE Holdings LLC Agreement.

Registration Rights Agreement

Pursuant to the Registration Rights Agreement, we will, subject to the terms and conditions thereof, agree to register the resale of the shares of our Class A common stock that are issuable to the Continuing SSE Equity Owners upon redemption or exchange of their LLC Interests and the shares of our Class A common stock that are issued to the Former SSE Equity Owners in connection with the Transactions. See "Certain Relationships and Related Party Transactions Registration Rights Agreement."

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Directed share program	The underwriters have reserved for sale, at the initial public offering price, up to approximately _____ shares of our Class A common stock being offered for sale to our directors, officers and certain employees and other parties with a connection to the Company. We will offer these shares to the extent permitted under applicable regulations. The number of shares available for sale to the general public in this offering will be reduced to the extent these persons purchase reserved shares. Any reserved shares not purchased will be offered by the underwriters to the general public on the same terms as the other shares.
Controlled company	Following this offering we will be a "controlled company" within the meaning of the corporate governance rules of the New York Stock Exchange. See "Management Corporate Governance."
Dividend policy	We currently intend to retain all available funds and any future earnings for use in the operation of our business, and therefore we do not currently expect to pay any cash dividends on our Class A common stock. Any future determination to pay dividends to holders of Class A common stock will be at the discretion of our board of directors and will depend upon many factors, including our results of operations, financial condition, capital requirements, restrictions in SSE Holdings' debt agreements and other factors that our board of directors deems relevant. We are a holding company, and substantially all of our operations are carried out by SSE Holdings and its subsidiaries. Our ability to pay dividends may also be restricted by the terms of any future credit agreement or any future debt or preferred equity securities of us or of our subsidiaries. See "Dividend Policy."
Tax Receivable Agreement	We will enter into the Tax Receivable Agreement with SSE Holdings and the Continuing SSE Equity Owners that will provide for the payment by Shake Shack to the Continuing SSE Equity Owners of 85% of the amount of tax benefits, if any, that Shake Shack actually realizes (or in some circumstances is deemed to realize) as a result of (i) increases in the tax basis of assets of SSE Holdings resulting from any redemptions or exchanges of LLC Interests described above under " The Offering Redemption rights of holders of LLC Interests" and (ii) certain other tax benefits related to our making payments under the Tax Receivable Agreement. See "Certain Relationships and Related Party Transactions Tax Receivable Agreement."
Risk factors	Investing in shares of our Class A common stock involves a high degree of risk. See "Risk Factors" beginning on page 22 of this prospectus for a discussion of factors you should carefully consider before investing in shares of our Class A common stock.

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Proposed New York Stock Exchange

symbol "SHAK."

The number of shares of our Class A common stock to be outstanding after this offering is based on the membership interests of SSE Holdings and awards under the UAR plan outstanding as of _____, 2015 and excludes:

_____ shares of Class A common stock reserved for issuance under our 2015 Incentive Award Plan (as described in "Executive Compensation New Employment Agreements and Incentive Plans"), consisting of (i) _____ shares of Class A common stock issuable upon the exercise of options to purchase shares of Class A common stock granted on the date of this prospectus to our directors and certain employees, including the named executive officers, in connection with this offering as described in "Executive Compensation Director Compensation" and "Executive Compensation New Equity Awards," and (ii) _____ additional shares of Class A common stock reserved for future issuance; and

_____ shares of Class A common stock reserved as of the closing date of this offering for future issuance upon redemption or exchange of LLC Interests by the Continuing SSE Equity Owners.

Unless otherwise indicated, this prospectus assumes no exercise by the underwriters of their option to purchase additional shares of Class A common stock.

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Summary Historical and Pro Forma Consolidated Financial and Other Data

The following tables present the summary historical and pro forma consolidated financial and other data for SSE Holdings, LLC and its subsidiaries. SSE Holdings, LLC is the predecessor of the issuer, Shake Shack Inc., for financial reporting purposes. The summary consolidated statement of operations data for each of the years in the two-year period ended December 25, 2013 and the summary consolidated balance sheet data as of December 26, 2012 and December 25, 2013 are derived from the audited consolidated financial statements of SSE Holdings, LLC and its subsidiaries contained herein. The summary consolidated statements of operations data for the thirty-nine weeks ended September 25, 2013 and September 24, 2014 and the summary consolidated balance sheet data as of September 24, 2014 are derived from the unaudited condensed consolidated financial statements of SSE Holdings, LLC and its subsidiaries included in this prospectus. In the opinion of our management, such unaudited financial statements reflect all adjustments, consisting of normal recurring adjustments, necessary for a fair presentation of the results for those periods.

The results of operations for the periods presented below are not necessarily indicative of the results to be expected for any future period and the results for any interim period are not necessarily indicative of the results that may be expected for a full fiscal year. The information set forth below should be read together with the "Selected Historical Consolidated Financial and Other Data" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the consolidated financial statements and the accompanying notes appearing elsewhere in this prospectus.

The summary unaudited pro forma consolidated financial data of Shake Shack Inc. presented below have been derived from our unaudited pro forma consolidated financial statements included elsewhere in this prospectus. The summary unaudited pro forma financial data for the fiscal year ended December 25, 2013 and as of and for the thirty-nine weeks ended September 24, 2014 give effect to the Transactions as described in "The Transactions" and the completion of this offering as if all such transactions had occurred on December 27, 2012, in the case of the summary unaudited pro forma consolidated statements of operations data, and as of September 24, 2014, in the case of the summary unaudited pro forma consolidated balance sheet data. The unaudited pro forma financial information includes various estimates which are subject to material change and may not be indicative of what our operations or financial position would have been had this offering and related transactions taken place on the dates indicated, or that may be expected to occur in the future. See "Unaudited Pro Forma Consolidated Financial Information" for a complete description of the adjustments and assumptions underlying the summary unaudited pro forma consolidated financial data.

The summary historical consolidated financial and other data of Shake Shack Inc. have not been presented as Shake Shack Inc. is a newly incorporated entity, has had no business transactions or activities to date and had no assets or liabilities during the periods presented in this section.

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(in thousands, except share and per share data)	Historical SSE Holdings, LLC				Pro Forma Shake Shack Inc.(1)	
	Fiscal year ended		Thirty-nine weeks ended		Fiscal year ended	Thirty-nine weeks ended
	December 26, 2012	December 25, 2013	September 25, 2013	September 24, 2014	December 25, 2013	September 24, 2014
			(unaudited)	(unaudited)		
Consolidated statement of operations data:						
Revenues						
Shack sales	\$ 55,591	\$ 78,587	\$ 56,783	\$ 78,988	\$	\$
Licensing revenue	1,447	3,869	2,721	4,770		
Total revenue	57,038	82,456	59,504	83,758		
Expenses						
Operating expenses						
Food and paper costs	16,774	23,865	17,211	24,248		
Labor and related expenses	14,436	20,096	14,161	20,605		
Other operating expenses	5,081	7,315	5,072	7,866		
Occupancy and related expenses	5,053	6,892	4,871	6,794		
General and administrative expenses	6,988	12,453	9,164	12,192		
Depreciation expense	2,162	3,541	2,472	4,067		
Pre-opening costs	1,858	2,334	1,705	3,828		
Loss on disposal of property and equipment		25	17	28		
Total expenses	52,352	76,521	54,673	79,628		
Income from operations	4,686	5,935	4,831	4,130		
Interest expense, net	156	52	31	219		
Income before income taxes	4,530	5,883	4,800	3,911		
Income tax expense	397	460	374	366		
Net income	\$ 4,133	\$ 5,423	\$ 4,426	\$ 3,545	\$	\$

Pro forma net income per share data

(unaudited)(1)(2):

Pro forma weighted average shares of Class A common stock outstanding:

Basic

Diluted

Pro forma net income available to Class A common stock per share:

Basic

Diluted

\$ \$

\$ \$

Supplemental pro forma net income per share data

(unaudited)(3):

Pro forma weighted average shares of Class A common stock outstanding:

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Basic		
Diluted		
Pro forma net income available to Class A common stock per share:		
Basic	\$	\$
Diluted	\$	\$

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(in thousands)	Historical SSE Holdings, LLC			Pro Forma SSE Holdings, LLC(4)	Pro Forma Shake Shack Inc.(1)
	December 26, 2012	December 25, 2013	September 24, 2014 (unaudited)	September 24, 2014 (unaudited)	September 24, 2014
Consolidated balance sheet data:					
Cash	\$ 16,033	\$ 13,076	\$ 6,107	\$ 6,107	\$
Total assets	44,068	55,219	65,537	65,537	
Total liabilities	12,197	17,832	29,700	51,551	
Total members'/stockholders' equity	31,871	37,387	35,837	13,986	

(Dollar amounts in thousands)	Fiscal year ended		Thirty-nine weeks ended	
	December 26, 2012	December 25, 2013	September 25, 2013	September 24, 2014
Other data:				
Number of Shacks	21	40	33	53
Domestic company-operated	13	21	16	26
Domestic licensed	3	4	4	5
International licensed	5	15	13	22
Same Shack sales growth	7.1%	5.9%	5.5%	3.0%
Average unit volumes				
Domestic company-operated Shacks	\$ 5,367	\$ 5,017		
Manhattan Shacks	7,034	7,387		
Non-Manhattan Shacks	3,791	3,840		
International licensed Shacks(5)	9,665	6,077		
Shack system-wide sales(5)	\$ 81,048	\$ 139,903	\$ 98,931	\$ 156,080
Shack-level operating profit margins(6)	25.6%	26.0%	27.2%	24.7%
Manhattan Shacks	29.0%	30.3%	31.7%	31.2%
Non-Manhattan Shacks	19.8%	21.9%	22.8%	20.8%
Adjusted EBITDA(7)	\$ 9,998	\$ 14,459	\$ 11,417	\$ 14,063
As a percentage of revenue	17.5%	17.5%	19.2%	16.8%
Capital expenditures	\$ 11,036	\$ 16,194	\$ 10,359	\$ 17,885

(1) Pro forma figures give effect to the Transactions, including this offering. See "Unaudited Pro Forma Consolidated Financial Information" for a detailed presentation of the unaudited pro forma information, including a description of the transactions and assumptions underlying the pro forma adjustments.

(2) See Note 5 to the unaudited pro forma consolidated statements of operations in "Unaudited Pro Forma Consolidated Financial Information" for the computations of the pro forma weighted-average shares of Class A common stock outstanding.

(3) The supplemental pro forma net income per share data has been computed, assuming an initial public offering price of \$ per share (the midpoint of the price range listed on the cover of this prospectus), to give effect to the number of shares whose proceeds would be necessary to pay (i) a distribution in the amount of approximately \$21.9 million to certain of the Original SSE Equity Owners and (ii) the \$5.2 million distribution made during the thirty-nine weeks ended September 24, 2014, but only to the extent the

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aggregate amount of these distributions exceeded our earnings for the preceding twelve-month period. See Note 7 to the unaudited pro forma

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consolidated statements of operations in "Unaudited Pro Forma Consolidated Financial Information."

- (4) The pro forma data in this column gives effect to the payment of a distribution in the amount of \$21.9 million to certain of the Original SSE Equity Owners and the related borrowings under the Revolving Credit Facility used to fund the distribution as if such distribution was declared and paid on September 24, 2014. See Note 2 to the unaudited pro forma consolidated balance sheet as of September 24, 2014 in "Unaudited Pro Forma Consolidated Financial Information."
- (5) Shack system-wide sales includes combined revenue from all of our domestic company-operated Shacks and our domestic and international licensed Shacks. Our total revenue is limited to Shack sales from domestic company-operated Shacks and licensing revenue from our domestic and international licensed Shacks.
- (6) Shack-level operating profit margin is included in this prospectus because we believe that Shack-level operating profit margin is an important measure to evaluate the performance and profitability of each Shack, individually and in the aggregate. We use Shack-level operating profit margin information to benchmark our performance versus competitors. Shack-level operating profit margin is defined as Shack sales less operating expenses, including food and paper costs, labor and related expenses, other operating expenses and occupancy and related expenses as a percentage of Shack sales. Shack-level operating profit margin is not required by, or presented in accordance with, GAAP. Shack-level operating profit margin is a supplemental measure of operating performance of our Shacks and our calculations thereof may not be comparable to similar measures reported by other companies. Shack-level operating profit margin has limitations as an analytical tool and should not be considered as a substitute for analysis of our results as reported under GAAP.

The computation of Shack-level operating profit margin is set forth below:

(in thousands)	Fiscal year ended		Thirty-nine weeks ended	
	December 26, 2012	December 25, 2013	September 25, 2013	September 24, 2014
Shack sales	\$ 55,591	\$ 78,587	\$ 56,783	\$ 78,988
Food and paper costs	16,774	23,865	17,211	24,248
Labor and related expenses	14,436	20,096	14,161	20,605
Other operating expenses	5,081	7,315	5,072	7,866
Occupancy and related expenses	5,053	6,892	4,871	6,794
Shack-level operating profit	\$ 14,247	\$ 20,419	\$ 15,468	\$ 19,475
Shack-level operating profit margin	25.6%	26.0%	27.2%	24.7%

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A reconciliation of Shack-level operating profit to income from operations, the most directly comparable GAAP measure, is set forth below.

(in thousands)	Fiscal year ended		Thirty-nine weeks ended	
	December 26, 2012	December 25, 2013	September 25, 2013	September 24, 2014
Shack-level operating profit	\$ 14,247	\$ 20,419	\$ 15,468	\$ 19,475
Add:				
Licensing revenue	1,447	3,869	2,721	4,770
Less:				
General and administrative expenses	6,988	12,453	9,164	12,192
Depreciation expense	2,162	3,541	2,472	4,067
Pre-opening costs	1,858	2,334	1,705	3,828
Loss on disposal of property and equipment		25	17	28
Income from operations	\$ 4,686	\$ 5,935	\$ 4,831	\$ 4,130

(7)

EBITDA and Adjusted EBITDA are included in this prospectus because they are key metrics used by management and our board of directors to assess our financial performance. EBITDA and Adjusted EBITDA are frequently used by analysts, investors and other interested parties to evaluate companies in our industry.

EBITDA and Adjusted EBITDA are not GAAP measures of our financial performance or liquidity and should not be considered as alternatives to net income (loss) as a measure of financial performance or cash flows from operations as measures of liquidity, or any other performance measure derived in accordance with GAAP. Adjusted EBITDA should not be construed as an inference that our future results will be unaffected by unusual or non-recurring items. Additionally, EBITDA and Adjusted EBITDA are not intended to be measures of free cash flow for management's discretionary use, as they do not reflect tax payments, debt service requirements, capital expenditures, Shack openings and certain other cash costs that may recur in the future, including, among other things, cash requirements for working capital needs and cash costs to replace assets being depreciated and amortized. Management compensates for these limitations by relying on our GAAP results in addition to using EBITDA and Adjusted EBITDA supplementally. Our measures of EBITDA and Adjusted EBITDA are not necessarily comparable to similarly titled captions of other companies due to different methods of calculation.

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A reconciliation of net income to EBITDA and Adjusted EBITDA is set forth below:

(in thousands)	Fiscal year ended		Thirty-nine weeks ended	
	December 26, 2012	December 25, 2013	September 25, 2013	September 24, 2014
Net income	\$ 4,133	\$ 5,423	\$ 4,426	\$ 3,545
Depreciation expense	2,162	3,541	2,472	4,067
Interest expense, net	156	52	31	219
Income tax expense	397	460	374	366
EBITDA	6,848	9,476	7,303	8,197
Equity-based compensation(a)	450	93	51	124
Deferred compensation(b)		2,054	2,032	
Pre-opening costs(c)	1,623	1,737	941	2,260
Deferred rent(d)	839	975	1,023	1,934
Loss on disposal of property and equipment(e)		25	17	28
Costs associated with this offering(f)				1,495
Other non-cash items(g)	238	99	50	25
Adjusted EBITDA	\$ 9,998	\$ 14,459	\$ 11,417	\$ 14,063

-
- (a) Non-cash charges related to equity-based compensation programs, which vary from period to period depending on timing of awards.
- (b) For the periods presented, represents amounts accrued under a bonus agreement we entered into with an employee pursuant to which we agreed to pay a bonus in a future period.
- (c) Non-capital expenditures associated with opening new Shacks exclusive of deferred rent incurred prior to opening.
- (d) Reflects the extent to which our annual rent expense has been above or below our cash rent payments.
- (e) Includes the loss on disposal of assets in the ordinary course of business.
- (f) Costs incurred in connection with this offering, including legal, accounting and other related expenses.
- (g) For the periods presented, represents non-cash charges related to certain employee benefits.

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RISK FACTORS

You should carefully consider the risks described below, together with all of the other information included in this prospectus, before making an investment decision. Our business, financial condition and results of operations could be materially and adversely affected by any of these risks or uncertainties. In that case, the trading price of our Class A common stock could decline, and you may lose all or part of your investment.

Risks Related to Our Business

Our long-term success is highly dependent on our ability to successfully identify and secure appropriate sites and timely develop and expand our operations in existing and new markets.

One of the key means of achieving our growth strategies will be through opening and operating new Shacks on a profitable basis for the foreseeable future. We opened eight new domestic company-operated Shacks in fiscal 2013 and 10 domestic company-operated Shacks and 12 international licensed Shacks in fiscal 2014. We must identify target markets where we can enter or expand, taking into account numerous factors such as the location of our current Shacks, demographics, traffic patterns and information gathered from our various contacts. We may not be able to open our planned new Shacks within budget or on a timely basis, if at all, given the uncertainty of these factors, which could adversely affect our business, financial condition and results of operations. As we operate more Shacks, our rate of expansion relative to the size of our Shack base will eventually decline.

The number and timing of new Shacks opened during any given period may be negatively impacted by a number of factors including, without limitation:

the identification and availability of attractive sites for new Shacks and the ability to negotiate suitable lease terms;

the lack of development and overall decrease in commercial real estate due to a macroeconomic downturn;

recruitment and training of qualified personnel in the local market;

our ability to obtain all required governmental permits, including zonal approvals, on a timely basis;

our ability to control construction and development costs of new Shacks;

competition in new markets, including competition for appropriate sites;

failure of the landlords to timely deliver real estate to us;

landlord delays;

the proximity of potential sites to an existing Shack, and the impact of cannibalization on future growth;

anticipated commercial, residential and infrastructure development near our new Shacks; and

the cost and availability of capital to fund construction costs and pre-opening expenses.

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Accordingly, we cannot assure you that we will be able to successfully expand as we may not correctly analyze the suitability of a location or anticipate all of the challenges imposed by expanding our operations. Our growth strategy, and the substantial investment associated with the development of each new company-operated Shack, may cause our operating results to fluctuate and be unpredictable or adversely affect our profits. In addition, as has happened when other restaurant concepts have tried to expand, we may find that our concept has limited appeal in new markets or we may experience a decline in the popularity of our concept in the markets in which we operate. If we are unable to

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expand in existing markets or penetrate new markets, our ability to increase our revenues and profitability may be materially harmed or we may face losses.

Damage to our reputation could negatively impact our business, financial condition and results of operations.

Our reputation and the quality of our brand are critical to our business and success in existing markets, and will be critical to our success as we enter into new markets. We believe that we have built our reputation on the high quality of our food and service, our commitment to our guests, our strong employee culture, and the atmosphere and design of our Shacks, and we must protect and grow the value of our brand in order for us to continue to be successful. Any incident that erodes consumer loyalty for our brand could significantly reduce its value and damage our business.

We may be adversely affected by any negative publicity, regardless of its accuracy, including with respect to:

food safety concerns, including food tampering or contamination;

food-borne illness incidents;

the safety of the food commodities we use, particularly beef;

guest injury;

security breaches of confidential guest or employee information;

employment-related claims relating to alleged employment discrimination, wage and hour violations; labor standards or healthcare and benefit issues; or

government or industry findings concerning our Shacks, restaurants operated by other foodservice providers, or others across the food industry supply chain.

Also, there has been a marked increase in the use of social media platforms and similar devices, including weblogs (blogs), social media websites and other forms of Internet-based communications that provide individuals with access to a broad audience of consumers and other interested persons. The availability of information on social media platforms is virtually immediate as is its impact. Many social media platforms immediately publish the content their subscribers and participants can post, often without filters or checks on accuracy of the content posted. The opportunity for dissemination of information, including inaccurate information, is seemingly limitless and readily available. Information concerning our Company may be posted on such platforms at any time. Information posted may be adverse to our interests or may be inaccurate, each of which may harm our performance, prospects or business. The harm may be immediate without affording us an opportunity for redress or correction.

Ultimately, the risks associated with any such negative publicity or incorrect information cannot be completely eliminated or mitigated and may materially harm our reputation, business, financial condition and results of operations.

Food safety and food-borne illness incidents may have an adverse effect on our business by not only reducing demand but also increasing operating costs.

Food safety is a top priority, and we dedicate substantial resources to help ensure that our guests enjoy safe, quality food products. However, food-borne illnesses and other food safety issues have occurred in the food industry in the past, and could occur in the future. In addition, consumer preferences could be affected by health concerns about the consumption of beef, our key ingredient. A negative report or negative publicity, whether related to one of our Shacks or to a competitor in the industry, may have an adverse impact on demand for our food and could result in decreased guest traffic to our Shacks. A decrease in guest traffic to our Shacks as a result of these health concerns or

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negative publicity could materially harm our brand, business, financial condition and results of operations.

Furthermore, our reliance on third-party food suppliers and distributors increases the risk that food-borne illness incidents could be caused by factors outside of our control and that multiple Shacks would be affected rather than a single Shack. We cannot assure that all food items will be properly maintained during transport throughout the supply chain and that our employees will identify all products that may be spoiled and should not be used in our Shacks. If our guests become ill from food-borne illnesses, we could be forced to temporarily close some Shacks. Furthermore, any instances of food contamination, whether or not at our Shacks, could subject us or our suppliers to a food recall pursuant to the United States Food and Drug Administration's (the "FDA") recently enacted Food Safety Modernization Act ("FSMA").

Shortages or interruptions in the supply or delivery of food products could adversely affect our operating results.

We are dependent on frequent deliveries of food products that meet our specifications. Shortages or interruptions in the supply of food products caused by problems in production or distribution, inclement weather, unanticipated demand or other conditions could adversely affect the availability, quality and cost of ingredients, which would adversely affect our operating results.

Our burgers depend on the availability of our proprietary ground beef blend. Availability of our blend depends on two different components; raw material supplied by the slaughterhouses and ground and formed beef patties supplied by regional grinders who further process and convert whole muscle purchased from the slaughterhouses. The primary risk we face is with our regional grinders. If there is an interruption of operation at any one of our regional grinder's facilities, we face an immediate risk because each Shack typically has less than three days of beef patty inventory on hand. However, we have agreements with our regional grinders to provide an alternative back up supply in the event of a disruption in their operations. In addition, our largest supplier of raw material has agreed to an emergency plan to supply us in the event of a disruption of operations at one of our beef grinders through our broadline distributor's distribution network, but it would not be able to do so immediately.

We currently have five approved sources of raw material in the United States. If there is a supply issue with all U.S. raw material, we have seven approved suppliers in other countries. The risks to using international suppliers are shipping lead time, shipping costs, potential import duties and U.S. customs. It is unknown at this time how long it would take and at what cost the raw material would be to import from any such other country, but the delay and cost would likely be adverse to our business. However, it is our belief that only in the event of extreme disruptions would our operations be materially and adversely affected.

Our international licensed Shacks import most of our proprietary and other core ingredients from the United States and the European Union. If this international supply chain is interrupted, our international licensed operations could encounter supply shortages and incur higher costs.

Our international licensed Shacks import most of our proprietary ingredients from the United States and the European Union (the "EU"). For example, our proprietary blend of beef patties and/or raw materials for beef patties originate from the United States and the EU as well as Australia. In addition, our potato buns are exclusively from the United States, and other key items such as crinkle-cut fries and American cheese originate within the United States or the EU. While we have established secondary supply solutions for some of these ingredients, we have not acquired secondary supplies for all of them.

Due to the long lead time and general volatility in the supply chain, the third party logistic providers for our international licensed Shacks in the Middle East carry one to three months of

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inventory to allow for delays or interruptions in the supply chain. Specifically, we have had past and ongoing issues in ensuring that timely and adequate supplies reach our Middle East Shacks. In the Middle East, our licensee, Alshaya Trading Company W.L.L. ("Alshaya"), delegates the supply function to its third party logistics providers in each country in which Alshaya operates, with which we have limited and restricted communication, preventing us from exercising control or instruction over such entities. As a result, in the Middle East, Alshaya has a limited ability to achieve economies of scale and minimize production and freight costs.

The recent sanctions enacted by the Russian Federation on many imported ingredients from the United States, the EU and Australia have affected our licensee in Russia's ability to import such ingredients to our Russian Shack. As a result of the changing and uncertain nature of such sanctions, while our licensee in Russia has identified a back-up supplier, we are unable to guarantee that the licensee will be able to import our proprietary ingredients to supply this Shack. We have given our licensee in Russia approval to utilize alternative ingredients not affected by the sanctions, but there is a risk that these substitute ingredients may be inferior in taste and quality or come from suppliers that have not been vetted for food safety and quality assurance.

Our U.K. Shack faces challenges in obtaining potato buns and custard, which originate from our U.S. suppliers. While these ingredients have no trade restrictions, they must be shipped from the United States, which poses an ongoing risk of delay in supply deliveries.

Our Turkish Shacks currently import many key ingredients from both the EU and the United States. As is common in many developing markets, regulations are always subject to change which could potentially give rise to import risks should current importation legislation change. We are currently working on local Turkish alternatives to alleviate these risks in the future.

If our international licensed Shacks are unable to obtain our proprietary ingredients in the necessary amounts in a timely fashion as a result of logistics issues, sanctions or other challenges, it could harm its business and adversely affect the licensing fees we receive from Alshaya, adversely impacting our business and results of operations.

We have a limited number of suppliers for our major products and rely on one distribution company for the majority of our domestic distribution program. If our suppliers or distributor are unable to fulfill their obligations under our arrangements with them, we could encounter supply shortages and incur higher costs.

We have a limited number of suppliers for our major products, including beef patties, potato buns, custard, Portobello mushrooms and cheese sauce. In fiscal 2013, we purchased all of our (i) ground beef patties from two suppliers, with more than 87% of our ground beef patties supplied by one supplier, (ii) potato buns directly from one supplier, (iii) custard base from one supplier, (iv) 'Shroom Burgers from two suppliers, with approximately 50% of our 'Shroom Burgers supplied by each supplier and (v) ShackSauce from two suppliers, with approximately 87% of our ShackSauce supplied by one supplier. Due to this concentration of suppliers, the cancellation of our supply arrangements with these suppliers or the disruption, delay or inability of these suppliers to deliver these major products to our Shacks may materially and adversely affect our results of operations while we establish alternative distribution channels. In addition, if our suppliers fail to comply with food safety or other laws and regulations, or face allegations of non-compliance, their operations may be disrupted. We cannot assure you that we would be able to find replacement suppliers on commercially reasonable terms or a timely basis, if at all.

We contract with one distributor to provide virtually all of our food distribution services in the United States. Specifically, as of September 24, 2014, we consolidated approximately 89% of our core food and beverage ingredients, as well as 100% of our paper goods and chemicals with this distributor, which we refer to as our broadline distributor, for distribution and delivery to each Shack. We currently utilize six affiliated distribution centers and plan to add three more by the end of fiscal 2014. Each

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distribution center carries two to three weeks of inventory for our core ingredients. In the event of a catastrophe, such as a fire, our broadline distributor can supply the Shacks affected by their respective distribution center from another affiliated distribution center. If a catastrophe, such as a fire, were to occur at the distribution center that services the New York and New Jersey Shacks, we would be at immediate risk of product shortages because that distribution center supplies approximately 39% of our domestic company-operated Shacks, which collectively represented approximately 61% of our Shack sales, as of September 24, 2014. The other five distribution centers are all along the eastern seaboard and collectively supply the other approximately 61% of our domestic company-operated Shacks which represent the remaining approximately 39% of our total Shack sales.

Accordingly, although we believe that alternative supply and distribution sources are available, there can be no assurance that we will continue to be able to identify or negotiate with such sources on terms that are commercially reasonable to us. If our suppliers or distributors are unable to fulfill their obligations under their contracts or we are unable to identify alternative sources, we could encounter supply shortages and incur higher costs, each of which could have a material adverse effect on our results of operations. See "Business Operations Sourcing and Supply Chain."

Security breaches of confidential guest information, in connection with our electronic processing of credit and debit card transactions, or confidential employee information may adversely affect our business.

Our business requires the collection, transmission and retention of large volumes of guest and employee data, including credit and debit card numbers and other personally identifiable information, in various information technology systems that we maintain and in those maintained by third parties with whom we contract to provide services. The integrity and protection of that guest and employee data is critical to us. Further, our guests and employees have a high expectation that we and our service providers will adequately protect their personal information.

The information, security and privacy requirements imposed by governmental regulation are increasingly demanding. Our systems may not be able to satisfy these changing requirements and guest and employee expectations, or may require significant additional investments or time in order to do so. Efforts to hack or breach security measures, failures of systems or software to operate as designed or intended, viruses, operator error or inadvertent releases of data all threaten our and our service provider's information systems and records. A breach in the security of our information technology systems or those of our service providers could lead to an interruption in the operation of our systems, resulting in operational inefficiencies and a loss of profits. Additionally, a significant theft, loss or misappropriation of, or access to, guests' or other proprietary data or other breach of our information technology systems could result in fines, legal claims or proceedings, including regulatory investigations and actions, or liability for failure to comply with privacy and information security laws, which could disrupt our operations, damage our reputation and expose us to claims from guests and employees, any of which could have a material adverse effect on our financial condition and results of operations.

We face significant competition for guests, and our inability to compete effectively may affect our traffic, Shack sales and Shack-level operating profit margins, which could adversely affect our business, financial condition and results of operations.

The restaurant industry is intensely competitive with many well-established companies that compete directly and indirectly with us with respect to food quality, service, price and value, design and location. We compete in the restaurant industry with national, regional and locally-owned and/or operated limited-service restaurants and full-service restaurants. We compete with (i) "better burger" restaurants, (ii) fast casual restaurants, (iii) quick service restaurants and (iv) casual dining restaurants. Some of our competitors have significantly greater financial, marketing, personnel and other resources than we do, and many of our competitors are well-established in markets in which we have existing Shacks or intend to locate new Shacks. In addition, many of our competitors have greater name

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recognition nationally or in some of the local markets in which we have or plan to have Shacks. Any inability to successfully compete with the restaurants in our markets will place downward pressure on our guest traffic and may prevent us from increasing or sustaining our revenues and profitability.

Our continued success depends in part on the continued popularity of our menu and the experience we offer guests at our Shacks. Consumer tastes, nutritional and dietary trends, traffic patterns and the type, number, and location of competing restaurants often affect the restaurant business, and our competitors may react more efficiently and effectively to those conditions. In addition, some of our competitors in the past have implemented programs that provide price discounts on certain menu offerings, and they may continue to do so in the future. If we are unable to continue to compete effectively, our traffic, Shack sales and Shack-level operating profit margins could decline and our business, financial condition and results of operations would be adversely affected.

Our expansion into new domestic markets may present increased risks, which could affect our profitability.

We plan to open domestic company-operated Shacks in markets where we have little or no operating experience. Shacks we open in new markets may take longer to reach expected Shack sales and profit levels on a consistent basis, are likely to be less profitable on average than our Manhattan Shacks and may have higher construction, occupancy or operating costs than Shacks we open in existing markets. New markets may have competitive conditions, consumer tastes and discretionary spending patterns that are more difficult to predict or satisfy than our existing markets. We may need to make greater investments than we originally planned in advertising and promotional activity in new markets to build brand awareness. We may find it more difficult in new markets to hire, motivate and keep qualified employees who share our values. We may also incur higher costs from entering new markets if, for example, we assign area directors to manage comparatively fewer Shacks than we assign in more developed markets. Also, until we attain a critical mass in a market, the Shacks we do open will have reduced operating leverage. As a result, these new Shacks may be less successful or may achieve target Shack-level operating profit margins at a slower rate, if ever. If we do not successfully execute our plans to enter new markets, our business, financial condition or results of operations could be adversely affected. In addition, we plan to continue to expand into new international markets, which can pose similar and additional challenges in opening new Shacks.

New Shacks, once opened, may not be profitable, and the performance of our Shacks that we have experienced in the past may not be indicative of future results.

Our results have been, and in the future may continue to be, significantly impacted by the timing of new Shack openings (often dictated by factors outside of our control), including landlord delays, associated Shack pre-opening costs and operating inefficiencies, as well as changes in our geographic concentration due to the opening of new Shacks. We typically incur the most significant portion of pre-opening expenses associated with a given Shack within the three months preceding the opening of the Shack. Our experience has been that labor and operating costs associated with a newly opened Shack for the first several months of operation are materially greater than what can be expected after that time, both in aggregate dollars and as a percentage of Shack sales. Our new Shacks commonly take eight to 12 weeks to reach planned operating levels due to inefficiencies typically associated with new Shacks, including the training of new personnel, new market learning curves, inability to hire sufficient qualified staff and other factors. We may incur additional costs in new markets, particularly for transportation and distribution, which may impact the profitability of those Shacks. Accordingly, the volume and timing of new Shack openings may have a material adverse impact on our profitability.

In addition, the majority of our current domestic company-operated Shacks are located in Manhattan and other high revenue markets. As we expand, this percentage will decline and as a result we may not be able to maintain our current AUVs and Shack-level operating profit margins and our business, financial condition and results of operations may be adversely affected.

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Although we target specified operating and financial metrics, new Shacks may not meet these targets or may take longer than anticipated to do so. Any new Shacks we open may not be profitable or achieve operating results similar to those of our existing Shacks, which could adversely affect our business, financial condition or results of operations.

Our Shack sales and profit growth could be adversely affected if same Shack sales growth is less than we expect.

The level of same Shack sales growth, which represents the change in year-over-year revenues for domestic company-operated Shacks open for 24 months or longer, could affect our Shack sales growth. Our ability to increase same Shack sales depends in part on our ability to successfully implement our initiatives to build Shack sales. It is possible such initiatives will not be successful, that we will not achieve our target same Shack sales growth or that same Shack sales growth could be negative, which may cause a decrease in Shack sales and profit growth that would adversely affect our business, financial condition or results of operations.

Opening new Shacks in existing markets may negatively affect Shack sales at our existing Shacks.

The consumer target area of our Shacks varies by location, depending on a number of factors, including population density, other local restaurants and attractions, area demographics and geography. As a result, the opening of a new Shack in or near markets in which we already have Shacks could adversely affect the Shack sales of those existing Shacks. Existing Shacks could also make it more difficult to build our consumer base for a new Shack in the same market. We will continue to cluster in select markets and open new Shacks in and around areas of existing Shacks that are operating at or near capacity to leverage operational efficiencies and effectively serve our guests. Shack sales cannibalization among our Shacks may become significant in the future as we continue to expand our operations and could adversely affect our Shack sales growth, which could, in turn, adversely affect our business, financial condition or results of operations.

Our failure to manage our growth effectively could harm our business and operating results.

Our growth plan includes a significant number of new Shacks. Our existing management systems, financial and management controls and information systems may not be adequate to support our planned expansion. Our ability to manage our growth effectively will require us to continue to enhance these systems, procedures and controls and to locate, hire, train and retain management and operating personnel, particularly in new markets. We may not be able to respond on a timely basis to all of the changing demands that our planned expansion will impose on management and on our existing infrastructure, or be able to hire or retain the necessary management and operating personnel, which could harm our business, financial condition or results of operations. These demands could cause us to operate our existing business less effectively, which in turn could cause a deterioration in the financial performance of our existing Shacks. If we experience a decline in the financial performance, we may decrease the number of or discontinue Shack openings, or we may decide to close Shacks that we are unable to operate in a profitable manner.

Our plans to open new Shacks, and the ongoing need for capital expenditures at our existing Shacks, require us to spend capital.

Our growth strategy depends on opening new Shacks, which will require us to use cash flows from operations and a portion of the net proceeds of this offering. We cannot assure you that cash flows from operations and the net proceeds of this offering will be sufficient to allow us to implement our growth strategy. If this cash is not allocated efficiently among our various projects, or if any of these initiatives prove to be unsuccessful, we may experience reduced profitability and we could be required to delay, significantly curtail or eliminate planned Shack openings, which could have a material adverse

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effect on our business, financial condition, results of operations and the price of our Class A common stock.

In addition, as our Shacks mature, our business will require capital expenditures for the maintenance, renovation and improvement of existing Shacks to remain competitive and maintain the value of our brand standard. This creates an ongoing need for cash, and, to the extent we cannot fund capital expenditures from cash flows from operations, funds will need to be borrowed or otherwise obtained.

If the costs of funding new Shacks or renovations or enhancements at existing Shacks exceed budgeted amounts, and/or the time for building or renovation is longer than anticipated, our profits could be reduced. If we cannot access the capital we need, we may not be able to execute on our growth strategy, take advantage of future opportunities or respond to competitive pressures.

We are subject to risks associated with leasing property subject to long-term non-cancelable leases.

We do not own any real property and all of our domestic company-operated Shacks are located in leased premises. The leases for our Shacks generally have initial terms of 10 years and typically provide for two renewal options in five-year increments as well as for rent escalations. However, the license agreement for our Madison Square Park Shack can be terminated by the New York City Commissioner of Parks for any reason on 25 days' written notice.

Generally, our leases are net leases that require us to pay our share of the costs of real estate taxes, utilities, building operating expenses, insurance and other charges in addition to rent. We generally cannot cancel these leases. Additional sites that we lease are likely to be subject to similar long-term non-cancelable leases. If we close a Shack, we nonetheless may be obligated to perform our monetary obligations under the applicable lease, including, among other things, payment of the base rent for the balance of the lease term. In addition, as each of our leases expire, we may fail to negotiate renewals, either on commercially acceptable terms or at all, which could cause us to close Shacks in desirable locations. As of September 24, 2014, we were a party to operating leases associated with our Shacks and administrative offices requiring future minimum lease payments of \$1.9 million for the remainder of fiscal 2014 and approximately \$164.9 million thereafter, which minimum lease commitments are not reflected as liabilities on our balance sheet. We depend on cash flows from operations to pay our lease expenses and to fulfill our other cash needs. If our business does not generate sufficient cash flow from operating activities, and sufficient funds are not otherwise available to us from borrowings under the Revolving Credit Facility (as defined in "Description of Indebtedness") or other sources, we may not be able to service our lease expenses or fund our other liquidity and capital needs, which would materially affect our business.

We depend on key executive management.

We depend on the leadership and experience of our key executive management. The loss of the services of any of our executive management members could have a material adverse effect on our business and prospects, as we may not be able to find suitable individuals to replace such personnel on a timely basis or without incurring increased costs, or at all. We do not maintain key man life insurance policies on any of our executive officers. We believe that our future success will depend on our continued ability to attract and retain highly skilled and qualified personnel. There is a high level of competition for experienced, successful personnel in our industry. Our inability to meet our executive staffing requirements in the future could impair our growth and harm our business.

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Our inability to identify qualified individuals for our workforce could slow our growth and adversely impact our ability to operate our Shacks.

We believe that the "Enlightened Hospitality" culture of our Shack team is the single most important factor to our success. Accordingly, our success depends in part upon our ability to attract, motivate and retain a sufficient number of qualified managers and associates to meet the needs of our existing Shacks and to staff new Shacks. We aim to hire warm, friendly, motivated, caring, self-aware and intellectually curious individuals, who are excited and committed to championship performance, remarkable and enriching hospitality, embodying our culture and actively growing themselves and our brand. A sufficient number of qualified individuals to fill these positions and qualifications may be in short supply in some communities. Competition in these communities for qualified staff could require us to pay higher wages and provide greater benefits, especially if there is significant improvement in regional or national economic conditions. We place a heavy emphasis on the qualification and training of our personnel and spend a significant amount of time and money on training our employees. Any inability to recruit and retain qualified individuals may result in higher turnover and increased labor costs, and could compromise the quality of our service, all of which could adversely affect our business. Any such inability could also delay the planned openings of new Shacks and could adversely impact our existing Shacks. Any such inability to retain or recruit qualified employees, increased costs of attracting qualified employees or delays in Shack openings could adversely affect our business and results of operations.

Unionization activities may disrupt our operations and affect our profitability.

Although none of our employees are currently covered under collective bargaining agreements, our employees may elect to be represented by labor unions in the future. If a significant number of our employees were to become unionized and collective bargaining agreement terms were significantly different from our current compensation arrangements, it could adversely affect our business, financial condition or results of operations. In addition, a labor dispute involving some or all of our employees may harm our reputation, disrupt our operations and reduce our revenues, and resolution of disputes may increase our costs. Further, if we enter into a new market with unionized construction companies, or the construction companies in our current markets become unionized, construction and build out costs for new Shacks in such markets could materially increase.

Increased food commodity and energy costs could decrease our Shack-level operating profit margins or cause us to limit or otherwise modify our menu, which could adversely affect our business.

Our profitability depends in part on our ability to anticipate and react to changes in the price and availability of food commodities, including among other things beef, poultry, grains, dairy and produce. Prices may be affected due to market changes, increased competition, the general risk of inflation, shortages or interruptions in supply due to weather, disease or other conditions beyond our control, or other reasons. For example, certain regions of the United States have been experiencing a significant drought in 2014, which has increased the price of certain food commodities, including beef, dairy and produce. Other events could increase commodity prices or cause shortages that could affect the cost and quality of the items we buy or require us to further raise prices or limit our menu options. These events, combined with other more general economic and demographic conditions, could impact our pricing and negatively affect our Shack sales and Shack-level operating profit margins. While we have been able to partially offset inflation and other changes in the costs of core operating resources by gradually increasing menu prices, coupled with more efficient purchasing practices, productivity improvements and greater economies of scale, there can be no assurance that we will be able to continue to do so in the future. From time to time, competitive conditions could limit our menu pricing flexibility. In addition, macroeconomic conditions could make additional menu price increases imprudent. There can be no assurance that future cost increases can be offset by increased menu prices

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or that increased menu prices will be fully absorbed by our guests without any resulting change to their visit frequencies or purchasing patterns. In addition, there can be no assurance that we will generate same Shack sales growth in an amount sufficient to offset inflationary or other cost pressures.

We do not currently hedge our commodity risks. We may decide to enter into certain forward pricing arrangements with our suppliers, which could result in fixed or formula-based pricing with respect to certain food products. However, these arrangements generally are relatively short in duration and may provide only limited protection from price changes. In addition, the use of these arrangements may limit our ability to benefit from favorable price movements.

Our profitability also is adversely affected by increases in the price of utilities, such as natural gas, electric, and water, whether as a result of inflation, shortages or interruptions in supply, or otherwise. Our ability to respond to increased costs by increasing prices or by implementing alternative processes or products will depend on our ability to anticipate and react to such increases and other more general economic and demographic conditions, as well as the responses of our competitors and guests. All of these things may be difficult to predict and beyond our control. In this manner, increased costs could adversely affect our results of operations.

Higher health care costs and labor costs could adversely affect our business.

With the passage in 2010 of the U.S. Patient Protection and Affordable Care Act (the "ACA"), we are required to provide affordable coverage, as defined in the ACA, to all employees, or otherwise be subject to a payment per employee based on the affordability criteria in the ACA. Many of these requirements will be phased in over a period of time, with the majority of the most impactful provisions affecting us presently anticipated to begin in the second quarter of fiscal 2015. Additionally, some states and localities have passed state and local laws mandating the provision of certain levels of health benefits by some employers. Increased health care and insurance costs could have a material adverse effect on our business, financial condition and results of operations. In addition, changes in federal or state workplace regulations could adversely affect our ability to meet our financial targets.

Various federal and state labor laws govern our relationships with our employees and affect operating costs. These laws include employee classifications as exempt or non-exempt, minimum wage requirements, unemployment tax rates, workers' compensation rates, overtime, family leave, safety standards, payroll taxes, citizenship requirements and other wage and benefit requirements for employees classified as non-exempt. As our team members are paid at rates set above, but related to, the applicable minimum wage, further increases in the minimum wage could increase our labor costs. Significant additional government regulations could materially affect our business, financial condition and results of operations.

We are subject to many federal, state and local laws with which compliance is both costly and complex.

The restaurant industry is subject to extensive federal, state and local laws and regulations, including the recently enacted comprehensive health care reform legislation discussed above, those relating to building and zoning requirements and those relating to the preparation and sale of food. Such laws and regulations are subject to change from time to time. The failure to comply with these laws and regulations could adversely affect our operating results. Typically, licenses, permits and approvals under such laws and regulations must be renewed annually and may be revoked, suspended or denied renewal for cause at any time if governmental authorities determine that our conduct violates applicable regulations. Difficulties or failure to maintain or obtain the required licenses, permits and approvals could adversely affect our existing Shacks and delay or result in our decision to cancel the opening of new Shacks, which would adversely affect our business.

The development and operation of Shacks depend, to a significant extent, on the selection of suitable sites, which are subject to zoning, land use, environmental, traffic and other regulations and

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requirements. We are also subject to licensing and regulation by state and local authorities relating to health, sanitation, safety and fire standards.

There is also a potential for increased regulation of certain food establishments in the United States, where compliance with a Hazard Analysis and Critical Control Points ("HACCP") approach may now be required. HACCP refers to a management system in which food safety is addressed through the analysis and control of potential hazards from production, procurement and handling, to manufacturing, distribution and consumption of the finished product. Many states have required restaurants to develop and implement HACCP Systems, and the United States government continues to expand the sectors of the food industry that must adopt and implement HACCP programs. For example, FSMA signed into law in January 2011, granted the FDA new authority regarding the safety of the entire food system, including through increased inspections and mandatory food recalls. Although restaurants are specifically exempted from or not directly implicated by some of these new requirements, we anticipate that the new requirements may impact our industry. Additionally, our suppliers may initiate or otherwise be subject to food recalls that may impact the availability of certain products, result in adverse publicity or require us to take actions that could be costly for us or otherwise impact our business.

We are subject to the Americans with Disabilities Act (the "ADA"), which, among other things, requires our Shacks to meet federally mandated requirements for the disabled. The ADA prohibits discrimination in employment and public accommodations on the basis of disability. Under the ADA, we could be required to expend funds to modify our Shacks to provide service to, or make reasonable accommodations for the employment of, disabled persons. In addition, our employment practices are subject to the requirements of the Immigration and Naturalization Service relating to citizenship and residency.

In addition, our licensing activities are subject to laws enacted by a number of states, rules and regulations promulgated by the U.S. Federal Trade Commission and certain rules and requirements regulating licensing activities in foreign countries. Failure to comply with new or existing licensing laws, rules and regulations in any jurisdiction or to obtain required government approvals could negatively affect our licensing sales and our relationships with our licensees.

The impact of current laws and regulations, the effect of future changes in laws or regulations that impose additional requirements and the consequences of litigation relating to current or future laws and regulations, or our inability to respond effectively to significant regulatory or public policy issues, could increase our compliance and other costs of doing business and, therefore, have an adverse effect on our results of operations. Failure to comply with the laws and regulatory requirements of federal, state and local authorities could result in, among other things, revocation of required licenses, administrative enforcement actions, fines and civil and criminal liability. In addition, certain laws, including the ADA, could require us to expend significant funds to make modifications to our Shacks if we failed to comply with applicable standards. Compliance with all of these laws and regulations can be costly and can increase our exposure to litigation or governmental investigations or proceedings.

Our marketing strategies and channels will evolve and our programs may or may not be successful.

Shake Shack is a small, but growing brand. We incur costs and expend other resources in our marketing efforts to attract and retain guests. The brand's promotion includes public relations, digital and social media, promotions, and in-store messaging, which require less marketing spend as compared to traditional marketing programs. Currently, the amount of discounted promotions and advertising we do is nominal. As the number of Shacks increases, and as we expand into new markets, we expect to increase our investment in advertising and consider additional promotional activities. Accordingly, in the future, we will incur greater marketing expenditures, resulting in greater financial risk and a greater impact on our Company.

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Some of these initiatives may not be successful, resulting in expenses incurred without the benefit of higher revenues. Additionally, some of our competitors have greater financial resources, which enable them to spend significantly more on marketing and advertising than we are able to at this time. Should our competitors increase spending on marketing and advertising or our marketing funds decrease for any reason, or should our advertising and promotions be less effective than those of our competitors, there could be a material adverse effect on our results of operations and financial condition.

Changes in economic conditions, including continuing effects from the recent recession, could materially affect our business, financial condition and results of operations.

The restaurant industry depends on consumer discretionary spending. During the economic downturn starting in 2008, continuing disruptions in the overall economy, including the ongoing impacts of the housing crisis, high unemployment, and financial market volatility and unpredictability, caused a related reduction in consumer confidence, which negatively affected the restaurant industry. These factors, as well as national, regional and local regulatory and economic conditions, gasoline prices, energy and other utility costs, inclement weather, conditions in the residential real estate and mortgage markets, health care costs, access to credit, disposable consumer income and consumer confidence, affect discretionary consumer spending. If these economic conditions persist or worsen, guest traffic could be adversely impacted if our guests choose to dine out less frequently or reduce the amount they spend on meals while dining out. If such negative economic conditions persist for a long period of time or become more pervasive, consumer changes to their discretionary spending behavior, including the frequency with which they dine out, could be more permanent. If Shack sales decrease, our profitability could decline as we spread fixed costs across a lower level of Shack sales. Prolonged negative trends in Shack sales could cause us to, among other things, reduce the number and frequency of new Shack openings, close Shacks or delay remodeling of our existing Shacks or take asset impairment charges.

Changes to estimates related to our property, fixtures and equipment or operating results that are lower than our current estimates at certain Shacks may cause us to incur impairment charges on certain long-lived assets, which may adversely affect our results of operations.

In accordance with accounting guidance as it relates to the impairment of long-lived assets, we make certain estimates and projections with regard to individual Shack operations, as well as our overall performance, in connection with our impairment analyses for long-lived assets. If an impairment indicator was deemed to exist for a Shack, the estimated undiscounted future cash flows would be compared to its carrying value. If the carrying value exceeds the undiscounted cash flows, an impairment charge equal to the difference between the carrying value and the fair value. The projections of future cash flows used in these analyses require the use of judgment and a number of estimates and projections of future operating results. If actual results differ from our estimates, additional charges for asset impairments may be required in the future.

We rely on a limited number of licensees for the operation of our licensed Shacks, and we have limited control with respect to the operations of our licensed Shacks, which could have a negative impact on our reputation and business.

We rely in part on our licensees and the manner in which they operate their Shacks to develop and promote our business. As of September 24, 2014, two licensees operated all of our domestic licensed Shacks and Alshaya, through affiliated and unaffiliated third party sublicensees, operated all of our international licensed Shacks. Our licensees are required to operate their Shacks according to the specific guidelines we set forth that are essential to maintaining brand integrity and reputation as well as in accordance with all laws and regulations applicable to Shake Shack and its subsidiaries, and all laws and regulations applicable in the countries in which we operate. We provide training to these

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licensees to integrate them into our operating strategy and culture. However, since we do not have day-to-day control over all of these Shacks, we cannot give assurance that there will not be differences in product and service quality, operations, marketing or profitability or that there will be adherence to all of our guidelines and applicable laws at these Shacks. In addition, if our licensees fail to make investments necessary to maintain or improve their Shacks, guest preference for the Shake Shack brand could suffer. Failure of these Shacks to operate effectively could adversely affect our cash flows from those operations or have a negative impact on our reputation or our business.

Although we have developed criteria to evaluate and screen prospective developers and licensees, we cannot be certain that the developers and licensees we select will have the business acumen necessary to open and operate successful licensed Shacks in their licensing areas. Our licensees compete for guests with other restaurants in their geographic markets, and the ability of our licensees to compete for guests directly impacts our results of operations, as well as the desirability of our brand to prospective licensees. Licensees may not have access to the financial or management resources that they need to open the Shacks contemplated by their agreements with us or to be able to find suitable sites on which to develop them, or they may elect to cease development for other reasons. Licensees may not be able to negotiate acceptable lease or purchase terms for the sites, obtain the necessary permits and governmental approvals or meet construction schedules. Additionally, financing from banks and other financial institutions may not always be available to licensees to construct and open new Shacks. Any of these problems could slow our growth from licensing operations and reduce our licensing revenues.

A challenging economic environment may affect our licensees, with adverse consequences to us.

Our operating results are impacted by the ability of our licensees to generate revenues at their licensed Shacks. It is possible that, in a challenging economic environment, some licensees could file for bankruptcy or become delinquent in their payments to us, which could have significant adverse impacts on our business due to loss or delay in payments of licensing and other fees. Bankruptcy or other adverse performance by our licensees could negatively impact our market share and operating results as we may have fewer well-performing Shacks, and adversely impact our ability to attract new licensees.

If we are unable to maintain good relationships with our licensees, revenues could decrease and we may be unable to expand our presence in certain markets.

Our licensees pay us a license fee and certain other fees pursuant to our license agreements. The viability of our licensing business depends on our ability to establish and maintain good relationships with our licensees. In particular, our relationship with our international licensee, who is our sole international licensee and has an exclusive right to open new Shacks in certain markets, is critical to our international operations.

The value of our brand and the rapport that we maintain with our licensees are important factors for potential licensees considering doing business with us. If we are unable to maintain good relationships with licensees, we may be unable to renew license agreements and opportunities for developing new relationships with additional licensees may be adversely affected. This, in turn, could have an adverse effect on our results of operations.

Our license agreements require us and our licensees to comply with operational and performance conditions that are subject to interpretation and could result in disagreements. At any given time, we may be in disputes with one or more of our licensees. An adverse result in any such dispute could adversely impact our results of operations and business.

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We rely heavily on information technology, and any material failure, weakness, interruption or breach of security could prevent us from effectively operating our business.

We rely heavily on information systems, including point-of-sale processing in our Shacks, for management of our supply chain, accounting, payment of obligations, collection of cash, credit and debit card transactions and other processes and procedures. Our ability to efficiently and effectively manage our business depends significantly on the reliability and capacity of these systems. Our operations depend upon our ability to protect our computer equipment and systems against damage from physical theft, fire, power loss, telecommunications failure or other catastrophic events, as well as from internal and external security breaches, viruses and other disruptive problems. The failure of these systems to operate effectively, maintenance problems, upgrading or transitioning to new platforms, expanding our systems as we grow or a breach in security of these systems could result in interruptions to or delays in our business and guest service and reduce efficiency in our operations. If our information technology systems fail and our redundant systems or disaster recovery plans are not adequate to address such failures, or if our business interruption insurance does not sufficiently compensate us for any losses that we may incur, our revenues and profits could be reduced and the reputation of our brand and our business could be materially adversely affected. In addition, remediation of such problems could result in significant, unplanned capital investments.

Legislation and regulations requiring the display and provision of nutritional information for our menu offerings, and new information or attitudes regarding diet and health or adverse opinions about the health effects of consuming our menu offerings, could affect consumer preferences and negatively impact our business, financial condition and results of operations.

We serve burgers, hot dogs, crinkle-cut fries, shakes, frozen custard, beer and wine. Government regulation and consumer eating habits may impact our business as a result of changes in attitudes regarding diet and health or new information regarding the health effects of consuming our menu offerings. These changes have resulted in, and may continue to result in, the enactment of laws and regulations that impact the ingredients and nutritional content of our menu offerings, or laws and regulations requiring us to disclose the nutritional content of our food offerings.

For example, a number of states, counties and cities have enacted menu labeling laws requiring multi-unit restaurant operators to disclose certain nutritional information to customers, or have enacted legislation restricting the use of certain types of ingredients in restaurants. Furthermore, the Patient Protection and Affordable Care Act of 2010 (the "PPACA") establishes a uniform, federal requirement for certain restaurants to post certain nutritional information on their menus. Specifically, the PPACA amended the Federal Food, Drug and Cosmetic Act to require certain chain restaurants to publish the total number of calories of standard menu items on menus and menu boards, along with a statement that puts this calorie information in the context of a total daily calorie intake. The PPACA also requires covered restaurants to provide to consumers, upon request, a written summary of detailed nutritional information for each standard menu item, and to provide a statement on menus and menu boards about the availability of this information. The PPACA further permits the FDA to require covered restaurants to make additional nutrient disclosures, such as disclosure of trans-fat content. An unfavorable report on, or reaction to, our menu ingredients, the size of our portions or the nutritional content of our menu items could negatively influence the demand for our offerings.

We cannot make any assurances regarding our ability to effectively respond to changes in consumer health perceptions or our ability to successfully implement the nutrient content disclosure requirements and to adapt our menu offerings to trends in eating habits. The imposition of menu-labeling laws could have an adverse effect on our results of operations and financial position, as well as the hospitality industry in general.

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Our insurance may not provide adequate levels of coverage against claims.

We believe that we maintain insurance customary for businesses of our size and type. However, there are types of losses we may incur that cannot be insured against or that we believe are not economically reasonable to insure. Such losses could have a material adverse effect on our business and results of operations.

Because a component of our strategy is to continue to grow our licensed business internationally, the risks of doing business internationally could lower our revenues, increase our costs, reduce our profits or disrupt our business.

Twenty-seven of our 32 licensed Shacks are located outside the United States and we expect to continue to expand our licensed Shacks internationally. As a result, we are and will be, on an increasing basis, subject to the risks of doing business outside the United States, including:

changes in foreign currency exchange rates or currency restructurings and hyperinflation or deflation in the countries in which our licensees operate;

the imposition of restrictions on currency conversion or the transfer of funds or limitations on our ability to repatriate non-U.S. earnings in a tax effective manner;

the presence and acceptance of varying levels of business corruption in international markets;

the ability to comply with, or impact of complying with, complex and changing laws, regulations and policies of foreign governments that may affect investments or operations, including foreign ownership restrictions, import and export controls, tariffs, embargoes, intellectual property, licensing requirements and regulations, increases in taxes paid and other changes in applicable tax laws;

the difficulties involved in managing an organization doing business in many different countries;

the ability to comply with, or impact of complying with, complex and changing laws, regulations and economic and political policies of the U.S. government, including U.S. laws and regulations relating to economic sanctions, export controls and anti-boycott requirements;

increases in anti-American sentiment and the identification of the licensed brand as an American brand;

the effect of disruptions caused by severe weather, natural disasters, outbreak of disease or other events that make travel to a particular region less attractive or more difficult; and

political and economic instability.

Any or all of these factors may adversely affect the performance of and licensing fees we receive from our licensed Shacks located in international markets. In particular, our international licensed Shacks operate in several volatile regions that are subject to geopolitical and sociopolitical factors that pose risk to our business operations. In addition, the economy of any region in which our Shacks are located may be adversely affected to a greater degree than that of other areas of the country or the world by certain developments affecting industries concentrated in that region or country. While these factors and the impact of these factors are difficult to predict, any one or more of them could lower our revenues, increase our costs, reduce our profits or disrupt our business, and, as our international licensed operations increase, these risks will become more pronounced.

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Because of our international licensed operations, we could be adversely affected by violations of the U.S. Foreign Corrupt Practices Act and similar worldwide anti-bribery and anti-kickback laws.

A significant portion of our licensed operations are located outside the United States. The U.S. Foreign Corrupt Practices Act, and other similar anti-bribery and anti-kickback laws and regulations, generally prohibit companies and their intermediaries from making improper payments to non-U.S. officials for the purpose of obtaining or retaining business. While our license agreements mandate compliance with applicable law, we cannot assure you that we will be successful in preventing our employees or other agents from taking actions in violation of these laws or regulations. Such violations, or allegations of such violations, could disrupt our business and result in a material adverse effect on our financial condition, results of operations and cash flows.

Changes in statutory, regulatory, accounting, and other legal requirements could potentially impact our operating and financial results.

We are subject to numerous statutory, regulatory and legal requirements, domestically and abroad. Our operating results could be negatively impacted by developments in these areas due to the costs of compliance in addition to possible government penalties and litigation in the event of deemed noncompliance. Changes in the regulatory environment in the area of food safety, privacy and information security, wage and hour laws, among others, could potentially impact our operations and financial results.

We lease all of our domestic company-operated Shacks, and each is classified as an operating lease. The Financial Accounting Standards Board ("FASB") has issued an exposure draft that will revise lease accounting and require many leases currently considered to be operating leases to instead be classified as capital leases. The primary impact to this exposure draft would be that such leases would be recorded on the balance sheet as debt, and they currently have an off-balance sheet classification as operating leases. The timeline for effectiveness of this pronouncement, as well as the final guidelines and potential financial impact, are unclear at this point.

Fluctuations in our tax obligations and effective tax rate and realization of our deferred tax assets may result in volatility of our operating results.

We are subject to income taxes in various U.S. and foreign jurisdictions. We record tax expense based on our estimates of future payments, which may include reserves for uncertain tax positions in multiple tax jurisdictions, and valuation allowances related to certain net deferred tax assets. At any one time, many tax years may be subject to audit by various taxing jurisdictions. The results of these audits and negotiations with taxing authorities may affect the ultimate settlement of these issues. We expect that throughout the year there could be ongoing variability in our quarterly tax rates as events occur and exposures are evaluated.

In addition, our effective tax rate in a given financial statement period may be materially impacted by a variety of factors including but not limited to changes in the mix and level of earnings, varying tax rates in the different jurisdictions in which we operate, fluctuations in the valuation allowance or by changes to existing accounting rules or regulations. Further, tax legislation may be enacted in the future which could negatively impact our current or future tax structure and effective tax rates.

We may not be able to adequately protect our intellectual property, which, in turn, could harm the value of our brands and adversely affect our business.

Our ability to implement our business plan successfully depends in part on our ability to further build brand recognition using our trademarks, service marks, proprietary products and other intellectual property, including our name and logos and the unique character and atmosphere of our Shacks. We rely on U.S. and foreign trademark, copyright, and trade secret laws, as well as license agreements,

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nondisclosure agreements, and confidentiality and other contractual provisions to protect our intellectual property. Nevertheless, our competitors may develop similar menu items and concepts, and adequate remedies may not be available in the event of an unauthorized use or disclosure of our trade secrets and other intellectual property.

The success of our business depends on our continued ability to use our existing trademarks and service marks to increase brand awareness and further develop our brand in both domestic and international markets. We have registered and applied to register trademarks and service marks in the United States and foreign jurisdictions. We may not be able to adequately protect our trademarks and service marks, and our competitors and others may successfully challenge the validity and/or enforceability of our trademarks and service marks and other intellectual property. The steps we have taken to protect our intellectual property in the United States and in foreign countries may not be adequate. In addition, the laws of some foreign countries do not protect intellectual property to the same extent as the laws of the United States.

If our efforts to maintain and protect our intellectual property are inadequate, or if any third party misappropriates, dilutes or infringes on our intellectual property, the value of our brands may be harmed, which could have a material adverse effect on our business and might prevent our brands from achieving or maintaining market acceptance.

We may also from time to time be required to institute litigation to enforce our trademarks, service marks and other intellectual property. Such litigation could result in substantial costs and diversion of resources and could negatively affect our sales, profitability and prospects regardless of whether we are able to successfully enforce our rights.

Third parties may assert that we infringe, misappropriate or otherwise violate their intellectual property and may sue us for intellectual property infringement. Even if we are successful in these proceedings, we may incur substantial costs, and the time and attention of our management and other personnel may be diverted in pursuing these proceedings. If a court finds that we infringe a third party's intellectual property, we may be required to pay damages and/or be subject to an injunction. With respect to any third party intellectual property that we use or wish to use in our business (whether or not asserted against us in litigation), we may not be able to enter into licensing or other arrangements with the owner of such intellectual property at a reasonable cost or on reasonable terms.

Restaurant companies have been the target of class action lawsuits and other proceedings that are costly, divert management attention and, if successful, could result in our payment of substantial damages or settlement costs.

Our business is subject to the risk of litigation by employees, guests, suppliers, licensees, stockholders or others through private actions, class actions, administrative proceedings, regulatory actions or other litigation. The outcome of litigation, particularly class action and regulatory actions, is difficult to assess or quantify. In recent years, restaurant companies have been subject to lawsuits, including class action lawsuits, alleging violations of federal and state laws regarding workplace and employment matters, discrimination and similar matters. A number of these lawsuits have resulted in the payment of substantial damages by the defendants. Similar lawsuits have been instituted from time to time alleging violations of various federal and state wage and hour laws regarding, among other things, employee meal deductions, overtime eligibility of assistant managers and failure to pay for all hours worked. While we have not been a party to any of these types of lawsuits in the past, there can be no assurance that we will not be named in any such lawsuit in the future or that we would not be required to pay substantial expenses and/or damages.

Occasionally, our guests file complaints or lawsuits against us alleging that we are responsible for some illness or injury they suffered at or after a visit to one of our Shacks, including actions seeking damages resulting from food-borne illness or accidents in our Shacks. We are also subject to a variety

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of other claims from third parties arising in the ordinary course of our business, including contract claims. The restaurant industry has also been subject to a growing number of claims that the menus and actions of restaurant chains have led to the obesity of certain of their customers.

Regardless of whether any claims against us are valid or whether we are liable, claims may be expensive to defend and may divert time and money away from our operations. In addition, they may generate negative publicity, which could reduce guest traffic and Shack sales. Although we maintain what we believe to be adequate levels of insurance, insurance may not be available at all or in sufficient amounts to cover any liabilities with respect to these or other matters. A judgment or other liability in excess of our insurance coverage for any claims or any adverse publicity resulting from claims could adversely affect our business and results of operations.

Our business is subject to risks related to our sale of alcoholic beverages.

We serve beer and wine at most of our Shacks. Alcoholic beverage control regulations generally require our Shacks to apply to a state authority and, in certain locations, county or municipal authorities for a license that must be renewed annually and may be revoked or suspended for cause at any time. Alcoholic beverage control regulations relate to numerous aspects of daily operations of our Shacks, including minimum age of patrons and employees, hours of operation, advertising, trade practices, wholesale purchasing, other relationships with alcohol manufacturers, wholesalers and distributors, inventory control and handling, storage and dispensing of alcoholic beverages. Any future failure to comply with these regulations and obtain or retain licenses could adversely affect our business, financial condition and results of operations.

We are also subject in certain states to "dram shop" statutes, which generally provide a person injured by an intoxicated person the right to recover damages from an establishment that wrongfully served alcoholic beverages to the intoxicated person. We carry liquor liability coverage as part of our existing comprehensive general liability insurance. Recent litigation against restaurant chains has resulted in significant judgments and settlements under dram shop statutes. Because these cases often seek punitive damages, which may not be covered by insurance, such litigation could have an adverse impact on our business, results of operations or financial condition. Regardless of whether any claims against us are valid or whether we are liable, claims may be expensive to defend and may divert time and money away from operations and hurt our financial performance. A judgment significantly in excess of our insurance coverage or not covered by insurance could have a material adverse effect on our business, results of operations or financial condition.

Our business is subject to seasonal fluctuations.

Our business is subject to seasonal fluctuations in that our Shack sales are typically nominally higher during the summer months affecting the second and third quarters of the fiscal year. Our quarterly results have been and will continue to be affected by the timing of new Shack openings and their associated pre-opening costs. As a result of these factors, our financial results for any single quarter or for periods of less than a year are not necessarily indicative of the results that may be achieved for a full fiscal year.

Because many of our domestic company-operated Shacks are concentrated in local or regional areas, we are susceptible to economic and other trends and developments, including adverse weather conditions, in these areas.

Our financial performance is highly dependent on Shacks located in the Northeast and the New York City metropolitan area, which comprised approximately 58% (or 15 out of 26) of our total domestic company-operated Shacks as of September 24, 2014. As a result, adverse economic conditions in any of these areas could have a material adverse effect on our overall results of operations. In

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addition, given our geographic concentrations, negative publicity regarding any of our Shacks in these areas could have a material adverse effect on our business and operations, as could other regional occurrences such as local strikes, terrorist attacks, increases in energy prices, inclement weather or natural or man-made disasters.

In particular, adverse weather conditions, such as regional winter storms, floods, severe thunderstorms and hurricanes, could negatively impact our results of operations. Recently, we have experienced temporary Shack closures on the east coast due to Superstorm Sandy, which resulted in the closing of 11 Shacks for at least one day. Temporary or prolonged Shack closures may occur and guest traffic may decline due to the actual or perceived effects of future weather related events.

Risks Related to Our Company and Our Organizational Structure

Our principal asset after the completion of this offering will be our interest in SSE Holdings, and, accordingly, we will depend on distributions from SSE Holdings to pay our taxes and expenses, including payments under the Tax Receivable Agreement. SSE Holdings' ability to make such distributions may be subject to various limitations and restrictions.

Upon the consummation of this offering, we will be a holding company and will have no material assets other than our ownership of LLC Interests of SSE Holdings. As such, we will have no independent means of generating revenue or cash flow, and our ability to pay our taxes and operating expenses or declare and pay dividends in the future, if any, will be dependent upon the financial results and cash flows of SSE Holdings and its subsidiaries and distributions we receive from SSE Holdings. There can be no assurance that our subsidiaries will generate sufficient cash flow to distribute funds to us or that applicable state law and contractual restrictions, including negative covenants in our debt instruments, will permit such distributions.

SSE Holdings will continue to be treated as a partnership for U.S. federal income tax purposes and, as such, will not be subject to any entity-level U.S. federal income tax. Instead, taxable income will be allocated to holders of LLC Interests, including us. Accordingly, we will incur income taxes on our allocable share of any net taxable income of SSE Holdings. Under the terms of the SSE Holdings LLC Agreement, SSE Holdings will be obligated to make tax distributions to holders of LLC Interests, including us. In addition to tax expenses, we will also incur expenses related to our operations, including payments under the Tax Receivable Agreement, which we expect could be significant. See "Certain Relationships and Related Party Transactions Tax Receivable Agreement." We intend, as its managing member, to cause SSE Holdings to make cash distributions to the owners of LLC Interests in an amount sufficient to (i) fund all or part of their tax obligations in respect of taxable income allocated to them and (ii) cover our operating expenses, including payments under the Tax Receivable Agreement. However, SSE Holdings' ability to make such distributions may be subject to various limitations and restrictions, such as restrictions on distributions that would either violate any contract or agreement to which SSE Holdings is then a party, including debt agreements, or any applicable law, or that would have the effect of rendering SSE Holdings insolvent. If we do not have sufficient funds to pay tax or other liabilities or to fund our operations, we may have to borrow funds, which could materially adversely affect our liquidity and financial condition and subject us to various restrictions imposed by any such lenders. To the extent that we are unable to make payments under the Tax Receivable Agreement for any reason, such payments generally will be deferred and will accrue interest until paid; provided, however, that nonpayment for a specified period may constitute a material breach of a material obligation under the Tax Receivable Agreement and therefore accelerate payments due under the Tax Receivable Agreement. See "Certain Relationships and Related Party Transactions Tax Receivable Agreement" and "Certain Relationships and Related Party Transactions SSE Holdings LLC Agreement Distributions." In addition, if SSE Holdings does not have sufficient funds to make distributions, our ability to declare and pay cash dividends will also be restricted or impaired.

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See "Risks Related to This Offering and Ownership of Our Class A Common Stock" and "Dividend Policy."

The Tax Receivable Agreement with the Continuing SSE Equity Owners requires us to make cash payments to them in respect of certain tax benefits to which we may become entitled, and we expect that the payments we will be required to make will be substantial.

Upon the closing of this offering, we will be a party to the Tax Receivable Agreement with the Continuing SSE Equity Owners. Under the Tax Receivable Agreement, we will be required to make cash payments to the Continuing SSE Equity Owners equal to 85% of the tax benefits, if any, that we actually realize, or in certain circumstances are deemed to realize, as a result of (1) the increases in the tax basis of assets of SSE Holdings resulting from any redemptions or exchanges of LLC Interests from the Continuing SSE Equity Owners as described under "Certain Relationships and Related Party Transactions SSE Holdings LLC Agreement LLC Interest Redemption Right," and (2) certain other tax benefits related to our making payments under the Tax Receivable Agreement. The amount of the cash payments that we will be required to make under the Tax Receivable Agreement we expect will be significant. Any payments made by us to the Continuing SSE Equity Owners under the Tax Receivable Agreement will generally reduce the amount of overall cash flow that might have otherwise been available to us. Furthermore, our future obligation to make payments under the Tax Receivable Agreement could make us a less attractive target for an acquisition, particularly in the case of an acquirer that cannot use some or all of the tax benefits that are the subject of the Tax Receivable Agreement. For more information, see "Certain Relationships and Related Party Transactions Tax Receivable Agreement." Payments under the Tax Receivable Agreement are not conditioned on any Continuing SSE Equity Owner's continued ownership of LLC Interests or our Class A common stock after this offering.

The actual amount and timing of any payments under the Tax Receivable Agreement, will vary depending upon a number of factors, including the timing of redemptions or exchanges by the holders of LLC Interests, the amount of gain recognized by such holders of LLC Interests, the amount and timing of the taxable income we generate in the future, and the federal tax rates then applicable.

Our organizational structure, including the Tax Receivable Agreement, confers certain benefits upon the Continuing SSE Equity Owners that will not benefit Class A common stockholders to the same extent as it will benefit the Continuing SSE Equity Owners.

Our organizational structure, including the Tax Receivable Agreement, confers certain benefits upon the Continuing SSE Equity Owners that will not benefit the holders of our Class A common stock to the same extent as it will benefit the Continuing SSE Equity Owners. We will enter into the Tax Receivable Agreement with SSE Holdings and the Continuing SSE Equity Owners and it will provide for the payment by Shake Shack to the Continuing SSE Equity Owners of 85% of the amount of tax benefits, if any, that Shake Shack actually realizes, or in some circumstances is deemed to realize, as a result of (1) the increases in the tax basis of assets of SSE Holdings resulting from any redemptions or exchanges of LLC Interests from the Continuing SSE Equity Owners as described under "Certain Relationships and Related Party Transactions SSE Holdings LLC Agreement LLC Interest Redemption Right," and (2) certain other tax benefits related to our making payments under the Tax Receivable Agreement. See "Certain Relationships and Related Party Transactions Tax Receivable Agreement." Although Shake Shack will retain 15% of the amount of such tax benefits, this and other aspects of our organizational structure may adversely impact the future trading market for the Class A common stock.

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In certain cases, payments under the Tax Receivable Agreement to the Continuing SSE Equity Owners may be accelerated or significantly exceed the actual benefits we realize in respect of the tax attributes subject to the Tax Receivable Agreement.

The Tax Receivable Agreement provides that upon certain mergers, asset sales, other forms of business combinations or other changes of control or if, at any time, we elect an early termination of the Tax Receivable Agreement, then our obligations, or our successor's obligations, under the Tax Receivable Agreement to make payments thereunder would be based on certain assumptions, including an assumption that we would have sufficient taxable income to fully utilize all potential future tax benefits that are subject to the Tax Receivable Agreement.

As a result of the foregoing, (i) we could be required to make payments under the Tax Receivable Agreement that are greater than the specified percentage of the actual benefits we ultimately realize in respect of the tax benefits that are subject to the Tax Receivable Agreement and (ii) if we elect to terminate the Tax Receivable Agreement early, we would be required to make an immediate cash payment equal to the present value of the anticipated future tax benefits that are the subject of the Tax Receivable Agreement, which payment may be made significantly in advance of the actual realization, if any, of such future tax benefits. In these situations, our obligations under the Tax Receivable Agreement could have a substantial negative impact on our liquidity and could have the effect of delaying, deferring or preventing certain mergers, asset sales, other forms of business combinations or other changes of control. There can be no assurance that we will be able to fund or finance our obligations under the Tax Receivable Agreement.

We will not be reimbursed for any payments made to the Continuing SSE Equity Owners under the Tax Receivable Agreement in the event that any tax benefits are disallowed.

Payments under the Tax Receivable Agreement will be based on the tax reporting positions that we determine, and the Internal Revenue Service (the "IRS") or another tax authority may challenge all or part of the tax basis increases, as well as other related tax positions we take, and a court could sustain such challenge. We will not be reimbursed for any cash payments previously made to the Continuing SSE Equity Owners under the Tax Receivable Agreement in the event that any tax benefits initially claimed by us and for which payment has been made to a Continuing SSE Equity Owner are subsequently challenged by a taxing authority and are ultimately disallowed. Instead, any excess cash payments made by us to a Continuing SSE Equity Owner will be netted against any future cash payments that we might otherwise be required to make to such Continuing SSE Equity Owner under the terms of the Tax Receivable Agreement. However, we might not determine that we have effectively made an excess cash payment to a Continuing SSE Equity Owner for a number of years following the initial time of such payment. As a result, payments could be made under the Tax Receivable Agreement in excess of the tax savings that we realize in respect of the tax attributes with respect to a Continuing SSE Equity Owner that are the subject of the Tax Receivable Agreement.

Unanticipated changes in effective tax rates or adverse outcomes resulting from examination of our income or other tax returns could adversely affect our results of operations and financial condition.

We are subject to taxes by the U.S. federal, state, local and foreign tax authorities, and our tax liabilities will be affected by the allocation of expenses to differing jurisdictions. Our future effective tax rates could be subject to volatility or adversely affected by a number of factors, including:

changes in the valuation of our deferred tax assets and liabilities;

expected timing and amount of the release of any tax valuation allowances;

tax effects of stock-based compensation;

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changes in tax laws, regulations or interpretations thereof; or

future earnings being lower than anticipated in countries where we have lower statutory tax rates and higher than anticipated earnings in countries where we have higher statutory tax rates.

In addition, we may be subject to audits of our income, sales and other transaction taxes by U.S. federal, state, local and foreign taxing authorities. Outcomes from these audits could have an adverse effect on our operating results and financial condition.

If we were deemed to be an investment company under the Investment Company Act of 1940, as amended (the "1940 Act"), as a result of our ownership of SSE Holdings, applicable restrictions could make it impractical for us to continue our business as contemplated and could have a material adverse effect on our business.

Under Sections 3(a)(1)(A) and (C) of the 1940 Act, a company generally will be deemed to be an "investment company" for purposes of the 1940 Act if (i) it is, or holds itself out as being, engaged primarily, or proposes to engage primarily, in the business of investing, reinvesting or trading in securities or (ii) it engages, or proposes to engage, in the business of investing, reinvesting, owning, holding or trading in securities and it owns or proposes to acquire investment securities having a value exceeding 40% of the value of its total assets (exclusive of U.S. government securities and cash items) on an unconsolidated basis. We do not believe that we are an "investment company," as such term is defined in either of those sections of the 1940 Act.

As the sole managing member of SSE Holdings, we will control and operate SSE Holdings. On that basis, we believe that our interest in SSE Holdings is not an "investment security" as that term is used in the 1940 Act. However, if we were to cease participation in the management of SSE Holdings, our interest in SSE Holdings could be deemed an "investment security" for purposes of the 1940 Act.

We and SSE Holdings intend to conduct our operations so that we will not be deemed an investment company. However, if we were to be deemed an investment company, restrictions imposed by the 1940 Act, including limitations on our capital structure and our ability to transact with affiliates, could make it impractical for us to continue our business as contemplated and could have a material adverse effect on our business.

Shake Shack is controlled by the Original SSE Equity Owners, whose interests may differ from those of our public stockholders.

Immediately following this offering and the application of net proceeds from this offering, the Original SSE Equity Owners will control approximately % of the combined voting power of our common stock through their ownership of both Class A common stock and Class B common stock. The Original SSE Equity Owners will, for the foreseeable future, have significant influence over corporate management and affairs, and will be able to control virtually all matters requiring stockholder approval. The Original SSE Equity Owners are able to, subject to applicable law, and the voting arrangements described in "Certain Relationships and Related Party Transactions," elect a majority of the members of our board of directors and control actions to be taken by us and our board of directors, including amendments to our certificate of incorporation and bylaws and approval of significant corporate transactions, including mergers and sales of substantially all of our assets. The directors so elected will have the authority, subject to the terms of our indebtedness and applicable rules and regulations, to issue additional stock, implement stock repurchase programs, declare dividends and make other decisions. It is possible that the interests of the Original SSE Equity Owners may in some circumstances conflict with our interests and the interests of our other stockholders, including you. For example, the Original SSE Equity Owners may have different tax positions from us, especially in light of the Tax Receivable Agreement, that could influence their decisions regarding whether and when to dispose of assets, whether and when to incur new or refinance existing indebtedness, and whether and when Shake Shack should terminate the Tax Receivable Agreement and accelerate its obligations

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thereunder. In addition, the determination of future tax reporting positions and the structuring of future transactions may take into consideration these Original SSE Equity Owners' tax or other considerations, which may differ from the considerations of us or our other stockholders. See "Certain Relationships and Related Party Transactions Tax Receivable Agreement."

In addition, certain of the Original SSE Equity Owners are in the business of making or advising on investments in companies and may hold, and may from time to time in the future acquire interests in or provide advice to businesses that directly or indirectly compete with certain portions of our business or the business of our suppliers. Our amended and restated certificate of incorporation will provide that, to the fullest extent permitted by law, none of the Original SSE Equity Owners or any director who is not employed by us or his or her affiliates will have any duty to refrain from engaging in a corporate opportunity in the same or similar lines of business as us. The Original SSE Equity Owners may also pursue acquisitions that may be complementary to our business, and, as a result, those acquisition opportunities may not be available to us.

We are a "controlled company" within the meaning of the New York Stock Exchange listing standards and, as a result, will qualify for, and intend to rely on, exemptions from certain corporate governance requirements. You will not have the same protections afforded to stockholders of companies that are subject to such requirements.

Substantially concurrent with the closing of this offering, the Voting Group, which will hold Class A common stock and Class B common stock representing approximately % of the combined voting power of our common stock, will enter into the Stockholders Agreement with us. Pursuant to the terms of the Stockholders Agreement, until such time as no members of the Voting Group are entitled to designate individuals to be included in the slate of nominees recommended by our board of directors for election to our board of directors, or the Stockholders Agreement is otherwise terminated in accordance with its terms, the parties to the Stockholders Agreement will agree to vote their shares of Class A common stock and Class B common stock in favor of the election of the nominees of certain members of the Voting Group to our board of directors upon their nomination by the nominating and corporate governance committee of our board of directors. See "Management Corporate Governance Composition of our Board of Directors." As a result, the Voting Group will have the ability to elect all of the members of our board of directors, and thereby, to control our management and affairs. The Stockholders Agreement will further provide that, for so long as the Meyer Group collectively owns at least 10% of the total shares of our Class A and Class B common stock owned by it immediately following the consummation of this offering, the approval of the Meyer Group will be required for certain corporate actions, including change in control transactions, equity issuances and the hiring or termination of our Chief Executive Officer. See "Certain Relationships and Related Party Transactions Stockholders Agreement Meyer Group Approvals."

Because of the Stockholders Agreement and the aggregate voting power of the Voting Group, we are considered a "controlled company" for the purposes of the New York Stock Exchange. As such, we are exempt from certain corporate governance requirements of the New York Stock Exchange, including (i) the requirement that a majority of the board of directors consist of independent directors, (ii) the requirement that we have a nominating and corporate governance committee that is composed entirely of independent directors and (iii) the requirement that we have a compensation committee that is composed entirely of independent directors. Following this offering, we intend to rely on some or all of these exemptions. As a result, we will not have a majority of independent directors and our compensation and nominating and corporate governance committees will not consist entirely of independent directors. Accordingly, you will not have the same protections afforded to stockholders of companies that are subject to all of the corporate governance requirements of the New York Stock Exchange.

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Our anti-takeover provisions could prevent or delay a change in control of our Company, even if such change in control would be beneficial to our stockholders.

Provisions of our amended and restated certificate of incorporation and amended and restated bylaws, as they will be in effect upon completion of this offering, as well as provisions of Delaware law could discourage, delay or prevent a merger, acquisition or other change in control of our Company, even if such change in control would be beneficial to our stockholders. These provisions include:

authorizing the issuance of "blank check" preferred stock that could be issued by our board of directors to increase the number of outstanding shares and thwart a takeover attempt;

establishing a classified board of directors so that not all members of our board of directors are elected at one time;

the removal of directors only for cause;

prohibiting the use of cumulative voting for the election of directors;

limiting the ability of stockholders to call special meetings or amend our bylaws;

requiring all stockholder actions to be taken at a meeting of our stockholders; and

establishing advance notice and duration of ownership requirements for nominations for election to the board of directors or for proposing matters that can be acted upon by stockholders at stockholder meetings.

These provisions could also discourage proxy contests and make it more difficult for you and other stockholders to elect directors of your choosing and cause us to take other corporate actions you desire. In addition, because our board of directors is responsible for appointing the members of our management team, these provisions could in turn affect any attempt by our stockholders to replace current members of our management team.

In addition, the Delaware General Corporation Law, or the DGCL, to which we are subject, prohibits us, except under specified circumstances, from engaging in any mergers, significant sales of stock or assets or business combinations with any stockholder or group of stockholders who owns at least 15% of our common stock.

We may issue shares of preferred stock in the future, which could make it difficult for another company to acquire us or could otherwise adversely affect holders of our Class A common stock, which could depress the price of our Class A common stock.

Our amended and restated certificate of incorporation will authorize us to issue one or more series of preferred stock. Our board of directors will have the authority to determine the preferences, limitations and relative rights of the shares of preferred stock and to fix the number of shares constituting any series and the designation of such series, without any further vote or action by our stockholders. Our preferred stock could be issued with voting, liquidation, dividend and other rights superior to the rights of our Class A common stock. The potential issuance of preferred stock may delay or prevent a change in control of us, discourage bids for our Class A common stock at a premium to the market price, and materially and adversely affect the market price and the voting and other rights of the holders of our Class A common stock.

The provision of our certificate of incorporation requiring exclusive venue in the Court of Chancery in the State of Delaware for certain types of lawsuits may have the effect of discouraging lawsuits against our directors and officers.

Our amended and restated certificate of incorporation will require, to the fullest extent permitted by law, that (i) any derivative action or proceeding brought on our behalf, (ii) any action asserting a

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claim of breach of a fiduciary duty owed by any of our directors, officers or other employees to us or our stockholders, (iii) any action asserting a claim against us arising pursuant to any provision of the DGCL or our amended and restated certificate of incorporation or the bylaws or (iv) any action asserting a claim against us governed by the internal affairs doctrine will have to be brought only in the Court of Chancery in the State of Delaware. Although we believe this provision benefits us by providing increased consistency in the application of Delaware law in the types of lawsuits to which it applies, the provision may have the effect of discouraging lawsuits against our directors and officers.

Risks Related to This Offering and Ownership of Our Class A Common Stock

Immediately following the consummation of this offering, the Continuing SSE Equity Owners will have the right to have their LLC Interests redeemed pursuant to the terms of the SSE Holdings LLC Agreement.

After this offering, we will have an aggregate of more than _____ shares of Class A common stock authorized but unissued, including approximately _____ shares of Class A common stock issuable upon redemption of LLC Interests that will be held by the Continuing SSE Equity Owners. SSE Holdings will enter into the SSE Holdings LLC Agreement and, subject to certain restrictions set forth therein and as described elsewhere in this prospectus, the Continuing SSE Equity Owners will be entitled to have their LLC Interests redeemed for shares of our Class A common stock. We also intend to enter into a Registration Rights Agreement pursuant to which the shares of Class A common stock issued to the Continuing SSE Equity Owners upon redemption of LLC Interests and the shares of Class A common stock issued to the Former SSE Equity Owners in connection with the Transactions will be eligible for resale, subject to certain limitations set forth therein. See "Certain Relationships and Related Party Transactions Registration Rights Agreement."

We cannot predict the size of future issuances of our Class A common stock or the effect, if any, that future issuances and sales of shares of our Class A common stock may have on the market price of our Class A common stock. Sales or distributions of substantial amounts of our Class A common stock, including shares issued in connection with an acquisition, or the perception that such sales or distributions could occur, may cause the market price of our Class A common stock to decline.

If you purchase shares of Class A common stock in this offering, you will incur immediate and substantial dilution.

Dilution is the difference between the offering price per share and the pro forma net tangible book value per share of our Class A common stock immediately after the offering. The price you pay for shares of our Class A common stock sold in this offering is substantially higher than our pro forma net tangible book value per share immediately after this offering. If you purchase shares of Class A common stock in this offering, you will incur immediate and substantial dilution in the amount of \$ _____ per share based upon an assumed initial public offering price of \$ _____ per share (the midpoint of the price range listed on the cover page of this prospectus). In addition, you may also experience additional dilution, or potential dilution, upon future equity issuances to investors or to our employees and directors under our 2015 Incentive Award Plan and any other equity incentive plans we may adopt. As a result of this dilution, investors purchasing shares of Class A common stock in this offering may receive significantly less than the full purchase price that they paid for the stock purchased in this offering in the event of liquidation. See "Dilution."

We do not know whether a market will develop for our Class A common stock or what the market price of our Class A common stock will be and as a result it may be difficult for you to sell your shares of our Class A common stock.

Before this offering, there was no public trading market for our Class A common stock. If a market for our Class A common stock does not develop or is not sustained, it may be difficult for you

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to sell your shares of Class A common stock at an attractive price or at all. We cannot predict the prices at which our Class A common stock will trade. It is possible that in one or more future periods our results of operations may be below the expectations of public market analysts and investors and, as a result of these and other factors, the price of our Class A common stock may fall.

If our operating and financial performance in any given period does not meet the guidance that we provide to the public, our stock price may decline.

We may provide public guidance on our expected operating and financial results for future periods. Any such guidance will be comprised of forward-looking statements subject to the risks and uncertainties described in this prospectus and in our other public filings and public statements. Our actual results may not always be in line with or exceed any guidance we have provided, especially in times of economic uncertainty. If, in the future, our operating or financial results for a particular period do not meet any guidance we provide or the expectations of investment analysts or if we reduce our guidance for future periods, the market price of our Class A common stock may decline as well.

If securities analysts do not publish research or reports about our business or if they publish negative evaluations of our Class A common stock, the price of our Class A common stock could decline.

The trading market for our Class A common stock will rely in part on the research and reports that industry or financial analysts publish about us or our business. We do not currently have and may never obtain research coverage by industry or financial analysts. If no or few analysts commence coverage of us, the trading price of our stock would likely decrease. Even if we do obtain analyst coverage, if one or more of the analysts covering our business downgrade their evaluations of our stock, the price of our Class A common stock could decline. If one or more of these analysts cease to cover our Class A common stock, we could lose visibility in the market for our stock, which in turn could cause our Class A common stock price to decline.

Our common stock may be volatile or may decline regardless of our operating performance, and you may not be able to resell your shares at or above the initial public offering price.

After this offering, the market price for our common stock is likely to be volatile, in part because our shares have not been traded publicly. In addition, the market price of our common stock may fluctuate significantly in response to a number of factors, most of which we cannot control, including:

low same Shack sales growth compared to market expectations;

delays in the planned openings of new Shacks;

quarterly variations in our operating results compared to market expectations;

changes in preferences of our guests;

adverse publicity about us, the industries we participate in or individual scandals;

announcements of new offerings or significant price reductions by us or our competitors;

stock price performance of our competitors;

changes in the price and availability of food commodities, particularly beef and dairy;

fluctuations in stock market prices and volumes;

default on our indebtedness;

actions by competitors;

changes in senior management or key personnel;

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changes in financial estimates by securities analysts;

the market's reaction to our reduced disclosure as a result of being an "emerging growth company" under the JOBS Act;

negative earnings or other announcements by us or other restaurant companies;

downgrades in our credit ratings or the credit ratings of our competitors;

incurrence of indebtedness or issuances of capital stock;

global economic, legal and regulatory factors unrelated to our performance; and

the other factors listed in this "Risk Factors" section.

The initial public offering price of our Class A common stock will be determined by negotiations between us and the underwriters based upon a number of factors and may not be indicative of prices that will prevail following the closing of this offering. Volatility in the market price of our common stock may prevent investors from being able to sell their Class A common stock at or above the initial public offering price. As a result, you may suffer a loss on your investment.

In addition, stock markets have experienced extreme price and volume fluctuations that have affected and continue to affect the market prices of equity securities of many companies in our industry. In the past, stockholders have instituted securities class action litigation following periods of market volatility. If we were involved in securities litigation, we could incur substantial costs and our resources and the attention of management could be diverted from our business.

Substantial future sales of our Class A common stock, or the perception in the public markets that these sales may occur, may depress our stock price.

Sales of substantial amounts of our Class A common stock in the public market after this offering, or the perception that these sales could occur, could adversely affect the price of our Class A common stock and could impair our ability to raise capital through the sale of additional shares. Upon the closing of this offering, we will have _____ shares of Class A common stock outstanding (or _____ if the underwriters exercise in full their option to purchase additional shares of Class A common stock) and _____ authorized but unissued shares of Class A common stock that would be issuable upon redemption or exchange of LLC Interests. The shares of Class A common stock offered in this offering will be freely tradable without restriction under the Securities Act, except for any shares of our common stock that may be held or acquired by our directors, executive officers and other affiliates, as that term is defined in the Securities Act, which will be restricted securities under the Securities Act. Restricted securities may not be sold in the public market unless the sale is registered under the Securities Act or an exemption from registration is available.

The remaining outstanding _____ shares of Class A common stock held by the Former SSE Equity Owners and the Former UAR Plan Participants will be subject to certain restrictions on sale. We and each of our executive officers and directors and the Original SSE Equity Owners and the Former UAR Plan Participants, which collectively will hold _____ % of our outstanding capital stock (including shares of Class A common stock issuable upon redemption or exchange of LLC Interests) upon the closing of this offering, have agreed with the underwriters, subject to certain exceptions, not to dispose of or hedge any shares of common stock or securities convertible into or exchangeable for (including the LLC Interests), or that represent the right to receive, shares of common stock during the period from the date of this prospectus continuing through the date 180 days after the date of this prospectus, except with the prior written consent of J.P. Morgan Securities LLC and Morgan Stanley & Co. LLC. See "Underwriting (Conflicts of Interest)." All of our shares of common stock outstanding as of the date of this prospectus (and shares of Class A common stock issuable upon redemption or exchange of LLC Interests) may be sold in the public market by existing stockholders following the

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expiration of the applicable lock-up period, subject to applicable limitations imposed under federal securities laws.

We also intend to enter into a Registration Rights Agreement pursuant to which the shares of Class A common stock issued upon redemption or exchange of LLC Interests held by the Continuing SSE Equity Owners and the shares of Class A common stock issued to the Former SSE Equity Owners in connection with the Transactions will be eligible for resale, subject to certain limitations set forth therein. See "Certain Relationships and Related Party Transactions Registration Rights Agreement."

We intend to file one or more registration statements on Form S-8 under the Securities Act to register all shares of Class A common stock subject to outstanding options and Class A common stock issued or issuable under our stock plans. Any such Form S-8 registration statements will automatically become effective upon filing. Accordingly, shares registered under such registration statements will be available for sale in the open market following the expiration of the applicable lock-up period. We expect that the initial registration statement on Form S-8 will cover _____ shares of our Class A common stock.

See "Shares Eligible for Future Sale" for a more detailed description of the restrictions on selling shares of our common stock after this offering.

In the future, we may also issue additional securities if we need to raise capital, which could constitute a material portion of our then-outstanding shares of common stock.

Taking advantage of the reduced disclosure requirements applicable to "emerging growth companies" may make our Class A common stock less attractive to investors.

The JOBS Act provides that, so long as a company qualifies as an "emerging growth company," it will, among other things:

be exempt from the provisions of Section 404(b) of the Sarbanes-Oxley Act of 2002 (the "Sarbanes-Oxley Act") requiring that its independent registered public accounting firm provide an attestation report on the effectiveness of its internal control over financial reporting;

be exempt from the "say on pay" and "say on golden parachute" advisory vote requirements of the Dodd-Frank Wall Street Reform and Customer Protection Act (the "Dodd-Frank Act");

be exempt from certain disclosure requirements of the Dodd-Frank Act relating to compensation of its executive officers and be permitted to omit the detailed compensation discussion and analysis from proxy statements and reports filed under the Securities Exchange Act of 1934, as amended (the "Exchange Act"); and

be exempt from any rules that may be adopted by the Public Company Accounting Oversight Board requiring mandatory audit firm rotations or a supplement to the auditor's report on the financial statements.

We currently intend to take advantage of each of the exemptions described above. We have irrevocably elected not to take advantage of the extension of time to comply with new or revised financial accounting standards available under Section 107(b) of the JOBS Act. We could be an emerging growth company for up to five years after this offering. We cannot predict if investors will find our Class A common stock less attractive if we elect to rely on these exemptions, or if taking advantage of these exemptions would result in less active trading or more volatility in the price of our Class A common stock.

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We will incur increased costs as a result of becoming a public company and in the administration of our organizational structure.

As a public company, we will incur significant legal, accounting, insurance and other expenses that we have not incurred as a private company, including costs associated with public company reporting requirements. We also have incurred and will incur costs associated with the Sarbanes-Oxley Act and related rules implemented by the Securities and Exchange Commission ("SEC"). Following the completion of this offering, we will incur ongoing periodic expenses in connection with the administration of our organizational structure. The expenses incurred by public companies generally for reporting and corporate governance purposes have been increasing. We expect these rules and regulations to increase our legal and financial compliance costs and to make some activities more time-consuming and costly, although we are currently unable to estimate these costs with any degree of certainty. In estimating these costs, we took into account expenses related to insurance, legal, accounting, and compliance activities, as well as other expenses not currently incurred. These laws and regulations could also make it more difficult or costly for us to obtain certain types of insurance, including director and officer liability insurance, and we may be forced to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage. These laws and regulations could also make it more difficult for us to attract and retain qualified persons to serve on our board of directors, our board committees or as our executive officers. Furthermore, if we are unable to satisfy our obligations as a public company, we could be subject to delisting of our common stock, fines, sanctions and other regulatory action and potentially civil litigation.

Failure to establish and maintain effective internal controls in accordance with Section 404 of the Sarbanes-Oxley Act could have a material adverse effect on our business and stock price.

We are not currently required to comply with the rules of the SEC implementing Section 404 of the Sarbanes-Oxley Act and are therefore not required to make a formal assessment of the effectiveness of our internal control over financial reporting for that purpose. Upon becoming a public company, we will be required to comply with the SEC's rules implementing Sections 302 and 404 of the Sarbanes-Oxley Act, which will require management to certify financial and other information in our quarterly and annual reports and provide an annual management report on the effectiveness of controls over financial reporting. Though we will be required to disclose changes made in our internal controls and procedures on a quarterly basis, we will not be required to make our first annual assessment of our internal control over financial reporting pursuant to Section 404 until the year following our first annual report required to be filed with the SEC. However, as an emerging growth company, our independent registered public accounting firm will not be required to formally attest to the effectiveness of our internal control over financial reporting pursuant to Section 404 until the later of the year following our first annual report required to be filed with the SEC or the date we are no longer an emerging growth company. At such time, our independent registered public accounting firm may issue a report that is adverse in the event it is not satisfied with the level at which our controls are documented, designed or operating.

To comply with the requirements of being a public company, we have undertaken various actions, and may need to take additional actions, such as implementing new internal controls and procedures and hiring additional accounting or internal audit staff. Testing and maintaining internal control can divert our management's attention from other matters that are important to the operation of our business. Additionally, when evaluating our internal control over financial reporting, we may identify material weaknesses that we may not be able to remediate in time to meet the applicable deadline imposed upon us for compliance with the requirements of Section 404. For example, a material weakness was identified during fiscal 2014 relating to prior period financial statement close procedures. We have since remediated this material weakness. If we identify any additional material weaknesses in our internal control over financial reporting or are unable to comply with the requirements of

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Section 404 in a timely manner or assert that our internal control over financial reporting is effective, or if our independent registered public accounting firm is unable to express an opinion as to the effectiveness of our internal control over financial reporting once we are no longer an emerging growth company, investors may lose confidence in the accuracy and completeness of our financial reports and the market price of our Class A common stock could be negatively affected, and we could become subject to investigations by the stock exchange on which our securities are listed, the SEC or other regulatory authorities, which could require additional financial and management resources.

We do not currently expect to pay any cash dividends.

The continued operation and expansion of our business will require substantial funding. Accordingly, we do not currently expect to pay any cash dividends on shares of our Class A common stock. Any determination to pay dividends in the future will be at the discretion of our board of directors and will depend upon results of operations, financial condition, contractual restrictions, restrictions imposed by applicable law and other factors our board of directors deems relevant. We are a holding company, and substantially all of our operations are carried out by SSE Holdings and its subsidiaries. Under the Revolving Credit Facility, SSE Holdings is currently restricted from paying cash dividends, and we expect these restrictions to continue in the future. Our ability to pay dividends may also be restricted by the terms of any future credit agreement or any future debt or preferred equity securities of ours or of our subsidiaries. Accordingly, if you purchase shares in this offering, realization of a gain on your investment will depend on the appreciation of the price of our Class A common stock, which may never occur. Investors seeking cash dividends in the foreseeable future should not purchase our Class A common stock.

We have broad discretion in the use of the net proceeds from this offering and may not use them effectively.

Shake Shack intends to use the proceeds of this offering to purchase newly issued LLC Interests as described in "The Transactions" and "Use of Proceeds." We cannot specify with certainty the particular uses of the net proceeds that SSE Holdings will receive from such purchase. Our management will have broad discretion in SSE Holdings' application of such proceeds, including for any of the purposes described in "Use of Proceeds." Accordingly, you will have to rely upon the judgment of our management with respect to the use of the proceeds, with only limited information concerning management's specific intentions. Our management may cause SSE Holdings to spend a portion or all of the net proceeds from this offering in ways that our stockholders may not desire or that may not yield a favorable return. The failure by our management to cause SSE Holdings, to apply these funds effectively could harm our business. Pending their use, SSE Holdings may invest the net proceeds from this offering in a manner that does not produce income or that loses value.

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements. All statements other than statements of historical facts contained in this prospectus may be forward-looking statements. Statements regarding our future results of operations and financial position, business strategy and plans and objectives of management for future operations, including, among others, statements regarding the Transactions, expected new Shack openings, future capital expenditures and debt service obligations, are forward-looking statements. In some cases, you can identify forward-looking statements by terms such as "may," "will," "should," "expects," "plans," "anticipates," "could," "intends," "targets," "projects," "contemplates," "believes," "estimates," "predicts," "potential" or "continue" or the negative of these terms or other similar expressions.

Forward-looking statements involve known and unknown risks, uncertainties and other important factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. We believe that these factors include, but are not limited to, the following:

our inability to successfully identify and secure appropriate sites and timely develop and expand our operations;

our inability to protect our brand and reputation;

our failure to prevent food safety and food-borne illness incidents;

shortages or interruptions in the supply or delivery of food products;

our inability to maintain our international supply chain;

our dependence on a small number of suppliers and a single distribution company for the majority of our domestic distribution program;

our inability to protect against security breaches of confidential guest information;

competition from other restaurants;

changes in consumer tastes and nutritional and dietary trends;

our inability to manage our growth;

our inability to open profitable Shacks;

our failure to generate projected same Shack sales growth;

our inability to maintain sufficient levels of cash flow, or access to capital, to meet growth expectations;

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our dependence on long-term non-cancelable leases;

our failure to meet the operational and financial performance guidance we provide to the public;

our dependence on key executive management;

our inability to identify qualified individuals for our workforce;

labor relations difficulties;

our vulnerability to increased food commodity and energy costs;

our vulnerability to health care costs and labor costs;

our vulnerability to global financial market conditions, including the continuing effects from the recent recession;

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our sale of alcoholic beverages;

our dependence on a limited number of licensees;

our inability to maintain good relationships with our licensees;

violations of the U.S. Foreign Corrupt Practices Act and similar worldwide anti-bribery and anti-kickback laws;

our ability to adequately protect our intellectual property;

our business model being susceptible to litigation;

failure to obtain and maintain required licenses and permits to comply with alcoholic beverage or food control regulations;

our vulnerability to adverse weather conditions in local or regional areas where our Shacks are located;

our realization of any benefit from the Tax Receivable Agreement and our organizational structure; and

the Voting Group's control of us.

The forward-looking statements in this prospectus are only predictions. We have based these forward-looking statements largely on our current expectations and projections about future events and financial trends that we believe may affect our business, financial condition and results of operations. Because forward-looking statements are inherently subject to risks and uncertainties, some of which cannot be predicted or quantified, you should not rely on these forward-looking statements as predictions of future events. The events and circumstances reflected in our forward-looking statements may not be achieved or occur and actual results could differ materially from those projected in the forward-looking statements.

These forward-looking statements speak only as of the date of this prospectus. Except as required by applicable law, we do not plan to publicly update or revise any forward-looking statements contained in this prospectus after we distribute this prospectus, whether as a result of any new information, future events or otherwise.

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THE TRANSACTIONS

Existing Organization

Prior to the consummation of this offering and the organizational transactions described below, the Original SSE Equity Owners are the only members of SSE Holdings. SSE Holdings is treated as a partnership for U.S. federal income tax purposes and, as such, is not subject to any U.S. federal entity-level income taxes. Rather, taxable income or loss is included in the U.S. federal income tax returns of SSE Holdings' members.

Shake Shack was incorporated as a Delaware corporation on September 23, 2014 to serve as the issuer of the Class A common stock offered hereby.

Transactions

Prior to the consummation of this offering and the organizational transactions below, we will pay a distribution to certain of the Original SSE Equity Owners in the amount of approximately \$21.9 million funded from borrowings under the Revolving Credit Facility in the same amount. We refer to the distribution as well as the organizational transactions below as the "Transactions." Following the offering, we will be a separate company from USHG, which will remain privately held.

In connection with the closing of this offering we will consummate the following organizational transactions:

we will amend and restate the SSE Holdings LLC Agreement, to, among other things, (i) provide for LLC Interests that will be the single class of common membership interests in SSE Holdings, (ii) exchange all of the Original SSE Equity Owners' existing membership interests in SSE Holdings for LLC Interests and (iii) appoint Shake Shack as the sole managing member of SSE Holdings;

we will amend and restate Shake Shack's certificate of incorporation to, among other things, (i) provide for Class A common stock and Class B common stock and (ii) issue shares of Class B common stock to the Continuing SSE Equity Owners, on a one-to-one basis with the number of LLC Interests they own, for nominal consideration;

we will issue _____ shares of our Class A common stock to the purchasers in this offering (or _____ shares if the underwriters exercise in full their option to purchase additional shares of Class A common stock) in exchange for net proceeds of approximately \$ _____ million (or approximately \$ _____ million if the underwriters exercise in full their option to purchase additional shares of Class A common stock), assuming the shares are offered at \$ _____ per share (the midpoint of the price range listed on the cover page of this prospectus), after deducting underwriting discounts and commissions but before offering expenses;

we will use all of the net proceeds from this offering (including net proceeds received upon exercise of the underwriters' option to purchase additional shares of Class A common stock) to acquire newly-issued LLC Interests from SSE Holdings at a purchase price per interest equal to the initial public offering price of Class A common stock, less underwriting discounts and commissions, collectively representing _____ % of SSE Holdings' outstanding LLC Interests (or _____ %, if the underwriters exercise in full their option to purchase additional shares of Class A common stock);

SSE Holdings will use the proceeds from the sale of LLC Interests to Shake Shack as follows: (i) to pay fees and expenses of approximately \$ _____ million in connection with this offering and the Transactions, (ii) to repay the outstanding borrowings under our Revolving Credit Facility of approximately \$ _____ million, including approximately \$21.9 million of borrowings used to pay a distribution to certain of the Original SSE Equity Owners, and (iii) approximately

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\$ _____ million for general corporate purposes, including opening new Shacks and renovating existing Shacks. To the extent the gross proceeds of this offering exceed \$ _____ million (including as a result of the exercise by the underwriters of their option to purchase additional shares of Class A common stock), we will pay an additional distribution to certain of the Original SSE Equity Owners in an amount equal to the product of (A) the increase in the gross proceeds and (B) 0.273, and the balance of such additional net proceeds will be used for general corporate purposes, including opening new Shacks and renovating existing Shacks. See "Use of Proceeds."

the Former SSE Equity Owners will exchange their indirect ownership of LLC Interests for _____ shares of Class A common stock on a one-to-one basis;

the Former UAR Plan Participants will receive _____ shares of Class A common stock in settlement of their awards under the UAR Plan (and Shake Shack will receive a corresponding number of LLC Interests from SSE Holdings);

the Continuing SSE Equity Owners will continue to own the LLC Interests they received in exchange for their existing membership interests in SSE Holdings and will have no economic interests in Shake Shack despite their ownership of Class B common stock (where "economic interests" means the right to receive any distributions or dividends, whether cash or stock, in connection with common stock); and

Shake Shack will enter into (i) the Tax Receivable Agreement with the Continuing SSE Equity Owners and (ii) the Registration Rights Agreement with the Continuing SSE Equity Owners who, assuming that all of the LLC Interests of the Continuing SSE Equity Owners are redeemed or exchanged for newly-issued shares of Class A common stock on a one-for-one basis, will own _____ shares of Shake Shack's Class A common stock, representing approximately _____ % of the combined voting power of all of Shake Shack's common stock (or approximately _____ %, if the underwriters exercise in full their option to purchase additional shares of Class A common stock), and the Former SSE Equity Owners. For a description of the terms of the Registration Rights Agreement and the Tax Receivable Agreement, see "Certain Relationships and Related Party Transactions."

Organizational Structure Following this Offering

Immediately following the completion of the Transactions, including this offering:

Shake Shack will be a holding company and the principal asset of Shake Shack will be LLC Interests of SSE Holdings;

Shake Shack will be the sole managing member of SSE Holdings and will control the business and affairs of SSE Holdings and its subsidiaries;

our amended and restated certificate of incorporation and the SSE Holdings LLC Agreement will require that (i) we at all times maintain a ratio of one LLC Interest owned by us for each share of Class A common stock issued by us (subject to certain exceptions for treasury shares and shares underlying certain convertible or exchangeable securities), and (ii) SSE Holdings at all times maintain (x) a one-to-one ratio between the number of shares of Class A common stock issued by us and the number of LLC Interests owned by us and (y) a one-to-one ratio between the number of shares of Class B common stock owned by the Continuing SSE Equity Owners and the number of LLC Interests owned by the Continuing SSE Equity Owners;

Shake Shack will own LLC Interests representing _____ % of the economic interest in SSE Holdings (or _____ %, if the underwriters exercise in full their option to purchase additional shares of Class A common stock);

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the purchasers in this offering (i) will own _____ shares of Class A common stock, representing approximately _____ % of the combined voting power of all of Shake Shack's common stock (or approximately _____ %, if the underwriters exercise in full their option to purchase additional shares of Class A common stock), (ii) will own _____ % of the economic interest in Shake Shack (or _____ %, if the underwriters exercise in full their option to purchase additional shares of Class A common stock) and (iii) through Shake Shack's ownership of LLC Interests, indirectly will hold (applying the percentages in the preceding clause (ii) to Shake Shack's percentage economic interest in SSE Holdings) approximately _____ % of the economic interest in SSE Holdings (or _____ %, if the underwriters exercise in full their option to purchase additional shares of Class A common stock);

the Former SSE Equity Owners and the Former UAR Plan Participants (i) will own _____ shares of Class A common stock, representing approximately _____ % of the combined voting power of all of Shake Shack's common stock (or approximately _____ %, if the underwriters exercise in full their option to purchase additional shares of Class A common stock), (ii) will own _____ % of the economic interest in Shake Shack (or _____ %, if the underwriters exercise in full their option to purchase additional shares of Class A common stock) and (iii) through Shake Shack's ownership of LLC Interests, indirectly will hold (applying the percentages in the preceding clause (ii) to Shake Shack's percentage economic interest in SSE Holdings) approximately _____ % of the economic interest in SSE Holdings (or _____ %, if the underwriters exercise in full their option to purchase additional shares of Class A common stock);

the Continuing SSE Equity Owners will own (i) LLC Interests, representing _____ % of the economic interest in SSE Holdings (or _____ %, if the underwriters exercise in full their option to purchase additional shares of Class A common stock) and (ii) through their ownership of Class B common stock, approximately _____ % of the voting power in Shake Shack (or approximately _____ %, if the underwriters exercise in full their option to purchase additional shares of Class A common stock). Following the offering, each LLC Interest held by the Continuing SSE Equity Owners will be redeemable, at the election of such members, for newly-issued shares of Class A common stock on a one-for-one basis. Shake Shack's board of directors, which will include directors who hold LLC Interests or are affiliated with holders of LLC Interests and may include such directors in the future, may, at its option, instead make a cash payment equal to a volume weighted average market price of one share of Class A common stock for each LLC Interest redeemed (subject to customary adjustments, including for stock splits, stock dividends and reclassifications) in accordance with the terms of the SSE Holdings LLC Agreement. See "Certain Relationships and Related Party Transactions SSE Holdings LLC Agreement;" and

the Original SSE Equity Owners collectively (i) will own Class A and Class B common stock representing approximately _____ % of the combined voting power of all of Shake Shack's common stock (or approximately _____ %, if the underwriters exercise in full their option to purchase additional shares of Class A common stock) and (ii) will own _____ % of the economic interest in SSE Holdings (or _____ %, if the underwriters exercise in full their option to purchase additional shares of Class A common stock), representing both a direct interest through the Continuing SSE Equity Owners' ownership of LLC Interests and an indirect interest through the Former SSE Equity Owners' ownership of Class A common stock.

Immediately following this offering, we will be a holding company and our principal asset will be the LLC Interests we purchase from SSE Holdings and acquire from the Former SSE Equity Owners. As the sole managing member of SSE Holdings, we will operate and control all of the business and affairs of SSE Holdings and, through SSE Holdings and its subsidiaries, conduct our business. Accordingly, although we will have a minority economic interest in SSE Holdings, we will have the sole voting interest in, and control the management of, SSE Holdings. As a result, we will consolidate SSE

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Holdings in our consolidated financial statements and will report a non-controlling interest related to the LLC Interests held by the Continuing SSE Equity Owners on our consolidated financial statements. Shake Shack will have a board of directors and executive officers, but will have no employees. The functions of all of our employees are expected to reside at SSE Holdings.

The following diagram shows our organizational structure after giving effect to the Transactions, including this offering, assuming no exercise by the underwriters of their option to purchase additional shares of Class A common stock:

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USE OF PROCEEDS

We estimate that the net proceeds to us of the sale of the Class A common stock that we are offering will be approximately \$ _____ million, assuming an initial public offering price of \$ _____ per share, which is the midpoint of the price range listed on the cover page of this prospectus, and after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us. A \$1.00 increase (decrease) in the assumed initial public offering price of \$ _____ per share would increase (decrease) the net proceeds to us from this offering by approximately \$ _____ million, assuming the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us. Our management will have broad discretion over the uses of the net proceeds in this offering.

We intend to use the net proceeds to us from this offering to purchase _____ newly-issued LLC Interests from SSE Holdings at a purchase price per interest equal to the initial public offering price per share of Class A common stock less the underwriting discounts payable thereon.

We intend to cause SSE Holdings to use the proceeds it receives as follows: (i) to pay fees and expenses of approximately \$ _____ million in connection with this offering and the Transactions, (ii) to repay the outstanding borrowings under our Revolving Credit Facility of approximately \$ _____ million, including approximately \$21.9 million of borrowings used to pay a distribution to certain of the Original SSE Equity Owners, and (iii) approximately \$ _____ million for general corporate purposes, including opening new Shacks and renovating existing Shacks. To the extent the gross proceeds of this offering exceed \$ _____ million (including as a result of the exercise by the underwriters of their option to purchase additional shares of Class A common stock), SSE Holdings will pay an additional distribution to certain of the Original SSE Equity Owners in an amount equal to the product of (A) the increase in the gross proceeds and (B) 0.273 and the balance of such additional net proceeds will be used for general corporate purposes, including opening new Shacks and renovating existing Shacks.

If the underwriters exercise their option to purchase additional shares of Class A common stock in full, we estimate that our net proceeds will be approximately \$ _____ million. We will use the net proceeds we receive pursuant to any exercise of the underwriters' option to purchase additional shares of Class A common stock to purchase additional LLC Interests from SSE Holdings to maintain the one-to-one ratio between the number of shares of Class A common stock issued by us and the number of LLC Interests owned by us. We intend to cause SSE Holdings to use the proceeds it receives (i) to pay the additional distribution described above and (ii) for general corporate purposes, including opening new Shacks and renovating existing Shacks.

The Revolving Credit Facility matures in April 2019 and as of September 24, 2014, the interest rate for the Revolving Credit Facility was 3.2% per annum.

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CAPITALIZATION

The following table sets forth the cash and capitalization as of September 24, 2014, as follows:

of SSE Holdings and its subsidiaries on an actual basis;

of SSE Holdings and its subsidiaries on a pro forma basis to give effect to the incurrence of approximately \$21.9 million of borrowings under the Revolving Credit Facility and the payment of a distribution in the same amount to certain of the Original SSE Equity Owners; and

of Shake Shack and its subsidiaries on a pro forma basis to give effect to the Transactions, including our issuance and sale of shares of Class A common stock in this offering at an assumed initial public offering price of \$ per share, the midpoint of the price range listed on the cover page of this prospectus, after (i) deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us and (ii) the application of the proceeds from the offering, each as described under "Use of Proceeds."

For more information, please see "The Transactions," "Use of Proceeds" and "Unaudited Pro Forma Consolidated Financial Information" elsewhere in this prospectus. You should read this information in conjunction with our consolidated financial statements and the related notes appearing at the end of this prospectus and the "Management's Discussion and Analysis of Financial Condition and Results of Operations" section and other financial information contained in this prospectus.

(in thousands, except share and per share data)	As of September 24, 2014		
	Historical SSE Holdings, LLC	Pro Forma SSE Holdings, LLC(3)	Pro Forma Shake Shack Inc.(4)
Cash	\$ 6,107	\$ 6,107	\$
Indebtedness:			
Revolving Credit Facility(1)	\$ 5,000	\$ 26,851	\$
Promissory note	313	313	
Total indebtedness	5,313	27,164	
Total equity:			
Members' equity	35,837	13,986	
Class A common stock, par value \$0.01 per share; no shares authorized, issued and outstanding, actual; shares authorized, issued and outstanding, pro forma			
Class B common stock, par value \$0.01 per share; no shares authorized, issued and outstanding, actual; shares authorized, issued and outstanding, pro forma			
Additional paid-in capital			
Total members' equity/stockholders' equity	35,837	13,986	

Noncontrolling interest(2)

Total capitalization	\$	41,150	\$	41,150	\$
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(1)

On December 28, 2014, SSE Holdings entered into an amendment to the Revolving Credit Facility, which, among other things, increased the total commitment amount to \$50.0 million. As of December 29, 2014, we had availability of \$17.9 million under the Revolving Credit Facility, after giving effect to \$0.1 million of outstanding letters of credit. The Revolving Credit Facility will be amended or terminated in connection with this offering. SSE Holdings will enter into the New

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Credit Facility concurrently with the consummation of this offering. See "Description of Indebtedness."

(2) On a pro forma basis, includes the LLC Interests not owned by us, which represents % of SSE Holdings, LLC's outstanding common equity. The Continuing SSE Equity Owners will hold the noncontrolling interest in SSE Holdings, LLC. Shake Shack Inc. will hold % of the economic interests in SSE Holdings, LLC and the Continuing SSE Equity Owners will hold % of the economic interests in SSE Holdings, LLC.

(3) The pro forma data in this column gives effect to the payment of a distribution in the amount of \$21.9 million to certain of the Original SSE Equity Owners and the related borrowings under the Revolving Credit Facility used to fund the distribution as if such distribution was declared and paid on September 24, 2014. See Note 2 to the unaudited pro forma consolidated balance sheet as of September 24, 2014 in "Unaudited Pro Forma Consolidated Financial Information."

(4) A \$1.00 increase (decrease) in the assumed initial public offering price of \$ per share, which is the midpoint of the price range listed on the cover page of this prospectus, would increase (decrease) the pro forma amount of each of cash, additional paid-in capital, total stockholders' equity and total capitalization by approximately \$ million, assuming that the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us.

The table above does not include (i) shares of Class A common stock reserved for issuance under our 2015 Incentive Award Plan (as described in "Executive Compensation New Employment Agreements and Incentive Plans"), consisting of (x) shares of Class A common stock issuable upon exercise of options to purchase shares of Class A common stock granted on the date of this prospectus to our directors and certain employees, including the named executive officers, in connection with this offering as described in "Executive Compensation Director Compensation" and "Executive Compensation New Equity Awards," and (y) additional shares of Class A common stock reserved for future issuance and (ii) shares of Class A common stock issuable to the Continuing SSE Equity Owners upon redemption or exchange of their LLC Interests as described in "Certain Relationships and Related Party Transactions SSE Holdings LLC Agreement." The table assumes no exercise by the underwriters of their option to purchase additional shares of Class A common stock.

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DIVIDEND POLICY

Except for the distributions described under "The Transactions," we currently intend to retain all available funds and any future earnings for use in the operation of our business, and therefore we do not currently expect to pay any cash dividends on our Class A common stock. Holders of our Class B common stock are not entitled to participate in any dividends declared by our board of directors. Any future determination to pay dividends to holders of Class A common stock will be at the discretion of our board of directors and will depend upon many factors, including our results of operations, financial condition, capital requirements, restrictions in SSE Holdings' debt agreements and other factors that our board of directors deems relevant. We are a holding company, and substantially all of our operations are carried out by SSE Holdings and its subsidiaries. Additionally, under the Revolving Credit Facility, SSE Holdings is currently restricted from paying cash dividends, and we expect these restrictions to continue in the future, which may in turn limit our ability to pay dividends on our Class A common stock. Our ability to pay dividends may also be restricted by the terms of any future credit agreement or any future debt or preferred equity securities of us or our subsidiaries. See "Risk Factors We do not currently expect to pay any cash dividends."

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DILUTION

The Continuing SSE Equity Owners will maintain their LLC Interests in SSE Holdings after the Transactions. Because the Continuing SSE Equity Owners do not own any Class A common stock or have any right to receive distributions from Shake Shack, we have presented dilution in pro forma net tangible book value per share after this offering assuming that all of the holders of LLC Interests (other than Shake Shack) had their LLC Interests redeemed or exchanged for newly-issued shares of Class A common stock on a one-for-one basis (rather than for cash) and the cancellation for no consideration of all of their shares of Class B common stock (which are not entitled to receive distributions or dividends, whether cash or stock from Shake Shack) in order to more meaningfully present the dilutive impact on the investors in this offering. We refer to the assumed redemption or exchange of all LLC Interests for shares of Class A common stock as described in the previous sentence as the "Assumed Redemption."

Dilution is the amount by which the offering price paid by the purchasers of the Class A common stock in this offering exceeds the pro forma net tangible book value per share of Class A common stock after the offering. SSE Holdings' net tangible book value as of September 24, 2014 was \$35.8 million. Net tangible book value per share is determined at any date by subtracting our total liabilities from the total book value of our tangible assets and dividing the difference by the number of shares of Class A common stock deemed to be outstanding at that date.

If you invest in our Class A common stock in this offering, your ownership interest will be immediately diluted to the extent of the difference between the initial public offering price per share and the pro forma net tangible book value per share of our Class A common stock after this offering.

Pro forma net tangible book value per share is determined at any date by subtracting our total liabilities from the total book value of our tangible assets and dividing the difference by the number of shares of Class A common stock, after giving effect to the Transactions, including this offering, and the Assumed Redemption. Our pro forma net tangible book value as of September 24, 2014 would have been approximately \$ _____ million, or \$ _____ per share of Class A common stock. This amount represents an immediate increase in pro forma net tangible book value of \$ _____ per share to our existing stockholders and an immediate dilution in pro forma net tangible book value of approximately \$ _____ per share to new investors purchasing shares of Class A common stock in this offering. We determine dilution by subtracting the pro forma net tangible book value per share after this offering from the amount of cash that a new investor paid for a share of Class A common stock. The following table illustrates this dilution:

Assumed initial public offering price per share	\$
Pro forma net tangible book value per share as of September 24, 2014 before this offering(1)	
Increase per share attributable to investors in this offering	
Pro forma net tangible book value per share after this offering	\$
Dilution per share to new Class A common stock investors	\$

(1) Gives pro forma effect to the Transactions (other than this offering) and the Assumed Redemption.

A \$1.00 increase (decrease) in the assumed initial public offering price of \$ _____ per share, which is the midpoint of the price range listed on the cover page of this prospectus, would increase (decrease) the pro forma net tangible book value per share after this offering by approximately \$ _____, and dilution in pro forma net tangible book value per share to new investors by approximately \$ _____, assuming that the number of shares offered by us, as set forth on the cover page of this prospectus,

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remains the same and after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us.

If the underwriters exercise their option to purchase additional shares of our Class A common stock in full in this offering, the pro forma net tangible book value after the offering would be \$ _____ per share, the increase in pro forma net tangible book value per share to existing stockholders would be \$ _____ and the dilution per share to new investors would be \$ _____ per share, in each case assuming an initial public offering price of \$ _____ per share, which is the midpoint of the price range listed on the cover page of this prospectus.

The following table summarizes, as of September 24, 2014 after giving effect to this offering, the differences between the Original SSE Equity Owners and the Former UAR Plan Participants and new investors in this offering with regard to:

the number of shares of Class A common stock purchased from us by investors in this offering and the number of shares issued to the Original SSE Equity Owners and the Former UAR Plan Participants after giving effect to the Assumed Redemption,

the total consideration paid to us in cash by investors purchasing shares of Class A common stock in this offering and by the Original SSE Equity Owners and the Former UAR Plan Participants, and

the average price per share of Class A common stock that such Original SSE Equity Owners and Former UAR Plan Participants and new investors paid.

The calculation below is based on an assumed initial public offering price of \$ _____ per share, which is the midpoint of the price range listed on the cover page of this prospectus, before deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us.

	Shares purchased		Total consideration		Average price per share
	Number	Percent	Amount	Percent	
Original SSE Equity Owners and Former UAR Plan Participants			% \$		% \$
New investors					
Total		100%	\$	100%	\$

Each \$1.00 increase (decrease) in the assumed initial public offering price of \$ _____ per share would increase (decrease) the total consideration paid by new investors and the total consideration paid by all shareholders by \$ _____ million, assuming the number of shares offered by us remains the same and after deducting estimated underwriting discounts and commissions but before estimated offering expenses.

Except as otherwise indicated, the discussion and the tables above assume no exercise of the underwriters' option to purchase additional shares of Class A common stock. In addition, the discussion and tables above exclude shares of Class B common stock, because holders of the Class B common stock are not entitled to distributions or dividends, whether cash or stock, from Shake Shack. The number of shares of our Class A common stock outstanding after this offering as shown in the tables above is based on the number of shares outstanding as of September 24, 2014, after giving effect to the Transactions and the Assumed Redemption, and excludes _____ shares of Class A common stock reserved for issuance under our 2015 Incentive Award Plan (as described in "Executive Compensation New Employment Agreements and Incentive Plans"), consisting of (i) _____ shares of Class A common stock issuable upon the exercise of options to purchase shares of Class A common stock granted on the date of this prospectus to our directors and certain employees, including the named executive officers, in connection with this offering as described

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in "Executive Compensation Director Compensation" and "Executive Compensation New Equity Awards," and (ii) additional shares of Class A common stock reserved for future issuance.

To the extent any of these outstanding options are exercised, there will be further dilution to new investors. To the extent all of such outstanding options had been exercised as of September 24, 2014 the pro forma net tangible book value per share after this offering would be \$, and total dilution per share to new investors would be \$.

If the underwriters exercise their option to purchase additional shares of Class A common stock in full:

the percentage of shares of Class A common stock held by Original SSE Equity Owners and Former UAR Plan Participants will decrease to approximately % of the total number of shares of our Class A common stock outstanding after this offering; and

the number of shares held by new investors will increase to , or approximately % of the total number of shares of our Class A common stock outstanding after this offering.

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SELECTED CONSOLIDATED FINANCIAL AND OTHER DATA

The following table presents the selected historical consolidated financial data for SSE Holdings, LLC and its subsidiaries. SSE Holdings, LLC is the predecessor of the issuer, Shake Shack Inc., for financial reporting purposes. The selected consolidated statement of operations data for each of the years in the two-year period ended December 25, 2013 and the selected consolidated balance sheet data as of December 26, 2012 and December 25, 2013 are derived from the audited consolidated financial statements of SSE Holdings, LLC and its subsidiaries contained herein. The selected consolidated statements of operations data for the thirty-nine weeks ended September 25, 2013 and September 24, 2014, and the selected consolidated balance sheet data as of September 24, 2014 are derived from the unaudited condensed consolidated financial statements of SSE Holdings, LLC and its subsidiaries contained herein. In the opinion of our management, such unaudited financial statements reflect all adjustments, consisting of normal recurring adjustments, necessary for a fair presentation of the results for those periods.

The results of operations for the periods presented below are not necessarily indicative of the results to be expected for any future period and the results for any interim period are not necessarily indicative of the results that may be expected for a full fiscal year. The information set forth below should be read together with the "Management's Discussion and Analysis of Financial Condition and Results of Operations" section and the consolidated financial statements and the accompanying notes included elsewhere in this prospectus.

The selected historical financial data of Shake Shack Inc. have not been presented as Shake Shack Inc. is a newly incorporated entity, has had no business transactions or activities to date and had no assets or liabilities during the periods presented in this section.

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(in thousands, except share and per share data)	Fiscal year ended		Thirty-nine weeks ended	
	December 26, 2012	December 25, 2013	September 25, 2013	September 24, 2014
			(unaudited)	
Consolidated statement of operations data:				
Revenues				
Shack sales	\$ 55,591	\$ 78,587	\$ 56,783	\$ 78,988
Licensing revenue	1,447	3,869	2,721	4,770
Total revenue	57,038	82,456	59,504	83,758
Expenses				
Operating expenses				
Food and paper costs	16,774	23,865	17,211	24,248
Labor and related expenses	14,436	20,096	14,161	20,605
Other operating expenses	5,081	7,315	5,072	7,866
Occupancy and related expenses	5,053	6,892	4,871	6,794
General and administrative expenses	6,988	12,453	9,164	12,192
Depreciation expense	2,162	3,541	2,472	4,067
Pre-opening costs	1,858	2,334	1,705	3,828
Loss on disposal of property and equipment		25	17	28
Total expenses	52,352	76,521	54,673	79,628
Income from operations	4,686	5,935	4,831	4,130
Interest expense, net	156	52	31	219
Income before income taxes	4,530	5,883	4,800	3,911
Income tax expense	397	460	374	366
Net income	\$ 4,133	\$ 5,423	\$ 4,426	\$ 3,545

Pro forma net income per share data (unaudited)(1)(2):

Pro forma weighted average shares of Class A common stock outstanding:

Basic

Diluted

Pro forma net income available to Class A common stock per share:

Basic

Diluted

Supplemental pro forma net income per share data (unaudited)(3):

Pro forma weighted average shares of Class A common stock outstanding:

Basic

Diluted

Pro forma net income available to Class A common stock per share:

Basic

Diluted

66

\$

\$

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(in thousands)	Historical SSE Holdings, LLC			Pro Forma SSE Holdings, LLC(4)	Pro Forma Shake Shack Inc.(1)
	December 26, 2012	December 25, 2013	September 24, 2014 (unaudited)	September 24, 2014 (unaudited)	September 24, 2014
Consolidated balance sheet data:					
Cash	\$ 16,033	\$ 13,076	\$ 6,107	\$ 6,107	\$
Total assets	44,068	55,219	65,537	65,537	
Total liabilities	12,197	17,832	29,700	51,551	
Total members'/stockholders' equity	31,871	37,387	35,837	13,986	

(Dollar amounts in thousands)	Fiscal year ended		Thirty-nine weeks ended	
	December 26, 2012	December 25, 2013	September 25, 2013	September 24, 2014
Other data:				
Number of Shacks	21	40	33	53
Domestic company-operated	13	21	16	26
Domestic licensed	3	4	4	5
International licensed	5	15	13	22
Same Shack sales growth	7.1%	5.9%	5.5%	3.0%
Average unit volumes				
Domestic company-operated Shacks	\$ 5,367	\$ 5,017		
Manhattan Shacks	7,034	7,387		
Non-Manhattan Shacks	3,791	3,840		
International licensed Shacks(5)	9,665	6,077		
Shack system-wide sales(5)	\$ 81,048	\$ 139,903	\$ 98,931	\$ 156,080
Shack-level operating profit margin(6)	25.6%	26.0%	27.2%	24.7%
Manhattan Shacks	29.0%	30.3%	31.7%	31.2%
Non-Manhattan Shacks	19.8%	21.9%	22.8%	20.8%
Adjusted EBITDA(7)	\$ 9,998	\$ 14,459	\$ 11,417	\$ 14,063
As a percentage of revenue	17.5%	17.5%	19.2%	16.8%
Capital expenditures	\$ 11,036	\$ 16,194	\$ 10,359	\$ 17,885

- (1) Pro forma figures give effect to the Transactions, including this offering. See "Unaudited Pro Forma Consolidated Financial Information" for a detailed presentation of the unaudited pro forma information, including a description of the transactions and assumptions underlying the pro forma adjustments.
- (2) See Note 5 to the unaudited pro forma consolidated statements of operations in "Unaudited Pro Consolidated Financial Information" for the computations of the pro forma weighted-average shares of Class A common stock outstanding.
- (3) The supplemental pro forma net income per share data has been computed, assuming an initial public offering price of \$ per share, to give effect to the number of shares whose proceeds would be necessary to pay (i) a distribution in the amount of approximately \$21.9 million to certain of the Original SSE Equity Owners and (ii) the \$5.2 million distribution made during the thirty-nine weeks ended September 24, 2014, but only to the extent the aggregate amount of these distributions exceeded our earnings for the preceding twelve-month period. See Note 7 to the unaudited pro forma consolidated statements of operations in "Unaudited Pro

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Forma Consolidated Financial Information."

(4)

The pro forma data in this column gives effect to the payment of a distribution in the amount of \$21.9 million to certain of the Original SSE Equity Owners and the related borrowings under the Revolving Credit Facility used to fund the distribution as if such distribution was declared and paid on September 24, 2014. See Note 2 to the unaudited pro forma consolidated balance sheet as of September 24, 2014 in "Unaudited Pro Forma Consolidated Financial Information."

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(5) Shack system-wide sales includes combined revenue from all of our domestic company-operated Shacks and our domestic and international licensed Shacks. Our total revenue is limited to Shack sales from domestic company-owned operated Shacks and licensing revenue from domestic and international licensed Shacks.

(6) Shack-level operating profit margin is included in this prospectus because we believe that Shack-level operating profit margin is an important measure to evaluate the performance and profitability of each Shack, individually and in the aggregate. We use Shack-level operating profit margin information to benchmark our performance versus competitors. Shack-level operating profit margin is defined as Shack sales less operating expenses, including food and paper costs, labor and related expenses, other operating expenses and occupancy and related expenses as a percentage of Shack sales. Shack-level operating profit margin is not required by, or presented in accordance with, GAAP. Shack-level operating profit margin is a supplemental measure of operating performance of our Shacks and our calculations thereof may not be comparable to similar measures reported by other companies. Shack-level operating profit margin has limitations as an analytical tool and should not be considered as a substitute for analysis of our results as reported under GAAP.

The computation of Shack-level operating profit margin is set forth below:

(in thousands)	Fiscal year ended		Thirty-nine weeks ended	
	December 26, 2012	December 25, 2013	September 25, 2013	September 24, 2014
Shack sales	\$ 55,591	\$ 78,587	\$ 56,783	\$ 78,988
Food and paper costs	16,774	23,865	17,211	24,248
Labor and related expenses	14,436	20,096	14,161	20,605
Other operating expenses	5,081	7,315	5,072	7,866
Occupancy and related expenses	5,053	6,892	4,871	6,794
Shack-level operating profit	\$ 14,247	\$ 20,419	\$ 15,468	\$ 19,475
Shack-level operating profit margin	25.6%	26.0%	27.2%	24.7%

A reconciliation of Shack-level operating profit to income from operations, the most directly comparable GAAP measure, is set forth below.

(in thousands)	Fiscal year ended		Thirty-nine weeks ended	
	December 26, 2012	December 25, 2013	September 25, 2013	September 24, 2014
Shack-level operating profit	\$ 14,247	\$ 20,419	\$ 15,468	\$ 19,475
Add:				
Licensing revenue	1,447	3,869	2,721	4,770
Less:				
General and administrative expenses	6,988	12,453	9,164	12,192
Depreciation expense	2,162	3,541	2,472	4,067
Pre-opening costs	1,858	2,334	1,705	3,828
Loss on disposal of property and equipment		25	17	28
Income from operations	\$ 4,686	\$ 5,935	\$ 4,831	\$ 4,130

(7)

EBITDA and Adjusted EBITDA are included in this prospectus because they are key metrics used by management and our board of directors to assess our financial performance. EBITDA and Adjusted EBITDA are frequently used by analysts, investors and other interested parties to evaluate companies in our industry.

EBITDA and Adjusted EBITDA are not GAAP measures of our financial performance or liquidity and should not be considered as alternatives to net income (loss) as a measure of financial performance or cash flows from operations as measures of liquidity, or any other performance measure derived in accordance with GAAP. Adjusted EBITDA should not be construed as an inference that our future results will be unaffected by unusual or non-recurring items. Additionally, EBITDA and Adjusted EBITDA are not intended to be measures of free cash flow for management's discretionary use, as they do not reflect tax payments, debt

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service requirements, capital expenditures, Shack openings and certain other cash costs that may recur in the future, including, among other things, cash requirements for working capital needs and cash costs to replace assets being depreciated and amortized. Management compensates for these limitations by relying on our GAAP results in addition to using EBITDA and Adjusted EBITDA supplementally. Our measures of EBITDA and Adjusted EBITDA are not necessarily comparable to similarly titled captions of other companies due to different methods of calculation.

A reconciliation of net income to EBITDA and Adjusted EBITDA is set forth below:

(in thousands)	Fiscal year ended		Thirty-nine weeks ended	
	December 26, 2012	December 25, 2013	September 25, 2013	September 24, 2014
Net income	\$ 4,133	\$ 5,423	\$ 4,426	\$ 3,545
Depreciation expense	2,162	3,541	2,472	4,067
Interest expense, net	156	52	31	219
Income tax expense	397	460	374	366
EBITDA	6,848	9,476	7,303	8,197
Equity-based compensation(a)	450	93	51	124
Deferred compensation(b)		2,054	2,032	
Pre-opening costs(c)	1,623	1,737	941	2,260
Deferred rent(d)	839	975	1,023	1,934
Loss on disposal of property and equipment(e)		25	17	28
Costs incurred with this offering(f)				1,495
Other non-cash items(g)	238	99	50	25
Adjusted EBITDA	\$ 9,998	\$ 14,459	\$ 11,417	\$ 14,063

-
- (a) Non-cash charges related to equity-based compensation programs, which vary from period to period depending on timing of awards.
- (b) For the periods presented, represents amounts accrued under a bonus agreement we entered into with an employee pursuant to which we agreed to pay a bonus in a future period.
- (c) Non-capital expenditures associated with opening new Shacks exclusive of deferred rent incurred prior to opening.
- (d) Reflects the extent to which our annual rent expense has been above or below our cash rent payments.
- (e) Includes the loss on disposal of assets in the ordinary course of business.
- (f) Costs incurred in connection with this offering, including legal, accounting and other related expenses.
- (g) For the periods presented, represents non-cash charges related to certain employee benefits.

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UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION

The following unaudited pro forma consolidated statement of operations for the year ended December 25, 2013 and the thirty-nine weeks ended September 24, 2014 give effect to the Transactions, including this offering, as if the same had occurred on December 27, 2012. The unaudited pro forma consolidated balance sheet as of September 24, 2014 gives effect to the Transactions, including this offering, as if the same had occurred on September 24, 2014.

We have derived the unaudited pro forma consolidated statement of operations for the year ended December 25, 2013 from the audited consolidated financial statements of SSE Holdings, LLC and its subsidiaries as of and for the year ended December 25, 2013 set forth elsewhere in this prospectus. We have derived the unaudited pro forma consolidated statement of operations for the thirty-nine weeks ended September 24, 2014 and the unaudited pro forma consolidated balance sheet as of September 24, 2014 from the unaudited condensed consolidated financial statements of SSE Holdings, LLC and its subsidiaries as of and for the thirty-nine weeks ended September 24, 2014 set forth elsewhere in this prospectus. The pro forma financial information is qualified in its entirety by reference to, and should be read in conjunction with, "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and the related notes included elsewhere in this prospectus.

The pro forma adjustments related to the Transactions other than this offering, which we refer to as the Transaction Adjustments, are described in the notes to the unaudited pro forma consolidated financial information, and principally include the following:

the approval by the board of directors of SSE Holdings of a distribution in the amount of approximately \$21.9 million to certain of the Original SSE Equity Owners, which will be funded with borrowings under the Revolving Credit Facility;

the amendment and restatement of the SSE Holdings LLC Agreement to, among other things, (i) provide for LLC Interests that will be the single class of common membership interests in SSE Holdings, (ii) exchange all of the Original SSE Equity Owners' existing membership interests in SSE Holdings for LLC Interests and (iii) appoint Shake Shack as the sole managing member of SSE Holdings;

the amendment and restatement of Shake Shack's certificate of incorporation to, among other things, (i) provide for Class A common stock and Class B common stock and (ii) issue shares of Class B common stock to the Continuing SSE Equity Owners, on a one-to-one basis with the number of LLC Interests they own, for nominal consideration;

the exchange by the Former SSE Equity Owners of their LLC Interests for _____ shares of Class A common stock on a one-to-one basis;

the receipt by the Former UAR Plan Participants of _____ shares of Class A common stock in settlement of their awards under the UAR Plan (and the receipt by Shake Shack of a corresponding number of LLC Interests from SSE Holdings); and

a provision for federal and state income taxes of Shake Shack as a taxable corporation at an effective rate of _____ %.

The pro forma adjustments related to this offering, which we refer to as the Offering Adjustments, are described in the notes to the unaudited pro forma consolidated financial information, and principally include the following:

the issuance of shares of our Class A common stock to the purchasers in this offering in exchange for net proceeds of approximately \$ _____ million, assuming that the shares are offered at \$ _____ per share (the midpoint of the price range listed on the cover page of this prospectus), after deducting underwriting discounts and commissions but before offering expenses;

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the application of all of the net proceeds from this offering to acquire newly-issued LLC Interests from SSE Holdings at a purchase price per interest equal to the initial public offering price of Class A common stock, less underwriting discounts and commissions;

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the application by SSE Holdings of the proceeds from the sale of LLC Interests to Shake Shack (i) to pay fees and expenses of approximately \$ million in connection with this offering and (ii) to repay the outstanding borrowings under our Revolving Credit Facility of approximately \$ million, including approximately \$21.9 million of borrowings used to pay a distribution to certain of the Original SSE Equity Owners; and

the grant of options to purchase shares of Class A common stock under our 2015 Incentive Award Plan in connection with this offering.

Except as otherwise indicated, the unaudited pro forma consolidated financial information presented assumes no exercise by the underwriters of their option to purchase additional shares of Class A common stock from us.

As described in greater detail under "Certain Relationships and Related Party Transactions Tax Receivable Agreement," in connection with the closing of this offering, we will enter into the Tax Receivable Agreement with the Continuing SSE Equity Owners that will provide for the payment by Shake Shack to the Continuing SSE Equity Owners of 85% of the amount of tax benefits, if any, that Shake Shack actually realizes as a result of (i) increases in the tax basis of assets of SSE Holdings resulting from any redemptions or exchanges of LLC Interests as described under "Certain Relationships and Related Party Transactions SSE Holdings LLC Agreement LLC Interest Redemption Right" and (ii) certain other tax benefits related to our making payments under the Tax Receivable Agreement. Due to the uncertainty in the amount and timing of future exchanges of LLC Interests by the Continuing SSE Equity Owners, the unaudited pro forma consolidated financial information assumes that no exchanges of LLC Interests have occurred and therefore no increases in tax basis in SSE Holdings' assets or other tax benefits that may be realized thereunder have been assumed in the unaudited pro forma consolidated financial information. However, if all of the Continuing SSE Equity Owners were to exchange their LLC Interests, we would recognize a deferred tax asset of approximately \$ million and a liability of approximately \$ million, assuming (i) all exchanges occurred on ; (ii) a price of \$ per share (the midpoint of the price range listed on the cover page of this prospectus); (iii) a constant corporate tax rate of %; (iv) we will have sufficient taxable income to fully utilize the tax benefits; and (v) no material changes in tax law. For each 5% increase (decrease) in the amount of LLC Interests exchanged by the Continuing SSE Equity Owners, our deferred tax asset would increase (decrease) by approximately \$ million and the related liability would increase (decrease) by approximately \$ million, assuming that the price per share and corporate tax rate remain the same. For each \$1.00 increase (decrease) in the assumed share price of \$ per share, our deferred tax asset would increase (decrease) by approximately \$ million and the related liability would increase (decrease) by approximately \$ million, assuming that the number of LLC Interests exchanged by the Continuing SSE Equity Owners and the corporate tax rate remain the same. These amounts are estimates and have been prepared for informational purposes only. The actual amount of deferred tax assets and related liabilities that we will recognize will differ based on, among other things, the timing of the exchanges, the price of our shares of Class A common stock at the time of the exchange, and the tax rates then in effect.

As a public company, we will be implementing additional procedures and processes for the purpose of addressing the standards and requirements applicable to public companies. We expect to incur additional annual expenses related to these steps and, among other things, additional directors' and officers' liability insurance, director fees, reporting requirements of the SEC, transfer agent fees, hiring additional accounting, legal and administrative personnel, increased auditing and legal fees and similar expenses. We have not included any pro forma adjustments relating to these costs.

The pro forma adjustments are based upon available information and methodologies that are factually supportable and directly related to the Transactions, including this offering. The unaudited pro forma consolidated financial information includes various estimates which are subject to material change and may not be indicative of what our operations or financial position would have been had the Transactions, including this offering, taken place on the dates indicated, or that may be expected to occur in the future. For further discussion of these matters, see "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the historical consolidated financial statements and related notes included elsewhere in this prospectus.

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Shake Shack Inc. and Subsidiaries
Unaudited Pro Forma Consolidated Balance Sheet as of September 24, 2014

(in thousands)	Historical SSE Holdings, LLC(1)	Distribution Adjustments	Pro Forma SSE Holdings, Transaction LLC Adjustments	As Adjusted Before Offering	Offering Adjustments	Pro Forma Shake Shack Inc.
Assets						
Cash	\$ 6,107	\$	\$ 6,107	\$	\$	(3)(4) \$
Accounts receivable	2,313		2,313			
Inventories	357		357			
Prepaid expenses	311		311			
Total current assets	9,088		9,088			
Property and equipment, net	53,041		53,041			
Deferred financing costs	432		432			
Security deposits	970		970			
Deferred tax asset	67		67			
Other assets	1,939		1,939			(4)
Total assets	\$ 65,537	\$	\$ 65,537	\$	\$	\$
Liabilities and Members'/Stockholders' Equity						
Short-term debt	\$ 5,000	\$ 21,851(2)	\$ 26,851	\$	\$	\$
Accounts payable	3,493		3,493			
Accrued expenses	3,556		3,556			(4)
Accrued wages and related liabilities	1,947		1,947			
Sales tax payable	383		383			
Due to affiliates	359		359			
Deferred revenue	517		517			
Total current liabilities	15,255	21,851	37,106			
Deferred revenue, net of current portion	1,500		1,500			
Long-term debt	313		313			
Deferred compensation	2,119		2,119			
Deferred rent	10,482		10,482			
Other long-term liabilities	31		31			
Total liabilities	29,700	21,851	51,551			
Commitments and contingencies						
Members'/Stockholders' Equity						
Members' equity	35,837	(21,851)(2)	13,986	(6)		(5)
Class A common stock				(7)		(3)

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Class B common stock				(6)	
Additional paid-in capital				(7)	(3)(4)
Retained earnings				(7)	(5)
Members' equity/stockholders' equity attributable to Shake Shack Inc.	35,837	(21,851)	13,986		
Non-controlling interest					(5)
Total liabilities and members'/stockholders' equity	\$ 65,537	\$	\$ 65,537	\$	\$

See accompanying Notes to Unaudited Pro Forma Consolidated Balance Sheet.

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Shake Shack Inc. and Subsidiaries
Notes to Unaudited Pro Forma Consolidated Balance Sheet

(1) Shake Shack Inc. was formed on September 23, 2014 and will have no material assets or results of operations until the completion of this offering and therefore its historical financial position is not shown in a separate column in this unaudited pro forma consolidated balance sheet.

(2) In connection with this offering and subsequent to September 24, 2014, SSE Holdings will make a distribution in the amount of approximately \$21.9 million to certain of the Original SSE Equity Owners. The distribution is expected to be financed with borrowings under our Revolving Credit Facility, which will be repaid with a portion of the proceeds from this offering. This adjustment represents the recognition of the distribution and the related borrowings under our Revolving Credit Facility as if the distribution was declared and paid on September 24, 2014. It does not include any additional distributions in the event the gross proceeds from the offering exceed the anticipated gross proceeds (including as a result of the exercise by the underwriters of their option to purchase additional shares of Class A common stock). If an additional distribution is paid because the underwriters exercise their option to purchase additional shares of Class A common stock, Members' equity would decrease by \$ _____ million. Such additional distribution, if any, would be paid subsequent to the closing with a portion of the proceeds from this offering.

(3) We estimate that the net proceeds to us from this offering, after deducting underwriting discounts and commissions but before estimated offering expenses, will be approximately \$ _____ million, based on an assumed initial public offering price of \$ _____ per share, which is the midpoint of the price range listed on the cover page of this prospectus. This amount has been determined based on the assumption that the underwriters' option to purchase additional shares of our Class A common stock is not exercised. A reconciliation of the gross proceeds from this offering to the net cash proceeds is set forth below.

Assumed initial public offering price per share	\$
Shares of Class A common stock issued in this offering	
Gross proceeds	\$
Less: underwriting discounts and commissions	
Less: offering expenses (including amounts previously deferred)	
Net cash proceeds	\$

(4) We are deferring certain costs associated with this offering, including certain legal, accounting and other related expenses, which have been recorded in other assets on our consolidated balance sheet. Upon completion of this offering, these deferred costs will be charged against the proceeds from this offering with a corresponding reduction to additional paid-in capital.

(5) Upon completion of the Transactions, we will become the sole managing member of SSE Holdings. Although we will have a minority economic interest in SSE Holdings, we will have the sole voting interest in, and control the management of, SSE Holdings. As a result, we will consolidate the financial results of SSE Holdings and will report a non-controlling interest related to the LLC Interests held by the Continuing SSE Equity Owners on our consolidated balance sheet. The

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computation of the non-controlling interest following the consummation of this offering, based on the assumed initial public offering price, is as follows:

	Units	Percentage	Amount
Interest in SSE Holdings held by Shake Shack Inc.			\$
Non-controlling interest in SSE Holdings held by Continuing SSE Equity Owners			
			\$

If the underwriters were to exercise their option to purchase additional shares of our Class A common stock, Shake Shack Inc. would own % of the economic interest of SSE Holdings and the Continuing SSE Equity Owners would own the remaining % of the economic interest of SSE Holdings.

Following the consummation of this offering, the LLC Interests held by the Continuing SSE Equity Owners, representing the non-controlling interest, will be redeemable at the election of the members, for, at our option, shares of Class A common stock on a one-for-one basis or a cash payment equal to a volume weighted average market price of one share of Class A common stock for each LLC Interest redeemed (subject to customary adjustments, including for stock splits, stock dividends and reclassifications) in accordance with the terms of the SSE Holdings LLC Agreement.

- (6) In connection with this offering, we will issue shares of Class B common stock to the Continuing SSE Equity Owners, on a one-to-one basis with the number of LLC Interests they own, for nominal consideration. Holders of Class B common stock will have the same voting rights as holders of Class A common stock but holders of the Class B common stock will not be entitled to receive any distributions from or participate in any dividends declared by our board of directors.
- (7) This adjustment represents the total increase in compensation expense we expect to incur following the completion of this offering as a result of the following:

\$ million of compensation expense to be recognized in connection with the settlement of the outstanding awards held by the Former UAR Plan Participants. As described in "The Transactions," the Former UAR Plan Participants will receive shares of Class A common stock in settlement of their awards under the UAR Plan. Upon the occurrence of a qualifying transaction, each holder of an award under the UAR Plan will receive shares of Class A common stock. The related compensation expense is determined by multiplying (i) the excess, if any, of the qualifying transaction price over the base price of the award under the UAR Plan, by (ii) the stated number of Class B units deemed covered by the award under the UAR Plan. As of September 24, 2014, there were 22,214 awards outstanding under the UAR Plan, with a weighted average base price of \$192.44. The adjustment was calculated assuming an initial public offering price of \$ per share (the midpoint of the price range set forth on the cover page of this prospectus), resulting in a qualifying transaction price of \$ million, which was divided by the total common units outstanding as of , 2015 of , resulting in a price per unit of \$; and

\$0.6 million of compensation expense to be recognized in connection with the accelerated vesting of the outstanding restricted Class B Units in connection with this offering.

These adjustments are non-recurring in nature and, as such, have not been included as adjustments in the unaudited pro forma consolidated statements of operations.

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Shake Shack Inc. and Subsidiaries
Unaudited Pro Forma Consolidated Statement of Operations for the
Year Ended December 25, 2013

(in thousands, except share and per share data)	Historical SSE Holdings, LLC(1)	Transaction Adjustments	As Adjusted Before Offering	Offering Adjustments	Pro Forma Shake Shack Inc.
Revenues					
Shack sales	\$ 78,587	\$	\$	\$	\$
Licensing revenue	3,869				
 Total revenue	 82,456				
Expenses					
Operating expenses:					
Food and paper costs	23,865				
Labor and related expenses	20,096				
Other operating expenses	7,315				
Occupancy and related expenses	6,892				
General and administrative expenses	12,453		(2)	(2)	
Depreciation expense	3,541				
Pre-opening costs	2,334				
Loss on disposal of property and equipment	25				
 Total expenses	 76,521				
 Income from operations	 5,935				
Interest expense, net	52		(6)	(6)	(6)
 Income before income taxes	 5,883				
Income tax expense	460		(3)	(3)	
 Net income	 \$ 5,423	\$	\$	\$	\$
 Net income attributable to non-controlling interests			(4)	(4)	
 Net income attributable to Shake Shack Inc.	 \$ 5,423	\$	\$	\$	\$

Pro forma net income per share data(5):

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Weighted-average shares of Class A common stock
outstanding

Basic

Diluted

Net income available to Class A common stock per
share

Basic

\$

Diluted

\$

Supplemental pro forma net income per share data(7):

Weighted-average shares of Class A common stock
outstanding

Basic

Diluted

Net income available to Class A common stock per
share

Basic

\$

Diluted

\$

See accompanying Notes to Unaudited Pro Forma Consolidated Statements of Operations.

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Shake Shack Inc. and Subsidiaries
Unaudited Pro Forma Consolidated Statement of Operations for the
Thirty-Nine Weeks Ended September 24, 2014

(in thousands, except share and per share data)	Historical SSE Holdings, LLC(1)	Transaction Adjustments	As Adjusted Before Offering	Offering Adjustments	Pro Forma Shake Shack Inc.
Revenues					
Shack sales	\$ 78,988	\$	\$	\$	\$
Licensing revenue	4,770				
Total revenue	83,758				
Expenses					
Operating expenses:					
Food and paper costs	24,248				
Labor and related expenses	20,605				
Other operating expenses	7,866				
Occupancy and related expenses	6,794				
General and administrative expenses	12,192		(2)	(2)	
Depreciation expense	4,067				
Pre-opening costs	3,828				
Loss on disposal of property and equipment	28				
Total expenses	79,628				
Income from operations	4,130				
Interest expense, net	219		(6)	(6)	(6)
Income before income taxes	3,911				
Income tax expense	366		(3)	(3)	
Net income	\$ 3,545	\$	\$	\$	\$
Net income attributable to non-controlling interests			(4)	(4)	
Net income attributable to Shake Shack Inc.	\$ 3,545	\$	\$	\$	\$

Pro forma net income per share data(5):

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Weighted-average shares of Class A common stock
outstanding

Basic

Diluted

Net income available to Class A common stock per
share

Basic

\$

Diluted

\$

Supplemental pro forma net income per share data(7):

Weighted-average shares of Class A common stock
outstanding

Basic

Diluted

Net income available to Class A common stock per
share

Basic

\$

Diluted

\$

See accompanying Notes to Unaudited Pro Forma Consolidated Statements of Operations.

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Shake Shack Inc. and Subsidiaries
Notes to Unaudited Pro Forma Consolidated Statements of Operations

(1) Shake Shack Inc. was formed on September 23, 2014 and will have no material assets or results of operations until the completion of this offering and therefore its historical financial position is not shown in a separate column in these unaudited pro forma consolidated statements of operations.

(2) This adjustment represents the increase in compensation expense we expect to incur following the completion of this offering. We expect to grant stock options to our directors and certain employees in connection with this offering. This amount was calculated assuming the stock options were granted on December 27, 2012 at an exercise price equal to \$ per share, the assumed initial public offering price. The grant date fair value was determined using the Black-Scholes valuation model using the following assumptions:

Expected volatility	%
Expected dividend yield	%
Expected term (in years)	
Risk-free interest rate	%

(3) SSE Holdings has been, and will continue to be, treated as a partnership for U.S. federal and state income tax purposes. As such, income generated by SSE Holdings will flow through to its partners, including us, and is generally not subject to tax at the SSE Holdings level. Following the Transactions, we will be subject to U.S. federal income taxes, in addition to state, local and foreign income taxes with respect to our allocable share of any taxable income of SSE Holdings. As a result, the unaudited pro forma consolidated statements of operations reflect adjustments to our income tax expense to reflect an effective income tax rate of %, which was calculated assuming the U.S. federal rates currently in effect and the highest statutory rates apportioned to each applicable state, local and foreign jurisdiction.

(4) Upon completion of the Transactions, Shake Shack Inc. will become the sole managing member of SSE Holdings. Although we will have a minority economic interest in SSE Holdings, we will have the sole voting interest in, and control the management of, SSE Holdings. As a result, we will consolidate the financial results of SSE Holdings and will report a non-controlling interest related to the LLC Interests held by the Continuing SSE Equity Owners on our consolidated statements of operations. Following this offering, assuming the underwriters do not exercise their option to purchase additional shares of Class A common stock, Shake Shack Inc. will own % of the economic interest of SSE Holdings and the Continuing SSE Equity Owners will own the remaining % of the economic interest of SSE Holdings. Net income attributable to non-controlling interests will represent % of the income before income taxes of Shake Shack. These amounts have been determined based on the assumption that the underwriters' option to purchase additional shares of our Class A common stock is not exercised. If the underwriters exercise their option to purchase additional shares of our Class A common stock in full, Shake Shack Inc. will own % of the economic interest of SSE Holdings and the Continuing SSE Equity Owners will own the remaining % of the economic interest of SSE Holdings and net income attributable to non-controlling interests would represent % of the income before income taxes of Shake Shack.

(5) Pro forma basic net income per share is computed by dividing the net income available to Class A common stockholders by the weighted-average shares of Class A common stock outstanding during the period. Pro forma diluted net income per share is computed by adjusting the net income available to Class A common stockholders and the weighted-average shares of Class A common stock outstanding to give effect to potentially dilutive securities. Shares of our Class B common stock are not entitled to receive any distributions or dividends and are therefore not included in the computation of pro forma basic or diluted net income per share. The following table sets forth

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a reconciliation of the numerators and denominators used to compute pro forma basic and diluted net income per share.

(in thousands, except share and per share amounts)	Pro Forma Shake Shack Inc.	
	Fiscal year ended December 25, 2013	Thirty-nine weeks ended September 24, 2014
Basic net income per share:		
Numerator		
Net income	\$	\$
Less: Net income attributable to non-controlling interests		
Net income attributable to Class A common stockholders basic	\$	\$
Denominator		
Shares of Class A common stock held by the Former SSE Equity Owners		
Shares of Class A common stock held by the Former UAR Plan Participants		
Shares of Class A common stock sold in this offering(a)		
Weighted-average shares of Class A common stock outstanding basic		
Basic net income per share	\$	\$
Diluted net income per share:		
Numerator		
Net income available to Class A common stockholders	\$	\$
Reallocation of net income assuming conversion of LLC Interests(b)		
Net income attributable to Class A common stockholders diluted	\$	\$
Denominator		
Weighted-average shares of Class A common stock outstanding basic		
Weighted-average effect of dilutive securities(c):		
Assumed conversion of LLC Interests to shares of Class A common stock(b)		
Weighted-average shares of Class A common stock outstanding diluted		
Diluted net income per share	\$	\$

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(a) We plan to use a portion of the net proceeds from this offering to repay outstanding borrowings under our Revolving Credit Facility of approximately \$ million, including approximately \$21.9 million of borrowings used to pay a distribution to certain of the Original SSE Equity Owners. The following table sets forth the number of weighted-average shares of Class A common stock whose proceeds will be used for the purposes mentioned above and general corporate purposes.

Repayment of the outstanding borrowings under the Revolving Credit Facility used for:

The distribution to certain of the Original SSE Equity Owners	
Other revolver borrowings	
General corporate purposes	

Shares of Class A common stock sold in this offering

(b) The LLC Interests held by the Continuing SSE Equity Owners are potentially dilutive securities and the computations of pro forma diluted net income per share assume that all LLC interests

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were exchanged for shares of Class A common stock at the beginning of the period. This adjustment was made for purposes of calculating pro forma diluted net income per share only and does not necessarily reflect the amount of exchanges that may occur subsequent to this offering.

(c) We expect to grant stock options to our directors and certain employees in connection with this offering, at an exercise price equal to the initial public offering price. Under the treasury stock method, assuming the stock options were granted at the beginning of the period at an exercise price equal to \$ per share (the assumed initial public offering price), the effect of these stock options is anti-dilutive and has therefore been excluded from the computations of pro forma diluted net income per share.

(6) As described in "Use of Proceeds," we plan to repay the outstanding borrowings under our Revolving Credit Facility with the net proceeds from this offering. As of December 25, 2013, there were no amounts outstanding under the Revolving Credit Facility. Additionally, there were no borrowings under the Revolving Credit Facility during the fiscal year ended December 25, 2013. As such, no interest expense was incurred and no adjustment has been made to the unaudited pro forma consolidated statement of operations for the fiscal year ended December 25, 2013. As of September 24, 2014, there were \$5.0 million of borrowings under the Revolving Credit Facility. This adjustment reflects a reduction in interest expense of \$ million, computed at a weighted-average interest rate of 3.2%, as if the outstanding borrowings had been repaid on December 27, 2012. We estimate that the outstanding borrowings under the Revolving Credit Facility immediately prior to the closing of this offering will be approximately \$ million, including approximately \$21.9 million of borrowings used to pay a distribution to certain of the Original SSE Equity Owners. These borrowings bear interest at a weighted-average rate of % and we expect to incur additional interest expense in the amount of \$ million from September 25, 2014 through the closing of this offering.

Additionally, in connection with this offering, we anticipate that SSE Holdings will enter into an amendment to the Revolving Credit Facility or obtain a new credit facility, which we refer to as the "New Credit Facility." The New Credit Facility is expected to provide for a revolving line of credit of \$30.0 million. The New Credit Facility is expected to allow for incremental commitments not to exceed \$20.0 million. We anticipate that borrowings under the New Credit Facility will bear interest, at our option, at either the prime rate or LIBOR plus, in each case, an applicable margin determined according to a grid based on a net funded debt to Adjusted EBITDA ratio. We anticipate that the New Credit Facility will mature and all amounts outstanding will be due and payable five years from the effective date of the New Credit Facility. Assuming the New Credit Facility was in place as of December 27, 2012, interest expense for the thirty-nine weeks ended September 24, 2014 would have been \$ million.

(7) In connection with this offering, SSE Holdings will pay a distribution in the amount of approximately \$21.9 million to certain of the Original SSE Equity Owners. The distribution is expected to be funded with borrowings under our Revolving Credit Facility, which will be repaid with a portion of the proceeds from this offering. Distributions declared in the year preceding an initial public offering are deemed to be in contemplation of the offering with the intention of repayment out of offering proceeds to the extent that the dividends exceeded earnings during such period. These distributions, along with the \$5.2 million distribution made during the thirty-nine weeks ended September 24, 2014, are significant relative to the reported equity as of September 24, 2014 and are in excess of our earnings of \$5.4 million and \$4.5 million for the twelve-month periods ended December 25, 2013 and September 24, 2014, respectively. Earnings for the twelve-month period ended September 24, 2014 is comprised of (i) net income for the thirty-nine weeks ended September 24, 2014 of \$3.5 million and (ii) net income for the thirteen weeks ended December 25, 2013 of \$1.0 million. The supplemental pro forma information has been computed, assuming an initial public offering price of \$ per share (the midpoint of the price range set forth on the cover page of this prospectus), to give effect to the number of shares whose proceeds would be necessary to pay (i) the distribution to certain of the Original SSE

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Equity Owners and (ii) the \$5.2 million distribution made during the thirty-nine weeks ended September 24, 2014, but only to the extent the aggregate amount of these distributions exceeded our earnings for the preceding twelve-month period. The computations of the supplemental pro forma weighted average shares outstanding and net income per share are set forth below.

	Fiscal year ended December 25, 2013	Thirty-nine weeks ended September 24, 2014
Basic and diluted supplemental pro forma net income per share:		
Numerator		
Net income	\$	\$
Denominator		
The distribution to certain of the Original SSE Equity Owners	\$	\$
Distributions made during the thirty-nine weeks ended September 24, 2014		
Less: Earnings for the preceding twelve-month period		
Excess of distributions over earnings		
Divided by: Assumed initial public offering price	\$	\$
Number of shares whose proceeds would be necessary to pay the distributions		
Basic and diluted pro forma net income per share		
	\$	\$

As SSE Holdings has no potentially dilutive securities, the supplemental pro forma basic and diluted net income per share amounts are the same.

The supplemental pro forma weighted average shares outstanding and net income per share amounts have been computed assuming there will be no additional distribution in the event the gross proceeds from the offering exceed the anticipated gross proceeds (including as a result of the exercise by the underwriters of their option to purchase additional shares of Class A common stock). If an additional distribution is paid because the underwriters exercise their option to purchase additional shares of our Class A common stock, the supplemental pro forma weighted average shares outstanding would be _____ and _____ and supplemental pro forma net income per share would be \$ _____ and \$ _____ for the fiscal year ended December 25, 2013 and thirty-nine weeks ended September 24, 2014, respectively.

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**MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

You should read the following discussion and analysis of our financial condition and results of operations together with the "Selected Historical Consolidated Financial and Other Data" and our consolidated financial statements and the related notes and other financial information included elsewhere in this prospectus. Some of the information contained in this discussion and analysis or set forth elsewhere in this prospectus, including information with respect to our plans and strategy for our business, includes forward-looking statements that involve risks and uncertainties. You should review the "Cautionary Note Regarding Forward-Looking Statements" and "Risk Factors" sections of this prospectus for a discussion of important factors that could cause actual results to differ materially from the results described in or implied by the forward-looking statements contained in the following discussion and analysis.

The following discussion contains references to fiscal 2012 and fiscal 2013, which represent the financial results of our predecessor, SSE Holdings, LLC, for the fiscal years ended December 26, 2012 and December 25, 2013, respectively. We operate on a 52- or 53-week fiscal year ending on the last Wednesday of the calendar year. In a 52-week fiscal year, each quarter contains 13 weeks of operations; in a 53-week fiscal year, each of the first, second and third quarters includes 13 weeks of operations and the fourth quarter includes 14 weeks of operations. Every five or six years, a 53-week fiscal year occurs. Fiscal 2012 and fiscal 2013 were both 52-week years. Fiscal 2014 is a 53-week year ending on December 31, 2014, which may cause our revenue, expenses and other results of operations to be higher due to an additional week of operations.

Overview

Shake Shack is a modern day "roadside" burger stand serving a classic American menu of premium burgers, hot dogs, crinkle-cut fries, shakes, frozen custard, beer and wine. There currently are 63 Shacks worldwide, comprised of:

31 domestic company-operated Shacks;

five domestic licensed Shacks; and

27 international licensed Shacks.

During the three fiscal years ended December 25, 2013, we grew from seven Shacks in two states to 40 Shacks across six states, Washington, D.C. and eight other countries, representing a 79% compound annual growth rate ("CAGR"). As a result, our total revenue grew from \$19.5 million to \$82.5 million, a 62% CAGR, our net income grew from \$0.2 million to \$5.4 million, and Adjusted EBITDA grew to \$14.5 million over the same period. For a reconciliation of Adjusted EBITDA, a non-GAAP measure, to net income, see " Results of Operations." Our brand power and thoughtful approach to growth have resulted in strong Shack performance across a variety of geographic areas and formats. Our Shacks generate attractive Shack-level operating profit margins, strong cash flow and high returns on invested capital. We have notable AUVs in both domestic company-operated Manhattan Shacks ("Manhattan Shacks") and domestic company-operated non-Manhattan Shacks ("non-Manhattan Shacks"). Because our AUVs are higher in Manhattan, due in large part to population density and overall familiarity with the brand in Manhattan, we typically look at AUVs on both a Manhattan Shack and non-Manhattan Shack basis. There currently are 31 domestic company-operated Shacks, comprised of:

seven Manhattan Shacks; and

24 Non-Manhattan Shacks.

While we believe that there is still ample room to grow our Shack-base in Manhattan, the majority of our domestic company-operated Shack growth is expected to occur outside of Manhattan, and thus we believe that non-Manhattan Shack AUVs are a better measure of expected sales at new Shacks. In fiscal 2013, our domestic company-operated Shacks had AUVs of approximately \$5.0 million, of which our Manhattan Shacks had AUVs of approximately \$7.4 million with Shack-level operating profit

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margins of approximately 30%. Our non-Manhattan Shacks had AUVs of approximately \$3.8 million with Shack-level operating profit margins of approximately 22% during the same period.

Historically, our domestic company-operated Shacks have delivered an attractive average cash-on-cash return of approximately 65% and payback period of 1.5 years of which our Manhattan Shacks generated an average cash-on-cash return of 82% and payback period of 1.2 years and our non-Manhattan Shacks generated an average cash-on-cash return of 31% and payback period of 3.2 years. This performance is driven by our approach in targeting areas where communities gather, often with high foot traffic and substantial commercial density. The small number of Shacks included in our calculation of our average cash-on-cash return and payback period may cause these measures to fluctuate and be subject to change.

Growth Strategies and Outlook

We plan to continue to expand our business, drive Shack sales and enhance our competitive positioning by executing on the following strategies:

Open new domestic company-operated Shacks. Our domestic company-operated Shack growth strategy is focused on both existing and new markets. Given that we are still in a nascent stage of growth, a substantial portion of our growth will come from opening Shacks in markets where we have little to no presence currently. In fiscal 2014, we opened 10 domestic company-operated Shacks. Given that our primary growth driver will be the opening of new domestic company-operated Shacks, we are keenly focused on maintaining a rigorous site selection process. In addition to evaluating key new Shack criteria, our management team personally visits each potential Shack to determine if the prospective location is likely to meet certain Shack-level operating profit margin and cash-on-cash return targets.

Capitalize on our outsized brand awareness. The Shake Shack experience has cultivated significant brand awareness relative to the small number of Shacks. We have worked tirelessly to establish a genuine connection with our guests and integrate into their communities through investment in innovative marketing and programming.

Grow same Shack sales. We continually focus on improving our same Shack sales performance by providing an engaging and differentiated guest experience that includes great food, unique and thoughtful integration with local communities and high standards of excellence and hospitality.

Opportunistically increase our licensed Shacks abroad. We will continue to grow our licensed portfolio by expanding further in the eight countries abroad in which we currently have internationally licensed operations. This strategy historically has been a low-cost, high-return method of growing our brand awareness and providing an increasing source of cash flow. We believe there are additional international markets that will embrace the Shake Shack concept.

With only 63 Shacks around the world, we have identified many attractive new markets for the Shake Shack experience. We have successfully launched different layouts and sizes of Shacks in varied locations throughout urban high density areas, suburban in-line and pad sites, regional malls, lifestyle centers, ballparks, airports and train stations. Each design is critical to the Shake Shack experience and we blend our core brand identifiers with features specifically designed for each Shack to be of its place and connect directly with its neighborhood. With a disciplined approach to new Shack development and a successful track record in site selection, we believe that we are positioned well for future growth.

Our profitability depends in part on our ability to anticipate and react to changes in the price and availability of food commodities. Prices for these commodities may be affected by market changes, increased competition, shortages or interruptions in supply due to weather, disease or other conditions beyond our control. In particular, certain regions of the United States have been experiencing a significant drought in 2014, which has increased, and we expect to continue to increase, the price we pay for our beef and dairy commodities. We do not currently hedge our commodity risks, and we may not be able to pass on these increased costs to our guests. If we cannot offset these costs, our operating margins and profitability may be adversely impacted.

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Post-Offering Taxation and Expenses

After consummation of this offering, we will become subject to U.S. federal, state and local income taxes with respect to our allocable share of any taxable income of SSE Holdings and will be taxed at the prevailing corporate tax rates. In addition to tax expenses, we also will incur expenses related to our operations, plus payments under the Tax Receivable Agreement, which we expect to be significant. We intend to cause SSE Holdings to make distributions in an amount sufficient to allow us to pay our tax obligations and operating expenses, including distributions to fund any ordinary course payments due under the Tax Receivable Agreement. See "Certain Relationships and Related Party Transactions SSE Holdings LLC Agreement Distributions."

In addition, as a public company, we will be implementing additional procedures and processes for the purpose of addressing the standards and requirements applicable to public companies. We expect to incur additional annual expenses related to these steps and, among other things, additional directors' and officers' liability insurance, director fees, reporting requirements of the SEC, transfer agent fees, hiring additional accounting, legal and administrative personnel, increased auditing and legal fees and similar expenses.

Key Performance Indicators

To evaluate the performance of our business, we utilize a variety of financial and performance measures. These key measures include Shack sales, new Shack openings, average unit volumes, same Shack sales growth, Shack-level operating profit margin, growth in licensing fees and Adjusted EBITDA.

Shack Sales

Shack sales represent the aggregate sales of food and beverages in domestic company-operated Shacks. Shack sales in any period are directly influenced by the number of operating weeks in such period, the number of open Shacks and same Shack sales.

New Shack Openings

The number of new Shack openings reflects the number of Shacks opened during a particular reporting period. Before we open new Shacks, we incur pre-opening costs, as described below. We expect that, beginning in fiscal 2015, we will open at least 10 domestic company-operated Shacks each fiscal year for the foreseeable future, which is the primary driver of our expected sales growth. The total number of new Shacks per year and the timing of Shack openings has, and will continue to have, an impact on our results. New Shacks sometimes experience normal inefficiencies in the form of higher labor and other operating expenses and, as a result, Shack-level operating profit margins are generally lower during the start-up period of operation. See "Risk Factors New Shacks, once opened may not be profitable, and the performance of our Shacks that we have experienced in the past may not be indicative of future results."

Average Unit Volumes ("AUVs")

Average Unit Volumes or AUVs for any 12-month period consist of the average annualized sales of all domestic company-operated Shacks over that period. AUVs are calculated by dividing total sales from domestic company-operated Shacks by the number of domestic company-operated Shacks open during that period. For Shacks that are not open for the entire period, we make fractional adjustments to the number of Shacks open such that it corresponds to the period of associated sales. The measurement of AUVs allows us to assess changes in guest traffic and per transaction patterns at our domestic company-operated Shacks.

Because our AUVs are significantly higher in Manhattan, we analyze AUVs on both a Manhattan Shack and non-Manhattan Shack basis. Manhattan Shack AUVs have historically been higher than non-Manhattan Shack AUVs given the population density and overall familiarity with the Shake Shack brand. Given that the majority of our new domestic company-operated Shack growth is expected to

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occur outside of Manhattan, we believe that non-Manhattan Shack AUVs are a more representative measure of expected sales at new Shacks, compared to Manhattan Shack AUVs.

Same Shack Sales Growth

Same Shack sales growth reflects the change in year-over-year sales ("same Shack sales") for the comparable Shack base, which we define as the number of domestic company-operated Shacks open for 24 months or longer. For the fiscal years ended December 26, 2012 and December 25, 2013 and the thirty-nine weeks ended September 25, 2013 and September 24, 2014, there were five, eight, eight and 12 Shacks, respectively, in our comparable Shack base. The small number of Shacks included in our comparable Shack base may cause same Shack sales growth to fluctuate and be unpredictable.

Given our focused marketing efforts surrounding each opening, new Shacks often experience an initial start-up period with considerable sales volumes, which subsequently decrease to stabilized levels after approximately 12 months. As a result, the initial comparison of second year sales to first year sales is often to higher than normal sales in the first year. Thus, we do not include Shacks in the comparable Shack base until they have been open 24 months or longer. We expect that this trend will continue for the foreseeable future as we continue to open and expand into new markets.

Shack-level Operating Profit Margin

Shack-level operating profit margin is defined as sales less operating expenses, including food and paper costs, labor and related expenses, other operating expenses and occupancy and related expenses as a percentage of Shack sales. Shack-level operating profit margin is not required by, or presented in accordance with, GAAP. Shack-level operating profit margin is a supplemental measure of operating performance of our Shacks and our calculations thereof may not be comparable to similar measures reported by other companies. Shack-level operating profit margin has limitations as an analytical tool and should not be considered as a substitute for analysis of our results as reported under GAAP. We believe that Shack-level operating profit margin is an important measure to evaluate the performance and profitability of each Shack, individually and in the aggregate. We use Shack-level operating profit margin information to benchmark our performance versus competitors.

Growth in Licensing Fees

We currently have five domestic licensed Shacks and 27 international licensed Shacks. Internationally, we have license agreements for four major territories, with Shacks operating in eight countries. The Middle East has been our most prominent growth market with 20 Shacks in operation, followed by Turkey with four, Russia with two and the United Kingdom with one. In fiscal 2013, our international licensed Shacks had AUVs of approximately \$6.1 million, which resulted in license fees of approximately \$3.5 million. We also receive territory fees for the exclusive right to develop Shacks in a specific geographic area.

Adjusted EBITDA

We use Adjusted EBITDA as a supplemental measure of our performance. Adjusted EBITDA is also the basis for performance evaluation under our executive compensation programs. Adjusted EBITDA is defined as net income before depreciation and amortization, interest expense and provision for income taxes, adjusted for the impact of certain non-cash and other items that we do not consider in our evaluation of ongoing operating performance. These items include equity-based compensation expense, non-cash deferred rent charges and pre-opening costs, as well as certain non-recurring charges. We believe that Adjusted EBITDA is an appropriate measure of operating performance because it eliminates the impact of expenses that do not relate to business performance.

Adjusted EBITDA as presented in this prospectus is a supplemental measure of our performance that is neither required by, nor presented in accordance with, GAAP. Adjusted EBITDA should not be considered as a substitute for GAAP metrics such as net income or any other performance measures derived in accordance with GAAP. Also, in the future we may incur expenses or charges such as those added back to calculate Adjusted EBITDA. Our presentation of Adjusted EBITDA should not be construed as an inference that our future results will be unaffected by unusual or nonrecurring items.

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Results of Operations

The following tables summarize key components of our results of operations for the periods indicated:

(in thousands)	Fiscal year ended		Thirty-nine weeks ended	
	December 26, 2012	December 25, 2013	September 25, 2013	September 24, 2014
Revenues				
Shack sales	\$ 55,591	\$ 78,587	\$ 56,783	\$ 78,988
Licensing revenue	1,447	3,869	2,721	4,770
Total revenue	57,038	82,456	59,504	83,758
Expenses				
Operating expenses				
Food and paper costs	16,774	23,865	17,211	24,248
Labor and related expenses	14,436	20,096	14,161	20,605
Other operating expenses	5,081	7,315	5,072	7,866
Occupancy and related expenses	5,053	6,892	4,871	6,794
General and administrative expenses	6,988	12,453	9,164	12,192
Depreciation expense	2,162	3,541	2,472	4,067
Pre-opening costs	1,858	2,334	1,705	3,828
Loss on disposal of property and equipment		25	17	28
Total expenses	52,352	76,521	54,673	79,628
Income from operations	4,686	5,935	4,831	4,130
Interest expense, net	156	52	31	219
Income before income taxes	4,530	5,883	4,800	3,911
Income tax expense	397	460	374	366
Net income	\$ 4,133	\$ 5,423	\$ 4,426	\$ 3,545

(Dollar amounts in thousands)	Fiscal year ended		Thirty-nine weeks ended	
	December 26, 2012	December 25, 2013	September 25, 2013	September 24, 2014
Other data:				
Number of Shacks	21	40	33	53
Domestic company-operated	13	21	16	26
Domestic licensed	3	4	4	5
International licensed	5	15	13	22
Same Shack sales growth	7.1%	5.9%	5.5%	3.0%
Average unit volumes				
Domestic company-operated Shacks	\$ 5,367	\$ 5,017		

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Manhattan Shacks	7,034	7,387		
Non-Manhattan Shacks	3,791	3,840		
International licensed Shacks(1)	9,665	6,077		
Shack system-wide sales(1)	\$ 81,048	\$ 139,903	\$ 98,931	\$ 156,080
Shack-level operating profit margin(2)	25.6%	26.0%	27.2%	24.7%
Manhattan Shacks	29.0%	30.3%	31.7%	31.2%
Non-Manhattan Shacks	19.8%	21.9%	22.8%	20.8%
Adjusted EBITDA(3)	\$ 9,998	\$ 14,459	\$ 11,417	\$ 14,063
As a percentage of revenue	17.5%	17.5%	19.2%	16.8%
Capital expenditures	\$ 11,036	\$ 16,194	\$ 10,359	\$ 17,885

- (1) Shack system-wide sales includes combined revenue from all of our domestic company-operated Shacks and our domestic and international licensed Shacks. Our total revenue is limited to Shack sales from domestic company-operated Shacks and licensing revenue from our domestic and international licensed Shacks.

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(2)

The computation of Shack-level operating profit margin is set forth below:

(in thousands)	Fiscal year ended		Thirty-nine weeks ended	
	December 26, 2012	December 25, 2013	September 25, 2013	September 24, 2014
Shack sales	\$ 55,591	\$ 78,587	\$ 56,783	\$ 78,988
Food and paper costs	16,774	23,865	17,211	24,248
Labor and related expenses	14,436	20,096	14,161	20,605
Other operating expenses	5,081	7,315	5,072	7,866
Occupancy and related expenses	5,053	6,892	4,871	6,794
Shack-level operating profit	\$ 14,247	\$ 20,419	\$ 15,468	\$ 19,475
Shack-level operating profit margin	25.6%	26.0%	27.2%	24.7%

A reconciliation of Shack-level operating profit to income from operations, the most directly comparable GAAP measure, is set forth below.

(in thousands)	Fiscal year ended		Thirty-nine weeks ended	
	December 26, 2012	December 25, 2013	September 25, 2013	September 24, 2014
Shack-level operating profit	\$ 14,247	\$ 20,419	\$ 15,468	\$ 19,475
Add:				
Licensing revenue	1,447	3,869	2,721	4,770
Less:				
General and administrative expenses	6,988	12,453	9,164	12,192
Depreciation expense	2,162	3,541	2,472	4,067
Pre-opening costs	1,858	2,334	1,705	3,828
Loss on disposal of property and equipment		25	17	28
Income from operations	\$ 4,686	\$ 5,935	\$ 4,831	\$ 4,130

(3)

A reconciliation of net income to EBITDA and Adjusted EBITDA is set forth below:

(in thousands)	Fiscal year ended		Thirty-nine weeks ended	
	December 26, 2012	December 25, 2013	September 25, 2013	September 24, 2014
Net income	\$ 4,133	\$ 5,423	\$ 4,426	\$ 3,545
Depreciation expense	2,162	3,541	2,472	4,067
Interest expense, net	156	52	31	219
Income tax expense	397	460	374	366

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EBITDA	6,848	9,476	7,303	8,197
Equity-based compensation(a)	450	93	51	124
Deferred compensation(b)		2,054	2,032	
Pre-opening costs(c)	1,623	1,737	941	2,260
Deferred rent(d)	839	975	1,023	1,934
Loss on disposal of property and equipment(e)		25	17	28
Costs associated with this offering(f)				1,495
Other non-cash items(g)	238	99	50	25
Adjusted EBITDA	\$ 9,998	\$ 14,459	\$ 11,417	\$ 14,063

(a) Non-cash charges related to equity-based compensation programs, which vary from period to period depending on timing of awards.

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- (b) For the periods presented, represents amounts accrued under a bonus agreement we entered into with an employee pursuant to which we agreed to pay a bonus in a future period.
- (c) Non-capital expenditures associated with opening new Shacks exclusive of deferred rent incurred prior to opening.
- (d) Reflects the extent to which our annual rent expense has been above or below our cash rent.
- (e) Includes the loss on disposal of assets in the ordinary course of business.
- (f) Costs incurred in connection with this offering, including legal, accounting and other related expenses.
- (g) For the periods presented, represents non-cash charges for certain employee benefits.

The following is a description of certain key financial definitions and a discussion of our results of operations for fiscal 2013 compared to fiscal 2012 and the thirty-nine weeks ended September 24, 2014 compared to the thirty-nine weeks ended September 25, 2013.

Shack Sales

Shack sales represent the aggregate sales of food and beverages in domestic company-operated Shacks. Shack sales in any period are directly influenced by the number of operating weeks in such period, the number of open Shacks and same Shack sales.

Shack sales were \$78.6 million for fiscal 2013 compared to \$55.6 million for fiscal 2012, an increase of \$23.0 million or 41.4%. The growth in Shack sales was primarily driven by the opening of eight new domestic company-operated Shacks during fiscal 2013. Shacks in the comparable Shack base contributed \$2.3 million of this increase while new domestic company-operated Shacks contributed \$20.7 million. Same Shack sales growth increased 5.9% during fiscal 2013. For purposes of calculating same Shack sales growth, Shack sales for eight Shacks were included in the comparable Shack base. For fiscal 2013, AUVs for Manhattan Shacks were \$7.4 million and AUVs for non-Manhattan Shacks were \$3.8 million.

For the thirty-nine weeks ended September 24, 2014, Shack sales were \$79.0 million compared to \$56.8 million for the thirty-nine weeks ended September 25, 2013, an increase of \$22.2 million or 39.1%, primarily driven by the opening of 10 new domestic company-operated Shacks between September 25, 2013 and September 24, 2014. Shacks in the comparable Shack base contributed \$1.0 million of this increase while new domestic company-operated Shacks contributed \$21.2 million. Same Shack sales increased 3.0% during the thirty-nine weeks ended September 24, 2014. For purposes of calculating same Shack sales growth, Shack sales for 12 Shacks were included in the comparable Shack base.

Licensing Revenue

Licensing revenue is comprised of license fees and territory fees. License fees are calculated as a percentage of sales and territory fees are payments for the exclusive right to develop Shacks in a specific geographic area.

Licensing revenue was \$3.9 million for fiscal 2013 compared to \$1.4 million for fiscal 2012, an increase of \$2.5 million or 167.4%. This increase was primarily driven by the opening of 10 international licensed and one domestic licensed Shack during fiscal 2013. AUVs at international licensed Shacks declined over the same period due to the opening of lower-volume Shacks during fiscal 2013.

For the thirty-nine weeks ended September 24, 2014, licensing revenue was \$4.8 million compared to \$2.7 million in the thirty-nine weeks ended September 25, 2013, an increase of \$2.1 million or 75.3%. This increase was primarily driven by the opening of nine international licensed Shacks between September 25, 2013 and September 24, 2014.

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Food and Paper Costs

Food and paper costs include the direct costs associated with food, beverage and packaging of our menu items. The components of food and paper costs are variable by nature, change with sales volume, are impacted by menu mix and are subject to increases or decreases in commodity costs.

Food and paper costs were \$23.9 million for fiscal 2013 compared to \$16.8 million for fiscal 2012, an increase of \$7.1 million or 42.3%, primarily due to the opening of eight new domestic company-operated Shacks during fiscal 2013. As a percentage of Shack sales, food and paper costs increased slightly to 30.4% for fiscal 2013 compared to 30.2% for fiscal 2012. This increase was due to an increase in the cost of certain food items, primarily beef, which was partially offset by menu price increases and purchasing efficiencies of other items.

For the thirty-nine weeks ended September 24, 2014, food and paper costs were \$24.2 million compared to \$17.2 million for the thirty-nine weeks ended September 25, 2013, an increase of \$7.0 million or 40.9%. This increase was primarily due to the opening of 10 new domestic company-operated Shacks between September 25, 2013 and September 24, 2014. As a percentage of Shack sales, food and paper cost increased to 30.7% for the thirty-nine weeks ended September 24, 2014 from 30.3% for the thirty-nine weeks ended September 25, 2013. This increase was due to an increase in the cost of certain food items, primarily beef, which was partially offset by menu price increases.

Labor and Related Expenses

Labor and related expenses include domestic company-operated Shack-level hourly and management wages, bonuses, payroll taxes, workers' compensation expense and medical benefits. As we expect with other variable expense items, we expect labor costs to grow as our Shack sales grow. Factors that influence labor costs include minimum wage and payroll tax legislation, health care costs and the performance of our domestic company-operated Shacks.

Labor and related expenses were \$20.1 million for fiscal 2013 compared to \$14.4 million for fiscal 2012, an increase of \$5.7 million or 39.2%. This increase was primarily due to the opening of eight new domestic company-operated Shacks during fiscal 2013. As a percentage of Shack sales, labor and related expenses decreased to 25.6% in fiscal 2013 compared to 26.0% in fiscal 2012. This decrease was due to certain operational efficiencies and strategies implemented at the Shacks in fiscal 2013.

For the thirty-nine weeks ended September 24, 2014, labor and related expenses were \$20.6 million compared to \$14.2 million for the thirty-nine weeks ended September 25, 2013, an increase of \$6.4 million or 45.5%. This increase was primarily due to the opening of 10 new domestic company-operated Shacks between September 25, 2013 and September 24, 2014. As a percentage of Shack sales, labor and related expenses increased to 26.1% for the thirty-nine weeks ended September 24, 2014 compared to 24.9% for the thirty-nine weeks ended September 25, 2013. This increase was due to a decision by the Company to increase the starting rate of pay for Shack team members at the start of fiscal 2014, as well as the impact of lower-volume Shacks opening and the impact of fixed management labor at these Shacks.

Other Operating Expenses

Other operating expenses consist of marketing expenses, utilities and other operating expenses incidental to operating our domestic company-operated Shacks, such as non-perishable supplies, credit card fees, property insurance and repairs and maintenance.

Other operating expenses were \$7.3 million for fiscal 2013 compared to \$5.1 million for fiscal 2012, an increase of \$2.2 million or 44.0%, primarily due to the opening of eight new domestic company-operated Shacks in fiscal 2013. As a percentage of Shack sales, other operating expenses increased to

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9.3% in fiscal 2013 compared to 9.1% in fiscal 2012. This increase was due to the opening of lower-volume non-Manhattan Shacks and the impact of fixed operating expenses at these lower-volume non-Manhattan Shacks.

For the thirty-nine weeks ended September 24, 2014, other operating expenses were \$7.9 million compared to \$5.1 million for the thirty-nine weeks ended September 25, 2013, an increase of \$2.8 million or 55.1%, primarily due to the opening of 10 new domestic company-operated Shacks between September 25, 2013 and September 24, 2014. As a percentage of Shack sales, other operating expenses increased to 10.0% for the thirty-nine weeks ended September 24, 2014 compared to 8.9% for the thirty-nine weeks ended September 25, 2013. This increase was due to the impact of certain fixed operating expenses at new lower-volume Shacks.

Occupancy and Related Expenses

Occupancy and related expenses consist of Shack-level occupancy expenses (including rent, common area expenses and certain local taxes), excluding pre-opening costs, which are recorded separately.

Occupancy and related expenses were \$6.9 million for fiscal 2013 compared to \$5.1 million for fiscal 2012, an increase of \$1.8 million or 36.4%, primarily due to the opening of eight new domestic company-operated Shacks in fiscal 2013. As a percentage of Shack sales, occupancy and related expenses decreased to 8.8% in fiscal 2013 compared to 9.1% in fiscal 2012, primarily due to the opening of non-Manhattan Shacks, where occupancy and related expenses are typically lower.

Occupancy and related expenses were \$6.8 million for the thirty-nine weeks ended September 24, 2014 compared to \$4.9 million for the thirty-nine weeks ended September 25, 2013, an increase of \$1.9 million or 39.5%, primarily due to the opening of 10 new domestic company-operated Shacks between September 25, 2013 and September 24, 2014. As a percentage of Shack sales, occupancy and related expenses remained unchanged at 8.6% for both the thirty-nine weeks ended September 24, 2014 and the thirty-nine weeks ended September 25, 2013.

General and Administrative Expenses

General and administrative expenses consist of costs associated with corporate and administrative functions that support Shack development and operations, as well as equity-based compensation expense for certain executives.

General and administrative expenses were \$12.5 million for fiscal 2013 compared to \$7.0 million for fiscal 2012, an increase of \$5.5 million or 78.2%. As a percentage of total revenue, general and administrative expenses increased to 15.1% in fiscal 2013 from 12.3% in fiscal 2012. This increase was due primarily to an increase in payroll related to building our infrastructure through new hires at our home office to support our planned growth as well as a \$2.1 million charge for a deferred bonus payable to a member of our executive team.

For the thirty-nine weeks ended September 24, 2014, general and administrative expenses were \$12.2 million compared to \$9.2 million for the thirty-nine weeks ended September 25, 2013, an increase of \$3.0 million or 33.0%. As a percentage of total revenue, general and administrative expenses decreased to 14.6% for the thirty-nine weeks ended September 24, 2014 from 15.4% for the thirty-nine weeks ended September 25, 2013. This decrease was primarily due to the aforementioned charge of \$2.1 million accrued during the thirty-nine weeks ended September 25, 2013. There was no such charge during the thirty-nine weeks ended September 24, 2014. Also contributing to the decrease was a reduction in the management fee paid to USHG, offset by increases in management payroll and training costs.

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Depreciation Expense

Depreciation expense consists of the depreciation of fixed assets, including leasehold improvements and equipment.

Depreciation expense was \$3.5 million for fiscal 2013 compared to \$2.2 million for fiscal 2012, an increase of \$1.3 million or 63.8%. This increase was due primarily to depreciation of capital expenditures related to the opening of eight new domestic company-operated Shacks during fiscal 2013. As a percentage of total revenue, depreciation expense increased to 4.3% in fiscal 2013 compared to 3.8% in fiscal 2012 due to the introduction of lower-volume non-Manhattan Shacks into the Shack system.

For the thirty-nine weeks ended September 24, 2014, depreciation expense was \$4.1 million compared to \$2.5 million for the thirty-nine weeks ended September 25, 2013, an increase of \$1.6 million or 64.5%. This increase was primarily due to depreciation of capital expenditures related to the opening of 10 new domestic company-operated Shacks between September 25, 2013 and September 24, 2014. As a percentage of total revenue, depreciation expense increased to 4.9% for the thirty-nine weeks ended September 24, 2014 from 4.2% for the thirty-nine weeks ended September 25, 2013 due to the introduction of lower-volume non-Manhattan Shacks into the system.

Pre-opening Costs

Pre-opening costs consist primarily of legal fees, rent, managers' salaries, training costs, employee payroll and related expenses, all costs to relocate and compensate Shack management teams prior to an opening and wages, travel and lodging costs for our opening training team and other support team members. All such costs incurred prior to the opening of a domestic company-operated Shack are expensed in the period in which the expense was incurred. Pre-opening costs can fluctuate significantly from period to period, based on the number and timing of domestic company-operated Shack openings and the specific pre-opening costs incurred for each domestic company-operated Shack. Additionally, domestic company-operated Shack openings in new geographic market areas will initially experience higher pre-opening costs than our established geographic market areas, such as the New York City metropolitan area, where we have greater economies of scale and incur lower travel and lodging costs for our training team.

Pre-opening costs were \$2.3 million in fiscal 2013 compared to \$1.9 million in fiscal 2012, an increase of \$0.4 million or 25.6% as a result of an increase in the number of new domestic company-operated Shacks opened in fiscal 2013.

For the thirty-nine weeks ended September 24, 2014, pre-opening costs were \$3.8 million compared to \$1.7 million for the thirty-nine weeks ended September 25, 2013, an increase of \$2.1 million or 124.5% as a result of an increase in the number of new domestic company-operated Shacks during the thirty-nine weeks ended September 24, 2014, as well as pre-opening costs incurred at Shacks scheduled to open in the fourth quarter of fiscal 2014.

Loss on Disposal of Property and Equipment

Loss on disposal of property and equipment represents the net book value of assets that have been retired and consists primarily of furniture and fixtures that were replaced in the normal course of business.

For all periods presented, loss on disposal of property and equipment was immaterial.

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Interest Expense

Interest expense consists of interest on the Revolving Credit Facility (as defined below) as well as the amortization of deferred financing costs incurred in connection with the Revolving Credit Facility.

For all periods presented, interest expense was immaterial.

Income Tax Expense

Income tax expense consists of unincorporated business tax payable to the City of New York as well as other various state and local taxes. We are also subject to tax withholding in other foreign jurisdictions. SSE Holdings is currently taxed as a partnership. See " Critical Accounting Policies Income Taxes."

Income tax expense was \$0.5 million in fiscal 2013 compared to \$0.4 million in fiscal 2012. Our effective income tax rate decreased to 7.8% in fiscal 2013 from 8.8% in fiscal 2012, primarily due to lower state and local income taxes.

Income tax expense was \$0.4 million for both the thirty-nine weeks ended September 24, 2014 and the thirty-nine weeks ended September 25, 2013. Our effective income tax rate increased to 9.4% for the thirty-nine weeks ended September 24, 2014 from 7.8% for the thirty-nine weeks ended September 25, 2013, primarily due to increased foreign withholding taxes.

Liquidity and Capital Resources

We have continued to experience increases in Shack-level operating profit margin, Adjusted EBITDA, the number of domestic company-operated Shack openings, same Shack sales growth and AUVs. However, the restaurant industry continues to be challenged, and uncertainty exists as to the sustainability of these favorable trends. We believe that cash provided by operating activities, cash on hand and the Revolving Credit Facility are adequate to fund our debt service requirements, operating lease obligations, capital expenditures and working capital obligations for the next 12 months. However, our ability to continue to meet these requirements and obligations will depend on, among other things, our ability to achieve anticipated levels of revenue and cash flow from operations and our ability to manage costs and working capital successfully.

We desire to maintain a strong balance sheet to support our growth initiatives and increase same Shack sales with financial flexibility; to provide the financial resources necessary to protect and enhance the competitiveness of our brand and guest experience at our Shacks; and to provide a prudent level of financial capacity to manage the risks and uncertainties of operating our business in the current volatile economic environment and through future economic and industry cycles. Our ongoing capital expenditures are principally related to opening new Shacks, existing Shack capital investments (both for remodels and maintenance), as well as investment in our corporate infrastructure.

In addition, following the consummation of this offering, we will be obligated to make payments under the Tax Receivable Agreement. Although the actual timing and amount of any payments that may be made under the Tax Receivable Agreement will vary, we expect that the payments that we will be required to make to the Continuing SSE Equity Owners will be significant. Any payments made by us to Continuing SSE Equity Owners under the Tax Receivable Agreement will generally reduce the amount of overall cash flow that might have otherwise been available to us or to SSE Holdings and, to the extent that we are unable to make payments under the Tax Receivable Agreement for any reason, the unpaid amounts generally will be deferred and will accrue interest until paid by us.

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We currently intend to retain all available funds and any future earnings for use in the operation of our business, and therefore we do not currently expect to pay any cash dividends on our Class A common stock. Any future determination to pay dividends to holders of Class A common stock will be at the discretion of our board of directors and will depend upon many factors, including our results of operations, financial condition, capital requirements, restrictions in SSE Holdings' debt agreements and other factors that our board of directors deems relevant. See "Dividend Policy." Holders of Class B common stock will have the same voting rights as holders of Class A common stock but holders of Class B common stock will not be entitled to receive any distributions from or participate in any dividends declared by Shake Shack Inc.'s board of directors.

We utilize operating lease arrangements for all of our domestic company-operated Shacks. We believe that our operating lease arrangements continue to provide the appropriate leverage for our capital structure in a financially efficient manner. Because we lease all of the properties related to our domestic company-operated Shacks, as well as our home office, we do not have any debt that is secured by real property.

Summary of Cash Flows

Our primary sources of liquidity and capital resources have been cash provided from operating activities, cash on hand and the Revolving Credit Facility. Aside from the capital expenditures noted above, our primary requirements for liquidity are for lease obligations, working capital and general corporate needs. Our requirement for working capital is not significant because our guests pay for their food and beverage purchases in cash or on debit or credit cards at the time of the sale and we are able to sell many of our inventory items before payment is due to the supplier of such items.

The following table and discussion presents, for the periods indicated, a summary of our key cash flows from operating, investing and financing activities.

(in thousands)	Fiscal year ended		Thirty-nine weeks ended	
	December 26, 2012	December 25, 2013	September 25, 2013	September 24, 2014
Net cash flows provided by operating activities	\$ 11,678	\$ 12,924	\$ 9,989	\$ 11,433
Net cash flows used in investing activities	(11,036)	(16,194)	(10,359)	(17,885)
Net cash (used in) provided by financing activities	(2,171)	313		(517)
Net decrease in cash	(1,529)	(2,957)	(370)	(6,969)
Cash at beginning of period	17,562	16,033	16,033	13,076
Cash at the end of period	\$ 16,033	\$ 13,076	\$ 15,663	\$ 6,107

Operating Activities

For fiscal 2013, net cash provided by operating activities was \$12.9 million compared to \$11.7 million for fiscal 2012, an increase of \$1.2 million, primarily due to cash generated by increased revenue as a result of new domestic company-operated Shack openings.

For the thirty-nine weeks ended September 24, 2014, net cash provided by operating activities was \$11.4 million compared to \$10.0 million for the thirty-nine weeks ended September 25, 2013, an increase of \$1.4 million. This increase was due primarily to cash generated by increased revenue as a result of new domestic company-operated Shack openings.

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Investing Activities

For fiscal 2013, net cash used in investing activities was \$16.2 million compared to \$11.0 million for fiscal 2012, an increase of \$5.2 million. The increase was due to an increase in capital expenditures to construct new domestic company-operated Shacks in the current year period.

For the thirty-nine weeks ended September 24, 2014, net cash used in investing activities was \$17.9 million compared to \$10.4 million for the thirty-nine weeks ended September 25, 2013, an increase of \$7.5 million. This increase was due to an increase in capital expenditures to construct new domestic company-operated Shacks in such period compared to the thirty-nine weeks ended September 25, 2013.

Financing Activities

For fiscal 2013, net cash provided by financing activities was \$0.3 million. For fiscal 2012, net cash used in financing activities was \$2.2 million, an increase of \$2.5 million, primarily due to the repayment of approximately \$1.9 million of long-term debt as well as the payment of deferred financing charges.

For the thirty-nine weeks ended September 24, 2014, net cash used in financing activities was \$0.5 million, resulting from distributions to members and the payment of debt issuance costs, offset by proceeds from borrowings under the Revolving Credit Facility. For the thirty-nine weeks ended September 25, 2013, there was no cash provided by or used in financing activities.

Revolving Credit Facility

On December 30, 2013, SSE Holdings entered into a second amended and restated credit agreement with JPMorgan Chase Bank, NA as administrative agent and the lenders party thereto, which became effective in April 2014 (such date, the "Effective Date") and was subsequently amended on December 28, 2014 (the "Revolving Credit Facility"). The Revolving Credit Facility provides for a revolving total commitment amount of \$50.0 million. The Revolving Credit Facility will mature and all amounts outstanding will be due and payable five years from the effective date. The Revolving Credit Facility permits the issuance of letters of credit upon our request of up to \$10.0 million. Borrowings under the Revolving Credit Facility bear interest at either: (i) LIBOR plus a percentage ranging from 3.0% to 4.0%, or (ii) the prime rate plus a percentage ranging from 0.0% to 1.0%. As of September 24, 2014, we had \$5.0 million of borrowings outstanding under the Revolving Credit Facility and \$24.9 million of availability, after giving effect to \$0.1 million in letters of credit.

The Revolving Credit Facility is secured by a first-priority security interest in substantially all of our assets and is guaranteed by USHG.

The Revolving Credit Facility contains a number of covenants that, among other things, restrict our ability to, subject to specified exceptions, incur additional debt; incur additional liens and contingent liabilities; sell or dispose of assets; merge with or acquire other companies; liquidate or dissolve ourselves; engage in businesses that are not in a related line of business; make loans, advances or guarantees; pay dividends or make other distributions (with an exception so long as no event of default (as such term is defined in the Revolving Credit Facility) exists and subject to pro forma compliance with a funded net debt to Adjusted EBITDA ratio); engage in transactions with affiliates; and make investments. In addition, the Revolving Credit Facility contains certain cross-default provisions. We are required to maintain a specified consolidated fixed-charge coverage ratio and a specified funded net debt to Adjusted EBITDA Ratio. As of September 24, 2014, we were in compliance with all covenants.

In connection with this offering, we anticipate obtaining the New Credit Facility. See "Description of Indebtedness."

Table of Contents**Off-Balance Sheet Arrangements**

As of September 24, 2014, we did not have any off-balance sheet arrangements, except for operating leases entered into in the normal course of business.

Contractual Obligations

The following table and discussion presents contractual obligations and commercial commitments as of December 25, 2013.

(in thousands)	Payments due by period					Thereafter
	Total	Fiscal 2014	Fiscal 2015-2016	Fiscal 2017-2018		
Operating lease obligations	\$ 166,215	\$ 6,464	\$ 23,078	\$ 27,568	\$ 109,105	
Deferred compensation	\$ 2,450			\$ 2,450		
Total	\$ 168,665	\$ 6,464	\$ 23,078	\$ 30,018	\$ 109,105	

The above table excludes long-term, exclusive contracts we enter into with certain vendors to supply us with food, beverages and paper goods, obligating us to purchase specified quantities. These volume commitments are not subject to any time limit and there are no material financial penalties associated with these agreements in the event of early termination. We also enter into purchase commitments related to construction, marketing and other service-related arrangements that occur in the normal course of business. Such commitments are excluded from the above table as they are typically short-term in nature and are not material as of December 25, 2013.

Other long-term liabilities excluded from the above table include non-cash obligations for deferred rent and deferred property incentives. In addition, other unrecorded obligations that have been excluded from the contractual obligations table include contingent rent payments, property taxes, insurance payments and common area maintenance costs.

Critical Accounting Policies and Use of Estimates

Our discussion and analysis of operating results and financial condition are based upon our consolidated financial statements included elsewhere in this prospectus. The preparation of our financial statements in accordance with GAAP requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, expenses and related disclosures of contingent assets and liabilities. We base our estimates on past experience and other assumptions that we believe are reasonable under the circumstances, and we evaluate these estimates on an ongoing basis. Actual results may differ from those estimates.

Our critical accounting policies are those that materially affect our consolidated financial statements and involve difficult, subjective or complex judgments by management. A thorough understanding of these critical accounting policies is essential when reviewing our consolidated financial statements. We believe that the critical accounting policies listed below are the most difficult management decisions as they involve the use of significant estimates and assumptions as described above.

Revenue Recognition

Revenue consists of Shack sales and licensing revenues. Revenue from Shacks are presented net of discounts and recognized when food and beverage products are sold. Sales taxes collected from customers are excluded from revenues and the obligation is included in sales tax payable until the taxes are remitted to the appropriate taxing authorities. Revenues from our gift cards are deferred and recognized upon redemption. Licensing revenues include exclusive territory fees and ongoing licensing

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fees from all licensed Shacks. Territory fees are recorded as deferred revenue when received and proportionate amounts are recognized as revenue when a Shack is opened as all material services and conditions related to the fee have been substantially performed. Ongoing licensing fees from these Shacks are recognized as revenue in the period the related Shacks' revenues are earned.

Property and Equipment

Property and equipment acquired is recorded at cost less accumulated depreciation. Property and equipment is depreciated based on the straight-line method over their estimated useful lives, generally ranging from five to seven years for furniture and fixtures, computer equipment, computer software, and machinery and equipment. Leasehold improvements are depreciated over the shorter of their estimated useful lives or the related lease life.

We assess potential impairments to our long-lived assets, which includes property and equipment, whenever events or circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of an asset is measured by a comparison of the carrying amount of an asset group to the estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of the asset group exceeds its estimated undiscounted future cash flows, an impairment charge is recognized as the amount by which the carrying amount of the asset exceeds the fair value of the asset. Shack-level assets are grouped together for the purpose of the impairment assessment. There were no impairment charges recorded during fiscal 2012, fiscal 2013 or the thirty-nine weeks ended September 24, 2014.

Leases

We currently lease all of our domestic company-operated Shacks and the home office. At the inception of each lease, we determine its appropriate classification as an operating or capital lease. As of December 25, 2013 and September 24, 2014 there were no leases classified as capital leases. For operating leases that include rent escalations, we record the base rent expense on a straight-line basis over the term of the lease and the difference between the base cash rents paid and the straight-line rent expense is recorded as deferred rent. Certain leases contain contingent rent provisions that require additional rental payments based upon sales volume. When achievement of such sales volume target is probable, contingent rent is accrued in proportion to the sales recognized during the period that are attributable to the expected achievement of the sales volume target. It is our policy to record straight-line rent expense from possession date through the opening date as pre-opening expense. Once a domestic company-operated Shack opens, we record the straight-line rent plus contingent rent, if applicable, as occupancy and related expenses.

We expend cash for leasehold improvements and to build out and equip our leased premises. We may also expend cash for structural additions that we make to leased premises. Generally, a portion of the leasehold improvements and building costs are reimbursed to us by our landlords as construction contributions pursuant to agreed-upon terms in our leases. If obtained, landlord construction contributions usually take the form of up-front cash, full or partial credits against our future minimum or percentage rents otherwise payable by us, or a combination thereof. When contractually due to us, we classify tenant improvement allowances as deferred rent on the consolidated balance sheets and amortize the tenant improvement allowance on a straight-line basis over the lease term as a credit to occupancy and related expenses.

Income Taxes

SSE Holdings is currently, and will be through the consummation of this offering, treated as a partnership for U.S. federal and most applicable state and local income tax purposes. As a partnership, taxable income or loss is passed through to and included in the taxable income of its members,

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including us. Accordingly, the consolidated financial statements included in this prospectus do not include a provision for federal income taxes. SSE Holdings is liable for various other state and local taxes and is subject to tax withholding in foreign jurisdictions. After the consummation of this offering, pursuant to the SSE Holdings LLC Agreement, SSE Holdings will generally make pro rata tax distributions to holders of LLC Interests in an amount sufficient to fund all or part of their tax obligations with respect to the taxable income of SSE Holdings that is allocated to them. See "Certain Relationships and Related Party Transactions SSE Holdings LLC Agreement Distributions."

After consummation of this offering, we will become subject to U.S. federal, state and local income taxes with respect to our allocable share of any taxable income of SSE Holdings and will be taxed at the prevailing corporate tax rates. In addition to tax expenses, we also will incur expenses related to our operations, plus payments under the Tax Receivable Agreement, which will be significant. We intend to cause SSE Holdings to make distributions in an amount sufficient to allow us to pay our tax obligations and operating expenses, including distributions to fund any ordinary course payments due under the Tax Receivable Agreement. See "Certain Relationships and Related Party Transactions SSE Holdings LLC Agreement Distributions."

Equity-Based Compensation

Equity-based compensation expense is measured based on fair value. We recognize compensation expense on a straight-line basis over the requisite service period. For awards with graded vesting features and service conditions only, compensation expense is recognized on a straight-line basis over the total requisite service period for the entire award.

Class B Units

Certain of our employees have received grants of Class B Units in SSE Holdings. The Class B Units generally vest annually over five years from the applicable grant date. If not fully vested, awards will become fully vested (i) upon the occurrence of a change in control or (ii) upon the occurrence of an initial public offering, each as defined in the grant agreements with respect to such awards. Upon consummation of this offering, the vesting of all outstanding awards will accelerate and each Class B Unit will be exchanged for LLC Interests in SSE Holdings. The potential compensation expense to be recorded for the awards upon consummation of this offering is approximately \$0.6 million, the amount of unrecognized compensation expense related to non-vested awards as of September 24, 2014. We will recognize non-cash equity-based compensation expense with respect to these awards in the period in which the offering is consummated.

Unit Appreciation Rights

SSE Holdings currently maintains a phantom equity plan, which we refer to as the Unit Appreciation Rights Plan, or "UAR Plan," whereby it may grant up to 31,303 unit appreciation rights ("UARs") to employees. The UARs terminate on the tenth anniversary of the grant date or upon termination of employment, if earlier. UARs are subject to continued employment and are only exercisable upon a qualifying transaction, which is either a change of control or an initial public offering, each as defined in the UAR Plan. Upon the occurrence of a qualifying transaction, participants are entitled to receive a payment determined by multiplying (i) the excess, if any, of the qualifying transaction price over the base price per UAR, as specified in each participant's award agreement, by (ii) the stated number of Class B Units deemed covered by the UARs held by the participant. The consummation of this offering will constitute a qualifying transaction under the terms of the UAR Plan and will result in the recognition of approximately \$ million of compensation expense, which we will recognize in the period in which the offering is consummated. All UARs outstanding under the UAR Plan will be paid out in connection with this offering in the form of shares of our Class A common stock.

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Compensation expense is included within general and administrative expenses on the consolidated statements of operations.

Jumpstart Our Business Startups Act of 2012

The JOBS Act permits us, as an "emerging growth company," to take advantage of an extended transition period to comply with new or revised accounting standards applicable to public companies. We are choosing to "opt out" of this provision and, as a result, we will comply with new or revised accounting standards as required when they are adopted. This decision to opt out of the extended transition period under the JOBS Act is irrevocable.

Quantitative and Qualitative Disclosure of Market Risks

Commodity and Food Price Risks

Our profitability is dependent on, among other things, our ability to anticipate and react to changes in the costs of key operating resources, including food and beverage, energy and other commodities. We have been able to partially offset cost increases resulting from a number of factors, including market conditions, shortages or interruptions in supply due to weather or other conditions beyond our control, governmental regulations and inflation, by increasing our menu prices, as well as making other operational adjustments that increase productivity. However, substantial increases in costs and expenses could impact our operating results to the extent that such increases cannot be offset by menu price increases.

Labor and Benefits Costs

At our domestic company-operated Shacks, we have historically provided a starting wage that is above the minimum wage in place for that particular state. For instance, in Manhattan Shacks, we start our new employees at \$10.00 per hour even though the minimum wage in New York is \$8.00 per hour. We believe that this enables us to attract a higher caliber employee and this translates directly to better guest service. Our desire is to continue to do so and, as such, there can be no assurance that we will generate same Shack sales growth in an amount sufficient to offset increases in minimum wage or other inflationary pressures.

Interest Rate Risk

We are exposed to interest rate risk through fluctuations in interest rates on our debt obligations. Our Revolving Credit Facility carries interest at a floating rate. We seek to manage exposure to adverse interest rate changes through our normal operating and financing activities. As of September 24, 2014, we had \$5.0 million in outstanding borrowings under the Revolving Credit Facility.

Foreign Currency Exchange Risk

Although we conduct business outside of the United States, the revenue and expenses associated with our international business are transacted in U.S. dollars and accordingly we do not have material foreign currency risk.

Impact of Inflation

While we have been able to partially offset inflation and other changes in the costs of core operating resources by gradually increasing menu prices, coupled with more efficient purchasing practices, productivity improvements and greater economies of scale, there can be no assurance that we will be able to continue to do so in the future. From time to time, competitive conditions could limit our menu pricing flexibility. In addition, macroeconomic conditions could make additional menu price

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increases imprudent. There can be no assurance that future cost increases can be offset by increased menu prices or that increased menu prices will be fully absorbed by our guests without any resulting change to their visit frequencies or purchasing patterns. In addition, there can be no assurance that we will generate same Shack sales growth in an amount sufficient to offset inflationary or other cost pressures.

Substantially all of the leases for our domestic company-operated Shacks provide for contingent rent obligations based on a percentage of sales. As a result, an increase in occupancy and related expenses will offset a proportionate share of any menu price increases at our domestic company-operated Shacks.

Seasonality and Quarterly Results

Our business is subject to seasonal fluctuations in that our Shack sales are typically nominally higher during the summer months affecting the second and third quarters of the fiscal year. Our quarterly results have been and will continue to be affected by the timing of new Shack openings and their associated pre-opening costs. As a result of these factors, our financial results for any single quarter or for periods of less than a year are not necessarily indicative of the results that may be achieved for a full fiscal year.

The following table sets forth certain unaudited financial and operating information for each fiscal quarter during fiscal 2012, fiscal 2013 and each of the first three fiscal quarters of fiscal 2014. The unaudited quarterly information includes all adjustments (consisting of normal recurring adjustments) that, in the opinion of management, are necessary for a fair presentation of the information presented. This information should be read in conjunction with the consolidated financial statements and related notes thereto included elsewhere in this prospectus. Operating results for interim periods are not necessarily indicative of the results that may be expected for a full fiscal year.

(Dollar amounts in thousands)	Fiscal 2012				Fiscal 2013				Fiscal 2014		
	First quarter	Second quarter	Third quarter	Fourth quarter	First quarter	Second quarter	Third quarter	Fourth quarter	First quarter	Second quarter	Third quarter
Total revenue	\$ 11,815	\$ 13,936	\$ 16,070	\$ 15,217	\$ 15,749	\$ 20,952	\$ 22,803	\$ 22,952	\$ 24,196	\$ 27,737	\$ 31,825
Income from operations	\$ 1,222	\$ 1,729	\$ 1,733	\$ 2	\$ 1,283	\$ 2,936	\$ 612	\$ 1,104	\$ 1,229	\$ 2,142	\$ 759
Other data:											
Same Shack sales growth	27.0%	7.7%	8.2%	-0.1%	0.8%	5.9%	8.2%	6.8%	3.9%	4.5%	1.2%
Number of Shacks	14	15	17	21	24	28	33	40	44	48	53
Domestic company-operated	9	10	12	13	14	16	16	21	21	23	26
Domestic licensed	3	3	3	3	3	4	4	4	4	4	5
International licensed	2	2	2	5	7	8	13	15	19	21	22

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LETTER FROM OUR FOUNDER AND CHAIRMAN AND OUR CHIEF EXECUTIVE OFFICER

Dear Prospective Stockholders,

One of the things that may get lost among all the hubbub when a company is "going public" is that the business can now be owned, in part, by its greatest fans. We have always been so incredibly grateful for the enormous number of people from all walks of life who genuinely love Shake Shack, and who already feel as if it's theirs. And we're excited that now it actually can be.

There's a good reason there are such stringent standards for a registration statement and if you're interested in owning part of Shake Shack, you will no doubt want to read every word of this prospectus. This letter is just to let you know a little more about our story and how grateful we are for your interest in being part of our future. We pledge to keep doing business with the same set of values and employee first culture that brought us to this point and to stay focused on achieving our long term goals for the company.

Shake Shack was born "public" at least in the middle of a public park first as a hot dog cart, and then three years later, as a humble kiosk. We first conceived of our hot dog cart, not as the basis for a business, but rather as a small experiment to see if something as simple as selling delicious hot dogs could have the power to express what matters most in our Union Square Hospitality Group culture of Enlightened Hospitality: caring for our team members, guests, community, suppliers, and investors.

What if those hot dogs part of a public art exhibit could help draw more people to New York's Madison Square Park? What if just like in USHG's fine dining restaurants the cart could cultivate a legion of regular guests? What if we could remember people's names, what they like as toppings for their hot dog, and when they had last visited us? What if we could source the best possible ingredients and even raise a few dollars for the park in the process?

Well, the hot dog cart was so popular with epic lines to match that all three major TV networks and CNN covered it in their nightly news reports. The New York Times even sent their restaurant critic to write a review! We repeated the cart for three years (2001-2003), before finally deciding to collaborate with the Madison Square Park Conservancy and winning a public bid to build a more permanent kiosk in the park. We entertained a bunch of names for the kiosk (most of them pretty bad like *Custard's First Stand*, *Dog Run* and *Madison Mixer*) and ultimately settled on Shake Shack.

Our vision was for Shake Shack to be a "community wealth venture." We would raise the money philanthropically to build the kiosk, then we'd gift it to the park, which would in turn become our landlord. We would own the business, and the park would receive rent as a percentage of our sales. If it worked, we'd employ people, give food lovers a great reason to visit the park from 11:00am-11:00pm, and we'd sell a lot of wonderful food from our favorite suppliers. And if it really worked, the park would feel safer, and much needed dollars would be generated to provide funding for the park's robust budget for ongoing maintenance, horticulture, and public programming.

And then something unexpected happened. Shake Shack became *so* beloved, that just before its fifth birthday, we decided to do something we'd never done before in our nearly 25-year history as a fine dining restaurant company. We opened a second one this time in Manhattan's Upper West Side. Our hope was that the second Shake Shack would work so well that we might shorten up the long lines in the park. The second one worked, alright, but, for some reason, more people than ever stood in line in the park.

Back in those days we asked ourselves every day, "what is it about this place that people love so much?" It's an amazing burger and those frozen custard shakes are incredible but after all, why would New Yorkers, who are famously rushed, wait in a line for a burger and fries? What was the big deal?

We looked at that line as a responsibility. A responsibility to assure that if our guests were going to invest time waiting to get their hands and mouths on our burgers, then we owed it to each one of

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them to bring the exact same level of hospitality, thoughtfulness, and flavor we bring to USHG's New York Times-starred restaurants.

At just about the time we decided to grow Shake Shack, the Great Recession hit. Intriguingly, there were some advantages for us. First, our value allowed guests to trade down in price without giving up one ounce of flavor or even prestige. We were selling wines and really good beer at fair prices so you could get away with using Shake Shack as a date place and have money left over relative to going out to a full service restaurant. We also found lots of great employees almost instantly as the marketplace was loaded with talent great hospitality folks who knew our company from our other restaurants, and were intrigued to grow with us in an unexpected way.

We've never believed that Shake Shack only thrives in a down economy, but growing from one to 15 Shacks smack dab in the heart of the recession told us that we also don't need a robust economy to build our business.

One of our favorite parts of Shake Shack a story that is infrequently told is how it has served as a jobs training program for hundreds of first-time employees, many of whom have then gone on to become managers and leaders in our company. It feels so good to help people learn to take accountability for their role as team members, and then to grow and prosper right alongside Shake Shack.

Another tradition we're proud of and intend to continue is to connect Shake Shack to its broader community. Our biggest initiative is the *Great American Shake Sale*, which raised over \$300,000 this year for Share Our Strength's *No Kid Hungry Campaign*. Additionally, we invite each one of our general managers to select a local not-for-profit to partner with. That community organization receives a percentage of sales from one of our frozen custard "concretes" whose recipe is always derived from local tradition and flavor, often using mix-in ingredients made by a local culinary artisan.

Shake Shack has also become our passport to seeing the world. Instead of waiting to try our hand internationally until after we'd saturated the U.S., we partnered with a well-respected operator and opened our first international Shack when we had just a handful of restaurants in our own country. We were curious to learn whether our burgers, shakes and hospitality would successfully translate to other cultures. It has. Among our busiest and most popular Shake Shacks in the world are ones in Dubai, Istanbul, London and Kuwait.

That early international growth has been a superb education for us in how to hire, teach, and train our culture of Enlightened Hospitality across the globe. It has taught us all kinds of things about distribution of food, allowing us to purchase locally whenever possible, and to remain consistent with the flavor people expect from us. We've learned to design our Shacks in a way that is harmonious with other cultures, and we've learned to tell our story in a way that has influenced other local businesses on how to take great care of people and communities and to earn profits at the same time.

We are both humbled and proud of the success Shake Shack has enjoyed to date. We began with a mission to do something good for a park and a community. We continue to feel a huge responsibility for each one of our stakeholders, and as we continue to grow by standing for something good, our motto will remain, "the bigger we get, the smaller we need to act."

If our story and values resonate with you, we'd be more than honored to count you among our stockholders. Thank you for wanting to learn more about how to help us keep this beautiful journey going, and hope to see you soon at Shake Shack!

Sincerely,

Danny Meyer
Founder and Chairman of the Board

Randy Garutti
Chief Executive Officer
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BUSINESS

Except as specifically noted or as the context otherwise implies, the description of our menu, supply chain and operations in this prospectus applies to our domestic company-operated Shacks, as some of the Shacks operated by our licensees vary in menu, supply chain and operations.

Overview of Shake Shack

Shake Shack is a modern day "roadside" burger stand serving a classic American menu of premium burgers, hot dogs, crinkle-cut fries, shakes, frozen custard, beer and wine. Founded by Danny Meyer's USHG, Shake Shack was created leveraging USHG's expertise in community building, hospitality, fine dining, restaurant operations and sourcing premium ingredients. Danny's vision of Enlightened Hospitality guided the creation of the unique Shake Shack culture that, we believe, creates a differentiated experience for our guests across all demographics at each of the 62 Shacks around the world. As Shake Shack's Board Chairman and USHG's Chief Executive Officer, Danny has drawn from USHG's experience creating and operating some of New York City's most acclaimed and popular restaurants, including Union Square Cafe, Gramercy Tavern, Blue Smoke, The Modern, Maialino and Marta, to build what we believe is a new *fine casual* restaurant category in Shake Shack.

Shake Shack originated from a hot dog cart that USHG established in 2001 to support the rejuvenation of New York City's Madison Square Park through its Conservancy's first art installation "I ♥ Taxi." The hot dog cart was an instant hit, with lines forming daily throughout the summer months for the next three years. In response to this success, the city's Department of Parks and Recreation awarded Shake Shack a contract to create a kiosk to help fund the park's future. In 2004, Shake Shack officially opened and immediately became a community gathering place for New Yorkers and visitors from all over the world. Over the last decade, Shake Shack has become a beloved New York City institution that generates significant media attention, critical acclaim and a passionately devoted following. We have since grown rapidly with 63 Shacks in nine countries and 34 cities.

Our vision is to *Stand For Something Good* in all aspects of Shake Shack's business, including the exceptional team we hire and train, the premium ingredients making up our menu, our community engagement and the design of our Shacks. *Stand For Something Good* is a call to action to all of our stakeholders our team, guests, communities, suppliers and investors and we actively invite them all to share in this philosophy with us. This commitment drives our integration into the local communities in which we operate and fosters a lasting connection with our guests. We continually invest in our "Shack Team," as we believe that team members who are treated and trained well will deliver Enlightened Hospitality and a superior guest experience. Through our leadership development program, *The Shacksperience*, we teach our team members the principles of Enlightened Hospitality and how to live and breathe our *Shack Pact*, the agreement that encompasses our value system and brand ethos. Our people make all the difference, as they embody the sense of community necessary to create the complete Shake Shack experience. This vision reflects our goal to be the best burger company in the world, for the world and for our team.

We believe Shake Shack has become a compelling lifestyle brand and has helped to pioneer the creation of a new *fine casual* category in restaurants. *Fine casual* couples the ease, value and convenience of fast casual concepts with the high standards of excellence in thoughtful ingredient sourcing, preparation, hospitality and quality grounded in fine dining. As a pioneer in this new category, we strive to maintain the culinary traditions of the classic American burger stand, while providing our guests a menu of chef-inspired food and drinks. Our signature items are our all-natural, hormone and antibiotic-free burgers, hot dogs, crinkle-cut fries, shakes and frozen custard. We cook our burgers and spin our shakes to order and strive to use the freshest premium ingredients available. This core menu is supplemented with seasonal and innovative culinary offerings such as those featured during our annual *Shacktoberfest* event.

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Of the 63 Shacks, there are 31 domestic company-operated Shacks, five domestic licensed Shacks and 27 international licensed Shacks. We open Shacks in areas where communities gather, often with high foot traffic and substantial commercial density such as New York City's Theater District, London's Covent Garden and Dubai's Mall of the Emirates. We have been able to successfully grow across a variety of locations due to our versatile Shack formats and designs that are tailored to reflect each Shack community's core attributes. During the three fiscal years ended December 25, 2013, we grew from seven Shacks in two states to 40 Shacks across six states, Washington, D.C. and eight other countries, representing a 79% CAGR. In fiscal 2013, our domestic company-operated Shacks had AUVs of approximately \$5.0 million, of which our Manhattan Shacks had AUVs of approximately \$7.4 million and our non-Manhattan Shacks had AUVs of approximately \$3.8 million. During the three fiscal years ended December 25, 2013, our total revenue grew from \$19.5 million to \$82.5 million, a 62% CAGR, our net income grew from \$0.2 million to \$5.4 million, and Adjusted EBITDA grew to \$14.5 million. For a reconciliation of Adjusted EBITDA, a non-GAAP measure, to net income, see "Prospectus Summary Summary Historical and Pro Forma Consolidated Financial and Other Data."

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- (1) Shack system-wide sales includes combined revenue from all of our domestic company-operated Shacks and our domestic and international licensed Shacks. Our total revenue is limited to Shack sales from domestic company-operated Shacks and licensing revenue from our domestic and international licensed Shacks.

The Burger Market

Shake Shack is part of the burger market of the restaurant industry, which is the largest dine-out segment in the United States with more than \$72 billion in 2013 sales, according to Technomic Inc. The burger industry is estimated to be twice the size of the pizza market, which is the next largest category. Given its role as the quintessential American meal, burgers have also proven to be the most portable concept internationally, with an estimated global market size of over \$135 billion.

With the majority of the burger restaurant segment comprised of quick service restaurant competitors, we believe that Shake Shack is well positioned to take market share, as we believe consumers will continue to trade up to higher quality offerings given an increasing consumer focus on responsible sourcing, ingredients and preparation. Additionally, we believe that consumers will continue to move away from the added time commitment and cost of traditional casual dining.

We believe that many consumers want to associate with brands whose ethos matches that of their own, and that Shake Shack's *fine casual* position, born and raised in Manhattan, creates a distinctly differentiated global lifestyle brand opportunity.

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What Makes Shake Shack Special

1. Our Culture of Enlightened Hospitality: Taking Care of Each Other

We believe that the culture of our team is the single most important factor in our success. We aim to recruit and develop a team with the innate "personality to please" that cannot be taught. We look for people who are warm, friendly, motivated, caring, self-aware and intellectually curious team members, or what we call "51%'ers." We use the term "51%" to describe the emotional skills needed to thrive at the job and "49%" to describe the technical skills needed for the job. Our 51%'ers are excited and committed to championship performance, remarkable and enriching hospitality, embodying our culture and actively growing themselves and the brand. Our team is trained to understand and practice the values of Enlightened Hospitality: caring for each other, caring for our guests, caring for our community, caring for our suppliers and caring for our investors. These principles have been championed by Danny Meyer throughout his career and are detailed in his *New York Times* best-selling book *Setting the Table: The Transforming Power of Hospitality in Business*; they are fundamental to the way Shake Shack operates its business. We invest in our team through extensive leadership development programs to ensure that Shake Shack remains a great place to work and an exciting career choice for team members at every level. We have built a culture of active learning and we foster an environment of leadership development throughout the entire lifecycle of employment. We seek to be the employer of choice by offering above industry average compensation in most markets, comprehensive benefits and a variety of incentive programs, including a monthly revenue-sharing program with our employees. We believe that our culture of Enlightened Hospitality enables us to develop future leaders from within and deliver a consistent Shack experience as we continue to grow.

Culture

Our culture is rooted in the 29-year history of USHG. Our commitment to *Stand For Something Good* permeates throughout every Shack and every team member we hire. Expounding on the principles of USHG's Enlightened Hospitality and *Stand For Something Good* is our *Shack Pact*, which is prominently displayed in the team member areas of every Shack, on the inside cover of the *Shackademics* book (our training manual) and on the template for every pre-meal meeting agenda (daily Shack team meeting). It is the agreement we make with ourselves and with each other to uphold our principles and to hold each other accountable. Our *Shack Pact* is summarized below:

Hospitality We stand for following the 5 Tenets of Enlightened Hospitality (Taking care of Each Other, Our Guests, Our Community, Our Suppliers and Our Investors) to create raves through every stakeholder interaction.

Team We stand to hire 51%'ers to create teams that are excited and committed to championship performance, remarkable and enriching hospitality, embodying our culture and actively growing themselves and the brand.

Food & Drink We stand to be a worldwide culinary leader in our interpretation of the classic American roadside burger stand.

The Shack We stand to design, build and maintain the most engaging, thoughtful, safe and clean environment for our teams to work in and our guests to gather in.

Communication We stand to be aligned with each other every day so that mutual understanding leads to progress.

The unity that we have built amongst our Shack Teams and within the Company as a whole is a key driver of our ability to deliver a great guest experience and, therefore, continue to successfully grow our footprint. Each Shack has a "Caught Doing Right" board where team members are encouraged to post notes when they have witnessed other team members go above and beyond what is expected. At

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Shake Shack, we celebrate our successes, no matter how small, and this is practiced at every level of the Company. We also believe that team members will perform their best when they feel like the rest of the team is "on their side" a belief ingrained in Shake Shack's DNA that began in the early stages of our fine dining history.

Leadership Development

The goal of training is to develop leaders and to cross utilize team members throughout the operation. We call our team member life cycle, *The Shackperience*. This model clarifies and outlines growth opportunities at all levels of the organization and furthers our philosophy of hiring and developing 51%'ers, growing from within and "leaders training future leaders." We train our culture and guiding principles first, and then move to menu knowledge, followed by a focus on station training. We believe that everyone learns differently and our training uses various formats: online interactive, video, hands-on and paper-based. Every team member has access to *ShackSource*, our proprietary online training portal, following his or her hire. *ShackSource* is used not only as a learning platform, but also as a communication tool for our team. As an example, *ShackSource* is a way for team members to send recognition messages, comments, praise and thanks to their fellow team members across the Company.

The Bigger We Get, The Smaller We Need To Act

This mantra, which was developed from our *Stand For Something Good* vision, is what guides our decision-making and keeps us connected to our roots. As we grow, it is our passion to continue the ethos that led to the creation of USHG and Shake Shack and to never veer too far from that original vision. We make decisions that focus on the core of who we are, staying true to the principles of Enlightened Hospitality. It is these decisions that drive us to seek out what we believe to be the finest team members, the tastiest ingredients, the best suppliers, the best community partners and the right investors.

2. Fine Casual: Inspired Food and Drink

We embrace our Company's fine-dining heritage and are committed to sourcing premium, sustainable ingredients, such as all-natural, hormone and antibiotic-free beef, while offering excellent value to our guests. Our core menu remains focused and is supplemented with targeted innovation inspired by the best versions of the classic American roadside burger stands. As a result of culinary creativity and excellence, we attract continued interest from partners such as award-winning chefs, talented bakers, farmers and artisanal purveyors who want to collaborate with us in different and engaging ways. We never stop looking for the best ingredients and the best culinary partners in order to exceed our guests' expectations in every aspect of their experience.

Menu

Shake Shack's menu focuses on premium food and beverages, carefully crafted from a range of classic American foods at more accessible price points than full-service restaurants. The domestic menu includes a variety of signature items, such as the ShackBurger, SmokeShack, Shack-cago Dog, 'Shroom Burger, seasonal Frozen Custard, Shakes, Concretes, ShackMeister Ale and Shack Red and White

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wines. The Shake Shack concept and core menu items have not materially changed since 2004, which speaks to the timelessness and universal appeal of our food offerings.

Burgers

Shake Shack uses a proprietary whole-muscle blend of all-natural, hormone and antibiotic-free beef in its hamburgers, which are ground fresh daily. Shake Shack's flagship item is the ShackBurger, which is a four-ounce cheeseburger topped with lettuce, tomato and ShackSauce. We take great care in the preparation of our burgers, from sourcing to handling to cooking to ensure that the quality of the burgers we serve drives new and repeat visits. The burger section of our menu also includes the SmokeShack, 'Shroom Burger (our vegetarian burger), Shack Stack and Hamburger.

Fries

Our classic and passionately loved crinkle-cut fries are made from premium golden potatoes and are prepared 100% free of artificial trans fat. Guests also have the option to order Cheese Fries, which are our crinkle-cut fries topped with a proprietary blend of cheddar and American cheese sauce. We believe the tactile pleasure and emotional attachment that our guests have to the crispiness and ridges of our crinkle-cut fries is a nostalgic ode to the roadside burger stand of yesteryear.

Hot Dogs

Shake Shack was born from a hot dog cart in 2001 and we believe that our hot dog options give our guests another premium category from which to choose. Both our beef hot dogs and our chicken dogs are made from 100% all-natural, hormone and antibiotic-free beef and chicken, respectively. Our signature Shack-cago Dog is "dragged through the garden" and topped with Shack relish, onion, cucumber, pickle, tomato, sport pepper, celery salt and mustard. The DogMeister is topped with Cheese Sauce and ShackMeister Ale-marinated shallots.

Frozen Custard

Our premium, dense, rich and creamy ice cream, spun daily on-site, is crafted from Shake Shack's proprietary vanilla and chocolate recipes using only real sugar no corn syrup and milk from dairy farmers who pledge not to use artificial growth hormones. Shakes remain our guests' favorite in this category and are scooped and spun to order. Our concretes are made by blending frozen custard at high speed with premium mix-ins. Since each Shake Shack intends to mirror its community, each Shack has signature concretes, distinct to its location, and uses locally-sourced mix-ins made by artisanal producers whenever possible. Also, each month Shake Shack unveils a specialized custard calendar with seasonally changing flavors. The flavors change every month, with favorites repeating throughout the year. Our culinary team also uses the custard menu to highlight local, seasonal and premium ingredients. Not only does the custard calendar keep the custard section of the menu varied and bolster guest frequency, but it also helps distinguish our menu relative to other burger chains.

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Beer, Wine and Beverages

Our proprietary ShackMeister Ale, brewed by Brooklyn Brewery, was specifically crafted to complement the flavor profile of a ShackBurger, and our local beer selections are tailored to each Shack's geography. When it comes to wine, we believe that our Shack Red and Shack White, grown and bottled exclusively by Frog's Leap Vineyards in Napa Valley, accentuate our fine dining ethos and provide our guests with premium beverage options not commonly found at burger concepts. In addition, we serve draft Root Beer, seasonal freshly-squeezed lemonade, organic iced tea and Shack₂0 bottled water, 1% of sales from which support the cleanup of water sources around the world.

Dogs are Welcome Too

We believe that many dog owners treat their four-legged friends as family members. From our first Shack at Madison Square Park, we wanted to invite dogs to be part of the community gathering experience and developed the "Woof" section on our menu. ShackBurger dog biscuits, peanut butter sauce and vanilla custard make up our signature Pooch-ini, which is available at Shacks with outdoor space. We also serve dog biscuits to-go, handcrafted exclusively for us by a New York-based bakery.

Culinary Innovation

Shake Shack continues to innovate around our core menu. Our team is led by Culinary Director Mark Rosati whose cooking pedigree began at USHG's Gramercy Tavern. We are constantly experimenting with seasonal and local products, to enhance our menu and drive revenue. Our fine dining heritage has afforded Shake Shack a unique opportunity to team up with some of the world's best chefs for short-term specials such as Daniel Boulud's "Piggie Shack" to celebrate our 10th birthday at Madison Square Park or Marc Vetri's "Carbonara Burger" that ran only in Philadelphia. We devote significant resources to menu innovation and are frequently invited to participate and compete in chef events such as the South Beach Wine and Food Festival's Burger Bash, which presents opportunities for us to test new creations that can often lead to the introduction of new items. For example, the SmokeShack, a cheeseburger topped with all-natural bacon, chopped cherry peppers and ShackSauce, which debuted in 2012, has become a popular menu item and helped drive sales.

3. Beloved Lifestyle Brand

In Shake Shack's 10-year history, we have become a globally recognized brand with outsized consumer awareness relative to our current footprint. Shake Shack is a New York City institution, a vibrant and authentic community gathering place that delivers an unparalleled experience to loyal, passionate guests and a broad, global demographic. Born in 2004, Shake Shack grew up alongside the emergence of social media and has benefited from an ongoing love affair with passionate fans who share their real-time experiences with friends. We aim to establish genuine connections with our guests and the communities in which they live. Each Shack is localized with design and menu options that we believe drive a sense of appreciation and enthusiasm for the Shake Shack brand. Shake Shack has been recognized with numerous accolades, including *Bon Appétit's* "The 20 Most Important Restaurants in America" (ranked #16), *TIME Magazine's* "17 Most Influential Burgers of All Time" (ranked #7 for the ShackBurger) and winning "Best Burger" in 2007 and 2014 at the South Beach Wine and Food Festival's Burger Bash.

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Marketing Strategy

We are today's roadside burger stand and this identity anchors our marketing efforts. The premium positioning and brand voice, derived from the spirit, integrity and humor of Shake Shack, are reinforced by our contemporary, responsible designs and hospitable team members who *Stand For Something Good*. We believe that our guests appreciate the experience of coming to Shake Shack as a community gathering place and, thus, the heart of our marketing strategy is to communicate and connect with our guests both at our Shacks and through social media.

Stand For Something Good

Stand For Something Good is an invitation for our guests to align with Shake Shack's commitment to all that is good in the world and a reflection of how Shake Shack embraces these values both internally and externally. We are dedicated to using sustainable materials and equipment, such as handmade tabletops constructed from reclaimed bowling alleys. We source all-natural, hormone and antibiotic-free beef to make our proprietary burger blend because we believe there are no shortcuts to quality. Recently, we have added a *Stand For Something Good* TV at each Shack to tell our story to our guests through photos, graphics and informative imagery containing information on our suppliers, community relationships and company initiatives.

The essential components of *Stand For Something Good* are displayed in each Shack and listed below:

Good Ingredients All-natural proteins, vegetarian fed, humanely raised and source verified, with no hormones or antibiotics. We pride ourselves on sourcing premium ingredients from like-minded producers.

Good n' Green Sustainable sourcing and business practices throughout the supply chain.

Good Bones Caring enough to design the Shack experience so people want to stay and using reclaimed materials whenever possible.

Good Neighbors We are all about our hood! We strive to be the best employer and citizen of each community we call home.

Social Media

Much like we design our Shacks to be community gathering places, we execute a social media strategy that creates an online, on-brand community gathering place. Our guests and fans easily connect with us through Facebook, Instagram, Twitter, Tumblr and Pinterest. We recognize the impact of social media on today's consumers and we use these platforms to share information with our guests about new menu items, new Shack openings and other relevant Shake Shack information. Currently, we have approximately 126,000 Facebook fans, 139,000 Instagram followers, and 33,000 Twitter followers. We communicate with our fans in creative and organic ways that both strengthen our connection with them and increase brand awareness. In June 2014, we ranked #10 on *Restaurant Social Media Index's* top 250 restaurant brands, which is measured on influence, sentiment and engagement.

Community and Charitable Partners

As a mirror of its community, each Shack focuses on conveying a consistent national brand message and on tailoring marketing efforts to each Shack. We always have menu items that feature local ingredients and beers that are specific to each Shack's community. We also aim marketing efforts at local events which help position Shake Shack as a premium brand that is connected to the community through participating in local celebrations and developing relationships with local chefs and restaurants. For instance, from June 9-13, 2014, our Madison Square Park Shack celebrated *The Decade*

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of *Shack*, its 10-year anniversary. We collaborated with five well-known chefs, each of whom crafted a special-edition burger for one day during the week. Outside of local events, each Shack has one regionally-themed concrete, which has the added benefit of driving semi-annual charitable contributions. The Shack in Miami Beach, for instance, features the "Vice Crispy Treat," and donates 5% of this item's sales to the Miami Children's Hospital.

Shack-wide Events

Shake Shack promotes annual events to drive repeat visits, add limited-time-offers and build intrigue among staff and guests. *Shacktoberfest*, for example, is Shake Shack's ode to traditional Oktoberfest in which special sausages, beers and desserts are added to the menu for a 10-day period in October. Throughout the year, we offer playful items that surprise and delight our guests such as When Irish Fries Are Smiling on St. Patrick's Day, as well as Corn Dogs during Memorial Day, the 4th of July and Labor Day weekends.

Since 2012, Shake Shack has held *The Great American Shake Sale* during the month of May to raise money and awareness for childhood hunger. During *The Great American Shake Sale*, we encourage guests to donate \$2 in exchange for a free cake-themed shake (a \$5 value) at their next visit. 100% of these donations go directly to *Share Our Strength's No Kid Hungry* campaign. In May 2014, we raised \$338,000 across our domestic company-operated Shacks for this initiative.

Product Placement

Shake Shack has been fortunate to receive considerable product placement in movies, TV shows and other media without any cost to the Company. In fact, Shake Shack has been able to charge fees for these location shoots, which have included scenes from the motion pictures *Something Borrowed* and *Tower Heist*, as well as the acclaimed HBO series *The Newsroom*. We have also been featured in segments on *The Daily Show*, *Saturday Night Live*, *CBS Sunday Morning* and *Late Night with Jimmy Fallon*.

4. Versatile Real Estate Model Built for Growth

During fiscal 2013, we grew the number of our domestic company-operated Shacks by 62% with the opening of eight new Shacks, and have opened 10 domestic company-operated Shacks during fiscal 2014. We will continue to not only fill in existing markets such as New York, Boston, Philadelphia, Washington, D.C., Atlanta, Chicago and South Florida to leverage operational effectiveness as we cluster in high-density markets, but also enter new markets, such as Austin, where we have signed leases. Although we currently have only 60 Shacks around the world, we have identified many attractive and differentiated markets for the Shake Shack experience. In major metropolitan areas, we seek locations where communities gather, often with characteristics such as high foot traffic, substantial commercial density, reputable co-tenants and other traffic drivers such as proximity to parks, museums, schools, hospitals and tourist attractions. For every potential domestic company-operated Shack we consider, we apply rigorous financial metrics to ensure we maintain our targeted profitability. We measure much of our financial success by analyzing Shack-level operating profit margins, cash-on-cash returns and payback periods. Our flexible model allows us to design our Shacks so that we can pursue a variety of property types. We have successfully launched different layouts and sizes of Shacks in varied locations throughout urban high density areas, suburban in-line and pad sites, regional malls, lifestyle centers, ballparks, airports and train stations. Each design is critical to the Shake Shack experience and we blend our core brand identifiers with features specifically designed for each Shack to be of its place and connect directly with its neighborhood. With a disciplined approach to new Shack development and a successful track record in site selection, we are positioned well for future growth.

Table of Contents*Existing Shacks*

Our Shack system consists of 63 Shacks comprised of 31 domestic company-operated Shacks, five licensed domestic Shacks and 27 licensed international Shacks. To date, we have never closed or relocated a Shack. In addition, we lease our home office, which consists of approximately 10,500 square feet in New York, New York.

DOMESTIC

State	Company-operated	Licensed	Total
Connecticut	2		2
District of Columbia	3	1	4
Florida	4		4
Georgia	1		1
Illinois	1		1
Massachusetts	2		2
Nevada	1		1
New Jersey	2		2
New York	11	4	15
Pennsylvania	3		3
Virginia	1		1
Total Domestic	31	5	36
			109

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Country	Company-operated	Licensed	Total
Kuwait		6	6
Lebanon		2	2
Qatar		1	1
Russia		2	2
Saudi Arabia		1	1
Turkey		4	4
United Arab Emirates		10	10
United Kingdom		1	1
Total International		27	27
TOTAL SYSTEM-WIDE	31	32	63

Real Estate

A typical domestic company-operated Shack is between 3,000 and 3,500 square feet with interior seating for between 80 and 100 guests. Additionally, whenever possible, our domestic company-operated Shacks feature either outdoor seating or easy access to a park or green space. We believe that these attributes facilitate the community gathering experience that our guests love and associate with our brand. We lease all of our domestic company-operated Shacks. Our leases typically have initial terms of 10 years with two five-year renewal options.

Site Selection

Shake Shack is ultimately about the guest experience and our site selection focuses on choosing great sites where people want to be together. Our site selection process is actively led by our Real Estate Committee, consisting of our CEO, CFO, Director of Real Estate & Design and Director of Construction & Facilities. The Real Estate Committee meets regularly and follows a detailed approval process to ensure quality, fiduciary responsibility and overall adherence to the Company's strategic growth goals. We invest in site analytics tools for extensive demographic analysis and data collection for both existing and new potential sites. In addition to our in-house team of experienced real estate professionals, we use a national real estate broker to manage a network of regional brokers in order to leverage external resources in pursuit of pipeline development and consistent deal flow.

Construction

A typical Shack takes between 14 and 16 weeks to build. We expect that the cost to build a new Shack will range from \$1.5 to \$2.5 million, with an average near-term build cost of approximately \$1.9 million. We use a number of general contractors on a regional basis and employ a mixed approach of bidding and strategic negotiation in order to ensure the best value and highest quality construction. Often during the construction of new Shacks, particularly those in new markets, we reimagine the often uninspiring plywood walls that surround a construction site and use this space as a canvas to begin the process of integrating the Shake Shack brand into the community prior to it even opening. For instance, during the third quarter of fiscal 2014, as we were constructing our first Shack in Chicago, we unveiled six interactive life-size sliding puzzles with illustrated pieces that celebrate Chicago landmarks, while revealing the burgers, hot dogs and frozen custards that Shake Shack guests have enjoyed over the past decade.

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Design

The original Shake Shack in Madison Square Park was designed by SITE Architecture and Design, led by James Wines and Denise Lee, in collaboration with Pentagram, led by Paula Scher. This design set the tone for a dynamic dialogue inside the park and our surrounding neighborhood that continues to drive our designs today. The overall atmosphere and design of our new Shacks evoke the very best from the design of the original park kiosk, as well as the best of the fine dining experience in terms of the quality of design, material used, lighting and music. We are mindful that each new Shack should embody the experience of the Madison Square Park Shake Shack the line, the kiosk style, the experience of ordering food made just for you and the energetic open kitchen.

While each Shack is specifically designed to be of its place and connect with its neighborhood, Shake Shack has developed a number of iconic brand identifiers common to every Shack, including wrap-around steel beams, open kitchens, magnetic menu boards and tables made from reclaimed bowling lanes. Although no two Shacks are alike, we believe that these brand identifiers are critical to the expression of the brand and the experience of Shake Shack.

Domestic Licensing

We have five licensed domestic Shacks: one in Citi Field where the New York Mets play; one in Nationals Park where the Washington Nationals play; one at the Saratoga Race track; and two in the Delta Airlines terminal at John F. Kennedy International Airport ("JFK"). The three licensed Shacks in sporting venues are operated by Hudson Yards Sports and Entertainment LLC ("HYSE") doing business as Union Square Events, another subsidiary of USHG. The two Shacks in JFK are licensed to a third party, though they are managed by Shake Shack employees. All five licensed domestic Shacks provide regular license fees based on sales and bolster brand equity. Additionally, the Shacks at JFK serve breakfast and a number of "grab-and-go" items such as freshly-made yogurt parfaits and all-natural chocolate fudge brownies.

5. Shack-onomics

Our brand power and thoughtful approach to growth have resulted in strong Shack performance across a variety of geographic areas and formats and during both strong and weak economic environments. Our Shack model is designed to generate attractive Shack-level operating profit margins, strong cash flow and high returns on invested capital. We have notable AUVs in both Manhattan and non-Manhattan domestic company-operated Shacks. For fiscal 2013, our domestic company-operated Shacks had AUVs of approximately \$5.0 million, of which our Manhattan Shacks had AUVs of approximately \$7.4 million with Shack-level operating profit margins of approximately 30% and our non-Manhattan Shacks had AUVs of approximately \$3.8 million with Shack-level operating profit margins of approximately 22%. Historically, our domestic company-operated Shacks have delivered an attractive average cash-on-cash return of 65% and payback period of 1.5 years of which our Manhattan Shacks generated an average cash-on-cash return of 82% and payback period of 1.2 years and our non-Manhattan Shacks generated an average cash-on-cash return 31% and payback period of 3.2 years. Since the vast majority of future Shacks will be non-Manhattan locations, we are targeting AUVs in the \$2.8 to \$3.2 million range, Shack-level operating profit margins in the 18 to 22% range and cash-on-cash returns in the 30 to 33% range.

Our Shacks

As an early stage company, we believe that it is important to show the varied models with which we have already had success. Our revenue varies considerably across geographic lines and our AUVs remain high. Because of our New York City history and roots as a fine-dining company, our base of

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Shacks was initially built in Manhattan. Of the 31 domestic company-operated Shacks, we currently have seven located in Manhattan and 24 located outside of Manhattan.

We have a balanced lunch/dinner mix, which is reflective of steady guest traffic throughout the day and further differentiates Shake Shack from a number of competitive restaurants that tend to skew towards a more heavily-weighted lunch period.

6. The Shack Travels Abroad

With 27 licensed Shacks outside the United States, we believe that we have proven to be an internationally desirable restaurant concept. Our track record of opening successful Shacks in both the United States and overseas demonstrates the global appeal of Shake Shack and validates our belief in our significant whitespace opportunity internationally. We currently have license agreements for four major international territories, with Shacks operating in eight countries. The Middle East has been our most prominent growth market with 20 Shacks in operation, followed by Turkey with four, Russia with two and the United Kingdom with one. In fiscal 2013, our international licensed Shacks had AUVs of \$6.1 million, which resulted in license fees of approximately \$3.5 million. In addition to license fees, we also receive exclusive territory fees, which help us fund further domestic growth.

International Licensing

The international mission of Shake Shack is to export the best of the American *fine casual* experience, spreading Enlightened Hospitality to communities around the world, while generating cash flow to help fuel the Company's growth. Being a New York-based brand, with USHG's history of creating some of New York City's favorite restaurants, Shake Shack has had a distinct and early opportunity to grow internationally. Shake Shack seeks partners whose values and standards of excellence are fully aligned with our vision, culture and brand. Shake Shack's domestic company-operated development plan is complemented by a focused effort to increase its international footprint with operationally-experienced, proven licensees. Because of Shake Shack's compelling unit economics and global brand strength, the Company attracts substantial interest from large international retail operators.

In fiscal 2009, when there were just two domestic company-operated Shacks, we were pursued by Alshaya, an experienced and well-respected operator of licensed brands, with whom we subsequently entered into an area development agreement. Under its terms, Alshaya paid Shake Shack a territory fee for the exclusive right to operate Shake Shacks in select countries within the Middle East, as well as ongoing license fees based on sales. In fiscal 2012, we amended the area development agreement to expand the license rights into Turkey, the United Kingdom, and Russia, for which we also received territory fees and receive ongoing license fees based on sales. Outside of the Middle East, Alshaya sublicenses its Shake Shack operations to affiliates and unaffiliated third parties with which it has long-standing commercial relationships. We work closely with Alshaya to open Shacks in new markets, implementing the same conceptual strategies that we employ domestically to ensure that our Shacks have brand consistency and provide a community gathering place for our guests.

7. Leaders Training Future Leaders

Our team is led by passionate and experienced senior leaders, balanced with professionals formerly from USHG's fine dining operations and industry veterans from larger restaurant companies. Randy Garutti, our Chief Executive Officer, combines strategic multi-unit leadership experience with fine dining expertise. Randy has worked in restaurants since he was 13 and joined USHG in 2000 as General Manager of Tabla, followed by Union Square Cafe, and later took on the role of Director of Operations overseeing all USHG restaurants, prior to launching the first Shake Shack in 2004. Randy has led the development of the Shake Shack concept from its earliest stages and guided every aspect of

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the business. Jeff Uttz, our Chief Financial Officer, brings valuable experience managing high growth restaurant concepts drawing from his 22 years of restaurant finance experience, most recently as Chief Financial Officer at Yard House Restaurants. Jeff led the expansion of Yard House from three units when he began to over 40 units when Yard House was acquired by Darden Restaurants, Inc. Randy and Jeff are supported by a talented executive leadership team that has deep experience in operations, culinary arts, supply chain, finance and accounting, training and leadership development, people resources, real estate and design, construction and facilities, information technology, legal, marketing and communications.

Shake Shack is in the Very Early Stages of Growth

We believe that we are well-positioned to achieve significant, sustainable financial growth, primarily driven by:

Opening New Domestic Company-Operated Shacks

This is where our greatest immediate opportunity for growth lies. We waited nearly five years to open our second Shack, and we are still in the very nascent stage of our story, with only 31 domestic company-operated and five domestic licensed Shacks in 10 states and Washington, D.C. We believe there is tremendous whitespace opportunity to expand in both existing and new U.S. markets, and we have invested in the infrastructure that will enable us to continue to grow rapidly and with discipline. In fiscal 2013, we significantly expanded our domestic company-operated footprint by opening eight new Shacks representing 62% domestic unit growth. In fiscal 2014, we opened 10 domestic company-operated Shacks. We plan to open at least 10 new domestic company-operated Shacks each year, beginning in fiscal 2015, for the foreseeable future. Based on our experience, and analysis and research conducted for us by eSite, we believe that over the long-term we have the potential to grow our current domestic company-operated Shack footprint to at least 450 Shacks by opening domestic company-operated Shacks in new and existing markets. The rate of future Shack growth in any particular period is inherently uncertain and is subject to numerous factors that are outside of our control. As a result, we do not currently have an anticipated timeframe for such expansion. We believe we have a versatile real estate model built for growth. We have adopted a disciplined expansion strategy designed to leverage the strength of our business model and our significant brand awareness to successfully develop new Shacks in an array of markets that are primed for growth, including new and existing and small and large markets. We will use a portion of the proceeds from this offering to open new Shacks and renovate existing Shacks. See "Use of Proceeds." As we grow, we will continue to live by one principle to ensure the success of both our new and existing restaurants: "The Bigger We Get, The Smaller We Need To Act." This mantra is central to our *Stand For Something Good* vision and encompasses our commitment to continue to make decisions that focus on the core of who we are, staying true to the principles of Enlightened Hospitality.

Capitalizing on Our Outsized Brand Awareness

The Shake Shack experience has cultivated significant brand awareness relative to the small number of Shacks. We have worked tirelessly to establish a genuine connection with our guests and integrate into their communities through investment in innovative marketing and programming. We utilize various social media outlets to actively engage with our growing online following. In June 2014, we ranked #10 on *Restaurant Social Media Index's* top 250 restaurant brands, which is measured on influence, sentiment and engagement. Furthermore, we believe that our press and media impressions and industry recognition are a testament to the strength of our brand. We were named one of "The 25 Most Innovative Consumer and Retail Brands" in 2014 by *Entrepreneur.com*, ranked #11 in *The Daily Meal's* "101 Best Restaurants in America" for 2013, and were the winner of the 2013 "Most Loved Brand of the Year" from the RIZMY Awards, "Best Burger" at the 2014 South Beach Wine and Food

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Festival's Burger Bash and more. Additionally, we give back to the communities in which we operate, and strengthen awareness for philanthropic causes such as *Share Our Strength's No Kid Hungry* campaign. Our marketing focuses on interacting with our guests in an authentic, innovative manner which creates memorable, meaningful experiences. The experience that we provide for our guests and local communities has generated a growing loyal following who promote our brand through word-of-mouth. We believe that this outsized brand awareness will continue to fuel our growth in existing and new markets.

Growing Same Shack Sales

Given the significant awareness of our brand and the excitement we have been able to generate for our market launches, our Shacks have generally opened with higher volumes and operating profits relative to their second year, which have often shown a decline in sales and operating profit. In year three, our Shacks generally mature and continue to grow from the second year base and then retain these higher volumes over time. It is important to note that, while our goal is to grow same Shack sales over time, this is not our greatest growth opportunity. We expect our Shacks to deliver low same Shack sales growth for the foreseeable future as the number of new Shack openings relative to our comparable Shack base remains our primary driver of growth. We do, however, continually focus on improving our same Shack sales performance by providing an engaging and differentiated guest experience that includes new seasonal and Shack-specific offerings, unique and thoughtful integration with local communities and high standards of excellence and hospitality. We will continue to innovate around our core menu to keep our offerings fresh, while remaining focused on our signature items. For example, our SmokeShack, which debuted in 2012, has been a great success and helped drive sales.

Opportunistically Increasing Our Licensed Shacks Abroad

We will continue to grow our licensed portfolio by expanding further in the eight countries abroad in which we currently have internationally licensed operations. This strategy historically has been a low-cost, high-return method of growing our brand awareness and providing an increasing source of cash flow. We believe there are additional international markets that will embrace the Shake Shack concept. Given our position in New York and the success of our current licensed Shacks at home and abroad, we continue to attract substantial interest from potential international licensees around the world and have identified opportunities to expand our licensing footprint in existing and new international markets.

Operations

Sourcing and Supply Chain

Shake Shack has always been committed to seeking out and working with best-in-class suppliers, artisanal purveyors, cattle ranchers and distribution networks. Our *Stand For Something Good* vision guides us in how we source and develop our ingredients, always looking for the best ways to provide top quality food that is a value and accessible to all. All of our proteins are raised without added hormones and we never use antibiotics. The Supply Chain team has developed a reliable supply chain and continues to focus on identifying additional backups to avoid any possible interruptions of service and product.

We have a regional strategy for ground beef production to ensure that we are always serving freshly ground and never frozen beef. We have had the same butcher for the New York City metropolitan area, Mid-Atlantic and Northeast Shacks since opening our first Shack, which helped create our proprietary beef blend. We will continue to partner with and develop regional suppliers in new markets as we grow.

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We have entered into a distribution agreement with one broadline distributor. By the end of fiscal 2014, Shake Shack will utilize nine distribution centers from our broadline distributor. This broadline distributor is the main purchasing link in the United States among many of our suppliers and distributes most of our dry, refrigerated and frozen goods, non-alcoholic beverages, paper goods and cleaning supplies. We use another broadline distributor to distribute the majority of our products to our international licensed Shacks.

Food Safety and Quality Assurance

Our commitment to food safety is strengthened through the direct relationship between our Supply Chain, Culinary and Quality Assurance teams. All supplier and ingredient decisions go through a review of the supplier's internal and external quality audits, insurance coverage, track record and physical site inspection. We have a Food Safety Site Inspection process in place and a dedicated Quality Assurance Manager to ensure food safety across all domestic company-operated Shacks.

Management Information Systems

Our domestic company-operated Shacks use computerized point-of-sale and back-office systems created by NCR Corporation, which we believe are scalable to support our growth plans. These point-of-sale systems are designed specifically for the restaurant industry and we use many customized features to increase operational effectiveness, internal communication and data analysis. This system provides a touch screen interface, graphical order confirmation display, touch screen kitchen display and integrated, high-speed credit card and gift card processing. The point-of-sale system is used to collect daily transaction data, which generates information about daily sales, product mix and average transaction size.

Our Shack back-office computer system is designed to assist in the management of our domestic company-operated Shacks and provide real-time labor and food cost management tools. These tools provide the home office and operations management quick access to detailed business data and reduces restaurant managers' time spent on administrative needs. The system provides our restaurant managers the ability to submit orders electronically with our distribution network. The system also supplies sales, bank deposit and variance data to our accounting department on a daily basis. We use this data to generate daily sales information and weekly consolidated reports regarding sales and other key measures, as well as preliminary weekly detailed profit and loss statements for each Shack with final reports following the end of each period.

Competition

We compete in the restaurant industry, which is highly competitive and fragmented. We compete primarily with "better burger" restaurants and, to a lesser extent, fast casual restaurants, quick service restaurants and casual dining restaurants. The number, size and strength of competitors vary by region. Our competition includes a wide variety of locally owned restaurants and national and regional chains. Our competition in the broadest perspective includes fast casual and fine dining restaurants, convenience food stores, delicatessens, supermarkets and club stores. Some of our competitors, including some of our "better burger" competitors, have significantly greater financial, marketing, personnel and other resources than we do, and many of our competitors are well-established in markets in which we have existing Shacks or intend to locate new Shacks. In addition, many of our competitors have greater name recognition nationally or in some of the local markets in which we have or plan to have Shacks. However, we specifically target guests that appreciate our engaging and differentiated guest experience that includes great food, unique and thoughtful integration with local communities and high standards of excellence and hospitality. We believe that we compete primarily based on experience, product quality, restaurant concept, service, location and value perception. Our competition continues to intensify as competitors enter the burger segment and open new restaurants. Additionally,

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we compete with local and national restaurant concepts and other retail concepts for prime restaurant locations.

Intellectual Property

Since our inception, we have undertaken to strategically and proactively develop our intellectual property portfolio by registering our trademarks and service marks worldwide. As such, Shake Shack currently has 15 registered marks domestically, including registrations in its core marks ("Shake Shack", "Shack Burger", " ", and " ") and certain other marks, such as *Stand for Something Good*, which reflects the brand's ethos. Internationally, Shake Shack currently has registered its core marks in over 80 countries spanning six continents. These marks are registered in multiple international trademark classes, including for restaurant services, food services, non-alcoholic beverages and apparel. Shake Shack also owns the domain www.shakeshack.com as well as over 60 other domain names for use in other markets.

In addition, we have agreements with the suppliers of our proprietary products that the recipes for and production processes associated with those products are our property, confidential to us, and may not be provided to any other customer. Our proprietary products include the burger recipe for our whole muscle blend and the patty grinding procedure and the product formulations for our ShackSauce, 'Shroom Burger, cheese sauce, unflavored custard base, chocolate custard base, and certain toppings and custard mix-ins. We also have exclusive arrangements with our suppliers of ShackMeister Ale, Shack Red wine, Shack White wine, all-natural hot dog and all-natural chicken sausage.

Government Regulations and Environmental Matters

We are subject to extensive federal, state and local government regulation, including those relating to, among others, public health and safety, zoning and fire codes, and franchising. Failure to obtain or retain food or other licenses and registrations or exemptions would adversely affect the operations of our Shacks. Although we have not experienced and do not anticipate any significant problems in obtaining required licenses, permits or approvals, any difficulties, delays or failures in obtaining such licenses, permits, registrations, exemptions or approvals could delay or prevent the opening of, or adversely impact the viability of, a Shack in a particular area. The development and construction of additional Shacks will be subject to compliance with applicable zoning, land use and environmental regulations. We believe federal and state environmental regulations have not had a material effect on operations, but more stringent and varied requirements of local government bodies with respect to zoning, land use and environmental factors could delay construction and increase development costs for new Shacks.

We are also subject to the Fair Labor Standards Act, the Immigration Reform and Control Act of 1986 and various federal and state laws governing such matters as minimum wages, overtime, unemployment tax rates, workers' compensation rates, citizenship requirements and other working conditions. We are also subject to the Americans With Disabilities Act, which prohibits discrimination on the basis of disability in public accommodations and employment, which may require us to design or modify our Shacks to make reasonable accommodations for disabled persons.

Approximately 3% of revenues from our domestic company-operated Shacks is attributable to the sale of alcoholic beverages, namely beer and wine. Alcoholic beverage control regulations require each of our Shacks to apply to a state authority and, in certain locations, county or municipal authorities for a license that must be renewed annually and may be revoked or suspended for cause at any time. Alcoholic beverage control regulations relate to numerous aspects of daily operations of our Shacks, including the minimum age of patrons and employees, hours of operation, advertising, trade practices, wholesale purchasing, other relationships with alcohol manufacturers, wholesalers and distributors,

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inventory control and handling, storage and dispensing of alcoholic beverages. We are also subject in certain states to "dram shop" statutes, which generally provide a person injured by an intoxicated person the right to recover damages from an establishment that wrongfully served alcoholic beverages to the intoxicated person. We carry liquor liability coverage as part of our existing comprehensive general liability insurance. One of our domestic company-operated Shacks does not have a liquor license because of the high cost of a liquor license in that jurisdiction, which has a liquor license quota. We may decide not to obtain liquor licenses in certain jurisdictions due to the high costs associated with obtaining liquor licenses in such jurisdictions.

Our licensing activities are subject to the rules and regulations of the Federal Trade Commission ("FTC") and various state laws regulating the offer and sale of licenses. Substantive state laws that regulate the licensor-licensee relationship exist in a substantial number of states, and bills have been introduced in Congress from time to time that would provide for federal regulation of the licensor-licensee relationship. The state laws often limit, among other things, the duration and scope of non-competition provisions, the ability of a licensor to terminate or refuse to renew a license and the ability of a licensor to designate sources of supply. We believe that our licensing procedures comply in all material respects with both the FTC license rule and all applicable state laws regulating franchising in those states in which we have offered licenses.

For a discussion of the various risks we face from regulation and compliance matters, see "Risk Factors."

Employees

Currently, Shake Shack has approximately 1,680 employees, of whom approximately 1,450 are hourly team members, 160 are Shack-level managers and 70 are home office personnel.

Legal Proceedings

We are involved in various claims and legal actions that arise in the ordinary course of business. We do not believe that the ultimate resolution of these actions will have a material adverse effect on our financial position, results of operations, liquidity and capital resources.

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Below is a list of the names and ages, as of December 29, 2014, of our directors and executive officers and a description of the business experience of each of them.

Name	Age	Position
Daniel Meyer	56	Chairman of the Board of Directors
Randy Garutti	39	Chief Executive Officer and Director
Jeff Uttz	45	Chief Financial Officer
Peggy Rubenzer	51	Vice President, People Resources
Jeff Flug	52	Director
Evan Guillemain	49	Director
Jenna Lyons	46	Director
Jonathan D. Sokoloff	57	Director
Robert Vivian	56	Director

Executive Officers and Directors

Daniel Meyer has served as the Chairman of the board of directors of Shake Shack since its formation and as the Chairman of the board of directors of SSE Holdings since January 2010. Mr. Meyer is the founder and Chief Executive Officer of USHG, which owns and operates the following restaurants: Union Square Cafe, Gramercy Tavern, Blue Smoke, Jazz Standard, The Modern, Maialino, Untitled, North End Grill and Marta; its event services business, Union Square Events; and its learning and consulting business, Hospitality Quotient. The restaurants have earned 25 James Beard Awards among them. Mr. Meyer previously served as a member of the board of directors of OpenTable.com from 2000 through 2014. Mr. Meyer co-authored the best-selling *Union Square Cafe Cookbook* and authored the New York Times bestseller *Setting the Table: The Transforming Power of Hospitality in Business*. Mr. Meyer is currently a member of the board of directors of The Container Store Group, Inc. and Sotheby's, as well as the following not-for-profit organizations: Share Our Strength and the Irving Harris Foundation. Mr. Meyer has also served as a board member of City Harvest, New Yorkers for Parks, Madison Square Park Conservancy, Union Square Partnership and NYC & Co. Mr. Meyer was selected to our board of directors because of his role in our founding and long career in hospitality and because he possesses particular knowledge and experience in strategic planning and leadership of complex organizations, hospitality businesses and board practices of other major corporations.

Randy Garutti has served as Shake Shack's Chief Executive Officer and on the board of directors since its formation and as the Chief Executive Officer and on the board of directors of SSE Holdings since April 2012. Prior to becoming Chief Executive Officer, Mr. Garutti served as Chief Operating Officer of SSE Holdings since January 2010. Mr. Garutti has worked with USHG and Mr. Meyer for 15 years. Prior to leading Shake Shack, Mr. Garutti was the Director of Operations, overseeing the operations for all USHG restaurants. In addition, Mr. Garutti served as General Manager of Union Square Cafe and Tabla, both of which won numerous accolades in the hospitality industry. Mr. Garutti graduated from Cornell University's School of Hotel Administration in 1997. Mr. Garutti was selected to our board of directors because of his leadership role in our development and growth and because he possesses particular knowledge and experience in strategic planning and leadership in the hospitality business.

Jeff Uttz has served as Shake Shack's Chief Financial Officer since its formation and as Chief Financial Officer of SSE Holdings since September 2013. Mr. Uttz has over 22 years of restaurant finance experience. Prior to joining Shake Shack, Mr. Uttz was the Chief Financial Officer of Yard House, where he led the expansion of Yard House from three units when he began to over 40 units when Yard House was acquired by Darden Restaurants, Inc. Prior to Yard House, Mr. Uttz held a number of

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positions at CKE Restaurants, Inc., working his way up from Manager of Corporate Banking to Vice President of Finance. During his tenure, Mr. Uttz participated in two major acquisitions, when CKE purchased the Hardee's chain as well as the units owned by Hardee's largest franchisee. Mr. Uttz began his career at KPMG where he served a number of clients within the restaurant and hospitality sector and attained his C.P.A. Mr. Uttz attended California State University, Fullerton, where he earned a Bachelor of Arts in Business Administration, Accounting Concentration.

Peggy Rubenzer has served as our Vice President, People Resources since our formation and as Vice President, People Resources of SSE Holdings since November 2013. Ms. Rubenzer has over 23 years of human resources and training expertise. As Vice President, People Resources at Shake Shack, Ms. Rubenzer leads the company's training, leadership development and human resources functions and supports the success of the teams through training, tools and resources. Prior to joining us in December 2011, Ms. Rubenzer spent 10 years at P.F. Chang's China Bistro in VP roles in both HR and Training. During her tenure at P.F. Chang's, Ms. Rubenzer was instrumental in growing the full and quick service concepts unit count from 82 to 360, supporting a head count of 30,000 employees. Prior to that, Ms. Rubenzer spent 10 years at Southwest Airlines, during which time she oversaw the recruiting and human resources functions for the Mid West region supporting the operation in 15 cities, as well as the company's growth and expansion to the North East.

Jeff Flug has served on the board of directors of Shake Shack since its formation and on the board of directors of SSE Holdings since January 2010. Mr. Flug has served as the President of USHG since January 2011 and, prior to that, as USHG's Chief Financial Officer and Chief Operating Officer since December 2009. Mr. Flug has over 25 years of leadership and management experience primarily in the financial industry, as well as in the non-profit sector. After graduating from the University of Massachusetts/Amherst in 1984, with a B.B.A. in Accounting, summa cum laude, Mr. Flug began his career as an accountant at Pricewaterhouse Coopers where he attained his C.P.A. in 1986. Mr. Flug attended Columbia Business School, where he received his M.B.A. in Finance in 1988. In 1988, Mr. Flug joined Goldman, Sachs & Co., and ultimately served as a Managing Director and Head of Fixed Income Financial Futures and Options Sales. In 2000, Mr. Flug became the Head of North America Fixed Income Institutional Sales for JPMorgan Chase & Co. In 2006, Mr. Flug served as CEO and Executive Director for Millennium Promise, a nonprofit organization whose mission is to end extreme poverty and Malaria in Africa. Mr. Flug currently serves as a board director of Pennant Park Investment Corporation, Sears Hometown & Outlet Stores and The Mountain School of Milton Academy. Mr. Flug was selected to our board of directors because he brings financial experience and possesses particular knowledge and experience in strategic planning and leadership of complex organizations.

Evan Guillemain has served on the board of directors of Shake Shack since its formation and on the board of directors of SSE Holdings since April 2013. Mr. Guillemain joined Select Equity Group in April 2004 as the firm's Chief Financial Officer and has managed the firm's finance and operations groups. He is now a Senior Analyst/Associate Portfolio Manager with the firm, focusing on private company investments, as well as public company analysis. Mr. Guillemain is a member of the firm's Management Committee. Prior to joining the firm, he was Chief Financial Officer and then Chief Operating Officer of Delia*s Inc., a publicly-traded retailing company. He also served as Director of Acquisitions at Primedia, and he was a founding editor of SDC Publishing, a financial publishing division of the Thomson Corp. Mr. Guillemain currently serves on the board of directors of Mesa Labs Inc., where he chairs the audit and compensation committees. He also serves on the advisory board of several start-up and non-profit organizations. Mr. Guillemain received a B.A. from Yale University and an M.B.A. with distinction from Harvard Business School. Mr. Guillemain was selected to our board of directors because he brings financial experience and possesses particular knowledge and experience in strategic planning and leadership of complex organizations.

Jenna Lyons has served on the board of directors of Shake Shack since December 2014. Ms. Lyons has been the President, Executive Creative Director of J.Crew Group, Inc. since July 2010, and before

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that served as Executive Creative Director since April 2010. Prior to that, she was Creative Director since 2007 and, before that, was Senior Vice President of Women's Design since 2005. Ms. Lyons joined J.Crew Group, Inc. in 1990 as an Assistant Designer and has held a variety of positions within J.Crew Group, Inc., including Designer from 1994 to 1995, Design Director from 1996 to 1998, Senior Design Director in 1999, and Vice President of Women's Design from 1999 to 2005. Ms. Lyons was selected to our board of directors because she possesses particular knowledge and experience in strategic planning and leadership of complex organizations and retail businesses.

Jonathan D. Sokoloff has served on the board of directors of Shake Shack since its formation and on the board of directors of SSE Holdings since December 2012. Mr. Sokoloff is currently a Managing Partner with LGP, one of our significant stockholders, and joined in 1990. Before joining LGP, he was a Managing Director in Investment Banking at Drexel Burnham Lambert. Mr. Sokoloff serves on the board of the parent holding companies of BJ's Wholesale Club, Advantage Sales & Marketing and Jetco Cash & Carry and serves on the board of The Container Store Group Inc., USHG, Whole Foods Market, Inc., J.Crew Group, Inc., The Sports Authority, Inc., Jo-Ann Stores, Inc., The Tire Rack, Inc. and Top Shop/Top Man Limited. He co-chairs the Endowment Committee for Private Equity at his alma mater, Williams College. Mr. Sokoloff was selected to our board of directors because he possesses particular knowledge and experience in accounting, finance and capital structure, strategic planning and leadership of complex organizations, retail businesses and board practices of other major corporations.

Robert Vivian has served on the board of directors of Shake Shack since its formation and on the board of directors of SSE Holdings since June 2010. Mr. Vivian served as the Co-Chief Executive Officer of P.F. Chang's China Bistro from January 2009 through December 2011. Prior to that time, he served as P.F. Chang's President from December 2000 through January 2009 and as its Chief Financial Officer from 1996 through December 2000. He also served as a director of P.F. Chang's China Bistro from January 2009 through April 2011 when he retired. Before joining P.F. Chang's, Mr. Vivian served in a variety of positions with Brinker International, Inc. Mr. Vivian was selected to our board of directors because he possesses particular knowledge and experience in strategic planning and leadership of complex organizations, hospitality businesses and board practices of other major corporations.

Corporate Governance

Composition of our Board of Directors

Our amended and restated certificate of incorporation and bylaws will provide for the division of our board of directors into three classes, as nearly equal in number as possible, with the directors in each class serving for a three-year term, and one class being elected each year by our stockholders.

When considering whether directors and nominees have the experience, qualifications, attributes or skills, taken as a whole, to enable our board of directors to satisfy its oversight responsibilities effectively in light of our business and structure, the board of directors focuses primarily on each person's background and experience as reflected in the information discussed in each of the directors' individual biographies set forth above. We believe that our directors provide an appropriate mix of experience and skills relevant to the size and nature of our business.

Pursuant to the Stockholders Agreement described under "Certain Relationships and Related Party Transactions Stockholders Agreement," members of the Voting Group will be entitled to designate individuals to be included in the slate of nominees recommended by our board of directors for election to our board of directors as follows:

so long as the Meyer Group owns, in the aggregate, (i) at least 50% of the total outstanding shares of our Class A and Class B common stock owned by it immediately following the consummation of this offering, the Meyer Group will be entitled to nominate five directors, (ii) less than 50%, but at least 25% of the total outstanding shares of our Class A and Class B

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common stock owned by it immediately following the consummation of this offering, it will be entitled to nominate four directors, (iii) less than 25% but at least 10% of the total outstanding shares of our Class A and Class B common stock owned by it immediately following the consummation of this offering, it will be entitled to nominate two directors and (iv) less than 10% but at least 5% of the total outstanding shares of our Class A and Class B common stock owned by it immediately following the consummation of this offering, it will be entitled to nominate one director;

so long as LGP owns, in the aggregate, at least 50% of the total outstanding shares of Class A and Class B common stock owned by it immediately following the consummation of this offering, LGP will be entitled to designate one individual to be included in the slate of nominees recommended by our board of directors for election to the board of directors; and

so long as SEG owns, in the aggregate, at least 50% of the total outstanding shares of Class A and Class B common stock owned by it immediately following the consummation of this offering, SEG will be entitled to designate one individual to be included in the slate of nominees recommended by our board of directors for election to the board of directors.

The members of the Voting Group will agree to vote their shares in favor of the directors nominated as set forth above.

The Meyer Group has been deemed to have nominated Mr. Meyer, Mr. Garutti, Mr. Flug, Ms. Lyons and Mr. Vivian for election to our board of directors, LGP has been deemed to have nominated Mr. Sokoloff for election to our board of directors and SEG has been deemed to have nominated Mr. Guillemin for election to our board of directors.

In accordance with our amended and restated certificate of incorporation and the Stockholders Agreement, each of which will be in effect upon the closing of this offering, our board of directors will be divided into three classes with staggered three year terms. At each annual meeting of stockholders after the initial classification, the successors to the directors whose terms will then expire will be elected to serve from the time of election and qualification until the third annual meeting following their election. Our directors will be divided among the three classes as follows:

the Class I directors will be Messrs. Meyer, Flug and Guillemin, and their terms will expire at the annual meeting of stockholders to be held in 2016;

the Class II directors will be Messrs. Garutti and Sokoloff, and their terms will expire at the annual meeting of stockholders to be held in 2017; and

the Class III directors will be Ms. Lyons and Mr. Vivian and their terms will expire at the annual meeting of stockholders to be held in 2018.

Any increase or decrease in the number of directors will be distributed among the three classes so that, as nearly as possible, each class will consist of one-third of the directors. This classification of our board of directors may have the effect of delaying or preventing changes in control of our Company.

Pursuant to the terms of the Stockholders Agreement, directors nominated by the Meyer Group, LGP or SEG may only be removed with or without cause by the affirmative vote of the party entitled to nominate such director. In all other cases and at any other time, directors may only be removed for cause by the affirmative vote of at least a majority of the combined voting power of our Class A and Class B common stock.

Director Independence

Prior to the consummation of this offering, our board of directors undertook a review of the independence of our directors and considered whether any director has a material relationship with us

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that could compromise that director's ability to exercise independent judgment in carrying out that director's responsibilities. Our board of directors has affirmatively determined that Mr. Guillemain, Ms. Lyons, Mr. Sokoloff and Mr. Vivian are each an "independent director," as defined under the rules of the New York Stock Exchange.

Board Committees

Our board has established three standing committees—audit, compensation, and nominating and corporate governance—each of which operates under a charter that has been approved by our board of directors. Current copies of each committee's charter are posted on our website, www.shakeshack.com. The information on any of our websites is deemed not to be incorporated in this prospectus or to be part of this prospectus.

Prior to the consummation of this offering, the Voting Group, which will hold Class A common stock and Class B common stock collectively representing a majority of the combined voting power of our total common stock outstanding, will enter into the Stockholders Agreement with us, pursuant to which it will among other things, elect the nominees of certain members of the Voting Group to our board of directors. See "Composition of our Board of Directors." As a result, we will be a "controlled company" under the New York Stock Exchange corporate governance standards. As a controlled company, exemptions under the standards will mean that we are not required to comply with certain corporate governance requirements, including the following requirements:

that a majority of our board of directors consists of "independent directors," as defined under the rules of the New York Stock Exchange;

that we have a nominating and corporate governance committee that is composed entirely of independent directors with a written charter addressing the committee's purpose and responsibilities;

that we have a compensation committee that is composed entirely of independent directors with a written charter addressing the committee's purpose and responsibilities; and

for an annual performance evaluation of the nominating and governance committee and compensation committee.

These exemptions do not modify the independence requirements for our audit committee, and we intend to comply with the applicable requirements of the Sarbanes-Oxley Act and rules with respect to our audit committee within the applicable time frame.

Pursuant to the terms of the Stockholders Agreement, the Meyer Group will have the right to designate a majority of the members of each committee of the board of directors for so long as the Meyer Group has the ability to designate at least four individuals for nomination to the board of directors. At all other times that the Meyer Group has the ability to designate at least one individual for nomination to the Board of Directors, the Meyer Group will have the ability to designate at least one-third, but in no event fewer than one, of the members of each committee.

Audit Committee

The audit committee will be responsible for, among other matters:

appointing, compensating, retaining, evaluating, terminating and overseeing our independent registered public accounting firm;

discussing with our independent registered public accounting firm their independence from management;

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reviewing with our independent registered public accounting firm the scope and results of their audit;

approving all audit and permissible non-audit services to be performed by our independent registered public accounting firm;

overseeing the financial reporting process and discussing with management and our independent registered public accounting firm the interim and annual financial statements that we file with the SEC;

reviewing and monitoring our accounting principles, accounting policies, financial and accounting controls and compliance with legal and regulatory requirements; and

establishing procedures for the confidential anonymous submission of concerns regarding questionable accounting, internal controls or auditing matters.

Upon the closing of this offering, our audit committee will consist of Messrs. Vivian, Flug and Guillemín with Mr. Vivian serving as chair. Rule 10A-3 of the Exchange Act and the New York Stock Exchange rules require us to have one independent audit committee member upon the listing of our common stock, a majority of independent directors on our audit committee within 90 days of the date of this prospectus and an audit committee composed entirely of independent directors within one year of the date of this prospectus. Our board of directors has affirmatively determined that Messrs. Vivian and Guillemín meet the definition of "independent director" for purposes of serving on an audit committee under Rule 10A-3 and the New York Stock Exchange rules, and we intend to comply with the other independence requirements within the time periods specified. In addition, our board of directors has determined that Mr. Vivian will qualify as an "audit committee financial expert," as such term is defined in Item 407(d)(5) of Regulation S-K.

Compensation Committee

The compensation committee's responsibilities include:

reviewing and approving the compensation of our directors, Chief Executive Officer and other executive officers; and

appointing and overseeing any compensation consultants.

Upon the closing of this offering, our compensation committee will consist of Mr. Guillemín, Ms. Lyons and Mr. Sokoloff with Mr. Guillemín serving as chair. As a controlled company, we will rely upon the exemption from the requirement that we have a compensation committee composed entirely of independent directors.

Nominating and Corporate Governance Committee

The nominating and corporate governance committee's responsibilities include:

identifying individuals qualified to become members of our board of directors, consistent with criteria approved by our board of directors and in accordance with the terms of the Stockholders Agreement; and

developing and recommending to our board of directors a set of corporate governance guidelines and principles.

The members of our nominating and corporate governance committee are Messrs. Meyer, Garutti and Flug with Mr. Flug serving as chair. As a controlled company, we will rely upon the exemption from the requirement that we have a nominating and corporate governance committee composed entirely of independent directors.

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Risk Oversight

Our board of directors is responsible for overseeing our risk management process. Our board of directors focuses on our general risk management strategy, the most significant risks facing us, and oversees the implementation of risk mitigation strategies by management. Our board of directors is also apprised of particular risk management matters in connection with its general oversight and approval of corporate matters and significant transactions.

Risk Considerations in our Compensation Program

We conducted an assessment of our compensation policies and practices for our employees and concluded that these policies and practices are not reasonably likely to have a material adverse effect on our Company.

Director Compensation

None of our directors received compensation as a director during fiscal 2013. We intend to approve and implement a compensation policy that, effective upon the closing of this offering, will be applicable to all of our non-employee directors.

Compensation Committee Interlocks and Insider Participation

During fiscal 2013, the members of SSE Holdings' compensation committee were Mr. Flug, Mr. Vivian and Mr. Guillemain. No member of our compensation committee is or has been a current or former officer or employee of Shake Shack or had any related person transaction involving Shake Shack. None of our executive officers served as a director or a member of a compensation committee (or other committee serving an equivalent function) of any other entity, one of whose executive officers served as a director or member of SSE Holdings' compensation committee during fiscal 2013.

Code of Ethics and Code of Conduct

We have adopted a written code of business conduct and ethics that applies to our directors, officers and employees, including our principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions. We have posted a current copy of the code on our website, www.shakeshack.com. In addition, we intend to post on our website all disclosures that are required by law or the New York Stock Exchange listing standards concerning any amendments to, or waivers from, any provision of the code.

Table of Contents**EXECUTIVE COMPENSATION**

This section discusses the material components of the executive compensation program for our executive officers who are named in the "2013 Summary Compensation Table" below. In fiscal 2013, our "named executive officers" and their positions were as follows:

Randy Garutti, Chief Executive Officer;

Jeff Uttz, Chief Financial Officer; and

Peggy Rubenzer, Vice President, People Resources.

This discussion may contain forward-looking statements that are based on our current plans, considerations, expectations and determinations regarding future compensation programs. Actual compensation programs that we adopt following the completion of this offering may differ materially from the currently planned programs summarized in this discussion. See "Cautionary Note Regarding Forward-Looking Statements."

2013 Summary Compensation Table

The following table sets forth information concerning the compensation of our named executive officers for the year ended December 25, 2013.

Name and Principal Position	Year	Salary (\$)	Stock Awards (\$)	Option Awards (\$)	Non-Equity Incentive Plan Compensation (\$)	All Other Compensation (\$)	Total (\$)
Randy Garutti <i>Chief Executive Officer</i>	2013	312,450			70,545		382,995
Jeff Uttz(1) <i>Chief Financial Officer</i>	2013	93,462	825,635(2)		42,997		962,094
Peggy Rubenzer <i>Vice President, People Resources</i>	2013	188,062		(3)	56,617		244,679

- (1) Mr. Uttz commenced employment with the Company on September 3, 2013. The amount reflected in the "Salary" column represents the pro-rated amount of his annual base salary earned following commencement of employment.
- (2) Amount reflects the full grant date fair value of the Class B Units in SSE Holdings granted during 2013 computed in accordance with ASC Topic 718, rather than the amounts paid to or realized by the named individual. The assumptions used in the valuation of the Class B Unit awards are set forth in Note 12 to the audited consolidated financial statements included in this prospectus.
- (3) Ms. Rubenzer was granted 350 unit appreciation rights on February 11, 2013. Such award was not accounted for under ASC Topic 718 and no accounting expense was recorded in respect of such award.

Narrative to Summary Compensation Table***Employment Agreements***

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During 2013, we did not have employment agreements with any of our named executive officers. However, in 2014 in connection with this offering, we entered into employment agreements with Mr. Garutti and Mr. Uttz. For a description of the terms and conditions of such employment agreements, please see the section entitled " New Employment Agreements and Incentive Plans" below.

2013 Salaries

The named executive officers receive a base salary to compensate them for services rendered to our Company. The base salary payable to each named executive officer is intended to provide a fixed component of compensation reflecting the executive's skill set, experience, role and responsibilities.

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2013 Bonuses

In fiscal 2013, each of our named executive officers was eligible to earn an annual performance-based cash bonus from the Company. This 2013 bonus for each of our named executive officers was based upon the achievement of Company adjusted EBITDA and total revenue targets. Mr. Garutti was eligible to receive a target bonus in the amount of 15% of his annual base salary, Mr. Uttz was eligible to receive a target bonus in the amount of 30% of his annual base salary (as pro-rated for his partial year of service in fiscal 2013), and Ms. Rubenzer was eligible to receive a target bonus in the amount of 20% of her annual base salary upon the achievement of the applicable objectives. In fiscal 2013, our Company adjusted EBITDA was 158% of the target amount and our total revenue was 106% of the target amount, resulting in a payment to Mr. Garutti of 153% of his target bonus, to Mr. Uttz of 153% of his target bonus and to Ms. Rubenzer of 153% of her target bonus. The actual amount of the performance-based cash bonuses paid to each named executive officer for fiscal 2013 performance are set forth above in the Summary Compensation Table in the column entitled "Non-Equity Incentive Plan Compensation."

Equity-Based Compensation

Class B Units

Certain of our named executive officers currently hold Class B Units in SSE Holdings. Specifically, in 2013, Mr. Uttz was granted 9,034 Class B Units in SSE Holdings as set forth below. The Class B Units generally vest annually over five years from the applicable grant date, subject to acceleration upon the occurrence of a change in control or an initial public offering. The vesting of Mr. Uttz's Class B Units will accelerate in connection with this offering.

The following table sets forth the Class B Units granted to our named executive officers in fiscal 2013.

Named Executive Officer	2013 Class B Units Granted
Randy Garutti	
Jeff Uttz	9,034(1)
Peggy Rubenzer	

- (1) As of December 25, 2013, all Class B Units held by Mr. Uttz were unvested. Subject to Mr. Uttz's continued employment, all of his unvested Class B Units will vest ratably over five years, subject to acceleration upon a change in control or an initial public offering.

In connection with the offering, each Class B Unit will be exchanged for LLC Interests.

Unit Appreciation Rights

SSE Holdings currently maintains a phantom equity plan, which we call the Unit Appreciation Rights Plan, or "UAR Plan." The UAR Plan was adopted in order to foster and promote our long-term success by helping attract and maintain a superior management team and to motivate superior performance by employees selected to participate in the UAR Plan. Ms. Rubenzer is our only named executive officer who participates in the UAR Plan and, in 2013, Ms. Rubenzer was granted 350 unit appreciation rights. Under the UAR Plan, participants have the right to receive a payment in the form of securities of SSE Holdings or one of its affiliates upon a change in control or an initial public offering, subject to the participant's continued employment through the date of the change in control or initial public offering. The amount of the payment is equal to the number of unit appreciation rights held by the participant multiplied by the excess of the transaction price of a Class B Unit over a "base price" per unit specified in each participant's award agreement. Individual participants in the UAR Plan are selected by, and the UAR Plan is administered by, the SSE Holdings board of directors or the compensation committee of the board.

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The following table sets forth the unit appreciation rights granted to our named executive officers in the 2013 fiscal year.

Named Executive Officer	2013 Unit Appreciation Rights Granted
Randy Garutti	
Jeff Uttz	
Peggy Rubenzer	350(1)

(1)

As of December 25, 2013, all unit appreciation rights held by Ms. Rubenzer were unvested. Subject to Ms. Rubenzer's continued employment, she will be entitled to payment in respect of her unit appreciation rights upon a change in control or an initial public offering.

All obligations of SSE Holdings under the UAR Plan and awards thereunder will be assigned from SSE Holdings to the Company, effective following this offering, and all unit appreciation rights outstanding under the UAR Plan will be paid out in connection with this offering in the form of shares of our Class A common stock and that, on and after the completion of this offering and following the effectiveness of the 2015 Incentive Award Plan (as described below), no further grants will be made under the UAR Plan.

New Equity-Based Compensation

We intend to adopt a 2015 Incentive Award Plan in order to facilitate the grant of cash and equity incentives to directors, employees (including our named executive officers) and consultants of our Company and certain of its affiliates and to enable our Company and certain of its affiliates to obtain and retain services of these individuals, which is essential to our long-term success. We expect that the 2015 Incentive Award Plan will be effective on the date on which it is adopted by our board of directors, subject to approval of such plan by our stockholders prior to the consummation of this offering. In connection with this offering, we intend to grant options to purchase shares of Class A common stock under the 2015 Incentive Award Plan to certain of our employees, including the named executive officers. For additional information about the 2015 Incentive Award Plan and the intended grants to be made under this plan in connection with this offering, please see the section titled " New Employment Agreements and Incentive Plans" below.

In addition, we intend to adopt an executive stock ownership policy encouraging Mr. Garutti and Mr. Uttz to hold shares of our common stock with a value equal to two and one times each of their annual base salaries, respectively.

Retirement Plans

USHG currently maintains a 401(k) retirement savings plan, the "401(k) plan," in which our employees, including our named executive officers, who satisfy certain eligibility requirements may participate. The Internal Revenue Code allows eligible employees to defer a portion of their compensation, within prescribed limits, on a pre-tax basis through contributions to the 401(k) plan. USHG does not currently match contributions made under the 401(k) plan by our named executive officers and other highly compensated employees. We believe that providing a vehicle for tax-deferred retirement savings through the 401(k) plan adds to the overall desirability of our executive compensation package and further incentivizes our employees, including our named executive officers, in accordance with our compensation policies. Following the consummation of this offering, we anticipate that Company employees will continue to be eligible to participate in a 401(k) plan maintained by USHG or the Company.

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Employee Benefits

All of our full-time employees, including our named executive officers, are eligible to participate in health and welfare plans maintained by USHG, including:

medical, dental and vision benefits;

medical and dependent care flexible spending accounts; and

short-term and long-term disability insurance.

Our named executive officers participate in these plans on the same basis as other eligible employees. We do not maintain any supplemental health and welfare plans for our named executive officers. We believe the benefits described above are necessary and appropriate to provide a competitive compensation package to our named executive officers.

No Tax Gross-Ups

We do not make gross-up payments to cover our named executive officers' personal income taxes that may pertain to any of the compensation or perquisites paid or provided by our Company.

Outstanding Equity Awards at Fiscal Year-End

The following table summarizes the number of Class B Units and unit appreciation rights underlying outstanding equity incentive plan awards for our named executive officers as of December 25, 2013.

Name	Unit Appreciation Rights				Class B Unit Awards	
	Number of Class B Units Underlying Appreciation Rights (#)	Number of Class B Units Underlying Appreciation Rights (#)	Unit Appreciation Right Base Amount (\$)	Unit Appreciation Right Expiration Date	Number of Class B Units That Have Not Vested (#)	Market Value of Class B Units That Have Not Vested (\$)
Randy Garutti					(1)	
Jeff Uttz					9,034(2)	626,500(3)
Peggy Rubenzer		626(4)	122.99	2/1/2022		
		350(4)	183.00	2/11/2023		

(1) As of December 25, 2013, Mr. Garutti held 31,303 Class B Units and 4,277 membership interests in SSE Holdings, all of which were vested.

(2) As of December 25, 2013, all Class B Units held by Mr. Uttz were unvested. Subject to Mr. Uttz's continued employment, all of his unvested Class B Units will vest ratably over five years, subject to acceleration upon a change in control or an initial public offering.

(3) There is no public market for the Class B Units. We valued the Class B Units with the assistance of a third-party valuation expert for purposes of this disclosure. The amount reported above under the heading "Market Value of Class B Units That Have Not Vested" reflects the intrinsic value of the Class B Units as of December 25, 2013. In connection with the offering, the Class B Units will be exchanged for LLC Interests.

(4)

Ms. Rubenzer was granted 626 unit appreciation rights on February 1, 2012 and 350 unit appreciation rights on February 11, 2013. As of December 25, 2013, all unit appreciation rights held by Ms. Rubenzer were unvested. Subject to Ms. Rubenzer's continued employment, she will be entitled to payment in respect of her unit appreciation rights upon a change in control or an initial public offering.

Director Compensation

Members of the SSE Holdings board of directors have not historically received compensation for their services as board members. In connection with this offering, we have approved and intend to implement a compensation policy that, effective upon the closing of this offering, will be applicable to all of our non-employee directors. Under the compensation policy, no non-employee director shall be

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entitled to a cash retainer or other cash compensation in consideration for his service on our board of directors or a committee thereof. Each non-employee director will, however, be entitled to certain equity-based compensation as described below.

Each non-employee director who, as of the date of this offering, is serving on our board of directors and is expected to continue his or her service following this offering will be granted an option to purchase shares of our Class A common stock with a grant date fair value of \$50,000 (or, if such director is unaffiliated with any significant stockholder of the Company, \$75,000) on the date the shares subject to this offering are priced.

Commencing with fiscal 2016, each non-employee director will be entitled to an annual option grant which shall consist of the following: (a) an option to purchase shares of our Class A common stock with a grant date fair value of \$50,000 (or, if such director is unaffiliated with any significant stockholder of the Company, \$75,000) and (b) to the extent the chairman of any committee of our board of directors, an additional option to purchase shares of our Class A common stock with a fair value of \$10,000 with respect to each such chairmanship.

The terms of each award described above will be set forth in a written award agreement between the applicable non-employee director and us, which will generally provide for vesting after one year of continued service as a director subject to acceleration upon a change of control.

The non-employee director compensation policy (including the compensation described above) may be amended, modified or terminated by our board of directors at any time in its sole discretion.

In addition to the non-employee director compensation policy, we intend to adopt a director stock ownership policy encouraging non-employee directors to hold shares of our Class A common stock with a value equal to at least one times the fair value of the director's annual equity award.

Special Bonus Agreements

In March 2011, Mr. Garutti entered into a Special Bonus Agreement (as amended, the "Special Bonus Agreement") with USHG with respect to Mr. Garutti's services to SSE Holdings. This Special Bonus Agreement provides for the payment of a special bonus in the amount of \$2.45 million by USHG to Mr. Garutti in the event of a change in control or an initial public offering of SSE Holdings prior to March 11, 2018, which will be payable to him in March 2018. On October 30, 2014, USHG, Mr. Garutti and SSE Holdings entered into an Assignment and Assumption Agreement, pursuant to which USHG assigned this obligation to SSE Holdings. The Special Bonus Agreement contains restrictive covenants prohibiting Mr. Garutti from competing with us and from soliciting any of our or of USHG's employees or contractors for one year following his termination of employment. The restrictive covenants also prohibit the unauthorized use of confidential information.

In addition to the Special Bonus Agreement, Mr. Garutti entered into two other bonus arrangements in July 2013 with SSE Holdings (the "Incentive Bonus Agreement") and USHG (the "Supplemental Bonus Agreement"), respectively. Such agreements provide for a bonus payment equal to the value of the special bonus under the Special Bonus Agreement and may become payable in the event a change in control or an initial public offering does not occur on or before March 11, 2018, subject to and conditioned upon certain other conditions specified in the Supplemental Bonus Agreement and Incentive Bonus Agreement, as applicable.

Mr. Garutti will only be entitled to receive payment under one of the Special Bonus Agreement, the Incentive Bonus Agreement or the Supplemental Bonus Agreement. Any such payment will have a value equal to \$2.45 million and paid in cash and/or equity pursuant to the terms of the applicable agreement.

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New Employment Agreements and Incentive Plans

New Employment Agreements

In connection with this offering, we entered into employment agreements with Messrs. Garutti and Uttz. The material terms of such agreements are summarized below.

Employment Term and Position

The term of employment of each of Messrs. Garutti and Uttz will be three years from the date of this offering, subject to automatic one-year extensions provided that neither party provides written notice of non-extension within ninety days of the expiration of the then-current term. During their respective terms of employment, Mr. Garutti will serve as Chief Executive Officer of the Company and SSE Holdings and Mr. Uttz will serve as Chief Financial Officer of the Company and SSE Holdings. Further, Mr. Garutti will be appointed to our board of directors and will be proposed for re-election during his term of employment.

Base Salary, Annual Bonus and Equity Compensation

Pursuant to their employment agreements, Messrs. Garutti and Uttz will be entitled to initial base salaries of \$400,000 and \$330,000, respectively.

In addition, Messrs. Garutti and Uttz will be eligible to receive annual performance-based cash bonuses upon the attainment of individual and Company performance goals established by our board of directors or the compensation committee. The amount of the annual performance-based cash bonus that may be received by Messrs. Garutti and Uttz upon attainment of target performance for any fiscal year will be 50% of base salary and 35% of base salary, respectively, and the maximum amount of the annual performance-based cash bonus that may be received by Messrs. Garutti and Uttz for any fiscal year will be 100% of base salary and 70% of base salary, respectively.

Under the employment agreements, Messrs. Garutti and Uttz will also be eligible for annual equity awards, the form and terms of which will be determined by our board of directors or the compensation committee in its discretion.

Severance

Each employment agreement will provide for severance upon a termination by us without cause or by Messrs. Garutti or Uttz for good reason, in each case, subject to the execution and non-revocation of a waiver and release of claims by Messrs. Garutti or Uttz, as applicable.

Upon a termination of employment by us without cause or by Messrs. Garutti or Uttz for good reason, Messrs. Garutti or Uttz, as applicable, will be entitled to severance consisting of (a) continued base salary through the first anniversary of the termination of his employment, (b) a prorated annual cash bonus for the year of termination based on actual individual and Company performance, (c) accelerated vesting of a prorated portion of the annual equity awards that would have vested at the end of the year of termination absent such termination, such portion to be based on the number of full fiscal months elapsed during such fiscal year, and (d) reimbursement of COBRA premiums such that the cost of coverage is equal to the cost for then current employees for a period of up to 12 months.

For purposes of the employment agreements, the Company will have "cause" to terminate Messrs. Garutti or Uttz's employment upon (a) his willful misconduct, gross negligence or act of dishonesty with regard to the Company or any of its affiliates, which in either case, results in or could reasonably be expected to result in material harm to the Company or such affiliate, (b) his willful and continued failure to attempt to perform his duties with the Company or any of its affiliates (other than any such failure resulting from disability), which failure is not remedied within 30 days after receiving written notice thereof, (c) his conviction of (or his plea of guilty or *nolo contendere* to) any felony involving moral turpitude (other than traffic related offenses or as a result of vicarious liability), or

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(d) his material breach of any material provision of the employment agreement, which breach is not remedied within 10 days after receiving written notice thereof.

For purposes of the employment agreements, each of Messrs. Garutti and Uttz will have "good reason" to terminate his employment after the occurrence, without his consent, of (a) any material adverse change in base salary, position, duties, responsibilities, authority, title or reporting obligations, or the assignment of duties that are materially inconsistent with his position, (b) a relocation of principal business location by more than 50 miles from its then current location, or (c) any other material breach by the Company of the employment agreement or any other agreement with him. However, no termination for good reason will be effective unless (i) Messrs. Garutti or Uttz, as applicable, provides the Company with at least thirty (30) days prior written notice of his intent to resign for good reason (which notice must be provided within sixty (60) days following the occurrence of the event(s) purported to constitute good reason); (ii) the Company has not remedied the alleged violation(s) within the thirty (30) day period; and (iii) Messrs. Garutti or Uttz's resignation, as applicable, becomes effective no later than thirty (30) days after the Company has either failed to cure such event or indicated that it will not cure such event.

Restrictive Covenants

Pursuant to their respective employment agreements, Messrs. Garutti and Uttz will be subject to certain non-competition and non-solicitation restrictions for a twelve-month period after termination of employment. During the restricted period, Messrs. Garutti and Uttz may not compete, directly or indirectly, with the Company in the business of developing, managing, and/or operating of (a) "better burger" restaurants, (b) "quick service" or "fast food" restaurants with an emphasis on hamburgers, or (c) "fast casual" restaurants. No severance payments or benefits described above shall be paid following the first date that Messrs. Garutti or Uttz, as applicable, violates his restrictive covenants; provided that, if employment is terminated by the Company without cause or by Messrs. Garutti or Uttz for good reason, Messrs. Garutti or Uttz, as applicable, may compete in the "fast casual" restaurant business during the restricted period without violating his employment agreement but he will not receive any severance after the date that he began to compete in the "fast casual" restaurant business.

2015 Incentive Award Plan

We intend to adopt the 2015 Incentive Award Plan, or the "Plan," subject to approval by our stockholders prior to the consummation of this offering, under which we may grant cash and equity incentive awards to eligible service providers in order to attract, motivate and retain the talent for which we compete. The material terms of the Plan, as it is currently contemplated, are summarized below. Our board of directors is still in the process of developing, approving and implementing the Plan and, accordingly, this summary is subject to change.

Eligibility and Administration. Our employees, consultants and directors, and employees, consultants and directors of our affiliates will be eligible to receive awards under the Plan. Following our initial public offering, the Plan will be administered by our board of directors with respect to awards to non-employee directors and by our compensation committee with respect to other participants, each of which may delegate its duties and responsibilities to committees of our directors and/or officers (referred to collectively as the plan administrator below), subject to certain limitations that may be imposed under Section 162(m) of the Code, Section 16 of the Securities Exchange Act of 1934, as amended, or the Exchange Act, and/or stock exchange rules, as applicable. The plan administrator will have the authority to make all determinations and interpretations under, prescribe all forms for use with, and adopt rules for the administration of, the Plan, subject to its express terms and conditions. The plan administrator will also set the terms and conditions of all awards under the Plan, including any vesting and vesting acceleration conditions.

Limitation on Awards and Shares Available. An aggregate of _____ shares of our Class A common stock will be available for issuance under awards granted pursuant to the Plan, which shares

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may be authorized but unissued shares, or shares purchased in the open market. If an award under the Plan is forfeited, expires or is settled for cash, any shares subject to such award may, to the extent of such forfeiture, expiration or cash settlement, be used again for new grants under the Plan. However, the following shares may not be used again for grants under the Plan: (1) shares tendered or withheld to satisfy grant or exercise price or tax withholding obligations associated with an option or stock appreciation right, or "SAR;" (2) shares subject to an SAR that are not issued in connection with the stock settlement of the SAR on its exercise; and (3) shares purchased on the open market with the cash proceeds from the exercise of options.

Awards granted under the Plan upon the assumption of, or in substitution for, awards authorized or outstanding under a qualifying equity plan maintained by an entity with which we enter into a merger or similar corporate transaction will not reduce the shares available for grant under the Plan. The maximum number of shares of our Class A common stock that may be subject to one or more awards granted to any person pursuant to the Plan during any calendar year will be _____ and the maximum amount that may be paid in cash under an award pursuant to the Plan to any one participant during any calendar year period will be \$5,000,000. Further, the maximum aggregate grant date fair value of awards granted to any non-employee director during any calendar year will be \$500,000.

Awards. The Plan provides for the grant of stock options, including incentive stock options, or "ISOs," and nonqualified stock options, or "NSOs," restricted stock, dividend equivalents, stock payments, restricted stock units, or "RSUs," deferred stock, deferred stock units, performance awards and SARs. No determination has been made as to the types or amounts of awards that will be granted to specific individuals pursuant to the Plan. Certain awards under the Plan may constitute or provide for a deferral of compensation, subject to Section 409A of the Code, which may impose additional requirements on the terms and conditions of such awards. All awards under the Plan will be set forth in award agreements, which will detail all terms and conditions of the awards, including any applicable vesting and payment terms and post-termination exercise limitations. Awards generally will be settled in shares of our Class A common stock, but the plan administrator may provide for cash settlement of any award. A brief description of each award type follows.

Stock Options. Stock options provide for the right to purchase shares of our Class A common stock in the future at an exercise price set on the grant date. ISOs, by contrast to NSOs, may provide tax deferral beyond exercise and favorable capital gains tax treatment to their holders if certain holding period and other requirements of the Code are satisfied. The exercise price of a stock option may not be less than 100% of the fair market value of the underlying share on the date of grant (or 110% in the case of ISOs granted to certain significant stockholders), except with respect to certain substitute options granted in connection with a corporate transaction. The term of a stock option may not be longer than ten years (or five years in the case of ISOs granted to certain significant stockholders). Vesting conditions determined by the plan administrator may apply to stock options and may include continued service, performance and/or other conditions.

SARs. SARs entitle their holder, upon exercise, to receive from us an amount equal to the appreciation of the shares subject to the award between the grant date and the exercise date. The exercise price of a SAR may not be less than 100% of the fair market value of the underlying share on the date of grant (except with respect to certain substitute SARs granted in connection with a corporate transaction) and the term of a SAR may not be longer than ten years. Vesting conditions determined by the plan administrator may apply to SARs and may include continued service, performance and/or other conditions.

Restricted Stock and RSUs. Restricted stock is an award of nontransferable shares of our Class A common stock that remain forfeitable unless and until specified conditions are met, and which may be subject to a purchase price. RSUs are contractual promises to deliver shares of our Class A common stock in the future, which may also remain forfeitable unless and until

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specified conditions are met. Delivery of the shares underlying RSUs may be deferred under the terms of the award or at the election of the participant, if the plan administrator permits such a deferral. Conditions applicable to restricted stock and RSUs may be based on continuing service, the attainment of performance goals and/or such other conditions as the plan administrator may determine.

Stock Payments. Stock payments are awards of fully vested shares of our Class A common stock that may, but need not, be made in lieu of base salary, bonus, fees or other cash compensation otherwise payable to any individual who is eligible to receive awards. Other incentive awards are awards other than those enumerated in this summary that are denominated in, linked to or derived from shares of our Class A common stock or value metrics related to our shares, and may remain forfeitable unless and until specified conditions are met.

Dividend Equivalents. Dividend equivalents represent the right to receive the equivalent value of dividends paid on shares of our Class A common stock and may be granted alone or in tandem with awards other than stock options or SARs. Dividend equivalents are credited as of dividend record dates occurring during the period between the date an award is granted and the date such award vests, is exercised, is distributed or expires, as determined by the plan administrator. Dividend equivalents may not be paid on awards granted under the Plan subject to performance based vesting unless and until such awards have vested.

Deferred Stock Awards: Deferred stock awards represent the right to receive shares of our Class A common stock on a future date. The Plan provides that deferred stock may not be sold or otherwise hypothecated or transferred until issued. Deferred stock will not be issued until the deferred stock award has vested, and recipients of deferred stock generally will have no voting or dividend rights prior to the time when the vesting conditions are satisfied and the shares are issued. Deferred stock awards generally will be forfeited, and the underlying shares of deferred stock will not be issued, if the applicable vesting conditions and other restrictions are not met.

Deferred Stock Units: Deferred stock units will be awarded to any eligible individual selected by the administrator, typically without payment of consideration, but may be subject to vesting conditions based on continued employment or service or on performance criteria established by the administrator. Each deferred stock unit shall entitle the holder thereof to receive one share of Class A common stock on the date the deferred stock unit becomes vested or upon a specified settlement date thereafter. The Plan provides that, like deferred stock, deferred stock units may not be sold, or otherwise transferred or hypothecated, until vesting conditions are removed or expire. Unlike deferred stock, deferred stock units may provide that shares of stock underlying the deferred stock units will not be issued until a specified date or event following the vesting date. Recipients of deferred stock units generally will have no voting or dividend rights prior to the time when vesting conditions are satisfied and the shares underlying the award have been issued to the holder.

Performance Awards. Performance Awards will be granted by the administrator in its discretion on an individual or group basis. Generally, these awards will be based upon specific performance targets and will be paid in cash or in Class A common stock or in a combination of both. The Plan provides that performance awards may include "phantom" stock awards that provide for payments based upon the value of our Class A common stock and that performance awards may also include bonuses that may be granted by the administrator on an individual or group basis and which may be payable in cash or in Class A common stock or in a combination of both.

Section 162(m). Section 162(m) of the Code imposes a \$1.0 million cap on the compensation deduction that a public company may take in respect of compensation paid to our "covered employees" (which includes our Chief Executive Officer and our next three most highly compensated employees other than our Chief Financial Officer), but excludes from the calculation of amounts subject to this limitation any amounts that constitute "qualified performance-based compensation," or "QPBC," within the meaning of Section 162(m) of the Code. Under current tax law, we do not expect Section 162(m)

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of the Code to apply to certain awards under the Plan until the earliest to occur of (1) our annual stockholders' meeting at which members of our board of directors are to be elected that occurs after the close of the third calendar year following the calendar year in which occurred the first registration of our equity securities under Section 12 of the Exchange Act; (2) a material modification of the Plan; (3) an exhaustion of the share supply under the Plan; or (4) the expiration of the Plan. However, QPBC performance criteria may be used with respect to performance awards that are not intended to constitute QPBC. In addition, the Company may issue awards that are not intended to constitute QPBC even if such awards might be non-deductible as a result of Section 162(m) of the Code.

In order to constitute QPBC under Section 162(m) of the Code, in addition to certain other requirements, the relevant amounts must be payable only upon the attainment of pre-established, objective performance goals set by our compensation committee and linked to stockholder-approved performance criteria. For purposes of the Plan, one or more of the following performance criteria will be used in setting performance goals applicable to QPBC, and may be used in setting performance goals applicable to other performance awards: (i) net earnings or losses (either before or after one or more of the following: (A) interest, (B) taxes, (C) depreciation and (D) amortization); (ii) gross or net sales or revenue; (iii) revenue growth or product revenue growth; (iv) net income (either before or after taxes); (v) adjusted net income; (vi) operating earnings or profit (either before or after taxes); (vii) cash flow (including, but not limited to, operating cash flow and free cash flow); (viii) return on assets or net assets; (ix) return on capital and cost of capital; (x) return on stockholders' equity; (xi) total stockholder return; (xii) return on sales; (xiii) gross or net profit or operating margin; (xiv) costs, reductions in costs and cost control measures; (xv) funds from operations or funds available for distributions; (xvi) expenses; (xvii) working capital; (xviii) earnings or loss per share; (xix) adjusted earnings per share; (xx) price per share of common stock or appreciation in and/or maintenance of such price; (xxi) economic value added models or similar metrics; (xxii) regulatory achievements or compliance (including, without limitation, regulatory body approval for commercialization of a product); (xxiii) implementation or completion of critical projects or processes; (xxiv) sales or market share; (xxv) licensing revenue; (xxvi) brand recognition/acceptance; (xxvii) inventory turns or cycle time and supply chain achievements (including, without limitation, establishing relationships with manufacturers or suppliers of component materials and manufacturers of the Company's products); (xxviii) strategic initiatives (including, without limitation, with respect to market penetration, geographic business expansion, manufacturing, commercialization, production and productivity, guest satisfaction and growth, employee satisfaction, recruitment and maintenance of personnel, human resources management, supervision of litigation and other legal matters, information technology, strategic partnerships and transactions (including acquisitions, dispositions, joint ventures, in-licensing and out-licensing of intellectual property, and establishment of relationships with commercial entities with respect to the marketing, distribution and sale of Company products, and factoring transactions, research and development and related activity, and financial or other capital raising transactions); (xxix) new or existing store results and operations and new store openings; and (xxx) financial ratios (including, without limitation, those measuring liquidity, activity, profitability or leverage), any of which may be measured either in absolute terms or as compared to any incremental increase or decrease or as compared to results of a peer group or to market performance indicators or indices. The Plan also permits the plan administrator to provide for objectively determinable adjustments to the applicable performance criteria in setting performance goals for QPBC awards.

Certain Transactions. The plan administrator has broad discretion to take action under the Plan, as well as make adjustments to the terms and conditions of existing and future awards, to prevent the dilution or enlargement of intended benefits and facilitate necessary or desirable changes in the event of certain transactions and events affecting our common stock, such as stock dividends, stock splits, mergers, acquisitions, consolidations and other corporate transactions. In addition, in the event of certain non-reciprocal transactions with our stockholders known as "equity restructurings," the plan administrator will make equitable adjustments to the Plan and outstanding awards. In the event of a change in control of our Company (as defined in the Plan), to the extent that the surviving entity

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declines to continue, convert, assume or replace outstanding awards, then the administrator may cause any or all of such awards to become fully vested and exercisable in connection with the transaction. Upon or in anticipation of a change of control, the plan administrator may cause any outstanding awards to terminate at a specified time in the future and give the participant the right to exercise such awards during a period of time determined by the plan administrator in its sole discretion. Individual award agreements may provide for additional accelerated vesting and payment provisions.

Foreign Participants, Claw-Back Provisions, Transferability, and Participant Payments. The plan administrator may modify award terms, establish subplans and/or adjust other terms and conditions of awards, subject to the share limits described above, in order to facilitate grants of awards subject to the laws and/or stock exchange rules of countries outside of the United States. All awards will be subject to the provisions of any claw-back policy implemented by our Company to the extent set forth in such claw-back policy and/or in the applicable award agreement. With limited exceptions for estate planning, domestic relations orders, certain beneficiary designations and the laws of descent and distribution, awards under the Plan are generally non-transferable prior to vesting, and are exercisable only by the participant. With regard to tax withholding, exercise price and purchase price obligations arising in connection with awards under the Plan, the plan administrator may, in its discretion, accept cash or check, shares of our Class A common stock that meet specified conditions, a "market sell order" or such other consideration as it deems suitable.

Plan Amendment and Termination. Our board of directors may amend or terminate the Plan at any time; however, except in connection with certain changes in our capital structure, stockholder approval