

**SHAKE SHACK INC.**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
**(UNAUDITED)**

(in thousands, except share and per share amounts)

	June 26 2024	December 27 2023
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 301,838	\$ 224,653
Marketable securities	2,574	68,561
Accounts receivable, net	15,914	16,847
Inventories	5,194	5,404
Prepaid expenses and other current assets	20,160	18,967
Total current assets	345,680	334,432
Property and equipment, net of accumulated depreciation of \$425,428 and \$376,760, respectively	545,225	530,995
Operating lease assets	419,527	398,296
Deferred income taxes, net	338,538	326,208
Other assets	12,788	15,926
<b>TOTAL ASSETS</b>	<b>\$ 1,661,758</b>	<b>\$ 1,605,857</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 18,576	\$ 22,273
Accrued expenses	56,376	54,742
Accrued wages and related liabilities	22,584	20,945
Operating lease liabilities, current	53,140	49,004
Other current liabilities	17,412	17,103
Total current liabilities	168,088	164,067
Long-term debt	246,160	245,636
Long-term operating lease liabilities	487,600	464,533
Liabilities under tax receivable agreement, net of current portion	246,878	235,613
Other long-term liabilities	26,667	26,638
Total liabilities	1,175,393	1,136,487
Commitments and contingencies (Note 13)		
Stockholders' equity:		
Preferred stock, no par value—10,000,000 shares authorized; none issued and outstanding as of June 26, 2024 and December 27, 2023.	—	—
Class A common stock, \$0.001 par value—200,000,000 shares authorized; 39,966,973 and 39,474,315 shares issued and outstanding as of June 26, 2024 and December 27, 2023, respectively.	40	39
Class B common stock, \$0.001 par value—35,000,000 shares authorized; 2,487,936 and 2,834,513 shares issued and outstanding as of June 26, 2024 and December 27, 2023, respectively.	2	3
Additional paid-in capital	433,877	426,601
Retained earnings	28,485	16,777
Accumulated other comprehensive loss	(4)	(3)
Total stockholders' equity attributable to Shake Shack Inc.	462,400	443,417
Non-controlling interests	23,965	25,953
Total equity	486,365	469,370
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>\$ 1,661,758</b>	<b>\$ 1,605,857</b>

See accompanying Notes to Condensed Consolidated Financial Statements.

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

	Thirteen Weeks Ended		Twenty-Six Weeks Ended	
	June 26 2024	June 28 2023	June 26 2024	June 28 2023
Shack sales	\$ 305,480	\$ 261,810	\$ 586,032	\$ 506,064
Licensing revenue	11,016	9,995	20,968	19,019
<b>TOTAL REVENUE</b>	<b>316,496</b>	<b>271,805</b>	<b>607,000</b>	<b>525,083</b>
Shack-level operating expenses:				
Food and paper costs	85,053	75,800	165,306	147,572
Labor and related expenses	86,614	75,158	168,123	149,422
Other operating expenses	43,953	36,109	85,809	71,045
Occupancy and related expenses	23,226	19,801	45,414	38,384
General and administrative expenses	36,313	31,476	72,257	62,787
Depreciation and amortization expense	25,496	22,252	50,937	43,574
Pre-opening costs	4,014	5,577	6,767	9,134
Impairment and loss on disposal of assets	1,045	884	1,571	1,606
<b>TOTAL EXPENSES</b>	<b>305,714</b>	<b>267,057</b>	<b>596,184</b>	<b>523,524</b>
<b>INCOME FROM OPERATIONS</b>	<b>10,782</b>	<b>4,748</b>	<b>10,816</b>	<b>1,559</b>
Other income, net	3,300	3,227	6,506	6,064
Interest expense	(527)	(405)	(1,035)	(808)
<b>INCOME BEFORE INCOME TAXES</b>	<b>13,555</b>	<b>7,570</b>	<b>16,287</b>	<b>6,815</b>
Income tax expense	3,173	347	3,691	1,214
<b>NET INCOME</b>	<b>10,382</b>	<b>7,223</b>	<b>12,596</b>	<b>5,601</b>
Less: Net income attributable to non-controlling interests	714	275	888	187
<b>NET INCOME ATTRIBUTABLE TO SHAKE SHACK INC.</b>	<b>\$ 9,668</b>	<b>\$ 6,948</b>	<b>\$ 11,708</b>	<b>\$ 5,414</b>
Earnings per share of Class A common stock:				
Basic	\$ 0.24	\$ 0.18	\$ 0.30	\$ 0.14
Diluted	\$ 0.23	\$ 0.16	\$ 0.28	\$ 0.13
Weighted-average shares of Class A common stock outstanding:				
Basic	39,750	39,416	39,632	39,374
Diluted	41,480	43,886	41,369	43,837

See accompanying Notes to Condensed Consolidated Financial Statements.

**SHAKE SHACK INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**(UNAUDITED)**  
*(in thousands)*

	Thirteen Weeks Ended		Twenty-Six Weeks Ended	
	June 26 2024	June 28 2023	June 26 2024	June 28 2023
Net income	\$ 10,382	\$ 7,223	\$ 12,596	\$ 5,601
Other comprehensive loss, net of tax <sup>(1)</sup> :				
Change in foreign currency translation adjustment	—	—	(1)	(4)
<b>OTHER COMPREHENSIVE LOSS</b>	—	—	(1)	(4)
<b>COPREHENSIVE INCOME</b>	10,382	7,223	12,595	5,597
Less: Comprehensive income attributable to non-controlling interests	714	275	888	187
<b>COPREHENSIVE INCOME ATTRIBUTABLE TO SHAKE SHACK INC.</b>	<b>\$ 9,668</b>	<b>\$ 6,948</b>	<b>\$ 11,707</b>	<b>\$ 5,410</b>

(1) Net of tax expense of \$0 for the thirteen and twenty-six weeks ended June 26, 2024 and June 28, 2023.

See accompanying Notes to Condensed Consolidated Financial Statements.

**SHAKE SHACK INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY**  
**(UNAUDITED)**  
*(in thousands, except share amounts)*

For the Thirteen Weeks Ended June 26, 2024 and June 28, 2023											
	Class A Common Stock		Class B Common Stock		Additional Paid-In Capital	(Accumulated Deficit)	Retained Earnings	Accumulated Other Comprehensive Loss	Non- Controlling Interest		Total Equity
	Shares	Amount	Shares	Amount							
<b>BALANCE, MARCH 27, 2024</b>	39,635,382	\$ 40	2,801,013	\$ 3	\$ 427,530	\$ 18,817	\$ (4)	\$ 25,907	\$ 472,293		
Net income	—	—	—	—	—	9,668	—	714	10,382		
Other comprehensive income (loss):											
Net change in foreign currency translation adjustment	—	—	—	—	—	—	—	—	—	—	—
Equity-based compensation	—	—	—	—	3,840	—	—	—	—	3,840	
Activity under stock compensation plans	18,514	—	—	—	(320)	—	—	—	296	(24)	
Redemption of LLC Interests	313,077	—	(313,077)	(1)	2,953	—	—	—	(2,952)	—	
Establishment of liabilities under tax receivable agreement and related changes to deferred tax assets associated with increases in tax basis	—	—	—	—	(126)	—	—	—	—	(126)	
Distributions paid to non-controlling interest holders	—	—	—	—	—	—	—	—	—	—	—
<b>BALANCE, JUNE 26, 2024</b>	39,966,973	\$ 40	2,487,936	\$ 2	\$ 433,877	\$ 28,485	\$ (4)	\$ 23,965	\$ 486,365		
<b>BALANCE, MARCH 29, 2023</b>	39,404,905	\$ 39	2,844,513	\$ 3	\$ 417,489	\$ (5,021)	\$ 6,948	\$ (4)	\$ 24,487	\$ 436,993	
Net income	—	—	—	—	—	—	—	—	275	7,223	
Other comprehensive income (loss):											
Net change in foreign currency translation adjustment	—	—	—	—	—	—	—	—	—	—	—
Equity-based compensation	—	—	—	—	4,011	—	—	—	—	4,011	
Activity under stock compensation plans	44,341	—	—	—	145	—	—	—	329	474	
Redemption of LLC Interests	—	—	—	—	—	—	—	—	—	—	
Establishment of liabilities under tax receivable agreement and related changes to deferred tax assets associated with increases in tax basis	—	—	—	—	(251)	—	—	—	—	(251)	
Distributions paid to non-controlling interest holders	—	—	—	—	—	—	—	—	—	(3)	(3)
<b>BALANCE, JUNE 28, 2023</b>	39,449,246	\$ 39	2,844,513	\$ 3	\$ 421,394	\$ 1,927	\$ (4)	\$ 25,088	\$ 448,447		

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For the Twenty-Six Weeks Ended June 26, 2024 and June 28, 2023											
	Class A Common Stock		Class B Common Stock		Additional Paid-In Capital	Retained Earnings (Accumulated Deficit)	Accumulated Other Comprehensive Income (Loss)	Non- Controlling Interest		Total Equity	
	Shares	Amount	Shares	Amount							
<b>BALANCE, DECEMBER 27, 2023</b>	39,474,315	\$ 39	2,834,513	\$ 3	\$ 426,601	\$ 16,777	\$ (3)	\$ 25,953	\$ 469,370		
Net income	—	—	—	—	—	11,708	—	888	12,596		
Other comprehensive income (loss):											
Net change in foreign currency translation adjustment	—	—	—	—	—	—	(1)	—	(1)		
Equity-based compensation	—	—	—	—	7,558	—	—	—	7,558		
Activity under stock compensation plans	146,081	1	—	—	(5,897)	—	—	507	(5,389)		
Redemption of LLC Interests	346,577	—	(346,577)	(1)	3,239	—	—	(3,238)	—		
Establishment of liabilities under tax receivable agreement and related changes to deferred tax assets associated with increases in tax basis	—	—	—	—	2,376	—	—	—	2,376		
Distributions paid to non-controlling interest holders	—	—	—	—	—	—	—	(145)	(145)		
<b>BALANCE, JUNE 26, 2024</b>	39,966,973	\$ 40	2,487,936	\$ 2	\$ 433,877	\$ 28,485	\$ (4)	\$ 23,965	\$ 486,365		
<b>BALANCE, DECEMBER 28, 2022</b>	39,284,998	\$ 39	2,869,513	\$ 3	\$ 415,649	\$ (3,487)	\$ —	\$ 24,632	\$ 436,836		
Net income	—	—	—	—	—	5,414	—	187	5,601		
Other comprehensive income (loss):											
Net change in foreign currency translation adjustment	—	—	—	—	—	—	(4)	—	(4)		
Equity-based compensation	—	—	—	—	7,875	—	—	—	7,875		
Activity under stock compensation plans	139,248	—	—	—	(2,554)	—	—	515	(2,039)		
Redemption of LLC Interests	25,000	—	(25,000)	—	194	—	—	(194)	—		
Establishment of liabilities under tax receivable agreement and related changes to deferred tax assets associated with increases in tax basis	—	—	—	—	230	—	—	—	230		
Distributions paid to non-controlling interest holders	—	—	—	—	—	—	—	(52)	(52)		
<b>BALANCE, JUNE 28, 2023</b>	39,449,246	\$ 39	2,844,513	\$ 3	\$ 421,394	\$ 1,927	\$ (4)	\$ 25,088	\$ 448,447		

See accompanying Notes to Condensed Consolidated Financial Statements.

**SHAKE SHACK INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**(UNAUDITED)**  
*(in thousands)*

	Twenty-Six Weeks Ended	
	June 26 2024	June 28 2023
<b>OPERATING ACTIVITIES</b>		
Net income (including amounts attributable to non-controlling interests)	\$ 12,596	\$ 5,601
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization expense	50,937	43,574
Amortization of debt issuance costs	524	524
Amortization of cloud computing assets	1,048	880
Non-cash operating lease cost	37,655	32,598
Equity-based compensation	7,381	7,734
Deferred income taxes	1,311	2,733
Non-cash interest	(128)	99
Gain on sale of equity securities	—	(81)
Net amortization of discount on held-to-maturity securities	(434)	(89)
Impairment and loss on disposal of assets	1,571	1,606
Changes in operating assets and liabilities:		
Accounts receivable	933	(455)
Inventories	210	(490)
Prepaid expenses and other current assets	(864)	(519)
Other assets	(1,219)	(3,217)
Accounts payable	(1,084)	(3,939)
Accrued expenses	4,409	39
Accrued wages and related liabilities	1,639	592
Other current liabilities	(732)	(2,081)
Operating lease liabilities	(32,553)	(25,584)
Other long-term liabilities	1,010	2,666
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>84,210</b>	<b>62,191</b>
<b>INVESTING ACTIVITIES</b>		
Purchases of property and equipment	(65,992)	(74,755)
Purchases of held-to-maturity securities	—	(91,448)
Maturities of held-to-maturity marketable securities	66,420	—
Purchases of equity securities	—	(690)
Sales of equity securities	—	81,478
<b>NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES</b>	<b>428</b>	<b>(85,415)</b>
<b>FINANCING ACTIVITIES</b>		
Payments on principal of finance leases	(1,918)	(1,504)
Distributions paid to non-controlling interest holders	(145)	(52)
Net proceeds from stock option exercises	552	630
Employee withholding taxes related to net settled equity awards	(5,941)	(2,670)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>(7,452)</b>	<b>(3,596)</b>
Effect of exchange rate changes on cash and cash equivalents	(1)	(4)
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>77,185</b>	<b>(26,824)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<b>224,653</b>	<b>230,521</b>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>\$ 301,838</b>	<b>\$ 203,697</b>

See accompanying Notes to Condensed Consolidated Financial Statements.

**SHAKE SHACK INC.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
(in thousands, except share and per share amounts)

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## NOTE 1: NATURE OF OPERATIONS

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Shake Shack Inc. was formed on September 23, 2014 as a Delaware corporation for the purpose of facilitating an initial public offering and other related transactions in order to carry on the business of SSE Holdings, LLC and its subsidiaries ("SSE Holdings"). Shake Shack Inc. is the sole managing member of SSE Holdings and, as sole managing member, the Company operates and controls all of the business and affairs of SSE Holdings. As a result, the Company consolidates the financial results of SSE Holdings and reports a non-controlling interest representing the economic interest in SSE Holdings held by the other members of SSE Holdings. As of June 26, 2024 the Company owned 94.1% of SSE Holdings. Unless the context otherwise requires, "we," "us," "our," "Shake Shack," the "Company" and other similar references, refer to Shake Shack Inc. and, unless otherwise stated, all of its subsidiaries, including SSE Holdings.

The Company operates and licenses Shake Shack restaurants ("Shacks"), which serve burgers, chicken, hot dogs, crinkle cut fries, shakes, frozen custard, beer, wine and more. As of June 26, 2024, there were 547 Shacks in operation system-wide, of which 311 were Company-operated Shacks and 236 were licensed Shacks.

## NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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### Basis of Presentation

The accompanying unaudited Condensed Consolidated Financial Statements include the accounts of Shake Shack Inc. and its subsidiaries. All intercompany accounts and transactions have been eliminated in consolidation. These interim Condensed Consolidated Financial Statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") and on a basis consistent in all material respects with the accounting policies described in its Annual Report on Form 10-K for the fiscal year ended December 27, 2023 ("2023 Form 10-K"). Certain information and footnote disclosures normally presented in annual financial statements prepared in accordance with GAAP have been condensed or omitted pursuant to the rules and regulations of the Securities and Exchange Commission. These interim Condensed Consolidated Financial Statements should be read in conjunction with the consolidated financial statements and related notes thereto included in its 2023 Form 10-K. In the Company's opinion, all adjustments, which are normal and recurring in nature, necessary for a fair presentation of the financial position and results of operation have been included. Operating results for interim periods are not necessarily indicative of the results that may be expected for a full fiscal year.

SSE Holdings is considered a variable interest entity. Shake Shack Inc. is the primary beneficiary as the Company has the majority economic interest in SSE Holdings and, as the sole managing member, has decision making authority that significantly affects the economic performance of the entity, while the limited partners have no substantive kick-out or participating rights. As a result, the Company consolidates SSE Holdings. The assets and liabilities of SSE Holdings represent substantially all of the Company's consolidated assets and liabilities with the exception of certain deferred taxes and liabilities under the Tax Receivable Agreement. As of June 26, 2024 and December 27, 2023, the net assets of SSE Holdings were \$409,417 and \$388,250, respectively. The assets of SSE Holdings are subject to certain restrictions in SSE Holdings' revolving credit agreement.

### Fiscal Year

The Company operates on a 52/53 week fiscal year ending on the last Wednesday of December. Fiscal 2024 contains 52 weeks and ends on December 25, 2024. Fiscal 2023 contained 52 weeks and ended on December 27, 2023. Unless otherwise stated, references to years in this report relate to fiscal years.

### Use of Estimates

The preparation of these Condensed Consolidated Financial Statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of sales and expenses during the reporting period. Actual results could differ from those estimates.

## Recently Issued Accounting Pronouncements

The Company reviewed all recently issued accounting pronouncements and concluded that they were not applicable or not expected to have a significant impact on its Condensed Consolidated Financial Statements.

## NOTE 3: REVENUE

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### Revenue Recognition

#### ***Shack Sales***

Revenue from Shack sales is recognized when payment is tendered at the point of sale, net of discounts as the performance obligation has been satisfied at that time. Sales tax collected from guests is excluded from Shack sales and the obligation is included in Other current liabilities on the Condensed Consolidated Balance Sheets until the taxes are remitted to the appropriate taxing authorities.

Delivery services are fulfilled by third-party delivery partners whether ordered through the Shack app, website (collectively, "Company-owned platforms") or through third-party delivery platforms. Revenue from orders through Company-owned platforms includes delivery fees and is recognized when the delivery partner transfers the order to the guest as the Company controls the delivery. For these sales, the Company receives payment directly from the guest at the time of sale. Revenue from orders through third-party delivery platforms is recognized when the order is transferred to the third-party delivery partner and excludes delivery fees collected by the delivery partner as the Company does not control the delivery. The Company receives payment from the delivery partner subsequent to the transfer of the order and the payment terms are short-term in nature. For all delivery sales, the Company is considered the principal and recognizes revenue on a gross basis.

The Company sells gift cards which do not have expiration dates. Revenue from gift cards is recognized when gift cards are redeemed by the guest or, in the event a gift card is not expected to be redeemed, in proportion to actual redemptions of gift cards ("gift card breakage"). The gift card breakage rate is determined from historical gift card redemption patterns. Gift card breakage income for the thirteen weeks ended June 26, 2024 and June 28, 2023 was \$110 and \$72, respectively. Gift card breakage income for the twenty-six weeks ended June 26, 2024 and June 28, 2023 was \$244 and \$178, respectively. Gift card breakage income is included in Shack sales on the Condensed Consolidated Statements of Income.

#### ***Licensing Revenue***

Licensing revenue includes initial territory fees, Shack opening fees and ongoing sales-based royalty fees from licensed Shacks. Generally, the licenses granted to develop, open and operate each Shack in a specified territory are the predominant good or service transferred to the licensee and represent distinct performance obligations. Ancillary promised services, such as training and assistance during the initial opening of a Shack, are typically combined with the license and considered one performance obligation per Shack.

The Company determines the transaction price for each contract, which requires judgement as the transaction price is comprised of the initial territory fee and an estimate of the total Shack opening fees based on the estimated number of Shacks the Company expects the licensee to open. The transaction price is then allocated equally to each Shack expected to open. The performance obligation is satisfied over time, starting when a Shack opens through the end of the license term for the related Shack, therefore revenue is recognized on a straight-line basis over the license term.

Generally, payment for the initial territory fee is received upon execution of the license agreement and payment for the Shack opening fees is received either in advance of or upon opening the related Shack. These payments are initially deferred and recognized in revenue as the performance obligations are satisfied. Revenue from sales-based royalties is recognized as the related sales occur.

Revenue disaggregated by type was as follows:

	Thirteen Weeks Ended		Twenty-Six Weeks Ended	
	June 26 2024	June 28 2023	June 26 2024	June 28 2023
Shack sales	\$ 305,480	\$ 261,810	\$ 586,032	\$ 506,064
Licensing revenue:				
Sales-based royalties	10,624	9,712	20,257	18,490
Initial territory and opening fees	392	283	711	529
<b>Total revenue</b>	<b>\$ 316,496</b>	<b>\$ 271,805</b>	<b>\$ 607,000</b>	<b>\$ 525,083</b>

The aggregate amount of the transaction price allocated to performance obligations that were unsatisfied or partially unsatisfied as of June 26, 2024 was \$22,978. The Company expects to recognize this amount as revenue over a long-term period, as the license term for each Shack ranges from five to twenty years. This amount excludes any variable consideration related to sales-based royalties.

## Contract Balances

Contract liabilities and receivables from contracts with customers were as follows:

	June 26 2024	December 27 2023
Shack sales receivables	\$ 9,399	\$ 9,884
Licensing receivables, net of allowance for doubtful accounts	5,440	4,610
Gift card liability	2,047	2,603
Deferred revenue, current	1,328	1,192
Deferred revenue, long-term	16,777	17,157

Revenue recognized that was included in the respective liability balances at the beginning of the period was as follows:

	Thirteen Weeks Ended		Twenty-Six Weeks Ended	
	June 26 2024	June 28 2023	June 26 2024	June 28 2023
Gift card liability	\$ 168	\$ 144	\$ 587	\$ 477
Deferred revenue	385	274	702	518

## NOTE 4: FAIR VALUE MEASUREMENTS

### Assets and Liabilities Measured at Fair Value on a Recurring Basis

The carrying values of the Company's Cash and cash equivalents, Accounts receivable, net, Accounts payable and Accrued expenses approximate fair value due to the short-term nature of these financial instruments.

The Company's marketable securities were as follows:

	June 26 2024	December 27 2023
Held-to-maturity securities	\$ 2,574	\$ 68,561

The Company classified its held-to-maturity securities as Level 1 within the fair value hierarchy. Refer to Note 6, Debt, for additional information relating to the fair value of the Company's outstanding debt instruments.

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The Company's held-to-maturity securities were as follows:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	June 26, 2024 Estimated Fair Value
U.S. Treasuries	\$ 2,574	\$ 456	\$ —	\$ 3,030

As of June 26, 2024, the contractual maturities of held-to-maturity securities were less than 12 months. Any expected credit losses would not be material to the Condensed Consolidated Statements of Income.

A summary of other income (expense) from marketable securities was as follows:

	Thirteen Weeks Ended		Twenty-Six Weeks Ended	
	June 26 2024	June 28 2023	June 26 2024	June 28 2023
Income from marketable securities	\$ 90	\$ 126	\$ 625	\$ 621
Realized gain on sale of equity securities	—	—	—	81
<b>Total</b>	<b>\$ 90</b>	<b>\$ 126</b>	<b>\$ 625</b>	<b>\$ 702</b>

### Assets and Liabilities Measured at Fair Value on a Non-Recurring Basis

Assets and liabilities measured at fair value on a non-recurring basis include long-lived assets, operating lease right-of-use assets and indefinite-lived intangible assets. The Company performs its impairment analysis at least annually or whenever events or circumstances indicate that the carrying amount of an asset may not be recoverable. There were no impairment charges recognized during the thirteen and twenty-six weeks ended June 26, 2024 and June 28, 2023.

## NOTE 5: SUPPLEMENTAL BALANCE SHEET INFORMATION

The components of Prepaid expenses and other current assets were as follows:

	June 26 2024	December 27 2023
Prepaid expenses	\$ 6,332	\$ 5,641
Tenant allowance receivables	12,465	12,136
Other	1,363	1,190
<b>Prepaid expenses and other current assets</b>	<b>\$ 20,160</b>	<b>\$ 18,967</b>

The components of Other current liabilities were as follows:

	June 26 2024	December 27 2023
Sales tax payable	\$ 6,220	\$ 6,076
Current portion of financing equipment lease liabilities	3,789	3,435
Gift card liability	2,047	2,603
Other	5,356	4,989
<b>Other current liabilities</b>	<b>\$ 17,412</b>	<b>\$ 17,103</b>

## NOTE 6: DEBT

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### Convertible Notes

The Company's \$250,000 aggregate principal amount of 0% Convertible Senior Notes due 2028 ("Convertible Notes") will mature on March 1, 2028, unless earlier converted, redeemed or repurchased in certain circumstances. Upon conversion, the Company pays or delivers, as the case may be, cash, shares of Class A common stock or a combination of cash and shares of Class A common stock, at the Company's election.

The Convertible Notes are convertible at the option of the holders at any time prior to the close of business on the business day immediately preceding December 1, 2027, only under the following circumstances: (1) during any fiscal quarter commencing after the fiscal quarter ending on June 30, 2021 (and only during such fiscal quarter), if the last reported sale price of the Company's Class A common stock, par value \$0.001 per share, for at least 20 trading days (whether or not consecutive) during a period of 30 consecutive trading days ending on, and including, the last trading day of the immediately preceding fiscal quarter is greater than or equal to 130% of the conversion price for the Convertible Notes on each applicable trading day; (2) during the five business day period after any ten consecutive trading day period (the "measurement period") in which the trading price (as defined in the Indenture) per one thousand dollar principal amount of the Convertible Notes for each trading day of the measurement period was less than 98% of the product of the last reported sale price of Class A common stock and the conversion rate for the Convertible Notes on each such trading day; (3) if the Company calls such Convertible Notes for redemption, at any time prior to the close of business on the scheduled trading day immediately preceding the redemption date, but only with respect to the Convertible Notes called (or deemed called) for redemption; and (4) upon the occurrence of specified corporate events as set forth in the Indenture. On or after December 1, 2027, until the close of business on the second scheduled trading day immediately preceding the maturity date, holders of the Convertible Notes may convert all or any portion of their Convertible Notes at any time, regardless of the foregoing circumstances.

The Convertible Notes had an initial conversion rate of 5.8679 shares of Class A common stock per one thousand dollar principal amount of Convertible Notes, which is equivalent to an initial conversion price of approximately \$170.42 per share of Class A common stock. The fair value of the Convertible Notes was approximately \$214,375 and \$205,000, respectively, as of June 26, 2024 and December 27, 2023, based on external pricing data, including available quoted market prices of these instruments, and consideration of comparable debt instruments with similar interest rates and trading frequency, among other factors, and is classified as a Level 2 measurement within the fair value hierarchy.

Classification	Thirteen Weeks Ended		Twenty-Six Weeks Ended	
	June 26 2024	June 28 2023	June 26 2024	June 28 2023
Amortization expense on Convertible Notes	\$ 262	\$ 262	\$ 524	\$ 524
Convertible Notes			\$ 250,000	\$ 250,000
Discount and debt issuance costs, net of amortization			(3,840)	(4,364)
<b>Long-term debt</b>			\$ 246,160	\$ 245,636

### Revolving Credit Facility

The Company maintains a revolving credit facility agreement ("Revolving Credit Facility") which permits borrowings up to \$50,000 with the ability to increase available borrowings up to an additional \$100,000, subject to satisfaction of certain conditions. The Revolving Credit Facility has a maturity date of March 5, 2026.

In June 2023, the Company entered into the fourth amendment to the Revolving Credit Facility ("Fourth Amendment"), which, among other things, modified the benchmark interest rate to either: (i) the base rate plus applicable margin ranging from 0.0% to 1.5% or (ii) the Secured Overnight Financing Rate ("SOFR") plus applicable margin ranging from 1.0% to 2.5%, in each case

dependent upon the net lease adjusted leverage ratio. As of June 26, 2024 and December 27, 2023, no amounts were outstanding under the Revolving Credit Facility.

The obligations under the Revolving Credit Facility are secured by a first-priority security interest in substantially all of the assets of SSE Holdings and the guarantors. The obligations under the Revolving Credit Facility are guaranteed by each of SSE Holdings' direct and indirect subsidiaries, with certain exceptions. The Revolving Credit Facility requires the Company to comply with maximum net lease adjusted leverage and minimum fixed charge coverage ratios, as well as other customary affirmative and negative covenants. As of June 26, 2024, the Company was in compliance with all covenants.

The Revolving Credit Facility also permits the issuance of letters of credit upon our request of up to \$15,000. As of June 26, 2024 and December 27, 2023, the Company had outstanding letters of credit of \$3,310 and \$3,147, respectively, in connection with the Revolving Credit Facility.

Classification		Thirteen Weeks Ended		Twenty-Six Weeks Ended	
		June 26 2024	June 28 2023	June 26 2024	June 28 2023
Interest expense on Revolving Credit Facility	Interest expense	\$ 17	\$ 22	\$ 34	\$ 46
Classification				June 26 2024	December 27 2023
Unamortized deferred financing costs on Revolving Credit Facility	Other assets			\$ 33	\$ 42

## NOTE 7: LEASES

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### Nature of Leases

Shake Shack currently leases all of its Company-operated Shacks, the home office and certain equipment under various non-cancelable lease agreements that expire on various dates through 2045. The Company evaluates contracts entered into to determine whether the contract involves the use of property or equipment, which is either explicitly or implicitly identified in the contract. The Company evaluates whether it controls the use of the asset, which is determined by assessing whether substantially all economic benefit from the use of the asset is obtained, and whether the Company has the right to direct the use of the asset. If these criteria are met, the Company has identified a lease within the contract, and therefore a right-of-use asset and lease liability are recorded on the Condensed Consolidated Balance Sheets. Upon possession of a leased asset, the Company determines whether the lease is an operating or finance lease. All of the Company's real estate leases are classified as operating leases and most equipment leases are classified as finance leases.

Generally, real estate leases have initial terms ranging from 10 to 15 years and typically include two five-year renewal options. Renewal options are generally not recognized as part of the right-of-use assets and lease liabilities as it is not reasonably certain at commencement date that the Company would exercise the renewal options. Real estate leases typically contain fixed minimum rent payments and/or contingent rent payments which are based upon sales in excess of specified thresholds. When the achievement of such sales thresholds are deemed to be probable, contingent rent is accrued in proportion to the sales recognized during the period.

For operating leases, fixed lease payments are recognized as operating lease costs on a straight-line basis over the lease term on the Condensed Consolidated Statements of Income in the following line items. Lease expense incurred before a Shack opens is recorded in Pre-opening costs. Once a Company-operated Shack opens, the straight-line lease expense and contingent rent, if applicable, are recorded in Occupancy and related expenses. Many of these leases also require the Company to pay real estate taxes, common area maintenance costs and other occupancy costs which are included in Occupancy and related expenses. Finance leases are recognized in depreciation expense on a straight-line basis over the remaining lease term, along with recognition of interest expense associated with accretion of the lease liability.

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For both operating and finance leases that contain lease and non-lease components, the components are combined and accounted for as a single lease component. Variable lease costs for both operating and finance leases, if any, are recognized as incurred. Leases with a term of 12 months or less are deemed short-term and are not recognized on the Condensed Consolidated Balance Sheets. Fixed lease payments for short-term leases are recognized on a straight-line basis over the lease term.

The Company calculates operating lease assets and lease liabilities as the present value of fixed lease payments over the reasonably certain lease term beginning at the commencement date. The Company uses its incremental borrowing rate ("IBR") in determining the present value of future lease payments as there are no explicit rates provided in the leases. The IBR used to measure the lease liability is derived from the average of the yield curves obtained from using the notching method and the recovery rate method. The most significant assumption in calculating the IBR is the Company's credit rating and is subject to judgment. The credit rating used to develop the IBR is determined by utilizing the credit ratings of other public companies with similar financial information as SSE Holdings.

The Company expends cash for leasehold improvements to build out and equip leased properties. Generally, a portion of the leasehold improvements and building costs are reimbursed by the landlords through landlord incentives pursuant to agreed-upon terms in the lease agreements. Landlord incentives usually take the form of cash, full or partial credits against future minimum or contingent rents otherwise payable by the Company, or a combination thereof. In most cases, landlord incentives are received after the Company takes possession of the property and as milestones are met during the construction of the property. The Company includes these amounts in the measurement of the initial operating lease liability, and lease asset.

A summary of operating and finance right-of-use assets and lease liabilities were as follows:

Classification	June 26 2024	December 27 2023
Operating leases	\$ 419,527	\$ 398,296
Finance leases	12,278	11,801
<b>Total right-of-use assets</b>	<b>\$ 431,805</b>	<b>\$ 410,097</b>
Operating leases:		
Operating lease liabilities, current	\$ 53,140	\$ 49,004
Long-term operating lease liabilities	487,600	464,533
Finance leases:		
Other current liabilities	3,789	3,435
Other long-term liabilities	8,969	8,721
<b>Total lease liabilities</b>	<b>\$ 553,498</b>	<b>\$ 525,693</b>

The components of lease expense were as follows:

Classification	Thirteen Weeks Ended		Twenty-Six Weeks Ended	
	June 26 2024	June 28 2023	June 26 2024	June 28 2023
Operating lease cost				
Occupancy and related expenses	\$ 19,165	\$ 16,523	\$ 37,655	\$ 32,598
Pre-opening costs				
General and administrative expenses				
Finance lease cost:				
Amortization of right-of-use assets	Depreciation and amortization expense	1,075	703	2,043
Interest on lease liabilities	Interest expense	207	72	387
Variable lease cost				
Occupancy and related expenses	5,523	4,682	10,729	8,452
Pre-opening costs				
General and administrative expenses				
Short-term lease cost				
Occupancy and related expenses	190	273	406	513
<b>Total lease cost</b>	<b>\$ 26,160</b>	<b>\$ 22,253</b>	<b>\$ 51,220</b>	<b>\$ 43,145</b>

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As of June 26, 2024, future minimum lease payments for operating and finance leases consisted of the following:

	Operating Leases	Finance Leases
2024 <sup>(1)</sup>	\$ 29,716	\$ 2,306
2025	85,913	4,151
2026	86,224	3,397
2027	81,318	2,719
2028	76,993	1,493
Thereafter	342,271	228
Total minimum payments	702,435	14,294
Less: imputed interest	174,160	1,536
<b>Total lease liabilities</b>	<b>\$ 528,275</b>	<b>\$ 12,758</b>

(1) Operating leases are net of certain tenant allowance receivables that were reclassified to Other current assets as of June 26, 2024.

As of June 26, 2024, the Company had additional operating lease commitments of \$134,340 for non-cancelable leases without a possession date, which commence in 2024 or later. These lease commitments are materially consistent with leases recognized on the Condensed Consolidated Balance Sheets.

A summary of lease terms and discount rates for operating and finance leases were as follows:

	June 26 2024	December 27 2023
Weighted average remaining lease term (years):		
Operating leases	8.9	8.9
Finance leases	4.7	4.7
Weighted average discount rate:		
Operating leases	6.2 %	6.2 %
Finance leases	5.7 %	5.6 %

Supplemental cash flow information related to leases was as follows:

	Twenty-Six Weeks Ended	
	June 26 2024	June 28 2023
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	\$ 40,095	\$ 34,454
Operating cash flows from finance leases	387	142
Financing cash flows from finance leases	1,918	1,504
Right-of-use assets obtained in exchange for lease obligations:		
Operating leases	43,822	37,625
Finance leases	2,520	1,408

## NOTE 8: NON-CONTROLLING INTERESTS

Shake Shack is the primary beneficiary and sole managing member of SSE Holdings and, as a result, consolidates the financial results of SSE Holdings. The Company reports a non-controlling interest representing the economic interest held by the other members of SSE Holdings. The Third Amended and Restated Limited Liability Company Agreement, as further amended, (the "LLC Agreement") of SSE Holdings provides that holders of SSE Holdings, LLC membership interests ("LLC Interests") may,

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from time to time, require SSE Holdings to redeem all or a portion of their LLC Interests for newly-issued shares of Class A common stock on a one-for-one basis. In connection with any redemption or exchange, the Company will receive a corresponding number of LLC Interests, increasing the total ownership interest in SSE Holdings. Changes in the ownership interest in SSE Holdings while the Company retains its controlling interest in SSE Holdings will be accounted for as equity transactions. As such, future redemptions or direct exchanges of LLC Interests in SSE Holdings by the other members of SSE Holdings will result in a change in ownership and reduce the amount recorded as non-controlling interest and increase additional paid-in capital.

The following table summarizes the ownership interest in SSE Holdings:

	June 26, 2024		December 27, 2023	
	LLC Interests	Ownership %	LLC Interests	Ownership %
Number of LLC Interests held by Shake Shack Inc.	39,966,973	94.1 %	39,474,315	93.3 %
Number of LLC Interests held by non-controlling interest holders	2,487,936	5.9 %	2,834,513	6.7 %
<b>Total LLC Interests outstanding</b>	<b>42,454,909</b>	<b>100.0 %</b>	<b>42,308,828</b>	<b>100.0 %</b>

The weighted average ownership percentages for the applicable reporting periods are used to attribute Net income and Other comprehensive income to the non-controlling interest holders and were as follows:

	Thirteen Weeks Ended		Twenty-Six Weeks Ended	
	June 26 2024	June 28 2023	June 26 2024	June 28 2023
Non-controlling interest holders' weighted average ownership percentages	6.3 %	6.7 %	6.5 %	6.7 %

The following table summarizes the effects of changes in ownership of SSE Holdings on the Company's equity:

	Thirteen Weeks Ended		Twenty-Six Weeks Ended	
	June 26 2024	June 28 2023	June 26 2024	June 28 2023
Net income attributable to Shake Shack Inc.	\$ 9,668	\$ 6,948	\$ 11,708	\$ 5,414
Other comprehensive loss:				
Unrealized holding loss on foreign currency translation adjustment	—	—	(1)	(4)
Transfers (to) from non-controlling interests:				
Increase in additional paid-in capital as a result of the redemption of LLC Interests	2,953	—	3,239	194
Increase (decrease) in additional paid-in capital as a result of activity under stock compensation plan	(320)	145	(5,897)	(2,554)
<b>Total effect of changes in ownership interest on equity attributable to Shake Shack Inc.</b>	<b>\$ 12,301</b>	<b>\$ 7,093</b>	<b>\$ 9,049</b>	<b>\$ 3,050</b>

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The following table summarizes the LLC Interests activity:

	Thirteen Weeks Ended		Twenty-Six Weeks Ended	
	June 26 2024	June 28 2023	June 26 2024	June 28 2023
<b>LLC Interests activity under the Company's stock compensation plan</b>				
Number of LLC Interests received by Shake Shack Inc.	18,514	44,341	146,081	139,248
<b>Redemption and acquisition of LLC Interests</b>				
Number of LLC Interests redeemed by non-controlling interest holders	313,077	—	346,577	25,000
Number of LLC Interests received by Shake Shack Inc.	313,077	—	346,577	25,000
<b>Issuance of Class A common stock</b>				
Shares of Class A common stock issued in connection with redemptions of LLC Interests	313,077	—	346,577	25,000
<b>Cancellation of Class B common stock</b>				
Shares of Class B common stock surrendered and canceled	313,077	—	346,577	25,000

## NOTE 9: EQUITY-BASED COMPENSATION

A summary of equity-based compensation expense by award type was as follows:

	Thirteen Weeks Ended		Twenty-Six Weeks Ended	
	June 26 2024	June 28 2023	June 26 2024	June 28 2023
Performance stock units	\$ (505)	\$ 749	\$ 278	\$ 2,059
Restricted stock units	4,244	3,183	7,103	5,675
<b>Equity-based compensation expense</b>	<b>\$ 3,739</b>	<b>\$ 3,932</b>	<b>\$ 7,381</b>	<b>\$ 7,734</b>
<b>Total income tax benefit recognized related to equity-based compensation</b>	<b>\$ 113</b>	<b>\$ 98</b>	<b>\$ 217</b>	<b>\$ 200</b>

Equity-based compensation expense recognized was as follows:

	Thirteen Weeks Ended		Twenty-Six Weeks Ended	
	June 26 2024	June 28 2023	June 26 2024	June 28 2023
General and administrative expenses	\$ 3,317	\$ 3,562	\$ 6,633	\$ 7,091
Labor and related expenses	422	370	748	643
<b>Equity-based compensation expense</b>	<b>\$ 3,739</b>	<b>\$ 3,932</b>	<b>\$ 7,381</b>	<b>\$ 7,734</b>

## NOTE 10: INCOME TAXES

Shake Shack is the sole managing member of SSE Holdings and, as a result, consolidates the financial results of SSE Holdings. SSE Holdings is treated as a partnership for U.S. federal and most applicable state and local income tax purposes. As a partnership, SSE Holdings is not subject to U.S. federal and certain state and local income taxes. Any taxable income or loss generated by SSE Holdings is passed through to and included in the taxable income or loss of its members, including the Company, on a pro rata basis. The Company is subject to U.S. federal income taxes, in addition to state and local income taxes with respect to its allocable share of any taxable income or loss of SSE Holdings, as well as any stand-alone income or loss generated by Shake Shack Inc. The Company is also subject to withholding taxes in foreign jurisdictions.

### Effective Income Tax Rates

The following table presents the Company's effective income tax rates:

	Thirteen Weeks Ended		Twenty-Six Weeks Ended	
	June 26 2024	June 28 2023	June 26 2024	June 28 2023
Effective income tax rates	23.4 %	4.6 %	22.7 %	17.8 %

The increases in the effective income tax rates for the thirteen and twenty-six weeks ended June 26, 2024 were primarily driven by increases in pre-tax income. Additionally, increases in the Company's ownership interest in SSE Holdings for the thirteen and twenty-six weeks ended June 26, 2024 increase its share of the taxable income of SSE Holdings.

The Company's weighted average ownership interest in SSE Holdings was as follows:

	Thirteen Weeks Ended		Twenty-Six Weeks Ended	
	June 26 2024	June 28 2023	June 26 2024	June 28 2023
Shake Shack's weighted average ownership percentages	93.7 %	93.3 %	93.5 %	93.3 %

### Deferred Tax Assets and Liabilities

The Company acquires LLC Interests in connection with the redemption of LLC Interests and activity relating to its stock compensation plan and recognizes deferred tax assets associated with the basis difference in its investment in SSE Holdings upon acquisition of these LLC Interests.

The following table summarizes the LLC Interests acquired by the Company:

	Thirteen Weeks Ended		Twenty-Six Weeks Ended	
	June 26 2024	June 28 2023	June 26 2024	June 28 2023
LLC Interests activity under the Company's stock compensation plan	18,514	44,341	146,081	139,248
LLC Interests activity from redemptions of LLC Interests	313,077	—	346,577	25,000
<b>Total LLC Interests acquired by the Company</b>	<b>331,591</b>	<b>44,341</b>	<b>492,658</b>	<b>164,248</b>

Deferred tax assets related to the basis difference in the Company's investment in SSE Holdings were as follows:

	Thirteen Weeks Ended		Twenty-Six Weeks Ended	
	June 26 2024	June 28 2023	June 26 2024	June 28 2023
Deferred tax assets recognized upon acquisition of LLC Interests	\$ 7,263	\$ (251)	\$ 10,577	\$ 573
Total deferred tax assets related to the acquisition of LLC Interests			June 26 2024	December 27 2023
			\$ 101,746	\$ 90,419

The Company also recognizes deferred tax assets related to additional tax basis increases generated from expected future payments under the Tax Receivable Agreement and related deductions for imputed interest on such payments. Refer to "Tax Receivable Agreement," herein for additional information.

	Thirteen Weeks Ended		Twenty-Six Weeks Ended	
	June 26 2024	June 28 2023	June 26 2024	June 28 2023
Deferred tax assets recognized under the Tax Receivable Agreement	\$ 2,760	\$ —	\$ 3,063	\$ 129

The Company evaluates the realizability of its deferred tax assets on a quarterly basis and establishes valuation allowances when it is more likely than not that all or a portion of a deferred tax asset may not be realized. As of June 26, 2024, the Company concluded, based on the weight of all available positive and negative evidence, that all of its deferred tax assets (except for those deferred tax assets relating to certain state tax credits and net operating losses) are more likely than not to be realized. As such, no additional valuation allowance was recognized.

### Tax Receivable Agreement

On February 4, 2015, the Company entered into a tax receivable agreement with certain of the then-existing members of SSE Holdings (the "Tax Receivable Agreement") that provides for the payment by the Company of 85% of the amount of any tax benefits that are actually realized, or in some cases are deemed to realize, as a result of (i) increases in the Company's share of the tax basis in the net assets of SSE Holdings resulting from any redemptions or exchanges of LLC Interests, (ii) tax basis increases attributable to payments made under the Tax Receivable Agreement, and (iii) deductions attributable to imputed interest pursuant to the Tax Receivable Agreement (the "TRA Payments"). The Company expects to benefit from the remaining 15% of any tax benefits that may actually realize. The TRA Payments are not conditioned upon any continued ownership interest in SSE Holdings or the Company. The rights of each member of SSE Holdings that is a party to the Tax Receivable Agreement, are assignable to transferees of their respective LLC Interests.

Pursuant to the Company's election under Section 754 of the Internal Revenue Code (the "Code"), the Company expects to obtain an increase in its share of the tax basis in the net assets of SSE Holdings when LLC Interests are redeemed or exchanged by the other members of SSE Holdings. The Company plans to make an election under Section 754 of the Code for each taxable year in which a redemption or exchange of LLC Interest occurs. The Company intends to treat any redemptions and exchanges of LLC Interests as direct purchases of LLC Interests for U.S. federal income tax purposes. These increases in tax basis may reduce the amounts that would otherwise be paid in the future to various tax authorities. They may also decrease gains (or increase losses) on future dispositions of certain capital assets to the extent tax basis is allocated to those capital assets.

Amounts payable under the Tax Receivable Agreement are contingent upon, among other things, (i) generation of future taxable income over the term of the Tax Receivable Agreement and (ii) future changes in tax laws. There were no transactions subject to the Tax Receivable Agreement for which the Company did not recognize the related liability, as the Company concluded that it would have sufficient future taxable income to utilize all of the related tax benefits generated by all transactions that occurred during the twenty-six weeks ended June 26, 2024 and June 28, 2023.

A summary of obligations under the Tax Receivable Agreement were as follows:

	Thirteen Weeks Ended		Twenty-Six Weeks Ended	
	June 26 2024	June 28 2023	June 26 2024	June 28 2023
Additional liabilities recognized under the Tax Receivable Agreement	\$ 10,150	\$ (4)	\$ 11,265	\$ 468
Total obligations under the Tax Receivable Agreement			\$ 246,878	\$ 235,613

During the twenty-six weeks ended June 26, 2024 and June 28, 2023, inclusive of interest, no payments were made to the parties to the Tax Receivable Agreement.

## NOTE 11: EARNINGS (LOSS) PER SHARE

Basic earnings per share of Class A common stock is computed by dividing Net income attributable to Shake Shack Inc. by the weighted average number of shares of Class A common stock outstanding during the period. Diluted earnings per share of Class A common stock is computed by dividing Net income attributable to Shake Shack Inc. by the weighted average number of shares of Class A common stock outstanding, adjusted to give effect to potentially dilutive securities.

The following table sets forth reconciliations of the numerators and denominators used to compute basic and diluted earnings per share of Class A common stock (in thousands, except per share amounts):

	Thirteen Weeks Ended		Twenty-Six Weeks Ended	
	June 26 2024	June 28 2023	June 26 2024	June 28 2023
<b>Numerator:</b>				
Net income attributable to Shake Shack Inc.—basic	\$ 9,668	\$ 6,948	\$ 11,708	\$ 5,414
Reallocation of net income attributable to non-controlling interests from the assumed conversion of Class B shares	—	275	—	187
Net income attributable to Shake Shack Inc.—diluted	\$ 9,668	\$ 7,223	\$ 11,708	\$ 5,601
<b>Denominator:</b>				
Weighted average shares of Class A common stock outstanding—basic	39,750	39,416	39,632	39,374
<b>Effect of dilutive securities:</b>				
Stock options	60	79	65	79
Performance stock units	63	6	39	11
Restricted stock units	140	73	166	58
Convertible Notes	1,467	1,467	1,467	1,467
Shares of Class B common stock	—	2,845	—	2,848
Weighted average shares of Class A common stock outstanding—diluted	41,480	43,886	41,369	43,837
Earnings per share of Class A common stock—basic	\$ 0.24	\$ 0.18	\$ 0.30	\$ 0.14
Earnings per share of Class A common stock—diluted	\$ 0.23	\$ 0.16	\$ 0.28	\$ 0.13

The effect of potential share settlement of the Convertible Notes outstanding for the period is included as potentially dilutive shares of Class A common stock under application of the if-converted method in the computation of diluted earnings per share, except when the effect would be anti-dilutive. Refer to Note 6, Debt, for additional information.

Shares of Class B common stock do not share in the earnings or losses of Shake Shack and are therefore not participating securities. As such, separate presentation of basic and diluted earnings per share of Class B common stock under the two-class method has not been presented. However, shares of Class B common stock outstanding for the period are considered potentially dilutive shares of Class A common stock under application of the if-converted method and are included in the computation of diluted earnings per share, except when the effect would be anti-dilutive.

The following table presents potentially dilutive securities excluded from the computations of diluted earnings per share of Class A common stock:

	Thirteen Weeks Ended		Twenty-Six Weeks Ended	
	June 26 2024	June 28 2023	June 26 2024	June 28 2023
Performance stock units	121,131	(1)	109,749	(1)
Shares of Class B common stock	2,487,936	(2)	—	2,487,936

(1) Number of securities outstanding at the end of the period that were excluded from the computation of diluted earnings per share of Class A common stock because the performance conditions associated with these awards were not met assuming the end of the reporting period was the end of the performance period.

(2) Number of securities outstanding at the end of the period that were excluded from the computation of diluted earnings per share of Class A common stock because the effect would have been anti-dilutive.

## NOTE 12: SUPPLEMENTAL CASH FLOW INFORMATION

The following table sets forth supplemental cash flow information:

	Twenty-Six Weeks Ended	
	June 26 2024	June 28 2023
Cash paid for:		
Income taxes, net of refunds	\$ 3,696	\$ 1,877
Interest, net of amounts capitalized	493	185
Non-cash investing activities:		
Accrued purchases of property and equipment	19,749	26,178
Capitalized equity-based compensation	107	92
Non-cash financing activities:		
Establishment of liabilities under Tax Receivable Agreement	11,265	468

## NOTE 13: COMMITMENTS AND CONTINGENCIES

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### Lease Commitments

The Company is obligated under various operating leases for Shacks and the home office space, expiring in various years through 2045. Under certain of these leases, the Company is liable for contingent rent based on a percentage of sales in excess of specified thresholds and typically responsible for its proportionate share of real estate taxes, common area maintenance costs and other occupancy costs. Refer to Note 7, Leases, for additional information.

Certain leases require the Company to obtain letters of credit. As of June 26, 2024, the Company held three letters of credit, one for \$402, which expires in August 2024 and renews automatically for one-year periods through January 2034, one for \$163, which expires in December 2024 and renews automatically for one-year periods through December 2029 and one for \$130 which expires in February 2026.

### Purchase Commitments

Purchase obligations include legally binding contracts, including commitments for the purchase, construction or remodeling of real estate and facilities, firm minimum commitments for inventory purchases, equipment purchases, marketing-related contracts, software acquisition/license commitments and service contracts. These obligations are generally short-term in nature and are recorded as liabilities when the related goods are received or services rendered. The Company also enters into long-term, exclusive contracts with certain vendors to supply food, beverages and paper goods, obligating the Company to purchase specified quantities.

### Legal Contingencies

The Company is subject to various legal proceedings, claims and liabilities, involving employees and guests alike, which arise in the ordinary course of business and are generally covered by insurance. As of June 26, 2024, the amount of the ultimate liability with respect to these matters was not material.

### Liabilities under Tax Receivable Agreement

The Company is a party to the Tax Receivable Agreement under which it is contractually committed to pay certain of the members of SSE Holdings 85% of the amount of any tax benefits that are actually realized, or in some cases are deemed to realize, as a result of certain transactions. The Company is not obligated to make any payments under the Tax Receivable Agreement until the tax benefits associated with the transactions that gave rise to the payments are realized. Refer to Note 10, Income Taxes, for additional information relating to the Tax Receivable Agreement.

## NOTE 14: RELATED PARTY TRANSACTIONS

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### Union Square Hospitality Group

The Chairman of the Board of Directors serves as the Executive Chairman of Union Square Hospitality Group, LLC. As a result, Union Square Hospitality Group, LLC and its subsidiary, set forth below, are considered related parties.

#### Hudson Yards Sports and Entertainment

In fiscal 2011, Shake Shack entered into a Master License Agreement (as amended, "MLA") with Hudson Yards Sports and Entertainment LLC ("HYSE") to operate Shake Shack branded limited menu concession stands in sports and entertainment venues within the United States. In February 2019, the agreement was assigned to Hudson Yards Catering ("HYC"), the parent of HYSE. The agreement expires in January 2027 and includes five consecutive five-year renewal options at HYC's option. As consideration for these rights, HYC pays the Company a license fee based on a percentage of net food sales, as defined in the MLA. HYC also pays a percentage of profits on sales of branded beverages, as defined in the MLA.

Classification	Thirteen Weeks Ended		Twenty-Six Weeks Ended	
	June 26 2024	June 28 2023	June 26 2024	June 28 2023
Amounts received from HYC	Licensing revenue	\$ 144	\$ 163	\$ 242
				309
	Classification		June 26 2024	December 27 2023
Amounts due from HYC	Accounts receivable, net		\$ 218	\$ 57

### **Madison Square Park Conservancy**

The Chairman of the Board of Directors serves as a director of the Madison Square Park Conservancy ("MSP Conservancy"), with which Shake Shack has a license agreement and pays license fees to operate the Madison Square Park Shack.

Classification	Thirteen Weeks Ended		Twenty-Six Weeks Ended	
	June 26 2024	June 28 2023	June 26 2024	June 28 2023
Amounts paid to MSP Conservancy	Occupancy and related expenses	\$ 229	\$ 224	\$ 458
				448
	Classification		June 26 2024	December 27 2023
Amounts due to MSP Conservancy	Accrued expenses		\$ 20	\$ —

### **Olo, Inc.**

The Chairman of the Board of Directors serves as a director of Olo, Inc., a platform the Company uses in connection with its mobile ordering application.

Classification	Thirteen Weeks Ended		Twenty-Six Weeks Ended	
	June 26 2024	June 28 2023	June 26 2024	June 28 2023
Amounts paid to Olo, Inc.	Other operating expenses	\$ 133	\$ 143	\$ 314
				267
	Classification		June 26 2024	December 27 2023
Amounts due to Olo, Inc.	Accounts payable Accrued expenses		\$ 222	\$ 116

### **Block, Inc.**

The Company's former Chief Executive Officer is a member of the board of directors of Block, Inc. (formerly known as "Square, Inc."). The Company currently uses certain point-of-sale applications, payment processing services, hardware and other enterprise platform services in connection with its kiosk technology, sales for certain off-site events and the processing of a limited amount of sales at certain locations.

Classification	Thirteen Weeks Ended		Twenty-Six Weeks Ended	
	June 26 2024	June 28 2023	June 26 2024	June 28 2023
Amounts paid to Block, Inc.	\$ 3,170	\$ 1,909	\$ 5,875	\$ 3,585
Classification			June 26 2024	December 27 2023
Amounts due to Block, Inc.	Accounts payable Accrued expenses		\$ —	\$ 59

### Tax Receivable Agreement

The Company entered into a Tax Receivable Agreement that provides for the payment by the Company of 85% of the amount of any tax benefits that are actually realized, or in some cases are deemed to realize, as a result of certain transactions. Refer to Note 10, Income Taxes, for additional information. No payments were made to the members of SSE Holdings pursuant to the Tax Receivable Agreement during the twenty-six weeks ended June 26, 2024 and June 28, 2023.

Classification	June 26 2024	December 27 2023
Amounts due under the Tax Receivable Agreement	\$ 246,878	\$ 235,613

### Distributions to Members of SSE Holdings

Under the terms of the SSE Holdings LLC Agreement, SSE Holdings is obligated to make tax distributions to its members. No tax distributions were payable to non-controlling interest holders as of June 26, 2024 and December 27, 2023, respectively.

Classification	Thirteen Weeks Ended		Twenty-Six Weeks Ended	
	June 26 2024	June 28 2023	June 26 2024	June 28 2023
Amounts paid to non-controlling interest holders	\$ —	\$ 3	\$ 145	\$ 52

## Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

This section and other parts of this Quarterly Report on Form 10-Q ("Form 10-Q") contain forward-looking statements, within the meaning of the Private Securities Litigation Reform Act of 1995 ("PSLRA"), which are subject to known and unknown risks, uncertainties and other important factors that may cause actual results to be materially different from the statements made herein. All statements other than statements of historical fact are forward-looking statements including, but not limited to, statements about the Company's growth, strategic plan, and liquidity. Forward-looking statements discuss our current expectations and projections relating to our financial position, results of operations, plans, objectives, future performance and business. You can identify forward-looking statements by the fact that they do not relate strictly to historical or current facts. These statements may include words such as "aim," "anticipate," "believe," "estimate," "expect," "forecast," "future," "intend," "likely," "outlook," "potential," "project," "projection," "plan," "seek," "may," "could," "would," "will," "should," "can," "can have," the negatives thereof and other similar expressions.

All forward-looking statements are expressly qualified in their entirety by these cautionary statements. You should evaluate all forward-looking statements made in this Form 10-Q in the context of the risks and uncertainties disclosed in our Annual Report on Form 10-K for the fiscal year ended December 27, 2023 ("2023 Form 10-K").

The forward-looking statements included in this Form 10-Q are made only as of the date hereof. We undertake no obligation to publicly update any forward-looking statement as a result of new information, future events or otherwise, except as otherwise required by law. If we do update one or more forward-looking statements, no inference should be made that we will make additional updates with respect to those or other forward-looking statements.

The following discussion should be read in conjunction with our 2023 Form 10-K and the Condensed Consolidated Financial Statements and notes thereto included in Part I, Item 1 of this Form 10-Q. All information presented herein is based on our fiscal calendar. Unless otherwise stated, references to particular years, quarters, months or periods refer to our fiscal years and the associated quarters, months and periods of those fiscal years.

## OVERVIEW

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Shake Shack serves modern, fun and elevated versions of American classics using only premium ingredients. We are known for our made-to-order 100% Angus beef burgers, crispy chicken, hand-spun milkshakes, house-made lemonades, beer, wine, and more. With our fine-dining roots and a commitment to crafting uplifting experiences, Shake Shack has become a cult-brand and created a new category, fine-casual.

Our mission is to *Stand For Something Good* in all aspects of our business, including the talented 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 for 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 deep and lasting connection with our guests.

The following definitions apply to these terms as used herein:

"Average weekly sales" is calculated by dividing total Shack sales by the number of operating weeks for all Shacks in operation during the period. For Shacks that are not open for the entire period, fractional adjustments are made to the number of operating weeks open such that it corresponds to the period of associated sales.

"Same-Shack sales" represents Shack sales for the comparable Shack base, which is defined as the number of Company-operated Shacks open for 24 full fiscal months or longer. For consecutive days that Shacks were temporarily closed, the comparative period was also adjusted.

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

### Key Operating Metrics

Same-Shack sales for the thirteen weeks ended June 26, 2024 increased 4.0% compared to the same period last year, driven by a 4.8% increase in price mix partially offset by a 0.8% decline in guest traffic. Same-Shack sales for the twenty-six weeks ended June 26, 2024 increased 2.8% compared to the same period last year, driven by a 4.2% increase in price mix partially offset by a 1.4% decline in guest traffic. For the purpose of calculating same-Shack sales for the thirteen and twenty-six weeks ended June 26, 2024, Shack sales for 228 Shacks were included in the comparable Shack base.

Average weekly sales were \$77,000 and \$75,000, respectively, for the thirteen and twenty-six weeks ended June 26, 2024, which were flat compared to the same periods last year, primarily driven by higher menu prices, partially offset by a decline in guest traffic and menu mix.

System-wide sales for the thirteen weeks ended June 26, 2024 increased 13.5% to \$483.7 million compared to the same period last year. System-wide sales for the twenty-six weeks ended June 26, 2024 increased 12.9% to \$927.0 million compared to the same period last year.

Digital sales for the thirteen weeks ended June 26, 2024 increased 20.9% to \$105.1 million compared to the same period last year. Digital sales for the twenty-six weeks ended June 26, 2024 increased 18.1% to \$208.3 million compared to the same