

REFINITIV

DELTA REPORT

10-K

SHAK - SHAKE SHACK INC.

10-K - DECEMBER 27, 2023 COMPARED TO 10-K - DECEMBER 28, 2022

The following comparison report has been automatically generated

TOTAL DELTAS 4308

CHANGES 463

DELETIONS 1766

ADDITIONS 2079

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

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES

☒ EXCHANGE ACT OF 1934

For the fiscal year ended **December 28, 2022** **December 27, 2023**
OR

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

☐ EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number: **001-36823**

 shak-img_shakeshacklogoa09.jpg

SHAKE SHACK INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

47-1941186

(I.R.S. Employer Identification No.)

225 Varick Street, Suite 301, New York, New York 10014

(Address of principal executive offices and Zip Code)

(646) 747-7200

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class
Class A Common Stock, par value \$0.001

Trading symbol(s)
SHAK

Name of exchange on which registered
New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: **None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. ☐ Yes ☐ No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. ☐ Yes ☐ No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. ☐ Yes ☐ No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). ☐ Yes ☐ No

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

Large accelerated filer ☒

Non-accelerated filer ☐

Accelerated filer ☐

Smaller reporting company ☐

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standard provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). ☐ Yes ☒ No

The aggregate market value of the voting and non-voting stock held by non-affiliates of the Registrant, as of **June 29, 2022** **June 28, 2023**, the last business day of the Registrant's most recently completed second fiscal quarter, was approximately **\$1,495,217,173**, **\$2,867,855,352**, computed using the closing price on that day of **\$40.21**, **\$76.87**. Solely for purposes of this disclosure, shares of common stock held by members part of the Voting Group pursuant to the Stockholders Agreement, as amended, of the Registrant as of such date have been excluded because such persons may be deemed to be affiliates. This determination of affiliates is not necessarily a conclusive determination for any other purposes.

As of **February 15, 2023** **February 7, 2024**, there were **39,316,302** **39,479,513** shares of Class A common stock outstanding and **2,844,513** **2,829,513** shares of Class B common stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's definitive Proxy Statement for its **2023** **2024** Annual Meeting of Shareholders are incorporated by reference into Part III of this Form 10-K.

Explanatory Note

Restatement of Previously Issued Consolidated Financial Statements

In connection with the preparation of Shake Shack Inc.'s ("Shake Shack" or the "Company") Annual Report on Form 10-K for the fiscal year ended December 27, 2023, the Company concluded that in prior years it had not appropriately accounted for the deferred tax asset associated with its investment in SSE Holdings, LLC, primarily due to incorrect accounting for state tax depreciation. These errors led to an overstatement of income tax expense and an understatement of deferred tax assets during the impacted periods.

On February 13, 2024, the Audit Committee (the "Audit Committee") of the Company's Board of Directors, after discussion with senior management and the Company's independent registered public accountants, concluded that the errors were material to the Company's previously issued Consolidated Financial Statements ("Prior Financial Statements") and the Prior Financial Statements as of and for the fiscal years ended December 28, 2022 and December 29, 2021, included in the Company's Annual Report on Form 10-K for the fiscal year ended December 28, 2022, should no longer be relied upon due to the impact of the unintentional error noted above.

On February 24, 2024, the Audit Committee, after discussion with senior management and the Company's independent registered public accountants, concluded that the errors led to understatements of additional paid-in capital, retained earnings (accumulated deficit) and deferred income tax assets of the amounts in the unaudited Condensed Consolidated Balance Sheets included in the Company's Quarterly Reports on Form 10-Q for the quarterly periods ended March 30, 2022, June 29, 2022, September 28, 2022, March 29, 2023, June 28, 2023 and September 27, 2023 (collectively, the "Prior Interim Financial Statements") and the Prior Interim Financial Statements should no longer be relied upon.

This Annual Report on Form 10-K includes restated Consolidated Financial Statements as of and for the years ended December 28, 2022 and for the year ended December 29, 2021. In addition, the Company has restated its unaudited quarterly Condensed Consolidated Balance Sheets and Condensed Consolidated Statements of Stockholder's Equity for the first three quarters of the each of the years ended December 27, 2023 and December 28, 2022.

Refer to Note 3, Restatement of Previously Issued Consolidated Financial Statements, in the accompanying Consolidated Financial Statements included in Part II, Item 8 for additional information, including the impact on the specific accounts.

Items Restated in this Form 10-K

The following items have been restated, as appropriate, to correct the errors noted above:

- Part II, Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operation
 - Part II, Item 8. Financial Statements and Supplementary Data
 - Part IV, Item 15. Exhibits and Financial Statement Schedules
-

SHAKE SHACK INC. TABLE OF CONTENTS

Cautionary Note Regarding Forward-Looking Statements

1

Part I

2

Item 1.	Business	2
Item 1A.	Risk Factors	22 20
Item 1B.	Unresolved Staff Comments	49 47
Item 1C.	Cybersecurity	47
Item 2.	Properties	50 49
Item 3.	Legal Proceedings	51 50

Part II

[52](#) [51](#)

Item 5.	Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities	52 51
Item 6.	Selected Financial Data	54 53
Item 7.	Management's Discussion and Analysis of Financial Condition and Results of Operations	55 54
Item 7A.	Quantitative and Qualitative Disclosures About Market Risk	74
Item 8.	Financial Statements and Supplementary Data	75
Item 9.	Changes in and Disagreements With Accountants on Accounting and Financial Disclosure	122 137
Item 9A.	Controls and Procedures	122 137
Item 9B.	Other Information	122 137

Part III

[123](#) [139](#)

Item 10.	Directors, Executive Officers and Corporate Governance	123 139
Item 11.	Executive Compensation	123 139
Item 12.	Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters	123 139
Item 13.	Certain Relationships and Related Transactions, and Director Independence	124 140
Item 14.	Principal Accounting Fees and Services	124 140

Part IV

[125](#) [141](#)

Item 15.	Exhibits and Financial Statement Schedules	125 141
Item 16.	Form 10-K Summary	125 141

SIGNATURES

[129](#) [145](#)

EXHIBIT INDEX

[126](#) [142](#)

Cautionary Note Regarding Forward-Looking Information

This Annual Report on Form 10-K ("Form 10-K") contains forward-looking statements, within the meaning of the Private Securities Litigation Reform Act of 1995 ("PSLRA"), which are subject to known and unknown risks, uncertainties and other important factors that may cause actual results to be materially different from the statements made herein. All statements other than statements of historical fact included in this Form 10-K are forward-looking statements, including, but not limited to, statements about our growth, strategic plan, and our 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," "likely," the negatives thereof and other similar expressions.

All forward-looking statements are expressly qualified in their entirety by these cautionary statements. Some of the factors which could cause results to differ materially from the Company's expectations include the continuing impact of the COVID-19 pandemic, including the potential impact of any COVID-19 variants, the Company's ability to develop and open new Shacks on a timely basis, increased costs or shortages or interruptions in the supply and delivery of our products, increased labor costs or shortages, the Company's management of its digital capabilities and expansion into delivery, as well as its kiosk, drive-thru and multiple format investments, the Company's ability to maintain and grow sales at our existing Shacks, and risks relating to the restaurant industry generally, generally, and the impact of any material weakness in our internal controls over financial reporting identified in connection with the restatement described herein. You should evaluate all forward-looking statements made in this Form 10-K in the context of the risks and uncertainties disclosed in Part I, Item 1A of this Form 10-K under the heading "Risk Factors" and Factors, in Part II, Item 7 "Management's Discussion and Analysis of Financial Condition and Results of Operations", Operations, and in Item 7A "Quantitative and Qualitative Disclosures About Market Risk."

The forward-looking statements included in this Form 10-K 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.

Shake Shack Inc.  Form 10-K | 1

Part I

Item 1. Business.

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, it operates and controls all of the business and affairs of SSE Holdings. As a result, Shake Shack Inc. 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. Shake Shack Inc. Class A common stock trades on the New York Stock Exchange under the symbol "SHAK." 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.

Unless the context otherwise requires or unless specific reference is made to our licensed business, statements in this Part I of our Annual Report on Form 10-K refer to Shake Shack's domestic Company-operated business.

OVERVIEW

Shake Shack serves modern, fun and elevated versions of American classics using only the best premium ingredients. We are known for our made-to-order Angus beef burgers, crispy chicken, hand-spun milkshakes, house-made lemonades, beer, wine, and more. With our fine dining fine-dining roots and a commitment to crafting uplifting experiences, Shake Shack has become a cult-brand and created a new category, fine-casual. cult-brand. Our purpose is to Stand For Something Good®, from thoughtful ingredient sourcing premium ingredients and employee development to inspiring designs and deep community investment.

Originally founded in 2001 by Danny Meyer's Union Square Hospitality Group ("USHG"), which owns and operates some of New York City's most acclaimed and popular restaurants — such as Union Square Cafe and Gramercy Tavern, to name a few — Shake Shack began as a hot dog cart to support the rejuvenation of New

York City's Madison Square Park through its Conservancy's first art installation, "I Y Taxi." The cart was an instant success, with lines forming daily throughout the summer months over the next three years. In response, 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. It soon became a gathering place for locals and visitors alike, and a beloved New York City institution, garnering significant media attention, critical acclaim and a passionately devoted following. Since the original Shack opened in 2004 in NYC's Madison Square Park, the Company has expanded to over 400 locations 518 Shacks in operation, system-wide, including over 260 in 32 U.S. States of which 295 were domestic Company-operated Shacks, 39 were domestic licensed Shacks and the District of Columbia, and over 140 184 were international locations licensed Shacks across London, Hong Kong, Shanghai, Singapore, Mexico City, Istanbul, Dubai, Tokyo, Seoul and more.

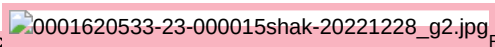
WE STAND FOR SOMETHING GOOD

At Shake Shack, we Stand For Something Good® in everything we do. We are on an endless pursuit to create uplifting experiences through elevated, modern and fun versions of classic food and we are committed to seeing this vision executed across all aspects of the business, through the following actions:

- **We elevate everything we do** — Shake Shack is about creating uplifting experiences and moments of pure satisfaction. We aim to be thoughtful in every ingredient we buy, recipe we develop, Shack we design, team we build and community we support.
- **We deliver Enlightened Hospitality™ Hospitality™ at every touchpoint**— Shake Shack was founded on the idea of Enlightened Hospitality. Today, we deliver on that vision by building hospitality through all our guest touchpoints. To us, hospitality is all about taking care of our team, our guests, our communities — and bringing those groups together.

Shake Shack Inc  Form 10-K | 2

- **We gather communities and enrich our neighborhoods** — Across the globe, Shacks have been an integral part of their communities, and, we believe we have a role to play in supporting and revitalizing the neighborhoods where we work and serve.

Shake Shack Inc  Form 10-K | 2

- **We do the right thing and hold ourselves accountable** — At Shake Shack, we've always believed in leading by example and making better possibilities come to life with our teams and community, beyond just making great food. Our commitment to doing things differently includes a focus on exceptional career support for our teams, while creating meaningful impact in both our neighborhoods and the global industry.
- **We are committed to environmental responsibility** — We source our world-class domestic ingredients from suppliers who share our values, including 100% antibiotic-antibiotic-free and hormone-free no added hormone proteins from ethically raised animals and non-GMO buns, and are committed to sustainable packaging, a focus on renewable energy, and assessing and managing our greenhouse gas emissions.
- **We empower our teams to act like entrepreneurs** — At the heart of a Shake Shack experience is our teams' personal commitment to craft and hospitality. As we grow, we are developing our leaders and building tools that empower our Shacks to better promote uplifting experiences.

HUMAN CAPITAL MANAGEMENT

Our most important asset is To ensure the near-term and long-term success of our people business, we are focused on recruiting, rewarding and as a result, we have remained committed to investing in our people so we can recruit, reward and retain retaining a winning team. Our strategy continues team to be to staff and support our Shacks and home office. We recruit talented people who have integrity, who are warm, motivated, self-aware, and intellectually curious alongside having the competencies and skills that continue to foster our growth. We train our team to understand and practice the values of Enlightened Hospitality: caring for each other,

caring for our guests, caring for our communities, caring for our suppliers and caring for our investors. We believe this culture is fundamental to the way we operate our business, and a key driver of our ability to deliver great guest experiences, and therefore, successfully grow our footprint.

Due to the challenging macro labor environment, which is present in both our field operations and home office, we are focused on attracting and recruiting talent as much as retaining our team members to grow and move the business forward. We are doing this in the following ways:

- Building a diverse winning team, staffed for success.
- Creating a positive, uplifting team member experience through incentivizing total rewards and cultural programs.
- Providing leadership opportunities through multi-faceted development programs.
- Prioritizing compliance for scalable growth via technology and procedural initiatives while providing operational efficiency.
- Creating an environment that supports cultural alignment, process improvement, and enhanced communication.

Working at Shake Shack is about more than making a great burger, burger; it's about creating elevated and uplifting experiences for our team members and guests and getting opportunities to build a rewarding career. We strive to make every team member at At Shake Shack, feel empowered we are guided by and embrace the pillars of our Shack Pact — the set of values and behaviors necessary for us to achieve our mission. When team members commit to upholding the Shack Pact, they contribute to our business's success and positively impact their work environment and our Shacks and overall culture. To live the communities around them. We promote a family of passionate, fun-loving, and hardworking people who encourage and uplift each other. We are committed to doing Shack Pact, we lead with Enlightened Hospitality, do the right thing for our teams, guests and communities. We challenge ourselves, hold each other accountable, uplift and take care of one another, another, and are optimistic and embrace ongoing learning. In short: We Stand For Something Good. We have expanded our People Resources team to enable us to better navigate complex team member relations issues to prevent risk and litigation. We've layered in predictive scheduling support to maximize Fair Workweek compliance across respective jurisdictions. Additionally, we have aligned our safety and OSHA practices under one resource for the organization.

Shake Shack Inc

0001620533-23-000015shak-20221228_g2.jpg

Form 10-K | 3

We are enabling our managers to build, coach, and lead strong teams by giving them the knowledge, tools, and resources to drive strong people practices in their Shacks. Key accomplishments include: initiatives included:

- **Market Leader Talent and Leadership Training** — Robust, in-person curriculum We have a wide variety of programming and courses for exempt managers focused on driving compliance throughout the team members and management alike, including new competency-based leadership training. Our programming is designed to support growth both personally and professionally. We also launched our New Manager Program and piloted a high potential team member lifecycle leadership program.
- **Predictive Scheduling Team and Tools** — Built a Expanded our team to cover and furthered our use of predictive scheduling locations, multi-level audit procedures, and implemented a tools that assists us with predictive scheduling tool compliance.
- **Shack Safe Operations Talent Assessments** — Hired Management leader talent calibrations to discuss performance, capacity for growth, and succession readiness allowing for a dedicated OSHA and safety resource to establish a Safety Committee and programming to keep full snapshot of where our teams safe, identify gaps, and meet statutory requirements. talent resides alongside our continued growth.

With a focus on technology and automation, we are working to streamline and eliminate manual work for our teams while driving compliance and minimizing human error. We are dedicated to the continuous improvement of technology, processes, and experiences within the Shake Shack team member journey lifecycle. In fiscal year 2022, 2023, we enabled a new recruiting platform and reporting technology that will help us continue to scale and grow, made several improvements for our team member experience. The key accomplishments include: initiatives included:

Shake Shack Inc

Image4.jpg

Form 10-K | 3

- **Building the People Resources Technology Team our Employer Branding** — Dedicated team employer branding resource within Talent Acquisition to support growing administration needs, on-going level one people resources tech support, work cross functionally with Marketing to execute a recruitment marketing media strategy focused on brand awareness in new markets. This included our Day in the Life of a Team Member video series and more robust reporting and insights, refreshed recruitment marketing collateral.
- **Recruiting Platform Expanded Enterprise Resource Planning System (ERP) Resources** — Implemented We expanded capabilities in our ERP system to deliver compliance training and increased access to information and support. This included a new Applicant Tracking System (ATS), leveraging the strategic advantages of learning management system, a fully integrated ERP. Simplified high volume recruiting & hiring, enhanced messaging platform to enhance candidate communication during the hiring process, and experience. Increased WOTC tax assessment rate, a knowledge portal with 230 help articles that was utilized over 29,000 times by team members.
- **Messaging Capabilities Employee Resources** — Enables Shake We are developing a new team member handbook to be rolled out in 2024 that is being updated for new and current legal requirements. Further, in fiscal 2023 we launched compliance and safety e-learning courses, which include materials tailored by location and level and automated course progress tracking.
- **Improved Candidate and Hiring Platform** — We began implementing a simple, intuitive, and mobile-friendly tool for our candidates to apply for roles and schedule interviews, with an expected rollout in early 2024. This tool is intended to transform our candidate experience and aims to reduce hours spent by Shack to communicate with team members and candidates via modern communication channels, managers on recruiting.

As of December 28, 2022 December 27, 2023, we had 11,704 12,196 team members, of whom 11,316 11,795 were hourly team members and Shack-level managers and 388 401 were home office personnel.

Recruit A Winning Team

Our largest opportunity To keep pace with our continuing growth, we attract and hire talent by improving our employer branding landscape in the performance of alignment with our current Shacks team member value proposition, and lean into new openings lies in fully staffing technology and retaining our Team Members. development. Within the Talent Acquisition function, fiscal year 2022 2023 has been a year of building a foundation significant improvement to our applicant flow. We achieved this by implementing and expanding automation tools to support the staffing needs of the business as well as new Shack growth. By focusing on a framework that supports integration and automation, we are set up to tackle the competitive landscape of attracting have attracted and hiring hired top talent today more successfully than before, and into 2023 with more data than ever before, have done so in a highly competitive labor market. We are committed to better leveraging our improving relationships with external partnerships, working partners, collaborating cross-functionally, with Marketing, and utilizing analytics to deliver a strong talent acquisition strategy, and enhancing our employer branding presence.

With a robust candidate focused framework enabled for talent acquisition placed alongside an elevated employment our refined employer branding effort, message, we look to execute a executed on our strategic vision plan to recruit the best and the brightest talent to our Shacks. Taking into consideration the work we've done to stabilize We have expanded our foundation our and current resources, labor environment and other competitive factors, we are remain focused on diversifying our talent acquisition strategy. We have optimized our career site, began implementing a new mobile-friendly platform for applying and scheduling interviews to be rolled out in early 2024, and have created the framework and execution strategy to launch a college campus internship program and a new Shack recruitment guide. The internship program will do this through open up a variety of new market that can consistently support our Shack staffing needs to keep pace with our growth, and our new Shack recruitment media channels, guide will establish groundwork to ensure we hire the right people to lead our new Shacks forward.

We have a full Team team of Regional Talent Acquisition Partners regional talent acquisition partners and Coordinators coordinators supporting Operations, our operations. We are also partnering have partnered with a new marketing media firm to leverage data focus on team member brand awareness and metrics to launch programmatic job advertising. The firm will work to diversify our media and increase our network reach to include partnering on our diversity, equity and inclusion initiatives, new markets for recruiting.

Reward A Winning Team

Our goal is In fiscal 2023, we made great strides to focus on providing highly competitive compensation improve employee retention and turnover rates. We have evolved our value proposition for attraction and engagement to encompass a wider range of pay, benefits, and development. We took steps to think differently about the designs and practices of our benefits, including health and well-being benefits, absence support, tipping and wages, and incentive plan evaluation. We continue to work diligently to ensure our team members have access to benefits to support their personal and family wellness.

By unlocking opportunities in our Teams benefits design, we provide new ways to more effectively and efficiently engage our teams. Key initiatives included:

- **Tipping** — Our tipping availability has offered team members the opportunity for their hard work increased hourly wages and is optional if our guests are inclined to reward our teams for additional hospitality and service. With that In fiscal 2023 we have grown our Benefits staff began running food to enable us tables in nearly all Shacks to have the dedicated Team to audit and improve our support processes as well as provide the care and communication to get our Teams what they need, when they need it most. hospitality.

Technology and education enable our Teams and management to have the best experiences for their health and welfare, and we will continue to develop our design and pay practices to reward a winning Team.

By unlocking opportunities in our design and processes, we provide new ways to more effectively and efficiently engage our Teams. Key accomplishments include:

- **Wellness Expanded Benefits** — We initiated the first phase of a Wellness campaign through home grown communication, material curation, Expanded our health benefit offerings to include reproductive health benefits with options for family planning, coverage for pregnancy terminations, and partnerships to promote awareness and participation in events across a series of health and wellness topics, counseling support.
- **Shift Manager Bonus Eligibility Team Member Recognition** — Beginning in fiscal 2022, Shift Managers are eligible to participate in Enabled consistency and ongoing recognition of team members, including standardizing the Shack Management Bonus Plan. This group represents our largest Team providing supervisory support in our Shacks to both our Teams and Guests.
- **Tipping** — In 2022, we rolled out tipping at most process of our Shacks across POS, App, Web, and Kiosk. With our new tipping availability, Team Members have the opportunity to increase their hourly pay, rewarding early career accomplishments for all team members.

We want to incentivize our Shack leaders, give them the opportunity to feel like owners and reward them for their performance. One way we try to achieve this is by extending our equity-based compensation program to all General Managers. As an incentive for General Manager hires, we added General Manager sign-on equity grants and created additional compensation opportunities for our General Managers. We are not immune to the staffing challenges presented across our industry, but we are committed to building Teams teams that drive growth for the long term.

Retain A Winning Team

We are committed to delivering a strong pipeline of talent for our Teams teams while retaining our solid performers. Our Shacks must be fully staffed, operating at full capacity with optimized throughput to capture maximum sales potential.

We help foster an environment that attracts and welcomes diverse talent; enables a culture of belonging, inclusion, and equity; and supports an engaging, and overall positive Team Member team member experience. To solidify We continued to lean into our culture, team member value proposition by training managers in 2022 we created meaningful opportunities positive team member relations and effective people practices. We have also established a recruiting and retention cross-functional workshop that assisted in identifying causes of our turnover and discovering possible hurdles to our retention that has allowed for connection several branding and engagement at improvements. We hosted regional talent meetings to get a holistic view of our weeklong operations leadership retreat talent which included individualized talent assessments and evolved calibration. We plan to continue this exercise periodically to evaluate leadership gaps and potential capabilities. We also look to broaden our continued education offerings and focus on development to further empower the frontline leaders of our business. These practices will help drive retention, ensure compliance with existing and new regulations and establish Shake Shack Pact core values that support our mission and brand commitments to help Team Members understand the behaviors needed to live our purpose, as an employer of choice.

We Are All-In

To make sure every Shake Shack Team Member team member at every level has a positive experience, we strive to build an inclusive workplace, made up of diverse talent throughout the Company. Our Diversity Equity diversity, equity and Inclusion (DEI) inclusion program, All-In, is part of that mission. With the support of executive leaders, All-In works to ensure Shake Shack provides equal opportunities for all, and removes obstacles or barriers to success, while also fostering a culture of inclusion and belonging. Our All-In program's initiatives include:

- **5-Year Workforce Diversity Targets** — We set time-based goals that help aim to focus attention, clarify accountabilities, and demonstrate our commitment to increase be as diverse as the diversity within our Shack and home office leadership Teams. Our 5-year diversity targets were set based on analysis of our industry, demographics of the workforce at large and the changing landscape of this country, and the reality of whom communities we employ today. We have focused our attention on women serve. Women make up 48%, and people of color specifically, as we look to match the demographics comprise 76% of our workforce total workforce. Having diverse representation across all functions and the country at large, levels of our business is key to our success and future growth. Our team is committed to a continued focus on diversity and gender parity across all leadership roles.
- **Employee Resource Groups (ERG)** — We strive to foster a strong internal empower our team members and strengthen the Shake Shack community and awareness for diverse groups and cultures through our ERGs. Our current ERGs focus on women, Black, Hispanic, Asian, and LGBTQ+ identifying Team Members. These are voluntary, Team Member led groups team members. Led by volunteers and sponsored by members of people who gather based our executive team, our ERGs actively work to educate the broader Company on common interests, backgrounds or demographics such as gender, race or ethnicity, their demographic group; support each other through mentoring, networking, and professional development; and provide their unique perspective on business initiatives. We also host a Stand Together Series forum to discuss ongoing social issues. It is an internal storytelling platform used to educate, connect, and inspire our team members to take action to create a more equitable and inclusive world. Through the series, we have amplified the stories,

experiences, and voices of diverse team members. These groups support both personal and professional development while helping to foster an inclusive workplace.

- **Diversity, Equity & Inclusion (DEI) Curriculum** — All team members participate in our foundational DEI course which aims to help them understand what DEI means and why it's important to Shake Shack. In fiscal 2023, we improved our unconscious bias learning modules for leaders to better help them recognize bias and provide them with tools to address its harmful impacts in the workplace.
- **External Recognition** — For the fifth year in a row, we are proud to be recognized as a "Best Place to Work for LGBTQ+ Equality" by the Human Rights Campaign, earning a 100% score on their Corporate Equality Index for our support of the LGBTQ+ community in the workplace. In addition, we were honored by Newsweek's America's Greatest

- **Workplaces series for Greatest Workplaces for Diversity, Equity & Inclusion (DEI) Curriculum** — We are building a DEI curriculum to raise awareness and educate our Team Members on how to foster a strong work environment. The curriculum is aligned to our leadership and talent development framework, and provides a common framework Greatest Workplaces for what DEI means and why it matters at Shake Shack. All home office and operations Team Members participate in the course, including all new hires. The curriculum plan also provides for unconscious bias and courageous leadership teachings.
- **Stand Together Series** — We host a Stand Together Series forum to discuss on-going social issues. The Company-wide sessions served as an open forum and safe space for sharing personal stories to help deepen the collective understanding of diversity issues in the U.S. while strengthening our community and Team. In 2022, we hosted live sessions on topics such as women in leadership, Black-owned businesses, Asian and Pacific Islander heritage, LGBTQ inclusion, and more.
- **External Recognition** — We were proud to be named one of the "Best places to work for LGBTQ+ Equality" for the fourth year in a row earning a 100% score on the Human Rights Campaign's Corporate Equality Index for our support of the LGBTQ+ community in the workplace. This designation highlights Job Starters. These designations highlight the core of our Enlightened Hospitality ethos and our commitment to a great workplace for all.
- **LGBTQ+ Inclusion** — We are committed to creating welcoming spaces for our team members and guests and continue to do so by educating our team members on how to be an ally through our LGBTQ+ ally guide and our new transgender ally guide. In addition, we encourage our team members to share their pronouns and gender identity beyond binary classifications within our internal human capital system and wear patches on their work attire in our Shacks. We address gender identity and sexual orientation discrimination as part of required anti-harassment training and work towards classifying more single-stall restroom facilities as gender inclusive in our Shacks.

The HUG Fund

One of the ways we embrace Enlightened Hospitality internally is through the administration of our own HUG (Help Help Us Give) Give (HUG) Fund, a 501(c)(3) organization funded by and available for all our Team Members, team members. The HUG Fund provides an opportunity for all Shake was created to support the values in our Shack Team Members to take care of each other through tax-deductible payroll and other one-time contributions. The HUG Fund provides Pact by providing timely financial assistance to Team Members team members impacted by financially devastating emergency circumstances far beyond their control and their means. Since launching in 2017, the HUG Fund has provided over 170 grants to help team members dealing with hardships such as loss of income due to major medical setbacks, homelessness or housing insecurity, and other family emergencies. During fiscal 2022, 2023, we provided 41 Team Members over 40 team members with financial grants to help alleviate financial burdens caused by catastrophic events, hardships or emergency circumstances.

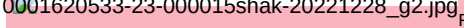
Leadership & Talent Development

We are dedicated to producing cultivating the human capabilities the Company needs to accomplish its business objectives, and to provide modern content and experiences that develop and retain Team Members. As team members.

At Shake Shack, we continue to rethink how we provide career growth opportunities with lattice mobility replacing the traditional promotion ladder to ensure team members continue to succeed in a market that is rapidly changing. To help develop our learning culture continues to evolve, Shack leaders, we have made consistent strides in creating created a foundational footprint in various learning opportunities throughout the year. We are focused on understanding who our leaders are, what their personal and professional developmental needs may be, and how to meet them where they are with scalable development opportunities.

In 2022, our leadership and talent development offerings were impactful in various ways. From crafting and delivering our core leadership competency courses to coaching and preparing leaders to teach at the Leadership Retreat, we are in the beginning stages of laying an understructure library of content, programs, and approaches essential to scale and grow alongside our people and business. During 2022, fiscal 2023, development focus areas included:

- Providing effective feedback
- Learning to navigate and lead change
- Organizing and delegating work
- The culture of Shake Shack
- Train the trainer orientation practices
- Essential communication methods
- Hospitality trends and business operations
- Managing a Team team and delivering results

Shake Shack Inc.  Form 10-K | 6

Our Leadership Retreat was held in Tucson, AZ with the theme New learning management system for trainings and measurement of Evolve Together. Over the course of the week, nearly 1,000 Shake Shack leaders, licensed partners, completion and sponsors gathered from all over the world to connect, learn, and grow. The event featured inspirational speakers, leadership development sessions, and the recognition of Team Members who contribute to Shake Shack's success. engagement

On-going Leadership Programs

We invest in leadership development programs so that Shake Shack remains a compelling career choice for Team Members team members at every level, through their entire career. As our Team team continues to grow, we believe that our culture of Enlightened Hospitality helps us deliver a consistent Shack experience, and to develop future leaders from within.

One such program is The Shacksperience — a functional growth model In fiscal 2023, the learning and overall employment experience for talent development team focused on our mission to promote, support, and enable people capabilities. Shake Shack Team Members. A offers a wide variety of programs and courses that are designed to support growth and development including:

- **Executive Education** — In fiscal 2023, we launched a 14-week customized leadership course including a 360 degree assessment survey and a capstone project. The course focused on upskilling leaders in key element of The Shacksperience is the Steppin' Up Model, which defines the steps competencies and resulted in the employment life cycle, 15 high potential leaders receiving Columbia Business School certificates and a 95% satisfaction rate.
- **Women's Leadership** — In fiscal 2023, we hosted our largest gathering focused on women's leadership in Shake Shack history, with 88 attendees from Team Member to General Manager. It clarifies the eligibility requirements and training necessary all functions present for each position, outlines the growth opportunities at all levels of the organization and furthers our philosophy of "leaders training future leaders."

Through the Steppin' Up Model, Team Members are provided the opportunity to surpass the national average hourly wage through training roles and promotion to manager roles. Efforts speakers featuring leaders as teachers covering topics such as this allow us to continue to attract advocacy, work-life balance, and retain the best restaurant talent, while recognizing the importance of our Team — the heartbeat of finding personal purpose. We focused on developing women leaders with facilitated dialogues with influential women leaders.

Shake Shack Inc.  Form 10-K | 6

- **New Manager Leadership Program** — Our New Manager Leadership Program within the home office provides new people managers with the tools needed to ensure current lead others effectively. The six-week program covers key topics such as building the right team culture, providing critical feedback, and future Team Members feel cared coaching for and have opportunities for sustainable career growth. performance.

We care about our Team and we're committed to setting them up for success, at Shake Shack and in their future careers. In 2022, we promoted 2,604 people throughout our Company, 55% of whom were women and 77% were under-represented minorities. We are proud of our leaders who graduate from hourly roles to managers, managers to General Managers and General Managers to regional leadership. This year, 75% of our new General Managers and 73% of new Area Directors were promoted from within.

Another part of our long-term investment in our people is the **Shift Up** — The Shift Up program which is our leadership development program that provides an avenue for mid-level early career managers providing training to help improve their skill sets and ability grow their confidence to move to the next level of management. In partnership with Food Education Fund, a nonprofit organization specializing become senior leaders in culinary arts, we developed a curriculum and program to help bridge the gap between Shift Managers and Exempt Managers by offering and teaching the skills necessary to enable the confidence that can lead to career growth, our Shacks. This 18-week 16-week classroom-style program aligns to our organizational competencies and supports the transfer of learning between graduates through cohort mentoring, business integration and real-world Shack experience. During fiscal year 2022, 2023, the Shift Up program had 86 participants. Additionally, the program had a 88% completion rate and 91% retention rate for fiscal year 2022. Of the 86 88 participants, 31 Team Members of which 14 were promoted into Manager-In-Training, Manager or California Non-Exempt Manager roles.

- **Competency Development** — We leaned into our competency development program, launching additional courses in fiscal 2023 and achieving 100% of our core competencies developed and over 50% of our leadership competencies developed. We look forward to continuing to build out our library of courses, including leadership competencies and strategic competencies.

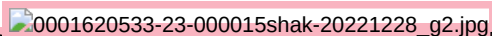
We care about our team and are committed to setting them up for success at Shake Shack and in their future careers. In fiscal 2023, we promoted 3,234 people throughout our Company, 52% of whom were women and 76% were people of color. We are proud of our leaders who graduate from hourly roles to managers, managers to General Managers and General Managers to regional leadership. This year, 72% of our new General Managers and 58% of new Area Directors were promoted from within.

GUEST EXPERIENCE

Danny Meyer's original vision of Enlightened Hospitality guided the creation of Shake Shack's unique culture. We believe that culture is the single most important factor in our success. To maintain this, we take care of our teams first and foremost, and this allows us to take care of our guests, our communities, our suppliers and our investors.

With Enlightened Hospitality, we strive to create a personalized experience for our guests at each of our Shacks around the world. We achieve this through innovations in service, trendsetting culinary innovation, and the design of warm community gathering places.

Shake Shack Inc



Form 10-K | 7

Digital Evolution

The focus of our digital strategy is to deliver Enlightened Hospitality to our guests across multiple channels. Through modern platforms, we continuously strive to build more frictionless ways to deliver the unique tailored Shake Shack experience with convenience and accessibility. Our digital initiatives are defined by each of the following themes:

- **Enlightened Hospitality** — Using our digital channels to bring guests an uplifted sense of hospitality. This ranges from developing innovative digital pre-ordering and pick-up experiences, to meaningfully engaging with guests through our Company-owned app and web channels.
- **Personalized Guest Experience** — Knowing, understanding and creating a personal guest experience that drives loyalty, frequency, and brand engagement across multiple digital platforms and in the Shacks themselves.
- **Smarter Every Day** — Building and refining our data platform and overall digital approach so we may drive return on investment on marketing campaigns and technology spending and improve our ability to make smart decisions that fuel growth.

As we have evolved We are focused on driving traffic to our Shack design to serve our guests more efficiently, the continued development of our digital ordering tools has also been essential. The COVID-19 pandemic accelerated those plans, as we used those tools to connect with our guests directly, more frequently, and safely while focusing on a return to growth in the process.

Our Company-owned web and app channels, continue to grow in including growing the number of web sessions and app users on a year-on-year basis, driven sessions by our ongoing focus on acquiring and converting users across our digital ecosystem. In 2022, we focused on leveraging growth in guests visiting us on web as a lead funnel to our Our mobile apps which drive higher frequency and offer a better guest experience, which we will continue to invest in. We also continue to offer third-party delivery through Uber Eats, DoorDash, Grubhub and drive higher frequency. As a result, we saw meaningful increases in our mobile orders year over year, further enabled by ongoing investments in our guest experiences.

In fiscal 2022, we continued to improve our digital guest experience by enhancing our digital offerings. We improved and expanded our ability to interact with guests before and after purchases by implementing new lifecycle marketing and customer support solutions. We continued to improve the guest order experience as well, by adding kiosks to a number of Shacks, launching new gift card capabilities, the introduction of pick-up tipping, an all-new Android app, and iterating on 2021's web redesign with a streamlined order creation flow. other third-party delivery providers.

Lifecycle Marketing Marketing: Content Cards


To enhance our ability Last year, we completed an integration with Braze to unlock new abilities to drive frequency across our digital channels we integrated Braze as a lifecycle marketing and automation tool. Through Braze, we elevated the guest onboarding experience into our marketing funnel by automating this process, providing information about our brand relevant to guest preferences and behavior, and re-enforced how we Stand for Something Good in everything we do. We also introduced more timely, personalized content and targeted digital offers, and are using these tools to drive guest frequency.

We have unlocked the capability to personalize and test multichannel campaigns, with digital touchpoints across email, including push notifications and in-app messaging, email targeting. In fiscal 2023, we continued the investment here by a guest's location and digital ordering behavior which has led to an incremental lift in users who visit our website and mobile apps. With a better sense integrating more of guest behavior and real-time targeting, we're able to provide our digital guests with a better experience inclusive of targeted offers and app exclusive items.

These efforts have led to meaningful growth in our marketable digital audiences with email subscription and push notification subscription both increasing since the launch of Braze in June 2022. Overall, we're seeing an incremental lift in digital sessions as a direct result of the campaign targeting we rolled out with Braze this year.

Android Modernization

In February 2022, version 2.0 of the Android Shack app launched which delivered new capabilities and a better guest experience while bringing development control of the platform in house. This release saw dozens of under the hood improvements, including making the app more stable and faster to launch, but primarily focused on a few marquee feature introductions. Specifically, we introduced new order modes to Android including delivery, curbside, and walk-up that made it easier for guests to experience Braze's product

Shake Shack Inc.  Form 10-K | 87

Shake Shack however they preferred. Additionally, offerings across our own digital channels. Specifically, we made it easier for guests implemented Braze's Content Cards to transact present personalized offers across our app and web channels. Guests can now see and receive personalized offers and content on the Shack our app by introducing Google Pay, which streamlines numerous steps and web home screens, as well as in their personalized notification center. These features are still in the checkout process. early adoption phase, but we have already seen incremental sales driven by redemptions of offers on our app and web channels.

Kiosk Product Customization

In September 2023, we introduced a new functionality on our kiosks that highlights a prescribed customization to many of our menu items in order to increase visibility of attachment and modification options to our guests. Since launching in February, we've continued the launch, we continue to iterate refine this feature to ensure our kiosk experience enables us to deliver Enlightened Hospitality to our guests on the Android app through improvements to the order experience. This Fall, this channel. We have seen strong adoption from our guests, as we made it even easier to start building an order from the app's home screen, increasing the number of guests who add an item to their bag. are seeing prescribed customization attachment rates on par or higher than attach rates on our digital platforms.

Digital Hospitality Hospitality: Live Chat

As our guests have become more accustomed to our digital channels, it's it is increasingly important for our Hospitality hospitality team to be able to meet the guest wherever and whenever they prefer. To help us reach guests faster and on more channels, we implemented Gladly as a new We expanded our customer engagement platform. Through Gladly, platform with the launch of a chat feature on our Hospitality website that allows guests to engage live with our hospitality team is able to remediate any order issues they encountered. This investment continues to empower our hospitality team to deliver Enlightened Hospitality beyond the in-Shack experience by improving the speed and effectiveness by which we resolve guest contacts. Since launching in August, we've seen an improvement in hospitality case resolution time for our guests.

Gift Cards Large Orders

Prior to 2022, guests were unable to redeem gift cards on any digital channel. Gift cards are a key pillar in our guest experience strategy, as it's one of the best ways for guests to share Shake Shack with their friends and loved ones. To make sure guests get the full utility of their gift cards, we migrated to a new gift card partner and introduced digital redemption in the fourth quarter of 2022 across web, iOS, and Android. We also took this opportunity to improve the purchase experience for both in-Shack and digital gift cards as well, introducing a new digital portal for purchases, and a streamlined in-Shack experience. Our new gift card partner also unlocks the opportunity for B2B sales of Shake Shack gift cards which we look forward to exploring in early 2023.

Tippping on all non-delivery order modes

We've have heard from guests that they would like an easier way to order multiple items at once. In response, we introduced large order boxes in the first quarter of 2023, which allows guests to purchase 12 ShackBurgers and 12 servings of crinkle cut fries. Since then, we have expanded the menu items available in large order boxes to include Chicken Shack, Veggie Shack, 'Shroom Burgers, Cheese Burgers, and Hamburgers.

Location Selection on iOS

We took fiscal 2023 as an opportunity to tip modernize the location selection experience on our team members. In 2022, we iOS app and introduced the ability a new, map-centric flow that allows guests to tip on all order modes across all digital channels and in our Shacks. Guests who are dining in-Shack or taking seamlessly select a Shack during their order to-go can show appreciation to Shack team members by tipping.

Website optimization

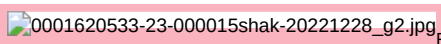
We continued to evolve our web experience in 2022 by focusing on making the ability to start and complete an order more intuitive. We made foundational changes to the way guests start an order on our website by moving to a traditional e-commerce "bag" as the core shopping component while streamlining the interactions for adding items to that bag. building experience.

Engaging the Community

A Warm Community Gathering Place

Our Shacks are so much more than a place to get burgers, fries and shakes; they're places for the community to safely gather. We place a high premium on connecting with our communities whether through the physical design of our Shacks or by the local causes we support. Although more We provide the option of an omnichannel experience to suit the needs of our guests are enjoying us through our omnichannel experience, including our digital options, in-Shack dining remains a good opportunity for the long term growth of our business, wherever and however they want their Shack today. We remain laser focused on delivering a great guest experience both digitally and in-Shack with elevated offerings reflective of our fine dining fine-dining culinary roots. In fiscal 2022, our same-Shack sales grew 7.8% year over year driven by 4.9% traffic growth. This strength was led mostly by a consistent return to in-Shack dining, a trend we like to see. With more guests wanting to gather, there is an increased energy felt across our Shacks which remains a competitive advantage for us and part of our strategy to provide a great guest experience no matter how our guests prefer to order.

No matter the format or region, each Shack is specifically designed to be of its place and connect with its community. The original Shake Shack in Madison Square Park, for instance, was designed to set the tone for a dynamic dialogue inside the park and the surrounding neighborhood. Today, across our domestic and international locations, we secure vibrant sites and give them a hand-crafted, community-appropriate look by blending unique local features with our core Shake Shack design elements. We have also developed a number of iconic brand identifiers, like wrap-around steel beams; open kitchens; large, distinctive menu boards; and comfortable distinctive furniture that advances our sustainability initiatives. We believe these identifiers are key components to the expression of the brand and the Shake Shack experience.

Shake Shack Inc  Form 10-K | 9

The overall atmosphere of our Shacks evokes our original upbeat and relaxed park ambiance, combined with the fine dining fine-dining experience that has become part of our brand's DNA. We use high-quality tactile materials, warm lighting that highlights every table and textured wall, as well as seating layouts that encourage guests to relax and stay for a while. Additionally, whenever possible, our Shacks feature either outdoor seating or easy access to a park or green space. We are actively focused on creating standardization and prototypes to bring down build costs over the long term while still maintaining the relaxed atmosphere of Shake Shack's design.

Shake Shack Inc  Form 10-K | 8

Each Shack is designed to convey a consistent brand message while also tailoring marketing efforts to its specific region. We **may** offer menu items that feature ingredients and beers specific to each Shack's community, and we often team up with local chefs and restaurants to offer our guests unique, collaborative menu items. We also collaborate with local artists and designers to bring beautiful artwork and installations to our Shacks. We participate in local celebrations and develop relationships within the community, helping position Shake Shack as a premium brand that is connected to its neighborhood.

Community and Charitable Partners

In addition to special events, we regularly serve our communities in a variety of ways including 25% Donation Days to show support for local schools and organizations. **Supporters** **Guests** who participate in these fundraisers have a portion of their order totals donated to a local **nonprofit**. **Guests can support nonprofit** by mentioning the fundraiser when checking out in-Shack or using a fundraiser code on the Shack app for pick-up or delivery. Additionally, we provide a Donation Day flyer for the local school or organization to use as an invitation to the community.

For **all certain** new Shack openings, we partner with local charities for opening day. In some markets, we have existing tenured partnerships with organizations, like Food Bank of the Rockies in Colorado, and in **others other markets** we are building new relationships in our local communities with **every Shack** **Shacks** we open. **In 2022, we matched \$1 for every sandwich purchased at every** **At select** new Shack **openings in fiscal 2023, we donated \$1 from each designated menu item sold on** opening day **back to our the** chosen local nonprofit partner. As we continue to grow our footprint across the U.S., our opening day charitable partners are **a great an** example of how we continue to drive home our Stand for Something Good mission.

We listen to our communities and seek opportunities to get **involved, involved;** whether it is charity events or disaster relief, we are on the ground helping. We regularly donate cash, food and gift cards to support dozens of local nonprofit organizations, schools, and hospitals around the country. For example, in **2022, fiscal 2023,** we donated **\$10,000 approximately \$8,000** to Children's Hospital Los Angeles **local children's hospitals** as part of **their annual Make March Matter campaign.** **Child Health Day** and made donations to local food banks, parks, and youth sports through our Shake Shack Pickleball Club event series. We find ways to support charity events **and often serve food** such as **our involvement this year serving food at the Hilarity for Charity Annual Gala, Ping Pong for a Purpose, Taste of Asia, Hole in the Wall Gala, Cowboys, Alex's Lemonade Stand, Southern Smoke Festival, DC Commanders Holiday Charity Bowling, Love Rocks NYC** and so many more.

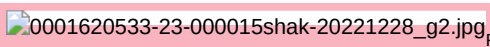
Engaging **With** **with** our Guests

Shake Shack grew up alongside social media and we believe we have benefited from our close relationship with passionate fans who want to engage with us and share their real-time experiences. We're proud to be recognized by media, influencers, and creators alike, garnering attention around the world.

Our positioning and brand voice, derived from the spirit, integrity and light-hearted nature of Shake Shack, are reinforced by our contemporary, responsible designs and hospitable team members who Stand for Something Good. This identity also anchors our marketing efforts, with the heart of our marketing strategy to provide an uplifting experience while cultivating community and connecting with guests both in our Shacks and through digital channels.

Social Media

Just as we design our Shacks as community gathering places, our social media strategy creates an online community gathering place. Through our social media presence, we bring Enlightened Hospitality to new audiences by mirroring the in-person experience a guest has when they visit a Shack. We interact with fans across **Facebook,** Instagram, **Twitter,** TikTok, **X (formerly Twitter), Facebook,** and more by sharing engaging content, comments, replies and the use of user-generated content; a quick search of "#shakeshack" on Instagram reveals over 1.1 million organic posts from our fans. This year, we doubled down on our creator partnerships, expanded our brand storytelling with new types of content and **even ventured into gaming by building a Shake Shack in The Sims 4. introduced several** **timely partnerships from Spirit Halloween to Universal Pictures.** In addition to social media, we also connect with our guests through our email marketing program via targeted menu item alerts, local event invites, new Shack opening information and other relevant Shake Shack news.

Shake Shack Inc  0001620533-23-000015shak-20221228_g2.jpg Form 10-K | 10

Media, Product Placement and Influencers

Shake Shack's unique positioning has helped us garner robust media coverage across food, lifestyle, business and trade publications. We have also been featured across various media outlets, allowing us to increase brand awareness and be a key voice of leadership in the industry. awareness. Shake

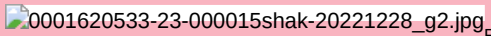
Shack's popularity and cultural relevance are reflected in our countless many celebrity and influencer fans across Hollywood, music, fashion, sports and more. more leading to Shake Shack showing up organically outside of larger brand initiatives.

Campaigns, Promotions and Events

Throughout fiscal 2022 2023 we continued to extend our brand by collaborating with celebrated chefs, developing new creative concepts, unveiling exciting promotions and participating in special events to drive brand awareness and engage with our guests. These initiatives were key to harnessing the growing strength of the Shake Shack brand and helping it stand out through unique moments. Some notable campaigns, promotions and events included:

- **Enrique Olvera Veggie Shack & Non-Dairy Launch** — After months of taste tests, we unveiled three new plant-based options that are now a part of our core menu. The Veggie Shack comes as a veggie option made from a proprietary blend of real garden vegetables and grains, seared to perfection with American cheese, pickles, crispy onions and ShackSauce all on a toasted potato bun. The Non-Dairy Chocolate Shake and Non-Dairy Frozen Custard are made with NotMilk from NotCo — providing a plant-based dessert option for guests.
- **Truffle Table** — To celebrate the White Truffle Menu offerings, we tapped into our fine-dining roots to bring "The Truffle Table" to select Shacks across the country. From February 27 to March 2, participating locations hosted a fine-dining pop-up complete with white tablecloths and a prix fixe tasting menu for \$20 per guest.
- **Super Mario Bros x Shake Shack** — We teamed up with world Nintendo's The Super Mario Bros movie and offered fans an unforgettable takeover experience at our DUMBO Shack including exclusive menu items like the Gold Star Shake and 4 Cheese 'Shroom + Fire Sauce. The in-store experience opened to the public and greeted the first 100 guests each day with exclusive swag items. For those not in the New York City area, we offered the chance to win tickets to see the film for any guests who ordered the 'Shroom burger via the app or online.
- **Trolls x Shake Shack** — To bring some extra holiday cheer, we teamed up with DreamWorks for the release of Trolls Band Together and created three holiday shakes inspired by the Trolls characters Poppy, Branch and Viva. The holiday shake trio is inspired by elements of the Trolls Band Together characters as well as exciting new flavors including Pink Sugar Cookie, Mint Chocolate and Cinnamon Roll, served in limited-edition Trolls-themed packaging. To further drive excitement of the shakes, we created three larger-than-life Troll heads that popped up at our West Hollywood and Beverly Hills Shacks in parallel with the movie release.
- **Nina Compton x TABASCO x Shake Shack** — We teamed up with renowned award-winning chef Enrique Olvera Nina Compton to bring a taste of Mexico New Orleans to a New York City to our West Village and Santa Monica Shacks. New Orleans Shack. Over the course of the four two nights across two cities, over 200 guests more than 40 influencers and media enjoyed a unique Shack dining experience starring selection of delicious dishes, including Crawfish Grilled Cheese, Gumbo and Chef Nina's Fried Chicken Sandwich — all infused with the Ant Burger among vibrant greenery, live music and smoky palo santo. flavors of TABASCO hot sauces.
- **Apotheke Chief Avocado Officer** — To drive awareness of our Avocado Bacon Menu, we invited fans to apply to be Shake Shack's first-ever Chief Avocado Officer (CAO) through a fun "job application" where they could share their passion for avocados. The CAO campaign served as a unique way to talk about our core menu offerings and play up our premium ingredient story while also giving our fans a new way to engage with the brand. We had an estimated TV audience of over 4 million who watched local news stories about the CAO role as a result of our press outreach.
- **STUDS x Shake Shack Candle Duo** — We launched teamed up with STUDS, a candle duo with Apotheke, a NYC-based luxury home fragrance brand. We worked closely with Apotheke cult-favorite ear-piercing brand, to create two unique scents, a limited-edition Burger huggie earring. In partnership with STUDS, we hosted an influencer event in the Park New York City, consumer events in key markets including Los Angeles, Chicago, New York, and Shake & Fries, that celebrate the spirit of NYC, our love of innovation Dallas and creating warm spaces that are welcoming coordinated burger drops to all. Fans proved to be excited about the collab because the candles sold out in less than two days. key media offices.
- **EEEEATSCON with the Infatuation** — This year, we headlined NYC Chicago, New York City and LA Los Angeles EEEEEATSCON. In New York, Chicago, we teamed up with Hoppers, Esmé, a Sri Lankan fine-dining restaurant in London, known for fun dishes, to create the Lankan Shack. Originally created for our London Shacks, the Lankan Esmé Shack is a cheeseburger topped with curry-braised short rib, coriander chutney mayo, mustard cream, pickled red onion, fresh coriander and green chilli served on a toasted potato bun. Hot N Spicy Custard featuring Esmé's signature Cheeto puffs. In LA, we partnered with Tacos y Birria La Unica, a beloved family-owned LA food truck, to create the Birria Shack: a Jack cheeseburger, Birra de rez, hand-made corn tortilla, onion, cilantro, and Shack Sauce, served on a birria-buttered potato roll, with an optional side of consommé for dipping.

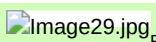
- **Una Pizza x Shake Shack** — We teamed up with chef Anthony Mangieri of Una Pizza Napoletana to offer a three-course menu at Madison Square Park. This was our first time executing a pre-ticketed event, which sold out in just over a day, and offering an upscale, prix fixe service style for collab, paying tribute to our fine dining roots. Over the course of two nights, 200 guests sat down to enjoy a three-course meal with wine pairings and live Italian music under string lights in the park.
- **Hot Ones Tasting Event** — To promote the Hot Ones menu, we hosted a press and influencer event at the Santa Monica Shack. Given Hot Ones' deep connection to the celebrity and entertainment world, the event served as an excellent moment to further cement Shake Shack as a key player in the LA market.
- **The Drew Barrymore Show** — John Karangis, our Executive Chef, was featured on The Drew Barrymore Show. The episode, which also starred Ina Garten, included a segment titled "Drew's News" where John and Ina showcased our signature Chicken Shack. In the segment, John shared a bit about our origin story and fine dining roots.
- **Shake Shack Pickleball Club** — This year, we launched the Shake Shack Pickleball Club ("SSPC"). We hosted SSPC events in multiple cities, including Chicago and Los Angeles. The events were so popular among the tight-knit pickleball community that we had to turn down many walk-ups, and even had an audience of spectators who came out just to watch the tournaments. Pickleball is a great way for us to engage with the communities outside of the Shacks.
- **Shack Jams with Sofar Sounds** — To amplify our Bourbon Bacon Cheddar campaign, we hosted a six-city concert series in partnership with Sofar Sounds called Shack Jams. Throughout the series, we turned select Shacks into unexpected concert venues, hosted over 400 guests and highlighted our culinary innovation.

Shake Shack Inc  Form 10-K | 11

- **"Eat Cute" - Door Dash x Shake Shack** — For Valentine's Day New York City, we teamed up with DoorDash WenWen, a Taiwanese restaurant in Brooklyn, to empower singles. We created create the Taiwanese Beef Noodle Soup Burger and a dating site for Buffalo Jade Rouge Milk Tea Sundae. In Los Angeles, we partnered with Found Oyster, a Hollywood-based restaurant bringing east coast seafood shacks and west coast flavors together, to create a Chicken sandwich lovers called 'Eat Cute,' to help break the ice Schnitzel and spice things up. Singles who matched on our dating site could send each other a code to redeem for a free Buffalo Chicken Sandwich.
- **Maker's Mark Distillery Trip** — In June, we took 15 influencers to Kentucky to celebrate and promote our Bourbon Bacon Cheddar menu. The trip consisted of a two-day experience including a welcome happy hour at our Lexington Shack, a full day Maker's Mark distillery tour, an elaborate three-course dinner curated by our chefs, post-dinner cocktails and live music.
- **Shake Shack x Not Co at The W South Beach** — To celebrate our Non-Dairy Chocolate Shake and Custard, we hosted an event at the W South Beach in partnership with NotCo. The event theme was "treat yourself," with curated experiences like cryotherapy facials, Shack inspired nail art, hair braiding and of course, a shake and custard station. We saw a great turnout from top-tier Miami lifestyle and food influencers as well as key reporters and bloggers. Loaded Fries.

Capitalizing on Our Brand Awareness Strength

Since 2004, Shake Shack has become a globally recognized brand with significant consumer awareness relative to our current footprint of over 430 Shacks. 518 Shacks system-wide. We pride ourselves on providing a vibrant and authentic community gathering place that delivers an exceptional experience to our loyal guests. One great advantage for Shake Shack has been our birthplace and

Shake Shack Inc  Form 10-K | 10

headquarters in New York City, and our origination from a **fine dining** **fine-dining** company. This gives us tremendous media and brand power, often outweighing our relative size. Shake Shack continues to receive recognition for being a fan and industry favorite. In fiscal **2022**, **2023**, Shake Shack was awarded **QSR Magazine's Best Brands to Work For**, USA Today 10 Best Reader's Choice Awards, **Newsweek's Greatest Workplaces for Diversity**, **Fast Company's Innovation by Design (Drive Thru)** and **Nation's Restaurant News' Top 500 2022**, **more**.

Culinary **Innovation** Approach

Shake Shack's unique value proposition is partially defined by our roots in **fine dining**, **fine-dining**. We embrace that heritage and are committed to sourcing premium ingredients, such as **antibiotic**, **antibiotic-free** and **hormone-free** **no added hormone** proteins while offering excellent value to our guests. Our core menu is inspired by **the finest** **elevated** versions of **the classic** American **roadside burger stand**. **Occasionally, we classics**. **We often** supplement our menu with limited time offers, and we experiment with potential new categories we may consider adding to the menu over time.

We are committed to culinary creativity and excellence, collaborating with award-winning chefs, talented bakers, farmers and artisanal purveyors, each of whom bring their unique skills and expertise to the Shake Shack experience. As we grow across the country, we are excited to expand these collaborations with industry-leading chefs and suppliers.

While we're extraordinarily proud of our legacy and current position, we will continue to look for the best ingredients and culinary partners to exceed our guests' expectations in every aspect of their experience.

Our Menu

All of our locations offer premium food and beverages, carefully crafted from a range of classic American foods at more accessible price points than full-service restaurants. While ingredient specifications and menu options can vary by country, the core menus at our US-based locations include the following:

Burgers



menuburger.jpg

Our burgers are made with a proprietary whole-muscle blend of 100% all-natural, **no added** hormone, and antibiotic-free Angus beef, ground fresh, cooked to order and served on a non-GMO potato bun. We take great care in the preparation of our burgers — from sourcing, to handling, to cooking — to ensure their taste and quality is second to none. Our signature burger is the ShackBurger®, a four-ounce cheeseburger topped with lettuce, tomato and ShackSauce™. Our burger offerings also include the SmokeShack®, 'Shroom Burger™ (a vegetarian burger), Shack Stack®, Avocado Bacon Burger and Hamburger.

Shake Shack Inc

0001620533-23-000015shak-20221228_g2.jpg

Form 10-K | 12

Chicken



chicken.jpg

Our Chicken Shack is a 100% all-natural, **hormone-free**, **no added hormone**, **and** antibiotic-free **and cage-free** chicken breast, slow cooked in buttermilk **and** herbs, hand-battered, hand-breaded and crisp-fried to order. Our Chicken Bites are made with all-natural, antibiotic-free whole muscle chicken that is sous-vide cooked for optimum flavor, moisture and texture.

Crinkle Cut Fries



menufries.jpg

Our classic, passionately beloved crinkle cut fries are made from premium **Yukon** potatoes and are prepared 100% free of artificial trans fats. So many of our guests love the crispiness and ridges of our crinkle cut fries; a nostalgic ode to the roadside burger stand of yesteryear. Guests can also enjoy our Cheese Fries; our crinkle cut fries topped with a proprietary blend of cheddar and American cheese sauce.

Hot Dogs



menuhotdog.jpg

Shake Shack was born as a hot dog cart in 2001 and we're proud to honor that legacy by continuing to offer a premium hot dog. Our hot dogs are made from 100% all-natural, **no added** hormone and antibiotic-free beef.

Shake Shack Inc

Image29.jpg

Form 10-K | 11

Shakes and Frozen Custard



Our premium, dense, rich and creamy frozen custard, **hand-spun hand-made** daily on-site, is crafted from our proprietary vanilla and chocolate recipes. We use only real sugar (no high-fructose corn syrup) and milk from dairy farmers who pledge not to use artificial growth hormones. Shakes remain our guests' favorite in this category, and they're scooped and **spun hand-spun** to order.

Beer, Wine and Beverages



Our proprietary ShackMeister® Ale, brewed by Brooklyn Brewery, was specifically crafted to complement the ShackBurger's flavor profile. At select locations, we also offer local craft beers. Our Shack Red®, Shack White® and Shack Rose wines are sourced and produced exclusively by Gotham Project, providing our guests with premium beverage options not commonly found in our industry; a nod to our **fine dining heritage, fine-dining roots**. In addition, we serve Abita Root Beer, Shack-made lemonade, organic fresh brewed iced tea, Fifty/Fifty (half lemonade, half organic iced tea), Honest Kids organic apple juice and Shack|20® bottled still and sparkling **waters, from which 1% of sales help support the clean-up of water sources around the world.**

Innovation Kitchen

Our Innovation Kitchen is located on the lower level of the West Village Shack **and in New York City**, connected to our home office and allows us to explore exciting new menu items for our guests. The culinary team uses this dedicated space to get even more creative, dig deeper into our **fine dining fine-dining** roots, collaborate with other chefs and explore new opportunities as we continue to grow. The West Village Shack's menu has all our classic items and features items from the Innovation Kitchen, with guest-favorite test items potentially becoming **national limited time offerings** and permanent menu items. This space also allows us to house our quality assurance and culinary teams together, ensuring that every item on our menu meets our strict standards.

Shack-Wide Limited Time Offerings ("LTO")

Our LTO program generally features a new, premium burger or chicken sandwich, and special fry options for varying time periods throughout the year along with unique beverages and shakes. Some of our notable LTOs throughout **2022 fiscal 2023** were:

- **Buffalo Chicken Sandwich White Truffle Burger, 'Shroom and Parmesan Fries** — In **January February**, we put **a Shake Shack** an elevated spin on **our** burger, pairing it with a signature white truffle sauce made with real white truffle oil. The menu also featured our iconic 'Shroom Burger in an LTO menu for the classic Buffalo Chicken Sandwich, paired with Buffalo Spiced Fries first time ever and Buffalo Spiced Cheese Fries, all complete with our signature ranch sauce. **White Truffle Parmesan Fries.**
- **Bourbon Bacon Cheddar Jam Burger and Chicken** — In **May, June**, we brought back a fan-favorite from 2022 and partnered with renowned bourbon producer Maker's Mark to **bring feature** a **Bourbon Bacon Cheddar** menu to Shacks, which featured a **burger and chicken sandwich** that showcased a bourbon bacon jam made with Maker's Mark Bourbon, **crispy onions** and applewood smoked bacon.
- **Hot Ones Burger Menu** — **Partnering** In September we launched a new Hot Menu with the **hit YouTube** interview series, Hot Ones™ from First We Feast™, this menu focused on a spicy version **return** of our **signature ShackSauce** classic Hot Chicken alongside a new Spicy ShackMeister Burger. The menu was complete with Spicy Fries and Spicy Cheese Fries bringing the heat.
- **Featured Shakes** — Throughout fiscal 2023 we offered our guests new shakes, including fan-favorites like Tiramisu and OREO Cookie Funnel Cake, while launching exciting new shakes like Dreamsicle and Triple Chocolate Brownie. We partnered with PFLAG during Pride month by **incorporating hot sauces** **made** encouraging guests to sprinkle their June with Pride by adding sprinkles to any shake or frozen custard; the **creators** sprinkle sales were donated to PFLAG. In November, we launched our Troll's Holiday Shakes, a collaboration with Universal Pictures and DreamWorks Animation to celebrate the launch of the **hit YouTube** series. The **spicy ShackSauce** was highlighted on the **Hot Ones Burger, chicken sandwich, new Trolls Band Together** film with tasty shakes inspired by beloved Trolls characters.
- **Lemonades** — Throughout fiscal 2023, we launched seasonal flavors like Dragonfruit Pomegranate Lemonade, Kiwi Apple Limeade, Blood Orange Lemonade, Harvest Berry Lemonade and **fries**. fan-favorite Sunset Lemonade along with corresponding Fifty/Fifty options. We also offered caffeinated versions of these specialty lemonades to add a little boost to guests' beverages.

- **Featured Shakes** — Throughout 2022 we offered our guests new shakes, including collaborations on flavors like Wake & Shake with Red Bay Coffee and Chocolate Pie with Four & Twenty Blackbirds. In June we partnered with the Trevor Project during Pride month by donating 3% of sales from our limited time shake trio, OREO Funnel Cake, Sprinkle Cookie and Chocolate Churro shakes. In September, we launched seasonal shakes with our Pumpkin Patch, Apple Cider Donut, and Choco Salted Toffee shakes. Additionally, we brought back fan-favorites for our trio of holiday shakes during November and December, which included Christmas Cookie, Chocolate Milk & Cookies, and Chocolate Peppermint.
- **Lemonades** — Throughout 2022, we launched seasonal flavors like Hibiscus Lychee Punch, Kiwi Apple Limeade, Mango Passionade, Harvest Berry Lemonade and fan-favorite Strawberry Lemonade along with corresponding Fifty/Fifty options.

Exclusive Offerings

In addition to supplementing our menu with Shack-wide LTOs, we also seek to create new, exciting offerings that are inspired by local favorites or special events. Some examples of our exclusive options. Exclusive offerings from 2022 fiscal 2023 included:

- **Veggie Shack** — In November, May, we launched an updated a vegetarian sandwich at select all locations with crispy onions, pickles, ShackSauce, American cheese, and a vegetarian patty packed with real vegetables and grains like quinoa, mushrooms, and sweet potatoes.
- **Non-Dairy Chocolate Shake and Frozen Custard** — In May, we partnered with NotCo to offer and launched a non-dairy chocolate frozen custard and non-dairy chocolate shake at select locations in NYC and Florida.
- **Caffeinated Lemonades** — In June, we launched all of our first-ever caffeinated lemonades at select Shacks in San Diego, featuring Strawberry Lemonade, Mango Passionade and Cherry Hibiscus, made in-house with naturally caffeinated green coffee extract and guarana.
- **Frozen Lemonade** — At our West Village Shack, we offered a Strawberry Frozen Lemonade for the Summer season, made with real strawberries and lemon juice. U.S. Shacks.

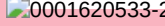
GROWTH STRATEGIES

Fiscal 2022 remained a challenging year for our business as permitting delays and equipment availability resulted in pressures. During fiscal 2023, we executed on our targeted development schedule and sales growth. Amidst these challenges, we added 67 strategy which included a balanced portfolio of formats, including drive-thrus, that allowed us to maximize our potential in each market. We opened 82 net new system-wide Shacks and reached 436,518 Shacks worldwide. We believe we remain well-positioned to continue significant, sustainable financial growth and we plan to continue to execute our growth strategies while remembering to Stand For Something Good in everything we do.

Domestic Company-Operated Shacks

We Although we have a strong pipeline of Shacks, however, further opportunity for growth lies in opening new, domestic Company-operated Shacks and as we believe there is still tremendous whitespace opportunity to expand in both new and existing U.S. markets. We will remain committed to investing with discipline for strong returns as we continue to invest in infrastructure with an eye toward growing rapidly, but with discipline. build a robust pipeline for future growth. In the long-term, we believe we have the potential to grow our current domestic Company-operated Shack footprint to at least 450 Shacks; for comparison, we have only opened 56% of that number through the end of fiscal 2022. Shacks. Of course, the rate of future Shack growth in any particular period is inherently uncertain and is subject to numerous factors beyond our control. As a result, we do not currently have an anticipated timeframe for such expansion.

Domestically, we expanded our Company-operated footprint by opening 36 net 41 new Shacks in 2022, fiscal 2023, which represents a 17% 16% increase from the prior fiscal year. As of December 28, 2022 December 27, 2023, we had 254 295 domestic Company-operated Shacks. We believe we have a versatile real estate model built for growth; our Our disciplined expansion strategy is designed to leverage our business model's strength and our brand awareness. For 2023, 2024, we are targeting to open approximately 40 new Company-operated

Shake Shack Inc  0001620533-23-000015shak-20221228_g2.jpg Form 10-K | 14

Shacks as we continue to be encouraged by the success of our multi-format strategy which includes, but is not limited to, freestanding buildings, drive-thrus, shopping centers, regional malls, outlet malls core, drive-thru, flagship, and more.

small format. In addition to opening new Shacks, we continue to focus on improving our same-Shack sales performance by providing a dynamic, personalized guest experience that includes **new** seasonal and Shack-specific offerings, technological upgrades like the Company-owned app, **web ordering**, and **web ordering/delivery**, thoughtful integration with local communities and **excellent** Enlightened Hospitality. Additionally, we are making greater investments in our direct marketing and promotional initiatives to drive sustainable long-term traffic growth.

Capital Investments & Development

We are deploying capital towards strong returns mainly in building new Shacks, updating our current Shacks and investing in our digital infrastructure. While retaining the exceptional experience Shake Shack is known for, we are developing new prototypes and standards throughout our future Shack classes that will lower costs over time and create an improved guest and team member experience while driving strong returns on capital.

In choosing a new site, we focus first and foremost on the guest experience so that each new location can be the ideal spot for people to gather together or experience Shake Shack the way they choose. We utilize tools that collect and analyze demographic data for both existing and potential sites. In addition to our in-house team of **hospitality**, we experienced real estate professionals, we also use a national real estate broker to leverage external resources in pursuit of pipeline development. Looking beyond, we are pursuing and developing sites where we can continue to **innovate** implement our **core menu** development strategy, including drive-thru concepts.

In fiscal 2023, the average investment cost was approximately \$3.0 million, or approximately \$2.6 million net of tenant improvement allowances received from our landlords, an increase of roughly 8.3% compared to **deliver fresh offerings** the prior year. This increase was primarily driven by a few challenging projects, the highest mix of drive-thrus thus far, as well as inflationary pressures and costly permitting and construction delays. The total investment cost of a new Shack, which includes costs related to leasehold

improvements, furniture, fixtures and equipment ranged from approximately \$1.1 million to \$6.4 million. Shacks opened during fiscal 2023 took between 16 and 56 weeks to build, compared to 17 and 52 weeks in the **ability** prior year.

Although fiscal 2023 is targeted to be the high water mark for **our guests** new Shack investment costs, we believe we can build a more standardized operation in a slightly smaller footprint, with less seats and a lower cost to **purchase premium add-ons** such as bacon, avocado or cherry peppers, **all build**, while maintaining the **standard** great guest experience Shake Shack is known for. In addition to investments in new Shacks, we also undertook some special projects to renovate and refresh some of our **core menu items**, existing Shacks. As our Shacks continue to age, we will need to make additional investments to keep them operating effectively.

Shake Shack Drive-Thru

We are investing ahead with **remain encouraged by the** drive-thru **and optimizing our investments for quick learning**, including Shack design and site selection, with the goal increasing opportunity to not only increase our total addressable market **and but to also** provide our guests with an additional option to enjoy Shake Shack. The launch of drive-thru was a massive cross-functional effort. We continue to refine, take down cost to build and we are encouraged by **improve the performance** model overall for guests and team members alike, including reducing our total experience time, and look forward to date. The Shake Shack drive-thru is a modern version of the traditional drive-thru experience, supported by technology-enhanced hospitality and innovative design. We view this as an opportunity to increase our market share while maintaining our core tradition of building community gathering places, significant progress over time. As of **December 28, 2022** December 27, 2023, we had **11** 29 drive-thru Shacks in operation and we are **targeting** particularly excited to **open at least 10** expand drive-thrus in our strong coastal markets in 2024, including Long Island, New York, New Jersey and California, where we generally expect higher brand awareness.

Kiosk & Digital Capital Expenditures

To further support our Shacks and improve the guest experience, we have made investments in various digital tools to **15 more in 2023**, expand our reach, laying the groundwork for sustainable, long-term growth.


Our drive-thrus Kiosk is an example of how we are **light, bright** bridging the in-Shack and **designed** digital world. In fiscal 2023, we completed our kiosk retrofit program with a focus on convenience and efficiency with guests having an additional option to experience Shake Shack. The layout offers flexibility for our guests to **order and pay at multiple points along the journey, based on demand, and is part** approximately 95% of our **ongoing drive** domestic Company-operated Shacks now having kiosks, making it our largest and fastest growing channel. Kiosk is also our highest margin channel and an important tool we can leverage to **create memorable experiences** learn and improve our marketing efforts over time, maximize labor efficiency, and enhance guest experience. We are also testing further optimization of the kiosk experience with new functionality that allows for guests. Our drive-thru color palette consists upsell add-on opportunities. Additionally, we have implemented plans to further enhance merchandising capabilities, add omnichannel features, and integrate operator management tools.

In addition to scaling our kiosk infrastructure, we continue to make investments in our digital business through digital marketing initiatives and development of different shades of white, black additional product features. These enhancements are strategically tailored to promote guest loyalty and earthy greens that are complemented by warm woods and added textures of more intimate lighting. We partner with sustainable furniture company Crow Works in Ohio retention, as well as to enrich the overall guest experience. Moreover, we have bolstered our home office capacities to provide interior and exterior furniture which will be a mix greater levels of reclaimed wood, metal and upholstery for guests who choose support to dine in, our Shacks.

Growing Our Licensed Shack Business

In addition to expanding the footprint of our Company-operated Shacks, we see additional opportunities to continue growing our licensed portfolio by expanding further, both domestically and internationally. To date, our licensed business has been an asset-light and high-return strategy for growing our brand awareness and increasing cash flow. As of December 28, 2022 December 27, 2023 we had 182 223 licensed Shacks, of which 149 184 were international and 33 39 were domestic.

Through learnings from our licensed partnerships, we are able to share insights with the broader Company and we continue to work with our licensees to navigate both COVID-19 pressures macroeconomic uncertainty, inflationary challenges, and inflationary challenges geopolitical interdependency across the globe. Thanks to our roots in New York and the success of our licensed Shacks around the world, we continue to attract interest from potential licensees from many different markets. In 2023, 2024, we look forward to opening our first Shack in two three new countries--Thailand markets — Kuala Lumpur, Tel Aviv, and the Bahamas--and Toronto — and we are optimistic about future expansion opportunities beyond these exciting new markets. We are also excited about opening our first Shack in Malaysia in 2024, and continuing to consider opening up new markets in the future. The enduring strength of our brand continues to create opportunities to expand domestically and abroad.

Shake Shack Inc.  Form 10-K | 15 14

International Licensed Operations

In fiscal 2022, 2023, we opened 25 38 international Shacks and closed two three international Shacks. The 25 38 new international Shacks included 13 Shacks in China and Hong Kong, four in Kuwait, five in Mexico, two in the Philippines, one in Singapore, three in South Korea, two in Thailand, one in The Bahamas, two in Turkey, one in the United Arab Emirates, and four in South Korea, one in Japan, one in the Philippines, one in Singapore, two in Mexico, one in Turkey, and one in Qatar. United Kingdom. As of the end of fiscal 2022, December 27, 2023, one of our international licensed Shacks was temporarily closed. Looking to fiscal 2023, we plan to go even deeper as we expand into new markets such as Guadalajara in Mexico and Wuhan in China. Although many international licensed markets have recovered significantly from peak pandemic levels, pressures, conditions remain volatile and ever-changing, especially in China. We remain highly confident in the long-term trajectory of our licensed business, but expect that geopolitical pressures in the Middle East and macroeconomic pressures in China could present challenges in 2024 in terms of number of openings and sales.

Domestic Licensed Operations

In fiscal 2022, 2023, we opened eight six domestic licensed Shacks, including one in a stadium (Enterprise Center in St. Louis, Missouri), three in airports (Nashville International Airport, Indianapolis at Newark Liberty International Airport and Orlando International Airport), three five in roadway travel plazas (two in New Jersey—Vince Lombardi Travel Plaza Jersey and Molly Pitcher Travel Plaza—and one in New York, Junius Ponds Travel Plaza), and one in a museum (Smithsonian Hazy Center in Chantilly, Virginia). While COVID-19 related pressures still exist, our York. Our domestic licensed Shacks continue to benefit from considerable improvements to capacity and movement restrictions across perform well, driven by continued strength in U.S. airports and major U.S. sports venues.

Capital Investments & Development

In fiscal 2022 timelines to build our Shacks remained pressured due to the impacts of the COVID-19 pandemic, inflation, supply chain disruptions, permitting delays and other macro-economic factors. In an attempt to mitigate the missed expectations in our development pipeline roadway locations, which we pre-ordered additional materials and equipment in the second half of the year.

Despite the setbacks of 2022, we remain focused on our long term development pipeline and building Shacks to stand the test of time. We believe we have significant opportunity ahead and we remain methodical and accountable for results.

Capital Expenditures

In choosing a new site, we focus first and foremost on the guest experience so that each new location can be a growth opportunity for the ideal spot for people to gather together. Our experienced development team actively leads the site selection process, and their recommendations are reviewed and approved by our Real Estate Committee, which follows a stringent approval process to ensure quality, fiduciary responsibility and overall adherence to our strategic growth goals. Our analytical tools allow for extensive demographic analysis and data collection for both existing and potential sites. In addition to our in-house team of experienced real estate professionals, we also use a national real estate broker to manage a network of regional brokers to leverage external resources in pursuit of pipeline

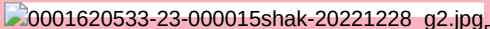
development. Looking beyond, we are pursuing and developing sites where we can continue to implement our Shack Track and drive-thru concepts. We try to learn quickly from our successes and failures.

In fiscal 2022, a Shack took between 17 and 52 weeks to build as we managed through landlord, permitting and industry-wide supply chain delays. One Shack experienced an extended build time, excluding this Shack, the Shack class of 2022 took between 17 and 38 weeks to build. The total investment cost of a new Shack, which includes costs related to leasehold improvements, furniture, fixtures and equipment ranged from approximately \$1.3 million to \$4.1 million. The average investment cost was approximately \$2.7 million, or approximately \$2.4 million net of tenant improvement allowances received from our landlords. We use a number of regional general contractors and employ a mixed approach of bidding and strategic negotiation to ensure the high quality construction. Higher investment costs in fiscal 2022 were attributable to inflationary pressures across the construction sector as well as higher costs to build our drive-thru Shacks, which are more expensive than traditional formats.

In addition to investments in new Shacks, we also undertook some special projects to renovate and refresh some of our existing Shacks. As our Shacks continue to age, we will need to make additional investments to keep them operating effectively. We saw elevated costs to repair and maintain our restaurants and equipment due to shortages and inflationary press in fiscal 2022.

Digital Capital Expenditures

To further support our Shacks and improve the guest experience we have made investments in various digital tools to expand our reach with more convenient channels, laying the groundwork for sustainable, long-term growth

Shake Shack Inc  Form 10-K | 16

Kiosk is an example of how we are bridging the in-Shack and digital world. In fiscal 2022 we rolled out digital kiosks to most of our domestic Company-operated Shacks and we have committed to retrofitting all domestic Company-operated Shacks with kiosks by the end of 2023. Kiosk is our highest margin channel and highest in-Shack check and, we believe we can better utilize our team members to support other parts of the guest journey. [licensed business.](#)

OPERATIONS

At Shake Shack, we believe our success depends upon maintaining efficient and nimble operations. Just as we invest in our menu items, digital offerings, drive-thru and in-Shack experience, we take special care to ensure our supply chain, distribution, quality assurance and management information systems are constantly being evaluated and streamlined to ensure cohesiveness.

Focus on Profitability

Profitability is vital to our success and impacts our ability to grow. Since early 2020, we have not fully recovered. To maximize profitability, our sales and profit profile. To address this, we are taking actions to improve our overall Shack margins back to pre-pandemic levels. We have tasked all teams to improve the areas they are accountable for and we have empowered our leaders to act creatively, quickly, and responsibly to manage costs while continuing to drive sales.

Our Shacks must be fully staffed, operating at full capacity with optimized throughput to capture maximum sales potential. In 2022, fiscal 2023, we made continued to make significant investments in our teams in addition to as well as digital and technology initiatives to support our current Shacks and those to come. However, as in light of these investments, we place a renewed focus continued to execute on improving profitability, disciplined management of our general and administrative expenses, as we remain committed to improving profitability and strengthening the Company for future growth.

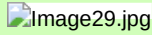
Despite ongoing macro and inflationary pressures, we improved profitability in fiscal 2023 through efficiency and discipline across our Shacks, general and administrative expenses, and capex investments. We are improving Shack profitability by focusing on sales initiatives that target our own, more profitable channels, optimizing labor, improving off-premise profitability, tactical menu pricing supply chain initiatives as well as other opportunities within other operating expenses such as repair and maintenance costs. We believe there are several opportunities to continue to grow long-term profitability and are doubling down on these strategies to execute in 2024 and beyond.

Management Information Systems

Our domestic Company-operated Shacks use computerized point-of-sale and back-office systems designed for the restaurant industry. We use many customized features to increase operational effectiveness, improve internal communication and enhance data analysis. The point-of-sale system uses a touch screen interface, graphical order confirmation display, touch screen kitchen display and integrated, high-speed credit card and gift card processing. This system also collects daily

transaction data, which generates information about sales, product mix and average transaction size. From there, our back-office systems assist in the management of our Company-operated Shacks and provide real-time labor and food cost management tools.

These tools provide the home office and operations management quick, easy access to detailed business data, and allow Shack-level managers to spend less time addressing administrative needs. In fiscal 2023, we engaged in efforts to centralize data from across the enterprise to build out our data warehouse. In doing so, we were able to gather new insights and facilitate informed decision making across the organization. Our selected partner brings global reach, and more cost effective access to specialist technical skills and technology services. We expect to continue improving our information technology infrastructure to better serve our business needs and accommodate growth.

Shake Shack Inc  Form 10-K | 15

In fiscal 2023, we commenced a project to consolidate data from across the enterprise to enable fresh insights and informed decision making while ensuring the data is prudent given validated, secured and accessible. With an emphasis on cost management, we began to transition our data to hybrid cloud and optimized our cloud infrastructure to support digital growth and analytic ambitions as well as automating repetitive and manual processes. These platforms are already enabling our Business Intelligence team to mine new insights across the uncertain macroeconomic backdrop organization. In the coming year, our focus will be on adding supply chain data and analytics and delivering insights to help our operators to better run our Shacks.

As cybersecurity continues to be a challenge, our focus remains on enhancing cyber maturity with a combination of end user training, third-party tooling and services, updated policies and benchmarking. During fiscal 2023, we continued to see elevated levels of cyber attacks including phishing, malware and bot attacks.

Sourcing and Supply Chain

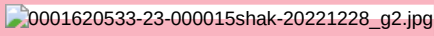
Our Stand For Something Good vision isn't just a slogan, it indicates how we source and develop our ingredients. We work with best-in-class suppliers across our supply chain, and we're always looking for the best ways to provide top quality food at an excellent value. We pride ourselves on sourcing premium ingredients from partners who share our dedication to quality, like 100% all-natural proteins with no added hormones or antibiotics, that are humanely raised and source-verified. In fact, we We are committed to currently sourcing 100% cage-free eggs for across our U.S. supply chain and are striving to advance the sourcing in our global supply chain by 2025, and we're already sourcing to include 100% cage-free eggs for both as well, while maintaining the U.S. quality and U.K. supply chains standards we are known for.

Our domestic regional strategy for ground beef production is designed to help make sure ensure we consistently serve freshly ground beef at our domestic Shacks. As we've expanded domestically, we have nine approved raw beef suppliers and 10 approved ground beef processors around the country who produce our burgers on a daily basis. To ensure dependable quality, we have a limited number of domestic suppliers for our major ingredients, including beef patties, chicken, potato buns, custard, portobello mushrooms and cheese sauce.

During fiscal 2022, 2023, we purchased all of our (i) ground beef patties from 10 approved ground beef processors, with approximately 42% 41% of our ground beef patties from one supplier; (ii) chicken breasts from two suppliers; (iii) potato buns from one supplier; (iv) custard base from two suppliers; (v) 'Shroom Burgers from one supplier; (vi) crinkle cut fries from two suppliers; and (vii) ShackSauce from one supplier. We believe we have developed a reliable supply chain, but we have also taken strides to identify alternative sources to help lessen the possible interruptions of service and product. product, including testing with new suppliers.

Distribution

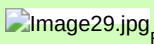
We have a centralized distribution process with one distributor, which we refer to as our "broadline" distributor, to provide virtually all of our food distribution services in the U.S. As of December 28, 2022 December 27, 2023, approximately 95% of certain food and beverage ingredients including chicken, fries and custard were fulfilled through our broadline distributor for distribution and delivery to each Company-operated Shack which collectively represents approximately 43% 47% of our total purchases.

Shake Shack Inc  Form 10-K | 17

As of **December 28, 2022** **December 27, 2023**, we were utilizing 20 affiliated distribution centers to supply our domestic Company-operated Shacks. We recognize that the safety and consistency of our products begins with our suppliers, so suppliers must meet certain criteria and strict quality control standards in the production and delivery of our food and other products. Finally, we regularly evaluate our broadline distributor to ensure the products we purchase conform to our standards and that the prices they offer are competitive.

Food Safety and Quality Assurance

Food safety is our top priority. We have rigorous quality assurance and food safety protocols in place throughout our supply chain and in our Shacks. We conduct quarterly third-party food safety audits of our Shacks, utilize technology to manage and document food safety procedures, and ensure appropriate corrective actions are implemented for any noncompliance findings. We have a comprehensive supplier and ingredient selection process, and we maintain a limited list of approved suppliers that meet our standards. We thoroughly review the results of suppliers' internal and external quality audits, insurance coverage and track record on an ongoing basis. To stress test for exceptional scenarios, we conduct mock food recalls across a selection of our suppliers on a quarterly basis. We have developed and implemented training and operating standards related to the food preparation, cleanliness and safety in each Shack, and of course, we have a dedicated Quality Assurance team.

Management Information Systems  Form 10-K | 16

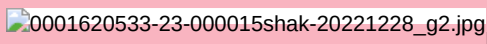
Our domestic Company-operated Shacks use computerized point-of-sale and back-office systems designed for the restaurant industry. We use many customized features to increase operational effectiveness, improve internal communication and enhance data analysis. The point-of-sale system uses a touch screen interface, graphical order confirmation display, touch screen kitchen display and integrated, high-speed credit card and gift card processing. This system also collects daily transaction data, which generates information about sales, product mix and average transaction size. From there, our back-office systems assist in the management of our Company-operated Shacks and provide real-time labor and food cost management tools. These tools provide the home office and operations management quick, easy access to detailed business data, and allow Shack-level managers to spend less time addressing administrative needs. We expect to continue improving our information technology infrastructure to better serve our business needs and accommodate growth.

We focus on environmental responsibility across our operations, including with respect to our ingredients, where we are committed to sourcing our **world-class premium** ingredients from suppliers who share our values, using **100% antibiotic-free** and **hormone-free no added hormone** proteins from ethically raised animals and non-GMO **buns, continuing buns**. We remained dedicated in our efforts to **mitigate impact** **reduce our environmental footprint** by removing unnecessary packaging elements and **substituting** **switching to** more sustainable, certified materials **where** **whenever possible**, **and increasing** **expanding** our use of renewable energy and improving our energy management. We **have also begun** **track and calculate scope 1 and scope 2** greenhouse gas emissions **reporting to report** in compliance with industry standards, in order to assess our current **standing as we establish a baseline and can continue to implement action plans toward progress and improving our environmental impact. standing.**

COMPETITION

The restaurant industry is highly competitive and fragmented, with restaurants competing on a variety of fronts, including taste, price, food quality, service, location and the ambiance and condition of the restaurant. Our primary competitors include other fast casual restaurants, quick service restaurants and casual dining restaurants. Our competition includes multi-unit international, national, and regional chains, as well as a wide variety of locally-owned restaurants. Our competitors may operate company-owned restaurants, franchised restaurants or some combination. Many of our competitors offer breakfast, lunch and dinner, as well as dine-in, carry-out, drive-thru and delivery services. In certain ways, we also compete with companies outside of the traditional restaurant industry, such as grocery store chains, meal subscription services and delicatessens — especially those that target guests who seek high-quality food — as well as convenience food stores, cafeterias and other dining outlets.

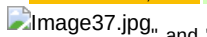
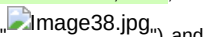
As new competitors enter the burger and fast casual segment and offer new digital experiences as well as companies that offer subscription based meal options, our competition continues to intensify. We also face increasing pressures from certain

Shake Shack Inc  Form 10-K | 18

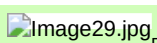
competitors who have announced initiatives to offer better quality ingredients relative to their previous offerings, such as antibiotic-free meat or plant-based meat alternatives. For more information regarding the risks we face from our competitors, see "Risks Related to Operating in the Restaurant Industry — We face significant competition for guests, and if we are unable to compete effectively, our business could be adversely affected" in [Item 1A, Risk Factors](#).

We see ourselves as well-positioned to continue our market growth, as we believe consumers will keep seeking higher quality offerings, especially given an increasing consumer focus on responsible sourcing, ingredients and preparation. Additionally, we place a focus on culinary innovation to ensure our menu offerings stand out from our competitors. We believe that many consumers want to associate with brands whose ethos matches their own, and that Shake Shack, with our mission to Stand For Something Good and our culture of Enlightened Hospitality, reflects the values of conscientious consumers.

INTELLECTUAL PROPERTY

Since our inception, we have strategically and proactively developed our intellectual property portfolio by registering our trademarks and service marks worldwide. As of **December 28, 2022** **December 27, 2023**, we had **23** **25** registered marks domestically, including registrations of our core marks ("Shake Shack," "Shack Burger," "Image37.jpg," and "Image38.jpg,") and certain other marks, such as Stand for Something Good. Internationally, we have registered our core marks in 81 countries spanning six continents. These marks are registered in multiple international trademark classes, including for restaurant services, food services, non-alcoholic beverages and apparel. We also own the domain www.shakeshack.com as well as over 400 other domain names for use in other markets.

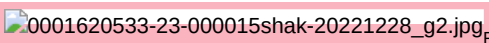
In addition, we have agreements with the suppliers of our proprietary products stating that the recipes, formulas and in certain instances the production processes associated with those products are our property, confidential to us, and may not be provided to any other customer. Our proprietary products include the burger recipe for our specific blend, our patty grinding specifications and the product formulations. We've developed several product formulations including our ShackSauce, 'Shroom Burger, chicken breast, chicken bites, chicken breading, buttermilk herb mayo, cheese sauce, unflavored custard base, vanilla custard base, chocolate custard base, as well as certain toppings and custard mix-ins. We also have exclusive arrangements with our suppliers of crinkle cut fries, ShackMeister Ale, Shack Red wine, Shack White wine, Shack Rosé wine, hot dogs and cherry peppers.

 Shake Shack Inc Form 10-K | 17

GOVERNMENT REGULATION AND ENVIRONMENTAL MATTERS

We are subject to extensive federal, state, local and foreign laws and regulations, as well as other statutory and regulatory requirements, including those related to, among others, nutritional content labeling and disclosure requirements, food safety regulations, local licensure, building and zoning regulations, employment regulations and laws and regulations related to our licensed operations. New laws and regulations or new interpretations of existing laws and regulations may also impact our business. The costs of compliance with these laws and regulations are high, are likely to increase in the future, and any failure on our part to comply with these laws may subject us to significant liabilities and other penalties. See "Regulatory and Legal Risks" in [Item 1A, Risk Factors](#) for more information.

We are not aware of any federal, state or local provisions that have been enacted or adopted regulating the discharge of materials into the environment, or otherwise relating to the protection of the environment, that have materially affected, or are reasonably expected to materially affect, our results of operations, competitive position, or capital expenditures.

 Shake Shack Inc Form 10-K | 19

SEASONALITY

Our business is subject to seasonal fluctuations which can impact sales from quarter-to-quarter. Year-over-year We typically see higher sales in the summer months, followed by a slower fall season during the back-to-school months and quarter-to-quarter results can be also be impacted by an increase around the number and timing of new Shack openings. Additionally, holiday season. However, given our use of a fiscal calendar, there may be some fluctuations between quarters due to holiday shifts in the calendar year. Year-over-year and quarter-to-quarter results can also be impacted by the number and timing of new Shack openings. The effects of the COVID-19 pandemic may continue to have an impact on guest traffic, consumer behaviors and guest traffic that mobility patterns, including work from home trends, which may result in temporary changes in the seasonal fluctuations of our business.

INFORMATION ABOUT OUR EXECUTIVE OFFICERS

The name, age and position held by each of our named executive officers as of December 28, 2022 December 27, 2023 is set forth below.

Name	Age	Position
Randy Garutti	47 48	Chief Executive Officer and Director
Katherine I. Fogertey	39 40	Chief Financial Officer
Zachary Koff	43	Chief Operating Officer

Randy Garutti has served as Shake Shack’s Chief Executive Officer and on the Board of Directors since April 2012. Prior to becoming Chief Executive Officer, Mr. Garutti served as Chief Operating Officer of SSE Holdings since January 2010. Prior to leading Shake Shack, Mr. Garutti was the Director of Operations for USHG (NYSE: HUGS), of over which Mr. Meyer is the Chief Executive Officer and Chairman, overseeing the operations for all its 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 currently serves on the board of directors of Block, Inc. (NYSE: SQ). Mr. Garutti also is a member of the board of directors of the Columbus Avenue Business Improvement District, a not-for-profit organization. As previously announced in the Current Report on Form 8-K filed on December 11, 2023, and as further described in the Current Report on Form 8-K filed on January 26, 2024, Mr. Garutti has informed the Company’s Board of Directors that he will retire from the Company in 2024 upon the selection of his successor. Mr. Garutti will continue to lead the Company as its Chief Executive Officer and as an executive Board member through the “Resignation Date” as defined in the January 26, 2024 Form 8-K.. The Company intends to retain Mr. Garutti as an advisor following his service as Chief Executive Officer through the end of 2024 to ensure a proper transition.

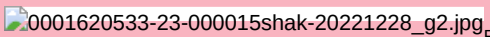
Shake Shack Inc  Form 10-K | 18

Katherine I. Fogertey has served as our Chief Financial Officer since June 2021. Prior to joining Shake Shack, Ms. Fogertey spent 16 years at Goldman Sachs, where she recently served as Vice President & Lead Equity Analyst for the Restaurant sector. In this position, she had a heavy focus on the impact of technology on restaurant profitability and market share and built various statistical forecasting models. She additionally developed deep relationships and unique insights into the largest peers in our industry, and currently serves as a Member of the Society of Fellows for the Culinary Institute of America. Prior to covering the Restaurant sector, Ms. Fogertey was a Vice President, Lead Derivative Strategist overseeing single stock options in the US and U.S.and Latin America as well as global ETFs and market structure. Ms. Fogertey has a BSBA in Accounting, Finance and International Business from Washington University in St. Louis, Olin School of Business.

Zachary Koff has served as Shake Shack’s Chief Operating Officer since January 2017. Prior to becoming Chief Operating Officer, Mr. Koff served as Senior Vice President, Operations since March 2015, Vice President, Operations since April 2012, and Director of Operations since February 2010. Prior to joining Shake Shack, Mr. Koff spent eight years working in operations for Bravo Brio Restaurant Group. Mr. Koff graduated from Cornell University’s School of Hotel Administration in 2002 with a Bachelor’s Degree in Hospitality Administration.

AVAILABLE INFORMATION

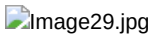
Our website is located at www.shakeshack.com, and our investor relations website is located at <https://investor.shakeshack.com>. We are subject to the informational requirements of the Securities Exchange Act of 1934 (the "Exchange Act") and file or furnish reports, proxy statements and other information with the U.S. Securities and Exchange Commission ("SEC"). Our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, proxy statements, statements of changes in beneficial ownership and amendments to those reports are available for free on our investor relations website as

Shake Shack Inc.  Form 10-K | 20

soon as reasonably practicable after we electronically file them with, or furnish them to, the SEC. The SEC maintains a website (www.sec.gov) that contains reports, proxy and information statements and other information regarding issuers that file electronically with the SEC.

We webcast our earnings calls and certain events we participate in or host with members of the investment community on our investor relations website. Additionally, we provide notifications of news or announcements regarding our financial performance, including SEC filings, investor events, press and earnings releases as part of our investor relations website. Investors and others can receive notifications of new information posted on our investor relations website in real time by subscribing to email alerts. We also make certain corporate governance documents available on our investor relations website, including our corporate governance guidelines, board committee charters, code of business conduct and ethics, as well as certain Company policies.

The contents of our website are not incorporated by reference into this Annual Report on Form 10-K or in any other report or document we file with the SEC, and any references to our websites are intended to be inactive textual references only.

Shake Shack Inc.  Form 10-K | 21 19

Item 1A. Risk Factors.

Described below are risks that we believe apply to our business and the industry in which we operate. You should carefully consider each of the following risk factors in conjunction with other information provided in this Annual Report on Form 10-K and in our other public disclosures. The risks described below highlight potential events, trends or other circumstances that could adversely affect our business, reputation, financial condition, results of operations, cash flows, liquidity or access to sources of financing, and consequently, the market value of our Class A common stock. These risks could cause our future results to differ materially from historical results and from guidance we may provide regarding our expectations of future financial performance. The risks described below are not the only risks we may face and additional risks not currently known to us or that we presently deem immaterial may emerge or become material at any time.

Summary Risk Factors

Our business is subject to a number of risks, including risks that may prevent us from achieving our business objectives or may adversely affect our business, financial condition and results of operations. These risks are discussed more fully below and include, but are not limited to the following:

Risks Related to Our Growth Strategies and Operations

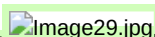
- Pandemics or disease outbreaks, such as the COVID-19 pandemic, have disrupted, and may continue to disrupt our business, and have materially affected our business, results of operations and our financial condition.
- Our long-term success is dependent on the selection, design and execution of appropriate business strategies.
- Our investments to enhance the customer experience through expanding the availability of our drive-thru options has required and will continue to require significant capital expenditures and may not generate the expected returns.

- Our primary growth strategy is highly dependent on the availability of suitable locations and our ability to develop and open new Shacks on a timely basis and on terms attractive to us.
- Our plans to open new Shacks, the ongoing need for capital expenditures at our existing Shacks and our ongoing digital enhancements require us to spend capital.
- Our expansion into new domestic markets may present increased risks, which could affect our profitability.
- Our failure to manage our growth effectively could harm our business and operating results.
- New Shacks, once opened, may not be profitable, and may negatively affect Shack sales at our existing Shacks.
- If we are unable to maintain and grow Shack sales at our existing Shacks, our financial performance could be adversely affected.
- Our mission to Stand For Something Good subjects us to risks.
- We have a limited number of suppliers for our major products and rely on one national distribution company for the majority of our domestic distribution needs. 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.
- Our marketing strategies and channels will evolve and our programs may or may not be successful.
- 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.
- If we fail to maintain our corporate culture, our relationships with our team members and guests could be negatively affected.

Risks Related to Operating in the Restaurant Industry

- Incidents involving food safety and food-borne illnesses could adversely affect guests' perception of our brand, result in lower sales and increase operating costs.
- The digital and delivery business, related expenses, execution and expansion thereof, is uncertain and subject to risk.
- Rising labor costs and difficulties recruiting and retaining the right team members could adversely affect our business.
- 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.
- Shortages or interruptions in the supply or The digital and delivery of food products could adversely affect our operating results. business, related expenses, execution and expansion thereof, is uncertain and subject to risk.
- We face significant competition for guests, and if we are unable to compete effectively, our business could be adversely affected.
- Shortages or interruptions in the supply or delivery of food products could adversely affect our operating results.
- Inflationary environment poses a new risk to broader demand for restaurants, including ours.
- Pandemics or disease outbreaks, such as the COVID-19 pandemic, have disrupted, and may continue to disrupt our business, and have materially affected our business, results of operations and our financial condition.
- The increasing focus on environmental sustainability and social initiatives could increase our costs, harm our reputation and adversely impact our financial results.

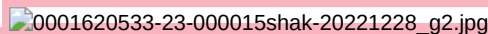
Shake Shack Inc



Form 10-K | 20

- Our international licensed Shacks import many of our proprietary and other core ingredients from the United States and other countries. If this international supply chain is interrupted, our international licensed operations could encounter supply shortages and incur higher costs.
- We are subject to risks associated with leasing property subject to long-term non-cancelable leases.

Shake Shack Inc



Form 10-K | 22

- 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 risks related to our sale of alcoholic beverages.

General Business and Economic Risks

- Damage to our reputation could negatively impact our business, financial condition and results of operations.
- Changes in economic conditions, both domestically and internationally, could materially affect our business, financial condition and results of operations.
- 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.
- Security breaches of either confidential guest information in connection with, among other things, our electronic processing of credit and debit card transactions, kiosk ordering or mobile ordering app, or confidential team member information may adversely affect our business.
- If we are unable to maintain and update our information technology systems to meet the needs of our business, our business could be adversely impacted.
- If we experience a material failure or interruption in our systems, our business could be adversely impacted.
- 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.
- We may not be able to adequately protect our intellectual property, which, in turn, could harm the value of our brand and adversely affect our business.
- We depend on key members of our executive management team.
- Our insurance coverage and self-insurance reserves may not provide adequate levels of coverage against claims.

Regulatory and Legal Risks

- We have identified a material weakness in our internal control over financial reporting.
- We are subject to many federal, state, local and foreign laws and regulations, as well as other statutory and regulatory requirements, with which compliance is both costly and complex. Failure to comply with, or changes in these laws or requirements, could have an adverse impact on our business.
- Our ability to use our net operating loss carryforwards may be subject to limitation.
- 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.
- If we fail to maintain effective internal controls over financial reporting, our ability to produce timely and accurate financial information or comply with Section 404 of the Sarbanes-Oxley Act of 2002 could be impaired, which could have a material adverse effect on our business and stock price.

Risks Related to Our Organizational Structure

- Shake Shack has non-controlling interest holders, whose interests may differ from those of our public stockholders.
- Our organizational structure, including the Tax Receivable Agreement, confers certain benefits upon the non-controlling interest holders that will not benefit Class A common stockholders to the same extent as it will benefit the non-controlling interest holders.
- The non-controlling interest holders have the right to have their LLC Interests redeemed or exchanged into shares of Class A common stock, which may cause volatility in our stock price.
- We will continue to incur relatively outsized costs as a result of becoming being a public company and in the administration of our complex organizational structure.
- 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.
- 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.
- We do not currently expect to pay any cash dividends.

Risks Related to Our Tax Receivable Agreement ("TRA")

- We will continue to incur relatively outsized costs as a result of our complex organizational structure.
- We are a holding company and our principal asset is 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 TRA. SSE Holdings' ability to make such distributions may be subject to various limitations and restrictions.
- In certain cases, payments under the TRA to the non-controlling interest holders may be accelerated or significantly exceed the actual benefits we realize in respect of the tax attributes subject to the TRA.
- We will not be reimbursed for any payments made to the non-controlling interest holders under the TRA in the event that any tax benefits are disallowed.

Risks Related to Our Convertible Notes

- Servicing our debt requires a significant amount of cash, and we may not have sufficient cash flow from our business to pay our substantial debt.
- The conditional conversion feature of the Notes, if triggered, may adversely affect our financial condition and operating results.
- Conversion of the Notes may dilute the ownership interest of our stockholders or may otherwise depress the price of our Class A common stock.
- Certain provisions in the indenture governing the Notes may delay or prevent an otherwise beneficial takeover attempt of us.

RISKS RELATED TO OUR GROWTH STRATEGIES AND OPERATIONS

Pandemics or disease outbreaks, such as the COVID-19 pandemic, have disrupted, and may continue to disrupt our business, and may continue to materially affect our operations, results of operations and our financial condition.

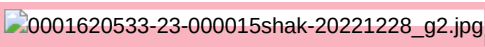
COVID-19 was officially declared a global pandemic by the World Health Organization in March 2020. While the United States has announced that it will let the coronavirus health emergency expire in May of 2023, the prevalence of the virus has continued to impact the United States and the global economy, resulting in varying levels of restrictions and shutdowns implemented by international, national, state, and local authorities, and has impacted, and may continue to impact, travel and work patterns as employees continue to work from home more frequently and commuting, leisure, vacation and other activities continue to be disrupted. We continue to follow public health guidelines to ensure the health and safety of our teams and guests. An increase in restrictions or a return to shutdowns imposed by governmental authorities may have a material impact to our business, financial condition and results of operations.

Viruses such as COVID-19 may be transmitted through human contact and airborne delivery, and the risk of contracting viruses could cause team members or guests to avoid gathering in public places. Additionally, government authorities, from time to time, may impose curfews, restrictions on public gatherings, human interactions and restaurant operations which may impact our ability to offer all sales channels at all Shacks, and employees in many jurisdictions continue to work from home at a higher rate. These restrictions and changing travel patterns have adversely effected our guest traffic and the ability to adequately staff our Shacks.

Throughout the pandemic, state and local governments in the U.S. and throughout the world have alternated between removing and easing certain restrictions on the one hand, and reintroducing restrictions on businesses, including restaurants, on the other hand, depending on the severity of local or regional outbreaks. Additionally, different jurisdictions have seen varying levels of outbreaks or resurgences in outbreaks, and corresponding differences in government responses, which may continue to make it, difficult for us to plan or forecast an appropriate response. For example, a material portion of our licensed revenue comes from Asia, a region which has seen more severe restrictions from rising COVID-19 cases than the United States. In many jurisdictions, the pandemic has continued to disrupt consumer activity and negatively impact the foot traffic in our Shacks, as employees continue to work from home more frequently, and leisure and travel activities have not yet returned to pre-pandemic levels. While we cannot predict the duration or scope of the COVID-19 pandemic or the ongoing response from governing authorities, the pandemic and the response to the pandemic has negatively impacted our business and such impact may be material to our business, financial condition and results of operations.

The significance of the operational and financial impact on us will depend on how long and widespread the disruptions caused by COVID-19, and the corresponding response to contain the virus and treat those affected by it prove to be. Further uncertain or changing economic and market conditions, including prolonged periods of high unemployment, staffing issues, inflation, deflation or prolonged weak consumer demand or a decrease in consumer discretionary spending, or political or other changes resulting from the pandemic or other factors would continue to impact our business, sales and operating results.

Additionally, if a significant percentage of our workforce or the workforce of our business partners are unable to work due to reasons including illness or travel restrictions in connection with pandemics or disease outbreaks, our operations may be negatively impacted, which could have a material adverse effect on our business, financial condition and results of operations.

Shake Shack Inc  Form 10-K | 24

Our long-term success is dependent on the selection, design and execution of appropriate business strategies.

We operate in a highly competitive and ever-changing environment. Our long-term success is dependent on our ability to identify, develop and execute appropriate business strategies within this environment. Our current strategies include:

- Global unit expansion and the refinement of future Shacks to increase our total addressable market and to build an efficient and more standardized operation. This will include developing new prototypes and standards throughout our future Shack classes, as well as our continued focus on increasing our licensed Shack presence, both domestically and abroad, particularly in Asia.
- Enhancing our omnichannel guest experience. This will occur through leveraging our digital tools to build more frictionless ways to serve our guests and to continue integration of our data platforms enabling segmentation and targeted marketing strategies.
- Global unit expansion and the expansion of Shack formats to increase our total addressable market and incorporate increased convenience and frequency. This will include the pursuit of top-tier real estate in both urban and suburban markets that can incorporate diverse formats, including drive-thrus and significant capital expenditures to expand the number of drive-thrus at our existing and future Shacks, as well as our focus on increasing our licensed Shack presence, both domestically and abroad, particularly in Asia.
- Menu innovation, with a focus on LTOs and collaborations and which may lead to the expansion of existing menu items including expanding the options for premium add-ons. items.

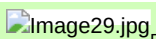
We may experience challenges in achieving the goals we have set and we may be unsuccessful in executing on our strategies once identified and we will be required to make significant capital expenditures to pursue these goals. Conversely, we may also execute on poorly designed strategies that prove to be ineffective or require us to make substantial changes to our strategies in order to produce the desired results. Our strategies may expose us to additional risks, and strategies that have been successful for us in the past may fail to be so in the future or may be more expensive than we currently anticipate. We may incur significant costs and damage our brand if we are unable to identify, develop and execute on appropriate business strategies, which could have a material adverse effect on our business, financial condition and results of operations.

Our investments to enhance the customer experience through expanding the availability of our drive-thru options has required and will continue to require significant capital expenditures and may not generate the expected returns.

Our expansion strategies include adding additional drive-thru options at our existing Shacks, and opening new drive-thru Shacks at desirable locations and on real estate that is suitable for drive-thru availability, both of which will require significant capital expenditures. Our drive-thru formats are larger than our traditional Shacks, which can result in higher real estate costs, and require additional infrastructure and construction costs. If our drive-thru initiatives are not well executed, or if we do not realize the intended benefits of these significant investments, our business results may suffer.

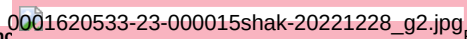
Our primary growth strategy is highly dependent on the availability of suitable locations and our ability to develop and open new Shacks on a timely basis and on terms attractive to us.

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 must identify target markets where we can enter or expand, taking into account numerous factors such as the location of our current Shacks, the format of our current Shacks, the target consumer base, population density, demographics, traffic patterns, competition, geography 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.

Shake Shack Inc  Form 10-K | 22

The number and timing of new Shacks opened during any given period may be negatively impacted by a number of factors including:

- identification and availability of attractive sites for new Shacks;
- difficulty negotiating suitable lease terms;
- shortages of construction labor or materials;
- recruitment and training of qualified personnel in the local market;
- our ability to obtain all required governmental permits, including zonal approvals;
- our ability to control construction and development costs of new Shacks, particularly in the current inflationary environment;

Shake Shack Inc  Form 10-K | 25

- competition in new markets, including competition for appropriate sites;
- failure of the landlords to timely deliver real estate to us and other landlord delays;
- 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;
- cost and availability of capital to fund construction costs and pre-opening costs; and
- COVID-19 or pandemic related factors such as longer permitting cycles and availability of construction and restaurant equipment and services.

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 domestic 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 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.

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

Our growth strategy depends on opening new Shacks and continuing our digital evolution, which will require us to use cash flows from operations. We cannot assure that cash flows from operations will be sufficient to allow us to implement our growth strategy. If these funds are 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 a project or delay, significantly curtail or eliminate planned Shack openings, which could have a material adverse effect on our business, financial condition and results of operations.

In addition, as our Shacks and digital infrastructure mature, our business will require maintenance, investment, renovation and improvement expenditures 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 to existing Shacks exceed budgeted amounts, and/or the time for building or renovation is longer than anticipated, our profits could be reduced. Additionally, recent inflation of material and labor costs in addition to our new, larger drive-thru formats have resulted in higher construction costs. If we cannot access the capital we need, we may not be able to execute our growth strategy, take advantage of future opportunities or respond to competitive pressures.

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, may be less profitable on average than our current base of 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 retain qualified team members 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 may incur higher food distribution costs and 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 our international presence, which can pose similar and additional challenges in opening new Shacks.

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

Our growth plan includes opening a large number of new Shacks. Our existing personnel, management systems, financial and management controls and information systems may not be adequate to support our planned expansion. See the risk captioned “We have identified a material weakness in our internal control over financial reporting” included below in this Item 1A of this Annual Report on Form 10-K. 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 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.

New Shacks, once opened, may not be profitable, and may negatively affect Shack sales at our existing Shacks.

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, construction and permitting 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 costs associated with a given Shack within the several 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 take a period of time to reach target 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. Although we have specific target 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 and results of operations.

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. Cannibalization of Shack sales 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 and results of operations.

If we are unable to maintain and grow Shack sales at our existing Shacks, our financial performance could be adversely affected.

The level of same-Shack sales growth, which represents the change in year-over-year revenues for domestic Company-operated Shacks open for 24 full months or longer, could affect our overall 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.

Our mission to Stand For Something Good subjects us to risks.

Our mission to Stand For Something Good is a significant part of our business strategy and who we are as a Company. It's our commitment to all that is good in the world and is a reflection of how we embrace our values both internally and externally. We pride ourselves on sourcing premium ingredients from like-minded

producers — 100% all-natural proteins with no added hormones or antibiotics that are humanely raised and source verified. We are dedicated to using sustainable materials and equipment whenever possible, and distinctive furniture and fixtures that advance our sustainability and diversity initiatives, as

well as being committed to achieving ethical and humane practices for the animals in our supply chain. We also strive to be the best employer and a good citizen in each community we call home.

We do, however, face many challenges in carrying out our mission to Stand For Something Good. We incur higher costs and other risks associated with **paying highly competitive compensation to our team members and purchasing high quality ingredients grown or raised with an emphasis on quality and responsible practices, practices and paying highly competitive compensation to our team members.** As a result, our food and labor costs may be significantly higher than other companies who do not source high quality ingredients or pay above minimum wage. Additionally, the supply for high quality ingredients may be limited and it may take us longer to identify and secure relationships with suppliers that are able to meet our quality standards and have sufficient quantities to support our growing business. If we are unable to obtain a sufficient and consistent supply for our ingredients on a cost-effective basis, our food costs could increase or we may experience supply interruptions which could have an adverse effect on our operating margins. Additionally, some of our competitors have announced initiatives to offer better quality ingredients, such as antibiotic-free and fresh meat. If this trend continues, it could further limit our supply for certain ingredients and we may lose our competitive advantage as it will be more difficult to differentiate ourselves.

Because we hold ourselves to such high standards, and because we believe our guests have come to have high expectations of us, we may be more severely affected by negative reports or publicity if we fail, or are believed to have failed, to comply with our own standards. The damage to our reputation may be greater than other companies that do not have similar values as us, and it may take us longer to recover from such an incident and gain back the trust of our guests. Our mission to Stand For Something Good also exposes us to criticism from special interest groups who have different opinions regarding certain food issues or who believe we should pursue different strategies and goals. Any adverse publicity that results from such criticism could damage our brand and adversely affect **customer guest** traffic.

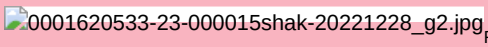
We believe that our Stand For Something Good philosophy has been a major contributing factor in our past success because we believe consumers are increasingly focused on where their food comes from and how it is made, and that consumers want to associate themselves with brands whose ethos matches that of their own. However, if these trends change we may no longer be able to successfully compete with other restaurants who share different values than us.

We have a limited number of suppliers for our major products and rely on one national distribution company for the majority of our domestic distribution needs. 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 ingredients, including beef patties, chicken, potato buns, custard, portobello mushrooms and cheese sauce. In fiscal **2022, 2023**, we purchased all of our (i) ground beef patties from 10 approved **ground** beef processors, with approximately **42% 41%** of our ground beef patties **supplied** from one supplier; (ii) chicken breasts from two suppliers; (iii) potato buns from one supplier; (iv) custard base from two suppliers; (v) 'Shroom Burgers from one supplier; (vi) crinkle cut fries from two suppliers; and (vii) ShackSauce from one supplier. Due to this concentration of suppliers, the cancellation of our supply arrangements with any one of 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 alternate 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, which we refer to as our "broadline" distributor, to provide virtually all of our food distribution services in the United States. As of **December 28, 2022 December 27, 2023**, approximately 95% of certain food and beverage ingredients, including chicken, fries and custard, collectively representing **43% 47%** of our purchases, were processed through our broadline distributor for distribution and delivery to each Shack. As of **December 28, 2022 December 27, 2023**, we utilized 20 affiliated distribution centers and each

distribution center carries two to three weeks of inventory for our core ingredients. In the event of a catastrophe, such as a fire, our headline 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 Shacks located in New York and northern New Jersey, we would be at immediate risk of product shortages because that distribution center supplies approximately 21% of our domestic Company-operated Shacks as of December 28, 2022 December 27, 2023, which collectively represented 26% 25% of our Shack sales for fiscal 2022. 2023. The other 19 distribution centers collectively supply the other approximately 79% of our domestic Company-operated Shacks, which represented the remaining 74% 75% of our Shack sales.

Shake Shack Inc  Form 10-K | 28

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.

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

Shake Shack is a growing brand, and we incur costs and expend other resources in our marketing efforts to attract and retain guests. Our strategy primarily includes public relations, digital and social media, promotions and in-store messaging, which typically require less marketing spend as compared to traditional marketing programs. As the number of Shacks increases, and as we expand into new markets, we expect to increase our investment in advertising and promotional activities, including targeted marketing offers to unique guest segments and incentivizing and rewarding loyal guests. Accordingly, in the future, we will incur greater marketing expenditures, resulting in greater financial risk and a greater impact on our financial results.

We rely heavily on social media for many of our marketing efforts. If consumer sentiment towards social media changes or a new medium of communication becomes more mainstream, we may be required to fundamentally change our current marketing strategies which could require us to incur significantly more costs.

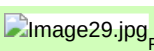
Some of our marketing initiatives may not be successful, resulting in expenses incurred without the benefit of higher revenues. Additionally, some of our competitors have greater financial resources, which enable them to spend significantly more on marketing and advertising than we are able to at this 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 business, financial condition and results of operations.

Additionally, we face additional expenses as it relates to our digital business which can vary over time and may impact our overall profitability.

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 December 28, 2022 December 27, 2023, ten 10 licensees operated all of our domestic licensed Shacks and six licensees operated all of our international licensed Shacks, with one such licensee operating 38% 36% of our international licensed Shacks and one such licensee operating 28% of our domestic licensed Shacks. Our licensees are required to operate their Shacks according to the specific guidelines we set forth, which are essential to maintaining brand integrity and reputation, all laws and regulations applicable to Shake Shack and its subsidiaries, and all laws and regulations applicable in the countries in which Shake Shack operates. We provide training to these 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, labor law enforcement, marketing 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 the results of operations from our licensed business or have a negative impact on our reputation.

The success of our licensed operations depends on our ability to establish and maintain good relationships with our licensees. The value of our brand and the rapport that we maintain with our licensees are important factors for potential licensees

Shake Shack Inc  Form 10-K | 26

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 business, financial condition and results of operations.

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 territory. 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 business, financial condition and results of operations, as well as the

Shake Shack Inc  0001620533-23-000015shak-20221228_g2.jpg Form 10-K | 29

desirability of our brand to prospective licensees. Our licensees also complete for employees and may not be able to recruit a sufficient number of individuals to meet their needs or retain qualified individuals to maintain operations. 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 licensed operations and reduce our licensing revenues.

If we fail to maintain our corporate culture, our relationships with our team members and guests could be negatively affected.

We take great pride in our culture and believe that it is an extremely important factor in our success. We believe that our culture of Enlightened Hospitality and our mission to Stand For Something Good creates a truly differentiated experience for our guests and is one of the reasons guests choose to dine with us and team members choose us as a place of employment. If we are unable to maintain our culture, especially as we continue to rapidly grow and expand in new markets, our reputation may be damaged, we may lose the trust of our guests, team member morale may be diminished and we may experience difficulty recruiting and retaining qualified team members. Any of these factors could have a material adverse effect on our business, financial condition and results of operations.

RISKS RELATED TO OPERATING IN THE RESTAURANT INDUSTRY

Incidents involving food safety and food-borne illnesses could adversely affect guests' perception of our brand, result in lower sales and increase operating costs.

Food safety is a top priority, and we dedicate substantial resources to ensure the safety and quality of the food we serve. Nevertheless, we face food safety risks, including the risk of food-borne illness and food contamination, which are common both in the restaurant industry and the food supply chain and cannot be completely eliminated. We rely on third-party food suppliers and distributors to properly handle, store and transport our ingredients to our Shacks. Any failure by our suppliers, or their suppliers, could cause our ingredients to be contaminated, which may be difficult to detect before the food is served. Additionally, the risk of food-borne illness may also increase whenever our food is served outside of our control, such as by third-party delivery services. We are further exposed to this risk from our sales through unaffiliated third-party delivery services, as well as through any third-party delivery partners we use.

Regardless of the source or cause, any report of food-borne illnesses or food safety issues, whether or not accurate, at one or more of our Shacks, including Shacks operated by our licensees, could adversely affect our brand and reputation, which in turn could result in reduced guest traffic and lower sales. Additionally, we believe that, because our mission to Stand For Something Good promotes the use of higher quality premium ingredients, our guests have high expectations of us and we could be more severely affected by incidents of food-borne illnesses or food safety issues than some of our competitors who do not promote such standards. We may also have a more difficult time recovering from a food-borne illness incident and may be required to incur significant costs to repair our reputation.

If any of our guests become ill from food-borne illnesses, we could be forced to temporarily close one or more Shacks or choose to close as a preventative measure if we suspect there was a pathogen in our Shacks. Furthermore, any instances of food contamination, whether or not at our Shacks, could subject us or our suppliers to voluntary or involuntary food recalls and the

costs to conduct such recalls could be significant and could interrupt our supply to unaffected Shacks or increase the cost of our ingredients.

Additionally, consumer preferences could be affected by health concerns about the consumption of beef, our key ingredient. For example, if a pathogen, such as "mad cow disease," or other virus, bacteria, parasite or toxin infects the food supply (or is believed to have infected the food supply), regardless of whether our supply chain is affected, guests may actively avoid consuming certain ingredients. A negative report or negative publicity surrounding such an incident, 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 a material decrease in guest traffic and lower sales.

The digital and delivery business, related expenses, execution and expansion thereof, is uncertain and subject to risk.

Digital innovation and growth remains a key focus for us. We continue to execute upon our digital strategy, including the continued integration of our data platforms enabling segmentation and targeted marketing strategies. Furthermore, in fiscal 2022 delivery was available across all our native digital platforms with the launch of the new Andorid experience early in the fiscal year. We believe these digital investments to be a critical differentiator for our business, creating the opportunity to drive greater engagement and frequency with both new and existing guests. As the digital space around us continues to evolve, our technology needs to evolve concurrently to stay competitive with the industry. If we do not maintain and innovate our digital systems that are competitive with the industry, and as we face execution risks around upgrades of existing and new digital platforms, our digital business may be adversely affected and could damage our sales as well as profitability. We rely on third party service providers for our ordering and payment platforms relating to our mobile app and kiosks. Such services performed by these third parties could be damaged or interrupted by technological issues, which could then result in a loss of sales for a period of time. We also could see higher costs from our digital partners which we may not be able to fully offset by price. Information processed by these third parties could also be impacted by cyber attacks, which could not only negatively impact our sales, but also harm our brand image.

Recognizing the rise in delivery services offered throughout the restaurant industry, we understand the importance of providing such services to meet our guests wherever and whenever they want. We have invested in marketing to promote our delivery partnerships, which could negatively impact our profitability if the business does not continue to expand. We rely on third party service providers to fulfill delivery orders timely and in a fashion that will satisfy our guests. Errors in providing adequate delivery services may result in guest dissatisfaction, which could also result in loss of guest retention, loss in sales and damage to our brand image. Additionally, as with any third party handling food, such delivery services increase the risk of food tampering while in transit. We developed sealed packaging to provide some deterrence against such potential food tampering. We are also subject to risk if there is a shortage of delivery drivers, which could result in a failure to meet our guests' expectations.

Third-party delivery services within the restaurant industry is a competitive environment and includes a number of players competing for market share. If our third-party delivery partners fail to effectively compete with other third-party delivery providers in the sector, our delivery business may suffer resulting in a loss of sales. If any third-party delivery provider we partner with experiences damage to their brand image, we may also see ramifications due to our partnership with them. Additionally, some of our competitors have greater financial resources to spend on marketing and advertising around their digital and delivery campaigns than we are able to at this time. Should our competitors increase their spend in these areas, or if our advertising and promotions be less effective than our competitors, there could be an adverse impact on our business in this space. Third-party delivery services within the restaurant industry typically charge restaurants a fee per order. We currently have contracts with our major delivery service providers for a fixed period of time. However, there is uncertainty as to how these fees will evolve. In 2021, we implemented menu price inflation on our third-party delivery platforms to help offset a portion of this fee; the higher menu prices could result in loss of sales. As delivery, as well as the partnerships we have made in connection with delivery, is still a growing business for us, it is difficult for us to anticipate its impact to our sales as well as the challenges we may face in the future.

Rising labor costs and difficulties recruiting and retaining the right team members could adversely affect our business.

As our culture remains an important factor to our success, it in part depends on our ability to recruit, reward and retain a sufficient number of qualified managers and team members to meet the needs of our existing Shacks and to staff new Shacks. We aim to hire talented people who have integrity, who are warm, motivated, self-aware, intellectually curious, and possess the competencies and skills to continue to foster our growth. We value people who are excited and committed to high performance, remarkable and enriching hospitality, embodying our culture, and actively growing themselves and the brand.

In many markets, competition for qualified individuals is intense and we may be unable to identify and recruit a sufficient number of individuals to meet our growing needs, especially in markets where our brand is less established. As a result, because we aim to hire the best people, we may be required to pay higher wages and provide greater benefits. Our commitment to taking care of our team may cause us to incur higher labor costs compared to other restaurant companies. Additionally, several states in which we operate have enacted minimum wage increases and it is possible that other states or the federal government could also enact minimum wage increases, scheduling and benefit changes and increased health care and workers' compensation insurance costs. Such increases have and may continue to cause an increase to our labor and related expenses and cause our

Shake Shack Inc

0001620533-23-000015shak-20221228_g2.jpg

Form 10-K | 31

Shack-level operating profit margins to decline. In the event there are additional minimum wage increases, increases in employee turnover or other legislation related to employee benefits are enacted or changed, such as the Affordable Care Act, we may be required to implement additional pay increases or provide additional benefits in the future in order to continue to recruit, reward and retain the most qualified people, which may put further pressure on our operating margins by increasing costs. Overall, we expect wages at all levels to continue to increase in the near term and we expect these rising wages to add pressure to our operating profit.

In addition to the expected increased costs of labor, if we are unable to identify and recruit a sufficient number of individuals to meet our growing needs, we may need to decrease the operating hours of some of our Shacks, which would result in lost sales.

We place a heavy emphasis on the qualification and training of our team members and spend a significant amount of time and money training our team members. 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. Such increased costs of attracting qualified team members or delays in Shack openings could adversely affect our business, financial condition and results of operations.

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, the current avian flu is causing increased costs of poultry and eggs. Other events, including events for products we do not serve, 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 items. Furthermore, increasing weather volatility or other long-term changes in global weather patterns, including any changes associated with global climate change, could have a significant impact on the price or availability of some of our ingredients. These events, combined with other more general economic and demographic conditions, could impact our pricing and negatively affect our Shack sales

Shake Shack Inc

Image29.jpg

Form 10-K | 28

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 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 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 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 is also 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.

Additionally, with elevated inflationary pressures across the business, we face an above average risk that we will have to renegotiate contracts and agreements with suppliers on a more frequent basis. Shortened windows of certainty can impact our ability to plan our business from a supply and profitability perspective and we face greater risk of margin volatility.

The digital and delivery business, related expenses, execution and expansion thereof, is uncertain and subject to risk.

Digital innovation and growth remains a key focus for us. We continue to execute upon our digital strategy, including the continued integration of our data platforms enabling segmentation and targeted marketing strategies. We believe these digital investments to be a critical differentiator for our business, creating the opportunity to drive greater engagement and frequency with both new and existing guests. As the digital space around us continues to evolve, our technology needs to evolve concurrently to stay competitive with the industry. If we do not maintain and innovate our digital systems that are competitive with the industry, and as we face execution risks around upgrades of existing and new digital platforms, our digital business may be adversely affected and could damage our sales as well as profitability. We rely on third-party service providers for our ordering and payment platforms relating to our mobile app and kiosks. Such services performed by these third parties could be damaged or interrupted by technological issues, which could then result in a loss of sales for a period of time. We also could see higher costs from our digital partners which we may not be able to fully offset by price. Information processed by these third parties could also be impacted by cyber attacks, which could not only negatively impact our sales, but also harm our brand image.

Recognizing the rise in delivery services offered throughout the restaurant industry, we understand the importance of providing such services to meet our guests wherever and whenever they want. We have invested in marketing to promote our delivery partnerships, which could negatively impact our profitability if the business does not continue to expand. We rely on third-party service providers to fulfill delivery orders timely and in a fashion that will satisfy our guests. Errors in providing adequate delivery services may result in guest dissatisfaction, which could also result in loss of guest retention, loss in sales and damage to our brand image. Additionally, as with any third party handling food, such delivery services increase the risk of food tampering while in transit. We developed sealed packaging to provide some deterrence against such potential food tampering. We are also subject to risk if there is a shortage of delivery drivers, which could result in a failure to meet our guests' expectations.

Third-party delivery services within the restaurant industry is a competitive environment and includes a number of players competing for market share. If our third-party delivery partners fail to effectively compete with other third-party delivery providers in the sector, our delivery business may suffer resulting in a loss of sales. If any third-party delivery provider we partner with experiences damage to their brand image, we may also see ramifications due to our partnership with them. Additionally, some of our competitors have greater financial resources to spend on marketing and advertising around their digital and delivery campaigns than we are able to at this time. Should our competitors increase their spend in these areas, or if our advertising and

Shortages or interruptions in the supply of food products could adversely affect our operating results. Third-party delivery services within 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 exact 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 restaurant industry typically has less than three days of beef patty inventory on hand. However, we have agreements with our

regional grinders to provide an alternate back-up supply in the event of charge restaurants a disruption in their operations. In addition, our second largest regional grinder can, in an emergency, supply us in the event of a disruption of operations at one of our beef grinders through our broadline distributor's network, but there would be a delay in availability due to production and shipping.

fee per order. We currently have nine approved raw beef suppliers and ten approved beef processors in the United States. If contracts with our major delivery service providers for a fixed period of time. However, there is uncertainty as to how these fees will evolve. In 2021, we implemented menu price inflation on our third-party delivery platforms to help offset a supply issue with all U.S. raw beef, we have eight approved raw beef suppliers and nine approved beef processors portion of this fee; the higher menu prices could result 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. loss of sales.

We face significant competition for guests, and if we are unable to compete effectively, our business could be adversely affected.

The restaurant industry is intensely competitive with many well-established companies that compete directly and indirectly with us with respect to taste, price, food quality, service, value, design and location. We compete in the restaurant industry with multi-unit national, regional and locally-owned and/or operated limited-service restaurants and full-service restaurants. We compete with (i) restaurants, (ii) other fast casual restaurants, (iii) quick service restaurants and (iv) casual dining restaurants. Our competitors may operate company-owned restaurants, franchised restaurants or some combination. Many of our competitors offer breakfast, lunch and dinner, as well as dine-in, carry-out and delivery services. We may also compete with companies outside of the traditional restaurant industry, such as grocery store chains, meal subscription services and delicatessens, especially those that target customers who seek high-quality food, as well as convenience food stores, cafeterias and other dining outlets. Many of our competitors have existed longer than we have and may have a more established market presence, better locations and greater name recognition nationally or in some of the local markets in which we operate or plan to open Shacks. Some of our competitors may also have significantly greater financial, marketing, personnel and other resources than we do. They may also operate more restaurants than we do and be able to take advantage of greater economies of scale than we can given our current size.

Our competition continues to intensify as new competitors enter the burger, fast casual, quick service and casual dining segments. Many of our competitors emphasize low cost "value meal" menu items or other programs that provide price discounts on their menu items, a strategy we have yet just begun to pursue. test. We also face increasing competitive pressures from some of our competitors who have announced initiatives to offer better quality ingredients, such as antibiotic-free meat.

Changes in consumer tastes, nutritional and dietary trends, traffic patterns and the type, number, and location of competing restaurants often affect the restaurant business. Our sales could be impacted by changes in consumer preferences in response to dietary concerns, including preferences regarding items such as calories, sodium, carbohydrates or fat. Our competitors may react more efficiently and effectively to these changes than we can. We cannot make any assurances regarding our ability to effectively respond to changes in consumer health perceptions or our ability to adapt our menu items to trends in eating habits.

Additionally, as we continue to expand upon our digital strategy and offer more ways to reach our guests through digital channels, such as the app, web ordering and delivery, we compete with other competitors who currently, or are beginning to, offer the same options as well as new and improved technologies. With these digital channels, there is also an increased opportunity for customer credit card fraud to occur, which could result in increased credit card fees for us.

Shake Shack Inc

0001620533-23-000015shak-20221228_g2.jpg

Form 10-K | 33

may have a negative impact on guest traffic and our reputation temporarily.

Our continued success depends, in part, on the continued popularity of our menu and the experience we offer guests at our Shacks. If we are unable to continue to compete effectively on any of the factors mentioned above, 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.

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 exact 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

Shake Shack Inc

Image29.jpg

Form 10-K | 30

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 alternate back-up supply in the event of a disruption in their operations. In addition, our second largest regional grinder can, in an emergency, supply us in the event of a disruption of operations at one of our beef grinders through our broadline distributor's network, but there would be a delay in availability due to production and shipping.

We currently have nine approved raw beef suppliers and 10 approved beef processors in the United States. If there is a supply issue with all U.S. raw beef, we have 12 approved raw beef suppliers and nine approved beef processors 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.

Inflationary environment poses a new risk to broader demand for restaurants, including ours.

Our continued success depends on our guests' ability and willingness to pay for rising menu prices across our channels. The restaurant industry broadly has faced widespread inflation over the past two years, and is likely to continue to face inflationary pressures for the foreseeable future. In a bid to help offset these additional cost pressures, many restaurants have raised menu prices as well as charging a premium price through third-party delivery channels. There is risk that guests may not absorb our price increases, resulting in changes to their visit frequencies or purchasing patterns. As of December 2023 and December 2022, the U.S. Bureau of Labor and Statistics reported increases in year-on-year inflation of 5.2% and 8.3%, respectively in the Food Away From Home index and 5.9% and 6.6%, respectively in the Limited-Service Meals index.

Pandemics or disease outbreaks, such as the COVID-19 pandemic, have disrupted, and may continue to disrupt our business, results of operations and our financial condition.

The World Health Organization officially declared the COVID-19 health emergency a global pandemic in March 2020 and subsequently declared an end to the health emergency in May 2023, more than three years after its original declaration. However, the COVID-19 pandemic may continue to impact the United States and the global economy, including impacts to travel, work patterns, commuting, leisure, vacation and other activities in the future. We continue to follow public health guidelines to ensure the health and safety of our teams and guests. An increase in restrictions or a return to shutdowns imposed by governmental authorities may have a material impact to our business, financial condition and results of operations.

Throughout the COVID-19 pandemic, state and local governments in the U.S. and throughout the world have alternated between removing and easing certain restrictions and reintroducing restrictions on businesses, such as imposing curfews, restrictions on public gatherings, human interactions and restaurant operation, depending on the severity of local or regional outbreaks. Additionally, different jurisdictions have seen varying levels of outbreaks or resurgences in outbreaks, and corresponding differences in government responses, which may continue to make it difficult for us to plan or forecast an appropriate response. For example, a material portion of our licensed revenue comes from Asia, a region which has seen more severe restrictions from rising COVID-19 pandemic cases than the United States. In many jurisdictions, the pandemic has continued to disrupt consumer activity and negatively impact the foot traffic in our Shacks, as employees continue to work from home more frequently.

The significance of the operational and financial impact on the Company will depend on how long and widespread the disruptions caused by the COVID-19 pandemic, and the corresponding response to contain the virus and treat those affected by it prove to be. Further uncertain or changing economic and market conditions, including prolonged periods of high unemployment, staffing issues, inflation, deflation or prolonged weak consumer demand or a decrease in consumer discretionary spending, or political or other changes resulting from the pandemic or other factors would continue to impact our business, sales and operating results.

Viruses such as COVID-19 may be transmitted through human contact and airborne delivery, and the risk of contracting viruses could cause team members or guests to avoid gathering in public places. Additionally, government authorities, from time to time, may impose curfews, restrictions on public gatherings, human interactions and restaurant operations which may impact our ability to offer all sales channels at all Shacks, and employees in many jurisdictions continue to work from home at a higher rate. These restrictions and changing travel patterns may adversely affect our guest traffic and the ability to adequately staff our Shacks.

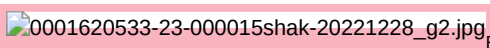
Additionally, if a young and growing brand, has historically been conservative on price, typically raising price by 1%-2% a year. However, we implemented a 3.5%-4.5% menu price increase in March 2022, inclusive of bringing our third party delivery platforms to a premium menu price of 15%, and a second menu price increase of 7% in October 2022 to partially offset the persistent, above average inflationary pressures across the business. We anticipate additional price increases in 2023 beyond the normal pricing pattern as inflationary pressures warrant. However, there is risk that consumer demand suffers as a result significant percentage of our more aggressive price increases, workforce or the workforce of our business partners are unable to work due to reasons including illness or travel restrictions in connection with pandemics or disease outbreaks, our operations may be negatively impacted, which could have a material adverse effect on our business, financial condition and results of operations.

The increasing focus on environmental, sustainability, social and governance matters could increase our costs, harm our reputation and adversely impact our business and financial results.

There has been increasing public focus by investors, environmental activists, the media, governmental and nongovernmental organizations and other stakeholders on a variety of environmental, sustainability, social and governance matters, commonly referred to as "ESG". With respect to the restaurant industry, concerns have been expressed regarding energy management, water management, food and packaging waste management, food safety, nutritional content, labor practices and supply chain and management of food sourcing. We experience pressure to make commitments relating to sustainability matters that affect companies in our industry, including the design and implementation of specific risk mitigation strategic initiatives relating to sustainability and the environment. If we are not effective in addressing environmental, sustainability and social matters affecting our industry, or setting and meeting relevant environmental, sustainability or social goals and meeting evolving stakeholder expectations, our brand image may suffer, which could lead to a loss of revenue. Certain investors may choose not to invest in our securities if we do not meet their relevant ESG expectations.. expectations, which may continue to evolve over time. We may also experience increased costs in order to execute upon our ESG goals and measure achievement of those goals and our ability to achieve any stated goal, target, or objective is subject to numerous factors and conditions, many of which are outside of our control. Any failure to achieve our ESG goals or meeting evolving stakeholder expectations, or a perception of our failure to act appropriately with respect to environmental, sustainability, social or governance matters could adversely affect our business and impact our reputation with investors, guests and other business partners and impact our ability to attract and retain team members. Standards for tracking and reporting on ESG have not been harmonized and continue to evolve. Additionally, this increased focus on ESG has resulted in and may result in new laws, regulations and requirements that if promulgated, could cause us to experience increased reporting or implementation costs or require us to make changes to our operations to comply with those laws, regulations and requirements. These increased costs could have an adverse impact on our business, financial condition and results of operations.

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

Our international licensed Shacks import many of our proprietary ingredients from the United States as well as other countries. For example, our proprietary blend of beef patties and/or raw materials for beef patties primarily originate from the United States, Australia and Uruguay and our mushrooms originate from the United States and United Kingdom. We have worked to expand our international supply chain with secondary suppliers for various key ingredients across Turkey, Japan, South Korea and China. While we have established secondary supply solutions for some of these ingredients, we have not acquired secondary

Shake Shack Inc  Form 10-K | 34

suppliers for all of them. Most of our suppliers around the world have experienced difficulties and delays in acquiring ingredients to make our products.

Due to the increasingly long lead time and general volatility in the supply chain and global ocean freight disruptions, the third-party logistic providers for our international licensed Shacks carry at least three months of inventory to allow for delays or interruptions in the supply chain. Specifically, we have had past and ongoing issues ensuring that timely and adequate supplies reach our international licensed Shacks. Our licensees delegate the supply function to their internal or third-party logistics providers in each country in which they operate, with which we have limited and restricted communication, preventing us from exercising direct control or instruction over such entities.

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 revenue we receive, adversely impacting our business, financial condition and results of operations.

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 on leased premises. The leases for our Shacks generally have initial terms ranging from 10 to 15 years and typically include two five-year renewal options. However, the license agreement for our Madison Square Park

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 may still be obligated to perform our monetary obligations under the applicable lease, including, among other things, payment of the base rent for the remaining 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. 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 or other sources, we may not be able to service our lease obligations or fund our other liquidity and capital needs, which would materially affect our business.

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 team members, 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 lawsuits 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 meal-time deductions, overtime eligibility of assistant exempt managers and failure to pay for all hours worked.

Occasionally, our guests file complaints or lawsuits against us alleging that we are responsible for some an alleged illness or injury they suffered at or after a visit to one of our Shacks, including actions seeking damages resulting from alleged food-borne illness or accidents in our Shacks. We are also subject to a variety 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 to cover any of these liabilities, insurance may not be available at all or in sufficient amounts 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, financial condition 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, or as required, 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 team members, 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** **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, financial condition and results of operations. 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 resources 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, financial condition and results of operations.

GENERAL BUSINESS AND ECONOMIC RISKS

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 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 team 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 to 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 team member information;
- third-party service providers, particularly related to delivery services and information technology, and potential guest dissatisfaction from circumstances out of our control relating to third-party service providers;
- **concerns over our reported financial results;**
- employment-related claims relating to alleged employment discrimination, wage and hour violations, labor standards or health care and benefit issues; or
- government or industry findings concerning our Shacks, restaurants operated by other food service providers or others across the food industry supply chain.

Additionally, the use of social media platforms and similar devices 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 us may be posted on such platforms at any time.

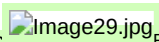
Information posted may be adverse to our interests or may be inaccurate, each of which may harm our performance, prospects or business. The harm may be immediate without affording us an opportunity for redress or correction.

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.

Changes in economic conditions, both domestically and internationally, could materially affect our business, financial condition and results of operations.

The restaurant industry depends on consumer discretionary spending, and any economic downturn or disruptions in the overall economy, including political unrest and protests, high inflation rates, high unemployment, and financial market volatility and unpredictability, and political unrest and protests, may cause a related reduction in consumer confidence, which negatively affects the restaurant industry. These factors, as well as national, regional and local regulatory and economic conditions, gasoline prices, energy and other utility costs, 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. Furthermore, with some of our Shacks located in or near retail malls, general declines in mall traffic experienced by the retail industry over the last few years in general may negatively affect us.

In poor economic conditions, 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. Reduced guest traffic could result in lower Shack sales and licensing revenue, as well as a decline in our profitability as we spread fixed costs across a lower level of Shack sales. Prolonged negative trends in sales could cause us and our licensees to, among other things, reduce the number and frequency of new Shack openings, close Shacks, delay remodeling of our existing Shacks or recognize asset impairment charges.

Shake Shack Inc  Form 10-K | 34

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.

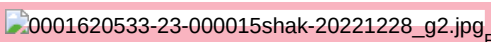
Since our founding, we have built some of the industry's favorite community gathering places. As a result, much of our real estate footprint has been centered in urban, office, travel and dynamic traffic-driving sales environments. Our urban Shacks make up approximately 41% 39% of our total domestic Company-operated Shacks as of December 28, 2022 December 27, 2023. Additionally, our financial performance is highly dependent on Shacks located in along both the Northeast East and the New York City metropolitan area, which comprised approximately 31% (or 79 out of 254) of our total domestic Company-operated Shacks as of December 28, 2022. West Coasts. As a result, adverse economic conditions in any of these markets or regions could have a material adverse effect on our overall results of operations. In addition, given our geographic concentrations, negative publicity regarding any of our Shacks in these areas and other regional occurrences such as local strikes, terrorist attacks, increases in energy prices, inclement weather or natural or man-made disasters could have a material adverse effect on our business and operations.

In particular, adverse weather conditions, such as regional winter storms, floods, severe thunderstorms and hurricanes, could negatively impact our results of operations. Temporary or prolonged Shack closures may occur and guest traffic may decline due to the actual or perceived effects of future weather related events.

Security breaches of either confidential guest information in connection with, among other things, our electronic processing of credit and debit card transactions, kiosk ordering or mobile ordering app, or confidential team member information may adversely affect our business.

Our business requires the collection, transmission and retention of large volumes of guest and team member 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 team member data is critical to us. Further, our guests and team members have a high expectation that we and our service providers will adequately protect their personal information.

Like many other retail companies, and because of the prominence of our brand, we have experienced, and will likely continue to experience, attempts to compromise our information technology systems. Additionally, the techniques and sophistication used to conduct cyber-attacks and breaches of information technology systems, as well as the sources and targets of these attacks,

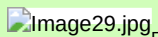
Shake Shack Inc  Form 10-K | 37

change frequently and are often not recognized until such attacks are launched or have been in place for a period of time. While we continue to make significant investment in physical and technological security measures, team member training, and **third party** **third-party** services designed to anticipate cyber-attacks and prevent breaches, our information technology networks and infrastructure or those of our **third party** **third-party** vendors and other service providers could be vulnerable to damage, disruptions, shutdowns or breaches of confidential information due to criminal conduct, team member error or malfeasance, utility failures, natural disasters or other catastrophic events. Due to these scenarios we cannot provide assurance that we will be successful in preventing such breaches or data loss.

Additionally, 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 team member 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 providers'** information systems and **records, records and that of our service providers.** 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 team members, any of which could have a material adverse effect on our business, financial condition and results of operations.

If we are unable to maintain and update our information technology systems to meet the needs of our business, our business could be adversely impacted.

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, digital ordering and other processes

Shake Shack Inc  Form 10-K | 35

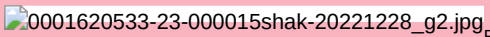
and procedures. As a rapidly growing business, our current information technology infrastructure may not be adequately suited to handle the increasing volume of data and additional information needs of our organization. If we are unable to successfully upgrade our information systems to meet the growing needs of our business or are delayed in doing so, whether through current or future initiatives, our growth and profitability could be adversely affected.

Additionally, as technology systems continue to evolve and as consumers adopt new technologies, we may need to enhance our systems or modify our strategies in order to remain relevant in our industry and to our guests. If we are unable to successfully identify and implement new and emerging technologies, our business could be adversely affected.

If we experience a material failure or interruption in our systems, our business could be adversely impacted.

Our ability to efficiently and effectively manage our business depends significantly on the reliability and capacity of our information technology systems. Our operations depend upon our ability to protect our computer equipment, kiosks 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 **loss of sales,** 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.

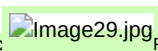
Additionally, as we continue to evolve and innovate our digital platforms and enhance our internal systems, we place increasing reliance on **third party** **third-party** vendors to provide infrastructure and other support services. We may be adversely affected if any of our **third party** **third-party** service providers experience any interruptions in their systems, which could potentially impact the services we receive from them and cause a material failure or interruption in our own systems.

Shake Shack Inc  Form 10-K | 38

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.

149 As of December 27, 2023, 184 of our 182 223 licensed Shacks as of December 28, 2022 are located outside the United States and we expect to continue to expand our licensed operations 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 we 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;
- inability to achieve international tax treaty status with select licensed partners;
- the presence and acceptance possibility of business corruption in various 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 and changes in applicable tax laws;
- the enforceability of contract rights;
- 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 policies of the U.S. government, including U.S. laws and regulations relating to economic sanctions, export controls and anti-boycott requirements;
- increase in an anti-American sentiment and the identification of the licensed brand as an American brand;
- the effect of disruptions caused by severe outbreak of disease, weather, natural disasters or other events that make travel to a particular region, as well as domestic visits, less attractive or more difficult; and
- political, social and economic instability.

Shake Shack Inc  Form 10-K | 36

Any or all of these factors may adversely affect the performance of and revenues we receive from our licensed Shacks located in international markets, markets or cause delays to the licensees' opening timelines. We may also face a loss of sales, globally, related to negative sentiment towards American brands. Our international licensed Shacks operate in several volatile regions that are subject to geopolitical and socio-political sociopolitical factors that pose risk to our business operations. If political, social or business conditions were to change we may need to temporarily suspend or cease operations in a particular region or country entirely, closing close our existing Shacks and suspending suspend our expansion activities. Also, 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. For example, a health outbreak, such as the COVID-19 pandemic, could slow traffic in the impacted regions and could result in a loss of sales. Additionally, in the past, certain licensees have been negatively impacted by currency devaluation, and we have seen a reduction in licensing revenue from those respective Shacks. 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. As our international licensed operations increase, these risks will become more pronounced.

We may not be able to adequately protect our intellectual property, which, in turn, could harm the value of our brand 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, non-disclosure 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. Additionally, we may be prohibited from entering into certain

new markets due to restrictions surrounding competitors' trademarks. 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 brand may be harmed, which could have a material adverse effect on our business and might prevent our brand 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.

We depend on key members of our executive management team.

We depend on the leadership and experience of key members of our executive management team. As previously announced, our Chief Executive Officer, Randy Garutti, has informed the Company's Board of Directors that he will retire from the Company in 2024. Mr. Garutti will serve as an advisor to the Company following his resignation to ensure a proper transition to his successor. The loss of the services of any of our executive management team members, including Mr. Garutti prior to and during

his planned transition period, 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 person 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.

Our insurance coverage and self-insurance reserves may not provide adequate levels of coverage against claims.

We maintain various insurance policies for team member health, workers' compensation, general liability, and property damage. 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.

Additionally, we are self-insured for our team member medical plan and we partially self-insured for our workers' compensation coverage. We recognize a liability that represents our estimated cost of claims incurred but not reported as of the balance sheet date. Our estimated liability is based on a number of assumptions and factors, including actuarial assumptions and historical trends. Our history of claims experience is short and our significant growth rate could affect the accuracy of our


estimates. If a greater amount of claims are reported, or if medial costs increase beyond what we expect, our liabilities may not be sufficient and we could recognize additional expense, which could adversely affect our results of operations.

REGULATORY AND LEGAL RISKS

We have identified a material weakness in our internal control over financial reporting. If our remediation of the material weakness is not effective or if we fail to develop and maintain effective internal controls over financial reporting, our ability to produce timely and accurate financial information or comply with Section 404 of the Sarbanes-Oxley Act of 2002 could be impaired, which could have a material adverse effect on our business and stock price.

As a public company, we are subject to the reporting requirements of the Securities Exchange Act of 1934, as amended, (the "Exchange Act"), the Sarbanes-Oxley Act of 2002, as amended (the "Sarbanes-Oxley Act"), and the listing standards of the New York Stock Exchange.

The Sarbanes-Oxley Act requires, among other things, that we maintain effective disclosure controls and procedures and internal control over financial reporting. It also requires management to perform an annual assessment of the effectiveness of our internal control over financial reporting and disclosure of any material weaknesses in such controls. We are required to have our independent registered public accounting firm provide an attestation report on the effectiveness of our internal control over financial reporting. We have identified a material weakness in our internal control over financial reporting in connection with management review internal controls over the calculation of state deferred taxes and the related income tax expense (benefit). Refer to Note 3, Restatement of Previously Issued Consolidated Financial Statements, in the Consolidated Financial Statements in Part II, Item 8 for additional information. Any failure to remediate the identified material weakness, or to develop or maintain effective controls, or any difficulties encountered in the implementation or improvement of such controls, could harm our operating results or cause us to fail to meet our reporting obligations and may result in a restatement of our financial statements for prior periods, such as the restatement of our previously issued consolidated financial statements described in more detail in this Annual Report on Form 10-K. Any failure to remediate the identified material weakness, or to implement and maintain effective internal control over financial reporting also could adversely affect the results of management evaluations and independent registered public accounting firm audits of our internal control over financial reporting that we are required to include in our periodic reports that will be filed with the SEC. We can provide no assurance that the measures we are taking and plan to take in the future will remediate the material weakness identified in connection with the restatement, or that any additional material weaknesses or restatements of financial results will not arise in the future due to a failure to implement and maintain adequate internal control over financial reporting or circumvention of these controls. In addition, even if we are successful in strengthening our controls and procedures, in the future those controls and procedures may not be adequate to prevent or identify irregularities or errors or to facilitate the fair presentation of our financial statements. We continue to evaluate steps to

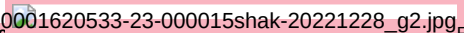
Shake Shack Inc  Form 10-K | 38

remediate the material weakness. These remediation measures may be time consuming and costly, and there is no assurance that these initiatives will ultimately have the intended effects. Any failure to maintain effective internal control over financial reporting could adversely impact our ability to report our financial position and results from operations on a timely and accurate basis. If our financial statements are not accurate, investors may not have a complete understanding of our operations. Likewise, if our financial statements are not filed on a timely basis, we could be subject to sanctions or investigations by the NYSE, the SEC or other regulatory authorities, or other potential claims or litigation. Ineffective internal control over financial reporting could also cause investors to lose confidence in our reported financial information, which could have a negative effect on the trading price of our stock.

The SEC has proposed new rules which, if adopted, would impose significant new disclosure obligations related to climate change, and has recently adopted new rules relating to cybersecurity which have required us to develop and implement effective controls with respect to these new obligations. Ineffective disclosure controls and procedures and internal control over financial reporting could also cause investors to lose confidence in our reported financial and other information, which may have a negative effect on the trading price of our Class A common stock. In addition, if we are unable to continue to meet these requirements, we may not be able to remain listed on the New York Stock Exchange.

We are subject to many federal, state, local and foreign laws and regulations, as well as other statutory and regulatory requirements, with which compliance is both costly and complex. Failure to comply with, or changes in these laws or requirements, could have an adverse impact on our business.

We are subject to extensive federal, state, local and foreign laws and regulations, as well as other statutory and regulatory requirements, including those related to:

Shake Shack Inc  Form 10-K | 40

- Nutritional content labeling and disclosure requirements - There has been increased are various legislative, regulatory and consumer focus consumer-focused requirements on the food industry including nutritional and advertising practices. 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 items, 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. These labeling laws may change consumer buying habits in a way that adversely impacts our sales. Additionally, 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.
- Food safety regulations - There is 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 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. 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.
- Local licensure, building and zoning regulations - 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 requirements. We are also subject to licensing and regulation by state and local authorities relating to health, sanitation, safety and fire standards. 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.

- Employment regulations - We are subject to various federal and state laws governing our employment practices, including laws relating to minimum wage requirements, employee classifications as exempt or non-exempt, payroll and unemployment tax laws, requirements to provide meal and rest periods or other benefits, family leave mandates, requirements regarding working conditions and accommodations to certain employees, citizenship and work authorization requirements, insurance and workers' compensation rules, scheduling notification requirements and anti-discrimination laws. Compliance with these regulations is costly and requires significant resources. For example, the Fair Workweek legislation implemented in New York City requires fast food employers to provide employees with specified notice in scheduling changes and pay premiums for changes made to employees' schedules, among other requirements. Similar legislation has been and may be enacted in other jurisdictions in which we operate as well, and in turn, could result in increased costs. Additionally, we may suffer losses from or incur significant costs to defend claims alleging non-compliance. Although none of our employees are currently covered under collective bargaining agreements, certain employees of other companies in our industry have recently become unionized, and 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 costs for new Shacks in such markets could materially increase.
- The Affordable Care Act - We are required to provide affordable coverage to substantially all full-time employees, or otherwise be subject to potential excise tax penalties based on the affordability criteria in the Affordable Care Act. 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, as well as the potential increase in participation by our employees who previously had not participated in our medical plan coverage, could have a material adverse effect on our business, financial condition and results of operations.
- The Americans with Disabilities Act ("ADA") and similar state laws - We are subject to the ADA and similar state laws, which, among other things, prohibits discrimination in employment and public accommodations on the basis of disability. Under the ADA, our Shacks are required to meet federally mandated

requirements for the disabled and we could be required to incur expenses to modify our Shacks to provide service to, or make reasonable accommodations

for the employment of, disabled persons. The expenses associated with these modifications, or any damages, legal fees and costs associated with resolving ADA-related complaints could be material.

- Privacy and cybersecurity - Our business requires the collection, transmission and retention of large volumes of guest and team member data, including credit and debit card numbers and other personally identifiable information. The collection and use of such information is regulated at the federal and state levels, as well as by the European Union (EU), internationally. Regulatory requirements, both domestic and abroad, have been changing with increasing regulation relating to the privacy, security and protection of data. Such regulatory requirements may become more prevalent in other states and jurisdictions as well. It is our responsibility to ensure we are complying with these laws by taking the appropriate measures as well as monitoring our practices as these laws continue to evolve. As our environment continues to evolve in this digital age and reliance upon new technologies becomes more prevalent, it is imperative we secure the private and sensitive information we collect. Failure to do so, whether through fault of our own information systems or those of outsourced third party third-party providers, could not only cause us to fail to comply with these laws and regulations, but also could cause us to face litigation and penalties that could adversely affect our business, financial condition and results of operations. Our brand's reputation and our image as an employer could also be harmed by these types of security breaches or regulatory violations.
- Laws and regulations related to our licensed operations - Our licensed operations 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 revenue and our relationships with our licensees.
- U.S. Foreign Corrupt Practices Act and other similar 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, in general 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 laws, 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.

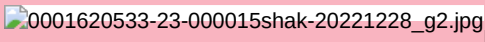
The impact of current laws and regulations, the effect of future changes in laws or regulations that impose additional requirements and the consequences of litigation relating to current or future laws and regulations, uncertainty around future changes in laws made by new regulatory administrations or 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 fail 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 ability to use our net operating loss carryforwards may be subject to limitation.

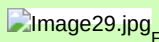
As of December 28, 2022 December 27, 2023, our federal and state net operating loss ("NOL") carryforwards, for income tax purposes were \$558.4 million \$596.3 million and \$303.3 million \$327.2 million, respectively. If not utilized, \$506.5 million \$544.5 million of our federal NOLs can be carried forward indefinitely and the remainder will begin to expire in 2035. If not utilized, \$48.6 million \$49.9 million of our state NOL carryforwards can be carried forward indefinitely, and the remainder will begin to expire in 2023. Federal NOLs incurred 2024. As of December 27, 2023, the Company had federal tax credit carryforwards of \$25.7 million which will

begin to expire in taxable years beginning after December 31, 2017 can be carried forward indefinitely, but the deductibility of 2025 and gross state tax credit carryforwards of federal NOLs \$0.4 million which will begin to expire in taxable years beginning after December 31, 2020, is subject to certain limitations, 2024.

In addition, under Section 382 of the Internal Revenue Code ("IRC") of 1986, as amended, and corresponding provisions of state law, if a corporation undergoes an "ownership change," its ability to use its pre-change NOLs to offset its post-change income may be limited. A Section 382 "ownership change" generally occurs if one or more stockholders or groups of stockholders who own at least 5% of our stock increase their ownership by more than 50 percentage points over their lowest ownership percentage within a rolling three-year period. Similar rules may apply under state tax laws. We may experience ownership changes in the

Shake Shack Inc  Form 10-K | 42

future, including subsequent changes in our stock ownership, some of which are outside our control. This could limit the amount of NOLs that we can utilize annually to offset future taxable income or tax liabilities. Subsequent statutory or regulatory changes in respect of the utilization of NOLs for federal or

Shake Shack Inc  Form 10-K | 41

state purposes, such as suspensions on the use of NOLs or limitations on the deductibility of NOLs carried forward, or other unforeseen reasons, may result in our existing NOLs expiring or otherwise being unavailable to offset future income tax liabilities.

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 allowance;
- tax effects of equity-based compensation;
- changes in tax laws, regulations or interpretations thereof; or
- future earnings being lower than anticipated in jurisdictions where we have lower statutory tax rates and higher than anticipated earnings in jurisdictions where we have higher statutory tax rates.

We may also 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.

Additionally, SSE Holdings is treated as a partnership for U.S. federal income tax purposes, and the SSE Holdings LLC Agreement restricts transfers of LLC Interests that would cause SSE Holdings to be treated as a "publicly traded partnership" for U.S. federal income tax purposes. If the Internal Revenue Service ("IRS") were to contend successfully that SSE Holdings should be treated as a "publicly traded partnership" for U.S. federal income tax purposes, SSE Holdings would be treated as a corporation for U.S. federal income tax purposes and thus would be subject to entity-level tax on its taxable income, which could have a material adverse effect on our results of operations, financial position and cash flows.

If we fail to maintain effective internal controls over financial reporting, our ability to produce timely and accurate financial information or comply with Section 404 of the Sarbanes-Oxley Act of 2002 could be impaired, which could have a material adverse effect on our business and stock price.

As a public company, we are subject to the reporting requirements of the Securities Exchange Act of 1934, as amended, (the "Exchange Act"), the Sarbanes-Oxley Act of 2002, as amended (the "Sarbanes-Oxley Act"), and the listing standards of the New York Stock Exchange.

The Sarbanes-Oxley Act requires, among other things, that we maintain effective disclosure controls and procedures and internal control over financial reporting. It also requires management to perform an annual assessment of the effectiveness of our internal control over financial reporting and disclosure of any material weaknesses in such controls. We are required to have our independent registered public accounting firm provide an attestation report on the effectiveness of our internal control over financial reporting. Any failure to develop or maintain effective controls, or any difficulties encountered in the implementation or improvement of such controls, could harm our operating results or cause us to fail to meet our reporting obligations and may result in a restatement of our financial statements for prior periods. Any failure to implement and maintain effective internal control over financial reporting also could adversely affect the results of management evaluations and independent registered public accounting firm audits of our internal control over financial reporting that we are required to include in our periodic reports that will be filed with the SEC. The SEC has proposed new rules which, if adopted, would impose significant new disclosure obligations related to climate change and cybersecurity which would require us to develop and implement effective controls with respect to these new obligations. Ineffective disclosure controls and procedures and internal control over financial reporting could also cause investors to lose confidence in our reported financial and other information, which may have a negative effect on the trading price of our Class A common stock. In addition, if we are unable to continue to meet these requirements, we may not be able to remain listed on the New York Stock Exchange.

Shake Shack Inc

0001620533-23-000015shak-20221228_g2.jpg

Form 10-K | 43

RISKS RELATED TO OUR ORGANIZATIONAL STRUCTURE

Shake Shack has non-controlling interest holders, whose interests may differ from those of our public stockholders.

As of **December 28, 2022** **December 27, 2023**, the non-controlling interest holders control approximately **16.1%** **16.2%** of the combined voting power of our common stock through their ownership of both our Class A and Class B common stock. The non-controlling interest holders, for the foreseeable future, have influence over corporate management and affairs, as well as matters requiring stockholder approval. The non-controlling interest holders are able to, subject to applicable **laws law** and the voting arrangements, participate in the election of **a** majority of the members of our Board of Directors and 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 non-controlling interest holders may in some circumstances conflict with our interests and the interests of our other stockholders. For example, the non-controlling interest holders may have different tax positions from us, especially in light of the tax receivable agreement we entered into with the non-controlling interest holders that provides for the payment by us to the non-controlling interest holders of 85% of the amount of any tax benefits that we actually realize, or in some cases are deemed to realize (the "Tax Receivable Agreement"). This 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 thereunder. In addition, the determination of future tax reporting positions, the structuring of future transactions and the handling of any future challenges by any taxing authorities to our tax reporting positions may take into consideration these non-controlling interest holders' tax or other considerations, which may differ from the considerations of us or our other stockholders.

Shake Shack Inc

Image29.jpg

Form 10-K | 42

In addition, certain of the non-controlling interest holders 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 provides that, to the fullest extent permitted by law, none of the non-controlling interest holders or any director who is not employed by us or his or her affiliates has any duty to refrain from engaging in a corporate opportunity in the same or similar lines of business

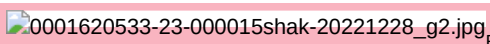
as us. The non-controlling interest holders may also pursue acquisitions that may be complementary to our business, and, as a result, those acquisition opportunities may not be available to us.

Our organizational structure, including the Tax Receivable Agreement, confers certain benefits upon the non-controlling interest holders that will not benefit Class A common stockholders to the same extent as it will benefit the non-controlling interest holders.

We are a party to the Tax Receivable Agreement with the non-controlling interest holders. Under the Tax Receivable Agreement, we are required to make cash payments to the non-controlling interest holders 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 (i) the increases in the tax basis of the net assets of SSE Holdings resulting from any redemptions or exchanges of LLC Interests from the non-controlling interest holders and (ii) certain other tax benefits related to our making payments under the Tax Receivable Agreement.

We expect that the amount of the cash payments that we are required to make under the Tax Receivable Agreement will be significant. Any payments made by us to the non-controlling interest holders 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. Payments under the Tax Receivable Agreement are not conditioned on any non-controlling interest holders continued ownership of LLC Interests or our Class A common stock.!

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

Shake Shack Inc  Form 10-K | 44

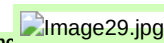
holders of LLC Interests, the amount and timing of the taxable income we generate in the future, and the federal tax rates then applicable.

The non-controlling interest holders have the right to have their LLC Interests redeemed or exchanged into shares of Class A common stock, which may cause volatility in our stock price.

We have an aggregate of 160,715,002 160,525,685 shares of Class A common stock authorized but unissued, including 2,869,513 2,834,513 shares of Class A common stock issuable upon the redemption or exchange of LLC Interests held by the non-controlling interest holders. Subject to certain restrictions set forth in the SSE Holdings LLC Agreement, the non-controlling interest holders are entitled to have their LLC Interests redeemed or exchanged for shares of our Class A common stock.

We cannot predict the timing or size of any future issuances of our Class A common stock resulting from the redemption or exchange of LLC Interests 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.

Our organizational structure, including our Tax Receivable Agreement, is very complex and we require the expertise of various tax, legal and accounting advisers to ensure compliance with applicable laws and regulations. We have and will continue to incur significant expenses in connection with the administration of our organizational structure. As a result, our expenses for legal, tax and accounting compliance may be significantly greater than other companies of our size that do not have a similar organizational structure or a tax receivable agreement in place.

Shake Shack Inc  Form 10-K | 43

We will continue to incur relatively outsized costs as a result of being a public company and in the administration of our complex organizational structure.

As a public company, we incur significant legal, accounting, insurance and other expenses that we would not incur as a private company, including costs associated with public company reporting requirements. We have also incurred and will continue to incur costs associated with compliance with the Sarbanes-Oxley Act and related rules implemented by the SEC, and will incur additional costs in connection with remediating the material weakness we have identified in our internal control over financial reporting. Refer to Note 3, Restatement of Previously Issued Consolidated Financial Statements, in the Consolidated Financial Statements in Part II, Item 8 for additional information. The expenses incurred by public companies generally for reporting and corporate governance purposes have been increasing, and the SEC has proposed new rules which, if adopted, would impose significant new disclosure obligations on us related to climate change, and has adopted new rules relating to cybersecurity. These rules and regulations increase our legal and financial compliance costs and make some activities more time-consuming. These laws and regulations 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. Furthermore, if we are unable to continue to satisfy our obligations as a public company, we would be subject to delisting our common stock, fines, sanctions and other regulatory action and potentially civil litigation.

Our organizational structure, including our Tax Receivable Agreement, is very complex and we require the expertise of various tax, legal and accounting advisers to ensure compliance with applicable laws and regulations, and we have identified a material weakness in our internal control over financial reporting in connection with internal controls over the calculation of state deferred taxes and the related income tax expense (benefit). We have and will continue to incur significant expenses in connection with the administration of our organizational structure. As a result, our expenses for legal, tax and accounting compliance may be significantly greater than other companies of our size that do not have a similar organizational structure or a tax receivable agreement in place.

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 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:

- the authority to issue "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;
- our classified board Board of directors Directors providing 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
- our 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.

Shake Shack Inc

0001620533-23-000015shak-20221228_g2.jpg

Form 10-K | 45

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 (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.

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 requires, to the fullest extent permitted by law, that (i) any derivative action or proceeding brought on our behalf, (ii) any action asserting a 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. **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 our 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, 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.

RISKS RELATED TO OUR TAX RECEIVABLE AGREEMENT

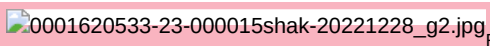
We will continue to incur relatively outsized costs as a result of our complex organizational structure.

Our organizational structure, including our Tax Receivable Agreement, is very complex and we require the expertise of various tax, legal and accounting advisers to ensure compliance with applicable laws and regulations. We have and will continue to incur significant expenses in connection with the administration of our organizational structure. As a result, our expenses for legal, tax and accounting compliance may be significantly greater than other companies of our size that do not have a similar organizational structure or a tax receivable agreement in place.

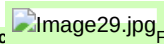
We are a holding company and our principal asset is our interest in SSE Holdings, and, accordingly, we will depend on distributions from SSE Holdings to pay our taxes and expenses, including payments under the Tax Receivable Agreement. SSE Holdings' ability to make such distributions may be subject to various limitations and restrictions.

We are a holding company and have no material assets other than our ownership interest in SSE Holdings, certain deferred tax assets and our note receivable from 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 distributions we receive from SSE Holdings. There can be no assurance that SSE Holdings 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 is 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 its members, 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 is obligated to make tax distributions to its members, 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 will be

Shake Shack Inc  Form 10-K | 46

significant. We intend, as its managing member, to cause SSE Holdings to make cash distributions to its members 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 our tax and 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. 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.

Shake Shack Inc  Form 10-K | 45

In certain cases, payments under the Tax Receivable Agreement to the non-controlling interest holders 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, 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. Furthermore, any increases in the federal corporate tax rate may result in an increase in our Tax Receivable Agreement liability, including a gross up of our deferred tax balances.

We will not be reimbursed for any payments made to the non-controlling interest holders 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 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. If the outcome of any such challenge would reasonably be expected to materially affect a recipient's payments under the Tax Receivable Agreement, then we will not be permitted to settle or fail to contest such challenge without the consent (not to be unreasonably withheld or delayed) of each non-controlling interest holder that directly or indirectly owns at least 10% of the outstanding LLC Interests. We will not be reimbursed for any cash payments previously made to the non-controlling interest holders under the Tax Receivable Agreement in the event that any tax benefits initially claimed by us and for which payment has been made to non-controlling interest holders are subsequently challenged by a taxing authority and are ultimately disallowed. Instead, any excess cash payments made by us to non-controlling interest holders will be netted against any future cash payments that we might otherwise be required to make to such non-controlling interest holders under the terms of the Tax Receivable Agreement. However, we might not determine that we have effectively made an excess cash payment to a non-controlling interest holder for a number of years following the initial time of such payment and, if any of our tax reporting positions are challenged by a taxing authority, we will not be permitted to reduce any future cash payments under the Tax Receivable Agreement until any such challenge is finally settled or determined. As a result, payments could be made under

Shake Shack Inc

0001620533-23-000015shak-20221228_g2.jpg

Form 10-K | 47

the Tax Receivable Agreement in excess of the tax savings that we realize in respect of the tax attributes with respect to non-controlling interest holders that are the subject of the Tax Receivable Agreement.

RISKS RELATED TO OUR CONVERTIBLE NOTES

Servicing our debt requires a significant amount of cash, and we may not have sufficient cash flow from our business to pay our substantial debt.

Our ability to make scheduled payments of the principal of, to pay special interest on or to refinance our indebtedness, including the \$250.0 million 0% Convertible Senior Notes due in 2028 (the "Notes"), depends on our future performance, which is subject to economic, financial, competitive and other factors beyond our control. Our business may not continue to generate cash flow from operations in the future sufficient to service our debt and make necessary capital expenditures. If we are unable to generate such cash flow, we may be required to adopt one or more alternatives, such as selling assets, restructuring debt or obtaining additional equity capital on terms that may be onerous or highly dilutive. Our ability to refinance our indebtedness will depend on

the capital markets and our financial condition at such time. We may not be able to engage in any of these activities or engage in these activities on desirable terms, which could result in a default on our debt obligations.

The conditional conversion feature of the Notes, if triggered, may adversely affect our financial condition and operating results.

In the event the conditional conversion feature of the Notes is triggered, holders of Notes will be entitled to convert their Notes at any time during specified periods at their option. If one or more holders elect to convert their Notes, unless we elect to satisfy our conversion obligation by delivering solely shares of our Class A common stock (other than paying cash in lieu of delivering any fractional share), we would be required to settle a portion or all of our conversion obligation through the payment of cash, which could adversely affect our liquidity. In addition, even if holders do not elect to convert their Notes, we could be required under applicable accounting rules to reclassify all or a portion of the outstanding principal of the Notes as a current rather than long-term liability, which would result in a material reduction of our net working capital.

Conversion of the Notes may dilute the ownership interest of our stockholders or may otherwise depress the price of our Class A common stock.

The conversion of some or all of the Notes may dilute the ownership interests of our stockholders. Upon conversion of the Notes, we have the option to pay or deliver, as the case may be, cash, shares of our Class A common stock, or a combination of cash and shares of our Class A common stock. If we elect to settle our conversion obligation in shares of our Class A common stock or a combination of cash and shares of our Class A common stock, any sales in the public market of our Class A common stock issuable upon such conversion could adversely affect prevailing market prices of our Class A common stock. In addition, the existence of the Notes may encourage short selling by market participants because the conversion of the Notes could be used to satisfy short positions, or anticipated conversion of the Notes into shares of our Class A common stock could depress the price of our Class A common stock.

Certain provisions in the indenture governing the Notes may delay or prevent an otherwise beneficial takeover attempt of us.

Certain provisions in the indenture governing the Notes may make it more difficult or expensive for a third party to acquire us. For example, the indenture governing the Notes will require us, except as described in the offering memorandum, to repurchase the Notes for cash upon the occurrence of a fundamental change and, in certain circumstances, to increase the conversion rate for a holder that converts its Notes in connection with a make-whole fundamental change. A takeover of us may trigger the requirement that we repurchase the Notes and/or increase the conversion rate, which could make it costlier for a potential acquirer to engage in such takeover. Such additional costs may have the effect of delaying or preventing a takeover of us that would otherwise be beneficial to investors.

Item 1B. Unresolved Staff Comments.

None.

Item 1C. Cybersecurity.

Cybersecurity Risk Management and Strategy

We have developed and implemented a cybersecurity risk management program intended to protect the confidentiality, integrity, and availability of our critical systems and information. Our cybersecurity risk management program includes a cybersecurity incident response plan.

We design and assess our program based on the National Institute of Standards ("NIST") Cybersecurity Framework ("CSF"). This does not imply that we meet any particular technical standards, specifications, or requirements, but that we use the NIST framework as a guide to help us identify, assess, and manage cybersecurity risks relevant to our business.

Our cybersecurity risk management program is integrated into our overall enterprise risk management program, and shares common methodologies, reporting channels and governance processes that apply across the enterprise risk management program to other legal, compliance, strategic, operational, and financial risk areas.

Our cybersecurity risk management program includes:

- Risk assessments designed to help identify material cybersecurity risks to our critical systems, information, products, services, and our broader enterprise IT environment;
- A security team led by our Chief Information Officer principally responsible for managing our (1) cybersecurity risk assessment processes, (2) security controls, and (3) response to cybersecurity incidents;
- the use of external service providers, where appropriate, to assess, test or otherwise assist with aspects of our security controls and designed to anticipate cyber-attacks and prevent breaches;
- cybersecurity awareness training of our employees, incident response personnel, and senior management;
- a cybersecurity incident response plan that includes procedures for responding to cybersecurity incidents; and
- a third-party risk management process for service providers, suppliers, and vendors.

Cybersecurity risks are monitored on an ongoing basis, and the security program and practices adjusted as necessary. As part of our ongoing cybersecurity risk management program, we have from time-to-time identified risks or threats to our digital and corporate systems, including attempts to obtain team member credentials through bot and phishing attacks or through social engineering. While these risks and threats, as well as others we identify, require active and ongoing efforts to mitigate, we have not currently identified any prior cybersecurity incidents, that have materially affected or are reasonably likely to materially affect us, including our operations, business strategy, results of operations, or financial condition.

Cybersecurity Governance

Our Board considers cybersecurity risk as part of its risk oversight function and has delegated to the Audit Committee oversight of cybersecurity and other information technology risks. The Audit Committee oversees management's implementation of our cybersecurity risk management program, including reviewing risk assessments from management with respect to our information technology systems and procedures, and overseeing our cybersecurity risk management processes.

The Audit Committee receives quarterly reports from management on our cybersecurity risks. In addition, management will update the Audit Committee, as necessary, regarding cybersecurity incidents, that we may experience.

The Audit Committee reports to the full Board regarding its activities, including those related to cybersecurity. The full Board also receives briefings from management on our cyber risk management program. Board members receive presentations on cybersecurity topics from our Chief Information Officer, who has been designated as our Chief Information Security Officer ("CISO"), internal security staff or external experts as part of the Board's continuing education on topics that impact public companies.

Our management team, including our Chief Information Officer, is responsible for assessing and managing our material risks from cybersecurity threats. The team has primary responsibility for our overall cybersecurity risk management program and supervises both our internal cybersecurity personnel and our retained external cybersecurity consultants. Our management team's cybersecurity risk management is led by our Chief Information Officer, who has significant experience across digital innovation and technology-enabled growth, information security, infrastructure, operations and compliance.

Our management team supervises efforts to prevent, detect, mitigate, and remediate cybersecurity risks and incidents through various means, which may include briefings from internal security personnel; threat intelligence and other information obtained from governmental, public or private sources, including external consultants engaged by us; and alerts and reports produced by security tools deployed in the IT environment.

Item 1B. Unresolved Staff Comments.

None.

Item 2. Properties.

Our home office is located at 225 Varick Street, Suite 301, New York, NY 10014. We lease our home office, which is approximately 32,000 square feet and all of our domestic Company-operated Shacks. We also have lease an international office in Hong Kong. We do not own any real property, nor do we own or lease any property related to our licensed operations. Shacks. The following table sets forth the number of Company-operated and licensed Shacks by geographic location as of December 28, 2022 December 27, 2023.

		Company- Operated	Licensed	Total
Company- Operated		Company- Operated	Licensed	Total
Alabama	Alabama	1	—	1
Arizona	Arizona	4	1	5
California	California	36	1	37
Colorado	Colorado	8	1	9
Connecticut	Connecticut	5	—	5
Delaware	Delaware	1	—	1
District of Columbia	District of Columbia	6	1	7
Florida	Florida	19	2	21
Georgia	Georgia	7	1	8
Illinois	Illinois	10	—	10
Indiana	Indiana	3	1	4
Kansas	Kansas	1	—	1
Kentucky	Kentucky	1	—	1
Louisiana	Louisiana	3	1	4
Maryland	Maryland	7	1	8
Massachusetts	Massachusetts	13	—	13
Michigan	Michigan	7	—	7
Minnesota	Minnesota	4	1	5
Missouri	Missouri	5	1	6
Nevada	Nevada	4	2	6
New Hampshire				
New Jersey	New Jersey	13	3	16
New York	New York	38	6	44
North Carolina	North Carolina	6	2	8
Ohio	Ohio	5	1	6
Oregon	Oregon	1	—	1

Pennsylvania	Pennsylvania	9	2	11
Rhode Island	Rhode Island	1	—	1
Tennessee	Tennessee	3	1	4
Texas	Texas	20	2	22
Utah	Utah	2	1	3
Virginia	Virginia	5	1	6
Washington	Washington	3	—	3
Wisconsin	Wisconsin	3	—	3
DOMESTIC	DOMESTIC	254	33	287
Bahamas				
Bahamas				
Bahamas				


Bahrain	Bahrain	—	2	2
China		—	32	32
Mainland China, Hong Kong and Macau				
Japan	Japan	—	13	13
Kuwait	Kuwait	—	13	13
Mexico	Mexico	—	9	9
Oman		—	1	1
Philippines	Philippines	—	5	5
Qatar	Qatar	—	5	5
Saudi Arabia	Saudi Arabia	—	5	5
Singapore	Singapore	—	9	9
South Korea	South Korea	—	24	24
Thailand				
Turkey	Turkey	—	6	6
United Arab Emirates	United Arab Emirates	—	14	14
United Kingdom	United Kingdom	—	11	11
Wales				
INTERNATIONAL	INTERNATIONAL	—	149	149
SYSTEM-WIDE	SYSTEM-WIDE	254	182	436
SYSTEM-WIDE				
SYSTEM-WIDE				

Item 3. Legal Proceedings

We are subject to various legal proceedings, claims and liabilities, such as employment-related claims and slip and fall cases, which arise in the ordinary course of business and are generally covered by insurance. As of **December 28, 2022** **December 27, 2023**, we do not expect the amount of ultimate liability with respect to these matters to be material to the Company's financial condition, results of operations or cash flows.

Item 4. Mine Safety Disclosures.

Not applicable.

Shake Shack Inc.  Form 10-K | **51** **50**

Part II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

MARKET INFORMATION

Our Class A common stock is traded on the New York Stock Exchange under the symbol "SHAK."

Our Class B common stock is not listed nor traded on any stock exchange.

HOLDERS OF RECORD

As of **February 15, 2023** **February 7, 2024**, there were **154** **172** shareholders of record of our Class A common stock. The number of record holders does not include persons who held shares of our Class A common stock in nominee or "street name" accounts through brokers. As of **February 15, 2023** **February 7, 2024**, there were 19 shareholders of record of our Class B common stock.

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. 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 our 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.

STOCK PERFORMANCE GRAPH

The following graph and table illustrate the total return from December 27, 2017 December 26, 2018 through December 28, 2022 December 27, 2023 for (i) our Class A common stock, (ii) the Standard and Poor’s 500 Index, and (iii) the Standard and Poor’s 600 Restaurants Index, assuming an investment of \$100 on December 27, 2017 December 26, 2018 including the reinvestment of dividends, where applicable.

Comparison of 5 Year Cumulative Total Return

5-Year Comparison.jpg

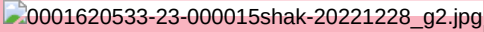
		12/27/2017	12/26/2018	12/25/2019	12/30/2020	12/29/2021	12/28/2022						
		12/26/2018						12/26/2018	12/25/2019	12/30/2020	12/29/2021	12/28/2022	12/27/2023
Shake Shack Inc.	Shake Shack Inc.	\$ 100.00	\$ 97.45	\$ 135.21	\$ 191.38	\$ 158.12	\$ 95.96						
S&P 500 Index	S&P 500 Index	100.00	95.62	125.72	148.85	191.58	156.89						
S&P 600 Restaurants Index	S&P 600 Restaurants Index	100.00	110.09	123.74	156.99	150.35	119.82						

Item 6. Selected Financial Data.

Not applicable.

Item 6. Selected Financial Data.

Not applicable.

Shake Shack Inc.  Form 10-K | 54

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

This section and other parts of this Annual Report on Form 10-K ("Form 10-K") 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," "likely," 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-K in the context of the risks and uncertainties disclosed in Part I, Item 1A of this Form 10-K under the heading "Risk Factors" and Factors," in this Item 7 "Management's Discussion and Analysis of Financial Condition and Results of Operations." Operations," and in Item 7A "Quantitative and Qualitative Disclosures About Market Risk."

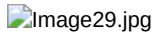
The forward-looking statements included in this Form 10-K are made only as of the date hereof. We undertake no obligation to publicly update any forward-looking statement as a result of new information, future events or otherwise, except as otherwise required by law. If we do update one or more forward-looking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

Restatement of Previously Issued Consolidated Financial Statements

The accompanying Management's Discussion and Analysis of Financial Condition and Results of Operations gives effect to the restatement of the Company's previously issued Consolidated Financial Statements for the fiscal year ended December 28, 2022.

The restatement was related to incorrect accounting for the deferred tax asset associated with the Company's investment in SSE Holdings, LLC primarily due to incorrect accounting for state tax depreciation. The error led to an overstatement of income tax expense and an understatement of deferred tax assets during the impacted period. The error did not impact total revenue or loss before income taxes for the fiscal year ended December 28, 2022.

Refer to Note 3, Restatement of Previously Issued Consolidated Financial Statements, in the accompanying Consolidated Financial Statements included in Part II, Item 8 for additional information.

Shake Shack Inc.  Form 10-K | 55 54

OVERVIEW

Shake Shack serves modern, fun and elevated versions of American classics using only the best 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. Our fine dining With our fine-dining roots and a commitment to community building, hospitality crafting uplifting experiences, Shake Shack has become a cult-brand and the sourcing of premium ingredients is what we call "fine casual." Fine casual couples the ease, value and convenience of fast casual concepts with the high standards of excellence grounded in our fine dining roots — thoughtful ingredient sourcing and preparation, hospitality and quality. created a new category, fine-casual.

Our mission is to *Stand For Something Good* in all aspects of our business, including the exceptional 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.

For discussion of our results of operations and changes in financial condition for fiscal 2021 2022 compared to fiscal 2020 2021 refer to Part II, Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations in our Form 10-K for the fiscal year ended December 29, 2021 December 28, 2022, filed on February 18, 2022 February 23, 2023.

The following definitions apply to these terms as used herein:

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

"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 domestic 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. Same-Shack sales percentage reflects the change in year-over-year Shack sales for the comparable Shack base.

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

Recent Business Trends

We closed Fiscal 2023 was a year of milestones at Shake Shack as we surpassed 500 Shacks system-wide, crossed \$1 billion in Shack sales, and expanded Shack-level operating profit margin. The thirteen weeks ended December 27, 2023 ended on a high note as we realized positive traffic through the fiscal fourth quarter and fiscal year success of our marketing strategies while we continued to expand Shack-level operating profit margin. During the thirteen weeks ended December 28, 2022 with a strong finish. Despite continued macro economic challenges, December 27, 2023, we opened a total of 35 24 Shacks system-wide, during the fiscal fourth quarter, including 22 15 Company-operated Shacks. As of December 28, 2022 December 27, 2023 there were 436 518 Shacks open globally. Macroeconomic uncertainty remains, however momentum in the quarter headed in a positive direction with continued return to office and increased travel demand increasing our revenue year-over-year. Overall, we were pleased with the strength of our recent sales and margin performance, supported by early positive reception to our October pricing and growth of in-Shack traffic.

Same-Shack sales for the fiscal fourth quarter thirteen weeks ended December 28, 2022 December 27, 2023 increased 5.1% 2.8% compared to the same period last year, with suburban Shacks increasing 5.1% and urban Shacks increasing 8.1% and suburban Shacks increasing 2.5% 0.4%. This increase was driven by a 6% 1.4% increase in price mix primarily due to menu price increases partially offset by and a 0.9% decrease 1.4% increase in guest traffic.

Shake Shack Inc  0001620533-23-000015shak-20221228_g2.jpg Form 10-K | 56

Same-Shack sales for the fiscal year fifty-two weeks ended December 28, 2022 December 27, 2023 increased 7.8% 4.4% compared to the same period last year with urban Shacks increasing 14.0% and suburban Shacks increasing 2.7%. This increase was due to a 4.9% increase in guest traffic due to the return of in-Shack dining as well as wholly driven by an increase in price mix, of 2.9% with suburban Shacks increasing 5.2% and urban Shacks increasing 3.5%.

For the purpose of calculating same-Shack sales growth for the fiscal fourth quarter thirteen and fiscal year fifty-two weeks ended December 28, 2022 December 27, 2023, Shack sales for 179 209 Shacks were included in the comparable Shack base.

Average weekly sales were \$76,000 in for the fiscal fourth quarter thirteen weeks ended December 28, 2022 December 27, 2023, which was flat compared to \$74,000 in the same period last year, driven by higher menu prices, the opening of 22 net new domestic Company-operated Shacks partially offset by menu mix and the continued growth in urban and suburban performance of the 2022 class of Shacks. Average weekly sales were \$73,000 \$75,000 for the fiscal year fifty-two weeks ended December 28, 2022 December 27, 2023 compared to \$71,000 \$73,000 for the same period last year, driven by higher menu prices and the opening of 36 net 41 new domestic Company-operated Shacks.

Shack system-wide System-wide sales increased 15.8% 21.4% to \$364.1 million \$442.1 million for the fiscal fourth quarter thirteen weeks ended December 28, 2022 December 27, 2023, versus the same period last year. Shack system-wide System-wide sales increased 22.7% 23.5% to \$1,378.5 million \$1,702.1 million for the fiscal year fifty-two weeks ended December 28, 2022 December 27, 2023, versus the same period last year. Average unit volume for domestic Company-operated Shacks was \$3.8 million \$3.9 million for the fiscal year fifty-two weeks ended December 28, 2022 December 27, 2023 compared to \$3.7 million \$3.8 million in the same period last year.

Digital sales for the fiscal fourth quarter thirteen and fiscal year fifty-two weeks ended December 28, 2022 decreased 6.0% December 27, 2023 increased 15.9% and 9.4% 6.9% respectively, compared to the same periods last year due to guests returning in-Shack year. Digital sales includes orders placed on the Shake Shack app, website and third-party delivery platforms, which represented 36.2% 35.0% of Shack sales during the fiscal fourth quarter thirteen weeks ended December 28, 2022 December 27, 2023. Digital sales retention was approximately 74% in fiscal December 2022 when compared to fiscal January 2021, when digital sales peaked. During the fiscal fourth quarter of 2022, our new purchasers in Company-owned app and web channels grew 6.7% versus the fiscal third quarter of 2022, to 4.8 million total new purchasers since mid-March of 2020.

Development Highlights

During fiscal 2022, 2023, we opened 36 41 new domestic Company-operated Shacks and 33 44 new licensed Shacks. There were two three permanent international licensed Shack closures and no permanent domestic Company-operated Shack closures in fiscal 2022, 2023. Below are Shacks opened during the fourth quarter of 2022, 2023.

Location	Type	Opening Date
Puebla, Mexico City, MX — Mitikah Angelópolis	International Licensed	9/29/2022 28/2023
Phelps, NY Round Rock, TX — Junius Ponds Travel Plaza Round Rock	Domestic Licensed	10/6/2022
Beverly Hills, CA — Beverly Hills	Domestic Company-operated	10/7/2022 2/2023
Bishan, Singapore Seattle, WA — Junction 8 Westfield Southcenter	Domestic Company-operated	10/2/2023
Tigard, OR — Bridgeport Village	Domestic Company-operated	10/15/2023
Guadalajara, Mexico — Guadalajara Airport	International Licensed	10/13/2022 19/2023
Manila, Philippines Hainan, China — Mall of Asia Haikou	International Licensed	10/21/2022 24/2023
Jamaica, NY Seoul, South Korea — Jamaica Ave Mokdong	International Licensed	10/25/2023
Salem, NH — Tuscan Village	Domestic Company-operated	10/24/2022 29/2023
Boca Raton, FL Raleigh, NC — Town Center at Boca Village District	Domestic Company-operated	10/26/2022 11/8/2023
Osaka, Japan Colorado Springs, CO — Universal Studios Japan Interquest	Domestic Company-operated	11/8/2023
Tianjin, China — Joy City	International Licensed	10/27/2022 11/9/2023
Hingham, MA Grand Prairie, TX — Derby Street Shoppes Grand Prairie	Domestic Company-operated	10/28/2022 11/15/2023
Indianapolis, IN Querétaro, Mexico — Indianapolis International Airport Querétaro Drive Thru	Domestic International Licensed	11/1/2022 29/2023
Orlando, FL Bangkok, Thailand — Orlando International Airport EmSphere	Domestic International Licensed	11/1/2022 12/2/2023
Sterling Heights, MI Cedar Park, TX — Sterling Heights Cedar Park	Domestic Company-operated	11/12/4/2022 2023
Nanjing, China Liberty Township, OH — Nanjing, MixC Liberty Center	Domestic Company-operated	12/6/2023
Sentosa, Singapore — Sentosa	International Licensed	11/5/2022 12/9/2023
Los Angeles, CA North Las Vegas, NV — Silverlake Craig Road	Domestic Company-operated	11/7/2022 12/13/2023
Baton Rouge, LA Ogden, UT — Baton Rouge Riverdale Road	Domestic Company-operated	11/14/2022 12/13/2023
Brookfield, WI Oxford, United Kingdom — Brookfield Cornmarket Street	International Licensed	12/18/2023
Saint Louis, MO — Des Peres	Domestic Company-operated	11/17/2022 12/20/2023
Roseville, MN Webster, TX — Rosedale Center Baybrook	Domestic Company-operated	11/18/2022 12/20/2023
Suzhou, China Nashville, TX — Suzhou Center Nashville Tanger Outlets	International Licensed	11/19/2022
Edison, NJ — Menlo Park	Domestic Company-operated	11/12/26/2022 2023
Jersey Studio City, NJ CA — Newport Centre Studio City	Domestic Company-operated	11/30/2022 12/27/2023
Shanghai, China — QingPu Outlets	International Licensed	12/23/2022
Canoga Park, CA — Westfield Topanga	Domestic Company-operated	12/27/2022
Brooklyn, NY — Kings Plaza	Domestic Company-operated	12/27/2022
Springfield, PA — Springfield	Domestic Company-operated	12/27/2022

Shake Shack Inc.  Form 10-K | 58 57

RESULTS OF OPERATIONS

The following table summarizes our results of operations for fiscal 2022 2023 and fiscal 2021: 2022:

	(As Restated)
	(As Restated)

(As Restated)							
(dollar amounts in thousands)							
(dollar amounts in thousands)							
(dollar amounts in thousands)	(dollar amounts in thousands)	2022				2021	
Shack sales	Shack sales	\$ 869,270	96.5	%	\$ 714,989	96.6	%
Shack sales							
Shack sales							
Licensing revenue							
Licensing revenue							
Licensing revenue	Licensing revenue	31,216	3.5	%	24,904	3.4	%
TOTAL REVENUE	TOTAL REVENUE	900,486	100.0	%	739,893	100.0	%
TOTAL REVENUE							
TOTAL REVENUE							
Shack-level operating expenses ⁽¹⁾ :	Shack-level operating expenses ⁽¹⁾ :						
	Food and paper costs	261,584	30.1	%	218,262	30.5	%
	Labor and related expenses	257,358	29.6	%	215,114	30.1	%
	Other operating expenses	130,869	15.1	%	103,232	14.4	%
	Occupancy and related expenses	68,508	7.9	%	59,228	8.3	%
Shack-level operating expenses ⁽¹⁾ :							
Shack-level operating expenses ⁽¹⁾ :							
	Food and paper costs						
	Food and paper costs						
	Food and paper costs						
	Labor and related expenses						
	Labor and related expenses						
	Labor and related expenses						
	Other operating expenses ⁽²⁾						
	Other operating expenses ⁽²⁾						
	Other operating expenses ⁽²⁾						
	Occupancy and related expenses						
	Occupancy and related expenses						
	Occupancy and related expenses						
General and administrative expenses (2)							
General and administrative expenses (2)							
General and administrative expenses (2)	General and administrative expenses (2)	118,790	13.2	%	85,996	11.6	%
Depreciation and amortization expense	Depreciation and amortization expense	72,796	8.1	%	58,991	8.0	%
Depreciation and amortization expense							

Depreciation and amortization expense							
Pre-opening costs							
Pre-opening costs							
Pre-opening costs	Pre-opening costs	15,050	1.7	%	13,291	1.8	%
Impairment and loss on disposal of assets	Impairment and loss on disposal of assets	2,425	0.3	%	1,632	0.2	%
Impairment and loss on disposal of assets							
Impairment and loss on disposal of assets							
TOTAL EXPENSES	TOTAL EXPENSES	927,380	103.0	%	755,746	102.1	%
LOSS FROM OPERATIONS		(26,894)	(3.0)	%	(15,853)	(2.1)	%
TOTAL EXPENSES							
TOTAL EXPENSES							
INCOME (LOSS) FROM OPERATIONS							
INCOME (LOSS) FROM OPERATIONS							
INCOME (LOSS) FROM OPERATIONS							
Other income, net							
Other income, net							
Other income, net	Other income, net	4,127	0.5	%	95	—	%
Interest expense	Interest expense	(1,518)	(0.2)	%	(1,577)	(0.2)	%
LOSS BEFORE INCOME TAXES		(24,285)	(2.7)	%	(17,335)	(2.3)	%
Income tax expense (benefit)		1,682	0.2	%	(7,224)	(1.0)	%
NET LOSS		(25,967)	(2.9)	%	(10,111)	(1.4)	%
Less: Net loss attributable to non-controlling interests		(1,876)	(0.2)	%	(1,456)	(0.2)	%
NET LOSS ATTRIBUTABLE TO SHAKE SHACK INC.		\$ (24,091)	(2.7)	%	\$ (8,655)	(1.2)	%
Interest expense							
Interest expense							
INCOME (LOSS) BEFORE INCOME TAXES							
INCOME (LOSS) BEFORE INCOME TAXES							
INCOME (LOSS) BEFORE INCOME TAXES							
Income tax benefit							
Income tax benefit							
Income tax benefit							
NET INCOME (LOSS)							
NET INCOME (LOSS)							
NET INCOME (LOSS)							
Less: Net income (loss) attributable to non-controlling interests							
Less: Net income (loss) attributable to non-controlling interests							
Less: Net income (loss) attributable to non-controlling interests							
NET INCOME (LOSS) ATTRIBUTABLE TO SHAKE SHACK INC.							
NET INCOME (LOSS) ATTRIBUTABLE TO SHAKE SHACK INC.							

NET INCOME (LOSS) ATTRIBUTABLE TO SHAKE SHACK INC.

- (1) As a percentage of Shack sales.
- (2) The Company elected to reclassify certain marketing expenses for prior periods to conform with the presentation for the fifty-two weeks ended December 27, 2023. These reclassifications had no effect on previously reported Net Income (Loss). For the fifty-two weeks ended December 28, 2022, the Company reclassified \$1,219 from Other operating expenses to General and administrative expenses in the accompanying Consolidated Financial Statements.

Shake Shack Inc. Form 10-K | 5958

Shack Sales

Shack sales represent the aggregate sales of food, beverages and Shake Shack branded merchandise at our domestic Company-operated Shacks and gift card breakage income. Shack sales in any period are directly influenced by the number of operating weeks in such period and the total number of open Shacks.

(dollar amounts in thousands)	(dollar amounts in thousands)	2022	2021
(dollar amounts in thousands)			
(dollar amounts in thousands)			
Shack sales	Shack sales	\$ 869,270	\$ 714,989
	Percentage of Total revenue	96.5 %	96.6 %
	Dollar change compared to prior year	\$ 154,281	
	Percentage change compared to prior year	21.6 %	
Shack sales			
Shack sales			
	Percentage of Total revenue		
	Percentage of Total revenue		
	Percentage of Total revenue		
	Dollar change compared to prior year		
	Dollar change compared to prior year		
	Dollar change compared to prior year		
	Percentage change compared to prior year		
	Percentage change compared to prior year		

Percentage change
compared to prior year

Shack sales for the fiscal year ended **December 28, 2022** December 27, 2023 increased **21.6%** 20.4% to **\$869.3 million** \$1,046.8 million versus the prior year. The increase was primarily due to **increased guest traffic, particularly at our New York City locations, the class of 2022 being open for a full year, which contributed \$72.2 million** and **increased menu prices as well as** the opening of **36 41** new domestic Company-operated Shacks during the fiscal **year.** year, which contributed \$71.0 million, as well as **increased menu prices.**

Licensing Revenue

Licensing revenue is comprised of license fees **and** opening **and territory** fees for certain licensed **Shacks and territory fees. Shacks.** 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.

(dollar amounts in thousands)	(dollar amounts in thousands)	2022	2021
(dollar amounts in thousands)			
(dollar amounts in thousands)			
Licensing revenue	Licensing revenue	\$ 31,216	\$ 24,904
	Percentage of Total revenue	3.5 %	3.4 %
	Dollar change compared to prior year	\$ 6,312	
	Percentage change compared to prior year	25.3 %	
Licensing revenue			
Licensing revenue			
	Percentage of Total revenue		
	Percentage of Total revenue		
	Percentage of Total revenue		
	Dollar change compared to prior year		
	Dollar change compared to prior year		
	Dollar change compared to prior year		
	Percentage change compared to prior year		
	Percentage change compared to prior year		
	Percentage change compared to prior year		

Licensing revenue for the fiscal year ended **December 28, 2022** December 27, 2023 increased **25.3%** 30.4% to **\$31.2 million** \$40.7 million versus the prior year. The increase was primarily due to **31 41** net new licensed Shacks opened during fiscal **2022, 2023,** which contributed approximately **\$2.8 million to Licensing revenue, \$4.0 million,** as well as higher sales at existing licensed Shacks, particularly domestic airports.

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 Food** and paper costs are variable by nature, **changing change** with sales volume, **and are** impacted by menu mix, channel mix and fluctuations in commodity costs, as well as geographic scale and proximity.

(dollar amounts in thousands)		2022		2021	
(dollar amounts in thousands)					
(dollar amounts in thousands)					
Food and paper costs	Food and paper costs	\$	261,584	\$	218,262
	Percentage of Shack sales		30.1	%	30.5
					%
	Dollar change compared to prior year	\$	43,322		
	Percentage change compared to prior year		19.8	%	
Food and paper costs					
Food and paper costs					
	Percentage of Shack sales				
	Percentage of Shack sales				
	Percentage of Shack sales				
	Dollar change compared to prior year				
	Dollar change compared to prior year				
	Dollar change compared to prior year				
	Percentage change compared to prior year				
	Percentage change compared to prior year				
	Percentage change compared to prior year				

Food and paper costs for the fiscal year ended December 28, 2022 December 27, 2023 increased 19.8% 16.6% to \$261.6 million \$305.0 million versus the prior year. The increase was primarily due to the opening of 36 net 41 new domestic Company-operated Shacks during fiscal 2022 2023, which contributed approximately \$19.0 million, as well as continued inflation increased commodity costs particularly in commodities such as dairy, paper beef and chicken. fries.

As a percentage of Shack sales, the decrease in Food and paper costs for fiscal 2022 2023 was primarily due to menu price increases partially offset by higher commodity costs. However, beef costs, declined during fiscal 2022.

as mentioned above.

Labor and Related Expenses

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

(dollar amounts in thousands)		2022		2021	
(dollar amounts in thousands)					
(dollar amounts in thousands)					
(dollar amounts in thousands)					
Labor and related expenses	Labor and related expenses	\$	257,358	\$	215,114
	Percentage of Shack sales		29.6	%	30.1
					%
	Dollar change compared to prior year	\$	42,244		
	Percentage change compared to prior year		19.6	%	
Labor and related expenses					
Labor and related expenses					
Percentage of Shack sales					
Percentage of Shack sales					
Percentage of Shack sales					
Dollar change compared to prior year					
Dollar change compared to prior year					
Dollar change compared to prior year					
Percentage change compared to prior year					
Percentage change compared to prior year					
Percentage change compared to prior year					

Labor and related expenses for the fiscal year ended December 28, 2022 December 27, 2023 increased 19.6% 18.2% to \$257.4 million \$304.3 million versus the prior year. The increase was primarily due to the opening of 36 net 41 new domestic Company-operated Shacks during fiscal 2022 2023 as well as increased wages and salaries for our Shack teams. openings from the fiscal 2022 class of Shacks weighted to the fourth quarter of 2022.

As a percentage of Shack sales, the decrease in Labor and related expenses declined from 30.1% in for fiscal 2021 to 29.6% in fiscal 2022. This decrease 2023 was primarily due to sales leverage and labor efficiencies, partially offset by more managers per Shack the opening of 41 new domestic Company-operated Shacks during fiscal 2023 and increased wages and salaries, salaries at remaining Shacks.

Other Operating Expenses

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

(dollar amounts in thousands)	(dollar amounts in thousands)	2022		2021	
(dollar amounts in thousands)					
(dollar amounts in thousands)					
Other operating expenses	Other operating expenses	\$	130,869	\$	103,232
	Percentage of Shack sales		15.1	%	14.4
	Dollar change compared to prior year	\$	27,637		
	Percentage change compared to prior year		26.8	%	
Other operating expenses					
Other operating expenses	Percentage of Shack sales				
	Percentage of Shack sales				
	Percentage of Shack sales				
	Dollar change compared to prior year				
	Dollar change compared to prior year				
	Dollar change compared to prior year				
	Percentage change compared to prior year				
	Percentage change compared to prior year				
	Percentage change compared to prior year				

(dollar amounts in thousands)		2022		2021	
(dollar amounts in thousands)					
(dollar amounts in thousands)					
Occupancy and related expenses	Occupancy and related expenses	\$	68,508	\$	59,228
	Percentage of Shack sales		7.9	%	8.3
	Dollar change compared to prior year	\$	9,280		
	Percentage change compared to prior year		15.7	%	
Occupancy and related expenses					
Occupancy and related expenses					
	Percentage of Shack sales				
	Percentage of Shack sales				
	Percentage of Shack sales				
	Dollar change compared to prior year				
	Dollar change compared to prior year				
	Dollar change compared to prior year				
	Percentage change compared to prior year				
	Percentage change compared to prior year				
	Percentage change compared to prior year				

Occupancy and related expenses for the fiscal year ended **December 28, 2022** December 27, 2023 increased **15.7%** 16.5% to **\$68.5 million** \$79.8 million versus the prior year. The increase was primarily due to the **openings from the fiscal 2022 class of Shacks weighted to the fourth quarter of 2022, which contributed approximately \$5.0 million, as well as the opening of 36 net 41 new domestic Company-operated Shacks during the fiscal year 2023.**

As a percentage of Shack sales, the decrease in Occupancy and related expenses for fiscal **2022 2023** was primarily due to sales leverage **partially offset by increases in variable rent from higher sales, and lower base rent.**

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.

(dollar amounts in thousands)	(dollar amounts in thousands)	2022	2021
(dollar amounts in thousands)			
(dollar amounts in thousands)			

General and administrative expenses	General and administrative expenses	\$	118,790		\$	85,996
	Percentage of Total revenue		13.2	%		11.6 %
	Dollar change compared to prior year	\$	32,794			
	Percentage change compared to prior year		38.1	%		

General and administrative expenses

General and administrative expenses

Percentage of Total revenue
Percentage of Total revenue
Percentage of Total revenue
Dollar change compared to prior year
Dollar change compared to prior year
Dollar change compared to prior year
Percentage change compared to prior year
Percentage change compared to prior year
Percentage change compared to prior year

General and administrative expenses for the fiscal year ended **December 28, 2022** **December 27, 2023** increased **38.1%** **7.9%** to **\$118.8 million** **\$129.5 million** versus the prior year. The increase was primarily due to an increase in wages and other team costs to support our Shack growth, **an accrual of \$6.7 million professional fees related to legal matters a non-recurring matter of \$3.4 million**, as well as investments in marketing and technology **initiatives**. initiatives, partially offset by lower legal expenses compared to the prior year period.

As a percentage of Total revenue, the **increase** **decrease** in General and administrative expenses for fiscal **2022** **2023** was primarily due to **sales leverage partially offset by** the aforementioned **increase in wages and other team costs to support our Shack growth, investment spend and legal accrual items**.

Depreciation and Amortization Expense

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

(dollar amounts in thousands)	(dollar amounts in thousands)		2022		2021
(dollar amounts in thousands)					
(dollar amounts in thousands)					
Depreciation and amortization expense	Depreciation and amortization expense	\$	72,796		\$ 58,991
	Percentage of Total revenue		8.1	%	8.0 %
	Dollar change compared to prior year	\$	13,805		
	Percentage change compared to prior year		23.4	%	

Depreciation and amortization expense	
Depreciation and amortization expense	
	Percentage of Total revenue
	Percentage of Total revenue
	Percentage of Total revenue
	Dollar change compared to prior year
	Dollar change compared to prior year
	Dollar change compared to prior year
	Percentage change compared to prior year
	Percentage change compared to prior year
	Percentage change compared to prior year

Depreciation and amortization expense for the fiscal year ended December 28, 2022 December 27, 2023 increased 23.4% 25.3% to \$72.8 million \$91.2 million versus the prior year. The increase was primarily due to incremental depreciation of capital expenditures related to the class of 2022 Shacks being open for a full year and the opening of 36 net 41 new domestic Company-operated Shacks during fiscal 2022 2023, as well as additional depreciation related to the home office expansion and technology projects placed in service.

As a percentage of Total revenue, the increase in Depreciation and amortization expense for fiscal 2022 2023 was primarily due to the aforementioned new Shack openings as well as the additional depreciation related to the home office expansion and technology projects placed into service, partially offset by accelerated depreciation expense related to the closure of the Company's Shack in New York City's Penn Station in fiscal 2021. items.

Pre-Opening Costs

Pre-opening costs consist primarily of occupancy, manager and team member wages, cookware, travel and lodging costs for our opening training team and other supporting team members, marketing expenses, legal fees and inventory costs incurred prior to the opening of a Shack. 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 markets may initially experience higher pre-opening costs than our established geographic markets, 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.

(dollar amounts in thousands)		(dollar amounts in thousands)		2022	2021
(dollar amounts in thousands)					
(dollar amounts in thousands)					
Pre-opening costs	Pre-opening costs	\$	15,050	\$	13,291
	Percentage of Total revenue		1.7	%	1.8
					%
	Dollar change compared to prior year	\$	1,759		
	Percentage change compared to prior year		13.2	%	
Pre-opening costs					
Pre-opening costs					
	Percentage of Total revenue				
	Percentage of Total revenue				
	Percentage of Total revenue				
	Dollar change compared to prior year				
	Dollar change compared to prior year				
	Dollar change compared to prior year				
	Percentage change compared to prior year				
	Percentage change compared to prior year				
	Percentage change compared to prior year				

Pre-opening costs for the fiscal year ended December 28, 2022 December 27, 2023 increased 13.2% 27.8% to \$15.1 million \$19.2 million versus the prior year. The increase was due to increased occupancy expense primarily wages and benefits for our Shack teams related to the timing of Shack openings throughout the year and increased wages and travel related as well as legal costs for our Shack teams, partially offset by a decrease in legal fees related compared to professional services, the prior year period.

Impairment and Loss on Disposal of Assets

Impairment and loss on disposal of assets consist primarily consists of impairment charges related to our long-lived assets, which includes property and equipment, as well as operating and finance lease assets. Additionally, Impairment and loss on disposal of assets includes the net book value of assets that have been retired which primarily consists of furniture, equipment and fixtures that were replaced in the normal course of business.

(dollar amounts in thousands)		(dollar amounts in thousands)		2022	2021
(dollar amounts in thousands)					
(dollar amounts in thousands)					
Impairment and loss on disposal of assets	Impairment and loss on disposal of assets	\$	2,425	\$	1,632

	<i>Percentage of Total revenue</i>	0.3	%	0.2	%
	Dollar change compared to prior year	\$	793		
	Percentage change compared to prior year		48.6	%	

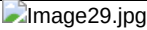
Impairment and loss on disposal of assets
Impairment and loss on disposal of assets
<i>Percentage of Total revenue</i>
<i>Percentage of Total revenue</i>
<i>Percentage of Total revenue</i>
<i>Percentage of Total revenue</i>
Dollar change compared to prior year
Dollar change compared to prior year
Dollar change compared to prior year
Percentage change compared to prior year
Percentage change compared to prior year
Percentage change compared to prior year

Impairment and loss on disposal of assets for the fiscal year ended **December 28, 2022** **December 27, 2023** increased **48.6%** **24.0%** to **\$2.4 million** **\$3.0 million** versus the prior year. The increase was primarily due to **increases in disposal of home office assets and abandoned construction projects**, and the number of Shacks maturing in our base **as well as in the non-cash impairment charge of \$0.1 million during fiscal 2022 related current year compared to one Shack**. **the prior year.**

Other Income, Net

Other income, net consists **primarily** of interest income, adjustments to liabilities under **our tax receivable agreement**, **the Tax Receivable Agreement**, dividend income and net unrealized and realized gains and losses from marketable securities.

<i>(dollar amounts in thousands)</i>		2022	2021
Other income, net	\$	4,127	\$ 95
<i>Percentage of Total revenue</i>		0.5 %	— %
Dollar change compared to prior year	\$	4,032	
Percentage change compared to prior year		4,244.2 %	

Shake Shack Inc.  Form 10-K | **63** **62**

<i>(dollar amounts in thousands)</i>		2023	2022
Other income, net	\$	12,776	\$ 4,127
<i>Percentage of Total revenue</i>		1.2 %	0.5 %

Dollar change compared to prior year	\$	8,649
Percentage change compared to prior year		209.6 %

Other income, net for the fiscal year ended **December 28, 2022** **December 27, 2023** increased from **\$0.1 million** **\$4.1 million** to **\$4.1 million** **\$12.8 million** versus the prior year. The increase was primarily due to an increase in dividend income generated by Cash and cash equivalents of **\$3.7 million** **\$6.2 million**, related to **an increase** **higher interest rates** in **interest rates**, **fiscal 2023**.

Interest Expense

Interest expense generally consists of interest on the current portion of our liabilities under the Tax Receivable Agreement, imputed interest related to our financing equipment leases, amortization of deferred financing costs, interest and fees on our Revolving Credit Facility and amortization of debt issuance costs.

<i>(dollar amounts in thousands)</i>	<i>(dollar amounts in thousands)</i>	2022	2021
<i>(dollar amounts in thousands)</i>			
<i>(dollar amounts in thousands)</i>			
Interest expense	Interest expense	\$ (1,518)	\$ (1,577)
	Percentage of Total revenue	(0.2) %	(0.2) %
	Dollar change compared to prior year	\$ 59	
	Percentage change compared to prior year	(3.7) %	
Interest expense			
Interest expense			
	Percentage of Total revenue		
	Percentage of Total revenue		
	Percentage of Total revenue		
	Dollar change compared to prior year		
	Dollar change compared to prior year		
	Dollar change compared to prior year		
	Percentage change compared to prior year		
	Percentage change compared to prior year		
	Percentage change compared to prior year		

Interest expense for the fiscal year ended **December 28, 2022** **December 27, 2023** decreased 3.7% increased 13.1% to **\$1.5 million** **\$1.7 million** versus the prior year. The **decrease** **increase** was primarily due to **sponsorship credits** received from our banking partners **increased** **finance lease charges** partially offset by **an increase** **a decrease** in **amortization expense** related to our **Convertible Notes** issued in **March 2021**, **various sales tax audit assessment charges**.

Income Tax Expense (Benefit) Benefit

We are the sole managing member of SSE Holdings, and as a result, consolidate 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 us, on a pro rata basis. We are subject to U.S. federal income taxes, in addition to state and local income taxes with respect to our allocable share of any taxable income or loss of SSE Holdings, as well as any stand-alone income or loss generated by us. We are also subject to withholding taxes in foreign jurisdictions.

					(As Restated)
					(As Restated)
					(As Restated)
(dollar amounts in thousands)	(dollar amounts in thousands)	2022		2021	
Income tax expense (benefit)	\$	1,682	\$	(7,224)	
Percentage of Total revenue		0.2	%	(1.0)	%
Dollar change compared to prior year	\$	8,906			
Percentage change compared to prior year		(123.3)	%		
(dollar amounts in thousands)					
(dollar amounts in thousands)					
Income tax benefit					
Income tax benefit					
Income tax benefit					
Percentage of Total revenue					
Percentage of Total revenue					
Percentage of Total revenue					
Dollar change compared to prior year					
Dollar change compared to prior year					
Dollar change compared to prior year					
Percentage change compared to prior year					
Percentage change compared to prior year					
Percentage change compared to prior year					

Our effective income tax rates rate for the fiscal 2022 and fiscal 2021 were (6.9) year ended December 27, 2023 decreased to (23.6)% and 41.7%, respectively, from 4.9% in the prior year. The decrease in our effective income tax rate from fiscal 2021 to fiscal 2022 was primarily driven by additional expense benefit related to an increase a decrease in valuation allowance and higher tax credits, partially offset by an increase in foreign tax expense and net expense related to equity-based compensation, partially offset by higher the revaluation of deferred tax credits, assets as a result of a reduction in certain state income tax rates.

Net Loss Income (Loss) Attributable to Non-controlling Interests

We are the sole managing member of SSE Holdings and have the sole voting power in, and control the management of, SSE Holdings. Accordingly, we consolidate the financial results of SSE Holdings and report a non-controlling interest on our Consolidated Statements of Loss, Income (Loss), representing the portion of net loss income (loss) attributable to the other members of SSE Holdings. The Third Amended and Restated Limited Liability Company Agreement of SSE Holdings provides that holders of LLC Interests may, 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, we will receive a corresponding number of LLC Interests, increasing our total ownership interest in SSE Holdings. The weighted average ownership percentages for the applicable reporting periods are used to attribute net **loss income (loss)** and other comprehensive **loss income (loss)** to Shake Shack Inc. and the non-controlling interest holders.

(dollar amounts in thousands)	(dollar amounts in thousands)	2022	2021
Net loss attributable to non-controlling interests	\$	(1,876)	\$ (1,456)
(dollar amounts in thousands)			
(dollar amounts in thousands)			
Net income (loss) attributable to non-controlling interests			
Net income (loss) attributable to non-controlling interests			
Net income (loss) attributable to non-controlling interests			
Percentage of Total revenue			
Percentage of Total revenue			
Percentage of Total revenue			
Percentage of Total revenue		(0.2) %	(0.2) %
Dollar change compared to prior year	\$	(420)	
Percentage change compared to prior year		28.8 %	

Net **loss income (loss)** attributable to non-controlling interests for the fiscal year ended December 28, 2022 increased 28.8% December 27, 2023 improved to income of \$0.7 million from a loss of \$1.9 million versus in the prior year. The **increase improvement** was primarily due to a decline an increase in net results compared to fiscal 2021 the same period last year, partially offset by a decrease in the non-controlling interest holders' weighted average ownership, which was 6.9% 6.7% and 7.0% 6.9%, respectively for fiscal 2022 2023 and fiscal 2021, respectively, 2022.

NON-GAAP FINANCIAL MEASURES

To supplement the Consolidated Financial Statements, which are prepared and presented in accordance with accounting principles generally accepted in the United States of America ("GAAP"), we use the following non-GAAP financial measures: Shack-level operating profit, Shack-level operating profit margin, EBITDA, adjusted EBITDA, adjusted EBITDA margin, adjusted pro forma net **loss, income (loss)**, and adjusted pro forma **loss earnings (loss)** per fully exchanged and diluted share (collectively the "non-GAAP financial measures").

Shack-Level Operating Profit

Shack-level operating profit, also referred to as restaurant profit, is defined as Shack sales less Shack-level operating expenses including which include Food and paper costs, Labor and related expenses, Other operating expenses and Occupancy and related expenses.

How This Measure Is Useful

When used in conjunction with GAAP financial measures, Shack-level operating profit and Shack-level operating profit margin are supplemental measures of operating performance that we believe are useful measures to evaluate the performance and profitability of our Shacks. Additionally, Shack-level operating profit and Shack-level operating profit margin are key metrics used internally by our management to develop internal budgets and forecasts, as well as assess the performance

of our Shacks relative to budget and against prior periods. It is also used to evaluate team member compensation as it serves as a metric in certain of our performance-based team member bonus arrangements. We believe presentation of Shack-level operating profit and Shack-level operating profit margin provides investors with a supplemental view of our operating performance that can provide meaningful insights to the underlying operating performance of our Shacks, as these measures depict the operating results that are directly impacted by our Shacks and exclude items that may not be indicative of, or are unrelated to, the ongoing operations of our Shacks. It may also assist investors to evaluate our performance relative to peers of various sizes and maturities and provides greater transparency with respect to how our management evaluates our business, as well as our financial and operational decision-making.

Limitations of the Usefulness of this Measure

Shack-level operating profit and Shack-level operating profit margin may differ from similarly titled measures used by other companies due to different methods of calculation. Presentation of Shack-level operating profit and Shack-level operating profit margin is not intended to be considered in isolation or as a substitute for, or superior to, the financial information prepared and presented in accordance with GAAP. Shack-level operating profit excludes certain costs, such as General and administrative expenses and Pre-opening costs, which are considered normal, recurring cash operating expenses and are essential to support the operation and development of our Shacks. Therefore, this measure may not provide a complete understanding of the operating results of our Company as a whole and Shack-level operating profit and Shack-level operating profit margin should be reviewed in conjunction with our GAAP financial results. A reconciliation of Shack-level operating profit to **Loss** **Income (loss)** from Operations, the most directly comparable GAAP financial measure, is as follows.

(dollar amounts in thousands)				(dollar amounts in thousands)		
	2022	2021	2020	2023	2022	2021
Loss from operations ⁽¹⁾	\$ (26,894)	\$ (15,853)	\$ (43,876)			
Income (loss) from operations						
Less:	Less:					
Licensing revenue	31,216	24,904	16,528			
Licensing revenue						
Licensing revenue						
Licensing revenue						
Add:	Add:					
General and administrative expenses	118,790	85,996	64,250			
Depreciation and amortization expense	72,796	58,991	48,801			

[illegible]

- (1) Fiscal 2020 included a \$0.9 million reduction. The Company has elected to reclassify certain marketing expenses from Other operating expenses to General and administrative expenses in Occupancy and related expenses due the accompanying Consolidated Financial Statements for prior periods to be comparable with the closure of our Shack in New York City's Penn Station. classification for the fifty-two weeks ended December 27, 2023.
- (2) Fiscal 2022 included For the fifty-two weeks ended December 28, 2022, this amount includes a non-cash impairment charge of \$0.1 million related to one Shack and fiscal 2020 included a non-cash impairment charge of \$7.6 million related to two Shacks and our home office. Shack.
- (3) For fiscal 2022, the fifty-two weeks ended December 28, 2022, Shack-level operating profit margin included includes a \$1.3 million \$1,281 cumulative catch-up adjustment for gift card breakage income, recognized in Shack sales.
- (4) As a percentage of Shack sales.

EBITDA and Adjusted EBITDA

EBITDA is defined as Net loss income (loss) before Interest expense (net of interest income), Income tax expense (benefit) benefit and Depreciation and amortization expense. Adjusted EBITDA is defined as EBITDA (as defined above) excluding equity-based compensation expense, deferred lease costs, Impairment and loss on disposal of assets, amortization of cloud-based software implementation costs, as well as certain non-recurring items that we do not believe directly reflect our core operations and may not be indicative of our recurring business operations.

During the fiscal year ended December 27, 2023, the Company revised its definition of Adjusted EBITDA to exclude deferred lease costs and executive transition costs as adjustments to the measure. The Company believes excluding both of these items improves the usefulness of Adjusted EBITDA as these items are characteristic of the Company's ongoing operations and such presentation is consistent with other companies in the restaurant industry. Previously reported periods have been revised to conform to the current period presentation.

How These Measures Are Useful

When used in conjunction with GAAP financial measures, EBITDA and adjusted EBITDA are supplemental measures of operating performance that we believe are useful measures to facilitate comparisons to historical performance and competitors' operating results. Adjusted EBITDA is a key metric used internally by our management to develop internal budgets and forecasts and also serves as a metric in our performance-based equity incentive programs and certain of our bonus arrangements. We believe presentation of EBITDA and adjusted EBITDA provides investors with a supplemental view of our operating performance that facilitates analysis and comparisons of our ongoing business operations because they exclude items that may not be indicative of our ongoing operating performance.

Limitations of the Usefulness of These Measures

EBITDA and adjusted EBITDA may differ from similarly titled measures used by other companies due to different methods of calculation. Presentation of EBITDA and adjusted EBITDA is not intended to be considered in isolation or as a substitute for, or superior to, the financial information prepared and presented in accordance with GAAP. EBITDA and adjusted EBITDA exclude certain normal recurring expenses. Therefore, these measures may not provide a complete understanding of our performance and should be reviewed in conjunction with our GAAP financial measures. A reconciliation of EBITDA and adjusted EBITDA to Net loss income (loss), the most directly comparable GAAP measure, is as follows.

(dollar amounts in thousands)	2023	(As Restated)		(As Restated)	
		2022		2021	
Net income (loss)	\$ 20,990	\$ (23,105)	\$	(6,017)	
Depreciation and amortization expense	91,242	72,796		58,991	
Interest (income) expense, net	(726)	1,518		1,577	
Income tax expense (benefit)	(4,010)	(1,180)		(11,318)	
EBITDA	107,496	50,029		43,233	
Equity-based compensation	15,093	13,326		8,703	

Amortization of cloud-based software implementation costs	1,798	1,500	1,245
Impairment and loss on disposal of assets ⁽¹⁾	3,007	2,425	1,632
Legal settlements ⁽²⁾	619	6,710	560
Severance	211	—	—
CEO transition costs	206	—	—
Gift card breakage cumulative catch-up adjustment	—	(1,281)	—
Debt offering related costs ⁽³⁾	—	—	231
Other income related to adjustment of liabilities under tax receivable agreement	—	—	(2)
Other ⁽⁴⁾	3,386	—	—
Adjusted EBITDA	\$ 131,816	\$ 72,709	\$ 55,602
Adjusted EBITDA margin⁽⁵⁾	12.1%	8.1%	7.5%

(in thousands)	2022	2021	2020
Net loss	\$ (25,967)	\$ (10,111)	\$ (45,534)
Depreciation and amortization expense	72,796	58,991	48,801
Interest expense, net	1,518	1,577	815
Income tax expense (benefit)	1,682	(7,224)	57
EBITDA	50,029	43,233	4,139
Equity-based compensation	13,326	8,703	5,560
Amortization of cloud-based software implementation costs ⁽¹⁾	1,500	1,245	1,444
Deferred lease costs ⁽²⁾	(2,247)	245	92
Impairment and loss on disposal of assets ⁽³⁾	2,425	1,632	10,151
Legal settlements ⁽⁴⁾	6,710	560	—
Gift card breakage cumulative catch-up adjustment	(1,281)	—	—
Debt offering related costs ⁽⁵⁾	—	231	—
Executive transition costs	34	179	150
Other (income) loss related to adjustment of liabilities under tax receivable agreement	—	(2)	1,147
Project Concrete ⁽⁶⁾	—	—	(229)
Other ⁽⁷⁾	—	—	285
ADJUSTED EBITDA	\$ 70,496	\$ 56,026	\$ 22,739
Adjusted EBITDA margin⁽⁸⁾	7.8%	7.6%	4.3%

(1) Represents amortization of capitalized implementation costs related to cloud-based software arrangements that are included within General and administrative expenses.


(2) Reflects For the extent to which lease expense is greater than or less than contractual fixed base rent. Fiscal 2020, included a \$0.9 million reduction in Occupancy and related expenses related to the closing of the Company's Shack in New York City's Penn Station.

(3) Fiscal 2022, included fifty-two weeks ended December 28, 2022, this amount includes a non-cash impairment charge of \$0.1 million related to one Shack. Fiscal 2020, included a non-cash impairment charge of \$7.6 million related to two Shacks and our home office.

(4) (2) Expenses incurred to establish accruals related to the settlements of legal matters. Refer to Note 17, 18, Commitments and Contingencies, in the accompanying Consolidated Financial Statements, for additional information.

(5) (3) Costs incurred in connection with the Company's Convertible Notes, issued in March 2021, including consulting and advisory fees. Refer to Note 8, 9, Debt, in the accompanying Consolidated Financial Statements, for additional information.

- (6) (4) Represents consulting and advisory Related to professional fees related to the Company's enterprise-wide system upgrade initiative called Project Concrete completed in fiscal 2019. for a non-recurring matter.
- (7) Represents incremental expenses incurred related to an inventory adjustment and certain team member related expenses.
- (8) (5) Calculated as a percentage of Total revenue, which was \$900.5 million \$1,087.5 million, \$739.9 million \$900.5 million and \$522.9 million \$739.9 million, respectively, for fiscal 2022, fiscal 2021 the fifty-two weeks ended December 27, 2023, December 28, 2022 and fiscal 2020. December 29, 2021.

Shake Shack Inc.  Form 10-K | 67 66

Adjusted Pro Forma Net Loss Income (Loss) and Adjusted Pro Forma Loss Earnings (Loss) Per Fully Exchanged and Diluted Share

Adjusted pro forma net loss income (loss) represents Net loss income (loss) attributable to Shake Shack Inc. assuming the full exchange of all outstanding SSE Holdings, LLC membership interests ("LLC Interests") for shares of Class A common stock, adjusted for certain non-recurring items that we do not believe are directly related to our core operations and may not be indicative of our recurring business operations. Adjusted pro forma loss earnings (loss) per fully exchanged and diluted share is calculated by dividing adjusted pro forma net loss income (loss) by the weighted average shares of Class A common stock outstanding, assuming the full exchange of all outstanding LLC Interests, after giving effect to the dilutive effect of outstanding equity-based awards.

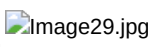
During the fiscal year ended December 27, 2023, the Company revised its definition of Adjusted Pro Forma Net Income to exclude executive transition costs as an adjustment to the measure. Previously reported periods have been revised to conform to the current period presentation. See "EBITDA and Adjusted EBITDA" above for additional information.

How These Measures Are Useful

When used in conjunction with GAAP financial measures, adjusted pro forma net loss income (loss) and adjusted pro forma loss earnings (loss) per fully exchanged and diluted share are supplemental measures of operating performance that we believe are useful measures to evaluate our performance period over period and relative to our competitors. By assuming the full exchange of all outstanding LLC Interests, we believe these measures facilitate comparisons with other companies that have different organizational and tax structures, as well as comparisons period over period because it eliminates the effect of any changes in Net loss income (loss) attributable to Shake Shack Inc. driven by increases in our ownership of SSE Holdings, which are unrelated to our operating performance, and excludes items that are non-recurring or may not be indicative of our ongoing operating performance.

Limitations of the Usefulness of These Measures

Adjusted pro forma net loss income (loss) and adjusted pro forma loss earnings (loss) per fully exchanged and diluted share may differ from similarly titled measures used by other companies due to different methods of calculation. Presentation of adjusted pro forma net loss income (loss) and adjusted pro forma loss earnings (loss) per fully exchanged and diluted share should not be considered alternatives to net loss Net income (loss) and earnings (loss) per share, as determined under GAAP. While these measures are useful in evaluating our performance, they do not account for the earnings attributable to the non-controlling interest holders and therefore do not provide a complete understanding of the Net loss income (loss) attributable to Shake Shack Inc. Adjusted pro forma net loss income (loss) and adjusted pro forma loss earnings (loss) per fully exchanged and diluted share should be evaluated in conjunction with our GAAP financial results. A reconciliation of adjusted pro forma net loss income (loss) to Net loss income (loss) attributable to Shake Shack Inc., the most directly comparable GAAP measure, and the computation of adjusted pro forma loss earnings (loss) per fully exchanged and diluted share are set forth below.

Shake Shack Inc.  Form 10-K | 68 67

(As Restated)					(As Restated)			(As Restated)	
(in thousands, except per share amounts)	(in thousands, except per share amounts)	2022	2021	2020	(in thousands, except per share amounts)	2023	2022	2021	
Numerator:	Numerator:								
	Net income (loss) attributable to Shake Shack Inc.								
	Net income (loss) attributable to Shake Shack Inc.								
	Net income (loss) attributable to Shake Shack Inc.								
	Adjustments:								
	Reallocation of Net income (loss) attributable to non-controlling interests from the assumed exchange of LLC Interests ⁽¹⁾								
	Reallocation of Net income (loss) attributable to non-controlling interests from the assumed exchange of LLC Interests ⁽¹⁾								
	Reallocation of Net income (loss) attributable to non-controlling interests from the assumed exchange of LLC Interests ⁽¹⁾								
	Legal settlements ⁽²⁾								
	Gift card breakage cumulative catch-up adjustment								
	Asset impairment charge ⁽³⁾								
	Severance CEO transition costs								

	Debt offering related costs ⁽⁴⁾			
	Debt offering related costs ⁽⁴⁾			
	Debt offering related costs ⁽⁴⁾			
	Other income related to the adjustment of liabilities under tax receivable agreement			
	Revolving Credit Facility amendments related costs ⁽⁵⁾			
	Net loss attributable to Shake Shack Inc.	\$(24,091)	\$ (8,655)	\$(42,158)
	Adjustments:			
	Reallocation of Net loss attributable to non-controlling interests from the assumed exchange of LLC Interests ⁽¹⁾	(1,876)	(1,456)	(3,376)
	Legal settlements ⁽²⁾	6,710	560	—
	Gift card breakage cumulative catch-up adjustment	(1,281)	—	—
	Asset impairment charge ⁽³⁾	99	—	7,644
	Executive transition costs	34	179	150
	Debt offering related costs ⁽⁴⁾	—	231	—
	Other (income) loss related to the adjustment of liabilities under tax receivable agreement	—	(2)	1,147
	Other ⁽⁶⁾			
	Revolving Credit Facility amendments related costs ⁽⁵⁾	—	323	—
	Reduction in Occupancy and related expenses due to Shack closure ⁽⁶⁾	—	—	(897)
	Project Concrete ⁽⁷⁾	—	—	(229)

Other ⁽⁸⁾	—	—	285
Tax impact of above adjustments ⁽⁹⁾	7,498	6,175	15,089
Adjusted pro forma net loss	\$ (12,907)	\$ (2,645)	\$ (22,345)
Denominator:			
Other ⁽⁶⁾			
Weighted average shares of Class A common stock outstanding—diluted	39,237	39,085	37,129
Adjustments:			
Assumed exchange of LLC Interests for shares of Class A common stock ⁽¹⁾	2,892	2,927	3,096
Adjusted pro forma fully exchanged weighted average shares of Class A common stock outstanding—diluted	42,129	42,012	40,225
Adjusted pro forma loss per fully exchanged share—diluted	\$ (0.31)	\$ (0.06)	\$ (0.56)

Other ⁽⁶⁾			
Tax impact of above adjustments ⁽⁷⁾			
Adjusted pro forma net income (loss)			
Denominator:			
Weighted average shares of Class A common stock outstanding—diluted			
Weighted average shares of Class A common stock outstanding—diluted			
Weighted average shares of Class A common stock outstanding—diluted			
Adjustments:			
Assumed exchange of LLC Interests for shares of Class A common stock ⁽¹⁾			


Assumed exchange of LLC Interests for shares of Class A common stock ⁽¹⁾
Assumed exchange of LLC Interests for shares of Class A common stock ⁽¹⁾
Adjusted pro forma fully exchanged weighted average shares of Class A common stock outstanding—diluted
Adjusted pro forma fully exchanged weighted average shares of Class A common stock outstanding—diluted
Adjusted pro forma fully exchanged weighted average shares of Class A common stock outstanding—diluted
Adjusted pro forma fully exchanged weighted average shares of Class A common stock outstanding—diluted
Adjusted pro forma earnings (loss) per fully exchanged share—diluted

	2022	2021	2020
Loss per share of Class A common stock—diluted	\$ (0.61)	\$ (0.22)	\$ (1.14)
Assumed exchange of LLC Interests for shares of Class A common stock ⁽¹⁾	(0.01)	(0.02)	0.01
Non-GAAP adjustments ⁽¹⁰⁾	0.31	0.18	0.57
Adjusted pro forma loss per fully exchanged share—diluted	\$ (0.31)	\$ (0.06)	\$ (0.56)

	2023	(As Restated) 2022	(As Restated) 2021
Earnings (loss) per share of Class A common stock—diluted	\$ 0.48	\$ (0.54)	\$ (0.12)
Assumed exchange of LLC Interests for shares of Class A common stock ⁽¹⁾	—	(0.01)	(0.02)
Non-GAAP adjustments ⁽⁸⁾	(0.11)	0.24	0.07
Adjusted pro forma earnings (loss) per fully exchanged share—diluted	\$ 0.37	\$ (0.31)	\$ (0.07)

(1) Assumes the exchange of all outstanding LLC Interests for shares of Class A common stock, resulting in the elimination of the non-controlling interest and recognition of the net **loss income** (loss) attributable to non-controlling interests. For the thirteen and fifty-two weeks ended December 27, 2023, this exchange is included in weighted-average shares of Class A common stock outstanding-diluted and therefore no additional share and per share adjustments are required.

- (2) Expenses incurred to establish accruals related to the settlements of legal matters. Refer to Note 17, 18, Commitments and Contingencies, in the accompanying Consolidated Financial Statements, for additional information.
- (3) Fiscal 2022 included For the fifty-two weeks ended December 28, 2022, this amount includes a non-cash impairment charge of \$0.1 million related to one Shack. Fiscal 2020 included a non-cash impairment charge of \$7.6 million related to two Shacks and our home office.
- (4) Costs incurred in connection with the Company's Convertible Notes, issued in March 2021, including consulting and advisory fees. Refer to Note 8, 9, Debt, in the accompanying Consolidated Financial Statements, for additional information.
- (5) Expense incurred in connection with the Company's amendments on the Revolving Credit Facility, including the write-off of previously capitalized costs on the Revolving Credit Facility.
- (6) Fiscal 2020 includes Related to professional fees for a \$0.9 million reduction in Occupancy and related expenses related to the closing of the Company's Shack in New York City's Penn Station. non-recurring matter.
- (7) Represents consulting For the fifty-two weeks ended December 27, 2023, December 28, 2022 and advisory fees related to our enterprise-wide system upgrade initiative called Project Concrete completed in fiscal 2019.
- (8) Represents incremental expenses incurred related to an inventory adjustment and certain team member related expenses.
- (9) For fiscal 2022, fiscal 2021 and fiscal 2020, December 29, 2021, amounts represent the tax effect of the aforementioned adjustments and pro forma adjustments to reflect corporate income taxes at assumed effective tax rates of 31.1% 24.5%, 83.5% 31.0% and 40.2% 83.5%, respectively, which include provisions for U.S. federal income taxes, certain LLC entity-level taxes and foreign withholding taxes, assuming the highest statutory rates apportioned to each applicable state, local and foreign jurisdiction.
- (10) (8) Represents the per share impact of non-GAAP adjustments for each period. Refer to the reconciliation of Adjusted Pro Forma Net Loss Income (Loss) above, for additional information.

Shake Shack Inc.  Form 10-K | 69 68

LIQUIDITY AND CAPITAL RESOURCES

Sources and Uses of Cash

Our primary sources of liquidity are cash from operations, cash and cash equivalents on hand, short-term investments and availability under our Revolving Credit Facility. As of December 28, 2022 December 27, 2023, we maintained a Cash and cash equivalents balance of \$230.5 million \$224.7 million and a short-term investments balance of \$80.7 million \$68.6 million within Marketable securities. In March 2021, we issued 0% Convertible Senior Notes ("Convertible Notes"), and received \$243.8 million of proceeds, net of discounts. Refer to Note 8, 9, Debt, in the accompanying Consolidated Financial Statements, for additional information.

On June 7, 2021, we filed a Registration Statement on Form S-3 with the SEC which permits us to issue a combination of securities described in the prospectus in one or more offerings from time to time. To date, we have not experienced difficulty accessing the capital markets; however, future volatility in the capital markets may affect our ability to access those markets or increase the costs associated with issuing debt or equity instruments.

Our primary requirements for liquidity are to fund our working capital needs, operating and finance lease obligations, capital expenditures and general corporate needs. Our requirements for working capital are generally 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. Our ongoing capital expenditures are principally related to opening new Shacks, existing Shack capital investments (both for remodels and maintenance), as well as investments in our corporate technology infrastructure to support our home office, Shake Shack locations, and digital strategy.

In addition, we are obligated to make payments to certain members of SSE Holdings under the Tax Receivable Agreement. As of December 28, 2022 December 27, 2023, such obligations totaled \$234.9 million \$235.6 million. 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. If we do not generate sufficient taxable income in the aggregate over the term of the Tax Receivable Agreement to utilize the tax benefits, then we would not be required to make the related payments under the Tax Receivable Agreement. Although the amount of any payments that must be made under the Tax Receivable Agreement may be significant, the timing of these payments will vary and will generally be limited to one payment per member per year. The amount of such payments are also limited to the extent we utilize the related deferred tax assets. The payments that we are required to make will generally reduce the amount of overall cash flow that might have otherwise been available to us or to SSE Holdings, but we expect the cash tax savings we will realize from the utilization of the related deferred tax assets to fund the required payments.

We believe our existing cash and cash equivalents balances and cash from operations will be sufficient to fund our operating and finance lease obligations, capital expenditures, Tax Receivable Agreement obligations and working capital needs for at least the next 12 months and the foreseeable future.

Summary of Cash Flows

The following table presents a summary of our cash flows from operating, investing and financing activities.

		(As Restated)	
		(As Restated)	
		(As Restated)	
(in thousands)			
(in thousands)			
(in thousands)	(in thousands)	2022	2021
Net cash provided by operating activities	Net cash provided by operating activities	\$ 76,741	\$ 58,402
Net cash provided by operating activities	Net cash provided by operating activities		
Net cash provided by operating activities	Net cash provided by operating activities		
Net cash used in investing activities	Net cash used in investing activities	(143,424)	(144,890)
Net cash provided by (used in) financing activities	Net cash provided by (used in) financing activities	(5,202)	242,021
Increase (decrease) in cash and cash equivalents	Increase (decrease) in cash and cash equivalents	(71,885)	155,533
Net cash used in investing activities	Net cash used in investing activities		
Net cash used in investing activities	Net cash used in investing activities		
Net cash used in financing activities	Net cash used in financing activities		
Net cash used in financing activities	Net cash used in financing activities		
Net cash used in financing activities	Net cash used in financing activities		
Effect of exchange rate changes on cash and cash equivalents	Effect of exchange rate changes on cash and cash equivalents		
Effect of exchange rate changes on cash and cash equivalents	Effect of exchange rate changes on cash and cash equivalents		
Effect of exchange rate changes on cash and cash equivalents	Effect of exchange rate changes on cash and cash equivalents		
Net decrease in cash and cash equivalents	Net decrease in cash and cash equivalents		
Net decrease in cash and cash equivalents	Net decrease in cash and cash equivalents		
Net decrease in cash and cash equivalents	Net decrease in cash and cash equivalents		
Cash and cash equivalents at beginning of period	Cash and cash equivalents at beginning of period		
Cash and cash equivalents at beginning of period	Cash and cash equivalents at beginning of period		
Cash and cash equivalents at beginning of period	Cash and cash equivalents at beginning of period	302,406	146,873
Cash and cash equivalents at end of period	Cash and cash equivalents at end of period	\$ 230,521	\$ 302,406
Cash and cash equivalents at end of period	Cash and cash equivalents at end of period		

Cash and cash equivalents at end of period

Operating Activities

For fiscal 2022, 2023, net cash provided by operating activities was \$76.7 million \$132.1 million compared to \$58.4 million \$76.7 million for fiscal 2021, 2022, an increase of \$18.3 million \$55.4 million. The This increase was primarily due to an \$18.5 million \$69.2 million increase in net results after excluding non-cash charges, as well as partially offset by changes in working capital partially offset by an increase of \$20.0 million. The changes in working capital included the timing and payments on lease liabilities, of legal settlements and a decrease in the construction in progress accruals due to the timing of shack openings this period compared to the same period last year.

Shake Shack Inc

0001620533-23-000015shak-20221228_g2.jpg

Form 10-K | 70

Investing Activities

For fiscal 2022, 2023, net cash used in investing activities was \$143.4 million \$132.3 million compared to \$144.9 million \$143.4 million for fiscal 2021, 2022, a decrease of \$1.5 million \$11.1 million. This decrease was primarily due to a decrease in net purchases of proceeds from marketable securities activity of \$42.5 million \$14.5 million partially offset by an increase of \$41.1 million \$3.6 million in capital expenditures to support our real estate development, which includes 21 Shacks under construction as development. The marketable securities activity was the result of December 28, 2022 compared to 12 under construction as the sale of December 29, 2021 equity securities of \$81.5 million and the maturities of held-to-maturity securities of \$27.0 million partially offset by purchase of held-to-maturity securities of \$94.0 million.

Financing Activities

For fiscal 2022, 2023, net cash used in financing activities was \$5.2 million \$5.7 million compared to net cash provided by financing activities of \$242.0 million \$5.2 million for fiscal 2021, a decrease 2022, an increase of \$247.2 million \$0.5 million. This decrease increase was primarily due to \$243.8 million an increase in net cash withholding taxes related to the vesting of equity awards, partially offset by an increase in proceeds received from stock option exercises and a decrease in fiscal 2021 from the issuance of the Convertible Notes, net of discount. distributions paid to non-controlling interest holders.

Convertible Notes

In March 2021, we issued issued \$250.0 million aggregate principal amount of 0% Convertible Convertible Senior Notes due 2028 in a private placement to qualified institutional buyers pursuant to Rule 144A under the Securities Act of 1933. The Convertible Notes will mature on March 1, 2028, unless earlier converted, redeemed or repurchased in certain circumstances. Upon conversion, we pay or deliver, 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 our election. Refer to Note 8, 9, Debt, in the accompanying Consolidated Financial Statements included in Part II, Item 8, for additional information.

Revolving Credit Facility

In August 2019, we entered into a Revolving Credit Facility, which matures in March 2026 and permits borrowings up to \$50.0 million, with the ability to increase available borrowings up to an additional \$100.0 million, subject to satisfaction of certain conditions. The Revolving Credit Facility also permits the issuance of letters of credit upon our request of up to \$15.0 million.

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

Shake Shack Inc

Image29.jpg

Form 10-K | 70

depending on **our** the net lease adjusted leverage ratio. As of **December 28, 2022** **December 27, 2023** and **December 29, 2021** **December 28, 2022**, 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 us 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 **December 28, 2022** **December 27, 2023**, we were in compliance with all covenants.

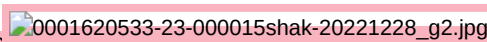
Contractual Obligations

Material contractual obligations arising in the normal course of business primarily consist of operating and finance lease obligations, long-term debt, liabilities under **the** Tax Receivable Agreement and purchase obligations. The timing and nature of these commitments are expected to have an impact on our liquidity and capital requirements in future periods. Refer to Note **8, 9**, Debt and Note **9, 10**, Leases, in the accompanying Consolidated Financial Statements included in Part II, Item 8 for additional information relating to our long-term debt and operating and financing leases.

Liabilities under **the** Tax Receivable Agreement include amounts to be paid to the non-controlling interest holders, assuming we will have sufficient taxable income over the term of the Tax Receivable Agreement to utilize the related tax benefits. Refer to Note **14, 15**, Income Taxes, and Note **17, 18**, Commitments and Contingencies, in the accompanying Consolidated Financial Statements included in Part II, Item 8, for additional information relating to our Tax Receivable Agreement and related liabilities.

Purchase obligations include all 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,

Shake Shack Inc



Form 10-K | 71

software acquisition/license commitments and service contracts. The majority of our purchase obligations are due within the next 12 months.

OFF-BALANCE SHEET ARRANGEMENTS

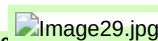
Except for operating leases entered into in the normal course of business where we have not yet taken physical possession of the leased property, certain letters of credit entered into as security under the terms of several of our leases and the unrecorded contractual obligations set forth above, we did not have any other off-balance sheet arrangements as of **December 28, 2022** **December 27, 2023**.

CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements and related disclosures in conformity with U.S. generally accepted accounting principles ("GAAP") requires that we make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and disclose 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.

The critical accounting estimates described below are those that materially affect or have the greatest potential impact on our Consolidated Financial Statements, and involve difficult, subjective or complex judgments made by management. Because of the uncertainty inherent in these matters, actual results may differ from those estimates we use in applying our critical accounting estimates. The following discussion should be read in conjunction with the accompanying Consolidated Financial Statements included in Part II, Item 8 of this Form 10-K.

Shake Shack Inc



Form 10-K | 71

Valuation of Long-Lived Assets

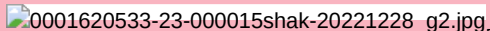
We assess potential impairments to our long-lived assets, which includes property and equipment and operating and finance lease assets, at least annually or whenever events or circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of an asset The recoverability evaluation is measured by a comparison first performed at the market service area level ("MSA"). If the carrying value of the carrying amount of an asset group to the MSA exceeds its estimated undiscounted future cash flows, expected to be generated by the asset. The evaluation a secondary recoverability test is performed at for all individual Shacks within the lowest level identified MSA. An impairment charge is recognized when the carrying amount of identifiable cash flows, which the asset exceeds the fair value of the asset, considering external market participant assumptions, and is primarily at allocated across all assets of the individual Shack level. impaired Shack. Significant judgment is involved in determining the assumptions used in estimating future cash flows, including projected sales growth, operating margins, economic conditions and changes in the operating environment. Changes in these assumptions could have a significant impact on the recoverability of the asset and may result in additional impairment charges.

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, considering external market participant assumptions.

Leases

We currently lease all of our domestic Company-operated Shacks, the home office, and certain equipment under various non-cancelable lease agreements. Determining the probable term for each lease requires judgement by management and can impact the classification and accounting for a lease as financing or operating, as well as the period for straight-lined rent expense and the depreciation period for lease hold improvements.

We calculate 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. We use an 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 is an estimate based on several factors, including financial market conditions, comparable company and credit analysis as well as management judgement. If the IBR was changed, our operating lease assets and lease liabilities could differ materially.

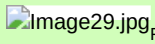
Shake Shack Inc  Form 10-K | 72

Income Taxes

In determining the provision for income taxes for financial statement purposes, we make estimates and judgments which affect our evaluation of the carrying value of our deferred tax assets as well as our calculation of certain tax liabilities. We evaluate the carrying value of our deferred tax assets on a quarterly basis. In completing this evaluation, we consider all available positive and negative evidence. Such evidence includes historical operating results, the existence of cumulative earnings and losses in the most recent fiscal years, taxable income in prior carryback year(s) if permitted under the tax law, expectations for future pre-tax operating income, the time period over which our temporary differences will reverse, and the implementation of feasible and prudent tax planning strategies. Estimating future taxable income is inherently uncertain and requires judgment. In projecting future taxable income, we consider our historical results and incorporate certain assumptions, including projected Shack openings, revenue growth, and operating margins, among others. Deferred tax assets are reduced by a valuation allowance if, based on the weight of this evidence, it is more likely than not that all or a portion of the recorded deferred tax assets will not be realized in future periods.

Concluding that a valuation allowance is not required is difficult when there is significant negative evidence which is objective and verifiable, such as cumulative losses in recent years. As of December 28, 2022 December 27, 2023, we are in a three-year cumulative loss position. This is considered significant evidence that is difficult to overcome. However, the three-year cumulative loss position is not solely determinative, and, accordingly, management considers considered all available positive and negative evidence in our analysis. Although we are in a three-year cumulative loss position as of December 28, 2022 December 27, 2023, we have a recent history of earnings prior to the onset of the COVID-19 pandemic. We expect Additionally, we have returned to return a profitable pre-tax earnings position for the year ended December 27, 2023 and are forecasted to profitability as the effects of the pandemic subside and we begin to generate sufficient taxable income to utilize our deferred tax assets. continue this trajectory. We have recorded a valuation allowance against certain state tax credits and foreign tax credits attributes that are not expected to be utilized prior to expiration. As of December 28, 2022 December 27, 2023, we had \$300.5 million \$326.2 million of net deferred tax assets, net

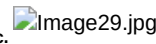
of valuation allowances. We expect Based upon the weight of the positive and negative evidence, we determined that the positive evidence outweighs the negative evidence to realize support the conclusion that future tax benefits related to the utilization of these assets. However, since future financial results may differ from previous estimates, periodic adjustments to our valuation allowance may taxable income should be necessary. If we determine included in the future that we will not be able to fully utilize all or part evaluation of these deferred tax assets, we would record the need for a valuation allowance through earnings in the period the determination was made, which would have an adverse effect on our results of operations and earnings in future periods. allowance.

Shake Shack Inc.  Form 10-K | 72

Liabilities Under Tax Receivable Agreement

As described in Note 14, in 15 to the accompanying Consolidated Financial Statements included in Part II, Item 8, we are a party to the Tax Receivable Agreement under which we are contractually committed to pay the non-controlling interest holders 85% of the amount of any tax benefits that we actually realize, or in some cases are deemed to realize, as a result of certain transactions. 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. If we do not generate sufficient taxable income in the aggregate over the term of the Tax Receivable Agreement to utilize the tax benefits, then we would not be required to make the related TRA Payments. Therefore, we would only recognize a liability for TRA Payments if we determine it is probable that we will generate sufficient future taxable income over the term of the Tax Receivable Agreement to utilize the related tax benefits. Estimating future taxable income is inherently uncertain and requires judgment. In projecting future taxable income, we consider our historical results and incorporate certain assumptions, including projected Shack openings, revenue growth, and operating margins, among others. As of December 28, 2022 December 27, 2023, we recognized \$234.9 million \$235.6 million of liabilities relating to our obligations under the Tax Receivable Agreement, after concluding that it was probable that we would have sufficient future taxable income to utilize the related tax benefits. There were no transactions subject to the Tax Receivable Agreement for which we did not recognize the related liability, as we concluded that we would have sufficient future taxable income to utilize all of the related tax benefits generated by all transactions that occurred in fiscal 2022, 2023. If we determine in the future that we will not be able to fully utilize all or part of the related tax benefits, we would de-recognize the portion of the liability related the benefits not expected to be utilized.

Additionally, we estimate the amount of TRA Payments expected to be paid within the next 12 months and classify this amount as current on our Consolidated Balance Sheets. This determination is based on our estimate of taxable income for the next fiscal year. To the extent our estimate differs from actual results, we may be required to reclassify portions of our liabilities under the Tax Receivable Agreement between current and non-current.

Shake Shack Inc.  Form 10-K | 73

Item 7A. Quantitative and Qualitative Disclosures About Market Risk.

COMMODITY PRICE RISKS

We are exposed to commodity price risks. Many of the ingredients we use to prepare our food, as well as our packaging materials, are commodities or are affected by the price of other commodities. Factors that affect the price of commodities are generally outside of our control and include foreign currency exchange rates, foreign and domestic supply and demand, inflation, weather, seasonality and seasonality, foreign currency exchange rates. For the majority of our major ingredients, we enter into supply contracts, obligating us to purchase specified quantities. However, the prices associated with these supply contracts are generally not fixed and are typically pegged to a commodity market price and, therefore, fluctuate with the market. Significant increases in the price of commodities could have a material impact on our operating results to the extent that such increases cannot be offset by menu price increases or other operating efficiencies.

FOREIGN CURRENCY EXCHANGE RISK

We are exposed to foreign exchange risk in the sales at our international licensed Shacks that are denominated in their local currencies and the amount of **licensing** revenue we earn is directly affected by fluctuations in currency exchange rates. Our international office in Hong Kong incurs a small portion of our operational expenses in its local currency, which are subject to foreign currency translation risk.

Loss **Income (loss)** from operations would have decreased or increased by approximately **\$2.5 million** **\$3.0 million** and **\$2.1 million** **\$2.5 million**, respectively, in **2022** **2023** and **2021**, respectively, **2022** if all foreign currencies uniformly weakened or strengthened 10% relative to the U.S. dollar, holding other variables constant, including sales volume. The effect of a uniform movement of all currencies by 10% is provided to illustrate a hypothetical scenario and related effect on operating income. Actual results will differ as foreign currencies may move in uniform or different directions, magnitudes, and timing.


INTEREST RATE RISK

We are exposed to interest rate risk through fluctuations in interest rates on **our** **certain** 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 **December 28, 2022** **December 27, 2023**, we had no outstanding borrowings under the Revolving Credit Facility.

We are also exposed to interest rate risk through fluctuations of interest rates on our cash **balances** and **investments**. **cash equivalent balances**. Our **equity securities** **cash and cash equivalents** **consist** primarily **consist** of **fixed-income** **money market funds** and **equity instruments**. **short-term, highly liquid investments that have original maturities of three months or less**. Changes in interest rates affect the interest income we earn, and therefore impact our cash flows and results of operations.

INFLATION

Inflation has an impact on food, paper, construction, utility, labor, rent, and other costs which materially impact operations. Severe increases in inflation could have an adverse impact on our business, financial condition and results of operations. If several of the various costs in our business experience inflation at the same time, we may not be able to adjust prices to sufficiently offset the effect of the various cost increases without negatively impacting consumer demand.

Shake Shack Inc.  Form 10-K | 74

Item 8. Financial Statements and Supplementary Data.

INDEX TO FINANCIAL STATEMENTS

	Page
Management's Report	76
Report of Independent Registered Public Accounting Firm (PCAOB ID: 42)	77 78
Consolidated Balance Sheets	82
Consolidated Statements of Loss	83
Consolidated Statements of Comprehensive Income (Loss)	84
Consolidated Statements of Comprehensive Income (Loss)	85
Consolidated Statements of Stockholders' Equity	85 86
Consolidated Statements of Cash Flows	86 87
Notes to Consolidated Financial Statements	87 88

MANAGEMENT'S REPORT

Management's Annual Report on the Consolidated Financial Statements

Management is responsible for the preparation, integrity and objectivity of the accompanying Consolidated Financial Statements and related financial information. The Consolidated Financial Statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") and necessarily include certain amounts that are based on estimates and informed judgments. Our management also prepared the related financial information included in this Annual Report on Form 10-K and is responsible for its accuracy and consistency with the Consolidated Financial Statements.

Ernst & Young LLP, our independent registered public accounting firm, has audited the Consolidated Financial Statements as of **December 28, 2022** **December 27, 2023**, as stated in their report herein.

Management's Report on Internal Control Over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rules 13a-15(f). Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the financial statements for external purposes in accordance with **generally accepted accounting principles in the United States of America**. GAAP. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Under the supervision and with the participation of our **Prior to filing**, management, including our **chief executive officer** **Chief Executive Officer** and **chief financial officer**, we **Chief Financial Officer**, assessed the effectiveness of our internal control over financial reporting **as of December 28, 2022, based on using the framework in Internal Control—Integrated Framework (2013), issued criteria set forth** by the Committee of Sponsoring Organizations of the Treadway Commission (2013 **framework**). ("COSO") in Internal Control—Integrated Framework. Based on this assessment, our management identified a material weakness in management review controls over the **results** calculation of state deferred taxes and the related income tax expense (benefit).

During the compilation of the annual financial statements for Shake Shack Inc., management identified a material weakness in internal controls over the calculation of state deferred taxes and the related income tax expense (benefit). We identified material errors in the computation of deferred tax assets that originated at the inception of the Up-C structure. When the Company recorded its deferred taxes, it failed to account for differences between federal and state tax depreciation. The resulting error caused an overstatement of income tax expense and understatement of deferred tax assets during the impacted periods.

Material Weakness


A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of the Company's annual or interim financial statements will not be prevented or detected on a timely basis.

The material weakness in our evaluation, internal control resulted in the restatement of the Company's Consolidated Financial Statements as of and for the years ended December 28, 2022 and December 29, 2021 included in this report. The material weakness did not result in any identified material misstatements in the Consolidated Financial Statements as of and for the year ended December 27, 2023. As a result of the material weakness noted above, management has concluded that our internal control over financial reporting was not effective as of December 28, 2022 December 27, 2023.

Our Ernst & Young LLP, an independent registered public accounting firm, Ernst & Young LLP, has audited the Consolidated Financial Statements included in this Annual Report on Form 10-K and, as part of its audit, has issued an attestation report, included herein, on the effectiveness of our internal control over financial reporting as reporting.

The material weakness described above, which related to internal controls over the calculation of December 28, 2022 state deferred taxes and the related income tax expense (benefit), as stated in their report herein.

was identified during the performance of our year-end control procedures.

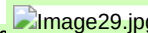
Shake Shack Inc.  Form 10-K | 76

We have implemented certain remedial measures including, but not limited to, a review of all existing accounting for income taxes to ensure that it was in compliance with GAAP prior to filing the Consolidated Financial Statements as of and for the year ended December 27, 2023. In addition, we are in the process of developing enhanced control procedures designed to ensure proper accounting for our tax related accounts and balances, which will include adding technical resources to perform and oversee income tax accounting. Based on additional procedures and post-closing review, management concluded that the Consolidated Financial Statements included in this report present fairly, in all material respects, our financial position, results of operations, and cash flows for the periods presented, in conformity with GAAP.

The material weakness cannot be considered remediated until the applicable remedial controls operate for a sufficient period of time and management has concluded, through testing, that these controls are operating effectively.

Changes in Internal Control over Financial Reporting

Except as otherwise discussed above, there were no changes in our internal control over financial reporting that have materially affected or are reasonably likely to materially affect such controls, including any corrective actions with regard to significant deficiencies and material weaknesses.

Shake Shack Inc.  Form 10-K | 77

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and the Board of Directors of Shake Shack Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Shake Shack Inc. (the Company) as of **December 28, 2022**, **December 27, 2023** and **December 29, 2021**, the related consolidated statements of income (loss), comprehensive income (loss), **stockholders'** equity and cash flows for each of the three years in the period ended **December 28, 2022**, **December 27, 2023**, and the related notes and financial statement schedules listed in the Index at Item 15(a) (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at **December 28, 2022**, **December 27, 2023** and **December 29, 2021**, and the results of its operations and its cash flows for each of the three years in the period ended **December 28, 2022**, **December 27, 2023**, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of **December 28, 2022**, **December 27, 2023**, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated **February 23, 2023**, **February 29, 2024** expressed an **unqualified adverse** opinion thereon.

Restatement of 2022 and 2021 Financial Statements

As discussed in Note 3 to the consolidated financial statements, the consolidated financial statements as of December 28, 2022 and for the years ended December 28, 2022 and December 29, 2021 have been restated to correct misstatements.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Measurement of deferred tax assets related to the Company's investment in SSE Holdings LLC

Description of the Matter

As discussed in Notes 12 and 14 of the consolidated financial statements, the noncontrolling interest holders of SSE Holdings LLC ("LLC") may redeem their equity interests in SSE Holdings LLC ("LLC interests") for shares of the Company's Class A common stock. For income tax purposes, these redemptions are treated as direct purchases of LLC equity and are recorded at their fair market value upon the date of the redemption. The resulting incremental tax basis in excess of the book basis arising from a redemption represents a deductible temporary difference for which a deferred tax asset is recorded. At December 28, 2022, the Company's total deferred tax asset related to the basis difference in its investment in LLC was \$90 million. The basis difference in the Company's investment in LLC changes through redemptions of LLC interests and other qualifying transactions.

Auditing management's accounting for the basis differences in its investment in LLC is especially complex and challenging as the Company's accounting requires timely identification of all historical basis differences and subsequent adjustments related to the redemptions, described above, and the related tax receivable agreement ("TRA") payments to the LLC holders, discussed below.

How We Addressed the Matter in Our Audit

We obtained an understanding, evaluated the design and tested the operating effectiveness of controls over the Company's process for determining the completeness and measurement of the Company's basis differences in the investment in LLC. For example, we tested management's review controls over the calculation of the change in tax basis resulting from the redemptions, including the determination of fair market value. In addition, we tested controls over management's communication of redemptions to the Company's stock transfer agent as detailed in redemption notices provided by the LLC holder.

To test the completeness and accuracy of the deferred tax asset related to the basis difference in the investment in the LLC, we performed audit procedures that included, among others, on a sample basis, testing redemptions of LLC interests by inspection of redemption notices, inquiry with legal counsel to verify the completeness of the redemption notices in the period, and external confirmation of LLC's and the Company's shares issued and outstanding with the stock transfer agent. Further, to test the measurement of the deferred tax asset, for a selection of redemptions, we recalculated the change in tax basis resulting from the redemptions, including the determination of fair value.

Measurement of the valuation allowance against deferred tax assets

Description of the Matter

As discussed in Notes 2 and 14 15 of the consolidated financial statements, a valuation allowance is recognized if the Company determines it is more likely than not that all or a portion of a deferred tax asset will not be recognized. In making such determination, the Company considers all available evidence, including scheduled reversals of deferred tax liabilities, tax planning strategies and recent and forecasted results of operations. As of December 28, 2022 December 27, 2023, the Company is in a three-year cumulative book loss position and is looking to its forecasted future U.S. federal taxable income to conclude that it is more likely than not that these deferred tax assets, except for certain local unincorporated business tax credits and foreign tax credits, state loss carryforwards, will be fully realized prior to their expiration. At December 28, 2022 As of December 27, 2023, the Company had a net deferred tax asset balance for U.S. federal income taxes of \$301 million \$326.2 million, for which a valuation allowance of \$10 million \$0.4 million was provided.

Auditing management's analysis of the realizability of these U.S. federal deferred tax assets is highly judgmental because it requires the evaluation of positive and negative evidence to support the position that the Company will generate sufficient future U.S. federal taxable income to realize their the deferred tax assets as tax deductions on future income tax returns. The Company's forecasted financial information, which is inherently subjective, is a significant component of management's analysis.

How We Addressed the
Matter in Our Audit

We obtained an understanding, evaluated the design and tested the operating effectiveness of controls over the Company's **income tax process, including the review evaluation of deferred taxes and the evaluation of valuation allowances, tax asset realizability**. In addition, we obtained an understanding, evaluated the design and tested the operating effectiveness of controls over the Company's financial forecasting process. Such controls include management's review of forecasted pretax income, including **the** significant assumptions such as projected Shack openings, **and** operating margins, and operating costs, among others.

In our testing **surrounding the of management's** assessment of **the valuation allowance deferred tax asset realizability** as described above, we performed audit procedures that included, among others, evaluating the conclusions reached by the Company regarding the realizability of deferred tax assets, which involved performing procedures over (i) the scheduled reversal of deferred taxes and (ii) forecasted financial information. In order to test management's financial forecasts, we assessed the historical accuracy of management's forecasts and compared the significant assumptions used to current industry and economic trends and changes to the Company's operations. In addition, we performed sensitivity analyses to evaluate the impact of changes in assumptions to future taxable income and ultimately, realizability of deferred tax assets.

Measurement of the Tax Receivable Agreement liability

Description of the Matter

As discussed in Note **14 15** of the consolidated financial statements, the Company has a Tax Receivable Agreement ("TRA") with certain current and historical holders of LLC interests, which is a contractual commitment to distribute 85% of any tax benefits ("TRA Payment"), realized or deemed to be realized by the Company to the parties to the TRA. The TRA payments are contingent upon, among other things, the generation of future taxable income over the term of the TRA and future changes in tax laws. **At December 28, 2022 As of December 27, 2023**, the Company's liability due to the holders of LLC interests under the TRA ("TRA liability"), was **\$235 million \$235.6 million**.

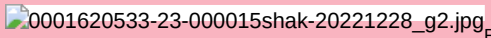
Auditing management's accounting for the TRA liability is especially complex and judgmental as the Company's calculation of the TRA liability requires estimates of its future qualified taxable income over the term of the TRA as a basis to determine if the related tax benefits are expected to be realized. Significant changes in estimates could have a material effect on the Company's results of operations.

Shake Shack Inc  Form 10-K | 79

How We Addressed the
Matter in Our Audit

We obtained an understanding, evaluated the design and tested the operating effectiveness of controls over the Company's process for determining the measurement of the Company's TRA obligation. Such controls include **management's management** review controls over the computation of the TRA liability, which is based on several inputs including the Company's share of the tax basis in the LLC, as discussed above, as well as the estimate of future qualified taxable income over the term of the TRA. We also tested **management's management's** review control over the calculation of the TRA liability in accordance with the terms set out in the TRA.

We tested the measurement of the Company's TRA liability by performing audit procedures that included, among others, **procedures on evaluating the redemptions, as described above, reasonableness and existence of the redemption activity**, and recalculating the Company's share of the tax basis in the net assets of **LLC, as discussed above. LLC.** To test the Company's position that there is sufficient future taxable income to realize the tax benefits related to the redemptions discussed above, we evaluated the assumptions used by management to develop the projections of future taxable income. For example, we compared management's projections of future taxable income with the actual results of prior periods, as well as management's consideration of current industry and economic trends. We also recalculated the TRA liability and verified the calculation of the TRA liability was in accordance with the terms set out in the TRA.

Shake Shack Inc  Form 10-K | 79

Lease accounting

Description of the Matter

As discussed in Note 9 of the consolidated financial statements, domestic Company-operated Shacks are located on leased premises. As of December 28, 2022, the Company's right-of-use assets and lease liabilities are \$367 million and \$469 million, respectively.

Auditing management's accounting and presentation for leases was especially complex and challenging as the Company's accounting for the right-of-use asset, and the lease liability involved the compilation and review of the details associated with the population of non-uniform leases as well as the determination of the incremental borrowing rate and the evaluation of impairment of the right-of-use assets.

How We Addressed the Matter in Our Audit

We obtained an understanding, evaluated the design and tested the operating effectiveness of controls over the Company's process for determining the classification, valuation and completeness of the right-of-use asset and the lease liability. Such controls include management's review of the completeness of the population of leases and verification of the accuracy of the computation of the right-of-use asset and lease liability, including the determination of the incremental borrowing rate, and the evaluation of impairment of the right-of-use assets.


We tested the completeness of the lease population through the evidence obtained from inquiries of Company personnel and an assessment of leases on a location-by-location basis based upon our knowledge of the Company's openings of new Shake Shack restaurants for each location. For a sample of leases, we performed audit procedures that included, among others, testing the accuracy of the data used in the calculation of the right-of-use asset and the lease liability by agreeing the underlying inputs, such as possession date, lease term and payment terms, to source documents, such as lease contracts. We tested automated system controls over the computation and recording of right-of-use assets, lease liabilities, amortization, and interest. We recalculated the right-of-use asset and the lease liability and evaluated the key assumptions and methodologies used in the Company's selection of the incremental borrowing rate by developing a comparative calculation. We tested the Company's impairment assessment, by evaluating significant assumptions, including market rent assumptions, lease terms, and discount rate, used to estimate the fair value of right-of-use assets, and valuation methodologies used in the Company's models.

/s/ Ernst & Young LLP

We have served as the Company's auditor since 2014.

New York, New York

February 23, 2023 29, 2024

Shake Shack Inc.  Form 10-K | 80

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and the Board of Directors of Shake Shack Inc.

Opinion on Internal Control Over Financial Reporting

We have audited Shake Shack Inc.'s (the Company's) internal control over financial reporting as of December 28, 2022 December 27, 2023, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework), (the COSO criteria). In our opinion, because of the effect of the material weakness described below on the achievement of the objectives of the control criteria, Shake Shack Inc. (the Company) has not maintained in all material respects, effective internal control over financial reporting as of December 28, 2022 December 27, 2023, based on the COSO criteria.

A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis. The following material weakness has been identified and included in management's assessment. Management has identified a material weakness in internal controls over the calculation of state deferred taxes and the related income tax expense (benefit).

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of **December 28, 2022** **December 27, 2023** and **December 29, 2021** **December 28, 2022**, the related consolidated statements of **income (loss)**, comprehensive income (loss), **stockholders' stockholders'** equity and cash flows for each of the three years in the period ended **December 28, 2022** **December 27, 2023**, and the related notes and financial statement schedules listed in the Index at Item 15(a) (collectively referred to as the "consolidated financial statements") and our report dated **February 23, 2023** **February 29, 2024** expressed an unqualified opinion thereon. This material weakness was considered in determining the nature, timing and extent of audit tests applied in our audit of the 2023 consolidated financial statements, and this report does not affect our report dated February 29, 2024, which expressed an unqualified opinion thereon.

Basis for Opinion

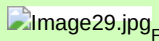
The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

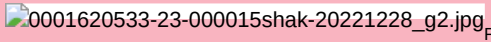
Shake Shack Inc  Form 10-K | 81

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Ernst & Young LLP

New York, New York

February **23, 2023**


Shake Shack Inc  Form 10-K | 81

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

	December 28 2022	December 29 2021
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 230,521	\$ 302,406
Marketable securities	80,707	80,000
Accounts receivable, net	13,877	13,657
Inventories	4,184	3,850
Prepaid expenses and other current assets	14,699	9,763
Total current assets	343,988	409,676
Property and equipment, net of accumulated depreciation of \$290,362 and \$222,768, respectively	467,031	389,386
Operating lease assets	367,488	347,277
Deferred income taxes, net	300,538	298,668
Other assets	15,817	12,563
TOTAL ASSETS	\$ 1,494,862	\$ 1,457,570
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 20,407	\$ 19,947
Accrued expenses	47,945	36,892
Accrued wages and related liabilities	17,576	14,638
Operating lease liabilities, current	42,238	35,519
Other current liabilities	19,552	14,501
Total current liabilities	147,718	121,497
Long-term debt	244,589	243,542
Long-term operating lease liabilities	427,227	400,113
Liabilities under tax receivable agreement, net of current portion	234,893	234,045
Other long-term liabilities	20,687	22,773
Total liabilities	1,075,114	1,021,970
Commitments and contingencies (Note 17)		
Stockholders' equity:		
Preferred stock, no par value—10,000,000 shares authorized; none issued and outstanding as of December 28, 2022 and December 29, 2021.	—	—
Class A common stock, \$0.001 par value—200,000,000 shares authorized; 39,284,998 and 39,142,397 shares issued and outstanding as of December 28, 2022 and December 29, 2021, respectively.	39	39
Class B common stock, \$0.001 par value—35,000,000 shares authorized; 2,869,513 and 2,921,587 shares issued and outstanding as of December 28, 2022 and December 29, 2021, respectively.	3	3
Additional paid-in capital	415,611	405,940
Retained earnings (accumulated deficit)	(20,537)	3,554
Accumulated other comprehensive income	—	1
Total stockholders' equity attributable to Shake Shack Inc.	395,116	409,537

Non-controlling interests	24,632	26,063
Total equity	419,748	435,600
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 1,494,862	\$ 1,457,570

See accompanying Notes to Consolidated Financial Statements. 29, 2024

Shake Shack Inc.  Form 10-K | 82

SHAKE SHACK INC.

CONSOLIDATED STATEMENTS OF LOSS BALANCE SHEETS

(in thousands, except share and per share amounts)

	Fiscal Year Ended		
	December 28 2022	December 29 2021	December 30 2020
Shack sales	\$ 869,270	\$ 714,989	\$ 506,339
Licensing revenue	31,216	24,904	16,528
TOTAL REVENUE	900,486	739,893	522,867
Shack-level operating expenses:			
Food and paper costs	261,584	218,262	153,335
Labor and related expenses	257,358	215,114	156,814
Other operating expenses	130,869	103,232	73,220
Occupancy and related expenses	68,508	59,228	51,592
General and administrative expenses	118,790	85,996	64,250
Depreciation and amortization expense	72,796	58,991	48,801
Pre-opening costs	15,050	13,291	8,580
Impairment and loss on disposal of assets	2,425	1,632	10,151
TOTAL EXPENSES	927,380	755,746	566,743
LOSS FROM OPERATIONS	(26,894)	(15,853)	(43,876)
Other income (expense), net	4,127	95	(786)
Interest expense	(1,518)	(1,577)	(815)
LOSS BEFORE INCOME TAXES	(24,285)	(17,335)	(45,477)
Income tax expense (benefit)	1,682	(7,224)	57
NET LOSS	(25,967)	(10,111)	(45,534)
Less: Net loss attributable to non-controlling interests	(1,876)	(1,456)	(3,376)
NET LOSS ATTRIBUTABLE TO SHAKE SHACK INC.	\$ (24,091)	\$ (8,655)	\$ (42,158)
Loss per share of Class A common stock:			
Basic	\$ (0.61)	\$ (0.22)	\$ (1.14)
Diluted	\$ (0.61)	\$ (0.22)	\$ (1.14)
Weighted average shares of Class A common stock outstanding:			
Basic	39,237	39,085	37,129

Diluted	39,237	39,085	37,129
---------	--------	--------	--------

			(As Restated)
	December 27		December 28
	2023		2022
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 224,653	\$	230,521
Marketable securities	68,561		80,707
Accounts receivable, net	16,847		13,877
Inventories	5,404		4,184
Prepaid expenses and other current assets	18,967		14,699
Total current assets	334,432		343,988
Property and equipment, net of accumulated depreciation of \$376,760 and \$290,362, respectively	530,995		467,031
Operating lease assets	398,296		367,488
Deferred income taxes, net	326,208		317,626
Other assets	15,926		15,817
TOTAL ASSETS	\$ 1,605,857	\$	1,511,950
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities:			
Accounts payable	\$ 22,273	\$	20,407
Accrued expenses	54,742		47,945
Accrued wages and related liabilities	20,945		17,576
Operating lease liabilities, current	49,004		42,238
Other current liabilities	17,103		19,552
Total current liabilities	164,067		147,718
Long-term debt	245,636		244,589
Long-term operating lease liabilities	464,533		427,227
Liabilities under tax receivable agreement, net of current portion	235,613		234,893
Other long-term liabilities	26,638		20,687
Total liabilities	1,136,487		1,075,114
Commitments and contingencies (Note 18)			
Stockholders' equity:			
Preferred stock, no par value—10,000,000 shares authorized; none issued and outstanding as of December 27, 2023 and December 28, 2022.	—		—
Class A common stock, \$0.001 par value—200,000,000 shares authorized; 39,474,315 and 39,284,998 shares issued and outstanding as of December 27, 2023 and December 28, 2022, respectively.	39		39
Class B common stock, \$0.001 par value—35,000,000 shares authorized; 2,834,513 and 2,869,513 shares issued and outstanding as of December 27, 2023 and December 28, 2022, respectively.	3		3
Additional paid-in capital	426,601		415,649
Retained earnings (accumulated deficit)	16,777		(3,487)
Accumulated other comprehensive loss	(3)		—
Total stockholders' equity attributable to Shake Shack Inc.	443,417		412,204
Non-controlling interests	25,953		24,632
Total equity	469,370		436,836
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 1,605,857	\$	1,511,950

SHAKE SHACK INC.**CONSOLIDATED STATEMENTS OF INCOME (LOSS)**

(in thousands, except per share amounts)

	Fiscal Year Ended		
	(As Restated)		(As Restated)
	December 27 2023	December 28 2022	December 29 2021
Shack sales	\$ 1,046,819	\$ 869,270	\$ 714,989
Licensing revenue	40,714	31,216	24,904
TOTAL REVENUE	1,087,533	900,486	739,893
Shack-level operating expenses:			
Food and paper costs	305,041	261,584	218,262
Labor and related expenses	304,254	257,358	215,114
Other operating expenses	149,449	129,650	102,032
Occupancy and related expenses	79,846	68,508	59,228
General and administrative expenses	129,542	120,009	87,196
Depreciation and amortization expense	91,242	72,796	58,991
Pre-opening costs	19,231	15,050	13,291
Impairment and loss on disposal of assets	3,007	2,425	1,632
TOTAL EXPENSES	1,081,612	927,380	755,746
INCOME (LOSS) FROM OPERATIONS	5,921	(26,894)	(15,853)
Other income, net	12,776	4,127	95
Interest expense	(1,717)	(1,518)	(1,577)
INCOME (LOSS) BEFORE INCOME TAXES	16,980	(24,285)	(17,335)
Income tax benefit	(4,010)	(1,180)	(11,318)
NET INCOME (LOSS)	20,990	(23,105)	(6,017)
Less: Net income (loss) attributable to non-controlling interests	726	(1,876)	(1,456)
NET INCOME (LOSS) ATTRIBUTABLE TO SHAKE SHACK INC.	\$ 20,264	\$ (21,229)	\$ (4,561)
Earnings (loss) per share of Class A common stock:			
Basic	\$ 0.51	\$ (0.54)	\$ (0.12)
Diluted	\$ 0.48	\$ (0.54)	\$ (0.12)
Weighted average shares of Class A common stock outstanding:			
Basic	39,419	39,237	39,085
Diluted	43,899	39,237	39,085

See accompanying Notes to Consolidated Financial Statements.

SHAKE SHACK INC.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE **LOSS** **INCOME (LOSS)**

(in thousands)

	Fiscal Year Ended		
	December 28 2022	December 29 2021	December 30 2020
Net loss	\$ (25,967)	\$ (10,111)	\$ (45,534)
Other comprehensive income (loss), net of tax ⁽¹⁾ :			
Change in foreign currency translation adjustment	(1)	(2)	1
OTHER COMPREHENSIVE INCOME (LOSS)	(1)	(2)	1
COMPREHENSIVE LOSS	(25,968)	(10,113)	(45,533)
Less: Comprehensive loss attributable to non-controlling interests	(1,876)	(1,456)	(3,376)
COMPREHENSIVE LOSS ATTRIBUTABLE TO SHAKE SHACK INC.	\$ (24,092)	\$ (8,657)	\$ (42,157)

	Fiscal Year Ended		
	December 27 2023	(As Restated) December 28 2022	(As Restated) December 29 2021
Net income (loss)	\$ 20,990	\$ (23,105)	\$ (6,017)
Other comprehensive loss, net of tax ⁽¹⁾ :			
Change in foreign currency translation adjustment	(3)	(1)	(2)
OTHER COMPREHENSIVE LOSS	(3)	(1)	(2)
COMPREHENSIVE INCOME (LOSS)	20,987	(23,106)	(6,019)
Less: Comprehensive income (loss) attributable to non-controlling interests	726	(1,876)	(1,456)
COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO SHAKE SHACK INC.	\$ 20,261	\$ (21,230)	\$ (4,563)

(1) Net of tax benefit of \$0 for fiscal years ended **December 28, 2022**, **December 27, 2023**, **December 29, 2021**, **December 28, 2022** and **December 30, 2020**, **December 29, 2021**.

See accompanying Notes to Consolidated Financial Statements.

SHAKE SHACK INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY


(in thousands, except share amounts)

	Class A		Class B		Additional Paid-In Capital	Retained Earnings	Accumulated	Non- Controlling Interest	Total Equity
	Common Stock		Common Stock				Other		
	Shares	Amount	Shares	Amount			Comprehensive Income (Loss)		
BALANCE DECEMBER 25, 2019	34,417,302	\$ 35	3,145,197	\$ 3	\$ 244,410	\$ 54,367	\$ 2	\$ 23,168	\$ 321,985
Net loss						(42,158)		(3,376)	(45,534)
Other comprehensive income:									
Net change in foreign currency translation adjustment							1		1
Equity-based compensation					5,600				5,600
Activity under stock compensation plans	456,942	1			5,909			305	6,215
Redemption of LLC interests	194,009	—	(194,009)	—	1,723			(1,723)	—
Establishment of liabilities under tax receivable agreement and related changes to deferred tax assets associated with increases in tax basis					1,707				1,707
Distributions paid to non-controlling interest holders								(478)	(478)
Issuance of Class A common stock sold in equity offerings, net of underwriting discounts, commissions and offering costs	3,649,537	3			135,718			9,276	144,997
BALANCE DECEMBER 30, 2020	38,717,790	39	2,951,188	3	395,067	12,209	3	27,172	434,493
Net loss						(8,655)		(1,456)	(10,111)
Other comprehensive income:									—
Net change in foreign currency translation adjustment							(2)		(2)
Equity-based compensation					8,803				8,803
Activity under stock compensation plans	395,006	—			1,829			1,348	3,177
Redemption of LLC interests	29,601	—	(29,601)	—	33			(33)	—
Establishment of liabilities under tax receivable agreement and related changes to deferred tax assets associated with increases in tax basis					208				208
Distributions paid to non-controlling interest holders								(968)	(968)
BALANCE DECEMBER 29, 2021	39,142,397	39	2,921,587	3	405,940	3,554	1	26,063	435,600
Net loss						(24,091)		(1,876)	(25,967)
Other comprehensive income:									
Net change in foreign currency translation adjustment							(1)		(1)
Equity-based compensation					13,518				13,518
Activity under stock compensation plans	90,527	—			(2,978)			1,168	(1,810)
Redemption of LLC interests	52,074	—	(52,074)	—	313			(313)	—
Establishment of liabilities under tax receivable agreement and related changes to deferred tax assets associated with increases in tax basis					(1,182)				(1,182)
Distributions paid to non-controlling interest holders								(410)	(410)
BALANCE DECEMBER 28, 2022	39,284,998	\$ 39	2,869,513	\$ 3	\$ 415,611	\$ (20,537)	\$ —	\$ 24,632	\$ 419,748

	Class A		Class B		Additional Paid-In Capital	Retained Earnings (Accumulated Deficit)	Accumulated		Non- Controlling Interest	Total Equity
	Common Stock		Common Stock				Other Comprehensive Income (Loss)			
	Shares	Amount	Shares	Amount						
BALANCE DECEMBER 30, 2020 (As Reported)	38,717,790	\$ 39	2,951,188	\$ 3	\$ 395,067	\$ 12,209	\$ 3	\$	27,172	\$ 434,493

Effect of restatement	—	—	—	—	—	10,094	—	—	10,094
BALANCE DECEMBER 30, 2020 (As Restated)	38,717,790	39	2,951,188	3	395,067	22,303	3	27,172	444,587
Net loss	—	—	—	—	—	(4,561)	—	(1,456)	(6,017)
Other comprehensive income:									
Net change in foreign currency translation adjustment	—	—	—	—	—	—	(2)	—	(2)
Equity-based compensation	—	—	—	—	8,803	—	—	—	8,803
Activity under stock compensation plan	395,006	—	—	—	1,829	—	—	1,348	3,177
Redemption of LLC interests	29,601	—	(29,601)	—	33	—	—	(33)	—
Establishment of liabilities under tax receivable agreement and related changes to deferred tax assets associated with increases in tax basis	—	—	—	—	225	—	—	—	225
Distributions paid to non-controlling interest holders	—	—	—	—	—	—	—	(968)	(968)
BALANCE DECEMBER 29, 2021 (As Restated)	39,142,397	39	2,921,587	3	405,957	17,742	1	26,063	449,805
Net loss	—	—	—	—	—	(21,229)	—	(1,876)	(23,105)
Other comprehensive income:									
Net change in foreign currency translation adjustment	—	—	—	—	—	—	(1)	—	(1)
Equity-based compensation	—	—	—	—	13,518	—	—	—	13,518
Activity under stock compensation plan	90,527	—	—	—	(2,978)	—	—	1,168	(1,810)
Redemption of LLC interests	52,074	—	(52,074)	—	313	—	—	(313)	—
Establishment of liabilities under tax receivable agreement and related changes to deferred tax assets associated with increases in tax basis	—	—	—	—	(1,161)	—	—	—	(1,161)
Distributions paid to non-controlling interest holders	—	—	—	—	—	—	—	(410)	(410)
BALANCE DECEMBER 28, 2022 (As Restated)	39,284,998	39	2,869,513	3	415,649	(3,487)	—	24,632	436,836
Net income	—	—	—	—	—	20,264	—	726	20,990
Other comprehensive income:									
Net change in foreign currency translation adjustment	—	—	—	—	—	—	(3)	—	(3)
Equity-based compensation	—	—	—	—	15,174	—	—	—	15,174
Activity under stock compensation plan	154,317	—	—	—	(3,271)	—	—	1,022	(2,249)
Redemption of LLC interests	35,000	—	(35,000)	—	265	—	—	(265)	—
Establishment of liabilities under tax receivable agreement and related changes to deferred tax assets associated with increases in tax basis	—	—	—	—	(1,216)	—	—	—	(1,216)
Distributions paid to non-controlling interest holders	—	—	—	—	—	—	—	(162)	(162)
BALANCE DECEMBER 27, 2023	39,474,315	\$ 39	2,834,513	\$ 3	\$ 426,601	\$ 16,777	\$ (3)	\$ 25,953	\$ 469,370

See accompanying Notes to Consolidated Financial Statements.

Shake Shack Inc.  Form 10-K | 85 86

SHAKE SHACK INC. CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands)

	Fiscal Year Ended		Fiscal Year Ended		
	(As		(As Restated)		
	Restated)		(As Restated)		
	December 27	December 27	December 28	December 29	
	2023	2023	2022	2021	
OPERATING ACTIVITIES					
Net income (loss) (including amounts attributable to non-controlling interests)					
Net income (loss) (including amounts attributable to non-controlling interests)					
Net income (loss) (including amounts attributable to non-controlling interests)					
Adjustments to reconcile net income (loss) to net cash provided by operating activities:					
Depreciation and amortization expense					
Depreciation and amortization expense					
Depreciation and amortization expense					
Amortization of debt issuance costs					
Amortization of cloud computing asset					
Non-cash operating lease cost					
Equity-based compensation					
Deferred income taxes					
Non-cash interest expense					
		Fiscal Year Ended			

	Accrued expenses			
	Accrued wages and related liabilities			
	Other current liabilities			
	Operating lease liabilities			
	Operating lease liabilities			
	Operating lease liabilities			
	Other long-term liabilities			
NET CASH PROVIDED BY OPERATING ACTIVITIES				
INVESTING ACTIVITIES				
	Purchases of property and equipment			
	Purchases of property and equipment			
	Purchases of property and equipment			
	Purchases of held-to-maturity securities			
	Maturities of held-to-maturity securities			
	Purchases of equity securities			
	Sales of equity securities			
NET CASH USED IN INVESTING ACTIVITIES				
FINANCING ACTIVITIES				
	Proceeds from issuance of convertible notes, net of discount			
	Proceeds from issuance of convertible notes, net of discount			
	Proceeds from issuance of convertible notes, net of discount			
	Depreciation and amortization expense	72,796	58,991	48,801
	Amortization of debt issuance costs	1,047	867	—

	Amortization of cloud computing asset	1,500	1,245	1,444
	Non-cash operating lease cost	58,801	50,888	44,910
Deferred financing costs				
	Equity-based compensation	13,326	8,703	5,560
	Deferred income taxes	(3,357)	(10,379)	(1,356)
	Non-cash interest expense	218	353	66
Deferred financing costs				
	(Gain) loss on sale of marketable securities	—	5	(79)
	Impairment and loss on disposal of assets	2,425	1,632	10,151
Deferred financing costs				
	Other non-cash expense (income)	(1)	(4)	1,937
	Unrealized loss on equity securities	158	277	59
Payments on principal of finance leases				
	Changes in operating assets and liabilities:			
	Accounts receivable	9,139	(4,193)	1,006
	Inventories	(334)	(962)	(667)
	Prepaid expenses and other current assets	(2,473)	4,913	(5,197)
	Other assets	(8,065)	(2,722)	(2,940)
	Accounts payable	3,541	(6,450)	4,626
	Accrued expenses	4,707	7,175	2,170
	Accrued wages and related liabilities	2,859	4,200	(1,010)
	Other current liabilities	8,541	(1,166)	1,752
	Operating lease liabilities	(61,364)	(43,417)	(33,724)
	Other long-term liabilities	(756)	(1,443)	5,375
NET CASH PROVIDED BY OPERATING ACTIVITIES		76,741	58,402	37,350
INVESTING ACTIVITIES				
	Purchases of property and equipment	(142,559)	(101,495)	(69,038)
	Purchases of marketable securities	(865)	(47,399)	(20,359)
	Sales of marketable securities	—	4,004	20,000

NET CASH USED IN INVESTING		(143,424)	(144,890)	(69,397)
ACTIVITIES				
FINANCING ACTIVITIES				
Proceeds from issuance of convertible notes, net of discount		—	243,750	—
Proceeds from Revolving Credit Facility		—	—	50,000
Payments on Revolving Credit Facility		—	—	(50,000)
Deferred financing costs		—	(169)	(64)
Proceeds from issuance of Class A common stock sold in equity offerings, net of underwriting discounts, commissions and offering costs		—	—	144,997
Payments on principal of finance leases				
Payments on principal of finance leases	Payments on principal of finance leases	(2,974)	(2,694)	(2,206)
Distributions paid to non-controlling interest holders	Distributions paid to non-controlling interest holders	(410)	(968)	(478)
Debt issuance costs	Debt issuance costs	—	(1,075)	—
Payments under tax receivable agreement		—	—	(6,643)
Debt issuance costs				
Debt issuance costs				
Net proceeds from stock option exercises				
Net proceeds from stock option exercises				
Net proceeds from stock option exercises	Net proceeds from stock option exercises	424	6,731	8,033
Employee withholding taxes related to net settled equity awards	Employee withholding taxes related to net settled equity awards	(2,242)	(3,554)	(1,818)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	(5,202)	242,021	141,821
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES				
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES				

Effect of exchange rate changes on cash and cash equivalents				
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(71,885)	155,533	109,774
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	302,406	146,873	37,099
CASH AND CASH EQUIVALENTS AT END OF PERIOD	CASH AND CASH EQUIVALENTS AT END OF PERIOD	\$ 230,521	\$ 302,406	\$ 146,873


Supplemental cash flow information and non-cash investing and financing activities are further described in the accompanying notes. See accompanying Notes to Consolidated Financial Statements.

SHAKE SHACK INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(in thousands, except share and per share amounts)

		Page
Note 1	Nature of Operations	88 89
Note 2	Summary of Significant Accounting Policies	88 89
Note 3	Revenue Restatement of Previously Issued Consolidated Financial Statements	94
Note 4	Fair Value Measurements Revenue	94 106
Note 5	Accounts Receivable Fair Value Measurements	95 108
Note 6	Accounts Receivable	109
Note 7	Property and Equipment	96 109
Note 7 8	Supplemental Balance Sheet Information	96
Note 8	Debt	97 109
Note 9	Leases Debt	99 110
Note 10	Employee Benefit Plans Leases	101 112
Note 11	Stockholders' Equity Employee Benefit Plans	101 114
Note 12	Non-Controlling Interests Stockholders' Equity	102 114
Note 13	Equity-Based Compensation Non-Controlling Interests	103 115
Note 14	Income Taxes Equity-Based Compensation	105 116
Note 15	Income Taxes	119
Note 16	Earnings (Loss) Per Share	109 123
Note 16 17	Supplemental Cash Flow Information	110 124
Note 17 18	Commitments and Contingencies	110 124
Note 18 19	Related Party Transactions	111 125
Note 19 20	Geographic Information	113 127

Shake Shack Inc.  Form 10-K | [87](#) [88](#)

NOTE 1: NATURE OF OPERATIONS

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 [December 28, 2022](#) [December 27, 2023](#) the Company owned [93.2%](#) [93.3%](#) 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 [December 28, 2022](#) [December 27, 2023](#), there were [436](#) [518](#) Shacks in operation, system-wide, of which [254](#) [295](#) were domestic Company-operated Shacks, [33](#) [39](#) were domestic licensed Shacks and [149](#) [184](#) were international licensed Shacks.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying Consolidated Financial Statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") and include the accounts of Shake Shack Inc. and its subsidiaries. All intercompany accounts and transactions have been eliminated in consolidation. Certain reclassifications have been made to prior period amounts to conform to the current year presentation.

The Company has elected to reclassify certain marketing expenses for prior periods to conform with the presentation for the fiscal year ended December 27, 2023. These reclassifications had no effect on previously reported Net Income (Loss). For the fiscal year ended December 28, 2022 and December 29, 2021, the Company reclassified \$1,219 and \$1,200, respectively from Other operating expenses to General and administrative expenses in the accompanying Consolidated Statements of Income (Loss).

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 December 28, 2022, December 27, 2023 and December 29, 2021, December 28, 2022, the net assets of SSE Holdings were \$362,571, \$388,250 and \$376,857, \$362,571, respectively. The assets of SSE Holdings are subject to certain restrictions in SSE Holdings' revolving credit agreement. Refer to Note 8, 9, Debt, and Note 14, 15, Income Taxes, for additional information.

Fiscal Year

The Company operates on a 52/53 week fiscal year ending on the last Wednesday of December. Fiscal year 2023 contained 52 weeks and ended on December 27, 2023 ("fiscal 2023"). Fiscal 2022 contained 52 weeks and ended on December 28, 2022 ("fiscal 2022"). Fiscal year 2021 contained 52 weeks and ended on December 29, 2021 ("fiscal 2021"). Fiscal year 2020 contained 53 weeks and ended on December 30, 2020 ("fiscal 2020"). Unless otherwise stated, references to years in this report relate to fiscal years.

Use of Estimates

The preparation of these 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.

Segment Reporting

The chief operating decision maker (the "CODM") is the Chief Executive Officer. The Company determined it has one operating segment and one reportable segment, as the CODM regularly reviews Shack operations and financial performance at a consolidated level to allocate resources.

Fair Value Measurements

The Company applies fair value accounting for all financial assets and liabilities and non-financial assets and liabilities that are recognized or disclosed at fair value in the financial statements on a recurring basis. Assets and liabilities are categorized based on the priority of the inputs to the valuation technique into a three-level

fair value hierarchy as set forth below.

- Level 1 — Quoted prices in active markets for identical assets or liabilities.
- Level 2 — Observable inputs other than quoted prices in active markets for identical assets or liabilities, quoted prices for identical assets or liabilities in inactive markets, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the asset or liability.
- Level 3 — Inputs that are both unobservable and significant to the overall fair value measurements reflecting an entity's estimates of assumptions that market participants would use in pricing the asset or liability.

Cash and Cash Equivalents

Cash and cash equivalents consist primarily of cash on hand, deposits with banks, money market funds and short-term, highly liquid investments that have original maturities of three months or less. Cash equivalents are stated at cost, which approximates fair value.

Marketable Securities

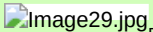
Marketable securities classified as available-for-sale securities consist of mutual funds that primarily invest in corporate bonds, certificates of deposits, asset-backed securities, commercial paper, U.S. Treasury obligations, and foreign government securities. Marketable Available-for-sale securities are recorded at fair value, with unrealized gains and losses recorded in Other income, (expense), net. Dividend and interest income are recognized when earned and are recorded in Other income, (expense), net on the Consolidated Statements of Loss. Income (Loss). Held-to-maturity securities consist of U.S. Treasuries for which the Company has the ability and intent to hold to maturity and are reported at amortized cost, net of a valuation allowance for credit losses. Interest income and the amortization of discounts and premiums are recorded in Other income, net on the Consolidated Statements of Income (Loss). No expected credit losses were recognized as of December 27, 2023.

Accounts Receivable, Net

Accounts receivable, net consist primarily of receivables from our licensees for licensing revenue and related reimbursements, credit card receivables and vendor rebates. The collectability of accounts receivable is evaluated based on a variety of factors, including historical experience, current economic conditions and other factors.

Inventories

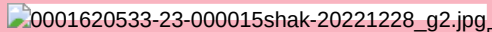
Inventories, which consist of food, paper goods, beverages, beer, wine and retail merchandise, are valued at the lower of weighted average cost or net realizable value. No adjustment is deemed necessary to reduce inventory to net realizable value due to the rapid turnover and high utilization of inventory.

Shake Shack Inc  Form 10-K | 90

Property and Equipment, Net

Property and equipment, net is stated at historical cost less accumulated depreciation. Property and equipment is are depreciated using the straight-line method over the estimated useful lives of the assets, which generally range from five to seven years for equipment, furniture and fixtures, and two to five years for computer equipment and software. Leasehold improvements are depreciated over the shorter of their estimated useful lives or the related lease terms.

Costs incurred when constructing Shacks are capitalized. The cost of repairs and maintenance are expensed when incurred. Costs for refurbishments and improvements that significantly increase the productive capacity or extend the useful life of the

Shake Shack Inc  Form 10-K | 89

assets are capitalized. When assets are disposed, the resulting gain or loss is recognized in Impairment and loss on disposal of assets on the Consolidated Statements of **Loss, Income (Loss)**.

Valuation of Long-lived Assets

The Company assesses potential impairments to **our its** long-lived assets, which include property and equipment and operating **and finance** lease right-of-use assets, whenever events or circumstances indicate that the carrying value of an asset may not be recoverable. **Recoverability of an asset** **The recoverability evaluation is measured by a comparison of first performed at the carrying value of the asset group to the estimated undiscounted future cash flows expected to be generated by the asset group.** **market service area level ("MSA").** If the carrying value of the **asset group MSA** exceeds its estimated undiscounted future cash flows, **an a secondary recoverability test is performed for all individual Shacks within the identified MSA.** An impairment charge is recognized **in the amount by which when the carrying value amount of the asset exceeds the fair value of the asset, considering external market participant assumptions, assumptions, and is allocated across all assets of the impaired Shack.** Since the determination of future cash flows is an estimate of future performance, there may be future impairments in the event that future cash flows do not meet expectations. Refer to Note **4, 5**, Fair Value Measurements, for additional information.

Deferred Financing Costs

Deferred financing costs incurred in connection with the issuance of long-term debt and establishing credit facilities are capitalized and amortized in Interest expense based on the related debt agreements. Deferred financing costs are included in Other assets on the Consolidated Balance Sheets.

Other Assets

Other assets consist primarily of capitalized implementation costs from cloud computing arrangements, certain custom pre-ordered furniture, fixtures and equipment for future and existing Shacks, transferable liquor licenses, and security deposits.

Implementation costs associated with cloud computing arrangements hosted by **third party third-party** vendors are capitalized when incurred during the application development phase. Amortization is calculated on a straight-line basis over the contractual term of the cloud computing arrangement and is recorded within General and administrative expenses on the Consolidated Statements of **Loss, Income (Loss)**. As of **December 28, 2022** **December 27, 2023** and **December 29, 2021** **December 28, 2022**, capitalized implementation costs from cloud computing arrangements totaled **\$6,212** **\$5,572** and **\$6,431**, **\$6,212**, respectively, net of accumulated amortization.

The costs of obtaining non-transferable liquor licenses that are directly issued by local government agencies for nominal fees are expensed as incurred. The costs of purchasing transferable liquor licenses through open markets in jurisdictions with a limited number of authorized liquor licenses are capitalized as indefinite-lived intangible assets. Annual liquor license renewal fees, for both types of licenses, are expensed over the renewal term. As of **December 28, 2022** **December 27, 2023** and **December 29, 2021** **December 28, 2022**, indefinite-lived intangible assets relating to transferable liquor licenses totaled **\$1,837** **\$1,903** and **\$1,461**, **\$1,837**, respectively. Indefinite-lived intangible assets are evaluated for impairment **at least** annually during the fourth quarter, and whenever events or circumstances indicate that an impairment may exist. When evaluating intangible assets for impairment, the Company first performs a qualitative assessment to determine whether it is more likely than not that an intangible asset group is impaired. If determined that it is more likely than not that the carrying value of the intangible asset group exceeds its fair value, the Company performs a quantitative assessment to derive the fair value of the intangible asset group. If the carrying value of the intangible asset group exceeds the estimated fair value, an impairment charge is recorded to reduce the carrying value to the estimated fair value. In addition, the Company continuously monitors and may revise the useful lives of intangible assets when facts and circumstances change.

Revenue Recognition

Revenue primarily consists of Shack sales and Licensing revenue. Generally, revenue is recognized as promised goods or services transfer to the guest or customer in an amount that reflects the consideration the Company expects to be entitled to in exchange for those goods or services.

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. satisfied at that time.** Sales tax collected from guests is excluded from Shack sales and the obligation is included as sales tax payable until the taxes are remitted to the appropriate taxing authorities. **Revenue from gift cards is deferred and recognized over time as redemptions occur.**

Delivery services are fulfilled by third-party delivery partners whether ordered through the Shack app, and website ("Company-owned platforms") or through third-party delivery partners. 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 partners is recognized when the order is transferred to the third-party delivery partner and excludes delivery fees collected by the delivery partner platforms 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 the 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 customer 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 fiscal 2023 and 2022 was \$327 and \$1,472, respectively. During fiscal 2022, the Company concluded it has had accumulated a sufficient level of historical data from a large pool of homogeneous transactions to allow it to reasonably and objectively determine an estimated gift card breakage rate and the pattern of actual gift card redemptions. Accordingly, the Company recognizes breakage income and reduces the related gift card liability for unredeemed gift cards in proportion to actual redemptions of gift cards. The Company will continue to review historical gift card redemption information at each reporting period to assess the continued appropriateness of the gift card breakage rate and pattern of redemption.

In accordance with ASC 250, Accounting Changes and Error Corrections, the Company concluded that this accounting change represented a change in accounting estimate. As a result, a cumulative catch-up adjustment was recorded during fiscal 2022 that resulted in \$1,281 of gift card breakage income. Inclusive of this cumulative catch-up, \$1,472 of gift card breakage income was recognized during fiscal 2022. Gift card breakage income is included in Shack sales in the Consolidated Statements of Loss. Income (Loss).

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 is comprised of the initial territory fee and an estimate of the total Shack opening fees the Company expects to be entitled to. The calculation of total Shack opening fees included in the transaction price requires judgment, as it is based on an 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, which occurs over a long-term period. satisfied. Revenue from sales-based royalties is recognized as the related sales occur.

Equity-based Compensation

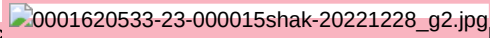
Equity-based compensation expense is measured based on the grant-date fair value of the awards. For awards with graded-vesting features and service conditions only, compensation expense is recognized on a straight-line basis over the total requisite

service period for the entire award. For awards with graded-vesting features and a combination of service and performance conditions, compensation expense is recognized using a graded-vesting attribution method over the vesting period based on the most probable outcome of the performance conditions. For awards with cliff vesting features and a combination of service and performance conditions, compensation expense is recognized on a straight-line basis over the total requisite service period for the entire award. Actual distributed shares are calculated upon conclusion of the service and performance periods. Forfeitures are recognized as they occur for all equity awards. Equity-based compensation expense is included in General and administrative expenses and Labor and related expenses on the Consolidated Statements of **Loss, Income (Loss)**.

Advertising

Most advertising costs are expensed as incurred, with the exception of advertising production costs, which are expensed at the time the advertising first takes place. Advertising costs **amounted to totaled \$12,437, \$12,376 \$5,677 and \$1,449 \$5,677** in fiscal 2023, fiscal 2022 and fiscal 2021, and fiscal 2020, respectively, and are included in General and administrative expense and Other operating expenses on the Consolidated Statements of **Loss**.

Shake Shack Inc



Form 10-K | 91

Income (Loss).

Leases

Shake Shack currently leases all of its domestic Company-operated Shacks, the home office and certain equipment under various non-cancelable lease agreements that expire on various dates through **2044, 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 **benefits 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, **and the Company has identified a lease, within the contract, and therefore** a right of use asset and lease liability are recorded on the 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.

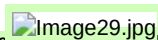
Generally, real estate leases have initial terms ranging from 10 to 15 years and typically include two five-year renewal options. Renewal options are generally not recognized as part of the right-of-use assets and lease liabilities as it is not reasonably certain at commencement date that the Company 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, term within the Consolidated Statements of Income (Loss) in the following line items**. Lease expense incurred before a Shack opens is recorded in Pre-opening **costs on the Consolidated Statements of Loss, costs**. Once a domestic Company-operated Shack opens, the straight-line lease expense and contingent rent, if applicable, are recorded in Occupancy and related **expenses on the Consolidated Statements of Loss, expenses**. Many of **the 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 on the Consolidated Statements of Loss, 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.

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, **is are** recognized as incurred. **For leases Leases with a lease term of 12 months or less ("short-term lease"), any fixed lease payments are recognized on a straight-line basis over such term, deemed short-term** and are not recognized on the 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.

Shake Shack Inc

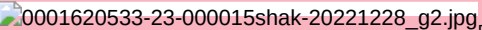


Form 10-K | 93

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, which are also reflected as a reduction to the initial measurement of the right-of-use and lease asset.

Pre-opening Costs

Pre-opening costs are expensed as incurred and consist primarily of occupancy, manager and team member wages, cookware, travel and lodging costs for the opening training team and other supporting team members, marketing expenses, legal fees, and inventory costs incurred prior to the opening of a Shack.

Shake Shack Inc  Form 10-K | 92

Income Taxes

Income taxes are accounted for pursuant to the asset and liability method which requires the recognition of deferred income tax assets and liabilities related to the expected future tax consequences arising from temporary differences between the carrying values and tax bases of assets and liabilities based on enacted statutory tax rates applicable to the periods in which the temporary differences are expected to reverse. Any effects of changes in income tax rates or laws are included in Income tax expense on the Consolidated Statements of Loss Income (Loss) in the period of enactment. A valuation allowance is recognized if we determine it is more likely than not that all or a portion of a deferred tax asset will not be recognized. In making such determination, the Company considers all available evidence, including scheduled reversals of deferred tax liabilities, projected future taxable income, tax planning strategies and recent and expected future results of operations.

Recently Adopted Issued Accounting Pronouncements

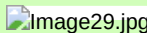
Accounting Standards Updates standards updates ("ASU") adopted applicable to the Company that were issued in fiscal 2022 2023 are summarized below.

ASU	Description	Effective Date Adopted
Reference Rate Reform Segment Reporting (Topic 848) 280): Deferral Improvements to Reportable Segment Disclosures (ASU 2023-07)	This ASU requires that an entity report segment information in accordance with Topic 280, Segment Reporting. The amendment in the ASU is intended to improve reportable segment disclosure requirements after December 15, 2023 primarily through enhanced disclosures about significant segment expenses. Early adoption is permitted. The adoption of this standard is not expected to have a material impact to our consolidated financial statements.	This amendment updates the sunset date of the reference rate relief guidance during the transition period for the discontinuation of the UK Financial Conduct Authority (FCA) publishing of the LIBOR rate which originally was announced to be December 31, 2021 but was deferred to June 30, 2023. Topic 848 now has a new sunset date of December 31, 2024.
Income Taxes (Topic 740): Improvements to Income Tax Disclosures (ASU 2023-09)	This ASU requires that an entity, on an annual basis, disclose additional income tax information, primarily related to the Sunset Date rate reconciliation and income taxes paid. The amendment in the ASU is intended to enhance the transparency and decision usefulness of Topic 848 income tax disclosures. Early adoption is permitted. The Company is currently evaluating the impact this standard will have on our consolidated financial statements and related disclosures.	December 21, 2022 Fiscal years beginning after December 15, 2024

Recently Issued Accounting Pronouncements
The Company reviewed all recently issued accounting pronouncements and concluded that they were but not yet effective are not applicable or not expected to have a significant material impact on the Company's future Consolidated Financial Statements.

NOTE 3: RESTATEMENT OF PREVIOUSLY ISSUED CONSOLIDATED FINANCIAL STATEMENTS

In connection with the preparation of the Company's Consolidated Financial Statements as of and for the fiscal year ended December 27, 2023, the Company discovered that in prior years it had not appropriately accounted for the deferred tax asset associated with its investment in SSE Holdings, primarily due to incorrect accounting for state tax depreciation. The error resulted in an overstatement of income tax expense of approximately \$2,862 for the fiscal year ended December 28, 2022 and an understatement of income tax benefit of \$4,094 for the fiscal year ended December 29, 2021 and deferred tax assets were

Shake Shack Inc  Form 10-K | 94

understated for the impacted periods. The error also resulted in an understatement of retained earnings and deferred tax assets as of December 26, 2020 of approximately \$10,094 related to prior periods. The error did not impact total revenue or loss before income taxes for the fiscal years ended December 28, 2022 and December 29, 2021.

The misstatements were material to the previously issued financial statements of the Company and as a result, the Company has restated its Consolidated Balance Sheets, Consolidated Statements of Loss, Consolidated Statements of Comprehensive Loss, Consolidated Statements of Stockholder's Equity, and Consolidated Statements of Cash Flows as of and for the fiscal years ended December 28, 2022 and December 29, 2021 presented herein. The restatement includes adjustments to Deferred income taxes, net, Additional paid-in capital, Retained earnings (accumulated deficit), Income tax expense (benefit), Net income (loss), Net income (loss) attributable to Shake Shack Inc., and Earnings (loss) per share.

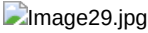
The impact of the correction of the misstatements is summarized below:

	As of December 28, 2022	As of December 29, 2021

	As previously reported			Impact of Adjustment			As previously reported			Impact of Adjustment			As Restated		
CORRECTED CONSOLIDATED BALANCE SHEETS													As Restated		
Deferred income taxes, net	\$	300,538	\$	17,088	\$	317,626	\$	298,668	\$	14,205	\$	312,873			
Total assets		1,494,862		17,088		1,511,950		1,457,570		14,205		1,471,775			
Additional paid-in capital		415,611		38		415,649		405,940		17		405,957			
Retained earnings (accumulated deficit)		(20,537)		17,050		(3,487)		3,554		14,188		17,742			
Total equity		419,748		17,088		436,836		435,600		14,205		449,805			
Total liabilities and stockholders' equity		1,494,862		17,088		1,511,950		1,457,570		14,205		1,471,775			

	For the Fiscal Year Ended December 28, 2022						For the Fiscal Year Ended December 29, 2021					
	As previously reported		Impact of Adjustment		As Restated		As previously reported		Impact of Adjustment		As Restated	
CORRECTED CONSOLIDATED STATEMENTS OF LOSS												
Income tax expense (benefit)	\$	1,682	\$	(2,862)	\$	(1,180)	\$	(7,224)	\$	(4,094)	\$	(11,318)
Net loss		(25,967)		2,862		(23,105)		(10,111)		4,094		(6,017)
Net loss attributable to Shake Shack Inc.		(24,091)		2,862		(21,229)		(8,655)		4,094		(4,561)
Loss per share of Class A common stock:												
Basic	\$	(0.61)	\$	0.07	\$	(0.54)	\$	(0.22)	\$	0.10	\$	(0.12)
Diluted	\$	(0.61)	\$	0.07	\$	(0.54)	\$	(0.22)	\$	0.10	\$	(0.12)

	For the Fiscal Year Ended December 28, 2022				For the Fiscal Year Ended December 29, 2021		
CORRECTED CONSOLIDATED STATEMENTS OF CASH FLOWS	As previously reported	Impact of Adjustment	As Restated	As previously reported	Impact of Adjustment	As Restated	
Net income (loss) (including amounts attributable to non-controlling interests)	\$ (25,967)	\$ 2,862	\$ (23,105)	\$ (10,111)	\$ 4,094	\$ (6,017)	
Deferred income taxes	(3,357)	(1,657)	(5,014)	(10,379)	(4,094)	(14,473)	
Accrued expenses	4,707	(1,205)	3,502	7,175	—	7,175	
Net cash provided by Operating activities	76,742	—	76,742	58,404	—	58,404	

Shake Shack Inc.  Form 10-K | 93 95


CORRECTED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY	Additional Paid-In Capital						Retained Earnings (Accumulated Deficit)
	As previously reported	Impact of Adjustment	As Restated	As previously reported	Impact of Adjustment	As Restated	
BALANCE AT DECEMBER 30, 2020	\$ 395,067	\$ —	\$ 395,067	\$ 12,209	\$ 10,094	\$ 22,303	
Net loss	—	—	—	(8,655)	4,094	(4,561)	
Establishment of liabilities under tax receivable agreement and related changes to deferred tax assets associated with increases in tax basis	208	17	225	—	—	—	
BALANCE AT DECEMBER 29, 2021	405,940	17	405,957	3,554	14,188	17,742	
Net loss	—	—	—	(24,091)	2,862	(21,229)	

Establishment of liabilities under tax receivable agreement and related changes to deferred tax assets associated with increases in tax basis	(1,182)	21	(1,161)	—	—	—
BALANCE AT DECEMBER 28, 2022	\$ 415,611	\$ 38	\$ 415,649	\$ (20,537)	\$ 17,050	\$ (3,487)

All referenced amounts for prior periods in these financial statements and the notes herein reflect the balances and amounts on a restated basis.


Restatement of Interim Financial Information (Unaudited)

The Company has restated its unaudited Condensed Consolidated Balance Sheets and Condensed Consolidated Statements of Stockholder's Equity for the quarterly periods ended March 30, 2022, June 29, 2022, September 28, 2022, March 29, 2023, June 28, 2023 and September 27, 2023. The Condensed Consolidated Statements of Income (Loss) and Condensed Consolidated Statements of Cash Flows for the periods ended March 30, 2022, June 29, 2022, September 28, 2022, March 29, 2023, June 28, 2023 and September 27, 2023 were not impacted by the misstatement.

Shake Shack Inc  Form 10-K | 96

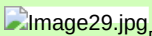
CORRECTED CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)	As of March 29, 2023			As of March 30, 2022		
	As previously reported	Impact of Adjustment	As Restated	As previously reported	Impact of Adjustment	As Restated
ASSETS						
Current assets:						
Cash and cash equivalents	\$ 293,430	\$ —	\$ 293,430	\$ 279,251	\$ —	\$ 279,251
Marketable securities	—	—	—	79,676	—	79,676
Accounts receivable, net	14,175	—	14,175	11,755	—	11,755
Inventories	4,394	—	4,394	3,780	—	3,780
Prepaid expenses and other current assets	18,075	—	18,075	12,155	—	12,155
Total current assets	330,074	—	330,074	386,617	—	386,617
Property and equipment, net of accumulated depreciation of \$310,939 and \$236,933, respectively	479,617	—	479,617	398,971	—	398,971
Operating lease assets	379,475	—	379,475	346,128	—	346,128
Deferred income taxes, net	301,538	17,088	318,626	304,166	14,205	318,371
Other assets	16,211	—	16,211	13,846	—	13,846
TOTAL ASSETS	\$ 1,506,915	\$ 17,088	\$ 1,524,003	\$ 1,449,728	\$ 14,205	\$ 1,463,933
LIABILITIES AND STOCKHOLDERS' EQUITY						
Current liabilities:						
Accounts payable	\$ 16,002	\$ —	\$ 16,002	\$ 13,395	\$ —	\$ 13,395
Accrued expenses	45,677	—	45,677	38,997	—	38,997
Accrued wages and related liabilities	18,678	—	18,678	16,032	—	16,032
Operating lease liabilities, current	44,578	—	44,578	36,951	—	36,951
Other current liabilities	18,117	—	18,117	20,586	—	20,586
Total current liabilities	143,052	—	143,052	125,961	—	125,961
Long-term debt	244,851	—	244,851	243,804	—	243,804
Long-term operating lease liabilities	441,554	—	441,554	399,487	—	399,487
Liabilities under tax receivable agreement, net of current portion	235,361	—	235,361	234,273	—	234,273

Other long-term liabilities	22,192	—	22,192	20,944	—	20,944
Total liabilities	1,087,010	—	1,087,010	1,024,469	—	1,024,469
Commitments and contingencies						
Stockholders' equity:						
Preferred stock, no par value—10,000,000 shares authorized; none issued and outstanding as of March 29, 2023 and March 30, 2022.	—	—	—	—	—	—
Class A common stock, \$0.001 par value—200,000,000 shares authorized; 39,404,905 and 39,218,290 shares issued and outstanding as of March 29, 2023 and March 30, 2022, respectively.	39	—	39	39	—	39
Class B common stock, \$0.001 par value—35,000,000 shares authorized; 2,844,513 and 2,911,587 shares issued and outstanding as of March 29, 2023 and March 30, 2022, respectively.	3	—	3	3	—	3
Additional paid-in capital	417,451	38	417,489	406,981	17	406,998
Retained earnings (accumulated deficit)	(22,071)	17,050	(5,021)	(6,608)	14,188	7,580
Accumulated other comprehensive loss	(4)	—	(4)	—	—	—
Total stockholders' equity attributable to Shake Shack Inc.	395,418	17,088	412,506	400,415	14,205	414,620
Non-controlling interests	24,487	—	24,487	24,844	—	24,844
Total equity	419,905	17,088	436,993	425,259	14,205	439,464
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 1,506,915	\$ 17,088	\$ 1,524,003	\$ 1,449,728	\$ 14,205	\$ 1,463,933

Shake Shack Inc  Form 10-K | 97

CORRECTED CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)	As of June 28, 2023			As of June 29, 2022		
	As previously reported	Impact of Adjustment	As Restated	As previously reported	Impact of Adjustment	As Restated
ASSETS						
Current assets:						
Cash and cash equivalents	\$ 203,697	\$ —	\$ 203,697	\$ 278,332	\$ —	\$ 278,332
Marketable securities	91,537	—	91,537	79,625	—	79,625
Accounts receivable, net	14,332	—	14,332	11,936	—	11,936
Inventories	4,674	—	4,674	3,955	—	3,955
Prepaid expenses and other current assets	15,278	—	15,278	13,727	—	13,727
Total current assets	329,518	—	329,518	387,575	—	387,575
Property and equipment, net of accumulated depreciation of \$331,571 and \$254,291, respectively	500,085	—	500,085	411,018	—	411,018
Operating lease assets	385,386	—	385,386	361,522	—	361,522
Deferred income taxes, net	302,025	17,088	319,113	305,230	14,205	319,435
Other assets	15,802	—	15,802	14,735	—	14,735
TOTAL ASSETS	\$ 1,532,816	\$ 17,088	\$ 1,549,904	\$ 1,480,080	\$ 14,205	\$ 1,494,285
LIABILITIES AND STOCKHOLDERS' EQUITY						
Current liabilities:						

Accounts payable	\$ 17,005	\$ —	\$ 17,005	\$ 16,420	\$ —	\$ 16,420
Accrued expenses	50,588	—	50,588	40,013	—	40,013
Accrued wages and related liabilities	18,221	—	18,221	18,440	—	18,440
Operating lease liabilities, current	46,490	—	46,490	38,775	—	38,775
Other current liabilities	17,881	—	17,881	20,261	—	20,261
Total current liabilities	150,185	—	150,185	133,909	—	133,909
Long-term debt	245,113	—	245,113	244,066	—	244,066
Long-term operating lease liabilities	448,580	—	448,580	418,010	—	418,010
Liabilities under tax receivable agreement, net of current portion	235,361	—	235,361	234,862	—	234,862
Other long-term liabilities	22,218	—	22,218	21,597	—	21,597
Total liabilities	1,101,457	—	1,101,457	1,052,444	—	1,052,444
Commitments and contingencies						
Stockholders' equity:						
Preferred stock, no par value—10,000,000 shares authorized; none issued and outstanding as of June 28, 2023 and June 29, 2022.	—	—	—	—	—	—
Class A common stock, \$0.001 par value—200,000,000 shares authorized; 39,449,246 and 39,266,670 shares issued and outstanding as of June 28, 2023 and June 29, 2022, respectively.	39	—	39	39	—	39
Class B common stock, \$0.001 par value—35,000,000 shares authorized; 2,844,513 and 2,871,513 shares issued and outstanding as of June 28, 2023 and June 29, 2022, respectively.	3	—	3	3	—	3
Additional paid-in capital	421,356	38	421,394	410,520	17	410,537
Retained earnings (accumulated deficit)	(15,123)	17,050	1,927	(7,796)	14,188	6,392
Accumulated other comprehensive loss	(4)	—	(4)	(1)	—	(1)
Total stockholders' equity attributable to Shake Shack Inc.	406,271	17,088	423,359	402,765	14,205	416,970
Non-controlling interests	25,088	—	25,088	24,871	—	24,871
Total equity	431,359	17,088	448,447	427,636	14,205	441,841
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 1,532,816	\$ 17,088	\$ 1,549,904	\$ 1,480,080	\$ 14,205	\$ 1,494,285

Shake Shack Inc  Form 10-K | 98

CORRECTED CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)	As of September 27, 2023			As of September 28, 2022		
	As previously reported	Impact of Adjustment	As Restated	As previously reported	Impact of Adjustment	As Restated
ASSETS						
Current assets:						
Cash and cash equivalents	\$ 190,020	\$ —	\$ 190,020	\$ 256,998	\$ —	\$ 256,998
Marketable securities	94,957	—	94,957	80,015	—	80,015
Accounts receivable, net	13,889	—	13,889	11,800	—	11,800
Inventories	4,608	—	4,608	3,996	—	3,996
Prepaid expenses and other current assets	19,762	—	19,762	14,246	—	14,246

Total current assets	323,236	—	323,236	367,055	—	367,055
Property and equipment, net of accumulated depreciation of \$353,303 and \$271,938, respectively	525,557	—	525,557	441,870	—	441,870
Operating lease assets	397,870	—	397,870	370,536	—	370,536
Deferred income taxes, net	302,156	17,088	319,244	306,976	14,205	321,181
Other assets	16,037	—	16,037	15,330	—	15,330
TOTAL ASSETS	\$ 1,564,856	\$ 17,088	\$ 1,581,944	\$ 1,501,767	\$ 14,205	\$ 1,515,972
LIABILITIES AND STOCKHOLDERS' EQUITY						
Current liabilities:						
Accounts payable	\$ 21,251	\$ —	\$ 21,251	\$ 17,210	\$ —	\$ 17,210
Accrued expenses	47,630	—	47,630	49,387	—	49,387
Accrued wages and related liabilities	18,164	—	18,164	17,758	—	17,758
Operating lease liabilities, current	47,610	—	47,610	40,690	—	40,690
Other current liabilities	17,522	—	17,522	19,497	—	19,497
Total current liabilities	152,177	—	152,177	144,542	—	144,542
Long-term debt	245,375	—	245,375	244,328	—	244,328
Long-term operating lease liabilities	463,370	—	463,370	429,165	—	429,165
Liabilities under tax receivable agreement, net of current portion	235,614	—	235,614	234,892	—	234,892
Other long-term liabilities	26,322	—	26,322	20,588	—	20,588
Total liabilities	1,122,858	—	1,122,858	1,073,515	—	1,073,515
Commitments and contingencies						
Stockholders' equity:						
Preferred stock, no par value—10,000,000 shares authorized; none issued and outstanding as of September 27, 2023 and September 28, 2022.	—	—	—	—	—	—
Class A common stock, \$0.001 par value—200,000,000 shares authorized; 39,466,268 and 39,279,699 shares issued and outstanding as of September 27, 2023 and September 28, 2022, respectively.	39	—	39	39	—	39
Class B common stock, \$0.001 par value—35,000,000 shares authorized; 2,834,513 and 2,869,513 shares issued and outstanding as of September 27, 2023 and September 28, 2022, respectively.	3	—	3	3	—	3
Additional paid-in capital	423,811	38	423,849	413,274	17	413,291
Retained earnings (accumulated deficit)	(7,496)	17,050	9,554	(9,820)	14,188	4,368
Accumulated other comprehensive loss	(3)	—	(3)	(1)	—	(1)
Total stockholders' equity attributable to Shake Shack Inc.	416,354	17,088	433,442	403,495	14,205	417,700
Non-controlling interests	25,644	—	25,644	24,757	—	24,757
Total equity	441,998	17,088	459,086	428,252	14,205	442,457
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 1,564,856	\$ 17,088	\$ 1,581,944	\$ 1,501,767	\$ 14,205	\$ 1,515,972

	Thirteen Weeks Ended	
	March 29 2023	March 30 2022
CONDENSED CONSOLIDATED STATEMENTS OF LOSS (UNAUDITED)		
Shack sales	\$ 244,254	\$ 196,791
Licensing revenue	9,024	6,600
TOTAL REVENUE	253,278	203,391
Shack-level operating expenses:		
Food and paper costs	71,772	59,884
Labor and related expenses	74,264	60,465
Other operating expenses	34,936	30,171
Occupancy and related expenses	18,583	16,276
General and administrative expenses	31,311	31,386
Depreciation and amortization expense	21,322	16,855
Pre-opening costs	3,557	2,712
Impairment and loss on disposal of assets	722	577
TOTAL EXPENSES	256,467	218,326
LOSS FROM OPERATIONS	(3,189)	(14,935)
Other income (expense), net	2,837	(289)
Interest expense	(403)	(355)
LOSS BEFORE INCOME TAXES	(755)	(15,579)
Income tax expense (benefit)	867	(4,297)
NET LOSS	(1,622)	(11,282)
Less: Net loss attributable to non-controlling interests	(88)	(1,120)
NET LOSS ATTRIBUTABLE TO SHAKE SHACK INC.	\$ (1,534)	\$ (10,162)
Loss per share of Class A common stock:		
Basic	\$ (0.04)	\$ (0.26)
Diluted	\$ (0.04)	\$ (0.26)
Weighted average shares of Class A common stock outstanding:		
Basic	39,332	39,163
Diluted	39,332	39,163

	Thirteen Weeks Ended	
	June 28 2023	June 29 2022
CONDENSED CONSOLIDATED STATEMENTS OF INCOME (LOSS) (UNAUDITED)		
Shack sales	\$ 261,810	\$ 223,054
Licensing revenue	9,995	7,698
TOTAL REVENUE	271,805	230,752
Shack-level operating expenses:		

Food and paper costs	75,800	65,987
Labor and related expenses	75,158	65,851
Other operating expenses	36,109	32,151
Occupancy and related expenses	19,801	16,657
General and administrative expenses	31,476	29,487
Depreciation and amortization expense	22,252	18,087
Pre-opening costs	5,577	2,823
Impairment and loss on disposal of assets	884	528
TOTAL EXPENSES	267,057	231,571
INCOME (LOSS) FROM OPERATIONS	4,748	(819)
Other income, net	3,227	538
Interest expense	(405)	(315)
INCOME (LOSS) BEFORE INCOME TAXES	7,570	(596)
Income tax expense	347	707
NET INCOME (LOSS)	7,223	(1,303)
Less: Net income (loss) attributable to non-controlling interests	275	(115)
NET INCOME (LOSS) ATTRIBUTABLE TO SHAKE SHACK INC.	\$ 6,948	\$ (1,188)
Earnings (loss) per share of Class A common stock:		
Basic	\$ 0.18	\$ (0.03)
Diluted	\$ 0.16	\$ (0.03)
Weighted average shares of Class A common stock outstanding:		
Basic	39,416	39,227
Diluted	43,886	39,227

	Thirteen Weeks Ended	
	September 27 2023	September 28 2022
CONDENSED CONSOLIDATED STATEMENTS OF INCOME (LOSS) (UNAUDITED)		
Shack sales	\$ 264,980	\$ 219,501
Licensing revenue	11,227	8,313
TOTAL REVENUE	276,207	227,814
Shack-level operating expenses:		
Food and paper costs	77,180	67,774
Labor and related expenses	76,233	64,638
Other operating expenses	37,307	33,680
Occupancy and related expenses	20,300	17,337
General and administrative expenses	30,939	26,931
Depreciation and amortization expense	23,130	18,647

Pre-opening costs	4,969	3,041
Impairment and loss on disposal of assets	492	592
TOTAL EXPENSES	270,550	232,640
INCOME (LOSS) FROM OPERATIONS	5,657	(4,826)
Other income, net	3,441	1,482
Interest expense	(433)	(475)
INCOME (LOSS) BEFORE INCOME TAXES	8,665	(3,819)
Income tax expense (benefit)	529	(1,508)
NET INCOME (LOSS)	8,136	(2,311)
Less: Net income (loss) attributable to non-controlling interests	509	(287)
NET INCOME (LOSS) ATTRIBUTABLE TO SHAKE SHACK INC.	\$ 7,627	\$ (2,024)
Earnings (loss) per share of Class A common stock:		
Basic	\$ 0.19	\$ (0.05)
Diluted	\$ 0.19	\$ (0.05)
Weighted average shares of Class A common stock outstanding:		
Basic	39,460	39,274
Diluted	43,978	39,274

Shake Shack Inc  Form 10-K | 102

CORRECTED CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (UNAUDITED)	For the Thirteen Weeks Ended March 30, 2022									
	Class A		Class B		Additional Paid-In Capital	Retained Earnings (Accumulated deficit)	Accumulated Other Comprehensive Income (Loss)	Non- Controlling Interest	Total Equity	
	Shares	Amount	Shares	Amount						
BALANCE DECEMBER 29, 2021 (As Reported)	39,142,397	\$ 39	2,921,587	\$ 3	\$ 405,940	\$ 3,554	\$ 1	\$ 26,063	\$	435,600
Effect of restatement	—	—	—	—	17	14,188	—	—		14,205
BALANCE DECEMBER 29, 2021 (As Restated)	39,142,397	39	2,921,587	3	405,957	17,742	1	26,063		449,805
Net loss	—	—	—	—	—	(10,162)	—	(1,120)		(11,282)
Other comprehensive income:										
Net change in foreign currency translation adjustment	—	—	—	—	—	—	(1)	—		(1)
Equity-based compensation	—	—	—	—	3,224	—	—	—		3,224
Activity under stock compensation plan	65,893	—	—	—	(2,276)	—	—	252		(2,024)
Redemption of LLC interests	10,000	—	(10,000)	—	49	—	—	(49)		—
Establishment of liabilities under tax receivable agreement and related changes to deferred tax assets associated with increases in tax basis	—	—	—	—	44	—	—	—		44
Distributions paid to non-controlling interest holders	—	—	—	—	—	—	—	(302)		(302)
BALANCE MARCH 30, 2022 (As Restated)	39,218,290	\$ 39	2,911,587	\$ 3	\$ 406,998	\$ 7,580	\$ —	\$ 24,844	\$	439,464

For the thirteen weeks ended June 29, 2022 and September 28, 2022, the effect of the restatement is included in the beginning balances as of March 30, 2022 and June 29, 2022, respectively. As such, only the restated Condensed Consolidated Statements of Stockholders' Equity are shown below.

	For the Thirteen Weeks Ended June 29, 2022										
CORRECTED CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (UNAUDITED)	Class A		Class B		Additional Paid-In Capital	Retained Earnings (Accumulated deficit)	Accumulated Other Comprehensive Income (Loss)	Non- Controlling Interest	Total Equity		
	Common Stock		Common Stock								
	Shares	Amount	Shares	Amount							
BALANCE MARCH 30, 2022 (As Restated)	39,218,290	\$ 39	2,911,587	\$ 3	\$ 406,998	\$ 7,580	\$ —	\$ 24,844	\$ 439,464		
Net loss	—	—	—	—	—	(1,188)	—	(115)	(1,303)		
Other comprehensive income:											
Net change in foreign currency translation adjustment	—	—	—	—	—	—	(1)	—	(1)		
Equity-based compensation	—	—	—	—	3,501	—	—	—	3,501		
Activity under stock compensation plan	8,306	—	—	—	(332)	—	—	421	89		
Redemption of LLC interests	40,074	—	(40,074)	—	257	—	—	(257)	—		
Establishment of liabilities under tax receivable agreement and related changes to deferred tax assets associated with increases in tax basis	—	—	—	—	113	—	—	—	113		
Distributions paid to non-controlling interest holders	—	—	—	—	—	—	—	(22)	(22)		
BALANCE JUNE 29, 2022 (As Restated)	39,266,670	\$ 39	2,871,513	\$ 3	\$ 410,537	\$ 6,392	\$ (1)	\$ 24,871	\$ 441,841		

Shake Shack Inc  Form 10-K | 103

CORRECTED CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (UNAUDITED)	For the Thirteen Weeks Ended September 28, 2022										
	Class A		Class B		Additional Paid-In Capital	Retained Earnings (Accumulated deficit)	Accumulated Other Comprehensive Income (Loss)	Non- Controlling Interest	Total Equity		
	Common Stock		Common Stock								
	Shares	Amount	Shares	Amount							
BALANCE JUNE 29, 2022 (As Restated)	39,266,670	\$ 39	2,871,513	\$ 3	\$ 410,537	\$ 6,392	\$ (1)	\$ 24,871	\$ 441,841		
Net loss	—	—	—	—	—	(2,024)	—	(287)	(2,311)		
Other comprehensive income:											
Net change in foreign currency translation adjustment	—	—	—	—	—	—	—	—	—		
Equity-based compensation	—	—	—	—	3,570	—	—	—	3,570		
Activity under stock compensation plan	11,029	—	—	—	(182)	—	—	245	63		
Redemption of LLC interests	2,000	—	(2,000)	—	7	—	—	(7)	—		
Establishment of liabilities under tax receivable agreement and related changes to deferred tax assets associated with increases in tax basis	—	—	—	—	(641)	—	—	—	(641)		
Distributions paid to non-controlling interest holders	—	—	—	—	—	—	—	(65)	(65)		
BALANCE SEPTEMBER 28, 2022 (As Restated)	39,279,699	\$ 39	2,869,513	\$ 3	\$ 413,291	\$ 4,368	\$ (1)	\$ 24,757	\$ 442,457		

For the Thirteen Weeks Ended March 29, 2023										
CORRECTED CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (UNAUDITED)	Class A		Class B		Additional Paid-In Capital	Retained Earnings (Accumulated deficit)	Accumulated Other Comprehensive Income (Loss)	Non- Controlling Interest	Total Equity	
	Common Stock		Common Stock							
	Shares	Amount	Shares	Amount						
BALANCE DECEMBER 28, 2022 (As Reported)	39,284,998	\$ 39	2,869,513	\$ 3	\$ 415,611	\$ (20,537)	\$ —	\$ 24,632	\$ 419,748	
Effect of restatement	—	—	—	—	38	17,050	—	—	17,088	
BALANCE DECEMBER 28, 2022 (As Restated)	39,284,998	39	2,869,513	3	415,649	(3,487)	—	24,632	436,836	
Net loss	—	—	—	—	—	(1,534)	—	(88)	(1,622)	
Other comprehensive loss:										
Net change in foreign currency translation adjustment	—	—	—	—	—	—	(4)	—	(4)	
Equity-based compensation	—	—	—	—	3,864	—	—	—	3,864	
Activity under stock compensation plan	94,907	—	—	—	(2,699)	—	—	186	(2,513)	
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	—	—	—	—	481	—	—	—	481	
Distributions paid to non-controlling interest holders	—	—	—	—	—	—	—	(49)	(49)	
BALANCE MARCH 29, 2023 (As Restated)	39,404,905	\$ 39	2,844,513	\$ 3	\$ 417,489	\$ (5,021)	\$ (4)	\$ 24,487	\$ 436,993	

For the thirteen weeks ended June 28, 2023 and September 27, 2023, the effect of the restatement is included in the beginning balances as of March 29, 2023 and June 28, 2023, respectively. As such, only the restated Condensed Consolidated Statements of Stockholders' Equity are shown below.

CORRECTED CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (UNAUDITED)	For the Thirteen Weeks Ended June 28, 2023									
	Class A		Class B		Additional Paid-In Capital	Retained Earnings (Accumulated deficit)	Accumulated Other Comprehensive Income (Loss)	Non- Controlling Interest	Total	Equity
	Common Stock		Common Stock							
	Shares	Amount	Shares	Amount						
BALANCE MARCH 29, 2023										
(As Restated)	39,404,905	\$ 39	2,844,513	\$ 3	\$ 417,489	\$ (5,021)	\$ (4)	\$ 24,487	\$	436,993
Net income	—	—	—	—	—	6,948	—	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 plan	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)
BALANCE JUNE 28, 2023 (As Restated)	39,449,246	\$	39		2,844,513	\$	3	\$	421,394	\$	1,927	\$	(4)	\$	25,088	\$	448,447

CORRECTED CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (UNAUDITED)	For the Thirteen Weeks Ended September 27, 2023									
	Class A		Class B		Additional Paid-In Capital	Retained Earnings (Accumulated deficit)	Accumulated Other Comprehensive Income (Loss)	Non- Controlling Interest	Total Equity	
	Common Stock		Common Stock							
	Shares	Amount	Shares	Amount						
BALANCE JUNE 28, 2023 (As Restated)	39,449,246	\$ 39	2,844,513	\$ 3	\$ 421,394	\$ 1,927	\$ (4)	\$ 25,088	\$ 448,447	
Net income	—	—	—	—	—	7,627	—	509	8,136	
Other comprehensive income:										
Net change in foreign currency translation adjustment	—	—	—	—	—	—	1	—	1	
Equity-based compensation	—	—	—	—	3,563	—	—	—	3,563	
Activity under stock compensation plan	7,022	—	—	—	(469)	—	—	197	(272)	
Redemption of LLC interests	10,000	—	(10,000)	—	71	—	—	(71)	—	
Establishment of liabilities under tax receivable agreement and related changes to deferred tax assets associated with increases in tax basis	—	—	—	—	(710)	—	—	—	(710)	
Distributions paid to non-controlling interest holders	—	—	—	—	—	—	—	(79)	(79)	
BALANCE SEPTEMBER 27, 2023 (As Restated)	39,466,268	\$ 39	2,834,513	\$ 3	\$ 423,849	\$ 9,554	\$ (3)	\$ 25,644	\$ 459,086	

NOTE 3:4: REVENUE

Revenue Recognition

Revenue disaggregated by type was as follows:

		2022	2021	2020
2023		2023	2022	2021
Shack sales	Shack sales	\$869,270	\$714,989	\$506,339
Licensing revenue:	Licensing revenue:			
Sales-based royalties	Sales-based royalties	30,204	24,150	15,773
Sales-based royalties				

Sales-based royalties				
Initial territory and opening fees	Initial territory and opening fees			
		1,012	754	755
Total revenue	Total revenue	\$900,486	\$739,893	\$522,867

The aggregate amount of the transaction price allocated to performance obligations that were unsatisfied or partially unsatisfied as of December 28, 2022 December 27, 2023 was \$20,721, \$23,690. The Company expects to recognize this amount as revenue over a long-term period, as the license term for each Shack ranges from 5 to 20 years. This amount excludes any variable consideration related to sales-based royalties.

Shake Shack Inc  Form 10-K | 106

Contract Balances

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

		December 28, 2022	December 29, 2021		
		December 27, 2023		December 27, 2023	December 28, 2022
Shack sales receivables	Shack sales receivables	\$ 8,779	\$ 6,939		
Licensing receivables, net of allowance for doubtful accounts	Licensing receivables, net of allowance for doubtful accounts	3,918	4,005		
Gift card liability	Gift card liability	2,285	3,297		
Deferred revenue, current	Deferred revenue, current	969	763		
Deferred revenue, long-term	Deferred revenue, long-term	14,340	12,669		

Revenue recognized during fiscal 2022 and fiscal 2021 that was included in the respective liability balances at the beginning of the period were was as follows:

2022	2021		
2023		2023	2022

Gift card	Gift card		
liability ⁽¹⁾	liability ⁽¹⁾	\$ 1,781	\$ 456
Deferred revenue	Deferred revenue	954	716

(1) For fiscal 2022, amount includes the cumulative catch-up adjustment that resulted in of \$1,281 of for gift card breakage income. Refer to Note 2, Summary of Significant Accounting Policies, for additional information.

NOTE 4:5: FAIR VALUE MEASUREMENTS

Assets and Liabilities Measured at Fair Value on a Recurring Basis

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

As of December 28, 2022 and December 29, 2021, the Company held certain assets that are required to be measured at fair value on a recurring basis including MarketableThe Company's marketable securities which consist of investments in equity securities.

Assets measured at fair value on a recurring basis were as follows:

	Fair Value Measurements	
	December 28	December 29
	2022	2021
	Level 1	Level 1
Equity securities:		
Mutual funds	\$ 80,707	\$ 80,000
Total Marketable securities	\$ 80,707	\$ 80,000

	December 27	December 28
	2023	2022
Equity securities	\$ —	\$ 80,707
Held-to-maturity securities	68,561	—
Total marketable securities	\$ 68,561	\$ 80,707

The Company classified its available-for-sale and held-to-maturity securities as Level 1 measurements within the fair value hierarchy. Refer to Note 8, 9, Debt, for additional information relating to the fair value of the Company's outstanding debt instruments.

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

	December 27, 2023			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
U.S. Treasuries	\$ 68,561	\$ 481	\$ —	\$ 69,042

As of December 27, 2023, the contractual maturities of held-to-maturity securities were less than 12 months. Any expected credit losses would not be material to the Consolidated Statements of Income (Loss).

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

2023	2023	2022	2021	2020
Income from investments				
	2022	2021	2020	
Equity securities:				
Dividend income	\$ 1,033	\$ 301	\$ 359	
Realized gain (loss) on sale of investments	—	(5)	79	
Unrealized loss on equity securities	(158)	(277)	(59)	
Realized gain (loss) on sale of equity securities				
Realized gain (loss) on sale of equity securities				
Realized gain (loss) on sale of equity securities				
Unrealized loss on equity securities				
Total Total	\$ 875	\$ 19	\$ 379	

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. No impairment charges were recognized during fiscal 2023. During fourth quarter of fiscal 2022, the Company recognized an impairment charge of \$99 related to one Shack. There were no impairment charges recognized during fiscal 2021. During fiscal 2020, the Company recognized an impairment charge of \$7,644 related to two Shacks and the home office which was primarily attributed to operating lease right-of-use assets. These impairment charges were included in Impairment and loss on disposal of assets on the Consolidated Statement Statements of Loss. Income (Loss). There were no impairment charges recognized during fiscal 2021. The fair values of assets were determined using an income-based approach and are classified as Level 3 within the fair value hierarchy. Significant inputs include projections of future cash flows, discount rates, Shack sales and profitability.

NOTE 5:6: ACCOUNTS RECEIVABLE, NET

The components of Accounts receivable, net were as follows:

December 27 2023		December 27 2023		December 28 2022	
		December 28 2022		December 29 2021	
Licensing receivables					
Licensing receivables					
Licensing receivables	Licensing receivables	\$ 3,918	\$ 4,005		
Credit card receivables	Credit card receivables	5,549	4,091		
Delivery receivables	Delivery receivables	2,753	2,553		
Other receivables	Other receivables	1,657	3,008		
Accounts receivable, net	Accounts receivable, net	\$ 13,877	\$ 13,657		
Accounts receivable, net					
Accounts receivable, net					

NOTE 6:7: PROPERTY AND EQUIPMENT, NET

The components of Property and equipment, net were as follows:

		December 28 2022	December 29 2021
December 27 2023		December 27 2023	December 28 2022
Leasehold improvements	Leasehold improvements	\$ 494,212	\$ 413,893
Equipment	Equipment	77,737	68,682
Furniture and fixtures	Furniture and fixtures	27,519	23,735
Computer equipment and software	Computer equipment and software	70,667	44,821
Financing equipment lease right-of-use assets	Financing equipment lease right-of-use assets	16,155	13,741
Construction in progress	Construction in progress	71,103	47,282
Property and equipment, gross	Property and equipment, gross	757,393	612,154
Less: accumulated depreciation	Less: accumulated depreciation	(290,362)	(222,768)
Property and equipment, net	Property and equipment, net	\$ 467,031	\$ 389,386

Depreciation expense was \$91,216, \$72,770 \$58,961 and \$48,801 \$58,961 for fiscal 2023, fiscal 2022 and fiscal 2021, and fiscal 2020, respectively.

NOTE 7:8: SUPPLEMENTAL BALANCE SHEET INFORMATION

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

	December 27 2023	December 28 2022
Prepaid expenses	\$ 5,641	\$ 3,815
Tenant allowance receivables	12,136	10,121
Other	1,190	763
Prepaid expenses and other current assets	\$ 18,967	\$ 14,699

The components of Other current liabilities were as follows:

		December 28 2022	December 29 2021
December 27 2023		December 27 2023	December 28 2022
Sales tax payable	Sales tax payable	\$ 5,363	\$ 4,575
Current portion of financing equipment lease liabilities			
Current portion of financing equipment lease liabilities			
Current portion of financing equipment lease liabilities			
Gift card liability	Gift card liability	2,285	3,297
Current portion of financing equipment lease liabilities		2,546	2,711
Legal Reserve		6,285	533
Legal reserve			
Other	Other	3,073	3,385
Other current liabilities	Other current liabilities	\$ 19,552	\$ 14,501

The components of Other long-term liabilities were as follows:

		December 28 2022	December 29 2021
December 27 2023		December 27 2023	December 28 2022
Deferred licensing revenue	Deferred licensing revenue	\$ 14,340	\$ 12,669
Long-term portion of financing equipment lease liabilities	Long-term portion of financing equipment lease liabilities	3,909	4,303
Other	Other	2,438	5,801

Other	Other
long-term	long-term
liabilities	liabilities
	\$ 20,687 \$ 22,773

NOTE 8:9: DEBT

The components of Long-term debt were as follows:

	December 28		December 29	
	2022		2021	
2021 Convertible Notes	\$	250,000	\$	250,000
Discount and debt issuance costs, net of amortization		(5,411)		(6,458)
Total Long-term debt	\$	244,589	\$	243,542

Convertible Notes

In March 2021, the Company issued The Company's \$250,000 aggregate principal amount of 0% Convertible Senior Notes due 2028 ("Convertible Notes") in a private placement to qualified institutional buyers pursuant to Rule 144A under the Securities Act of 1933. The 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 \$205,000 and \$162,500, respectively, as of December 27, 2023 and December 28, 2022, 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.

The Company may not redeem the Convertible Notes prior to March 6, 2025. The Company may redeem for cash all or any portion of the Convertible Notes, at the Company's option, on or after March 6, 2025 if the last reported sale price of Class A common stock has been at least 130% of the conversion price then in effect for at least 20 trading days (whether or not consecutive) during any 30 consecutive trading day period (including the last trading day of such period) ending on, and including, the trading day immediately preceding the date on which the Company provides notice of redemption at a redemption price equal to 100% of the principal amount of the Convertible Notes to be redeemed, plus accrued and unpaid special interest, if any, to, but excluding, the redemption date.

In addition, if Shake Shack undergoes a fundamental change (as defined in the indenture governing the Convertible Notes), subject to certain conditions, holders may require it to repurchase for cash all or any portion of their Convertible Notes at a repurchase price equal to 100% of the principal amount of the Convertible Notes to be repurchased, plus accrued and unpaid special interest, if any, to, but excluding, the fundamental change repurchase date. In addition, following certain corporate events that occur prior to the maturity date of the Convertible Notes or if the Company delivers a notice of redemption in respect of some

or all of the Convertible Notes, the Company will, in certain circumstances, increase the conversion rate of the Convertible Notes for a holder who elects to convert the Convertible Notes in connection with such a corporate event or convert the Convertible Notes called (or deemed called) for redemption during the related redemption period, as the case may be.

Contemporaneously with the issuance of the Convertible Notes, Shake Shack Inc. entered into an intercompany note with SSE Holdings ("Intercompany Note"). SSE Holdings promises to pay Shake Shack Inc., for value received, the principal amount with interest of the Intercompany Note in March 2028. Shake Shack Inc. will exercise its right to convert the Intercompany Note to maintain at all times a one-to-one ratio between the number of common units, directly or indirectly, held by Shake Shack Inc. and the aggregate number of outstanding shares of common stock.

Total amortization expense was \$1,047 and \$867, respectively, for fiscal 2022 and fiscal 2021, and was included in Interest expense in the Consolidated Statements of Loss. In connection with the issuance of the Convertible Notes, the Company also incurred consulting and advisory fees of \$231 during fiscal 2021 and was included in General and administrative expenses in the Consolidated Statements of Loss. No amounts for consulting and advisory fees were incurred during fiscal 2022.

		December 27		December 28	
		2023		2022	
Classification					
Amortization expense on Convertible Notes	Interest expense	\$	1,047	\$	1,047

The fair value of the Convertible Notes was approximately \$162,500 and \$206,018, respectively, as of December 28, 2022 and December 29, 2021, 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.

		December 27		December 28	
		2023		2022	
Convertible Notes		\$	250,000	\$	250,000
Discount and debt issuance costs, net of amortization			(4,364)		(5,411)
Long-term debt		\$	245,636	\$	244,589

Revolving Credit Facility

The Company maintains a revolving credit facility agreement ("Revolving Credit Facility") which permits borrowings up to \$50 million and issuance of letters of credit upon \$50,000 with the Company's request of ability to increase available borrowings up to \$15 million an additional \$100,000, subject to satisfaction of certain

conditions. The Revolving Credit Facility has a maturity date of March 5, 2026.

In fiscal 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 depending on the net lease adjusted leverage ratio. As of December 28, 2022 December 27, 2023 and December 29, 2021 December 28, 2022, no amounts were outstanding under the Revolving Credit Facility.

In August 2022, the Company entered into an irrevocable standby letter of credit to secure The obligations under the workers' compensation insurance coverage in the amount of \$1,260, which expires in July 2023 and renews automatically for one-year periods. As of December 28, 2022, the Company maintained \$1,863 of letters of credit in connection with the Revolving Credit Facility. The Company maintained a letter of credit of \$603 in connection with the Revolving Credit Facility as are secured by a first-priority security interest in substantially all of December 29, 2021.

As the assets of December 28, 2022, SSE Holdings and the guarantors. The obligations under the Revolving Credit Facility had unamortized deferred financing costs are guaranteed by each of \$62 which were included in Other assets on the Consolidated Balance Sheets. Total interest expense related to the Revolving Credit Facility was \$82, \$479 SSE Holdings' direct and \$531, respectively, for fiscal 2022, fiscal 2021 and fiscal 2020. Interest expense for fiscal 2021 primarily included the write-off of previously capitalized costs on the Revolving Credit Facility.

indirect subsidiaries, with certain exceptions. The Revolving Credit Facility requires the Company to comply

Shake Shack Inc  Form 10-K | 111

with maximum net lease adjusted leverage and minimum fixed charge coverage ratios, as well as other customary affirmative and negative covenants. As of December 28, 2022 December 27, 2023, 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 December 27, 2023 and December 28, 2022, the Company had outstanding letters of credit of \$3,147 and \$1,863, respectively, in connection with the Revolving Credit Facility.

		December 27		December 28		December 29	
Classification		2023		2022		2021 ⁽¹⁾	
Interest expense on Revolving Credit Facility	Interest expense	\$	74	\$	82	\$	479

(1) Interest expense for fiscal 2021 primarily included the write-off of previously capitalized costs on the Revolving Credit Facility.

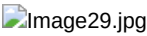
		December 27		December 28	
Classification		2023		2022	
Unamortized deferred financing costs on Revolving Credit Facility	Other assets	\$	42	\$	62

NOTE 10: LEASES

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

		December 27		December 28	
Classification		2023		2022	
Operating leases	Operating lease assets	\$	398,296	\$	367,488
Finance leases	Property and equipment, net		11,801		6,152
Total right-of-use assets		\$	410,097	\$	373,640
Operating leases:					
	Operating lease liabilities, current	\$	49,004	\$	42,238

	Long-term operating lease liabilities	464,533	427,227
Finance leases:			
	Other current liabilities	3,435	2,546
	Other long-term liabilities	8,721	3,909
Total lease liabilities		\$ 525,693	\$ 475,920

Shake Shack Inc.  Form 10-K | 98112

NOTE 9: LEASES

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

	Classification	December 28 2022	December 29 2021
Operating leases	Operating lease assets	\$ 367,488	\$ 347,277
Finance leases	Property and equipment, net	6,152	6,810
Total right-of-use assets		\$ 373,640	\$ 354,087
Operating leases:			
	Operating lease liabilities, current	\$ 42,238	\$ 35,519
	Long-term operating lease liabilities	427,227	400,113
Finance leases:			
	Other current liabilities	2,546	2,711
	Other long-term liabilities	3,909	4,303
Total lease liabilities		\$ 475,920	\$ 442,646

The components of lease expense were as follows:

	Classification	December 28 2022	December 29 2021	December 30 2020
Operating lease cost	Occupancy and related expenses	\$ 58,788	\$ 50,888	\$ 44,910
	Pre-opening costs			
	General and administrative expenses			
Finance lease cost:	Finance lease cost:			
	Amortization of right-of-use assets	3,071	2,719	2,257
	Depreciation and amortization expense			

	Interest on lease liabilities	Interest expense	226	207	213
	Amortization of right-of-use assets				
	Amortization of right-of-use assets				
	Amortization of right-of-use assets				
	Interest on lease liabilities				
Variable lease cost	Variable lease cost	Occupancy and related expenses	15,311	13,019	13,766
		Pre-opening costs			
		General and administrative expenses			
Short-term lease cost	Short-term lease cost	Occupancy and related expenses	580	290	494
Total lease cost	Total lease cost		\$ 77,976	\$ 67,123	\$ 61,640

As of December 28, 2022 December 27, 2023, future minimum lease payments for operating and finance leases consisted of the following:

		Operating Leases	Finance Leases
2023 ⁽¹⁾		\$ 56,360	\$ 2,756
2024		72,245	2,014
	Operating Leases	Operating Leases	
2024 ⁽¹⁾			Finance Leases
2025	2025	71,340	1,069
2026	2026	67,643	513
2027	2027	63,167	289
2028			
Thereafter	Thereafter	262,804	195

Total minimum payments	Total minimum payments	593,559	6,836
Less: imputed interest	Less: imputed interest	134,355	459
Total lease liabilities	Total lease liabilities	\$ 459,204	\$ 6,377

(1) Operating leases are net of certain tenant allowance receivables that were reclassified to Other current assets as of **December 28, 2022** **December 27, 2023**.

As of **December 28, 2022** **December 27, 2023** the Company had additional operating lease commitments of **\$160,464** **\$154,198** for non-cancelable leases without a possession date, which **begin to** commence in **2023, 2024 or later**. These lease commitments are **materially** consistent with the leases that have been executed thus far.

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

		December			
		December 28	29		
		2022	2021		
		December 27		December 27	December 28
		2023		2023	2022
Weighted average remaining lease term (years):	Weighted average remaining lease term (years):				
	Operating leases	8.9	9.5		
	Finance leases	5.1	5.4		
	Operating leases				
	Operating leases				
	Operating leases			8.9	8.9
	Finance leases				
	Finance leases			4.7	5.1
Weighted average discount rate:	Weighted average discount rate:				
	Operating leases	5.7 %	3.9 %		
	Finance leases	4.0 %	3.1 %		
	Operating leases				
	Operating leases				
	Operating leases			6.2 %	5.7 %

	Financing			
	cash			
	flows			
	from			
	finance			
	leases			
Right-of-use assets				
obtained in exchange for lease obligations:	Right-of-use assets obtained in exchange for lease obligations:			
	Operating leases	56,578	66,959	59,969
	Finance leases	2,415	4,119	2,298
	Operating leases			
	Operating leases			
	Operating leases			
	Finance leases			
	leases			

NOTE 10: 11: EMPLOYEE BENEFIT PLANS

Defined Contribution Plan

Team members are eligible to participate in a defined contribution savings plan maintained by Shake Shack. The plan is funded by participant and employer contributions. Employer contributions are paid directly to the third party third-party trustee and are at the Company's discretion. Employer contributions are based on matching a portion of certain participants' contributions. The Company matches 100% of certain participants' contributions for the first 3% of eligible compensation contributed and 50% of contributions made in excess of 3% of eligible compensation up to 5% of eligible compensation. Employer contributions totaled \$1,888, \$1,553 \$1,337 and \$895, \$1,337, respectively, for fiscal 2022, 2023, fiscal 2021 2022 and fiscal 2020, 2021.

NOTE 11: 12: STOCKHOLDERS' EQUITY

Redemptions of LLC Interests

The SSE Holdings LLC Agreement provides that holders of LLC Interests may, 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 receives a corresponding number of LLC Interests, increasing its total ownership interest in SSE Holdings. Simultaneously, and in connection with a redemption, the corresponding number of shares of Class B common stock are surrendered and cancelled.

A summary of activity related to redemptions of LLC Interests were as follows:

2023	2023	2022	2021
------	------	------	------

Redemption and acquisition of LLC Interests				
Number of LLC Interests redeemed by non-controlling interest holders				
Number of LLC Interests redeemed by non-controlling interest holders				
Number of LLC Interests redeemed by non-controlling interest holders				
	2022	2021	2020	
Redemption and acquisition of LLC Interests				
Number of LLC Interests redeemed by non-controlling interest holders				
Number of LLC Interests received by Shake Shack Inc.	52,074	29,601	194,009	
Number of LLC Interests received by Shake Shack Inc.				

Number of LLC Interests received by Shake Shack Inc.	
Number of LLC Interests received by Shake Shack Inc.	

Issuance of Class A common stock	Issuance of Class A common stock				
	Shares of Class A common stock issued in connection with redemptions of LLC Interests	52,074	29,601	194,009	
	Shares of Class A common stock issued in connection with redemptions of LLC Interests				
	Shares of Class A common stock issued in connection with redemptions of LLC Interests				

Shares of Class A common stock issued in connection with redemptions of LLC Interests	
Cancellation of Class B common stock	Cancellation of Class B common stock
Cancellation of Class B common stock	
Cancellation of Class B common stock	
Shares of Class B common stock surrendered and cancelled	
Shares of Class B common stock surrendered and cancelled	
Shares of Class B common stock surrendered and cancelled	
Shares of Class B common stock surrendered and cancelled	
Shares of Class B common stock surrendered and cancelled	

Shares of Class B common stock surrendered and cancelled				
Shares of Class B common stock surrendered and cancelled	52,074	29,601	194,009	

Stock Compensation Plan Activity

The Company received an aggregate of 154,317, 90,527 395,006 and 456,942 395,006 LLC Interests in connection with the activity under the stock compensation plan during fiscal 2023, fiscal 2022 and fiscal 2021, and fiscal 2020, respectively.

Dividend Restrictions

Shake Shack Inc. is a holding company with no direct operations. As a result, its ability to pay cash dividends on its common stock, if any, is dependent upon cash dividends, distributions or other transfers from SSE Holdings. The amounts available to pay cash dividends are subject to certain covenants and restrictions set forth in the Revolving Credit Facility. As of December 28, 2022 December 27, 2023, essentially all of the net assets of SSE Holdings were restricted.

NOTE 12: 13: 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 in SSE Holdings 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 LLC Interests may, 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.

		2022				2021						
		LLC Ownership Interests		%	LLC Ownership Interests		%					
		2023						2023		2022		
						LLC Ownership Interests		%	LLC Ownership Interests		%	
Number of LLC Interests held by Shake Shack Inc.	Number of LLC Interests held by Shake Shack Inc.	39,284,998	93.2 %	39,142,397	93.1 %	Shack Inc.	39,474,315	93.3	93.3 %	39,284,998	93.2	93.2 %
Number of LLC Interests held by non-controlling interest holders	Number of LLC Interests held by non-controlling interest holders	2,869,513	6.8 %	2,921,587	6.9 %	holders	2,834,513	6.7	6.7 %	2,869,513	6.8	6.8 %
Total LLC Interests outstanding	Total LLC Interests outstanding	42,154,511	100.0 %	42,063,984	100.0 %	outstanding	42,308,828	100.0	100.0 %	42,154,511	100.0	100.0 %

During fiscal 2022, an aggregate of 52,074 LLC Interests were redeemed by the non-controlling interest holders for newly-issued shares of Class A common stock, and the Company received 52,074 LLC Interests, increasing its total ownership interest in SSE Holdings to 93.2%.

During fiscal 2021, an aggregate of 29,601 LLC Interests were redeemed by the non-controlling interest holders for newly-issued shares of Class A common stock, and the Company received 29,601 LLC Interests, increasing its total ownership interest in SSE Holdings to 93.1%.

Net income (loss) attributable to Shake Shack Inc.				
Other comprehensive income (loss):	Other comprehensive income (loss):			
	Unrealized holding loss on foreign currency translation adjustment			
	Unrealized holding gain (loss) on foreign currency translation adjustment	(1)	(2)	1
	Unrealized holding loss on foreign currency translation adjustment			
	Unrealized holding loss on foreign currency translation adjustment			
Transfers (to) from non- controlling interests:	Transfers (to) from non- controlling interests:			
	Increase in additional paid-in capital as a result of the redemption of LLC Interests			
	Increase in additional paid-in capital as a result of the redemption of LLC Interests	313	33	1,723

	Increase in additional paid-in capital as a result of the redemption of LLC Interests			
	Increase (decrease) in additional paid-in capital as a result of stock option exercises and the related income tax effect	(2,978)	1,829	5,909
	Increase in additional paid-in-capital as a result of the issuance of Class A common stock sold in equity offerings	—	—	135,718
Total effect of changes in ownership interest on equity attributable to Shake Shack Inc.				
		\$ (26,757)	\$ (6,795)	\$ 101,193
	Increase in additional paid-in capital as a result of the redemption of LLC Interests			
	Increase (decrease) in additional paid-in capital as a result of activity under stock compensation plan			



Increase
(decrease) in
additional
paid-in capital
as a result of
activity under
stock
compensation
plan
Increase
(decrease) in
additional
paid-in capital
as a result of
activity under
stock
compensation
plan

**Total effect of changes in
ownership interest on equity
(loss) attributable to Shake
Shack Inc.**

**Total effect of changes in
ownership interest on equity
(loss) attributable to Shake
Shack Inc.**

**Total effect of changes in
ownership interest on equity
(loss) attributable to Shake
Shack Inc.**

The Company received an aggregate of 90,527, 395,006 and 456,942 following table summarizes the LLC Interests in connection with the activity under the stock activity:

	2023	2022	2021
LLC Interests activity under the Company's stock compensation plan			
Number of LLC Interests received by Shake Shack Inc.	154,317	90,527	395,006
Redemption and acquisition of LLC Interests			
Number of LLC Interests redeemed by non-controlling interest holders	35,000	52,074	29,601
Number of LLC Interests received by Shake Shack Inc.	35,000	52,074	29,601
Issuance of Class A common stock			
Shares of Class A common stock issued in connection with redemptions of LLC Interests	35,000	52,074	29,601
Cancellation of Class B common stock			
Shares of Class B common stock surrendered and canceled	35,000	52,074	29,601

NOTE 14: EQUITY-BASED COMPENSATION


A summary of equity-based compensation plan during fiscal 2022, fiscal 2021 and fiscal 2020, respectively expense by award type was as follows:

	2023	2022	2021
Stock options	\$ —	\$ —	\$ 3
Performance stock units	3,149	4,199	3,471

Restricted stock units		11,739		9,127		5,229
Equity-based compensation expense	\$	14,888	\$	13,326	\$	8,703
Total income tax benefit recognized related to equity-based compensation	\$	391	\$	302	\$	223

Equity-based compensation expense recognized was as follows:

		2023		2022		2021
General and administrative expenses	\$	13,587	\$	12,305	\$	7,907
Labor and related expenses		1,301		1,021		796
Equity-based compensation expense	\$	14,888	\$	13,326	\$	8,703

Shake Shack Inc.  Form 10-K | 102 116

NOTE 13: EQUITY-BASED COMPENSATION

A summary of equity-based compensation expense recognized was as follows:

		2022		2021		2020
Stock options	\$	—	\$	3	\$	322
Performance stock units		4,199		3,471		1,309
Restricted stock units		9,127		5,229		3,929
Equity-based compensation expense	\$	13,326	\$	8,703	\$	5,560
Total income tax benefit recognized related to equity-based compensation	\$	302	\$	223	\$	204

Equity-based compensation expense was as follows:

		2022		2021		2020
General and administrative expenses	\$	12,305	\$	7,907	\$	5,039
Labor and related expenses		1,021		796		521
Equity-based compensation expense	\$	13,326	\$	8,703	\$	5,560

The Company capitalized \$286, \$192 \$100 and \$40 \$100 of equity-based compensation expense associated with the construction cost of our Shacks and certain digital and technology projects, during fiscal 2023, fiscal 2022 and fiscal 2021, respectively.

Restricted Stock Units

In January 2015, the Company adopted the 2015 Incentive Award Plan (the "2015 Plan") under which it may grant up to 5,865,522 restricted stock units and other equity-based awards to team members, directors and officers. The restricted stock units granted generally vest equally over periods ranging from one to five years. The fair value of restricted stock units is determined based on the closing market price of our Class A common stock on the date of grant. Compensation expense related to the restricted stock units is recognized using a straight-line attribution method over the vesting period.

A summary of restricted stock unit activity was as follows:

--	--	--	--	--	--	--

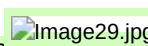
	Restricted Stock Units	Weighted Average Grant Date Fair Value
Outstanding as of December 28, 2022	395,853	\$ 76.82
Granted	326,692	58.26
Vested	(147,163)	70.29
Forfeited	(63,838)	68.94
Outstanding as of December 27, 2023	511,544	\$ 67.82

As of December 27, 2023, there were 511,544 restricted stock units outstanding, of which none were vested. The weighted average grant date fair value of share awards granted during fiscal 2023, fiscal 2022 and fiscal 2021 were \$58.26, \$71.25, and \$117.39, respectively. The total fair value of shares vested during fiscal 2023, fiscal 2022 and fiscal 2021 was \$10,382, \$5,936 and \$8,385, respectively. As of December 27, 2023, total unrecognized compensation expense related to unvested restricted stock units was \$25,159, which is expected to be recognized over a weighted average period of 2.6 years.

Performance Stock Units

Under the 2015 Plan, the Company may grant performance stock units and other types of performance-based equity awards that vest based on the outcome of certain performance criteria that are established and approved by the Compensation Committee of the Board of Directors. The actual number of equity awards earned is based on the level of performance achieved over a predetermined performance period, relative to established financial goals, none of which are considered market conditions.

For performance stock units granted during fiscal 2022, the amount of awards that can be earned ranges from 0% to 200% of the number of performance stock units granted, based on the achievement of approved financial goals over a 1-year or 3-year performance period. In addition to the performance conditions, performance stock units are also subject to a requisite service period and the awards vest ratably over 4 years or cliff vest over 3 years. No performance stock units were granted during fiscal 2023. The fair value of performance stock units is determined based on the closing market price of our Class A common stock on the date of grant. Compensation expense related to the performance stock units is recognized using either a graded-vesting attribution method or straight-line over the vesting period based on the most probable outcome of the performance conditions.

Shake Shack Inc  Form 10-K | 117

A summary of performance stock unit activity was as follows:

	Performance Stock Units	Weighted Average Grant Date Fair Value
Outstanding as of December 28, 2022	159,822	\$ 92.22
Granted	—	—
Performance achievement ⁽¹⁾	—	—
Vested	(25,494)	91.36
Forfeited	(12,903)	88.70
Outstanding as of December 27, 2023	121,425	\$ 92.77

⁽¹⁾ Represents the incremental awards earned and/or awards forfeited based on the achievement of performance conditions.

As of December 27, 2023, there were 121,425 performance stock units outstanding, of which none were vested. The weighted average grant date fair value of share awards granted during fiscal 2023, fiscal 2022 and fiscal 2021 was nil, nil, and \$98.87, respectively. The total fair value of awards that vested during fiscal 2023, fiscal 2022 and fiscal 2021 was \$1,441, \$1,869 and \$3,083, respectively. As of December 27, 2023, total unrecognized compensation expense related to unvested performance stock units was \$3,147, which is expected to be recognized over a weighted average period of 1.1 years.

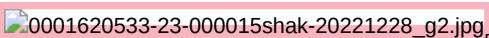
Restricted Stock Options Units

In January 2015, the Company adopted the 2015 Incentive Award Plan (the "2015 Plan") under which it may grant up to 5,865,522 restricted stock options units and other equity-based awards to team members, directors and officers. The restricted stock options units granted generally vest equally over periods ranging from one to five years. The Company does not use cash to settle any fair value of restricted stock units is determined based on the equity-based awards, and issues new shares closing market price of our Class A common stock upon the exercise of stock options.

The fair value of stock option awards was determined on the grant date using the Black-Scholes valuation model based on the following weighted average assumptions:

	2022	2021	2020
Expected term (years) ⁽¹⁾	0	7.5	7.5
Expected volatility ⁽²⁾	— %	45.4 %	42.3 %
Risk-free interest rate ⁽³⁾	— %	1.4 %	0.7 %
Dividend yield ⁽⁴⁾	— %	— %	— %

- (1) Expected term represents the estimated period of time until an award is exercised and was determined using the simplified method.
- (2) Expected volatility is based on the historical volatility of a selected peer group over a period equivalent grant. Compensation expense related to the expected term.
- (3) The risk-free rate restricted stock units is an interpolation of yields on U.S. Treasury securities with maturities equivalent to recognized using a straight-line attribution method over the expected term. vesting period.
- (4) A dividend yield of zero was used as the Company have no plans to declare dividends in the foreseeable future.

Shake Shack Inc  Form 10-K | 103

A summary of restricted stock option unit activity was as follows:

	Stock Options	Weighted Average Exercise Price	Aggregate Intrinsic Value	Weighted Average Remaining Contractual Life (Years)
Outstanding as of December 29, 2021	154,231	\$ 21.77		
Granted	—	—		
Exercised	(20,200)	21.00		
Forfeited	—	—		
Outstanding as of December 28, 2022	134,031	\$ 21.88	\$ 2,770	2.2
Options vested and exercisable as of December 28, 2022	134,031	\$ 21.88	\$ 2,770	2.2
Options expected to vest as of December 28, 2022	—	\$ —	\$ —	—

	Restricted Stock Units	Weighted Average Grant Date Fair Value
Outstanding as of December 28, 2022	395,853	\$ 76.82
Granted	326,692	58.26
Vested	(147,163)	70.29
Forfeited	(63,838)	68.94
Outstanding as of December 27, 2023	511,544	\$ 67.82

As of December 28, 2022 December 27, 2023, there were 511,544 restricted stock units outstanding, of which none were vested. The weighted average grant date fair value of share awards granted during fiscal 2023, fiscal 2022 and fiscal 2021 were \$58.26, \$71.25, and \$117.39, respectively. The total fair value of shares vested during fiscal 2023, fiscal 2022 and fiscal 2021 was \$10,382, \$5,936 and \$8,385, respectively. As of December 27, 2023, total unrecognized compensation expense related to unvested restricted stock options units was nil. Cash received from stock options exercised was \$424 and the cash tax benefit realized for the tax deductions from these option exercises was \$26 for fiscal 2022. The \$25,159, which is expected to be recognized over a weighted average grant date fair value period of options granted during fiscal 2022, fiscal 2021 and fiscal 2020 was nil, \$58.92, \$16.21, respectively. The total intrinsic value of stock options exercised during fiscal 2022, fiscal 2021 and fiscal 2020 was \$631, \$30,533 and \$25,824, respectively. The total fair value of stock options vested during fiscal 2022, fiscal 2021 and fiscal 2020 was nil, \$60 and \$2,674, respectively. 2.6 years.

The following table summarizes information about stock options outstanding and exercisable as December 28, 2022:

Exercise Price	Options Outstanding and Exercisable		
	Number Outstanding at December 28, 2022	Weighted Average Remaining Contractual Life	
		(Years)	Weighted Average Exercise Price
\$ 21.00	125,512	2.1	\$ 21.00
\$ 34.62	7,411	3.4	\$ 34.62
\$ 36.41	1,108	3.9	\$ 36.41

Performance Stock Units

Under the 2015 Plan, the Company may grant performance stock units and other types of performance-based equity awards that vest based on the outcome of certain performance criteria that are established and approved by the Compensation Committee of the Board of Directors. The actual number of equity awards earned is based on the level of performance achieved over a predetermined performance period, relative to established financial goals, none of which are considered market conditions.

For performance stock units granted during fiscal 2021, 2022, the amount of awards that can be earned ranges from 0% to 200% of the number of performance stock units granted, based on the achievement of approved financial goals over a one-year 1-year or three-year 3-year performance period. In addition to the performance conditions, performance stock units are also subject to a requisite service period and the awards vest ratably over four 4 years years or cliff vest over three 3 years. No performance stock units were granted during fiscal 2022, 2023. The fair value of performance stock units is determined based on the closing market price of our Class A common stock on the date of grant. Compensation expense related to the performance stock units is recognized using either a graded-vesting attribution method or straight-line over the vesting period based on the most probable outcome of the performance conditions.

A summary of performance stock unit activity was as follows:

Performance Stock Units	Performance Stock Units	Weighted Average Grant Date Fair Value
Outstanding as of December 28, 2022		
Granted		
Performance achievement ⁽¹⁾		

Vested			
Forfeited			
		Performance Stock Units	Weighted Average Grant Date Fair Value
Outstanding as of December 29, 2021		186,159	\$ 90.31
Granted		—	—
Performance achievement ⁽¹⁾		5,898	129.68
Vested		(26,949)	88.18
Forfeited		(5,286)	87.22
Outstanding as of December 28, 2022		159,822	\$ 92.22
Outstanding as of December 27, 2023			
Outstanding as of December 27, 2023			
Outstanding as of December 27, 2023			

(1) Represents the incremental awards earned and/or awards forfeited based on the achievement of performance conditions.

As of December 28, 2022 December 27, 2023, there were 159,822 121,425 performance stock units outstanding, of which none were vested. The weighted average grant date fair value of share awards granted during fiscal 2023, fiscal 2022 and fiscal 2021 and fiscal 2020 was nil, \$98.87, nil, and \$57.20, \$98.87, respectively. The total fair value of awards that vested during fiscal 2023, fiscal 2022 and fiscal 2021 was \$1,441, \$1,869 and fiscal 2020 was \$1,869, \$3,083, and \$2,730, respectively. As of December 28, 2022 December 27, 2023, total unrecognized compensation expense related to unvested performance stock units was \$6,396, \$3,147, which is expected to be recognized over a weighted average period of 2.0 1.1 years.

Restricted Stock Units

Under In January 2015, the Company adopted the 2015 Incentive Award Plan the Company (the "2015 Plan") under which it may grant up to 5,865,522 restricted stock units and other equity-based awards to team members, directors and officers. The restricted stock units granted generally vest equally over periods ranging from one to five years. The fair value of restricted stock units is determined based on the closing market price of our Class A common stock on the date of grant. Compensation expense related to the restricted stock units is recognized using a straight-line attribution method over the vesting period.

A summary of restricted stock unit activity was as follows:

	Restricted Stock Units	Restricted Stock Units	Weighted Average Grant Date Fair Value
Outstanding as of December 28, 2022			
Granted			
Vested			
Forfeited			
	Restricted Stock Units	Weighted Average Grant Date Fair Value	

Outstanding as of		
December 29, 2021	231,429	\$ 84.37
Granted	271,026	71.25
Vested	(76,055)	78.02
Forfeited	(30,547)	81.65
Outstanding as of		
December 28, 2022	395,853	\$ 76.82
Outstanding as of		
December 27, 2023		
Outstanding as of		
December 27, 2023		
Outstanding as of		
December 27, 2023		

As of **December 28, 2022** December 27, 2023, there were **395,853** 511,544 restricted stock units outstanding, of which none were vested. The weighted average grant date fair value of share awards granted during fiscal 2023, fiscal 2022 and fiscal 2021 were \$58.26, \$71.25, and fiscal 2020 were \$71.25, \$117.39, and \$57.41, respectively. The total fair value of shares vested during fiscal 2023, fiscal 2022 and fiscal 2021 was \$10,382, \$5,936 and fiscal 2020 was \$5,936, \$8,385, and \$2,463, respectively. As of **December 28, 2022** December 27, 2023, total unrecognized compensation expense related to unvested restricted stock units was \$22,519, \$25,159, which is expected to be recognized over a weighted average period of **2.83** 2.6 years.

Performance Stock Units

Under the 2015 Plan, the Company may grant performance stock units and other types of performance-based equity awards that vest based on the outcome of certain performance criteria that are established and approved by the Compensation Committee of the Board of Directors. The actual number of equity awards earned is based on the level of performance achieved over a predetermined performance period, relative to established financial goals, none of which are considered market conditions.

For performance stock units granted during fiscal 2022, the amount of awards that can be earned ranges from 0% to 200% of the number of performance stock units granted, based on the achievement of approved financial goals over a 1-year or 3-year performance period. In addition to the performance conditions, performance stock units are also subject to a requisite service period and the awards vest ratably over 4 years years or cliff vest over 3 years. No performance stock units were granted during fiscal 2023. The fair value of performance stock units is determined based on the closing market price of our Class A common stock on the date of grant. Compensation expense related to the performance stock units is recognized using either a graded-vesting attribution method or straight-line over the vesting period based on the most probable outcome of the performance conditions.

A summary of performance stock unit activity was as follows:

	Performance Stock Units	Weighted Average Grant Date Fair Value
Outstanding as of December 28, 2022	159,822	\$ 92.22
Granted	—	—
Performance achievement ⁽¹⁾	—	—
Vested	(25,494)	91.36
Forfeited	(12,903)	88.70
Outstanding as of December 27, 2023	121,425	\$ 92.77

(1) Represents the incremental awards earned and/or awards forfeited based on the achievement of performance conditions.

As of December 27, 2023, there were 121,425 performance stock units outstanding, of which none were vested. The weighted average grant date fair value of share awards granted during fiscal 2023, fiscal 2022 and fiscal 2021 was nil, nil, and \$98.87, respectively. The total fair value of awards that vested during fiscal 2023, fiscal 2022 and fiscal 2021 was \$1,441, \$1,869 and \$3,083, respectively. As of December 27, 2023, total unrecognized compensation expense related to unvested performance stock units was \$3,147, which is expected to be recognized over a weighted average period of 1.1 years.

Stock Options

Under the 2015 Plan, the Company may grant stock options to team members, directors and officers. The stock options granted generally vest equally over periods ranging from one to five years. The Company does not use cash to settle any of the equity-based awards, and issues new shares of Class A common stock upon the exercise of stock options.

The fair value of stock option awards was determined on the grant date using the Black-Scholes valuation model based on the following weighted average assumptions:

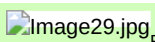
	2023	2022	2021
Expected term (years) ⁽¹⁾	0	0	7.5
Expected volatility ⁽²⁾	— %	— %	45.4 %
Risk-free interest rate ⁽³⁾	— %	— %	1.4 %
Dividend yield ⁽⁴⁾	— %	— %	— %

(1) Expected term represents the estimated period of time until an award is exercised and was determined using the simplified method.

(2) Expected volatility is based on the historical volatility of a selected peer group over a period equivalent to the expected term.

(3) The risk-free rate is an interpolation of yields on U.S. Treasury securities with maturities equivalent to the expected term.

(4) A dividend yield of zero was used as the Company has no plans to declare dividends in the foreseeable future.

Shake Shack Inc  Form 10-K | 118

A summary of stock option activity was as follows:

	Stock Options	Weighted Average Exercise Price	Aggregate Intrinsic Value	Weighted Average Remaining Contractual Life (Years)
Outstanding as of December 28, 2022	134,031	\$ 21.88		
Granted	—	—		
Exercised	(33,406)	22.39		
Forfeited	—	—		
Outstanding as of December 27, 2023	100,625	\$ 21.71	\$ 5,457	1.2
Options vested and exercisable as of December 27, 2023	100,625	\$ 21.71	\$ 5,457	1.2
Options expected to vest as of December 27, 2023	—	\$ —	\$ —	—

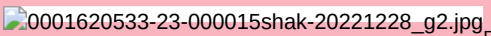
As of December 27, 2023, total unrecognized compensation expense related to unvested stock options was nil. Cash received from stock options exercised was \$744 and the cash tax benefit realized for the tax deductions from these option exercises was \$203 for fiscal 2023. The weighted average grant date fair value of options granted during fiscal 2023, fiscal 2022 and fiscal 2021 was nil, nil, \$58.92, respectively. The total intrinsic value of stock options exercised during fiscal 2023, fiscal 2022 and fiscal 2021 was \$1,426, \$631 and \$30,533, respectively. The total fair value of stock options vested during fiscal 2023, fiscal 2022 and fiscal 2021 was nil, nil and \$60, respectively.

The following table summarizes information about stock options outstanding and exercisable as December 27, 2023:

Exercise Price	Options Outstanding and Exercisable		
	Number Outstanding at December 27, 2023	Weighted Average Remaining Contractual Life	
		(Years)	Weighted Average Exercise Price
\$ 21.00	95,511	1.1	\$ 21.00
\$ 34.62	4,006	2.4	\$ 34.62
\$ 36.41	1,108	2.9	\$ 36.41

NOTE 14: 15: 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

Shake Shack Inc  Form 10-K | 105

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.

Shake Shack Inc  Form 10-K | 119

Income Tax Expense

The components of Loss Income (loss) before income taxes were as follows:

		2022	2021	2020
		(As Restated)	(As Restated)	(As Restated)
		2023	2022	2021
Domestic	Domestic	\$(49,454)	\$ (38,833)	\$(59,873)
Foreign	Foreign	25,169	21,498	14,396
Loss before income taxes		\$(24,285)	\$ (17,335)	\$(45,477)

Income (loss) before income taxes

The components of Income tax expense (benefit) benefit were as follows:

	2022	2021 ¹	2020
Current income taxes:			
Federal	\$ —	\$ —	\$ —
State and local	1,427	275	190
Foreign	3,612	2,880	1,223
Total current income taxes	5,039	3,155	1,413
Deferred income taxes:			
Federal	(4,939)	(11,921)	(12,638)
State and local	1,582	1,542	11,282
Total deferred income taxes	(3,357)	(10,379)	(1,356)
Income tax expense (benefit)	\$ 1,682	\$ (7,224)	\$ 57

(1) For fiscal 2021, certain amounts were reclassified for consistent presentation with the current year.

		(As Restated)	(As Restated)
	2023	2022	2021
Current income taxes:			
Federal	\$ —	\$ —	\$ —
State and local	1,271	222	275
Foreign	3,793	3,612	2,880
Total current income taxes	5,064	3,834	3,155
Deferred income taxes:			
Federal	(12,427)	(4,176)	(10,732)
State and local	3,353	(838)	(3,741)
Total deferred income taxes	(9,074)	(5,014)	(14,473)
Income tax benefit	\$ (4,010)	\$ (1,180)	\$ (11,318)

Reconciliations of Income tax expense (benefit) benefit computed at the U.S. federal statutory income tax rate to the recognized Income tax expense (benefit) benefit and the U.S. statutory income tax rate to our effective tax rates were as follows:


	2022	2021 ¹	2020
Expected U.S. federal income taxes at statutory rate	\$ (5,100) 21.0 %	\$ (3,641) 21.0 %	\$ (9,550) 21.0 %
State and local income taxes, net of federal benefit	2,103 (8.7)%	2,539 (14.6)%	5,776 (12.7)%
Foreign withholding taxes	3,612 (14.9)%	2,880 (16.6)%	1,223 (2.7)%
Tax credits	(5,969) 24.6 %	(3,655) 21.1 %	(1,533) 3.4 %
Non-controlling interest	122 (0.5)%	(350) 2.0 %	537 (1.2)%
Remeasurement of deferred tax assets in connection with other tax rate changes	225 (0.9)%	1,034 (6.0)%	5,433 (11.9)%
Change in valuation allowance	4,955 (20.4)%	(6,059) 35.0 %	(2,264) 5.0 %
Other	1,734 (7.1)%	28 (0.2)%	435 (1.0)%
Income tax expense (benefit)	\$ 1,682 (6.9)%	\$ (7,224) 41.7 %	\$ 57 (0.1)%

(1) For fiscal 2021, certain amounts were reclassified for consistent presentation with the current year.

	(As Restated)	(As Restated)
--	---------------	---------------

	2023			2022			2021
Expected U.S. federal income taxes at statutory rate	\$	3,565	21.0 %	\$	(5,100)	21.0 %	\$ (3,641) 21.0 %
State and local income taxes, net of federal benefit		2,429	14.3 %		(759)	3.1 %	(1,578) 9.1 %
Foreign withholding taxes		3,792	22.3 %		3,612	(14.9)%	2,880 (16.6)%
Tax credits		(7,060)	(41.5)%		(5,969)	24.6 %	(3,655) 21.1 %
Non-controlling interest		517	3.0 %		122	(0.5)%	(350) 2.0 %
Remeasurement of deferred tax assets in connection with other tax rate changes		1,547	9.1 %		225	(0.9)%	1,034 (6.0)%
Reserve for uncertain tax positions		154	0.9 %		—	— %	— %
Change in valuation allowance		(9,195)	(54.2)%		4,955	(20.4)%	(6,059) 35.0 %
Other		241	1.4 %		1,734	(7.1)%	51 (0.3)%
Income tax benefit	\$	(4,010)	(23.6)%	\$	(1,180)	4.9 %	\$ (11,318) 65.3 %

Shake Shack's effective income tax rates for fiscal 2023, fiscal 2022 and fiscal 2021 and fiscal 2020 were (6.9) (23.6)%, 41.7% 4.9% and (0.1)% 65.3%, respectively. The decrease in our the effective income tax rate from fiscal 2022 to fiscal 2023 was primarily driven by additional benefit related to a decrease in valuation allowance and higher tax credits, partially offset by an increase in foreign tax expense and the revaluation of deferred tax assets as a result of a reduction in certain state income tax rates. The decrease in the effective income tax rate from fiscal 2021 to fiscal 2022 was primarily driven by additional expense related to an increase in valuation allowance, an increase in foreign tax expense, and net expense related to equity-based compensation, partially offset by higher tax credits.

Shake Shack Inc.  Form 10-K | 106 120

compensation, partially offset by higher tax credits. The increase in our effective income tax rate from fiscal 2020 to fiscal 2021 was primarily driven by the increase in the income tax benefit from the release of the valuation allowance and higher tax credits, partially offset by higher foreign tax expense.

Deferred Tax Assets and Liabilities

The components of deferred tax assets and liabilities were as follows:

	December 28 2022	December 29 2021 ⁽¹⁾
Deferred tax assets:		
Investment in partnership	\$ 89,660	\$ 116,639
Tax Receivable Agreement	64,218	63,983
Operating lease liability	4,376	3,873
Financing lease liability	61	63
Deferred revenue	167	150
Equity-based compensation	380	263
Net operating loss carryforwards	134,989	108,207
Tax credits	19,257	13,297
Other assets	638	574
Total gross deferred tax assets	313,746	307,049
Valuation allowance	(9,560)	(5,173)
Total deferred tax assets, net of valuation allowance	304,186	301,876
Deferred tax liabilities:		
Property and equipment	(95)	(21)

Operating lease right-of-use asset	(3,488)	(3,121)
Financing lease right-of-use asset	(58)	(61)
Other liabilities	(7)	(5)
Total gross deferred tax liabilities	(3,648)	(3,208)
Net deferred tax assets	\$ 300,538	\$ 298,668

(1) For fiscal 2021, certain amounts were reclassified for consistent presentation with the current year.

	(As Restated)	
	December 27 2023	December 28 2022
Deferred tax assets:		
Investment in partnership	\$ 90,419	\$ 109,870
Tax Receivable Agreement	64,076	64,218
Operating lease liability	4,713	4,376
Financing lease liability	114	61
Deferred revenue	196	167
Equity-based compensation	360	380
Net operating loss carryforwards	144,144	131,867
Tax credits	26,048	19,257
Other assets	947	638
Total gross deferred tax assets	331,017	330,834
Valuation allowance	(357)	(9,560)
Total deferred tax assets, net of valuation allowance	330,660	321,274
Deferred tax liabilities:		
Property and equipment	(599)	(95)
Operating lease right-of-use asset	(3,735)	(3,488)
Financing lease right-of-use asset	(111)	(58)
Other liabilities	(7)	(7)
Total gross deferred tax liabilities	(4,452)	(3,648)
Net deferred tax assets	\$ 326,208	\$ 317,626

As of December 28, 2022 December 27, 2023, the Company's federal and state net operating loss carryforwards for income tax purposes were \$558,397 \$596,347 and \$303,323 \$327,152, respectively. If not utilized, \$506,530 \$544,480 of the Company's federal net operating losses can be carried forward indefinitely, and the remainder will begin to expire in 2035. If not utilized \$48,587 \$49,912 of the Company's state net operating loss carryforwards can be carried forward indefinitely, and the remainder will begin to expire in 2023, 2024. As of December 28, 2022 December 27, 2023, the Company had federal tax credit carryforwards of \$18,660 \$25,727 which will begin to expire in 2025 and gross state tax credits credit carryforwards of \$756 \$406 which will begin to expire in 2023, 2024.

As described in Note 11, 12, Stockholders' Equity, the Company acquired an aggregate of 142,601 189,317 LLC Interests in connection with the during fiscal 2023 through redemption of LLC Interests and activity relating to its stock under stock-based compensation plan during fiscal 2022. plans. The Company recognized a deferred tax liability in the amount of \$1,137 \$720 associated with the basis difference in its investment in SSE Holdings upon acquisition of these LLC Interests. As of December 28, 2022 December 27, 2023, the total deferred tax asset related to the basis difference in the Company's investment in SSE Holdings was \$89,660, \$90,419.

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 December 28, 2022 December 27, 2023, the Company concluded, based on the weight of all available positive and negative evidence, that all of its deferred tax assets are

Shake Shack Inc

0001620533-23-000015shak-20221228_g2.jpg

Form 10-K | 107

more likely than not to be realized, except New York City UBT and certain foreign tax credits no longer state attributes that are not expected to be utilized before expiration. As such, a valuation allowance in the amount of \$9,560 \$357 was recognized. The net change in valuation allowance for fiscal 2022 2023 was an increase a decrease of \$4,387, \$9,201 primarily related to the change in realizability of foreign tax credits. Refer to Schedule II, Valuation and Qualifying Accounts for additional information.

Uncertain Tax Positions

There were no reserves As of December 27, 2023, the Company assessed its tax positions by applying the two-step recognition and measurement model pursuant to ASC 740 and considering the applicable unit of account. Pursuant to ASC 740-10-25-6, the Company recognizes the financial statement effects of a tax position only when it is more likely than not that the position will be sustained upon examination. At the conclusion of the Company's examination in New York City for tax years 2015 -2017, a reserve of \$207 was recognized based on a settlement with the taxing authority. In addition, the Company recognized an uncertain tax reserve of \$195 for tax years 2018-2022. Reconciliations of uncertain tax positions were as follows:

			(As Restated)	(As Restated)
		2023	2022	2021
Beginning balance	\$	—	\$ —	\$ —
Additions based on tax positions related to the current year		—	—	—
Additions for tax positions of prior years		263	—	—
Reductions for tax positions of prior years		—	—	—
Reductions for lapse of applicable statute of limitations		—	—	—
Settlements		(116)	—	—
Ending balance	\$	147	\$ —	\$ —

The Company does not expect a significant increase or decrease in unrecognized tax benefits within the next twelve months. The \$147 of December 28, 2022 unrecognized tax benefits, if recognized, would favorably affect the Company's effective tax rate. Interest and December 29, 2021, penalties, if any, related to income tax liabilities are included in income tax expense. During the fiscal year ended December 27, 2023, the Company recognized \$139 in interest expense. As of December 27, 2023, the Company accrued \$48 of interest expense.

Shake Shack Inc. was formed in September 2014 and did not engage in any operations prior to the IPO and Organizational Transactions. other transactions completed in connection with the IPO. The statute of limitations remains open for tax years beginning in 2015 for Shake Shack Inc. Additionally, although SSE Holdings is treated as a partnership for U.S. federal and state income taxes purposes, it is still required to file an annual U.S. Return of Partnership Income, which is subject to examination by the Internal Revenue Service ("IRS"). The statute of limitations has expired for tax years through 2018 2019 for SSE Holdings.

Tax Receivable Agreement

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.

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

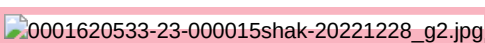
the Tax Receivable Agreement (the "TRA Payments"). The Company expects to benefit from the remaining 15% of any tax benefits that may actually realize. The TRA Payments are not conditioned upon any continued ownership interest in SSE Holdings or the Company. The rights of each member of SSE Holdings that is a party to the Tax Receivable Agreement, are assignable to transferees of their respective LLC Interests.

Shake Shack Inc  Form 10-K | 122

During fiscal 2022, 2023, the Company acquired an aggregate of 52,074 35,000 LLC Interests in connection with the redemption of LLC Interests, which resulted in an increase in the tax basis of its investment in SSE Holdings subject to the provisions of the Tax Receivable Agreement. The Company recognized an additional liability in the amount of \$844 \$720 for the TRA Payments due to the redeeming members, representing 85% of the aggregate tax benefits the Company expects to realize from the tax basis increases related to the redemption of LLC Interests, after concluding it was probable that such TRA Payments would be paid based on estimates of future taxable income. No payments were made to the members of SSE Holdings pursuant to the Tax Receivable Agreement in fiscal 2022 2023 and fiscal 2021, 2022. As of December 28, 2022 December 27, 2023, the total amount of TRA Payments due under the Tax Receivable Agreement was \$234,893, \$235,613, of which no amount was included in Other current liabilities on the Consolidated Balance Sheets. Refer to Note 17, 18, Commitments and Contingencies, for additional information relating to the liabilities under the Tax Receivable Agreement.

CARES Act

On March 27, 2020, the U.S. government enacted the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") to provide certain relief as a result of the COVID-19 pandemic. The CARES Act provides tax relief, along with other stimulus measures, including a provision for an Employee Retention Credit ("ERC") and retroactive technical correction of prior tax legislation for tax depreciation of certain qualified improvement property, among other changes. The CARES Act allows for a five-year carryback of federal NOLs generated in 2018 through 2020 and eliminates the 80% taxable income limitation by allowing corporate entities to fully utilize NOL carryforwards to offset taxable income in 2018 through 2020.

Shake Shack Inc  Form 10-K | 108

As there is no authoritative guidance under U.S. GAAP on accounting for government assistance to for-profit business entities, the Company accounts for the ERC by analogy to International Accounting Standard ("IAS") 20, Accounting for Government Grants and Disclosure of Government Assistance.

Subsequent to the second quarter of 2020, we began deferring the employer-paid portion of social security taxes; 50% of this was recognized at the end of 2021 and the other 50% at the end of 2022 as required by the CARES Act.

Inflation Reduction Act

On August 16, 2022, the U.S. government enacted the Inflation Reduction Act ("IRA") into law. The IRA, among other things, enacted a 15% corporate minimum tax effective for tax years after December 31, 2022, a 1% tax on share repurchases after December 31, 2022, and created and extended certain tax-related energy incentives. The Company currently does not expect the tax-related provisions of the IRA to have a material impact on our financial results.

NOTE 15: 16: EARNINGS (LOSS) PER SHARE

Basic loss earnings (loss) per share of Class A common stock is computed by dividing Net loss income (loss) attributable to Shake Shack Inc. by the weighted average number of shares of Class A common stock outstanding during the period. Diluted loss earnings (loss) per share of Class A common stock is computed by dividing Net loss income (loss) 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 (loss) per share of Class A common stock (in thousands, except per share amounts):

		(As Restated)	(As Restated)		
		2023	2023	2022	2021
Numerator:					
Net income (loss) attributable to Shake Shack Inc.—basic					
Net income (loss) attributable to Shake Shack Inc.—basic					
Net income (loss) attributable to Shake Shack Inc.—basic					
Reallocation of net income attributable to non-controlling interests from the assumed conversion of Class B shares					
Net income (loss) attributable to Shake Shack Inc.—diluted					
Denominator:					
Weighted average shares of Class A common stock outstanding—basic					
Weighted average shares of Class A common stock outstanding—basic					
Weighted average shares of Class A common stock outstanding—basic					
Effect of dilutive securities:					
Stock options					
Stock options					
Stock options					

Performance				
stock units				
Restricted				
stock units				
Convertible				
Notes				
Shares of				
Class B				
common				
stock				
	2022	2021	2020	
Numerator:				
Weighted average shares of Class A common stock outstanding— diluted				
Weighted average shares of Class A common stock outstanding— diluted				
Weighted average shares of Class A common stock outstanding— diluted				
Net loss attributable to Shake Shack Inc. —basic	\$ (24,091)	\$ (8,655)	\$ (42,158)	
Net loss attributable to Shake Shack Inc. —diluted	\$ (24,091)	\$ (8,655)	\$ (42,158)	
Denominator:				
Weighted average shares of Class A common stock outstanding—basic	39,237	39,085	37,129	
Weighted average shares of Class A common stock outstanding— diluted	39,237	39,085	37,129	
Loss per share of Class A common stock—basic	\$ (0.61)	\$ (0.22)	\$ (1.14)	
Loss per share of Class A common stock—diluted	\$ (0.61)	\$ (0.22)	\$ (1.14)	
Earnings (loss) per share of Class A common stock—basic				

Earnings (loss) per share of
Class A common stock—basic

Earnings (loss) per share of
Class A common stock—basic

Earnings
(loss) per
share of
Class A
common
stock—
diluted

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 (loss) per share, except when the effect would be anti-dilutive. Refer to Note 8, 9, 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 (loss) 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 (loss) per share, except when the effect would be anti-dilutive.

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

		2022	2021	2020			2023	2022	2021
		2023					2023		
Stock options	Stock options	134,031 (1)	154,231 (1)	489,024 (1)	Stock options	—	134,031	134,031 (2) (2)	154,231 (2) (2)
Performance stock units	Performance stock units	159,822 (1)	186,159 (1)	137,221 (1)	Performance stock units	99,718 (1) (1)	159,822 (2) (2)	186,159 (2) (2)	
Restricted stock units	Restricted stock units	395,853 (1)	231,429 (1)	258,493 (1)	Restricted stock units	—	395,853	395,853 (2) (2)	231,429 (2) (2)
Shares of Class B common stock	Shares of Class B common stock	2,869,513 (1)	2,921,587 (1)	2,951,188 (1)	Shares of Class B common stock	—	2,869,513	2,869,513 (2) (2)	2,921,587 (2) (2)

Convertible notes	Convertible notes	1,466,975 (1)	1,466,975 (1)	—	Convertible notes	—	1,466,975		1,466,975 (2) (2)		1,466,975 (2) (2)
-------------------	-------------------	---------------	---------------	---	-------------------	---	-----------	--	-------------------	--	-------------------

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

NOTE 16: 17: SUPPLEMENTAL CASH FLOW INFORMATION

The following table sets forth supplemental cash flow information:

	2023	2023	2022	2021
Cash paid for:				
Income taxes, net of refunds				
Income taxes, net of refunds				
Income taxes, net of refunds				
Interest, net of amounts capitalized				
Non-cash investing activities:				
Accrued purchases of property and equipment				
Accrued purchases of property and equipment				
Accrued purchases of property and equipment				
	2022	2021	2020	
Cash paid for:				
Capitalized equity-based compensation				
Income taxes, net of refunds	\$ 3,731	\$ 2,808	\$ 1,612	
Capitalized equity-based compensation				
Interest, net of amounts capitalized	252	252	643	
Non-cash investing activities:				

	Accrued purchases of property and equipment	26,591	22,241	15,515
	Capitalized equity-based compensation	126	66	37
	Capitalized equity-based compensation			
Non-cash financing activities:	Non-cash financing activities:			
Non-cash financing activities:				
Non-cash financing activities:				
	Establishment of liabilities under tax receivable agreement			
	Establishment of liabilities under tax receivable agreement			
	Establishment of liabilities under tax receivable agreement			
	Establishment of liabilities under tax receivable agreement	844	1,093	4,024

NOTE 17: 18: COMMITMENTS AND CONTINGENCIES

Lease Commitments

The Company is obligated under various operating leases for Shacks and the home office space, expiring in various years through 2044, 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 9, 10, Leases, for additional information.

Certain leases require the Company to obtain letters of credit. As of December 28, 2022 December 27, 2023, the Company held two letters of credit, one for \$130, which expires in February 2026 and the second for \$603, \$402, which expires in August 2023 2024 and renews automatically for one-year periods through January 31, 2034.

Shake Shack Inc  Form 10-K | 124

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

In December May 2022, the Company refined the liability estimate related to settling both a private action and a regulatory action relating to New York City's predictive scheduling laws based on additional information received in the period. The previous accrual of \$6,750 has been reduced by \$1,400 as of December 28, 2022.

In November 2022, the Company mediated a matter claim was filed against Shake Shack alleging certain violations of the California Fair Labor Code which Standards Act relating to the classification of exempt managers. The matter was settled and an with a maximum payment of \$900. An accrual in of \$900 was recorded for this matter during the amount of \$1,360 has been recorded as of December 28, 2022 thirteen weeks ended March 29, 2023.

Subsequently, the accrual was reduced by \$385 during the thirteen weeks ended December 27, 2023.

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 December 28, 2022 December 27, 2023, the amount of the ultimate liability with respect to these matters was not material.

Liabilities under Tax Receivable Agreement

As described in Note 14, 15, Income Taxes, 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. 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. If the Company does not generate sufficient taxable income in the aggregate over the term of the Tax Receivable Agreement to utilize the tax benefits, then it would not be required to make the related TRA Payments. As of December 28, 2022 December 27, 2023 and December 29, 2021 December 28, 2022, the Company recognized liabilities totaling \$234,893 \$235,613 and \$234,045, \$234,893, respectively, relating to the obligations under the Tax Receivable Agreement, after concluding that it was probable that it would have sufficient future taxable income over the term of the Tax Receivable Agreement to utilize the related tax benefits. 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 in fiscal 2022, 2023.

NOTE 18: 19: RELATED PARTY TRANSACTIONS

Union Square Hospitality Group

The Chairman of the Board of Directors serves as the Chief Executive Officer 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		2022		2021		2020	
Amounts received from HYC	Licensing revenue	\$	802	\$	320	\$	67

	Classification		December 28 2022	December 29 2021
Amounts due from HYC	Accounts receivable, net	\$	69	\$ 90

	Classification	2023	2022	2021
Amounts received from HYC	Licensing revenue	\$ 988	\$ 802	\$ 320

	Classification		December 27 2023	December 28 2022
Amounts due from HYC	Accounts receivable, net	\$	57	\$ 69

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. No amounts were due to MSP Conservancy as of December 27, 2023 and December 28, 2022.

	Classification	2022	2021	2020
Amounts paid to MSP Conservancy	Occupancy and related expenses	\$ 1,224	\$ 863	\$ 846
	General and administrative expenses			

	Classification	2023	2022	2021
Amounts paid to MSP Conservancy	Occupancy and related expenses	\$ 898	\$ 1,224	\$ 863

Olo, Inc.

The Chairman of the Board of Directors serves as a director of Olo, Inc. (formerly known as "Mobo Systems, Inc."), a platform the Company uses in connection with its mobile ordering application.

	Classification	2022	2021	2020
Amounts paid to Olo, Inc.	Other operating expenses	\$ 431	\$ 406	\$ 242

	Classification	2023	2022	2021
Amounts paid to Olo, Inc.	Other operating expenses	\$ 595	\$ 431	\$ 406

	Classification		December 28 2022	December 29 2021
Amounts due to Olo, Inc.	Accounts payable	\$	39	\$ 33

			December 27		December 28
	Classification		2023		2022
Amounts due to Olo, Inc.	Accounts payable	\$	116	\$	39
	Accrued expenses				

Block, Inc.

The Company's 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		2022		2021		2020
Amounts paid to Block, Inc.	Other operating expenses	\$	4,337	\$	2,844	\$	1,697


	Classification		2023		2022		2021
Amounts paid to Block, Inc.	Other operating expenses	\$	8,688	\$	4,337	\$	2,844

	Classification		December 28		December 29
			2022		2021
Amounts due to Block, Inc.	Accounts payable	\$	55	\$	52

USHG Acquisition Corp.

The Company's Chief Executive Officer served on the board of directors of USHG Acquisition Corp. in 2022, in which the Company's Chairman of the Board of Directors serves as the chairman of the board of directors of USHG Acquisition Corp. USHG Acquisition Corp. is a newly organized blank check company incorporated for the purpose of effecting a merger, share exchange, asset acquisition, share purchase, reorganization or similar business combination with one or more businesses or entities. No amounts were paid to USHG Acquisition Corp. during fiscal 2022, fiscal 2021 and fiscal 2020. No amounts were due to or due from USHG Acquisition Corp. as of both December 28, 2022 and December 29, 2021.

	Classification		December 27		December 28
			2023		2022
Amounts due to Block, Inc.	Accounts payable	\$	59	\$	55
	Accrued expenses				

Shake Shack Inc.  Form 10-K | 112 126

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 14, 15, Income Taxes, for additional information. No payments were made to the members of SSE Holdings pursuant to the Tax Receivable Agreement during fiscal 2023, fiscal 2022 and fiscal 2021.

	Classification		2022		2021		2020
Amounts paid to members (inclusive of interest)	Other current liabilities	\$	—	\$	—	\$	6,643

		December 28 2022	December 29 2021
Classification			
Amounts due under the Tax Receivable Agreement	Other current liabilities	\$ 234,893	\$ 234,045
	Liabilities under Tax Receivable Agreement, net of current portion		

		December 27 2023	December 28 2022
Classification			
Amounts due under the Tax Receivable Agreement	Other current liabilities	\$ 235,613	\$ 234,893
	Liabilities under Tax Receivable Agreement, net of current portion		

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 **December 28, 2022**, **December 27, 2023** and **December 29, 2021**, **December 28, 2022**.

		2022	2021	2020
Classification				
Amounts paid to non-controlling interest holders	Non-controlling interests	\$ 410	\$ 968	\$ 478

		2023	2022	2021
Classification				
Amounts paid to non-controlling interest holders	Non-controlling interests	\$ 162	\$ 410	\$ 968

NOTE 19:20: GEOGRAPHIC INFORMATION

Revenue by geographic area was as follows:

		2022	2021	2020
2023				
United States	United States	\$ 875,047	\$ 718,128	\$ 508,292
Other countries	Other countries	25,439	21,765	14,575
Total revenue	Total revenue	\$ 900,486	\$ 739,893	\$ 522,867

Revenues are shown based on the geographic location of the Company's customers and licensees. The Company's long-lived assets are primarily located in the United States.

Schedule I: Condensed Financial Information of Registrant

SHAKE SHACK INC. CONDENSED BALANCE SHEETS (PARENT COMPANY ONLY)

(in thousands, except share and per share amounts)

		December 28 2022	December 29 2021
	(As Restated)		
		December 27 2023	December 27 2023
		December 28 2022	December 28 2022
ASSETS	ASSETS		
Current assets:	Current assets:		
Current assets:			
Current assets:			
	Cash		
	Cash		
	Cash		
	Cash	\$ 7,152	\$ 7,821
	Prepaid expenses	62	64
	Total current assets	7,214	7,885
Due from SSE Holdings		2,963	2,035
	Prepaid expenses		
	Prepaid expenses		
	Prepaid expenses		
	Total current assets		
Deferred income taxes, net	Deferred income taxes, net	307,025	304,442
Investment in SSE Holdings	Investment in SSE Holdings	337,939	350,794
Note receivable from SSE Holdings	Note receivable from SSE Holdings	209,013	201,080
Note receivable - conversion option	Note receivable - conversion option	6,300	16,000
Due from SSE Holdings			
TOTAL ASSETS	TOTAL ASSETS	\$ 870,454	\$ 882,236
LIABILITIES AND STOCKHOLDERS' EQUITY	LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:	Current liabilities:		
Current liabilities:			
Current liabilities:			
	Accounts payable		
	Accounts payable	39	9

	Accounts payable		
	Accrued expenses	113	222
	Accounts payable		
	Accrued expenses		
	Due to SSE Holdings		
	Due to SSE Holdings	16,975	14,109
	Total current liabilities	17,127	14,340
	Total current liabilities		
	Total current liabilities		
	Total current liabilities		
Long-term debt	Long-term debt	244,589	243,542
Liabilities under tax receivable agreement, net of current portion	Liabilities under tax receivable agreement, net of current portion	234,893	234,045
Total liabilities	Total liabilities	496,609	491,927
Commitments and contingencies	Commitments and contingencies		Commitments and contingencies
Stockholders' equity:	Stockholders' equity:		
	Preferred stock, no par value—10,000,000 shares authorized; none issued and outstanding as of December 27, 2023 and December 28, 2022.		
	Preferred stock, no par value—10,000,000 shares authorized; none issued and outstanding as of December 27, 2023 and December 28, 2022.		
	Preferred stock, no par value—10,000,000 shares authorized; none issued and outstanding as of December 27, 2023 and December 28, 2022.		
	Preferred stock, no par value—10,000,000 shares authorized; none issued and outstanding as of December 28, 2022 and December 29, 2021.	—	—

Class A common stock, \$0.001 par value— 200,000,000 shares authorized; 39,284,998 and 39,142,397 shares issued and outstanding as of December 28, 2022 and December 29, 2021, respectively.	39	39
Class B common stock, \$0.001 par value— 35,000,000 shares authorized; 2,869,513 and 2,921,587 shares issued and outstanding as of December 28, 2022 and December 29, 2021, respectively.	3	3
Additional paid-in capital	415,611	405,940
Accumulated deficit	(41,808)	(15,674)
Accumulated other comprehensive income	—	1


Class A common stock,
\$0.001 par value—
200,000,000 shares
authorized; 39,474,315
and 39,284,998 shares
issued and outstanding
as of December 27,
2023 and December 28,
2022, respectively.

Class A common stock,
\$0.001 par value—
200,000,000 shares
authorized; 39,474,315
and 39,284,998 shares
issued and outstanding
as of December 27,
2023 and December 28,
2022, respectively.

Class A common stock,
\$0.001 par value—
200,000,000 shares
authorized; 39,474,315
and 39,284,998 shares
issued and outstanding
as of December 27,
2023 and December 28,
2022, respectively.

Class B common stock, \$0.001 par value— 35,000,000 shares authorized; 2,834,513 and 2,869,513 shares issued and outstanding as of December 27, 2023 and December 28, 2022, respectively. Additional paid-in capital Retained earnings (accumulated deficit) Accumulated other comprehensive loss			
Total stockholders' equity	Total stockholders' equity	373,845	390,309
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 870,454	\$ 882,236

See accompanying Notes to Condensed Financial Statements.

Shake Shack Inc.  Form 10-K | 114128

Schedule I: Condensed Financial Information of Registrant (continued)

SHAKE SHACK INC.
CONDENSED STATEMENTS OF **LOSS INCOME (LOSS)**
(PARENT COMPANY ONLY)
(in thousands)

Fiscal Year Ended

		December			
		December 28	December 29	30	
		2022	2021	2020	
		Fiscal Year Ended		Fiscal Year Ended	
		(As	(As Restated)		
		Restated)	(As Restated)	(As Restated)	
		December 27	December 27	December 28	December 29
		2023	2023	2022	2021
Intercompany revenue	Intercompany revenue	\$ 2,293	\$ 2,878	\$ 1,560	
TOTAL REVENUE	TOTAL REVENUE	2,293	2,878	1,560	
General and administrative expenses	General and administrative expenses	3,132	2,491	2,179	
Intercompany expenses	Intercompany expenses	67	—	—	
Intercompany expenses					
Intercompany expenses					
TOTAL EXPENSES	TOTAL EXPENSES	3,199	2,491	2,179	
INCOME (LOSS) FROM OPERATIONS	INCOME (LOSS) FROM OPERATIONS	(906)	387	(619)	
Equity in net loss from SSE Holdings		(25,335)	(19,393)	(41,152)	
Other expense, net		(1,767)	(25,593)	(1,147)	
Equity in net income (loss) from SSE Holdings					
Other income (expense), net					
Interest expense	Interest expense	(1,047)	(867)	—	
LOSS BEFORE INCOME TAXES		(29,055)	(45,466)	(42,918)	
Benefit from income taxes		(2,921)	(17,583)	(760)	
NET LOSS		\$ (26,134)	\$ (27,883)	\$ (42,158)	
INCOME (LOSS) BEFORE INCOME TAXES					
Income tax benefit					
NET INCOME (LOSS)					

Schedule I: Condensed Financial Information of Registrant (continued)

SHAKE SHACK INC.

CONDENSED STATEMENTS OF COMPREHENSIVE **LOSS** **INCOME (LOSS)**

(PARENT COMPANY ONLY)

(in thousands)

	Fiscal Year Ended		
	December 28 2022	December 29 2021	December 30 2020
Net loss	\$ (26,134)	\$ (27,883)	\$ (42,158)
Other comprehensive income (loss), net of tax ⁽¹⁾ :			
Change in foreign currency translation adjustment	(1)	(2)	1
OTHER COMPREHENSIVE INCOME (LOSS)	(1)	(2)	1
COMPREHENSIVE LOSS	\$ (26,135)	\$ (27,885)	\$ (42,157)

	Fiscal Year Ended		
	December 27 2023	(As Restated) December 28 2022	(As Restated) December 29 2021
Net income (loss)	\$ 30,034	\$ (23,272)	\$ (23,789)
Other comprehensive loss, net of tax ⁽¹⁾ :			
Change in foreign currency translation adjustment	(3)	(1)	(2)
OTHER COMPREHENSIVE LOSS	(3)	(1)	(2)
COMPREHENSIVE INCOME (LOSS)	\$ 30,031	\$ (23,273)	\$ (23,791)

(1) Net of tax benefit of \$0 for fiscal years ended **December 28, 2022**, **December 27, 2023**, **December 29, 2021**, **December 28, 2022** and **December 30, 2020**, **December 29, 2021**.

See accompanying Notes to Condensed Financial Statements.

Schedule I: Condensed Financial Information of Registrant (continued)

SHAKE SHACK INC. CONDENSED STATEMENTS OF CASH FLOWS (PARENT COMPANY ONLY)

(in thousands)

	Fiscal Year Ended		Fiscal Year Ended		
	(As		(As Restated)		
	Restated)		(As Restated)		
	December 27	December 27	December 28	December 29	
	2023	2023	2022	2021	
OPERATING					
ACTIVITIES					
Net income (loss)					
Net income (loss)					
Net income (loss)					
Adjustments					
to reconcile					
net income					
(loss) to net					
cash used					
in operating					
activities:					
Equity in net					
(income) loss					
from SSE					
Holdings					
Equity in net					
(income) loss					
from SSE					
Holdings					
Equity in net					
(income) loss					
from SSE					
Holdings					
Amortization					
of debt					
issuance					
costs					
Equity-based					
compensation					
Deferred income					
taxes					
Deferred income					
taxes					
Deferred income					
taxes					
(Gain) loss on					
note receivable -					
conversion option					

	(Gain) loss on note receivable - conversion option			
	(Gain) loss on note receivable - conversion option			
	Other non- cash income			
	Changes in operating assets and liabilities:			
	Prepaid expenses and other current assets			
	Prepaid expenses and other current assets			
	Prepaid expenses and other current assets			
	Due to SSE Holdings			
	Accounts payable			
	Accrued expenses			
	Fiscal Year Ended			
NET CASH USED IN OPERATING ACTIVITIES				
		December 28 2022	December 29 2021	December 30 2020
OPERATING ACTIVITIES				
Net loss	\$	(26,134)	\$ (27,883)	\$ (42,158)
Adjustments to reconcile net loss to net cash used in operating activities:				
Equity in net loss from SSE Holdings		25,335	19,393	41,152
Amortization of debt issuance costs		1,047	867	—
Equity-based compensation		614	526	555
Deferred income taxes		(4,126)	(17,583)	(721)

	Unrealized loss on Note receivable - conversion option	9,700	32,200	—
	Other non-cash (income) expense	(7,934)	(6,609)	1,147
	Changes in operating assets and liabilities:			
	Accounts receivable	—	—	1
	Prepaid expenses and other current assets	2	(19)	161
	Due to SSE Holdings	(728)	(8,229)	(1,254)
	Accounts payable	30	6	2
	Accrued expenses	1,101	118	(29)
NET CASH USED IN OPERATING ACTIVITIES				
NET CASH USED IN OPERATING ACTIVITIES	NET CASH USED IN OPERATING ACTIVITIES	(1,093)	(7,213)	(1,144)
INVESTING ACTIVITIES	INVESTING ACTIVITIES			
Purchases of LLC Interests from SSE Holdings	Purchases of LLC Interests from SSE Holdings	(7,619)	(41,875)	(171,180)
Purchases of LLC Interests from SSE Holdings	Purchases of LLC Interests from SSE Holdings			
Loan to SSE Holdings	Loan to SSE Holdings	—	(243,750)	—
NET CASH USED IN INVESTING ACTIVITIES	NET CASH USED IN INVESTING ACTIVITIES	(7,619)	(285,625)	(171,180)
NET CASH USED IN INVESTING ACTIVITIES				
FINANCING ACTIVITIES	FINANCING ACTIVITIES			

Proceeds from issuance of convertible notes, net of discount	Proceeds from issuance of convertible notes, net of discount	—	243,750	—
Proceeds from issuance of convertible notes, net of discount				
Proceeds from issuance of convertible notes, net of discount				
Debt issuance costs	Debt issuance costs	—	(1,075)	—
Proceeds from issuance of Class A common stock sold in equity offerings, net of underwriting discounts, commissions and offering costs				
		—	—	144,861
Proceeds from issuance of Class A common stock to SSE Holdings upon settlement of equity awards				
Proceeds from issuance of Class A common stock to SSE Holdings upon settlement of equity awards				
Proceeds from issuance of Class A common stock to SSE Holdings upon settlement of equity awards	Proceeds from issuance of Class A common stock to SSE Holdings upon settlement of equity awards	7,619	41,875	26,319
Proceeds from issuance of Class A common stock to SSE Holdings upon settlement of equity awards				
Proceeds from stock option exercises	Proceeds from stock option exercises	424	6,640	8,033
Payments under tax receivable agreement		—	—	(6,643)
Proceeds from stock option exercises				
Proceeds from stock option exercises				
NET CASH PROVIDED BY FINANCING ACTIVITIES	NET CASH PROVIDED BY FINANCING ACTIVITIES	8,043	291,190	172,570
INCREASE (DECREASE) IN CASH		(669)	(1,648)	246
NET CASH PROVIDED BY FINANCING ACTIVITIES				
NET CASH PROVIDED BY FINANCING ACTIVITIES				

DECREASE IN CASH				
CASH AT BEGINNING OF PERIOD	CASH AT BEGINNING OF PERIOD			
		7,821	9,469	9,223
CASH AT END OF PERIOD	CASH AT END OF PERIOD			
		\$ 7,152	\$ 7,821	\$ 9,469

See accompanying Notes to Condensed Financial Statements.

Schedule I: Condensed Financial Information of Registrant (continued)

SHAKE SHACK INC. NOTES TO CONDENSED FINANCIAL STATEMENTS (PARENT COMPANY ONLY)

(in thousands, except share and per share amounts)

NOTE 1: ORGANIZATION

Shake Shack Inc. (the "Parent Company") was formed on September 23, 2014 as a Delaware corporation and is a holding company with no direct operations. The Parent Company's assets consist primarily of its equity interest in SSE Holdings, LLC ("SSE Holdings"), certain deferred tax assets and its note receivable from SSE Holdings.

The Parent Company's cash inflows are primarily from cash dividends or distributions and other transfers from SSE Holdings. The amounts available to the Parent Company to fulfill cash commitments and pay cash dividends on its common stock are subject to certain restrictions in SSE Holdings' Revolving Credit Facility. Refer to Note 8, 9, Debt, in the accompanying Consolidated Financial Statements, for additional information.

NOTE 2: BASIS OF PRESENTATION

These Condensed Parent Company financial statements should be read in conjunction with the Consolidated Financial Statements of Shake Shack Inc. and the accompanying notes thereto, included in Part II, Item 8. For purposes of these condensed financial statements, the Parent Company's interest in SSE Holdings is recorded based upon its proportionate share of SSE Holdings' net assets (similar to presenting them on the equity method).

The Parent Company is the sole managing member of SSE Holdings, and pursuant to the Third Amended and Restated LLC Agreement of SSE Holdings (the "SSE Holdings LLC Agreement"), receives compensation in the form of reimbursements for all costs associated with being a public company and maintaining its existence. Intercompany revenue consists of these reimbursement payments and is recognized when the corresponding expense to which it relates is recognized. Certain intercompany balances presented in these Condensed Parent Company financial statements are eliminated in the Company's Consolidated Financial Statements.

The following table presents amounts in the Parent Company's Condensed Balance Sheets that were eliminated in consolidation:

December 28 2022		December 29 2021
(As Restated)		(As Restated)
December 27 2023	December 27 2023	December 28 2022

Assets		Assets	
Due from SSE Holdings			
Due from SSE Holdings			
Due from SSE Holdings	Due from SSE Holdings	\$ 2,963	\$ 2,035
Deferred income taxes, net	Deferred income taxes, net	8,004	7,234
Note receivable from SSE Holdings	Note receivable from SSE Holdings	209,013	201,080
Note receivable - conversion option	Note receivable - conversion option	6,300	16,000
Liabilities		Liabilities	
Due to SSE Holdings	Due to SSE Holdings	16,975	14,109
Due to SSE Holdings			
Due to SSE Holdings			

Related party amounts that were not eliminated in the Company's Consolidated Financial Statements include the Parent Company's liabilities under the tax receivable agreement, which totaled \$234,893, \$235,613 and \$234,045, \$234,893, respectively as of December 28, 2022, December 27, 2023 and December 29, 2021, December 28, 2022.

The following table presents amounts in the Parent Company's Condensed Statements of Loss Income (Loss) that were eliminated in consolidation:

2022	2021	2020
(As Restated)		
	(As Restated)	(As Restated)

	2023	2023	2022	2021
Intercompany revenue	Intercompany revenue	\$ 2,293	\$ 2,878	\$ 1,560
Equity in net income (loss) from SSE Holdings	Equity in net income (loss) from SSE Holdings	(25,335)	(19,393)	(41,152)
Other income (expense), net	Other income (expense), net	(1,767)	(25,595)	—
Income tax expense (benefit)	Income tax expense (benefit)	(769)	(7,234)	—

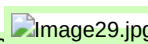
NOTE 3: RESTATEMENT OF PREVIOUSLY ISSUED CONDENSED FINANCIAL STATEMENTS

In connection with the preparation of the Company's Consolidated Financial Statements as of and for the fiscal year ended December 27, 2023, the Company discovered that in prior years it had not appropriately accounted for the deferred tax asset associated with its investment in SSE Holdings, primarily due to incorrect accounting for state tax depreciation. The error resulted in an overstatement of income tax expense of approximately \$2,862 for the fiscal year ended December 28, 2022 and an understatement of income tax benefit of \$4,094 for the fiscal year ended December 29, 2021 and deferred tax assets were understated for the impacted periods. The error also resulted in an understatement of retained earnings and deferred tax assets as of December 26, 2020 of approximately \$10,094 related to prior periods. The error did not impact total revenue or loss before income taxes for the fiscal years ended December 28, 2022 and December 29, 2021. Refer to Note 3, Restatement of Previously Issued Consolidated Financial Statements, to the Company's Consolidated Financial Statements included in Part II, Item 8, for additional information.

The impact of the correction of the misstatements is summarized below:

	December 28, 2022			December 29, 2021		
	As previously reported	Impact of Adjustment	As Restated	As previously reported	Impact of Adjustment	As Restated
CORRECTED CONDENSED BALANCE SHEETS						
Deferred income taxes, net	\$ 307,025	\$ 17,088	\$ 324,113	\$ 304,442	\$ 14,205	\$ 318,647
Additional paid-in capital	415,611	38	415,649	405,940	17	405,957
Retained earnings (accumulated deficit)	(41,808)	17,050	(24,758)	(15,674)	14,188	(1,486)

	December 28, 2022			December 29, 2021		
	As previously reported	Impact of Adjustment	As Restated	As previously reported	Impact of Adjustment	As Restated
CORRECTED CONDENSED STATEMENTS OF LOSS						
Income tax benefit	\$ (2,921)	\$ (2,862)	\$ (5,783)	\$ (17,583)	\$ (4,094)	\$ (21,677)
Net loss	(26,134)	2,862	(23,272)	(27,883)	4,094	(23,789)

Shake Shack Inc  Form 10-K | 133

	December 28, 2022			December 29, 2021		
	As previously reported	Impact of Adjustment	As Restated	As previously reported	Impact of Adjustment	As Restated
CORRECTED CONDENSED STATEMENTS OF CASH FLOWS						
Net income (loss)	\$ (26,134)	\$ 2,862	\$ (23,272)	\$ (27,883)	\$ 4,094	\$ (23,789)
Deferred income taxes	(4,126)	(1,657)	(5,783)	(17,583)	(4,094)	(21,677)

Accrued expenses ⁽¹⁾	1,101	(1,205)	(104)	118	—	118
Net cash used in Operating activities	(1,093)	—	(1,093)	(7,213)	—	(7,213)

(1) The prior impact of adjustments have been updated to conform with the current year presentation. These updates are not a part of the restatements above.

All referenced amounts for prior periods in this Schedule I and the notes herein reflect the balances and amounts on a restated basis.

NOTE 4: NOTE RECEIVABLE FROM SSE HOLDINGS

In March 2021, contemporaneously with the issuance of the Convertible Notes described in Note 4, Debt, below, the Parent Company entered into a \$250,000 intercompany note with SSE Holdings (the "Intercompany Note"). SSE Holdings promises to pay The Intercompany Note will mature in March 2028 unless the Parent Company for value received, the principal amount with interest of the Intercompany Note in March 2028. The Parent Company will exercise exercises its right to convert the Intercompany Note to maintain at all times a one-to-one ratio between the number of common units, directly or indirectly, held by the Parent Company and the aggregate number of outstanding shares of Class A common stock. As of December 27, 2023 and December 28, 2022, the balance of the Note receivable from SSE Holdings was \$216,946 and \$209,013, respectively, net of accretion.

The Parent Company's right to convert the Intercompany Note into common units of SSE Holdings (the "Conversion Option") is required to be bifurcated from the Intercompany Note and shown separately on the Parent Company's Condensed Balance Sheets. The Conversion Option is to be recorded at fair value and remeasured at each subsequent reporting date. On the date of issuance, the Conversion Option was determined to be an asset with a fair value of \$48,200. As of December 28, 2022 December 27, 2023 and December 29, 2021 December 28, 2022, the fair value of the Conversion Option was \$12,900 and \$6,300, and \$16,000, respectively.

The following table presents amounts in the Parent Company recorded unrealized losses Company's Condensed Statements of \$9,700 and \$32,200, respectively in fiscal 2022 and fiscal 2021, within Other income (expense), net due Income (Loss) related to the change in fair value of and accretion on the Conversion Option. Option:

As of December 28, 2022 and December 29, 2021, the balance of the Note receivable from SSE Holdings was \$209,013 and \$201,080, respectively, net of accretion. The Parent Company recognized interest income of \$7,933 and \$6,605, respectively, in fiscal 2022 and fiscal 2021, within Other income (expense), net primarily associated with the accretion of the Conversion Option value at issuance.

	Classification		2023		2022		2021
Unrealized gain (loss)	Other income (expense), net	\$	6,600	\$	(9,700)	\$	(32,200)
Interest income	Other income (expense), net	\$	7,933	\$	7,933	\$	6,605

NOTE 4: 5: DEBT

In March 2021, the Parent Company issued \$225,000 \$250,000 aggregate principal amount of 0% Convertible Senior Notes due 2028 ("Convertible Notes") in a private placement to qualified institutional buyers pursuant to Rule 144A under the Securities Act of 1933. The Parent Company granted an option to the initial purchasers to purchase up to an additional \$25,000 aggregate principal amount of Convertible Notes to cover over-allotments, which was subsequently fully exercised during March 2021, resulting in a total issuance of \$250,000 aggregate principal amount of Convertible Notes. The Convertible Notes will mature on March 1, 2028, unless earlier converted, redeemed or repurchased in certain circumstances. Upon conversion, the Parent 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. Refer to Note 8: 9, Debt, in the Company's Consolidated Financial Statements, included in Part II, Item 8, for additional information relating to the Convertible Notes.

NOTE 5: 6: COMMITMENTS AND CONTINGENCIES

On February 4, 2015, the Parent Company entered into a tax receivable agreement with the non-controlling interest holders that provides for payments to the non-controlling interest holders of 85% of the amount of any tax benefits that the Parent Company actually realizes, or in some cases is deemed to realize, as a result of certain transactions. Refer to Note 14: 15, Income Taxes, to the Company's Consolidated Financial Statements included in Part II, Item 8, for additional information relating to the Parent Company's Tax Receivable Agreement. As described in Note 17: 18, Commitments and Contingencies, to the Company's Consolidated Financial Statements, amounts payable under the Tax Receivable Agreement are contingent upon, among other things, (i) generation of future taxable income of Shake Shack Inc. over the term of the Tax Receivable Agreement and (ii) future

changes in tax laws. As of **December 28, 2022** **December 27, 2023** and **December 29, 2021** **December 28, 2022**, liabilities under the tax receivable agreement totaled **\$234,893** **\$235,613** and **\$234,045**, **\$234,893**, respectively.

NOTE 6: 7: SUPPLEMENTAL CASH FLOW INFORMATION

The following table sets forth supplemental cash flow information:

	(As Restated)		(As Restated)	(As Restated)
2023	2023	2022	2021	
Cash paid for:				
Income taxes				
Income taxes				
Income taxes				
Non-cash investing activities:				
Non-cash investing activities:				
Non-cash investing activities:				
Accrued contribution related to stock option exercises				
Accrued contribution related to stock option exercises				
Accrued contribution related to stock option exercises				
	2022	2021	2020	
Cash paid for:				
Class A common stock issued in connection with the acquisition of LLC Interests upon redemption by the non-controlling interest holders				
Income taxes	\$ —	\$ 19	\$ 124	

Class A common stock issued in connection with the acquisition of LLC Interests upon redemption by the non- controlling interest holders				
Non-cash investing activities:				
Class A common stock issued in connection with the acquisition of LLC Interests upon redemption by the non- controlling interest holders				
Accrued contribution related to stock option exercises	424	6,731	8,094	
Class A common stock issued in connection with the acquisition of LLC Interests upon redemption by the non- controlling interest holders	313	33	1,723	
Non-cash contribution made in connection with equity awards granted to employees of SSE Holdings	6,988	11,468	5,193	


	Non-cash contribution made in connection with equity awards granted to employees of SSE Holdings			
	Non-cash contribution made in connection with equity awards granted to employees of SSE Holdings			
	Non-cash contribution made in connection with equity awards granted to employees of SSE Holdings			
Non-cash financing activities:	Non-cash financing activities:			
	Establishment of liabilities under tax receivable agreement			
	Establishment of liabilities under tax receivable agreement	844	1,093	4,024
	Establishment of liabilities under tax receivable agreement			
	Establishment of liabilities under tax receivable agreement			

Schedule II: Valuation and Qualifying Accounts

(in thousands)	Balance at beginning of period	Additions		Reductions	Balance at end of period
		Charged to costs and expenses	Charged to other accounts		
Deferred tax asset valuation allowance:					
Fiscal year ended December 30, 2020	\$ 954	\$ (2,610)	\$ 4,312	\$ —	\$ 2,656
Fiscal year ended December 29, 2021	\$ 2,656	\$ (6,063)	\$ 8,580	\$ —	\$ 5,173
Fiscal year ended December 28, 2022	\$ 5,173	\$ 4,955	\$ (568) (1)	\$ —	\$ 9,560

(in thousands)	Balance at beginning of period	Additions		Reductions	Balance at end of period
		Charged to costs and expenses	Charged to other accounts		
Deferred tax asset valuation allowance:					
Fiscal year ended December 29, 2021 (As Restated)	\$ 2,656	\$ (6,063)	\$ 8,580	\$ —	\$ 5,173
Fiscal year ended December 28, 2022 (As Restated)	\$ 5,173	\$ 4,955	\$ (568) (1)	\$ —	\$ 9,560
Fiscal year ended December 27, 2023	\$ 9,560	\$ (9,203)	\$ —	\$ —	\$ 357

(1) Amount relates to a valuation allowance established on deferred tax assets related to our investment in SSE Holdings.

Shake Shack Inc.  Form 10-K | 121 136

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

None.

Item 9A. Controls and Procedures.

DISCLOSURE CONTROLS AND PROCEDURES

Under the supervision and with the participation of our management, including the Chief Executive Officer and Chief Financial Officer, we conducted an evaluation of the effectiveness of our disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of the end of the

period covered by this report. Based

During year end control procedures, management identified a material weakness in our internal control over financial reporting related to the accounting for deferred tax assets. Specifically, the internal controls in place with respect to the calculation of state deferred taxes and the related income tax expense (benefit) were not designed appropriately. The material weakness existed as of December 27, 2023 and prior periods.

Management identified and reported this weakness to both our audit committee and Ernst & Young LLP, our independent registered public accounting firm, immediately upon identification. The nature of the material weakness is described as part of Management's Report on our Internal Control over Financial Reporting. See Item 8, Financial Statements and Supplementary Data.

A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the control system's objectives will be met. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues have been detected. The design of any system of controls is based in part on certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under potential future conditions, regardless of how remote.

As a result of this evaluation, discovery, our Chief Executive Officer and Chief Financial Officer have now concluded that our disclosure controls and procedures were not effective at a reasonable assurance level as of such date. Our disclosure controls and procedures are designed December 27, 2023, as a result of the material weakness identified in Management's Report on our Internal Control over Financial Reporting related to ensure that information required to be disclosed in the reports we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and that such information is accumulated and communicated to management, including the Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosure. accounting for deferred tax assets as discussed below.

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

For Management's Report on Internal Control over Financial Reporting, see Item 8, Financial Statements and Supplementary Data.

CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

There were no For changes to our in internal control over financial reporting, that occurred during the quarter ended December 28, 2022 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting. see Item 8, Financial Statements and Supplementary Data.

Item 9B. Other Information.

Not applicable. Rule 10b5-1 Trading Plans

Pursuant to Item 408(a) of Regulation S-K, our directors and officers (as defined in Rule 16a-1(f) under the Exchange Act) adopted, terminated, or modified a "Rule 10b5-1 trading arrangement" in the fiscal year ended December 27, 2023 as follows:

Name	Position	Action	Adoption Date	Expiration Date	Aggregate Numbers of Class A Common Stock to be Purchased/Sold
Jeff Flug	Director	Adoption	5/18/2023	8/16/2024	5,960 shares to be sold
	Chairman of the Board of				
Daniel Meyer	Directors	Adoption	8/8/2023	4/30/2024	100,000 shares to be sold

Other than as disclosed above, no other officer or director adopted, terminated, or modified a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408(a) of Regulation S-K.

PART III

Item 10. Directors, Executive Officers and Corporate Governance.

The information required by this item with respect to our directors is incorporated by reference to the sections entitled "Nominees for Election as Class **II** Directors" and "Continuing Directors" in our Proxy Statement to be filed in connection with our **2023** Annual Meeting of Shareholders (the "Proxy Statement"). The information required by this item with respect to our Code of Business Conduct and Audit Committee (including our "audit committee financial expert") is incorporated by reference to the sections entitled "Code of Ethics" and "Audit Committee **Report**" in our Proxy Statement.

The information required by this item with respect to our executive officers is set forth under the section entitled "Information About Our Executive Officers" in Part I, Item 1 of this Annual Report on Form 10-K.

The information required by this item with respect to Section 16(a) of the Exchange Act is incorporated by reference to the section of the Proxy Statement entitled "Delinquent 16(a) Reports."

Item 11. Executive Compensation.

The information required by this item with respect to director and executive officer compensation is incorporated by reference to the section entitled "Compensation Discussion and Analysis" in our Proxy Statement.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

The information required by this item with respect to security ownership of certain beneficial owners and management is **also** incorporated by reference to the section entitled "Security Ownership of Certain Beneficial Owners and Management" in our Proxy Statement.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY INCENTIVE PLANS

The following table provides information about our compensation plans under which our Class A common stock is authorized for issuance, as of **December 28, 2022** **December 27, 2023**:

Plan	Number of securities to be issued upon exercise of options, warrants and rights			Number of securities remaining available for future issuances under equity compensation plans ⁽²⁾		Plan	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuances under equity compensation plans ⁽²⁾
	Plan	Weighted average price of exercise of options, warrants and rights	Number of securities remaining available for future issuances under equity compensation plans ⁽²⁾	Plan	Number of securities remaining available for future issuances under equity compensation plans ⁽²⁾				
Category	Category	and rights	and rights	plans ⁽²⁾	Category	Category	and rights	warrants and rights	plans ⁽²⁾

Equity compensation plans approved by security holders ⁽¹⁾	Equity compensation plans approved by security holders ⁽¹⁾	134,031	\$	21.88	2,758,726
---	---	---------	----	-------	-----------

(1) Includes awards granted and available to be granted under our 2015 Incentive Award Plan.
(2) This amount represents shares of common stock available for issuance under the 2015 Incentive Award Plan, which include stock options, performance stock units and restricted stock units.

Item 13. Certain Relationships and Related Transactions, and Director Independence.

The information required by this item with respect to transactions with related persons and director independence is incorporated by reference to the sections entitled "Certain Relationships and Related Party Transactions" and "Corporate Governance --Composition of our Board of Directors" in our Proxy Statement.

Item 14. Principal Accountant Fees and Services.

The information required by this item with respect to principal accountant's fees and services is incorporated by reference to the sections entitled "Audit and Related Fees" and "Audit Committee Report" in our Proxy Statement.

Part IV

Item 15. Exhibits and Financial Statement Schedules.

- (a) The following documents are filed as part of this report:
- (1) *Financial Statements*

	Page
Management's Report	76
Report of Independent Registered Public Accounting Firm	77 78
Consolidated Balance Sheets	82 83
Consolidated Statements of Income (Loss)	83 84
Consolidated Statements of Comprehensive Income (Loss)	84 85
Consolidated Statements of Stockholders' Equity	85 86
Consolidated Statements of Cash Flows	86 87
Notes to Consolidated Financial Statements	87 88

(2) **Financial Statement Schedules**

	Page
Schedule I: Condensed Financial Information of Registrant	114 128
Schedule II: Valuation and Qualifying Accounts	121 136

All other financial statement schedules are omitted since they are not required or are not applicable, or the required information is included in the Consolidated Financial Statements or notes thereto.

(3) **Exhibits**

The exhibits listed on the accompanying Exhibit Index are filed or incorporated by reference as part of this report and such Exhibit Index is incorporated herein by reference.

Item 16. Form 10-K Summary

None.


Shake Shack Inc.  Form 10-K | [125](#) [141](#)

EXHIBIT INDEX

Exhibit Number	Exhibit Description	Incorporated by Reference			Filed Herewith
		Form	Exhibit	Filing Date	
3.1	Amended and Restated Certificate of Incorporation of Shake Shack Inc., effective February 4, 2015	8-K	3.1	2/10/2015	#
3.2	Second Amended and Restated Bylaws of Shake Shack Inc., dated October 1, 2019	8-K	3.1	10/4/2019	
4.1	Form of Class A Common Stock Certificate	S-1/A	4.1	1/28/2015	
4.2	Description of Securities				
10.1	Third Amended and Restated Limited Liability Company Agreement of SSE Holdings, LLC, dated February 4, 2015 by and among SSE Holdings, LLC and its Members	8-K	10.3	2/10/2015	
10.1.1	Amendment No. 1 to Third Amended and Restated Limited Liability Company Agreement of SSE Holdings, LLC, dated March 7, 2016, but effective as of February 4, 2015	POSAM	10.1.1	3/10/2016	

10.1.2	Amendment No. 2 to Third Amended and Restated Limited Liability Company Agreement of SSE Holdings, LLC, dated February 6, 2017	10-K	10.1.2	3/13/2017
10.1.3	Amendment No. 3 to Third Amended and Restated Limited Liability Company Agreement of SSE Holdings, LLC, dated March 31, 2020	10-Q	10.1	7/31/2020
10.2	Amended and Restated Management Services Agreement, effective as of January 15, 2015, by and between SSE Holdings, LLC and USHG, LLC	S-1	10.13	12/29/2014
10.3	Tax Receivable Agreement, dated February 4, 2015, by and among Shake Shack Inc., SSE Holdings, LLC and each of the Members from time to time party thereto	8-K	10.1	2/10/2015
10.4	Registration Rights Agreement, dated February 4, 2015, by and among Shake Shack Inc. and each other person identified on the schedule of investors attached thereto	8-K	10.2	2/10/2015
10.4.1	Amendment No. 1 to Registration Rights Agreement, dated and effective as of October 8, 2015, by and among Shake Shack Inc., the Continuing SSE Equity Owners and affiliates of the Former SSE Equity Owners	10-Q	10.2	11/6/2015
10.5	Stockholders Agreement, dated February 4, 2015, by and among Shake Shack Inc., SSE Holdings, LLC, and the persons and entities listed on the schedules attached thereto	8-K	10.4	2/10/2015
10.5.1	Amendment No. 1 to Stockholders Agreement, dated and effective as of October 8, 2015, by and among Shake Shack Inc., SSE Holdings, LLC, the Meyer Stockholders, the LGP Stockholders and the SEG Stockholders	10-Q	10.1	11/6/2015
10.5.2	Amendment No. 2 to Stockholders Agreement, dated and effective as of May 11, 2017, by and among Shake Shack Inc., SSE Holdings, LLC, the Meyer Stockholders, the LGP Stockholders and the SEG Stockholders	10-Q	10.2	8/4/2017
10.5.3	Amendment No. 3 to Stockholders Agreement, dated and effective as of October 16, 2018, by and among Shake Shack Inc., SSE Holdings, LLC, the Meyer Stockholders, the LGP Stockholders and the SEG Stockholders	10-K	10.5.3	2/25/2019
10.6	Form of Indemnification Agreement entered into between Shake Shack Inc. and each of its directors and officers, effective February 4, 2015	S-1/A	10.21	1/20/2015
10.7	† Shake Shack Inc. 2015 Incentive Award Plan	S-8	4.4	1/30/2015
10.7.1	† Amendment No. 1 to the Shake Shack Inc. 2015 Incentive Award Plan, dated April 26, 2016	10-Q	10.1	5/16/2016
10.7.2	† Amendment No. 2 to the Shake Shack Inc. 2015 Incentive Award Plan, dated February 5, 2019	10-Q	10.1	5/6/2019
10.7.3	† Form of Employee Option Agreement under the Shake Shack Inc. 2015 Incentive Award Plan, as amended	S-1/A	10.19	1/20/2015
10.7.4	† Form of Director Option Agreement under the Shake Shack Inc. 2015 Incentive Award Plan, as amended	S-1/A	10.20	1/20/2015

Exhibit Number	Exhibit Description	Incorporated by Reference			Filed Herewith
		Form	Exhibit	Filing Date	
3.1	Amended and Restated Certificate of Incorporation of Shake Shack Inc., effective February 4, 2015	8-K	3.1	2/10/2015	
3.2	Second Amended and Restated Bylaws of Shake Shack Inc., dated October 1, 2019	8-K	3.1	10/4/2019	
4.1	Form of Class A Common Stock Certificate	S-1/A	4.1	1/28/2015	
4.2	Description of Securities				#
10.1	Third Amended and Restated Limited Liability Company Agreement of SSE Holdings, LLC, dated February 4, 2015 by and among SSE Holdings, LLC and its Members	8-K	10.3	2/10/2015	
10.1.1	Amendment No. 1 to Third Amended and Restated Limited Liability Company Agreement of SSE Holdings, LLC, dated March 7, 2016, but effective as of February 4, 2015	POSAM	10.1.1	3/10/2016	
10.1.2	Amendment No. 2 to Third Amended and Restated Limited Liability Company Agreement of SSE Holdings, LLC, dated February 6, 2017	10-K	10.1.2	3/13/2017	
10.1.3	Amendment No. 3 to Third Amended and Restated Limited Liability Company Agreement of SSE Holdings, LLC, dated March 31, 2020	10-Q	10.1	7/31/2020	
10.2	Amended and Restated Management Services Agreement, effective as of January 15, 2015, by and between SSE Holdings, LLC and USHG, LLC	S-1	10.13	12/29/2014	

10.3	Tax Receivable Agreement, dated February 4, 2015, by and among Shake Shack Inc., SSE Holdings, LLC and each of the Members from time to time party thereto	8-K	10.1	2/10/2015
10.4	Registration Rights Agreement, dated February 4, 2015, by and among Shake Shack Inc. and each other person identified on the schedule of investors attached thereto	8-K	10.2	2/10/2015
10.4.1	Amendment No. 1 to Registration Rights Agreement, dated and effective as of October 8, 2015, by and among Shake Shack Inc., the Continuing SSE Equity Owners and affiliates of the Former SSE Equity Owners	10-Q	10.2	11/6/2015
10.5	Stockholders Agreement, dated February 4, 2015, by and among Shake Shack Inc., SSE Holdings, LLC, and the persons and entities listed on the schedules attached thereto	8-K	10.4	2/10/2015
10.5.1	Amendment No. 1 to Stockholders Agreement, dated and effective as of October 8, 2015, by and among Shake Shack Inc., SSE Holdings, LLC, the Meyer Stockholders, the LPG Stockholders and the SEG Stockholders	10-Q	10.1	11/6/2015
10.5.2	Amendment No. 2 to Stockholders Agreement, dated and effective as of May 11, 2017, by and among Shake Shack Inc., SSE Holdings, LLC, the Meyer Stockholders, the LPG Stockholders and the SEG Stockholders	10-Q	10.2	8/4/2017
10.5.3	Amendment No. 3 to Stockholders Agreement, dated and effective as of October 16, 2018, by and among Shake Shack Inc., SSE Holdings, LLC, the Meyer Stockholders, the LPG Stockholders and the SEG Stockholders	10-K	10.5.3	2/25/2019
10.5.4	Amendment No. 4 to Stockholders Agreement, dated and effective as of May 15, 2023, by and among Shake Shack Inc., SSE Holdings, LLC, the Meyer Stockholders and the LPG Stockholders.	8-K	10.2	5/16/2023
10.5.5	Amendment No. 5 to Stockholders Agreement, dated and effective as of May 15, 2023, by and among Shake Shack Inc., SSE Holdings, LLC and the Meyer Stockholders.	8-K	10.3	5/16/2023
10.6	Form of Indemnification Agreement entered into between Shake Shack Inc. and each of its directors and officers, effective February 4, 2015	S-1/A	10.21	1/20/2015
10.7	† Shake Shack Inc. 2015 Incentive Award Plan	S-8	4.4	1/30/2015
10.7.1	† Amendment No. 1 to the Shake Shack Inc. 2015 Incentive Award Plan, dated April 26, 2016	10-Q	10.1	5/16/2016


Shake Shack Inc.  Form 10-K | 126142

Exhibit Number	Exhibit Description	Incorporated by Reference			Filed Herewith
		Form	Exhibit	Filing Date	
10.7.5	† Form of Performance Stock Unit Award Agreement under the Shake Shack Inc., 2015 Incentive Award Plan, as amended	10-Q	10.2	5/16/2016	
10.7.6	† Form of Supplement to Performance Stock Unit Award Agreement under the Shake Shack Inc., 2015 Incentive Award Plan, as amended	10-Q	10.3	5/16/2016	
10.7.7	† Form of Employee Restricted Stock Unit Award Agreement under the Shake Shack Inc. 2015 Incentive Award Plan as amended	10-K	10.9.6	2/25/2019	
10.7.8	† Form of Employee Restricted Stock Unit Award Supplement under the Shake Shack Inc. 2015 Incentive Award Plan as amended	10-K	10.9.7	2/25/2019	
10.7.9	† Form of Director Restricted Stock Unit Award Agreement under the Shake Shack Inc. 2015 Incentive Award Plan as amended	10-K	10.9.8	2/25/2019	
10.8	† 2015 Senior Executive Bonus Plan	S-1	10.12	12/29/2014	

10.9	†	Amended and Restated Employment Agreement, effective January 5, 2017, by and among Zach Koff, Shake Shack Inc. and SSE Holdings, LLC	8-K	10.1	1/5/2017	
10.9.1	†	Amended and Restated Employment Agreement, effective October 25, 2018, by and among Shake Shack Inc., SSE Holdings, LLC and Randy Garutti	8-K	10.1	10/26/2018	
10.9.2		Employment Agreement, effective as of June 14, 2021, by and among Katherine Fogertey, Shake Shack Inc., SSE Holdings, LLC and Shake Shack Enterprises, LLC	8-K	10.1	6/9/2021	
10.10	†	Non-Employee Director Compensation Policy	10-K	10.19	2/26/2018	
10.10.1	†	Amended & Restated Non-Employee Director Compensation Policy, dated May 19, 2016	10-K	10.19.1	2/26/2018	
10.10.2	†	Second Amended & Restated Non-Employee Director Compensation Policy, dated March 17, 2017	10-K	10.19.2	2/26/2018	
10.11		Credit Agreement, dated as of August 2, 2019, by and among SSE Holdings, LLC, the Guarantors party thereto, the Lenders referred to therein and Wells Fargo Bank, National Association, as Administrative Agent, Swingline Lender and Issuing Lender	8-K	10.1	8/5/2019	
10.11.1		First Amendment to Credit Agreement, dated as of May 4, 2020, by and among SSE Holdings, LLC, the Guarantors party thereto, the Lenders party thereto, and Wells Fargo Bank, National Association, as Administrative Agent	10-Q	10.3	5/4/2020	
10.11.2		Second Amendment to Credit Agreement, dated as of March 1, 2021, by and among SSE Holdings, LLC, the Guarantors party thereto, the Lenders party thereto, and Wells Fargo Bank, National Association, as Administrative Agent	10-Q	10.1	5/7/2021	
10.11.3		Third Amendment to Credit Agreement, dated as of March 5, 2021, by and among SSE Holdings, LLC, the Guarantors party thereto, the Lenders party thereto, and JPMorgan Chase Bank, National Association, as Administrative Agent	10-Q	10.2	5/7/2021	
10.12		Security and Pledge Agreement, dated as of August 2, 2019, by and among SSE Holdings, LLC, the other Obligor party thereto, and Wells Fargo Bank, National Association, as Administrative Agent	10-Q	10.2	11/4/2019	
10.13		Distribution Agreement, dated April 17, 2020, by and between Shake Shack Inc., J.P. Morgan Securities LLC, BofA Securities, Inc. and Wells Fargo Securities LLC	8-K	1.1	4/17/2020	
10.14		Underwriting Agreement, dated April 17, 2020, by and between the Company and J.P. Morgan Securities LLC	8-K	1.1	4/21/2020	
21		Subsidiaries of Shake Shack Inc.				*
23		Consent of Independent Registered Public Accounting Firm				*
31.1		Certification of the Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002				*
31.2		Certification of the Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002				*
32		Certifications of Principal Executive Officer and Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002				#

Exhibit Number	Exhibit Description	Incorporated by Reference			Filed Herewith
		Form	Exhibit	Filing Date	
10.7.2	† Amendment No. 2 to the Shake Shack Inc. 2015 Incentive Award Plan, dated February 5, 2019	10-Q	10.1	5/6/2019	
10.7.3	† Form of Employee Option Agreement under the Shake Shack Inc. 2015 Incentive Award Plan, as amended	S-1/A	10.19	1/20/2015	
10.7.4	† Form of Director Option Agreement under the Shake Shack Inc. 2015 Incentive Award Plan, as amended	S-1/A	10.20	1/20/2015	
10.7.5	† Form of Performance Stock Unit Award Agreement under the Shake Shack Inc., 2015 Incentive Award Plan, as amended	10-Q	10.2	5/16/2016	
10.7.6	† Form of Supplement to Performance Stock Unit Award Agreement under the Shake Shack Inc. 2015 Incentive Award Plan, as amended	10-Q	10.3	5/16/2016	
10.7.7	† Form of Employee Restricted Stock Unit Award Agreement under the Shake Shack Inc. 2015 Incentive Award Plan as amended	10-K	10.9.6	2/25/2019	


10.7.8	†	Form of Employee Restricted Stock Unit Award Supplement under the Shake Shack Inc. 2015 Incentive Award Plan as amended	10-K	10.9.7	2/25/2019
10.7.9	†	Form of Director Restricted Stock Unit Award Agreement under the Shake Shack Inc. 2015 Incentive Award Plan as amended	10-K	10.9.8	2/25/2019
10.8	†	2015 Senior Executive Bonus Plan	S-1	10.12	12/29/2014
10.9.1	†	Amended and Restated Employment Agreement, effective January 5, 2017, by and among Zach Koff, Shake Shack Inc. and SSE Holdings, LLC	8-K	10.1	1/5/2017
10.9.2		Separation Agreement by and between Zachary Koff and Shake Shack Enterprises, LLC., executed August 2, 2023	8-K	10.1	8/3/2023
10.9.3	†	Amended and Restated Employment Agreement, effective October 25, 2018, by and among Shake Shack Inc., SSE Holdings, LLC and Randy Garutti	8-K	10.1	10/26/2018
10.9.4		Transition and Advisory Agreement, dated January 26, 2024, by and among Randall Garutti, Shake Shack Inc. and SSE Holdings, LLC	8-K	10.10	1/26/2024
10.9.5		Employment Agreement, effective as of June 14, 2021, by and among Katherine Fogertey, Shake Shack Inc., SSE Holdings, LLC and Shake Shack Enterprises, LLC	8-K	10.1	6/9/2021
10.10	†	Non-Employee Director Compensation Policy	10-K	10.19	2/26/2018
10.10.1	†	Amended & Restated Non-Employee Director Compensation Policy, dated May 19, 2016	10-K	10.19.1	2/26/2018
10.10.2	†	Second Amended & Restated Non-Employee Director Compensation Policy, dated March 17, 2017	10-K	10.19.2	2/26/2018
10.11		Credit Agreement, dated as of August 2, 2019, by and among SSE Holdings, LLC, the Guarantors party thereto, the Lenders referred to therein and Wells Fargo Bank, National Association, as Administrative Agent, Swingline Lender and Issuing Lender	8-K	10.1	8/5/2019
10.11.1		First Amendment to Credit Agreement, dated as of May 4, 2020, by and among SSE Holdings, LLC, the Guarantors party thereto, the Lenders party thereto, and Wells Fargo Bank, National Association, as Administrative Agent	10-Q	10.3	5/4/2020
10.11.2		Second Amendment to Credit Agreement, dated as of March 1, 2021, by and among SSE Holdings, LLC, the Guarantors party thereto, the Lenders party thereto, and Wells Fargo Bank, National Association, as Administrative Agent	10-Q	10.1	5/7/2021
10.11.3		Third Amendment to Credit Agreement, dated as of March 5, 2021, by and among SSE Holdings, LLC, the Guarantors party thereto, the Lenders party thereto, and JPMorgan Chase Bank, National Association, as Administrative Agent	10-Q	10.2	5/7/2021
10.11.4		Fourth Amendment to Credit Agreement, dated as of June 29, 2023, by and among SSE Holdings, LLC, the Guarantors party hereto, the Lenders party hereto, and JPMorgan Chase Bank, National Association, as Administrative agent	10-Q	10.7	8/4/2023
10.12		Security and Pledge Agreement, dated as of August 2, 2019, by and among SSE Holdings, LLC, the other Obligors party thereto, and Wells Fargo Bank, National Association, as Administrative Agent	10-Q	10.2	11/4/2019

Exhibit Number	Exhibit Description	Incorporated by Reference			Filed Herewith
		Form	Exhibit	Filing Date	
101.INS	XBRL Instance Document				*
101.SCH	XBRL Taxonomy Extension Schema Document				*
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document				*
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document				*
101.LAB	XBRL Taxonomy Extension Label Linkbase Document				*
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document				*
104	Cover Page Interactive Data File - the cover page interactive data file does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document				*

Exhibit Number	Exhibit Description	Incorporated by Reference			Filed Herewith
		Form	Exhibit	Filing Date	
10.13	Distribution Agreement, dated April 17, 2020, by and between Shake Shack Inc., J.P. Morgan Securities LLC, BofA Securities, Inc. and Wells Fargo Securities LLC	8-K	1.1	4/17/2020	
10.14	Underwriting Agreement, dated April 17, 2020, by and between the Company and J.P. Morgan Securities LLC	8-K	1.1	4/21/2020	
10.15	Cooperation Agreement, dated May 15, 2023, by and among Engaged Capital Flagship Master Fund, LP, Engaged Capital Co-Invest XV, LP, Engaged Capital Co-Invest XV-A, LP, Engaged Capital Flagship Fund, LP, Engaged Capital Flagship Fund, Ltd., Engaged Capital, LLC, Engaged Capital Holdings, LLC, Glenn W. Wellington and Shake Shack Inc.	8-K	10.1	5/16/2023	
10.16	Letter Agreement by and between Jeffrey D. Lawrence and Shake Shack Inc., dated May 15, 2023	8-K	10.4	5/16/2023	
10.17	Letter Agreement by and between Charles J. Chapman III and Shake Shack Inc., executed July 1, 2023	8-K	10.1	7/10/2023	
21	Subsidiaries of Shake Shack Inc.				*
23	Consent of Independent Registered Public Accounting Firm				*
31.1	Certification of the Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002				*
31.2	Certification of the Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002				*
32	Certifications of Principal Executive Officer and Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002				#
97	Dodd-Frank Clawback Policy				*
101.INS	XBRL Instance Document				*
101.SCH	XBRL Taxonomy Extension Schema Document				*
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document				*
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document				*
101.LAB	XBRL Taxonomy Extension Label Linkbase Document				*
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document				*
104	Cover Page Interactive Data File - the cover page interactive data file does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document				*

† Indicates a management contract or compensatory plan or arrangement.

Furnished herewith.

Shake Shack Inc.  Form 10-K | 128 144

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Shake Shack Inc.


(Registrant)

By: /s/ Katherine I. Fogerty

Katherine I. Fogerty

Chief Financial Officer

Date: February 23, 2023 February 29, 2024

Shake Shack Inc.  Form 10-K | 129 145

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ Randy Garutti</u> Randy Garutti	Chief Executive Officer and Director (Principal Executive Officer)	February 23, 2023 29, 2024
<u>/s/ Katherine I. Fogertey</u> Katherine I. Fogertey	Chief Financial Officer (Principal Financial and Accounting Officer)	February 23, 2023 29, 2024
<u>/s/ Daniel Meyer</u> Daniel Meyer	Chairman of the Board of Directors	February 23, 2023 29, 2024
<u>/s/ Sumaiya Balbale</u> Sumaiya Balbale	Director	February 23, 2023 29, 2024
<u>/s/ Lori George Billingsley</u> Lori George Billingsley	Director	February 23, 2023 29, 2024
<u>/s/ Charles J. Chapman III</u> Charles J. Chapman III	Director	February 29, 2024
<u>/s/ Anna Fieler</u> Anna Fieler	Director	February 23, 2023 29, 2024
<u>/s/ Jeff Flug</u> Jeff Flug	Director	February 23, 2023 29, 2024
<u>/s/ Jeffrey D. Lawrence</u> Jeffrey D. Lawrence	Director	February 29, 2024
<u>/s/ Jenna Lyons</u> Jenna Lyons	Director	February 23, 2023 29, 2024
<u>/s/ Joshua Silverman</u> Joshua Silverman	Director	February 23, 2023 29, 2024
<u>/s/ Jonathan D. Sokoloff</u> Jonathan D. Sokoloff	Director	February 23, 2023 29, 2024
<u>/s/ Robert Vivian</u> Robert Vivian	Director	February 23, 2023 29, 2024
<u>/s/ Tristan Walker</u> Tristan Walker	Director	February 23, 2023 29, 2024

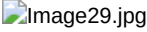
Shake Shack Inc.  Form 10-K | 130 146

Exhibit 4.2

SHAKE SHACK INC.

DESCRIPTION OF SECURITIES REGISTERED UNDER SECTION 12 OF THE SECURITIES EXCHANGE ACT OF 1934

The Class A common stock, par value \$0.001 per share ("Class A Common Stock") of Shake Shack Inc. is listed on the New York Stock Exchange under the symbol "SHAK" and is registered under Section 12 of the Securities Exchange Act of 1934. All outstanding shares of Class A Common Stock are validly issued, fully paid and nonassessable.

The following description of the terms of our common stock is not complete and is qualified in its entirety by reference to our Amended and Restated Certificate of Incorporation (the "Certificate of Incorporation"), and our Second Amended and Restated Bylaws (the "Bylaws"), both of which are exhibits to our Annual Reports on Form 10-K.

Our authorized capital stock consists of 200,000,000 shares of Class A Common Stock, 35,000,000 shares of Class B common stock, par value \$0.001 per share ("Class B Common Stock"), and 10,000,000 shares of blank check preferred stock.

Voting Rights

Holders of our Class A Common Stock and our Class B Common Stock are each entitled to cast one vote per share. Holders of our Class A Common Stock are not entitled to cumulate their votes in the election of directors. Holders of Class A Common Stock and Class B Common Stock generally vote together as a single class on all matters presented to the stockholders for their vote or approval. Generally, all matters to be voted on by stockholders must be approved by a majority (or, in the case of election of directors, by a plurality) of the votes entitled to be cast by all stockholders present in person or represented by proxy, voting together as a single class. Except as otherwise provided by law, amendments to the amended and restated certificate of incorporation must be approved by a majority or, in some cases, a super-majority of the combined voting power of all shares entitled to vote, voting together as a single class.

Dividend Rights

Holders of Class A Common Stock ratably (based on the number of shares of Class A Common Stock held) if and when any dividend is declared by the board of directors out of funds legal available therefor, subject to any statutory or contractual restrictions on the payment of dividends and to any restrictions on the payment of dividends imposed by the terms of any outstanding preferred stock.

Liquidation Rights

On the liquidation, dissolution or winding up of Shake Shack Inc., each holder of Class A Common Stock will be entitled to a pro rata distribution of any assets available for distribution to common stockholders.

Other Matters

Shares of Class A Common Stock are not subject to redemption and do not have preemptive rights to purchase additional shares of Class A Common Stock. Holders of shares of our Class A Common Stock do not have subscription, redemption or conversion rights. There are no redemption or sinking fund provisions applicable to the Class A Common Stock.

Exclusive Venue

Our amended and restated certificate of incorporation requires, to the fullest extent permitted by law, that (i) any derivative action or proceeding brought on our behalf, (ii) any action asserting a 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 General Corporation Law of the State of Delaware ("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.

Classified Board of Directors

Our amended and restated certificate of incorporation provides that our board of directors is divided into three classes, with the classes as nearly equal in number as possible and each class serving three-year staggered terms. Pursuant to the terms of the Stockholders Agreement (as defined in our Bylaws), directors designated by certain parties to the Stockholders Agreement may only be removed with or without cause by the request of the party entitled to designate such director. In all other cases and at any other time, directors may only be removed from our board of directors for cause by the affirmative vote of at least a majority of the confirmed voting power of our Class A Common Stock and Class B Common Stock. These provisions may have the effect of deferring, delaying or discouraging hostile takeovers, or changes in control of us or our management.

Authorized but Unissued Shares

The authorized but unissued shares of common stock and preferred stock are available for future issuance without stockholder approval, subject to any limitations imposed by the listing standards of the NYSE. These additional shares may be used for a variety of corporate finance transactions, acquisitions and employee benefit plans. The existence of authorized but unissued and unreserved common stock and preferred stock could make more difficult or discourage an attempt to obtain control of us by means of a proxy contest, tender offer, merger or otherwise.

Requirements for Advance Notification of Stockholder Meetings, Nominations and Proposals

Our amended and restated certificate of incorporation provides that stockholders at an annual meeting may only consider proposals or nominations specified in the notice of meeting or brought before the meeting by or at the direction of our board of directors or by a qualified stockholder of record on the record date for the meeting, who is entitled to vote at the meeting and who has delivered timely written notice in proper form to our secretary of the stockholder's intention to bring such business before the meeting. Our amended and restated certificate of incorporation provides that, subject to applicable law, special meetings of the stockholders may be called only by a resolution adopted by the affirmative vote of the majority of the directors then in office. Our bylaws prohibit the conduct of any business at a special meeting other than as specified in the notice for such meeting. In addition, any stockholder who wishes to bring business before an annual meeting or nominate directors must comply with the advance notice and duration of ownership requirements set forth in our bylaws and provide us with certain information. These provisions may have the effect of deferring, delaying or discouraging hostile takeovers or changes in control of us or our management.

Stockholder Action by Written Consent

Pursuant to Section 228 of the DGCL, any action required to be taken at any annual or special meeting of the stockholders may be taken without a meeting, without prior notice and without a vote if a consent or consents in writing, setting forth the action so taken, is signed by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares of our stock entitled to vote thereon were present and voted, unless our amended and restated certificate of incorporation provides otherwise. Our amended and restated certificate of incorporation provides that stockholder action by written consent is permitted only if the action to be effected by such written consent and the taking of such action by such written consent have been previously approved by the board of directors.

Amendment of Amended and Restated Certificate of Incorporation or Bylaws

The DGCL provides generally that the affirmative vote of a majority of the shares entitled to vote on any matter is required to amend a corporation's certificate of incorporation or bylaws, unless a corporation's certificate of incorporation or bylaws, as the case may be, requires a greater percentage. Our bylaws may be amended or repealed by a majority vote of our board of directors or by the affirmative vote of the holders of at least 66-2/3% of the votes which all our stockholders would be entitled to cast in any annual election of directors. In addition, the affirmative vote of the holders of at least 66-2/3% of the votes which all our stockholders would be entitled to cast in any election of directors is required to amend or repeal or to adopt any provisions inconsistent with any of the provisions of our certificate described above.

Exhibit 21

Subsidiaries of the Registrant⁽¹⁾

Legal Name	State of Incorporation
SSE Holdings, LLC	Delaware
Shake Shack Enterprises, LLC	New York
Shake Shack Enterprises International, LLC	New York
SSE IP, LLC	Delaware
Shake Shack Domestic Licensing LLC	Delaware
Shake Shack Mobile LLC	Delaware
Shake Shack Texas Management Company LLC	Texas
Shake Shack Texas Holding Company LLC	Texas
Shake Shack Texas Beverage Company LLC	Texas

(1) The list above excludes certain subsidiaries that, in the aggregate as a single subsidiary, do not constitute a "significant subsidiary" as defined in Rule 1-02(w) of Regulation S-X as of **December 28, 2022** **December 27, 2023**.

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the following Registration Statements:

- (1) Form S-8, No. 333-201798
- (2) Form S-3, No. 333-256864

of our reports dated February 23, 2023 February 29, 2024, with respect to the consolidated financial statements of Shake Shack Inc. and the effectiveness of internal control over financial reporting of Shake Shack Inc. included in this Annual Report (Form 10-K) of Shake Shack Inc. for the year ended December 28, 2022 December 27, 2023.

/s/ Ernst & Young LLP

New York, New York

February 23, 2023 29, 2024

Exhibit 31.1

Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Randy Garutti, certify that:

1. I have reviewed this Annual Report on Form 10-K of Shake Shack Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect,

the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
- (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 23, 2023 February 29, 2024

/s/ Randy Garutti
Randy Garutti
Chief Executive Officer

Exhibit 31.2

Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Katherine I. Fogertey, certify that:

1. I have reviewed this Annual Report on Form 10-K of Shake Shack Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
- (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 23, 2023 February 29, 2024

/s/ Katherine I. Fogertey

Katherine I. Fogertey

Chief Financial Officer

Exhibit 32

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report on Form 10-K of Shake Shack Inc. (the "Company"), for the fiscal year ended December 28, 2022 December 27, 2023, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), each of the undersigned officers of the Company certifies pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 23, 2023 February 29, 2024

/s/ Randy Garutti

Randy Garutti

Chief Executive Officer and Director

Date: February 23, 2023 February 29, 2024

/s/ Katherine I. Fogertey

Katherine I. Fogertey

Chief Financial Officer

SHAKE SHACK INC.

DODD-FRANK CLAWBACK POLICY

(Effective as of December 1, 2023)

Introduction

The Board of Directors (the “Board”) of Shake Shack Inc. (the “Company”) believes it to be in the best interests of the Company and its stockholders to create and maintain a culture that emphasizes integrity and accountability, reinforces the Company’s pay-for-performance compensation philosophy and complies with the requirements of Section 954 of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (“Dodd-Frank”) and Section 303A.14 of the of the New York Stock Exchange (“NYSE”) Listed Company Manual (the “Listing Standards”). The Board has therefore adopted this Policy, which provides for the recoupment of certain executive compensation in the event of an accounting restatement resulting from material noncompliance with financial reporting requirements under the federal securities laws. This Policy is designed to comply with Section 10D of the Exchange Act.

Definitions

For purposes of this Policy, the following terms shall have the following meanings:

“Applicable Period” means the three completed fiscal years of the Company immediately preceding the earlier of: (i) the date the Board, a committee of the Board, or the officer or officers of the Company authorized to take such action if Board action is not required, concludes (or reasonably should have concluded) that the Company is required to prepare a Restatement; or (ii) the date a court, regulator, or other legally authorized entity directs the Company to prepare a Restatement, in each case, regardless of if or when the Restatement is actually filed. The “Applicable Period” also includes any transition period (that results from a change in the Company’s fiscal year) within or immediately following the three completed fiscal years identified in the preceding sentence (except that a transition period that comprises a period of at least nine months shall count as a completed fiscal year).

“Code” means the Internal Revenue Code of 1986, as amended.

“Committee” means the Compensation Committee of the Board.

“Covered Executives” means each Executive Officer of the Company including current and former Executive Officers, as determined by the Board in accordance with the definition of “executive officer” pursuant to Dodd-Frank and the Listing Standards.

“Exchange Act” means the Securities Exchange Act of 1934, as amended, and the rules promulgated thereunder.

“Executive Officer” means the Company’s chief executive officer, principal financial officer, principal accounting officer (or if there is no such accounting officer, the controller), any

vice-president of the Company in charge of a principal business unit, division, or function (such as sales, administration, or finance), any other officer who performs a policy-making function, or any other person who performs similar policy-making functions for the Company. Executive officers of the Company’s parent(s) or subsidiaries are deemed Executive Officers of the Company if they perform such policy-making functions for the Company. Policy-making function is not intended to include policy-making functions that are not significant. For purposes of this Policy, “Executive Officer” shall also include each person determined to be an “executive officer” for purposes of 17 CFR 229.401(b).

“Financial Reporting Measure” means a measure that is determined and presented in accordance with the accounting principles used in preparing the Company’s financial statements (including “non-GAAP” financial measures, such as those appearing in the Company’s earnings releases or Management’s Discussion and Analysis), and any measures that are derived wholly or in part from such measures (including stock price and total shareholder return). Examples of Financial Reporting Measures include, without limitation, measures based on: revenue, EBITDA, adjusted EBITDA, stock price, TSR, net income, operating income, financial ratios, earnings measures such as EPS, (adjusted_ funds from operations, liquidity measures, return measures (such as return on assets), and tax basis income. A Financial Reporting Measure need not be presented within the financial statements or included in a filing with the SEC.

“Impracticable” means that the Committee has determined in good faith that recovery of Recoverable Compensation would be “Impracticable” because: (i) pursuing such recovery would violate any home country law where that law was adopted prior to November 28, 2022 and the Company provides an opinion of home country counsel acceptable to the NYSE that recovery would result in such a violation; (ii) the direct expense paid to a third party to assist in enforcing this Policy would exceed the Recoverable Compensation and the Company has (A) made a reasonable attempt to recover such amounts and (B) provided documentation of such attempts to recover to the NYSE; or (iii) recovery would likely cause an otherwise tax-qualified retirement plan, under which benefits are broadly available to employees of the Company, to fail to meet the requirements of the Code in each case, in accordance with Dodd-Frank and the Listing Standards.

“Incentive-Based Compensation” means any compensation that is granted, earned, or vested based wholly or in part upon the attainment of a Financial Reporting Measure. Incentive-Based Compensation does not include any base salaries (except with respect to any salary increases earned wholly or in part based on the attainment of a Financial Reporting Measure performance goal); bonuses paid solely at the discretion of the Committee or the Board that are not paid from a “bonus pool” that is determined by satisfying a Financial Reporting Measure performance goal; bonuses paid solely upon satisfying one or more subjective standards and/or completion of a specified employment period; non-equity incentive plan awards earned solely upon satisfying one or more measures that is not a Financial Reporting Measure; and equity awards that are granted and that vest solely based on the passage of time and/or attaining one or more measures that is not a Financial Reporting Measure.

“Received” For purposes of this Policy, Incentive-Based Compensation is “Received” in the Company’s fiscal period during which the Financial Reporting Measure specified in the

Incentive-Based Compensation award is attained, even if the payment, vesting or settlement of the Incentive-Based Compensation occurs after the end of such period.

“Recoverable Compensation” means the amount of any Incentive-Based Compensation (calculated on a pre-tax basis) Received by a Covered Executive during the Applicable Period that is in excess of the amount that otherwise would have been Received if the calculation were based on the Restatement. For the avoidance of doubt, Recoverable Compensation does not include any Incentive-Based Compensation Received by a person (i) before such person began service in a position or capacity meeting the definition of an Executive Officer, (ii) who did not serve as an Executive Officer at any time during the performance period for that Incentive-Based Compensation, or (iii) during any period the Company did not have a class of its securities listed on a national securities exchange or a national securities association. For Incentive-Based Compensation based on (or derived from) stock price or total shareholder return where the amount of Recoverable Compensation is not subject to mathematical recalculation directly from the information in the applicable Restatement, the amount will be determined by the Board based on a reasonable estimate of the effect of the Restatement on the stock price or total shareholder return upon which the Incentive-Based Compensation was Received (in which case, the Company will

maintain documentation of such determination of that reasonable estimate and provide such documentation to the NYSE). The amount of Recoverable Compensation shall be determined by the Board in its sole discretion acting in good faith and in accordance with the applicable laws, including Dodd-Frank and the Listing Standards.

“**Restatement**” means an accounting restatement of any of the Company’s financial statements filed with the SEC under the Exchange Act, or the Securities Act of 1933, as amended, due to the Company’s material noncompliance with any financial reporting requirement under U.S. securities laws. “Restatement” includes any required accounting restatement to correct an error in previously issued financial statements that is material to the previously issued financial statements (commonly referred to as “Big R” restatements), or that would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period (commonly referred to as “little r” restatements).

“**Policy**” means this Dodd-Frank Clawback Policy.

“**SEC**” means the Securities and Exchange Commission.

Administration

This Policy shall be administered by the Board or, except that the Board may delegate its authority to administer all or any portion of this Policy to the Committee. Notwithstanding any delegation, nothing herein shall be construed as limiting any authority of the Board. References herein to the Board shall be deemed references to the Committee, if applicable. The Board shall interpret and construe this Policy and shall take such actions and prescribe such rules and regulations in connection with the operation of this Policy as it determines to be necessary, appropriate, or advisable for the administration of this Policy, and may rescind and amend its regulations from time to time, in each case, consistent with this Policy. Any determinations made by the Board shall be final, conclusive and binding upon the Company and all persons affected hereunder and need not be uniform with respect to each Covered Executive. Subject to any

limitation under applicable law, the Board may authorize and empower any officer or employee of the Company or any of its affiliates to take any and all actions necessary or appropriate to carry out the purpose and intent of this Policy (other than with respect to any recovery under this Policy involving such officer).

Recoupment

If the Company is required to prepare a Restatement, then the Company shall recover, reasonably promptly, all Recoverable Compensation from any Covered Executive during the Applicable Period (including those Covered Executives who are not Executive Officers at the time of the Restatement). Such recovery shall be made without regard to any individual knowledge or responsibility related to the Restatement or the Recoverable Compensation, and regardless of whether the Company’s or a Covered Executive’s misconduct or other action or omission was the cause for such Restatement. Further, if the achievement of one or more Financial Reporting Measures was considered in determining the Incentive-Based Compensation Received by a Covered Executive, but the Incentive-Based Compensation was not paid or awarded on a formulaic basis, the Board will determine, in its sole discretion acting in good faith, the amount of any Recoverable Compensation that must be recouped with respect thereto. Notwithstanding the above provision, the Board can decide to refrain from recovering the Recoverable Compensation if the Committee determines that such recovery would be Impracticable.

Method of Recoupment of Incentive-Based Compensation

Upon any recoupment determination by the Board, the Board shall notify the Covered Executive in writing of its determination. The Board will determine, in its sole discretion acting in good faith, the method for the recoupment of the Incentive-Based Compensation. Methods of recoupment may include, without limitation, one or more of the following:

- (a) requiring repayment of any cash Incentive-Based Compensation or other cash-based compensation previously paid;
- (b) cancelling outstanding vested or unvested equity or equity-linked awards, including without limitation, awards constituting Incentive-Based Compensation;
- (c) forfeiture of deferred compensation, subject to compliance with Section 409A (as defined below);
- (d) seeking recovery of any gain realized from the vesting, exercise, settlement, sale, transfer or other disposition of any equity or equity-linked awards, including without limitation, awards constituting Incentive-Based Compensation;
- (e) offsetting the recouped amount from any compensation otherwise owed by the Company to the Covered Executive;
- (f) cancelling or offsetting against any planned future cash or equity-based awards; and

-
- (g) taking any other remedial or recovery action permitted by law and the Listing Standards, as determined by the Board in its sole discretion.

To the extent that a Covered Executive is required to repay any Incentive-Based Compensation, or to take any other action required or appropriate to effectuate recoupment in accordance with this Policy, then the Covered Executive shall promptly repay such Incentive-Based Compensation and shall promptly take all such other actions, upon the Company's demand or within a specified time period (and with or without interest), as determined by the Board in its sole discretion acting in good faith according to the terms and conditions of this Policy that require that the Board must pursue such repayment or recoupment in such circumstances.

Disclosure

It is intended that the Company shall make such disclosures with respect to Incentive-Based Compensation subject to this Policy, and any actions taken or omitted to be taken hereunder, with the SEC and NYSE, in each case, as may be required under any applicable requirements, rules or standards thereof.

Interpretation

The Board and the Committee, as applicable, are authorized to interpret and construe this Policy and to make all determinations necessary, appropriate or advisable for the administration of this Policy. This Policy will be interpreted and enforced in accordance with Dodd-Frank and the Listing Standards. Any term or provision that is inconsistent with the requirements of Dodd-Frank or the Listing Standards in the view of counsel to the Board or to the Company shall be null and void and of no effect.

No Indemnification or Reimbursement

Notwithstanding the terms of any other policy, program, agreement or arrangement, in no event will the Company or any of its affiliates indemnify or reimburse any Covered Executive for the loss of any Recoverable Compensation that is required to be repaid or that is otherwise subject to recoupment under this Policy. Further, in no event shall the Company or any of its affiliates pay or reimburse any Covered Executive for premiums on any insurance policy that would cover a Covered Executive's potential obligations with respect to Recoverable Compensation under this Policy.

Acknowledgement by Covered Executives

The Company shall provide notice and seek written acknowledgement of this Policy from each Covered Executive, provided that the failure to provide such notice or obtain such acknowledgement shall have no impact on the applicability or enforceability of this Policy.

Effective Date

This Policy is effective as of December 1, 2023 (the "Effective Date"), and shall apply to Incentive-Based Compensation that is Received by Covered Executives on or after October 2,

2023, except to the extent otherwise required by the Exchange Act and/or Listing Standards or by applicable law.

Governing Law

This Policy shall be governed by the laws of the State of Delaware (without reference to rules relating to conflicts of law).

Amendment; Termination

The Board may amend or terminate this Policy at any time if the Board determines it to be necessary, appropriate, or advisable, including without limitation, to comply with applicable law (including, without limitation, Dodd-Frank) and with the applicable rules, regulations and/or requirements of the SEC, NYSE, law enforcement agencies, regulators, administrative bodies and/or other authorities.

Company Indemnification

Any members of the Board and any other employees of the Company or its affiliates who assist in the administration of this Policy shall not be personally liable for any action, determination or interpretation made with respect to this Policy and shall be fully indemnified by the Company to the fullest extent permitted under applicable law, Company policy and/or the Company's organizational documents with respect to any such action, determination or interpretation. The foregoing sentence shall not limit any other rights to indemnification of the members of the Board under applicable law, Company policy, and/or the Company's organizational documents.

Other Recoupment Rights

The Board may require that any equity award agreement or similar agreement entered into on or after the Effective Date shall, as a condition to the grant of any benefit thereunder, require a Covered Executive to agree to abide by the terms of this Policy. Any right of recoupment under this Policy is in addition to, and not in lieu of, any other remedies or rights that may be available to the Company pursuant to the terms of any policy or in any employment agreement, equity award agreement, or similar agreement, plan or program, and shall not limit any other right, remedy or enforcement mechanism available to the Company under any local, state or federal law, regulation, agreement or other authority to reduce, eliminate or recover Incentive-Based Compensation or other compensation from any

current, former or future Covered Executive, including, without limitation: (i) termination of employment for any reason; (ii) adjusting the Covered Executive's future compensation; (iii) instituting civil or criminal proceedings, or any actions that may be imposed by law enforcement agencies, regulators, administrative bodies or other authorities; or (iv) taking such other action as the Company may deem appropriate. Nothing herein shall limit the authority of the Board or Committee to impose additional requirements or conditions that may give rise to the Company's right to forfeit or recoup any compensation to the extent that applicable law (including, without limitation, Dodd-Frank), the Listing Standards, court order or court-approved settlement requires recovery of Recoverable Compensation in additional circumstances beyond those specified in this Policy.

Nothing in this Policy shall be deemed to limit or restrict the right or obligation of the Company to recover Recoverable Compensation or other compensation to the fullest extent required by applicable law and/or the Listing Standards.

Section 409A

Although the Company does not guarantee any particular tax treatment to any Covered Executive, in the event of recoupment of any Recoverable Compensation from any Covered Executive pursuant to this Policy by offset from or reduction of any amount that is payable and/or to be provided to the Covered Executive and that is considered "non-qualified deferred compensation" under Section 409A of the Code, and the regulations and guidance promulgated thereunder (collectively, "Section 409A"), to the extent determined by the Board or the Committee and based on the advice of counsel, it is intended that such offset and/or reduction shall be implemented in a manner intended to avoid imposition of penalties under Section 409A.

Successors

This Policy shall be binding and enforceable against all Covered Executives and their beneficiaries, heirs, executors, administrators or other legal representatives.

SHAKE SHACK INC. DODD-FRANK CLAWBACK POLICY

Covered Executive Acknowledgment

You should thoroughly review the Policy, as defined below, then complete and sign this acknowledgement below and return it to Ronald Palmese by [], 2023. Any questions regarding the Policy should be directed to Ronald Palmese.

Shake Shack Inc. (the "Company") maintains the Dodd-Frank Clawback Policy (the "Policy"), a copy of which is attached. I, _____, a "Covered Executive" to whom the Policy applies, (i) have received, and have read and familiarized myself

with, the Policy, (ii) accept and agree to be subject to the terms and conditions of the Policy, including the terms and conditions of any amendment of the Policy by the Board of Directors of the Company (the "Board"), or the Committee of the Board (the "Committee"), that the Board and/or the Committee determine to be necessary, appropriate, or advisable from time to time, including without limitation, to comply with applicable law (including, without limitation, Dodd-Frank) and with the applicable rules, regulations and/or requirements of the SEC, NYSE, law enforcement agencies, regulators, administrative bodies and/or other authorities, and (iii) understand and agree that any action taken by the Company pursuant to the Policy shall not constitute or give rise to any constructive termination of employment, "good reason," breach of contract or other similar rights under any Company agreement, arrangement, plan, award, program or policy (whether oral or written) or give rise to any right I have, or otherwise could have, to indemnification from the Company or otherwise in respect thereof. In the event of any inconsistency between the Policy and the terms of any employment agreement to which I am a party, or the terms of any compensation plan, program or agreement under which any compensation has been granted, awarded, earned or paid, the terms of the Policy shall govern. In the event it is determined by the Board or the Committee that any amounts granted, awarded, earned or paid to me must be forfeited or reimbursed to the Company pursuant to the Policy, I will promptly take any action necessary to effectuate such forfeiture and/or reimbursement. I further acknowledge that I am subject to the terms and conditions of the Policy, as such Policy may be amended from time to time, in each case, notwithstanding the acknowledgment herein.

(Signature of Covered Executive) (Date)

Name:

Title:

DISCLAIMER

THE INFORMATION CONTAINED IN THE REFINITIV CORPORATE DISCLOSURES DELTA REPORT™ IS A COMPARISON OF TWO FINANCIALS PERIODIC REPORTS. THERE MAY BE MATERIAL ERRORS, OMISSIONS, OR INACCURACIES IN THE REPORT INCLUDING THE TEXT AND THE COMPARISON DATA AND TABLES. IN NO WAY DOES REFINITIV OR THE APPLICABLE COMPANY ASSUME ANY RESPONSIBILITY FOR ANY INVESTMENT OR OTHER DECISIONS MADE BASED UPON THE INFORMATION PROVIDED IN THIS REPORT. USERS ARE ADVISED TO REVIEW THE APPLICABLE COMPANY'S ACTUAL SEC FILINGS BEFORE MAKING ANY INVESTMENT OR OTHER DECISIONS.

©2024, Refinitiv. All rights reserved. Patents Pending.