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Shake Shack Inc.

Form 10-Q

August 06, 2018

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2017-12-28 2018-03-28 0001620533 shak:TenantImprovementAllowanceMember
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iso4217:USD xbrli:pure shak:renewal_option

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

FORM 10-Q

(Mark One)

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

For the quarterly period ended June 27, 2018

OR

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

For the transition period from _____ to _____

Commission file number: 001-36823

SHAKE SHACK INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

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

47-1941186

(IRS Employer
Identification No.)

10014

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(Address of principal executive offices) (Zip Code)

(646) 747-7200

(Registrant's telephone number, including area code)

Not applicable

(Former name or former address, if changed since last report)

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule-405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). ☒ Yes ☐ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, 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	☒	Accelerated filer	☐
Non-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 standards provided pursuant to Section 13(a) of the Exchange Act. ☐

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

As of July 25, 2018, there were 29,214,077 shares of Class A common stock outstanding and 7,818,921 shares of Class B common stock outstanding.

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Cautionary Note Regarding Forward-Looking Information

This Quarterly Report on Form 10-Q ("Form 10-Q") contains forward-looking statements, within the meaning of the Private Securities Litigation Reform Act of 1995 ("PSLRA"), which are subject to known and unknown risks, uncertainties and other important factors that may cause actual results to be materially different. All statements other than statements of historical fact are forward-looking statements. Many of the forward-looking statements are located in Part I, Item 2 of this Form 10-Q under the heading "Management's Discussion and Analysis of Financial Condition and Results of Operations."

Forward-looking statements discuss our current expectations and projections relating to our financial position, results of operations, plans, objectives, future performance and business. You can identify forward-looking statements by the fact that they do not relate strictly to historical or current facts. These statements may include words such as "aim," "anticipate," "believe," "estimate," "expect," "forecast," "outlook," "potential," "project," "projection," "plan," "intend," "seek," "may," "could," "would," "will," "should," "can," "can have," "likely," the negatives thereof and other similar expressions.

While we believe that our assumptions are reasonable, it is very difficult to predict the impact of known factors, and it is impossible to anticipate all factors that could affect our actual results. All forward-looking statements are expressly qualified in their entirety by these cautionary statements. You should evaluate all forward-looking statements made in this Form 10-Q in the context of the risks and uncertainties disclosed in Part I, Item 1A of our Annual Report on Form 10-K for the fiscal year ended December 27, 2017 filed with the U.S. Securities and Exchange Commission (the "SEC") under the heading "Risk Factors."

The forward-looking statements included in this Form 10-Q are made only as of the date hereof. We undertake no obligation to publicly update or revise any forward-looking statement as a result of new information, future events or otherwise, except as otherwise required by law.

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PART I – FINANCIAL INFORMATION

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SHAKE SHACK INC.

CONDENSED CONSOLIDATED BALANCE SHEETS

(UNAUDITED)

(in thousands, except share and per share amounts)

	June 27 2018	December 27 2017
ASSETS		
Current assets:		
Cash and cash equivalents	\$30,879	\$ 21,507
Marketable securities	61,399	63,036
Accounts receivable	7,110	5,641
Inventories	1,238	1,258
Prepaid expenses and other current assets	1,474	1,757
Total current assets	102,100	93,199
Property and equipment, net	216,763	187,095
Deferred income taxes, net	214,037	185,914
Other assets	3,835	4,398
TOTAL ASSETS	\$536,735	\$ 470,606
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$8,344	\$ 8,210
Accrued expenses	15,988	11,649
Accrued wages and related liabilities	6,815	6,228
Other current liabilities	7,655	7,937
Total current liabilities	38,802	34,024
Deemed landlord financing	18,340	14,518
Deferred rent	39,463	36,596
Liabilities under tax receivable agreement, net of current portion	176,427	158,436
Other long-term liabilities	7,256	2,553
Total liabilities	280,288	246,127
Commitments and contingencies		
Stockholders' equity:	—	—

Preferred stock, no par value—10,000,000 shares authorized; none issued and outstanding as of June 27, 2018 and December 27, 2017.		
Class A common stock, \$0.001 par value—200,000,000 shares authorized; 28,106,331 and 26,527,477 shares ²⁸	27	
issued and outstanding as of June 27, 2018 and December 27, 2017, respectively.		
Class B common stock, \$0.001 par value—35,000,000 shares authorized; 8,924,592 and 10,250,007 shares ⁹	10	
issued and outstanding as of June 27, 2018 and December 27, 2017, respectively.		
Additional paid-in capital	177,650	153,105
Retained earnings	26,337	16,399
Accumulated other comprehensive income (loss)	—	(49)
Total stockholders' equity attributable to Shake Shack Inc.	204,024	169,492