

WESTPEAK RESEARCH ASSOCIATION

Shake Shack, Inc. (NYSE: SHAK)

Consumer Discretionary – Fast-Food Restaurant

Shack of Straw?

March 12, 2021

Shake Shack, Inc. (or "Shack") is an American fast-casual restaurant chain, serving a menu of traditional burger stand items. The company currently operates in 15 countries and 30 states—as well as the District of Columbia.

Thesis

Lagging same-location sales paired with a rapid growth strategy—designed to counterbalance the lagging—puts Shake Shack on unsteady grounds in a fundamental sense. Their outsized brand awareness has bolstered rapid growth, which has precipitated high share prices. However, this is not sustainable in the long term. Only licensed Shack openings can be opened at a higher rate in the long term, but they average 95% less corporate revenue than their company operated counterparts. Shake Shack's current price illustrates a future that far exceeds extremely optimistic forecasts, and is therefore overvalued.

Drivers

Store openings are Shake Shack's primary revenue driver, in tandem with the outsized brand awareness that Shack leverages to support these rapid openings. The US fast-food industry in which the company primarily operates grows at a steady rate of 2-4% annually and is expected to continue this trend. Shake Shack's growth is optimistic in the short term, however, the lack of revenue growth driven from same-location sales poses a major risk to the sustainability of Shack's overall growth.

Valuation

From our analysis, we computed a target share price of US\$66.37, representing a 83.5% sell upside on their current share price of US\$121.81. We reached this implied valuation by weighting our DCF and comparable companies' analysis at 60% and 40%, respectively. We believe that Shack is currently overvalued, and as a result, we initiate a Sell rating on Shake Shack.

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Equity Research US

Price Target	US\$ 66.37
Rating	Sell
Share Price (Mar. 12 Close)	US\$ 121.81
Total Return	83.5%

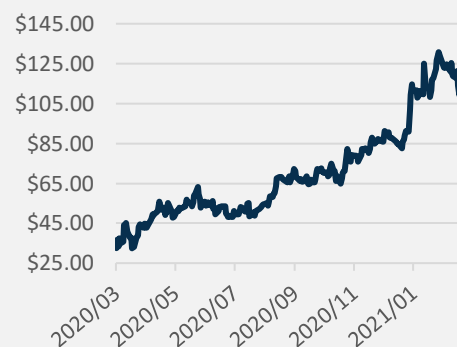
Key Statistics

52 Week H/L	\$138.38/\$30.01
Market Capitalization	\$4.66B
Average Daily Trading Volume	0.885M
Net Debt	\$230.4M
Enterprise Value	\$4.89B
Net Debt/EBITDA	NM
Diluted Shares Outstanding	38.5M
Free Float	79%
Dividend Yield	N/A

WestPeak's Forecast

	<u>2020E</u>	<u>2021E</u>	<u>2022E</u>
Revenue	\$517M	\$758M	\$1.06B
EBITDA	\$18M	\$69M	\$132M
Net Income	(\$26M)	\$15M	\$59M
EPS	(\$0.69)	\$0.38	\$1.54
P/E	NM	239.5x	59.0x
EV/EBITDA	205.1x	55.3x	28.4x

1-Year Price Performance

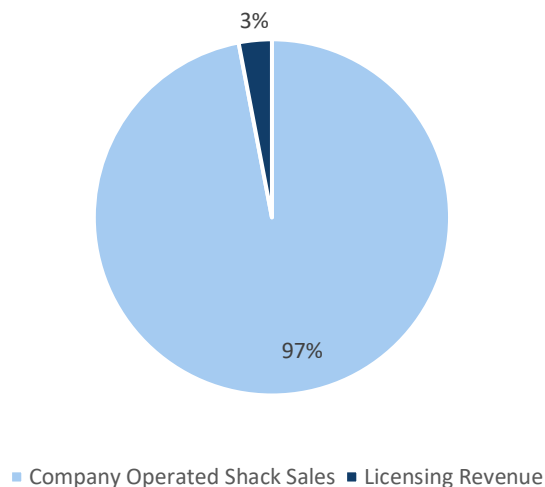


Business Overview/Fundamentals

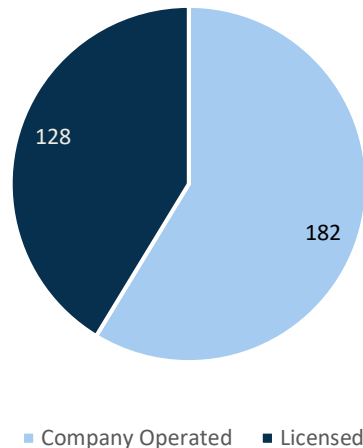
Company Overview

Shake Shack's business model aims to expand and open new restaurant locations across the United States, as well as throughout the world through licensing agreements, serving premium ingredients at cost-efficient prices, and leveraging their outsized brand awareness. Currently, there are 308 system-wide Shake Shack locations in 30 states and 15 countries, having realized the 300 Shack milestone in October 2020. Shake Shack went public January 30, 2015—ten and a half years after its humble beginning as a single hot dog cart in Madison Square Park, New York City. Most of its current management was involved in that process, and their growth-oriented corporate strategy revolves around continuously opening new locations. 97% of Shack's top line is derived from sales from company owned and operated Shake Shack locations, with the remaining 3% comprising corporate revenue from licensed Shake Shack locations. In light of COVID-19, Shake Shack has pivoted to an emphasis on mobile, minimal-contact ordering, gaining an additional 1.4 million first-time app & web purchasers since early March 2020. That being said, regulations have ravaged Shack's differentiating dine-in experience and caused widespread short-term closures, as well as lower traffic levels overall.

Business Segments



Number of Locations



Source: Company Website

Growth Strategies

Growing Licensee-Operated Shack Business

Increasing Shake Shack's licensed Shack business has been an effective manner of increasing brand awareness. Licensed chains exist both domestically and internationally. Domestically, Shake Shack continues to expand, particularly in airport locations across the United States. Shack also opened its first roadside Shack in 2019, which is another avenue that the

company will pursue for licensed locations. However, the greater part of the future of licensed Shacks lies internationally—particularly Asia, as Shack opened its first international regional office in Hong Kong, in 2019, hoping to foster further growth in the region (38% of current licensed locations being in Asia). Shake Shack’s international licensed locations have been successful, attracting numerous prospective licensees. Shack aims to build on this momentum, expanding its licensing footprint in new markets, as well as further penetrating pre-existing markets.

Growing Company Operated Shack Business

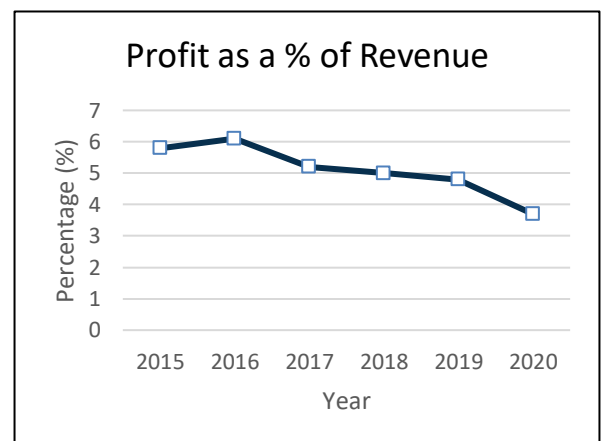
Domestic company operated shacks are Shake Shack’s primary growth driver. Shack anticipates opening rates to consistently grow every year for the foreseeable future, as they are still in the early years of their expansion. In 2019, the number of domestic company operated shacks grew 31.5% to a total of 163, and Shack anticipates the company operated domestic footprint to eventually grow to at least 450 Shacks. There is no exact timeline for this ultimate expansion objective, however, Shack intends on capitalizing on its flexibility regarding real estate diversity during the process (e.g. food courts, free-standing pads, stadiums, etc.). This outline also recognizes the operational effectiveness of clustered Shacks, which Shake Shack will contribute to in tandem with entry to new markets, such as Indianapolis and Sacramento in 2020.

Growing Same-Shack Sales

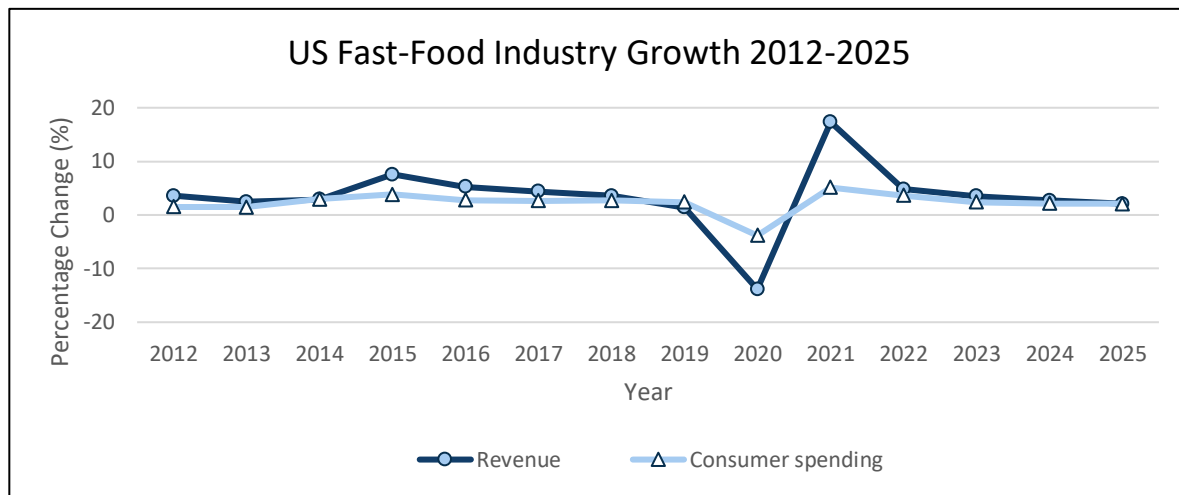
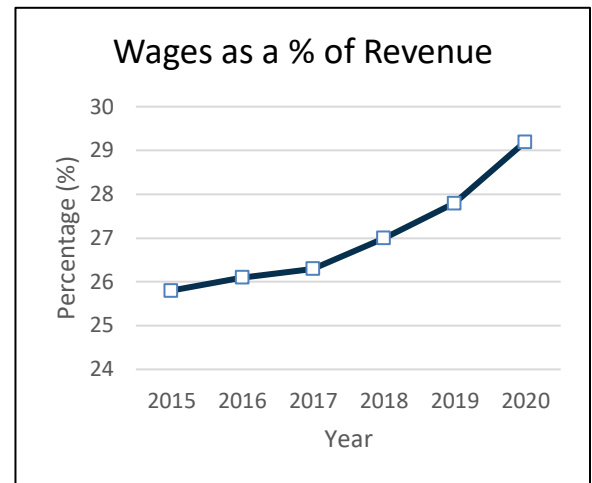
Due to Shake Shack’s outsized and significant brand awareness, newly opened Shacks generate great excitement among consumers within the region. Consequently, first-year sales typically exhibit higher volumes in relation to their second year. Bearing this in mind, Shack forecasts low, single-digit same-Shack sales growth in the long term. Similarly, Shack anticipates negative sales growth in certain quarters, as same-Shack sales is not a primary growth-driver. However, Shake Shack is developing seasonal and Shack-specific offerings, as well as community integration to bolster same-Shack sales. Technological offerings such as the Shack App, web ordering, and delivery have also been integrated. These notions are also all paired with menu innovation, media, and product placement, which are expected to show improved same-Shack sales patterns. However, evidence of improvement is still unclear, as this effort is in its early stages.

Industry Analysis

As illustrated by the growth visual below, the American fast-food industry in which Shake Shack primarily operates and derives most of its revenue from is forecasted to resume its steady revenue growth of between 2-4% annually after COVID-19-related fluctuation. In response to COVID-19, the US fast-food industry has outperformed the accommodation and food services average by a margin of 18.32% in 2020. This is primarily due to dine-in restrictions and closures which did not affect many fast-food restaurants’ revenue as severely as non-fast-food restaurants. Shake Shack is a “fast-casual” fast-food restaurant, which does make it more vulnerable in this regard, compared to many other fast-food restaurants. Shack’s dine-in elements have been gravely impacted. Under normal conditions, while consumer spending



growth positively affects fast-food revenue, it equally benefits full-service and other similar restaurant alternatives. This has diluted the fast-food industry's growth but allows for overall steady performance. Bearing this mind, there are two other components that put pressure on fast-food restaurants: profit as a percentage of revenue (which has been in decline since 2016) and wages as a percentage of revenue (which has been increasing for the past 5 years). In terms of number of restaurants, the fast-food industry has grown steadily over the past 5 years. Going forward, the number of operators is anticipated to increase at a rate of 0.6% annually in a post-COVID-19 world to compensate for the estimated 3% of the industry that exited due to the pandemic. Nonetheless, fast-food is firmly engrained in American culture, and the already colossal industry continues to grow in popularity and size.



Source: IBIS World

Consumer Trends

The question of health has been at the forefront of the fast-food restaurant industry for the past decade, and restaurants have been adapting accordingly. This has become a new focal point for marketing and menu development. However, this has also spurred the entrance of many new competitors that are centered around healthy options such as salads. Conversely, this new health movement in fast-food has also opened doors to new customer segments. Additionally, eating from home has progressively become more popular. The price indices of eating away from home have risen disproportionately higher than eating at home (3.1% and 0.7%, respectively), and consumers have become more interested in meals from grocery stores or convenience stores rather than dine-in or take-out options. In the COVID-19 world, breakfast meal sales have decreased more than any other meal due to work-at-home arrangements, and demand for delivery services has increased significantly. Shake Shack has embraced this adaptation through both its partnership with Grubhub and online

ordering systems. Some restaurants have managed to leverage these online ordering and delivery opportunities to increase revenues such as Chipotle, while others have struggled to make the transition. This is partially due to the nature of their fare—whether it is perceived to be delivery-friendly, etc.—as well as their overall pandemic strategies.

Competitive Landscape

Competition Within Fast-Food Industry

The fast-food industry is a low-concentration industry. IBIS World anticipates that the top four players of 2020 will only account for 10% of the market share. This diminishing industry concentration is primarily a by-product of franchise growth methods, as they are not perceived as corporate revenue. Thus, using a system-wide perspective, the overall concentration is higher, however, it is still quite fragmented (with some big players). Competition within the fast-food industry is typically based on prices and quality. In these regards, the industry is ultra-competitive, driving prices down and obligating operators to enforce strict policies to regulate and conserve materials to minimize costs in every way possible. In terms of quality, restaurants compete based on appearance and flavour, as consumers typically form their opinions based on their experiences with other comparable restaurants. This includes everything from ambience and location to the actual ingredients. Shake Shack excels in this regard, as they have curated a desirable dine-in setting, as well as high-quality and well-reviewed ingredients.

Competition Outside of Fast-Food Industry

Competition from other industries includes chain restaurants, food retailers, independent restaurants, etc. In times of economic downturn, consumers opt for more price-efficient options, which usually favours fast-food, however, in times of positive economic tides, consumers are more likely to choose dine-in options when dining outside of the home. Other external competition comes in the form of dining at home and grocery delivery services, which make this option more convenient. As aforementioned, dining from home, COVID-19 aside, is becoming more popular.

Barriers to Entry

Barriers to entry in the fast-food industry are low, mainly due to the franchise models that most restaurants employ. Due to the high fragmentation of the industry, new concepts are often welcomed by the market. There are heavy health and safety regulations, as well as licensing requirements, but these are conquerable barriers and relatively easy to attain. Yet, big chains/franchises benefit from economies of scale, which takes time and intensive capital to achieve.

Catalysts

Lagging Growth in Same-Shack Sales

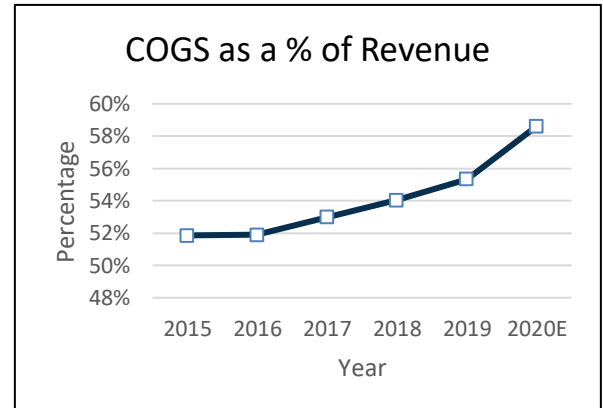
Shake Shack has been earnestly working towards more sustainable growth in same-shack sales. In comparison to its competitors, Shack has much lower growth in same-location sales after its first year of opening. This is a negative effect of its outsized brand awareness—unsustainable first-year results. In the interim, Shake Shack has initiated campaigns such as menu rejuvenation and community involvement to foster same-Shack sales. In turn, this has bolstered investor sentiments. However, if this goal does not materialize—which history would suggest—this would catalyze a downturn in Shack’s share price.

Decline in Number of Shack Openings

Company growth (which is the support for SHAK’s current price) is driven by Shack openings. The high opening rate that Shake Shack forecasts is the element that will determine whether Shack can fulfill its current implied price (which we perceive to be extremely unlikely even at extremely optimistic opening rates). Bearing this in mind, if the number of Shack openings slows (all else being equal) this price realization becomes devastatingly improbable.

Thinning Margins

Shake Shack’s per-location costs have been steadily rising since its IPO, and profitability has decreased as a result of this, paired with decaying same-shack sales. This increase in COGS is mainly due to commodity inflation in beef and dairy, additional paper costs from increased digital sales (which require extra packaging) and increases in labor and related expenses from wage inflation. The resulting higher payroll expenses are also directly related to staffing new Shacks. New lease and accounting standards increasing occupancy and related expenses were also put into place at the beginning of FY2019. Additionally, each Shack’s average unit volume has been sustainably declining since the IPO. Since Shake Shack’s primary business development strategy is to continuously open new locations, these trends are alarming. For, they indicate that growth methods are detrimental to overall profitability. In comparison with competitors there is also a stark contrast in the rate at which Shack’s NOPAT margins have declined. Competitors’ rose 1% (10% to 11%) from 2016 to the end of 2019, and Shack’s fell 4% (10% to 6%) over the same period.



EPS Goals

Shake Shack’s historical price growth has been the result of meeting or exceeding EPS expectations in pre-pandemic quarterly reports. Going forward, if these goals are not met, investors will have few other positives to turn to in light of aforementioned weakening fundamentals, such as lagging same-location sales and thinning margins.

Management

Randy Garutti – CEO & Director

Shake Shack, Inc. management team is led by Randy Garutti, who has served as Chief Executive Officer and Director since April 2012 and was in the position during Shack's IPO in 2015. Before becoming Chief Executive Officer, Garutti was Shack's Chief Operating Officer for two years. Prior to joining Shake Shack, Garutti spent 15 in the restaurant industry, working with the Union Square Hospitality Group—eventually becoming their Director of Operations. He graduated from Cornell University's School of Hotel Administration.



Source: Company Website

Tara Comonte – President & CFO

Tara Comonte has been Shake Shack's Chief Financial Officer since June 2017, and President since October 2019. Before joining Shake Shack, Comonte was Chief Financial & Business Affairs Officer and Executive Vice President at Getty Images. Prior to that, she was the Chief Financial Officer at McCann WorldGroup. In these roles, she has gained relevant experience in global finance, as well as real estate and facilities operations.



Source: Company Website

Zachary Koff – COO

Zachary Koff has been Shake Shack's Chief Operating Officer since January 2017. Previously, he was Senior Vice President, Operations since 2015, Vice President, Operations since 2012, and Director of Operations since 2010. Koff spent 8 years working with Bravo Brio Restaurant Group as a general manager before joining Shake Shack. He graduated with a bachelor's degree in Hospitality Administration with a concentration in law from Cornell University's School of Hotel Administration.



Source: Company Website

Compensation

Randy Garutti

For FY 2019, Garutti's total compensation was \$2,315,916, a 39.1% decrease from FY 2018 (\$3,805,411). Of his FY 2019 compensation package, \$600,233 was base salary (25.9% of total compensation), \$706,527 was bonus and non-equity incentive compensation (30.1% of total compensation), \$787,506 was stock awards (34% of total compensation), and \$221,650 was other compensation (9.6% of total compensation). Garutti owns roughly 0.066% of Shake Shack's common stock (25,523 shares: \$2.2M).

Tara Comonte

For FY 2019, Comonte's total compensation was \$2,059,384, a 30.5% increase from FY 2018 (\$1,578,397). Of her FY 2019 compensation package, \$524,475 was base salary (25.5% of total compensation), \$400,930 was bonus and non-equity incentive compensation (19.5% of total compensation), \$1,025,049 was stock awards (49.8% of total compensation),

\$100,000 was option awards (4.9% of total compensation), and \$8,933 was other compensation (0.4% of total compensation). Comonte owns 0.042% of Shake Shack's common stock (16,004 shares: \$1.4M).

Zachary Koff

For FY 2019, Koff's total compensation was \$855,108, a 62.7% increase from FY 2018 (\$525,731). Of his FY 2019 compensation package, \$300,000 was base salary (35.1% of total compensation), \$135,074 was bonus and non-equity incentive compensation (15.8% of total compensation), and \$420,034 was stock awards (49.1% of total compensation). Koff owns at least 11,220 units of Shake Shack's common stock (\$1M).

Shareholder Base, Liquidity, Market Depth

Shareholder Base

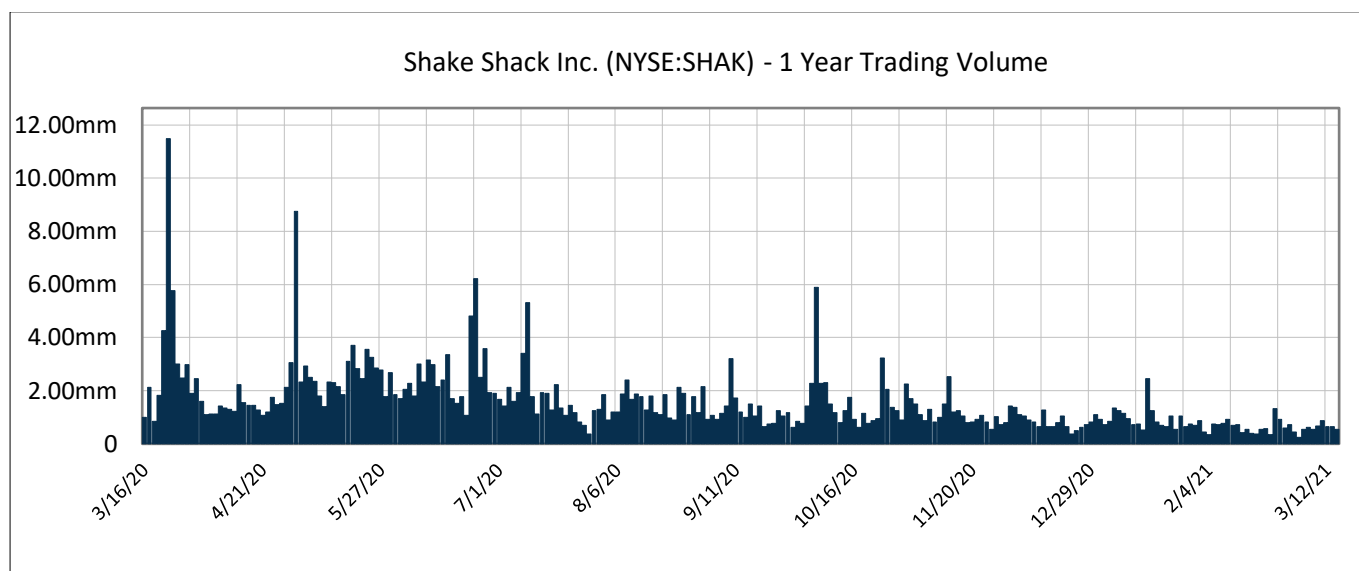
Shake Shack has 38.5M shares outstanding and a free float of 30.4M shares—rendering a 79% free float. Shack's shareholder base primarily comprises institutional investors, with approximately 98.5% of the free float held by institutions. Insiders make up 5.65% of ownership.

Holder	Common Stock Equivalent Held	% Of CSO	Market Value (USD in M)	Insider (Y/N)
BlackRock, Inc. (NYSE: BLK)	5,062,670	13.15	439.8	N
The Vanguard Group, Inc.	3,635,878	9.444	315.9	N
Select Equity Group, L.P.	2,990,437	7.767	259.8	N
Gilder Gagnon Howe & Co. LLC	2,990,433	7.767	259.8	N
12 West Capital Management LP	2,802,862	7.28	243.5	N
Fred Alger Management, LLC	2,740,307	7.118	238.1	N
Meyer, Daniel Harris (Founder & Chairman)	2,091,303	5.432	181.7	Y
Lord, Abbett & Co. LLC	1,508,740	3.919	131.1	N
Pioneer Global Asset Management S.p.A.	1,125,124	2.922	97.8	N
State Street Global Advisors, Inc.	1,019,547	2.648	88.6	N
Top 10 Shareholder Base	25,967,301	67.45%	2256.1	

Source: Capital IQ

Liquidity

As of January 8, 2021, Shake Shack has an average daily trading volume of 1.57M shares. Spikes in trading volume are usually related to quarterly earnings reports, as well as major market events. Due to Shake Shack's market capitalization of \$5.112B and free float of 30.4M shares, we do not foresee shareholders facing liquidity problems when entering or exiting their positions.



Source: Capital IQ

Valuation

Our final valuation was calculated with the following weighting: 40% exit EV/EBITDA multiple of 20.0x, 40% mean comparable companies EV/EBITDA of 44.2x, and 20% perpetuity growth rate of 4% (after a 15-year rapid growth period at 15%). Our DCF perpetuity method and exit multiple method yielded an implied share price of US\$48.44 and US\$68.51, respectively. Our comparables analysis yielded an implied share price of US\$73.20. From these values, we arrived at a target share price of US\$66.37—revealing a -54.5% downside.

Comparable Company Analysis

The companies below are the selected comparable companies for Shake Shack. They share similar customer bases and/or business models and growth strategies. They are both of the fast-casual restaurant variety and growth-oriented. They similarly have outsized brand awareness and are aiming to leverage that for new openings. Shake Shack is at a pivotal point in their growth process, and for that reason there are few companies that meet these criteria and are perceived as suitable and likely to deliver an accurate comparable evaluation. Thus, only two companies were selected.

Wingstop Inc. (NasdaqGS: WING): Wingstop is an American fast-food chain present in 10 global markets with a current total of 1,385 global locations. Wingstop, sharing a similar rapid growth strategy to Shake Shack's, opened 133 new system-wide locations in 2019. Wingstop is also of the "fast-casual" restaurant variety and has a comparable market capitalization to that of Shake Shack.

Chipotle Mexican Grill, Inc. (NYSE: CMG): Chipotle, a Mexican-inspired restaurant with food prepared in front of consumers, is one of the founding fathers of "fast-casual" dining. Chipotle currently has 2711 locations in the United States, 23 in Canada, and 8 in the United Kingdom. Like Shake Shack, Chipotle has an aggressive expansion plan and is opening new locations at a high rate. They are also leveraging existing markets in the same manner as Shack. Chipotle is also trading at a premium due to its rapid expansion and potential.

Discounted Cash Flow Assumptions

Business Segment 1 – Company Operated Shack Sales: Shake Shack's management has established a clear expansion-oriented strategy. Thus, our revenue forecast for Shake Shack's company operated business segment reflected an aggressive increase from their growth strategy of opening scores of new Shack locations. We forecasted revenue to grow at a mean rate of 26.86% over the course of the next five years from the opening of 234 new Shake Shack locations. This expansion estimate stemmed from management's development plans, historical trends, and market prospects. Sales per average company operated Shack was estimated based on historical Shack sales trends.

Business Segment 2 – Licensing Revenue: Our revenue forecast for Shake Shack's licensing revenue business segment depicts consistent growth over the course of the next five years at a mean rate of 31.1%. The forecasted increase in store openings was inferred from both MD&A and market expansion potential—which is massive for licensed locations. Average licensing revenue per location was forecasted at a constant US\$0.22M after a COVID-19 recovery period in 2021. This was based on licensing revenue per location's consistent historical average.

Capital Expenditures: Given Shake Shack management's growth-oriented mindset, we forecasted CAPEX at a constant 20% of beginning PP&E. This is above industry average; however, this value was reached by following Shack's historical CAPEX trends. We believe this assumption will stay constant, as Shake Shack continues to prioritize investing in new locations.

Depreciation and Amortization: We employed a straight-line depreciation method and estimated PP&E useful life to average 6.8 years, which is held constant.

Income Tax Rate: We assumed an effective tax rate of 25.0% based on historical annual reports.

Weighted Average Cost of Capital (WACC): We calculated Shake Shack's WACC to be 11.2%.

The cost of equity was calculated using a risk-free rate of 0.93%, an expected market return of 9.03%, and a beta of 1.37 (all pulled from Bloomberg). This returned a cost of equity equal to 12.03%.

The cost of debt was computed by applying a pre-tax cost of debt of 0.84% and an effective tax rate of 0.0% (as denoted by Bloomberg). This equated to a 0.84% cost of debt.

Perpetuity Growth Rate: Due to the high-growth stage that Shake Shack is amid—and will continue to be in for the foreseeable future—a simple perpetuity growth rate would not likely properly represent Shack’s future cashflows. Thus, we forecasted a 15-year rapid growth period at a growth rate of 15%. Then, we applied a perpetuity growth rate of 4% for the remainder. This more accurately captures Shake Shack’s growth and future cashflows.

Terminal EV/EBITDA Multiple: Given Shake Shack’s high growth and soaring multiples, we decided upon a 20.0x terminal EV/EBITDA exit multiple. We believe this assumption will accurately depict Shake Shack’s future, given their history and future development mindset. Shake Shack has a history of high-multiple trading, and under the optimistic growth forecasts that we applied we believe that this trend will hold strong.

Recommendation

Sell

Based on our analysis, we believe that Shake Shack is overvalued at the current price of US\$121.81. Shake Shack is trading at a premium due to its growth potential, however, our extremely optimistic future cashflow projections (based on this positive potential) returned implied prices well below the current share price for Shack. Additionally, same-location sales are below industry averages, and campaigns to boost these numbers have had no visible effective as of now. Thus, we believe the basis of additional optimistic speculation is on unstable ground, especially in the long term.

Taking this into account, we recommend a **Sell** on Shake Shack, Inc with a target share price of US\$66.37 and a current share price of US\$121.81, translating to a Sell upside of 83.5%.

Risks

Lagging Same-Location Sales

If same-location year-on-year sales growth does not improve, on average, then financial performance could be negatively affected. Competitors typically exhibit consistent YoY growth, but Shake Shack consistently fails to match this industry trend. If efforts to boost sales remain unsuccessful, many locations will face negative sales growth (and this has happened pre-COVID-19 as well). This will likely affect both overall financial performance and operations in an adverse manner.

Dependence on Distributors and Suppliers

Shake Shack has a limited number of suppliers for major products and relies on one distribution company for most domestic distribution operations. If Shack’s suppliers or distributor are unable to fulfill their current arrangement’s obligations, supply shortages and higher prices will ensue.

COVID-19 and Recovery

As aforementioned, Shake Shack suffered widespread short-term closures and decreased traffic because of COVID-19. The online pivot has helped minimize some negatives; however, it comes with additional costs (e.g. packaging, technology), and

has not been able to make up for all the lost potential sales. Shake Shack is redesigning locations for social distancing measures and is planning more drive-through locations. However, Shake Shack is still facing negative net income in FY2020 and the foreseeable FY2021 is still a COVID-19 world. Shake Shack needs to find ways to cut costs, or else their already thinning margins will be incredibly stressed with a consistent period of lower revenue. Coming out of COVID-19 Shake Shack will be vulnerable if sales traffic does not return to pre-COVID-19 frequency. They will also need to re-emphasize dine-in options to rebuild this differentiating experience that has been integral to Shake Shack's brand.

Limited Corporate Control Over Licensed Shacks

Shake Shack relies on a select number of licensees to operate licensed Shack locations. Shake Shack has limited control over the operations of these locations, and this could potentially result in a negative impact to the Shack's reputation and business. Shake Shack provides procedures, training, and all necessary administrative elements, however, day-to-day operations are in the hands of the licensee. Thus, items such as service quality, operations, and marketing cannot be guaranteed to adhere to Shake Shack's strict guidelines.

Perceivably Negative Consumer Trends

As briefly touched upon in the *Consumer Trends* section of *Industry Analysis*, the restaurant industry as a whole (naturally including fast-food) is in a dynamic state. That is, there are many consumer factors that could significantly impact a restaurant—such as Shake Shack—or the entire industry. These trends primarily include healthy eating, eating from home, and convenience meals from grocers. Healthy eating has been on a steady rise for the past couple of decades. Shake Shack, being a fast-food restaurant that primarily serves fare that would generally be considered unhealthy, is vulnerable to potential lost customers if this trend continues to grow. Eating from home, pandemic aside, has been trending upward over the course of the last five years. Despite not being a “direct” competitor, it is an alternative that potentially negatively affects Shack as it grows in popularity. Finally, convenience meals from grocery stores have become very popular over the course of the past decade. They emulate take-out convenience and go hand-in-hand with eating at home, as these convenience meals are a quick substitute for a meal at home without the hassle or health guilt of ordering from a restaurant. Again, these meals cut into potential Shake Shack purchases and present an out-of-industry competitor.

Appendix 1: Summary Page

(Figures in mm USD)	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025
Income Statement											
Revenue	190.6	268.5	358.8	459.3	594.5	517.3	758.0	1,056.5	1,247.6	1,449.8	1,663.2
EBITDA	17.0	42.3	55.5	60.7	66.4	17.8	68.5	132.1	171.5	195.7	224.5
Net Income	3.1	22.1	8.9	21.9	24.1	(25.6)	14.5	59.0	86.4	102.3	121.5
Earnings Per Share	\$ (0.65)	\$ 0.53	\$ (0.01)	\$ 0.52	\$ 0.61	\$ (0.69)	\$ 0.38	\$ 1.54	\$ 2.26	\$ 2.67	\$ 3.18
Cash Flow Statement											
Capital Expenditures	(32.1)	(54.4)	(61.5)	(87.5)	(106.5)	(67.4)	(86.9)	(74.2)	(78.1)	(82.2)	(86.6)
Acquisitions	(2.4)	(61.3)	(7.9)	(1.2)	(1.2)	(0.3)	-	-	-	-	-
Divestitures	-	0.9	7.5	2.1	27.0	20.0	-	-	-	-	-
Dividend Payment	-	-	-	-	-	-	-	-	-	-	-
Dividend Per Share	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Dividend Payout to Earnings	-	-	-	-	-	-	-	-	-	-	-
Dividend Payout to Core FCF	-	-	-	-	-	-	-	-	-	-	-
Dividend Yield	-	-	-	-	-	-	-	-	-	-	-
Balance Sheet											
Current Assets	78.9	83.9	93.2	101.1	87.7	202.9	193.6	249.8	321.4	409.7	519.2
Non-Current Assets	300.6	454.3	377.4	509.4	880.6	940.5	977.1	996.7	1,017.4	1,039.2	1,062.1
Assets	379.5	538.2	470.6	610.5	968.3	1,143.5	1,170.6	1,246.5	1,338.8	1,448.8	1,581.3
Current Liabilities	24.0	31.7	34.0	59.9	99.4	110.9	123.5	140.5	146.3	154.1	165.1
Non-Current Liabilities	198.5	305.1	212.1	277.1	546.9	586.2	586.2	586.2	586.2	586.2	586.2
Liabilities	222.5	336.8	246.1	337.1	646.3	697.0	709.7	726.6	732.5	740.3	751.3
Shareholders' Equity	100.6	152.2	169.5	226.1	298.8	417.4	431.9	490.8	577.2	679.5	801.0
Cash	70.8	11.6	21.5	24.8	37.1	168.5	154.3	203.6	271.1	354.7	458.7
Debt	212.4	48.6	71.0	104.0	373.4	425.2	437.8	454.8	460.7	468.4	479.4
Net Debt	141.5	37.0	49.5	79.2	336.3	256.7	283.5	251.2	189.6	113.7	20.8
Minority Interests	56.4	49.2	55.0	47.4	23.2	29.1	29.1	29.1	29.1	29.1	29.1
Debt/EBITDA	8.3 x	0.9 x	0.9 x	1.3 x	5.1 x	14.4 x	4.1 x	1.9 x	1.1 x	0.6 x	0.1 x
Operating Metrics											
Return on Equity (ROE)	3.1%	14.6%	5.2%	9.7%	8.1%	-6.1%	3.4%	12.0%	15.0%	15.0%	15.2%
Return on Assets (ROA)	0.8%	4.1%	1.9%	3.6%	2.5%	-2.2%	1.2%	4.7%	6.5%	7.1%	7.7%
Return on Invested Capital (ROIC)	1.2%	4.4%	0.5%	4.3%	2.7%	-2.9%	1.5%	6.4%	9.3%	10.8%	12.6%
Valuation Metrics											
Stock Price (High)	\$ 92.86	\$ 42.23	\$ 46.50	\$ 69.22	\$ 104.61	\$ 90.87	\$ 90.87	\$ 90.87	\$ 90.87	\$ 90.87	\$ 90.87
Stock Price (Low)	\$ 38.19	\$ 31.40	\$ 30.60	\$ 37.29	\$ 43.81	\$ 90.87	\$ 90.87	\$ 90.87	\$ 90.87	\$ 90.87	\$ 90.87
Stock Price (Average)	\$ 65.53	\$ 36.82	\$ 38.55	\$ 53.26	\$ 74.21	\$ 90.87	\$ 90.87	\$ 90.87	\$ 90.87	\$ 90.87	\$ 90.87
Diluted Shares Outstanding (Average)	13.6	23.4	25.9	29.2	32.3	37.1	38.3	38.3	38.3	38.3	38.3
Market Capitalization (Average)	890.4	863.3	997.5	1,553.9	2,393.3	3,368.0	3,475.9	3,475.9	3,475.9	3,475.9	3,475.9
Enterprise Value (Average)	1,088.3	949.4	1,102.0	1,680.5	2,752.8	3,653.8	3,788.4	3,756.1	3,694.5	3,618.7	3,525.7
P/E	n/a	69.4 x	n/a	102.4 x	120.7 x	n/a	239.5 x	59.0 x	40.2 x	34.0 x	28.6 x
EV/EBITDA	64.1 x	22.4 x	19.8 x	27.7 x	41.5 x	205.1 x	55.3 x	28.4 x	21.5 x	18.5 x	15.7 x
FCF Yield to Market Capitalization	-0.8%	-0.6%	-14.3%	-0.6%	-2.5%	-2.4%	-0.3%	2.0%	2.7%	3.4%	4.1%
FCF Yield to Enterprise Value	-0.6%	-0.6%	-13.0%	-0.6%	-2.2%	-2.2%	-0.3%	1.8%	2.6%	3.2%	4.1%
Free Cash Flow											
EBIT	6.8	27.8	33.8	31.7	25.7	(32.1)	18.2	77.5	114.1	135.2	160.9
Tax Expense	(3.3)	(6.4)	(151.4)	(8.9)	(3.4)	-	-	-	-	-	-
D&A	10.2	14.5	21.7	29.0	40.7	49.9	50.4	54.5	57.4	60.5	63.7
Capital Expenditures	(32.1)	(54.4)	(61.5)	(87.5)	(106.5)	(67.4)	(86.9)	(74.2)	(78.1)	(82.2)	(86.6)
Changes in NWC	11.7	13.2	14.6	25.9	(17.5)	(32.1)	7.9	9.9	1.8	3.1	5.4
Unlevered Free Cash Flow	(6.8)	(5.3)	(142.8)	(9.8)	(61.0)	(81.7)	(10.5)	67.8	95.2	116.6	143.3
Valuation Summary											

Appendix 2: Discounted Cash Flow Analysis

Discounted Cash Flow Analysis															
(Figures in mm USD)															
	FY2015	FY2016	FY2017	FY2018	FY2019	Q1-2020	Q2-2020	Q3-2020	30-12-2020	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025
WACC Calculations															
Cost of Equity															
Risk-free rate	0.9%														
Expected market return	9.0%														
Market Risk Premium	8.1%														
Beta	1.37														
Cost of Equity	12.0%														
Cost of Debt															
Pre-tax cost of debt	0.8%														
Effective tax rate	-														
Cost of Debt	0.8%														
WACC															
Market value of equity	4,659.4														
Market value of debt	376.2														
Total Capitalization	5,035.6														
Cost of equity	12.0%														
Cost of debt	0.8%														
WACC	11.2%														
Free Cash Flow															
EBIT	6.8	27.8	33.8	31.7	25.7	(0.8)	(24.1)	(6.8)	(0.4)	(32.1)	18.2	77.5	114.1	135.2	160.9
Less: Tax expense	(3.3)	(6.4)	(151.4)	(8.9)	(3.4)	(0.1)	6.1	0.8	-	-	-	-	-	-	-
Add: Depreciation and amortization	10.2	14.5	21.7	29.0	40.7	12.0	12.5	12.8	12.6	49.9	50.4	54.5	57.4	60.5	63.7
Less: Capital expenditures	(32.1)	(54.4)	(61.5)	(87.5)	(106.5)	(19.2)	(18.5)	(9.4)	(20.4)	(67.4)	(86.9)	(74.2)	(78.1)	(82.2)	(86.6)
Less: Change in net working capital	11.7	13.2	14.6	25.9	(17.5)	(21.9)	(5.0)	(7.0)	1.8	(32.1)	7.9	9.9	1.8	3.1	5.4
Unlevered Free Cash Flow	(6.8)	(5.3)	(142.8)	(9.8)	(61.0)	(29.9)	(29.0)	(9.5)	(6.5)	(81.7)	(10.5)	67.8	95.2	116.6	143.3
Discount factor						-	-	-	0.25	0.25	1.25	2.25	3.25	4.25	5.25
Present Value of Unlevered Free Cash Flow						-	-	-	(6.3)	(6.3)	(9.6)	53.4	67.5	74.3	82.1
Discounted Cash Flow Valuations															

Perpetuity Growth Method	
Rapid Growth Period Growth Rate	15%
Rapid Growth Period Duration (Years)	15.0
Perpetuity Growth Rate	4.0%
PV sum of unlevered FCF	261.3
Terminal value	1,805.2
Enterprise Value	2,066.5
Add: Cash	191.8
Less: Debt	376.2
Less: Other EV adjustments	29.1
Equity Value	1,853.0
Shares outstanding	38.3
Implied Share Price	\$ 48.44

Current Price	#####
Implied Price	\$ 48.44
Total Return	-60.2%

Exit Multiple Method	
Terminal EV/EBITDA Multiple	20.0 x
PV sum of unlevered FCF	261.3
Terminal value	2,572.93
Enterprise Value	2,834.2
Add: Cash	191.8
Less: Debt	376.2
Less: Other EV adjustments	29.1
Equity Value	2,620.8
Shares outstanding	38.3
Implied Share Price	\$ 68.51

Current Price	\$ 121.81
Implied Price	\$ 68.51
Total Return	-43.8%

		WACC				
		9.00%	8.50%	8.00%	7.50%	7.00%
Perpetuity Growth Rate	2.50%	\$ 66.22	\$ 71.98	\$ 78.52	\$ 86.01	\$ 94.71
	3.00%	\$ 67.13	\$ 73.16	\$ 80.06	\$ 88.08	\$ 97.54
	3.50%	\$ 68.22	\$ 74.58	\$ 81.96	\$ 90.66	\$ 101.18
	4.00%	\$ 69.51	\$ 76.31	\$ 84.32	\$ 93.99	\$ 106.03
	4.50%	\$ 71.10	\$ 78.48	\$ 87.36	\$ 98.42	\$ 112.82
		WACC				
		9.00%	8.50%	8.00%	7.50%	7.00%
Terminal EV/EBITDA Multiple	18.0 x	\$ 69.04	\$ 70.83	\$ 72.66	\$ 74.55	\$ 76.49
	19.0 x	\$ 72.78	\$ 74.65	\$ 76.58	\$ 78.57	\$ 80.61
	20.0 x	\$ 76.51	\$ 78.48	\$ 80.50	\$ 82.58	\$ 84.72
	21.0 x	\$ 80.24	\$ 82.30	\$ 84.42	\$ 86.60	\$ 88.84
	22.0 x	\$ 83.98	\$ 86.13	\$ 88.34	\$ 90.61	\$ 92.95

(Figures in mm USD)

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Appendix 4: Income Statement

		Operating Model															
		#VALUE!	#VALUE!	#VALUE!	#VALUE!	#VALUE!	#VALUE!	#VALUE!	#VALUE!	30-12-2020	30-12-2020	#VALUE!	#VALUE!	#VALUE!	#VALUE!	#VALUE!	#VALUE!
(Figures in mm USD)		FY2015	FY2016	FY2017	FY2018	FY2019	Q1-2020	Q2-2020	Q3-2020	Q4-2020	FY2020	Q1-2021	Q2-2021	Q3-2021	Q4-2021	FY2021	FY2022
Income Statement																	
Revenue		190.6	268.5	358.8	459.3	594.5	143.2	91.8	130.4	151.9	517.3	158.2	174.5	196.6	228.7	758.0	1,056.5
COGS		98.8	139.3	190.1	248.2	329.0	81.3	61.0	75.8	85.1	303.2	91.8	96.0	108.1	130.4	426.2	586.3
Gross Profit		91.8	129.2	168.7	211.1	265.5	61.8	30.8	54.6	66.8	214.1	66.5	78.5	88.5	98.3	331.8	470.1
SG&A		37.8	30.6	39.0	52.7	65.3	15.9	13.6	14.5	16.7	60.8	17.4	19.2	21.6	25.2	83.4	110.9
Other Expenses		20.7	31.4	38.4	45.9	64.6	16.9	14.5	15.3	16.7	63.4	17.4	19.2	21.6	25.2	83.4	110.9
OPEX		16.3	24.9	35.8	51.8	69.2	17.8	14.3	18.7	21.3	72.1	19.6	22.0	25.2	29.7	96.5	116.2
EBITDA		17.0	42.3	55.5	60.7	66.4	11.2	(11.6)	8.0	12.2	17.8	12.0	18.2	20.0	18.3	68.5	132.1
D&A		10.2	14.5	21.7	29.0	40.7	12.0	12.5	12.8	12.6	49.9	12.3	12.6	12.6	12.9	50.4	54.5
EBIT		6.8	27.8	33.8	31.7	25.7	(0.8)	(24.1)	(6.8)	(0.4)	(32.1)	(0.3)	5.5	7.5	5.4	18.2	77.5
Interest Expense		0.3	0.4	1.6	2.4	0.4	0.1	0.4	0.1	0.1	0.8	0.1	0.1	0.1	0.1	0.4	0.4
Other Expenses (Income)		(0.0)	(1.1)	(128.1)	(1.5)	(2.3)	0.1	(0.4)	(0.0)	(0.0)	(0.4)	(0.4)	(0.4)	(0.4)	(0.4)	(1.6)	(1.5)
EBT		6.4	28.5	160.3	30.8	27.5	(1.0)	(24.1)	(6.9)	(0.5)	(32.5)	0.0	5.8	7.8	5.7	19.4	78.6
Income Tax		3.3	6.4	151.4	8.9	3.4	0.1	(6.1)	(0.8)	(0.1)	(6.9)	0.0	1.5	1.9	1.4	4.8	19.7
Net Income		3.1	22.1	8.9	21.9	24.1	(1.1)	(18.0)	(6.1)	(0.3)	(25.6)	0.0	4.4	5.8	4.3	14.5	59.0
Net Income (Loss) Attributable To Shake Shack		(8.8)	12.4	(0.3)	15.2	19.8	(1.0)	(16.2)	(5.6)								
Shares Outstanding, Basic		13.6	23.0	25.9	28.3	31.4	34.4	37.3	38.3	38.3	37.1	38.3	38.3	38.3	38.3	38.3	38.3
Shares Outstanding, Diluted		13.6	23.4	25.9	29.2	32.3	34.4	37.3	38.3	38.3	37.1	38.3	38.3	38.3	38.3	38.3	38.3
Earnings Per Share, Basic		\$ (0.65)	\$ 0.54	\$ (0.01)	\$ 0.54	\$ 0.63	\$ (0.03)	\$ (0.43)	\$ (0.15)	\$ (0.01)	\$ (0.69)	\$ 0.00	\$ 0.11	\$ 0.15	\$ 0.11	\$ 0.38	\$ 1.54
Earnings Per Share, Diluted		\$ (0.65)	\$ 0.53	\$ (0.01)	\$ 0.52	\$ 0.61	\$ (0.03)	\$ (0.43)	\$ (0.15)	\$ (0.01)	\$ (0.69)	\$ 0.00	\$ 0.11	\$ 0.15	\$ 0.11	\$ 0.38	\$ 1.54

Appendix 5: Cash Flow Statement

Operating Model																				
<div><div></div><div>#VALUE!</div><div>#VALUE!</div><div>#VALUE!</div><div>#VALUE!</div><div>#VALUE!</div><div>#VALUE!</div><div>#VALUE!</div><div>#VALUE!</div><div>#VALUE!</div><div>30-12-2020</div><div>30-12-2020</div><div>#VALUE!</div><div>#VALUE!</div><div>#VALUE!</div><div>#VALUE!</div><div>#VALUE!</div><div>#VALUE!</div><div>#VALUE!</div><div>#VALUE!</div><div>#VALUE!</div></div>																				
<div>(Figures in mm USD)</div>																				
Cash Flow Statement	FY2015	FY2016	FY2017	FY2018	FY2019	Q1-2020	Q2-2020	Q3-2020	Q4-2020	FY2020	Q1-2021	Q2-2021	Q3-2021	Q4-2021	FY2021	FY2022	FY2023	FY2024	FY2025	
Operating Activities																				
Net income	3.1	22.1	8.9	21.9	24.1	(1.1)	(18.0)	(6.1)	(0.3)	(25.6)	0.0	4.4	5.8	4.3	14.5	59.0	86.4	102.3	121.5	
Depreciation and amortization	10.2	14.5	21.7	29.0	40.7	12.0	12.5	12.8	12.6	49.9	12.3	12.6	12.6	12.9	50.4	54.5	57.4	60.5	63.7	
Non-cash operating lease cost	-	-	-	-	40.1	10.7	11.5	11.5	-	33.7	-	-	-	-	-	-	-	-	-	
Equity-based compensation	16.7	5.4	5.6	6.1	7.5	1.3	1.4	1.3	-	4.1	-	-	-	-	-	-	-	-	-	
Deferred income taxes	(0.7)	(0.5)	146.3	0.8	(6.1)	3.8	7.5	(2.5)	-	8.7	-	-	-	-	-	-	-	-	-	
Non-cash interest expense	0.3	0.3	0.3	0.1	0.2	0.1	(0.1)	0.0	-	0.0	-	-	-	-	-	-	-	-	-	
Excess tax benefits on equity-based compensation	-	(0.0)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Sale of marketable securities	-	0.0	0.0	0.0	(0.0)	(0.1)	-	-	-	(0.1)	-	-	-	-	-	-	-	-	-	
Disposal of property and equipment	0.0	0.0	0.6	0.9	1.4	2.1	0.4	0.4	-	2.9	-	-	-	-	-	-	-	-	-	
Other non-cash expense (income)	-	(0.7)	(127.2)	(0.1)	(0.3)	0.2	0.7	0.0	-	0.9	-	-	-	-	-	-	-	-	-	
Unrealized gain on available-for-sale securities	-	-	-	-	(0.2)	0.4	(0.3)	-	-	0.0	-	-	-	-	-	-	-	-	-	
Net loss on sublease	-	-	-	0.7	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
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-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Cash Flow Before Working Capital	29.6	41.1	56.3	59.5	107.3	29.4	15.5	17.5	12.2	74.6	12.3	17.0	18.4	17.2	64.9	113.5	143.8	162.7	185.1	
Accounts receivable	0.8	3.0	6.4	5.5	10.7	3.2	(1.5)	0.6	(4.4)	(2.2)	(0.5)	(0.6)	(0.9)	(1.4)	(3.4)	(5.6)	(2.6)	(3.8)	(4.1)	
Inventories	(0.0)	(0.3)	(0.5)	(0.5)	(0.5)	0.3	(0.4)	(0.0)	(0.3)	(0.5)	0.2	0.3	(0.3)	(0.5)	(0.4)	(1.0)	(0.8)	(0.8)	(0.8)	
Prepaid expenses and other current assets	(1.0)	(0.8)	2.2	(0.3)	0.1	(0.4)	(0.3)	(0.0)	(0.1)	(0.8)	0.2	(0.1)	(0.3)	(0.6)	(0.9)	(0.5)	(0.8)	(0.0)	(0.7)	
Other assets	1.3	(0.8)	(0.4)	(2.7)	(8.2)	(1.0)	(0.5)	(0.6)	-	(2.1)	-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Accounts payable	0.2	0.8	1.2	3.2	4.2	(4.4)	10.3	(1.5)	1.5	5.8	4.1	(1.8)	(0.2)	4.3	6.4	4.9	(0.4)	1.8	5.4	
Accrued expenses	2.5	5.6	4.4	8.0	9.9	(6.3)	(8.8)	1.8	5.1	(8.2)	1.3	3.3	0.5	1.2	6.2	12.0	6.3	6.0	5.6	
Accrued wages and related liabilities	3.4	0.3	0.1	4.4	0.8	(5.1)	1.3	1.6	-	(2.2)	-	-	-	-	-	-	-	-	-	
Other current liabilities	0.3	2.1	(1.0)	0.9	1.4	0.3	(1.1)	1.2	-	0.4	-	-	-	-	-	-	-	-	-	
Deferred rent	4.4	3.4	1.0	1.2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Long-term operating lease liabilities	-	-	-	-	(37.3)	(8.8)	(3.9)	(12.6)	-	(25.3)	-	-	-	-	-	-	-	-	-	
Other long-term liabilities	(0.2)	(0.2)	1.1	6.2	1.4	0.5	(0.1)	2.6	-	3.0	-	-	-	-	-	-	-	-	-	
Net CFO	41.3	54.3	70.9	85.4	89.9	7.5	10.5	10.5	14.0	42.5	17.5	18.0	17.2	20.1	72.8	123.4	145.6	165.8	190.5	
Investing Activities																				
Purchases of property and equipment	(32.1)	(54.4)	(61.5)	(87.5)	(106.5)	(19.2)	(18.5)	(9.4)	(20.4)	(67.4)	(20.9)	(21.4)	(22.0)	(22.6)	(86.9)	(74.2)	(78.1)	(82.2)	(86.6)	
Purchases of marketable securities	(2.4)	(61.3)	(7.9)	(1.2)	(1.2)	(0.2)	(0.1)	(0.0)	-	(0.3)	-	-	-	-	-	-	-	-	-	
Sales of marketable securities	-	0.9	7.5	2.1	27.0	20.0	-	-	-	20.0	-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
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-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Net CFI	(34.5)	(114.8)	(61.9)	(86.6)	(80.7)	0.6	(18.6)	(9.4)	(20.4)	(47.7)	(20.9)	(21.4)	(22.0)	(22.6)	(86.9)	(74.2)	(78.1)	(82.2)	(86.6)	
Financing Activities																				
Proceeds from deemed landlord financing	-	0.1	1.2	1.4	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Payments on promissory note	-	(0.3)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Proceeds from revolving credit facility	4.0	-	-	-	-	50.0	-	-	-	50.0	-	-	-	-	-	-	-	-	-	
Payments on revolving credit facility	(36.0)	-	-	-	-	-	(50.0)	-	-	(50.0)	-	-	-	-	-	-	-	-	-	
Payments on deemed landlord financing	-	-	(0.3)	(0.7)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Deferred financing costs	(0.1)	-	-	-	(0.3)	-	(0.1)	-	-	(0.1)	-	-	-	-	-	-	-	-	-	
Payments on principal of finance leases	-	-	-	-	(1.9)	(0.6)	(0.5)	(0.5)	-	(1.7)	-	-	-	-	-	-	-	-	-	
Proceeds from issuance of Class A common stock sold in initial public offering	109.3	-	-	-	-	-	145.0	-	-	145.0	-	-	-	-	-	-	-	-	-	
Proceeds from issuance of Class B common stock	0.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Distributions paid to non-controlling interest holders	-	(1.7)	(2.4)	(0.8)	(1.7)	(0.3)	(0.0)	(0.2)	-	(0.5)	-	-	-	-	-	-	-	-	-	
Distributions paid to members prior to the initial public offering	(11.1)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Payments under tax receivable agreement	-	-	(4.8)	-	(0.7)	(6.6)	(0.1)	-	-	(6.6)	-	-	-	-	-	-	-	-	-	
Proceeds from stock option exercises	-	3.2	7.6	5.5	9.2	1.0	0.7	0.5	-	2.2	-	-	-	-	-	-	-	-	-	
Employee withholding taxes related to net settled equity awards	(4.6)	-	(0.3)	(0.9)	(1.4)	(1.0)	(0.8)	(0.0)	-	(1.8)	-	-	-	-	-	-	-	-	-	
Excess tax benefits from equity-based compensation	-	0.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Net CFF	61.4	1.2	1.0	4.5	3.2	42.6	94.2	(0.2)	-	136.6	-	-	-	-	-	-	-	-	-	
FX effect	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Net Change in Cash Balance	66.2	(59.2)	9.9	3.2	12.3	50.7	86.2	0.9	(6.4)	131.4	(3.4)	(3.4)	(4.8)	(2.5)	(14.1)	49.3	67.5	83.6	103.9	
Beginning Cash Balance	2.7	70.8	11.6	21.5	24.8	37.1	87.8	174.0	174.9	37.1	168.5	165.0	161.6	156.8	168.5	154.3	203.6	271.1	354.7	
Ending Cash Balance	70.8	11.6	21.5	24.8	37.1	87.8	174.0	174.9	168.5	165.0	161.6	156.8	154.3	154.3	203.6	271.1	354.7	458.7	542.6	

Appendix 6: Balance Sheet

Operating Model																
(Figures in mm USD)																
Balance Sheet	FY2015	FY2016	FY2017	FY2018	FY2019	Q1-2020	Q2-2020	Q3-2020	Q4-2020	FY2020	Q1-2021	Q2-2021	Q3-2021	Q4-2021	FY2021	FY2022
Current Assets																
Cash and cash equivalents	70.8	11.6	21.5	24.8	37.1	87.8	174.0	174.9	168.5	168.5	165.0	161.6	156.8	154.3	154.3	203.6
Marketable securities	0.3	62.0	63.0	62.1	36.5	16.4	16.8	16.9	16.9	16.9	16.9	16.9	16.9	16.9	16.9	16.9
Accounts receivable	4.2	6.0	5.6	10.5	10.0	6.8	8.3	7.7	12.2	12.2	12.7	13.3	14.2	15.6	15.6	21.1
Inventories	0.5	0.8	1.3	1.7	2.2	2.0	2.3	2.4	2.7	2.7	2.6	2.3	2.6	3.1	3.1	4.1
Prepaid expenses and other current assets	3.1	3.5	1.8	2.0	1.9	2.3	2.6	2.6	2.7	2.7	2.6	2.7	3.0	3.7	3.7	4.1
									-	-	-	-	-	-	-	-
									-	-	-	-	-	-	-	-
Total Current Assets	78.9	83.9	93.2	101.1	87.7	115.4	204.1	204.5	202.9	202.9	199.7	196.7	193.5	193.6	193.6	249.8
Non-Current Assets																
Property and equipment, net	93.0	136.3	187.1	261.9	314.9	329.0	322.2	326.5	334.4	334.4	343.0	351.8	361.2	370.9	370.9	390.5
Operating lease assets	202.0				274.4	302.2	298.6	305.1	305.1	305.1	305.1	305.1	305.1	305.1	305.1	305.1
Deferred income taxes, net	5.6	313.2	185.9	242.5	279.8	281.3	286.9	289.0	289.0	289.0	289.0	289.0	289.0	289.0	289.0	289.0
Other assets		4.8	4.4	5.0	11.5	12.1	12.2	12.0	12.0	12.0	12.0	12.0	12.0	12.0	12.0	12.0
									-	-	-	-	-	-	-	-
									-	-	-	-	-	-	-	-
Total Non-Current Assets	300.6	454.3	377.4	509.4	880.6	924.6	919.9	932.7	940.5	940.5	949.1	958.0	967.4	977.1	977.1	996.7
Total Assets	379.5	538.2	470.6	610.5	968.3	1,040.0	1,123.9	1,137.2	1,143.5	1,143.5	1,148.9	1,154.7	1,160.8	1,170.6	1,170.6	1,246.5
Current Liabilities																
Current portion of long-term debt																
Accounts payable	6.8	6.9	8.2	12.5	14.3	15.3	20.7	22.4	23.8	23.8	27.9	26.1	25.9	30.2	30.2	35.2
Accrued expenses	6.8	8.5	11.6	22.8	24.1	24.2	19.8	25.2	30.4	30.4	31.6	34.9	35.4	36.6	36.6	48.6
Accrued wages and related liabilities	5.8	6.1	6.2	10.7	11.5	6.3	7.6	9.2	9.2	9.2	9.2	9.2	9.2	9.2	9.2	9.2
Operating lease liabilities, current	4.6				30.0	43.2	37.1	34.9	34.9	34.9	34.9	34.9	34.9	34.9	34.9	34.9
Other current liabilities		10.2	7.9	14.0	19.5	13.7	11.4	12.6	12.6	12.6	12.6	12.6	12.6	12.6	12.6	12.6
Total Current Liabilities	24.0	31.7	34.0	59.9	99.4	102.8	96.7	104.3	110.9	110.9	116.2	117.7	118.0	123.5	123.5	140.5
Non-Current Liabilities																
Long-term debt						50.0			-	-	-	-	-	-	-	-
Note payable	0.3								-	-	-	-	-	-	-	-
Deemed landlord financing		2.0	14.5	20.8					-	-	-	-	-	-	-	-
Deferred rent	22.9	31.1	36.6	47.9					-	-	-	-	-	-	-	-
Long-term operating lease liabilities					304.9	322.2	332.8	336.1	336.1	336.1	336.1	336.1	336.1	336.1	336.1	336.1
Liabilities under tax receivable agreement, net of current portion	170.9	267.9	158.4	197.9	226.6	227.0	228.1	228.2	228.2	228.2	228.2	228.2	228.2	228.2	228.2	228.2
Other long-term liabilities	4.4	4.1	2.6	10.5	15.3	15.4	15.1	21.8	21.8	21.8	21.8	21.8	21.8	21.8	21.8	21.8
									-	-	-	-	-	-	-	-
Total Non-Current Liabilities	198.5	305.1	212.1	277.1	546.9	614.6	576.0	586.2	586.2	586.2	586.2	586.2	586.2	586.2	586.2	586.2
Total Liabilities	222.5	336.8	246.1	337.1	646.3	717.4	672.7	690.4	697.0	697.0	702.4	703.9	704.2	709.7	709.7	726.6
Shareholders' Equity																
Prefereed stock, no par value—10,000,000 shares authorized; none issued and outstanding as of December 25, 2019 and December 26, 2018, respectively.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Class A common stock, \$0.001 par value—200,000,000 shares authorized;	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Class B common stock, \$0.001 par value—35,000,000 shares authorized; 3	96.3	135.4	153.1	195.6	244.4	247.0	384.3	386.0	386.0	386.0	386.0	386.0	386.0	386.0	386.0	386.0
Additional paid-in capital	4.3	16.7	16.4	30.4	54.4	53.4	37.2	31.6	31.3	31.3	31.3	35.7	41.5	45.8	45.8	104.8
Retained earnings (accumulated deficit)									-	-	-	-	-	-	-	-
Treasury stock									-	-	-	-	-	-	-	-
Accumulated other comprehensive income (loss)	(0.0)	(0.0)	(0.0)		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Shareholders' Equity	100.6	152.2	169.5	226.1	298.8	300.4	421.6	417.7	417.4	417.4	417.4	421.8	427.6	431.9	431.9	490.8
Non-controlling interests	56.4	49.2	55.0	47.4	23.2	22.2	29.7	29.1	29.1	29.1	29.1	29.1	29.1	29.1	29.1	29.1
Total Equity	157.0	201.4	224.5	273.5	322.0	322.6	451.3	446.8	446.4	446.4	446.5	450.8	456.7	460.9	460.9	519.9

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