

Shake Shack

Key Financial Metrics

2/9/2026

Book Value	\$11.49	*Estimated at 12/31/25
Trading Price	\$97.19	
# of Shares	44,300,000	
Estimated LT Debt/Leases	\$ 869,614,000	
Average Debt/Company Owned Location	\$ 2,331,405	
Debt/Lease Obligation to Equity Ratio is	1.62	Note 'D'
Lifetime Earnings Per Share	\$1.14	
Average Earnings/SH/Yr Last 5 Years	\$1.21	Note 'B'
Average Sales Volume per Location	\$4.1 million	Note 'C'
Gross Profit Margin	22%	

Key Risk Factors:

- 1) The Company owns NO REAL ESTATE. It leases all its locations, including corporate offices.
- 2) In March of 2021, the Company issued \$250 million convertible senior note in a private placement. This note matures in March of 2028 (two years from now).
The minimum conversion is for 1.47 million shares; but, based on current market price, the conversion may require as much as 2.8 million shares.
Given the Company's current cash position, it will most likely have to convert a portion of the note via shares.
- 3) Average trading volume is 1.5 million shares daily which is approximately 3.3%; for comparison, McDonald's trading volume is about .6% of its outstanding shares.
- 4) The Company currently has a deferred tax benefit of approximately \$335 million. Pre 2017 loss benefits have a 20 year limited life; post 2016 losses can be carried forward indefinitely.
At the end of 2017, the deferred tax balance was \$186 million. It is possible that upwards of \$20 million of this will not be exercised in time.

Notes:

- 'A' - Assumes reasonable risk factors for the fast-food industry, forecast of 3 year recession in future 10 year time frame, debt to equity ratios are acceptable, and at least 2,000 locations.
- 'B' - Includes one of the two years of COVID impact and the economic set back in 2022.
- 'C' - Sales volume reflects US locations, including licensed domestic restaurants.
- 'D' - This is currently acceptable, but it has risen from its 2021 ratio of .62. At this rate. Although not a big concern, it is a metric to monitor closely.

Price to Earnings Ratio for Fast-Food Industry

Outstanding Performers:

McDonald's	26
Restaurant Brands	25
Dominos	23

Reasonable PE Ratio 14 Note 'A'

Poor Performers:

Wendy's	9
Jack in the Box	<10