GOOD TIMES RESTAURANTS INC
Form 424B5
May 05, 2015

Filed pursuant to Rule 424(b)(5)
Registration No. 333-201700

PROSPECTUS SUPPLEMENT

(To prospectus dated March 10, 2015)

2,420,705 Shares

Common Stock

Good Times Restaurants Inc.

This prospectus supplement and accompanying prospectus relate to the offer and sale by Good Times Restaurants Inc. of 2,420,705 shares of our common stock, $0.001 par value per share.

Our common stock is traded on the NASDAQ Capital Market under the symbol GTIM. On May 4, 2015, the last reported sale price of our common stock on the NASDAQ Capital Market was $8.44 per share.

As of May 4, 2015, the aggregate market value of our outstanding common stock held by non-affiliates, or public float, was approximately $68,064,185 based on 8,064,477 shares of outstanding common stock held by non-affiliates (compared to 9,461,739 shares of Common Stock outstanding including shares held by affiliates), at a price of $8.44

per share, which was the last reported sale price of our common stock on The NASDAQ Capital Market on May 4, 2015. Pursuant to General Instruction I.B.6 of Form S-3, in no event will we sell common stock in a public primary offering with a value exceeding more than one-third of our public float in any 12-month period so long as our public float remains below $75,000,000. We have not sold any common stock pursuant to General Instruction I.B.6 of Form S-3 during the 12 calendar months prior to and including the date of this prospectus supplement.

Investing in the common stock involves risk. See Risk Factors beginning on page S-20 of this prospectus supplement, the accompanying prospectus and in the documents incorporated by reference into this prospectus supplement concerning factors you should consider before investing in our common stock.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

	Per Share		Total	
Public offering price	$	8.15	$	19,728,746
Underwriting discount	$	0.57	$	1,379,802
Proceeds, before expenses, to Good Times Restaurants Inc.	$	7.58	$	18,348,944

The underwriters may also purchase an additional 363,105 shares from us at the public offering price, less the underwriting discount, within 30 days from the date of this prospectus supplement to cover overallotments.

Delivery of the common stock is expected to be made on or about May 7, 2015.

Joint Book-Running Managers

Janney Montgomery Scott **Stephens Inc.**

Lead Manager

Dougherty & Company

The date of this prospectus supplement is May 4, 2015

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You should rely only on the information contained in or incorporated by reference in this prospectus supplement and the accompanying prospectus. We have not authorized anyone to provide you with different information. We are not making an offer of these securities in any state where the offer is not permitted. You should not assume that the information contained in this prospectus supplement and the accompanying prospectus is accurate as of any date other than the date on the front of this prospectus supplement.

NON-GAAP FINANCIAL MEASURES

This prospectus supplement contains non-GAAP financial measures, that is, financial measures that either exclude or include amounts that are not excluded or included in the most directly comparable measure calculated and presented in accordance with generally accepted accounting principles. Specifically, we make use of the non-GAAP measures Restaurant operating profit and Adjusted EBITDA.

Restaurant operating profit is not a financial measure determined in accordance with U.S. generally accepted accounting principles and should not be considered in isolation or as an alternative to income from continuing operations. Restaurant operating profit is defined as restaurant sales minus cost of sales, labor, occupancy and restaurant operating expenses and does not include general and administrative expenses, preopening expenses, depreciation and amortization and other. We believe restaurant operating profit is an important efficiency and performance metric. We use restaurant operating profit as a percentage of restaurant sales as a key metric to evaluate our restaurants financial performance compared with our competitors.

Adjusted EBITDA is not a financial measure determined in accordance with U.S. generally accepted accounting principles and should not be considered in isolation or as an alternative to income from operations. Adjusted EBITDA is defined as net income or loss plus interest expense, depreciation and amortization, preopening expense, stock-based compensation, affiliate investment income or losses and other. Adjusted EBITDA is presented because: (i) we believe it is a useful measure for investors to assess the operating performance of our business without the effect of non-cash items such as depreciation and amortization expenses and stock based compensation; and (ii) we use Adjusted EBITDA internally and a benchmark to evaluate our operating performance and compare our performance to that of our competitors.

Our calculation of Restaurant operating profit and Adjusted EBITDA may be different from the calculation used by other companies for non-GAAP financial measures having the same or similar names; therefore, they may not be comparable to other companies. See Prospectus Summary Summary Historical Consolidated Financial Information of Good Times Restaurants Inc. and Summary Historical Consolidated Financial Information of Bad Daddy s International LLC for reconciliations of Restaurant operating profit and Adjusted EBITDA to the most comparable GAAP measure for each.

ABOUT THIS PROSPECTUS SUPPLEMENT

This prospectus supplement supplements the prospectus dated March 10, 2015, which is a part of Registration Statement No. 333-201700 and which we refer to as the accompanying prospectus. The accompanying prospectus relates to the offering by us of the securities described in the accompanying prospectus.

This document has two parts. The first part is the prospectus supplement, which describes the specific terms of this offering and also adds to and updates information contained in the accompanying prospectus and the documents incorporated by reference. The second part is the accompanying prospectus, which gives more general information, some of which may not apply to this offering. TO THE EXTENT THERE IS A CONFLICT BETWEEN THE INFORMATION CONTAINED IN THIS PROSPECTUS SUPPLEMENT, THE INFORMATION CONTAINED IN THE ACCOMPANYING PROSPECTUS OR THE INFORMATION CONTAINED IN ANY DOCUMENT INCORPORATED BY REFERENCE HEREIN OR THEREIN, THE INFORMATION CONTAINED IN THE MOST RECENTLY DATED DOCUMENT SHALL CONTROL.

We further note that the representations, warranties and covenants made by us in any agreement that is filed as an exhibit to any document that is incorporated by reference herein were made solely for the benefit of the parties to such agreement, including, in some cases, for the purpose of allocating risk among the parties to such agreements, and should not be deemed to be a representation, warranty or covenant to you. Moreover, such representations, warranties or covenants were accurate only as of the date when made. Accordingly, such representations, warranties and covenants should not be relied on as accurately representing the current state of our affairs.

It is important for you to read and consider all information contained in this prospectus supplement and the accompanying prospectus, including the documents incorporated by reference herein and therein, in making your investment decision. This prospectus supplement and the accompanying prospectus incorporate important business and financial information about us and our subsidiaries that is not included in or delivered with these documents. This information is available without charge to security holders upon written or oral request.

You should rely only on the information contained, incorporated or deemed incorporated by reference in this prospectus supplement and the accompanying prospectus. We have not authorized anyone to give any information or to make any representation not contained, incorporated or deemed incorporated by reference in this prospectus supplement or the accompanying prospectus in connection with the offering of shares of common stock in this offering. You should not assume that the information contained in this prospectus supplement and the accompanying prospectus is correct as of any date after the respective dates of this prospectus supplement and the accompanying prospectus, even though this prospectus supplement and the accompanying prospectus are delivered or these shares of common stock are offered or sold on a later date.

This prospectus supplement is not an offer to sell any security other than our common stock and it is not soliciting an offer to buy any security other than our common stock. This prospectus supplement and the accompanying prospectus are not an offer to sell our common stock to any person, and they are not soliciting an offer from any person to buy our common stock, in any jurisdiction where the offer or sale to that person is not permitted.

Unless otherwise indicated or the context otherwise requires, the terms we, us, our, the Company, Good Times a similar terms refer to Good Times Restaurants Inc., a Nevada corporation, and its consolidated subsidiaries, including Good Times Drive-Thru Inc. (Drive Thru) and BD of Colorado LLC (BD of Colo). Both Drive Thru and BD of Colo are wholly-owned subsidiaries of Good Times Restaurants Inc. Unless otherwise indicated or the context otherwise requires, financial and operating data in this prospectus reflect the consolidated business and operations of Good Times Restaurants Inc., BD of Colo, and Drive Thru, except for financial and operating data related to Bad Daddy s International, LLC (BDI) and the proposed acquisition of BDI by the Company.

FORWARD-LOOKING STATEMENTS

This prospectus supplement and any accompanying prospectus may include forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the Securities Act), and Section 21E of the Securities Exchange Act of 1934, as amended (the Exchange Act), and such statements are covered by the safe harbors created thereby. A forward-looking statement is neither a prediction nor a guarantee of future events. We try, whenever possible, to identify these forward-looking statements by using words such as anticipate, assume, believe, estimate, expect, intend, plan, project, may, will, would, and similar expressions. Forward-looking state related to, among other things:

- completion of the acquisition of Bad Daddy's International, LLC, a North Carolina limited liability company ("BDI");
- realizing the synergies contemplated by the acquisition of BDI;
- effectively and timely integrating BDI;
- business objectives and strategic plans;
- operating strategies;
- our ability to open and operate additional restaurants profitably and the timing of such openings;
- restaurant and franchise acquisitions;
- anticipated price increases for our product offerings;
- expected future revenues and earnings, comparable and non-comparable restaurant sales, results of operations, and future restaurant growth (both company-owned and franchised);
- estimated costs of opening and operating new restaurants, including general and administrative, marketing, franchise development and restaurant operating costs;
- anticipated selling, general and administrative expenses and restaurant operating costs, including commodity prices, labor and energy costs;
- future capital expenditures;
- our expectation that we will have adequate cash from operations and credit facility borrowings to meet all future debt service, capital expenditure and working capital requirements;
- the sufficiency of the supply of commodities and labor pool to carry on our business;
- success of advertising and marketing activities;
- the absence of any material adverse impact arising out of any litigation in which we may become involved;
- impact of the adoption of new accounting standards and our financial and accounting systems and analysis programs;
- expectations regarding competition and our competitive advantages;
- impact of our trademarks, service marks, and other proprietary rights; and
- effectiveness of our internal control over financial reporting.

Although we believe that the expectations reflected in our forward-looking statements are based on reasonable assumptions, such expectations may prove to be materially incorrect due to known and unknown risks and uncertainties.

In some cases, information regarding certain important factors that could cause actual results to differ materially from any forward-looking statements appears together with such statement. In addition, the factors described under Critical Accounting Policies and Estimates in Part II, Item 7 of our most recent Annual Report on Form 10-K/A, and Risk Factors in this prospectus supplement and the accompanying prospectus, as well as other possible factors not listed, could cause actual results to differ materially from those expressed in forward-looking statements, including, without limitation, the following: concentration of restaurants in certain markets and lack of market awareness in new markets; changes in disposable income; consumer spending trends and habits; increased competition in the quick service and casual dining restaurant markets; costs and availability of food and beverage inventory; our ability to attract qualified managers, employees, and franchisees; changes in the availability of capital or credit facility borrowings; costs and other effects of legal claims by employees, franchisees, customers, vendors, stockholders and others, including settlement of those claims; effectiveness of management strategies and decisions; weather conditions and related events in regions where our restaurants are operated; and changes in accounting standards, policies and practices or related interpretations by auditors or regulatory entities.

All forward-looking statements speak only as of the date made. All subsequent written and oral forward-looking statements attributable to us, or persons acting on our behalf, are expressly qualified in their entirety by the cautionary statements. Except as required by law, we undertake no obligation to update any forward-looking statement to reflect events or circumstances after the date on which it is made or to reflect the occurrence of anticipated or unanticipated events or circumstances.

PROSPECTUS SUMMARY

This summary description about us and our business highlights selected information contained elsewhere in this prospectus supplement and the accompanying prospectus or incorporated herein by reference. This summary is not complete and does not contain all of the information that you should consider before deciding to invest in our securities. We urge you to carefully read this entire prospectus supplement and the accompanying prospectus, including each of the documents incorporated herein or therein by reference, including the Risk Factors section.

Information About the Company

Our Company

Good Times Restaurants Inc. operates and franchises Good Times Burgers & Frozen Custard (GTBFC) restaurants and is a licensee of the Bad Daddy s Burger Bar concept (BDBB or Bad Daddy s) with development rights in Colorado Oklahoma and Kansas. Good Times Burgers & Frozen Custard and Bad Daddy s Burger Bar are two distinctly different, yet complementary, restaurant concepts. Each is positioned as a high quality brand within its respective segment of the industry, has attractive unit-level economics, significant growth potential, and strong current sales momentum.

We also own 48% of Bad Daddy s Franchise Development (BDFD), the franchising entity for Bad Daddy s Burger Bar. Each Bad Daddy s pays a royalty fee to BDFD with the exception of the licensed restaurant in the Charlotte-Douglas Airport.

We have reached an agreement to acquire Bad Daddy s International, LLC (BDI), an entity controlled by the founders of the concept and owner of the BDBB brand for a total consideration of up to $21 million (see Recent Developments). BDI operates four BDBB restaurants in which it owns a 100% interest in Charlotte, NC, and two BDBB restaurants in which it owns a 53% and 51% interest in Raleigh, NC. BDI also owns a 24% interest in one BDBB restaurant in Winston Salem, NC, the 52% of BDFD that we do not already own, and receives a royalty payment from the licensed BDBB located in the Charlotte-Douglas Airport. After closing, the acquisition will provide the Company with complete ownership of the brand and trademark rights to BDBB, national expansion potential for BDBB with both company operated and franchised restaurants and ownership of the BDI restaurant interests in North Carolina. We intend to use the net proceeds of this offering plus our cash on hand to fund the $18.5 million cash portion of our acquisition of BDI, pay related costs, fees and expenses and to fund additional development of new restaurants for both GTBFC and BDBB.

Good Times Burgers & Frozen Custard is an upscale, quick service restaurant concept offering fresh, 100% all natural, hand crafted products. We operate 27 and franchise 11 Good Times restaurants located primarily in the Denver market and along the front range of Colorado. We believe Good Times Burgers & Frozen Custard is the only quick service chain in our region, and one of a very few in the country, that offers a menu of fresh all natural Angus beef, all natural chicken, and nitrate free bacon from animals that are humanely raised and vegetarian fed without the use of added hormones, steroids, or antibiotics. In addition to our all natural platform, we offer fresh, unique taste profiles such as Hatch Valley New Mexico green chile breakfast burritos, frozen custard made fresh every few hours in each restaurant, Wild Fries with Wild Dippin Sauce and fresh cut fries.

We compete primarily on the quality of our products and we believe that our menu items are consistent with the quality found at fast casual restaurants, but served at close to the speed of quick service restaurants. Our brand positioning is based on Taking a Better Food Stand supported by the marketing headline Happiness Made to Order with three primary brand pillars of *Innovation, Quality, and Connectedness*. Within *Innovation*, we strive to create products and flavor profiles available only at Good Times and that challenge traditional quick service restaurant norms. We communicate *Quality* throughout our menu, from our made-to-order items to our fresh, all natural, handcrafted attributes. We strive for *Connectedness* with our customers based on strong emotional ties to our brand through social media, appealing to an outdoor and active lifestyle, promoting locally sourced ingredients, and through community support and involvement.

Our average per person check is approximately $6.50, which we believe is lower than the average check at fast casual hamburger concepts such as Habit Burger, Five Guys, and Smashburger, but higher than the typical quick service restaurant average check. We do not offer a low-priced value menu like most national and multi-regional quick service chains, choosing to define our value proposition based on a range of price choices within each of our menu categories and the quality of our food.

The success of our strategy is evident in our strong same-store sales growth. Based on information from industry analysts and third party publications, our growth in comparable restaurant sales has outperformed the quick service restaurant industry average during each of the last four years. For fiscal 2014, comparable sales increased 14.6% over the prior year, following 11.9% growth in fiscal 2013, 3.1% growth in 2012 and 6.2% growth in 2011. Comparable restaurant sales for first and second quarters of fiscal 2015 increased 8.0% and 8.2%, respectively, reflecting a three year compound growth rate in excess of 30% in each quarter. Our second fiscal 2015 quarter was the twentieth consecutive quarter of comparable sales growth (after adjusting for construction related disruption of the access to two restaurants in the fourth quarter of fiscal 2012).

(1) Fourth quarter of Fiscal Year 2012 adjusted for construction related disruption of the access to two restaurants, which impacted overall same store sales by -1.4%.

The growth in our comparable sales over the last several years has translated into significant expansion in our restaurant operating margin and growth in our restaurant operating profit. Although we tend to operate with slightly higher food costs as a percentage of sales than many quick service restaurant chains, our operating systems enable tight control of labor and other operating costs resulting in a highly competitive unit-level economic model.

Dollars in thousands

Bad Daddy s Burger Bar operates in the emerging small box better burger casual dining segment and is an upscale, chef driven, full service, full bar concept.

The menu consists of items made according to chef-driven recipes and with high quality ingredients that we believe have broad consumer appeal, yet are very distinctive within the upscale, casual dining segment. The menu is comprised of signature burgers, salads, sandwiches, and appetizers executed in unique flavor profiles. Regular chef specials are offered in each menu category that highlight local ingredients whenever possible. Housemade sauces and dressings, a brioche bun, non-beef alternatives including buffalo, tuna, turkey and chicken and Create Your Own Burgers and Salads all help to differentiate Bad Daddy s from other restaurants. The food menu is complemented by a full bar that focuses on local, craft microbrew beers and specialty cocktails. Alcoholic beverages account for approximately 17-21% of sales in our Bad Daddy s restaurants. The quality positioning generates an average per person check of over $16, slightly above traditional bar and grill competitors such as Chili s and Red Robin. The restaurants have a high energy yet family friendly environment with iconic, pop culture design elements and a personal, ultra-friendly and informal service platform. BDBB s menu, service and environment are designed around a slightly irreverent brand personality, such as our Bad Ass Burger and Bad Ass Margarita menu items, Don t Touch My Tots t-shirts and the iconic Farrah Fawcett and Paul Newman Cool Hand Luke posters in the men s and women s rooms. A typical BDBB restaurant is approximately 3,500-4,000 square feet with an enclosed patio, smaller than most other casual dining restaurants. Based on average annual restaurant sales of approximately $2.7 million (for restaurants open more than 15 months), BDBBs generate average sales per square foot of over $770, which we believe is a key metric indicating the strength and expansion potential of the concept. While sharing common design elements, each restaurant has unique features intended to create the impression that each Bad Daddy s is local to its trade area and serves as a further point of differentiation from the larger casual dining chains. We believe BDBBs innovative menu and personalized service combined with a unique, fun restaurant design enhance our customers experience and differentiate BDBB from its competitors.

Background on the Acquisition of Bad Daddy s International

Having successfully operated three Bad Daddy s Burger Bar restaurants, two of which are performing well above the historical average of all Bad Daddy s restaurants in sales, we decided to acquire BDI in order to capitalize on the opportunity to have control over the long term direction of the brand and to fulfill our strategic goal of owning an additional growth concept with multi-regional or even national expansion potential. The principal characteristics we evaluated for the acquisition of BDI were:

- A highly differentiated concept exhibiting high customer loyalty;
- Industry top tier unit economic model approximating a 35 - 40% cash-on-cash return on investment; and
- The ability to retain experienced management.

Differentiated concept/high customer loyalty. Bad Daddy s upscale, chef-driven menu and largely scratch kitchen are significant points of differentiation from many competitors in what we believe has become an institutionalized casual dining segment. The concept has shown consistent same-store sales growth at the initial North Carolina locations and the portability of the concept has successfully been demonstrated in a variety of markets, evidencing strong consumer appeal and customer loyalty.

Excellent unit economics. Bad Daddy s restaurants generate in excess of $770 in sales per square foot annually (for restaurants open more than 15 months) out of a relatively small footprint which we believe is among the highest in the full service, casual better burger segment of the industry. We also believe that Bad Daddy s restaurants generate a restaurant operating profit margin comparable to other full service casual theme restaurants, which when combined with the sales per square foot from a smaller facility, generates a higher sales to cash investment ratio than that of many full service concepts. During 2014, the North Carolina restaurants open for at least 15 months generated average sales per restaurant of $2.7 million out of an average of 3,499 square feet.

Based on those results and the results of our restaurants in Colorado, our targeted operating metrics for new restaurants include a restaurant level cash-on-cash return of approximately 35% to 40% based on average sales of $2.4 2.7 million, a restaurant operating profit margin of approximately 13 17%, and a cash investment to develop a new store between $800,000 and $900,000, net of tenant improvement allowances provided by the landlord. This results in a sales to cash investment ratio of 2.4 3.0 to 1.

Management. Upon closing of our acquisition of BDI, we plan to retain virtually all the restaurant-level management of BDI, most of whom have extensive tenure with the brand. In addition, we are retaining the concept s executive chef who joined BDI from Seasons 52 in 2014 and who we believe will be a key contributor to the brand s success through continued menu innovation and systems refinement.

Our Business Strengths

Our Brands are Complementary. While operating in different segments of the restaurant industry, our two brands share the following qualities:

Each is positioned at the upper end of its respective segment with the value proposition primarily driven by quality and uniqueness. We believe Good Times Burgers and Frozen Custard is the only quick service chain in our region that offers beef, chicken, and bacon that is produced without added steroids, hormones, and antibiotics, are vegetarian fed, and from humanely-raised animals. Our quality positioning is further supported by serving fresh cut fries, hand breaded chicken tenders, fresh lemonade, and frozen custard made fresh every few hours with all natural cream and eggs, among other items. We do not offer a dollar menu that many national chains do, choosing to compete on a market position emphasizing quality and uniqueness and serving made-to-order products with quick service restaurant speed of service.

Bad Daddy s Burger Bar is an early entrant in the small box better burger casual dining segment. The menu contains chef-driven items with many made from scratch in our kitchens. Bad Daddy s resonates with consumers by consistently executing high quality menu items with unique flavor profiles that are delivered in a personalized, high energy environment with a slightly irreverent brand personality.

Our Brands Have a Common Culture and Operating Philosophy. While each of our brands is led by separate operating teams, each shares a commitment to four pillars for success:

- *Values.* Each brand focuses on developing behaviors and expectations around our core values of Integrity, Respect, Continued Improvement, and Fun.
- *People.* Each brand seeks to hire high quality people throughout and provide them with comprehensive training programs designed to ensure that they deliver consistently superior products and service. Each has an incentive program at the restaurant level based on balanced metrics that drive customer service, personnel development, and financial performance.
- *Distinctive quality.* Each brand strives to offer unique, high quality menu items with distinctive taste profiles made with fresh, high quality ingredients.

· *Excellent systems.* Each brand takes a “best practices” approach, cross-pollinating the best ideas that are applicable to either brand. We seek to provide the best operating systems and processes to ease the administrative burden of management, enabling them to focus on leading their team members. Our philosophy is that systems and processes drive financial success, leadership serves as an example and motivating force to our crew members who interact with our guests, driving sales and customer loyalty.

Our Brands Share a Similar Customer Demographic. Due to the common strategic focus on a quality positioning, both Good Times and Bad Daddy s appeal to a slightly higher income, more upscale consumer demographic profile. However, there is little if any overlap between the brands in how consumers use them. Good Times is convenience driven and the majority of its sales are derived from drive through transactions with a $6.50 per person average check, while Bad Daddy s provides a more destination oriented, full service dining occasion with a $16 per person average check.

Our Brands Have Significant Expansion Potential. We believe both of our brands are well positioned to take advantage of consumers growing demand for restaurants with fresh, high quality, all natural products that offer fully customizable menu choices. Consumers want to know where their food comes from, want to be able to customize menu items to fit their individual preference and dining occasions, and place a higher value on perceived healthiness and on brands they can trust to execute on those attributes. We believe Good Times and Bad Daddy s are both well positioned to capitalize on those macro-trends.

Both of our brands currently operate with relatively small market penetration and overall development footprints, providing significant expansion potential. As we further develop our markets, we expect to realize efficiencies in supervision and development and training of our employees, as well as economies of scale in our supply chain cost structure. It is our goal to grow concentrically from our existing operating bases in order to maximize brand awareness and operating and distribution efficiencies.

During 2014 and 2015, we made investments in our Information Technology platform so that Good Times and Bad Daddy s operate with a common point of purchase system and we plan to migrate to a common back office system by fiscal 2016.

Our Brands Produce Excellent Returns on Capital. We have developed a new prototype free-standing Good Times Burgers & Frozen Custard building that is approximately 2,200 square feet and contains 50 seats. Our intent is to lease both the land and the building so our investment in a new location is comprised only of furniture, fixtures, and equipment (FF&E). Our estimated target new unit model for the second full year of a new restaurant s operation is as follows:

Targeted sales	$1,200,000 1,400,000
Restaurant operating profit (13.5% to 17.5%)	$162,000 $245,000
FF&E	$325,000
Cash-on-cash return (FF&E only)	50% 75%

If we elect to own the building and lease the land, we estimate that our cash-on-cash return would be approximately 20% at $1,300,000 in sales, the mid-range of our targeted sales, on a total investment of approximately $1.25 million and a store-level cash flow margin of 20%, with the higher margin attributable to lower rent. Restaurant operating profit is defined as restaurant sales minus cost of sales, labor, occupancy costs, restaurant operating expenses and advertising and does not include general and administrative expenses, preopening expenses, depreciation and amortization and other non-restaurant level expenses.

Our Bad Daddy s Burger Bar restaurants are typically sited in in-line locations with our estimated target new unit model for the second full year of operations for restaurants located in Colorado as follows:

Targeted sales	$2,400,000 $2,700,000
Restaurant-level cash flow (13-17%)	$312,000 $449,000
Investment, net of tenant allowance	$850,000
Cash-on-cash return	35% 40%

Restaurant operating profit margins at the North Carolina stores that we are acquiring are higher than our Colorado estimated target, largely because of a lower minimum tip credit wage, resulting in a return on investment exceeding our target unit model at comparable sales levels.

Our most recently opened locations for both the Good Times and Bad Daddy s brands are currently meeting or exceeding our target unit sales models.

We Have Assembled a Dedicated Management Team with Significant Experience. Our core Good Times management team has worked together for over 20 years developing its concept and systems. Immediately after signing our license agreement to operate Bad Daddy s restaurants in Colorado, we hired a team experienced in the management and development of full service concepts to guide the growth of that brand. The two executives we hired had worked together previously as part of the management team that developed the Lone Star Steakhouse concept from 8 to over 200 restaurants. We also recently hired a Chief Financial Officer (see Recent Developments) with significant finance and accounting experience in growing a public restaurant company, who also is committed to our culture and core values.

Each of our brands are operated under separately dedicated management teams utilizing shared support services in Administration, Finance, Accounting, Human Resources, Development, Marketing and Information Technology. We believe we have the processes and systems in place to support accelerated growth.

We Have Significant Operating Momentum. Same-store sales at Good Times increased 8% in our first fiscal quarter ended December 31, 2014, and 8.2% in our second fiscal quarter ended March 31, 2015, marking the twentieth consecutive quarter of same-store sales growth, after adjusting for construction related disruption at two restaurants in the fourth quarter of fiscal 2012, which impacted overall same store sales by -1.4%. Our compound same-store sales growth rate was approximately 35% from the second quarter of fiscal 2012 to the second quarter of fiscal 2015. We believe this performance is largely the result of the evolution in our brand positioning, the re-imaging of several of our older restaurants, effective broadcast and social media marketing, and consistent execution of the customer experience. We plan to continue to re-image and remodel our remaining restaurants, innovate with new menu items in keeping with our brand strategy, and communicate our brand story to maintain our same-store sales growth.

The performance of our Bad Daddy s restaurants has also been strong. Total sales of our three restaurants were $2,009,000 in the second quarter of fiscal 2015 and our two most recently opened restaurants had average annualized sales over $3 million during the quarter. Our first location, which opened in February 2014, experienced approximately 30% sales growth in the second quarter over the comparable prior year period. Sales of the Bad Daddy s restaurants in which we are acquiring interests as a result of the BDI acquisition and which were open for at least 15 months averaged $2.7 million for the fifty-two weeks ended December 28, 2014.

Our Growth Strategies

We believe that there are significant opportunities to develop new units, grow customer traffic and increase awareness of our brands throughout the Unites States. The following sets forth the key elements of our growth strategy.

Pursue Disciplined Growth of Company-operated Bad Daddy s Burger Bar Restaurants. We currently have four leases signed or in final stages of negotiation for new Bad Daddy s restaurants in Colorado that are expected to be opened by the end of calendar year 2015 and we are in various stages of lease negotiation for additional sites for development in 2016. Additionally, BDI has signed one lease for a new restaurant in Charlotte, North Carolina with an expected opening in 2016 and we plan to pursue additional sites for development in Charlotte, Raleigh and other cities in North Carolina. We intend to follow a disciplined strategy of initially developing restaurants in other metropolitan areas in the Mid-Atlantic region and in states contiguous to Colorado that meet our demographic, real estate and investment criteria in order to maximize the efficiency of our regional and brand management and cost control.

We believe that the broad appeal of Bad Daddy s concept and the high sales generated per square foot make it attractive to developers and provide us with the opportunity for continued expansion in markets across the country. We seek sites in upper middle income suburban areas in proximity to upscale retail developments, theaters and high levels of daytime employment.

Develop joint venture and/or franchised Bad Daddy s. We believe Bad Daddy s market position and return on capital will attract considerable interest from experienced restaurateurs to franchise or joint venture the concept. Prior to aggressively pursuing this option, however, we intend to further demonstrate the brand s appeal through the development of additional company-operated restaurants. We believe that by further proving the consumer acceptance and successful financial performance of the brand we will attract the highest quality development partners.

Remodel/Refresh our Good Times restaurants. There are two levels to our remodel program that began in fiscal 2012: a refreshing of the restaurant exterior that includes painting, landscaping, new exterior finishes, new graphics and signage and upgraded patio accoutrements; and a larger scale remodeling of the restaurant that includes new dining room finishes and décor and the rebuilding of select locations. We have refreshed eleven company owned and three franchised restaurants to date at an average cost of approximately $50,000 each, and plan on refreshing an additional two company owned and one franchised locations during the remainder of fiscal 2015. We plan to remodel an additional four company owned Good Times restaurants during the remainder of fiscal 2015 and complete the remodel/refresh of the remaining restaurants during fiscal 2016 and 2017. We anticipate that Good Times will generate sufficient cash flow from operations in fiscal 2016 and 2017 to fund its refresh and remodel capital expenditures. The specific sales increases attributable to the remodel/refresh program are difficult to quantify due to the overall sales growth in all our restaurants. However, we believe that the refresh and remodel investment brings the restaurants up to our current brand standards, improves the appearance and street appeal of the restaurants, improves the overall customer experience and supports the brand s quality positioning.

Expand the number of Good Times Burger & Frozen Custard locations. We are currently planning on opening one location in Denver during our fiscal 2015 third quarter and have additional sites under negotiation in Colorado for future development. We are also evaluating new markets outside of Colorado for potential development and intend to enter one such market in fiscal 2016. Depending on the success of the initial restaurant, we could decide to franchise the market, develop additional company-operated restaurants, and seek additional new markets in which to expand.

Increase same-store sales. We intend to continue to focus on increasing our same-store sales, although we believe the rate of increase is likely to moderate as we begin our sixth year of consistent gains. We plan to further strengthen our fresh, handcrafted, all natural brand position with menu innovation and quality improvements in each of our menu categories, such as our recent introduction of all natural Bacon, Smothered Fries, Summer Shakes, and all natural Flavored Tenders. We will also continue our broadcast marketing program while expanding our social media activities to elevate our online consumer facing conversation around the attributes of our all natural platform for each of our core products. We believe that the completion of the remodeling and reimaging of our Good Times restaurants will positively impact our same-store sales trends. We intend to increase Bad Daddy s same store sales through continual innovation in both ongoing menu engineering and chef-special temporary menu items that we believe drive increased customer visits as well as the per person average check. We also plan to promote our local, microbrew craft beer selections at each restaurant and increase our employees knowledge of each beer s attributes and taste profile. Bad Daddy s marketing is targeted to individual trade areas and includes a high level of community involvement and support of local charities.

Recent Developments

On April 24, 2015 we entered into an agreement to acquire BDI, which will result in the acquisition of the interests in the other entities owned by BDI, including the 52% of BDFD not owned by the Company, subject to successful completion of this offering and certain other contingencies. The aggregate purchase price is up to $21.0 million, comprised of $18.5 million payable in cash and a seller note of $2.5 million. The seller note matures in one year, bears interest at 3.25% per year payable quarterly, and can be prepaid at any time without penalty. The seller note could be reduced up to $500,000 to the extent sales at the Mooresville, N.C. restaurant are below a threshold amount in the 90 days prior to closing. In connection with the acquisition, the Company received a fairness opinion from Janney Montgomery Scott LLC.

BDI has ownership interests in seven BDBB restaurants; it owns a 100% interest in four BDBB restaurants in Charlotte, NC, a 53% and 51% interest in two BDBB restaurants in Raleigh, NC and a 24% interest in one BDBB restaurant in Winston Salem, NC. BDI also owns the intellectual property associated with the Bad Daddy s Burger Bar concept, owns 52% of BDFD, which controls the franchising rights for the Bad Baddy s concept, and receives 100% of the royalty income from the BDBB that is operated under a license agreement with HMS Host in the Charlotte-Douglas Airport. There are currently five other licensed and franchised BDBBs, three of which we operate in Colorado and two of which are operated by third party franchisees in Greenville, South Carolina and Knoxville, Tennessee. The following table summarizes our interests in all Bad Daddy s locations before and after the acquisition. We are acquiring all of BDI s ownership interests.

Bad Daddy s Systemwide Current Restaurants

			Good Times Ownership		Royalty Rate to BDFD	
Location	**Date Opened**	**Type**	**Pre-Acq.**	**Post-Acq.**	**Pre-Acq.**	**Post-Acq.**
Huntersville, NC *(Birkdale)*	2012	Company	0%	100%	1%	0% (a)
Charlotte, NC	2007	Company	0%	100%	1%	0% (a)
Ballantyne, NC	2009	Company	0%	100%	1%	0% (a)
Raleigh, NC	2012	Joint-Venture	0%	51%	1%	1%
Winston-Salem, NC	2014	Joint-Venture	0%	24%	1%	1%
Cary, NC	2013	Joint-Venture	0%	53%	1%	1%
Mooresville, NC	2015	Company	0%	100%	1%	0% (a)
Denver, CO *(Northglenn)*	2014	Company	100%	100%	3%	0% (a)
Denver, CO *(Cherry Creek)*	2014	Company	100%	100%	3%	0% (a)
Denver, CO *(Southlands)*	2015	Company	100%	100%	3%	0% (a)
Knoxville, TN	2015	Franchise	0%	0%	3%	3% (b)

Greensville, SC	2013	Franchise	0%	0%	3%	3%
Charlotte Airport	2011	License	0%	0%	0%	4.25% (c)

(a) 100% Company-owned stores will no longer pay a royalty following the complete acquisition of BDFD
(b) Knoxville royalty escalates from 3% in 2015 to 4% in 2016 and 5% in 2017.
(c) Charlotte airport pays a royalty fee of 4.25% of gross revenue directly to BDI, not through BDFD. Post-Acquisition this royalty fee will be paid to Good Times.

Average sales in calendar 2014 for the BDBBs we are acquiring that were open for at least 15 months (four restaurants) were approximately $2.7 million and the average Restaurant Operating Profit margin was 18.6%.

We estimate that the acquisition of BDI will be accretive to adjusted earnings before interest, taxes, depreciation, and amortization, and will reduce the net loss per share excluding acquisition expenses. The estimated accretion is based upon the amount of acquired earnings before interest, taxes, depreciation and amortization from the North Carolina restaurants plus our expected synergies in general and administrative expenses, the elimination of the royalty we pay to BDFD on sales at our Colorado BDBBs, ownership of 100% of BDFD, and the royalty from the Charlotte-Douglas Airport location. We also anticipate that we will be able to generate additional operating synergies longer term including purchasing, menu development, and further refinement of operating systems.

On April 2, 2015, we announced that our same-store sales for our Good Times Burgers and Frozen Custard brand increased 8.2% in our second quarter ended March 31, marking the 20th consecutive quarterly increase in same-store sales (after adjusting for the impact of construction disruption at two stores in the fourth quarter of 2012 that impacted overall same store sales by -1.4%). Our three-year rate of increase in same-store sales was approximately 35%. We also announced that total sales of our three Bad Daddy s restaurants in Colorado were $2.0 million in our second quarter and that our initial Bad Daddy s located in Cherry Creek recorded a 30% increase in its sales from the comparable year-earlier period.

On April 6, 2015 we announced we had appointed James Zielke to be our Chief Financial Officer effective May 4, 2015. Mr. Zielke is a key addition to our management team as we prepare to take advantage of the growth opportunities of our two brands.

Our Challenges

Before you invest in our common stock, you should carefully consider all of the information contained elsewhere and incorporated by reference in this prospectus, including matters set forth under the heading Risk Factors herein. Risks relating to our business include, among others, the following:

- our financial results depend significantly on the success of our existing and new restaurants;
- our long term success is highly dependent on our ability to successfully identify new locations and develop and expand our operations, while providing scalable and effective restaurant support and infrastructure;
- our susceptibility to economic trends and developments, including adverse weather, in the areas in which our restaurants are located;
- changes in food costs and availability could adversely affect our operating results;
- our inability to successfully maintain sales and operating cash flow in our integration of the BDI acquisition; and
- our dependence on our ability to attract and retain key management and operations personnel.

Corporate Information

Our principal executive offices are located at 141 Union Blvd., Suite 400, Lakewood, Colorado 80228 and our telephone number is 303-384-1400. Our website address is www.goodtimesburgers.com. The information contained on our website or that can be accessed through it does not constitute part of this prospectus other than documents that we file with the SEC that are incorporated by reference into this prospectus.

Summary Historical Consolidated Financial Information of Good Times Restaurants Inc.

The summary historical consolidated financial information for Good Times Restaurants Inc. presented below for the years ended September 30, 2014, 2013 and 2012 has been derived from our audited consolidated financial statements. The historical financial information for the three months ended December 31, 2014 and 2013 has been derived from our unaudited financial statements and, in the opinion of management, includes all adjustments, consisting only of normal recurring adjustments, necessary for a fair presentation. The financial information presented below should be read in conjunction with our consolidated financial statements and accompanying notes, management s discussion and analysis of results of operation and financial condition included in our Annual Report on Form 10-K/A for the year ended September 30, 2014 and our Quarterly Report on Form 10-Q for the quarter ended December 31, 2014, each of which is incorporated by reference herein. Results for interim periods may not be indicative of results for full fiscal years.

Consolidated Statement of Income Data:

	Year Ended September 30,			Three Months Ended December 31,	
	2014	**2013**	**2012**	**2014**	**2013**
	(Dollars in thousands, except per share data)				
Restaurant sales	$ 27,662	$ 22,523	$ 19,274	$ 7,766	$ 5,829
Franchise fees and royalties	375	369	432	89	82
Total net revenues	28,037	22,892	19,706	7,855	5,911
Costs and expenses:					
Food and packaging costs	9,273	7,655	6,592	2,749	1,939
Payroll and other employee benefit costs	9,309	7,809	6,691	2,657	1,982
Occupancy and other operating costs	4,892	4,345	3,939	1,338	1,027
New store preopening costs	669	99		237	148
Depreciation and amortization	682	719	795	221	143
Selling, general & administrative	3,351	2,608	2,154	996	742

costs					
Franchise costs	96	67	60	26	22
Loss (gain) on restaurant assets	(16)	(18)	(51)	(6)	(6)
Total costs and expenses	28,256	23,284	20,180	8,218	5,997
Loss from operations	$ (219)	$ (392)	$ (474)	$ (363)	$ (86)
Non-operating income (expense):					
Other income (expense)	(10)	(6)	5	(2)	(3)
Affiliate investment income (loss)	(146)	(102)		1	(72)
Interest income (expense), net	5	(44)	(199)	3	2
Net loss	$ (370)	$ (544)	$ (668)	$ (361)	$ (159)
Income attributable to non-controlling interest	(320)	(143)	(109)	(49)	(64)
Net loss attributable to Good Times Restaurants Inc.	$ (690)	$ (687)	$ (777)	$ (410)	$ (223)
Preferred stock dividends	59	120			30
Net loss attributable to common shareholders	$ (749)	$ (807)	$ (777)	$ (410)	$ (253)
Basic and diluted loss per share	$ (0.12)	$ (0.27)	$ (0.29)	$ (0.04)	$ (0.05)
Weighted average shares outstanding					
Basic and diluted	6,151,603	2,967,310	2,726,214	9,179,007	4,926,214

Balance Sheet Data (end of period):

		September 30,		December 31,
	2014	2013	2012	2014
	(Dollars in thousands, except per share data)			
Cash and cash equivalents	$ 9,894	$ 6,143	$ 616	$ 11,497

Working capital	7,841	4,834	848	9,442
Total assets	16,881	9,875	7,061	20,084
Non-controlling interest in partnerships	279	242	203	270
Long-term debt	219	94	139	565
Stockholders equity	$ 13,321	$ 7,321	$ 3,260	$ 16,209

Other Financial Data:

	Year Ended September 30, 2014	2013	2012	Quarter Ended December 31, 2014	2013
	(Dollars in thousands, except per share data)				
Net cash provided by (used in) operating activities	$ 1,438	$ 703	$ (22)	$ (213)	$ 295
Net cash provided by (used in) investing activities	$ (3,849)	$ 453	$ 594	$ (1,750)	$ (1,139)
Net cash provided by (used in) financing activities	$ 6,162	$ 4,371	$ (803)	$ 3,566	$ (93)
Capital expenditures	$ 3,397	$ 2,506	$ 314	$ 1,752	$ 768
Restaurant operating profit [1]	$ 4,188	$ 2,714	$ 2,052	$ 1,022	$ 881
Restaurant operating profit as a percentage of sales	15.1%	12.1%	10.7%	13.2%	15.1%
Adjusted EBITDA [2]	$ 964	$ 448	$ 306	$ 111	$ 170
Adjusted EBITDA as percentage of revenues	3.4%	2.0%	1.6%	1.4%	2.9%
Operating Data: (Good Times restaurants only)					
	25	25	24	26	25

Total restaurants at end of period					
Total comparable restaurants at end of period	25	23	22	25	25
Average unit volume [3]	$ 1,035	$ 903	$ 807	$ 252	$ 233
Same-store sales percentage change [4]	14.6%	12.0%	3.1%	8.0%	17.4%

(1) Restaurant operating profit is not a financial measure determined in accordance with U.S. Generally Accepted Accounting Principles (see reconciliation below) and should not be considered in isolation or as an alternative to income from continuing operations. Restaurant operating profit is defined as restaurant sales minus cost of sales, labor, occupancy and restaurant operating expenses and does not include general and administrative expenses, preopening expenses, depreciation and amortization and other. Restaurant operating profit may not be comparable to the same or similarly titled measures computed by other companies. We believe restaurant operating profit is an important efficiency and performance metric. We use restaurant operating profit as a percentage of restaurant sales as a key metric to evaluate our restaurants financial performance compared with our competitors.

(2) Adjusted EBITDA is not a financial measure determined in accordance with U.S. Generally Accepted Accounting Principles (see reconciliation below) and should not be considered in isolation or as an alternative to income from operations. Adjusted EBITDA is defined as net income or loss plus depreciation and amortization, preopening expense, interest income, stock-based compensation, affiliate investment income or losses and other. Adjusted EBITDA is presented because: (i) we believe it is a useful measure for investors to assess the operating performance of our business without the effect of non-cash items such as depreciation and amortization expenses and stock based compensation; and (ii) we use Adjusted EBITDA internally and a benchmark to evaluate our operating performance and compare our performance to that of our competitors.

(3) Includes only those restaurants in the comparable restaurant base which includes restaurants that have been open longer than fifteen months.

(4) Same-store sales percentage change reflects the periodic change in restaurant sales for the comparable restaurant base compared to the same prior period.

A reconciliation of Adjusted EBITDA and Restaurant Operating Profit to our Net Loss and Loss from Operations are provided below:

	Year Ended September 30,			Quarter Ended December 31,	
	2014	**2013**	**2012**	**2014**	**2013**
	(Dollars in thousands, except per share data)				
Loss from operations as reported	$ (219)	$ (392)	$ (474)	$ (363)	$ (86)
Adjustments to loss from operations:					
Preopening expense	$ 669	$ 99		$ 237	$ 148
Depreciation and amortization	$ 682	$ 719	$ 795	$ 221	$ 143
Selling, general, & administrative	$ 3,351	$ 2,608	$ 2,154	$ 996	$ 742
Franchise revenues, net of franchise costs	$ (279)	$ (302)	$ (372)	$ (63)	$ (60)
Loss (gain) on restaurant assets	$ (16)	$ (18)	$ (51)	$ (6)	$ (6)
Restaurant operating profit	$ 4,188	$ 2,714	$ 2,052	$ 1,022	$ 881
Net loss as reported	$ (690)	$ (687)	$ (777)	$ (410)	$ (223)
Adjustments to net loss:					
Interest income, net	$ (5)	$ 44	$ 199	$ (3)	$ (2)
Depreciation and amortization	$ 682	$ 719	$ 795	$ 221	$ 143
Stock based compensation	$ 162	$ 171	$ 69	$ 67	$ 32
	$ 146	$ 102		$ (1)	$ 72

Affiliate investment loss (income)										
Unrealized gain on interest rate swap					$	20				
Preopening expense	$	669	$	99			$	237	$	148
Adjusted EBITDA	$	964	$	448	$	306	$	111	$	170

Summary Historical Consolidated Financial Information of Bad Daddy s International, LLC

The summary historical consolidated financial information presented below for Bad Daddy s International, LLC for the years ended December 28, 2014 and December 29, 2013 has been derived from Bad Daddy s International, LLC s audited consolidated financial statements. The financial information presented below should be read in conjunction with Bad Daddy s International, LLC s consolidated financial statements and accompanying notes filed as Exhibit 99.1 to our Current Report on Form 8-K filed with the Securities and Exchange Commission on April 28, 2015 and incorporated by reference herein.

Consolidated Statement of Income Data:

	Year Ended	
	December 28, 2014	**December 29, 2013**
	(Dollars in thousands)	
Restaurant sales	$ 12,712	$ 9,876
Franchise fees and royalties	438	24
Total net revenues	13,150	10,120
Costs and expenses:		
Food and packaging costs	4,239	3,191
Payroll and other employee benefit costs	4,239	3,535
Occupancy and other operating costs	1,874	1,595
New store pre-opening costs	206	
Depreciation and amortization	409	317
Selling, general & administrative costs	987	1,039
Franchise costs	328	268
Loss (gain) on restaurant assets	11	(21)
Total costs and expenses	12,293	9,924
Income from operations	$ 857	$ 196
Non-operating income (expense):		
Other income	19	10
Affiliate investment income (loss)	11	(99)
Interest income (expense), net	(13)	(6)
Net income	$ 874	$ 101
Income attributable to non-controlling interest	(22)	290
Net income attributable to Bad Daddy s International	$ 852	$ 391

Balance Sheet Data (end of period):

	Year Ended	
	December 28, 2014	December 29, 2013
	(Dollars in thousands)	
Cash and cash equivalents	$ 1,178	$ 1,126
Working capital	316	198
Total assets	4,777	4,618
Non-controlling interest in limited liability companies	1,151	1,286
Long-term debt		
Members equity	$ 3,339	$ 2,943

Other Financial Data:

	Year Ended December 28, 2014	Year Ended December 29, 2013
	(Dollars in thousands)	
Net cash provided by operating activities	$ 1,442	$ 419
Net cash used in investing activities	$ (607)	$ (1,459)
Net cash provided by (used in) financing activities	$ (783)	$ 1,675
Capital expenditures	$ 594	$ 1,199
Restaurant operating profit [(1)]	$ 2,360	$ 1,555
Restaurant operating profit as a percentage of sales	18.6%	15.8%
Adjusted EBITDA [(2)]	$ 1,469	$ 813
Adjusted EBITDA as percentage of revenues	11.2%	8.0%

(1) Restaurant operating profit is not a financial measure determined in accordance with U.S. generally accepted accounting principles (see reconciliation below) and should not be considered in isolation or as an alternative to income from continuing operations. Restaurant operating profit is defined as restaurant sales minus cost of sales, labor, occupancy and restaurant operating expenses and does not include general and administrative expenses, preopening expenses, depreciation and amortization and other. Restaurant operating profit may not be comparable to the same or similarly titled measures computed by other companies. We believe restaurant operating profit is an important efficiency and performance metric. We use restaurant operating profit as a percentage of restaurant sales as a key metric to evaluate our restaurants financial performance compared with our competitors.

(2) Adjusted EBITDA is not a financial measure determined in accordance with U.S. generally accepted accounting principles (see reconciliation below) and should not be considered in isolation or as an alternative to income from operations. Adjusted EBITDA is defined as net income or loss plus depreciation and amortization, preopening expense, affiliate investment income or losses and other. Adjusted EBITDA is presented because: (i) we believe it is a useful measure for investors to assess the operating performance of our business without the effect of non-cash items such as depreciation and amortization expenses; and (ii) we use Adjusted EBITDA internally and as a benchmark to evaluate our operating performance and compare our performance to that of our competitors.

A reconciliation of Adjusted EBITDA and Restaurant Operating Profit to our Net Income and Income from Operations are provided below:

	Year Ended December 28, 2014	Year Ended December 29, 2013
	(Dollars in thousands)	
Income from operations as reported	$ 857	$ 196

Adjustments to loss from operations:				
Preopening expense	$	206	$	
Depreciation and amortization	$	409	$	317
Selling, general, & administrative	$	987	$	1,039
Franchise revenues, net of franchise costs	$	(110)	$	24
Loss (gain) on restaurant assets	$	11	$	(21)
Restaurant operating profit	$	2,360	$	1,555
Net income as reported	$	852	$	391
Adjustments to net loss:				
Interest expense, net	$	13	$	6
Depreciation and amortization	$	409	$	317
Affiliate investment loss (income)	$	(11)	$	99
Preopening expense	$	206	$	
Adjusted EBITDA	$	1,469	$	813

Summary Pro Forma Financial Information

The unaudited pro forma condensed combined balance sheet information presented illustrates the effect of the acquisition of Bad Daddy s International, LLC as if the acquisition had occurred as of December 31, 2014. The unaudited pro forma condensed combined statement of operations information for the twelve months ended September 30, 2014 illustrates the effect of the acquisition of Bad Daddy s International, LLC and related assets as if it had occurred on October 1, 2013, and was derived from the historical unaudited statements of operations for Bad Daddy s International, LLC, combined with Good Times Restaurants Inc. s historical audited statements of operations for the year ended September 30, 2014. The unaudited pro forma condensed combined statement of operations information for the three months ended December 31, 2014 illustrates the effect of the acquisition of Bad Daddy s International, LLC and related assets as if it had occurred on October 1, 2014, and was derived from the historical unaudited statements of operations for Bad Daddy s International, LLC, combined with Good Times Restaurants Inc. s historical unaudited statements of operations for the three months ended December 31, 2014. The financial information presented below should be read in conjunction with the full unaudited condensed pro forma consolidated financial data filed as Exhibit 99.3 to our Current Report on Form 8-K filed with the Securities and Exchange Commission on April 28, 2015 and incorporated by reference herein.

Bad Daddy s International, LLC owns all of the member interests in four limited liability companies each of which owns and operates a Bad Daddy s Burger Bar restaurant in North Carolina. In addition, Bad Daddy s International, LLC owns a portion of the member interests in three other limited liability companies each of which also owns a Bad Daddy s Burger Bar restaurant in North Carolina. Bad Daddy s International, LLC also owns the intellectual property associated with the Bad Daddy s Burger Bar concept and owns 52 percent of the member interests in Bad Daddy s Franchise Development, LLC which has granted franchises for the ownership and operation of Bad Daddy s Burger Bar restaurants in South Carolina and Tennessee. Bad Daddy s International, LLC also has also granted a license for the operation of a Bad Daddy s Burger Bar at the Charlotte airport. As a result of the purchase of Bad Daddy s International, LLC, we will acquire all of the foregoing interests and assets. The aggregate price we have agreed to pay for the purchase of Bad Daddy s International, LLC is $21,000,000 consisting of $18,500,000 of cash and a one year promissory note bearing interest at 3.25 percent in the amount of $2,500,000.

Good Times Restaurants Inc.

Unaudited Pro Forma Condensed Combined Balance Sheet

As of December 31, 2014

	Audited Bad Daddy s International, LLC	Unaudited Good Times Restaurants Inc.	Subtotal of Historical Information	Total Pro Forma Adjustments		Pro Forma Consolidated Balance Sheet
Current Assets						
Cash	$ 1,178,075	$ 11,497,000	$ 12,675,075	$ (18,500,000)	a	$ 10,890,075
				(624,000)	b	
				17,300,000	c	
				39,000	g	
Accounts receivable	36,582	88,000	124,582			124,582
Inventory	90,359	314,000	404,359	19,000	g	423,359
Prepaid expenses & other	17,243	77,000	94,243	13,000	g	107,243
Total current assets	1,322,259	11,976,000	13,298,259	(1,753,000)		11,545,259
Non-current assets						
P,P,&E	4,067,289	20,025,000	24,092,289	1,031,000	g	25,123,289
Accumulated depreciation	(1,176,622)	(12,698,000)	(13,874,622)	(599,000)	g	(14,473,622)
Total fixed assets	2,890,667	7,327,000	10,217,667	432,000		10,649,667
Other Assets						
Trade Name				1,042,000	a	1,042,000
Non-compete agreement				500,000	a	500,000
New acquisition goodwill				19,458,000	a	17,416,000
				(1,975,000)	b	
				(67,000)	g	
Goodwill	222,321	96,000	318,321	(222,000)	b	96,321
Investment in affiliate	234,175		234,175	(234,000)	b	175
Deposits and other assets	108,009		108,009			108,009

Other assets				685,000		685,000		(503,000)	f		182,000
Other assets		564,505		781,000		1,345,505		17,999,000			19,344,505
Total assets	**$**	**4,777,431**	**$**	**20,084,000**	**$**	**24,861,431**	**$**	**16,678,000**		**$**	**41,539,431**
Current Liabilities											
Accounts payable	$	465,020	$	1,029,000	$	1,494,020	$	16,000	g	$	1,510,020
Accrued expenses		238,046		1,287,000		1,525,046		55,000	g		1,580,046
Notes payable		200,000		147,000		347,000		2,500,000	a		2,647,000
								(200,000)	b		
Other current liabilities		103,223		71,000		174,223					174,223
Total current liabilities		1,006,289		2,534,000		3,540,289		2,371,000			5,911,289
Non-current liabilities		431,799		1,341,000		1,772,799		(432,000)	b		1,340,799
Total liabilities		1,438,088		3,875,000		5,313,088		1,939,000			7,252,088
Equity											
Equity		2,188,592		15,939,000		18,127,592		(2,189,000)	b		32,735,592
								17,300,000	c		
								(503,000)	f		
Non-controlling interest		1,150,751		270,000		1,420,751		(234,000)	b		1,551,751
								365,000	g		
Total Equity		3,339,343		16,209,000		19,548,343		14,739,000			34,287,343
Total liabilities and equity	**$**	**4,777,431**	**$**	**20,084,000**	**$**	**24,861,431**	**$**	**16,678,000**		**$**	**41,539,431**

Good Times Restaurants Inc.

Unaudited Pro Forma Condensed Combined Statement of Operations

For the Twelve Months Ended September 30, 2014

	Historical Bad Daddy s International, LLC	Audited Good Times Restaurants Inc.	Historical Subtotal	Total Pro Forma Adjustments		Pro Forma Consolidated Income Statement
Restaurant net sales	$ 12,191,693	$ 27,662,000	$ 39,853,693	$ 2,181,000	g	$ 42,034,693
Franchise fees and royalties	501,024	375,000	876,024	(167,000)	h	709,024
Total sales	12,692,716	28,037,000	40,729,716	2,014,000		42,743,716
Costs and expenses						
Food and packaging costs (COS)	4,011,820	9,273,000	13,284,820	753,000	g	14,037,820
Payroll and other employee benefit costs	4,059,159	9,309,000	13,368,159	788,000	g	14,156,159
Occupancy and other restaurant costs	1,885,016	4,892,000	6,777,016	365,000	g	7,142,016
New store pre-opening costs		669,000	669,000			669,000
Depreciation & amortization	371,383	682,000	1,053,383	154,000	e	1,281,383
				74,000	g	
SG&A expenses	1,072,865	3,351,000	4,423,865	72,000	g	4,995,865
				500,000	i	
Franchise costs	420,498	96,000	516,498	21,000	g	370,498
				(167,000)	h	
Loss (gain) on restaurant assets		(16,000)	(16,000)			(16,000)
Total costs and expenses	11,820,742	28,256,000	40,076,742	2,560,000		42,636,742
Income (loss) from operations	871,974	(219,000)	652,974	(546,000)		106,974

Non-operating income (expense)				
Interest, net	(16,981)	5,000	(11,981)	(81,000) d