GOOD TIMES RESTAURANTS INC
Form S-1/A
August 12, 2013

As filed with the Securities and Exchange Commission on August 12, 2013
Registration No. 333-188183

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

AMENDMENT NO. 4 TO
FORM S-1

REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

GOOD TIMES RESTAURANTS INC.
(Exact name of registrant as specified in its charter)

Nevada	5812	84-1133368
(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification Number)

601 Corporate Circle
Golden, Colorado 80401
(303) 384-1400
(Address, including zip code, and telephone number,
including area code, of registrant's principal executive offices)

Boyd E. Hoback
President and Chief Executive Officer
Good Times Restaurants Inc.
601 Corporate Circle
Golden, Colorado 80401
(303) 384-1400
(Name, address, including zip code, and telephone number,
including area code, of agent for service)

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Approximate date of commencement of proposed sale to the public: From time to time after the effective date of this registration statement.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box. x

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If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

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

Large accelerated filer o
Non-accelerated filer (do not check if a smaller reporting company) o

Accelerated filer o
Smaller reporting company x

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Proposed Maximum Aggregate Offering Price per Share (1)	Proposed Maximum Aggregate Offering Price (1)	Amount of Registration Fee
Common stock, par value $0.001(2)		$6,957,500	$949.00
A Warrants to purchase common stock (2)	(5)	(5)	(6)
B Warrants to purchase common stock (2)	(5)	(5)	(6)
Shares of common stock underlying A Warrants (2) (3)		$7,653,250	$1,043.90
Shares of common stock underlying B Warrants (2) (3)		$3,826,625	$521.95
Underwriter's warrants (4)		$487,025	$66.43
Shares of common stock underlying Underwriter's warrants (3) (4)		$603,781	$83.04
TOTAL		$19,533,181	$2,664.33(7)

(1) Estimated solely for the purpose of calculating the registration fee under Rule 457(o) of the Securities Act of 1933, as amended.

(2) Includes 330,000 shares of common stock, A Warrants to purchase 330,000 shares of common stock, and B Warrants to purchase 165,000 shares of common stock which may be issued upon exercise of a 45-day option granted to the underwriters to cover over-allotments, if any.

(3) Pursuant to Rule 416 under the Securities Act of 1933, as amended, the securities being registered hereunder include such indeterminate number of additional shares of common stock as may be issued after the date hereof as a result of stock splits, stock dividends or similar transactions.

(4) Assumes the underwriters' over-allotment option is fully exercised.

(5) The A Warrants and B Warrants to be issued to investors hereunder are included in the price of the common stock above.

(6) No separate registration fee is required pursuant to Rule 457(g) promulgated under the Securities Act of 1933, as amended.

(7) Registration fee of $2,124.67 previously paid.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until the Registration Statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

THE INFORMATION IN THIS PROSPECTUS IS NOT COMPLETE AND MAY BE CHANGED. THESE SECURITIES MAY NOT BE SOLD UNTIL THE REGISTRATION STATEMENT FILED WITH THE SECURITIES AND EXCHANGE COMMISSION IS EFFECTIVE. THIS PROSPECTUS IS NOT AN OFFER TO SELL THESE SECURITIES AND IT IS NOT SOLICITING AN OFFER TO BUY THESE SECURITIES IN ANY STATE WHERE THE OFFER OR SALE IS NOT PERMITTED.

PRELIMINARY PROSPECTUS, SUBJECT TO COMPLETION, DATED AUGUST 12, 2013

2,200,000 Shares of Common Stock
A Warrants to Purchase 2,200,000 Shares of Common Stock
B Warrants to Purchase 1,100,000 Shares of Common Stock

Good Times Restaurants Inc. is offering 2,200,000 shares of our common stock together with warrants to purchase 2,200,000 shares of our common stock ("A Warrants") and additional warrants to purchase 1,100,000 shares of our common stock ("B Warrants"). One share of common stock is being sold together with one A Warrant, with each A Warrant being exercisable on or before [______], 2018 for one share of common stock at an exercise price of [$___] per share, and together with one B Warrant, with two B Warrants being exercisable on or before [______], 2014 for one share of common stock at an exercise price of [$___] per share. We expect the offering price of a share of our common stock and the corresponding A Warrants and B Warrants to be between [$____] and [$____].

Our common stock is listed on the Nasdaq Capital Market under the symbol "GTIM." On August 9, 2013, the last reported sale price for our common stock as reported on the Nasdaq Capital Market was $2.95 per share. Currently, no public market exists for our A Warrants or B Warrants. We do not intend to apply for the listing of the A Warrants or the B Warrants on any national securities exchange. The shares of common stock, the A Warrants and the B Warrants are immediately separable and will be issued separately, but will be purchased together in this offering.

INVESTING IN OUR COMMON STOCK AND WARRANTS INVOLVES A HIGH DEGREE OF RISK. YOU SHOULD CONSIDER CAREFULLY THE "RISK FACTORS" DESCRIBED IN THIS PROSPECTUS BEGINNING ON PAGE 11.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THESE SECURITIES OR DETERMINED IF THIS PROSPECTUS IS TRUTHFUL OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

	Per Share (1)	Per Warrant (1)	Total
Public offering price	$	$	$
Underwriting discounts and commissions (2)	$	$	$
Proceeds, before expenses, to us	$	$	$

(1) One share of common stock is being sold together with one A Warrant and one B Warrant, with each A Warrant being exercisable for the purchase of one share of common stock and each two B Warrants being exercisable for the purchase of one share of common stock.
(2) See "Underwriting" for a description of the compensation payable to the underwriters.

We have granted the underwriters a 45-day option to purchase up to 330,000 additional shares of common stock, additional A Warrants to purchase up to 330,000 additional shares of common stock, and/or additional B Warrants to purchase up to 165,000 additional shares of common stock from us at the aggregate offering price for such securities, less underwriting discounts and commissions, to cover over-allotments, if any.

The underwriters expect to deliver our securities, against payment, on or about ________, 2013.

MAXIM GROUP LLC	JP TURNER & CO., LLC
Sole Bookrunner	Co-Manager

The date of this prospectus is _________, 2013.

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You should rely only on the information contained in this prospectus. We have not, and the underwriters have not, authorized anyone to provide information different from that contained in this prospectus. We are not, and the underwriters are not, making an offer to sell, or seeking offers to buy, these securities in jurisdictions where offers and sales are not permitted. The information contained in this prospectus is accurate only as of the date of this prospectus, regardless of the time of delivery of this prospectus or of any sale of these securities.

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FORWARD-LOOKING STATEMENTS

This prospectus includes “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 subject to 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,” and similar expressions. Forward-looking statements may relate to, among other things:

- business objectives and strategic plans;
- operating strategies;
- our ability to open and operate additional restaurants profitably and the timing of such openings;
- our ability to develop and grow the Bad Daddy’s Burger Bar concept;
- restaurant and franchise acquisitions;
- anticipated price increases;
- expected future revenues and earnings, comparable and non-comparable restaurant sales, results of operations, and future restaurant growth (both company-owned and franchised Good Times Burgers & Frozen Custard and Bad Daddy’s Burger Bar restaurants);
- 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 to meet all capital expenditure and working capital requirements in the current fiscal year;
- 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 current litigation in which we are involved;
- the impact of federal, state, or local government statutes, rules, and regulations;
- the impact of the adoption of new accounting standards and our financial and accounting systems and analysis programs; and
- the other matters described in “Risk Factors,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” and “Business.”

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. Given these risks and uncertainties, we urge you to read this prospectus completely with the understanding that actual future results may be materially different from what we plan or expect.

In some cases, information regarding certain important factors that could cause actual results to differ materially from any forward-looking statement appears together with such statement. In addition, the factors described under “Risk Factors,” as well as other possible factors not listed, could cause actual results to differ materially from those expressed in forward-looking statements. Consequently, there can be no assurance that actual results or developments anticipated by us will be realized or, even if substantially realized, that they will have the expected consequences to, or effect on, us. Given these uncertainties, prospective investors are cautioned not to place undue reliance on forward-looking statements.

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.

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USE OF MARKET AND INDUSTRY DATA

This prospectus includes market and industry data that has been obtained from third party sources, including industry publications, as well as industry data prepared by our management on the basis of its knowledge of and experience in the industry in which we operate (including our management's estimates and assumptions relating to such industry based on that knowledge). Management's knowledge of such industry has been developed through its experience and participation in this industry. While our management believes the third party sources referred to in this prospectus are reliable, neither we nor our management have independently verified any of the data from such sources referred to in this prospectus or ascertained the underlying economic assumptions relied upon by such sources. Internally prepared and third party market forecasts, in particular, are estimates only and may be inaccurate, especially over long periods of time. In addition, the underwriters have not independently verified any of the industry data prepared by management or ascertained the underlying estimates and assumptions relied upon by management. Furthermore, references in this prospectus to any publications, reports, surveys or articles prepared by third parties should not be construed as depicting the complete findings of the entire publication, report, survey or article. The information in any such publication, report, survey or article is not incorporated by reference in this prospectus.

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PROSPECTUS SUMMARY

The following summary highlights information contained elsewhere in this prospectus. It may not contain all of the information that is important to you. You should read the entire prospectus carefully, especially the discussion regarding the risks of investing in our securities under the heading "Risk Factors," before making an investment decision.

As used in this prospectus, unless the context requires otherwise, "Good Times," "Company," "we," "us," and "our" refer to Good Times Restaurants Inc. and its consolidated subsidiaries, including Good Times Drive-Thru Inc. ("GTDT") and BD of Colorado LLC ("BDC"). Both of GTDT and BDC 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. and GTDT.

This prospectus includes trademarks, service marks and trade names owned by us or other companies. All trademarks, service marks and trade names included in this prospectus are the property of their respective owners.

Overview

The Company was incorporated in Nevada in 1987. Through our wholly-owned subsidiary, GTDT, we are engaged in the business of developing, owning, operating and franchising hamburger-oriented drive-through restaurants under the name Good Times Burgers & Frozen Custard. Most of our restaurants are located in the front-range communities of Colorado but we also have franchised restaurants in North Dakota and Wyoming. Over the last two years, we have sold or closed a small number of under-performing restaurants which has increased working capital and improved operating margins. We have also repaid all of our bank debt, increased our equity and significantly improved the profitability of the Company.

As described below under "Recent Developments," we recently entered into a series of agreements with Bad Daddy's International, LLC, a North Carolina limited liability company ("BDI"), and Bad Daddy's Franchise Development, LLC, a North Carolina limited liability company ("BDFD"), to acquire the exclusive development rights for Bad Daddy's Burger Bar restaurants in Colorado, additional restaurant development rights for Arizona and Kansas, and a 48% voting ownership interest in the Bad Daddy's Burger Bar franchisor entity, BDFD (collectively, the "Bad Daddy's Transaction"). Each of the material agreements relating to the Bad Daddy's Transaction is summarized in the "Business-Recent Developments-Bad Daddy's Burger Bar" section beginning on page 44 of this prospectus.

Financial & Brand Highlights

- We have had twelve consecutive quarters of same store sales growth.
- We had a 9.5% increase in same store sales for the first nine months of fiscal 2013.
- We have recently repaid all of our bank and term debt and have $149,000 of total capitalized leases and term debt on our balance sheet.
- Our income from operations improved by $1,247,000 in fiscal 2011 compared to fiscal 2010 and by an additional $191,000 in fiscal 2012 compared to fiscal 2011, even in the midst of unprecedented commodity cost increases.
- Our cost of sales, as a percentage of net sales, declined 1.7% in fiscal 2012 compared to fiscal 2011 as a result of menu price increases, new product introductions and re-engineering of each category of our menu.

- Our net revenues for fiscal 2012 decreased by $897,000 (-4.4%) to $19,706,000 from $20,603,000 for fiscal year 2011, primarily due to two closed stores during fiscal 2012. Our net revenues for the nine month period ended June 30, 2013 increased by $1,694,000 (+11.6%) to $16,358,000 from $14,664,000 for the nine month period ended June 30, 2012.

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- Our loss from operations was $474,000 in fiscal 2012 compared to $665,000 in fiscal 2011. We had a loss from operations of $387,000 for the nine month period ended June 30, 2013 compared to a loss of $558,000 for the same prior year period.

- Our net loss was $668,000 for fiscal 2012 compared to $895,000 for fiscal 2011. Our net loss for the nine month period ended June 30, 2013 was $459,000 compared to a net loss of $710,000 for the same prior year period.

- In November, 2012 we introduced a new breakfast menu that is already generating over 7% of total sales.

- During fiscal 2012, we began a reimaging and remodeling program for our older restaurants that we plan to complete in fiscal 2013 and 2014 using a portion of the proceeds of this offering.

- We recently introduced a new All Natural, Handbreaded Chicken Tenderloin platform to replace our prior chicken item. In early results, we have increased the category's sales mix from approximately 8% of total sales to over 13%.

- We believe Good Times is the only quick service restaurant concept in Colorado offering all natural beef and chicken with no hormones, no steroids, no antibiotics and humanely raised, vegetarian fed animals with no animal byproducts in the feed.

- We began a new television campaign the last week of March 2013 for the first time in over three years. We hope to achieve continued same store sales increases through fiscal 2013 as a result of the television broadcast media, the new breakfast menu, the new chicken platform and other menu innovations.

- We recently signed a new five-year distribution agreement with Food Services of America that we believe will lower our overall cost of sales as a percentage of sales as a result of improved distribution and purchasing costs.

- Over the last two years, we have sold a few underperforming restaurants for cash and have purchased one high volume franchised restaurant from a franchisee. We anticipate the effect will be improvement in our income from operations margin as a percentage of sales.

- We plan to build additional Good Times Burgers & Frozen Custard company-owned restaurants in Colorado, utilizing our 2,000 square foot, 50 seat dining room design.

Recent Developments

After looking at over two dozen concepts for possible acquisition over the last year, we have entered into a series of agreements with BDI and BDFD to acquire the exclusive development rights for Bad Daddy's Burger Bar restaurants in Colorado, additional restaurant development rights for Arizona and Kansas, and a 48% voting ownership interest in the franchisor entity, BDFD, for the offering of Bad Daddy's Burger Bar restaurant franchises.

Bad Daddy's Burger Bar is a relatively new restaurant concept that has been in existence for approximately three years. There are currently five existing Bad Daddy's Burger Bar restaurants, all of which are located in North Carolina, including an airport concession licensed to Host Marriot Services in the Charlotte, N.C. airport. Of the existing restaurants, three have been open for more than one year.

BDI is owned by Dennis Thompson, a restaurant entrepreneur who has developed and taken public or sold multiple concepts (Lone Star Steakhouse, Bailey's Sports Grille, Fox & Hound Pub, Firebird's Woodfired Grill), and by Frank Scibelli, a local restaurateur operating multiple highly successful, award winning concepts including Mama Ricotta's,

Cantina 1511, Midwood Smokehouse Barbeque, and Paco's Tacos and Tequila. Our criteria for acquiring a new growth concept were threefold:

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1) A highly differentiated concept exhibiting high customer loyalty;
2) Industry leading unit economic model exceeding a 40% cash on cash return; and
3) Experienced management that intends to participate in the future growth and development of the concept.

We believe that Bad Daddy's Burger Bar can meet each of these objectives and that our relationship with BDI and BDFD can provide the vehicle for leveraging our existing infrastructure in administration, accounting, information technology, purchasing, human resources and training, marketing and operating systems and processes in partnering with the Bad Daddy's Burger Bar founders who have serial restaurant experience and who can provide brand leadership and strategy as the Bad Daddy's Burger Bar concept is expanded. Bad Daddy's Burger Bar operates in a different segment of the restaurant industry than Good Times Burgers & Frozen Custard as a full service, upscale casual restaurant concept with a chef-driven menu specializing in signature recipes, gourmet burgers, sandwiches, salads, appetizers and desserts, with a full bar specializing in craft microbrews. Based on our continued review of their electronic point of sale system data that immediately captures each customer transaction in each of their three existing restaurants that have been open for more than one year, we have determined that Bad Daddy's Burger Bar average sales and average customer check per restaurant are materially higher than the Good Times Burgers & Frozen Custard average sales and average check per restaurant.

We purchased the 48% interest in BDFD for an aggregate subscription price of $750,000. The first $375,000 installment was paid on April 15, 2013. The remaining $375,000 installment is to be paid on or before the six month anniversary of the execution date of the subscription agreement. In addition, pursuant to the terms of the BDFD operating agreement, we may be required to make an additional capital contribution to BDFD of up to $480,000.

For more information regarding the Bad Daddy's Transaction and the material agreements relating thereto, see "Business-Recent Developments-Bad Daddy's Burger Bar" beginning on page 44 of this prospectus.

Company Information

We were incorporated as a Nevada corporation on October 6, 1987. Our executive offices are located at 601 Corporate Circle, Golden, Colorado 80401. Our telephone number is (303) 384-1400 and our website address is www.goodtimesburgers.com. The information on or accessible through our website is not part of this prospectus.

We use Good Times, Good Times Burgers & Frozen Custard and the Good Times logo in the United States. BDI owns the Bad Daddy's Burger Bar trademark and related service marks, subject to license rights granted to BDFD and sublicenses granted by BDFD to others, including BDC. All other trademarks, service marks or trade names referred to in this prospectus are the property of their respective owners.

Our Principal Stockholder

Following completion of this offering, Small Island Investments Limited ("SII") will beneficially own approximately 42.5% of our outstanding common stock, or 39.8% if the underwriters' over-allotment option is fully exercised, or 23.1% if all of the Warrants issued to the public in this offering are fully exercised (including the Warrants subject to the underwriters' over-allotment option). In addition, by virtue of its ownership of Series C Convertible Preferred Stock, SII will continue to have certain rights and preferences over the holders of our common stock, including a right to approve certain major corporate transactions. As a result, SII will be able to have significant influence regarding the strategic direction and/or capital structure of the Company. See "Risk Factors – Risks Relating to The Offering and Ownership of Our Securities."

SII is a Bermuda corporation and is owned and controlled by director David Dobbin and members of his family.

Summary Risk Factors

We are subject to a number of risks, which the reader should be aware of and should carefully consider before deciding to purchase the securities in this offering. These risks are discussed in the section entitled “Risk Factors” beginning on page 11 of this prospectus. The following is a list of some of the principal risks relating to our business

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- We have accumulated losses.
- If we are unable to continue to increase same store sales at existing restaurants, our ability to attain profitability may be adversely affected.
- New restaurants, when and if opened, may not be profitable, if at all, for several months.
- We depend on key management employees.
- Our ability to succeed with the Bad Daddy's Burger Bar restaurant concept will require significant capital expenditures and management attention.
- Our growth, including the development of Bad Daddy's Burger Bar restaurants, may strain our management and infrastructure.
- Bad Daddy's Burger Bar is subject to all of the risks of a relatively new business, including competition, and there is no guarantee of a return on our capital investment into BDFD and BDC.
- The Company does not have a majority voting interest in BDFD and the Company's Management Services Agreement with BDFD has a limited term of three years.
- If the Company fails to comply with the development schedule under its license agreement with BDFD, it will lose its exclusive development rights in Colorado and its additional development rights in Arizona and Kansas.

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THE OFFERING

Securities offered by us	2,200,000 shares of our common stock together with A Warrants to purchase 2,200,000 shares of our common stock and B Warrants to purchase 1,100,000 shares of our common stock (A Warrants and B Warrants collectively, the "Warrants")
Common stock outstanding immediately prior to this offering	2,726,214 shares
Common stock outstanding immediately after this offering	4,926,214 shares
Warrants outstanding immediately prior to this offering	None
Warrants outstanding immediately after this offering	A Warrants to purchase 2,200,000 shares of our common stock and B Warrants to purchase 1,100,000 shares of our common stock (excluding warrants to be received by the underwriters in connection with this offering)
Terms of Warrants issued as a part of the offering	Exercise price – [$____] per share for the A Warrants and [$____] per share for the B Warrants. We may, in our sole discretion, by notice to registered holders lower the exercise price of the Warrants at any time prior to their expiration date for a specified period of not less than 20 business days. If, and only if, at the time of exercise of the Warrants there is no effective registration statement covering the issuance of the shares of common stock underlying the Warrants, then the holders of the Warrants may elect to exercise the Warrants, in whole or in part, by means of a "cashless exercise" provision as described therein. Exercisability – each A Warrant is exercisable for one share of common stock, subject to adjustment as described therein, and each two B Warrants are exercisable for one share of common stock, subject to adjustment as described in therein. Exercise period – each A Warrant will be immediately exercisable upon issuance and will expire on [_________, 2018], or earlier upon redemption, and each B Warrant will be immediately exercisable upon issuance and will expire on [_________, 2014]. We may extend the duration of the Warrants by delaying the expiration date upon not less than 20 days' notice to registered holders of the Warrants. Currently, no public market exists for our Warrants. We do not intend to apply for the listing of the Warrants on any national securities

exchange. The shares of common stock and Warrants are immediately separable and will be issued separately, but will be purchased together in this offering.

See "Description of Securities – Warrants to be Issued in This Offering" beginning on page 72 for more information.

Redemption of A Warrants issued as a part of the offering

From and after one year following their issuance we may call all, but not less than all, of the outstanding A Warrants for redemption as follows: (i) at a price of $0.01 for each A Warrant at any time while the A Warrants are exercisable, so long as a registration statement relating to the common stock issuable upon exercise of the A Warrants is effective and current; (ii) upon not less than 30 days prior written notice of redemption to each A Warrant holder; and (iii) if, and only if, the reported last sale price of a share of common stock equals or exceeds 150% of the A Warrant exercise price for any 20 trading days within a 30 consecutive trading day period ending on the third business day prior to the notice of redemption to A Warrant holders.

If the foregoing conditions are satisfied and we call the A Warrants for redemption, each A Warrant holder will then be entitled to exercise his, her or it's a Warrant prior to the date scheduled for redemption. However, there can be no assurance that the price of the common stock will exceed the call price or the A Warrant exercise price after the redemption call is made.

We may not call the B Warrants for redemption.

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Over-allotment option	330,000 shares of common stock, A Warrants to purchase 330,000 shares of common stock, and/or B Warrants to purchase 165,000 shares of common stock. See "Underwriting" beginning on page 79 for more information.
Use of proceeds	We estimate that our net proceeds from this offering, without exercise of the over-allotment option, will be approximately [$________] (assuming an initial offering price of [$____] per share of common stock and corresponding Warrants). We will also receive additional aggregate gross proceeds of up to [$________] if and when the A Warrants are exercised and of up to [$________] if and when the B Warrants are exercised. We intend to use the net proceeds from this offering for our remaining required equity contribution to BDFD; for the remodeling and reimaging of existing Good Times Burgers & Frozen Custard restaurants; for the development of new Bad Daddy's Burger Bar restaurants through BDC; and as working capital reserves and future investment at the discretion of our Board of Directors. See "Use of Proceeds."
Nasdaq symbol	"GTIM"
Risk factors	Investment in our common stock and Warrants involves substantial risks. You should read this prospectus carefully, including the section entitled "Risk Factors," beginning on page 11, and the consolidated financial statements and the related notes to those statements included elsewhere in this prospectus, before making an investment decision with respect to our common stock and Warrants.

The number of shares of our common stock that will be outstanding immediately after this offering is based on 2,726,214 shares of common stock outstanding as of August 9, 2013, and excludes:

- 710,902 shares of our common stock issuable upon the conversion of 355,451 shares of our Series C Convertible Preferred Stock outstanding as of August 9, 2013, at a conversion ratio of two shares of common stock for each share of Series C Convertible Preferred Stock;

- 293,854 shares of our common stock issuable upon the exercise of stock options outstanding under our 2008 Omnibus Equity Incentive Compensation Plan as of August 9, 2013, at a weighted-average exercise price of $4.54 per share;

- 2,200,000 shares of our common stock issuable upon exercise of the A Warrants issued to the public in connection with this offering;

- 1,100,000 shares of our common stock issuable upon exercise of the B Warrants issued to the public in connection with this offering;

- 154,000 shares of common stock underlying warrants to be received by the underwriters in connection with this offering; and

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206,146 additional shares of our common stock to be reserved for future issuance under our 2008 Omnibus Equity Incentive Compensation Plan following this offering.

Except as otherwise indicated herein, all information in this prospectus, including the number of shares of common stock that will be outstanding after this offering, assumes or gives effect to:

- no conversion of shares of Series C Convertible Preferred Stock outstanding on the date of this prospectus into shares of our common stock;
- no exercise of warrants or options outstanding on the date of this prospectus; and
- no exercise of the underwriters' over-allotment option.

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SUMMARY HISTORICAL CONSOLIDATED FINANCIAL AND OPERATING DATA

The following table sets forth, for the periods and dates indicated, our summary historical consolidated financial and operating data. We have derived the summary financial and operating data for the fiscal years ended September 30, 2011 and September 30, 2012 from our audited consolidated financial statements appearing elsewhere in this prospectus. We have derived the summary financial and operating data for the three and nine month periods ended June 30, 2013 from our unaudited consolidated financial statements appearing elsewhere in this prospectus. Our historical results for any period are not necessarily indicative of our future performance. You should read this information in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our financial statements and related notes thereto included elsewhere in this prospectus.

	Three Months Ended June 30, 2013 (Unaudited)	Nine Months Ended June 30, 2013 (Unaudited)	Year Ended September 30, 2012 (Audited)	Year Ended September 30, 2011 (Audited)
Operating Data:	In thousands, except per share amount			
Restaurant sales	$ 6,394	$ 16,092	$ 19,274	$ 20,183
Franchise fees and royalties received	93	266	432	420
Total Net Revenues	6,487	16,358	19,706	20,603
Restaurant Operating Costs:				
Food and packaging costs	2,149	5,503	6,592	7,241
Payroll and other employee benefit costs	2,104	5,683	6,691	7,043
Occupancy and other operating costs	1,126	3,156	3,939	4,172
Preopening costs	29	29	-	-
Depreciation and amortization	169	537	795	888
Total Restaurant Operating Costs	5,577	14,908	18,017	19,344
Selling, General & Administrative costs	665	1,875	2,154	2,038
Franchise costs	17	48	60	70
Gain on restaurant assets	(6)	(86)	(51)	(184)
Income (loss) from Operations	$ 234	$ (387)	$ (474)	$ (665)
Other Income and (expenses)				
Unrealized gain (loss) on interest rate swap	-	-	20	27
Other income (expense)	(1)	(4)	(15)	22
Affiliate investment loss	(23)	(23)	-	-
Interest income (expense), net	(2)	(45)	(199)	(279)
Total other income (expense)	(26)	(72)	(194)	(230)
Net Income (loss)	$ 208	$ (459)	$ (668)	$ (895)
Income attributable to non-controlling interest	(67)	(65)	(109)	(118)
Net Income (loss) attributable to Good Times Rest. Inc.	$ 141	$ (524)	$ (777)	$ (1,013)
Preferred stock dividends	(30)	(90)	-	-
Net Income (loss) attributable to Common Shareholders	$ 111	$ (614)	$ (777)	$ (1,013)
Basic and Diluted Income (loss) Per Share	$ .04	$ (.23)	$ (.29)	$ (.42)

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	As of September 30,		As of June 30, 2013(1)		
	2012	2011	Actual	Pro Forma Adjustment	As Adjusted
Balance Sheet Data:					
Cash and cash equivalents	$ 616	$ 847	$ 1,324		
Total assets	7,061	6,999	5,335		
Total liabilities	3,801	4,479	2,606		
Total stockholders' equity	$ 3,260	$ 2,520	$ 2,729		

(1) We have presented the summary balance sheet data as of June 30, 2013:

- on an actual basis; and
- on a pro forma basis, based upon an assumed offering price of [$____] per share of common stock and corresponding Warrants, to give effect to the sale of 2,200,000 shares of common stock, A Warrants to purchase 2,200,000 shares of common stock, and B Warrants to purchase 1,100,000 shares of common stock in this offering, after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us.

The pro forma information presented in the summary balance sheet data is only for illustrative purposes and will change based on the actual public offering price, the date of closing and other terms of this offering determined at pricing.

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RISK FACTORS

An investment in the Company's common stock and Warrants involves a high degree of risk. You should carefully consider the following risk factors and other information in this prospectus before deciding to invest in our securities. If any of the following risks actually occurs, our business, financial condition, liquidity, operating results, and prospects for growth could be materially adversely affected, the trading price of our common stock could decline, and you may lose all or part of your investment. You should acquire shares of our common stock and Warrants only if you can afford to lose your entire investment.

Risks Related to Our Business

We have accumulated losses.

We have incurred losses in every fiscal year in our 26 years since inception except in four fiscal years. As of June 30, 2013 we had an accumulated deficit of $19,071,000. We may have a loss for the current fiscal year ending September 30, 2013 or we may not be profitable.

If we are unable to continue to increase same store sales at existing restaurants, our ability to attain profitability may be adversely affected.

We must increase same store sales at our existing restaurants to attain profitability, which we have done for the past 12 consecutive quarters. Sales increases will depend in part on the success of our advertising and promotion of new and existing menu items and consumer acceptance. We cannot assure that our advertising and promotional efforts will in fact be successful. If our same store sales decrease, and our other operating costs increase, our ability to attain profitability will be adversely affected.

New restaurants, when and if opened, may not be profitable, if at all, for several months.

We anticipate that our new restaurants, when and if opened, will generally take several months to reach normalized operating levels due to inefficiencies typically associated with new restaurants, including lack of market awareness, the need to hire and train a sufficient number of employees, operating costs, which are often materially greater during the first several months of operation than thereafter, pre-opening costs and other factors. In addition, restaurants opened in new markets may open at lower average weekly sales volumes than restaurants opened in existing markets, and may have higher restaurant-level operating expense ratios than in existing markets. Sales at restaurants opened in new markets may take longer to reach average annual company-owned restaurant sales, if at all, thereby affecting the profitability of these restaurants.

Our operations are susceptible to the cost of and changes in food availability which could adversely affect our operating results.

Our profitability depends in part on our ability to anticipate and react to changes in food costs. Various factors beyond our control, including adverse weather conditions, governmental regulation, production, availability, recalls of food products and seasonality may affect our food costs or cause a disruption in our supply chain. We enter into annual contracts with our chicken and other miscellaneous suppliers. Our contracts for chicken are fixed price contracts. Our contracts for beef are generally based on current market prices plus a processing fee. Changes in the price or availability of chicken or beef or other commodities could materially adversely affect our profitability. We cannot predict whether we will be able to anticipate and react to changing food costs by adjusting our purchasing practices and menu prices, and a failure to do so could adversely affect our operating results. In addition, because we provide a "value-priced" product, we may not be able to pass along price increases to our customers.

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Macroeconomic conditions could affect our operating results.

The recent economic downturn, continuing disruptions in the overall economy, including the ongoing impacts of the housing crisis, high unemployment and financial and market volatility, and the related declines in business and consumer confidence, adversely affected customer traffic and sales throughout the restaurant industry, including the quick service restaurant ("QSR") category. For example, our same store sales decreased in fiscal 2008, fiscal 2009 and the first ten months of fiscal 2010. If the economy experiences a further downturn or there are continued uncertainties regarding economic recovery, consumer spending may be affected, which may adversely affect our sales in the future. A proliferation of heavy discounting by our major competitors may also negatively affect our sales and operating results.

Price increases may impact customer visits.

We may make price increases on selected menu items in order to offset increased operating expenses we believe will be recurring. Although we have not experienced significant consumer resistance to our past price increases, future price increases may deter customers from visiting our restaurants or affect their purchasing decisions.

The hamburger restaurant market is highly competitive.

The hamburger restaurant market is highly competitive. Our competitors in the QSR segment include many recognized national and regional fast-food hamburger restaurant chains, such as McDonald's, Burger King, Wendy's, Carl's Jr., Sonic, Jack in the Box and Culver's. We also compete with small regional and local hamburger and other fast-food restaurants, many of which feature drive-through service. Most of our competitors have greater financial resources, marketing programs and name recognition than we do. Discounting by our QSR competitors may adversely affect the revenues and profitability of our restaurants.

While Bad Daddy's Burger Bar operates in the "better burger" restaurant segment, it offers a relatively broad menu and competes with other full service restaurants such as Chili's, Red Robin and other local and regional full service restaurants. Additionally, customers of both our Good Times Burgers & Frozen Custard restaurants and new Bad Daddy's Burger Bar restaurants are also customers of fast casual hamburger restaurants such as Five Guys Burgers & Fries and Smashburger.

Sites for new restaurants may be difficult to acquire.

Location of our restaurants in high-traffic and readily accessible areas is an important factor for our success. Our Good Times Burgers & Frozen Custard drive-through restaurants require sites with specific characteristics and there are a limited number of suitable sites available in our geographic markets. Bad Daddy's Burger Bar restaurants will be operated out of leased in-line retail locations as opposed to freestanding Good Times Burgers & Frozen Custard locations. Since suitable locations are in great demand, in the future we may not be able to obtain optimal sites for either of our restaurant concepts at a reasonable cost. In addition, we cannot assure you that the sites we do obtain will be successful.

If our franchisees cannot develop or finance new restaurants, build them on suitable sites or open them on schedule, our growth and success may be impeded.

Franchisees may not be able to negotiate acceptable lease or purchase terms for the sites, obtain the necessary permits and government approvals or meet construction schedules. From time to time in the past, we have agreed to extend or modify development schedules and we may do so in the future. Any of these problems could slow our growth and reduce our franchise revenues. Additionally, our franchisees depend upon financing from banks and other financial

institutions in order to construct and open new restaurants. Difficulty in obtaining adequate financing adversely affects the number and rate of new restaurant openings by our franchisees and adversely affects our future franchise revenues.

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Our franchisees could take actions that could harm our business.

Franchisees are independent contractors and are not our employees. We provide training and support to franchisees; however, franchisees operate their restaurants as independent businesses. Consequently, the quality of franchised restaurant operations may be diminished by any number of factors beyond our control. Moreover, franchisees may not successfully operate restaurants in a manner consistent with our standards and requirements, or may not hire and train qualified managers and other restaurant personnel. Our image and reputation, and the image and reputation of other franchisees, may suffer materially, and system-wide sales could significantly decline, if our franchisees do not operate successfully.

We depend on key management employees.

We believe our current operations and future success depend largely on the continued services of our management employees, in particular Boyd E. Hoback, our president and chief executive officer, and Scott LeFever, our vice president of operations. Although we have entered into an employment agreement with Mr. Hoback, he may voluntarily terminate his employment with us at any time. In addition, we do not currently maintain key-person insurance on Messrs. Hoback's or LeFever's life; however, we are in the process of obtaining key-person insurance on Mr. Hoback. The loss of Messrs. Hoback's or LeFever's services, or other key management personnel, could have a material adverse effect on our financial condition and results of operations.

Labor shortages could slow our growth or harm our business.

Our success depends in part upon our ability to attract, motivate and retain a sufficient number of qualified, high-energy employees. Qualified individuals needed to fill these positions are in short supply in some areas. The inability to recruit and retain these individuals may delay the planned openings of new restaurants or result in high employee turnover in existing restaurants, which could harm our business. Additionally, competition for qualified employees could require us to pay higher wages to attract sufficient employees, which could result in higher labor costs. Most of our employees are paid on an hourly basis. The employees are paid in accordance with applicable minimum wage regulations. Accordingly, any increase in the minimum wage, whether state or federal, could have a material adverse impact on our business.

We are subject to extensive government regulation that may adversely hinder or impact our ability to govern various aspects of our business including our ability to expand and develop our restaurants.

The restaurant industry is subject to various federal, state and local government regulations, including those relating to the sale of food. While in the past we have been able to obtain and maintain the necessary governmental licenses, permits and approvals, our failure to maintain these licenses, permits and approvals, including food licenses, could adversely affect our operating results. Difficulties or failures in obtaining the required licenses and approvals could delay or result in our decision to cancel the opening of new restaurants. Local authorities may suspend or deny renewal of our food licenses if they determine that our conduct does not meet applicable standards or if there are changes in regulations.

Various federal and state labor laws govern our relationship with our employees and affect operating costs. These laws govern minimum wage requirements, overtime pay, meal and rest breaks, unemployment tax rates, workers' compensation rates, citizenship or residency requirements, child labor regulations and sales taxes. Additional government-imposed increases in minimum wages, overtime pay, paid leaves of absence and mandated health benefits may increase our operating costs.

The federal Americans with Disabilities Act prohibits discrimination on the basis of disability in public accommodations and employment. Although our restaurants are designed to be accessible to the disabled, we could be required to make modifications to our restaurants to provide service to, or make reasonable accommodations for, disabled persons.

We are also subject to federal and state laws that regulate the offer and sale of franchises and aspects of the licensor-licensee relationship. Many state franchise laws impose restrictions on the franchise agreement, including limitations on non-competition provisions and the termination or non-renewal of a franchise. Some states require that franchise materials be registered before franchises can be offered or sold in the state.

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Our Bad Daddy's Burger Bar restaurants will also be subject to state and local laws that regulate the sale of alcoholic beverages. Alcoholic beverage control regulations will govern various aspects of these restaurants' daily operations, including the minimum age of patrons and employees, hours of operation, advertising, wholesale purchasing and inventory control, handling and storage. Typically, licenses to sell alcoholic beverages will require annual renewal and may be suspended or revoked at any time for cause, the definition of which varies by locality. The failure of any of our Bad Daddy's Burger Bar restaurants to timely obtain and maintain any required licenses, permits or approvals to serve alcoholic beverages could delay or prevent the opening of a new restaurant or prevent regular day-to-day operations, including the sale of alcoholic beverages, at a restaurant that is already operating, any of which would adversely affect our business.

Health concerns relating to the consumption of beef, chicken or other food products could affect consumer preferences and could negatively impact our results of operations.

Like other restaurant chains, consumer preferences could be affected by health concerns about the avian influenza, also known as bird flu, or the consumption of beef, the key ingredient in many of our menu items, or negative publicity concerning food quality, illness and injury generally, such as negative publicity concerning E. coli, "mad cow" or "foot-and-mouth" disease, publication of government or industry findings concerning food products served by us, or other health concerns or operating issues stemming from one restaurant or a limited number of restaurants. This negative publicity may adversely affect demand for our food and could result in a decrease in customer traffic to our restaurants. If we react to the negative publicity by changing our concept or our menu we may lose customers who do not prefer the new concept or menu, and we may not be able to attract a sufficient new customer base to produce the revenue needed to make our restaurants profitable. In addition, we may have different or additional competitors for our intended customers as a result of a concept change and may not be able to compete successfully against those competitors. A decrease in customer traffic to our restaurants as a result of these health concerns or negative publicity or as a result of a change in our menu or concept could materially harm our business.

Risks Related to Bad Daddy's Relationship

Our ability to succeed with the Bad Daddy's Burger Bar restaurant concept will require significant capital expenditures and management attention.

We believe that new openings of Bad Daddy's Burger Bar restaurants are likely to serve as the primary driver of our new unit growth and increased profitability over the longer term based on the unit economics of that concept. Our ability to succeed with this new concept will require significant capital expenditures and management attention and is subject to certain risks in addition to those of opening a new Good Times Burgers & Frozen Custard restaurant, including customer acceptance of and competition with the Bad Daddy's Burger Bar concept. If the "ramp-up" period for new Bad Daddy's Burger Bar restaurants does not meet our expectations, our operating results may be adversely affected. There can be no assurance that we will be able to successfully develop and grow the Bad Daddy's Burger Bar concept to a point where it will become profitable or generate positive cash flow. We may not be able to attract enough customers to meet targeted levels of performance at new Bad Daddy's Burger Bar restaurants because potential customers may be unfamiliar with the concept or the atmosphere or menu might not be appealing to them. If we cannot successfully execute our growth strategies for Bad Daddy's Burger Bar, our business and results of operations may be adversely affected.

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Our growth, including the development of Bad Daddy's Burger Bar restaurants, may strain our management and infrastructure.

In addition to new openings of Bad Daddy's Burger Bar restaurants, we also plan to remodel and reimage existing Good Times Burgers & Frozen Custard restaurants. In addition, we believe there may be opportunities to open or franchise new Good Times Burgers & Frozen Custard restaurants from time to time, although we believe that new openings of Bad Daddy's Burger Bar restaurants are likely to serve as the primary driver of new unit growth and increased profitability over the longer term based on the unit economics of the concept. This growth will increase our operating complexity and place increased demands on our management and infrastructure, including our current restaurant management systems, financial and management controls, and information systems. If our infrastructure is insufficient to support our growth, our ability to open new restaurants, including the development of the Bad Daddy's Burger Bar concept, would be adversely affected.

Bad Daddy's Burger Bar is subject to all of the risks of a relatively new business, including competition, and there is no guarantee of a return on our capital investment into BDFD or BDC.

Bad Daddy's Burger Bar is relatively new business concept. Existing Bad Daddy's Burger Bar restaurants have been in existence for approximately three years and are currently located only in North Carolina. Because of the small number of existing Bad Daddy's Burger Bar restaurants and the relatively short period of time that they have been in operation, there is substantial uncertainty that additional restaurants in other locations will be successful. There is no guarantee that BDFD will be successful in offering Bad Daddy's Burger Bar franchises throughout the U.S. or that, if and when such franchises are granted, the restaurants developed by franchisees will be successful. There is also substantial uncertainty that the BDFD franchising business will be successful in view of the facts that BDFD has sold only one Bad Daddy's Burger Bar restaurant franchise to date and that the restaurant franchising business is very competitive. If BDFD is unsuccessful in attracting Bad Daddy's Burger Bar franchisees and accordingly attaining broad-based consumer recognition of the Bad Daddy's Burger Bar restaurants, it could adversely affect the revenues of the Company's Bad Daddy's Burger Bar restaurants.

Under the operating agreement of BDFD, there will be no distribution of any net cash profits during the first three years unless approved by all the Class A members of BDFD.

We have acquired a 48% voting ownership interest in BDFD in exchange for an initial capital contribution of $750,000, of which we paid the first $375,000 installment on April 15, 2013, and we intend to pay the second $375,000 installment out of the net proceeds of this offering. The operating agreement of BDFD provides that the Company and BDI may be required to make additional capital contributions to BDFD of up to an aggregate of $1,000,000 upon written request of BDFD's Board of Managers. Such additional capital contributions, if required, will be in accordance with the Company's and BDI's then respective percentage interests in BDFD. Accordingly, the Company's portion of such additional capital contributions, if required, prior to any change in BDFD ownership, will be up to $480,000. If the additional capital contributions are required under the BDFD operating agreement, the Company intends to pay its required portion out of working capital reserves. However, if the Company does not have sufficient working capital reserves at the time the capital call is made, the Company may have to obtain funds from other sources and such funds may not be available to the Company on favorable terms or at all.

Under the operating agreement of BDFD, there will be no distribution of any net cash profits during the first three years unless approved by all the Class A members of BDFD. Thus, we may not receive any return on our initial capital contribution to BDFD, or any subsequent additional capital contribution we may be required to make, during the first three years of BDFD's operations.

The Company does not have a majority voting interest in BDFD and the Company’s Management Services Agreement with BDFD has a limited term of three years.

The Company has acquired a 48% voting membership interest in BDFD, with the remaining 52% voting membership interest in BDFD currently held by BDI. The operating agreement of BDFD provides that BDFD will be managed by its five-member Board of Managers, which currently consists of three members designated by BDI and two members designated by the Company. Accordingly, the Company does not have a majority voting interest in BDFD, nor does it control a majority of the Board of Managers. As a consequence, the Company will not be able to control certain decisions regarding BDFD. Among other things, the annual budget of BDFD will be approved by a majority of the Board of Managers, which majority may be achieved without the participation of the Company’s designated managers.

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The Company will provide management services to BDFD pursuant to the terms of a Management Services Agreement. However, the term of the Management Services Agreement between the Company and BDFD is limited to three years and may be terminated earlier in accordance with the terms of the agreement. Among other things, BDFD may terminate the Management Services Agreement prior to the end of its three-year term based on the failure of BDFD to achieve certain franchise sales goals. If BDFD terminates the Management Services Agreement prior to the end of its three-year term, or if the Management Services Agreement is not renewed by the parties at the end of three years, the Company will not have a right to manage BDFD or receive any management fee in connection therewith.

If the Company fails to comply with the development schedule under its license agreement with BDFD, it will lose its exclusive development rights in Colorado and its additional development rights in Arizona and Kansas.

The License Agreement requires that BDC develop at least two restaurants per year in Colorado over a five-year period, after which BDC may elect to develop additional Bad Daddy's Burger Bar restaurants in Colorado in numbers determined by it. In the event that the Company fails to comply with such development schedule, then (i) the Company's right to develop any additional Bad Daddy's Burger Bar restaurants in Colorado under the License Agreement will thereafter terminate automatically and (ii) BDFD may establish, operate or grant to other third parties the right to establish or operate Bad Daddy's Burger Bar restaurants in Colorado (subject to BDC's territory rights with respect to any existing restaurant). Accordingly, if BDC fails to meet its development schedule, it will lose its exclusive right to develop Bad Daddy's Burger Bar restaurants in Colorado.

In addition, pursuant to the operating agreement of BDFD, BDC has a right to develop Bad Daddy's Burger Bar restaurants in Arizona and Kansas (to the extent that such territory is not then subject to development rights by or part of the protected territory right of any third party franchisee) subject to approval of BDFD's Board of Managers, conditioned on certain performance requirements with respect to its Colorado restaurants, and pursuant to a minimum development schedule to be agreed upon with BDFD for Kansas and Arizona. If BDC fails to meet such performance results with respect to its Colorado restaurants or fails to meet its development schedule for Arizona or Kansas, it will not have any right to develop additional Bad Daddy's Burger Bar restaurants in Arizona and Kansas.

If the Company's license agreement with BDFD is terminated, the Company will lose all rights to use the Bad Daddy's Burger Bar name and intellectual property.

The Company has entered into a license agreement with BDFD for an initial term of 10 years, which is thereafter renewable by the Company for two additional 10-year terms. The license agreement may be terminated by BDFD in the event of any uncured default by the Company thereunder. In the event of termination, the license agreement provides that BDFD will have an option to purchase the Company's Bad Daddy's Burger Bar restaurants for a price mutually agreed by the parties or their independently appraised value. Alternatively, if BDFD does not exercise its purchase option, the Company must modify the restaurants to eliminate the use of the Bad Daddy's Burger Bar name and intellectual property. If any of such events were to occur, our results of operations would be adversely affected.

BDI has a drag-along right regarding the Company's interest in BDFD in the event that BDI proposes to sell its interests in BDFD after the fifth anniversary of the Company's investment in BDFD.

The operating agreement contains drag-along rights allowing BDI to require the Company to participate in a proposed sale of BDFD or all of its outstanding ownership interests if approved by BDI and its designated managers at any time after April 15, 2018 (the fifth anniversary of the Company's investment in BDFD), subject to certain conditions. Thus, after five years, BDI could force the Company to sell its membership interest in BDFD in a transaction which is not approved by the Company or its designated managers of BDFD and which may not be in the Company's best interest. That is, with regard to such a forced sale what may be deemed by BDI for its own particular reasons and

circumstances to be an advantageous time for it to sell its interest in BDFD may be a disadvantageous time for the Company to sell under its particular circumstances.

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Conflicts of interest may arise as a result of the Company's status as a substantial owner of BDFD and its status as a licensee of BDFD.

The Company is both a 48% owner of BDFD and a licensee of BDFD. In its capacity as a substantial owner and manager of BDFD, the Company will be obligated to require BDFD franchisees to comply with all of the terms of their franchise agreements. This in turn may make it unfeasible as a practical matter for BDC to obtain consents from BDFD for variations of such terms that the Company believes are appropriate for the particular circumstances of the BDC restaurants. For example, the Company may wish to be able to add a non-standard menu item to its Bad Daddy's Burger Bar restaurants which will be uniquely popular in a particular geographic location which under such circumstances BDFD would normally allow but which it would not wish to allow for other licensees. In that event, BDFD may nonetheless not permit such a variation by the Company because of a possible claim that it is preferentially treating a BDFD insider.

Risks Related to the Offering and Ownership of Our Securities

Our principal stockholder has significant voting power and may take actions that may not be in the best interests of our other stockholders.

Following completion of this offering, SII will beneficially own approximately 42.5% of our outstanding common stock, or 39.8% if the underwriters' over-allotment option is fully exercised, or 23.1% if all of the Warrants issued to the public in this offering are fully exercised (including the Warrants subject to the underwriters' over-allotment option). In addition, by virtue of its ownership of Series C Convertible Preferred Stock, SII will continue to have certain rights and preferences over the holders of our common stock, including a right to approve certain major corporate transactions, such as a liquidation or dissolution, a consolidation or merger, or a sale, lease, transfer or other disposition of all or substantially all of the Company's assets; a material agreement for the acquisition of another entity outside of its core business operations; an amendment, alteration or repeal of the Company's articles of incorporation; an increase in the outstanding shares of preferred stock of the Company at a price below $3.00 per share; a redemption, repurchase or other acquisition for value of any of the Company's equity securities; an amendment to the Company's bylaws that is directly detrimental to the rights and preferences of the Series C Convertible Preferred Stock; any debt agreement in excess of $500,000; or any increase in the maximum number of directors constituting the Company's Board of Directors in excess of seven. In addition to these specific approval rights, the Class C Convertible Preferred Stock also votes together with the common stock, on an as-if-converted basis, on the election of directors and all other matters that come before the stockholders of the Company. As a result, SII will continue to have significant influence regarding the strategic direction and/or capital structure of the Company. This concentration of ownership and voting power may have the effect of delaying or preventing a change in control and might adversely affect the market price of our common stock, and therefore may not be in the best interests of our other stockholders.

The sale of a significant number of shares of our common stock would dilute existing stockholders and might depress the trading price of our common stock.

The sale of the shares of common stock offered hereby, or the perception that warrant shares may be sold, could cause the market price of our common stock to decline below the offering price listed in this prospectus.

As of August 9, 2013, there were 2,726,214 shares of our common stock issued and outstanding. In addition, as of August 9, 2013, there were 355,451 shares of our Series C Convertible Preferred Stock outstanding, which shares are convertible as of such date into 710,902 shares of our common stock. Significant shares of common stock are held by SII and other Company insiders. As "affiliates" (as defined under Rule 144 of the Securities Act ("Rule 144")) of the Company, SII and other Company insiders may only sell their shares of common stock in the public market pursuant

to an effective registration statement or in compliance with Rule 144.

In addition, as of August 9, 2013, there were outstanding options to purchase an aggregate of 293,854 shares of our common stock at a weighted-average exercise price of $4.54 per share, of which options to purchase 130,200 shares were exercisable as of such date. The options exercisable to date include options to purchase 43,667 shares at exercise prices that are below the current market price of our common stock. The exercise of options at prices below the market price of our common stock could adversely affect the price of shares of our common stock.

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Any issuance of our common stock that is not made solely to then-existing stockholders proportionate to their interests, such as in the case of a stock dividend or stock split, will result in dilution to each stockholder by reducing his, her or its percentage ownership of the total outstanding shares. Moreover, if we issue options or warrants to purchase our common stock or other convertible securities in the future, and those options or warrants are exercised or those convertible securities are converted, stockholders may experience further dilution. Other than SII, holders of shares of our common stock have no preemptive rights that entitle them to purchase their pro rata share of any offering of shares of any class or series.

You will suffer immediate and substantial dilution in the securities you purchase.

The estimated public offering price of [$___] per share of common stock and corresponding Warrants is substantially higher than the pro forma net tangible book value per share of our outstanding shares immediately after the offering. As a result, investors purchasing securities in the offering will incur immediate and substantial dilution of approximately [$___] per share of common stock or approximately [___%] of the assumed offering price. Accordingly, existing stockholders will benefit disproportionately from this offering. If we raise additional capital through the sale of equity, including convertible securities, your percentage of ownership will be diluted. You may also experience additional dilution if stock options or warrants to purchase our shares are exercised at less than the offering price. As of the date of this prospectus, we have reserved an aggregate of 500,000 shares of our common stock for issuance under our 2008 Omnibus Equity Incentive Compensation Plan, as amended, of which options to purchase 293,854 shares were issued and outstanding as of August 9, 2013.

Although we are required to use our best efforts to have an effective registration statement covering the issuance of the shares of common stock underlying the Warrants at the time that holders of our Warrants exercise their Warrants, we cannot guarantee that a registration statement will be effective, in which case holders of our Warrants may not be able to receive freely tradable shares upon exercise of the Warrants.

Holders of our Warrants will be able to exercise the Warrants and receive freely tradable shares only if (i) a current registration statement under the Securities Act relating to the shares of our common stock underlying the Warrants is then effective, or an exemption from such registration is available, and (ii) such shares of common stock are qualified for sale or exempt from qualification under the applicable securities laws of the states in which the various holders of Warrants reside. Although we have undertaken in the Warrants, and therefore have a contractual obligation, to use our best efforts to maintain a current registration statement covering the shares of common stock underlying the Warrants following completion of this offering to the extent required by federal securities laws, and we intend to comply with our undertaking, we may not be able to do so. If we are not able to do so, holders may not be able to exercise their Warrants and receive freely tradable shares but rather may only be able to receive restricted shares upon exercise. In addition, we have agreed to use our best efforts to register the shares of common stock underlying the Warrants under the blue sky laws of the states of residence of the existing holders of the Warrants, to the extent an exemption is not available. The value of the Warrants may be greatly reduced if a registration statement covering the shares of common stock issuable upon exercise of the Warrants is not kept current or if the securities are not qualified, or exempt from qualification, in the states in which the holders of Warrants reside.

The market price of our common stock may be volatile.

The market price of our common stock has been and is likely to be volatile in the foreseeable future. Our common stock price may fluctuate in response to factors such as:

- Potential fluctuation in our annual or quarterly operating results due to seasonality and other factors;

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- Changes in capital market conditions that could affect valuations of restaurant companies in general or the Company in particular or other adverse economic conditions;
- Future sales of our common stock by SII or other Company insiders;
- Global economic, legal and regulatory factors that are unrelated to our performance and beyond our control;
- Investor perceptions of our prospects or those of our competitors; and
- Announcements by us or our competitors of significant contracts, acquisitions, joint ventures or capital commitments.

We do not expect to pay any cash dividends on our common stock in the foreseeable future.

We have never declared or paid any cash dividends on our common stock and do not anticipate paying cash dividends on our common stock for the foreseeable future. The terms of our Series C Convertible Preferred Stock provide for the payment of an 8% per year accrued dividend on our Series C Convertible Preferred Stock prior and in preference to any dividend on our common stock. We currently expect to retain all available funds, after quarterly payment of the accrued Series C Convertible Preferred Stock dividend, to fund the development and growth of our business. Moreover, any determination to pay dividends on our common stock in the future would be at the discretion of our Board of Directors and would depend upon our financial condition, operating results, and other factors our Board of Directors deems relevant.

Nevada law and our articles of incorporation and bylaws have provisions that discourage corporate takeovers and could prevent stockholders from realizing a premium on their investment.

We are subject to anti-takeover laws for Nevada corporations. These anti-takeover laws prevent a Nevada corporation from engaging in a business combination with any stockholder, including all affiliates and associates of the stockholder, who owns 10% or more of the corporation’s outstanding voting stock, for two years following the date that the stockholder acquired 10% or more of the corporation’s voting stock, unless specified conditions are met.

Our articles of incorporation and our bylaws contain a number of provisions that may deter or impede takeovers or changes of control or management. These provisions:

- authorize our Board of Directors to establish one or more series of preferred stock the terms of which can be determined by the Board of Directors at the time of issuance;