

CHIPOTLE MEXICAN GRILL, INC.
RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

The following tables provide a reconciliation of non-GAAP financial measures to the most directly comparable financial measures calculated and presented in accordance with GAAP.

Adjusted net income is net income excluding expenses related to restaurant asset impairment, corporate restructuring, legal proceedings, stock-based compensation modification expense, and certain other costs. Adjusted general and administrative expense is general and administrative expense excluding transformation expenses, legal proceedings, stock-based compensation modification expense, and certain other costs. The adjusted effective income tax rate is the effective income tax rate adjusted to reflect the after tax impact of non-GAAP adjustments. Restaurant Level Operating Margin, a non-GAAP financial measure, is equal to the revenues generated by our restaurants less their direct operating costs which consist of food, beverage and packaging, labor, occupancy and other operating costs. This performance measure primarily includes the costs that restaurant level managers can directly control and excludes other operating costs that are essential to conduct our business. Management uses restaurant level operating margin as a measure of restaurant performance. Management believes restaurant level operating margin is useful to investors in that it highlights trends in our core business that may not otherwise be apparent to investors when relying solely on GAAP financial measures. We present these non-GAAP measures in order to facilitate meaningful evaluation of our operating performance across periods. These adjustments are intended to provide greater transparency of underlying performance and to allow investors to evaluate our business on the same basis as our management, which uses these non-GAAP measures in evaluating the company's performance. Our adjusted net income, adjusted diluted earnings per share, adjusted general and administrative expenses, adjusted effective income tax rate and restaurant level operating margin measures may not be comparable to other companies' adjusted measures. These adjustments are not necessarily indicative of what our actual financial performance would have been during the periods presented and should be viewed in addition to, and not as an alternative to, our results prepared in accordance with GAAP. Further details regarding these adjustments are included in the tables below.

Certain non-GAAP measures presented on a forward-looking basis during our investor conference call, such as Restaurant Level Operating Margin for our first quarter 2022, were not reconciled to the comparable GAAP financial measures because the reconciliation could not be performed without unreasonable efforts. The GAAP measures are not accessible on a forward-looking basis because we are currently unable to predict with a reasonable degree of certainty the type and extent of certain items that would be expected to impact GAAP measures for these periods but would not impact the non-GAAP measures. Such items may include corporate initiatives, performance compensation expense, litigation expense, corporate restructuring expense, impairments on long lived assets, and other items. The unavailable information could have a significant impact on our GAAP financial results.

CHIPOTLE MEXICAN GRILL, INC.
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Adjusted Net Income and Adjusted Diluted Earnings per Share
(in thousands, except per share amounts)
(unaudited)

	Three months ended		Year ended	
	December 31,		December 31,	
	2021	2020	2021	2020
Net income	\$ 133,475	\$ 190,959	\$ 652,984	\$ 355,766
<i>Non-GAAP adjustments:</i>				
Restaurant costs:				
Operating lease asset impairment and other restaurant costs ⁽¹⁾	1,090	3,587	3,722	14,802
Duplicate rent expense ⁽²⁾	12	69	152	329
Corporate Restructuring:				
Operating lease asset impairment and other office closure costs ⁽³⁾	-	-	332	-
Duplicate rent expense ⁽²⁾	1,237	1,496	4,964	5,301
Employee related restructuring costs ⁽⁴⁾	54	138	449	1,097
Legal proceedings ⁽⁵⁾	18,025	6,778	20,117	35,478
Stock-based compensation modification expense ⁽⁶⁾	7,619	466	63,077	1,951
Other adjustments ⁽⁷⁾	-	1,499	897	7,214
Total non-GAAP adjustments	\$ 28,037	\$ 14,033	\$ 93,710	\$ 66,172
Tax effect of non-GAAP adjustments above	(2,434)	2,063	(6,492)	(9,229)
Other tax non-GAAP adjustments ⁽⁸⁾	-	(107,728)	(15,423)	(107,728)
After tax impact of non-GAAP adjustments	\$ 25,603	\$ (91,632)	\$ 71,795	\$ (50,785)
Adjusted net income	\$ 159,078	\$ 99,327	\$ 724,779	\$ 304,981
Diluted weighted-average number of common shares outstanding				
	28,485	28,552	28,511	28,416
Diluted earnings per share	\$ 4.69	\$ 6.69	\$ 22.90	\$ 12.52
Adjusted diluted earnings per share	\$ 5.58	\$ 3.48	\$ 25.42	\$ 10.73

(1) Operating lease asset impairment charges, and other expenses for restaurants due to underperformance.

(2) Duplicate rent expense for the corporate headquarter relocation and office consolidation announced in May 2018 and rent expense for closed restaurants announced in June 2018.

(3) Asset impairment charges and other closure expenses for the corporate headquarter relocation and office consolidation announced in May 2018.

(4) Costs for recruitment, relocation costs, third party and other employee-related costs.

(5) Charges relate to estimated settlements for distinct legal matters that exceeded or are expected to exceed typical costs for these types of legal proceedings.

(6) For the three months ended December 31, 2021 and 2020, and year ended December 31, 2021, stock-based compensation consists of a COVID-19 related modification made in December 2020 to our 2018 performance shares. For the year ended December 31, 2020, stock-based compensation consists of a March 2020 modification associated with the departure of our former Executive Chairman primarily related to his 2017 agreement of \$1,485, and costs of a COVID-19 related modification made in December 2020 to our 2018 performance shares of \$466.

(7) For the three months ended December 31, 2020, other adjustments consist of an asset impairment charge related to digital technology of \$833 and consulting fees of \$666 for assistance with the calculation of our non-recurring tax benefit. For the year ended December 31, 2021, other adjustments consist of asset impairment charges for equipment related to a discontinued restaurant initiative and certain corporate equipment of \$850 and consulting fees associated with the calculation of our non-recurring tax benefit of \$47. For the year ended December 31, 2020, other adjustments consist of charges associated with the departure of our former Executive Chairman of \$3,840, an asset impairment charge related to digital technology of \$2,708, and consulting fees of \$666 for the assistance with the calculation of our non-recurring tax benefit.

(8) Primarily relates to the tax benefit from the federal net operating loss generated on our federal income tax return and carried back to prior years. The tax benefit is due to the federal income tax rate differential between the 2021 and 2020 rate of 21% and the 2015-2017 rate of 35%.

CHIPOTLE MEXICAN GRILL, INC.

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

**Adjusted General and Administrative Expenses
(in thousands)
(unaudited)**

	Three months ended		Year ended	
	December 31,		December 31,	
	2021	2020	2021	2020
General and administrative expenses	\$ 159,777	\$ 124,024	\$ 606,854	\$ 466,291
<i>Non-GAAP adjustments:</i>				
Transformation expenses ⁽¹⁾	(1,303)	(1,703)	(5,565)	(6,727)
Legal proceedings ⁽²⁾	(18,025)	(6,778)	(20,117)	(35,478)
Stock-based compensation modification expense ⁽³⁾	(7,619)	(466)	(63,077)	(1,951)
Other adjustments ⁽⁴⁾	-	(666)	(47)	(4,506)
Total non-GAAP adjustments	\$ (26,947)	\$ (9,613)	\$ (88,806)	\$ (48,662)
Adjusted general and administrative expenses	<u>\$ 132,830</u>	<u>\$ 114,411</u>	<u>\$ 518,048</u>	<u>\$ 417,629</u>

(1) Transformation expenses include duplicate rent expense for office and restaurant closures announced in June 2018 due to the corporate restructuring and underperformance of \$1,249 and \$5,116 for the three months and year ended December 31, 2021, respectively, and employee related restructuring costs of \$54 and \$449 for the three months and year ended December 31, 2021, respectively.

(2) Charges relate to estimated settlements for distinct legal matters that exceeded or are expected to exceed typical costs for these types of legal proceedings.

(3) For the three months ended December 31, 2021 and 2020, and year ended December 31, 2021, stock-based compensation consists of a COVID-19 related modification made in December 2020 to our 2018 performance shares. For the year ended December 31, 2020, stock-based compensation consists of a March 2020 modification associated with the departure of our former Executive Chairman primarily related to his 2017 agreement, and costs of a COVID-19 related modification made in December 2020 to our 2018 performance shares.

(4) Other adjustments consist of consulting fees associated with the calculation of our non-recurring tax benefit.

CHIPOTLE MEXICAN GRILL, INC.
RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

Adjusted Effective Income Tax Rate
(unaudited)

	Three months ended		Year ended	
	December 31,		December 31,	
	2021	2020	2021	2020
Effective income tax rate	20.3 %	(62.2)%	19.7 %	(21.1)%
Tax impact of non-GAAP adjustments	(1.6)	86.8	0.3	36.4
Adjusted effective income tax rate	18.7 %	24.6 %	20.0 %	15.3 %

CHIPOTLE MEXICAN GRILL, INC.
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Restaurant Level Operating Margin
(in thousands)
(unaudited)

	Three months ended December 31,			
	2021	Percent of total revenue	2020	Percent of total revenue
Income from operations	\$ 158,296	8.1 %	\$ 116,886	7.3 %
<i>Non-GAAP Adjustments:</i>				
General and administrative expenses	159,777	8.1	124,024	7.7
Depreciation and amortization	66,262	3.4	59,956	3.7
Pre-opening costs	6,984	0.4	4,497	0.3
Impairment, closure costs, and asset disposals	4,699	0.2	7,864	0.5
Total Non-GAAP Adjustments	\$ 237,722	12.1 %	\$ 196,341	12.2 %
Restaurant level operating margin	\$ 396,018	20.2 %	\$ 313,227	19.5 %

	Year ended December 31,			
	2021	Percent of total revenue	2020	Percent of total revenue
Income from operations	\$ 804,943	10.7 %	\$ 290,164	4.8 %
<i>Non-GAAP Adjustments:</i>				
General and administrative expenses	606,854	8.0	466,291	7.8
Depreciation and amortization	254,657	3.4	238,534	4.0
Pre-opening costs	21,264	0.3	15,515	0.3
Impairment, closure costs, and asset disposals	19,291	0.3	30,577	0.5
Total Non-GAAP Adjustments	\$ 902,066	12.0 %	\$ 750,917	12.5 %
Restaurant level operating margin	\$ 1,707,009	22.6 %	\$ 1,041,081	17.4 %