

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, unrealized gains on equity investments, 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 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 third 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	
	June 30,	
	2022	2021
Net income	\$ 259,942	\$ 187,974
<i>Non-GAAP adjustments:</i>		
Restaurant costs:		
Operating lease asset impairment and other restaurant costs ⁽¹⁾	309	115
Duplicate rent expense ⁽²⁾	-	51
Corporate Restructuring:		
Duplicate rent expense ⁽²⁾	856	1,070
Employee related restructuring costs ⁽³⁾	-	129
Legal proceedings ⁽⁴⁾	6,798	2,092
Stock-based compensation modification expense ⁽⁵⁾	2,770	23,473
Unrealized gain on equity investments ⁽⁶⁾	(10,410)	-
Other adjustments ⁽⁷⁾	-	850
Total non-GAAP adjustments	\$ 323	\$ 27,780
Tax effect of non-GAAP adjustments above ⁽⁸⁾	920	(3,002)
After tax impact of non-GAAP adjustments	\$ 1,243	\$ 24,778
Adjusted net income	\$ 261,185	\$ 212,752
Diluted weighted-average number of common shares outstanding	28,092	28,501
Diluted earnings per share	\$ 9.25	\$ 6.60
Adjusted diluted earnings per share	\$ 9.30	\$ 7.46

(1) Operating lease asset impairment charges and other expenses for restaurants due to closures, relocations, or 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) Costs for recruitment, relocation costs, third party and other employee-related costs.

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

(5) Charges for a COVID-19 related modification made in December 2020 to our 2018 performance shares.

(6) Unrealized gain on equity investments based on a subsequent investment by an unrelated party in one of our investees, which subsequent investment represents an observable price change in an orderly transaction for a similar investment of the same issuer.

(7) For the three months ended June 30, 2021, other adjustments consist of asset impairment charges for equipment related to a discontinued restaurant initiative, and certain corporate equipment.

(8) Adjustments relate to the tax effect of non-GAAP adjustments, which were determined based on the nature of the underlying non-GAAP adjustments and their relevant jurisdictional tax rates.

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

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

	Three months ended	
	June 30,	
	2022	2021
General and administrative expenses	\$ 140,820	\$ 146,044
<i>Non-GAAP adjustments:</i>		
Transformation expenses ⁽¹⁾	(856)	(1,250)
Legal proceedings ⁽²⁾	(6,798)	(23,473)
Stock-based compensation modification expense ⁽³⁾	(2,770)	(2,092)
Total non-GAAP adjustments	\$ (10,424)	\$ (26,815)
Adjusted general and administrative expenses	\$ 130,396	\$ 119,229

(1) Duplicate rent expense for office and restaurant closures announced in June 2018 due to the corporate restructuring and underperformance of \$856 and \$1,121 for the three months ended June 30, 2022 and 2021, respectively; and employee related restructuring costs of \$0 and \$129 for the three months ended June 30, 2022 and 2021, respectively.

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

(3) Charges for a COVID-19 related modification made in December 2020 to our 2018 performance shares.

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

Adjusted Effective Income Tax Rate
(unaudited)

	Three months ended	
	June 30,	
	2022	2021
Effective income tax rate	25.3 %	23.7 %
Tax impact of non-GAAP adjustments ⁽¹⁾	(0.2)	(1.3)
Adjusted effective income tax rate	25.1 %	22.4 %

(1) Adjustments relate to the tax effect of non-GAAP adjustments, which were determined based on the nature of the underlying non-GAAP adjustments and their relevant jurisdictional tax rates.

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

	Three months ended June 30,			
	2022	Percent of total revenue	2021	Percent of total revenue
Income from operations	\$ 337,598	15.3 %	\$ 245,525	13.0 %
<i>Non-GAAP Adjustments:</i>				
General and administrative expenses	140,820	6.4	146,044	7.7
Depreciation and amortization	69,733	3.2	62,082	3.3
Pre-opening costs	5,253	0.2	4,965	0.3
Impairment, closure costs, and asset disposals	4,681	0.2	4,266	0.2
Total non-GAAP Adjustments	\$ 220,487	10.0 %	\$ 217,357	11.5 %
Restaurant level operating margin	<u>\$ 558,085</u>	<u>25.2 %</u>	<u>\$ 462,882</u>	<u>24.5 %</u>