

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, certain legal proceedings, stock-based compensation modification expense, unrealized gains on equity investments, separation costs, and certain other costs. Adjusted general and administrative expense is general and administrative expense excluding transformation expenses, certain legal proceedings, stock-based compensation modification expense, separation costs, 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 may be presented on a forward-looking basis during our investor conference call. Reconciliation to the comparable GAAP financial measures 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	
	March 31,	
	2023	2022
Net income	\$ 291,644	\$ 158,294
<i>Non-GAAP adjustments:</i>		
Restaurant costs:		
Operating lease asset impairment costs ⁽¹⁾	-	731
Corporate Restructuring:		
Duplicate rent expense ⁽²⁾	-	1,166
Legal proceedings ⁽³⁾	-	(1,000)
Stock-based compensation modification expense ⁽⁴⁾	-	2,756
Total non-GAAP adjustments	\$ -	\$ 3,653
Tax effect of non-GAAP adjustments above ⁽⁵⁾	-	(554)
After tax impact of non-GAAP adjustments	\$ -	\$ 3,099
Adjusted net income	\$ 291,644	\$ 161,393
Diluted weighted-average number of common shares outstanding	27,788	28,301
Diluted earnings per share	\$ 10.50	\$ 5.59
Adjusted diluted earnings per share	\$ 10.50	\$ 5.70

(1) Operating lease asset impairment charges 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) Decrease to accrual for a legal proceeding that was included as a previous non-GAAP adjustment.

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

(5) 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	
	March 31,	
	2023	2022
General and administrative expenses	\$ 148,340	\$ 147,402
<i>Non-GAAP adjustments:</i>		
Restructuring expense ⁽¹⁾	-	(1,166)
Legal proceedings ⁽²⁾	-	1,000
Stock-based compensation modification expense ⁽³⁾	-	(2,756)
Total non-GAAP adjustments	\$ -	\$ (2,922)
Adjusted general and administrative expenses	<u>\$ 148,340</u>	<u>\$ 144,480</u>

(1) Duplicate rent expense for office and restaurant closures announced in June 2018 due to the corporate restructuring and underperformance of \$0 and \$1,166 for the three months ended March 31, 2023 and March 31, 2022, respectively.

(2) Decrease to accrual for a legal proceeding that was included as a previous non-GAAP adjustment.

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

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

	Three months ended March 31,			
	2023	Percent of total revenue	2022	Percent of total revenue
Income from operations	\$ 367,606	15.5 %	\$ 190,221	9.4 %
<i>Non-GAAP Adjustments:</i>				
General and administrative expenses	148,340	6.3	147,402	7.3
Depreciation and amortization	76,585	3.2	71,665	3.5
Pre-opening costs	6,198	0.3	5,348	0.3
Impairment, closure costs, and asset disposals	8,361	0.4	4,310	0.2
Total non-GAAP Adjustments	\$ 239,484	10.1 %	\$ 228,725	11.3 %
Restaurant level operating margin	\$ 607,090	25.6 %	\$ 418,946	20.7 %