

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 and corporate 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 corporate restructuring, 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	
	June 30,	
	2023	2022
Net income	\$ 341,790	\$ 259,942
<i>Non-GAAP adjustments:</i>		
Impairment and exit costs:		
Restaurant asset impairment and other restaurant exit costs ⁽¹⁾	4,765	309
Corporate asset impairment ⁽²⁾	3,735	-
Corporate Restructuring:		
Duplicate rent expense ⁽³⁾	-	856
Employee related and other restructuring costs ⁽⁴⁾	3,495	-
Legal proceedings ⁽⁵⁾	-	6,798
Stock-based compensation modification expense ⁽⁶⁾	-	2,770
Unrealized gain on equity investments ⁽⁷⁾	-	(10,410)
Total non-GAAP adjustments	\$ 11,995	\$ 323
Tax effect of non-GAAP adjustments above ⁽⁸⁾	(2,891)	920
After tax impact of non-GAAP adjustments	\$ 9,104	\$ 1,243
Adjusted net income	\$ 350,894	\$ 261,185
Diluted weighted-average number of common shares outstanding	27,747	28,092
Diluted earnings per share	\$ 12.32	\$ 9.25
Adjusted diluted earnings per share	\$ 12.65	\$ 9.30

(1) Operating lease asset and leasehold improvements, property, plant and equipment impairment charges and other expenses for restaurants due to closures, relocations, or underperformance.

(2) Operating lease asset and leasehold improvements, property, plant and equipment impairment charges and other expenses for offices or other corporate assets.

(3) Duplicate rent expense for the corporate headquarter relocation and office consolidation announced in May 2018.

(4) Charges for employee severance, stock modifications and third-party vendors related to the May 2023 optimization of our organizational structure.

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

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

(7) 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.

(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,	
	2023	2022
General and administrative expenses	\$ 156,496	\$ 140,820
<i>Non-GAAP adjustments:</i>		
Restructuring expense ⁽¹⁾	(3,495)	(856)
Legal proceedings ⁽²⁾	-	(6,798)
Stock-based compensation modification expense ⁽³⁾	-	(2,770)
Total non-GAAP adjustments	\$ (3,495)	\$ (10,424)
Adjusted general and administrative expenses	<u>\$ 153,001</u>	<u>\$ 130,396</u>

(1) For three months ended June 30, 2023, costs for employee severance, stock modifications and third party related to the May 2023 optimization of our organizational structure. For the three months ended June 30, 2022, duplicate rent expense for the corporate headquarter relocation and office consolidation announced in May 2018.

(2) Charges for 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.
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Adjusted Effective Income Tax Rate
(unaudited)

	Three months ended	
	June 30,	
	2023	2022
Effective income tax rate	23.8 %	25.3 %
Tax impact of non-GAAP adjustments ⁽¹⁾	-	(0.2)
Adjusted effective income tax rate	23.8 %	25.1 %

(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,			
	2023	Percent of total revenue	2022	Percent of total revenue
Income from operations	\$ 431,810	17.2 %	\$ 337,598	15.3 %
<i>Non-GAAP Adjustments:</i>				
General and administrative expenses	156,496	6.2	140,820	6.4
Depreciation and amortization	78,771	3.1	69,733	3.2
Pre-opening costs	7,538	0.3	5,253	0.2
Impairment, closure costs, and asset disposals	16,240	0.6	4,681	0.2
Total non-GAAP Adjustments	\$ 259,045	10.3 %	\$ 220,487	10.0 %
Restaurant level operating margin	\$ 690,855	27.5 %	\$ 558,085	25.2 %