CHIPOTLE ANNOUNCES THIRD QUARTER 2021 RESULTS

Record Quarterly Sales Driven By Comparable Restaurant Sales Increasing 15.1%

NEWPORT BEACH, Calif., Oct. 21, 2021 / PRNewswire -- Chipotle Mexican Grill, Inc. (NYSE: CMG) today reported financial results for its third guarter ended September 30, 2021.

Third quarter highlights, year over year:

- Total revenue increased 21.9% to \$2.0 billion
- Comparable restaurant sales increased 15.1%
- Digital sales grew 8.6% and accounted for 42.8% of sales
- Operating margin was 12.3%, an increase from 6.7%
- Restaurant level operating margin was 23.5% ¹, an increase of 400 basis points
- Diluted earnings per share was\$7.18, a 154.6% increase from\$2.82. Excluding a \$0.16 after-tax net impact resulting from
 a tax benefit, which was partially offset by certain stock compensation expenses, corporate restructuring costs, restaurant
 asset impairment and closure costs, and certain other expenses, adjusted diluted earnings per share was \$7.02, an 86.7%
 increase from \$3.76 1
- Opened 41 new restaurants including 2 relocations

"Chipotle's third quarter results demonstrate strong momentum in our business fueled by a multi-pronged strategy and a passionate team that's delighted to welcome more guests back into our restaurants," said Brian Niccol, Chairman and CEO, Chipotle. "Our team has proven their ability to be resilient and successfully execute against macro complexities. As a result, I believe we are better positioned to drive sustainable long-term growth than ever before, which makes me excited about what we can accomplish in the years ahead."

COVID-19 and Liquidity Update:

The health and well-being of our employees and guests continues to be our top priority. Beyond the investments made in our people, restaurants, and supply chain, we are closely following the recommendations of the CDC and local health departments. We have implemented and enhanced numerous protocols that give our employees and guests confidence that Chipotle remains steadfast in our commitment to keep them safe as in-restaurant ordering and dining increases.

As of September 30, 2021, Chipotle continues to maintain a strong financial position with\$1.2 billion in cash, investments and restricted cash, and no debt. We also have access to a \$500 million untapped credit facility. Our financial strength gives us the opportunity to make on-going strategic investments in our people, business, and communities, which we believe will benefit us for years to come.

Results for the three months ended September 30, 2021:

Revenue in the third quarter was\$2.0 billion, an increase of 21.9% compared to the third quarter of 2020 and includes a 15.1% increase in comparable restaurant sales. We believe on-going strength in digital sales, the strong recovery of in-restaurant sales, and positive customer reception to our new menu items contributed to the strong revenue growth. For Q4, while uncertainty remains on several fronts including the potential impact of COVID-19 as well as inflationary and staffing pressures, we're encouraged by our strong underlying business momentum and if this trend continues, we expect our comparable restaurant sales to be in the low to mid double-digits range. This assumes about 200 basis points less pricing contribution during the fourth quarter versus the third quarter as we lap some of our delivery menu price increases, and our brisket limited time offer will be for a partial quarter this year as compared to the full quarter of carne asada last year.

Digital sales grew 8.6% year over year to\$840.4 million and represented 42.8% of sales. A little more than half of the digital sales were from order ahead transactions as guests increasingly appreciate both the convenience and value offered by this channel, as well as the added convenience of more Chipotlanes.

We opened 41 new restaurants during the third quarter including two relocations, bringing the total restaurant count to 2,892. During the quarter, 36 of the 41 new restaurants included a Chipotlane. These formats continue to perform very well and are helping enhance guest access and convenience, as well as increase new restaurant sales, margins, and returns.

Food, beverage and packaging costs in the third quarter were 30.3% of revenue, a decrease of 200 basis points compared to the third quarter of 2020. The decrease was due primarily to leverage from menu price increases, partially offset by higher

¹ Restaurant level operating margin, adjusted net income and adjusted diluted earnings per share are non-GAAP financial measures. Reconciliations to GAAP measures and further information are set forth in the table at the end of this press release.

costs, most notably beef and freight.

Restaurant level operating margin was 23.5%, an increase from 19.5% in the third quarter of 2020. The improvement was driven primarily by leverage from comparable restaurant sales including menu price increases, partially offset by wage inflation and higher costs associated with beef and freight.

General and administrative expenses for the third quarter were \$146.0 million on a GAAP basis, or \$136.8 million on a non-GAAP basis, excluding \$7.6 million for a COVID-19 related modification made in December 2020 to our 2018 performance shares, \$1.5 million of transformation expenses, and \$0.1 million of certain other expenses. GAAP and non-GAAP general and administrative expenses for the third quarter of 2021 also include \$99.8 million of underlying general and administrative expenses, \$27.8 million of non-cash stock compensation, \$8.5 million related to higher bonus accruals as well as payroll taxes on equity vesting and stock option exercises, and \$0.6 million related to our upcoming all-manager conference.

The GAAP effective income tax rate for the third quarter was 14.7%, which is lower than our expected effective income tax rate for the full year 2021, due to elevated excess tax benefits related to option exercises and equity vesting and a return to provision tax benefit from a net operating loss generated on our 2020 federal income tax return and carried back to prior years that was recorded in the third quarter. On a non-GAAP basis, the 2021 third quarter effective tax rate was 19.7%.

Net income for the third quarter was \$204.4 million, or \$7.18 per diluted share, an increase from \$80.2 million, or \$2.82 per diluted share, in the third quarter of 2020. Excluding the impact of a tax benefit, PSU modification expenses, corporate restructuring expenses, and restaurant asset impairment and closure costs, adjusted net income was \$199.8 million and adjusted diluted earnings per share was \$7.02.

During the quarter, our Board of Directors approved the investment of up to an additiona\$100 million, exclusive of commissions, to repurchase shares of our common stock, subject to market conditions. Including this repurchase authorization, \$209.8 million was available as of September 30, 2021. The repurchase authorization may be modified, suspended, or discontinued at any time. We repurchased \$98.7 million of stock at an average price per share of\$1,813 during the third quarter.

More information will be available in our Quarterly Report on Form 10-Q, which will be filed with the SEC by the end of October.

Outlook

For 2021, management is anticipating the following:

- Fourth quarter comparable restaurant sales growth in the low to mid double-digits range
- At or slightly above 200 new restaurant openings
- An estimated underlying effective fourth quarter tax rate between 25% and 27% before discrete items

Definitions

The following definitions apply to these terms as used throughout this release:

- Comparable restaurant sales, or sales comps, and comparable restaurant transactions, represent the change in period-over-period total revenue or transactions for restaurants in operation for at least 13 full calendar months.
- Average restaurant sales refer to the average trailing 12-month food and beverage revenue for restaurants in operation for at least 12 full calendar months.
- Restaurant level operating margin represents total revenue less direct restaurant operating costs, expressed as a
 percent of total revenue.
- **Digital sales** represent food and beverage revenue generated through the Chipotle website, Chipotle app or third-party delivery aggregators. Digital sales exclude revenue deferrals associated with Chipotle Rewards.

Conference Call Details

Chipotle will host a conference call to discuss third quarter 2021 financial results on Thursday, October 21, 2021, at 4:30 PM Eastern time.

The conference call can be accessed live over the phone by dialing 1-888-317-6003 or for international callers by dialing 1-412-317-6061 and use code: 1417737. The call will be webcast live from the company's website on the investor relations page at ir.chipotle.com/events. An archived webcast will be available approximately one hour after the end of the call.

About Chipotle

Chipotle Mexican Grill, Inc. (NYSE: CMG) is cultivating a better world by serving responsibly sourced, classically-cooked, real food with wholesome ingredients without artificial colors, flavors or preservatives. Chipotle had nearly 2,900 restaurants as of September 30, 2021, in the United States, Canada, the United Kingdom, France and Germany and is the only restaurant company of its size that owns and operates all its restaurants. Chipotle is ranked on the Fortune 500 and is recognized on the

2021 lists for Forbes' America's Best Employers and Fortune's Most Admired Companies. With nearly 95,000 employees passionate about providing a great guest experience, Chipotle is a longtime leader and innovator in the food industry. Chipotle is committed to making its food more accessible to everyone while continuing to be a brand with a demonstrated purpose as it leads the way in digital, technology and sustainable business practices. For more information or to place an order online, visit <u>WWW.CHIPOTLE.COM</u>.

Forward-Looking Statements

Certain statements in this press release are forward-looking statements as defined in the Private Securities Litigation Reform Act of 1995, including statements about our future cash flow, new restaurant development plans and future long-term prospects. We use words such as "anticipate", "believe", "could", "should", "may", "approximately", "estimate", "expect", "potential", "intend", "project", "encouraged", "target", and similar terms and phrases, including references to assumptions, to identify forward-looking statements. The forward-looking statements in this press release are based on currently available operating, financial and competitive information available to us as of the date of this release and we assume no obligation to update these forward-looking statements. These statements are subject to risks and uncertainties that could cause actual results to differ materially from those described in the statements, including but not limited to: uncertainty regarding the duration and severity of the ongoing COVID-19 pandemic and its ultimate impact on our business, including on quest traffic, restaurant sales and operating costs and the ability of our third-party suppliers and business partners to fulfill their responsibilities and commitments; uncertainty surrounding wage inflation and increasing supply costs, including beef and freight; risks associated with our reliance on certain information technology systems and potential failures or interruptions; privacy and cyber security risks related to our acceptance of electronic payments or electronic processing of confidential customer or employee information, including through our digital app; the impact of competition, including from sources outside the restaurant industry; the increasingly competitive labor market and changes in the availability and cost of labor; the financial impact of increasing our average hourly wage to \$15.00; the impact of federal, state or local government regulations relating to our employees, employment practices, restaurant design and construction, and the sale of food or alcoholic beverages; our ability to achieve our planned growth, such as the availability of suitable new restaurant sites; increases in ingredient and other operating costs due to our Food With Integrity philosophy, tariffs or trade restrictions and supply shortages; the uncertainty of our ability to achieve expected levels of comparable restaurant sales due to factors such as changes in consumers' perceptions of our brand, including as a result of actual or rumored food safety concerns or other negative publicity, decreased overall consumer spending (including but not limited to the increase in unemployment caused by COVID-19), or the inability to increase menu prices or realize the benefits of menu price increases; risks associated with our increased focus on our digital business, including risks arising from our reliance on third party delivery services; risks relating to litigation, including possible governmental actions related to food safety incidents and potential class action litigation regarding employment laws, advertising claims or other matters; and other risk factors described from time to time in our SEC reports, including our annual report on Form 10-K and quarterly reports on Form 10-Q, all of which are available on the investor relations page of our website at ir. Chipotle.com.

CHIPOTLE MEXICAN GRILL, INC. CONDENSED CONSOLIDATED STATEMENTS OF INCOME (in thousands, except per share data) (unaudited)

	Three months ended September 30,						
	202	21	2020				
Food and beverage revenue	\$ 1,932,409	99.0 %	\$ 1,581,335	98.7 %			
Delivery service revenue	19,906	1.0	20,079	1.3			
Total revenue	1,952,315	100.0	1,601,414	100.0			
Restaurant operating costs (exclusive of depreciation and							
amortization shown separately below):							
Food, beverage and packaging	591,332	30.3	517,261	32.3			
Labor	502,757	25.8	405,818	25.3			
Occupancy	104,223	5.3	97,694	6.1			
Other operating costs	294,650	15.1	268,416	16.8			
General and administrative expenses	145,930	7.5	133,150	8.3			
Depreciation and amortization	63,191	3.2	60,180	3.8			
Pre-opening costs	5,894	0.3	3,808	0.2			

Impairment, closure costs, and asset disposals		4,658	0.2		7,991	0.5	
Total operating expenses		1,712,635	87.7		1,494,318	93.3	
Income from operations		239,680	12.3	-	107,096	6.7	
Interest and other income (expense), net		(126)	-		(595)	-	
Income before income taxes	-	239,554	12.3		106,501	6.7	
Provision for income taxes		(35,120)	(1.8)		(26,257)	(1.6)	
Net income	\$	204,434	10.5 %	\$	80,244	5.0	%
Earnings per share:							
Basic	\$	7.26		\$	2.87		
Diluted	\$	7.18		\$	2.82		
Weighted-average common shares outstanding:							
Basic		28,150			27,973		
Diluted		28,475			28,454		

CHIPOTLE MEXICAN GRILL, INC. CONDENSED CONSOLIDATED STATEMENTS OF INCOME (in thousands, except per share data) (unaudited)

Nine months ended September 30.

	Nine months ended September 30,							
		2021	1			2020)	
Food and beverage revenue	\$	5,517,764	98.8	%	\$	4,333,640	99.0	%
Delivery service revenue		68,664	1.2			43,284	1.0	
Total revenue		5,586,428	100.0			4,376,924	100.0	
Restaurant operating costs (exclusive of depreciation and								
amortization shown separately below):								
Food, beverage and packaging		1,688,481	30.2			1,434,316	32.8	
Labor		1,400,932	25.1			1,184,649	27.1	
Occupancy		309,422	5.5			288,549	6.6	
Other operating costs		876,602	15.7			741,556	16.9	
General and administrative expenses		447,077	8.0			342,267	7.8	
Depreciation and amortization		188,395	3.4			178,578	4.1	
Pre-opening costs		14,280	0.3			11,018	0.3	
Impairment, closure costs, and asset disposals		14,592	0.3			22,713	0.5	
Total operating expenses		4,939,781	88.4			4,203,646	96.0	
Income from operations		646,647	11.6			173,278	4.0	
Interest and other income (expense), net		(1,443)				2,771	0.1	
Income before income taxes		645,204	11.5			176,049	4.0	
Provision for income taxes		(125,695)	(2.3)			(11,242)	(0.3)	
Net income	\$	519,509	9.3	%	\$	164,807	3.8	%
Earnings per share:								
Basic	\$	18.46			\$	5.91		
Diluted	\$	18.22			\$	5.81		
Weighted-average common shares outstanding:								
Basic		28,137				27,892		
Diluted		28,520				28,370		

CHIPOTLE MEXICAN GRILL, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands, except per share data)

		2021		2020
	(ι	inaudited)		
Assets				
Current assets:				
Cash and cash equivalents	\$	721,109	\$	607,987
Accounts receivable, net	*	76,099	•	104,500
Inventory		28,450		26,445
Prepaid expenses and other current assets		72,821		54,906
Income tax receivable		318,593		282,783
Investments		301,534		343,616
Total current assets		1,518,606		1,420,237
Leasehold improvements, property and equipment, net		1,719,224		1,584,311
Long-term investments		188,344		102,328
Restricted cash		27,891		27,849
Operating lease assets		3,094,045		2,767,185
Other assets		57,518		59,047
Goodwill		21,939		21,939
Total assets	\$	6,627,567	\$	5,982,896
Liabilities and shareholders' equity				
Current liabilities:				
Accounts payable	\$	171,712	\$	121,990
Accrued payroll and benefits		190,912		203,054
Accrued liabilities		153,233		164,649
Unearned revenue		120,423		127,750
Current operating lease liabilities		214,684		204,756
Total current liabilities		850,964		822,199
Long-term operating lease liabilities		3,274,875		2,952,296
Deferred income tax liabilities		148,395		149,422
Other liabilities		42,425		38,844
Total liabilities		4,316,659		3,962,761
Shareholders' equity:				
Preferred stock, \$0.01 par value, 600,000 shares authorized, no shares issued as				
of September 30, 2021 and December 31, 2020, respectively		-		-
Common stock, \$0.01 par value, 230,000 shares authorized, 37,102 and 36,704				
shares issued as of September 30, 2021 and December 31, 2020, respectively		371		367
Additional paid-in capital		1,690,806		1,549,909
Treasury stock, at cost, 8,947 and 8,703 common shares as of September 30,		(0.470.700)		(0.000.075)
2021 and December 31, 2020, respectively		(3,170,798)		(2,802,075)
Accumulated other comprehensive loss		(5,143)		(4,229)
Retained earnings		3,795,672		3,276,163
Total shareholders' equity	_	2,310,908	_	2,020,135
Total liabilities and shareholders' equity	\$	6,627,567	\$	5,982,896

CHIPOTLE MEXICAN GRILL, INC. CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (in thousands) (unaudited)

		nded 80,		
		2021		2020
Operating activities Net income Adjustments to reconcile net income to net cash provided by operating activities: Depreciation and amortization	\$	519,509 188,395	\$	164,807 178,578
Deferred income tax provision Impairment, closure costs, and asset disposals		(1,024) 12,483		53,857 21,198

Provision for credit losses		733		(143)
Stock-based compensation expense		138,741		60,579
Other		2,534		2,450
Changes in operating assets and liabilities:		04.000		00.000
Accounts receivable		21,882		29,233
Inventory		(1,996)		614
Prepaid expenses and other current assets		(19,343)		(6,015)
Operating lease assets		151,628		136,052
Other assets		1,901		(21,754)
Accounts payable		28,712		5,776
Accrued payroll and benefits		(13,193)		68,514
Accrued liabilities		(7,407)		1,965
Unearned revenue		(2,978)		(593)
Income tax payable/receivable		(35,850)		(32,677)
Operating lease liabilities		(141,540)		(115,069)
Other long-term liabilities		474		1,351
Net cash provided by operating activities		843,661		548,723
Investing activities				
Purchases of leasehold improvements, property and equipment		(320,569)		(246,758)
Purchases of investments		(288,899)		(325,069)
Maturities of investments		243,441		318,505
Proceeds from sale of equipment		2,885		-
Acquisitions of equity method investments		-		(10,025)
Net cash used in investing activities		(363,142)		(263,347)
Financing activities	<u></u>			
Acquisition of treasury stock		(300,733)		(54,401)
Tax withholding on stock-based compensation awards		(63,492)		(47,976)
Other financing activities		(2,342)		(1,865)
Net cash used in financing activities		(366,567)		(104,242)
Effect of exchange rate changes on cash, cash equivalents and restricted cash		(788)		377
Net change in cash, cash equivalents, and restricted cash		113,164		181,511
Cash, cash equivalents, and restricted cash at beginning of period		635,836		508,481
Cash, cash equivalents, and restricted cash at end of period	\$	749,000	\$	689,992
Supplemental disclosures of cash flow information		·		
Income taxes paid (refunded)	\$	163,069	\$	(8,987)
Purchases of leasehold improvements, property, and equipment accrued in accounts	*	,	•	(, ,
payable and accrued liabilities	\$	65,311	\$	72,860
Acquisition of treasury stock accrued in accounts payable and accrued liabilities	\$	4,498	\$	-

CHIPOTLE MEXICAN GRILL, INC. SUPPLEMENTAL FINANCIAL AND OTHER DATA (dollars in thousands) (unaudited)

For the three months ended

	1 01 1110 111100 111101 111100 111100								
		ep. 30, 2021		un. 30, 2021		Mar. 31, 2021		ec. 31, 2020	Sep. 30, 2020
Number of restaurants opened		41		56		40		61	44
Restaurant closures		-		(5)		(5)		(1)	(3)
Restaurant relocations		(2)		(1)		-		(2)	-
Number of restaurants at end of									
period		2,892		2,853		2,803		2,768	2,710
Average restaurant sales ⁽¹⁾ Average restaurant sales, excluding	\$	2,554	\$	2,466	\$	2,313	\$	2,223	\$ 2,199
delivery MPI ⁽²⁾ Comparable restaurant sales	\$	2,479	\$	2,405	\$	2,273	\$	2,200	\$ 2,192
increase		15.1%		31.2%		17.2%		5.7%	8.3%

- (1) Beginning in Q3 2020, we revised the definition of average restaurant sales to exclude delivery service revenues (refer to Definitions section above). We made this change to more closely align with how management views the business and given the increase in the delivery business. Average restaurant sales in all comparative periods presented has been updated to conform with the new definition. Average restaurant sales is a trailing 12-month measure.
- (2) In Q3 2020, we began implementing delivery menu-price increases ("MPI") to partially offset the increased cost of delivery. "Average restaurant sales, excluding delivery MPI" represents average restaurant sales, as defined above, adjusted to remove the impact of delivery menu price increases. This is intended to illustrate our underlying food and beverage sales per restaurant.

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

The following tables provide a reconciliation of non-GAAP financial measures presented in the text above 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 non-GAAP effective tax rate is the effective 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, non-GAAP effective 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.

CHIPOTLE MEXICAN GRILL, INC. RECONCILIATION OF NON-GAAP FINANCIAL MEASURES (in thousands, except per share amounts) (unaudited)

Adjusted Net Income and Adjusted Diluted Earnings per Share

Three months ended

	September 30,								
		2021		2020					
Net income	\$	204,434	\$	80,244					
Non-GAAP adjustments:									
Restaurant costs:									
Operating lease asset impairment and other restaurant costs ⁽¹⁾		218		2,954					
Duplicate rent expense ⁽²⁾		33		74					
Corporate Restructuring:									
Duplicate rent expense ⁽²⁾		1,313		1,638					
Employee related restructuring costs ⁽³⁾		113		275					
Legal proceedings ⁽⁴⁾		-		28,700					
Stock-based compensation modification expense ⁽⁵⁾		7,619		132					
Other adjustments ⁽⁶⁾		47		1,875					
Total non-GAAP adjustments	\$	9,343	\$	35,648					
Tax effect of non-GAAP adjustments above		1,462		(8,844)					

Other tax non-GAAP adjustments ⁽⁷⁾	(15,423)	-
After tax impact of non-GAAP adjustments	\$ (4,618)	\$ 26,804
Adjusted net income	\$ 199,816	\$ 107,048
Diluted weighted-average number of common shares outstanding	28,475	28,454
Diluted earnings per share	\$ 7.18	\$ 2.82
Adjusted diluted earnings per share	\$ 7.02	\$ 3.76

- (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) 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) For the three months ended September 30, 2021, stock-based compensation consists of a COVID-19 related modification made in December 2020 to our 2018 performance shares. For the three months ended September 30, 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.
- (6) For the three months ended September 30, 2021, other adjustments consist of consulting fees associated with the calculation of our non-recurring tax benefit. For the three months ended September 30, 2020, other adjustments consist of asset impairment charge related to digital technology.
- (7) For the tax benefit from the federal net operating loss generated on our 2020 federal income tax return and carried back to prior years. The tax benefit is due to the federal income tax rate differential between the 2020 rate of 21% and the 2017 rate of 35%.

CHIPOTLE MEXICAN GRILL, INC. RECONCILIATION OF NON-GAAP FINANCIAL MEASURES (in thousands) (unaudited)

Adjusted General and Administrative Expenses

Three months anded

September 30,							
20)21		2020				
\$	145,930	\$	133,150				
	(1,459)		(1,987)				
	-		(28,700)				
	(7,619)		(132)				
	(47)		-				
\$	(9,125)	\$	(30,819)				
\$	136,805	\$	102,331				
	20	2021 6 145,930 (1,459) - (7,619) (47) 6 (9,125)	2021 5 145,930 \$ (1,459) - (7,619) (47) 5 (9,125) \$				

- (1) Transformation expenses include duplicate rent expense for office and restaurant closures announced in June 2018 due to the corporate restructuring and underperformance of \$1,346 and \$1,712 for the three months ended September 30, 2021 and 2020, respectively, and employee related restructuring costs of \$113 and \$275 for the three months ended September 30, 2021 and 2020, 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 September 30, 2021, stock-based compensation consists of a COVID-19 related modification made in December 2020 to our 2018 performance shares. For the three months ended September 30, 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.
- (4) For the three months ended September 30, 2021, 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 (unaudited)

Non-GAAP Effective Tax Rate

		Three months ended September 30,					
	2021	2020					
Effective income tax rate	14.7 %	24.7 %					
Tax impact of non-GAAP							
adjustments	5.0	-					
Adjusted income tax rate	19.7 %	24.7 %					

CHIPOTLE MEXICAN GRILL, INC. RECONCILIATION OF NON-GAAP FINANCIAL MEASURES (in thousands) (unaudited)

Restaurant Level Operating Margin

Three months ended September 30,								
2021			2020					
\$	239,680	12.3	%	\$	107,096	6.7	%	
	145,930	7.5			133,150	8.3		
	63,191	3.2			60,180	3.8		
	5,894	0.3			3,808	0.2		
	4,658	0.2			7,991	0.5		
\$	219,673	11.3	%	\$	205,129	12.8	%	
\$	459,353	23.5	%	\$	312,225	19.5	%	
	\$	\$ 239,680 145,930 63,191 5,894 4,658 \$ 219,673	2021 \$ 239,680 12.3 145,930 7.5 63,191 3.2 5,894 0.3 4,658 0.2 \$ 219,673 11.3	2021 \$ 239,680 12.3 % 145,930 7.5 63,191 3.2 5,894 0.3 4,658 0.2 \$ 219,673 11.3 %	2021 \$ 239,680 12.3 % \$ 145,930 7.5 63,191 3.2 5,894 0.3 4,658 0.2 \$ 219,673 11.3 % \$	2021 2022 \$ 239,680 12.3 % \$ 107,096 145,930 7.5 133,150 63,191 3.2 60,180 5,894 0.3 3,808 4,658 0.2 7,991 \$ 219,673 11.3 % \$ 205,129	\$ 239,680 12.3 % \$ 107,096 6.7 145,930 7.5 133,150 8.3 63,191 3.2 60,180 3.8 5,894 0.3 3,808 0.2 4,658 0.2 7,991 0.5 \$ 219,673 11.3 % \$ 205,129 12.8	

SOURCE Chipotle Mexican Grill, Inc.

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