

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

	December 31,	
	2016	2015
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 87,880	\$ 248,005
Accounts receivable, net of allowance for doubtful accounts of \$259 and \$1,176 as of December 31, 2016 and 2015, respectively	40,451	38,283
Inventory	15,019	15,043
Prepaid expenses and other current assets	44,080	39,965
Income tax receivable	5,108	58,152
Investments	329,836	415,199
Total current assets	522,374	814,647
Leasehold improvements, property and equipment, net	1,303,558	1,217,220
Long term investments	125,055	622,939
Other assets	53,177	48,321
Goodwill	21,939	21,939
Total assets	\$ 2,026,103	\$2,725,066
<b>Liabilities and shareholders' equity</b>		
Current liabilities:		
Accounts payable	\$ 78,363	\$ 85,709
Accrued payroll and benefits	76,301	64,958
Accrued liabilities	127,129	129,275
Total current liabilities	281,793	279,942
Deferred rent	288,927	251,962
Deferred income tax liability	18,944	32,305
Other liabilities	33,946	32,883
Total liabilities	623,610	597,092
Shareholders' equity:		
Preferred stock, \$0.01 par value, 600,000 shares authorized, no shares issued as of December 31, 2016 and 2015, respectively	—	—
Common stock \$0.01 par value, 230,000 shares authorized, and 35,833 and 35,790 shares issued as of December 31, 2016 and 2015, respectively	358	358
Additional paid-in capital	1,238,875	1,172,628
Treasury stock, at cost, 7,019 and 5,206 common shares at December 31, 2016 and 2015, respectively	(2,049,389)	(1,234,612)
Accumulated other comprehensive income (loss)	(8,162)	(8,273)
Retained earnings	2,220,811	2,197,873
Total shareholders' equity	1,402,493	2,127,974
Total liabilities and shareholders' equity	\$ 2,026,103	\$2,725,066

See accompanying notes to consolidated financial statements.

# PART II

(continued)

## CHIPOTLE MEXICAN GRILL, INC.

### CONSOLIDATED STATEMENT OF INCOME AND COMPREHENSIVE INCOME (in thousands, except per share data)

	Year ended December 31,		
	2016	2015	2014
Revenue	\$3,904,384	\$ 4,501,223	\$ 4,108,269
Restaurant operating costs (exclusive of depreciation and amortization shown separately below):			
Food, beverage and packaging	1,365,580	1,503,835	1,420,994
Labor	1,105,001	1,045,726	904,407
Occupancy	293,636	262,412	230,868
Other operating costs	641,953	514,963	434,244
General and administrative expenses	276,240	250,214	273,897
Depreciation and amortization	146,368	130,368	110,474
Pre-opening costs	17,162	16,922	15,609
Loss on disposal and impairment of assets	23,877	13,194	6,976
Total operating expenses	3,869,817	3,737,634	3,397,469
Income from operations	34,567	763,589	710,800
Interest and other income, net	4,172	6,278	3,503
Income before income taxes	38,739	769,867	714,303
Provision for income taxes	(15,801)	(294,265)	(268,929)
Net income	\$ 22,938	\$ 475,602	\$ 445,374
Other comprehensive income (loss), net of income taxes:			
Foreign currency translation adjustments	(1,291)	(6,322)	(2,049)
Unrealized gain (loss) on investments, net of income taxes of \$(849), \$946, and \$0	1,402	(1,522)	–
Other comprehensive income (loss), net of income taxes	111	(7,844)	(2,049)
Comprehensive income	\$ 23,049	\$ 467,758	\$ 443,325
Earnings per share:			
Basic	\$ 0.78	\$ 15.30	\$ 14.35
Diluted	\$ 0.77	\$ 15.10	\$ 14.13
Weighted average common shares outstanding:			
Basic	29,265	31,092	31,038
Diluted	29,770	31,494	31,512

See accompanying notes to consolidated financial statements.

# PART II

(continued)

## CHIPOTLE MEXICAN GRILL, INC. CONSOLIDATED STATEMENT OF CASH FLOWS (in thousands)

	Year ended December 31,		
	2016	2015	2014
<b>Operating activities</b>			
Net income	\$ 22,938	\$ 475,602	\$ 445,374
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	146,368	130,368	110,474
Deferred income tax (benefit) provision	(14,207)	11,666	(20,671)
Loss on disposal and impairment of assets	23,877	13,194	6,976
Bad debt allowance	(262)	(23)	9
Stock-based compensation expense	64,166	57,911	96,440
Excess tax benefit on stock-based compensation	(1,320)	(74,442)	(21,667)
Other	(604)	582	104
Changes in operating assets and liabilities:			
Accounts receivable	(1,923)	(3,504)	(10,966)
Inventory	(91)	262	(2,307)
Prepaid expenses and other current assets	(4,259)	(5,259)	(658)
Other assets	(4,855)	(5,619)	1,071
Accounts payable	(6,734)	19,525	2,168
Accrued liabilities	33,491	(7,440)	35,019
Income tax payable/receivable	54,340	32,756	8,831
Deferred rent	37,030	32,911	27,025
Other long-term liabilities	1,287	4,826	4,845
Net cash provided by operating activities	349,242	683,316	682,067
<b>Investing activities</b>			
Purchases of leasehold improvements, property and equipment	(258,842)	(257,418)	(252,590)
Purchases of investments	–	(559,372)	(521,004)
Maturities of investments	45,000	352,650	254,750
Proceeds from sale of investments	540,648	–	–
Net cash provided by (used in) investing activities	326,806	(464,140)	(518,844)
<b>Financing activities</b>			
Acquisition of treasury stock	(837,655)	(460,675)	(88,338)
Excess tax benefit on stock-based compensation	1,320	74,442	21,667
Stock plan transactions and other financing activities	52	(207)	(66)
Net cash used in financing activities	(836,283)	(386,440)	(66,737)
Effect of exchange rate changes on cash and cash equivalents	110	(4,196)	(224)
Net change in cash and cash equivalents	(160,125)	(171,460)	96,262
Cash and cash equivalents at beginning of year	248,005	419,465	323,203
Cash and cash equivalents at end of year	\$ 87,880	\$ 248,005	\$ 419,465
<b>Supplemental disclosures of cash flow information</b>			
Income taxes paid	\$ 23,862	\$ 248,547	\$ 280,687
Increase (decrease) in purchases of leasehold improvements, property, and equipment accrued in accounts payable and accrued liabilities	\$ (1,781)	\$ (2,870)	\$ 9,424
Increase (decrease) in acquisition of treasury stock accrued in accrued liabilities	\$ (22,878)	\$ 25,178	\$ –

See accompanying notes to consolidated financial statements.