

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

	December 31,	
	2018	2017
Assets		
Current assets:		
Cash and cash equivalents	\$ 249,953	\$ 184,569
Accounts receivable	62,312	40,453
Inventory	21,555	19,860
Prepaid expenses and other current assets	54,129	50,918
Income tax receivable	-	9,353
Investments	426,845	324,382
Total current assets	814,794	629,535
Leasehold improvements, property and equipment, net	1,379,254	1,338,366
Restricted cash	30,199	29,601
Other assets	19,332	26,251
Goodwill	21,939	21,939
Total assets	<u>\$ 2,265,518</u>	<u>\$ 2,045,692</u>
Liabilities and shareholders' equity		
Current liabilities:		
Accounts payable	\$ 113,071	\$ 82,028
Accrued payroll and benefits	113,467	82,541
Accrued liabilities	147,849	95,679
Unearned revenue	70,474	63,645
Income tax payable	5,129	-
Total current liabilities	449,990	323,893
Commitments and contingencies (Note 13)		
Deferred rent	330,985	316,498
Deferred income tax liability	11,566	814
Other liabilities	31,638	40,042
Total liabilities	824,179	681,247
Shareholders' equity:		
Preferred stock, \$0.01 par value, 600,000 shares authorized, no shares issued as of December 31, 2018 and 2017, respectively	-	-
Common stock, \$0.01 par value, 230,000 shares authorized, 35,973 and 35,852 shares issued as of December 31, 2018 and 2017, respectively	360	359
Additional paid-in capital	1,374,154	1,305,090
Treasury stock, at cost, 8,276 and 7,826 common shares at December 31, 2018 and 2017, respectively	(2,500,556)	(2,334,409)
Accumulated other comprehensive income (loss)	(6,236)	(3,659)
Retained earnings	2,573,617	2,397,064
Total shareholders' equity	1,441,339	1,364,445
Total liabilities and shareholders' equity	<u>\$ 2,265,518</u>	<u>\$ 2,045,692</u>

See accompanying notes to consolidated financial statements.

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

	Year ended December 31,		
	2018	2017	2016
Revenue	\$ 4,864,985	\$ 4,476,412	\$ 3,904,384
Restaurant operating costs (exclusive of depreciation and amortization shown separately below):			
Food, beverage and packaging	1,600,760	1,535,428	1,365,580
Labor	1,326,079	1,205,992	1,105,001
Occupancy	347,123	327,132	293,636
Other operating costs	680,031	651,644	641,953
General and administrative expenses	375,460	296,388	276,240
Depreciation and amortization	201,979	163,348	146,368
Pre-opening costs	8,546	12,341	17,162
Impairment, closure costs, and asset disposals	66,639	13,345	23,877
Total operating expenses	4,606,617	4,205,618	3,869,817
Income from operations	258,368	270,794	34,567
Interest and other income, net	10,068	4,949	4,172
Income before income taxes	268,436	275,743	38,739
Provision for income taxes	(91,883)	(99,490)	(15,801)
Net income	\$ 176,553	\$ 176,253	\$ 22,938
Earnings per share:			
Basic	\$ 6.35	\$ 6.19	\$ 0.78
Diluted	\$ 6.31	\$ 6.17	\$ 0.77
Weighted-average common shares outstanding:			
Basic	27,823	28,491	29,265
Diluted	27,962	28,561	29,770

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(in thousands)

	Year ended December 31,		
	2018	2017	2016
Net income	\$ 176,553	\$ 176,253	\$ 22,938
Other comprehensive income (loss), net of income taxes:			
Foreign currency translation adjustments	(2,736)	4,689	(1,291)
Unrealized gain (loss) on available-for-sale securities	291	(274)	2,251
Tax benefit (expense)	(132)	88	(849)
Other comprehensive income (loss), net of income taxes	(2,577)	4,503	111
Comprehensive income	\$ 173,976	\$ 180,756	\$ 23,049

See accompanying notes to consolidated financial statements.

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

	Year ended December 31,		
	2018	2017	2016
		(as adjusted) ⁽¹⁾	(as adjusted) ⁽¹⁾
Operating activities			
Net income	\$ 176,553	\$ 176,253	\$ 22,938
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	201,979	163,348	146,368
Deferred income tax (benefit) provision	10,585	(18,026)	(14,207)
Impairment, closure costs, and asset disposals	61,987	13,345	23,877
Bad debt allowance	125	214	(262)
Stock-based compensation expense	69,164	65,255	64,166
Other	(2,918)	(218)	(1,924)
Changes in operating assets and liabilities:			
Accounts receivable	(8,298)	(140)	(1,923)
Inventory	(1,722)	(5,250)	(91)
Prepaid expenses and other current assets	(3,811)	(6,710)	(4,259)
Other assets	(2,005)	(1,476)	1,063
Accounts payable	32,080	10,908	(6,734)
Accrued payroll and benefits	29,568	6,188	11,416
Accrued liabilities	14,831	28,179	13,692
Unearned revenue	6,829	4,207	8,383
Income tax payable/receivable	14,439	(4,173)	54,340
Deferred rent	21,297	29,996	37,030
Other long-term liabilities	869	6,316	1,287
Net cash provided by operating activities	621,552	468,216	355,160
Investing activities			
Purchases of leasehold improvements, property and equipment	(287,390)	(216,777)	(258,842)
Purchases of investments	(485,188)	(199,801)	-
Maturities of investments	385,000	330,000	45,000
Proceeds from sale of investments	-	-	540,648
Net cash provided by (used in) investing activities	(387,578)	(86,578)	326,806
Financing activities			
Acquisition of treasury stock	(160,937)	(285,218)	(836,760)
Tax withholding on share-based compensation awards	(5,411)	(702)	(895)
Stock plan transactions and other financing activities	(187)	26	1,372
Net cash used in financing activities	(166,535)	(285,894)	(836,283)
Effect of exchange rate changes on cash and cash equivalents and restricted cash	(1,457)	2,056	110
Net change in cash, cash equivalents, and restricted cash	65,982	97,800	(154,207)
Cash, cash equivalents, and restricted cash at beginning of period	214,170	116,370	270,577
Cash, cash equivalents, and restricted cash at end of period	\$ 280,152	\$ 214,170	\$ 116,370
Supplemental disclosures of cash flow information			
Income taxes paid	\$ 67,053	\$ 119,787	\$ 23,862
Increase (decrease) in purchases of leasehold improvements, property, and equipment accrued in accounts payable and accrued liabilities	\$ (936)	\$ (7,690)	\$ (1,781)
Increase (decrease) in acquisition of treasury stock accrued in accrued liabilities	\$ 200	\$ (900)	\$ (22,778)

(1) Balances were adjusted due to the adoption of Financial Accounting Standards Board Accounting Standards Update No. 2016-18, "Statement of Cash Flows (Topic 230): Restricted Cash" as discussed in further detail in Note 1. "Description of Business and Summary of Significant Accounting Policies Recent Accounting Standards"

See accompanying notes to consolidated financial statements.