

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported): May 4, 2023

Portillo's

PORTILLO'S INC.

(Exact name of registrant as specified in its charter)

001-40951

(Commission File Number)

87-1104304

(I.R.S. Employer Identification No.)

Delaware
(State or other jurisdiction of incorporation or organization)

2001 Spring Road, Suite 400, Oak Brook, Illinois 60523

(Address of principal executive offices)

(630)-954-3773

(Registrant's telephone number, including area code)

N/A

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

| Title of each class | Trading Symbol | Name of each exchange on which registered |
|--|----------------|---|
| Class A Common Stock, \$0.01 par value per share | PTLO | Nasdaq Global Select Market |

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 2.02 Results of Operations and Financial Condition.

On May 4, 2023, Portillo's Inc. (NASDAQ: PTLO) issued a press release reporting results for the first quarter ended March 26, 2023. A copy of the earnings press release is attached hereto as Exhibit 99.1.

Item 7.01 Regulation FD Disclosure.

The Company has also posted a supplemental earnings presentation to its website, which is attached hereto as Exhibit 99.2 and incorporated herein by reference. The information furnished in this Current Report on Form 8-K, including Exhibit 99.1 and Exhibit 99.2, shall not be deemed to be "filed" for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that section, and shall not be deemed to be incorporated by reference into any filing pursuant to the Securities Act of 1933, as amended, unless specifically identified therein as being incorporated therein by reference.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

| Exhibit Number | Description |
|-----------------------|--|
| <u>99.1</u> | <u>Portillo's Inc. press release dated May 4, 2023 announcing financial results for the first quarter ended March 26, 2023</u> |
| <u>99.2</u> | <u>Portillo's Inc. Supplemental Earnings Presentation</u> |
| 104 | Cover Page Interactive Data File (embedded within the Inline XBRL document) |

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereto duly authorized.

Portillo's Inc.
(Registrant)

Date: May 4, 2023

By: /s/ Michelle Hook
Michelle Hook
Chief Financial Officer and Treasurer
(Principal Financial Officer and Principal Accounting Officer)



Portillo's Inc. Announces First Quarter 2023 Financial Results

Chicago, IL— May 4, 2023—Portillo's Inc. ("Portillo's" or the "Company") (NASDAQ: PTLO), the fast-casual restaurant concept known for its menu of Chicago-style favorites, today reported financial results for the first quarter ended March 26, 2023.

Michael Osanloo, President and Chief Executive Officer of Portillo's, said, "As we celebrate our 60th anniversary, Portillo's is thriving. We're up in total sales, up in same restaurant sales, up in transactions, and we've improved our margins. Although we're very happy with our recent performance, it's important to remain focused on laying a solid foundation that delivers long-term value for our Team Members, our guests, and our investors. We take care of our Team Members; who in turn serve our guests. That enables us to deliver a strong economic profile that generates value for our investors throughout the economic cycle."

Financial Highlights for the First Quarter 2023 vs. First Quarter 2022:

- Total revenue increased 16.0% or \$21.6 million to \$156.1 million;
- Same restaurant sales increased 9.1%;
- Operating income increased \$1.7 million to \$8.5 million;
- Net income decreased \$1.8 million to a net loss of \$1.3 million;
- Restaurant-Level Adjusted EBITDA* increased \$6.8 million to \$34.8 million; and
- Adjusted EBITDA* increased \$2.0 million to \$19.6 million.

**Adjusted EBITDA and Restaurant-Level Adjusted EBITDA are non-GAAP measures. Please see definitions and the reconciliations of these non-GAAP measures in the accompanying financial information below.*

Secondary Offering

In the first quarter of 2023, the Company completed a secondary offering of 8,000,000 shares of the Company's Class A common stock at an offering price of \$21.05 per share ("Q1 Secondary Offering"). Subsequent to the fiscal quarter end, on April 5, 2023, the underwriter exercised its overallotment option in part, to purchase an additional 620,493 shares of the Company's Class A common stock. All of the net proceeds from this offering were used to purchase LLC Units or shares of Class A common stock, as applicable, of the selling stockholders in a "synthetic secondary" transaction, at a price per LLC Unit or share of Class A common stock. Accordingly, the Company did not receive any proceeds from this offering.

Recent Developments and Trends

We continue to see revenue growth due to our new restaurant openings, as well as same-restaurant sales growth. Total revenue grew 16.0% for the quarter ended March 26, 2023. Same-restaurant sales grew 9.1% during the quarter ended March 26, 2023.

During and subsequent to the quarter ended March 26, 2023, we opened the remaining four restaurants that were planned for 2022, completing our seven restaurants in the "Class of 2022". Our six new restaurants opened in 2022 and 2023, positively impacted revenues by approximately \$10.6 million in the quarter ended March 26, 2023. We plan to open nine more new restaurants in 2023 ("Class of 2023").

In the quarter ended March 26, 2023, we continued to experience commodity inflation, but to a lesser extent than in 2022. Commodity inflation was 8.9% for the quarter ended March 26, 2023 compared to 15.7% for the quarter ended March 27, 2022. We expect our overall commodity inflation to ease over the course of 2023 and are currently estimating commodity inflation in the mid-single digits for the full fiscal year. Labor expenses, as a percentage of revenue, declined during the quarter ended March 26, 2023, primarily due to increases in our average check and transactions and operational efficiencies. This decrease was partially offset by the effect of additional wage increases, primarily from wage investments to support our team members made in July 2022. We do anticipate making additional wage investments in 2023. During mid-January 2023 and at the beginning of May 2023, we increased certain menu prices to reflect a net approximate 2.0% and

3.0% price increase respectively, to continue to combat inflationary cost pressures and progress towards our goal to improve Restaurant-Level Adjusted EBITDA margins for fiscal 2023.

Operating income margin and Restaurant-Level Adjusted EBITDA Margin sequentially improved compared to the quarter ended December 25, 2022 and to the prior year quarter ended March 27, 2022. We believe this was the result of our continued efforts to elevate guest experiences, deploy strategic pricing actions and implement operational efficiencies.

Also, as previously reported, during the quarter ended March 26, 2023, we repaid our outstanding credit facility and entered into a new term loan and revolver facility in an initial aggregate principal term loan amount of \$300.0 million and revolving credit commitments in an initial aggregate principal amount of \$100.0 million.

We also recently celebrated our 60th anniversary on April 5, 2023. Since our founding at the "The Dog House," we have grown to become a treasured brand with a passionate nationwide following. We will continue to create decades worth of memories for new fans as we expand across the nation. Even after 60 years, we have so much opportunity to develop and grow our team members, enhance the Portillo's experience for our guests, and to create enduring value for our investors.

Review of First Quarter 2023 Financial Results

Revenues for the quarter ended March 26, 2023 were \$156.1 million compared to \$134.5 million for the quarter ended March 27, 2022, an increase of \$21.6 million or 16.0%. The increase in revenues was primarily attributed to an increase in our same-restaurant sales and the opening of three restaurants in 2022 and three restaurants during the quarter ended March 26, 2023. Same-restaurant sales increased 9.1% during the first quarter ended March 26, 2023, which was attributable to an increase in average check of 7.0% and a 2.1% increase in transactions. The higher average check was driven by an approximate 9.2% increase in certain menu prices partially offset by product mix. New restaurants positively impacted revenues by approximately \$10.6 million in the quarter ended March 26, 2023. For the purpose of calculating same-restaurant sales for March 26, 2023, sales for 63 restaurants were included in the Comparable Restaurant Base (as defined in "Selected Operating Data" below).

Total restaurant operating expenses for the first quarter ended March 26, 2023 were \$121.2 million compared to \$106.5 million for the first quarter ended March 27, 2022, an increase of \$14.7 million or 13.8%. The increase in restaurant operating expenses was driven by the opening of three restaurants in 2022 and three restaurants during the quarter ended March 26, 2023. Additionally, cost of goods sold, excluding depreciation and amortization was negatively impacted by an 8.9% increase in commodity prices. Labor expense increases were also driven by incremental investments to support our team members, including rate increases primarily made in July 2022. These labor increases were partially offset by an increase in our average check and transactions and operational efficiencies. Operating expenses increased due to an increase in repair and maintenance expenses, credit card fees, operating supplies and insurance.

General and administrative expenses for the quarter ended March 26, 2023 were \$18.8 million compared to \$15.7 million for the quarter ended March 27, 2022, an increase of \$3.1 million or 19.7%. This increase was primarily driven by an increase in salaries and wages attributable to annual rate increases and the filling of open positions, variable-based compensation and an increase in professional and software licensing fees.

Operating income for the first quarter ended March 26, 2023 was \$8.5 million compared to \$6.8 million for the first quarter ended March 27, 2022, an increase of \$1.7 million or 24.6% due to the aforementioned increase in expenses, higher pre-opening expenses, partially offset by the aforementioned increase in revenues.

Net loss for the first quarter ended March 26, 2023 was \$1.3 million compared to net income of \$0.6 million for the first quarter ended March 27, 2022, a decrease of \$1.8 million or 331.5%. The decrease in net (loss) income was primarily due to loss on debt extinguishment of \$3.5 million and an increase in interest expense of \$1.3 million, partially offset by a decrease in income tax expense of \$0.7 million. The \$1.3 million increase in interest expense was primarily driven by the year over year rising rate environment partially offset by the improved lending terms associated with our new term loan and revolver facility. The loss on debt extinguishment was due to the write-off of debt discount and deferred issuance costs of associated with the payoff of our prior term loan as previously disclosed and described above.

Restaurant-Level Adjusted EBITDA* for the first quarter ended March 26, 2023 was \$34.8 million compared to \$28.0 million for the first quarter ended March 27, 2022, an increase of \$6.8 million or 24.4%.

Adjusted EBITDA* for the first quarter ended March 26, 2023 was \$19.6 million compared to \$17.6 million for the first quarter ended March 27, 2022, an increase of \$2.0 million or 11.4%.

*A reconciliation of Restaurant-Level Adjusted EBITDA and Adjusted EBITDA and the nearest GAAP financial measure is included under "Non-GAAP Financial Measures" in the accompanying financial information below.

Development Highlights

We opened three new restaurants during the quarter ended March 26, 2023. Subsequent to March 26, 2023, we opened one additional restaurant, bringing our total restaurant count to 76, including a restaurant owned by C&O of which Portillo's owns 50% of the equity.

Below are the restaurants opened since the beginning of fiscal 2023:

| Location | Opening Date |
|--------------------|---------------|
| Kissimmee, Florida | December 2022 |
| The Colony, Texas | January 2023 |
| Tucson, Arizona | February 2023 |
| Gilbert, Arizona | March 2023 |

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

Same-Restaurant Sales - The change in same-restaurant sales is the percentage change in year-over-year revenue (excluding gift card breakage) for the Comparable Restaurant Base, excluding a restaurant that is owned by C&O. The Comparable Restaurant Base is defined as the number of restaurants open for at least 24 full fiscal periods. As of March 26, 2023 and March 27, 2022, there were 63 and 61 restaurants in our Comparable Restaurant Base, respectively.

A change in same-restaurant sales growth is the result of a change in restaurant transactions, average guest check, or a combination of the two. We gather daily sales data and regularly analyze the guest transaction counts and the mix of menu items sold to strategically evaluate menu pricing and demand. Measuring our same-restaurant sales growth allows management to evaluate the performance of our existing restaurant base. We believe this measure provides a consistent comparison of restaurant sales results and trends across periods within our core, established restaurant base, unaffected by results of restaurant openings and enables investors to better understand and evaluate the Company's historical and prospective operating performance.

Average Unit Volume ("AUV") - AUV is the total revenue (excluding gift card breakage) recognized in the Comparable Restaurant Base, including a restaurant that is owned by C&O, divided by the number of restaurants in the Comparable Restaurant Base, including C&O, by period.

This key performance indicator allows management to assess changes in consumer spending patterns at our restaurants and the overall performance of our restaurant base.

Adjusted EBITDA and Adjusted EBITDA Margin - Adjusted EBITDA represents net income (loss) before depreciation and amortization, interest expense and income taxes, adjusted for the impact of certain non-cash and other items that we do not consider in our evaluation of ongoing core operating performance as identified in the reconciliation of net income (loss), the most directly comparable GAAP measure to Adjusted EBITDA. Adjusted EBITDA Margin represents Adjusted EBITDA as a percentage of total revenues. See also "Non-GAAP Financial Measures."

Restaurant-Level Adjusted EBITDA and Restaurant-Level Adjusted EBITDA Margin - Restaurant-Level Adjusted EBITDA is defined as revenue, less restaurant operating expenses, which include cost of goods sold (excluding depreciation and amortization), labor expenses, occupancy expenses and other operating expenses. Restaurant-Level Adjusted EBITDA excludes corporate level expenses and depreciation and amortization on restaurant property and equipment. Restaurant-Level Adjusted EBITDA Margin represents Restaurant-Level Adjusted EBITDA as a percentage of revenue. See also "Non-GAAP Financial Measures."

For more information about the Company's Non-GAAP measures, how they are calculated and reconciled and why management believes that they are useful, see "Non-GAAP Financial Measures" below.

Earnings Conference Call

The Company will host a conference call to discuss its financial results for the first quarter ended March 26, 2023 on Thursday, May 4, 2023, at 10:00 AM ET. The conference call can be accessed live over the phone by dialing 1-877-407-3982 (toll-free) or 1-201-493-6780 (international). A telephone replay will be available shortly after the call has concluded and can be accessed by dialing 1-412-317-6671; the passcode is 13735738. The webcast will be available at www.portillos.com under the investors section and will be archived on the site shortly after the call has concluded.

About Portillo's

In 1963, Dick Portillo invested \$1,100 into a small trailer to open the first Portillo's hot dog stand in Villa Park, IL, which he called "The Dog House." Years later, Portillo's (NASDAQ: PTLO) has grown to more than 70 restaurants across 10 states. Portillo's is best known for its Chicago-style hot dogs, Italian beef sandwiches, char-grilled burgers, fresh salads and famous chocolate cake.

Cautionary Note Regarding Forward-Looking Statements

This press release contains forward-looking statements, within the meaning of the Private Securities Litigation Reform Act of 1995 ("PSLRA"). All statements other than statements of historical fact are forward-looking statements. Forward-looking statements discuss our current expectations and projections relating to our financial position, results of operations, plans, objectives, future performance and business, and are based on currently available operating, financial and competitive information which are subject to various risks and uncertainties, so you should not place undue reliance on forward-looking statements. You can identify forward-looking statements by the fact that they do not relate strictly to historical or current facts. These statements may include words such as "aim," "anticipate," "believe," "commit," "estimate," "expect," "forecast," "outlook," "potential," "project," "projection," "plan," "intend," "seek," "may," "could," "would," "will," "should," "can," "can have," "likely," the negatives thereof and other similar expressions.

Forward-looking statements are based on our current expectations and assumptions regarding our business, the economy and other future conditions. Because forward-looking statements relate to the future, by their nature, they are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict. As a result, our actual results may differ materially from those contemplated by the forward-looking statements, so you should not unduly rely on these statements. Important factors that could cause actual results to differ materially from those in the forward-looking statements include regional, national or global political, economic, business, competitive, market and regulatory conditions and the following:

- the potential future impact of COVID-19 (including any variant) on our results of operations, supply chain or liquidity;
- risks related to or arising from our organizational structure;
- risks of food-borne illness and food safety and other health concerns about our food;
- the impact of unionization activities of our restaurant workers on our operations and profitability;
- the impact of recent bank failures on the marketplace, including the ability to access credit;
- risks associated with our reliance on certain information technology systems and potential failures or interruptions;
- privacy and cyber security risks related to our digital ordering and payment platforms for our delivery business;
- the impact of competition, including from our competitors in the restaurant industry or our own restaurants;
- the increasingly competitive labor market and our ability to attract and retain the best talent and qualified employees;
- the impact of federal, state or local government regulations relating to privacy, data protection, advertising and consumer protection, building and zoning requirements, costs or ability to open new restaurants, or sale of food and alcoholic beverage control regulations;
- our ability to achieve our growth strategy, such as the availability of suitable new restaurant sites in existing and new markets and opening of new restaurants at the anticipated rate and on the anticipated timeline;
- increases in food and other operating costs, tariffs and import taxes, and supply shortages; and
- other risks identified in our filings with the Securities and Exchange Commission (the "SEC").

All forward-looking statements are expressly qualified in their entirety by these cautionary statements. You should evaluate all forward-looking statements made in this press release in the context of the risks and uncertainties disclosed in the Company's most recent Annual Report on Form 10-K, filed with the SEC. All of the Company's SEC filings are available on the SEC's website at www.sec.gov. The forward-looking statements included in this press release are made only as of the date hereof. The Company undertakes no obligation to publicly update or revise any forward-looking statement as a result of new information, future events or otherwise, except as otherwise required by law.

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PORTILLO'S INC
CONSOLIDATED STATEMENT OF OPERATIONS (UNAUDITED)
(in thousands, except share and per share data)

| | Quarter Ended | | | | | |
|---|----------------|----------------|----------------|-----------|----------------|---------------|
| | March 26, 2023 | | March 27, 2022 | | | |
| REVENUES, NET | \$ | 156,061 | 100.0 % | \$ | 134,482 | 100.0 % |
| COST AND EXPENSES: | | | | | | |
| Restaurant operating expenses: | | | | | | |
| Cost of goods sold, excluding depreciation and amortization | | 53,626 | 34.4 % | | 46,266 | 34.4 % |
| Labor | | 40,459 | 25.9 % | | 37,313 | 27.7 % |
| Occupancy | | 8,451 | 5.4 % | | 7,755 | 5.8 % |
| Other operating expenses | | 18,704 | 12.0 % | | 15,165 | 11.3 % |
| Total restaurant operating expenses | | 121,240 | 77.7 % | | 106,499 | 79.2 % |
| General and administrative expenses | | 18,778 | 12.0 % | | 15,687 | 11.7 % |
| Pre-opening expenses | | 2,344 | 1.5 % | | 556 | 0.4 % |
| Depreciation and amortization | | 5,670 | 3.6 % | | 5,205 | 3.9 % |
| Net income attributable to equity method investment | | (207) | (0.1)% | | (123) | (0.1)% |
| Other income, net | | (257) | (0.2)% | | (156) | (0.1)% |
| OPERATING INCOME | | 8,493 | 5.4 % | | 6,814 | 5.1 % |
| Interest expense | | 7,444 | 4.8 % | | 6,099 | 4.5 % |
| Tax Receivable Agreement Liability adjustment | | (584) | (0.4)% | | — | — % |
| Loss on debt extinguishment | | 3,465 | 2.2 % | | — | — % |
| (LOSS) INCOME BEFORE INCOME TAXES | | (1,832) | (1.2)% | | 715 | 0.5 % |
| Income tax (benefit) expense | | (559) | (0.4)% | | 165 | 0.1 % |
| NET (LOSS) INCOME | | (1,273) | (0.8)% | | 550 | 0.4 % |
| Net (loss) income attributable to non-controlling interests | | (759) | (0.5)% | | 356 | 0.3 % |
| NET (LOSS) INCOME ATTRIBUTABLE TO PORTILLO'S INC. | \$ | (514) | (0.3)% | \$ | 194 | 0.1 % |
| Net (loss) income per attributable to Portillo's Inc.: | | | | | | |
| Basic | | \$ (0.01) | | | \$ 0.01 | |
| Diluted | | \$ (0.01) | | | \$ 0.00 | |
| Weighted-average common shares outstanding: | | | | | | |
| Basic | | 49,599,074 | | | 35,807,171 | |
| Diluted | | 49,599,074 | | | 39,944,086 | |

PORTILLO'S INC.
CONSOLIDATED BALANCE SHEETS (UNAUDITED)
(in thousands, except share and per share data)

| | March 26, 2023 | December 25, 2022 |
|---|---------------------|---------------------|
| ASSETS | | |
| CURRENT ASSETS: | | |
| Cash and cash equivalents and restricted cash | \$ 14,611 | \$ 44,427 |
| Accounts receivable | 10,129 | 8,590 |
| Inventory | 5,259 | 7,387 |
| Prepaid expenses | 5,879 | 4,922 |
| Total current assets | 35,878 | 65,326 |
| Property and equipment, net | 237,216 | 227,036 |
| Operating lease assets | 173,414 | 166,808 |
| Goodwill | 394,298 | 394,298 |
| Trade names | 223,925 | 223,925 |
| Other intangible assets, net | 31,078 | 31,800 |
| Equity method investment | 16,238 | 16,274 |
| Deferred tax assets | 185,943 | 150,497 |
| Other assets | 3,713 | 4,119 |
| Total other assets | 855,195 | 820,913 |
| TOTAL ASSETS | \$ 1,301,703 | \$ 1,280,083 |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| CURRENT LIABILITIES: | | |
| Accounts payable | \$ 22,130 | \$ 30,273 |
| Current portion of long-term debt | 7,500 | 4,155 |
| Current portion of Tax Receivable Agreement liability | 6,309 | 813 |
| Short-term debt | 10,000 | — |
| Current deferred revenue | 5,120 | 7,292 |
| Short-term operating lease liability | 5,088 | 4,849 |
| Accrued expenses | 27,592 | 29,915 |
| Total current liabilities | 83,739 | 77,297 |
| LONG-TERM LIABILITIES: | | |
| Long-term debt, net of current portion | 288,979 | 314,425 |
| Tax Receivable Agreement liability | 292,490 | 252,003 |
| Long-term operating lease liability | 210,682 | 200,166 |
| Other long-term liabilities | 2,827 | 3,291 |
| Total long-term liabilities | 794,978 | 769,885 |
| Total liabilities | 878,717 | 847,182 |
| COMMITMENTS AND CONTINGENCIES | | |
| STOCKHOLDER'S EQUITY: | | |
| Preferred stock, \$0.01 par value per share, 10,000,000 shares authorized, none issued or outstanding | — | — |
| Class A common stock, \$0.01 par value per share, 380,000,000 shares authorized, and 54,467,951 and 48,420,723 shares issued and outstanding at March 26, 2023 and December 25, 2022, respectively. | 545 | 484 |
| Class B common stock, \$0.00001 par value per share, 50,000,000 shares authorized, and 17,943,562 and 23,837,162 shares issued and outstanding at March 26, 2023 and December 25, 2022, respectively. | — | — |
| Additional paid-in-capital | 294,984 | 260,664 |
| Accumulated deficit | (5,326) | (4,812) |
| Total stockholders' equity attributable to Portillo's Inc. | 290,203 | 256,336 |
| Non-controlling interest | 132,783 | 176,565 |
| Total stockholders' equity | 422,986 | 432,901 |
| TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY | \$ 1,301,703 | \$ 1,280,083 |

PORTILLO'S INC
CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
(in thousands)

| | Quarter Ended | |
|--|------------------|------------------|
| | March 26, 2023 | March 27, 2022 |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Net (loss) income | \$ (1,273) | \$ 550 |
| Adjustments to reconcile net (loss) income to net cash provided by operating activities: | | |
| Depreciation and amortization | 5,670 | 5,205 |
| Amortization of debt issuance costs and discount | 431 | 621 |
| Loss on sales of assets | 118 | 22 |
| Equity-based compensation | 3,537 | 3,785 |
| Deferred rent and tenant allowance | — | 1,253 |
| Deferred income tax (benefit) expense | (559) | 165 |
| Tax Receivable Agreement liability adjustment | (584) | — |
| Amortization of deferred lease incentives | — | (105) |
| Gift card breakage | (329) | (293) |
| Loss on debt extinguishment | 3,465 | — |
| Changes in operating assets and liabilities: | | |
| Accounts receivables | 499 | 1,816 |
| Receivables from related parties | (101) | (8) |
| Inventory | 2,128 | 931 |
| Other current assets | (957) | (319) |
| Operating lease assets | 2,081 | — |
| Accounts payable | (3,160) | (3,708) |
| Accrued expenses and other liabilities | (4,513) | (9,745) |
| Operating lease liabilities | (798) | — |
| Deferred lease incentives | 850 | 600 |
| Other assets and liabilities | (19) | 30 |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | 6,486 | 800 |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Purchase of property and equipment | (20,216) | (6,279) |
| Proceeds from the sale of property and equipment | 26 | — |
| NET CASH USED IN INVESTING ACTIVITIES | (20,190) | (6,279) |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | |
| Proceeds from short-term debt, net | 10,000 | — |
| Proceeds from long-term debt | 300,000 | — |
| Payments of long-term debt | (322,428) | (831) |
| Proceeds from equity offering, net of underwriting discounts | 166,400 | — |
| Repurchase of outstanding equity / Portillo's OpCo units | (166,400) | — |
| Proceeds from stock option exercises | 590 | — |
| Employee withholding taxes related to net settled equity awards | (19) | — |
| Proceeds from Employee Stock Purchase Plan purchases | 127 | — |
| Payments of Tax Receivable Agreement liability | (813) | — |
| Payment of deferred financing costs | (3,569) | — |
| Payment of initial public offering issuance costs | — | (771) |
| NET CASH USED IN FINANCING ACTIVITIES | (16,112) | (1,602) |
| NET DECREASE IN CASH AND CASH EQUIVALENTS AND RESTRICTED CASH | (29,816) | (7,081) |
| CASH AND CASH EQUIVALENTS AND RESTRICTED CASH AT BEGINNING OF THE PERIOD | 44,427 | 39,263 |
| CASH AND CASH EQUIVALENTS AND RESTRICTED CASH AT END OF THE PERIOD | \$ 14,611 | \$ 32,182 |

PORTILLO'S INC
SELECTED OPERATING DATA AND NON-GAAP FINANCIAL MEASURES

| | Quarter Ended | |
|---|----------------|----------------|
| | March 26, 2023 | March 27, 2022 |
| Total Restaurants (a) | 75 | 70 |
| AUV (in millions) (a) | \$ 8.7 | \$ 8.3 |
| Change in same-restaurant sales (b) | 9.1 % | 8.2 % |
| Adjusted EBITDA (in thousands) (b) | \$ 19,634 | \$ 17,630 |
| Adjusted EBITDA Margin (b) | 12.6 % | 13.1 % |
| Restaurant-Level Adjusted EBITDA (in thousands) (b) | \$ 34,821 | \$ 27,983 |
| Restaurant-Level Adjusted EBITDA Margin (b) | 22.3 % | 20.8 % |

(a) Includes a restaurant that is owned by C&O of which Portillo's owns 50% of the equity. AUVs for the quarters ended March 26, 2023 and March 27, 2022 represent AUVs for the twelve months ended March 26, 2023 and March 27, 2022, respectively. Total restaurants indicated are as of a point in time.

(b) Excludes a restaurant that is owned by C&O of which Portillo's owns 50% of the equity.

PORTILLO'S INC.
NON-GAAP FINANCIAL MEASURES

To supplement the consolidated financial statements, which are prepared and presented in accordance with GAAP, we use the following non-GAAP financial measures: Adjusted EBITDA and Adjusted EBITDA Margin, and Restaurant-Level Adjusted EBITDA and Restaurant-Level Adjusted EBITDA Margin. Accordingly, these measures are not required by, nor presented in accordance with GAAP, but rather are supplemental measures of operating performance of our restaurants. You should be aware that these measures are not indicative of overall results for the Company and that Restaurant-Level Adjusted EBITDA and Restaurant-Level Adjusted EBITDA Margin do not accrue directly to the benefit of stockholders because of corporate-level expenses excluded from such measures. These measures are supplemental measures of operating performance and our calculations thereof may not be comparable to similar measures reported by other companies. These measures are important measures to evaluate the performance and profitability of our restaurants, individually and in the aggregate, but also have important limitations as analytical tools and should not be considered in isolation as substitutes for analysis of our results as reported under GAAP.

Adjusted EBITDA and Adjusted EBITDA Margin

Adjusted EBITDA represents net income before depreciation and amortization, interest expense and income taxes, adjusted for the impact of certain non-cash and other items that we do not consider in our evaluation of ongoing core operating performance as identified in the reconciliation of net income (loss), the most directly comparable GAAP measure to Adjusted EBITDA. Adjusted EBITDA Margin represents Adjusted EBITDA as a percentage of total revenues.

We use Adjusted EBITDA and Adjusted EBITDA Margin (i) to evaluate our operating results and the effectiveness of our business strategies, (ii) internally as benchmarks to compare our performance to that of our competitors and (iii) as factors in evaluating management's performance when determining incentive compensation.

We believe that Adjusted EBITDA and Adjusted EBITDA Margin are important measures of operating performance because they eliminate the impact of expenses that do not relate to our core operating performance.

Restaurant-Level Adjusted EBITDA and Restaurant-Level Adjusted EBITDA Margin

Restaurant-Level Adjusted EBITDA is defined as revenue, less restaurant operating expenses, which include cost of goods sold (excluding depreciation and amortization), labor expenses, occupancy expenses and other operating expenses. Restaurant-Level Adjusted EBITDA excludes corporate level expenses and depreciation and amortization on restaurant property and equipment. Restaurant-Level Adjusted EBITDA Margin represents Restaurant-Level Adjusted EBITDA as a percentage of revenue.

We believe that Restaurant-Level Adjusted EBITDA and Restaurant-Level Adjusted EBITDA Margin are important measures to evaluate the performance and profitability of our restaurants, individually and in the aggregate.

See below for a reconciliation of net (loss) income, the most directly comparable GAAP measure, to Adjusted EBITDA and Adjusted EBITDA Margin (in thousands):

| | Quarter Ended | |
|---|----------------|----------------|
| | March 26, 2023 | March 27, 2022 |
| Net (loss) income | \$ (1,273) | \$ 550 |
| Depreciation and amortization | 5,670 | 5,205 |
| Interest expense | 7,444 | 6,099 |
| Loss on debt extinguishment | 3,465 | — |
| Income tax (benefit) expense | (559) | 165 |
| EBITDA | 14,747 | 12,019 |
| Deferred rent (1) | 1,225 | 1,081 |
| Equity-based compensation | 3,537 | 3,785 |
| Other loss (2) | 117 | 31 |
| Transaction-related fees & expenses (3) | 592 | 714 |
| Tax Receivable Agreement Liability adjustment (4) | (584) | — |
| Adjusted EBITDA | \$ 19,634 | \$ 17,630 |
| Adjusted EBITDA Margin (5) | 12.6 % | 13.1 % |

(1) Represents the difference between cash rent payments and the recognition of straight-line rent expense recognized over the lease term.

(2) Represents loss on disposal of property and equipment.

(3) Represents the exclusion of certain expenses that management believes are not indicative of ongoing operations, consisting primarily of certain professional fees.

(4) Represents remeasurement of the Tax Receivable Agreement liability.

(5) Adjusted EBITDA Margin is defined as Adjusted EBITDA divided by Revenues, net.

See below for a reconciliation of operating income, the most directly comparable GAAP measure, to Restaurant-Level Adjusted EBITDA and Restaurant-Level Adjusted EBITDA Margin (in thousands):

| | Quarter Ended | |
|---|----------------|----------------|
| | March 26, 2023 | March 27, 2022 |
| Operating income | \$ 8,493 | \$ 6,814 |
| Plus: | | |
| General and administrative expenses | 18,778 | 15,687 |
| Pre-opening expenses | 2,344 | 556 |
| Depreciation and amortization | 5,670 | 5,205 |
| Net income attributable to equity method investment | (207) | (123) |
| Other income, net | (257) | (156) |
| Restaurant-Level Adjusted EBITDA | \$ 34,821 | \$ 27,983 |
| Restaurant-Level Adjusted EBITDA Margin (1) | 22.3 % | 20.8 % |

(1) Restaurant-Level Adjusted EBITDA Margin is defined as Restaurant-Level Adjusted EBITDA divided by Revenues, net



CAUTIONARY NOTE ON FORWARD-LOOKING STATEMENTS & NON-GAAP MEASURES

This presentation contains forward-looking statements, within the meaning of the Private Securities Litigation Reform Act of 1995 ("PSLRA"). All statements other than statements of historical fact are forward-looking statements. Forward-looking statements discuss our current expectations and projections relating to our financial position, results of operations, plans, objectives, future performance and business, and are based on currently available operating, financial and competitive information which are subject to various risks and uncertainties, so you should not place undue reliance on forward-looking statements. You can identify forward-looking statements by the fact that they do not relate strictly to historical or current facts. These statements may include words such as "aim," "anticipate," "believe," "commit," "estimate," "expect," "forecast," "outlook," "potential," "project," "projection," "plan," "intend," "seek," "may," "could," "would," "will," "should," "can," "can have," "likely," the negatives thereof and other similar expressions.

Forward-looking statements are based on our current expectations and assumptions regarding our business, the economy and other future conditions. Because forward-looking statements relate to the future, by their nature, they are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict. As a result, our actual results may differ materially from those contemplated by the forward-looking statements. Important factors that could cause actual results to differ materially from those in the forward-looking statements include regional, national or global political, economic, business, competitive, market and regulatory conditions and the following:

- the potential future impact of COVID-19 (including any variant) on our results of operations, supply chain or liquidity;
- risks related to or arising from our organizational structure;
- risks of food-borne illness and food safety and other health concerns about our food;
- the impact of unionization activities of our restaurant workers on our operations and profitability;
- the impact of recent bank failures on the marketplace, including the ability to access credit;
- risks associated with our reliance on certain information technology systems and potential failures or interruptions;
- privacy and cyber security risks related to our digital ordering and payment platforms for our delivery business;
- the impact of competition, including from our competitors in the restaurant industry or our own restaurants;
- the impact of labor shortages, the increasingly competitive labor market and our ability to attract and retain the best talent and qualified employees;
- the impact of federal, state or local government regulations relating to privacy, data protection, advertising and consumer protection, building and zoning requirements, costs or ability to open new restaurants, or sale of food and alcoholic beverage control regulations;
- our ability to achieve our growth strategy, such as the availability of suitable new restaurant sites in existing and new markets and opening of new restaurants at the anticipated rate and on the anticipated timeline;
- risks relating to changes in economic conditions, including a possible recession and resulting changes in consumer preferences;
- inflation of all commodity prices, including increases in food and other operating costs, tariffs and import taxes, and supply shortages; and
- other risks identified in our filings with the Securities and Exchange Commission (the "SEC").

All forward-looking statements are expressly qualified in their entirety by these cautionary statements. You should evaluate all forward-looking statements made in this presentation in the context of the risks and uncertainties disclosed in the Company's most recent Annual Report on Form 10-K, filed with the SEC. All of the Company's SEC filings are available on the SEC's website at www.sec.gov. The forward-looking statements included in this press release are made only as of the date hereof. The Company undertakes no obligation to publicly update or revise any forward-looking statement as a result of new information, future events or otherwise, except as otherwise required by law.

This presentation includes certain non-GAAP measures as defined under SEC rules, including Adjusted EBITDA, Adjusted EBITDA Margin, Restaurant-Level Adjusted EBITDA and Restaurant-Level Adjusted EBITDA Margin. Reconciliations and definitions are included in the Appendix to this presentation.

Portillo's

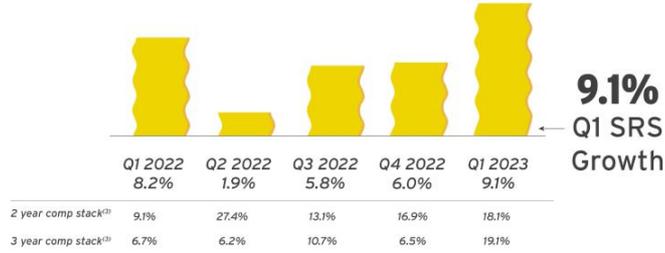
2

Q1 2023 PERFORMANCE

REVENUE



SAME RESTAURANT SALES GROWTH ⁽¹⁾



PROFITABILITY



(1) Same restaurant sales include restaurants open for a minimum of 24 months and excludes a restaurant that is owned by C&O Chicago, LLC ("C&O") of which Portillo's owns 50% of the equity.
 (2) See appendix for a reconciliation to the most directly comparable GAAP financial measure.
 (3) A geometric comparable sales measure is used to determine the compounding effect of an earlier period's year over year comparable sales percentage on the subsequent period's year over year comparable sales percentage.

DEVELOPMENT UPDATE - CLASS OF 2023



Projected Openings:

- Texas (3-4)
- Central Florida (0-1)
- Arizona (1-2)
- Chicagoland (3)
- Michigan (0-1)

Sunbelt = ~60+% of Pipeline



Shovels represent states with publicly announced locations under development as of 5/4/2023.

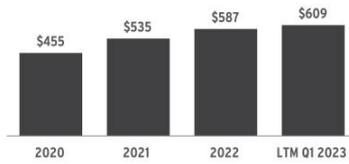
Portillo's

(1) Includes C&O of which Portillo's owns 50% of the equity.
 (2) Includes opening of restaurant in Gilbert, Arizona subsequent to March 26, 2023.

FINANCIAL PROFILE

TOTAL REVENUE

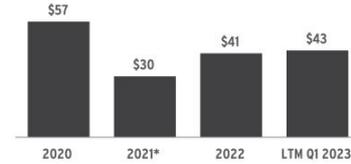
(\$ in millions)



OPERATING INCOME

* 2021 includes \$38.7 million of additional transaction-related fees and expenses

(\$ in millions)



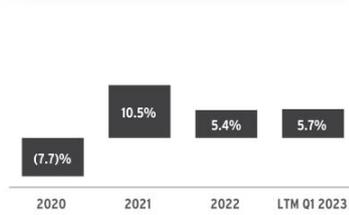
NET INCOME (LOSS)

* 2021 includes \$38.7 million of additional transaction-related fees and expenses

(\$ in millions)



SAME RESTAURANT SALES ⁽¹⁾



RESTAURANT-LEVEL ADJ. EBITDA (Margin) ⁽²⁾

(\$ in millions)



ADJ. EBITDA (Margin) ⁽²⁾

(\$ in millions)



Portillo's

(1) Same restaurant sales include restaurants open for a minimum of 24 months and excludes a restaurant that is owned by C&O of which Portillo's owns 50% of the equity.
 (2) See appendix for a reconciliation to the most directly comparable GAAP financial measure.

2023 AND LONG-TERM OUTLOOK

FISCAL 2023 FINANCIAL TARGETS

| | |
|-----------------------------------|--|
| Unit Growth | 4 new openings in the "Class of 2022" 9 new openings in the "Class of 2023" |
| Commodity Inflation | Mid single digits |
| General & Administrative Expenses | \$72 - \$77 million |
| Pre-Opening Expenses | \$7.5 - \$8.0 million |
| Capital Expenditures | \$70 - \$75 million |

LONG-TERM FINANCIAL TARGETS

| | |
|-----------------------------------|----------------------------------|
| Unit Growth | 10%+ annually |
| Same Restaurant Sales | Low single digits |
| Revenue Growth | High single to low double digits |
| Adj. EBITDA Growth ⁽¹⁾ | Low teens |



Portillo's

(1) We are unable to reconcile the long-term outlook for Adjusted EBITDA growth to net income (loss), the corresponding U.S. GAAP measure, due to variability and difficulty in making accurate forecasts and projections and because not all information necessary to prepare the reconciliation is available to us without unreasonable efforts. For the same reasons, we are unable to address the probable significance of the unavailable information because we cannot accurately predict all of the components of the adjusted calculations and the non-GAAP measure may be materially different than the GAAP measure.



Portillo's[®]
APPENDIX

STATEMENT OF OPERATIONS

| | Quarter Ended | | | | | |
|---|----------------|----------------|----------------|-----------|----------------|---------------|
| | March 26, 2023 | | March 27, 2022 | | | |
| REVENUES, NET | \$ | 156,061 | 100.0 % | \$ | 134,482 | 100.0 % |
| COST AND EXPENSES: | | | | | | |
| Restaurant operating expenses: | | | | | | |
| Cost of goods sold, excluding depreciation and amortization | | 53,626 | 34.4 % | | 46,266 | 34.4 % |
| Labor | | 40,459 | 25.9 % | | 37,313 | 27.7 % |
| Occupancy | | 8,451 | 5.4 % | | 7,755 | 5.8 % |
| Other operating expenses | | 18,704 | 12.0 % | | 15,165 | 11.3 % |
| Total restaurant operating expenses | | 121,240 | 77.7 % | | 106,499 | 79.2 % |
| General and administrative expenses | | 18,778 | 12.0 % | | 15,687 | 11.7 % |
| Pre-opening expenses | | 2,344 | 1.5 % | | 556 | 0.4 % |
| Depreciation and amortization | | 5,670 | 3.6 % | | 5,205 | 3.9 % |
| Net income attributable to equity method investment | | (207) | (0.1)% | | (123) | (0.1)% |
| Other income, net | | (257) | (0.2)% | | (156) | (0.1)% |
| OPERATING INCOME | | 8,493 | 5.4 % | | 6,814 | 5.1 % |
| Interest expense | | 7,444 | 4.8 % | | 6,099 | 4.5 % |
| Tax Receivable Agreement Liability adjustment | | (584) | (0.4)% | | - | - % |
| Loss on debt extinguishment | | 3,465 | 2.2 % | | - | - % |
| (LOSS) INCOME BEFORE INCOME TAXES | | (1,832) | (1.2)% | | 715 | 0.5 % |
| Income tax (benefit) expense | | (559) | (0.4)% | | 165 | 0.1 % |
| NET (LOSS) INCOME | | (1,273) | (0.8)% | | 550 | 0.4 % |
| Net (loss) income attributable to non-controlling interests | | (159) | (0.5)% | | 356 | 0.3 % |
| NET (LOSS) INCOME ATTRIBUTABLE TO PORTILLO'S INC. | \$ | (514) | (0.3)% | \$ | 194 | 0.1 % |
| Net (loss) income per common share attributable to Portillo's Inc.: | | | | | | |
| Basic | \$ | (0.01) | | \$ | 0.01 | |
| Diluted | \$ | (0.01) | | \$ | 0.00 | |
| Weighted average common shares outstanding: | | | | | | |
| Basic | | 49,599,074 | | | 35,807,171 | |
| Diluted | | 49,599,074 | | | 39,944,086 | |



Portillo's

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SELECTED OPERATING DATA

| | Quarter Ended | |
|---|----------------|----------------|
| | March 26, 2023 | March 27, 2022 |
| Total Restaurants (a) | 75 | 70 |
| AUV (in millions) (a) | \$ 8.7 | \$ 8.3 |
| Change in same-restaurant sales (b) | 9.1 % | 8.2 % |
| Adjusted EBITDA (in thousands) (b) | \$ 19,634 | \$ 17,630 |
| Adjusted EBITDA Margin (b) | 12.6 % | 13.1 % |
| Restaurant-Level Adjusted EBITDA (in thousands) (b) | \$ 34,821 | \$ 27,983 |
| Restaurant-Level Adjusted EBITDA Margin (b) | 22.3 % | 20.8 % |



(a) Includes a restaurant that is owned by C&O of which Portillo's owns 50% of the equity. AUVs for the quarters ended March 26, 2023 and March 27, 2022 represent AUVs for the twelve months ended March 26, 2023 and March 27, 2022, respectively. Total restaurants indicated are as of a point in time.
 (b) Excludes a restaurant that is owned by C&O of which Portillo's owns 50% of the equity.

ADJUSTED EBITDA DEFINITIONS

Adjusted EBITDA and Adjusted EBITDA Margin

Adjusted EBITDA represents net income (loss) before depreciation and amortization, interest expense and income taxes, adjusted for the impact of certain non-cash and other items that we do not consider in our evaluation of ongoing core operating performance as identified in the reconciliation of net income (loss), the most directly comparable GAAP measure, to Adjusted EBITDA. Adjusted EBITDA Margin represents Adjusted EBITDA as a percentage of total revenues. We use Adjusted EBITDA and Adjusted EBITDA Margin (i) to evaluate our operating results and the effectiveness of our business strategies, (ii) internally as benchmarks to compare our performance to that of our competitors and (iii) as factors in evaluating management's performance when determining incentive compensation.

We are unable to reconcile the long-term outlook for Adjusted EBITDA to net income (loss), the corresponding U.S. GAAP measure, due to variability and difficulty in making accurate forecasts and projections and because not all information necessary to prepare the reconciliation is available to us without unreasonable efforts. For the same reasons, we are unable to address the probable significance of the unavailable information because we cannot accurately predict all of the components of the adjusted calculations and the non-GAAP measure may be materially different than the GAAP measure.

How These Measures Are Useful

We believe that Adjusted EBITDA and Adjusted EBITDA Margin are important measures of operating performance because they eliminate the impact of expenses that do not relate to our core operating performance. Adjusted EBITDA and Adjusted EBITDA Margin are supplemental measures of operating performance and our calculations thereof may not be comparable to similar measures reported by other companies. Adjusted EBITDA and Adjusted EBITDA Margin have important limitations as analytical tools and should not be considered in isolation as substitutes for analysis of our results as reported under GAAP.



ADJUSTED EBITDA RECONCILIATION

| | Quarter Ended | |
|---|------------------|------------------|
| | March 26, 2023 | March 27, 2022 |
| Net (loss) income | \$ (1,273) | \$ 550 |
| Depreciation and amortization | 5,670 | 5,205 |
| Interest expense | 7,444 | 6,099 |
| Loss on debt extinguishment | 3,465 | - |
| Income tax (benefit) expense | (559) | 165 |
| EBITDA | 14,747 | 12,019 |
| Deferred rent (1) | 1,225 | 1,081 |
| Equity-based compensation | 3,537 | 3,785 |
| Other loss (2) | 117 | 31 |
| Transaction-related fees & expenses (3) | 592 | 714 |
| Tax Receivable Agreement liability adjustment (4) | (584) | - |
| Adjusted EBITDA | \$ 19,634 | \$ 17,630 |
| Adjusted EBITDA Margin (5) | 12.6 % | 13.1 % |



(1) Represents the difference between cash rent payments and the recognition of straight-line rent expense recognized over the lease term.
(2) Represents loss on disposal of property and equipment.
(3) Represents the exclusion of certain expenses that management believes are not indicative of ongoing operations, consisting primarily of professional fees.
(4) Represents remeasurement of the Tax Receivable Agreement liability.
(5) Adjusted EBITDA Margin is defined as Adjusted EBITDA divided by Revenues, net.

ADJUSTED EBITDA RECONCILIATION

| | LTM | Fiscal Year Ended | | |
|---|------------------|-------------------|-------------------|-------------------|
| | March 26, 2023 | December 25, 2022 | December 26, 2021 | December 27, 2020 |
| Net income (loss) | \$ 15,334 | \$ 17,157 | \$ (13,416) | \$ 12,263 |
| Depreciation and amortization | 21,372 | 20,907 | 23,312 | 24,584 |
| Interest expense | 28,989 | 27,644 | 39,694 | 45,031 |
| Loss on debt extinguishment | 3,465 | – | 7,265 | – |
| Income tax expense (benefit) | 1,099 | 1,823 | (3,531) | – |
| EBITDA | 70,259 | 67,531 | 53,324 | 81,878 |
| Deferred rent (1) | 4,142 | 3,998 | 3,161 | 2,771 |
| Equity-based compensation | 15,889 | 16,137 | 30,708 | 960 |
| Option holder payment and consulting fees (2) | – | – | 7,744 | 2,000 |
| Other loss (3) | 483 | 397 | 292 | 130 |
| Transaction-related fees & expenses (4) | 2,115 | 2,237 | 3,268 | 65 |
| Tax Receivable Agreement Liability adjustment (5) | (5,929) | (5,345) | – | – |
| Adjusted EBITDA (6) | \$ 86,959 | \$ 84,955 | \$ 98,497 | \$ 87,804 |
| Adjusted EBITDA Margin | 14.3 % | 14.5 % | 18.4 % | 19.3 % |

(1) Represents the difference between cash rent payments and the recognition of straight-line rent expense recognized over the lease term.

(2) Represents an option holder payment in connection with the IPO and consulting fees related to our former owner.

(3) Represents loss on disposal of property and equipment.

(4) Represents the exclusion of certain expenses that management believes are not indicative of ongoing operations, consisting primarily of professional fees.

(5) Represents remeasurement of the Tax Receivable Agreement liability.

(6) Adjusted EBITDA Margin is defined as Adjusted EBITDA divided by Revenues, net.

RESTAURANT-LEVEL ADJUSTED EBITDA DEFINITIONS

Restaurant-Level Adjusted EBITDA and Restaurant-Level Adjusted EBITDA Margin

Restaurant-Level Adjusted EBITDA is defined as revenue, less restaurant operating expenses, which include cost of goods sold, excluding depreciation and amortization, labor expenses, occupancy expenses and other operating expenses. Restaurant-Level Adjusted EBITDA excludes corporate level expenses, pre-opening expenses and depreciation and amortization on restaurant property and equipment. Restaurant-Level Adjusted EBITDA Margin represents Restaurant-Level Adjusted EBITDA as a percentage of revenue.

How These Measures Are Useful

We believe that Restaurant-Level Adjusted EBITDA and Restaurant-Level Adjusted EBITDA Margin are important measures to evaluate the performance and profitability of our restaurants, individually and in the aggregate. Restaurant-Level Adjusted EBITDA and Restaurant-Level Adjusted EBITDA Margin have limitations as analytical tools and should not be considered as a substitute for analysis of our results as reported under GAAP.

Limitations of the Usefulness of This Measure

Restaurant-Level Adjusted EBITDA and Restaurant-Level Adjusted EBITDA Margin are not required by, nor presented in accordance with GAAP. Rather, Restaurant-Level Adjusted EBITDA and Restaurant-Level Adjusted EBITDA Margin are supplemental measures of operating performance of our restaurants. You should be aware that Restaurant-Level Adjusted EBITDA and Restaurant-Level Adjusted EBITDA Margin are not indicative of overall results for the Company, and Restaurant-Level Adjusted EBITDA and Restaurant-Level Adjusted EBITDA Margin do not accrue directly to the benefit of stockholders because of corporate-level expenses excluded from such measures. In addition, our calculations thereof may not be comparable to similar measures reported by other companies.

RESTAURANT-LEVEL ADJUSTED EBITDA RECONCILIATION

| | Quarter Ended | |
|---|------------------|------------------|
| | March 26, 2023 | March 27, 2022 |
| Operating Income | \$ 8,493 | \$ 6,814 |
| General and administrative expenses | 18,778 | 15,687 |
| Pre-opening expenses | 2,344 | 556 |
| Depreciation and amortization | 5,670 | 5,205 |
| Net Income attributable to equity method investment | (207) | (123) |
| Other income, net | (257) | (156) |
| Restaurant-Level Adjusted EBITDA | \$ 34,821 | \$ 27,983 |
| Restaurant-Level Adjusted EBITDA Margin (1) | 22.3 % | 20.8 % |

(1) Restaurant-Level Adjusted EBITDA Margin is defined as Restaurant-Level Adjusted EBITDA divided by Revenues, net



RESTAURANT-LEVEL ADJUSTED EBITDA RECONCILIATION

| | LTM | Fiscal Year Ended | | |
|---|----------------|-------------------|-------------------|-------------------|
| | March 26, 2023 | December 25, 2022 | December 26, 2021 | December 27, 2020 |
| Operating Income | \$ 42,958 | \$ 41,279 | \$ 30,012 | \$ 57,294 |
| General and administrative expenses | 69,983 | 66,892 | 87,089 | 39,854 |
| Pre-opening expenses | 6,503 | 4,715 | 3,565 | 2,209 |
| Depreciation and amortization | 21,372 | 20,907 | 23,312 | 24,584 |
| Net Income attributable to equity method investment | (1,167) | (1,083) | (797) | (459) |
| Other income, net | (305) | (204) | (1,099) | (1,537) |
| Restaurant-Level Adjusted EBITDA | \$ 139,344 | \$ 132,506 | \$ 142,082 | \$ 121,945 |
| Restaurant-Level Adjusted EBITDA Margin (1) | 22.9 % | 22.6 % | 26.6 % | 26.8 % |

(1) Restaurant-Level Adjusted EBITDA Margin is defined as Restaurant-Level Adjusted EBITDA divided by Revenues, net



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