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

FORM 10-Q

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

FOR THE QUARTERLY PERIOD ENDED March 31, 2024

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE TRANSITION PERIOD FROM TO

COMMISSION FILE NUMBER: 001-40951

PORTILLO'S INC.

(Exact name of registrant as specified in its charter)

Delaware	**87-1104304**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

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, former address and former fiscal year, if changed since last report)

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 (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. ☒ Yes ☐ No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). ☒ Yes ☐ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. (See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act).

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		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. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
☐ Yes ☒ No

As of April 30, 2024, there were 61,612,096 shares of the registrant's Class A common stock, par value $0.01 per share, issued and outstanding.

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Cautionary Note Regarding Forward-Looking Information

This Quarterly Report on Form 10-Q ("Form 10-Q") contains forward-looking statements, within the meaning of the Private Securities Litigation Reform Act of 1995 ("PSLRA"), which are subject to known and unknown risks, uncertainties and other important factors that may cause actual results to be materially different from the statements made herein. All statements other than statements of historical fact are forward-looking statements. Many of the forward-looking statements are located in Part I, Item 2 of this Form 10-Q under the heading "Management's Discussion and Analysis of Financial Condition and Results of Operations." Forward-looking statements discuss our current expectations and projections relating to our financial position, results of operations, plans, objectives, future performance and business. 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," "estimate," "expect," "forecast," "future," "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 we may not predict. As a result, our actual results may differ materially from those contemplated by the forward-looking statements, and 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:

- risks related to or arising from our organizational structure;
- risks of food-borne illness and food safety and other health concerns about our food;
- risks relating to the economy and financial markets, including inflation, fluctuating interest rates, stock market activity, or other factors;
- the impact of unionization activities of our Team Members 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;
- inability 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;
- the impact of consumer sentiment and other economic factors on our sales;
- 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 Form 10-Q in the context of the risks and uncertainties disclosed in our Annual Report on Form 10-K for the fiscal year ended December 31, 2023 filed with the SEC on February 27, 2024, which is available on the SEC's website at www.sec.gov.

The forward-looking statements included in this Form 10-Q 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.

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements (Unaudited)

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

	March 31, 2024	December 31, 2023
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents and restricted cash	$ 13,184	$ 10,438
Accounts and tenant improvement receivables	14,447	14,183
Inventory	8,510	8,733
Prepaid expenses	6,246	8,565
Total current assets	42,387	41,919
Property and equipment, net	306,106	295,793
Operating lease assets	194,852	193,825
Goodwill	394,298	394,298
Trade names	223,925	223,925
Other intangible assets, net	28,189	28,911
Equity method investment	16,641	16,684
Deferred tax assets	203,615	184,701
Other assets	6,877	5,485
Total other assets	873,545	854,004
TOTAL ASSETS	$ 1,416,890	$ 1,385,541
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	$ 29,323	$ 33,189
Current portion of long-term debt	7,500	7,500
Current portion of Tax Receivable Agreement liability	7,191	4,428
Short-term debt	32,000	15,000
Current deferred revenue	5,193	7,180
Short-term operating lease liability	5,773	5,577
Accrued expenses	29,895	32,039
Total current liabilities	116,875	104,913
LONG-TERM LIABILITIES:		
Long-term debt, net of current portion	282,239	283,923
Tax Receivable Agreement liability	321,328	295,390
Long-term operating lease liability	241,433	238,414
Other long-term liabilities	2,670	2,791
Total long-term liabilities	847,670	820,518
Total liabilities	964,545	925,431
COMMITMENTS AND CONTINGENCIES (NOTE 14)		
STOCKHOLDERS' 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 61,561,592 and 55,502,375 shares issued and outstanding at March 31, 2024 and December 31, 2023 , respectively.	615	555
Class B common stock, $0.00001 par value per share, 50,000,000 shares authorized, and 11,640,555 and 17,472,926 shares issued and outstanding at March 31, 2024 and December 31, 2023, respectively.	—	—
Additional paid-in-capital	341,750	308,212
Retained earnings	18,174	13,612
Total stockholders' equity attributable to Portillo's Inc.	360,539	322,379
Non-controlling interest	91,806	137,731
Total stockholders' equity	452,345	460,110
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 1,416,890	$ 1,385,541

See accompanying notes to unaudited condensed consolidated financial statements.

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

	Quarter Ended	
	March 31, 2024	**March 26, 2023**
REVENUES, NET	$ 165,831	$ 156,061
COST AND EXPENSES:		
Restaurant operating expenses:		
Food, beverage and packaging costs	56,961	53,626
Labor	43,302	40,459
Occupancy	9,340	8,451
Other operating expenses	19,857	18,704
Total restaurant operating expenses	129,460	121,240
General and administrative expenses	18,540	18,778
Pre-opening expenses	1,423	2,344
Depreciation and amortization	6,944	5,670
Net income attributable to equity method investment	(205)	(207)
Other income, net	(428)	(257)
OPERATING INCOME	10,097	8,493
Interest expense	6,530	7,444
Interest income	(79)	—
Tax Receivable Agreement liability adjustment	(561)	(584)
Loss on debt extinguishment	—	3,465
INCOME (LOSS) BEFORE INCOME TAXES	4,207	(1,832)
Income tax benefit	(1,137)	(559)
NET INCOME (LOSS)	5,344	(1,273)
Net income (loss) attributable to non-controlling interests	782	(759)
NET INCOME (LOSS) ATTRIBUTABLE TO PORTILLO'S INC.	$ 4,562	$ (514)
Net income (loss) per common share attributable to Portillo's Inc.:		
Basic	$ 0.08	$ (0.01)
Diluted	$ 0.08	$ (0.01)
Weighted-average common shares outstanding:		
Basic	57,437,782	49,599,074
Diluted	60,493,958	49,599,074

See accompanying notes to unaudited condensed consolidated financial statements.

PORTILLO'S INC.
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(UNAUDITED)
(In thousands, except share data)

Quarter Ended March 31, 2024 and March 26, 2023

	Class A Common Stock		Class B Common Stock					
	Shares	Amount	Shares	Amount	Additional Paid-in Capital	Retained Earnings (Accumulated Deficit)	Non-Controlling Interest	Total Stockholders' Equity
Balance at December 25, 2022	48,420,723	$ 484	23,837,162	$ —	$ 260,664	$ (4,812)	$ 176,565	$ 432,901
Net loss	—	—	—	—	—	(514)	(759)	(1,273)
Equity-based compensation	—	—	—	—	2,425	—	1,112	3,537
Activity under equity-based compensation plans	153,628	2	—	—	711	—	—	713
Redemption of LLC Units in connection with the secondary offering	5,893,600	59	(5,893,600)	—	(59)	—	—	—
Non-controlling interest adjustment	—	—	—	—	43,736	—	(43,736)	—
Distributions paid to non-controlling interest holders	—	—	—	—	—	—	(399)	(399)
Establishment of liabilities under Tax Receivable Agreement and related changes to deferred tax assets associated with increases in tax basis	—	—	—	—	(12,493)	—	—	(12,493)
Balance at March 26, 2023	54,467,951	545	17,943,562	—	294,984	(5,326)	132,783	422,986
Balance at December 31, 2023	55,502,375	555	17,472,926	—	308,212	13,612	137,731	460,110
Net income	—	—	—	—	—	4,562	782	5,344
Equity-based compensation	—	—	—	—	2,221	—	606	2,827
Activity under equity-based compensation plans	226,846	2	—	—	813	—	—	815
Redemption of LLC Interests	5,832,371	58	(5,832,371)	—	(58)	—	—	—
Non-controlling interest adjustment	—	—	—	—	46,475	—	(46,475)	—
Distributions paid to non-controlling interest holders	—	—	—	—	—	—	(838)	(838)
Establishment of liabilities under Tax Receivable Agreement and related changes to deferred tax assets associated with increases in tax basis	—	—	—	—	(15,913)	—	—	(15,913)
Balance at March 31, 2024	61,561,592	$ 615	11,640,555	$ —	$ 341,750	$ 18,174	$ 91,806	$ 452,345

See accompanying notes to unaudited condensed consolidated financial statements.

PORTILLO'S INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)
(In thousands)

	Quarter Ended	
	March 31, 2024	**March 26, 2023**
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss)	$ 5,344	$ (1,273)
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	6,944	5,670
Amortization of debt issuance costs and discount	190	431
Loss on sales of assets	76	118
Equity-based compensation	2,827	3,537
Deferred income tax benefit	(1,137)	(559)
Tax Receivable Agreement liability adjustment	(561)	(584)
Gift card breakage	(300)	(329)
Loss on debt extinguishment	—	3,465
Changes in operating assets and liabilities:		
Accounts receivable	(179)	499
Receivables from related parties	(37)	(101)
Inventory	223	2,128
Other current assets	1,228	(957)
Operating lease assets	2,213	2,081
Accounts payable	(3,500)	(3,160)
Accrued expenses and other liabilities	(3,792)	(4,513)
Operating lease liabilities	(1,025)	(798)
Deferred lease incentives	942	850
Other assets and liabilities	(379)	(19)
NET CASH PROVIDED BY OPERATING ACTIVITIES	9,077	6,486
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(16,939)	(20,216)
Proceeds from the sale of property and equipment	—	26
NET CASH USED IN INVESTING ACTIVITIES	(16,939)	(20,190)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from short-term debt, net	17,000	10,000
Proceeds from long-term debt	—	300,000
Payments of long-term debt	(1,875)	(322,428)
Proceeds from equity offering, net of underwriting discounts	114,960	166,400
Repurchase of outstanding equity / Portillo's OpCo units	(114,960)	(166,400)
Distributions paid to non-controlling interest holders	(838)	—
Proceeds from stock option exercises	632	590
Employee withholding taxes related to net settled equity awards	(12)	(19)
Proceeds from Employee Stock Purchase Plan purchases	130	127
Payments of Tax Receivable Agreement liability	(4,429)	(813)
Payment of deferred financing costs	—	(3,569)
NET CASH PROVIDED (USED) IN FINANCING ACTIVITIES	10,608	(16,112)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS AND RESTRICTED CASH	2,746	(29,816)
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH AT BEGINNING OF THE PERIOD	10,438	44,427
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH AT END OF THE PERIOD	$ 13,184	$ 14,611

See accompanying notes to unaudited condensed consolidated financial statements.

PORTILLO'S INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)
(In thousands)

	Quarter Ended	
	March 31, 2024	**March 26, 2023**
SUPPLEMENTAL CASH FLOW INFORMATION		
Interest paid	$ 6,282	$ 5,703
Income tax paid	—	—
NON-CASH INVESTING AND FINANCING ACTIVITIES:		
Accrued capital expenditures	$ 12,402	$ 4,852
Establishment of liabilities under Tax Receivable Agreement	33,690	47,380

See accompanying notes to unaudited condensed consolidated financial statements.

NOTE 1. DESCRIPTION OF BUSINESS

Portillo's Inc. ("Inc.") was formed and incorporated as a Delaware corporation on June 8, 2021. Inc. was formed for the purpose of completing an initial public offering ("IPO") and related reorganization transactions (collectively, the "Transactions") in order to carry on the business of PHD Group Holdings LLC and its subsidiaries ("Portillo's OpCo"). Portillo's Inc. is the sole managing member of Portillo's OpCo, and as sole managing member, Inc. operates and controls all of the business and affairs of Portillo's OpCo and reports a non-controlling interest representing the economic interest in Portillo's OpCo held by the other members of Portillo's OpCo (the "pre-IPO LLC Members"). Unless the context otherwise requires, references to "we," "us," "our," "Portillo's," and the "Company" refer to Portillo's Inc. and its subsidiaries, including Portillo's OpCo.

The Company operates fast-casual restaurants in 10 states, along with two food production commissaries in Illinois. As of March 31, 2024 and December 31, 2023, the Company had 84 and 83 restaurants in operation, respectively. The Company also had two non-traditional locations in operation as of March 31, 2024 and December 31, 2023. These non-traditional locations include a food truck and a ghost kitchen (small kitchen with no store-front presence, used to fill online orders). Portillo's additionally has a 50% interest in a single restaurant owned by C&O Chicago, L.L.C. ("C&O"), which is excluded from the Company's restaurant count noted above. The Company's principal corporate offices are located in Oak Brook, Illinois.

Secondary Offerings

In the first quarter of 2024, the Company completed a secondary offering of 8,000,000 shares of the Company's Class A common stock at an offering price of $14.37 per share ("Q1 2024 Secondary Offering"). The Company granted BofA Securities, Inc., the underwriter (the "Underwriter"), a 30-day option to purchase up to an additional 1,200,000 shares of Class A common stock. The underwriter did not exercise its overallotment option within the 30-day period. We used all of the net proceeds from the Q1 2024 Secondary Offering to purchase LLC Units and corresponding shares of Class B common stock from certain pre-IPO LLC Members and to repurchase shares of Class A common stock from the shareholders of the entities treated as corporations for U.S. tax purposes that held LLC Units prior to the Transactions ("Blocker Companies") at a price per LLC Unit or share of Class A common stock, as applicable, equal to the public offering price per share of Class A common stock, less the underwriting discounts and commissions. The proceeds from the Q1 2024 Secondary Offering were used to (i) purchase 2,167,629 existing shares of Class A common stock from the shareholders of the Blocker Companies and (ii) redeem 5,832,371 LLC Units held by the pre-IPO LLC Members. In connection with the redemption, 5,832,371 shares of Class B common stock were surrendered by the pre-IPO LLC Members and canceled and the Company received 5,832,371 newly-issued LLC Units, increasing the Company's total ownership interest in Portillo's OpCo. As a result, Portillo's did not receive any proceeds from the offering, and the total number of shares of Class A common stock and Class B common stock did not change; however, the number of outstanding shares of Class A common stock increased by the same number of the canceled shares of Class B common stock.

In the first quarter of 2023, the Company completed one secondary offering of 8,000,000 shares at an offering price of $21.05 per share. 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 at an offering price of $21.05 per share.

As of March 31, 2024, the Company owns 84.1% of Portillo's OpCo and the pre-IPO LLC Members own the remaining 15.9% of Portillo's OpCo.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The Company has prepared the accompanying unaudited condensed consolidated financial statements in accordance with accounting principles generally accepted in the United States of America ("GAAP") for interim financial statements and pursuant to the rules and regulations of the Securities and Exchange Commission (the "SEC"). In the opinion of management, the accompanying unaudited condensed consolidated financial statements reflect all adjustments consisting of normal recurring adjustments necessary for a fair presentation of our financial position and results of operations. Interim results of operations are not necessarily indicative of the results that may be achieved for the full year. The financial statements and related notes do not include all information and footnotes required by GAAP for annual reports. The unaudited condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2023.

All intercompany balances and transactions have been eliminated in consolidation.

The Company does not have any components of other comprehensive income (loss) recorded within its condensed consolidated financial statements, and therefore, does not separately present a statement of comprehensive income (loss).

Segment Reporting

The Company owns and operates fast-casual restaurants in the United States, along with two food production commissaries in Illinois. The Company’s chief operating decision maker (the “CODM”) is its Chief Executive Officer ("CEO"). The CODM reviews financial performance and allocates resources at a consolidated level on a recurring basis. The Company has one operating segment and one reportable segment.

Fiscal Year

The Company uses a 52- or 53-week fiscal year ending on the Sunday prior to or on December 31. In a 52-week fiscal year, each quarterly period is comprised of 13 weeks. The additional week in a 53-week fiscal year is added to the fourth quarter. Fiscal 2024 and 2023 consist of 52 and 53 weeks, respectively. The fiscal periods presented in this report are the quarters ended March 31, 2024 and March 26, 2023, respectively.

Use of Estimates

The preparation of these condensed consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of sales and expenses during the period. Actual results could differ from those estimates.

Recently Issued Accounting Standards

In October 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2023-06, Disclosure Improvements: Codification Amendments in Response to the SEC’s Disclosure Update and Simplification Initiative, which amends the disclosure or presentation requirements related to various subtopics in the FASB Accounting Standards Codification (the “Codification”). The effective date for each amendment will be the date on which the SEC’s removal of that related disclosure from Regulation S-X or Regulation S-K becomes effective, with early adoption prohibited. If, by June 30, 2027, the SEC has not removed the applicable requirement from Regulation S-X or Regulation S-K, the pending content of the related amendment will be removed from the Codification and will not become effective for any entity. The Company is currently evaluating the effect of adopting this ASU.

In November 2023, the FASB issued ASU 2023-07, Segment Reporting (Topic 280) Improvements to Reportable Segment Disclosures, which requires public entities to disclose information about their reportable segments’ significant expenses on an interim and annual basis. ASU 2023-07 is effective for fiscal years beginning after December 15, 2023, and for interim periods within fiscal years beginning after December 15, 2024, with early adoption permitted. The Company is currently evaluating the effect of adopting this ASU.

In December 2023, the FASB issued ASU 2023-09, Income Taxes (Topic 740) Improvements to Income Tax Disclosures, which requires public entities to disclose specific categories in the rate reconciliation and provide additional information for reconciling items that meet a quantitative threshold on an annual basis. ASU 2023-09 is effective for fiscal years beginning after December 15, 2024, with early adoption permitted. The Company is currently evaluating the effect of adopting this ASU.

The Company reviewed all other recently issued accounting pronouncements and concluded that they were either not applicable or not expected to have a significant impact to its condensed consolidated financial statements.

NOTE 3. REVENUE RECOGNITION

Revenues from retail restaurants are presented net of discounts and recognized when food and beverage products are sold to the end customer. Sales taxes collected from customers are excluded from revenues and the obligation is included in accrued liabilities until the taxes are remitted to the appropriate taxing authorities.

Delivery sales are generally fulfilled by third-party delivery partners whether ordered through the Portillo's app and website ("Dispatch Sales") or through third-party delivery partners ("Marketplace Sales"). Dispatch Sales include delivery and service fees as the Company controls the delivery. Revenue from Dispatch Sales is recognized when food is delivered to the customer. For these sales, the Company receives payment directly from the customer at the time of sale. Revenue for Marketplace Sales is recognized in the amount paid to the delivery partner by the customer for food and excludes delivery and service fees charged by the third-party delivery partner as the Company does not control the delivery. Revenue from Marketplace Sales is recognized when food is delivered to the customer. For these sales, the Company receives payment from the delivery partner subsequent to the transfer of order, which is generally paid one week in arrears. For all delivery sales of food, the Company is considered the principal and recognizes revenue on a gross basis.

The Company sells gift cards which do not have expiration dates. The Company records the sale of the gift card as a contract liability and recognizes revenue from gift cards when: (i) the gift card is redeemed by the customer; or (ii) in the event a gift card is not expected to be redeemed, in proportion to the pattern of rights exercised by the customer (gift card breakage). The Company has determined that 11% of gift card sales will not be redeemed and will be retained by us based on a portfolio assessment of historical data on gift card redemption patterns. Gift card breakage is recorded within revenues, net in the condensed consolidated statements of operations. The Company recognized gift card breakage of $0.3 million for the quarters ended March 31, 2024 and March 26, 2023.

The Company’s revenue related to performance obligations not yet satisfied is revenue from gift cards sold but not yet redeemed. The gift card liability included in current deferred revenue on the condensed consolidated balance sheets is as follows (in thousands):

	March 31, 2024	December 31, 2023
Gift card liability	$ 5,156	$ 6,981

Revenue recognized in the condensed consolidated statement of operations for the redemption of gift cards that were included in their respective liability balances at the beginning of the year is as follows (in thousands):

	Quarter Ended	
	March 31, 2024	March 26, 2023
Revenue recognized from gift card liability balance at the beginning of the year	$ 2,070	$ 1,937

NOTE 4. INVENTORIES

Inventories consisted of the following (in thousands):

	March 31, 2024	December 31, 2023
Raw materials	$ 6,396	$ 6,737
Work in progress	143	157
Finished goods	1,198	912
Consigned inventory	773	927
	$ 8,510	$ 8,733

NOTE 5. PROPERTY & EQUIPMENT, NET

Property and equipment, net consisted of the following (in thousands):

	March 31, 2024	December 31, 2023
Land improvements	$ 19,353	$ 19,000
Furniture, fixtures, and equipment	158,619	155,871
Leasehold improvements	234,532	227,080
Transportation equipment	2,851	2,881
Construction-in-progress	22,631	16,808
	437,986	421,640
Less accumulated depreciation	(131,880)	(125,847)
	$ 306,106	$ 295,793

Depreciation expense was $6.2 million and $5.0 million for the quarters ended March 31, 2024 and March 26, 2023, respectively, and is included in depreciation and amortization in the condensed consolidated statements of operations.

NOTE 6. GOODWILL & INTANGIBLE ASSETS

The Company has one reporting unit for goodwill which is evaluated for impairment annually in the fourth quarter of each fiscal year.

Intangible assets, net consisted of the following (in thousands):

	March 31, 2024		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Indefinite-lived intangible assets:			
Trade names	$ 223,925	$ —	$ 223,925
Intangible subject to amortization:			
Recipes	56,117	(27,928)	28,189
	$ 280,042	$ (27,928)	$ 252,114

	December 31, 2023		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Indefinite-lived intangible assets:			
Trade names	$ 223,925	$ —	$ 223,925
Intangible subject to amortization:			
Recipes	56,117	(27,206)	28,911
	$ 280,042	$ (27,206)	$ 252,836

Amortization expense was $0.7 million for both the quarters ended March 31, 2024 and March 26, 2023, and is included in depreciation and amortization in the condensed consolidated statements of operations.

The estimated aggregate amortization expense related to intangible assets held at March 31, 2024 for the remainder of this year and the succeeding five years and thereafter is as follows (in thousands):

	Estimated Amortization
2024 (excluding the quarter ending March 31, 2024)	$ 2,091
2025	2,707
2026	2,707
2027	2,707
2028	2,707
2029	2,150
2030 and thereafter	13,120
	$ 28,189

NOTE 7. FAIR VALUE OF FINANCIAL INSTRUMENTS

Assets and Liabilities Measured at Fair Value on a Recurring Basis

The carrying value of the Company's cash and cash equivalents, restricted cash, accounts and tenant improvement receivables, accounts payable and all other current assets and liabilities approximate fair values due to the short-term nature of these financial instruments.

Other assets consist of a deferred compensation plan with related assets held in a rabbi trust.

Deferred Compensation Plan - The Company maintains a rabbi trust to fund obligations under a deferred compensation plan. Amounts in the rabbi trust are invested in mutual funds, which are designated as trading securities carried at fair value. The fair value measurement of these trading securities is considered Level 1 of the fair value hierarchy as they are measured using quoted market prices.

As of March 31, 2024 and December 31, 2023, the fair value of the mutual fund investments and deferred compensation obligations were as follows (in thousands):

	March 31, 2024	December 31, 2023
	Level 1	Level 1
Assets - Investments designated for deferred compensation plan		
Cash/money accounts	$ 927	$ 1,083
Mutual funds	2,439	2,181
Total assets	$ 3,366	$ 3,264

As of March 31, 2024 and December 31, 2023, we had no Level 2 or Level 3 assets.

The deferred compensation investments and obligations are included in other assets, accrued expenses and other long-term liabilities in the consolidated balance sheets. Changes in the fair value of securities held in the rabbi trust are recognized as trading gains and losses and included in other income in the consolidated statements of operations and offsetting increases or decreases in the deferred compensation obligation are recorded in other long-term liabilities in the consolidated balance sheets.

Refer to Note 8. Debt for additional information relating to the fair value of the Company's outstanding debt instruments.

Assets Measured at Fair Value on a Non-Recurring Basis

Assets that are measured at fair value on a non-recurring basis include property and equipment, net, operating lease assets, equity-method investment, goodwill and indefinite-lived intangible assets. These assets are measured at fair value whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. There were no impairment charges recognized during the quarters ended March 31, 2024 and March 26, 2023.

NOTE 8. DEBT

Debt consisted of the following (in thousands):

	March 31, 2024	December 31, 2023
2023 Term Loan	$ 292,500	$ 294,375
2023 Revolver Facility	32,000	15,000
Unamortized discount and debt issuance costs	(2,761)	(2,952)
Total debt, net	321,739	306,423
Less: Short-term debt	(32,000)	(15,000)
Less: Current portion of long-term debt	(7,500)	(7,500)
Long-term debt, net	$ 282,239	$ 283,923

2023 Credit Agreement

On February 2, 2023 (the "Closing Date"), PHD Intermediate LLC (“Holdings”), Portillo’s Holdings LLC (the “Borrower”), the other Guarantors party thereto from time to time, each lender party thereto from time to time and Fifth Third Bank, National Association, as Administrative Agent, L/C Issuer and Swing Line Lender entered into a credit agreement (“2023 Credit Agreement”) which provides for a term A loan (the "2023 Term Loan") in an initial aggregate principal amount of $300.0 million and revolving credit commitments in an initial aggregate principal amount of $100.0 million (the “2023 Revolver Facility”). The 2023 Term Loan and 2023 Revolver Facility are scheduled to mature on February 2, 2028.

The 2023 Term Loan and the 2023 Revolver Facility will accrue interest at the forward-looking secured overnight financing rate (“SOFR”) plus an applicable rate determined upon the consolidated total net rent adjusted leverage ratio, subject to a floor of 0.00% (plus a credit spread adjustment of 0.10% per annum for 1-month interest periods and 0.15% for 3-month interest periods).

As of March 31, 2024, the interest rates on the 2023 Term Loan and 2023 Revolver Facility were 7.96% and 7.93%, respectively. Pursuant to the 2023 Credit Agreement, as of March 31, 2024, the commitment fees to maintain the 2023 Revolver Facility were 0.20% and letter of credit fees were 2.50%. Commitment fees and letter of credit fees are recorded as interest expense in the condensed consolidated statements of operations. As of March 31, 2024, the effective interest rate was 8.37%.

As of March 26, 2023, the interest rates on the 2023 Term Loan and 2023 Revolver Facility were 7.59% and 7.47%, respectively. Pursuant to the 2023 Credit Agreement, as of March 26, 2023, the commitment fees to maintain the 2023 Revolver Facility were 0.25%, and letter of credit fees 2.75%. As of March 26, 2023, the effective interest rate was 8.09%.

The 2023 Term Loan will amortize in quarterly installments equaling an aggregate annual amount of $7.5 million for the first two (2) years following the Closing Date, (b) $15.0 million for the third (3rd) and fourth (4th) years following the Closing Date, and (c) $30.0 million for the fifth (5th) year following the Closing Date, commencing on the last day of the first full fiscal quarter ended after the Closing Date, with the balance payable on the final maturity date.

As of March 31, 2024, outstanding borrowings under the 2023 Credit Agreement totaled $324.5 million, comprised of $292.5 million under the 2023 Term Loan, and $32.0 million under the 2023 Revolver Facility. Letters of credit issued under the 2023 Revolver Facility totaled $4.2 million. As a result, as of March 31, 2024, the Company had $63.8 million available under the 2023 Revolver Facility.

As of December 31, 2023, outstanding borrowings under the 2023 Credit Agreement totaled $309.4 million, comprised of $294.4 million under the 2023 Term Loan, and $15.0 million under the 2023 Revolver Facility. Letters of credit issued under the 2023 Revolver Facility totaled $4.3 million. As a result, as of December 31, 2023, the Company had $80.7 million available under the 2023 Revolver Facility.

2014 Credit Agreement

Holdings, the Borrower and certain of its subsidiaries entered into a credit agreement ("2014 Credit Agreement"), dated as of August 1, 2014 and as amended October 25, 2016, May 18, 2018 and December 6, 2019, with UBS AG, Stamford Branch, as the administrative agent and collateral agent, and other lenders from time to time party thereto (the “2014 Lenders”). The 2014 Lenders extended credit in the form of (i) first lien initial term loans in an initial aggregate principal amount of $335.0 million and (ii) a revolving credit facility in an original principal amount

equal to $30.0 million, including a letter of credit sub-facility with a $7.5 million sublimit (the “2014 Revolving Facility” and the loans thereunder, the “2014 Revolving Loans”).

On December 6, 2019, the Borrower entered into a third amendment to the 2014 Credit Agreement (the “Third Amendment to 2014 Credit Agreement”) whereby the aggregate principal amount of the term loans as of the effective date of the Third Amendment to 2014 Credit Agreement was $332.4 million (the “2014 Term B-3 Loans”), and the 2014 Revolving Facility was increased to $50.0 million. The maturity date with respect to the 2014 Term B-3 Loans was extended to September 6, 2024, and the maturity date with respect to the 2014 Revolving Loans was extended to June 6, 2024.

On February 2, 2023, the Company used proceeds from the 2023 Term Loan and 2023 Revolver Facility, along with cash on hand, to pay off the 2014 Credit Agreement in full in the amount of $321.8 million. The 2023 Revolver Facility under the 2023 Credit Agreement replaces the $50.0 million 2014 Revolving Facility under the 2014 Credit Agreement.

Discount, Debt Issuance Costs and Interest Expense

Pursuant to the 2023 Credit Agreement, the Company capitalized deferred financing costs and issuance discount of $3.6 million which will be amortized over the term of the 2023 Credit Agreement.

The Company amortized an immaterial amount of deferred financing costs during the quarter ended March 31, 2024 and $0.3 million for the quarter ended March 26, 2023, which is included in interest expense in the condensed consolidated statements of operations. In addition, the Company also amortized $0.2 million in original issue discount related to the long-term debt during both the quarters ended March 31, 2024 and March 26, 2023, which is included in interest expense in the condensed consolidated statements of operations.

In connection with the repayment of the 2014 Credit Agreement as described above, deferred financing costs and original issuance discount of $3.5 million were recorded as a loss on debt extinguishment during the quarter ended March 26, 2023 in the condensed consolidated statement of operations.

Total interest expense was $6.5 million and $7.4 million for the quarters ended March 31, 2024 and March 26, 2023, respectively.

Fair Value of Debt

As of March 31, 2024 and December 31, 2023, the fair value of long-term debt approximates the carrying value as it is variable rate debt. The fair value measurement of this debt is considered Level 2 of the fair value hierarchy as inputs to interest are observable, unadjusted quoted prices in active markets for similar assets or liabilities.

Guarantees and Covenants

The 2023 Credit Agreement is guaranteed by all domestic subsidiaries of the Borrower (subject to customary exceptions) and secured by liens on substantially all of the assets of Holdings, the Borrower and the subsidiary guarantors (subject to customary exceptions).

The 2023 Credit Agreement also includes certain financial covenants with respect to cash interest coverage and total net rent adjusted leverage. As of March 31, 2024, the Company was in compliance with financial covenants in the 2023 Credit Agreement.

NOTE 9. NON-CONTROLLING INTERESTS

We are the sole managing member of Portillo's OpCo, and as a result, consolidate the financial results of Portillo's OpCo. We report a non-controlling interest representing the LLC Units in Portillo's OpCo held by pre-IPO LLC Members. Changes in our ownership interest in Portillo's OpCo while we retain our controlling interest in Portillo's OpCo will be accounted for as equity transactions. As such, future redemptions or direct exchanges of LLC Units in Portillo's OpCo by the pre-IPO LLC members will result in a change in ownership and reduce the amount recorded as non-controlling interest and increase additional paid-in capital.
In the first quarter of 2024, in connection with the secondary offering described in Note 1. Description Of Business, 5,832,371 of LLC Units and corresponding shares of Class B common stock were redeemed by the pre-IPO LLC Members for newly-issued shares of Class A common stock and we received a total of 5,832,371 newly-issued LLC Units, increasing our total ownership interest in Portillo's OpCo.

The following table summarizes the LLC interest ownership by Portillo's Inc. and pre-IPO LLC members:

	March 31, 2024		December 31, 2023	
	LLC Units	Ownership %	LLC Units	Ownership %
Portillo's Inc.	61,561,592	84.1 %	55,502,375	76.1 %
pre-IPO LLC Members	11,640,555	15.9 %	17,472,926	23.9 %
Total	73,202,147	100.0 %	72,975,301	100.0 %

The weighted average ownership percentages for the applicable reporting periods are used to attribute net income to Portillo's Inc. and the pre-IPO LLC Members. The pre-IPO LLC Members' weighted average ownership percentage for the quarters ended March 31, 2024 and March 26, 2023 was 21.4% and 31.4%, respectively.

The following table summarizes the effects of changes in ownership in Portillo's OpCo on the Company's equity (in thousands):

	Quarter Ended	
	March 31, 2024	March 26, 2023
Net income (loss) attributable to Portillo's Inc.	$ 4,562	$ (514)
Activity under equity-based compensation plans	813	711
Non-controlling interest adjustment	46,475	43,736
Redemption of LLC Units	(58)	(59)
Establishment of liabilities under Tax Receivable Agreement and related changes to deferred tax assets associated with increases in tax basis	(15,913)	(12,493)
Total effect of changes in ownership interest on equity attributable to Portillo's Inc.	$ 35,879	$ 31,381

NOTE 10. EQUITY-BASED COMPENSATION

Equity-based compensation expense is calculated based on equity awards ultimately expected to vest and is reduced for estimated forfeitures. Forfeitures are revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates and an adjustment to equity-based compensation expense will be recognized at that time.

Equity-based compensation expense included in the Company's consolidated statements of operations is as follows (in thousands):

	Quarter Ending	
	March 31, 2024	March 26, 2023
Labor	$ 408	$ 346
General and administrative expenses	2,419	3,191
Total equity-based compensation expense	$ 2,827	$ 3,537

NOTE 11. INCOME TAXES

We are the sole managing member of Portillo's OpCo, and as a result, consolidate the financial results of Portillo's OpCo. Portillo's OpCo is treated as a partnership for U.S. federal and most applicable state and local income tax purposes. As a partnership, Portillo's OpCo is generally not subject to U.S. federal and state and local income taxes. Any taxable income or loss generated by Portillo's OpCo is passed through to and included in the taxable income or loss of its members, including us, based upon the respective member's ownership percentage in Portillo's OpCo. We are subject to U.S. federal income taxes, in addition to state and local income taxes with respect to our allocable share of any taxable income or loss of Portillo's OpCo, as well as any stand-alone income or loss generated by Portillo's Inc.

Income Tax Expense (Benefit)

The effective income tax rate for the quarters ended March 31, 2024 and March 26, 2023 was (27.0)% and 30.5%, respectively. The decrease in our effective income tax rate for the quarter ended March 31, 2024 compared to the quarter ended March 26, 2023 was primarily driven by a decrease in the valuation allowance recorded against a portion of the Company's deferred tax assets as a result of the Q1 2024 Secondary Offering, partially offset by an increase in the Company's ownership interest in Portillo's OpCo, which increases its share of taxable income (loss) of Portillo's OpCo. The Company's annual effective tax rate differs from the statutory rate of 21% primarily because the Company is not liable for federal or state income taxes on the portion of Portillo's OpCo's earnings that are attributable to non-controlling interests, deferred tax adjustments and impacts from equity-based award activity.

We evaluate the realizability of our deferred tax assets on a quarterly basis and establish valuation allowances when it is more likely than not that all or a portion of a deferred tax asset may not be realized. As of March 31, 2024, the Company concluded, based on the weight of all available positive and negative evidence, that all of its deferred tax assets (except for those deferred tax assets relating to the basis difference in its investment in Portillo's OpCo that will never be realizable or only reverse upon the eventual sale of its interest in Portillo's OpCo, which we expect would result in a capital loss which we do not expect to be able to utilize) are more likely than not to be realized.

Secondary Offerings

In the first quarter of 2024, in connection with the Q1 2024 Secondary Offering previously discussed in Note 1. Description Of Business, 5,832,371 LLC Units were redeemed by the pre-IPO LLC Members for newly-issued shares of Class A common stock. As a result, an increase in the tax basis of net assets of Portillo's OpCo subject to the provisions of the Tax Receivable Agreement (the "Tax Receivable Agreement" or "TRA") was recorded. The Company recorded a deferred tax asset of $17.8 million and an additional TRA liability of $33.7 million. As of March 31, 2024, we estimated that our obligation for future payments under the TRA liability totaled $328.5 million. For the quarters ended March 31, 2024 and March 26, 2023, the Company made TRA payments of $4.4 million relating to tax year 2022 and $0.8 million relating to tax year 2021, respectively. We expect a payment of $7.2 million relating to tax year 2023 to be paid within the next 12 months.

NOTE 12. EARNINGS (LOSS) PER SHARE

Basic net earnings per share of Class A common stock is computed by dividing net income attributable to Portillo's Inc. by the weighted-average number of Class A common stock outstanding.

Diluted net earnings per share is computed by dividing net income attributable to Portillo's Inc. by the weighted-average number of dilutive securities, using the treasury stock method.

The computations of basic and diluted net earnings (loss) per share for the quarters ended March 31, 2024 and March 26, 2023 are as follows (in thousands, except per share data):

	Quarter Ended	
	March 31, 2024	March 26, 2023
Net income (loss)	$ 5,344	$ (1,273)
Net income (loss) attributable to non-controlling interests	782	(759)
Net income (loss) attributable to Portillo's Inc.	$ 4,562	$ (514)
Shares:		
Weighted-average number of common shares outstanding-basic	57,438	49,599
Dilutive share awards	3,056	—
Weighted-average number of common shares outstanding-diluted	60,494	49,599
Basic net income (loss) per share	$ 0.08	$ (0.01)
Diluted net income (loss) per share	$ 0.08	$ (0.01)

Shares of the Company’s Class B Common Stock do not participate in the earnings or losses of Portillo's Inc. and are therefore not participating securities. As such, separate presentation of basic and diluted earnings per share of Class B Common Stock under the two-class method has not been presented.

The following shares were excluded from the calculation of diluted earnings per share because they would be antidilutive (in thousands):

	Quarter Ended	
	March 31, 2024	March 26, 2023
Shares subject to performance conditions	1,748	1,807
Shares that were antidilutive	38	3,538
Total shares excluded from diluted net income per share	1,786	5,345

NOTE 13. CONTINGENCIES

The Company is party to legal proceedings and potential claims arising in the normal conduct of business, including claims related to employment matters, contractual disputes, customer injuries, and property damage. Although the ultimate outcome of these claims and lawsuits cannot be predicted with certainty, management believes that the resulting liability, if any, will not have a material effect on the Company’s condensed consolidated financial statements.

NOTE 14. RELATED PARTY TRANSACTIONS

As of March 31, 2024 and December 31, 2023 the related parties’ receivables balance consisted of $0.4 million and $0.3 million, respectively, due from C&O, which is included in accounts and tenant improvement receivable in the condensed consolidated balance sheets.

Olo, Inc.

Noah Glass, a member of the Company's Board, is the founder and CEO of Olo, Inc. ("Olo"), a platform the Company uses in connection with our mobile ordering application and delivery.

The Company incurred the following Olo-related costs for the quarters ended March 31, 2024 and March 26, 2023 (in thousands):

	Quarter Ended	
	March 31, 2024	March 26, 2023
Food, beverage and packaging costs	$ 502	$ 585
Other operating expenses	102	114
Net Olo-related costs	$ 604	$ 699

As of March 31, 2024 and December 31, 2023, $0.3 million and $0.4 million, respectively, were payable to Olo and were included in accounts payable in the condensed consolidated balance sheets.

Tax Receivable Agreement

We are party to a TRA with certain members of Portillo's OpCo that provides for the payment by us of 85% of the amount of tax benefits, if any, that Portillo's Inc. actually realizes or in some cases is deemed to realize as a result of certain transactions. For the quarters ended March 31, 2024 and March 26, 2023, the Company made TRA payments of $4.4 million relating to tax year 2022 and $0.8 million relating to tax year 2021, respectively. We expect a payment of $7.2 million relating to tax year 2023 to be paid within the next 12 months.

(in thousands)	March 31, 2024	December 31, 2023
Current portion of Tax Receivable Agreement liability	$ 7,191	$ 4,428
Tax receivable agreement liability	321,328	295,390

Secondary Offerings

In connection with the secondary offerings previously discussed in Note 1. Description Of Business, we purchased LLC Units and corresponding shares of Class B common stock and shares of Class A common stock using the proceeds of the secondary offerings at a price equal to the public offering price less the underwriting discounts and commissions from certain pre-IPO LLC Members and shareholders of the Blocker Companies, including from funds affiliated with Berkshire Partners LLC, which is our largest shareholder that beneficially owns approximately 19.3% of the Company as of March 31, 2024.

NOTE 15. SUBSEQUENT EVENTS

The Company opened one new restaurant subsequent to March 31, 2024 in Surprise, Arizona for a total of 85 restaurants, excluding a restaurant owned by C&O, of which Portillo's owns 50% of the equity.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

The following discussion contains, in addition to historical information, forward-looking statements that include risks and uncertainties. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors, including those set forth under the heading “Cautionary Statements Concerning Forward-Looking Statements” in this report and under the heading “Risk Factors” in Part I, Item IA of our Annual Report on Form 10-K for the fiscal year ended December 31, 2023 and Part II, Item 1A of this Form 10-Q. The following discussion should be read in conjunction with our Annual Report on Form 10-K for the fiscal year ended December 31, 2023 and the condensed consolidated financial statements and notes thereto included in Part I, Item 1 of this Form 10-Q. All information presented herein is based on our fiscal calendar. Unless otherwise stated, references to particular years, quarters, months or periods refer to our fiscal years and the associated quarters, months and periods of those fiscal years.

Although we believe that the expectations reflected in the forward-looking statements are reasonable based on our current knowledge of our business and operations, we cannot guarantee future results, levels of activity, performance or achievements. We assume no obligation to provide revisions to any forward-looking statements should circumstances change.

The following discussion summarizes the significant factors affecting the condensed consolidated operating results, financial condition, liquidity and cash flows of our Company as of and for the periods presented below.

We have prepared the unaudited condensed consolidated financial statements in accordance with accounting principles generally accepted in the United States of America ("GAAP") for interim financial statements and pursuant to the rules and regulations of the Securities and Exchange Commission (the "SEC").

Overview

Portillo’s serves iconic Chicago street food through high-energy, multichannel restaurants designed to ignite the senses and create a memorable dining experience. Since our founding in 1963 in a small trailer which Dick Portillo called “The Dog House,” we have grown to become a treasured brand with a passionate (some might say obsessed) nationwide following. Our diverse menu features all-American favorites such as Chicago-style hot dogs and sausages, Italian beef sandwiches, char-broiled burgers, chopped salads, crinkle-cut fries, homemade chocolate cake and our signature chocolate cake shake. We create a consumer experience like no other by combining the best attributes of fast casual and quick service concepts with an exciting, energy-filled atmosphere and restaurant model capable of generating tremendous volumes. Nearly all of our restaurants were built with double lane drive-thrus and have been thoughtfully designed with a layout that accommodates a variety of access modes including dine-in, carryout, delivery, and catering in order to quickly and efficiently serve our guests. No matter how our guests order from us, our highly productive kitchens and team members consistently serve high quality food and deliver a memorable guest experience. We believe the combination of our craveable food, multichannel sales model, dedication to operational excellence, and distinctive culture driven by our team members gives us a competitive advantage.

As of March 31, 2024, we owned and operated 85 Portillo’s restaurants across ten states, including a restaurant owned by C&O Chicago, L.L.C. ("C&O") of which Portillo’s owns 50% of the equity.

Secondary Offering

In the first quarter of 2024, the Company completed a secondary offering of 8,000,000 shares of the Company's Class A common stock at an offering price of $14.37 per share ("Q1 2024 Secondary Offering"). The Company granted BofA Securities, Inc., the underwriter (the "Underwriter"), a 30-day option to purchase up to an additional 1,200,000 shares of Class A common stock. The underwriter did not exercise its overallotment option within the 30-day period. We used all of the net proceeds from the Q1 2024 Secondary Offering to purchase LLC Units and corresponding shares of Class B common stock from certain pre-IPO LLC Members and to repurchase shares of Class A common stock from the shareholders of the entities treated as corporations for U.S. tax purposes that held LLC Units prior to the Transactions ("Blocker Companies") at a price per LLC Unit or share of Class A common stock, as applicable, equal to the public offering price per share of Class A common stock, less the underwriting discounts and commissions. The proceeds from the Q1 2024 Secondary Offering were used to (i) purchase 2,167,629 existing shares of Class A common stock from the shareholders of the Blocker Companies and (ii) redeem 5,832,371 LLC Units held by the pre-IPO LLC Members. In connection with the redemption, 5,832,371 shares of Class B common stock were surrendered by

the pre-IPO LLC Members and canceled and the Company received 5,832,371 newly-issued LLC Units, increasing the Company's total ownership interest in Portillo's OpCo. As a result, Portillo's did not receive any proceeds from the offering, and the total number of shares of Class A common stock and Class B common stock did not change; however, the number of outstanding shares of Class A common stock increased by the same number of the canceled shares of Class B common stock.

Financial Highlights for the Quarter Ended March 31, 2024 vs. Quarter Ended March 26, 2023:

- Total revenue increased 6.3% or $9.8 million to $165.8 million;
- Same restaurant sales* decreased 1.2%;
- Operating income increased $1.6 million to $10.1 million;
- Net income increased $6.6 million to $5.3 million;
- Restaurant-Level Adjusted EBITDA** increased $1.6 million to $36.4 million; and
- Adjusted EBITDA** increased $2.1 million to $21.8 million.

* For the quarter ended March 31, 2024, same-restaurant sales compares the 13 weeks from January 1, 2024 through March 31, 2024 to the 13 weeks from January 2, 2023 through April 2, 2023.
** Adjusted EBITDA and Restaurant-Level Adjusted EBITDA are non-GAAP measures. Definitions and reconciliations of Adjusted EBITDA to net income (loss) and Restaurant-Level Adjusted EBITDA to operating income the most directly comparable financial measures presented in accordance with GAAP, are set forth under the section "Key Performance Indicators and Non-GAAP Financial Measures".

Recent Developments and Trends

In the quarter ended March 31, 2024 total revenue grew 6.3% or $9.8 million. Same-restaurant sales declined 1.2% during the quarter ended March 31, 2024, compared to 9.1% same-restaurant sales growth during the same quarter in 2023.

During the quarter ended March 31, 2024, we opened one new restaurant in Denton, Texas for a total of 85 restaurants, including a restaurant owned by C&O, of which Portillo's owns 50% of the equity. The twelve restaurants opened in 2023 and one restaurant opened during the quarter ended March 31, 2024 positively impacted revenues by approximately $14.4 million in the quarter ended March 31, 2024. We opened one restaurant subsequent to March 31, 2024 and plan to open at least seven additional restaurants during the remainder of 2024.

In the quarter ended March 31, 2024, commodity inflation was 4.8%, compared to 8.9% for the quarter ended March 26, 2023. For the quarter ended March 31, 2024, we experienced an increase in labor expenses, as a percentage of revenue, compared to the quarter ended March 26, 2023 primarily due to lower transactions and incremental wage rate increases to support our team members, partially offset by increase in our average check and lower variable-based compensation. We increased certain menu prices by approximately 1.5% during both January of 2024 and at the end of March 2024 to offset inflationary cost pressures. We will continue to monitor cost pressures, the competitive landscape, and consumer sentiment to inform our pricing decisions in the future quarters.

In the quarter ended March 31, 2024, operating income, operating margin, net income, Restaurant-Level Adjusted EBITDA, Adjusted EBITDA and Adjusted EBITDA margin all improved versus the prior year. We believe this improvement was the result of our ongoing efforts to elevate guest experiences, deploy strategic pricing actions, implement operational efficiencies, and grow our restaurant base. Further, we intend to continue focusing our efforts on running world class operations, innovating and amplifying the Portillo's experience, building restaurants with industry-leading returns and taking great care of our teams.

We also launched two new salads to our menu in late March as a result of guest feedback. The Spicy Chicken Chopped Salad and the Chicken Pecan Salad with Bacon are fresh, made-to-order salads that joined our menus nationwide alongside other fan-favorite salads, including the Greek Salad, Caesar Salad and our famous original Chopped Salad. Additionally, to promote our new salads we will introduce a new brown paper bag with green stripes for a limited time in May and June. Like our prior bag, the new bag is also 100% recyclable, does not need to be bleached, and is made from fibers certified by the Sustainable Forestry Initiative.

Development Highlights

During the quarter ended March 31, 2024, we opened one restaurant in the Texas market. Subsequent to March 31, 2024, we opened one additional restaurant, bringing our total restaurant count to 86, 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 2024:

Location	Opening Date	Fiscal Quarter Opened
Denton, Texas	March 2024	Q1 2024
Surprise, Arizona	May 2024	Q2 2024

Consolidated Results of Operations

The following table summarizes our results of operations for the quarter ended March 31, 2024 and March 26, 2023 (in thousands):

	Quarter Ended			
	March 31, 2024		March 26, 2023	
REVENUES, NET	$ 165,831	100.0 %	$ 156,061	100.0 %
COST AND EXPENSES:				
Restaurant operating expenses:				
Food, beverage and packaging costs	56,961	34.3 %	53,626	34.4 %
Labor	43,302	26.1 %	40,459	25.9 %
Occupancy	9,340	5.6 %	8,451	5.4 %
Other operating expenses	19,857	12.0 %	18,704	12.0 %
Total restaurant operating expenses	129,460	78.1 %	121,240	77.7 %
General and administrative expenses	18,540	11.2 %	18,778	12.0 %
Pre-opening expenses	1,423	0.9 %	2,344	1.5 %
Depreciation and amortization	6,944	4.2 %	5,670	3.6 %
Net income attributable to equity method investment	(205)	(0.1)%	(207)	(0.1)%
Other income, net	(428)	(0.3)%	(257)	(0.2)%
OPERATING INCOME	10,097	6.1 %	8,493	5.4 %
Interest expense	6,530	3.9 %	7,444	4.8 %
Interest income	(79)	— %	—	— %
Tax Receivable Agreement liability adjustment	(561)	(0.3)%	(584)	(0.4)%
Loss on debt extinguishment	—	— %	3,465	2.2 %
INCOME (LOSS) BEFORE INCOME TAXES	4,207	2.5 %	(1,832)	(1.2)%
Income tax benefit	(1,137)	(0.7)%	(559)	(0.4)%
NET INCOME (LOSS)	5,344	3.2 %	(1,273)	(0.8)%
Net income (loss) attributable to non-controlling interests	782	0.5 %	(759)	(0.5)%
NET INCOME (LOSS) ATTRIBUTABLE TO PORTILLO'S INC.	$ 4,562	2.8 %	$ (514)	(0.3)%

Revenues, Net

Revenues primarily represent the aggregate sales of food and beverages, net of discounts. Sales taxes collected from customers are excluded from revenues. Revenues in any period are directly influenced by, among other factors, the number of operating weeks in the period, the number of open restaurants, restaurant traffic, our menu prices, third-party delivery platform prices and product mix.

Revenues for the first quarter ended March 31, 2024 were $165.8 million compared to $156.1 million for the first quarter ended March 26, 2023, an increase of $9.8 million or 6.3%. The increase in revenues was primarily attributed to the opening of twelve restaurants in 2023 and one restaurant during the quarter ended March 31, 2024, partially offset by a decrease in our same-restaurant sales. New restaurants positively impacted revenues by approximately $14.4 million in the quarter ended March 31, 2024. Same-restaurant sales decreased 1.2% during the first quarter ended March 31, 2024, which was attributable to a 3.2% decrease in transactions, partially offset by an increase in average check of 2.0%. The higher average check was driven by an approximate 5.1% increase in certain menu prices partially offset by product mix. For the purpose of calculating same-restaurant sales for March 31, 2024, sales for the 69 restaurants that were open for at least 24 full fiscal periods were included in the Comparable Restaurant Base (as defined in "Selected Operating Data" below).

Food, Beverage and Packaging Costs

Food, beverage and packaging costs include the direct costs associated with food and beverages, including paper products and third-party delivery commissions. The components of food, beverage and packaging costs are variable by nature, change with sales volume, are impacted by product mix and are subject to increases or decreases in commodity costs.

Food, beverage and packaging costs for the first quarter ended March 31, 2024 were $57.0 million compared to $53.6 million for the first quarter ended March 26, 2023, an increase of $3.3 million or 6.2%. This increase was primarily driven by the opening of twelve restaurants in 2023 and one restaurant during the quarter ended March 31, 2024 and a 4.8% increase in commodity prices. As a percentage of revenues, net, food, beverage and packaging costs decreased 0.1% during the quarter ended March 31, 2024. The decrease was primarily due to an increase in average check and lower third-party delivery commissions, partially offset by an increase in certain commodity prices.

Labor Expenses

Labor expenses include hourly and management wages, bonuses and equity-based compensation, payroll taxes, workers' compensation expense, and team member benefits. Factors that influence labor costs include wage inflation and payroll tax legislation, health care costs and the staffing needs of our restaurants.

Labor expenses for the first quarter ended March 31, 2024 were $43.3 million compared to $40.5 million for the first quarter ended March 26, 2023, an increase of $2.8 million or 7.0%. This increase was primarily driven by the opening of twelve restaurants in 2023 and one restaurant during the quarter ended March 31, 2024, and incremental investments to support our team members, including annual rate increases, partially offset by lower variable-based compensation. As a percentage of revenues, net, labor increased 0.2% primarily due to a decrease in transactions and the aforementioned incremental wage rate increases to support our team members, partially offset by an increase in our average check and lower variable-based compensation.

Occupancy Expenses

Occupancy expenses primarily consist of rent, property insurance and property taxes.

Occupancy expenses for the first quarter ended March 31, 2024 were $9.3 million compared to $8.5 million for the first quarter ended March 26, 2023, an increase of $0.9 million or 10.5%, primarily driven by the opening of twelve restaurants in 2023 and one restaurant during the quarter ended March 31, 2024. As a percentage of revenues, net, occupancy expenses increased 0.2% primarily due to a decrease in transactions..

Other Operating Expenses

Other operating expenses consist of direct marketing expenses, utilities and other operating expenses incidental to operating our restaurants, such as credit card fees and repairs and maintenance.

Other operating expenses for the first quarter ended March 31, 2024 were $19.9 million compared to $18.7 million for the first quarter ended March 26, 2023, an increase of $1.2 million or 6.2%, primarily due to the opening of twelve restaurant in 2023 and one restaurant during the quarter ended March 31, 2024 and an increase in cleaning expenses, credit card fees and utilities, partially offset by lower advertising expenses and a decrease in operating supplies. As a percentage of revenues, net, operating expenses was consistent with the comparable prior quarter.

General and Administrative Expenses

General and administrative expenses primarily consist of costs associated with our corporate and administrative functions that support restaurant development and operations, including marketing and advertising costs incurred as well as legal and professional fees. General and administrative expenses also include equity-based compensation expense. General and administrative expenses are impacted by changes in our team member count and costs related to strategic and growth initiatives.

General and administrative expenses for the first quarter ended March 31, 2024 were $18.5 million compared to $18.8 million for the first quarter ended March 26, 2023, a decrease of $0.2 million or 1.3%. This decrease was primarily driven by lower equity-based compensation and lower variable-based compensation, partially offset by an increase in salaries and wages attributable to annual rate increases, increases in professional fees, and increases to advertising and marketing expenses.

Pre-Opening Expenses

Pre-opening expenses consist primarily of wages, occupancy expenses, which represent rent expense recognized during the period between the date of possession of the restaurant facility and the restaurant opening date, travel for the opening team and other supporting team members, food, beverage, and the initial stocking of operating supplies. All such costs incurred prior to the opening are expensed in the period in which the expense was incurred. Pre-opening expenses can fluctuate significantly from period to period, based on the number and timing of openings and the specific pre-opening expenses incurred for each restaurant. Additionally, restaurant openings in new geographic market areas will experience higher pre-opening expenses than our established geographic market areas, such as the Chicagoland area, where we have greater economies of scale and incur lower travel and lodging costs for our training team.

Pre-opening expenses for the first quarter ended March 31, 2024 were $1.4 million compared to $2.3 million for the first quarter ended March 26, 2023, a decrease of $0.9 million or 39.3%. The decrease was due to the number and timing of activities related to our planned restaurant openings for the quarter ended March 31, 2024 as compared to the quarter ended March 26, 2023.

Depreciation and Amortization

Depreciation and amortization expenses consist of the depreciation of fixed assets, including leasehold improvements, fixtures and equipment and the amortization of definite-lived intangible assets, which are primarily comprised of recipes.

Depreciation and amortization expense for the quarter ended March 31, 2024 was $6.9 million compared to $5.7 million for the first quarter ended March 26, 2023, an increase of $1.3 million or 22.5%. This increase was primarily attributable to incremental depreciation of capital expenditures related to the opening of twelve restaurants in 2023 and one restaurant during the quarter ended March 31, 2024.

Net Income Attributable to Equity Method Investment

Net income attributable to equity method investment consists of a 50% interest in C&O, which runs a single restaurant located within the Chicagoland market. We account for the investment and financial results in the condensed consolidated financial statements under the equity method of accounting as we have significant influence but do not have control.

Net income attributable to equity method investment for both the first quarters ended March 31, 2024 and March 26, 2023 was $0.2 million.

Other Income, Net

Other income, net, includes among other items, income resulting from discounts received for timely filing of sales tax returns, management fee income associated with our investment in C&O, trading gains or losses on our deferred compensation plan and gains or losses on asset disposals.

Other income, net, for the first quarter ended March 31, 2024 was $0.4 million compared to $0.3 million for the first quarter ended March 26, 2023, an increase of $0.2 million or 66.5%. This increase was primarily due to an increase in trading gains in the rabbi trust used to fund our deferred compensation plan and a decrease in loss on sale of assets.

Interest Expense

Interest expense primarily consists of interest and fees on our credit facilities and the amortization expense for debt discount and deferred issuance costs.

Interest expense for the first quarter ended March 31, 2024 was $6.5 million compared to $7.4 million for the first quarter ended March 26, 2023, a decrease of $0.9 million or 12.3%. This decrease was primarily driven by the improved lending terms associated with our 2023 Term Loan and 2023 Revolver Facility.

Our effective interest rate on the 2023 Term Loan and 2023 Revolver Facility was 8.37% and 8.09% as of March 31, 2024 and March 26, 2023, respectively.

Interest Income

Interest income primarily consists of interest earned on our cash and cash equivalents.

Interest income for the quarter ended March 31, 2024 was $0.1 million. There was no interest income in the quarter ended March 26, 2023.

Tax Receivable Agreement Liability Adjustment

We are party to a Tax Receivable Agreement liability with certain members of Portillo's OpCo that provides for the payment by us of 85% of the amount of tax benefits, if any, that Portillo's Inc. actually realizes or in some cases is deemed to realize as a result of certain transactions.

The tax receivable agreement liability adjustment was $0.6 million for the quarter ended March 31, 2024 related to a remeasurement primarily due to activity under equity-based compensation plans. The tax receivable agreement liability adjustment, was $0.6 million for the quarter ended March 26, 2023.

Loss on Debt Extinguishment

There was no loss on debt extinguishment for the quarter ended March 31, 2024. Loss on debt extinguishment for the quarter ended March 26, 2023 was $3.5 million due to the write-off of debt discount and deferred issuance costs associated with the payoff of the 2014 Credit Agreement as described in Note 8. Debt.

Income Tax Benefit

Portillo's OpCo is treated as a partnership for U.S. federal, as well as state and local income tax purposes and is not subject to taxes. Rather, any taxable income or loss generated by Portillo's OpCo is allocated to its members in relation to their respective ownership percentage of Portillo's OpCo. We are subject to U.S. federal, as well as state and local, income taxes with respect to our allocable share of any taxable income or loss of Portillo's OpCo, as well as any stand-alone income or loss generated by Portillo's Inc.

Income tax benefit for the first quarter ended March 31, 2024 was $1.1 million compared to $0.6 million for the first quarter ended March 26, 2023, a decrease of $0.6 million or 103.4%. Our effective income tax rate for the quarter ended March 31, 2024 was (27.0)%, compared to 30.5% for the quarter ended March 26, 2023. The decrease in our effective income tax rate for the quarter ended March 31, 2024 compared to the quarter ended March 26, 2023 was primarily driven by a decrease in the valuation allowance recorded against a portion of the Company's deferred tax assets as a result of the Q1 2024 Secondary Offering, partially offset by an increase in the Company's ownership interest in Portillo's OpCo, which increases its share of taxable income (loss) of Portillo's OpCo.

Net Income Attributable to Non-controlling Interests

We are the sole managing member of Portillo's OpCo. We manage and operate the business and control the strategic decisions and day-to-day operations of Portillo’s OpCo and we also have a substantial financial interest in Portillo’s OpCo. Accordingly, we consolidate the financial results of Portillo’s OpCo, and a portion of our net income is allocated to non-controlling interests to reflect the entitlement of the pre-IPO LLC Members who retained their equity ownership in Portillo's OpCo (the "pre-IPO LLC Members"). The weighted average ownership percentages for the applicable reporting periods are used to attribute net income (loss) to Portillo's Inc. and the non-controlling interest holders.

Net income attributable to non-controlling interests for the first quarter ended March 31, 2024 was $0.8 million, compared to net loss attributable to non-controlling interests of $0.8 million for the first quarter ended March 26, 2023, an increase of $1.5 million or 203.0%. The increase in net income attributable to non-controlling interests for the quarter ended March 31, 2024 was primarily due to an increase in net income compared to the quarter ended March 26, 2023, partially offset by a decrease in the non-controlling interest holders' weighted average ownership, from 31.4% for the quarter ended March 26, 2023 to 21.4% for the quarter ended March 31, 2024.

Key Performance Indicators and Non-GAAP Financial Measures

In addition to the GAAP measures presented in our financial statements, we use the following key performance indicators and non-GAAP financial measures to evaluate our business, measure our performance, develop financial forecasts and make strategic decisions. These key measures include restaurant openings, average unit volume ("AUV"), same-restaurant sales, Adjusted EBITDA, Adjusted EBITDA Margin, Restaurant-Level Adjusted EBITDA and Restaurant-Level Adjusted EBITDA Margin. The Company includes these measures because management believes that they are important to day-to-day operations and overall strategy and are useful to investors in that they provide for greater transparency with respect to supplemental information used by management in its financial and operational decision-making.

	Quarter Ended	
	March 31, 2024	March 26, 2023
Total Restaurants (a)	85	75
AUV (in millions) (a)	$ 9.0	$ 8.7
Change in same-restaurant sales (b) (c)	(1.2)%	9.1%
Adjusted EBITDA (in thousands) (b)	$ 21,777	$ 19,634
Adjusted EBITDA Margin (b)	13.1%	12.6%
Restaurant-Level Adjusted EBITDA (in thousands) (b)	$ 36,371	$ 34,821
Restaurant-Level Adjusted EBITDA Margin (b)	21.9%	22.3%

(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 31, 2024 and March 26, 2023 represent AUVs for the twelve months ended March 31, 2024 and March 26, 2023, 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.
(c) For the quarter ended March 31, 2024, same-restaurant sales compares the 13 weeks from January 1, 2024 through March 31, 2024 to the 13 weeks from January 2, 2023 through April 2, 2023.

Change in 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, which is defined as the number of restaurants open for at least 24 full fiscal periods (the "Comparable Restaurant Base"). For the quarter ended March 31, 2024 and March 26, 2023, there were 69 and 63 restaurants in our Comparable Restaurant Base, respectively. The Comparable Restaurant Base excludes a restaurant that is owned by C&O, of which Portillo's owns 50% of the equity.

A change in same-restaurant sales 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 change in same-restaurant sales 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 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.

Non-GAAP Financial Measures

To supplement the condensed 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, interest income 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, the most directly comparable GAAP measure to Adjusted EBITDA. Adjusted EBITDA Margin represents Adjusted EBITDA as a percentage of revenues, net.

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.

The following table reconciles net income to Adjusted EBITDA and Adjusted EBITDA margin (in thousands):

	Quarter Ended	
	March 31, 2024	**March 26, 2023**
Net income (loss)	$ 5,344	$ (1,273)
Net income (loss) margin	*3.2 %*	*(0.8)%*
Depreciation and amortization	6,944	5,670
Interest expense	6,530	7,444
Interest income	(79)	—
Loss on debt extinguishment	—	3,465
Income tax benefit	(1,137)	(559)
EBITDA	17,602	14,747
Deferred rent (1)	1,170	1,225
Equity-based compensation	2,827	3,537
ERP implementation costs (2)	125	—
Other income (3)	75	117
Transaction-related fees & expenses (4)	539	592
Tax Receivable Agreement liability adjustment (5)	(561)	(584)
Adjusted EBITDA	$ 21,777	$ 19,634
Adjusted EBITDA Margin (6)	*13.1 %*	*12.6 %*

(1) Represents the difference between cash rent payments and the recognition of straight-line rent expense recognized over the lease term.
(2) Represents non-capitalized third party consulting and software licensing costs incurred in connection with the implementation of a new ERP system.
(3) Represents loss on disposal of property and equipment.

(4) Represents certain expenses that management believes are not indicative of ongoing operations, consisting primarily of certain 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 and Restaurant-Level Adjusted EBITDA Margin

Restaurant-Level Adjusted EBITDA is defined as revenue, less restaurant operating expenses, which include food, beverage and packaging costs, 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 revenues, net.

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.

The following table reconciles operating income to Restaurant-Level Adjusted EBITDA and Restaurant-Level Adjusted EBITDA Margin (in thousands):

	Quarter Ended	
	March 31, 2024	**March 26, 2023**
Operating income	$ 10,097	$ 8,493
Operating income margin	*6.1 %*	*5.4 %*
Plus:		
General and administrative expenses	18,540	18,778
Pre-opening expenses	1,423	2,344
Depreciation and amortization	6,944	5,670
Net income attributable to equity method investment	(205)	(207)
Other income, net	(428)	(257)
Restaurant-Level Adjusted EBITDA	$ 36,371	$ 34,821
Restaurant-Level Adjusted EBITDA Margin (1)	*21.9 %*	*22.3 %*

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

Liquidity and Capital Resources

Our primary sources of liquidity are cash from operations, cash and cash equivalents on hand, and availability under our 2023 Revolver Facility. As of March 31, 2024, we maintained a cash and cash equivalents and restricted cash balance of $13.2 million and had $63.8 million of availability under our 2023 Revolver Facility, after giving effect to $4.2 million in outstanding letters of credit.

Our primary requirements for liquidity are to fund our working capital needs, operating lease obligations, capital expenditures, and general restaurant support center needs. Our requirements for working capital are not significant because our guests pay for their food and beverage purchases in cash or on debit or credit cards at the time of the sale and we are able to sell many of our inventory items before payment is due to the supplier of such items. Our ongoing capital expenditures are principally related to opening of new restaurants, existing capital investments (both for remodels and maintenance), as well as investments in our restaurant support center infrastructure.

Based upon current levels of operations and anticipated growth, we expect that cash flows from operations will be sufficient to meet our needs for at least the next twelve months, and the foreseeable future.

Tax Receivable Agreement

In connection with the IPO, we entered into a Tax Receivable Agreement ("TRA") with certain of our pre-IPO LLC Members, pursuant to which we will generally be required to pay 85% of the amount of cash savings, if any, in U.S. federal, state, and local income tax that we actually realize or are deemed to realize, as a result of (i) our allocable share of existing tax basis in depreciable or amortizable assets relating to LLC Units acquired in the IPO, (ii) certain favorable tax attributes acquired by the Company from entities treated as corporations for U.S. tax purposes that held LLC Units prior to the Transactions ("Blocker Companies") (including net operating losses and the Blocker Companies' allocable share of existing tax basis), (iii) increases in our allocable share of then existing tax basis in depreciable or amortizable assets, and adjustments to the tax basis of the tangible and intangible assets, of Portillo's OpCo and its subsidiaries, as a result of (x) sales or exchanges of interests in Portillo's OpCo (including the repayment of the redeemable preferred units) in connection with the IPO and (y) future redemptions or exchanges of LLC Units by pre-IPO LLC Members for Class A common stock and (iv) certain other tax benefits related to entering into the TRA, including payments made under the TRA.

As of March 31, 2024, we estimate that our obligation for future payments under the TRA totaled $328.5 million. Amounts payable under the TRA are contingent upon, among other things, (i) generation of future taxable income over the term of the TRA and (ii) future changes in tax laws. If we do not generate sufficient taxable income in the aggregate over the term of the TRA to utilize the tax benefits, then we would not be required to make the related TRA payments. The payments that we are required to make will generally reduce the amount of overall cash flow that might have otherwise been available to us, but we expect the cash tax savings we will realize to fund the required payments. Assuming no material changes in relevant tax law and that we earn sufficient taxable income to realize all tax benefits that are subject to the TRA, we estimate that the tax savings associated with all tax attributes described above would aggregate to approximately $386.5 million as of March 31, 2024. Under this scenario, we would be required to pay the TRA Parties approximately 85% of such amount, or $328.5 million, primarily over the next 15 years, substantially declining in year 16 through year 47. For the quarters ended March 31, 2024 and March 26, 2023, we made TRA payments of $4.4 million relating to tax year 2022 and $0.8 million relating to tax year 2021, respectively. We expect a payment of $7.2 million relating to tax year 2023 to be paid within the next 12 months.

Summary of Cash Flows

The following table presents a summary of our cash flows from operating, investing and financing activities (in thousands):

	Quarter Ended	
	March 31, 2024	March 26, 2023
Net cash provided by operating activities	$ 9,077	$ 6,486
Net cash used in investing activities	(16,939)	(20,190)
Net cash provided (used) in financing activities	10,608	(16,112)
Net increase (decrease) in cash and cash equivalents and restricted cash	2,746	(29,816)
Cash and cash equivalents and restricted cash at beginning of period	10,438	44,427
Cash and cash equivalents and restricted cash at end of period	$ 13,184	$ 14,611

Operating Activities

Net cash provided by operating activities for the quarter ended March 31, 2024 was $9.1 million compared to net cash provided by operating activities of $6.5 million for the quarter ended March 26, 2023, an increase of $2.6 million or 39.9%. This increase was primarily driven by the increase in net income of $6.6 million, partially offset by the change in operating assets and liabilities of $0.3 million and the change in non-cash items of $3.7 million.

The $0.3 million change in our operating assets and liabilities balances was primarily driven by operating assets and liabilities being a use of net cash of $4.3 million in the quarter ended March 31, 2024, compared to a use of net cash of $4.0 million in quarter ended March 26, 2023 driven by the change in inventory, other current assets, accrued expenses and other liabilities, and trade receivables in the quarter ended March 31, 2024. The $3.7 million change from the quarter ended March 31, 2024 in non-cash charges is primarily driven by the loss on debt extinguishment in the prior year, lower equity-based compensation expense, and higher income tax benefit, partially offset by higher depreciation and amortization in the current year. The increase in net income for the quarter ended March 31, 2024 was primarily due to the factors driving the aforementioned change in revenues and expenses as described in the condensed consolidated results of operations in the quarter ended March 31, 2024 compared to the quarter ended March 26, 2023.

Investing Activities

Net cash used in investing activities was $16.9 million for the quarter ended March 31, 2024 compared to $20.2 million for the quarter ended March 26, 2023, a decrease of $3.3 million or 16.1%. This decrease was primarily due to the number of restaurant openings and buildings in process during the quarter ended March 31, 2024 compared to the quarter ended March 26, 2023.

Financing Activities

Net cash provided by financing activities was $10.6 million for the quarter ended March 31, 2024 compared to net cash used in financing activities of $16.1 million for the quarter ended March 26, 2023, an increase of $26.7 million or 165.8%. This increase is primarily due to cash provided by proceeds from borrowings of short-term debt of $7.0 million, partially offset by an increase in payments made under the TRA of $3.6 million. The quarter ended March 26, 2023 included the payment of long-term debt in connection with our refinancing, as described in Note 8. Debt.

2023 Revolver Facility and Liens

On February 2, 2023, Holdings, the Borrower, the other Guarantors party thereto from time to time, each lender party thereto from time to time and Fifth Third Bank, National Association, as Administrative Agent, L/C Issuer and Swing Line Lender entered into the 2023 Credit Agreement which provides for the 2023 Term Loan in an initial aggregate principal amount of $300.0 million and the 2023 Revolver Facility in an initial aggregate principal amount of $100.0 million. The proceeds under the 2023 Term Loan and 2023 Revolver Facility, along with cash on hand, were used to repay outstanding indebtedness under the 2014 Credit Agreement and to pay related transaction expenses. The 2023 Term Loan and 2023 Revolver Facility are scheduled to mature on February 2, 2028.

As of March 31, 2024, we had $32.0 million of borrowings under the 2023 Revolver Facility, and letters of credit issued under the 2023 Revolver Facility totaled $4.2 million. As a result, as of March 31, 2024, the Company had $63.8 million available under the 2023 Revolver Facility.

The 2023 Credit Agreement also includes certain financial covenants with respect to cash interest coverage and total net rent adjusted leverage. As of March 31, 2024, the Company was in compliance with financial covenants in the 2023 Credit Agreement.

Material Cash Requirements

There have been no material changes to the material cash requirements as disclosed in our Annual Report on Form 10-K for the fiscal year ended December 31, 2023, other than those payments made in the ordinary course of business.

Refer to Note 8. Debt for a description of a Credit Agreement and the repayment of borrowings.

Critical Accounting Estimates

This discussion and analysis of financial condition and results of operations is based upon the Company's condensed consolidated financial statements, which have been prepared in accordance with GAAP. The preparation of these financial statements requires the Company to make estimates, judgments, and assumptions that can have a meaningful effect on the reporting of condensed consolidated financial statements. There have been no significant changes to our critical accounting estimates or significant accounting policies as disclosed in our Annual Report on Form 10-K for the fiscal year ended December 31, 2023.

The Company reviewed all other recently issued accounting pronouncements and concluded that they were either not applicable or not expected to have a significant impact to its condensed consolidated financial statements. Refer to Note 2. Summary Of Significant Accounting Policies for additional detail.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

There have been no material changes to our exposure to market risks as described in Part II, Item 7A of our Annual Report on Form 10-K for the fiscal year ended December 31, 2023.

Item 4. Controls and Procedures.

EVALUATION OF DISCLOSURE CONTROLS AND PROCEDURES

Under the supervision and with the participation of our management, including the Chief Executive Officer and Chief Financial Officer, we conducted an evaluation of the effectiveness of our disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of the end of the period covered by this report. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of such date. Our disclosure controls and procedures are designed to ensure that information required to be disclosed in the reports we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and that such information is accumulated and communicated to management, including the Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosure.

CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

There were no changes to our internal control over financial reporting that occurred during the quarter ended March 31, 2024 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II – OTHER INFORMATION

Item 1. Legal Proceedings.

Information regarding certain legal proceedings to which the Company is a party are discussed in Note 13. Contingencies in the notes to the unaudited condensed consolidated financial statements and is incorporated herein by reference.

Item 1A. Risk Factors.

Other than as set forth below, there have been no material changes to the risk factors disclosed in the Company's Annual Report on Form 10-K for the year ended December 31, 2023.

Matters relating to employment and labor law could have a material adverse effect, result in litigation or union activities, add significant costs and divert management attention.

Various federal and state labor laws govern our relationships with our team members and affect our operating costs, including the U.S. Occupational Safety and Health Act, which governs worker health and safety, the U.S. Fair Labor Standards Act, which governs such matters as minimum wages and overtime, and a variety of federal, state and local laws that govern employment law matters like employee classifications, unemployment tax rates, workers' compensation rates, family leave, working conditions, safety standards, immigration status, payroll taxes, discrimination, and citizenship requirements. In addition, under the U.S. Patient Protection and Affordable Care Act ("ACA"), we must provide affordable coverage, as defined in ACA, to eligible team members, or make a payment per team member based on ACA's affordability criteria. Additionally, some state and local laws mandate certain levels of health benefits by some employers. Significant additional government regulations and new laws, including mandated increases in minimum wages, changes in exempt and non-exempt status, paid leave, or increased mandated benefits such as health care and insurance costs could have a material adverse effect on our business, financial condition and results of operations. In addition, changes in federal or state workplace regulations could adversely affect our ability to meet our financial targets.

Federal law requires that we verify that our team members have the proper documentation and authorization to work in the U.S. Although we require all workers to provide us with government-specified documentation evidencing their employment eligibility, some of our team members may, without our knowledge, be unauthorized workers. We currently participate in the "E-Verify" program, an Internet-based, free program run by the U.S. government to verify employment eligibility, in Arizona and Florida, which are the only states in which we operate where participation is required. However, use of the "E-Verify" program does not guarantee that we will properly identify all applicants who are ineligible for employment. Unauthorized workers are subject to deportation and we may be subject to fines or penalties if any of our workers are found to be unauthorized. Termination of a significant number of team members who lack work authorization may disrupt our operations, cause temporary increases in our labor costs as we train new team members and result in adverse publicity. We could also become subject to fines, penalties and other costs related to claims that we did not fully comply with all recordkeeping obligations of federal and state immigration compliance laws. As a result of such events, we could experience adverse publicity that may negatively impact our brand and may make it more difficult to hire and keep qualified team members. These factors could materially adversely affect our Results.

Our business is subject to the risk of litigation by team members, consumers, suppliers, shareholders or others through private actions, class actions, administrative proceedings, regulatory actions or other litigation. The outcome of litigation, particularly class action and regulatory actions, is difficult to assess or quantify. In recent years, restaurant companies, including us, have been subject to lawsuits, including class actions, alleging violations of federal and state laws regarding workplace and employment conditions, discrimination and similar matters. Some lawsuits have resulted in substantial damage awards. Similar lawsuits have been instituted from time to time alleging violations of various federal and state wage and hour laws regarding, among other things, employee meal deductions, overtime eligibility of managers and failure to pay for all hours worked. Whether or not claims against us are valid or whether we are found liable, claims may be expensive to defend and may divert time and money away from our operations and result in increases in our insurance premiums. In addition, they may generate negative publicity, which could reduce guest traffic and sales. Although we believe we maintain adequate levels of insurance, insurance may not be available at all or in sufficient amounts to cover all potential liabilities with respect to these or other matters. A judgment or other liability in excess of our insurance coverage or any adverse publicity resulting from claims could have a material adverse effect on our Results.

Certain of our team members at our commissaries in Addison, IL and Aurora, IL voted on April 13, 2023 and April 30, 2024, respectively, in favor of being represented by a union. We filed objections to the 2023 election with the National Labor Relations Board on April 19, 2023, asserting that the promises made by the union and its agent prevented a free and fair election. We have appealed to the NLRB to set aside the election results. We filed an objection to the 2024 election with the National Labor Relations Board on May 7, 2024, asserting that the promises made by the union and its agents prevented a free and fair election. Although we have not received other petitions to unionize, it is possible that additional team members may seek to be represented by labor unions in the future. If a significant number of our team members were to become unionized and collective bargaining agreement terms were significantly different from our current compensation arrangements, it could have a material adverse effect on our Results. In addition, a labor dispute involving some or all our team members may harm our reputation, disrupt our operations and reduce our revenues, and resolution of labor disputes could increase our costs. Further, if we enter into a new market with unionized construction companies, or the construction companies in our current markets become unionized, construction and build-out costs for new restaurants in such markets could materially increase.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

Secondary Offering

In the first quarter of 2024, the Company completed a secondary offering of 8,000,000 shares of the Company's Class A common stock at an offering price of $14.37 per share ("Q1 2024 Secondary Offering"). The Company granted BofA Securities, Inc., the underwriter (the "Underwriter"), a 30-day option to purchase up to an additional 1,200,000 shares of Class A common stock. The underwriter did not exercise its overallotment option within the 30-day period. We used all of the net proceeds from the Q1 2024 Secondary Offering to purchase LLC Units and corresponding shares of Class B common stock from certain pre-IPO LLC Members and to repurchase shares of Class A common stock from the shareholders of the Blocker Companies at a price per LLC Unit or share of Class A common stock, as applicable, equal to the public offering price per share of Class A common stock, less the underwriting discounts and commissions. The proceeds from the Q1 2024 Secondary Offering were used to (i) purchase 2,167,629 existing shares of Class A common stock from the shareholders of the Blocker Companies and (ii) redeem 5,832,371 LLC Units held by the pre-IPO LLC Members. In connection with the redemption, 5,832,371 shares of Class B common stock were surrendered by the pre-IPO LLC Members and canceled and the Company received 5,832,371 newly-issued LLC Units, increasing the Company's total ownership interest in Portillo's OpCo. As a result, Portillo’s did not receive any proceeds from the offering, and the total number of shares of Class A common stock and Class B common stock did not change; however, the number of outstanding shares of Class A common stock increased by the same number of the canceled shares of Class B common stock.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

(a) On May 2, 2024, the Company’s board of directors (the “Board”) adopted a new form of option award agreement and performance-based restricted stock unit (“PRSU”) award agreement, for options and PRSU awards, respectively, granted to employees, including the Company’s executive officers, under the Portillo’s Inc. 2021 Equity Incentive Plan (the “2021 Plan”). The Board also adopted a revised version of the Company’s existing form of restricted stock unit (“RSU”) award agreement, which clarifies potential treatment upon termination and makes other minor changes. The forms of option award agreement, PSU award agreement and RSU award agreement are subject to the terms and conditions of the 2021 Plan.

On May 2, 2024, the Board approved the Portillo’s Inc. Senior Executive Severance Plan (the “Senior Executive Severance Plan”) for employees at the level of senior vice president and above. With respect to each of the Company’s executive officers, the Senior Executive Severance Plan provides severance upon a termination of employment by the Company without cause or a resignation of employment by the employee for good reason, in each case, that occurs upon or within 24 months following a change in control equal to 2.0x (3.0x in the case of the CEO) the sum of the employee’s annual base salary and target annual bonus, as well as a pro-rated target annual bonus for the year of termination, the prior year bonus to the extent unpaid, outplacement assistance and subsidized COBRA during the severance period. Upon a termination of employment by the Company without cause prior to a change in control or following the change in control protection period, each named executive officer receives 1.0x (1.5x in the case of the CEO) the employee’s annual base salary, as well as a pro-rated annual bonus for

the year of termination based on actual period, the prior year bonus to the extent unpaid, outplacement assistance and subsidized COBRA during the severance period.

Each of the RSU award agreement, PRSU award agreement, option award agreement, and Senior Executive Severance Plan are filed as Exhibits 10.4, 10.5, 10.6 and 10.7, respectively, and are incorporated herein by reference.

(c) Rule 10b5-1 and non-Rule 10b5-1 Trading Arrangements

During the quarter ended March 31, 2024, the following officer of the Company amended his "Rule 10b5-1 trading arrangement" as defined in Item 408(a) of Regulation S-K:

Name/ Title	Type of Plan	Original Adoption Date	Modification Date		Expiration Date	Aggregate Number of Securities to be Sold	Plan Description
Nicholas Scarpino, Chief Marketing Officer	10b5-1 Trading Plan	September 7, 2022	March 7, 2024	[(a)]	January 3, 2025	Up to 96,722	Exercise of Options and Sale of Shares

[(a)] On March 7, 2024, Nicholas Scarpino, Chief Marketing Officer, modified a Rule 10b5-1 trading arrangement, originally adopted on September 7, 2022 and modified on August 7, 2023. The modified trading arrangement is intended to satisfy the affirmative defense of Rule 10b5-1(c) and provides for the potential sale of up to an aggregate of 96,722 shares of the Company's common stock until the earlier of (1) January 3, 2025 and (2) the date on which all such shares have been sold under the plan.

No other director or officer of the Company adopted, amended, or terminated a “Rule 10b5-1 trading arrangement” or “non-Rule 10b5-1 trading arrangement,” as each term is defined in Item 408(c) of Regulation S-K during this time.

Item 6. Exhibits.

Exhibit Number		Description	Filed Herewith
3.1		Amended and Restated Certificate of Incorporation of Portillo's Inc. (incorporated by reference to Exhibit 3.1 of the Company's Quarterly Report on Form 10-Q filed on November 18, 2021)	
3.2		Amended and Restated Bylaws of Portillo's Inc. (incorporated by reference to Exhibit 3.2 of the Company's Quarterly Report on Form 10-Q filed on November 18, 2021)	
10.1	†	Employment Agreement between PHD Group Holdings LLC and Susan Shelton, entered into as of August 1, 2014	*
10.2		Form of Stock and Unit Purchase Agreement by and among Portillo's Inc. and the parties named therein (incorporated by reference to the Company's Registration Statement on S-1 filed on August 8, 2022)	
10.3		Stock Unit and Purchase Agreement, dated February 27, 2024, by and among Portillo's Inc. and the parties named therein (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on March 4, 2024)	
10.4	†	Form of 2024 Restricted Stock Unit Award Agreement under Portillo's Inc. 2021 Equity Incentive Plan	*
10.5	†	Form of 2024 Performance Stock Unit Award Agreement under Portillo's Inc. 2021 Equity Incentive Plan	*
10.6	†	Form of 2024 Stock Option Award Agreement under Portillo's Inc. 2021 Equity Incentive Plan	*
10.7	†	Senior Executive Severance Plan	*
31.1		Certification of the Principal Executive Officer pursuant to Securities Exchange Act Rules 13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	*
31.2		Certification of the Principal Financial Officer pursuant to Securities Exchange Act Rules 13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	*
32.1		Certifications of the Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	#
101.INS		XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document	*
101.SCH		XBRL Taxonomy Extension Schema Document	*
101.CAL		XBRL Taxonomy Extension Calculation Linkbase Document	*
101.DEF		XBRL Taxonomy Extension Definition Linkbase Document	*
101.LAB		XBRL Taxonomy Extension Label Linkbase Document	*
101.PRE		XBRL Taxonomy Extension Presentation Linkbase Document	*
104		Cover page Interactive Data File - the cover page interactive data file does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document	*

* *Filed Herewith*
\# *Furnished Herewith*
† *Indicates a management contract or compensatory plan or agreement*

SIGNATURE

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, thereunto duly authorized.

Portillo's Inc.
(Registrant)

Date: May 7, 2024

By: /s/ Michael Osanloo
Michael Osanloo
President, Chief Executive Officer and Director
(Principal Executive Officer)

Date: May 7, 2024

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

EMPLOYMENT AGREEMENT

TIDS EMPLOYMENT AGREEMENT (this "Agreement") is entered into as of August 1, 2014, by and between Susan Shelton ("Executive") and PHD Group Holdings LLC (the **"Company").**

WHEREAS, pursuant to that certain Agreement and Plan of Merger (as the same may be amended, modified or supplemented from time to time, the "Merger Agreement"), dated as of June 28, 2014, by and among Portillo's Holdings, LLC, a Delaware limited liability company (the "Portillo's"), PHD Intermediate LLC, a Delaware limited liability company (the "Purchaser"), PHD Merger Sub LLC, a Delaware limited liability company and wholly-owned subsidiary of the Purchaser (the "Merger Sub"), and RP & SP Holdings, Inc., a Delaware corporation (the "Representative"), as representative for the Members (as defined in the Merger Agreement), Merger Sub shall merge with and into Portillo's, whereupon the separate existence of Merger Sub shall cease, and Portillo's shall be the surviving company;

WHEREAS, the Company desires to continue to employ Executive, and Executive desires to continue to be employed by the Company, on the terms set forth in this Agreement; and

WHEREAS, the Company and Executive intend for this Agreement to become effective upon the Closing (as defined in the Merger Agreement) (the "Effective Date").

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Employment Term. The Company hereby agrees to continue to employ Executive, and Executive hereby agrees to accept continued employment with the Company, upon the terms and conditions contained in this Agreement. Executive's employment with the Company pursuant to this Agreement shall commence on the Effective Date and shall continue until the third anniversary of the Effective Date (the "Initial Term"); provided, that the term of this Agreement shall automatically be extended for one (1) additional year .commencing on the third anniversary of the Effective Date and on each anniversary thereafter (each, a "Renewal Term") unless, not less than thirty (30) days prior to the commencement of any such Renewal Term, either party shall have given written notice to the other that it does not wish to extend this Agreement (a "Non-Renewal Notice"), in which case, Executive's employment under this Agreement shall terminate upon the close of business on the last day of the Initial Term or the then-current Renewal Tenn, as applicable. The period during which Executive is employed by the Company pursuant to this Agreement is hereinafter referred to as the "Term."

2. Employment Duties. Executive shall have the title of General Counsel of the Company and shall have such duties, authorities and responsibilities as are consistent with such position and as the Board of Managers of the Company (the "Board") or the Chief Executive Officer ("CEO") may designate from time to time. Executive shall report directly to the Board or the CEO. Executive shall devote Executive's full working time and attention and Executive's best efforts to Executive's employment and service with the Company and shall perform Executive's services in a capacity and in a manner consistent with Executive's position for the Company; provided, that this Section 2 shall not be

interpreted as prohibiting Executive from (i) managing Executive's personal investments (so long as such investment activities are of a passive nature), or (ii) engaging in charitable or civic activities, in each case of (i) and (ii), so long as such activities do not, individually or in the aggregate, (a) materially interfere with the performance of Executive's duties and responsibilities hereunder, (b) create a fiduciary conflict, or (c) result in a violation of Section 14 of this Agreement. If requested, Executive shall also serve as an executive officer and/or board member of the board of directors (or similar governing body) of any entity that directly, or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with, the Company (an "Affiliate") without any additional compensation.

3. Base Salary. During the Term, the Company shall pay Executive a base salary at an annual rate of $270,000, payable in accordance with the Company's normal payroll practices for employees as in effect from time to time. Executive's base salary shall be reviewed annually by the Board and may be increased by the Board in its sole discretion. Executive's annual base salary, as in effect from time to time, is hereinafter referred to as the "Base Salary."

4. Annual Bonus. With respect to each fiscal year during the Term, Executive shall be eligible to earn an annual cash bonus award (the "Annual Bonus"), with a target Annual Bonus of fifty percent (50%) of the actual amount of Base Salary paid during such fiscal year, based upon the achievement of annual performance targets relating to the fiscal year of the Company established by the Board, in consultation with the CEO, within ninety (90) days of the beginning of each such fiscal year. The Annual Bonus, if any, for each fiscal year during the Term shall be paid to Executive as soon as reasonably practicable after the certification of the financial statements for the performance period to which such Annual Bonus relates, but no later than March 15th of the calendar year after the fiscal year to which the bonus relates, at the same time that other senior executives of the Company receive annual bonus payments; provided, that the Annual Bonus shall be prorated for any partial fiscal years during the Term. Executive shall not be paid any Annual Bonus with respect to a fiscal year unless Executive is employed with the Company on the day such Annual Bonus is paid. For the avoidance of doubt, the Executive shall be eligible to receive a short-year bonus for the period from August 1,.2014 through December 31, 2014, to account for the Company's change from a fiscal year ending July 31st to a fiscal year ending December 31st. Performance targets for such short-year bonus will be set as soon as reasonably practicable.

5. Incentive Equity Awards. Subject to the Company's adoption of an incentive equity plan following the Closing, the Executive shall be eligible to participate in such plan as determined by the Board, in its sole discretion, subject to the terms and conditions of the plan and any applicable award agreement.

6. Benefits. During the Term, Executive shall be entitled to participate in any benefit plans or programs offered by the Company as in effect from time to time, excluding any severance or bonus plans unless specifically referenced in this Agreement (collectively, "Benefit Plans"), on the same basis as those generally made available to other senior executives of the Company, to the extent consistent with applicable law and the terms of the applicable Benefit Plan. The Company does not promise the adoption or continuance

of any particular Benefit Plan and reserves the right to amend or cancel any Benefit Plan at any time in its sole discretion (subject to the terms of such Benefit Plan and applicable law). To the extent the Company is not able to provide the Executive fully funded health and dental insurance, the Company shall pay an amount to each Executive equal to the cost of such health and dental insurance that must be paid by the Executive. For the avoidance of doubt, any amounts paid to Executive for such benefits shall not count toward, be substituted in lieu of, or be considered in determining payments or benefits due to the Executive under any other plan, program or agreement of the Company, including the Annual Bonus calculation.

7. Vacation. Executive shall be entitled to paid vacation days in accordance with Company policy, as in effect on the Effective Date, which shall accrue and be useable by Executive in accordance with such policy.

8. Expense Reimbursement. The Executive shall be entitled to reimbursement for all reasonable and necessary out-of-pocket business, entertainment and travel expenses incurred by the Executive in connection with the performance of the Executive's duties hereunder in accordance with the Company's expense reimbursement policies and procedures.

9. Termination of Employment. The Term and Executive's employment hereunder may be terminated as follows:
    a. Automatically in the event of the death of Executive;

    b. At the option of the Company, by written notice to Executive or Executive's personal representative in the event of the Disability of Executive. As used herein, the term "Disability" shall mean a physical or mental incapacity or disability which, despite any reasonable accommodation required by applicable law, has rendered, or is likely to render, Executive unable to perform Executive's material duties for a period of either (i) 180 days in any twelve-month period or (ii) 90 consecutive days, as determined by a medical physician selected by the Board;

    c. At the option of the Company for Cause, on prior written notice to Executive;

    d. At the option of the Company at any time without Cause (provided that the assignment of this Agreement to, and assumption of this Agreement by, the purchaser of all or substantially all of the assets of the Company shall not be treated as a termination without Cause under this Section 9(d)), by delivering written notice of its determination to terminate to Executive;

    e. At the option of Executive for Good Reason;

    f. At the option of Executive without Good Reason, upon sixty (60) days prior written notice to the Company (which the Company may, in its sole discretion, make effective as a resignation earlier than the termination date provided in such notice), or

g. Upon the close of business on the last day of the Initial Term or the then- current Renewal Term, as applicable, as a result of a Non-Renewal Notice.

10. Payments by Virtue of Termination of Employment.

a. Termination by the Company Without Cause, by the Company's Non- Renewal Notice or by Executive For Good Reason. If Executive's employment is terminated at any time during the Term by the Company without Cause, by the Company's Non-Renewal Notice or by Executive for Good Reason, subject to Section 10(d) of this Agreement, Executive shall be entitled to:

i. (A) within thirty (30) days following such termination, (i) payment of Executive's accrued and unpaid Base Salary and (ii) reimbursement of expenses under Section ll. of this Agreement, in each case of (i) and (ii), accrued through the date of termination and (B) all other accrued amounts or accrued benefits due to Executive in accordance with the Company's benefit plans, programs or policies (other than severance); and

ii. an amount equal to Executive's Base Salary as in effect immediately prior to Executive's date of termination, which amount shall be payable during the twelve (12) months commencing on the date of termination (the "Severance Period") in substantially equal installments in accordance with the Company's regular payroll practices as in effect from time to time; provided, that the first payment pursuant to this Section 10(a)(ii) shall be made on the next regularly scheduled payroll date following the sixtieth (60th) day after Executive's termination and shall include payment of any amounts that would otherwise be due prior thereto.

b. Termination Due to Death or Disability. If Executive's employment terminates due to Executive's death or Disability, Executive or Executive's legal representatives shall be entitled to receive: (A) within thirty (30) days following such termination, (i) payment of Executive's accrued and unpaid Base Salary, (ii) payment of Executive's earned but unpaid Annual Bonus with respect to the calendar year prior to the year of termination, if any, and (iii) reimbursement of expenses under Section 8 of this Agreement, in each case of (i), (ii) and (iii), accrued through the date of termination and (B) all other accrued amounts or accrued benefits due to Executive in accordance with the Company's benefit plans, programs or policies (other than severance).

c. Termination by the Company for Cause, by Executive without Good Reason or by the Executive's Non-Renewal Notice. If (i) the Company terminates Executive's employment for Cause during the Term, (ii) Executive terminates her employment without Good Reason during the Term or (iii) Executive's employment terminates at the expiration of the Term pursuant to a Non-Renewal Notice by Executive, Executive shall be entitled to receive the payments and benefits described under Section 10(a)(i) of this Agreement.

d. Conditions to Payment. All payments and benefits due to Executive under this Section 10 which are not otherwise required by applicable law shall be payable

only if Executive executes and delivers to the Company a general release of claims in a form reasonably satisfactory to the Company and such release is no longer subject to revocation (to the extent applicable), in each case, within sixty (60) days following termination of employment. Failure to timely execute and return such release or the revocation of such release shall be a waiver by Executive of Executive's right to severance (which, for the avoidance of doubt, shall not include any amounts described in Section 10(a)(i) of this Agreement). In addition, severance shall be conditioned on Executive's continued compliance with Section 14 of this Agreement as provided in Section 16 below and compliance with any restrictive covenants in any other agreements to which the Executive is a party with the Company or any Affiliates.

e. No Other Severance. Executive hereby acknowledges and agrees that, other than the severance payments described in this Section 10, upon the effective date of the termination of Executive's employment, Executive shall not be entitled to any other severance payments or benefits of any kind under any Company benefit plan, severance policy generally available to the Company's employees or otherwise and all other rights of Executive to compensation under this Agreement shall end as of such date.

11. Definitions. For purposes of this Agreement,

a. "Cause" shall mean that the Board has determined in its reasonable good faith judgment that any one or more of the following has occurred:

i. Executive shall have been convicted of, or shall have pleaded guilty or nolo contendere to, any felony or any crime involving dishonesty or moral turpitude;

ii. Executive shall have committed any fraud, theft, embezzlement, misappropriation of funds, breach of fiduciary duty or act of dishonesty;

iii. Executive shall have breached, in any material respect, any of the provisions of this Agreement or any other material agreement with the Company or an Affiliate and, if any such breach is capable of cure or remedy, has not cured or remedied such breach within ten (10) days of receipt of notice from the Company advising such Executive of such breach;

iv. Executive shall have engaged in conduct that (A) is likely to make the Company, its subsidiaries and/or any of their respective Affiliates subject to criminal liabilities, (B) involves a material breach of fiduciary obligation on the part of Executive or (C) could reasonably be expected to have a material adverse effect upon the business, interests or reputation of the Company, its subsidiaries and/or any of their respective Affiliates and, in each case, if any such conduct is capable of cure or remedy, has not cured or remedied such conduct within ten (10) days of receipt of notice from the Company advising such Executive of such conduct;

v. Executive shall have (A) acted in a grossly negligent manner or otherwise failed to perform his or her duties to the Company and its subsidiaries, (B) failed or refused to comply with a reasonable written directive of the Board or, where a Executive does not report directly to the Board, the

Chief Executive Officer of the Company or such other senior executive of the Company that the Board or Chief Executive Officer may designate from time to time, or (iii) failed or refused to comply with the policies of the Company and its subsidiaries and, in each case, if any such action or failure or refusal to act is capable of cure or remedy, has not cured or remedied such action or failure or refusal to act within ten (10) days of receipt of notice from the Company advising such Executive of such breach; or

vi. Executive shall have deliberately refused to devote such time and attention to fulfilling her responsibilities to the Company, its subsidiaries and/or any of their respective Affiliates as would be reasonably expected from an executive having similar responsibilities in a comparable company (other than due to Disability or temporary disability which, in the reasonable judgment of the Board, causes Executive to be incapable of devoting such time and energy), and such refusal has continued for thirty (30) days after delivery of written notification by the Board (which notice includes detailed information regarding such alleged refusal and the reasonable steps to be taken to correct such failure) that, in the good faith judgment of the Board, Executive has failed to cure.

b. "Good Reason" shall mean that any one or more of the following has occurred as a result of an action by the Company and without Executive's consent:

i. a material reduction in Executive's Base Salary other than as part of an across-the-board reduction applicable to all members of management that results in a proportional reduction to Executive equal to that of other members of management;

ii. a material diminution of Executive's position or duties; provided, however, that a diminution of position or duties as a result of a sale of part of the business of the Company or its subsidiaries, the acquisition of another business by the Company or its subsidiaries, or organic growth of the business of the Company or its subsidiaries shall not constitute "Good Reason"; or

iii. relocation of Executive's principal place of business by more than one-hundred (100) miles.

Notwithstanding the foregoing, none of the circumstances described above may serve as the basis for "Good Reason" unless (x) Executive notifies the Board in writing of any event constituting "Good Reason" within thirty (30) days following the initial existence of such circumstance and (y) the Company or its applicable subsidiary has failed to cure such circumstance within sixty (60) days following such written notice. Failing such cure, a termination of employment by Executive for Good Reason shall be effective on the day following the expiration of such cure period.

12. Return of Company Property. Within ten (10) days following the effective date of Executive's termination for any reason, Executive or Executive's personal representative shall, return all property of the Company or any of its Affiliates in Executive's possession, including, but not limited to, all Company-owned computer equipment (hardware and software), telephones, facsimile machines, tablet computer and other

communication devices, credit cards, office keys, security access cards, badges, identification cards and all copies (including drafts) of any documentation or information (however stored) relating to the business of the Company or any of its Affiliates, the Company's or any of its Affiliates' customers and clients or their respective prospective customers or clients. Anything to the contrary notwithstanding, Executive shall be entitled to retain (i) personal papers and other materials of a personal nature; (ii) information showing Executive's compensation or relating to reimbursement of expenses, and (iii) copies of plans, programs and agreements relating to Executive's employment, or termination thereof, with the Company which he received in Executive's capacity as a participant; provided, that, in each case of (i) - (iii), such papers or materials do not include Confidential and Proprietary Information (as defined in Section 14(a)).

13. Resignation as Officer or Director. Upon the effective date of any Executive's termination, Executive shall be deemed to have resigned, to the extent applicable, as an officer of the Company, as a member of the board of directors or similar governing body of the Company or any of its Affiliates, and as a fiduciary of any Company benefit plan. On or immediately following the effective date of any such termination of Executive's employment, Executive shall confirm the foregoing by submitting to the Company in writing a confirmation of Executive's resignation(s).

14. Restrictions on Activities of Executive.

    a. Confidential and Proprietary Information. Executive shall not, during the Term or at any time thereafter directly or indirectly, disclose, reveal, divulge or communicate to any person other than authorized officers, directors and employees of the Company or use or otherwise exploit for Executive's own benefit or for the benefit of anyone other than the Company, any Confidential and Proprietary Information (as defined below). Executive shall not have any obligation to keep confidential any Confidential and Proprietary Information if and to the extent disclosure thereof is specifically required by applicable law, court order or other legal or regulatory process; provided, however, that in the event disclosure is required by applicable law, Executive shall provide the Company with prompt notice, to the extent reasonably possible, of such requirement prior to making any disclosure so that the Company may seek an appropriate protective order. Upon termination of Executive's employment, Executive agrees that all Confidential and Proprietary Information, directly or indirectly, in her possession in any form (together with all duplicates thereof) will promptly (and in any event within 10 days following such termination) be returned to the Company and will not be retained by Executive or furnished to any person, either by sample, facsimile film, audio or video cassette, electronic data, verbal communication or any other means of communication. "Confidential and Proprietary Information" means any information with respect to the Company or any of its Affiliates, including methods of operation, customer lists, products, prices, fees, costs, technology, formulas, inventions, trade secrets, know-how, software, marketing methods, plans, personnel, suppliers, competitors, markets or other specialized information or proprietary matters; provided, that, there shall be no obligation hereunder with respect to, information that (i) is generally available to the public on the Effective Date, (ii) becomes generally available to the public other than as a result of a disclosure not otherwise permissible hereunder, or (iii) is required to be disclosed by law, court order or other legal or regulatory process

and Executive gives the Company prompt written notice and the opportunity to seek a protective order.

b. Assignment of Inventions.

i. Executive agrees that during the Term, any and all inventions, discoveries, innovations, writings, domain names, improvements, trade secrets, designs, drawings, formulas, business processes, secret processes and know-how, whether or not patentable or a copyright or trademark, which Executive may create, conceive, develop or make, either alone or in conjunction with others and related or in any way connected with the Company's strategic plans, products, processes or apparatus or the business (collectively, "Inventions"), shall be fully and promptly disclosed to the Company and shall be the sole and exclusive property of the Company as against Executive or any of Executive's assignees. Regardless of the status of Executive's employment by the Company, Executive and Executive's heirs, assigns and representatives shall promptly assign to the Company any and all right, title and interest in and to such Inventions made during employment with the Company.

ii. Whether during or after the Term, Executive further agrees to execute and acknowledge all papers and to do, at the Company's expense, any and all other things necessary for or incident to the applying for, obtaining and maintaining of such letters patent, copyrights, trademarks or other intellectual property rights, as the case may be, and to execute, on request, all papers necessary to assign and transfer such Inventions, copyrights, patents, patent applications and other intellectual property rights to the Company and its successors and assigns. In the event that the Company is unable, after reasonable efforts and, in any event, after ten (10) business days, to secure Executive's signature on a written assignment to the Company, of any application for letters patent, trademark registration or to any common law or statutory copyright or other property right therein, whether because of Executive's physical or mental incapacity, or for any other reason whatsoever, Executive irrevocably designates and appoints the Secretary of the Company as Executive's attorney-in-fact to act on Executive's behalf to execute and file any such applications and to do all lawfully permitted acts to further the prosecution or issuance of such assignments, letters patent, copyright or trademark.

c. Non-Disparagement. During the Term and at any time thereafter, Executive agrees not to disparage or encourage or induce others to disparage the Company, any Affiliate, any of their respective employees that were employed during Executive's employment with the Company or its Affiliates or any of their respective past and present, officers, directors, products or services (the "Company Parties"). For purposes of this Section 14(e), the term "disparage" includes, without limitation, comments or statements to the press, to the Company's or any Affiliate's employees or to any individual or entity with whom the Company or any Affiliate has a business relationship (including, without limitation, any vendor, supplier, customer or distributor), or any public statement, that in each case is intended to, or can be reasonably expected to, materially damage any of the Company Parties. Upon termination of Executive's

employment, the Company shall instruct its chief executive officer, chief financial officer and chief operating officer not to disparage or encourage or induce others to disparage Executive while such senior executives are employed by the Company. Notwithstanding the foregoing, nothing in this Section 14(e) shall prevent Executive or the chief executive officer, chief financial officer and chief operating officer of the Company from making any truthful statement to the extent, but only to the extent (A) necessary with respect to any litigation, arbitration or mediation involving this Agreement, including, but not limited to, the enforcement of this Agreement, in the forum in which such litigation, arbitration or mediation properly takes place or (B) required by law, legal process or by any court, arbitrator, mediator or administrative or legislative body (including any committee thereof) with apparent jurisdiction over Executive.

15. Cooperation. From and after an Executive's termination of employment, Executive shall provide Executive's reasonable cooperation in connection with any action or proceeding (or any appeal from any action or proceeding) which relates to events occurring during Executive's employment hereunder, provided, that the Company shall reimburse Executive for Executive's reasonable out-of-pocket costs and expenses (including legal counsel selected by Executive and reasonably acceptable to the Company) and such cooperation shall not unreasonably burden Executive or unreasonably interfere with any subsequent employment that Executive may undertake.

16. Injunctive Relief and Specific Performance. Executive understands and agrees that Executive's covenants under Sections 12, 14 and 15 are special and unique and that the Company and its Affiliates may suffer irreparable harm if Executive breaches any of Sections 12, 14, or 15 because monetary damages would be inadequate to compensate the Company and its Affiliates for the breach of any of these sections. Accordingly, Executive acknowledges and agrees that the Company shall, in addition to any other remedies available to the Company at law or in equity, be entitled to obtain specific performance and injunctive or other equitable relief by a federal or state court in Illinois to enforce the provisions of Sections 12, 14 and/or 15 without the necessity of posting a bond or proving actual damages, without liability should such relief be denied, modified or vacated. The party who prevails in any such action or proceeding shall be entitled to obtain attorney's fees. Further, if the Executive prevails in any such action or proceeding previously described, the Executive shall be entitled to obtain attorney's fees in respect of such action or proceeding. Additionally, in the event of a breach or threatened breach by Executive of Section 14, in addition to all other available legal and equitable rights and remedies, the Company shall have the right to cease making payments, if any, being made pursuant to Section 10(a)(ii) hereunder. Executive also recognizes that the territorial, time and scope limitations set forth in Section 14 are reasonable and are properly required for the protection of the Company and its Affiliates and in the event that any such territorial, time or scope limitation is deemed to be unreasonable by a court of competent jurisdiction, the Company and Executive agree, and Executive submits, to the reduction of any or all of said territorial, time or scope limitations to such an area, period or scope as said court shall deem reasonable under the circumstances.

17. Recoupment. Notwithstanding anything to the contrary, any compensation payable under this Agreement shall be subject to any recoupment, repayment, "clawback" or similar policy adopted by the Company or required under applicable law or stock exchange rules.

18. Miscellaneous.

a. All notices hereunder, to be effective, shall be in writing and shall be deemed effective when delivered by hand or mailed by (i) certified mail, postage and fees prepaid, or (ii) nationally recognized overnight express mail service, as follows:

If to the Company:
PHD Group Holdings LLC
2001 Spring Road, Suite 500
Oak Brook, IL 60523
Attn: Chief Executive Officer

With a copy which shall not constitute notice to:
Berkshire Partners LLC
200 Clarendon Street
35thFloor
Boston, MA 02116
Attn: Joshua A. Lutzker and Sharlyn C. Heslam

Weil, Gotshal & Manges LLP
767 Fifth Avenue
22nd Floor
New York, NY 10153
Attn: Shayla Harlev and Michael Nissan

If to Executive:

At her home address as then shown in the Company's personnel records, or to such other address as either party may have furnished to the other in writing in accordance herewith, except that notices of change of address shall be effective only upon receipt.

b. This Agreement is personal to the Executive and shall not be assigned by the Executive. Any purported assignment by the Executive shall be null and void from the initial date of the purported assignment. The Company may assign this Agreement to any successor or assign (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business or assets of the Company. This Agreement shall inure to the benefit of the Company and its successors and assigns.

c. This Agreement contains the entire agreement between the parties with respect to the subject matter hereof superseding all other agreements, term sheets, offer letters, and drafts thereof, oral or written, between the parties hereto with respect to the subject matter hereof. No promises, statements, understandings, representations or warranties of any kind, whether oral or in writing, express or implied, have been made to Executive by any person or entity to induce him to enter into this Agreement other than the express terms set forth herein, and Executive is not relying upon any promises, statements, understandings, representations, or warranties other than those expressly set forth in this Agreement.

d. No change or modification of this Agreement shall be valid unless the same shall be in writing and signed by all of the parties hereto. No waiver of any provisions of this Agreement shall be valid unless in writing and signed by the party charged with waiver. No waiver of any of the provisions of this Agreement shall be deemed, or shall constitute, a waiver of any other provision, whether or not

similar, nor shall any waiver constitute a continuing waiver, unless so provided in the waiver.

e. If any provisions of this Agreement (or portions thereof) shall, for any reason, be held invalid or unenforceable, such provisions (or portions thereof) shall be ineffective only to the extent of such invalidity or unenforceability, and the remaining provisions of this Agreement (or portions thereof) shall nevertheless be valid, enforceable and of full force and effect. If any court of competent jurisdiction finds that any restriction contained in this Agreement is invalid or unenforceable, then the parties hereto agree that such invalid or unenforceable restriction shall be deemed modified so that it shall be valid and enforceable to the greatest extent permissible under law, and if such restriction cannot be modified so as to make it enforceable or valid, such finding shall not affect the enforceability or validity of any of the other restrictions contained herein.

f. This Agreement may be executed in two or more identical counterparts, all of which shall be considered one and the same agreement and shall become effective when counterparts have been signed by each party and delivered to the other party. In the event that any signature is delivered by facsimile transmission or by an e-mail which contains a portable document format (.pdf) file of an executed signature page, such signature page shall create a valid and binding obligation of the party executing (or on whose behalf such signature is executed) with the same force and effect as if such signature page were an original thereof.

g. The section or paragraph headings or titles herein are for convenience of reference only and shall not be deemed a part of this Agreement. The parties have jointly participated in the drafting of this Agreement, and the rule of construction that a contract shall be construed against the drafter shall not be applied. The terms "including," "includes," "include" and words of like import shall be construed broadly as if followed by the words "without limitation." The terms "herein," "hereunder," "hereof" and words of like import refer to this entire Agreement instead of just the provision in which they are found.

h. Notwithstanding anything to the contrary in this Agreement:

   i. The parties agree that this Agreement shall be interpreted to comply with or be exempt from Section 409A of the Internal Revenue Code of 1986, as amended (the "Code") and the regulations and authoritative guidance promulgated thereunder to the extent applicable (collectively "Section 409A"), and all provisions of this Agreement shall be construed in a manner consistent with the requirements for avoiding taxes or penalties under Section 409A. In no event whatsoever will the Company, any of its Affiliates, or any of their respective directors, officers, agents, attorneys, employees, executives, shareholders, investors, members, managers, trustees, fiduciaries, representatives, principals, accountants, insurers, successors or assigns be liable for any additional tax, interest or penalties that may be imposed on Executive under Section 409A or any damages for failing to comply with Section 409A.

   ii. A termination of employment shall not be deemed to have occurred for purposes of any provision of this Agreement providing for the payment of any amounts or benefits considered "nonqualified deferred compensation" under Section 409A upon or following a termination of employment unless such termination is also a "separation from service" within the

meaning of Section 409A, and for purposes of any such provision of this Agreement, references to a "resignation," "termination," "terminate," "termination of employment" or like terms shall mean separation from service. If any payment, compensation or other benefit provided to Executive in connection with the termination of her employment is determined, in whole or in part, to constitute "nonqualified deferred compensation" within the meaning of Section 409A and Executive is a specified employee as defined in Section 409A(2)(B)(i) of the Code, no part of such payments shall be paid before the day that is six (6) months plus one (1) day after the date of termination or, if earlier, ten business days following the Executive's death (the "New Payment Date"). The aggregate of any payments that otherwise would have been paid to the Executive during the period between the date of termination and the New Payment Date shall be paid to the Executive in a lump sum on such New Payment Date. Thereafter, any payments that remain outstanding as of the day immediately following the New Payment Date shall be paid without delay over the time period originally scheduled, in accordance with the terms of this Agreement.

iii. All reimbursements for costs and expenses under this Agreement shall be paid in no event later than the end of the calendar year following the calendar year in which Executive incurs such expense. With regard to any provision herein that provides for reimbursement of costs and expenses or in-kind benefits, except as permitted by Section 409A, (i) the right to reimbursement or in-kind benefits shall not be subject to liquidation or exchange for another benefit, and (ii) the amount of expenses eligible for reimbursements or in-kind, benefits provided during any taxable year shall not affect the expenses eligible for reimbursement or in-kind benefits to be provided in any other taxable year.

iv. If under this Agreement, an amount is paid in two or more installments, for purposes of Section 409A, each installment shall be treated as a separate payment. Whenever a payment under this Agreement specifies a payment period with reference to a number of days (e.g., "payment shall be made within thirty (30) days following the date of termination"), the actual date of payment within the specified period shall be within the sole discretion of the Company.

i. This Agreement, for all purposes, shall be construed in accordance with. the laws of the State of Illinois without regard to conflicts of law principles. Any action or proceeding by either of the parties to enforce this Agreement shall be brought only in a state or federal court located in the State of Illinois. The parties hereby irrevocably submit to the jurisdiction of such courts and waive the defense of inconvenient forum to the maintenance of any such action or proceeding in such venue.

j. Other than the Company's right to seek injunctive relief or specific performance as provided in this Agreement, any dispute, controversy, or claim between Executive, on the one hand, and the Company, on the other hand, arising out of, under, pursuant to, or in any way relating to this Agreement shall be submitted to and resolved by confidential and binding arbitration ("Arbitration"), administered by the American Arbitration Association ("AAA") and conducted pursuant to the rules then in effect of the AAA governing commercial disputes. The Arbitration hearing shall take place in Illinois. Such Arbitration shall be before three neutral

arbitrators (the "Panel") licensed to practice law and familiar with commercial disputes. Any award rendered in any Arbitration shall be final and conclusive upon the parties to the Arbitration and not subject to judicial review, and the judgment thereon may be entered in the highest court of the forum (state or federal) having jurisdiction over the issues addressed in the Arbitration, but entry of such judgment will not be required to make such award effective. The Panel may enter a default decision against any party who fails to participate in the Arbitration. The administration fees and expenses of the Arbitration shall be borne equally by the parties to the Arbitration; provided that each party shall pay for and bear the cost of his/her/its own experts, evidence, and attorney's fees, except that, in the discretion of the Panel, any award may include the costs of a party's counsel and/or its share of the expense of Arbitration if the Panel expressly determines that an award of such costs is appropriate to the party whose position substantially prevails in such Arbitration. Notwithstanding any other provision of this Agreement, no party shall be entitled to an award of special, punitive, or consequential damages. To submit a matter to Arbitration, the party seeking redress shall notify in writing, in accordance with Section 18(a) of this Agreement, the party against whom such redress is sought, describe the nature of such claim, the provision of this Agreement that has been allegedly violated and the material facts surrounding such claim. The Panel shall render a single written, reasoned decision. The decision of the Panel shall be binding upon the parties to the Arbitration, and after the completion of such Arbitration, the parties to the Arbitration may only institute litigation regarding the Agreement for the sole purpose of enforcing the determination of the Arbitration hearing or, with respect to the Company, to seek injunctive or equitable relief pursuant to Section 16 of this Agreement. The Panel shall have exclusive authority to resolve any dispute relating to the interpretation, applicability, enforceability or formation of this agreement to arbitrate, including any claim that all or part of this Agreement is void or voidable and any claim that an issue is not subject to arbitration. All proceedings conducted pursuant to this agreement to arbitrate, including any order, decision or award of the arbitrator, shall be kept confidential by all parties except to the extent such disclosure is required by law, or in a proceeding to enforce any rights under this Agreement.

EXECUTIVE ACKNOWLEDGES THAT, BY SIGNING THIS AGREEMENT, SHE IS WAIVING ANY RIGHT THAT SHE MAY HAVE TO A JURY TRIAL OR A COURT TRIAL RELATED TO THIS AGREEMENT.

k. Executive hereby represents and warrants to the Company that (i) the execution, delivery and performance of this Agreement by Executive do not and shall not conflict with, breach, violate or cause a default under any contract, agreement, instrument, order, judgment or decree to which Executive is a party or by which he/she is bound, (ii) Executive is not a party to or bound by any employment agreement, non-compete agreement or confidentiality agreement with any other person or entity and (iii) subject to Section 19, upon the execution and delivery of this Agreement by the Company, this Agreement shall be the valid and binding obligation of Executive on and after the date hereof, enforceable in accordance with its terms. Executive hereby acknowledges and represents that he has had the opportunity to consult with independent legal counsel or other advisor of her choice and has done so regarding her rights and obligations under this Agreement, that she is entering into this Agreement knowingly, voluntarily, and of her own free will, that he is relying on her own judgment in doing so, and that she fully understands the terms and conditions contained herein.

l. The Company shall have the right to withhold from any amount payable hereunder any Federal, state and local taxes in order for the Company to satisfy any withholding tax obligation it may have under any applicable law or regulation.

m. The covenants and obligations of the Company under Sections 8, 10, 15, 16 and 18 hereof, and the covenants and obligations of Executive under Sections 10, 12, 13, 14, 15, 16 and 18 hereof, shall continue and survive any expiration of the Term, termination of Executive's employment or any termination of this Agreement.

19. Effectiveness of Agreement. Notwithstanding anything to the contrary contained in this Agreement, in the event that the Merger Agreement is terminated in accordance with its terms or the Closing does not occur for any reason, this Agreement shall become null and void *ab initio* and shall have no effect.

[signature page follows]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

PHD GROUP HOLDINGS LLC

By:_____
Name: Michael A. Miles, Jr.
Title: President

Susan Shelton

Portillo's Inc.
2021 Equity Incentive Plan

Restricted Stock Unit Award Agreement

This Restricted Stock Unit Award Agreement (this "Agreement") is made by and between Portillo's Inc., a Delaware corporation (the "Company"), and (the "Participant"), effective as of , 202__ (the "Date of Grant").

RECITALS

WHEREAS, the Company has adopted the Portillo's Inc. 2021 Equity Incentive Plan (the "Plan"), which is incorporated herein by reference and made a part of this Agreement. Capitalized terms not otherwise defined in this Agreement shall have the meanings ascribed to those terms in the Plan; and

WHEREAS, the Committee has authorized and approved the grant of an Award to the Participant that will provide the Participant the opportunity to receive shares of Common Stock upon the settlement of stock units on the terms and conditions set forth in the Plan and this Agreement ("Restricted Stock Units").

NOW THEREFORE, in consideration of the premises and mutual covenants set forth in this Agreement, the parties agree as follows:

1. Grant of Award. The Company hereby grants to the Participant, effective as of the Date of Grant, Restricted Stock Units, on the terms and conditions set forth in the Plan and this Agreement.

2. Vesting and Forfeiture. Subject to the terms and conditions set forth in the Plan and this Agreement, the Restricted Stock Units shall vest as follows:

   (a) General. One-third (1/3rd) of the Restricted Stock Units shall vest on each of the first three (3) anniversaries of the Date of Grant, subject to the Participant's continued Service through the applicable vesting date.

   (b) Termination of Service. Except as set forth in [this Section 2(b) and]Section 2(c), upon termination of the Participant's Service for any reason or no reason, any then unvested Restricted Stock Units will be forfeited immediately, automatically and without consideration. [Notwithstanding the foregoing, upon termination of the Participant's Service by the Company without Cause or due to the Participant's death or Disability, in each case, prior to a Change in Control, any Restricted Stock Units that were eligible to vest within the twelve (12) month period following the date of the Participant's termination of Service shall vest on the date of the Participant's termination of Service.][1]

[1] NTD: Bracketed language to be included for Participants who are eligible for non-CIC acceleration.

(c) Change in Control. Upon termination of the Participant's Service by the Participant for Good Reason, by the Company without Cause or due to the Participant's death or Disability, in each case, upon or following a Change in Control, all Restricted Stock Units shall vest on the date of the Participant's termination of Service. For purposes of this Agreement, "Good Reason" [and "Cause"] shall have the meaning[s] set forth in Exhibit A of this Agreement.

(d) Accelerated Vesting. Notwithstanding the forgoing, in the event of a Change in Control, if the acquiring, surviving or successor entity in the Change in Control does not assume, continue or substitute Participant's unvested Restricted Stock Units, whether or not Participant's employment is terminated as a result of the Change in Control, all unvested Restricted Stock Units shall become fully vested as of the date of such Change in Control, or if applicable, at such earlier time as may be necessary to allow the Company to settle the Restricted stock Units prior to such Change in Control.

3. Payment

(a) Settlement. The Company shall deliver to the Participant within sixty (60) days following the vesting date of the Restricted Stock Units, a number of shares of Common Stock equal to the aggregate number of Restricted Stock Units that have vested pursuant to Section 2. No fractional shares of Common Stock shall be delivered. The Company may deliver such shares of Common Stock either through book entry accounts held by, or in the name of, the Participant or cause to be issued a certificate or certificates representing the number of shares to be issued in respect of the Restricted Stock Units, registered in the name of the Participant.

(b) Withholding Requirements. The Company shall have the right to deduct or withhold from any shares of Common Stock deliverable under this Agreement, or in its discretion to require the Participant to remit to the Company, amounts necessary to satisfy all federal, state and local taxes required to be withheld in connection with the settlement of the Restricted Stock Units. In addition, subject to Section 16 of the Exchange Act, withholding may be satisfied through an open-market, broker-assisted sales transaction pursuant to which the Company is promptly delivered the amount of proceeds necessary to satisfy the withholding amount, which shall be subject to any terms and conditions imposed by the Committee.

4. Section 280G. In the event that it is determined that any payments or benefits provided under the Plan and this Agreement, together with any payments or benefits to be provided under any other plan, program, arrangement or agreement, would constitute parachute payments within the meaning of Section 280G of the Code and would, but for this Section 4 be subject to the excise tax imposed under Section 4999 of the Code (or any

successor provision thereto) or any similar tax imposed by state or local law or any interest or penalties with respect to such taxes (the "Excise Tax"), then the amounts of any such payments or benefits under the Plan, this Agreement and such other arrangements shall be either (a) paid in full or (b) reduced to the minimum extent necessary to ensure that no portion of the payments or benefits is subject to the Excise Tax, whichever of the foregoing (a) or (b) results in the Participant's receipt on an after-tax basis of the greatest amount of payments and benefits after taking into account the applicable federal, state, local and foreign income, employment and excise taxes (including the Excise Tax). The Company shall cooperate in good faith with the Participant in making such determination, including but not limited to providing the Participant with an estimate of any parachute payments as soon as reasonably practicable prior to an event constituting a change in the ownership or effective control of the Company or in the ownership of a substantial portion of the assets of the Company (within the meaning of Section 280G(b)(2)(A) of the Code). Any such reduction pursuant to this Section 4 shall be made in a manner that results in the greatest economic benefit for the Participant and is consistent with the requirements of Section 409A. Any determination required under this Section 4 shall be made in writing in good faith by a nationally recognized public accounting firm selected the Company. The Company and the Participant shall provide the accounting firm with such information and documents as the accounting firm may reasonably request in order to make a determination under this Section 4.

5. Miscellaneous Provisions

(a) Rights of a Shareholder; Dividend Equivalents. Prior to settlement of the Restricted Stock Units in shares of Common Stock, neither the Participant nor the Participant's representative will have any rights as a shareholder of the Company with respect to any shares of Common Stock underlying the Restricted Stock Units. If cash dividends or other cash distributions are paid in respect of the shares of Common Stock underlying unvested Restricted Stock Units, then a dividend equivalent equal to the amount paid in respect of one Share shall accumulate and be paid with respect to each unvested Restricted Stock Unit at time of settlement; provided that any dividend equivalent rights granted shall be subject to the same vesting terms as the related Restricted Stock Units.

(b) Transfer Restrictions. The shares of Common Stock delivered hereunder will be subject to such stop transfer orders and other restrictions as the Committee may deem advisable under the Plan or the rules, regulations and other requirements of the Securities and Exchange Commission, any stock exchange upon which such shares are listed, any applicable federal or state laws and any agreement with, or policy of, the Company or the Committee to which the Participant is a party or subject, and the Committee may cause orders or designations to be placed upon the books and records of the Company's transfer agent to make appropriate reference to such restrictions.

(c) Clawback Policy. The Participant acknowledges that the Participant is subject to the provisions of Section 12 (Forfeiture Events) and Section 14.6 (Trading Policy and Other Restrictions) of the Plan and any compensation recovery, "clawback" or similar policy adopted by the Company from time to time and/or made applicable by law including the provisions of Section 954 of the Dodd-Frank Wall Street Reform and Consumer Protection and Act and the rules, regulations and requirements adopted thereunder by the Securities and Exchange Commission and/or any national securities exchange on which the Company's equity securities may be listed.

(d) Adjustments. In the event of any change with respect to the outstanding shares of Common Stock contemplated by Section 4.4 of the Plan, the Restricted Stock Units may be adjusted in accordance with Section 4.4 of the Plan.

(e) No Right to Continued Service. Nothing in this Agreement or the Plan confers upon the Participant any right to continue in Service for any period of specific duration or interfere with or otherwise restrict in any way the rights of the Company (or any Subsidiary retaining the Participant) or of the Participant, which rights are hereby expressly reserved by each, to terminate his or her Service at any time and for any reason, with or without cause.

(f) Successors and Assigns. The provisions of this Agreement will inure to the benefit of, and be binding upon, the Company and its successors and assigns and upon the Participant, the Participant's executor, personal representative(s), distributees, administrator, permitted transferees, permitted assignees, beneficiaries, and legatee(s), as applicable, whether or not any such person will have become a party to this Agreement and have agreed in writing to be joined herein and be bound by the terms hereof.

(g) Severability. The provisions of this Agreement are severable, and if any one or more provisions are determined to be illegal or otherwise unenforceable, in whole or in part, then the remaining provisions will nevertheless be binding and enforceable.

(h) Amendment. Except as otherwise provided in the Plan, this Agreement will not be amended unless the amendment is agreed to in writing by both the Participant and the Company.

(i) Choice of Law; Jurisdiction. This Agreement and all claims, causes of action or proceedings (whether in contract, in tort, at law or otherwise) that may be based upon, arise out of or relate to this Agreement will be governed by the internal laws of the State of Delaware, excluding any conflicts or choice-of-law rule or principle that might otherwise refer construction or interpretation of this Agreement to the substantive law of another jurisdiction.

(j) Signature in Counterparts. This Agreement may be signed in counterparts, manually or electronically, each of which will be an original, with the same effect as if the signatures to each were upon the same instrument.

(k) Electronic Delivery. The Company may, in its sole discretion, decide to deliver any documents related to any Awards granted under the Plan by electronic means or to request the Participant's consent to participate in the Plan by electronic means. The Participant hereby consents to receive such documents by electronic delivery and to agree to participate in the Plan through an on-line or electronic system established and maintained by the Company or another third party designated by the Company.

(l) Acceptance. The Participant hereby acknowledges receipt of a copy of the Plan and this Agreement. The Participant has read and understands the terms and provisions of the Plan and this Agreement, and accepts the Restricted Stock Units subject to all of the terms and conditions of the Plan and this Agreement. In the event of a conflict between any term or provision contained in this Agreement and a term or provision of the Plan, the applicable term and provision of the Plan will govern and prevail. The Participant understands they have a right to consult with counsel and have been afforded the opportunity to consult with an attorney to the extent they wish to do so.

[Signature page follows.]

IN WITNESS WHEREOF, the Company and the Participant have executed this Restricted Stock Unit Award Agreement as of the dates set forth below.

PARTICIPANT **PORTILLO'S INC.**

_____ By: _____

Date:_____ Date: _____

[Signature Page – Restricted Stock Unit Award Agreement]

Exhibit A

Good Reason

"Good Reason" shall mean the occurrence of any of the following events without the consent of the Participant: (i) a material reduction in the Participant's base salary (other than a reduction affecting all similarly situated employees, which reduction does not exceed 10% of current base salary), (ii) a material diminution in the Participant's position and duties, which shall not include a change in reporting structure, or (iii) a requirement that the Participant relocate his or her current office outside a radius of fifty (50) miles from the Participant's current office location. The Participant may not resign or otherwise terminate his or her employment for any reason set forth above as Good Reason unless the Participant (x) notifies the Company in reasonable detail within sixty (60) days following his or her initial knowledge of an event that would constitute Good Reason, (y) the Company fails to remedy such event within 30 days following receipt of such notice, and (z) the Participant terminates employment within 30 days following the end of such 30-day remedy period. Notwithstanding the foregoing, if the Participant is subject to an employment agreement, consulting agreement, change in control agreement or similar agreement in effect between the Company or an Affiliate that defines Good Reason, then Good Reason shall have the meaning set forth therein, otherwise Good Reason as shall have the meaning defined in this Exhibit A.

Cause

["Cause" means (a) in the case where there is no employment agreement, consulting agreement, change in control agreement or similar agreement in effect between the Company or an Affiliate and the Participant (or where there is such an agreement but it does not define "cause" (or words of like import, which shall include but not be limited to "gross misconduct")), termination due to a Participant's (1) failure to substantially perform Participant's duties or obey lawful directives that, in the good faith judgment of the Company, is likely to significantly injure the reputation, business or a business relationship of the Company or any of its Affiliates, that continues after receipt of written notice from the Company and a ten (10)-day opportunity to cure; (2) gross misconduct or gross negligence in the performance of Participant's duties; (3) fraud, embezzlement, theft, or any other act of material dishonesty or misconduct; (4) conviction of, indictment for, or plea of guilty or nolo contendere to, a felony or any crime involving moral turpitude; (5) (x) material breach or violation of any agreement with the Company or its Affiliates, including any restrictive covenant agreement applicable to Participant, or (y) significant violation of the code of conduct or similar written policy, including, without limitation, any sexual harassment policy, of the Company or its Affiliates; or (6) other conduct, acts or omissions that, in the good faith judgment of the Company, are likely to significantly injure the reputation, business or a business relationship of the Company or any of its Affiliates; or (b) in the case where there is an employment agreement, consulting agreement, change in control agreement or similar agreement in effect between the Company or an Affiliate and the Participant that defines "cause" (or words of like import, which shall include but not be limited to "gross misconduct"), "cause" as defined under such agreement. With respect to a termination of Service for a non-employee director, Cause means an act or failure to act that constitutes cause for removal of a director under applicable Delaware law. Any voluntary termination of Service by the Participant in anticipation of an involuntary termination of the Participant's Service for Cause shall be deemed to be a termination for Cause.][2]

[2] NTD: Include for executive-level employees only. All other employees will be subject to standard definition of Cause in the Plan.

FORM OF PSU AWARD AGREEMENT

Portillo's Inc.
2021 Equity Incentive Plan

Performance Stock Unit Award Agreement

This Performance Stock Unit Award Agreement (this "Agreement") is made by and between Portillo's Inc., a Delaware corporation (the "Company"), and (the "Participant"), effective as of _____, 202__ (the "Date of Grant").

RECITALS

WHEREAS, the Company has adopted the Portillo's Inc. 2021 Equity Incentive Plan (the "Plan"), which is incorporated herein by reference and made a part of this Agreement. Capitalized terms not otherwise defined in this Agreement shall have the meanings ascribed to those terms in the Plan; and

WHEREAS, the Committee has authorized and approved the grant of an Award to the Participant that will provide the Participant the opportunity to receive shares of Common Stock upon the settlement of Restricted Stock Units based upon the achievement of one or more performance goals on the terms and conditions set forth in the Plan and this Agreement ("Performance Stock Units").

NOW THEREFORE, in consideration of the premises and mutual covenants set forth in this Agreement, the parties agree as follows:

1. Grant of Award. The Company hereby grants to the Participant, effective as of the Date of Grant, Performance Stock Units, on the terms and conditions set forth in the Plan and this Agreement:

    a. Target Number of Performance Stock Units: ____

    b. Performance Period: January 1, 202__ through December __, 202__

    c. Performance Measures and Weighting: As set forth in Exhibit B

    d. Performance Goals: As set forth in Exhibit B

2. Vesting and Forfeiture. Subject to the terms and conditions set forth in the Plan and this Agreement, the Performance Stock Units shall vest as follows:

    a. General. The Performance Share Units will vest, if at all, based upon the achievement during the Performance Period of the Performance Goals listed under the Performance Measures set forth in Exhibit B, subject to the Participant's

continued Service in good standing through the last day of the Performance Period, except as otherwise provided in Section 2(c).

b. Change in Control. In the event of a Change in Control, the Performance Stock Units shall be continued, assumed or substituted as set forth in Section 11.1 of the Plan, based on the greater of the target level or actual achievement of the Performance Goals set forth in Exhibit B. Following the Change in Control, the resulting Performance Stock Units shall be eligible to vest on the last day of the Performance Period, subject only to the Participant's continued Service on the last day of the Performance Period, except as otherwise provided in Section 2(c). Notwithstanding the foregoing, in the event the Performance Stock Units are not continued, assumed or substituted in accordance with Section 11.1 of the Plan, all unvested Performance Stock Units shall become fully vested immediately prior to the Change in Control based on the greater of the target level or actual achievement of the Performance Goals set forth in Exhibit B.

c. Termination of Service.

i. General. Except as set forth in this Section 2(c), upon termination of the Participant's Service for any reason or no reason, any then unvested Performance Stock Units will be forfeited immediately, automatically and without consideration.

ii. Death or Disability of Participant prior to a Change in Control. If the Participant's Service is terminated due to death or Disability prior to a Change in Control, all Performance Stock Units shall remain outstanding and eligible to vest in accordance with Section 2(a) (without regard to the continued Service requirement) or, if earlier, upon a Change in Control.

iii. Qualifying Termination Prior to a Change in Control. Upon termination of the Participant's Service by the Participant for Good Reason or by the Company without Cause (a "Qualifying Termination"), in each case, prior to a Change in Control, a pro-rata portion of the Performance Stock Units, based on the number of days elapsed in the Performance Period prior to the date of termination of Service, shall remain outstanding and eligible to vest in accordance with Section 2(a) (without regard to the continued Service requirement) or, if earlier, upon a Change in Control. For purposes of this Agreement, "Good Reason" [and "Cause"] shall have the meaning(s) set forth in Exhibit A of this Agreement.

iv. Death, Disability or Qualifying Termination Following A Change in Control. If the Participant's Service is terminated due to death or Disability or as a result of a Qualifying Termination, in each case, on or

within twenty-four (24) months following a Change in Control, all Performance Stock Units shall vest on the date of the Participant's termination of Service.

3. Payment

   a. Settlement. Within sixty days following the earlier of (i) the last day of the Performance Period and (ii) the date of the Participant's termination of Service in the event the Performance Stock Units vest in accordance with Section 2(c)(iv), the Company shall deliver to the Participant a number of shares of Common Stock equal to the aggregate number of Performance Stock Units that have been earned and vested pursuant to Section 2 and Exhibit B. No fractional shares of Common Stock shall be delivered. The Company may deliver such shares of Common Stock either through book entry accounts held by, or in the name of, the Participant or cause to be issued a certificate or certificates representing the number of shares to be issued in respect of the Performance Stock Units, registered in the name of the Participant. Notwithstanding the foregoing, in the event the Performance Stock Units fully vest in connection with the Change in Control, the Performance Stock Units shall be settled in shares of Common Stock prior to the closing of the Change in Control or shall be settled in accordance in accordance with the terms of the definitive agreement for such Change in Control, but in no event later than thirty (30) days following such Change in Control.

   b. Withholding Requirements. The Company shall have the right to deduct or withhold from any shares of Common Stock deliverable under this Agreement, or in its discretion to require the Participant to remit to the Company, amounts necessary to satisfy all federal, state and local taxes required to be withheld in connection with the settlement of the Performance Stock Units. In addition, subject to Section 16 of the Exchange Act, withholding may be satisfied through an open-market, broker-assisted sales transaction pursuant to which the Company is promptly delivered the amount of proceeds necessary to satisfy the withholding amount, which shall be subject to any terms and conditions imposed by the Committee.

4. Section 280G. In the event that it is determined that any payments or benefits provided under the Plan and this Agreement, together with any payments or benefits to be provided under any other plan, program, arrangement or agreement, would constitute parachute payments within the meaning of Section 280G of the Code and would, but for this Section 4 be subject to the excise tax imposed under Section 4999 of the Code (or any successor provision thereto) or any similar tax imposed by state or local law or any interest or penalties with respect to such taxes (the "Excise Tax"), then the amounts of any such payments or benefits under the Plan, this Agreement and such other arrangements shall be either (a) paid in full or (b) reduced to the minimum extent necessary to ensure that no portion of the payments or benefits is subject to the Excise

Tax, whichever of the foregoing (a) or (b) results in the Participant's receipt on an after-tax basis of the greatest amount of payments and benefits after taking into account the applicable federal, state, local and foreign income, employment and excise taxes (including the Excise Tax). The Company shall cooperate in good faith with the Participant in making such determination, including but not limited to providing the Participant with an estimate of any parachute payments as soon as reasonably practicable prior to an event constituting a change in the ownership or effective control of the Company or in the ownership of a substantial portion of the assets of the Company (within the meaning of Section 280G(b)(2)(A) of the Code). Any such reduction pursuant to this Section 4 shall be made in a manner that results in the greatest economic benefit for the Participant and is consistent with the requirements of Section 409A. Any determination required under this Section 4 shall be made in writing in good faith by a nationally recognized public accounting firm selected the Company. The Company and the Participant shall provide the accounting firm with such information and documents as the accounting firm may reasonably request in order to make a determination under this Section 4.

5. Miscellaneous Provisions

   a. Rights of a Shareholder; Dividend Equivalents. Prior to settlement of the Performance Stock Units in shares of Common Stock, neither the Participant nor the Participant's representative will have any rights as a shareholder of the Company with respect to any shares of Common Stock underlying the Performance Stock Units. If cash dividends or other cash distributions are paid in respect of the shares of Common Stock underlying unvested Performance Stock Units, then a dividend equivalent equal to the amount paid in respect of one Share shall accumulate and be paid with respect to each Earned PSU at time of settlement; provided that any dividend equivalent rights granted shall be subject to the same vesting terms as the related Performance Stock Units.

   b. Transfer Restrictions. The shares of Common Stock delivered hereunder will be subject to such stop transfer orders and other restrictions as the Committee may deem advisable under the Plan or the rules, regulations and other requirements of the Securities and Exchange Commission, any stock exchange upon which such shares are listed, any applicable federal or state laws and any agreement with, or policy of, the Company or the Committee to which the Participant is a party or subject, and the Committee may cause orders or designations to be placed upon the books and records of the Company's transfer agent to make appropriate reference to such restrictions.

   c. Clawback Policy. The Participant acknowledges that the Participant is subject to the provisions of Section 12 (Forfeiture Events) and Section 14.6 (Trading Policy and Other Restrictions) of the Plan and any compensation recovery, "clawback" or similar policy adopted by the Company from time to time and/or made

applicable by law including the provisions of Section 954 of the Dodd-Frank Wall Street Reform and Consumer Protection and Act and the rules, regulations and requirements adopted thereunder by the Securities and Exchange Commission and/or any national securities exchange on which the Company's equity securities may be listed.

d. Adjustments. In the event of any change with respect to the outstanding shares of Common Stock contemplated by Section 4.4 of the Plan, the Performance Stock Units may be adjusted in accordance with Section 4.4 of the Plan.

e. No Right to Continued Service. Nothing in this Agreement or the Plan confers upon the Participant any right to continue in Service for any period of specific duration or interfere with or otherwise restrict in any way the rights of the Company (or any Subsidiary retaining the Participant) or of the Participant, which rights are hereby expressly reserved by each, to terminate his or her Service at any time and for any reason, with or without cause.

f. Successors and Assigns. The provisions of this Agreement will inure to the benefit of, and be binding upon, the Company and its successors and assigns and upon the Participant, the Participant's executor, personal representative(s), distributees, administrator, permitted transferees, permitted assignees, beneficiaries, and legatee(s), as applicable, whether or not any such person will have become a party to this Agreement and have agreed in writing to be joined herein and be bound by the terms hereof.

g. Severability. The provisions of this Agreement are severable, and if any one or more provisions are determined to be illegal or otherwise unenforceable, in whole or in part, then the remaining provisions will nevertheless be binding and enforceable.

h. Amendment. Except as otherwise provided in the Plan, this Agreement will not be amended unless the amendment is agreed to in writing by both the Participant and the Company.

i. Choice of Law; Jurisdiction. This Agreement and all claims, causes of action or proceedings (whether in contract, in tort, at law or otherwise) that may be based upon, arise out of or relate to this Agreement will be governed by the internal laws of the State of Delaware, excluding any conflicts or choice-of-law rule or principle that might otherwise refer construction or interpretation of this Agreement to the substantive law of another jurisdiction.

j. Signature in Counterparts. This Agreement may be signed in counterparts, manually or electronically, each of which will be an original, with the same effect as if the signatures to each were upon the same instrument.

k. Electronic Delivery. The Company may, in its sole discretion, decide to deliver any documents related to any Awards granted under the Plan by electronic means or to request the Participant's consent to participate in the Plan by electronic means. The Participant hereby consents to receive such documents by electronic delivery and to agree to participate in the Plan through an on-line or electronic system established and maintained by the Company or another third party designated by the Company.

l. Acceptance. The Participant hereby acknowledges receipt of a copy of the Plan and this Agreement. The Participant has read and understands the terms and provisions of the Plan and this Agreement, and accepts the Restricted Stock Units subject to all of the terms and conditions of the Plan and this Agreement. In the event of a conflict between any term or provision contained in this Agreement and a term or provision of the Plan, the applicable term and provision of the Plan will govern and prevail. The Participant understands they have a right to consult with counsel and have been afforded the opportunity to consult with an attorney to the extent they wish to do so.

IN WITNESS WHEREOF, the Company and the Participant have executed this Performance Stock Unit Award Agreement as of the dates set forth below.

PARTICIPANT **PORTILLO'S INC.**

_____ By: _____

Date:_____ Date: _____

Exhibit A

Good Reason

"Good Reason" shall mean the occurrence of any of the following events without the consent of the Participant: (i) a material reduction in the Participant's base salary (other than a reduction affecting all similarly situated employees, which reduction does not exceed 10% of current base salary), (ii) a material diminution in the Participant's position and duties, which shall not include a change in reporting structure, or (iii) a requirement that the Participant relocate his or her current office outside a radius of fifty (50) miles from the Participant's current office location. The Participant may not resign or otherwise terminate his or her employment for any reason set forth above as Good Reason unless the Participant (x) notifies the Company in reasonable detail within sixty (60) days following his or her initial knowledge of an event that would constitute Good Reason, (y) the Company fails to remedy such event within 30 days following receipt of such notice, and (z) the Participant terminates employment within 30 days following the end of such 30-day remedy period. Notwithstanding the foregoing, if the Participant is subject to an employment agreement, consulting agreement, change in control agreement or similar agreement in effect between the Company or an Affiliate that defines Good Reason, then Good Reason shall have the meaning set forth therein, otherwise Good Reason as shall have the meaning defined in this Exhibit A.

Cause

["Cause" means (a) in the case where there is no employment agreement, consulting agreement, change in control agreement or similar agreement in effect between the Company or an Affiliate and the Participant (or where there is such an agreement but it does not define "cause" (or words of like import, which shall include but not be limited to "gross misconduct")), termination due to a Participant's (1) failure to substantially perform Participant's duties or obey lawful directives that, in the good faith judgment of the Company, is likely to significantly injure the reputation, business or a business relationship of the Company or any of its Affiliates, that continues after receipt of written notice from the Company and a ten (10)-day opportunity to cure; (2) gross misconduct or gross negligence in the performance of Participant's duties; (3) fraud, embezzlement, theft, or any other act of material dishonesty or misconduct; (4) conviction of, indictment for, or plea of guilty or nolo contendere to, a felony or any crime involving moral turpitude; (5) (x) material breach or violation of any agreement with the Company or its Affiliates, including any restrictive covenant agreement applicable to Participant, or (y) significant violation of the code of conduct or similar written policy, including, without limitation, any sexual harassment policy, of the Company or its Affiliates; or (6) other conduct, acts or omissions that, in the good faith judgment of the Company, are likely to significantly injure the reputation, business or a business relationship of the Company or any of its Affiliates; or (b) in the case where there is an employment agreement, consulting agreement, change in control agreement or similar agreement in effect between the Company or an Affiliate and the Participant that defines "cause" (or words of like import, which shall include but not be limited to "gross misconduct"), "cause" as defined under such agreement. With respect to a termination of Service for a non-employee director, Cause means an act or failure to act that constitutes cause for removal of a director under applicable Delaware law. Any voluntary termination of Service by the Participant in anticipation of an involuntary termination of the Participant's Service for Cause shall be deemed to be a termination for Cause.][1]

1 NTD: Include for executive-level employees only. All other employees will be subject to standard definition of Cause in the Plan.

Exhibit B

This Exhibit B sets forth the performance goals ("Performance Goals") for the Performance Stock Units and shall determine the extent to which the Performance Goals are achieved and the extent to which the Performance Stock Units will be eligible for vesting, if at all, at the end of the Performance Period.

Performance Measure	**Weight**
Cumulative Adjusted EBITDA Growth	50%
Cumulative Total Revenue Growth	50%

Cumulative Adjusted EBITDA Growth

"**Cumulative Adjusted EBITDA Growth**" shall be interpreted to mean for the Performance Period the Company's cumulative earnings growth for the applicable Performance Period before interest, taxes, depreciation, and amortization, and before stock-based compensation, acquisition expenses and similar non-recurring items, in a manner consistent with the Company's publicly reported adjusted EBITDA.

Cumulative Adjusted EBITDA Growth
For the Performance Period

Achievement Level	**Cumulative Adjusted EBITDA Growth Performance Growth Goal**	**Earned Percent (%)**
Below Threshold	Below $25.0M	0%
Threshold	$25.0M	50%
Target	$40.0M	100%
Maximum	$58.0M or more	200%

If, for the Performance Period, **Cumulative Adjusted EBITDA Growth** is greater than the Threshold achievement level set forth above but less than the Target achievement level set forth above or is greater than the Target achievement level set forth above but less than the Maximum achievement level set forth above, then the Earned Percent eligible to vest shall be determined using linear interpolation.

Cumulative Total Revenue Growth

"**Cumulative Total Revenue Growth**" means total revenue growth accumulated over the Performance Period.

Cumulative Total Revenue Growth
For the Performance Period

Achievement Level	**Cumulative Total Revenue Growth Performance Growth Goal**	**Earned Percent (%)**
Below Threshold	Below $225M	0%
Threshold	$225M	50%
Target	$320M	100%
Maximum	$380M or more	200%

If, for the Performance Period, **Cumulative Total Revenue Growth** is greater than the Threshold achievement level set forth above but less than the Target achievement level set forth above or is greater than the Target

achievement level set forth above but less than the Maximum achievement level set forth above, then the Earned Percent eligible to vest shall be determined using linear interpolation.

Determining Number of PSUs that Vest

After the Earned Percent for both **Cumulative Adjusted EBITDA Growth** and **Cumulative Total Revenue Growth** for the Performance Period are determined based on the above tables, each Earned Percent will be multiplied by the Weight for each respective Performance Measure and then added to get the Total Earned Percent. The Target Number of Performance Share Units will then be multiplied by the Total Earned Percent to arrive at the total number of Performance Share Units that will vest based on performance achieved ("Earned PSUs").

Determining the Number of PSUs that Vest or Convert into Time-Vesting Awards upon a Change in Control

In the event of a Change in Control, for purposes of measuring achievement of the Performance Goals, the Performance Period shall be deemed to end as of the date of the Change in Control or at such earlier date within 14 days prior to a Change in Control as may be necessary to allow the Company to measure performance and effect the treatment of the Performance Stock Units in connection with the Change in Control.

Portillo's Inc.
2021 Equity Incentive Plan

Stock Option Award Agreement

This Stock Option Award Agreement (this "Agreement") is made by and between Portillo's Inc., a Delaware corporation (the "Company"), and [●] (the "Participant"), effective as of [●] (the "Date of Grant").

RECITALS

WHEREAS, the Company has adopted the Portillo's Inc. 2021 Equity Incentive Plan (the "Plan"), which is incorporated herein by reference and made a part of this Agreement. Capitalized terms not otherwise defined in this Agreement shall have the meanings ascribed to those terms in the Plan; and

WHEREAS, the Committee has authorized and approved the grant, to the Participant, of an Award of options to purchase shares of Common Stock on the terms and conditions set forth in the Plan and this Agreement.

NOW THEREFORE, in consideration of the premises and mutual covenants set forth in this Agreement, the parties agree as follows:

1. Grant of Award. The Company hereby grants to the Participant, effective as of the Date of Grant, options to purchase [●] shares of Common Stock ("Options"), on the terms and conditions set forth in the Plan and this Agreement. The Options are intended to be Nonqualified Stock Options.

2. Exercise Price. The exercise price of the Options is $[●] per share of Common Stock, subject to adjustment as set forth in the Plan (the "Exercise Price").

3. Vesting. Subject to the terms and conditions set forth in the Plan and this Agreement, [the Options will vest on the [●] anniversary of the Date of Grant, subject to the Participant's continued Service on the [●] anniversary of the Date of Grant] [one-[●] (1/[●]) of the Options will vest ratably on each of the first [●] anniversaries of the Date of Grant, subject to the Participant's continued Service on each anniversary of the Date of Grant].[1]

4. Forfeiture; Acceleration; and Expiration

   (a) Termination of Service. Except as set forth in Section 4(b), upon termination of the Participant's Service for any reason or no reason, any then unvested Options will be forfeited immediately, automatically and without consideration[; provided, that, in the event the Participant's Service is terminated by the Company without Cause or due to the Participant's death or Disability, in each case, prior to a Change in Control, any Options that were eligible to vest within the twelve (12) month period following the date of the Participant's termination of Service shall vest on the date of the Participant's termination

[1] NTD: Insert cliff vesting or tranche vesting as applicable.

of Service].[2] In the event the Participant's Service is terminated for Cause, all vested Options will also be forfeited immediately, automatically and without consideration upon such termination for Cause. Without limiting the generality of the foregoing, the Options and the shares of Common Stock (and any resulting proceeds) will continue to be subject to Sections 12.2 (Termination for Cause) and 12.3 (Right of Recapture) of the Plan.

(b) Change in Control. Except as set forth in Section 4(c), upon a Change in Control, all outstanding and unvested Options shall remain outstanding and eligible to vest based on the time-based vesting criteria set forth in Section 3. Upon termination of the Participant's Service by the Participant for Good Reason, by the Company without Cause or due to the Participant's death or Disability, in each case, upon or within twenty-four (24) months following a Change in Control, all outstanding Options shall vest on the date of the Participant's termination of Service. For purposes of this Agreement, "*Good Reason*" [and "*Cause*"] shall have the meaning[s] set forth in Exhibit A of this Agreement.

(c) Accelerated Vesting. Notwithstanding the foregoing, if the acquiring, surviving or successor entity in the Change in Control does not assume, continue or substitute the Options, all outstanding Options shall fully vest as of the date of such Change in Control.

(d) Expiration. Any unexercised Options will expire on the tenth (10th) anniversary of the Date of Grant (the "Expiration Date"), or earlier as provided in Section 4 of this Agreement or in the Plan.

5. Period of Exercise.

(a) Subject to the provisions of the Plan and this Agreement, the Participant may exercise all or any part of the vested Options at any time prior to the earliest to occur of:

(i) the Expiration Date;

(ii) the date that is twelve (12) months following termination of the Participant's Service due to death or Disability;

(iii) the date that is ninety (90) days following termination of the Participant's Service other than for death, Disability or Cause; or

(iv) the date of termination of the Participant's Service for Cause.

(b) Extension of Termination Date. If following the Participant's termination of Service for any reason the exercise of the Options is prohibited because the exercise of the Options would violate the registration requirements under the Securities Act or any other state or federal securities law or the rules of any securities exchange, then the expiration of the Options shall be tolled until the earlier of (i) date that is thirty (30) days after the end of the period during which the exercise of the Options would be in violation of such registration or other securities requirements or (ii) the Expiration Date.

[2] NTD: Insert bracketed language for participants who are eligible for non-CIC acceleration.

6. Manner of Exercise.

(a) Election to Exercise. The Participant (or in the case of exercise after the Participant's death or incapacity, the Participant's executor, administrator, heir or legatee, as the case may be) may exercise all or any part of the vested Options by delivering to the Company an executed stock option exercise notice in such form as is approved by the Committee from time to time, which shall set forth: (i) the Participant's election to exercise the Options, (ii) the number of shares of Common Stock being purchased, (iii) any restrictions imposed on the shares, and (iv) any representations, warranties and agreements regarding the Participant's investment intent and access to information as may be required by the Company to comply with applicable securities laws. If someone other than the Participant exercises the Options, then such person must submit documentation reasonably acceptable to the Company verifying that such person has the legal right to exercise the Options.

(b) Withholding Requirements. The Company shall have the power and the right to require the Participant to remit to the Company the amount necessary to satisfy federal, state, provincial and local taxes, domestic or foreign, required by law or regulation to be withheld, and to deduct or withhold from any shares of Common Stock deliverable under this Agreement to satisfy such withholding obligation, or in the sole discretion of the Committee, such greater amount necessary to satisfy the Participant's maximum expected tax liability, provided that such withholding does not result in adverse tax or accounting consequences to the Company (collectively, "Withheld Taxes"); provided further, that any obligations to pay Withheld Taxes may be satisfied in the manner in which the Exercise Price is permitted to be paid under Section 6(c) or any other manner permitted by the Plan.

(c) Payment of Exercise Price. The entire Exercise Price of the Options shall be payable in full at the time of exercise. All or part of the Exercise Price and any Withheld Taxes may be paid as follows to the extent permitted by applicable statutes and regulations:

(i) Cash or Check. In cash or by certified or bank check.

(ii) Net Exercise. Unless otherwise determined by the Committee, by reducing the number of shares of Common Stock otherwise deliverable upon the exercise of the Options by the number of shares of Common Stock having a Fair Market Value on the date of exercise equal to the amount of the Exercise Price and/or Withheld Taxes, as applicable.

(iii) Surrender of Stock. In each instance, at the sole discretion of the Committee, by surrendering, or attesting to the ownership of, shares of Common Stock that are already owned by the Participant free and clear of any restriction or limitation, unless the Committee specifically agrees in writing to accept such shares of Common Stock subject to such restriction or limitation. Such shares of Common Stock will be surrendered to the Company in good form for transfer and will be

valued by the Company at Fair Market Value on the date of the applicable exercise of the Options, or to the extent applicable, on the date the Withheld Taxes are to be determined. The Participant will not surrender, or attest to the ownership of, shares of Common Stock in payment of the Exercise Price (or Withheld Taxes) if such action would cause the Company to recognize compensation expense (or additional compensation expense) with respect to the Options for financial reporting purposes that otherwise would not have been recognized.

(iv) Brokered Cashless Exercise. To the extent permitted by the Committee, from the proceeds of a sale through a broker on the date of exercise of some or all of the shares of Common Stock to which the exercise relates. In that case, the Participant will execute a notice of exercise and provide the Company's third party Plan administrator with a copy of irrevocable instructions to a broker to deliver promptly to the Company the amount of sale proceeds to pay the aggregate Exercise Price and/or Withheld Taxes, as applicable. To facilitate the foregoing, the Company may, to the extent permitted by applicable law, enter into agreements or coordinate procedures with one or more brokerage firms.

(v) Other Consideration. In any other form of legal consideration that may be acceptable to the Committee.

(d) Issuance of Shares. If the exercise notice and payment of the Exercise Price are in form and substance satisfactory to the Company, the Company shall deliver such shares of Common Stock either through book entry accounts held by, or in the name of, the Participant or cause to be issued a certificate or certificates representing the number of shares to be issued, registered in the name of the Participant. No fractional shares of Common Stock shall be delivered and the Committee shall determine whether cash, other securities or other property shall be paid or transferred in lieu of any fractional shares of Common Stock or whether such fractional shares or any rights thereto shall be canceled, terminated or otherwise eliminated.

7. Section 280G. In the event that it is determined that any payments or benefits provided under the Plan and this Agreement, together with any payments or benefits to be provided under any other plan, program, arrangement or agreement, would constitute parachute payments within the meaning of Section 280G of the Code and would, but for this Section 7 be subject to the excise tax imposed under Section 4999 of the Code (or any successor provision thereto) or any similar tax imposed by state or local law or any interest or penalties with respect to such taxes (the "Excise Tax"), then the amounts of any such payments or benefits under the Plan, this Agreement and such other arrangements shall be either (a) paid in full or (b) reduced to the minimum extent necessary to ensure that no portion of the payments or benefits is subject to the Excise Tax, whichever of the foregoing (a) or (b) results in the Participant's receipt on an after-tax basis of the greatest amount of payments and benefits after taking into account the applicable federal, state, local and foreign income, employment and excise taxes (including the Excise Tax). The Company shall cooperate in good faith with the Participant in making such determination, including but not limited to providing the Participant with an estimate of any parachute payments as soon as reasonably practicable prior to an event constituting a change in the ownership or effective

control of the Company or in the ownership of a substantial portion of the assets of the Company (within the meaning of Section 280G(b)(2)(A) of the Code). Any such reduction pursuant to this Section 7 shall be made in a manner that results in the greatest economic benefit for the Participant and is consistent with the requirements of Section 409A. Any determination required under this Section 7 shall be made in writing in good faith by a nationally recognized public accounting firm selected by the Company. The Company and the Participant shall provide the accounting firm with such information and documents as the accounting firm may reasonably request in order to make a determination under this Section 7.

8. Miscellaneous Provisions

(a) Rights of a Shareholder. Prior to issuance of shares of Common Stock following the exercise of the Options, neither the Participant nor the Participant's representative will have any rights as a shareholder of the Company with respect to any shares of Common Stock subject to the Stock Option.

(b) Transfer Restrictions. The shares of Common Stock delivered pursuant to the exercise of the Options shall be subject to such stop transfer orders and other restrictions as the Committee may deem advisable under the Plan or the rules, regulations and other requirements of the Securities and Exchange Commission, any stock exchange upon which such shares are listed, any applicable federal or state laws and any agreement with, or policy of, the Company or the Committee to which the Participant is a party or subject, and the Committee may cause orders or designations to be placed upon the books and records of the Company's transfer agent to make appropriate reference to such restrictions.

(c) Clawback Policy. The Participant acknowledges that the Participant is subject to the provisions of Section 12 (Forfeiture Events) and Section 14.6 (Trading Policy and Other Restrictions) of the Plan and any compensation recovery, "clawback" or similar policy adopted by the Company from time to time and/or made applicable by law including the provisions of Section 954 of the Dodd-Frank Wall Street Reform and Consumer Protection and Act and the rules, regulations and requirements adopted thereunder by the Securities and Exchange Commission and/or any national securities exchange on which the Company's equity securities may be listed.

(d) Adjustments. In the event of any change with respect to the outstanding shares of Common Stock contemplated by Section 4.4 of the Plan, the Options may be adjusted in accordance with Section 4.4 of the Plan.

(e) No Right to Continued Service. Nothing in this Agreement or the Plan confers upon the Participant any right to continue in Service for any period of specific duration or interfere with or otherwise restrict in any way the rights of the Company (or any Subsidiary retaining the Participant) or of the Participant, which rights are hereby expressly reserved by each, to terminate his or her Service at any time and for any reason, with or without cause.

(f) Successors and Assigns. The provisions of this Agreement will inure to the benefit of, and be binding upon, the Company and its successors and assigns and upon the Participant, the Participant's executor, personal representative(s), distributees, administrator, permitted transferees, permitted assignees, beneficiaries, and legatee(s), as applicable, whether or not any such person will have become a party to this Agreement and have agreed in writing to be joined herein and be bound by the terms hereof.

(g) Severability. The provisions of this Agreement are severable, and if any one or more provisions are determined to be illegal or otherwise unenforceable, in whole or in part, then the remaining provisions will nevertheless be binding and enforceable.

(h) Amendment. Except as otherwise provided in the Plan, this Agreement will not be amended unless the amendment is agreed to in writing by both the Participant and the Company.

(i) Choice of Law; Jurisdiction. This Agreement and all claims, causes of action or proceedings (whether in contract, in tort, at law or otherwise) that may be based upon, arise out of or relate to this Agreement will be governed by the internal laws of the State of Delaware, excluding any conflicts or choice-of-law rule or principle that might otherwise refer construction or interpretation of this Agreement to the substantive law of another jurisdiction.

(j) Signature in Counterparts. This Agreement may be signed in counterparts, manually or electronically, each of which will be an original, with the same effect as if the signatures to each were upon the same instrument.

(k) Electronic Delivery. The Company may, in its sole discretion, decide to deliver any documents related to any Awards granted under the Plan by electronic means or to request the Participant's consent to participate in the Plan by electronic means. The Participant hereby consents to receive such documents by electronic delivery and to agree to participate in the Plan through an on-line or electronic system established and maintained by the Company or another third party designated by the Company.

(l) Acceptance. The Participant hereby acknowledges receipt of a copy of the Plan and this Agreement. The Participant has read and understands the terms and provisions of the Plan and this Agreement, and accepts the Options subject to all of the terms and conditions of the Plan and this Agreement. In the event of a conflict between any term or provision contained in this Agreement and a term or provision of the Plan, the applicable term and provision of the Plan will govern and prevail. The Participant understands they have a right to consult with counsel and have been afforded the opportunity to consult with an attorney to the extent they wish to do so.

[Signature page follows.]

IN WITNESS WHEREOF, the Company and the Participant have executed this Stock Option Award Agreement as of the dates set forth below.

PARTICIPANT **PORTILLO'S INC.**

By:_____ By: _____

Date:_____ Date: _____

Exhibit A

Good Reason

"Good Reason" shall mean the occurrence of any of the following events without the consent of the Participant: (i) a material reduction in the Participant's base salary (other than a reduction affecting all similarly situated employees, which reduction does not exceed 10% of current base salary), (ii) a material diminution in the Participant's position and duties, which shall not include a change in reporting structure, or (iii) a requirement that the Participant relocate his or her current office outside a radius of fifty (50) miles from the Participant's current office location. The Participant may not resign or otherwise terminate his or her employment for any reason set forth above as Good Reason unless the Participant (x) notifies the Company in reasonable detail within sixty (60) days following his or her initial knowledge of an event that would constitute Good Reason, (y) the Company fails to remedy such event within 30 days following receipt of such notice, and (z) the Participant terminates employment within 30 days following the end of such 30-day remedy period. Notwithstanding the foregoing, if the Participant is subject to an employment agreement, consulting agreement, change in control agreement or similar agreement in effect between the Company or an Affiliate that defines Good Reason, then Good Reason shall have the meaning set forth therein, otherwise Good Reason as shall have the meaning defined in this Exhibit A.

Cause

["Cause" means (a) in the case where there is no employment agreement, consulting agreement, change in control agreement or similar agreement in effect between the Company or an Affiliate and the Participant (or where there is such an agreement but it does not define "cause" (or words of like import, which shall include but not be limited to "gross misconduct")), termination due to a Participant's (1) failure to substantially perform Participant's duties or obey lawful directives that, in the good faith judgment of the Company, is likely to significantly injure the reputation, business or a business relationship of the Company or any of its Affiliates, that continues after receipt of written notice from the Company and a ten (10)-day opportunity to cure; (2) gross misconduct or gross negligence in the performance of Participant's duties; (3) fraud, embezzlement, theft, or any other act of material dishonesty or misconduct; (4) conviction of, indictment for, or plea of guilty or nolo contendere to, a felony or any crime involving moral turpitude; (5) (x) material breach or violation of any agreement with the Company or its Affiliates, including any restrictive covenant agreement applicable to Participant, or (y) significant violation of the code of conduct or similar written policy, including, without limitation, any sexual harassment policy, of the Company or its Affiliates; or (6) other conduct, acts or omissions that, in the good faith judgment of the Company, are likely to significantly injure the reputation, business or a business relationship of the Company or any of its Affiliates; or (b) in the case where there is an employment agreement, consulting agreement, change in control agreement or similar agreement in effect between the Company or an Affiliate and the Participant that defines "cause" (or words of like import, which shall include but not be limited to "gross misconduct"), "cause" as defined under such agreement. With respect to a termination of Service for a non-employee director, Cause means an act or failure to act that constitutes cause for removal of a director under applicable Delaware law. Any voluntary termination of Service by the Participant in anticipation of an involuntary termination of the Participant's Service for Cause shall be deemed to be a termination for Cause.][3]

[3] NTD: Include for executive-level employees only. All other employees will be subject to standard definition of Cause in the equity plan.

PORTILLO'S INC.
SENIOR EXECUTIVE SEVERANCE PLAN

ARTICLE I
PURPOSE

The purpose of this Senior Executive Severance Plan (this "Plan") is to provide severance benefits to certain eligible employees of Portillo's Inc., a Delaware corporation (the "Company"), and its Affiliates, who experience a Qualifying Termination under the conditions described in this Plan. Capitalized terms used herein without definition shall have the meanings ascribed to such terms in Article II.

ARTICLE II
DEFINITIONS

As used herein the following words and phrases shall have the following respective meanings (unless the context clearly indicates otherwise):

"Accounting Firm" means a nationally recognized certified public accounting firm or other professional organization that is a certified public accounting firm recognized as an expert in determinations and calculations for purposes of Section 280G of the Code that is selected by the Company prior to a Change in Control for purposes of making the applicable determinations hereunder, which firm shall not, without the applicable Participant's consent, be a firm serving as accountant or auditor for the Person effecting the Change in Control.

"Accrued Obligations" means, with respect to a Participant's Termination of Employment, (a) such Participant's base salary through the Termination Date; (b) reimbursement for legitimate business expenses accrued during the period that such Participant was employed with the Company and its Affiliates; (c) any accrued but unused paid time off to the extent not theretofore paid; and (d) vested employee benefits accrued through the Termination Date in accordance with applicable law or the governing plan rules.

"Actual Annual Bonus" means, with respect to a Participant, the actual annual bonus to which such Participant would have been entitled for the fiscal year in which the Termination Date occurs had he or she not incurred a Qualifying Termination.

"Administrator" means the Board and the Committee or such other committee of the Board as selected by the Board to administer this Plan.

"Affiliate" means any Subsidiary or other entity that is directly or indirectly controlled by the Company or any entity in which the Company has a significant ownership interest as determined by the Administrator.

"Annual Base Salary" means, with respect to a Participant, the annual rate of base salary in effect for such Participant as of such Participant's Termination Date (without giving effect to any reduction resulting in a Termination for Good Reason).

"Board" means the Board of Directors of the Company.

"Cause" has the meaning set forth in the Equity Plan.

"Change in Control" has the meaning set forth in the Equity Plan.

"Change in Control Period" means the two-year period commencing upon the occurrence of a Change in Control.

"CIC Multiple" means, with respect to any Participant, a whole or fractional number so designated for such Participant in Annex A hereto.

"CIC Severance Payment" has the meaning set forth in Section 5.2(b).

"CIC Severance Period" means, with respect to a Participant, a number of months equal to the product of (a) 12 months and (b) such Participant's CIC Multiple.

"COBRA" means the U.S. Consolidated Omnibus Budget Reconciliation Act of 1985, as amended.

"COBRA Period" means, with respect to a Participant, the lesser of (a) the Severance Period or CIC Severance Period, as applicable, and (b) the 18-month period following the Termination Date.

"COBRA Reimbursement" has the meaning set forth in Section 5.1(e).

"Code" means the U.S. Internal Revenue Code of 1986, as amended from time to time.

"Committee" means the Compensation Committee of the Board.

"Common Stock" means the Class A common shares, par value $0.01 per share (and any shares or other securities into which such Common Stock may be converted or into which it may be exchanged), of the Company.

"Company" has the meaning set forth in Article I and in Section 8.1.

"Company Group" means, collectively, the Company and its Affiliates.

"Confidential Information" has the meaning set forth in Section 6.2.

"Delayed Payment Date" has the meaning set forth in Section 8.10(c).

"Director" means a member of the Board.

"Disability" has the meaning set forth in the Equity Plan.

"Disaffiliation" means an Affiliate's ceasing to be an Affiliate for any reason (including, without limitation, as a result of a public offering, or a spinoff or sale by the Company of the stock of the Affiliate) or a sale of a division of the Company and its Affiliates (including, without limitation, a sale of assets of the Company and/or its Affiliates).

"Effective Date" has the meaning set forth in Article III.

"Eligible Employee" means an Employee employed in the United States who is designated within one of the employee classification categories specified on Annex A hereto, excluding any such Employee who (a) is covered under any collective bargaining agreement or (b) is party to any individual employment, severance, or similar agreement with the Company or any of its Affiliates that provides for severance benefits that are more favorable than the severance benefits provided under this Plan.

"Employee" means a regular, active employee of any member of the Company Group. For any and all purposes under this Plan, the term "Employee" does not include an individual

hired as an independent contractor, leased employee, consultant, or an individual otherwise designated by the Administrator at the time of hire as not eligible to participate in or receive benefits under this Plan or not on the payroll, even if such ineligible person is subsequently determined to be a common law employee of a member of the Company Group or otherwise an employee by any governmental or judicial authority.

"Equity Plan" means the Portillo's Inc. 2021 Equity Incentive Plan, as amended or amended and restated from time to time.

"Exchange Act" means the U.S. Securities Exchange Act of 1934, as amended from time to time, and any successor thereto.

"Executive Officers" means, as of any particular time, Eligible Employees who are designated as "executive officers" (within the meaning of Rule 3b-7 promulgated under the Exchange Act) of the Company as of such time.

"Good Reason" means the occurrence of any of the following events without the consent of the Participant: (i) a material reduction in the Participant's base salary (other than a reduction affecting all similarly situated employees, which reduction does not exceed 10% of current base salary), (ii) a material diminution in the Participant's position and duties, which shall not include a change in reporting structure, or (iii) a requirement that the Participant relocate his or her current office outside a radius of fifty (50) miles from the Participant's current office location. The Participant may not resign or otherwise terminate his or her employment for any reason set forth above as Good Reason unless the Participant (x) notifies the Company in reasonable detail within sixty (60) days following his or her initial knowledge of an event that would constitute Good Reason, (y) the Company fails to remedy such event within 30 days following receipt of such notice, and (z) the Participant terminates employment within 30 days following the end of such 30-day remedy period. Notwithstanding the foregoing, if the Participant is subject to an employment agreement, consulting agreement, change in control agreement or similar agreement in effect between the Company or an Affiliate that defines "Good Reason", then Good Reason shall have the meaning set forth therein, otherwise Good Reason shall have the meaning set forth above.

"Independent Administrator" has the meaning set forth in Section 7.1.

"Multiple" means, with respect to any Participant, a whole or fractional number so designated for such Participant in Annex A hereto.

"Net After-Tax Receipt" means the present value (as determined in accordance with Sections 280G(b)(2)(A)(ii) and 280G(d)(4) of the Code) of a Payment net of all taxes imposed on the Participant with respect thereto under Sections 1 and 4999 of the Code and under applicable state and local laws, determined by applying the highest marginal rate under Section 1 of the Code and under state and local laws that applied to the Participant's taxable income for the immediately preceding taxable year, or such other rate(s) as the Accounting Firm determines to be likely to apply to the Participant in the relevant tax year(s).

"Parachute Value" of a Payment means the present value as of the date of the Change in Control for purposes of Section 280G of the Code of the portion of such Payment that constitutes a "parachute payment" under Section 280G(b)(2) of the Code, as determined by the Accounting Firm for purposes of determining whether and to what extent the excise tax under Section 4999 of the Code will apply to such Payment.

"Participant" means any Eligible Employee who incurs a Qualifying Termination and thereby becomes eligible for Severance Benefits under this Plan.

"Payment" means any payment or distribution in the nature of compensation (within the meaning of Section 280G(b)(2) of the Code) to or for the benefit of the Participant, whether paid or payable pursuant to this Plan or otherwise.

"Person" means any individual, entity, or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Exchange Act).

"Plan" has the meaning set forth in Article I.

"Plan Payments" has the meaning set forth in Section 5.5(a).

"Prior-Year Annual Bonus" means, with respect to a Participant, an amount, if any, equal to the annual bonus earned by the Participant for the fiscal year immediately preceding the fiscal year in which the Termination Date occurs that remains unpaid as of the Termination Date.

"Prorated Annual Bonus" means, with respect to a Participant, the product of (a) such Participant's Actual Annual Bonus (or, if the applicable Qualifying Termination occurs during the Change in Control Period, the greater of such Participant's Actual Annual Bonus and Target Annual Bonus) and (b) a fraction, the numerator of which is the number of days elapsed in the fiscal year of the Company in which the Termination Date occurs and the denominator of which is the total number of days in such fiscal year.

"Qualifying Termination" means, with respect to an Eligible Employee, (a) a Termination of Employment by the Company and/or its Affiliates (including any successors thereto as described in Section 8.1) other than a Termination for Cause (excluding, for the avoidance of doubt, as a result of an Eligible Employee's death or Disability) and (b) during the Change in Control Period, a Termination for Good Reason.

"Release" has the meaning set forth in Section 4.2.

"Restricted Territory" means, with respect to a Participant, (a) if such Participant's responsibilities to the Company Group during the 24-month period immediately preceding the Termination Date were limited to a specific territory or territories within or outside the United States, then such specific territory or territories; and (b) otherwise, the United States.

"Safe Harbor Amount" means three (3.0) times the Participant's "base amount," within the meaning of Section 280G(b)(3) of the Code, minus one dollar (-$1.00) [3x base amount -$1.00].

"Severance Benefits" means the amounts and benefits payable or required to be provided in accordance with Section 5.1 or 5.2, as applicable, excluding Accrued Obligations.

"Severance Payment" has the meaning set forth in Section 5.1(b).

"Severance Period" means, with respect to a Participant, a number of months equal to the product of (a) 12 months and (b) such Participant's Multiple.

"Subsidiary" means any company (other than the Company) in an unbroken chain of companies beginning with the Company; provided that each company in the unbroken chain (other than the Company) owns, at the time of determination, stock possessing 50% or more of the total combined voting power of all classes of stock in one of the other companies in such chain.

"Target Annual Bonus" means, with respect to a Participant, the target annual incentive payment for which such Participant is eligible in respect of the fiscal year in which the Termination Date occurs (without giving effect to any reduction resulting in a Termination for Good Reason).

"Termination Date" means, with respect to an Eligible Employee, the date on which such Eligible Employee incurs a Termination of Employment for any reason.

"Termination for Cause" means a Termination of Employment for Cause.

"Termination for Good Reason" shall mean a Termination of Employment for Good Reason.

"Termination of Employment" means an Eligible Employee's termination of employment with the Company and its Affiliates. Notwithstanding the foregoing, unless otherwise determined by the Administrator, an Eligible Employee employed by, or performing services for, an Affiliate, or a division of the Company and its Affiliates shall not be deemed to have incurred a Termination of Employment if, as a result of a Disaffiliation, such Affiliate or division ceases to be an Affiliate, or division, as the case may be, and the Eligible Employee is offered employment, or continued employment, with the buyer or the Company, as applicable, or one of their respective Affiliates, that provides for compensation and benefits that are substantially comparable, in the aggregate, to the compensation and benefits (excluding equity awards) provided to such Eligible Employee immediately prior to such Disaffiliation. In addition, temporary absences from employment because of illness, vacation, or approved leave of absence and transfers among the Company and its Affiliates shall not be considered Terminations of Employment.

ARTICLE III
EFFECTIVENESS

This Plan shall become effective as of _____, 2024 (the "Effective Date").

ARTICLE IV
ELIGIBILITY

4.1 Participation. Any Eligible Employee who incurs a Qualifying Termination and who satisfies the conditions set forth in Section 4.2 shall be eligible to receive the Severance Benefits set forth in Section 5.1 or 5.2, as applicable.

4.2 Release of Claims. An Eligible Employee's right to receive the Severance Benefits pursuant to Section 5.1 or 5.2, as applicable, shall be subject to (a) such Eligible Employee's execution and delivery to the Company not later than 21 days following such Eligible Employee's Termination Date of a general release of claims (a "Release") in favor of the Company Group in substantially the form attached hereto as Annex B (which may be updated by the Company as a result of change in applicable law), including the specific release at Exhibit A thereto, where applicable, and (b) such Releases becoming irrevocable in accordance with its terms.

ARTICLE V
SEVERANCE BENEFITS

5.1 Prior to a Change in Control or Following the Change in Control Period. If the Participant incurs a Qualifying Termination prior to a Change in Control or following the Change in Control Period, then the Participant shall, subject to Sections 4.2 and 6.1 (in each case, other than with respect to the Accrued Obligations), be entitled to receive from the Company:

(a) The Accrued Obligations, which, in the case of clauses (a) through (c) of such definition, shall be payable in cash in a lump sum within 30 days following the Termination Date and in the case of clause (d) of such definition, shall be payable in accordance with applicable law and the terms of the governing plan rules.

(b) An amount in cash equal to the product of (i) the Participant's Multiple and (ii) the Participant's Annual Base Salary (the "Severance Payment"), which Severance Payment shall be payable in substantially equal installments over the applicable Severance Period in accordance with the Company's normal payroll practices; provided, that the first payment shall be paid on the 60th day following the Termination Date and shall include any portion of the Severance Payment that would have otherwise been payable during the period between the Termination Date and such payment date.

(c) The Prorated Annual Bonus, payable in a lump sum in cash on the date on which the Company pays out the applicable Annual Bonus (other than any portion of such Prorated Annual Bonus that was deferred, which portion shall instead be paid in accordance with the applicable deferral arrangement and any election thereunder).

(d) The Prior-Year Annual Bonus (if any), payable in a lump sum in cash on the date on which the Company otherwise pays out the applicable Annual Bonus for the fiscal year for which the Prior-Year Annual Bonus was earned (other than any portion of such Prior-Year Annual Bonus that was deferred, which portion shall instead be paid in accordance with the applicable deferral arrangement and any election thereunder).

(e) If the Participant timely elects COBRA coverage, then reimbursement for the cost of health insurance continuation coverage under COBRA in excess of the cost that Employees are required to pay for health insurance benefits under the plan in which the Participant was actively participating as of the Termination Date (the "COBRA Reimbursement") until the earlier of (i) the end of the COBRA Period and (ii) the date on which the Participant obtains comparable alternative insurance coverage; provided that the first such reimbursement payment shall be paid on the 60th day following the Termination Date and the first payment shall include any portion of the COBRA Reimbursement that would have otherwise been payable during the period between the Termination Date and such payment date.

(f) The Company will provide and pay for outplacement services to the Participant through a nationally recognized firm selected by the Company which specializes in outplacement services, which services shall extend for up to 12 months from the Termination Date, up to a maximum value of $25,000.

5.2 During the Change in Control Period. If the Participant incurs a Qualifying Termination during the Change in Control Period, then the Participant shall, subject to Sections 4.2 and 6.1 (in each case, other than with respect to the Accrued Obligations), be entitled to receive from the Company:

(a) The Accrued Obligations, payable as set forth in Section 5.1(a).

(b) An amount in cash equal to the product of (i) the Participant's CIC Multiple and (ii) the sum of the Participant's Annual Base Salary and Target Annual Bonus (the "CIC Severance Payment"), which CIC Severance Payment shall be payable in cash in a lump sum on the 60th day following the Termination Date.

(c) The Prorated Annual Bonus, payable in a cash lump sum on the 60th day following the Termination Date.

(d) The Prior-Year Annual Bonus (if any), payable as set forth in Section 5.1(d).

(e) If the Participant timely elects COBRA coverage, then the COBRA Reimbursements until the earlier of (i) the end of the COBRA Period and (ii) the date on which the Participant obtains comparable alternative insurance coverage; provided that the first such reimbursement payment shall be paid on the 60th day following the Termination Date and the first payment shall include any portion of the COBRA Reimbursement that would have otherwise been payable during the period between the Termination Date and such payment date.

(f) The Company will provide and pay for outplacement services to the Participant through a nationally recognized firm selected by the Company which specializes in outplacement services, which services shall extend for up to 12 months from the Termination Date, up to a maximum value of $25,000.

5.3 No Offset; No Mitigation. The Company's obligation to make the payments provided for in this Plan and otherwise to perform its obligations hereunder shall not be affected by any setoff, counterclaim, recoupment, defense, or other claim, right, or action that the Company or any Affiliate may have against a Participant or any other Person. In no event shall a Participant be obligated to seek other employment or take any other action by way of mitigation of the amounts payable to the Participant under any of the provisions of this Plan, and such amounts shall not be reduced whether or not the Participant obtains other employment.

5.4 No Duplication; Other Benefit Plans. A Participant who experiences a Qualifying Termination that entitles him or her to the Severance Payments contemplated by Section 5.1 or 5.2 shall not be entitled to any compensation or benefits under any other Company severance plan or policy in connection with such Qualifying Termination [or under any individual agreement between the Participant and Company or its Affiliates that provides for compensation or benefits in connection with such Qualifying Termination, unless such individual agreement provides for compensation or benefits that are more favorable to the Participant than this Plan, in which case the Participant shall receive the compensation or benefits under the individual agreement and shall not receive duplicative benefits under this Plan]. Other than with respect to any such severance plan or policy, this Plan shall not affect a Participant's entitlement to compensation or benefits under any other employee benefit plan or compensatory arrangement of the Company or its Affiliates, which, in each case, shall be construed in accordance with its respective terms.

5.5 Certain Reduction in Payments—Best Net.

(a) Notwithstanding anything in this Plan to the contrary, in the event the Accounting Firm shall determine that receipt of all Payments would subject a Participant to the excise tax under Section 4999 of the Code, the Accounting Firm shall determine whether to reduce any of the Payments paid or payable pursuant to this Plan (the "Plan Payments") so that the Parachute Value of all Payments, in the aggregate, equals the Safe Harbor Amount. The Plan Payments shall be so reduced only if the Accounting Firm determines that the Participant would have a greater Net After-Tax Receipt of aggregate Payments if the Plan Payments were so reduced. If the Accounting Firm determines that the Participant would not have a greater Net After-Tax Receipt of aggregate Payments if the Plan Payments were so reduced, the Participant shall receive all Plan Payments to which the Participant is entitled hereunder (and be responsible for the payment of any applicable excise and other taxes due on such Plan Payments).

(b) If the Accounting Firm determines that aggregate Plan Payments should be reduced so that the Parachute Value of all Payments, in the aggregate, equals the Safe Harbor Amount, the Company shall promptly give the Participant notice to that effect and a copy of the

detailed calculation thereof. All determinations made by the Accounting Firm under this Section 5.5 shall be binding upon the Company and the Participant and shall be made as soon as reasonably practicable and in no event later than 15 business days following the Termination Date. For purposes of reducing the Plan Payments so that the Parachute Value of all Payments, in the aggregate, equals the Safe Harbor Amount, only amounts payable under the Plan (and no other Payments) shall be reduced, unless otherwise agreed to in writing by Eligible Employee and the Company. The reduction of the amounts payable hereunder, if applicable, shall be made by reducing the Plan Payments that are parachute payments in the following order: (i) cash payments under Section 5.1 or 5.2, as applicable, that do not constitute deferred compensation within the meaning of Section 409A of the Code, and (ii) cash payments under Section 5.1 or 5.2, as applicable, that do constitute deferred compensation, in each case, beginning with the payments or benefits that are to be paid or provided the farthest in time from the Termination Date. All reasonable fees and expenses of the Accounting Firm shall be borne solely by the Company.

(c) To the extent requested by the Participant, the Company shall cooperate with the Participant in good faith in valuing, and the Accounting Firm shall take into account the value of, services provided or to be provided by the Participant (including, without limitation, the Participant's agreeing to refrain from performing services pursuant to a covenant not to compete or similar covenant, before, on, or after the date of a change in ownership or control of the Company (within the meaning of Treas. Regs. § 1.280G-1, Q&A-2(b)), such that payments in respect of such services may be considered reasonable compensation within the meaning of Treas. Regs. § 1.280G-1, Q&A-9 and Q&A-40 to Q&A-44, and/or exempt from the definition of the term "parachute payment" (within the meaning of Treas. Regs. § 1.280G-1, Q&A-2(a) in accordance with Treas. Regs. § 1.280G-1, Q&A-5(a)).

5.6 Legal Fees. With respect to any Participants who are Executive Officers as of immediately prior to the Change in Control, the Company agrees to pay, to the full extent permitted by law, all reasonable legal fees and expenses [up to but not in excess of $250,000] that such Participant may reasonably incur at any time from a Change in Control through the Participant's remaining lifetime (or, if longer, through the 10th anniversary of the Change in Control) as a result of any contest by the Company, any Affiliate, such Participant, or others of the validity or enforceability of, or liability under, any provision of this Plan or any guarantee of performance thereof (including as a result of any contest by the Participant about the entitlement to or amount of any payment pursuant to this Plan) in which the Participant is the prevailing party. The reimbursement under this Section 5.6 shall be paid within 10 days following the Company's receipt of an reasonably detailed invoice from any such Participant and shall include interest on any payment of legal fees and expenses paid by the Participant at the applicable federal rate provided for under Section 7872(f)(2)(A) of the Code based on the

rate in effect for the month in which such legal fees and expenses were initially paid by the Participant.

ARTICLE VI
RESTRICTIVE COVENANTS

6.1 General. A Participant's right to receive the Severance Benefits pursuant to Section 5.1 or 5.2, as applicable, shall be subject to the Participant's continued compliance with the covenants set forth in this Article VI.

6.2 Confidential Information. Each Participant shall hold in a fiduciary capacity for the benefit of the Company Group, all secret or confidential information, knowledge, or data relating to the Company Group and its businesses that Participant has obtained during his or her employment by the Company Group and that is not public knowledge (other than as a result of Participant's violation of this Section 6.2), including, without limitation, patents, copyrights, proprietary information, trade secrets, formulas, recipes, food preparation and service techniques, ordering equations, waste calculations, store and restaurant designs, equipment designs, training materials, administrative forms, prices and pricing methods, organization structures, business systems and plans, sources of supply, methods and process of distribution, methods and techniques of marketing, financial information, costs, procedures, manuals, personnel records, benefits and payroll information, wages, salaries, bonuses and other compensation, and confidential reports (which are deemed for all purposes confidential and proprietary ("Confidential Information"). For the purpose of this Section 6.2, information shall not be deemed to be publicly available merely because it is embraced by general disclosures or because individual features or combinations thereof are publicly available.

No Participant shall communicate, divulge, or disseminate Confidential Information at any time during or after such Participant's employment with the Company Group, except with prior written consent of the applicable Company Group company, or as otherwise required by law or legal process. All records, files, memoranda, reports, customer lists, drawings, plans, documents, and the like that the Participant uses, prepares, or comes into contact with during the course of the Participant's employment shall remain the sole property of the Company and/or the Company Group, as applicable, and shall be turned over to the applicable Company Group company upon the Participant's Termination of Employment.

This Section 6.2 does not prohibit, nor shall it be construed as prohibiting, a Participant from disclosing information to government or law enforcement agencies if the Participant has reasonable cause to believe that the information discloses a violation of state or federal law, rule or regulation.

6.3 Nonsolicitation of Employees. Where not prohibited by law, each Participant covenants and agrees that during Participant's employment and for a period of one (1) year after he/she ceases to be employed by the Company Group, he/she will not directly or indirectly solicit for employment any individual who was an Employee of the Company Group as of the Participant's Termination Date or within twelve (12) months prior to the Participant's Termination Date. The recruitment of employees within or for the Company Group shall not constitute a breach of this Section 6.3.

6.4 Nondisparagement. Each Participant agrees not to make, participate in the making of, or encourage any other person to make, any public statements, written or oral, in whatever format, including, without limitation, electronic communications such as Internet message boards, Twitter, Facebook, Instagram, LinkedIn or Glassdoor posts, whether the poster's identity is disclosed or such comments are made anonymously, which are intended to criticize, disparage, or defame the goodwill or reputation of, or which are intended to embarrass the Company Group, or any of its members, or any of such member's directors, officers, executives, securityholders, partners, agents or employees. Each Participant further agrees not to make any negative public statements, written, electronic or oral, relating to his or her employment, separation from employment, his or her coworkers, or any aspect of the business of the Company Group. This includes refraining from making any negative statements about the Company Group or any of its officers, directors, managers or employees to contractors and subcontractors, and from taking any actions that would harm Company Group's relationship with contractors and subcontractors. Each Participant understands that the Company Group agrees that it will not make any public statements, written, oral or electronic, intended to criticize, disparage or defame Participant or his or her reputation or make negative public statements about Participant's employment or separation from employment. Nothing in this Section 6.4 is intended to or shall prevent the reporting of good faith allegations of unlawful employment practices to appropriate federal, state or local government agencies enforcing discrimination laws, reporting of good faith allegations of criminal conduct to federal, state or local officials, providing of truthful testimony in response to a valid subpoena, court order, regulatory request or other judicial, administrative or legal process, participation in proceedings with any federal, state or local government agency enforcing discrimination laws, making of any truthful statements or disclosures required by law, regulation or legal process, request or receipt of confidential legal advice, or otherwise as required by law. Each Participant and the Company Group agree that if they receive a request for testimony pertaining to the other party in response to a subpoena, court order, regulatory request or other judicial, administrative or legal process or otherwise required by law, they will notify the other party in writing as promptly as practicable after receiving the request regarding the anticipated testimony or information to be provided and at least ten (10) days prior to providing such testimony or

information (or, if such notice is not possible under the circumstances, with as much prior notice as is possible). Notice to the Company Group shall be made to Portillo's Inc., Attn: General Counsel. Each Participant and the Company Group agree and acknowledge that this non-disparagement provision is mutual and is a material term, the absence of which would have resulted in the Company Group refusing to agree to pay Severance Benefits or issue a Severance Payment. This Section 6.4 shall cease to apply upon the occurrence of a Change in Control.

6.5 Cooperation and Assistance with Claims. Each Participant agrees that, following such Participant's Termination of Employment for any reason, such Participant shall reasonably cooperate with the Company, its Affiliates, Subsidiaries, officers, directors, shareholders, or employees (i) concerning requests for information about the business of the Company or Company Group or your involvement and participation therein, (ii) in connection with any investigation or review by the Company or any federal, state or local regulatory, quasi-regulatory or self-governing authority as any such investigation or review relates to events or occurrences that transpired while the Participant was employed by the Company, and (iii) with respect to transition and succession matters. Each Participant's cooperation shall include, but not be limited to (taking into account his/her personal and professional obligations, including those to any new employer or entity to which he/she provides services), being available to meet and speak with officers or employees of the Company and/or the Company's counsel at reasonable times and locations, executing accurate and truthful documents and taking such other actions as may reasonably be requested by the Company and/or the Company's counsel to effectuate the foregoing. Where not prohibited by law, each Participant shall be entitled to reimbursement, upon receipt by the Company of suitable documentation, for reasonable and necessary travel and other expenses which you may incur at the specific request of the Company and as approved by the Company in advance and in accordance with its policies and procedures established from time to time. This Section 6.5 shall cease to apply upon the occurrence of a Change in Control.

6.6 Acknowledgement and Enforcement. Each Participant acknowledges and agrees that: (a) the purpose of the foregoing covenants is to protect the goodwill, trade secrets, and other Confidential Information of the Company Group; (b) because of the nature of the business in which the Company Group is engaged and because of the nature of the Confidential Information to which the Participant has access, the Company would suffer irreparable harm and it would be impractical and excessively difficult to determine the actual damages of the Company Group if the Participant breached any of the covenants set forth in this Article VI; and (c) remedies at law (such as monetary damages) for any breach of the Participant's obligations under this Article VI would be inadequate. Each Participant therefore agrees and consents that, if the Participant commits any breach of a covenant under this Article VI or threatens to commit

any such breach, the Company shall have the right (in addition to, and not in lieu of, any other right or remedy that may be available to it) to seek temporary and permanent injunctive relief from a court of competent jurisdiction, without posting any bond or other security and without the necessity of proof of actual damage. If any of the covenants contained in this Article VI is finally held by a court to be invalid, illegal, or unenforceable (whether in whole or in part), such covenant shall be deemed modified to the extent, but only to the extent, of such invalidity, illegality, or unenforceability and the remaining covenants shall not be affected thereby; provided, however, that, if any of such covenants is finally held by a court to be invalid, illegal, or unenforceable because it exceeds the maximum scope and/or duration determined to be acceptable to permit such provision to be enforceable, such covenant shall be deemed to be modified to the minimum extent necessary to modify such scope and/or duration to make such provision enforceable hereunder.

6.7 Similar Covenants in Other Agreements Unaffected. Each Participant acknowledges that the Participant currently is, or in the future may become, subject to covenants contained in other agreements (including, but not limited to, agreements to protect Company assets, confidentiality and business protection agreements, stock option agreements, performance share unit agreements, and restricted share unit agreements) that are similar to those contained in this Article VI. Further, a breach of the covenants contained in this Article VI may have implications under the terms of such other agreements, including, but not limited to, a forfeiture of equity awards and long-term cash compensation. Each Participant acknowledges the foregoing and understands that the covenants contained in this Article VI are in addition to, and not in substitution of, the similar covenants contained in any such other agreements.

6.8 Whistleblower Rights. Under the federal Defend Trade Secrets Act of 2016, Eligible Employees shall not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that: (a) is made (i) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney; and (ii) solely for the purpose of reporting or investigating a suspected violation of law; (b) is made to the Eligible Employee's attorney in relation to a lawsuit for retaliation against such Eligible Employee for reporting a suspected violation of law; or (c) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. Nothing in this Plan shall (A) prevent any Eligible Employee from testifying truthfully as required by law, (B) prohibit or prevent any Eligible Employee from filing a charge with or participating, testifying, or assisting in any investigation, hearing, whistleblower proceeding, or other proceeding before any federal, state, or local government agency (e.g., EEOC, NLRB, SEC, etc.), or (C) prevent any Eligible Employee from disclosing Confidential Information in confidence to a federal, state, or

local government official for the purpose of reporting or investigating a suspected violation of law.

ARTICLE VII

ADMINISTRATION

7.1 Administrator. This Plan shall be administered by the Administrator. Prior to the occurrence of a Change in Control, the Administrator may delegate its authority under this Plan to an individual or another committee. In addition, in the event of an impending Change in Control, the Administrator may appoint a Person (or Persons) independent of the third party effectuating the Change in Control to be the Administrator effective upon the occurrence of a Change in Control and such Administrator shall not be removed or modified following a Change in Control, other than at its own initiative (the "Independent Administrator"). If the Administrator determines to appoint an Independent Administrator pursuant to this Section 7.1, the Independent Administrator shall be entitled to receive reasonable compensation as is mutually agreed upon between the Administrator and the Independent Administrator, and all reasonable expenses of the Independent Administrator shall be paid or reimbursed by the Company upon receipt of proper documentation by the Company.

7.2 Standard of Review. Except as otherwise provided in this Plan, the decision of the Administrator (including the Independent Administrator) upon all matters within the scope of its authority shall be final, conclusive, and binding on all parties; provided that, in the event that no Independent Administrator is appointed upon the occurrence of a Change in Control, any determination by the Administrator of (a) whether a Termination of Employment constitutes a Termination for Cause or a Termination for Good Reason during the Change in Control Period or (b) the severance, rights, and benefits due to a Participant upon a Termination of Employment during the Change in Control Period shall be subject to *de novo* review.

7.3 Indemnification. The Administrator, any delegee of the Administrator permitted under Section 7.1, and the Independent Administrator (if any) shall be indemnified by the Company against personal liability for actions taken in good faith in the discharge of the Administrator's or the Independent Administrator's duties hereunder.

ARTICLE VIII

MISCELLANEOUS

8.1 Successors. This Plan shall bind any successor of the Company, its assets, its equity, or its businesses (whether direct or indirect, by purchase, merger, consolidation, or otherwise), in the same manner and to the same extent that the Company would be obligated under this Plan if no succession had taken place. The Company will require any successor (whether direct or indirect, by purchase, merger, consolidation, or otherwise) to all or substantially all of the

business and/or assets of the Company to assume expressly and to honor this Plan in the same manner and to the same extent that the Company would be required to honor it if no such succession had taken place, unless such successor succeeds to the Plan by operation of law. The term "Company," as used in this Plan, shall mean the Company as hereinbefore defined and any successor or assignee to the business or assets which by reason hereof becomes bound by this Plan.

8.2 Amendment, Suspension, and Termination. Prior to a Change in Control or following the end of the Change in Control Period, this Plan may be amended, suspended, or terminated by written resolution of the Committee at any time; provided that no such amendment, suspension, or termination shall affect the Severance Benefits payable to any Participant who has experienced a Qualifying Termination prior to such amendment or termination. During the Change in Control Period, this Plan may not, without the consent of all Eligible Employees, be (a) amended in any manner that would adversely affect the rights or potential rights of Eligible Employees, (b) suspended, or (c) terminated.

8.3 Compliance with Law. Notwithstanding anything else contained herein, the Company shall not be required to make any payment or take any other action prohibited by law, including, but not limited to, any regulation, directive, or order of federal or state regulatory authorities.

8.4 Notices. All notices and other communications hereunder shall be in writing and shall be given by hand delivery to the other party or by registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

if to the Participant:
At the address most recently on the books and records of the Company.

if to the Company:
Portillo's Inc.
2001 Spring Road, Suite 400
Oak Brook, IL 60523
Attention: **General Counsel**

or to such other address as the Company or any Participant shall have furnished to the other in writing in accordance herewith. Notice and communications shall be effective when actually received by the addressee.

8.5 Employment Status. This Plan does not constitute a contract of employment, does not alter the at-will employment relationship or impose on any Participant, the Company, or any Affiliate of the Company, any obligation to retain any Participant as an employee.

8.6 Tax Withholding. The Company may withhold from any amounts payable under this Plan such federal, state, local, or foreign taxes as shall be required to be withheld pursuant to any applicable law or regulation.

8.7 ERISA Status. This Plan is intended to be an unfunded plan maintained primarily for the purpose of providing severance benefits for a select group of management or highly compensated employees, or alternatively, is intended to be a payroll practice plan not requiring an ongoing administrative program for paying benefits. Consequently, this Plan is not intended to be subject to the Employee Retirement Income Security Act of 1974, as amended. All payments pursuant to this Plan shall be made from the general funds of the Company and no special or separate fund shall be established or other segregation of assets made to assure payment. No Participant or other Person shall have under any circumstances any interest in any particular property or assets of the Company as a result of participating in this Plan. Notwithstanding the foregoing, the Company may (but shall not be obligated to) create one or more grantor trusts, the assets of which are subject to the claims of the Company's creditors, to assist it in accumulating funds to pay its obligations under this Plan.

8.8 Construction. The invalidity or unenforceability of any provision of this Plan shall not affect the validity or enforceability of any other provision of this Plan, which shall remain in full force and effect, and any prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction. The captions of this Plan are not part of the provisions hereof and shall have no force or effect. Neither a Participant's nor the Company's failure to insist upon strict compliance with any provision of this Plan, or the failure to assert any right a Participant or the Company may have hereunder shall not be deemed to be a waiver of such provision or right or any other provision or right of this Plan.

8.9 Governing Law. This Plan shall be governed by and construed in accordance with the laws of the State of Delaware, without reference to principles of conflict of laws.

8.10 Section 409A of the Code.

(a) General. It is intended that this Plan shall comply with the provisions of Section 409A of the Code and the Treasury Regulations relating thereto, or an exemption to Section 409A of the Code. Any payments that qualify for the "short-term deferral" exception, the separation pay exception, or another exception under Section 409A of the Code shall be paid under the applicable exception. For purposes of the limitations on nonqualified deferred compensation under Section 409A of the Code, each payment of compensation under this Plan shall be treated as a separate payment of compensation for purposes of applying the exclusion under Section 409A of the Code for short-term deferral amounts, the separation pay exception, or any other exception or exclusion under Section 409A of the Code. All payments to be made upon a Termination of Employment under this Plan that constitute "nonqualified deferred compensation" under Section 409A of the Code may only be made upon a "separation from service" under Section 409A of the Code. In no event may a Participant, directly or indirectly, designate the calendar year of any payment under this Plan.

(b) In-Kind Benefits and Reimbursements. Notwithstanding anything to the contrary in this Plan, all reimbursements and in-kind benefits provided under this Plan shall be

made or provided in accordance with the requirements of Section 409A of the Code, including, where applicable, the requirement that (i) any reimbursement is for expenses incurred during the Participant's lifetime (or during a shorter period of time specified in this Plan); (ii) the amount of expenses eligible for reimbursement, or in-kind benefits provided, during a calendar year may not affect the expenses eligible for reimbursement, or in-kind benefits to be provided, in any other calendar year; (iii) the reimbursement of an eligible expense will be made no later than the last day of the calendar year following the year in which the expense is incurred; and (iv) the right to reimbursement or in-kind benefits is not subject to liquidation or exchange for another benefit.

(c) Delay of Payments. Notwithstanding any other provision of this Plan to the contrary, if the Participant is considered a "specified employee" for purposes of Section 409A of the Code (as determined in accordance with the methodology established by the Company as in effect on the applicable Termination Date), any payment that constitutes nonqualified deferred compensation within the meaning of Section 409A of the Code that is otherwise due to the Participant under this Plan during the six-month period following the Participant's separation from service (as determined in accordance with Section 409A of the Code) on account of the Participant's separation from service shall be accumulated and paid to the Participant on the first business day of the seventh month following the Participant's separation from service (the "Delayed Payment Date") to the extent necessary to avoid the imposition of tax penalties under Section 409A of the Code. The Participant shall be entitled to interest on any delayed cash payments from the date of termination to the Delayed Payment Date at a rate equal to the applicable federal short-term rate in effect under Section 1274(d) of the Code for the month in which the Participant's separation from service occurs. If the Participant dies during the postponement period, the amounts and entitlements delayed on account of Section 409A of the Code shall be paid to the personal representative of the Participant's estate on the first to occur of the Delayed Payment Date or 30 calendar days after the date of the Participant's death.

8.11 Dispute Resolution. Where not prohibited by law, any controversy or claim arising out of or relating to this Plan (or the enforceability thereof) shall be resolved by arbitration in accordance with the laws of the State of Delaware by one arbitrator. The arbitrator shall be appointed pursuant to Rule 11 of the American Arbitration Association's Commercial Arbitration Rules, amended and effective September 15, 2005. The arbitration shall be conducted in accordance with the Commercial Arbitration Rules of the American Arbitration Association. Judgment upon the award rendered by the arbitrator may be entered in any court having jurisdiction thereof.

8.12 Company's Reservation of Rights. The Company reserves the right to discontinue or modify its compensation, incentive, benefit and perquisite plans, programs and practices at

any time and from time to time. Moreover, the brief summaries contained herein are subject to the terms of such plans, programs and practices.

8.13 Prior Plans Superseded. From and after the Effective Date, this Plan shall supersede any other executive severance plans or change in control plans maintained by the Company.

* * * *

Annex A

PLAN PARTICIPANTS

Position	**Multiple**	**CIC Multiple**
Chief Executive Officer ("CEO")	1.5x	3.0x
Executive Officers (other than the CEO)	1.0x	2.0x
Senior Vice President and Above (other than Executive Officers and the CEO)	0.75x	2.0x

Annex B

RELEASE

I. You agree that, in consideration of this Agreement, you hereby waive, release and forever discharge any and all claims and rights which you ever had, now have or may have against the Company, Company Group and any of their subsidiaries or affiliated companies, and their respective successors and assigns, current and former officers, agents, directors, representatives and employees, various benefits committees, and their respective successors and assigns, heirs, executors and personal and legal representatives, based on any act, event or omission occurring before you execute this Agreement arising out of, during or relating to your employment or services with the Company or Company Group or the termination of such employment or services, except as provided below. This waiver and release includes, but is not limited to, any claims which could be asserted now or in the future, under common law, including, but not limited to, breach of expressor implied duties, wrongful termination, defamation, or violation of public policy; any policies, practices, or procedures of the Company or Company Group; any federal or state statutes or regulations including, but not limited to, Title VII of the Civil Rights Act of 1964, as amended, 42 U.S.C. §2000e et seq., the Civil Rights Act of 1866 and 1871, the Americans With Disabilities Act, 42 U.S.C. §12101 et seq., and the Americans with Disabilities Amendments Act, the Employee Retirement Income Security Act ("ERISA"), 29 U.S.C. §1001 et seq. (excluding those rights relating exclusively to employee pension benefits as governed by ERISA), the Family and Medical Leave Act, 29 U.S.C. §2601 et. seq., the Illinois Human Rights Act, 775 ILCS 5/1 et seq., any municipal ordinance, any contract of employment, express or implied; any provision of any other law, common or statutory, of the United States, Illinois, or any applicable state.

Notwithstanding the foregoing, nothing contained in this Section I shall (i) subject to Sections III and IV and the ADEA Release at Exhibit A, impair any rights or potential claims that you may have under the federal Age Discrimination in Employment Act of 1967 (the "ADEA"); (ii) waive, release or otherwise discharge any claim or cause of action that cannot legally be waived, including, but not limited to, any claim for unpaid wages, workers' compensation benefits, or unemployment benefits; (iii) be construed to prohibit you from bringing appropriate proceedings to enforce the Agreement; or (iv) subject to the limitations set forth in the Agreement, affect any rights of defense or indemnification under any applicable insurance policy.

II. For the purpose of implementing a full and complete release, you understand and agree that this Agreement is intended to waive and release all claims, if any, which you may have and which you may not now know or suspect to exist in your favor against the Company, Company Group, any of their respective subsidiaries or affiliated companies, and their respective successors and assigns, current and former officers, agents, directors, representatives and employees, various benefits committees, and their

respective successors and assigns, heirs, executors and personal and legal representatives and this Agreement extinguishes those claims.

III. By signing this Agreement, you represent that you have not and will not in the future commence any action or proceeding arising out of the matters released hereby, and that you will not seek or be entitled to any award of legal or equitable relief in any such action or proceeding that may be commenced on your behalf. This Agreement shall not prevent you from filing a charge with the Equal Employment Opportunity Commission (or similar state or local agency) or participating in any investigation conducted by the Equal Employment Opportunity Commission (or similar state or local agency); *provided*, *however*, you acknowledge and agree that any claims for personal relief in connection with such a charge or investigation (such as reinstatement or monetary damages) would be and hereby are barred. Company has advised you to consult with an attorney of your choosing prior to signing this Agreement. You represent that you understand and agree that you have the right and have been given the opportunity to review this Agreement and the ADEA Release (defined below), with an attorney. You further represent that you understand and agree that neither Company nor Company Group is under an obligation to offer this Agreement, and that you are under no obligation to consent to this waiver and release of claims.

IV. You shall have twenty-one (21) calendar days from the date of this Agreement to consider the Agreement, including the ADEA Release in Exhibit A. Once you have signed this Agreement and Exhibit A, you shall have seven (7) additional days from the date of execution to revoke your consent to this Agreement, including the ADEA Release. Any such revocation shall be made in writing so as to be received by the Company and Company Group prior to the eighth (8^{th}) day following your execution of this Agreement and Exhibit A. If no such revocation occurs, the Agreement, including the ADEA Release, shall become effective on the eighth (8^{th}) day following your execution of the Agreement and Exhibit A (the "Effective Date").

Exhibit A

ADEA RELEASE

I. You agree that, in consideration of this Agreement, you hereby waive, release and forever discharge any and all claims and rights which you ever had, now have or may have against the Company, Company Group and their past and present directors, managers, officers, shareholders, partners, employees, agents, attorneys and servants, representatives, administrators and fiduciaries (except that in the case of agents, representatives, administrators, attorneys and fiduciaries, only to the extent in any way related to his or her employment with, or the business affairs of the Company or Company Group) and each of their predecessors, successors and assigns (collectively, the "Releasees") from any and all claims, charges, complaints, promises, agreements, controversies, liens, demands, causes of action, obligations, suits, disputes, judgments, debts, bonds, bills, covenants, contracts, variances, trespasses, executions, damages and liabilities of any nature whatsoever relating in any way to your rights under the Age

Discrimination in Employment Act of 1967, as amended (the "ADEA"), whether known or unknown, suspected or unsuspected, which you or your executors, administrators, successors or assigns ever had, now have, or may hereafter claim to have against the Releasees in law or equity, arising on or before the date this ADEA Release (as defined below) is executed by you, and whether or not previously asserted before any state or federal court or before any state or federal agency or governmental entity (the "ADEA Release"). This ADEA Release includes, without limitation, any rights or claims relating in any way to your employment relationship with the Company, Company Group or any of the Releasees, or the termination thereof, arising under the ADEA, including compensatory damages, punitive damages, attorney's fees, costs, expenses, and any other type of damage or relief. You represent that you have not commenced or joined in any claim, charge, action or proceeding whatsoever against the Company, Company Group or any of the Releasees arising out of or relating any of the matters set forth in this ADEA Release. You further agree that you shall not be entitled to any personal recovery in any claim, charge, action or proceeding whatsoever against the Company , Company Group or any of the Releasees for any of the matters set forth in this ADEA Release.

2. The Company has advised you to consult with an attorney of your choosing prior to signing this ADEA Release. You represent that you understand and agree that you have the right and have been given the opportunity to review this ADEA Release with an attorney. You further represent that you understand and agree that the Company and Company Group are under no obligation to offer you this ADEA Release, and that you are under no obligation to consent to the ADEA Release, and that you have entered into this ADEA Release freely and voluntarily.

3. You shall have twenty-one (21) days to consider this ADEA Release, and once you have signed this ADEA Release, you shall have seven (7) additional days from the date of execution to revoke your consent to this ADEA Release. Any such revocation shall be made in writing so as to be received by the Company's General Counsel prior to the eighth (8th) day following your execution of this ADEA Release. If no such revocation occurs, this ADEA Release shall become effective on the eighth (8th) day following your execution of this ADEA Release (the "Effective Date"). In the event that you revoke your consent, this ADEA Release shall be null and void.

IN WITNESS WHEREOF, you have executed this ADEA Release as of the date set forth below.

_____ _____

Signature Date

Annex C

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO RULE 13A-14(A) UNDER THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Michael Osanloo, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2024 of Portillo's Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation;
   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 7, 2024

By: /s/ Michael Osanloo
Michael Osanloo
President, Chief Executive Officer and Director
(Principal Executive Officer)

CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO RULE 13A-14(A) UNDER THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Michelle Hook, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2024 of Portillo's Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation;
   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 7, 2024

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

Exhibit 32.1

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of Portillo's Inc. (the "Company"), for the quarterly period ended March 31, 2024, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), each of the undersigned officers of the Company certifies pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of such officer's knowledge:

1 The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2 The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 7, 2024

By: /s/ Michael Osanloo
Michael Osanloo
President, Chief Executive Officer and Director
(Principal Executive Officer)

Date: May 7, 2024

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