

# Portillo's®

Third Quarter Earnings Supplemental  
November 3, 2022



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

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

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

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

All forward-looking statements are expressly qualified in their entirety by these cautionary statements. You should evaluate all forward-looking statements made in this presentation in the context of the risks and uncertainties disclosed in the Company's Form 10-K for the fiscal year ended December 26, 2021, filed with the SEC on March 10, 2022. All of the Company's SEC filings are available on the SEC's website at [www.sec.gov](http://www.sec.gov). The forward-looking statements included in this press release are made only as of the date hereof. The Company undertakes no obligation to publicly update or revise any forward-looking statement as a result of new information, future events or otherwise, except as otherwise required by law.

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

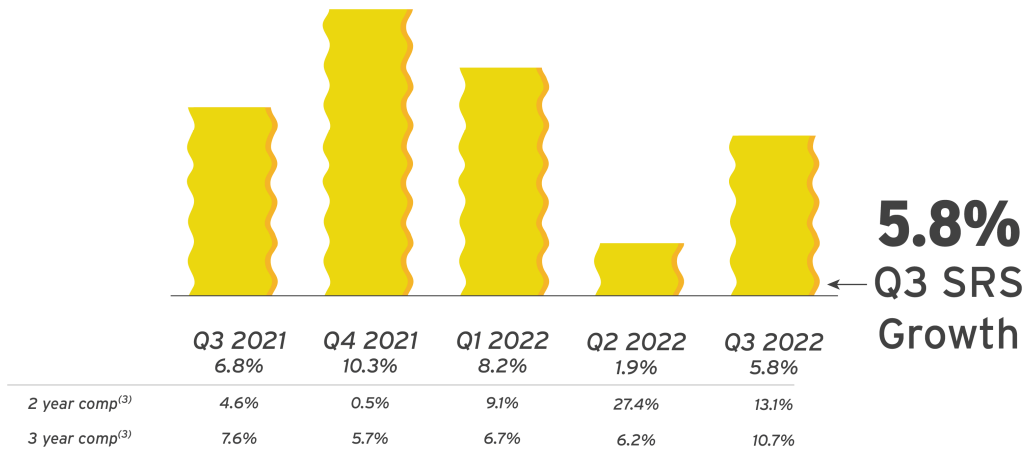
# Q3 2022 PERFORMANCE

## REVENUE



**\$151.1 million**  
Q3 Total revenue

## SAME RESTAURANT SALES GROWTH <sup>(1)</sup>



## PROFITABILITY

**\$10.6 million**  
Q3 Operating Income

**\$3.2 million**  
Q3 Net Income

**\$34.1 million**  
Q3 Restaurant-Level Adjusted EBITDA <sup>(2)</sup>

**\$21.6 million**  
Q3 Adjusted EBITDA <sup>(2)</sup>

(1) Same restaurant sales include restaurants open for a minimum of 24 months and excludes a restaurant that is owned by C&O Chicago, LLC ("C&O") of which Portillo's owns 50% of the equity.

(2) See appendix for a reconciliation to the most directly comparable GAAP financial measure.

(3) A geometric comparable sales measure is used to determine the compounding effect of an earlier period's year over year comparable sales percentage on the subsequent period's year over year comparable sales percentage.

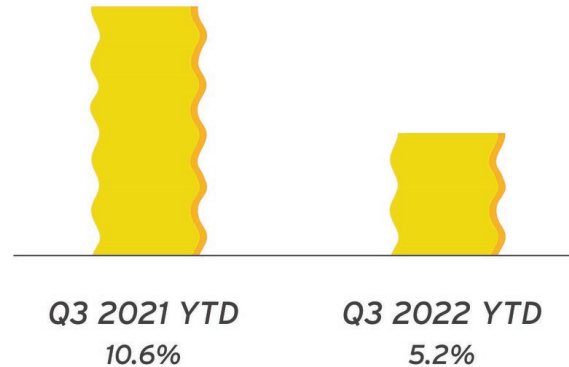
# Q3 YTD 2022 PERFORMANCE

## REVENUE

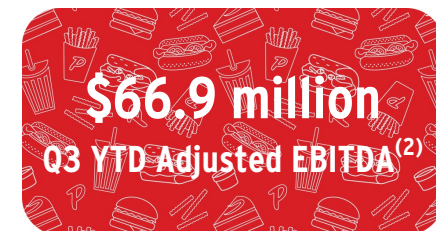


**\$436.2 million**  
Q3 YTD Total revenue

## SAME RESTAURANT SALES GROWTH <sup>(1)</sup>

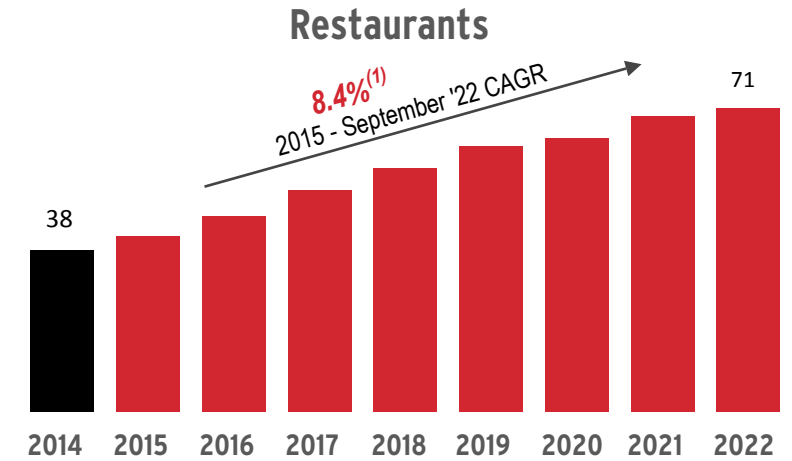
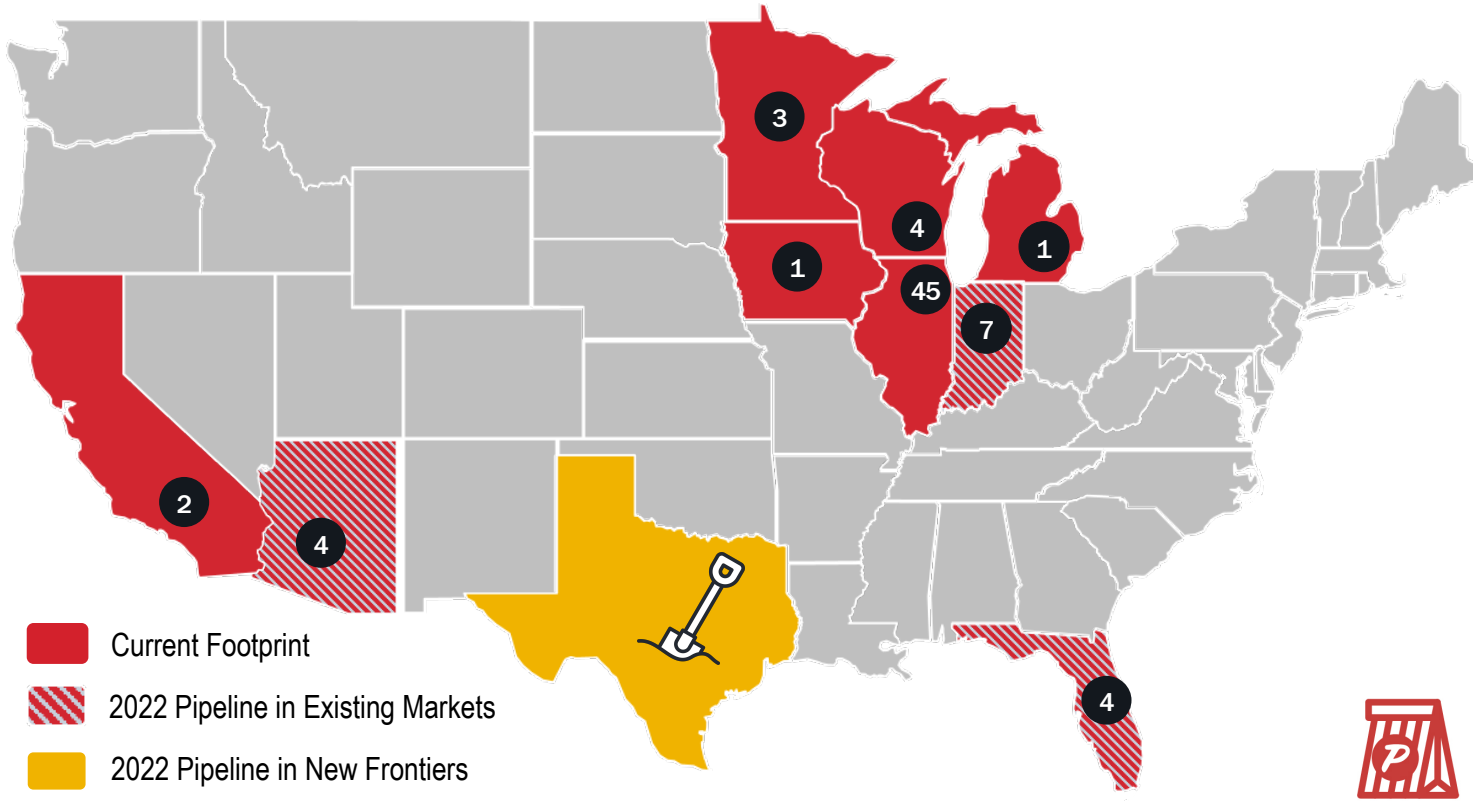


## PROFITABILITY



# UNIT GROWTH AND NEW FRONTIERS

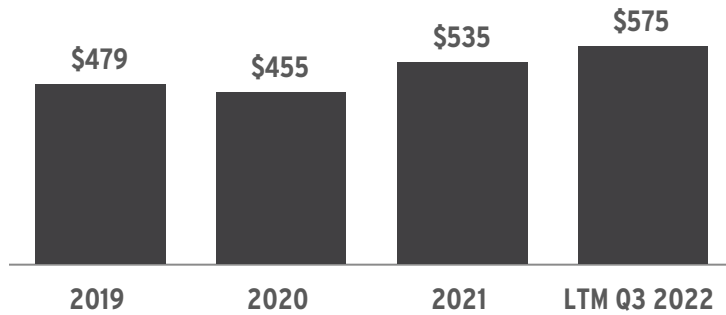
## Portillo's restaurant footprint



# FINANCIAL PROFILE

## TOTAL REVENUE

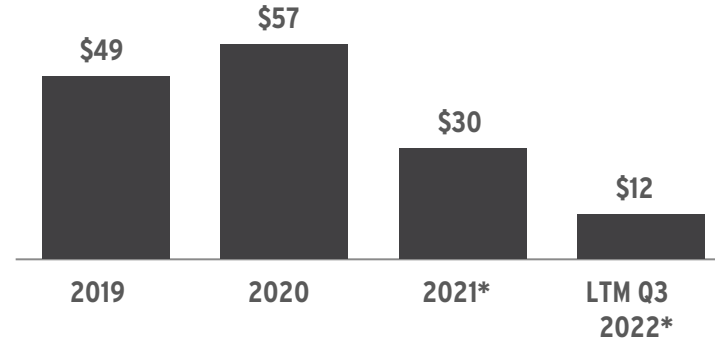
(\$ in millions)



## OPERATING INCOME

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

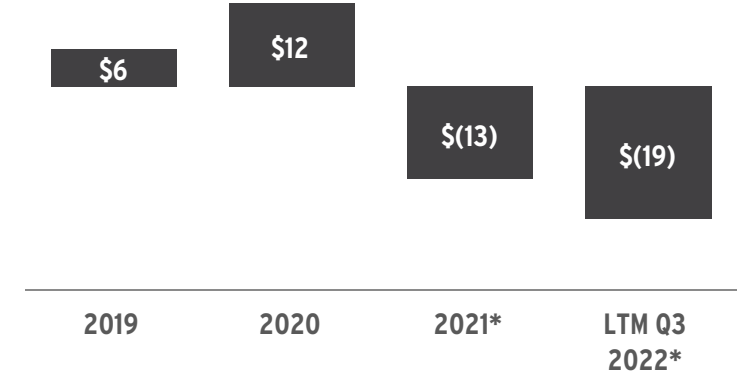
(\$ in millions)



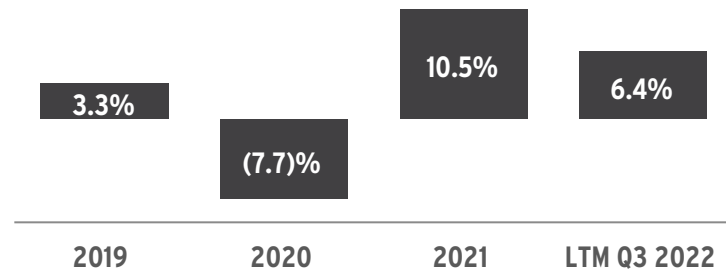
## NET INCOME (LOSS)

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

(\$ in millions)

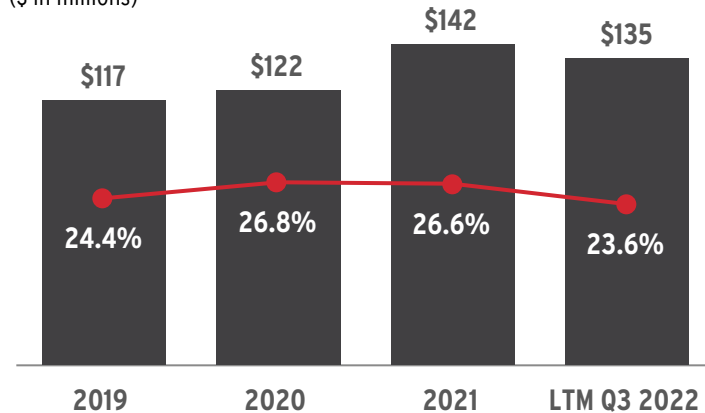


## SAME RESTAURANT SALES <sup>(1)</sup>



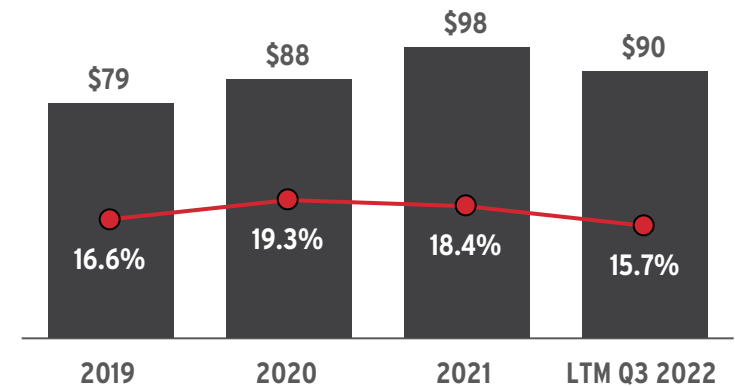
## RESTAURANT-LEVEL ADJ. EBITDA (Margin) <sup>(2)</sup>

(\$ in millions)



## ADJ. EBITDA (Margin) <sup>(2)</sup>

(\$ in millions)



# 2022 AND LONG-TERM OUTLOOK

## 2022 FINANCIAL TARGETS

Unit Growth	7 new openings
Commodity Costs	+13 - 15%
General & Administrative Expenses	\$70 - \$75 million
Pre-Opening Expenses	\$6.0 - \$6.5 million
Capital Expenditures	\$60.0 - \$65.0 million

## LONG-TERM FINANCIAL TARGETS

Unit Growth	10%+
Same Restaurant Sales	Low single digits
Revenue Growth	High single to low double digits
Adj. EBITDA Growth <sup>(1)</sup>	Low teens





*Portillo's*<sup>®</sup>

**APPENDIX**



# STATEMENT OF OPERATIONS

	Quarter Ended				Three Quarters Ended			
	September 25, 2022		September 26, 2021		September 25, 2022		September 26, 2021	
<b>REVENUES, NET</b>	\$ 151,121	100.0 %	\$ 138,003	100.0 %	\$ 436,226	100.0 %	\$ 396,044	100.0 %
<b>COST AND EXPENSES:</b>								
Restaurant operating expenses:								
Cost of goods sold, excluding depreciation and amortization	53,374	35.3 %	44,285	32.1 %	151,414	34.7 %	121,465	30.7 %
Labor	39,133	25.9 %	36,921	26.8 %	114,352	26.2 %	102,433	25.9 %
Occupancy	7,644	5.1 %	7,000	5.1 %	22,778	5.2 %	20,890	5.3 %
Other operating expenses	16,882	11.2 %	15,554	11.3 %	47,225	10.8 %	44,187	11.2 %
<b>Total restaurant operating expenses</b>	<b>117,033</b>	<b>77.4 %</b>	<b>103,760</b>	<b>75.2 %</b>	<b>335,769</b>	<b>77.0 %</b>	<b>288,975</b>	<b>73.0 %</b>
General and administrative expenses	18,059	12.0 %	11,750	8.5 %	49,185	11.3 %	35,755	9.0 %
Pre-opening expenses	791	0.5 %	347	0.3 %	1,770	0.4 %	2,307	0.6 %
Depreciation and amortization	5,289	3.5 %	5,516	4.0 %	15,803	3.6 %	18,225	4.6 %
Net income attributable to equity method investment	(409)	(0.3)%	(292)	(0.2)%	(807)	(0.2)%	(651)	(0.2)%
Other income, net	(228)	(0.2)%	(292)	(0.2)%	(333)	(0.1)%	(1,095)	(0.3)%
<b>OPERATING INCOME</b>	<b>10,586</b>	<b>7.0 %</b>	<b>17,214</b>	<b>12.5 %</b>	<b>34,839</b>	<b>8.0 %</b>	<b>52,528</b>	<b>13.3 %</b>
Interest expense	7,090	4.7 %	10,683	7.7 %	19,286	4.4 %	32,124	8.1 %
Tax Receivable Agreement Liability adjustment	(708)	(0.5)%	-	- %	(2,462)	(0.6)%	-	- %
<b>INCOME BEFORE INCOME TAXES</b>	<b>4,204</b>	<b>2.8 %</b>	<b>6,531</b>	<b>4.7 %</b>	<b>18,015</b>	<b>4.1 %</b>	<b>20,404</b>	<b>5.2 %</b>
Income tax expense	1,006	0.7 %	-	- %	3,511	0.8 %	-	- %
<b>NET INCOME</b>	<b>3,198</b>	<b>2.1 %</b>	<b>6,531</b>	<b>4.7 %</b>	<b>14,504</b>	<b>3.3 %</b>	<b>20,404</b>	<b>5.2 %</b>
Less: Redeemable preferred units accretion	-	- %	(5,886)	(4.3)%	-	- %	(16,978)	(4.3)%
<b>NET INCOME ATTRIBUTABLE TO COMMON HOLDERS</b>	<b>3,198</b>	<b>2.1 %</b>	<b>645</b>	<b>0.5 %</b>	<b>14,504</b>	<b>3.3 %</b>	<b>3,426</b>	<b>0.9 %</b>
Net income attributable to non-controlling interests	1,606	1.1 %	-	- %	7,607	1.7 %	-	- %
<b>NET INCOME ATTRIBUTABLE TO PORTILLO'S INC.</b>	<b>\$ 1,592</b>	<b>1.1 %</b>	<b>\$ 645</b>	<b>0.5 %</b>	<b>\$ 6,897</b>	<b>1.6 %</b>	<b>\$ 3,426</b>	<b>0.9 %</b>
Income per common share attributable to Portillo's Inc.:								
Basic	\$ 0.04		\$ 0.01		\$ 0.19		\$ 0.07	
Diluted	\$ 0.04		\$ 0.01		\$ 0.17		\$ 0.07	
Weighted-average common shares outstanding:								
Basic	38,899,373		51,210,222		36,899,208		51,201,100	
Diluted	42,625,160		51,581,685		40,785,766		51,569,034	

# SELECTED OPERATING DATA

	Quarter Ended		Three Quarters Ended	
	September 25, 2022	September 26, 2021	September 25, 2022	September 26, 2021
Total Restaurants (a)	71	67	71	67
AUV (in millions) (a)	N/A	N/A	\$ 8.4	\$ 8.0
Change in same-restaurant sales (b)	5.8 %	6.8 %	5.2 %	10.6 %
Adjusted EBITDA (in thousands)	\$ 21,620	\$ 24,202	\$ 66,864	\$ 75,276
Adjusted EBITDA Margin	14.3 %	17.5 %	15.3 %	19.0 %
Restaurant-Level Adjusted EBITDA (in thousands)	\$ 34,088	\$ 34,243	\$ 100,457	\$ 107,069
Restaurant-Level Adjusted EBITDA Margin	22.6 %	24.8 %	23.0 %	27.0 %

(a) Includes a restaurant that is owned by C&O of which Portillo's owns 50% of the equity. AUVs for the quarters ended September 25, 2022 and September 26, 2021 represent AUVs for the twelve months ended September 25, 2022 and September 26, 2021, respectively.

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

# ADJUSTED EBITDA DEFINITIONS

## Adjusted EBITDA and Adjusted EBITDA Margin

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

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

## How These Measures Are Useful

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



# ADJUSTED EBITDA RECONCILIATION

	Quarter Ended		Three Quarters Ended	
	September 25, 2022	September 26, 2021	September 25, 2022	September 26, 2021
<b>Net income</b>	\$ 3,198	\$ 6,531	\$ 14,504	\$ 20,404
<b>Depreciation and amortization</b>	5,289	5,516	15,803	18,225
<b>Interest expense</b>	7,090	10,683	19,286	32,124
<b>Income tax expense</b>	1,006	–	3,511	–
<b>EBITDA</b>	<b>16,583</b>	<b>22,730</b>	<b>53,104</b>	<b>70,753</b>
<b>Deferred rent (1)</b>	1,053	781	2,999	2,375
<b>Equity-based compensation</b>	3,698	169	11,347	443
<b>Option holder payment and consulting fees (2)</b>	–	168	–	1,168
<b>Other loss (3)</b>	114	25	239	157
<b>Transaction-related fees &amp; expenses (4)</b>	880	329	1,637	380
<b>Tax Receivable Agreement liability adjustment (5)</b>	(708)	–	(2,462)	–
<b>Adjusted EBITDA</b>	\$ <b>21,620</b>	\$ <b>24,202</b>	\$ <b>66,864</b>	\$ <b>75,276</b>
<b>Adjusted EBITDA Margin</b>	<b>14.3 %</b>	<b>17.5 %</b>	<b>15.3 %</b>	<b>19.0 %</b>

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

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

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

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

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



# ADJUSTED EBITDA RECONCILIATION

	LTM		Fiscal Year Ended	
	September 25, 2022	December 26, 2021	December 27, 2020	December 29, 2019
<b>Net (loss) income</b>	\$ (19,316)	\$ (13,416)	\$ 12,263	\$ 5,555
<b>Depreciation and amortization</b>	20,890	23,312	24,584	24,364
<b>Interest expense</b>	26,856	39,694	45,031	43,367
<b>Loss on debt extinguishment</b>	7,265	7,265	–	–
<b>Income tax benefit</b>	(20)	(3,531)	–	–
<b>EBITDA</b>	<b>35,675</b>	<b>53,324</b>	<b>81,878</b>	<b>73,286</b>
<b>Deferred rent (1)</b>	3,785	3,161	2,771	2,405
<b>Equity-based compensation</b>	41,611	30,708	960	1,286
<b>Option holder payment and consulting fees (2)</b>	6,578	7,744	2,000	2,000
<b>Other loss (3)</b>	372	292	130	304
<b>Transaction-related fees &amp; expenses (4)</b>	4,524	3,268	65	214
<b>Tax Receivable Agreement Liability adjustment (5)</b>	(2,462)	–	–	–
<b>Adjusted EBITDA</b>	<b>\$ 90,083</b>	<b>\$ 98,497</b>	<b>\$ 87,804</b>	<b>\$ 79,495</b>
<b>Adjusted EBITDA Margin</b>	<b>15.7 %</b>	<b>18.4 %</b>	<b>19.3 %</b>	<b>16.6 %</b>

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

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

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

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

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

# RESTAURANT-LEVEL ADJUSTED EBITDA DEFINITIONS

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

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

## How These Measures Are Useful

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

## Limitations of the Usefulness of This Measure

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

# RESTAURANT-LEVEL ADJUSTED EBITDA RECONCILIATION

	Quarter Ended		Three Quarters Ended	
	September 25, 2022	September 26, 2021	September 25, 2022	September 26, 2021
<b>Operating Income</b>	\$ 10,586	\$ 17,214	\$ 34,839	\$ 52,528
General and administrative expenses	18,059	11,750	49,185	35,755
Pre-opening expenses	791	347	1,770	2,307
Depreciation and amortization	5,289	5,516	15,803	18,225
Net Income attributable to equity method investment	(409)	(292)	(807)	(651)
Other income, net	(228)	(292)	(333)	(1,095)
<b>Restaurant-Level Adjusted EBITDA</b>	\$ 34,088	\$ 34,243	\$ 100,457	\$ 107,069
<b>Restaurant-Level Adjusted EBITDA Margin</b>	22.6 %	24.8 %	23.0 %	27.0 %

# RESTAURANT-LEVEL ADJUSTED EBITDA RECONCILIATION

	LTM	Fiscal Year Ended		
	September 25, 2022	December 26, 2021	December 27, 2020	December 29, 2019
<b>Operating Income</b>	<b>\$ 12,323</b>	<b>\$ 30,012</b>	<b>\$ 57,294</b>	<b>\$ 48,922</b>
General and administrative expenses	100,519	87,089	39,854	43,118
Pre-opening expenses	3,028	3,565	2,209	2,834
Depreciation and amortization	20,890	23,312	24,584	24,364
Net Income attributable to equity method investment	(953)	(797)	(459)	(766)
Other income, net	(337)	(1,099)	(1,537)	(1,402)
<b>Restaurant-Level Adjusted EBITDA</b>	<b>\$ 135,470</b>	<b>\$ 142,082</b>	<b>\$ 121,945</b>	<b>\$ 117,070</b>
<b>Restaurant-Level Adjusted EBITDA Margin</b>	<b>23.6 %</b>	<b>26.6 %</b>	<b>26.8 %</b>	<b>24.4 %</b>





# CONTACT INFORMATION



*At Portillo's, we relish the opportunity to create lifelong memories by igniting the senses with unrivaled food and experiences.*

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