Risk Factors Comparison 2024-02-27 to 2023-03-02 Form: 10-K

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You should carefully consider each of the following risk factors in conjunction with other information provided in this Annual Report on Form 10- K and in our other public disclosures. Our business is subject to a number of risks, including risks that may prevent us from achieving our business objectives or may adversely affect our business, financial condition ~~and~~ **,** results of operations **, cash flows, liquidity or access to sources of financing, and consequently, the market value of our Class A common stock** . These risks ~~are discussed more fully~~ **could cause our future results to differ materially from historical results and from guidance we may provide regarding our expectations of future financial performance. The risks described** below ~~and include~~ **highlight potential events** , **trends or** ~~but are not limited to the~~ **other** ~~following:~~ **circumstances that could adversely affect our business.** Risks Related to Our Business, Industry and Growth Strategies ~~• Our financial condition and results of operations have been and may continue to be adversely affected by the COVID- 19 pandemic or future pandemics or disease outbreaks. •~~ We are vulnerable to changes in economic conditions, increases in food and commodity costs and consumer preferences. ~~• We~~ **Like other companies in the restaurant industry, we are subject to volatility in food and commodity costs and availability that** may be **outside of** ~~unsuccessful in opening new restaurants or~~ **our control** ~~establishing new markets and our new restaurants may not perform as well as anticipated~~ , **including general economic conditions** ~~may not be profitable or may close. • Our plans to open new restaurants~~ , **inflation** ~~and the ongoing need for capital expenditures at our existing restaurants~~ , **labor shortages,** ~~require us to spend capital. • Our same- restaurant sales may be lower than we expect in future periods. • Our marketing programs and any limited time or~~ seasonal **fluctuations** ~~offerings may not be successful and could fail to meet expectations~~ , **weather** and **climate conditions** ~~our new menu items~~ , ~~advertising campaigns~~ **energy costs** , ~~heavy reliance on social media~~ **global demand, trade protections** and **subsidies,** ~~restaurant designs and remodels may not generate increased sales or profits. • Incidents involving food- borne illness and~~ food safety **issues** , **infectious** ~~including food tampering or contamination could adversely affect our brand perception. • We face significant competition for guests, and our inability to compete effectively may affect our traffic, our sales and our operating profit margins. • Our restaurant base is geographically concentrated in the Midwestern United States, and we could be negatively affected by conditions specific to that region. • Damage to our reputation and negative publicity. • The digital and delivery business, and expansion thereof, is uncertain and subject to risk. • We have a limited number of suppliers and distributors for several of our frequently used ingredients. If our suppliers or distributors are unable to fulfill their obligations under our arrangements with them, we could encounter supply shortages and incur higher costs. • Any prolonged disruption in the operations of our two commissaries could harm our business. • We depend on our executive officers and certain other key team members, the loss of whom could have a material adverse effect. • Failure to maintain our corporate culture as we grow could have a material adverse effect on our business. • 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. • Labor quality, labor shortages or increased labor costs could have a material adverse effect. • We are exposed to risks associated with leasing property subject to long- term and non- cancelable leases and may be unable to renew leases at the end of their terms. • Our business is subject to risks related to our sale of alcoholic beverages. • An impairment in the carrying value of our goodwill, indefinite- lived intangible assets or long- lived assets could have a material adverse effect on our business. • Natural disasters~~ - **diseases** , **possible** ~~unusual weather conditions, pandemic outbreaks, political events, war and terrorism~~ **terrorist activity** ~~could disrupt our business and result in lower sales~~ , **cyberattacks** ~~increased operating costs and capital expenditures. • The increasing focus on environmental sustainability and social initiatives could increase our costs~~ , **transportation issues** ~~harm our reputation~~ , **currency fluctuations, product recalls,** and **government regulatory schemes** ~~adversely impact our financial results. Risks Related to Our Indebtedness • Our level of indebtedness could have a material adverse effect on our business and limit our ability to plan for or respond to changes in our business~~ . Portillo' s Inc. Form 10- K | **2This has affected** ~~3 • We may be unable to generate sufficient cash flow to satisfy our debt service obligations or~~ **our** ~~experience a downgrade~~ **profitability and reputation** in **the past and** ~~our credit ratings, which would~~ **could do so** ~~have a material adverse effect on our business. Risks Related to Our Organizational Structure • The interests of Berkshire may conflict with our interests or the interests of the holders of our Class A common stock~~ in the future. ~~• Delaware law and our organizational documents, as well as our existing and future debt agreements, may impede or discourage a takeover, which could deprive our investors of the opportunity to receive a premium for their shares. • We are a holding company and our principal asset is our ownership of LLC Units in Portillo’ s OpCo, and we are accordingly dependent upon distributions from Portillo’ s OpCo to pay dividends, if any, and taxes, make payments under the Tax Receivable Agreement and pay other expenses. • In certain circumstances, Portillo’ s OpCo will be required to make distributions to us and the other holders of LLC Units, and the distributions that Portillo’ s OpCo will be required to make may be substantial. • The Tax Receivable Agreement with the TRA Parties requires us to make cash payments to them in respect of certain tax benefits to which we may become entitled, and we expect that the payments we are required to make will be substantial. • Our organizational structure, including the Tax Receivable Agreement, confers certain benefits upon the TRA Parties that will not benefit holders of our Class A common stock to the same extent that it will benefit the TRA Parties. • In certain cases, payments under the Tax Receivable Agreement to the TRA Parties may be accelerated or significantly exceed any actual benefits we realize in respect of the tax attributes subject to the Tax Receivable Agreement may impair our ability to consummate change of control transactions or negatively impact the value received by owners of our Class A common stock. • We will not be reimbursed for any payments made to the TRA Parties under the Tax Receivable Agreement in the event~~

~~that any tax benefits are disallowed. • If we were deemed to be an investment company under the Investment Company Act of 1940, as amended (the " 1940 Act "), as a result of our ownership of Portillo' s OpCo, applicable restrictions could make it impractical for us to continue our business as contemplated and could have a material adverse effect on our business. Risks Related to Intellectual Property, Information Technology, and Data Security • The failure to protect and maintain our intellectual property, including our trademarks, could have a material adverse effect. • Security breaches, system interruptions or a material failure could negatively impact our business by causing disruption to our operations, a compromise of confidential guest information or team member information and could subject us to loss and harm our business. • Failure to comply with existing or new federal and state laws and regulations relating to privacy, data protection, advertising and consumer protection could have a material adverse effect. • Litigation with respect to intellectual property, if decided against us, may result in competing uses or require adoption of new, non- infringing intellectual property, which may in turn adversely affect sales and revenues. Risks Related to Legal and Regulatory Matters • We are subject to many federal, state and local laws with which compliance can be both costly and complex. • We could be party to litigation that could distract management, increase our expenses or subject us to material monetary damages or other remedies. • We can incur liabilities arising from environmental laws and compliance with environmental laws could increase our operating expenses. • If we fail to maintain effective internal controls over financial reporting, our ability to produce timely and accurate financial information or comply with Section 404 of the Sarbanes- Oxley Act of 2002 could be impaired, which could have a material adverse effect. General Risks • Fluctuations in our tax obligations and effective tax rate and realization of our deferred tax assets may result in volatility of our results of operations. • Our insurance may not provide adequate levels of coverage against claims. • Changes in accounting principles applicable to us could have a material adverse effect. • Our amended and restated certificate of incorporation designates the Court of Chancery of the State of Delaware as the sole and exclusive forum for certain types of actions that may be initiated by our shareholders, and designates the federal district courts of the United States as the sole and exclusive forum for claims arising under the Securities Act, which, in each case could limit our shareholders' ability to obtain a favorable judicial forum for certain disputes. • As a public company, we incur significant costs to comply with the laws and regulations affecting public companies which could harm our business and results of operations. • Our annual and quarterly results of operations may fluctuate, and if our operating and financial performance in any given period does not meet the guidance that we have provided to the public or the expectations of our investors and securities analysts, the trading price of our Class A common stock may decline. Portillo' s Inc. Form 10- K | 4 COVID- 19 was officially declared a global pandemic by the World Health Organization in March 2020, and the virus and its variants have caused businesses, including our business, as well as federal, state and local governments to implement significant actions to attempt to mitigate this public health crisis in the United States. Our operations have been impacted by the COVID- 19 pandemic. Future pandemics (or epidemics on a local basis) could have a similar impact on our business. During 2020 and early 2021, in response to the COVID- 19 pandemic and government restrictions, we were required to close or restrict our dining rooms, but were able to continue to operate our drive- thru and delivery channels. The mobility restrictions, fear of contracting COVID- 19 and the sharp increase in unemployment caused by the closure of businesses in response to the COVID- 19 pandemic, have adversely affected and may continue to adversely affect our guest traffic, which in turn adversely impacts our business, financial condition or results of operations. Even as the mobility restrictions were loosened or lifted, some guests remained reluctant to return to in- restaurant dining and the impact of lost wages due to COVID- 19 related unemployment dampened consumer spending. Our restaurant operations have been and could continue to be adversely affected by employees who are unable or unwilling to work, whether because of illness, quarantine, fear of contracting COVID- 19 or caring for family members due to COVID- 19 disruptions or illness. Restaurant closures, limited service options or modified hours of operation due to staffing shortages could materially adversely affect our business, liquidity, financial condition or results of operations. The extent of the impact of the COVID- 19 pandemic on our operations and financial results depends on future developments and is highly uncertain due to the unknown duration and severity of the outbreak, including the potential impact of future COVID- 19 variants. All of our restaurants are currently operating in all sales channels. We are actively monitoring the situation and will adopt policies in accordance with state and local regulations at the appropriate time to ensure we are acting in the best interest of our team members, customers, suppliers, and shareholders; however, any failure to comply with, or difficulty maintaining staffing levels due to governmental rules or regulations may have a material adverse impact on our business, financial condition and results of operations. The COVID- 19 pandemic or other infectious diseases may also have the effect of heightening other risks, including, but not limited to, those related to our growth strategy, our liquidity and ability to service our debt obligations, comply with debt covenants, access to capital markets and other funding sources, changes in consumer spending behaviors, supply chain interruptions and / or commodity price increases. We are subject to volatility in food and commodity costs and availability. Accordingly, our profitability depends in part on our ability to anticipate and react to changes in food and commodity costs and availability. As is true of all companies in the restaurant industry, we are susceptible to increases in food and commodity costs that are outside of our control. Factors that can impact food and commodity costs include general economic conditions, inflation, labor shortages, seasonal fluctuations, weather and climate conditions, energy costs, global demand, trade protections and subsidies, food safety issues, infectious diseases, possible terrorist activity, cyberattacks, transportation issues, currency fluctuations, product recalls, and government regulatory schemes. Changes in the price or availability of certain food products, including as a result of the recent inflationary environment and the COVID- 19 pandemic, among other things, have affected and could continue to affect our profitability and reputation.~~ While a portion of ~~the~~ **our** commodities ~~we purchase~~ are subject to contract pricing, as our contracts expire we may ~~not be able~~ **unable** to successfully **(** re ~~-~~ **)** negotiate terms that protect us from ~~price~~ inflation ~~in the future~~ or the portion not covered by ~~contact~~ pricing might increase unexpectedly, creating **unplanned** price inflation ~~we have not planned for~~ . **We** ~~Furthermore, we~~ experienced **5. 5 % and** 15. 2 % commodity price inflation for the ~~year~~ **years** ended December **31, 2023 and December** 25, 2022 ~~compared to the year ended December 26~~ , ~~2021~~ **respectively** . ~~In~~ **If** the ~~event of~~ cost **of** ~~increases with respect to one or~~

our ~~more of our raw~~ ingredients **increase** , we may ~~choose to temporarily~~ suspend or permanently discontinue ~~serving~~ **certain** menu items rather than ~~paying~~ **pay** the increased cost for the ingredients. **These** ~~Any such~~ changes to our ~~available~~ menu could negatively impact our restaurant traffic ~~, business~~ and **operational** results ~~of operations~~ during the shortage and thereafter. ~~While~~ **Additionally, we may be unable to offset a portion or even all of a** future cost ~~increases~~ - **increase through** ~~can be partially offset by~~ menu price increases **. Competitive conditions may limit our menu pricing flexibility and implementing** ~~, there can be no assurance that we will be able to offset all future cost increases by such~~ menu price increases **may change** ~~. If we implement menu price increases, there can be no assurance that increased menu prices will be fully absorbed by~~ our guests **’** ~~without any resulting change to their~~ visit frequencies or purchasing patterns. **Our** ~~Competitive conditions may limit our menu pricing flexibility and if we implement menu price increases to protect our margins, restaurant traffic could be materially adversely affected. Portillo' s Inc. Form 10- K | 5 The restaurant~~ industry depends on consumer discretionary spending and is ~~often~~ affected by changes in consumer tastes, and **macro-** ~~national, regional~~ and ~~local~~ **micro-** economic conditions **(** ~~and demographic trends,~~ including **economic downturns** ~~changes in behavior caused by the COVID- 19 pandemic. In addition~~ , **inflation or increased food or energy costs).** ~~factors~~ **Factors** such as traffic patterns, weather, fuel prices, local demographics, local regulations and the **competitive landscape** ~~type, number and locations of competing restaurants~~ may adversely affect the performances of our individual locations ~~. In addition, economic downturns, inflation or increased food or energy costs could harm the restaurant industry generally and our restaurants in particular. Our profitability also depends, in part, on our ability to anticipate and react to changes in the cost of sales of, among other things, pork, beef, chicken, potatoes, bread, and produce items. Adverse changes in any of these factors could reduce consumer traffic or impose practical limits on pricing that could have a material adverse effect on our business, financial condition and results of operations~~ . Our restaurants are primarily located in high- activity trade areas that often contain retail ~~centers~~ , lifestyle ~~centers~~ , and entertainment centers. We depend on high visitor rates in these trade areas to attract guests to our restaurants. A decline in traffic at these locations for a sustained period could have a material adverse effect on our business, financial condition and results of operations **(collectively,"** ~~. A key part of~~ our ~~growth strategy includes opening~~ **Results"). We may fail to open** new restaurants **or establish** ~~in existing and~~ new markets ~~and operating those restaurants on a profitable basis. From November 2020 through the end of fiscal 2022, we opened 10 new restaurants, including new locations in Illinois, Indiana, Michigan, Florida, Wisconsin and Arizona. Over the long term, we aim to increase our~~ - **or** ~~number of restaurants by approximately 10 % annually. We must identify target markets where we can enter or expand, and we may not be able to open our planned new restaurants within budget or on a timely basis, and~~ our new restaurants may not perform as well as anticipated **, may not be profitable, or may close** . **Opening and profitably operating** ~~Our ability to successfully open~~ new restaurants **in existing and new markets is key to our growth. Over the long term, we aim to increase our number of restaurants by approximately 12 % to 15 % annually. We may struggle to identify target markets, we may not be able to open our planned new restaurants within budget or on a timely basis, and our new restaurants may not perform as well as anticipated. New restaurant success** is affected by several factors, many of which are beyond our control, including our ability to **secure enough** ~~identify and reach agreements on a sufficient number of available,~~ appropriate and attractive sites, **and complete** ~~construct~~ **construction** ~~within~~ **in** a ~~reasonable time~~ **timely** ~~frame~~ and ~~appropriate costs~~ - **cost** ~~. There is no guarantee that a sufficient number of available, appropriate and attractive restaurant sites will be available in desirable areas or on terms that are acceptable to us in order to achieve our growth plan. If we are unable to open new restaurants, or if planned restaurant openings are significantly delayed, it could have a material adverse effect on our business, financial condition and results of operations. As part of our long~~ - **efficient manner. We** ~~term growth strategy, we~~ may open restaurants in geographic markets **where** ~~in which~~ we have little or no prior operating experience. ~~Our restaurant base is geographically concentrated in the Midwestern United States, and we may encounter new challenges as we enter new markets.~~ Moreover, consumer recognition of our brand has been important ~~in~~ **to** the success of our **existing** restaurants ~~in our existing markets~~ , and ~~we may find that~~ our concept ~~has~~ **may have** limited appeal in new markets. Restaurants ~~we open~~ in new markets may take longer to reach expected sales and profit ~~levels on a consistent basis~~ and may have higher construction, occupancy and operating costs than existing restaurants. **New** ~~In addition, if we open new~~ restaurants in or near markets **with existing** ~~in which we already have~~ restaurants ~~, it~~ could have a material adverse effect on sales at these existing restaurants. ~~Any failure~~ **Failure** on our part to recognize or respond to these challenges may adversely affect the success of ~~any~~ new restaurants and could have a material adverse effect on our ~~business, financial condition and results~~ **Results** ~~of operations~~ . Some of our restaurants **have** ~~open with an initial start- up period of~~ higher- than- normal sales volumes **during the initial startup period** , and our Restaurant- Level Adjusted EBITDA Margins are generally lower ~~through~~ **in** the first 12 months of operation. In new markets, the **period** ~~length of time~~ before average sales ~~for new restaurants~~ stabilize is less predictable **because** ~~as a result~~ of our limited knowledge of these markets and consumers’ limited awareness of our brand. In addition, our ~~average unit volume ("~~ AUV ~~")~~ and same- restaurant sales may not increase at the rates our existing restaurants have achieved over the past several years. Our ability to operate new restaurants profitably and increase AUV and same- restaurant sales will depend on many factors, some of which are beyond our control. **We employ** ~~Although we target specified~~ operating and financial ~~metrics~~ **targets** , **but** new restaurants may not meet these targets or may take longer than anticipated to do so. If our new restaurants do not perform as planned ~~or close, or if we are unable to achieve our expected restaurant sales~~ , it could have a material adverse effect on our ~~business, financial condition and results~~ **Results** ~~of operations~~ . ~~Portillo' s Inc. Form 10- K | 6~~ Further, our existing restaurant management systems, financial and management controls and information systems **(collectively, our “ Infrastructure ”)** may be inadequate to support our planned expansion. ~~Managing~~ **We may not enhance our Infrastructure quickly enough** ~~our~~ - **or** ~~growth~~ effectively ~~will require us to continue to enhance these systems, procedures and controls and to~~ hire, train and retain ~~managers and~~ team members ~~. We may not respond quickly enough to the changing demands that our expansion will impose on our management, restaurant teams and existing infrastructure~~ , which could have a material adverse effect on our ~~business, financial condition and results~~ **Results** ~~of operations. These demands could cause us to operate our existing business less~~

~~effectively, which in turn could cause a deterioration in the financial performance of our existing restaurants~~. If we experience a decline in ~~the~~ financial performance, we may **limit, delay** ~~decrease the number of~~ or discontinue restaurant openings, or we may decide to close **unprofitable** restaurants ~~that we are unable~~ **. Our growth plans and ongoing capital expenditure (" capex") needs require us** to ~~operate in a profitable manner~~ **spend capital, which may not be readily available** . Our growth strategy depends on opening new restaurants **using** ~~, which will require us to use~~ cash flows from operations. **However, these** ~~We cannot assure that~~ cash flows **may** ~~from operations will~~ be ~~sufficient~~ **insufficient** to **meet** ~~allow us to implement~~ our **needs** ~~growth strategy~~. If ~~this~~ cash is ~~not~~ allocated ~~efficiently~~ **ineffectively** among our ~~various~~ projects, or if any ~~of these~~ initiatives **are** ~~prove to be~~ unsuccessful, we may experience reduced profitability and we **may need** ~~could be required~~ to delay, **limit** ~~significantly curtail~~ or eliminate planned restaurant openings, which could have a material adverse effect on our ~~business, financial condition, and results~~ **Results** ~~of operations~~. **As** ~~In addition, as~~ our restaurants mature, **they** ~~our business will~~ require capital expenditures ~~for the maintenance, renovation and improvement of existing restaurants~~ to remain competitive and maintain ~~the value of~~ our brand standard. **If** ~~This creates an ongoing need for cash, and, to the extent~~ we cannot fund capital expenditures ~~from~~ **using** cash flows from operations, funds will need to be borrowed or otherwise obtained ~~. If~~ **or capex investments will be delayed or eliminated, which could make** ~~the~~ **those** ~~costs of funding new~~ restaurants ~~or renovations or enhancements at existing~~ **less attractive to guests and materially, adversely affect the business. Portillo' s Inc. Form 10- K | 3 Our same-** ~~restaurants~~ - **restaurant sales may be lower** ~~exceed budgeted amounts, or the time for building or renovation is longer~~ than ~~anticipated, our profits could be reduced. If~~ we ~~cannot access the capital we need, we may not be able to execute~~ -- **expect in** ~~on our growth strategy, take advantage of~~ future **periods** ~~opportunities or respond to competitive pressures~~. Same- restaurant sales ~~will~~ continue to be ~~a~~ critical ~~factor affecting our ability~~ to **profitability** ~~generate profits~~ because ~~the~~ **their** profit margin ~~on same-restaurant sales~~ is generally higher than the profit margin on new restaurant sales. **Initiatives** ~~Our ability~~ to ~~increase~~ **grow same restaurant sales may be unsuccessful, we may miss our targets, or** same- restaurant sales ~~depends in part on our ability to successfully implement our initiatives to build sales. It is possible such initiatives will not be successful, that we will not achieve our target same- restaurant sales or that the change in same- restaurant sales~~ could ~~be negative, which may cause a~~ decrease ~~in sales growth and ability to achieve profitability~~. Any such events could have a material adverse effect on our ~~business, financial condition and results~~ **Results** ~~of operations~~ **. Our marketing programs and any limited time or seasonal offerings may be unsuccessful and could fail to meet expectations, and our new menu items, advertising campaigns, heavy reliance on social media and restaurant designs and remodels may not generate increased sales or profits** . We incur costs and expend other resources **on** ~~in our~~ marketing efforts ~~on~~ **for** new and seasonal menu items, advertising campaigns **,** and restaurant designs and remodels to raise brand awareness and attract and retain guests. **As** ~~In addition, as the number of~~ our ~~restaurants~~ - **restaurant count** increases ~~,~~ and ~~as~~ we expand into new markets, we expect to increase our **marketing** investment ~~in advertising and consider additional promotional activities. Accordingly, in the future, we will incur greater marketing expenditures, resulting in greater financial risk. Our limited time or seasonal menu offerings, which we offer as a part of our promotional activities from time to time, may not perform as anticipated, which could have an adverse impact on our results of operations for the related period~~. If these initiatives are ~~not successful~~ **unsuccessful** , **we may incur** ~~it could result in us incurring~~ expenses without the benefit of higher revenues, which could have a material adverse effect on our ~~business, financial condition and results~~ **Results** ~~of operations~~. Our marketing efforts rely heavily on the use of social media. Many of our competitors are expanding their use of social media, and new social media platforms are rapidly being developed, potentially making more traditional social media platforms obsolete. **We must** ~~As a result, we need to~~ continuously **evolve** ~~innovate and develop~~ our social media strategies ~~in order~~ to maintain ~~broad appeal with customers~~ - **customer mindshare** and brand relevance, particularly given the rise in digital ~~orders by~~ **focus among** customers. We also ~~continue to~~ invest in other ~~digital~~ marketing initiatives ~~that allow us to reach our customers~~ across ~~multiple~~ digital channels and build ~~their~~ **customer** awareness of, engagement with, and loyalty to our brand. These initiatives may not be successful, resulting in expenses incurred without ~~the benefit of~~ higher sales or increased brand recognition. ~~Additionally, negative commentary regarding our restaurants, our food or our service may be posted on social media platforms and may be adverse to our reputation or business. This harm may be immediate, without affording us an opportunity for redress or correction. Portillo' s Inc. Form 10- K | 7 As laws~~ **Laws** and regulations ~~rapidly evolve to govern~~ **governing** the use of these platforms and devices ~~, the~~ **continue to evolve. The** failure by us or ~~third parties acting at~~ our ~~direction~~ **agents** to abide by applicable laws and regulations ~~in the use of these platforms and devices~~ could subject us to ~~regulatory~~ investigations, ~~class action~~ lawsuits, liability, fines or other penalties and have a material adverse effect on our ~~business, financial condition and results~~ **Results** ~~of operations~~. **An** ~~In addition, an~~ increase in the use of social media for product promotion and marketing may ~~cause an~~ increase ~~in~~ **our costs, including** ~~the~~ **those related** ~~burden on us~~ to ~~monitor~~ compliance **,** ~~of such materials~~ and increase the risk that such materials could contain problematic product or marketing claims ~~in~~ **or** ~~violation~~ **violate** ~~of~~ applicable regulations. Incidents involving food- borne illness and food safety could have an adverse effect. Food safety is a top priority ~~,~~ and we dedicate substantial resources to help ensure that our guests enjoy safe, quality food products. However, food- borne illnesses and other food safety issues have occurred in the ~~food industry in the~~ past ~~,~~ and could occur in the future. Incidents or reports of food- borne or water- borne illness or other food safety issues, food contamination or tampering, team member hygiene and cleanliness failures ~~or~~ **,** improper team member conduct, **or** guests **spreading illness** ~~entering our restaurants~~ while ~~ill and contaminating food ingredients or surfaces~~ at our restaurants could lead to product liability or other claims. Such incidents or reports could negatively affect our brand and reputation and could have a material adverse effect on our ~~business, financial condition and results~~ **Results** ~~of operations. Similar incidents or reports occurring at competitors in our industry unrelated to us could likewise create negative publicity, which could negatively impact consumer behavior towards us~~. We cannot guarantee ~~to consumers~~ that our food safety controls, procedures and training will be fully effective in preventing all food safety and public health issues at our restaurants ~~, including any occurrences of pathogens, bacteria, parasites or other toxins infecting our food supply. For example, in August 2021, we received a report from the county~~

~~health department of cases of E. coli that were possibly connected to our Glendale Heights, Illinois restaurant and subsequently one lawsuit was filed in Illinois state court. We have cooperated fully with state and county health authorities, and the DuPage County Health Department in August 2021 stated that the information gathered so far indicates there is no current risk to the public' s health. Although we believe all guest and team member cases have been identified, additional cases may be reported and additional lawsuits or negative publicity may result~~ . There is no guarantee that our restaurant locations will maintain the high levels of internal controls and training we require **.** ~~at our restaurants and some~~ **Some** food- borne illness incidents could be caused by third- party food suppliers **or** ~~, third party food~~ delivery services ~~,~~ **or during** guest **takeout** ~~take out~~ or catered events. **The** ~~Further, in some cases, the~~ risk may affect multiple restaurant locations. New illnesses resistant to our current precautions may develop in the future, or diseases with long incubation periods could arise, ~~that~~ **any of which** could give rise to **retroactive** claims or allegations ~~on a retroactive basis~~ . One or more **food safety** instances ~~of food- borne illness~~ in one of our restaurants could negatively affect sales at **nearby or even** all our restaurants **, especially** if highly publicized ~~, such as on national media outlets or through social media, especially due to the geographic concentration of many of our restaurants~~ . ~~A number of other~~ **Other** restaurant chains have experienced incidents related to food- borne ~~illnesses~~ -- **illness incidents** that have had material adverse impacts on their operations, and **it' s possible** we ~~cannot assure you that we~~ could ~~avoid~~ **suffer** a similar impact **if** ~~upon the occurrence of~~ a similar incident **occurred** at one of our restaurants. Additionally, even if food- borne illnesses were not identified at our restaurants, our restaurant sales could be adversely affected if instances of food- borne illnesses at other restaurant chains were highly publicized. We face significant competition for guests, and our inability to compete effectively may affect our traffic, our sales and our operating profit margins, which could have a material adverse effect on our ~~business, financial condition and results~~ **Results** ~~of operations~~ . The restaurant industry is intensely competitive **. We** ~~with many companies that~~ compete directly and indirectly with ~~us with respect to food quality, brand recognition, service, price and value, convenience, design and location. We compete in the restaurant industry with~~ national, regional and ~~locally~~ -- **local** ~~- owned or operated~~ limited- service ~~restaurants~~ **(e. g., quick service or fast casual)** and full- service restaurants **on food quality** ~~. We compete with fast casual restaurants~~ , ~~quick~~ **brand recognition,** service ~~restaurants~~ **, price** and ~~casual dining restaurants~~ **value, convenience, design and location** . Some ~~of our~~ competitors have significantly greater financial, marketing, personnel and other resources ~~than we do~~ , and many ~~of our competitors~~ are well- established in **our target** markets ~~in which we have existing restaurants or intend to locate new restaurants~~ . ~~In addition, many~~ **Many** of our competitors have greater name recognition **locally, regionally, or** nationally **in these target markets. Our continued success also depends on the popularity of** ~~or~~ **our** ~~in~~ **menu and guest experience. Consumer tastes, nutritional and dietary trends, traffic patterns and the type, number, and location of competing restaurants often affect restaurant performance, and our competitors may react more Portillo' s Inc. Form 10- K | 4 effectively to changes. In the past,** some of **our competitors have implemented promotional programs that provide price discounts or reward programs, and** ~~the~~ **they** ~~local markets~~ **may continue to do so** in **the future. If we cannot compete effectively, our traffic, restaurant sales and restaurant operating profit margins could decline,** which ~~we have or plan to have restaurants. Competition from food delivery services has also increased in recent years, particularly during the COVID- 19 pandemic, and is expected to continue to increase. Any inability to successfully compete with the restaurants in our existing or new markets will place downward pressure on our guest traffic and~~ could have a material adverse effect on our ~~to~~ **Results** .Should our competitors increase spending on marketing and ~~advertising and~~ other initiatives or our marketing expenditures decrease ~~for any reason~~ ,or ~~should~~ our advertising,promotions,and restaurant designs and locations be less effective than our competitors,it could have a material adverse effect on our ~~business~~ **Results.Our restaurant base is geographically concentrated in the Midwestern United States** , ~~financial~~ **and we could be negatively affected by** ~~condition~~ **conditions** ~~and results of operations~~ **specific to that region** .Our restaurants in the Midwestern United States represented approximately ~~86~~ **77** % of our restaurants as of December ~~25~~ **31** , ~~2022~~ **2023** .Our restaurants in the Chicagoland area represented approximately ~~54~~ **49** % of our restaurants as of December ~~25~~ **31** , ~~2022~~ **2023** .Adverse changes in demographic,unemployment,economic,regulatory or weather conditions in the Midwestern United States have had,and may continue to have,material adverse effects on our ~~business,financial condition and results~~ **Results** ~~of operations~~ .As a result of our concentration in this market,we have been,and in the future may be,disproportionately affected by conditions in this geographic area compared to other chain restaurants with a **more distributed** national footprint. **Our** ~~For example,we experienced significant sales declines the due to Winter Storm Elliott.We estimate that Winter Storm Elliott had a negative impact of at least 0.7 % on our same- restaurant sales growth in the fourth quarter of 2022.In addition,our~~ competitors could open additional restaurants in the Midwestern United States,which could result in reduced market share for us in this key geographic region,which could have a material adverse effect on our ~~business,~~ **Results.Damage to our reputation and negative publicity could have a material adverse effect on our Results.Our reputation and the perception of our brand are critical to our success.Any incident that erodes our consumer loyalty could significantly damage our** business **. We may be adversely affected by negative publicity relating to food quality** , ~~decrease in~~ **the safety,sanitation and welfare of our restaurant facilities,** guest ~~traffic in all~~ **complaints or litigation,health inspection scores,integrity of our suppliers' food processing and other policies,practices and procedures,team member relationships and welfare or other matters at one or more** of our restaurants ~~and could have a material adverse effect on our results of operations~~ .Furthermore,similar negative publicity or occurrences with respect to other restaurants ~~or other restaurant chains~~ could also decrease our guest traffic and have a similar material adverse effect on our business.In addition, ~~incidents~~ **the volume** of restaurant commentary ~~have~~ **has** increased dramatically with the proliferation of social media platforms.Negative publicity may adversely affect us **or some or all of our restaurants** ,regardless of whether ~~the~~ allegations are valid ~~or whether we are held responsible.In addition~~ , **and we** ~~the negative impact of adverse publicity may extend far beyond the restaurant involved,especially due to the high geographic concentration of many~~ - **may not be able to respond effectively** ~~of our restaurants,and affect some or all our other restaurants~~ .For example,we,or other restaurant companies generally, **have and** could **again** come under criticism from animal rights and welfare activists for our business practices or those of our suppliers.Such criticisms could impair our brand,our restaurant sales,our hiring,and our expansion plans.If we changed our practices because of concerns about animal welfare,or in response to such criticisms,our costs might increase,or we may have to change our suppliers or our menu.A similar risk exists with respect to food service businesses unrelated to us ~~,~~ if customers mistakenly associate such unrelated businesses with our operations.Team member claims against us based on,among other things, **alleged** wage and hour violations,discrimination,harassment or wrongful termination may ~~also~~ create not only legal **and** financial ~~condition~~ **liability but negative publicity that could adversely affect us** and ~~results of operations~~ **divert our financial and management resources from more productive initiatives** . **A** ~~Additionally, a~~ significant ~~amount~~ **increase in the number** of ~~the~~ **these claims or an increase in the number of successful claims could have a material adverse effect on our Results. The digital and** delivery ~~from our restaurants~~ **business, and expansion thereof,** is ~~through~~ **uncertain and subject to risk. We believe digital investments to be a critical differentiator for our business, driving greater and more frequent engagement with new and existing customers. As the digital space continues to evolve, our technology must also evolve to stay competitive. If we do not maintain and innovate competitive digital systems, our digital business and sales may be adversely affected as we lose guests to competitors. We rely on** third- ~~party~~ **parties for our ordering and payment platforms. Services performed by these third- parties have been, and could be in the future, damaged or interrupted by technological issues or cyberattacks, which could negatively impact our sales and harm our reputation. As availability of food** delivery ~~companies~~ **services increase, we understand the importance of meeting our guests' needs. We have invested in marketing to promote our delivery partnerships, which could negatively impact our profitability if that channel does not continue to expand. We rely on third- parties to fulfill delivery orders in a timely and professional fashion** . If these third- party delivery companies cease doing business with us, ~~or cannot make their scheduled deliveries, or~~ do not continue their relationship with us on favorable terms, **or cannot make their scheduled deliveries (including a shortage of drivers),** it may have a negative impact on **our** sales or **revenue** result in increased third- party delivery...... a fashion that will satisfy our guests . Errors in providing adequate delivery services may result in guest dissatisfaction, which could also result in ~~loss of~~ guest ~~retention~~ **attrition** , loss in sales and damage to our brand image. Additionally, as with any third- party handling food, such delivery services increase the risk of food tampering while in transit. We developed sealed packaging to provide some deterrence against such potential food tampering **, but some** ~~. We are also subject to~~ risk **remains** ~~if there is a shortage of delivery drivers, which could result in a failure to meet our guests' expectations~~ . Third- party **food** delivery services **are** ~~within the restaurant industry is a~~ competitive ~~environment and includes a number of players competing for market share~~ . If our ~~third- party~~ delivery partners fail to effectively compete with other third- party delivery providers ~~in the sector~~ , our delivery business may suffer **,** resulting in a loss of sales. If any third- party delivery provider we partner with experiences damage to their brand image, we may also see ramifications due to our partnership with them. **Portillo' s Inc. Form 10- K | 5** We ~~utilize~~ **have** a ~~combination~~ **limited number** of ~~direct~~ suppliers and distributors ~~dependent on both~~ **for certain key ingredients. If our suppliers or distributors do not fulfill** ~~the~~ **their contractual obligations** ~~product category as well as geography. These products are purchased through various pricing protocols inclusive of commodity and risk management~~ , ~~fixed pricing agreements~~ **we could encounter supply shortages** and **incur higher costs** ~~market- based costing measures~~ . Due to the concentration of **our** suppliers and distributors ~~that we utilize~~ **(" our vendors ")** , the cancellation **,** ~~of our supply arrangements with these suppliers or the~~ disruption, delay or inability of these suppliers to deliver these products to our restaurants ~~due to problems in production or~~ **for any reason** ~~distribution, inclement weather, natural disasters, unanticipated demand or other conditions~~ may materially and adversely affect our ~~results of~~ operations ~~while~~ **until** we establish **an** alternative ~~distribution channels~~ . **We** ~~In addition, we~~ do not control ~~the businesses of~~ our ~~suppliers and distributors~~ **vendors' operations** and our efforts to monitor ~~the~~ **their** ~~standards by which they perform~~ **performance** may ~~not~~ be ~~successful~~ **unsuccessful** . If our **vendors** ~~suppliers or distributors~~ fail to comply with food safety or other laws and regulations, or face allegations of non- compliance, their operations may be disrupted **and** ~~. If that were to occur,~~ we may not be able to ~~find~~ **engage** replacement suppliers on commercially reasonable terms or a timely basis, if at all. ~~Contingency platforms~~ **If our vendors do not fulfill their contractual obligations or we cannot identify alternative sources, we could encounter supply shortages and incur higher costs, which could** have ~~been~~ **a material adverse effect on our results of operations. We have** developed **contingency plans** to mitigate ~~the risk~~ **risks related to** ~~in various cases including~~ secondary supply, floor stocking arrangements, product diversification and inventory management ~~. While we believe that alternative supply and distribution sources are available~~ , **but** there can be no assurance that we **can obtain** ~~will continue to be able to identify or negotiate with such sources on terms that are~~ commercially reasonable **terms** ~~to us~~ or ~~that the~~ **alternative product of equivalent** quality ~~of the product from an alternative supplier is comparable to existing standards~~ . **Any prolonged disruption in** ~~If our suppliers or distributors are unable to fulfill their~~ -- **the** ~~obligations under their contracts or we are unable to identify alternative sources, we could encounter supply shortages and incur higher costs, each of which could have a material adverse effect on our results of~~ operations **of our two commissaries could harm our business** . We **currently** operate two commissaries in Illinois **, which produce all the Italian beef, gravy and sweet peppers used in our restaurants** . ~~We~~ **While we** plan to continue investing in additional supply chain capacity in the future, as necessary, ~~based on our growth in existing and new restaurants. Our commissaries produce all the Italian beef, gravy and sweet peppers used within all of our restaurants. As a result,~~ any prolonged disruption in the operations of any of ~~these~~ **our existing** facilities, whether due to technical, operational or labor difficulties, product contamination, destruction or damage to the facility, limited capacity or other reasons, could adversely affect our ~~business, financial condition and results~~ **Results** ~~of operations~~ . ~~Portillo' s Inc. Form 10- K | 10~~ We depend on our executive officers and certain other key team members, the loss of whom could have a material adverse effect on our business. We rely upon the accumulated knowledge, skills and experience of our executive officers and certain other key team members. Our chief executive officer has been with us for more than ~~four~~ **five** years and our executive officers have numerous years of experience in the food service industry. The loss of ~~the services of~~ any of our executive officers could have a material adverse effect on our ~~business, financial condition and results~~ **Results** ~~of operations~~ , as we may ~~not~~ be ~~able~~ **unable** to find suitable **replacements** ~~individuals to replace such personnel~~ on a timely basis ~~or~~ **,** without incurring increased costs, or at all. ~~If our executive officers were to leave us or become incapacitated, it might negatively impact our planning and execution of business strategy and operations. We believe that our future success will depend on our continued ability to attract and retain highly skilled and qualified executive personnel.~~ There is a high level of competition for experienced, successful executive personnel in our industry. Our inability to meet our executive staffing requirements ~~in the future~~ could have a material adverse effect on our ~~business, financial condition and results~~ **Results** ~~of operations~~ . ~~We believe that a critical component to our success has been our corporate culture and values of Family, Greatness, Energy and Fun. We have invested substantial time and resources in building our team. As we continue to grow, we may find it difficult to maintain the innovation, teamwork, passion and focus on execution that we believe are important aspects of our corporate culture. Any failure~~ **Failure** to ~~preserve our culture could negatively impact our operations, including our ability to retain and recruit personnel and to effectively focus on and pursue our corporate objectives. If we cannot~~ maintain our corporate culture as we grow ~~, it~~ could have a material adverse effect on our business ~~, financial condition~~ **. We believe that our corporate culture** and ~~results of~~ **values have been a critical component to our success. We have made substantial investments in our team. As we continue to grow, it may be difficult to maintain the innovation, teamwork, passion and focus on execution that are important to our culture. Any failure to preserve our culture could negatively impact our** operations **, including our ability to retain and recruit personnel and to effectively focus on and pursue our corporate objectives. If we cannot maintain our corporate culture as we grow, it could have a material adverse effect on our Results. 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** ~~. Our operations are subject to~~ 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 ~~similar~~ federal, state and local laws that govern ~~these and other~~ employment law matters **like** ~~. These laws include~~ employee classifications ~~as exempt or non- exempt, minimum wage requirements~~ , unemployment tax rates, workers' compensation rates, ~~overtime,~~ family leave, working conditions, safety standards, immigration status, ~~state and local~~ payroll taxes, ~~federal and state laws which prohibit~~ discrimination, **and** citizenship requirements ~~and other wage and benefit requirements for team members classified as non- exempt~~ . In addition, **under** ~~with the passage in 2010 of~~ the U. S. Patient Protection and Affordable Care Act (~~the~~ " ACA "), we **must** ~~are required to~~ provide affordable coverage, as defined in ~~the~~ ACA, to eligible team members, or **make** ~~otherwise be subject to~~ a payment per team member based on ~~the~~ **ACA' s** affordability criteria ~~in the ACA~~ . Additionally, some ~~states and localities have passed~~ state and local laws ~~mandating~~ **mandate** ~~the provision of~~ 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 ~~workers~~ **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 ~~is~~ **are** the only ~~state~~ **states** in which we operate where participation is required. **Portillo' s Inc. Form 10- K | 6** However, use of the " E- Verify " program does not guarantee that we will properly identify all applicants who are ineligible for employment ~~, and we are not utilizing " E- Verify " in any other states where we operate~~ . Unauthorized workers are subject to deportation and **we** may **be** subject ~~us~~ to fines or penalties ~~, and~~ if any of our workers are found to be unauthorized ~~, we could experience adverse publicity that may negatively impact our brand and may make it more difficult to hire and keep qualified team members~~ . Termination of a significant number of team members who ~~are unauthorized employees~~ **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 ~~business, financial condition and results~~ **Results** ~~of operations~~ . ~~Portillo' s Inc. Form 10- K | 11~~ 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 **.** ~~, and some~~ **Some** ~~restaurants have been subject to class action lawsuits in respect of such matters. A number of these~~ lawsuits have resulted in ~~the payment of~~ substantial ~~damages~~ - **damage awards** ~~by the defendants~~ . 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. ~~Regardless of whether~~ **Whether** ~~any~~ **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 ~~what we believe to be~~ adequate levels of insurance, insurance may not be available at all or in sufficient amounts to cover ~~any~~ **all potential** liabilities with respect to these or other matters. A judgment or other liability in excess of our insurance coverage ~~for any claims~~ or any adverse publicity resulting from claims could have a material adverse effect on our ~~business, financial condition and results~~ **Results** ~~of operations~~ . ~~Although none~~ **On April 13, 2023, certain** of our team members **at one of** ~~are currently covered under collective bargaining agreements,~~ our **commissaries voted in favor of being represented by a union. We filed objections to the election with the National Labor Relations Board on April 19th, 2023, asserting that the union and its agent' s promises prevented a free and fair election. We have appealed to the NLRB to set aside the election results. Although we have not received other petitions to unionize, it is possible that additional** team members may ~~elect~~ **choose** 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 ~~business, financial condition and results~~ **Results** ~~of operations~~ . 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 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. Labor quality, labor shortages or increased labor costs could have a material adverse effect on our ~~business, financial condition and results~~ **Results** ~~of operations. Labor is a primary component in the cost of operating our restaurants~~ . Our success depends ~~in part~~ upon our ability to attract, motivate and retain **enough** ~~a sufficient number of~~ qualified team members to meet the needs of our **new and** existing restaurants ~~and to staff new restaurants. A sufficient number of qualified individuals to fill these positions may be in short supply in some communities~~ . Competition ~~in some geographic areas~~ for qualified team members **in some areas** could require ~~us to pay~~ higher wages and ~~provide~~ greater benefits. **Our** ~~We place a heavy emphasis on the qualification and training of our personnel and spend a significant amount of time and money on training our~~ team members **are typically paid more than the applicable minimum wage where** ~~. Inability to recruit or retain new team members could also delay the~~ **they work** ~~planned openings of new restaurants and could adversely impact our existing restaurants~~ . ~~Although we have not yet experienced any significant problems in recruiting team members, our ability to recruit and retain such individuals may delay the planned openings of new restaurants or result in higher team member turnover in existing restaurants, which could increase~~ **Increases** ~~our labor costs and have a material adverse effect on our business, financial condition and results of operations. If we face labor shortages, such as~~ in ~~connection with a pandemic such as COVID- 19, or increased labor costs because of increased competition for team members,~~ federal or state **minimum wages,** unemployment benefits, higher team member- turnover rates, unionization of restaurant workers, or increases in the federally- mandated or state- mandated minimum wage, change in exempt and non- exempt status, or other employee benefits costs (including costs associated with health insurance coverage or workers' compensation insurance) **may also** ~~, our operating expenses could~~ increase **wage rates** ~~and our growth could be adversely affected~~ . ~~Our~~ **We invest significant time and money in the qualification and training of our personnel, so failure to retain** team members **will** ~~are all paid more than the applicable minimum wage in the area where they work. Increases~~ - **increase** ~~in federal~~ **costs without improving Results. Inability to recruit** or **retain team members could** ~~state minimum wages or unemployment benefits may~~ also **delay new restaurant openings, could adversely impact existing restaurants, or** result in ~~increases~~ **higher team member turnover** in ~~the wage rates paid~~ **existing restaurants, increasing our labor costs and adversely affecting our Results** . We may be unable to increase our menu prices in order to pass future increased labor costs on to our guests, in which case our operating margins would be negatively affected. If **we increase** menu prices ~~are increased by us~~ to cover increased labor costs, the higher prices could adversely affect demand for our menu items, resulting in lower sales. ~~Portillo' s Inc. Form 10~~ **We are exposed to risks associated with leasing property including long** - ~~K | 12~~ **term, non- cancelable leases and potential inability to renew expiring leases.** Many of our restaurant leases are non- cancelable **with** ~~and typically have~~ initial terms of 10 to 20 years ~~,~~ **and typically** ~~providing~~ **provide** for ~~four~~ renewal options ~~of~~ **in** five **-** ~~years~~ - **year increments** ~~each as well as rent escalations~~ . Generally, our leases **also** require us to pay our share of the costs of real estate taxes, utilities, building operating expenses, insurance and other charges ~~in addition to~~ **and may include** rent **escalations** . **If** ~~We generally cannot cancel these leases, and additional sites that we lease are likely to be subject to similar long- term non- cancelable leases. Even if~~ we close a restaurant, ~~we may be required to perform~~ our **lease** obligations **may remain** ~~under the applicable lease~~ , **requiring** ~~which could include~~ , among other things, ~~a~~ payment of the ~~base~~ rent ~~, property taxes, insurance~~ and **other** ~~common area maintenance~~ costs **through** ~~for the balance of~~ the lease term ~~, which would impact our profitability~~ . In addition, as leases expire for restaurants that we ~~will~~ continue to operate, we may ~~, at the end of the lease term and any renewal period for a restaurant,~~ be unable to negotiate renewals ~~, either~~ on commercially acceptable terms or at all. As a result, we may close or relocate the restaurant, **resulting in** ~~which could subject us to~~ unanticipated construction costs ~~related~~ **, the delay or failure by the landlord** to **timely deliver** ~~leasehold improvements at~~ the new restaurant location ~~that we are unable~~ to ~~control~~ **us** , ~~the delay~~ **and unfavorable commercial, residential or infrastructure development near** ~~or~~ **our** ~~failure by the landlord to deliver the~~ new restaurant location ~~to us, and unfavorable anticipated commercial, residential or infrastructure development near our new restaurant location~~ , among other costs and risks. ~~Additionally, the revenues~~ **Revenues** and profit, if any, generated at a relocated restaurant may not equal ~~the~~ **those** ~~revenues and profit~~ generated at the existing restaurant **. Portillo' s Inc. Form 10- K | 7 Our business is subject to risks related to our sale of alcoholic beverages** . We serve alcoholic beverages at most of our restaurants ~~,~~ and we may **expand service to** ~~introduce alcoholic beverages at~~ additional restaurants in the future. Alcoholic beverage control regulations generally require our restaurants to apply to a state authority and, in certain locations, county or municipal authorities for ~~a~~ **an annual** license that ~~must be renewed annually and~~ may be revoked or suspended for cause at any time. Alcoholic beverage control regulations **impact many parts** ~~relate to numerous aspects~~ of ~~daily~~ **restaurant** operations ~~of our restaurants~~ , including minimum age of team members, advertising, trade practices, wholesale purchasing, ~~other relationships with~~ **inventory control and handling, storage and dispensing of** alcoholic beverages ~~manufacturers, wholesalers and distributors, inventory control and handling, storage and dispensing of alcoholic beverages~~ and training ~~of team members~~ . ~~Any future failure~~ **Failure** to comply with these regulations and obtain or retain licenses could have a material adverse effect on our ~~business, financial condition and results~~ **Results** ~~of operations~~ . We are also subject ~~in certain states~~ to " dram shop " statutes **in certain states** , which ~~generally~~ provide a person injured by an intoxicated person the right to recover damages from an establishment that wrongfully served alcoholic beverages to the intoxicated person. We carry liquor liability coverage as part of our existing comprehensive general liability insurance ~~. Recent~~ **; however,** litigation against restaurant chains has resulted in significant judgments and settlements under **these** ~~dram shop~~ statutes. ~~Because these~~ **These** cases often seek punitive damages, which may not be covered by insurance, **and** such litigation could have a material effect on our ~~business, financial condition and results~~ **Results** ~~of operations~~ . Regardless of whether any 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 operations ~~and hurt~~ **, hurting** our financial performance. A judgment significantly in excess of our insurance coverage or not covered by insurance could have a material adverse effect on our **Results. An impairment in the carrying value of our goodwill, indefinite- lived intangible assets or long- lived assets could have a material adverse effect on our** business ~~, financial condition or results of operations~~ . As of December ~~25~~ **31** , ~~2022~~ **2023** , we had approximately $ 394. 3 million of goodwill and $ ~~255~~ **252** . ~~7~~ **8** million of intangible assets, primarily related to the purchase price allocation performed in connection with the Berkshire Acquisition. We test goodwill and indefinite- lived intangible assets for impairment in the fourth quarter of each fiscal year and whenever events or changes in circumstances indicate that impairment may have occurred. **If** ~~In fiscal 2022, we performed an impairment test and we did not recognize impairment charges; however, an impairment test in the future may indicate that an impairment has occurred. In the event that~~ the book value of goodwill or other indefinite- lived intangible assets is impaired, ~~any~~ such impairment would be charged to earnings in the period of impairment. We cannot accurately predict the amount and timing of any impairment ~~of assets~~ . Should the value of goodwill or other indefinite- lived intangible assets become impaired in the future, ~~any~~ **such** impairment could have a material adverse effect on our ~~financial condition and results~~ **Results** ~~of operations~~ . See Note 6. Goodwill & Intangible Assets in the notes to the consolidated financial statements for additional information. Changes to estimates related to our property, fixtures and equipment and definite- lived intangible assets or operating results that are lower than our current estimates at certain restaurant locations may cause us to incur impairment charges or accelerate the amortization on certain long- lived assets, which could have a material adverse impact on our results of operations. ~~have a material adverse effect on our Results~~ **results of operations** . ~~The~~ **There has been** increasing **public** focus **by** ~~on environmental sustainability and social initiatives could increase our costs,harm our reputation,and adversely impact our Results.Investors~~ **investors** ,environmental activists,the media and governmental and nongovernmental organizations ~~remain focused~~ on a variety of environmental,social and other sustainability matters **.With respect to the restaurant industry** , ~~including~~ **concerns have been expressed regarding** energy **management** ,water **management** , ~~and~~ food and packaging waste management,food safety,nutritional content,labor practices and supply chain and management food sourcing.We ~~have experienced and may continue to~~ experience pressure to make **commitments relating to** sustainability ~~- related commitments~~ **matters that affect companies in our industry,including the design and implementation of specific risk mitigation strategic initiatives relating to sustainability** .If we are not effective in addressing environmental,social and other sustainability matters affecting our industry,or ~~setting and meeting relevant~~ Portillo' s Inc. Form 10- K | ~~13~~ **8 Risks Related to** Our **Indebtedness Our level** ~~restaurant support center, restaurant locations, suppliers and distributors, and their respective facilities, as well as certain~~ of **indebtedness** our vendors and customers, are located...... factors, or any combination thereof, could have a material adverse effect on our business ~~, financial condition~~ and **limit** results of operations. There has been...... sustainability matters affecting our industry, or **our ability to plan for** ~~setting and meeting relevant sustainability goals, our~~ - **or respond** ~~brand image may suffer. In addition, we may experience increased costs in order~~ to **changes in** ~~execute upon our sustainability goals and measure achievement of those goals, which could have a material adverse impact on~~ our business ~~, financial condition and results of operations. The total principal amount of debt outstanding under our credit facilities, excluding finance lease liabilities and financing obligations, as of December 25, 2022 was approximately $ 322. 4 million. On February 2, 2023, PHD Intermediate LLC, a Delaware limited liability company (" Holdings "), Portillo' s Holdings, LLC, a Delaware limited liability company (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 (" New Credit Agreement") with Fifth Third Bank, National Association, as administrative agent, and the other lenders party thereto which provides for a Term A Loan (" Term Loan") in an initial aggregate principal amount of $ 300. 0 million and initial Revolving Credit Commitments in an initial aggregate principal amount of $ 100. 0 million (the " New Revolver Facility "). The proceeds under the Term Loan and New Revolver Facility, along with cash on hand, were used to repay outstanding indebtedness under the First Lien Credit Agreement and to pay related transaction expenses. See Note 18. Subsequent Events for additional details~~ . Our indebtedness could have significant effects on our business, such as **(i)** ~~: • limiting our ability to borrow additional amounts to fund capital expenditures, acquisitions, debt service requirements, execution of our growth strategy and other purposes; • limiting our ability to make investments, including acquisitions, loans and advances, and to sell, transfer or otherwise dispose of assets; •~~ requiring us to dedicate a substantial portion of our cash flow ~~from operations~~ to ~~pay~~ **repay** ~~principal and interest on our~~ borrowings, **reducing** ~~which would reduce availability of our~~ cash flow **available** to fund working capital, capital expenditures, acquisitions, ~~execution of~~ our growth strategy and other general corporate purposes; ~~•~~ **(ii) limiting our ability to finance capital expenditures, acquisitions, debt service requirements, our growth strategy and other projects; (iii) limiting our ability to make investments, including acquisitions, loans and advances, and to sell, transfer or otherwise dispose of assets; (iv)** making us more vulnerable to adverse changes in general economic, industry and competitive conditions, in government regulation and in our business by limiting our ability to plan for and react to changing conditions; ~~•~~ **(v)** placing us at a ~~competitive~~ disadvantage compared with our competitors that have less debt; and **(vi)** ~~Portillo' s Inc. Form 10- K | 14 •~~ exposing us to risks inherent in interest rate fluctuations **, including higher interest rate expense,** because our borrowings are at variable ~~rates of interest, which could result in higher interest expense in the event of increases in~~ interest rates. **We** ~~In addition, we~~ may not ~~be able to~~ generate sufficient cash flow ~~from our operations~~ to repay our indebtedness when ~~it becomes~~ due and ~~to~~ meet our other cash needs. If **this occurs,** we **may** ~~are not able to pay our borrowings as they become due, we will~~ be required to pursue one or more alternative strategies, such as selling assets, refinancing or restructuring our indebtedness or selling additional debt or equity securities. We may not be able to refinance our debt or sell additional debt or equity securities or our assets on favorable terms, if at all, and if we must sell our assets, it may negatively affect our ~~financial condition and results~~ **Results** ~~of operations~~ . ~~Pursuant~~ **If we are unable** to **pay our debts** ~~the New Credit Agreement, the Borrower is subject to a leverage covenant and an interest coverage ratio, together the Financial Covenants. The leverage covenant requires the Borrower to maintain the consolidated total net rent adjusted leverage ratio greater than 5. 50 to 1. 00 with steps to 5. 25 to 1. 00~~ on **time** ~~or around June 30~~ , **credit ratings agencies may downgrade** ~~2025, and 5. 00 to 1. 00 for each period ending thereafter, to be tested for the four~~ - **our credit rating** ~~consecutive fiscal quarters of the Borrower' s most recently issued financial statements. The interest coverage covenant requires the Borrower to maintain the consolidated cash interest coverage ratio to be less than 1. 75 to 1. 00 with steps to 1: 85 to 1. 00 on or around June 30~~ , **which may make it more difficult** ~~2025 and 2. 00 to 1. 00 or each period ending thereafter, to be tested for~~ - **or** ~~the~~ **expensive to refinance** ~~four~~ - **our** ~~consecutive fiscal quarters of~~ **existing debt or to obtain additional debt or equity financings in** the **future** ~~Borrower' s most recently issued financial statements~~ . Events beyond our control, including changes in general economic and business conditions, may affect our ability to satisfy ~~the~~ **certain** financial covenants ~~. We~~ **that apply under our credit agreements and we** cannot **guarantee** ~~assure you that we will satisfy the financial covenant in the future, or~~ that our lenders will waive any failure to satisfy ~~the~~ **such** financial covenants. **Risks Related to** Our **Organizational Structure The interests** ~~ability to manage our debt is dependent on our level~~ of **Berkshire** ~~positive cash flow from our restaurants. An economic downturn~~ may **conflict with** ~~negatively impact our cash flows. Credit and capital markets can be volatile, which could make it more difficult for us to refinance our existing debt or~~ **our** ~~to obtain additional debt~~ **interests or the interests of the holders of** ~~or~~ **our** ~~equity financings~~ **Class A common stock** in the future. ~~Such constraints could increase our costs of borrowing and could restrict our access to other potential sources of future liquidity. Our failure to comply with the covenants under the credit facilities or to have sufficient liquidity to make interest and other payments required by our debt could result in a default of such debt and acceleration of our borrowings, which could have a material adverse effect on our business, financial condition and results of operations. Our debt is rated by credit rating agencies. These agencies may downgrade their credit ratings for us based on the performance of our business, our capital strategies or their overall view of our industry. There can be no assurance that any rating assigned to our currently outstanding indebtedness will remain in effect for any given period of time or that any such ratings will not be lowered, suspended or withdrawn entirely by a rating agency if, in that agency' s judgment, circumstances so warrant. A downgrade of our credit ratings could, among other things, increase our cost of borrowing, limit our ability to access capital, result in more restrictive covenants in agreements governing the terms of any future indebtedness that we may incur, including restrictions on our ability to pay dividends or repurchase shares, or require us to provide collateral for future borrowings, and thereby adversely impact our business, financial condition and results of operations. Portillo' s Inc. Form 10- K | 15~~ Berkshire Private Equity continues to own a significant percentage of our common stock. Berkshire engages in a range of investing activities, including investments in restaurants and other consumer- related companies. In the ordinary course of its business activities, Berkshire may engage in activities where its interests **'** conflict with our interests or those of our shareholders. Our amended and restated certificate of incorporation provides that our directors and shareholders, including Berkshire, do not have any obligation to offer us an opportunity to participate in business opportunities presented to them even if the opportunity is one that we might reasonably have pursued (and therefore may be free to compete with us in the same business or similar businesses) and that, to the extent permitted by law, such directors and shareholders will not be liable to us or our shareholders for breach of any duty by reason of any such activities. Accordingly, the interests of Berkshire may supersede ours, causing them or their affiliates to compete against us or to pursue opportunities instead of us, for which we have no recourse. Such actions on the part of Berkshire and inaction on our part could have a material adverse effect on our ~~business, financial condition and results~~ **Results** ~~of operations~~ . In addition, Berkshire may have an interest in pursuing acquisitions, divestitures and other transactions that, in its judgment, could enhance its investment in us, even though such transactions might involve risks to ~~you~~ **us** , such as debt- financed acquisitions. ~~We are a~~ Delaware **law** ~~corporation,~~ and **our organizational documents, as well as our existing and future debt agreements, may impede or discourage a takeover, which could deprive our investors of the opportunity to receive a premium for** ~~the~~ **their shares. Certain** anti- takeover provisions of Delaware law **and certain** ~~impose various impediments to the ability of a third party to acquire control of us, even if a change of control would be beneficial to our existing shareholders. In addition,~~ provisions of our **current** ~~amended and restated~~ certificate of incorporation and bylaws may make it more difficult for ~~, or prevent~~ a third **-** party **to** ~~from, acquiring~~ **acquire** control of us ~~without the approval~~ **, even if a change** of ~~our Board~~ **control would benefit shareholders** . Among other things, these provisions: ~~•~~ **(i)** do not permit cumulative voting **for** ~~in the election of~~ directors ~~, which would otherwise allow less than a majority of shareholders to elect director candidates~~ ; ~~•~~ **(ii)** delegate the sole power of a majority of the Board to fix the number of directors; ~~•~~ **(iii)** provide the power of our Board to fill any vacancy on our Board, ~~whether~~ **regardless of the cause of** such vacancy ~~occurs as a result of an increase in the number of directors or otherwise~~ ; ~~•~~ **(iv)** authorize the issuance of " blank check " preferred stock without ~~any need for action by shareholders~~ - **shareholder approval** ; ~~•~~ **(v)** eliminate the ability of shareholders to call special meetings ~~of shareholders~~ ; ~~•~~ **(vi)** establish advance notice requirements for nominations for election to our Board or for proposing matters that can be acted on by shareholders at shareholder meetings; and ~~•~~ **(vii)** limit **use** ~~the ability~~ of shareholders **'** ~~to act by~~ written consent. **Our** ~~In addition, our~~ credit facilities impose, and we anticipate ~~that documents governing our~~ future ~~indebtedness~~ **facilities** may impose, limitations on our ability to enter into change of control transactions ~~. Thereunder~~ , the occurrence of **which** ~~a change of control transaction~~ could constitute an event of default ~~permitting acceleration of the indebtedness, thereby impeding our ability to enter into certain transactions~~ . The foregoing factors, as well as the significant common stock ownership by Berkshire, could **make acquisition of** ~~impede a merger, takeover, or other business combination, or discourage a potential investor from making a tender offer for~~ our Class A common stock **less desirable**, which, under certain circumstances, could reduce ~~the~~ **its** market value ~~of our Class A common stock~~. Portillo' s Inc. Form 10- K | ~~16~~ **9** We are a holding company and our principal asset is our ownership of **LLC Units in Portillo' s OpCo. Accordingly, we are dependent upon distributions from Portillo' s OpCo to pay dividends, if any, and taxes, make payments under the Tax Receivable Agreement and pay other expenses. We are a holding company whose principal asset is Portillo' s OpCo** LLC Units. We have no independent means of generating revenue. Portillo' s OpCo is, and will continue to be, treated as a partnership for U. S. federal and applicable state and local income tax purposes and, as such, will generally not be subject to **applicable** ~~entity- level U. S.~~ federal **,** ~~, and applicable~~ state **,** and local income ~~tax~~ **taxes**. ~~Instead, the~~ **Portillo' s OpCo' s** taxable income **will be allocated to holders** of **LLC Units,including us.Accordingly,we will incur income taxes on our allocable share of any taxable income of Portillo' s OpCo.We will also incur expenses related to our operations,and will have payment obligations under the Tax Receivable Agreement.We intend to cause Portillo' s OpCo to make distributions to the holders of LLC Units (including us) in amounts sufficient to cover the LLC Unit holders' obligations,however** ~~Deterioration~~ **deterioration** in the financial condition,earnings or cash flow of Portillo' s OpCo and its subsidiaries **may** ~~for any reason could limit or~~ impair their ability to ~~pay~~ **make** such distributions.Additionally, **if** ~~to the extent that~~ we need funds and Portillo' s OpCo is restricted from making ~~such~~ distributions to us under applicable law or regulation, ~~as a result of covenants in~~ its debt agreements or otherwise,we may ~~not~~ be ~~able~~ **unable** to obtain such funds on terms acceptable to us,or at all,which could have a material adverse effect on our liquidity and financial condition.See" Risks Related to Our Indebtedness" above. **In certain circumstances** ~~Under the Amended LLC Agreement~~, ~~Portillo' s OpCo will generally be required from time to time to make pro rata distributions in cash to us and the other holders of LLC Units at certain assumed tax rates in amounts that are intended to be sufficient to cover the income taxes payable on our and the other LLC Unit holders' respective allocable shares of the taxable income of~~ Portillo' s OpCo will be ~~allocated~~ **required** to **make distributions to us and the other** holders of LLC Units, ~~including us~~ **and those distributions may be substantial**. ~~Accordingly~~ **Under the Amended LLC Agreement**, ~~we will incur income taxes on our allocable share of any taxable income of~~ Portillo' s OpCo ~~. We~~ will ~~also incur expenses related~~ **be required from time** to **time** ~~our operations, and will have obligations~~ to make **pro rata** ~~payments under the Tax Receivable Agreement. As the sole managing member of Portillo' s OpCo, we intend to cause Portillo' s OpCo to make~~ distributions **in cash** to **us and the** ~~the~~ **other** holders of LLC Units ~~(including us)~~ **at certain assumed income tax rates** in amounts **that are intended to be** sufficient to ~~(i)~~ cover ~~all of~~ the income taxes payable on our and the other LLC Unit holders' respective allocable shares of the taxable income of Portillo' s OpCo ~~, (ii) allow us to make any payments required under the Tax Receivable Agreement we entered into as part of the Transactions in connection with our IPO, (iii) fund dividends to our shareholders in accordance with our dividend policy, to the extent that our Board declares such dividends and (iv) pay our expenses~~. **Given** Deterioration in the financial condition, earnings...... s OpCo. As a result of (i) potential differences in ~~the amount of~~ taxable income allocable to us and the other LLC Unit holders, (ii) the lower **income** tax rate applicable to corporations than individuals and (iii) the use of an assumed **income** tax rate ~~(based on the tax rate applicable to individuals) in calculating Portillo' s OpCo distribution obligations~~, we may receive tax distributions significantly in excess of our **income** tax liabilities and obligations to make payments under the Tax Receivable Agreement. Our Board, in its sole discretion, will make any determination from time to time with respect to the use of any such excess cash so accumulated, **but we** ~~which may include, among other uses, funding repurchases of shares of our Class A common stock; acquiring additional newly issued LLC Units from Portillo' s OpCo at a per unit price determined by reference to the market value of the Class A common stock; paying dividends, which may include special dividends, on its Class A common stock; or any combination of the foregoing. We~~ will have no obligation to distribute such cash (or other available cash other than any declared dividend) to our shareholders. **If** ~~To the extent that~~ we do not distribute such excess cash as dividends ~~on our Class A common stock~~ or otherwise undertake ameliorative actions ~~between LLC Units and shares of Class A common stock and instead, for example, hold such cash balances~~, holders of our LLC Units (other than Portillo' s Inc.) may benefit from any value attributable to such cash balances as a result of their ownership of Class A common stock following a redemption or exchange of their LLC Units, notwithstanding that such holders of our LLC Units (other than Portillo' s Inc.) may previously have participated as holders of LLC Units in distributions by Portillo' s OpCo that resulted in such excess cash balances at Portillo' s Inc. **Our organizational structure, including the Tax Receivable Agreement, confers certain benefits upon the TRA Parties that will not benefit holders of our Class A common stock to the same extent that it will benefit the TRA Parties, including substantial cash payments.** Under the Tax Receivable Agreement, we are required to make cash payments to certain of our pre- IPO LLC Members (the" TRA Parties") equal to 85 % of the **income** tax benefits, if any, that we actually realize, or in certain circumstances are deemed to realize, as a result of (i) our allocable share of existing tax basis in depreciable or amortizable assets related to LLC Units acquired in our IPO, (ii) certain favorable tax attributes we acquired 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 then allocable share of 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 repayment of the redeemable preferred units) in connection with our IPO and (y) future 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 Tax Receivable Agreement, including payments made under the Tax Receivable Agreement. ~~Portillo'~~ **The Company'** s ~~Inc. Form 10- K | 17 The~~ payment obligations under the Tax Receivable Agreement **may** ~~are obligations of the Company and we expect that the amount of the cash payments that we are required to make under the Tax Receivable Agreement will~~ be significant. Any payments made ~~by us to the TRA Parties~~ under the Tax Receivable Agreement will not be available for reinvestment in our business and will ~~generally~~ reduce **our** ~~the amount of~~ overall **available** cash flow

~~that might have otherwise been available to us~~ . ~~The payments under the~~ Tax Receivable Agreement **payments** are not conditioned ~~upon~~ **on the TRA Parties'** continued ownership of **our shares** ~~us by the exchanging TRA Parties~~ . Furthermore, our ~~future obligation~~ **obligations** ~~to make payments~~ under the Tax Receivable Agreement could make us a less attractive target for an acquisition, particularly **if** ~~in the case of~~ an acquirer ~~that~~ cannot use some or all of the tax benefits **under** ~~that are the subject of~~ the Tax Receivable Agreement. The amount of existing tax basis and anticipated tax basis adjustments and utilization of tax attributes, **and** ~~as well as~~ the amount and timing of any payments under the Tax Receivable Agreement, will vary depending upon a number of factors, including the timing of redemptions or exchanges by the pre- IPO LLC Members, the price of shares of our Class A common stock at the time of the redemptions or exchanges, the extent to which such redemptions or exchanges are taxable, the amount of gain recognized by such holders of LLC Units, the amount and timing of the taxable income allocated to us or otherwise generated by us in the future, the portion of our payments under the Tax Receivable Agreement constituting imputed interest and the federal and state tax rates then applicable. ~~Our organizational structure~~ **Portillo' s Inc. Form 10- K | 10 In certain cases** , ~~including~~ **payments under** the Tax Receivable Agreement **to** ~~, confers certain benefits upon~~ the TRA Parties ~~that will not~~ **may be accelerated or significantly exceed any actual** ~~benefit~~ **benefits** ~~the holders~~ **we realize in respect** of ~~our Class A common stock to~~ the **tax attributes subject to** ~~same extent that it will benefit the TRA Parties. We entered into~~ the Tax Receivable Agreement ~~with Portillo' s OpCo~~ and **may impair our ability to consummate change** ~~the TRA Parties in connection with the completion~~ of **control transactions** ~~our~~ - **or negatively impact** ~~IPO, which provides for~~ the ~~payment~~ **value received** by **owners** ~~us to the TRA Parties~~ of ~~85 % of the amount of tax benefits, if any, that we actually realize, or in certain circumstances 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 our IPO, (ii) certain favorable tax attributes we acquired from the 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 our IPO and (y) future 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 Tax Receivable Agreement, including payments made under the Tax Receivable Agreement. Although we will retain 15 % of the amount of such tax benefits, this and other aspects of our organizational structure may adversely impact the future trading market for~~ our Class A common stock. The Tax Receivable Agreement provides that upon a " Change of Control " ~~under the Tax Receivable Agreement~~ (which is defined to include, among other things, a 50 % change in control of Portillo' s Inc., the approval of a complete plan of liquidation or dissolution of Portillo' s Inc., the disposition of all or substantially all of Portillo' s Inc.' s direct or indirect assets or a change of a majority of the Board of Directors without approval of at least two- thirds majority of the then- existing Board members), upon a breach of any of our material obligations under the Tax Receivable Agreement or if, at any time, we elect an early termination of the Tax Receivable Agreement, then our **payment** obligations ~~, or our successor' s obligations,~~ under the Tax Receivable Agreement ~~to make payments~~ will accelerate. ~~The~~ **Such** accelerated payments ~~required in such circumstances~~ will be calculated by reference to the present value (at a discount rate equal to the lesser of (i) 6. 5 % per annum and (ii) one year LIBOR (or its successor rate) plus 100 basis points) of all future payments that holders of LLC Units or other recipients would have been entitled to receive under the Tax Receivable Agreement, and such accelerated payments and any other future payments under the Tax Receivable Agreement will utilize certain valuation assumptions, including an assumption that we would have sufficient taxable income to fully utilize all potential future tax benefits that are subject to the Tax Receivable Agreement. ~~As a result of the foregoing, we could be required to make payments under the Tax Receivable Agreement that are greater than the specified percentage of any actual benefits we ultimately realize in respect of the tax benefits that are subject to the Tax Receivable Agreement and we could be required to make payments under the Tax Receivable Agreement significantly in advance of the actual realization, if any, of such future tax benefits. In these situations, our obligations under the Tax Receivable Agreement could have a substantial negative impact on our liquidity and could have the effect of delaying, deferring or preventing certain mergers, asset sales, other forms of business combinations or other changes of control. There can be no assurance that we will be able to fund or finance our obligations under the Tax Receivable Agreement. Portillo' s Inc. Form 10- K | 18~~ In the case of certain changes of control ~~(as described above)~~ , payments under the Tax Receivable Agreement will be accelerated and may significantly exceed the actual benefits we realize ~~in respect of the tax attributes subject to the Tax Receivable Agreement~~ . We expect that the payments that we may make under the Tax Receivable Agreement in the event of a change of control will be substantial. As a result, our accelerated payment obligations and / or the assumptions adopted under the Tax Receivable Agreement in the case of a change of control may impair our ability to consummate change of control transactions or negatively impact the value received by owners of our Class A common stock in a change of control transaction **, or require us to incur substantial costs to consummate such a transaction. We will not be reimbursed for any payments made to the TRA Parties under the Tax Receivable Agreement in the event that any tax benefits are disallowed** . Payments under the Tax Receivable Agreement will be based on ~~the~~ **our** tax reporting positions ~~that we determine~~ , and the U. S. Internal Revenue Service **(** ~~, or~~ the **"** IRS ~~,~~ **")** or ~~another~~ **a state** taxing authority may **successfully** challenge all or part of the ~~amount of existing tax basis, tax basis increases or other~~ tax benefits we claim **in connection with such** ~~, as well as other related~~ tax positions ~~we take, and a court could sustain such challenge~~ . If the outcome of any such challenge would reasonably be expected to materially affect a recipient' s payments under the Tax Receivable Agreement, then we will not be permitted to settle or fail to contest such challenge without the **TRA Party' s** consent (not to be unreasonably withheld or delayed) ~~of certain~~ **. The** TRA Parties **'** ~~. The~~ interests ~~of the TRA Parties in any such challenge~~ may differ from or conflict with our interests and your interests ~~,~~ and ~~the~~ **they** ~~TRA Parties~~ may exercise their consent rights ~~relating to any such challenge~~ in a manner adverse to our interests and your interests **. Payments made under the Tax Receivable Agreement could significantly exceed any tax savings that we realize from the tax attributes that are the subject of the Tax**

Receivable Agreement . We will not be reimbursed for any cash payments previously made to the TRA Parties under the Tax Receivable Agreement **if** ~~in the event that~~ any tax benefits initially claimed by us and for which payment has been made to a TRA Party are ~~subsequently challenged by a taxing authority and are~~ ultimately disallowed. ~~Instead, any excess~~ **Excess** cash payments made by us to a TRA Party will be netted against any future cash payments **, if any,** that we might otherwise be required to make to such TRA Party ~~, as applicable,~~ under ~~the terms of~~ the Tax Receivable Agreement **once** ~~. However, we might not determine that we have effectively made an excess cash payment to~~ a ~~TRA Party for a number of years following the initial time of such payment and, if any of our tax reporting positions are challenged by a taxing authority, we will not be permitted to reduce any future cash payments under the Tax Receivable Agreement until any such~~ challenge is finally settled or determined. **Risks Related** ~~Moreover, the excess cash payments we previously made under the Tax Receivable Agreement could be greater than the amount of future cash payments against which we would otherwise be permitted~~ to **Intellectual Property** ~~net such excess. As a result~~ , **Information Technology,** ~~payments made under the Tax Receivable Agreement could be significantly in excess of any tax savings that we realize from the tax attributes that are the subject of the Tax Receivable Agreement. If we were deemed to be an~~ **and Data Security The failure** ~~investment company under the Investment Company Act of 1940 (the" 1940 Act"), as a result of our ownership of Portillo' s OpCo, applicable restrictions could make it impractical for us~~ to **protect** ~~continue our business as contemplated~~ and **maintain our intellectual property, including our trademarks,** could have a material adverse effect on our business. ~~Under Sections 3 (a) (1) (A) and (C) of the 1940 Act, a company generally will be deemed to be an " investment company " for purposes of the 1940 Act if (i) it is, or holds itself out as being, engaged primarily, or proposes to engage primarily, in the business of investing, reinvesting, or trading in securities or (ii) it engages, or proposes to engage, in the business of investing, reinvesting, owning, holding, or trading in securities and it owns or proposes to acquire investment securities having a value exceeding 40 % of the value of its total assets (exclusive of U. S. government securities and cash items) on an unconsolidated basis. We do not believe that we are an " investment company, " as such term is defined in either of those sections of the 1940 Act. As a result of the Transactions in connection with our IPO, we obtained control over Portillo' s OpCo. As the sole managing member of Portillo' s OpCo, we control and operate Portillo' s OpCo. On that basis, we believe that our interest in Portillo' s OpCo is not an " investment security " as that term is used in the 1940 Act. However, if we were to cease participation in the management of Portillo' s OpCo, or if Portillo' s OpCo itself becomes an investment company, our interest in Portillo' s OpCo, could be deemed an " investment security " for purposes of the 1940 Act. We, and Portillo' s OpCo intend to conduct our operations so that we will not be deemed an investment company. If it were established that we were an unregistered investment company, there would be a risk that we would be subject to monetary penalties and injunctive relief in an action brought by the SEC, that we would be unable to enforce contracts with third parties, and that third parties could seek to obtain rescission of transactions undertaken during the period it was established that we were an unregistered investment company. If we were required to register as an investment company, restrictions imposed by the 1940 Act, including limitations on our capital structure and our ability to transact with affiliates, could make it impractical for us to continue our business as contemplated and could have a material adverse effect on our business, financial condition and results of operations. Portillo's Inc. Form 10- K | 19~~ Our intellectual property includes our trademarks and service marks registered with the United States Patent and Trademark Office (including Portillo' s ® ~~and other names used by our restaurants~~), the trade dress of our restaurants, our websites and domain names (including our website at **www.** portillos. com ~~and other websites and domain names used by our restaurants~~) and other unregistered intellectual property **(collectively, our" IP")** . ~~The~~ **Our** success ~~of our business strategy~~ depends on our continued ability to use ~~such~~ **our IP and licensed third- party** intellectual property ~~that we own, in addition to intellectual property we license from third parties~~ . We require continued use of our existing trademarks and service marks in order to increase brand awareness and develop our branded products. If our efforts to ~~maintain and~~ protect our **IP** ~~intellectual property~~ are ~~not adequate~~ **inadequate** ~~(including by way of confidentiality or other contractual restrictions we impose on third parties),~~ or if any third- party misappropriates, infringes, dilutes or otherwise violates our **IP** ~~intellectual property~~ , the value of our **IP** ~~intellectual property~~ may be harmed. For example, failure to ~~protect or~~ enforce our trademarks, whether in print, on the Internet or through social media or other media, could prevent us from challenging third parties who use trademarks similar to ~~our~~ **ours** ~~trademarks and who~~ , **which may** ~~as a result, could~~ cause consumer confusion, harm the public perception of our ~~brands~~ - **brand** , prevent our ~~brands~~ - **brand** and branded products from achieving and maintaining market acceptance and cause a material adverse effect on our ~~business, financial condition and results~~ **Results** ~~of operations~~ . There can be no assurance that ~~all~~ the steps we have taken to ~~maintain and~~ protect our **IP** ~~intellectual property~~ in the United States will be adequate or will ~~permit us to~~ obtain or maintain any competitive advantage. **It' s possible** ~~Security breaches, system interruptions or a material failure of our system could disrupt our operations, compromise confidential guest information or confidential team member information, subject us to loss, harm our business, and have a material adverse impact on our business, financial condition and results of operations. We rely on computer systems and information technology to conduct our business. We have instituted controls, including information security governance controls, intended to protect our computer systems, our POS systems, and our information technology systems and networks. We also adhere to payment card industry data security standards and limit third party access for vendors~~ that ~~require access to our restaurant networks. We also have business continuity plans that attempt to anticipate and mitigate failures. However, we cannot control or prevent every cybersecurity risk. Our business requires the collection, transmission, and retention of large volumes of guest and team member data, including personally identifiable information, in various information technology systems that we maintain and in those maintained by~~ third parties **will assert claims** ~~with whom we contract to provide services. The integrity and protection~~ of **infringement, misappropriation or other violations of intellectual property against us, or assert claims** that **portion of our IP** ~~guest and team member data~~ is ~~critical to~~ **invalid or unenforceable. Claims decided against** us **could invalidate** ~~. Further, our~~ - **or narrow** ~~guests and team members have a high expectation that we and our service providers will adequately protect their personal information. Like many other retail and restaurant companies, we have experienced, and will likely continue to~~

~~experience, attempts to compromise our information technology systems. Additionally, the techniques and sophistication used to conduct cyber- attacks and breaches of information technology systems, as well as the sources and targets of these attacks, change frequently and are often not recognized until such attacks are launched or~~ **our IP** ~~have been in place for~~ - **or** a period of time. While we...... or inadvertent releases of data can all **allow competing uses** ~~threaten our and our service providers' information systems and records. A breach in the security of our information technology systems~~ , ~~or those of our service providers, could lead to an interruption in the operation of our systems, resulting in operational inefficiencies and a loss of profits. Additionally, a significant theft, loss or misappropriation of, or unauthorized access to, our guests' data or other proprietary data could result in fines, legal claims or proceedings, regulatory investigations and actions, or liability for failure to comply with privacy and information security laws, which could disrupt our operations, damage our reputation and expose us to claims from guests and team members, any of~~ which could have a material adverse effect on our ~~business~~ **Results. Additionally** , ~~financial condition and~~ - **an infringement or misappropriation claim decided against us could** ~~results~~ - **result** ~~of operations.~~ **in our being required to pay damages, cease using our IP, develop or adopt non- infringing intellectual property or acquire a license to the third- party** Portillo' s Inc. Form 10- K | ~~20~~ **11 intellectual property that is the subject of the asserted claim. Regardless of outcome, there could be significant expenses associated with the defense of such a claim. We may also from time to time have to assert claims against third parties and initiate litigation in order to enforce our IP. Such litigation could result in substantial costs and diversion of resources, could be protracted with no certainty of success, or could fail to achieve an adequate remedy. Any of these occurrences could have a material adverse effect on our Results. Security breaches, system interruptions or a material failure of our system could disrupt our operations, compromise confidential personally identifying information, subject us to loss, harm our business, and have a material adverse impact on our business, financial condition and results of operations.** Our ~~omni- channel approach will in large part rely on our~~ information technology ~~systems to operate successfully and allow for capabilities like mobile order and pay, third party delivery, and digital menu boards. As we expand our delivery business channels, our exposure to such risks will correspondingly increase. Our~~ systems, which in some cases rely on third- party providers, **have in the past, and** may **in the future** experience service interruptions, degradation or other performance problems because of hardware and software defects or malfunctions, distributed denial- of- service and other **cyberattacks** ~~cyber- attacks~~ , infrastructure changes, human error, earthquakes, hurricanes, floods, fires, natural disasters, power losses, disruptions in telecommunications services, fraud, military or political conflicts, terrorist attacks, computer viruses, ransomware, malware, or other events. Our systems also may be subject to break- ins, sabotage, theft, and intentional acts of vandalism ~~because of~~ **perpetrated by** criminal third parties ~~(including state- sponsored organizations with significant financial and technological resources)~~ , third parties we do business with or team members. Our reliance on third parties increases our exposure to such risks as we exercise less control over such persons. ~~Our cyber insurance and business interruption insurance may not be sufficient to cover all of our losses that may result from interruptions in our service as a result of systems failures and similar events. As a result, if we experience any outsized material impacts from a failure of our systems, our business, financial condition and results of operations could be materially and adversely affected.~~ While we endeavor to keep all systems current, there can be no guarantee that we can update and maintain our systems at all times. In instances where we are unable to do so, **our** ~~the mitigating controls in place to reduce the~~ risk **mitigation efforts** may fail. Any such failure could lead to website downtime, disruptions to our information technology systems, or **malicious behavior by threat actors. Our business requires the collection, transmission, and retention of large volumes of guest and team member data, including personally identifiable information, thought information technology** systems ~~vulnerability~~ **maintained by us or vendors retained by us. In particular, our omni- channel approach relies in large part on our information technology systems to operate successfully and allow for capabilities like mobile order and pay, third- party delivery, and digital menu boards. Like many other companies, we have experienced, and will continue to experience, attempts to compromise our information technology systems. As we expand our business channels, our risk** exposure **will increase proportionately. The techniques and sophistication used** to **a period** ~~as the sources and targets~~ of **time** ~~these attacks,change frequently and are often not recognized until such attacks have occurred~~ .While we continue to make significant investment in physical and technological security measures,team member training,and third ~~-~~party services **,designed** to anticipate ~~cyberattacks~~ **cyber- attacks** and prevent breaches, ~~protect~~ our information technology networks and infrastructure, ~~and to identify~~ **or those of our third party** vendors and **other** service providers ~~that~~ could be vulnerable to damage,disruptions,shutdowns,data loss,or breaches due to criminal conduct,team member error,negligence or malfeasance,utility failures,natural disasters or other catastrophic events **.Due to these scenarios** ,we cannot ~~guarantee~~ **provide assurance** that we will be successful in preventing every possible instance of ~~cyberattacks~~ **cyber- attacks** , ~~breach~~ **breaches** ,or data loss ~~,any of which could disrupt our operations,resulting in inefficiencies and a loss of profits~~ .Additionally,the **information** ~~cybersecurity~~ ----- **security** and privacy requirements imposed by governmental ~~regulations~~ - **regulation** are evolving **and we are required to comply with said requirements** .Our systems may not be able to immediately satisfy ~~applicable~~ **these** requirements,and may require significant additional investment and time to do so. **Efforts** ~~A significant theft,loss or misappropriation of,or unauthorized access~~ to ~~,~~**hack** ~~our~~ - **or** ~~guests'~~ **breach security measures,failures of systems or software to operate as designed or intended,viruses,operator error or inadvertent releases of** data ~~or other~~ **can all** cyber ~~- criminals~~ **insurance and business interruption insurance may not be sufficient to cover all losses that may result from a cybersecurity incident** . ~~In addition~~ **As a result** , **if we experience any outsized material impacts from a failure of** our **systems, our Results could be materially and adversely affected. Our** reputation as a brand or as an employer could be adversely affected, which could impair our ability to attract and retain **guests and** qualified employees. Failure to comply with existing and new federal and state laws and regulations relating to privacy, data protection, advertising and consumer protection, could have a material adverse effect. We rely on a variety of marketing and advertising ~~techniques~~ **channels and strategies** , including email communications, affiliate partnerships, social media interactions, digital marketing, direct mailers, public relations initiatives and local community sponsorships, promotions and partnerships, and we are subject to various laws and regulations that govern such ~~marketing and advertising~~ practices **and activities** . Laws and regulations relating to privacy, data protection, marketing and advertising, and consumer protection are evolving ~~and subject to potentially differing interpretations~~ . These requirements may be interpreted ~~and applied in a manner that is inconsistent~~ **inconsistently** from one jurisdiction to another or may conflict with other rules or our practices. As a result, our practices may not have complied or may not comply in the future with all such laws, regulations, requirements and obligations. Any failure, **real** or perceived ~~failure~~ , by us to comply with our privacy policies, ~~our~~ contractual commitments **,** or any federal or state privacy or consumer protection- related laws, regulations, industry self- regulatory principles, industry standards or codes of conduct, regulatory guidance, orders ~~to which we may be subject~~ or other legal obligations relating to privacy or consumer protection could adversely affect our reputation, brand and business, and may result in claims, proceedings or actions against us ~~by governmental entities, customers, suppliers or others or other liabilities~~ or may require us to change our **practices** ~~operations and /~~ or ~~cease~~ **stop** using certain data sets. We may ~~also~~ be contractually required to indemnify and hold harmless third parties from the costs or consequences of non- compliance with any laws, regulations or other legal obligations relating to privacy or consumer protection or any inadvertent **Portillo' s Inc. Form 10- K | 12** or unauthorized use or disclosure of data that we store or handle **in our** ~~as part of operating~~ **operations** ~~our business~~ . Federal and state governmental authorities continue to evaluate the privacy implications inherent in the use of third- party " cookies " and other methods of online tracking for behavioral advertising and other purposes. The U. S. government has **limited and may further limit** ~~enacted, has considered or is considering legislation or regulations that could significantly restrict~~ the ability of companies ~~and individuals~~ to engage in these activities. Additionally, some ~~providers of consumer devices~~ - **device manufacturers** and web browsers have implemented, or announced plans to implement, means to make it easier for Internet users to prevent the placement of cookies or to block other tracking technologies, which ~~could~~ **,** if widely adopted **, could** result in ~~the use of~~ third- party cookies and other ~~methods of~~ online tracking **methods** becoming significantly less effective. **This** ~~The regulation of the use of these cookies and other current online tracking and advertising practices or a loss in our ability to make effective use of services that employ such technologies~~ could increase our **operating** costs **, including** ~~of operations and limit our ability to acquire~~ new ~~customers~~ - **customer** ~~on~~ **acquisition** ~~cost~~ **costs** ~~- effective terms~~ and, consequently, have a material adverse effect on our ~~business, financial condition and results~~ **Results** ~~of operations~~ . ~~Portillo' s Inc. Form 10- K | 21 In addition, various~~ **Various** federal and state legislative and regulatory bodies, or self- regulatory organizations, may expand current ~~laws~~ or ~~regulations,~~ enact new laws or regulations **, enact new laws or regulations** or issue revised rules or guidance regarding privacy, data protection, consumer protection, and advertising. Additionally, the Federal Trade Commission ~~(the " FTC ")~~ and many state attorneys general are interpreting federal and state consumer protection laws to impose standards for the online collection, use, dissemination and security of data. Each of these ~~privacy, security, and data protection~~ laws and regulations **, changes thereto** , and any other ~~such changes or~~ new laws or regulations, could ~~impose significant limitations,~~ require changes to our business ~~,~~ **practices** or restrict our use or storage of personal information, which may increase our compliance expenses and make our business more costly or less efficient ~~to conduct~~ . ~~In addition, any such~~ **Such** changes could ~~compromise~~ **harm** our ability to develop an adequate marketing strategy and pursue our growth strategy effectively, which, in turn, could have a material adverse effect on our ~~business, financial condition and results~~ **Results** ~~of operations~~ . ~~There~~ **Risks Related to Legal and Regulatory Matters We are subject to many federal, state and local laws with which compliance** can be **both costly** ~~no assurance that third parties will not assert claims of infringement, misappropriation or other violation of intellectual property against us, or assert claims that our trademarks, service marks, trade names and other intellectual property are invalid or unenforceable. In addition, our trademarks may be narrowed. Any such claims decided against us could have a material adverse effect on our business, financial condition and results of operations. For example, if any of our intellectual property is invalidated or deemed unenforceable, competing uses of such intellectual property would be permitted and could lead to a decline in our results of operations. Additionally, any infringement or misappropriation claims decided against us could result in our being required to pay damages, to cease using our intellectual property, to develop or adopt non- infringing intellectual property or to acquire a license to the third party intellectual property that is the subject of the asserted claim. There could be significant expenses associated with the defense of any claims of infringement, misappropriation, or other violation of third- party intellectual property. We may also from time to time have to assert claims against third parties and initiate litigation in order to enforce our trademarks, service marks and other intellectual property. Any such litigation could result in substantial costs and diversion of resources, could be protracted with no certain of success, or could fail to achieve an~~ **and complex** ~~adequate remedy. Any of these occurrences could have a material adverse effect on our business, financial condition and results of operations~~ . The restaurant industry is subject to extensive federal, state and local laws and regulations, including **without limitation** those ~~relating~~ **related** to building and zoning requirements **,** and ~~those relating to~~ the preparation and sale of food. Such laws and regulations **may** ~~are subject to~~ change ~~from time to time~~ . ~~The failure~~ **Failure** to comply with ~~these~~ **applicable** laws and regulations could adversely affect our results of operations. **Many** ~~Typically,~~ licenses, permits and approvals ~~under such laws and regulations~~ must be renewed annually and may be revoked, suspended or denied renewal ~~for cause at any time~~ if governmental authorities determine that our conduct violates applicable regulations. Difficulties or failure to **obtain or** maintain ~~or obtain~~ the required licenses, permits and approvals could adversely affect our existing restaurants and delay or result in our decision to cancel ~~the opening of~~ new ~~restaurants~~ - **restaurant openings** , which could have a material adverse effect on our ~~business, financial condition and results~~ **Results** ~~of operations~~ . The development and operation of our restaurants depend, to a significant extent, on the selection of suitable sites, which are subject to zoning, land use, environmental, traffic and other regulations and requirements. We are also subject to licensing and regulation by state and local authorities relating to health, sanitation, safety and fire standards. ~~Portillo' s Inc. Form 10- K | 22~~ There is also a potential for increased regulation of certain food establishments in the United States, where compliance with a Hazard Analysis and Critical Control Points (" HACCP ") approach would be required. **The** ~~HACCP refers to a management~~

~~system in which food safety is addressed through the analysis and control of potential hazards from production, procurement and handling, to manufacturing, distribution and consumption of the finished product. Many states have required restaurants to develop and implement HACCP Systems, and the~~ United States government continues to expand the sectors of the food industry that must adopt and implement HACCP programs. For example, the FDA Food Safety Modernization Act (" FSMA "), signed into law in January 2011, granted the U. S. Food and Drug Administration new authority regarding the safety of the entire food system, including through increased inspections and mandatory food recalls. **We** ~~Although restaurants are specifically exempted from or not directly implicated by some of these requirements, we~~ anticipate that the requirements may impact our industry. Additionally, our suppliers may initiate or otherwise be subject to food recalls that ~~may~~ impact ~~the~~ **product** availability ~~of certain products~~ , result in adverse publicity or require us to take **costly** actions ~~that could be costly for us~~ or otherwise impact our business. We may be required to incur additional time and resources to comply with new food safety requirements made under the FSMA or other federal or state food safety regulations. Failure to comply with the laws and regulatory requirements of federal, state and local authorities could result in, among other things, revocation of required licenses, administrative enforcement actions, fines and civil and criminal liability. **Other** ~~In addition, many~~ applicable laws could require us to ~~expend significant funds to~~ make **costly** modifications to our restaurants or operations to comply with such laws. Compliance with ~~these~~ **current and future** laws ~~can be costly~~ and ~~may increase our exposure to litigation or governmental investigations or proceedings. Additionally, government regulation~~ **regulations including those** ~~may impact our business as a result of changes in attitudes~~ regarding ~~diet~~ **permitted ingredients** and ~~health or new information regarding the adverse health effects of consuming certain menu offerings. These changes have resulted in, and may continue to result in, laws and regulations requiring us to disclose~~ **disclosure** ~~the~~ **of** nutritional and allergen content ~~of our food offerings and laws and regulations affecting permissible or limitations on ingredients and menu items. A number of counties, cities and states have enacted menu labeling laws requiring multi- unit restaurant operators to disclose to consumers certain nutritional and allergen information, or have enacted legislation restricting the use of certain types of ingredients in restaurants. An unfavorable report on, or reaction to, our menu ingredients, the size of our portions or the nutritional content of our menu items could negatively influence the demand for our menu offerings. Compliance with current and future laws and regulations regarding the ingredients, nutritional and allergen content of our menu items~~ may be costly and time- consuming. If we fail to comply with existing or future laws and regulations, we may be subject to governmental or judicial fines or sanctions **or to litigation** . The risks and costs associated with nutritional disclosures on our menus could also impact our operations, particularly given differences among applicable legal requirements and practices within the restaurant industry with respect to testing and disclosure, ordinary variations in food preparation among our own restaurants and the need to rely on the accuracy and completeness of nutritional information obtained from third- party suppliers. We may not be able to effectively respond to changes in consumer health perceptions, comply with further nutrient content disclosure requirements or adapt our menu offerings to trends in eating habits, which could have a material adverse effect on our ~~business, financial condition and results~~ **Results** of operations. We are subject to......, financial condition and results of operations . In addition, the restaurant industry has been subject to a growing number of claims based on the nutritional content of food products sold and disclosure and advertising practices. We may also be subject to this type of proceeding in the future and, even if we are not, publicity about these matters (particularly **against** ~~directed at~~ the fast casual or traditional fast **-** food segments ~~of the industry~~) may harm our reputation and could have a material adverse effect on our **Results** ~~of operations~~ .We are subject to the **Americans with Disabilities Act (the"** ADA **")** ,which,among other things,requires our restaurants to meet federally mandated requirements for the disabled.The ADA prohibits discrimination in employment and public accommodations on the basis of disability.Under the **Portillo' s Inc.Form 10- K | 13** ADA,we could be required ~~to expend funds~~ to modify our restaurants to provide service to,or make reasonable accommodations for the employment of,disabled persons. **Our** ~~In addition,our~~ employment practices are **also** subject to the requirements of the **U.S.Citizenship &** Immigration ~~and Naturalization~~ Service **(" USCIS")** relating to citizenship and residency.The impact of current laws and regulations,the effect of future changes in laws or regulations that impose additional requirements and the consequences of litigation relating to current or future laws and regulations,or our inability to respond effectively to significant regulatory or public policy issues,could increase our compliance and other costs of doing ~~business and could have a material adverse effect on our business,financial condition and results of operations.Failure to comply with~~ business ~~, financial condition~~ and **could have a material adverse effect on our Results. Failure to comply with the laws and regulatory requirements of federal, state and local authorities could** ~~results~~ **result in, among other things, revocation** of **required licenses, administrative enforcement actions, fines and civil and criminal liability. Compliance with all these laws and regulations can be costly and can increase our exposure to litigation or governmental investigations or proceedings. We can incur liabilities arising from environmental laws and compliance with environmental laws could increase our** ~~operations~~ **operating expenses** . We are subject to federal, state and local laws, regulations and ordinances that govern activities or operations that may have adverse environmental effects, such as waste handling and disposal practices for solid and hazardous wastes, discharges to water and air and odor control and also impose liability for the costs of cleaning up, and damage resulting from, sites of past spills, disposals or other releases of hazardous materials. In particular, under applicable environmental laws, we may be responsible for remediation of environmental conditions and may be subject to associated liabilities, including liabilities for clean- up costs and personal injury or property damage, relating to our restaurants and the land on which our restaurants are located, regardless of whether such environmental conditions were created by us or **another party** ~~by a prior owner or tenant~~ . Third parties also may make claims ~~against owners or operators of properties~~ for personal injuries and property damage associated with releases of, or actual or alleged exposure to, such hazardous or toxic substances at, on or from our restaurants. Some of our leases provide for indemnification of our landlords for environmental contamination, clean- up or owner liability **. We could be party to litigation that could distract management, increase our expenses or subject us to material monetary damages or other remedies. Our guests occasionally file complaints or lawsuits alleging we caused an**

illness or injury they suffered at or after a visit to our restaurants, or that we have problems with food quality or operations. We are also subject to a variety of other claims arising in the ordinary course of our business, including personal injury claims, contract claims and claims alleging violations of federal and state securities laws or law regarding workplace and employment matters, equal opportunity, harassment, discrimination and similar matters, and we could encounter class action or other lawsuits related to these or different matters in the future. In recent years, a number of restaurant companies have been subject to such claims, and some of these lawsuits have resulted in the payment of substantial damages by the defendants. Regardless of whether any claims against us are valid, or whether we are ultimately held liable, claims may be expensive to defend and may divert time, attention, and money away from our operations. A judgment in excess of our insurance coverage for any claims could have a material adverse effect on our Results. Allegations may also result in adverse publicity and negatively impact our reputation. As a public company, we incur significant costs to comply with the laws and regulations affecting public companies which could harm our business and results of operations. As a public company, we are subject to the Exchange Act, the Sarbanes- Oxley Act (" SOX"), and the listing requirements of the Nasdaq, and other applicable securities rules and regulations. These rules and regulations have increased, and will continue to increase, our legal, accounting and financial compliance costs and have made and will continue to make some activities more time- consuming and costly. For example, these rules and regulations could make it more difficult and more costly for us to obtain director and officer liability insurance, and we may be required to accept reduced policy limits and coverage or to incur substantial costs to maintain the same or similar coverage. These rules and regulations could also make it more difficult for us to attract and retain qualified directors or executive officers. Our management and other personnel devote a substantial amount of time to these compliance initiatives. As a result, management' s attention may be diverted from other business concerns, which could harm our business and results of operations. We may need to hire more team members in the future to comply with these requirements, which will increase our costs and expenses . If we fail to maintain effective internal controls over financial reporting, or if our internal controls are ~~not effective~~ **ineffective** , our ability to produce timely and accurate financial information or comply with Section 404 of the Sarbanes- Oxley Act of 2002 could be impaired ~~, which could have a material adverse effect~~ . We are required to comply with Section 404 of the Sarbanes- Oxley Act (" Section 404 "), which requires management to certify financial and other information in our quarterly and annual reports and provide an annual management report on the effectiveness of our internal control over financial reporting. In addition, ~~under Section 404~~ our independent registered public accounting firm **must** ~~will also need to~~ attest to the effectiveness of our internal control over financial **matters** ~~in the future to the extent that we are no longer an emerging growth company or a smaller reporting company~~ . To ~~achieve~~ **maintain** compliance with Section 404 ~~within the prescribed period~~ , we will ~~need to~~ continue to ~~dedicate~~ **employ** internal resources **and** ~~, engage~~ outside consultants ~~and continue to execute on a detailed work plan~~ to assess and document the adequacy of our internal control over financial reporting, **including** ~~continue taking steps to improve control processes, as appropriate, validate~~ **validating** ~~through testing~~ that controls are functioning as documented and ~~implement~~ **maintaining** a continuous reporting and improvement process for internal control over financial reporting. Despite our efforts, there is a risk that ~~we will not be able to conclude, within the prescribed timeframe or at all, that~~ our internal control **Portillo' s Inc. Form 10- K | 14** over financial reporting **may not comply with** ~~is effective as required by~~ Section 404. ~~The failure~~ **Failure** to achieve and maintain ~~an~~ effective internal ~~control~~ **controls** ~~environment~~ could have a material adverse effect on our ~~business, financial condition and results~~ **Results** ~~of operations~~ . **If** ~~In the event that~~ we are not able to demonstrate ~~compliance with~~ Section 404 **compliance** , or if our internal control over financial reporting is perceived as inadequate or it is perceived that we are unable to produce timely or accurate consolidated financial statements, investors may lose confidence in our **business** ~~results of operations~~ , the price of our Class A common stock could decline, we could become subject to investigations by the ~~stock exchange on which~~ **Nasdaq, the SEC or other regulatory agencies, or** our Class A common stock ~~is listed, the SEC or other regulatory agencies, which could require additional financial and management resources, or our Class A common stock~~ may not be able to remain listed on ~~such exchange~~ **the Nasdaq** . **Although we** ~~Portillo' s Inc. Form 10- K | 24 We~~ designed our disclosure controls and procedures to provide reasonable assurance that ~~information~~ we **are complying with** ~~must disclose in reports we file or submit under~~ the Exchange Act ~~is accumulated and communicated to management~~ , ~~and recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC. We believe that~~ any disclosure controls and procedures, no matter how well- conceived and ~~operated~~ **executed** , can provide only reasonable, not absolute, assurance ~~that the objectives of the control system are met~~ . ~~These inherent limitations include the realities that judgments~~ **Judgments** ~~in decision- making~~ can be faulty ~~,~~ and ~~that~~ breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the ~~individual~~ **individuals** ~~acts of some persons~~ , by collusion of two or more people or by an unauthorized override of the controls. ~~Accordingly, because~~ **Because** of the inherent limitations in our control system, misstatements due to error or fraud may occur and not be detected and could materially adversely affect our ~~business, financial condition or results~~ **Results** ~~of operations~~ . **General Risks** ~~As a public company, we are subject to additional reporting requirements of the Exchange Act, the Sarbanes- Oxley Act, and the listing standards of the Nasdaq.~~ Fluctuations in our tax obligations, ~~and~~ effective tax rate **,** and realization of our deferred tax assets may result in volatility of our results of operations. We are subject to income taxes in **U. S. federal and** various **state tax** ~~U. S.~~ jurisdictions. We record tax expense based on our estimates of **current and** future **income tax** payments, which may ~~in the future~~ include reserves for uncertain tax positions in multiple tax jurisdictions, and valuation allowances related to **the realizability of** certain ~~net~~ deferred tax assets. Significant ~~judgement~~ **judgment** is required in determining our provision for income taxes, deferred tax assets (DTAs) and ~~in evaluating~~ our tax positions ~~in various U. S. jurisdictions~~ . At any one time, many tax years may be subject to audit by various taxing jurisdictions. The results of these audits and negotiations with taxing authorities may affect the ultimate settlement of these issues. ~~We expect that throughout~~ **Throughout** the year there could be ongoing variability in our quarterly tax rates as events occur and exposures are evaluated. **Our** ~~In addition, our~~

effective tax rate in a given financial reporting period may be materially impacted by a variety of factors including, ~~but not limited to,~~ changes in the mix and level of earnings, varying **jurisdictional** tax rates ~~in the different jurisdictions in which we operate~~ , tax effects of equity- based compensation, changes in tax laws, regulations or interpretations thereof, cost related to intercompany restructuring, fluctuations in the valuation allowance or by changes to existing accounting rules or regulations. Further, new or revised tax legislation may be enacted in the future, which could negatively impact our current or future tax structure and effective tax rates **. Our insurance may not provide adequate levels of coverage against claims** . We believe that we maintain insurance customary **and appropriate** for businesses of our size and type. However, there are types of losses we may incur that cannot be insured against or that we believe are not economically reasonable to insure. Such losses could have a material adverse effect on our ~~business, financial condition and results~~ **Results** ~~of operations~~ . Changes in accounting principles applicable to us could have a material adverse effect on our ~~business, financial condition and results~~ **Results** ~~of operations~~ . Generally accepted accounting principles in the United States of America (" GAAP") are subject to interpretation by the Financial Accounting Standards Board (“ FASB ”), the American Institute of Certified Public Accountants, the SEC and various bodies formed to promulgate and interpret appropriate accounting principles. A change in these principles or interpretations could have a significant effect on our financial condition and results of operations, and could affect the reporting of transactions completed before the implementation of a change. ~~Portillo' s Inc. Form 10- K | 25~~ Our amended and restated **certificate of incorporation designates the Court of Chancery of the State of Delaware as the sole and exclusive forum for certain types of actions that may be initiated by our shareholders, and designates the federal district courts of the United States as the sole and exclusive forum for claims arising under the Securities Act, which, in each case could limit our shareholders’ ability to obtain a favorable judicial forum for certain disputes. Our current** certificate of incorporation provides that, ~~unless we~~ **absent our written** consent ~~in writing to an alternative forum~~ , the Court of Chancery of the State of Delaware (or if the Court of Chancery lacks jurisdiction, a state court located within the State of Delaware or the federal district court for the District of Delaware) shall, to the fullest extent permitted by law, be the ~~sole and~~ exclusive forum for any (a) derivative action or proceeding brought on our behalf; (b) action asserting a claim of breach of a fiduciary duty owed by or other wrongdoing by any current or former director, officer, employee, agent or shareholder to us or our shareholders; (c) action asserting a claim arising under any provision of the **Delaware General Corporate Law ("** DGCL **")** or our amended and restated certificate of incorporation or amended and restated bylaws (as either may be amended from time to time), or as to which the DGCL confers jurisdiction on the Court of Chancery of the State of Delaware; or (d) action asserting a claim governed by the internal affairs doctrine. **Portillo' s Inc.** ~~For~~ **Form 10- K | 15 Our current** ~~the avoidance of doubt, our amended and restated~~ certificate of incorporation ~~also~~ provides that **, absent our written consent,** the ~~foregoing~~ **federal district courts of the United States of America shall be the** exclusive forum **for the resolution of** ~~provision does not apply to actions brought to enforce~~ any ~~liability or duty created by~~ **action asserting a claim arising under** the Securities Act or the ~~Exchange Act, or any~~ rules ~~or~~ **and** regulations promulgated thereunder ~~, or any other claim or cause of action for which the federal courts have exclusive jurisdiction~~ . **Any** ~~Our amended and restated certificate of incorporation provides that, unless we consent in writing to an alternative forum, the federal district courts of the United States of America shall be the sole and exclusive forum for the resolution of any action asserting a claim arising under the Securities Act or the rules and regulations promulgated thereunder. Pursuant to the Exchange Act, claims arising thereunder must be brought in federal district courts of the United States. To the fullest extent permitted by law, any~~ person or entity purchasing or otherwise acquiring or holding any interest in any shares of our capital stock shall be deemed to have notice of and consented to the forum provision in our ~~amended and restated~~ certificate of incorporation **,** ~~. This choice of forum provision may limit~~ **limiting** ~~a shareholder~~ **such person** ’ s ability to bring a claim in a ~~different~~ **more favorable or convenient** judicial forum ~~, including one that it may find favorable or convenient for a specified class of disputes with us or our directors, officers, other shareholders or employees~~ , which may discourage such lawsuits, make them more difficult or expensive to pursue and result in ~~outcomes that are~~ less favorable ~~to such shareholders~~ - **shareholder** ~~than~~ outcomes ~~that may have been attainable in other jurisdictions. By agreeing to this provision, however, shareholders will not be deemed to have waived our compliance with the federal securities laws and the rules and regulations thereunder~~ . The enforceability of similar choice of forum provisions in other companies’ certificates of incorporation has been challenged in legal proceedings, and it is possible that a court could find these types of provisions to be inapplicable or unenforceable. If a court were to find the choice of forum provisions in our ~~amended and restated~~ certificate of incorporation to be inapplicable or unenforceable in an action, we may incur additional costs associated with resolving such action in other jurisdictions, which could have a material adverse effect on our ~~business~~ **Results. Our annual and quarterly results of operations may fluctuate** , **and if our operating and** financial ~~condition and results of operations. As a~~ **performance in any given period does not meet the guidance that we have provided to the** public **or** ~~company, we are subject to the reporting requirements of the Exchange Act, the Sarbanes- Oxley Act, and the listing requirements of the Nasdaq, and other~~ -- **the** ~~applicable~~ **expectations of our investors and** securities **analysts** ~~rules and regulations. These rules and regulations have increased and will continue to increase our legal~~ , ~~accounting and financial compliance costs and have made and will continue to make some activities more time- consuming and costly, particularly after we cease to be an emerging growth company as defined in Section 2 (a) of the Securities Act, as modified by the JOBS Act. For example, these~~ -- **the trading price of** ~~rules and regulations could make it more difficult and more costly for us to obtain director and officer liability insurance, and we may be required to accept reduced policy limits and coverage or~~ **our Class A common stock** ~~to incur substantial costs to maintain the same or similar coverage. These rules and regulations could also make it more difficult for us to attract and retain qualified persons to serve on our Board or our Board committees or as executive officers. Our management and other personnel devote a substantial amount of time to these compliance initiatives. As a result, management’ s attention~~ may **decline** ~~be diverted from other business concerns, which could harm our business and results of operations~~ . ~~We may need to hire more team members in the future to comply with these requirements, which will increase our costs and expenses. Our~~

~~management team and other personnel devote a substantial amount of time to compliance initiatives and we may not successfully or efficiently manage our transition to a public company. To comply with the requirements of being a public company, including the Sarbanes- Oxley Act, we will need to undertake various actions, such as implementing new internal controls and procedures and hiring accounting or internal audit staff or outsourcing certain functions to third parties, which could have a material adverse effect on our business, financial condition and results of operations. Portillo' s Inc. Form 10- K | 26~~ Our annual and quarterly results of operations may fluctuate for a variety of reasons, many of which are beyond our control **,** ~~. These reasons include~~ **including** those described in these risk factors **and** ~~as well as the following: •~~ variations in the timing and volume of our sales; ~~•~~ the timing of expenditures in anticipation of future sales; ~~•~~ **changes in the cost or availability of our ingredients or labor;** planned or actual changes to our capital or debt structure; ~~•~~ strategic actions by us or our competitors, such as sales promotions, acquisitions or restructurings; ~~•~~ significant litigation; ~~•~~ legislation or other regulatory developments affecting us or our industry; ~~•~~ changes in competitive and economic conditions generally; ~~•~~ **and** general market conditions ~~; and • changes in the cost or availability of our ingredients or labor~~ . Fluctuations in our **performance** ~~annual and quarterly results of operations~~ may cause ~~those~~ **our** results to fall below ~~the~~ **our public** guidance ~~that we have provided to the public~~ or the **investor and analyst** expectations ~~of our investors and securities analysts~~ , which could cause the trading price of our Class A common stock to decline. Fluctuations in our results could also cause ~~a number of~~ other problems ~~. For example~~ , **including but not limited to** analysts or investors **changing** ~~might change~~ their **valuation** models for ~~valuing~~ our **shares** ~~Class A common stock~~ , ~~we could experience~~ **experiencing** short- term liquidity issues, ~~our~~ **diminishing** ability to retain or attract key personnel **or** ~~may diminish and~~ other unanticipated issues ~~may arise~~ . ~~In addition, we believe that our quarterly~~ **Quarterly** results of operations may vary in the future and ~~that~~ period- to- period comparisons ~~of our results of operations~~ may not be meaningful. ~~You~~ **Investors** should not rely on the results of one quarter as an indication of future performance.