

## **Tortilla Mexican Grill PLC**

("Tortilla" or the "Group")

### **H1 2022 Trading Update**

#### ***Further strong sales growth and continued strategic progress***

Tortilla Mexican Grill plc ("Tortilla"), the largest and most successful fast-casual Mexican restaurant group in the UK, provides a Trading Update for the half year ended 3 July 2022 ("H1 2022", the "Period").

#### **Highlights**

- Group revenue increased 60% when compared to the same period in 2019.
- LFL revenue<sup>1</sup> increased 19% which is materially ahead of the industry Peach Coffe Tracker benchmark reported at 5.6%<sup>2</sup>.
- Strategic acquisition of Chilango for £2.75m, strengthening the Group's position as the UK's leading fast-casual Mexican chain and accelerating its expansion across the UK.
- Continued roll-out with six new sites opened during the Period, taking the total number of Group sites including the eight acquired Chilango sites to 84 (H1 2021: 58).
- Net cash of £3.1m as at 3 July 2022, enabling the Group to effectively fund future expansion.

Tortilla achieved further strong top-line growth during the first half of the FY22 financial year, delivering a 60% increase in Group revenue to £26.9m (an increase of 55% excluding the impact of the Chilango acquisition). This performance was underpinned by growing customer demand for Tortilla's healthy and value-for-money food as well as the Group's roll-out of new sites.

The Group completed the strategic acquisition of Chilango on 23 May 2022 for a total consideration of £2.75m, adding eight sites to the Group's estate plus one delivery kitchen. The integration is progressing well, and the acquisition strengthens the Group's position as the UK's leading fast-casual Mexican chain and accelerates its expansion across the UK to further capitalise on growing consumer demand for healthy, convenient and customisable cuisine.

During the Period the Group opened a further six sites: Bath, Cheshire Oaks, Bournemouth, Portsmouth, Birmingham New Street, and a delivery kitchen in Maida Vale. SSP Group also opened a Tortilla site in Bristol Airport and the Group commenced a franchise partnership with Compass Group with four sites trading.

All new sites are performing well and in line with expectations since opening. These openings bring the total number of Tortilla sites to 84 (H1 2021: 58 sites), with 41% of company-run sites located outside of the M25. The Group remains on track to deliver against the target outlined at the time of its IPO to open 45 new sites over the coming years, with the eight sites acquired through the acquisition of Chilango supplementary to this.

The Group's net cash position as at 3 July 2022 was £3.1m, providing sufficient liquidity to effectively fund its future expansion plans.

#### **Outlook**

As has been widely documented, the Period saw challenging operating conditions across the restaurant sector, notably significant levels of cost inflation, which became more pronounced towards the end of the Period and these macro-economic headwinds are expected to persist over the coming months. As ever, the Group's full year profit performance will be weighted towards the second half of the financial year.

As well as maintaining tight cost control, the Group has already taken proactive and decisive steps to help mitigate against these external pressures. This includes updating pricing, driving operational efficiencies, and adopting a multi-platform delivery proposition by partnering with Uber Eats and Just Eat, as well as Deliveroo, to access more customers choosing to stay at home. Notwithstanding the macro-economic backdrop, the Board remains highly confident that Tortilla is well positioned in the competitive landscape, underpinned by its reputation for great value, strong delivery proposition, and successful roll-out strategy.

**Richard Morris, CEO of Tortilla, commented:**

*"We are pleased to report further strong growth and strategic progress during the first half supported by our strong reputation for great value and our growing UK presence. During the period we sold more than 3.2m burritos and completed the exciting acquisition of Chilango to bolster our leadership position in the UK's fast-casual Mexican market. Chilango hold leases in several strong London locations and provide a high-quality supplementary food offer".*

*"We have continued to outperform the sector according to relevant industry benchmarks and remain confident in the Group's long-term growth prospects. Our site-roll out continues as planned in line with the target set out at IPO, with further opportunities supported by the favourable rental environment."*

*"Whilst the macroeconomic environment remains challenging, we are working hard to mitigate cost pressures as much as we can and are mindful of the impact on the consumer of the cost-of-living crisis. However, we remain very confident that supported by our strong reputation for outstanding value, excellent delivery proposition, and growing UK presence we are well positioned for long term growth."*

The Group intends to announce its Interim Results for the six months ended 3 July 2022 in mid-September 2022.

ENDS

<sup>1</sup> LFL revenue calculated on Group sales excluding Chilango (acquired on 23<sup>rd</sup> May 2022)

<sup>2</sup> Average of available data points for Jan 22 – May 22, restaurant sales.

**ENQUIRIES**

**Tortilla Mexican Grill PLC**

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**About Tortilla Mexican Grill plc**

Tortilla is the largest and most successful fast-casual Mexican restaurant group in the UK specialising in the sale of freshly made Californian-inspired Mexican cuisine. The Group had 84 sites worldwide as of 3 July 2022, comprising 68 sites in the UK operated by the Group, four sites franchised to SSP Group in the UK, four sites franchised to Compass Group UK & Ireland and eight franchised sites in the Middle East.

The Group was founded in 2007 by Brandon Stephens, originally from California who, upon his arrival in London in 2003, found it difficult to satisfy his desire for quality burritos and tacos. As a result, Brandon established Tortilla with a mission of offering customers freshly prepared, customisable, and authentic Californian-inspired Mexican food.

The brand is synonymous with an energetic, vibrant culture, and with providing a great value-for-money proposition. It embraces fast-growing sector trends (including eating out, healthy eating, provenance, ethnic cuisine, delivery) across a variety of locations, through a differentiated product offering which is popular with a broad customer base, and a clearly defined multi-channel marketing strategy. It benefits from flexible site locations and formats, and a scalable central infrastructure.