



Tortilla completes strategic acquisition of Chilango

London, 23 May 2022: Tortilla, the largest and most successful fast-casual Mexican restaurant group in the UK, today announces the acquisition of Chilango Limited for a total consideration of up to £2.75 million from investment firm RDCP Group Ltd.

Chilango is an award-winning fast-casual restaurant chain specialising in Mexican food including burritos, salads and tacos. The business operates from an estate of eight premium location UK sites, which offer both eat-in and take away options, as well as through its delivery channel supported by delivery kitchens.

Strategic rationale

The Acquisition strengthens Tortilla's position as the UK's leading fast-casual Mexican chain and accelerates the Group's expansion across the UK, a key pillar of its long-term growth strategy. The acquisition further bolsters Tortilla's presence in central London, with six of the eight units positioned in Zone 1. The Group wishes to take advantage of the high-quality locations operated by Chilango and the trend of workers returning to offices.

As outlined at its IPO in October 2021, the Group plans to open 45 sites over the next five years. The acquired Chilango sites are additional to the target of 45.

The Acquisition also adds a complementary, premium brand to the Group, enabling Tortilla to capitalise on the popularity of the Chilango brand and the widespread growing demand amongst consumers for fast-growing sector trends including healthy eating, convenience and ethnic and customisable cuisine.

As a result of the two companies' similar product propositions, the Group has identified several synergy opportunities, including but not limited to leveraging the Group's favourable buying power and 5,500sq ft central production kitchen in Tottenham Hale.

Tortilla intends to retain and continue to operate the Chilango brand at certain locations and via the delivery channel in a number of Tortilla sites.

Transaction overview

The total consideration of £2.75 million is paid entirely in cash, with £0.25m of this total to be paid via an earn-out following the satisfaction of certain criteria relating to the leases which is expected to take approximately six months. The transaction was done on a debt-free and cash-free basis, with the majority of the transaction consideration used to satisfy intercompany loans and other creditors. For the 52-week period to 26th December 2021, Chilango delivered revenue of £7.3 million and loss before tax of £0.2 million.

The acquisition is expected to contribute EBITDA (pre-IFRS-16) of c.£0.1 million to the Group for the remainder of FY22 and FY23 EBITDA onwards of c.£1.0m.

Richard Morris, CEO of Tortilla, commented: *"We are delighted to announce Tortilla's acquisition of Chilango."*



Chilango is a highly complementary brand that, similarly to Tortilla, provides a fantastic value-for-money proposition and embraces popular and growing sector trends for healthy, customisable food from an estate of restaurants situated in premium locations in London and Manchester.

This acquisition accelerates our ambitious plans to further expand the Tortilla brand and these sites are in addition to our initial target of opening 45 UK restaurants over the next five years, helping us to surpass this target. It also adds another brand to the Tortilla Group, enabling us to further strengthen our leading position in the UK's fast-casual dining market.

We're very excited about this acquisition and look forward to leveraging our combined knowledge and expertise within the Mexican fast casual dining sector."

Sameer Rizvi, Chairman of Chilango and Founder/CEO of RDCP Group, commented: *"When we acquired Chilango in August 2020, the business and the sector were facing significant headwinds. However, Richard Franks, his management team and the board members, including Iryna Dubylovska and Wagamama COO Nigel Sherwood, worked to stabilise the business, agree good deals with landlords and manage the supply chain. Chilango took advantage of the growing delivery market, which allowed the business to grow quickly and stay profitable even during national lockdowns. Today, the business has been successfully turned around and is ready for its next stage of growth. Tortilla are the strongest operators in this space and the perfect strategic fit for Chilango.*

I would like to take this opportunity to thank Richard Franks and the whole Chilango team as well as our loyal guests who have helped to develop the business into the established and popular brand it is today, and I look forward to seeing Chilango enter the next phase of its journey as a much-loved brand under Tortilla's ownership."

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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 68 sites worldwide as of 31 March 2022, comprising 52 sites in the UK operated by the Group, three sites franchised to SSP Group in the UK, four sites franchised to Compass Group UK & Ireland and nine 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.