



TORTILLA

Real California Burritos & Tacos

2021 ANNUAL RESULTS PRESENTATION
APRIL 2022

PRESENTING TEAM



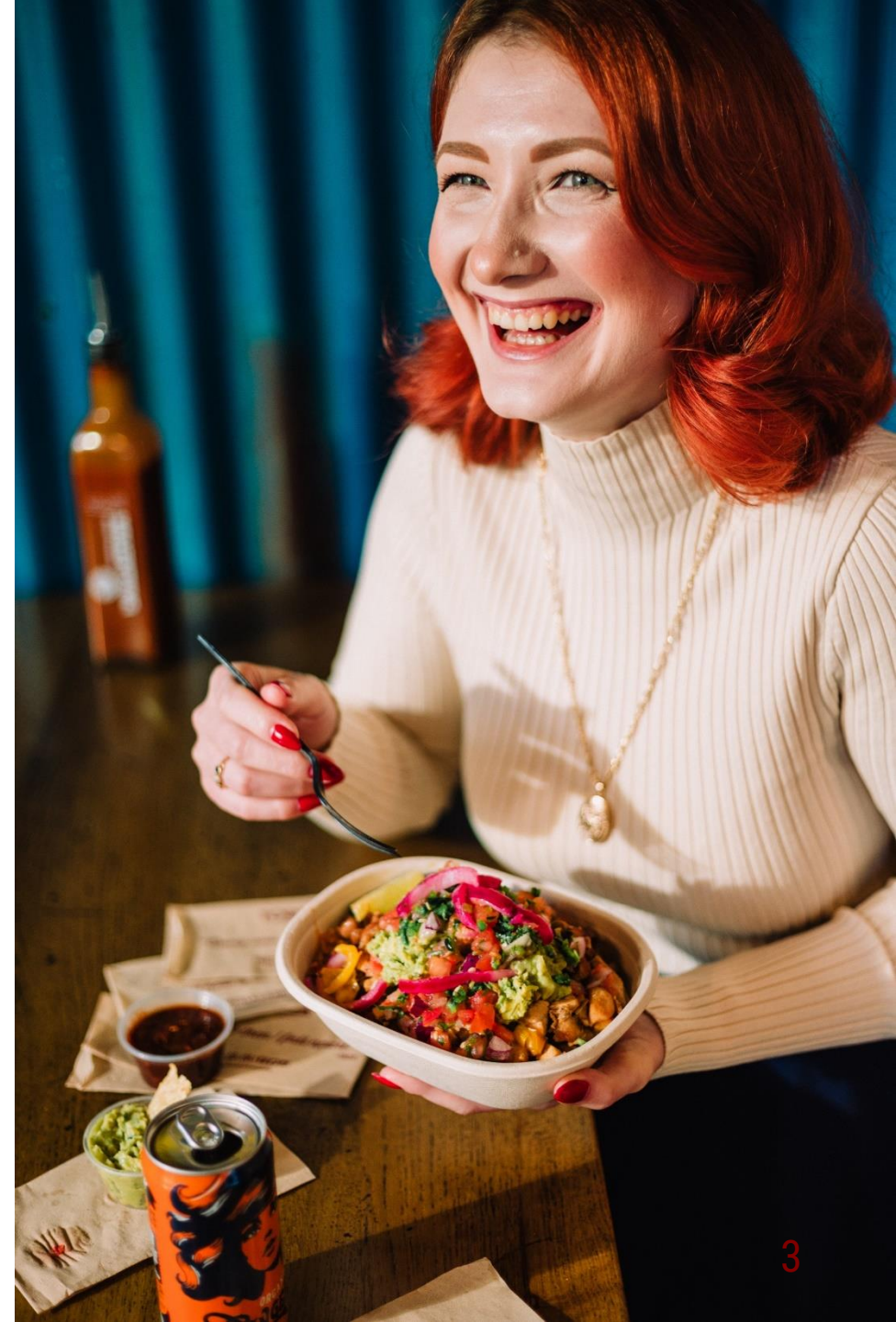
RICHARD MORRIS – CEO



ANDY NAYLOR – CFO

AGENDA

- 01 INTRODUCTION & HIGHLIGHTS – Richard Morris, CEO
- 02 FINANCIAL REVIEW – Andy Naylor, CFO
- 03 STRATEGIC & OPERATIONAL REVIEW – Richard Morris, CEO
- 04 SUMMARY & OUTLOOK – Richard Morris, CEO
- 05 Q&A





INTRODUCTION & HIGHLIGHTS

RICHARD MORRIS, CEO

ABOUT US

We are the UK's largest and most successful fast-casual Mexican restaurant business



- **Founded in 2007**
- By Brandon Stephens with a mission of bringing authentic burritos to London from San Francisco
- Listed on AIM in October 2021



- **Leading fast-casual Mexican restaurant group in the UK**
- 68 sites worldwide¹
- 23 UK sites outside of the M25¹



- **Value-for-money proposition**
- Freshly-prepared, customisable, tasty products
- Loyal and broad customer base



- **Track record of consistent, strong financial performance**



- **Robust central kitchen infrastructure and experienced head office**
- Ensures product consistency and capacity to cover medium term growth plans



- **Future opportunities**
- Significant growth prospects through:
- Roll out of new UK sites
- Franchising & other strategic partnerships
- Future international expansion

¹ At 31 March 2022, sites: 52 UK company-run, 3 UK SSP franchised, 4 UK Compass franchised and 9 Middle East franchised.



HIGHLIGHTS – YEAR ENDED 2 JAN 2022 (FY21)

STRATEGIC & OPERATIONAL

- Seven new sites added to the estate during the Period, bringing the total number of sites at the period end to 64:
 - Three new company-run sites
 - Three new delivery kitchens supporting fast-growing delivery proposition
 - New partnership with Merlin Entertainments to open at Chessington World of Adventures
- Expansion of existing partnerships by adding two further sites with SSP
- Strong pipeline - on track to deliver 45 sites over five years

FINANCIAL

- Revenues +79.5% to a record £48.1m (FY20: £26.8m, 2019: £35.4m) despite COVID related closures; LFL revenue +23.8% vs 2019
- Adjusted EBITDA +262.5% to £8.7m (FY20: £2.4m, 2019: £2.5m)
- Strong balance sheet, with net cash of £6.7m (FY20: £(1.3)m), reflecting cash generative model and a refreshed capital structure, supporting future growth





FINANCIAL REVIEW

ANDY NAYLOR, CFO

INCOME STATEMENT

- Revenue increased 79.5% to £48.1m (FY20: £26.8m) driven by strong underlying growth, less trading weeks lost¹ due to restrictions and new store openings
- LFL revenue increased 23.8% vs 2019, notably above the industry benchmark CGA Peach
- Gross profit margin improved to 79.6% (FY20: 77.4%)
- Administrative expenses increased 47.8% to £36.5m (FY20: £24.7m)
- Adjusted EBITDA² (pre-IFRS 16) increased to £8.7m (FY20: £2.4m), representing an improved 18.1% of revenue (FY20: 9.0%)
- Profit before tax (pre-IFRS 16) increased to £3.3m (FY20: loss before tax £0.8m)

| Pre-IFRS 16 | FY21 | FY20 |
|---|-------------|--------------|
| | £m | £m |
| Revenue | 48.1 | 26.8 |
| Cost of Sales | (9.8) | (6.0) |
| Gross Profit | 38.3 | 20.8 |
| Other operating income | 1.9 | 3.5 |
| Admin expenses | (36.5) | (24.8) |
| Operating profit | 3.7 | (0.5) |
| Adjusted EBITDA | 8.7 | 2.4 |
| Pre-opening costs | (0.2) | (0.2) |
| Share based payments | (0.1) | - |
| Depreciation & amortisation | (2.7) | (2.4) |
| Exceptional items | (1.9) | (0.3) |
| Non-trading costs | (0.1) | - |
| Operating profit | 3.7 | (0.5) |
| Finance costs | (0.4) | (0.3) |
| Profit before taxation | 3.3 | (0.8) |
| Income tax | (0.9) | - |
| Profit for the financial year | 2.4 | (0.8) |
| Profit for the year (post IFRS-16) | 1.4 | (1.7) |

¹ 285 weeks lost represents 11% of total possible trading weeks (FY20: 33%)

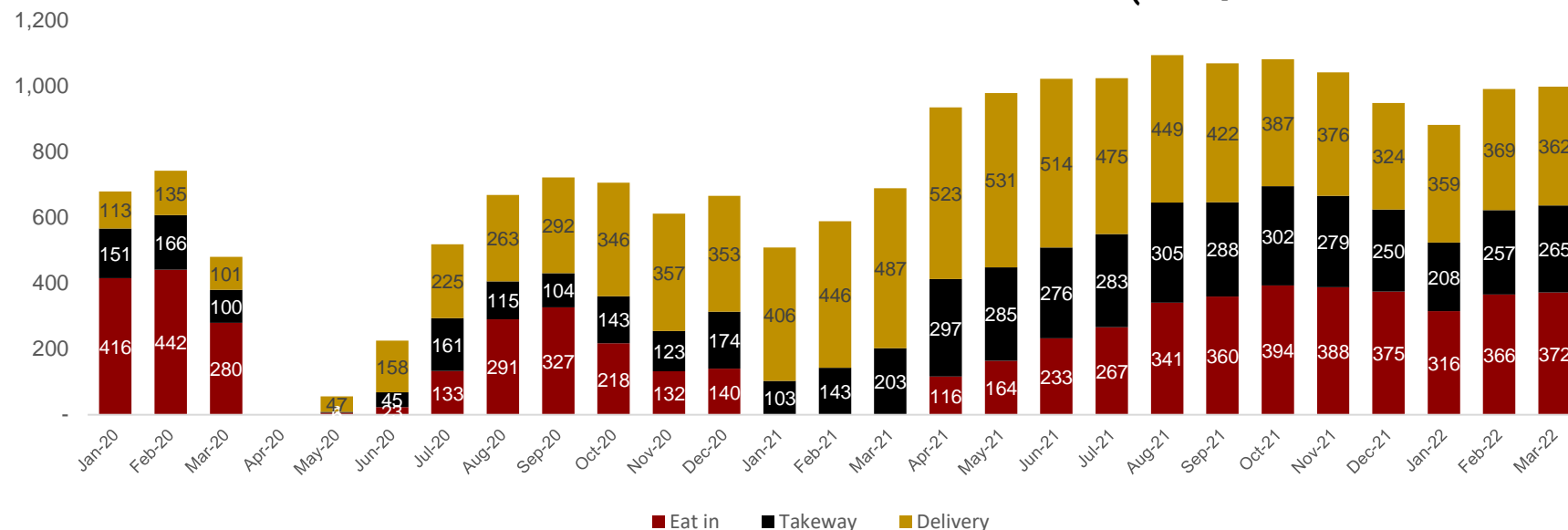
² Adjusted EBITDA represents the Group's main Adjusted Performance Measure ("APM") and is calculated as statutory operating profit/(loss) before interest, tax, depreciation and amortisation and is stated before application of IFRS 16 and exceptional costs.

INCOME STATEMENT CONTINUED

REVENUE

- Sales channel mix evolved reflecting regulations, overall big swing towards delivery vs pre-pandemic levels
- Market-leading LFLs:
 - +23.8% for the year
 - +30.5% post 12th April (industry benchmark +1.3%¹)

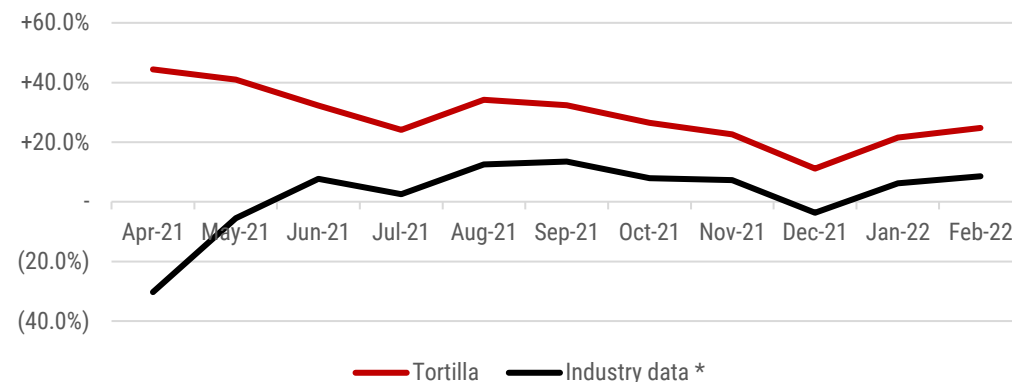
TORTILLA AVERAGE WEEKLY SALES (£000)



ADJUSTED EBITDA (PRE-IFRS 16)

- £8.7m achieved, a record year
- Benefitted from delivery channel profits being comparable to in-store
- Aided by Gov support which compensated for tougher Q1 (underlying EBITDA estimated at £6m-£6.5m)
- Healthy spread of strong profits across the UK (average store EBITDA inside M25: £350k, outside M25: £300k) – giving expansion confidence

LFL SALES GROWTH/(DECLINE) VS 2019



¹ Industry benchmark calculated as the average of the monthly numbers reported by CGA Peach for the period Apr – Dec; and 12th April 22 selected as this is the date upon which non-essential retail was permitted to re-open (i.e. lockdown was eased)

BALANCE SHEET

TORTILLA

Real California Burritos & Taacos

- Increase in operating cash flow in line with the improvement in Adjusted EBITDA, save for the settlement of a number of 2020 working capital-related cashflows that were deferred to early 2021
- Increased expenditure on property, plant and equipment due to growth in total new sites in 2021 and higher maintenance capital costs
- Restructure of the Group's banking facilities prior to the IPO
- £5.0m of gross funds raised at IPO, offsetting the £2.2m of costs incurred and providing additional liquidity for the Group
- Net cash increased to £6.7m at 2 January 2022
 - Highly cash generative model
 - Negative working capital cycle drives ability to fund new store openings

| | At 2 Jan 2022 | At 3 Jan 2021 |
|-----------------------------------|------------------|------------------|
| | £m | £m |
| Non-current assets | | |
| Right of use assets | 24.9 | 25.3 |
| Property, plant and equipment | 9.3 | 9.1 |
| Current assets | | |
| Inventories | 0.3 | 0.2 |
| Trade and other receivables | 1.9 | 1.9 |
| Cash and cash equivalents | 9.7 | 10.1 |
| Total assets | 46.1 | 46.7 |
| Current liabilities | | |
| Trade and other payables | 6.7 | 4.9 |
| Lease liabilities | 5.8 | 7.2 |
| Loans and borrowings | - | 1.0 |
| Corporation tax liability | 0.9 | - |
| Non-current liabilities | | |
| Lease liabilities | 25.8 | 24.2 |
| Loans and borrowings | 2.9 | 11.4 |
| Total liabilities | 42.2 | 48.7 |
| Net assets / (liabilities) | 3.9 | (2.0) |
| Equity | 3.9 | (2.0) |

MITIGATING INCREASED COSTS

SECTOR CHALLENGE

ACTION TAKEN

Labour

- Increased wages in Nov 2021, ahead of the legal requirement in Apr 2022
- Fared well to date, not had to shut a store due to staffing issues and it's not held us back with new store openings
- Operational and menu simplicity reduces training required, and reduces need for highly skilled chefs
- Flexible and less anti-social working hours helping cause

Utilities

- Avoided locking into contracts at high rates – strategy in period Nov 21 – Feb 22 has saved us £109k
- Relatively low usage levels due to small store formats and basic kitchen, no extraction etc.
- Investigating renewable energy solutions at CPU

Ingredient and other input cost inflation

- Allowance made in budgets for higher inflation
- Some key supplier contracts are hedged

WELL-PLACED TO WITHSTAND INDUSTRY HEADWINDS

VALUE FOR MONEY



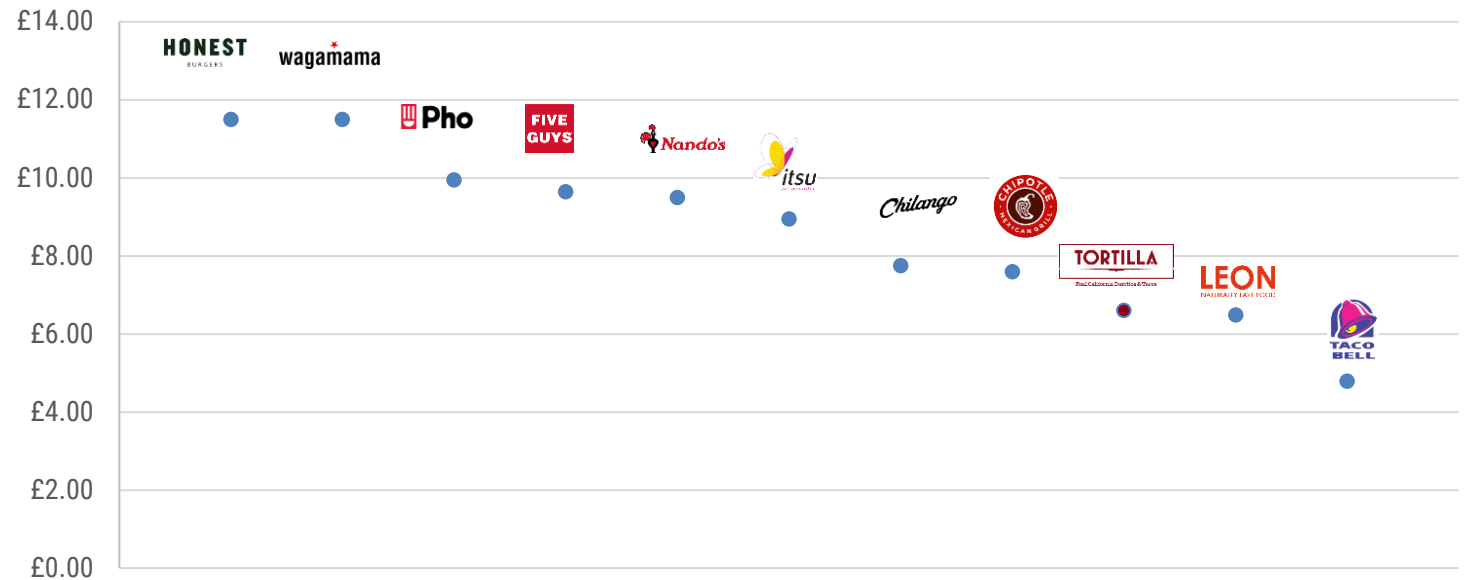
With economists forecasting inflation to hit nearly 8% in April, our value for money proposition becomes increasingly important. The Group has pricing headroom to offset these increases and expects customers to down trade from higher cost peers as the cost of living squeeze increases.

We know price is important to our customers¹...



...and we know we are well priced compared to peers

MOST POPULAR DISH AT ENTRY POINT PRICING IN-STORE (£)



¹ survey of 3,300 Tortilla customers, asked "what five factors would you most associate with Tortilla" – Jan 2021.



STRATEGIC & OPERATIONAL REVIEW RICHARD MORRIS, CEO

CURRENT TRADING

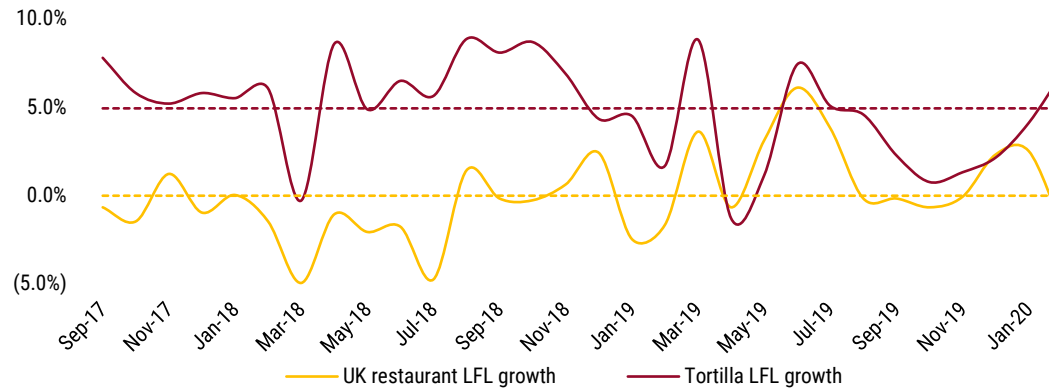
- Q1 2022 LFL sales growth of 20.1% (CGA Peach Jan: +6.2%, Feb: +8.6%)
- 2022 has started well, trading in line with expectations. Moved back into a post COVID world with trading patterns as anticipated, with delivery levelling off at circa 35% of sales
- Strong start against, and confidence in, target of 45 openings in next five years
- One new site opened in Q1 FY22 (Bath). Cheshire Oaks opened in April with further leases signed in Bournemouth, Portsmouth and Coventry. We expect to open nine sites this year
- Launch of franchise partnership with Compass Group PLC in February with four university sites already open and another ten to open over five years
- Plans to open further delivery kitchens including through new partner, Growth Kitchen and other emerging partners
- Very strong platform for continued growth and strategic progress



TRADING ENVIRONMENT

- Well-placed to navigate uncertainty - value-for-money, health and customisable proposition mitigating challenging consumer confidence
- Favourable property market provides strong pipeline of new sites – pipeline for 2023 looking strong
- Potential acquisition growth opportunities upon end of rent moratorium
- Cost pressures minimised by simplicity of operation – global supply chain disruption impact mitigated by limited menu and close relations with our two main suppliers
- Tortilla’s simple proposition and regional estate – 23 sites outside M25¹ – able to operate with unskilled workforce with short training timescales, offsetting pressured labour market

Track record of outperforming the wider hospitality industry (pre- and post-COVID)



¹ At 31 March 2022.

OUR STRATEGIC GROWTH PILLARS

**ACCELERATED UK
ROLL OUT**



**FRANCHISING &
PARTNERSHIPS**



**DELIVERY KITCHEN
EXPANSION**



**INTERNATIONAL
GROWTH**

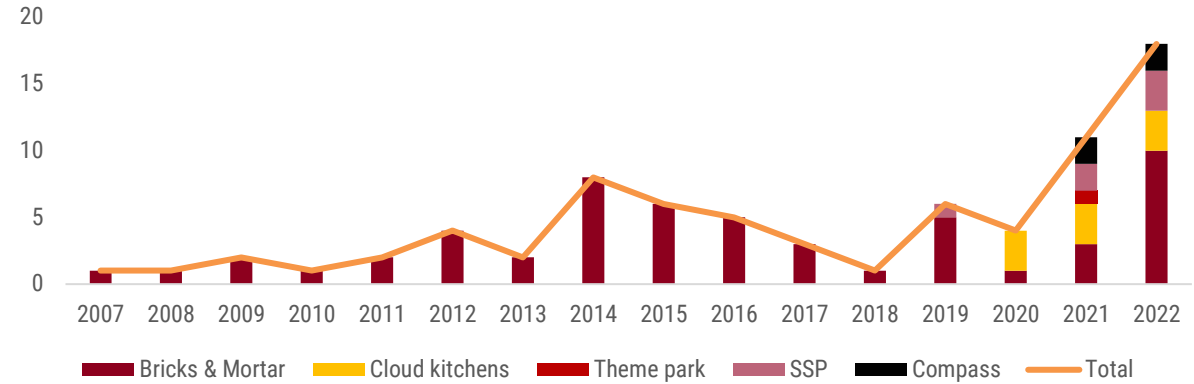


**GROWTH OPPORTUNITIES UNDERPINNED BY:
FRESH, CUSTOMISABLE PRODUCT PROPOSITION
WELL INVESTED INFRASTRUCTURE
PEOPLE & CULTURE**

ACCELERATED UK ROLL OUT

- Three Tortilla-operated sites opened during FY21: Edinburgh, Windsor, Exeter
- Strong confidence over FY22 openings, with two new sites opened YTD and seven more planned
- Balanced geographic spread – proven brand across the UK:
 - 29 sites inside M25¹
 - 23 sites outside M25¹
 - Five of Tortilla's top ten profitable stores are located outside of the M25
- Minimum 35% ROCE target for new sites
- Roll out supported by specialised property unit and well-established management process ensuring controlled capex spend
- Target 45 new sites over the next five years, supplemented by delivery kitchens too

TORTILLA SITE OPENINGS BY FORMAT



68¹ sites globally

- 📍 52 Group operated
- 📍 3 SSP franchise
- 📍 4 Compass franchise
- 📍 9 Middle East franchise

¹ At 31 March 2022.

FRANCHISING & PARTNERSHIPS

- Scalable business model with extensive spare capacity in the central kitchen and well-invested operating infrastructure leverages ability to expand capital-light franchise model
- Partnership launched with Merlin Entertainments to open at Chessington World of Adventures under the Tortilla Pronto model
- Two further sites opened with SSP Group plc at Gatwick Airport & Skelton Lakes motorway services taking total to three – Gatwick and Euston trading at pre-COVID levels (Gatwick averaging £50k per week). A new site, at Bristol Airport, is due to open on 14th April 2022
- Launched trial with Compass Group to franchise Tortilla in higher education campuses - four locations trading with a further 10 over a five-year period. All in steady growth since opening
- Ongoing consideration of further opportunities



DELIVERY KITCHEN EXPANSION

- Delivery kitchens extend reach of the Group's delivery service, help to saturate high demand areas and help to protect the in-store sales and experience for customers
- Low capex cost means low sales can achieve decent returns – as long as delivering circa £10k per week, sites are profitable
- Three new delivery kitchens opened during FY21
 - Balham
 - Manchester
 - Brent Cross
- Opportunity to open a further two/three sites per year over the medium term (Maida Vale to open so far in FY22)



INTERNATIONAL OPPORTUNITIES

- Significant international opportunity driven by growing global popularity of burritos
- Successfully trade from nine sites operated in the Middle East by franchise partner Eathos Ltd
- The Middle East franchise has successfully pivoted to a delivery model resulting in record sales over the last twelve months. Key shopping and office sites are back to 80% of pre-COVID sales
- The Group is exploring the opportunity to expand into Europe in the mid-term, building on advice arising from European expansion consultancy work performed circa 2 years ago



SUMMARY & OUTLOOK

- Record financial results and strong strategic progress
- Strong QSR brand, with a clear long-term growth strategy and significant growth opportunities over near, medium and long term
- Well positioned to navigate uncertainty (e.g. energy and cost of goods inflation to labour shortages), further mitigated by growing scale and strong LFL growth
- Benefitting from favourable property dynamics, flexible operating model and market-leading proposition
- Looking forward, confidence underpinned by scalable central infrastructure, and clear expansion opportunities
- Remain very confident of delivering our exciting plans for Tortilla





Q&A



APPENDIX

FRESH, CUSTOMISABLE PRODUCT PROPOSITION



52% BURRITOS



26% TACOS + SALADS



18% DRINKS + SIDES



4% EVENING SHARERS

Freshness: Our toppings and guacamole are freshly made in-house every day

Innovation: Menu regularly reviewed and refreshed to add trending fillings (e.g. chili no carne), popular add-ons (e.g. churros) and seasonal specials, often through brand collaborations

Sustainability and provenance: Continual and focus on ESG

- Recyclable packaging
- Very low wastage
- Majority plant based menu and higher welfare meats
- Increasing use of green energy

Flavour: Meat is marinated and cooked for over 24 hours in the central kitchen, providing an authentic and distinctive taste

Customisability: Dishes are made to order with a multitude of flavour combinations, allowing the customer to tailor to their specific preferences or dietary needs

AWARD WINNING: NUMEROUS AWARDS FOR FOOD, VALUE, AND PROFITABILITY INCLUDING:

Savanta: • Third most loved fast-casual chain in the UK

ZAGAT

- Best Mexican Restaurant in London
- Best Buy List

The Observer

- Best Cheap Eats

Zc ZOLFO COOPER

- Top 10 Highest Growth UK Hospitality Businesses

RESTAURANT R200

- Best Value Restaurant Chain Over 20 Sites

WELL-DEFINED, PROVEN PROPERTY STRATEGY WITH FLEXIBILITY ACROSS SITE LOCATIONS AND FORMATS

SITE SELECTION CRITERIA

- Uncompromising in site selection
- **Size:** 60 sqM – 200 sqM
- **CAPEX:** circa £350k - £425k depending on size, site condition and store front requirements
- **ROCE:** 35% minimum investment hurdle
- **Use Class:** 'E'
- **Locations:** High street, shopping centres / leisure schemes, transport hubs, motorway service stations, delivery kitchens
- **Extraction:** Optional
- **High Value:** high footfall, corner locations, lunch & dinner, 7-day trade, proximity to transport hubs



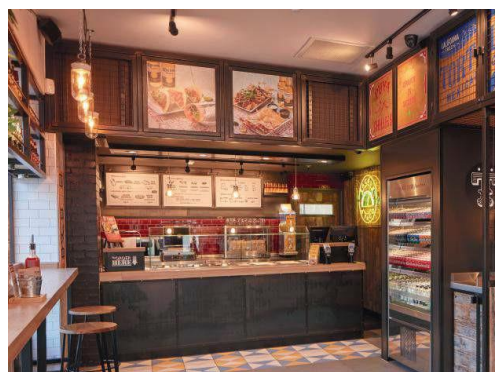
HIGH STREET
GUILDFORD, 181 SQ.M



SHOPPING CENTRE
WESTFIELD, 100 SQ.M



TRANSPORT HUB
VICTORIA, 116 SQ.M



BABY TORTILLA
PUTNEY, 79 SQ.M



DELIVERY KITCHEN
BERMONDSEY, 18 SQ.M



THEME PARK
CHESSINGTON, 170 SQ.M

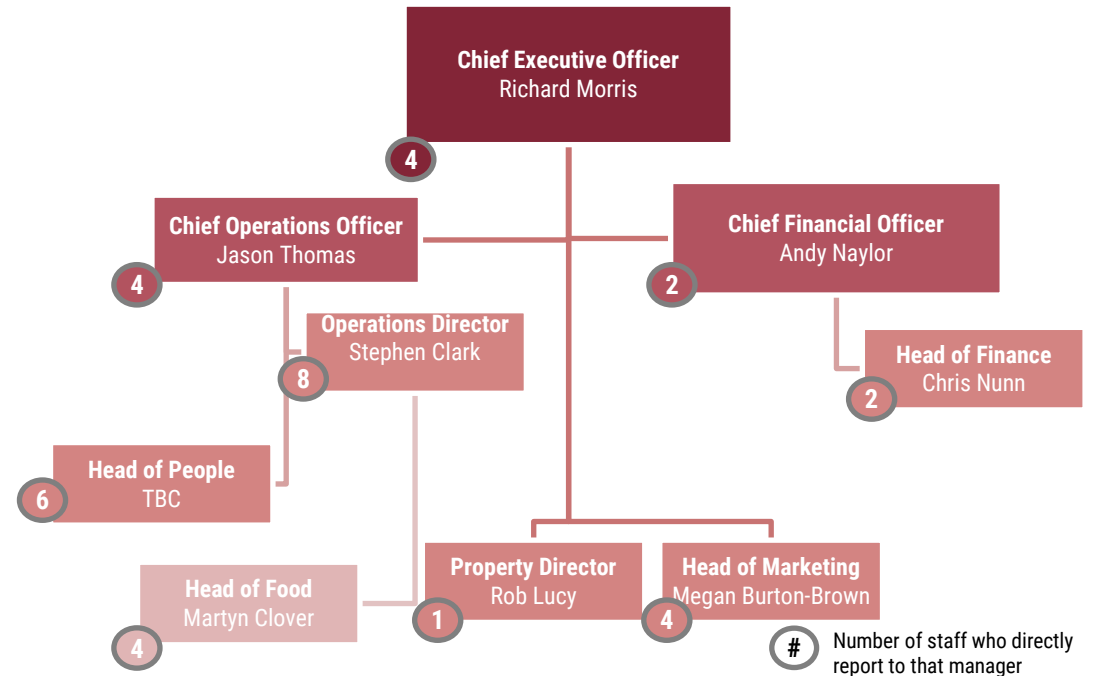
ROBUST SCALABILITY THROUGH A CENTRALISED PRODUCTION INFRASTRUCTURE AND EXPERIENCED HEAD OFFICE TEAM

CENTRALISED PRODUCTION UNIT (CPU)

- Tortilla’s 5,500 sq ft Central Production Unit (CPU) in Tottenham Hale provides the production infrastructure to double the size of the estate.
- The CPU supplies all of the menu items sold in the restaurants aside from those toppings whose flavour profiles benefit from freshness (eg, guacamole, pico de gallo salsa).
- Key CPU benefits include:
 1. Consistent, higher-quality product
 2. Longer shelf life
 3. Margin benefits from increased scale
 4. Centrally managed by Tortilla employees, not outsourced
 5. Cost-neutral operation (costs covered by restaurants)
 6. Capacity for estate growth with additional space available next door
 7. Safeguarding of recipe IP
 8. Opportunity to supply proprietary products to franchise/strategic partners

HEAD OFFICE STRUCTURE

Tortilla has an established and experienced senior management team to support a business of scale



PEOPLE & CULTURE

- Tortilla's people, values and culture are the foundation of our success
- An inclusive culture with important values such as kindness and integrity
- Continue to embrace and encourage diversity:
 - Workforce is now 48% non-British national
 - More than half of management are women
 - Under 25-year-olds are more than 50% of our workforce - we believe in nurturing young talent through training and career development
 - Continue to fill at least half of our management roles with internal candidates
- Happy staff do the best work and have continued innovating to ensure our workforce is encouraged and engaged
- 90% employee satisfaction throughout the Tortilla Group



Operational simplicity supports training and career development, avoiding recent chef shortage issue

ENVIRONMENT SOCIAL GOVERNANCE (ESG)



As part of Tortilla ongoing commitment to ESG, the Group appointed external consultants Sustainable Advantage to assess its performance across four areas (environmental, social, governance, ESG integration) and set targets for improvements over the next 2 years, outlined below:

| | Assessment highlights (as at Mar 2022) | Future targets (by Dec 2023) |
|------------------------|--|---|
| Environment | <ul style="list-style-type: none"> • 100% renewable energy procured for 40 sites and 100% of gas offset for 14 sites • Complete carbon emissions calculations for Scopes 1 and 2, and one Scope 3 category • 88% of product packaging is recyclable, compostable or biodegradable • Signatories of the Better Chicken Commitment | <ul style="list-style-type: none"> • Set Net-Zero target & become carbon-neutral in the short-term for Scopes 1 and 2 emissions • Reduce general waste by 20% and trial-run of food waste segregation in restaurant areas • Ensure 50% of supply chain has had a biodiversity risk assessment and is fully traceable (incl. key ingredients) |
| Social | <ul style="list-style-type: none"> • 'Feed people well' strategy uses quality, raw, wholefood ingredients with full calorie and allergen information is available to customers • Strong supply chain traceability through Equinox • Comprehensive training and career development framework in place • Extensive and proactive customer engagement process | <ul style="list-style-type: none"> • Become a member of SEDEX and Sustainable Restaurant Association • Develop a Supplier Code of Conduct and send sustainable production practices survey to 100% of Tier 1 suppliers • 100% of relevant employee demographic data collected |
| Governance | <ul style="list-style-type: none"> • Frequent and accessible policies management in place • All policies available to employees in cloud-based system Flow • Comprehensive cyber security programme and data protection policy in place | <ul style="list-style-type: none"> • Appoint ESG Committee and implement ESG governance structure • Complete Cyber Essentials and become ISO 27001 certified |
| ESG Integration | <ul style="list-style-type: none"> • Energy data independently verified by third party • ESG considered and discussed by the Board • Successful campaigns promoting plant-based dining | <ul style="list-style-type: none"> • Align to six recommended UN Sustainable Development Goals (SDGs) • Conduct an ESG stakeholder materiality assessment • Provide a carbon footprint menu that's available in digital and print format |

Tortilla's full ESG impact report will be available at tortillagroup.co.uk by May 2022.



TORTILLA

Real California Burritos & Tacos