



Tortilla Mexican Grill plc

Tortilla rolls into France *Acquiring largest European competitor Fresh Burritos*

25 June 2024

Tortilla Mexican Grill plc (“Tortilla” or “the Group”), the largest fast-casual Mexican restaurant group in Europe, today announces its strategic acquisition of Fresh Burritos, the second largest fast-casual Mexican restaurant group in Europe, and largest in France, for a total consideration of €3.95 million.

This acquisition is the latest step forward in Tortilla’s ambitious ‘Vital Five’ growth strategy, of which key pillars are to develop the brand internationally and double-down on franchise.

Key highlights of the acquisition:

- The acquisition includes:
 - 13 company-owned leasehold restaurants, in high-quality locations in Paris and other major French cities, and;
 - Rights to the Fresh Burritos brand and network of 19 franchised locations
- Provides springboard for franchise growth across Europe
- Compelling synergies for the enlarged Group, including the introduction of a French Central Production Kitchen, as well as wider buying power, operational and marketing efficiencies.
- New Tortilla European sub-Board committee created, chaired by Group Non-Executive Director and former YUM! European Franchise Division CFO, Francesca Tiritiello. Joined by newly appointed Non-Executive Director of the sub-Board committee, Gilles Boehringer, former VP of Development & Franchise for KFC France. An experienced European hospitality Managing Director has been appointed and will join in September.
- Tortilla has acquired Fresh Burritos from FBH through a combination of cash payment and bank debt roll over. The deal is funded from the Group’s existing debt facilities and expected to contribute £2.5m of additional annual adjusted EBITDA (pre-IFRS 16) at 24 months maturation.

Andy Naylor, Chief Executive of Tortilla, commented:

“Tortilla’s international ambitions are no secret, and acquiring Fresh Burritos is our gateway to mainland Europe. With Mexican cuisine surging in popularity, these prime French locations give us a solid launchpad. We’re set to leverage this acquisition, just in time for the Paris Olympics!



We've assembled a top-tier European team, with Francesca and Gilles at the helm, to navigate this new market. The brand synergies are clear, a new central kitchen is in the works, and our dedicated team is raring to go. We're primed for sustainable growth abroad!"

Timothée Tronet, Founder of Fresh Burritos, commented:

"I started Fresh Burritos after returning home from a stint in America, where I fell in love with Mexican cuisine. Our brand was the first of its kind in France, offering quick and affordable, customisable Mexican-inspired dishes – similar to Brandon and Jen's mission to bring burritos to the UK.

I have long admired Tortilla and couldn't think of a better brand to partner with to take the French business to the next level. As well as their passion for the product and our category, Tortilla's operational model and scale will be an incredible asset to our franchisees. There is great enthusiasm in France and Europe in general for Mexican food, and Tortilla is the best positioned to take advantage of the market trends."

About Fresh Burritos

Fresh Burritos is the largest fast-casual Mexican restaurant Group in France, and the second in Europe after Tortilla. Founded by Timothée Tronet in 2011, the business was an early champion of Mexican cuisine in the rapidly expanding French market, serving up a vibrant menu of burritos, salads and tacos.

Fresh Burritos operates from an estate of 13 owned company stores, situated in prime positions in leading French city centres including stores across Paris (such as Gare du Nord, Bercy and Belle Epine), Nice, Nantes, Grenoble and Strasbourg, as well as some of the best shopping centres in France (such as Val D'Europe and Carré Sénart).

As a successful franchisor, Fresh Burritos also operates in 19 franchised locations across metropolitan France including Corsica, some in the French overseas department of Réunion Island and one in South Korea.

Strategic Rationale

As outlined in the Group's ambitious 'Vital Five' growth strategy, Tortilla has long recognised the opportunity to develop the brand internationally, as well as the potential to accelerate growth through the expansion of its franchise network.

Rolling into France

Already the largest fast-casual Mexican group in the UK and Europe with 89 locations, Tortilla is more than twice the size of its nearest European competitor and therefore poised to lead the growing burrito market in Europe.



The Global Mexican food market is expected to grow by 6.65% (\$114bn) between 2022 and 2026, with 42% of growth expected to come from outside of the North American market and mainly in developed European countries.¹ The European Quick Service Restaurant (QSR) market is estimated to grow with 3.7% CAGR (+\$45bn) during 2023-2030 to \$192bn, of which the Mexican food segment is growing considerably with no large burrito food chains currently servicing the market.² The acquisition of Fresh Burritos offers the Group a strategic platform in the fast-growing French Market.

Through the Fresh Burritos company-owned store portfolio, the Group will gain a strong footprint of well-invested, high-quality sites which will be rebranded to Tortilla, allowing more rapid expansion versus organic growth, with lower early year losses.

A springboard for franchise growth across Europe

Through the acquisition of Fresh Burritos, Tortilla will takeover the rights to the franchising of the Fresh Burritos brand alongside a portfolio of 19 franchised stores, providing a platform to accelerate its ambitions to franchise across Europe.

Tortilla already operates a proven franchise model both in the UK and Middle East through leading partners SSP Group, Compass and Eathos. The Tortilla operating model works well for franchisees due to the flexibility of the site format, simple kitchen setup and central production food model, with the Group's purchasing power and investment in marketing and food development being of significant benefit to its franchise partners.

Through its analysis, the Group believes there is significant opportunity to improve the performance of the Fresh Burritos sites by leveraging the many brand synergies; offering economies of scale with enhanced favourable commercial opportunities on both sides, including increased buying power, wider operational and marketing efficiencies.

The Group will be opening a fully-fitted-out 1400 sqM Central Production Kitchen ("CPK") in France, enabling Tortilla to produce consistent food at scale for the French market, mirroring its operations in the UK. The CPK will also enable Tortilla to support any future expansion locations in nearby countries.

Further Details Of The Acquisition

A total consideration of €3.95 million, consisting of a cash payment of €2.71m and a bank debt roll over of €1.24m. The cash payment has been funded from Tortilla's existing committed financial facilities with net debt remaining well within the Group's covenant headroom ensuring flexibility to continue to fund its plans.

Of the 13 restaurants being acquired, 7 are being purchased as an asset deal through insolvency proceedings, while 6 are being acquired as going concerns.

¹ Technavio Research Mexican Food Market: Size, Share, Growth, Trends, Industry Analysis, Forecast 2026

² Global Quick Service Restaurant Market Size, Share 2032, custommarketinsights.com



For the 52 week period to 31 December 2023, Fresh Burritos delivered revenue of €9.0 million and a loss before tax of €0.1 million.³

The acquisition is expected to generate a loss of c£0.5 million adjusted EBITDA⁴ (pre-IFRS-16) in FY24 before contributing with a positive adjusted EBITDA of c£0.5 million to the Group in FY25, and c.£2.5 million per annum after 24 months of maturation. Tortilla expects a quick EBITDA turnaround seen through increased sales and margin conversions following the introduction of the French Centralised Production Kitchen, and by utilising the Group's buying power and operational efficiencies, as well as dedicated marketing investment.

To drive sustainable growth in France, the Group has established a European sub-Board committee chaired by Non-Executive Director Francesca Tiritiello. Joining the Tortilla Board in 2022, Francesca brings extensive experience in business development, franchising, finance, and M&A. As a Partner and Co-Founder of Kikkirossi, a European boutique advisory firm specialised in international franchise and brand development, she has also held various Director and CFO roles in European hospitality. Her eight-year tenure at Yum! Brands Inc., which owns KFC, Pizza Hut, and Taco Bell, included positions as European CFO and Commercial Director.

The committee also welcomes newly appointed Non-Executive Director Gilles Boheringer, former VP of Development & Franchise for KFC France. This European sub-Board committee will report directly to the Tortilla Group Plc Board.

An experienced European hospitality Managing Director is set to join in September. They will receive support from several UK leadership team members across operations, marketing, and finance, who have been seconded and their positions backfilled. This arrangement ensures a smooth transition with minimal disruption to the wider UK team.

Fresh Burritos founder and CEO Timothée Tronet will be an advisor to the Tortilla France board, supporting on a smooth transition, local market strategy and managing franchisee relationships.

The acquisition is conditional on certain procedural items. Completion will take place on 1 July 2024.

UK trading update

The core UK business is trading in line with the Board's full year expectations. The Company will provide a market update on its H1 2024 performance in July.

³ Unaudited FY23 accounts

⁴ Adjusted EBITDA defined as statutory operating profit before interest, tax, depreciation and amortisation (before application of IFRS 16 and excluding exceptional costs) and reflects the underlying trade of the Group.



Presentation on announcement

Further details of the acquisition will be provided during a webcast presentation from management to financial stakeholders, today at 14:30 BST via Investor Meet Company.

The presentation is open to all existing and potential shareholders. Questions can be submitted via your Investor Meet Company dashboard at any time during the live presentation.

Investors can sign up to Investor Meet Company for free and add to meet TORTILLA MEXICAN GRILL PLC via: <https://www.investormeetcompany.com/tortilla-mexican-grill-plc/register-investor>

Investors who already follow TORTILLA MEXICAN GRILL PLC on the Investor Meet Company platform will automatically be invited.

The information contained within this announcement is deemed by the Group to constitute inside information as stipulated under the Market Abuse Regulation (EU) No. 596/2014 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018.

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About Tortilla Mexican Grill PLC



Founded in October 2007 by Brandon and Jen Stephens, Tortilla is Europe's largest fast-casual Mexican restaurant brand with a fully customisable and authentic California-style Mexican menu.

Tortilla operates 89 restaurants globally, including through franchise partnerships in the UK with SSP Group plc and Compass UK & Ireland, and in the Middle East with Eathos.

The brand serves more than 7 million customers every year. Food provenance and quality is a critical component of Tortilla's proposition, with toppings and fillings of burritos, salads and tacos being prepared fresh daily, free from artificial flavours or preservatives. Every dish is fully customisable with thousands of flavour combinations available to try.

Tortilla is headquartered in London and employs more than 1100 people.
More details at tortillagroup.co.uk