

Tortilla Mexican Grill plc

H1 2024 Trading Update

Strategic momentum builds as Vital 5 pillars drive initial progress

24 July 2024

Tortilla Mexican Grill PLC, the largest and most successful fast-casual Mexican restaurant group in Europe, provides a Trading Update for the half year ended 30 June 2024 ("H1 2024", or "the Period")

Highlights

- Revenue for H1 2024 £31.5m (down £1.2m on last year), with like-for-like revenue down 5.9% due to the strategic decision in Q1 to condense to a dual delivery platform to improve profit conversion and increase focus on in store revenue.
- Adjusted EBITDA (pre-IFRS) [\[1\]](#) £1.8m [\[2\]](#), in line with H1 last year despite revenue drop.
- Early signs of progress against the Group's newly outlined strategic vision - the Vital 5 - set out in April 2024:
 - Improve UK profitability
 - New, company-owned site in Manchester's Arndale centre opened in May 2024; UK portfolio now at 81 sites including franchise sites.
 - Improved profitability on delivery sales following switch to dual platform.
 - Stronger year-on-year profit conversion underpinned by last year's supplier contract negotiations.
 - Invest in brand to drive growth
 - Successfully trialled food improvements in Q2, now rolled out in stores and showing early encouraging results.
 - Tortilla brand awareness has increased to 23% Q1 2024 [\[3\]](#) up from 19% at Q1 last year following strong focus on targeted marketing initiatives.
 - Invest in team and tech
 - New Food Director James Garland joined in June 2024.
 - Six kiosk store conversions completed so far this year following the success of the London Wall conversion in August last year.
 - Double down on franchise
 - UK franchise stores continue to excel with multiple sales records achieved this year across the Group's partnerships.
 - Momentum of SSP and Compass partnership roll-out continued with a new SSP site opened in Leeds Train Station and a new Compass site opened in Leicester.
 - Develop brand internationally
 - Successful entry into Continental Europe through strategic acquisition of Fresh Burritos announced on 25 June 2024 and completed on 1 July 2024.
 - Acquisition includes 13 company-owned leasehold sites in high quality locations in Paris and other major French cities, and the rights to the Fresh Burritos brand and a network of franchised locations.
 - The acquisition provides a springboard for franchise growth across Europe.
- Group net debt (pre-IFRS 16) of £3.3m at Period end, in line with expectations following approximately £0.9m of costs and partial consideration paid for the Fresh Burritos business.

Outlook

Through our new strategy, the Group is in the process of executing several exciting key strategic initiatives to drive sales growth and profitability, building on previously implemented profit drivers such as the dual delivery strategy. The early results are encouraging, however, the benefits of these initiatives will be slower than originally anticipated, and this combined with an ongoing challenging trading environment, means the Board now expects Adjusted EBITDA (excluding the recent Fresh Burritos acquisition) to be £5.0m for 2024. A revised combined outlook, including Fresh Burritos, will now be Adjusted EBITDA of £4.5m and the year-end net debt position is expected to correspondingly increase to c.£7.5m.

Andy Naylor, CEO at Tortilla commented: "We are now seeing the positive implementation of our strategy across all five pillars as we continue to strengthen Tortilla's offering and position the business to capitalise on the long-term significant opportunities in our market as the dominant European market leader in fast-casual Mexican cuisine.

In the first half of 2024, we have significantly improved the quality of our food and are driving exciting innovation with our new Food Director, James Garland now onboard. We have accelerated the deployment of kiosk-ordering technology and will be launching our new loyalty platform at the beginning of August. Whilst the timing of these initiatives has been slower than planned, the early signs are positive, and we look forward to updating shareholders on progress in September."

This announcement contains inside information for the purposes of Article 7 of the Market Abuse Regulation (EU) 596/2014 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 ("MAR"), and is disclosed in accordance with the Company's obligations under Article 17 of MAR.

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About Tortilla Mexican Grill plc

Founded in 2007 by a San Francisco duo, Tortilla is the Europe's largest fast-casual Mexican restaurant brand. With 80+ UK locations, 30+ in France and 8 in the Middle East, Tortilla serves 7 million+ meals annually, offering authentic California-style burritos, tacos and salads.

Through the acquisition of Chilango in the UK in 2022 and Fresh Burritos in France in 2024, as well as franchise partnerships with SSP Group plc, Compass UK & Ireland and Eathos, the brand continues to expand globally.

Tortilla breaks the mold of typical takeaways, combining quick service with quality ingredients to serve affordable, made-to-order meals in under 90 seconds, in cosy environments fitting for lunch or dinner and a beer with friends. The menu is fully customisable - there are thousands of flavour combinations to try - with produce that's fresh, never frozen, 70% plant-based and vegan-friendly, higher welfare meats and free from artificial flavours or preservatives.

Emphasising sustainability, Tortilla only uses recycled and recyclable packaging, 100% renewable electricity and sends zero waste to landfill.

Headquartered in London, Tortilla employs over 1,300 people.

More details at tortillagroup.co.uk

[1] 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.

[2] Unaudited H1 2024 update

[3] CGA Brand tracker

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