3 October 2022

Tortilla Mexican Grill plc
("Tortilla", "the Group")

Interim Results
Tortilla demand and market conditions lead to acceleration in pipeline

Tortilla Mexican Grill plc, the largest and most successful fast-casual Mexican restaurant business in the UK, today announces its unaudited interim results for the 26 weeks ended 3 July 2022 ("H1 FY22", "the Period"). All numbers are shown on a IFRS basis unless otherwise stated.

Financial highlights

- Revenue increased by 30% to £26.9m (H1 FY21: £20.8m)
- Like-for-like ("LFL") revenue growth[2] of +19% (13% higher than CGA Peach[3] of benchmark: +6%)
- Adjusted EBITDA (pre-IFRS 16)[1] of £2.5m (H1 FY21: £4.9m)
- Profit before tax of £0.3m (H1 FY21: £2.6m)
- Strong balance sheet with net cash[4] of £3.2m at Period end (H1 FY21: £0.9m) and a further £7m of liquidity available under revolving credit facility

Operational and strategic highlights

- Strategic acquisition of Chilango completed for consideration of £2.75m[5], strengthening our position as the leading fast-casual Mexican chain in the UK

- Great progress on new store roll-out with five sites opened across the UK, and one delivery kitchen, taking the total number of Group sites, including eight acquired Chilango sites, to 84 at the Period end

- Five further sites are planned to open in H2 FY22, with new store roll-out expected to increase to 12-15 per annum from FY23

- Expanded and solidified partnerships:
    - Four university sites opened through franchise partnership with Compass Group plc
    - One further site opened with SSP Group plc in Bristol Airport bringing the total to four, with multiple record sales weeks achieved at Gatwick Airport over the summer months

- London's recovery continues unabated, with sales trending at 98% of pre-Covid FY19 levels across our Zone 1 central London sites, giving us great confidence in the Chilango acquisition

[1] defined as statutory operating profit before interest, tax, depreciation and amortisation (before application of IFRS 16 and excluding exceptional costs) and reflects the underlying trading performance of the Group. The reconciliation to profit from operations is presented in the financial review.
[2] defined as the percentage change in like-for-like sales compared to H1 FY19 and so it excludes periods of non-trading.
[3] defined as the average of the data reported for restaurants by CGA Peach for the period.
[4] defined as net cash before lease liabilities arising from application of IFRS 16.
[5] comprising an initial cash outflow of £2.5m plus £0.25m of contingent consideration.

Current Trading & Outlook

Since Period end, we have commenced a non-exclusive delivery trading arrangement to enable us to work with multiple delivery partners. Our new loyalty scheme, "Tortilla Club", was launched which has almost doubled our loyalty customer database and driven a 29% increase in visitation frequency amongst loyalty customers. We have converted five of the eight Chilango sites to trade under the Tortilla brand and opened a further two Tortilla sites in Lincoln and Leicester. We also published our first Environment Social Governance (ESG) Report (for 2021/22).

We will open ten sites in the current year and will increase our new site opening rate to 12-15 sites per year, starting in FY23, to take advantage of: (1) the depressed commercial property market; (2) our excellent performance outside of London; and (3) the considerable new site "white space" opportunity identified in a recent report produced by CACI, a leading business consultancy.

Sales over the summer period were more challenging than anticipated, due to a combination of train strikes, the heatwave, and pent-up consumer demand for overseas holidays. We estimate that the impact of the first two factors is c£0.25m in lost sales. Despite these challenges, our LFL (vs. FY19) sales growth remains strong and materially above the industry CGA benchmark:

- July: 13.2% (CGA benchmark: 1.3%)
- August: 12.3% (CGA benchmark: 2.8%)
- September: 16.6% (reported after week 3 of 5)

We remain very encouraged by the underlying sales performance of the business, with the LFLs in September already close to pre-summer levels. Our new loyalty scheme presents great potential to drive customer visit frequency.

Inflationary cost pressures remain the biggest challenge across the industry. Whilst we have taken decisive steps to control the factors we are able to and have successfully mitigated cost increases where possible, we estimate these will result in a three percentage points reduction in gross margin for FY22 (approximately £1.8 million). This is driven primarily by a c.40% increase in protein costs, which account for approximately one third of our cost of goods sold. We also expect a further £0.5m adverse full year impact from increased utility costs.

These industry headwinds will have a material impact on profitability in H2, and it is prudent to assume that inflationary cost pressures will continue beyond FY22. We have several initiatives and strategies in place to help us to continue to partially mitigate this impact and, in particular, we see opportunities in technology around labour and forecasting and are also exploring ways of driving increased efficiencies our supply chain.

We remain cautious over significantly increasing our menu prices and/or resorting to heavy discounting. We believe that it is important to resist making short term gains, as history tells us this is a quick way of undermining the offer and causing customer dissatisfaction. Our value for money proposition is extremely important in the longer term and this must be protected.

We are in a strong financial position with strong top-line momentum underpinned by our very relevant product proposition and growth strategy. Whilst mindful of the near-term sector-wide challenges, we continue to ensure we do not lose focus on delivering our exciting, long-term and sustainable growth opportunities.

Richard Morris, CEO of Tortilla, commented:

"Against a backdrop of challenging macroeconomic conditions, I am really proud to report that we have continued to make great progress against our ambitious growth plans laid out at our IPO last year. Our strong top-line growth was significantly ahead of the broader market, again reflecting Tortilla's growing reputation for great value, high quality food.

"We continue to focus on our plans for strategic expansion, accelerating our new site roll-out to locations across the UK through both our acquisition of Chilango and organic roll-out programme. We are pleased to

be ahead of our expansion targets set out at IPO, adding 18 sites this year, and excited by the opportunity to increase organic roll-out to 12-15 sites per annum from FY23.

"Times remain tough across the industry at large reflecting the extent of recent cost pressures. However, we remain confident in our ability to successfully navigate our way through these industry-wide challenges whilst continuing to deliver against our ambitious growth strategy. Our long-term progress will continue to be underpinned by a firm focus on consistent operational excellence, ensuring a great value proposition, and the continued broad appeal of our offer. The Board is highly confident in achieving the Group's exciting long-term growth potential."

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.

ENQUIRIES

Tortilla Mexican Grill PLC Richard Morris, CEO Andy Naylor, CFO	Via Hudson Sandler
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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.

BUSINESS REVIEW

Revenue increased by 30% to £26.9m (H1 FY21: £20.8m), driven by fewer lost trading weeks due to the Covid-19 pandemic when compared to the prior year, the addition of six new stores to our estate, and continuous sales growth across our sites. Like-for-like revenue increased by 19%, which is 13 percentage points higher than the CGA Peach tracker performance and reflects the quality and relevance of the Tortilla offer. Whilst it has certainly been a testing six months in the hospitality sector, our teams across the UK continue to work incredibly hard to deliver consistently strong performances for the business.

It has been great to see consumers returning to our stores in such numbers, with the strategic marketing investment made during and since the pandemic showing clear return on investment. The launch of our "Tortilla Club" has increased customer visitation by 29%, which has been bolstered by our successful social media strategy to enhance brand awareness and encourage customers to visit our stores. We have acquired 78k new loyalty sign ups in the last twelve months which represents an increase of 58%. We expect that this will continue to help drive top-line performance in the second half and beyond, as the number of loyalty customers increases.

In H1 FY22 we delivered a stronger performance than ever outside of London, with average adjusted site EBITDA (pre-IFRS 16) at these sites being £20k higher compared to our sites located in London. This gives us great optimism about the "white space" opportunity across the UK, as well as in London, as we continue our store roll-out strategy.

Chilango acquisition

Our strategic acquisition of Chilango in May has strengthened the Group's position as the leading fast-casual Mexican restaurant group in the UK. The acquisition has supported the Group's expansion plans by adding eight new sites to the Group, primarily located in prime central London locations, and complementing our organic site opening pipeline for FY22 and FY23 with most planned sites situated outside London.

We have converted five of the acquired sites to Tortilla branded stores to leverage the strength of our brand and customer proposition. The three remaining stores, Islington, Chancery Lane and Brewer Street, will remain trading as Chilango. We have also retained one delivery kitchen in Dulwich which will remain trading under the Chilango brand. Lastly, we will trial the use of the Chilango brand as a delivery-only offering, served from our Tortilla delivery kitchens, with a focus on protein/keto boxes and a specialism in alternative vegan products.

Roll-out strategy

We continued to make good progress with our new store roll-out strategy during the Period, with six sites (five company full stores plus one delivery kitchen) opening across the UK, taking the total number of Group sites, including the eight acquired sites, to 84 UK sites at the Period end.

Post Period end, we have opened two further sites in Lincoln and Leicester, and we expect to open three further sites in Coventry, Canterbury and Durham, taking the total to 11 for FY22 (10 traditional stores plus one delivery kitchen). Including the eight Chilango acquired sites, this brings the grand total for FY22 to 19. Post Period end, we closed several delivery kitchens which leaves us with four of these units trading as of 30 September 2022.

In addition to our own store roll-out, during the Period we continued to develop our successful partnerships with the opening of a further SSP franchise site in Bristol Airport as well as four Tortilla units at university campuses through our franchise partnership with Compass Group plc. The travel hub locations have performed particularly strongly and proves our suitability in these busy locations.

Our property pipeline for FY23 is extremely healthy as we look to increase our new site openings to 12-15 per annum and continue to take advantage of favourable rental market conditions. Several sites have legals exchanged as well as others that have heads of terms already agreed. We expect to reach our 100-site milestone before the end of the next financial year (FY23), ahead of our previous expectations.

It is clearer than ever that new store openings are met with a fantastic reaction from consumers. Taking the average weekly sales of the FY21-22 openings, the sales performance of these units is already 10% higher than the level required to hit the 30% ROCE threshold. All our openings in the last two years have been profitable in the first month of trading. Our performance and momentum across all sites is underpinned by the growing interest in Mexican food and our strong value-for-money proposition, which is also helping to shorten the maturation period for new store openings.

We are also encouraged by the resurgence of our central London sites, which are trading at 98% of their pre-Covid levels and this gives us further confidence in the potential of our Chilango acquisition.

Mitigating actions

FY22 has seen levels of inflation unprecedented during recent decades, stemming from the combined impact of the war in Ukraine and the legacy of the pandemic. Cost increases have been seen most notably in utilities, as well as the cost of meat, with the inevitable subsequent material impact on profitability. While we are fortunate that the size of our utility bill is relatively small, we have nonetheless worked tirelessly and diligently to offset the impact of inflation as much as possible, and for many months now, and we have done this without compromising on our commitment to outstanding value and quality for our customers.

To further mitigate these cost increases, we have interrogated every aspect of our supply chain, applied comparatively modest pricing, made recipe adjustments where sensible, and taken the bold move of switching to a non-exclusive delivery trading arrangement. We started our partnership with Uber Eats in July to sit alongside our existing strong partnership with Deliveroo, helping to support our delivery revenue growth. While trading on more than one delivery platform, and without an exclusive arrangement, has a dilutive impact on the margin generated through delivery sales, it has helped to bolster our performance.

Whilst the challenges of inflation and the increased cost-of-living are set to persist in the second half and into 2023, we remain convinced that our competitive and great value price points and relevant, customisable offer puts us in a strong position to continue to grow and succeed.

Board and people

We have an experienced senior management team who remain very passionate about the brand and implementing our growth strategy. We are excited to have added an experienced People Director to the business and, post Period end, a new Non-Executive Director has joined the Board. Francesca Tiritiello brings with her many years of global restaurant brand experience as well as significant franchising expertise in the UK and Europe.

Environmental, Social & Governance ("ESG")

We are proud to have published our first ESG report post Period end, in September, which sets out the Group's performance for 2021 and the first six months of 2022, as well as our sustainability commitments and vision for the future. Highlights of our ESG performance over the past 18 months include: maintaining zero waste to landfill status; procuring 100% renewable electricity and offsetting gas; turning all waste cooking oil into bio-diesel; launching a partnership with food waste organisation *Too Good To Go* with all raised funds going to ESG initiatives; launching a local burrito donations scheme; driving wellbeing and career progression through the Tortilla apprenticeship scheme; and raising more than £37,000 for charities over the past year.

Going forward our commitments are based around five focus areas across the three core pillars of supporting the environment, our people, and our society/communities. These focus areas are aligned to the UN's SDGs, with commitments including developing a net zero emissions roadmap, verified by the Science Based Targets Initiative (SBTi), and implementing strategies to reach this; reducing waste;

improving data capture across all staff and implementing further training initiatives to aid retention and support long-term career progression; and, finally, to strengthen governance around ESG including through becoming ISO 27001 certified by 2023.

The pandemic and the months since have shown the importance of building a business that is resilient and sustainable in its operations, and our customers are expecting more from us than ever before. ESG will be a central part of our business operations moving forward, and we look forward to reporting on our progress in the coming years.

Our full ESG impact report is available at tortillagroup.co.uk

FINANCIAL REVIEW

We are pleased with our results for the first half of FY22, having outperformed our planned progress on our new store opening plan and successfully acquired one of our key competitors, Chilango.

Revenue

Revenue increased by 30% to £26.9m (H1 FY21: £20.8m), driven by the addition of six new sites, the continued underlying sales growth of the estate and less lost trading weeks due to the Covid-19 pandemic. Our mature estate continues to trade strongly with LFL sales growth of 19% compared to H1 FY19. This compares very favourably to the CGA Peach benchmark performance reported for our peers of just 6%.

Gross profit margin

Gross profit margin decreased by 3.6% to 77.0% (H1 FY21: 80.6%). The main driver behind the change was a 2.2% expected impact from the increase in VAT rate, which was 5% in H1 FY21 compared to 12.5% and then 20% in Q1 FY22 and Q2 FY22 respectively. The remaining variance arose due to underlying cost inflation on proteins arising from the war in Ukraine and higher share of in-store sales which are priced c.20-35% lower than those sold through our delivery platforms. The delivery commission costs are recorded within administrative expenses and therefore the overall gross margin from these two channels is comparable.

Administrative expenses

Administrative expenses increased by 31% to £20.0m compared to H1 FY21. Stated as a percentage of revenue, administrative expenses increased by 0.6%, which was entirely attributable to the impact of VAT as, once this is normalised, administrative expenses decreased by 7.6%. This improvement is due to the cost dilution arising from the growth in revenues, scale economies and efficiencies. Notable items within administrative expenses for H1 FY22 include £0.2m of costs incurred for the Chilango acquisition plus associated redundancy costs of £0.1m.

Adjusted EBITDA (pre-IFRS 16)

Adjusted EBITDA (pre-IFRS 16) is a non-GAAP measure. A reconciliation of this measure compared to profit from operations is as follows:

	H1 FY22 £m	H1 FY21 £m
Adjusted EBITDA (pre-IFRS 16)	**2.5**	**4.9**
Pre-opening costs	(0.3)	(0.1)
Share option expense	(0.2)	-
Depreciation and amortisation	(1.5)	(1.3)
Exceptional items	(0.3)	(0.1)
IFRS 16 adjustment1	0.7	(0.1)
Profit from operations	**0.9**	**3.3**

[1] IFRS 16 has an impact on EBITDA, with the removal of rent from the calculation. For Adjusted EBITDA pre-IFRS 16, it is deducted for comparative purposes, offset by adjustments arising from lease modifications.

Adjusted EBITDA (pre-IFRS 16) was £2.5m (H1 FY21: £4.9m). The £2.4m decrease is due to a £3.6m reduction in Government support through changes in VAT, business rates relief and restart grants, offset by a £1.2m underlying improvement driven by the growth of the Group's existing sites and the addition of new restaurants to the portfolio.

Share-based payments

Share-based payment expenses of £0.2m were recognised in the Period (H1 FY21: nil) relating to the Group's Long Term Incentive Plan ("LTIP") created as part of the Group's admission to the Alternative Investment Market ("AIM").

Finance expense

Finance expense of £0.7m reflects £0.6m of interest charged in relation to Right of Use assets and £0.1m of interest for the debt facility that the Group has in place.

Cash flow and net cash

The Group closed the Period with a net cash position of £3.2m. Drawn debt remains unchanged from the end of the FY21 financial year at £3.0m. A reconciliation of net cash between the start and end of the Period is as follows:

Opening balance	**£6.7m**
Adjusted cash generated from operations (pre-IFRS 16)	£3.1m
Consideration paid for acquisition of Chilango	(£2.5m)
One-off fees incurred for acquisition of Chilango	(£0.2m)
Cash arising from acquisition of Chilango	£0.1m
Capital expenditure for new stores	(£2.0m)
Maintenance capital expenditure	(£0.8m)
Payment of FY21 rent	(£1.2m)
Closing balance	**£3.2m**

The Adjusted cash generated from operations (pre-IFRS 16), which represents the Group's underlying cash flow generation, remains very healthy at £3.2m which is more than sufficient to cover the Group's growth and maintenance capital expenditure of £2.8m. This provides the Group with a strong platform to continue funding the expansion of future sites.

The acquisition of Chilango resulted in an initial cash outflow of £2.5m against a total consideration of £2.75m. The remaining £0.25m of consideration is contingent and will be paid upon achieving certain conditions. The £2.5m initial cash outflow included £1.0m which was paid to Chilango for working capital needs.

The Group also paid £1.2m of historical rent liabilities in H1 FY22 upon agreeing terms with a small number of landlords in regard to Covid concessions. At the balance sheet date there are no outstanding historical rent liabilities.

Dividend

The Board did not recommend an interim dividend for FY22. The Group's capital will be focused on growth over the coming years with the dividend policy subject to re-assessment going forward.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the period ended 3 July 2022

	Note	Unaudited 26 weeks ended 3 July 2022 £	Unaudited 26 weeks ended 4 July 2021 £
Revenue		26,898,368	20,751,269
Cost of sales		(6,184,070)	(4,026,315)
Gross profit		**20,714,298**	**16,724,954**
Other operating income	3	211,310	1,876,212
Administrative expenses		(20,004,021)	(15,308,013)
Profit from operations	4	**921,587**	**3,293,153**
Finance income	5	276	563
Finance expense	5	(657,811)	(660,269)
Profit before tax		**264,052**	**2,633,447**
Tax charge		(107,531)	(340,318)
Profit for the period and comprehensive income attributable to equity holders of the parent company		**156,521**	**2,293,129**
Earnings per share for profit attributable to the owners of the parent during the period			
Basic and diluted (pence)	6	**0.4**	**638.7**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 3 July 2022

	Note	Unaudited At 3 July 2022 £	Unaudited At 4 July 2021 £	Audited At 2 January 2022 £
Non-current assets				
Intangible assets	7	2,604,279	-	-
Right-of-use assets	8	29,603,290	25,004,186	24,939,614
Property, plant and equipment	9	10,933,689	9,417,826	9,264,167
Total non-current assets		**43,141,258**	**34,422,012**	**34,203,781**
Current assets				
Inventories		442,693	266,335	326,108
Trade and other receivables	10	2,369,919	1,890,278	1,888,702
Cash and cash equivalents		6,083,998	12,871,432	9,653,172
Total current assets		**8,896,610**	**15,028,045**	**11,867,982**
Total assets		**52,037,868**	**49,450,057**	**46,071,763**
Current liabilities				
Trade and other payables	11	8,982,415	5,841,187	6,729,865
Lease liabilities	8	5,329,676	5,801,684	5,830,987
Loans and borrowings		-	1,250,000	-
Corporation tax liability		1,008,221	340,318	900,690
Total current liabilities		**15,320,312**	**13,233,189**	**13,461,542**
Non-current liabilities				
Lease liabilities	8	29,591,636	25,269,599	25,831,103
Loans and borrowings		2,921,208	10,699,918	2,911,941
Total non-current liabilities		**32,512,844**	**35,969,517**	**28,743,044**
Total liabilities		**47,833,156**	**49,202,706**	**42,204,586**
Net assets		**4,204,712**	**247,351**	**3,867,177**
Equity attributable to equity holders of the company				
Called up share capital		386,640	359,016	386,640
Share premium account		4,433,250	-	4,433,250
Merger reserve		4,793,170	4,793,170	4,793,170
Share based payment reserve		271,521	-	90,507
Retained earnings		(5,679,869)	(4,904,835)	(5,836,390)
Total equity		**4,204,712**	**247,351**	**3,867,177**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the period ended 3 July 2022

	Share capital	Share premium	Merger reserve	Share-based payment reserve	Retained earnings	Total
	£	£	£	£	£	£
Equity at 3 January 2021	**359,016**	**-**	**4,793,170**	**-**	**(7,197,964)**	**(2,045,778)**
Profit for the period	-	-	-	-	2,293,129	2,293,129
Equity at 4 July 2021	**359,016**	**-**	**4,793,170**	**-**	**(4,904,835)**	**247,351**
Loss for the period	-	-	-	-	(931,555)	(931,555)
Newly issued equity shares	27,624	4,972,376	-	-	-	5,000,000
Cost of issue of equity shares	-	(539,126)	-	-	-	(539,126)
Share-based payments	-	-	-	90,507	-	90,507
Equity at 2 January 2022	**386,640**	**4,433,250**	**4,793,170**	**90,507**	**(5,836,390)**	**3,867,177**
Profit for the period	-	-	-	-	156,521	156,521
Share-based payments	-	-	-	181,014	-	181,014
Equity at 3 July 2022	**386,640**	**4,433,250**	**4,793,170**	**271,521**	**(5,679,869)**	**4,204,712**

CONSOLIDATED STATEMENT OF CASH FLOWS
For the period ended 3 July 2022

	Note	Unaudited 26 weeks ended 3 July 2022 £	Unaudited 26 weeks ended 4 July 2021 £
Operating activities			
Profit after tax		156,521	2,293,129
Adjustments for:			
Share based payments		181,014	-
Net finance expense	5	79,405	167,616
Finance cost on lease liabilities	5	578,130	492,090
Corporation tax charge		107,531	340,318
Amortisation of intangible assets	7	2,275	-
Loss on disposal of intangible assets	7	6,825	-
Depreciation of right to use assets	8	1,502,348	1,550,168
Impairment of right to use assets	8	-	99,868
Depreciation of property, plant and equipment	9	1,420,657	1,229,076
Loss on disposal of property, plant and equipment	9	6,834	-
Increase in inventories		(64,788)	(26,553)
Decrease in trade and other receivables		296,992	8,017
Increase in trade and other payables		358,064	879,349
Cash generated from operations		**4,631,808**	**7,033,078**
Investing activities			
Interest received	5	276	563
Purchase of property, plant and equipment	9	(2,958,549)	(1,534,759)
Acquisitions, net of cash acquired	12	(1,687,365)	-
Net cash used by investing activities		**(4,645,638)**	**(1,534,196)**
Financing activities			
Payments made in respect of lease liabilities	8	(3,484,931)	(2,121,846)
Interest paid		(70,413)	(92,363)
Repayment of loans		-	(500,000)
Net cash used by financing activities		**(3,555,344)**	**(2,714,209)**
Net (decrease)/increase in cash and cash equivalents		**(3,569,174)**	**2,784,673**
Cash and cash equivalents at the beginning of period		9,653,172	10,086,759
Cash and cash equivalents at the end of period		**6,083,998**	**12,871,432**

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION

1. General information

Tortilla Mexican Grill plc, the “Company” together with its subsidiaries, “the Group”, is a public limited company whose shares are publicly traded on the Alternative Investment Market (“AIM”) and is incorporated and domiciled in the United Kingdom and registered in England and Wales.

The registered address of Tortilla Mexican Grill plc and all subsidiaries is 142-144 New Cavendish Street, London, W1W 6YF, United Kingdom.

The Group’s principal activity is the operation and management of restaurants trading under the Tortilla brand both within the United Kingdom and the Middle East and under the Chilango brand in the United Kingdom.

2. Accounting policies

Basis of preparation

The consolidated interim financial information has been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations (collectively IFRSs), as adopted by UK international accounting standards.

The Group’s Annual Report and Accounts for the period ended 1 January 2023 are expected to be prepared under IFRS.

The comparative financial information for the period ended 2 January 2022 in this interim report does not constitute statutory accounts for that period under 435 of the Companies Act 2006.

Statutory accounts for the period ended 2 January 2022 have been delivered to the Registrar of Companies.

The auditors' report on the statutory accounts for 2 January 2022 was unqualified, did not draw attention to any matters by way of emphasis, and did not contain a statement under 498(2) or 498(3) of the Companies Act 2006.

Significant accounting policies

The consolidated interim financial information has been prepared in accordance with accounting policies that are consistent with the Group’s Annual Report and Accounts for the period ended 2 January 2022 which is published on the Tortilla website, located at www.tortillagroup.co.uk. At the date of authorisation of this financial information, certain new standards, amendments and interpretations to existing standards applicable to the Group have been published but are not yet effective and have not been adopted early by the Group. The impact of these standards is not expected to be material.

In adopting the going concern basis for preparing these financial statements, the Directors have considered the business model and strategies, as well as taking into account the current cash position and facilities.

Based on the Group’s cash flow forecasts, the Directors are satisfied that the Group will be able to operate within the level of its current facilities for the foreseeable future, a period of at least twelve months from the date of this report. In making this assessment, the Directors have made a specific analysis of the impact of both the inflationary pressures currently affecting the industry as well as consumers, and the impact of a potential recession.

Accordingly, the Directors consider it appropriate for the Group to adopt the going concern basis in preparing these financial statements.

3. Other operating income

	Unaudited 26 weeks ended 3 July 2022 £	Unaudited 26 weeks ended 4 July 2021 £
CJRS income[1]	-	491,281
Other government grants[2]	211,310	1,384,931
	211,310	**1,876,212**

[1] Coronavirus Job Retention scheme
[2] Includes Retail Leisure Hospitality Grants, Local Restriction Support Grants, Restart Grants and Omicron Grants

4. Profit from operations

Profit from operations is stated after charging:

	Unaudited 26 weeks ended 3 July 2022 £	Unaudited 26 weeks ended 4 July 2021 £
Depreciation & amortisation	2,923,005	2,779,244
Impairment of right-of-use assets	-	99,868
Loss on disposal of fixed and intangible assets	13,660	-
Variable lease payments	548,421	136,775
Inventories - amounts charged as an expense	6,184,070	4,026,315
Staff costs	8,810,841	6,303,247
Share option expense	181,014	-
Pre-opening costs	287,580	45,044
Exceptional items[1]	306,866	106,464
Quilvest monitoring fees[2]	-	23,629
Bank arrangement fee amortisation	9,270	23,682

[1] Exceptional items in 2022 include costs relating to the Chilango acquisition.
[2] Quilvest monitoring fees were payable prior to the Group's admission to AIM.

Pre-opening costs

	Unaudited 26 weeks ended 3 July 2022 £	Unaudited 26 weeks ended 4 July 2021 £
Pre-opening costs	287,580	45,044
Number of site openings in period	6	3

The Group reports costs incurred prior to the opening of a site as a separate expense and excludes these from the calculation of adjusted EBITDA. This approach is in line with the standard industry practice and the methodology used by the Group's bank for the purposes of assessing covenant compliance. The Directors view this as a better way to analyse the underlying performance of the Group since it excludes costs which are not trading related.

5. Finance income and expenses

	Unaudited 26 weeks ended 3 July 2022 £	Unaudited 26 weeks ended 4 July 2021 £
Finance income		
Bank interest income	276	563
Finance expense		
Bank loan interest expense	79,681	168,180
Finance cost on lease liabilities	578,130	492,090
	657,811	**660,270**

6. Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity shareholders by the weighted average number of shares outstanding during the period.

	Unaudited 26 weeks ended 3 July 2022 £	Unaudited 26 weeks ended 4 July 2021 £
Profit		
Profit used in calculating basic and diluted profit	156,521	2,293,129
Number of shares		
Weighted average number of shares for the purpose of basic and diluted earnings per share	38,664,031	359,016
Basic and diluted earnings per share (p)	**0.4**	**638.7**

Due to the nature of the options granted under the long-term incentive plan, they are considered to be contingently issuable shares and therefore have no dilutive effect.

7. Intangible assets

Intangible Assets	**£**
At 2 January 2022	-
Goodwill arising on consolidation (note a)	2,594,376
Copyrights and computer software (note b)	9,903
At 3 July 2022 (unaudited)	**2,604,279**

a) Goodwill arising on consolidation	**£**
At 2 January 2022	-
Acquisition of Chilango Ltd	2,594,376
At 3 July 2022 (unaudited)	**2,594,376**

b) Copyrights and computer software	**Copyrights**	**Computer Software**
	£	**£**
Cost		
At 2 January 2022	-	-
Arising from acquisition	15,500	9,100
Disposals	-	(9,100)
At 3 July 2022 (unaudited)	**15,500**	**-**
Amortisation		
At 2 January 2022	-	-
Amortisation charge	(5,597)	(2,275)
Disposals	-	2,275
At 3 July 2022 (unaudited)	**(5,597)**	**-**
Net book value		
At 3 July 2022 (unaudited)	**9,903**	**-**

8. Leases

The Group leases all properties with typical lease lengths of 10-15 years. All leases are non-cancellable with various terms: payments of a fixed/variable nature, rent reviews and differing renewal terms.

Application of IFRS 16 requires that leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of fixed payments (including in-substance fixed payments), less any lease incentives receivable, and variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date. It excludes variable lease payments that are turnover linked, which are outside the scope of IFRS 16 and are charged to the consolidated statement of comprehensive income as they are incurred.

At the commencement date of property leases the lease liability is calculated by discounting the lease payments. Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the Group would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

The Directors carried out a review of the historic borrowing rates of the Group and historic bond rates together with an analysis of the lease terms. They concluded that the use of a single discount rate applied to all leases signed prior to 2 January 2022 is a reasonable approach. Based on this analysis a discount rate of 3.4 percent has been applied. Subsequently rates have been used on a lease-by-lease basis for the half-year to 3 July 2022, which reflect the increasing risk-free rate during this period.

Right-of-use assets	**£**	**Lease liabilities**	**£**
At 3 January 2021	25,324,841	At 3 January 2021	(31,371,659)
Additions	2,232,758	Additions	(2,232,758)
Depreciation	(1,550,168)	Interest expense	(492,090)
Impairment	(99,868)	Lease payments	2,121,846
Disposals	(903,377)	Disposals	903,378
At 4 July 2021 (unaudited)	**25,004,186**	**At 4 July 2021** (unaudited)	**(31,071,283)**
At 2 January 2022	24,939,614	At 2 January 2022	(31,662,090)
Additions	4,491,185	Additions	(4,491,185)
Acquisition	2,671,192	Acquisition	(2,671,192)
Depreciation	(1,502,348)	Interest expense	(578,130)
Impairment	-	Lease payments	3,484,931
Disposals	(996,353)	Disposals	996,354
At 3 July 2022 (unaudited)	**29,603,290**	**At 3 July 2022** (unaudited)	**(34,921,312)**

Carrying amount by maturity of the Groups lease liabilities

	Less than 1 year	**1 to 2 years**	**2 to 5 years**	**Over 5 years**	**More than 1 year**	**Total**
3 July 2022	5,329,676	4,997,769	11,709,389	12,884,478	**29,591,636**	**34,921,312**
4 July 2021	5,801,684	3,936,438	9,539,922	11,793,239	**25,269,599**	**31,071,283**

9. Property, plant and equipment

	Leasehold Improvements £	Plant and machinery £	Furniture, fittings and equipment £	Total £
Net book value				
At 3 January 2021	**7,104,066**	**1,028,883**	**979,194**	**9,112,143**
Cost				
At 3 January 2021	13,409,952	3,720,236	3,079,963	20,210,151
Additions	591,470	201,429	741,860	1,534,759
At 4 July 2021 (unaudited)	14,001,422	3,921,665	3,821,823	21,744,910
Accumulated Depreciation				
At 3 January 2021	(6,305,886)	(2,691,353)	(2,100,769)	(11,098,008)
Charge for year	(585,160)	(335,262)	(308,654)	(1,229,076)
At 4 July 2021 (unaudited)	(6,891,046)	(3,026,615)	(2,409,423)	(12,327,084)
Net book value				
At 4 July 2021 (unaudited)	**7,110,376**	**895,050**	**1,412,400**	**9,417,826**
Net book value				
At 2 January 2022	**6,758,965**	**844,093**	**1,661,109**	**9,264,167**
Cost				
At 2 January 2022	14,295,429	3,621,556	3,671,580	21,588,565
Arising from acquisition	104,019	43,047	194,143	341,209
Additions	1,069,041	667,277	1,222,231	2,958,549
Disposals	-	(13,470)	(806)	(14,276)
At 3 July 2022 (unaudited)	15,468,489	4,318,410	5,087,148	24,874,047
Accumulated Depreciation				
At 2 January 2022	(7,536,464)	(2,777,463)	(2,010,471)	(12,324,398)
Arising from acquisition	(24,191)	(16,940)	(161,614)	(202,745)
Charge for year	(602,134)	(273,625)	(544,898)	(1,420,657)
On disposals	-	6,968	474	7,442
At 3 July 2022 (unaudited)	(8,162,789)	(3,061,060)	(2,716,509)	(13,940,358)
Net book value				
At 3 July 2022 (unaudited)	**7,305,700**	**1,257,350**	**2,370,639**	**10,933,689**

10. Trade and other receivables

	Unaudited At 3 July 2022 £	Unaudited At 4 July 2021 £
Trade debtors	678,955	426,347
Other debtors	873,759	792,066
Prepayments and accrued income	817,205	671,865
	2,369,919	**1,890,278**

Trade debtors primarily relate to sales due from third party delivery providers and these are settled the week immediately following the week in which the sale was recorded. There are also amounts owed by the Group's franchise partners, which are due within 30 days of the end of the period.

Other debtors consists of deposits held by third parties, generally landlords, and amounts accrued but not yet invoiced to third parties. These amounts not invoiced are franchise income and produce from the Group's central kitchen which is sold and bought back to the Group's main food supplier, who provides the distribution across the Group's estate.

The Group held no collateral against these receivables at the balance sheet dates. The Directors consider that the carrying amount of receivables are recoverable in full and that any expected credit losses are immaterial.

11. Trade and other payables

	Unaudited At 3 July 2022 £	Unaudited At 4 July 2021 £
Trade payables	3,542,647	2,439,107
Other taxation and social security	2,024,514	216,271
Other payables	583,870	454,502
Accruals and deferred income	2,831,384	2,731,307
	8,982,415	**5,841,187**

The carrying value of trade and other payables classified as financial liabilities measured at amortised, which the Directors consider equal to fair value.

12. Business combinations

On 23 May 2022, the Company completed the acquisition of Chilango Limited from RDCP Group Limited.

The book values of identifiable assets and liabilities acquired and their fair value to the Group was as follows:

	Book Value £	Adjustment £	Fair Value £
Identifiable assets and liabilities acquired:			
Intangible assets	821,576	(804,417)	17,159
Right-of-use assets	2,672,467	-	2,672,467
Property, plant & equipment	138,465	-	138,465
Other debtors	108,500	-	108,500
Inventories	51,797	-	51,797
Trade and other receivables	669,708	-	669,708
Cash	75,403	-	75,403
Current liabilities	(1,894,486)	-	(1,894,486)
Non-current liabilities	(1,410,390)	-	(1,410,390)
Lease liabilities	(2,672,467)	-	(2,672,467)
Total net liabilities (unaudited)	**(1,439,427)**	**(804,417)**	**(2,243,844)**
Fair value of consideration paid:			
Consideration			100,532
Contingent consideration			250,000
Total consideration			**350,532**
Goodwill arising (note 7) (unaudited)			**2,594,376**

On acquisition, the Company made an initial cash outflow of £2.5m. The acquisition was made on a "cash free, debt free" basis and therefore further amounts of £1,432,760 were paid to RDCP Group Limited in addition to the consideration shown above. The Company paid an amount of £966,708 to Chilango Limited on acquisition for working capital needs. The contingent consideration of £250,000 remains unpaid at reporting date and is included within other payables (note 11).

On acquisition, Chilango Limited held trade and other receivables with a book and fair value of £669,708 representing contractual receivables of £669,708. The Group therefore expects to collect all contractual receivables.

The goodwill arising on the Chilango Limited acquisition is not deductible for tax purposes.

13. IFRS Comparison to UK GAAP

The Group applied IFRS for the first time in the 52-week period ending 2 January 2022. The Group applied IFRS 16 using the modified retrospective approach, with the date of initial application of 1 January 2018 and has restated its results for comparative period as if the Group had always applied the new standard.

	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited
	UK GAAP 26 weeks ended 3 July 2022 £	IFRS 16 Transition £	IFRS 26 weeks ended 3 July 2022 £	UK GAAP 26 weeks ended 4 July 2021 £	IFRS 16 Transition £	IFRS 26 weeks ended 4 July 2021 £
Revenue	26,898,368	-	26,898,368	20,751,269	-	20,751,269
Cost of sales	(6,184,070)	-	(6,184,070)	(4,026,315)	-	(4,026,315)
Gross profit	**20,714,298**	**-**	**20,714,298**	**16,724,954**	**-**	**16,724,954**
Other Operating Income	211,310	-	211,310	1,876,212	-	1,876,212
Administrative expenses	(20,712,692)	708,671	(20,004,021)	(15,160,396)	(147,617)	(15,308,013)
Profit/(loss) from operations	**212,916**	**708,671**	**921,587**	**3,440,770**	**(147,617)**	**3,293,153**
Adjusted EBITDA	2,508,013	2,134,969	4,642,982	4,933,509	1,437,575	6,371,084
Pre-opening costs	(354,288)	66,708	(287,580)	(81,774)	36,730	(45,044)
Share based payments	(181,014)	-	(181,014)	-	-	-
Depreciation and amortisation	(1,443,659)	(1,493,006)	(2,936,665)	(1,257,190)	(1,621,922)	(2,879,113)
Exceptional items	(306,866)	-	(306,866)	(106,464)	-	(106,464)
Non-trading costs	(9,270)	-	(9,270)	(47,311)	-	(47,311)
	212,916	**708,671**	**921,587**	**3,440,770**	**(147,617)**	**3,293,153**
Finance income	276	-	276	563	-	563
Finance expense	(79,681)	(578,130)	(657,811)	(168,179)	(492,090)	(660,269)
Profit/(loss) before tax	**133,511**	**130,541**	**264,052**	**3,273,154**	**(639,708)**	**2,633,447**
Tax charge	(107,531)	-	(107,531)	(340,318)	-	(340,318)
Profit/(loss) for the period and comprehensive income attributable to equity holders of the parent company	**25,980**	**130,541**	**156,521**	**2,932,836**	**(639,708)**	**2,293,129**

	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited
	UK GAAP 26 weeks ended 3 July 2022 £	IFRS 16 Transition £	IFRS 26 weeks ended 3 July 2022 £	UK GAAP 26 weeks ended 4 July 2021 £	IFRS 16 Transition £	IFRS 26 weeks ended 4 July 2021 £
Non-current assets						
Intangible assets	2,604,279	-	2,604,279	-	-	-
Right-of-use assets	-	29,603,290	29,603,290	-	25,004,186	25,004,186
Property, plant and equipment	10,109,347	824,342	10,933,689	9,367,485	50,341	9,417,826
Total non-current assets	**12,713,626**	**30,427,632**	**43,141,258**	**9,367,485**	**25,054,527**	**34,422,012**
Current assets						
Inventories	442,693	-	442,693	266,335	-	266,335
Trade and other receivables	3,632,953	(1,263,034)	2,369,919	2,544,954	(654,676)	1,890,278
Cash and cash equivalents	6,083,998	-	6,083,998	12,871,432	-	12,871,432
Total current assets	**10,159,644**	**(1,263,034)**	**8,896,610**	**15,682,721**	**(654,676)**	**15,028,045**
Total assets	**22,873,270**	**29,164,598**	**52,037,868**	**25,050,206**	**24,399,851**	**49,450,057**
Current liabilities						
Trade and other payables	10,763,355	(1,780,940)	8,982,415	8,821,572	(2,980,385)	5,841,187
Lease liabilities	-	5,329,676	5,329,676	-	5,801,684	5,801,684
Loans and borrowings	-	-	-	1,250,000	-	1,250,000
Corporation tax liability	1,008,221	-	1,008,221	340,318	-	340,318
Total current liabilities	**11,771,576**	**3,548,736**	**15,320,312**	**10,411,890**	**2,821,299**	**13,233,189**
Non-current liabilities						
Lease liabilities	-	29,591,636	29,591,636	-	25,269,599	25,269,599
Loans and borrowings	2,921,208	-	2,921,208	10,699,918	-	10,699,918
Total non-current liabilities	**2,921,208**	**29,591,636**	**32,512,844**	**10,699,918**	**25,269,599**	**35,969,517**
Total liabilities	**14,692,784**	**33,140,372**	**47,833,156**	**21,111,808**	**28,090,898**	**49,202,706**
Net assets / (liabilities)	**8,180,486**	**(3,975,774)**	**4,204,712**	**3,938,398**	**(3,691,047)**	**247,351**
Equity attributable to equity holders of the company						
Called up share capital	386,640	-	386,640	359,016	-	359,016
Share premium account	4,433,250	-	4,433,250	-	-	-
Share merger reserve	4,793,170	-	4,793,170	4,793,170	-	4,793,170
Share based payment reserve	271,521	-	271,521	-	-	-
Retained earnings	(1,704,095)	(3,975,774)	(5,679,869)	(1,213,788)	(3,691,047)	(4,904,835)
Total equity	**8,180,486**	**(3,975,774)**	**4,204,712**	**3,938,398**	**(3,691,047)**	**247,351**