3rd October 2023

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

Interim Results
Resilient trading supports FY 2023 expectations

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 2 July 2023 ("H1 FY23", "the Period"). All numbers are shown on an IFRS basis unless otherwise stated.

Financial highlights

- Revenue growth of 22% to £32.7m (H1 FY22: £26.9m).
- Like-for-like ("LFL") revenue growth[1] of +5.0%, ahead of the industry CGA Peach Coffer Tracker[2] benchmark average of 4.6%. LFL revenue growth on a VAT-adjusted basis was 8.4%.
- Adjusted EBITDA (pre-IFRS 16)[3] of £1.8m (H1 FY22: £2.5m), trading in-line with market expected financial performance[5], noting that the prior year amount benefitted from £1.1m of Government support.
- Loss before tax of £0.6m (H1 FY22: profit before tax £0.3m).
- Strong balance sheet with net debt[4] of £1.6m at Period end (H1 FY22: £3.2m net cash), in line with expectations, and a further £7m of liquidity available from the Group's existing debt facilities.

Operational and strategic highlights

- Good progress on UK new store openings with three opened in H1 FY22, including our first site in Northern Ireland, plus a further two sites since. Remain ahead of IPO aim of 45 new sites in 5 years.
- Successful integration of Chilango business and realisation of investment case.
- Growing confidence in the UK and international franchising opportunity with record profits following the return to normalised trading post-Covid.
- Cost pressures easing along with favourable contracts negotiated with key suppliers.
- Successfully implemented two major technology projects - our first kiosk-only site delivering positive early results and a nationwide roll out of delivery order-aggregation software.
- Enhanced promotional calendar - "Tortilla Sunsets" project developed and launched in mid-September to drive evening sales.
- Currently assessing a number of European opportunities through franchising or strategic acquisitions.

- Strengthened Board of Directors with the appointment of Keith Down as NED. Andy Naylor, CFO, promoted to Managing Director.

Current trading and full year outlook

Since the Period end, we have opened a further two sites: Belfast and Bracknell in July and August respectively and both are trading well, with Belfast doubling the opening revenue expectations. A further three sites are expected to open in H2 FY23, taking the total to eight new sites in the year as we continue to deliver our stated roll-out plans.

The summer was unsurprisingly quiet, as seen in the wider market, with an increased demand for overseas holidays, ongoing industrial strike-action on the train network and uninspiring weather. Nonetheless, the Group delivered LFL growth for this period.

We are seeing the benefit of self-help management initiatives, particularly in supply chain, energy and productivity. The benefit of these initiatives fell towards the end of the Period and as such, will collectively drive a further1.3 percentage point improvement in Adjusted EBITDA margin in H2 FY23 (compared to H1 FY23).

We continue to improve our offer through significant menu development, providing a more consistent and higher quality product whilst offering utility cost savings that also support our ESG strategy. We have worked hard to look for ways to drive customer footfall through targeted events and promotions, most notably through the launch of Tortilla Sunsets in September to enhance our evening offer through a great value dine-in experience.

Considering the secured upside from our cost hedging, the exciting initiatives launched to drive evening trade and the resilient trading performance of the Group, we remain confident of being broadly in line with our targeted Adjusted EBITDA for FY23 and we expect to see the full year benefit of these initiatives next year.

Richard Morris, CEO of Tortilla, commented:

"Despite the challenging economic backdrop, during the first half Tortilla demonstrated its resilience and showed consistent progress, with revenue growth of more than 20%. We continued to expand our store estate and have successfully embedded the Chilango acquisition. We have also enhanced our food offer and secured significant improvement in our costs structure while making technology upgrades which will improve and quicken customer service at peak trading times.

We are very excited by the launch of our Tortilla Sunsets initiative earlier this month, which has had a very positive customer response so far. We believe there is a significant opportunity to enhance our evening sales by offering a great-value, dine-in experience including beers and margarita cocktails for just £2.50 as well as a number of delicious new menu additions.

With our outstanding food offer, excellent value for money and great service, alongside our adaptable and resilient business model, we remain well placed to continue expanding our UK network whilst taking the brand into new markets, particularly in Europe."

[1] *defined as the percentage change in like-for-like sales compared to H1 FY22*
[2] *defined as the average of the data reported for restaurants by CGA Peach for the period.*
[3] *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.*
[4] *defined as net debt / cash before lease liabilities arising from application of IFRS 16.*
[5] *based off company-compiled consensus: FY23: Adjusted EBITDA: £5.0m.*

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 85 sites worldwide as of 3 July 2023, comprising 67 sites in the UK operated by the Group, five sites franchised to SSP Group in the UK, five 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

Growth

Last year was a record year of growth for the Group and we have again made good progress on new site rollouts this year to date. In the first half of the year, we opened new sites in Derby and Greenwich and our franchise partner SSP opened in Manchester Piccadilly railway station. Since then, we have opened our first site in Northern Ireland, in Belfast, and a site in Bracknell. We anticipate a further three new sites opening this year, taking the total to eight.

We remain ahead of our IPO aspiration to open 45 sites over five years but felt that it was right to aim for the lower end of projections in FY23 as we wanted to focus attention on: (1) finishing the refurbishment plans for Chilango and ensuring the conversion was a success; and (2) assessing the full impact of the cost-of-living crisis and the changing dynamics of the UK commercial property rental market to get the best-possible deals.

The FY24 pipeline looks strong, with one site already legally completed, two midway through legals and one further offer submitted. The UK commercial property market remains favourable with rent percentage of revenue improving further. We remain well positioned for expansion opportunities, as our flexible model enables us to take a range of site formats, including former retail units (since we do not need to install expensive cooking-extraction equipment). We therefore expect to continue our UK rollout at a rate of 8-12 company-owned stores per annum from FY24 onwards.

Franchising

The Group's proposition and operating model is perfectly suited to franchising mainly due to: (1) our site format flexibility and simplicity of kitchen setup which allows us to access a wide range of units and (2) our central production food model provides consistency of food quality and enables the franchisees to quickly train employees.

We have a very healthy franchise network with quality franchise partners performing well, including SSP and Compass Group in the UK and Eathos in the Middle East. The travel network of franchise sites has performed incredibly well with sales records achieved in every unit this year and a LFL sales growth in H1 FY23 of greater than 30%. The Middle East business is also very strong, generating LFL sales growth of c.15% and is more profitable than ever before.

We continue to seek quality franchise locations with these existing partners in the UK.

European opportunity

We are by far the largest fast-casual Californian-inspired Mexican business in Europe and we remain firmly committed to exploring European opportunities for the Group. We believe our business model and food-quality is stronger than the competition and are keen to explore opportunities, predominantly via franchising considering the suitability of the brand to this style of rollout. Acquisition opportunities may also exist and considering the success of the conversion of Chilango post-acquisition, we are confident that similar success could be replicated elsewhere.

UK profitability

We have been heavily focused on improving the profitability of UK operations and are delighted to have secured some favourable supply arrangements towards the end of H1 FY23. These will collectively deliver a further 1.3 percentage point improvement in profitability at the Adjusted EBITDA (pre IFRS 16) level in the second half of FY23.

The utility market continues to be volatile, however the Group has hedged utility prices at rates significantly lower than FY22 comparative rates until March 2024 to provide greater certainty in this area. Internal KPIs are in place to ensure usage is monitored, with usage mitigating actions taken where identified. Meanwhile, inflation appears to have plateaued and is now gradually reducing, and we expect that a more normalised cost environment will prevail in the coming months.

Chilango update

In May 2022 the Group made the strategic acquisition of eight Chilango sites. Five were converted to Tortilla branded stores and these have since traded far ahead of expectations, with average weekly sales in H1 FY23 being 32% higher than the pre-conversion average.

At one of these conversions, Croydon BoxPark, we have deployed a 'virtual kitchen' operating under the Chilango brand on delivery platforms only. This has resulted in 35% incremental growth, showing a very positive case for further deployment of virtual kitchens where Chilango brand awareness is high.

We have kept the three remaining sites continuing to trade under the Chilango brand.

Digital strategy

In H1 FY23 we recruited a new management role, Andrew Brook as Head of IT, to drive growth and efficiencies through the use of technology. We have successfully launched a nationwide rollout of delivery order-aggregation software, Deliverect, to simplify the management of multi-platform delivery channels at every store and to maximise the speed and accuracy of delivery order fulfilment.

Post Period-end we launched a trial of our first digital concept site, by refurbishing our London Wall site and installing kiosks. This was designed to maximise customer throughput at peak times, and early signs are encouraging. Our hourly sales record increased by 37%, and the peak-day average lunch period (12-2pm) sales increased from £2,200 to £2,600. This proof-of-concept is promising and indicates the kiosk-only approach may be a viable solution for sites with significant volume demand that cannot currently be fully met.

Food and marketing

We have launched several key product and marketing campaigns, which we believe will drive significant improvements.

Firstly, we have enhanced our loyalty scheme to provide a more generous offer for the consumer who now gets a free burrito after five purchases. The scheme has seen a 6% increase in adoption since the change, to more than 300,000 customers. Average spend among these customers is also up 12% vs the Group average.

Secondly, in August 2023 we improved our chicken product, the Group's best-seller. The new product, chicken pibil, is more flavoursome and consistent than the prior product. This improvement has additionally reduced labour costs in our sites and enabled us to remove grills from numerous sites, resulting in lower energy usage. Other recent changes include a refreshed Salsa Verde recipe, and the removal of one of the rice options to minimise waste and improve the quality of having a single rice option.

Lastly, in September 2023 we launched a series of "Tortilla Sunsets" promotions. We have adopted a low-price alcohol model to give a very generous "Happy Hour" offering, designed to drive evening sales in student-dense areas. We have also launched exciting new evening menu items with crockery & cutlery provided to give customers more of a "casual dining" feel.

Environmental, Social and Governance ("ESG")

ESG remains a key consideration for the Group, and we are pleased to confirm that we intend to install a renewable energy source at our central production kitchen which should be operational in FY24. The central production kitchen is our single biggest consumer of electricity and so this will bring a significant positive environmental impact.

The new chicken pibil product has also helped us reduce our utility cost expenditure further helping the business to lower its carbon footprint.

We continue to offer a menu containing 70% plant-based ingredients, are a signatory to the Better Chicken Commitment and serve only higher welfare meats. We partner with a business called Too Good To Go, to reduce food waste, with almost 58,000 meals saved in the last twelve months.

Board and people

We have an experienced senior Management team who remain very passionate about the brand and implementing our growth strategy. Post Period end, Keith Down joined as a new Non-Executive Director. Keith brings with him a wealth of experience in the sector and we are very excited to have him strengthen our Board.

Andy Naylor, CFO, has been promoted to Managing Director. Andy has been in the business for six years and in recent years has taken on a broader role, including building the UK franchise partnerships and leading the development of the technology and facilities functions.

FINANCIAL REVIEW

Revenue

Revenue increased by 22% to £32.7m (H1 FY22: £26.9m), driven by additional contribution from new stores as well as the continued LFL sales growth of our existing estate. Our mature stores have continued to trade above the restaurant industry average, with LFL sales growth in H1 FY23 of 5.0% vs an average CGA Peach Coffer benchmark of 4.6%.

After adjusting for the benefit of the lower VAT rate prevailing in Q1 FY22, our LFL sales growth for H1 FY23 was 8.4%.

Gross profit margin

Gross profit margin was consistent at 77.0% in both periods, which is a good result considering that the prior year number benefitted from:

- The lower VAT rate in Q1 FY22 which lifted gross profit margin by 0.7 percentage points; and
- Q1 FY22 benefitted from materially lower food costs, particularly proteins, which rose sharply in late March FY22 following the start of the Ukraine war in February of that year.

This favourable trend was driven by competitive tenders on our supply contracts, and results in our prices being secured on 76% of products until December FY23, with 46% then secured until April FY24.

Across gross profit margin and administrative expenses, we expect to deliver a further 1.3 percentage point improvement in our Adjusted EBITDA (pre-IFRS 16) margin in H2 FY23 compared to H1 FY23 (in addition to the normal seasonality weighting of EBITDA).

Administrative expenses

Administrative expenses increased by 25% to £25.0m (H1 FY22: £20.0m), in line with revenue growth. However as a percentage of revenue, administrative expenses were 76.3% in H1 FY23, improved versus 76.7% in H1 FY22 after adjusting for the Q1 FY22 VAT benefit. Despite the high inflationary environment, costs were well controlled, and savings found. The utilities market has been highly volatile, however we hedged fixed prices at a favourable rate to mitigate this until March FY24.

Adjusted EBITDA (pre-IFRS 16)

Adjusted EBITDA (pre-IFRS 16) is the key performance metric that the Group utilises to assess the underlying trading performance. A reconciliation of this measure compared to profit from operations is as follows:

	H1 FY23 £m	H1 FY22 £m
Adjusted EBITDA (pre-IFRS 16)	**1.8**	**2.5**
Pre-opening costs	(0.3)	(0.3)
Share option expense	(0.2)	(0.2)
Depreciation and amortisation	(1.9)	(1.5)
Exceptional items	(0.1)	(0.3)
IFRS 16 adjustment	0.9	0.7
Profit from operations	**0.2**	**0.9**

Adjusted EBITDA (pre-IFRS 16) of £1.8m was generated in H1 FY23 which was £0.7m lower than H1 FY22. The year-on-year decrease is entirely due to a total of £1.1m in Government support which benefitted the prior year number. Of this support, £0.8m related to the lower VAT rate in Q1 FY22 and £0.3m related to business rates support provided as part of the Government's COVID support package.

Good progress has been made by the Group in FY23 to recover profitability and this collectively contributed a net £0.4m increase in Adjusted EBITDA (pre-IFRS 16) in the first half of the year. These cost improvements were largely weighted towards the end of the Period and will contribute more meaningfully in H2 FY23. We therefore expect H2 FY23 Adjusted EBITDA (pre-IFRS 16) to be 1.3 percentage points higher than H1 FY23 from these improvements alone, on top of the normal seasonality of EBITDA generation.

Share-based payments

Share-based payment expenses of £0.2m were recognised in the Period (H1 FY22: £0.2m) relating to the Group's Long Term Incentive Plan ("LTIP").

Finance expense

Finance expense of £0.9m is comprised of £0.8m of interest charged in relation to Right of Use assets (a consequence of the accounting treatment of leases under IFRS 16) 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 debt position of £1.6m. Drawn debt remains unchanged from the end of the FY22 financial year at £2.9m. A reconciliation of the movement in net debt between the start and end of the period is as follows:

Opening balance	**(£0.5m)**
Adjusted EBITDA (pre-IFRS 16)	£1.8m
Capital expenditure for new stores	(£1.4m)
Maintenance capital expenditure	(£0.8m)
Interest paid	(£0.1m)
Pre-opening and exceptional costs	(£0.4m)
Working capital movement	(£0.2m)
Closing balance	**(£1.6m)**

The Group's closing net debt position of £1.6m represents a low level of leverage which is important considering the recent increases in the Bank of England base rate. The Group's efforts to recover profitability this year and going forward will enable the business to get back to the aim of funding expansion capital requirements from operationally generated cash.

Dividend

The Board did not recommend an interim dividend for FY23. In line with the previously stated policy, 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 2 July 2023

	Note	Unaudited 26 weeks ended 2 July 2023 £	Unaudited 26 weeks ended 3 July 2022 £
Revenue		32,745,623	26,898,368
Cost of sales		(7,534,184)	(6,184,070)
Gross profit		**25,211,439**	**20,714,298**
Other operating income	3	-	211,310
Administrative expenses		(24,970,307)	(20,004,021)
Profit from operations	4	**241,132**	**921,587**
Finance income	5	12,914	276
Finance expense	5	(869,153)	(657,811)
Profit before tax		**(615,107)**	**264,052**
Tax charge		(3,402)	(107,531)
Profit for the period and comprehensive income attributable to equity holders of the parent company		**(618,509)**	**156,521**
Earnings per share for profit attributable to the owners of the parent during the period			
Basic and diluted (pence)	6	**(1.6)**	**0.4**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 2 July 2023

	Note	Unaudited At 2 July 2023 £	Unaudited At 3 July 2022 £	Audited At 1 January 2023 £
Non-current assets				
Intangible assets	7	2,629,623	2,604,279	2,632,205
Right-of-use assets	8	30,836,951	29,603,290	31,035,358
Property, plant and equipment	9	14,073,657	10,933,689	13,721,101
Total non-current assets		**47,540,231**	**43,141,258**	**47,388,664**
Current assets				
Inventories		376,641	442,693	397,083
Trade and other receivables	10	2,775,126	2,369,919	2,193,877
Cash and cash equivalents		1,327,470	6,083,998	2,375,800
Total current assets		**4,479,237**	**8,896,610**	**4,966,760**
Total assets		**52,019,468**	**52,037,868**	**52,355,424**
Current liabilities				
Trade and other payables	11	9,334,177	8,982,415	9,110,069
Lease liabilities	8	5,762,578	5,329,676	5,614,340
Loans and borrowings		-	-	-
Corporation tax liability		-	1,008,221	
Total current liabilities		**15,096,755**	**15,320,312**	**14,724,409**
Non-current liabilities				
Lease liabilities	8	30,801,995	29,591,636	31,109,551
Loans and borrowings		2,939,751	2,921,208	2,930,481
Total non-current liabilities		**33,741,746**	**32,512,844**	**34,040,032**
Total liabilities		**48,838,501**	**47,833,156**	**48,764,441**
Net assets		**3,180,967**	**4,204,712**	**3,590,983**
Equity attributable to equity holders of the company				
Called up share capital		386,640	386,640	386,640
Share premium account		4,433,250	4,433,250	4,433,250
Merger reserve		4,793,170	4,793,170	4,793,170
Share based payment reserve		661,028	271,521	452,535
Retained earnings		(7,093,121)	(5,679,869)	(6,474,612)
Total equity		**3,180,967**	**4,204,712**	**3,590,983**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the period ended 2 July 2023

	Share capital	Share premium	Merger reserve	Share-based payment reserve	Retained earnings	Total
	£	£	£	£	£	£
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**
Loss for the period	-	-	-	-	(794,743)	(794,743
Newly issued equity shares	-	-	-	-	-	-
Cost of issue of equity shares	-	-	-	-	-	-
Share-based payments	-	-	-	181,014	-	181,014
Equity at 1 January 2023	**386,640**	**4,433,250**	**4,793,170**	**452,535**	**(6,474,612)**	**3,590,983**
Profit for the period	-	-	-	-	(618,509)	(618,509)
Share-based payments	-	-	-	208,493	-	208,493
Equity at 2 July 2023	**386,640**	**4,433,250**	**4,793,170**	**661,028**	**(7,093,121)**	**3,180,967**

CONSOLIDATED STATEMENT OF CASH FLOWS
For the period ended 2 July 2023

	Note	Unaudited 26 weeks ended 3 July 2022 £	Unaudited 26 weeks ended 3 July 2022 £
Operating activities			
Profit after tax		(618,509)	156,521
Adjustments for:			
Share based payments		208,493	181,014
Net finance expense	5	105,303	79,405
Finance cost on lease liabilities	5	750,936	578,130
Corporation tax charge		-	107,531
Amortisation of intangible assets	7	2,582	2,275
Loss on disposal of intangible assets	7	-	6,825
Depreciation of right to use assets	8	2,177,598	1,502,348
Depreciation of property, plant and equipment	9	1,812,912	1,420,657
Loss on disposal of property, plant and equipment	9	-	6,834
Increase in inventories		20,442	(64,788)
Decrease in trade and other receivables		(581,249)	296,992
Increase in trade and other payables		224,105	358,064
Cash generated from operations		**4,102,613**	**4,631,808**
Investing activities			
Interest received	5	12,914	276
Purchase of property, plant and equipment	9	(2,165,468)	(2,958,549)
Acquisitions, net of cash acquired		-	(1,687,365)
Net cash used by investing activities		**(2,152,554)**	**(4,645,638)**
Financing activities			
Payments made in respect of lease liabilities	8	(2,889,443)	(3,484,931)
Interest paid		(108,946)	(70,413)
Net cash used by financing activities		**(2,998,389)**	**(3,555,344)**
Net (decrease)/increase in cash and cash equivalents		**(1,048,330)**	**(3,569,174)**
Cash and cash equivalents at the beginning of period		2,375,800	9,653,172
Cash and cash equivalents at the end of period		**1,327,470**	**6,083,998**

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 31 December 2023 are expected to be prepared under IFRS.

The comparative financial information for the period ended 1 January 2023 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 1 January 2023 have been delivered to the Registrar of Companies.

The auditors' report on the statutory accounts for 1 January 2023 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 1 January 2023 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	Unaudited
	26 weeks ended 2 July 2023	**26 weeks ended 3 July 2022**
	£	**£**
Other government grants	-	211,310

[1] 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	Unaudited
	26 weeks ended 2 July 2023	**26 weeks ended 3 July 2022**
	£	**£**
Depreciation and amortisation	3,993,091	2,923,005
Loss on disposal of fixed and intangible assets	-	13,660
Variable lease payments	229,485	548,421
Inventories – amounts charged as an expense	7,534,184	6,184,070
Staff costs	10,815,498	8,810,841
Share option expense	208,493	181,014
Pre-opening costs	175,942	287,580
Exceptional items	125,544	306,866
Bank arrangement fee amortisation	9,270	9,270

Pre-opening costs

	Unaudited	Unaudited
	26 weeks ended 2 July 2023	**26 weeks ended 3 July 2022**
	£	**£**
Pre-opening costs	175,942	287,580
Number of site openings in period	4	6

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 2 July 2023 £	Unaudited 26 weeks ended 3 July 2022 £
Finance income		
Bank interest income	12,914	276
Finance expense		
Bank loan interest expense	118,217	79,681
Finance cost on lease liabilities	750,936	578,130
	869,153	**657,811**

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 2 July 2023 £	Unaudited 26 weeks ended 3 July 2022 £
Profit		
Profit used in calculating basic and diluted profit	(618,509)	156,521
Number of shares		
Weighted average number of shares for the purpose of basic and diluted earnings per share	38,664,031	38,664,031
Basic and diluted earnings per share (p)	**(1.6)**	**0.4**

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

	Computer Software	Goodwill	Total
	£	£	£
Cost			
At 1 January 2023	**15,500**	**2,624,886**	**2,640,386**
Additions	-	-	-
Disposals	-	-	-
At 2 July 2023 (unaudited)	**15,500**	**2,624,886**	**2,640,386**
Amortisation			
At 1 January 2023	**8,181**	**-**	**8,181**
Amortisation charge	2,582	-	2,582
On disposals	-	-	-
At 2 July 2023 (unaudited)	**10,763**	**-**	**10,763**
Net book value			
At 2 July 2023 (unaudited)	**4,737**	**2,624,886**	**2,629,623**
At 1 January 2023	**7,319**	**2,624,886**	**2,632,205**

8. Leases

Right-of-use assets	**£**	**Lease liabilities**	**£**
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)**
At 1 January 2023	**31,035,358**	At 1 January 2023	**(36,723,889)**
Additions	2,196,406	Additions	(2,196,406)
Depreciation	(2,177,598)	Interest expense	(750,936)
Impairment	-	Lease payments	2,889,443
Disposals	(217,215)	Disposals	217,215
At 2 July 2023 (unaudited)	**30,836,951**	**At 2 July 2023** (unaudited)	**(36,564,573)**

9. Property, plant and equipment

	Leasehold Improvements £	Plant and machinery £	Furniture, fittings and equipment £	Total £
Cost				
At 1 January 2023	**16,049,266**	**5,128,645**	**6,692,407**	**27,870,318**
Additions	837,047	550,900	777,521	2,165,468
Disposals	-	-	-	-
At 2 July 2023 (unaudited)	16,886,313	5,679,545	7,469,928	30,035,786
Depreciation				
At 1 January 2023	**8,068,909**	**3,269,990**	**2,810,318**	**14,149,217**
Charge for year	577,253	303,570	932,089	1,812,912
On disposals	-	-	-	-
At 2 July 2023 (unaudited)	8,646,162	3,573,560	3,742,407	15,962,129
Net book value				
At 2 July 2023 (unaudited)	**8,240,151**	**2,105,985**	**3,727,521**	**14,073,657**
At 1 January 2023	**7,980,357**	**1,858,655**	**3,882,089**	**13,721,101**

10. Trade and other receivables

	Unaudited At 2 July 2023 £	Unaudited At 3 July 2022 £
Trade debtors	868,124	678,955
Other debtors	1,249,845	873,759
Prepayments and accrued income	657,157	817,205
	2,775,126	**2,369,919**

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 2 July 2023 £	Unaudited At 3 July 2022 £
Trade payables	2,483,656	3,542,647
Other taxation and social security	1,929,037	2,024,514
Other payables	891,460	583,870
Accruals and deferred income	4,030,024	2,831,384
	9,334,177	**8,982,415**

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

12. 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 2 July 2023 £	**IFRS 16 Transition £**	**IFRS 26 weeks ended 2 July 2023 £**	**UK GAAP 26 weeks ended 3 July 2022 £**	**IFRS 16 Transition £**	**IFRS 26 weeks ended 3 July 2022 £**
Revenue	32,745,623	-	32,745,623	26,898,368	-	26,898,368
Cost of sales	(7,534,184)	-	(7,534,184)	(6,184,070)	-	(6,184,070)
Gross profit	**25,211,439**	**-**	**25,211,439**	**20,714,298**	**-**	**20,714,298**
Other operating income	-	-	-	211,310	-	211,310
Administrative expenses	(25,869,027)	788,851	(24,970,307)	(20,712,692)	708,671	(20,004,021)
Profit/(loss) from operations	**(657,588)**	**788,851**	**241,132**	**212,916**	**708,671**	**921,587**
Adjusted EBITDA	1,773,722	2,979,750	4,753,472	2,508,013	2,134,969	4,642,982
Pre-opening costs	(266,104)	90,162	(175,942)	(354,288)	66,708	(287,580)
Share based payments	(208,493)	-	(208,493)	(181,014)	-	(181,014)
Depreciation and amortisation	(1,821,899)	(2,171,192)	(3,993,091)	(1,443,659)	(1,493,006)	(2,936,665)
Exceptional items	(125,544)	-	(125,544)	(306,866)	-	(306,866)
Non-trading costs	(9,270)	-	(9,270)	(9,270)	-	(9,270)
	(657,588)	**898,720**	**241,132**	**212,916**	**708,671**	**921,587**
Finance income	12,914	-	12,914	276	-	276
Finance expense	(118,217)	(750,936)	(869,153)	(79,681)	(578,130)	(657,811)
Profit/(loss) before tax	**(762,891)**	**147,784**	**(615,107)**	**133,511**	**130,541**	**264,052**
Tax charge	(3,402)	-	(3,402)	(107,531)	-	(107,531)
Profit/(loss) for the period and comprehensive income attributable to equity holders of the parent company	**(766,293)**	**147,784**	**(618,509)**	**25,980**	**130,541**	**156,521**

	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited
	UK GAAP 26 weeks ended 2 July 2023 £	IFRS 16 Transition £	IFRS 26 weeks ended 2 July 2023 £	UK GAAP 26 weeks ended 3 July 2022 £	IFRS 16 Transition £	IFRS 26 weeks ended 3 July 2022 £
Non-current assets						
Intangible assets	2,629,623	-	2,629,623	2,604,279	-	2,604,279
Right-of-use assets	-	30,836,951	30,836,951	-	29,603,290	29,603,290
Property, plant and equipment	13,379,173	694,484	14,073,657	10,109,347	824,342	10,933,689
Total non-current assets	**16,008,796**	**31,531,435**	**47,540,231**	**12,713,626**	**30,427,632**	**43,141,258**
Current assets						
Inventories	376,641	-	376,641	442,693	-	442,693
Trade and other receivables	4,013,124	(1,237,998)	2,775,126	3,632,953	(1,263,034)	2,369,919
Cash and cash equivalents	1,327,470	-	1,327,470	6,083,998	-	6,083,998
Total current assets	**5,717,235**	**(1,237,998)**	**4,479,237**	**10,159,644**	**(1,263,034)**	**8,896,610**
Total assets	**21,726,031**	**30,293,437**	**52,019,468**	**22,873,270**	**29,164,598**	**52,037,868**
Current liabilities						
Trade and other payables	11,186,622	(1,852,445)	9,334,177	10,763,355	(1,780,940)	8,982,415
Lease liabilities	-	5,762,578	5,762,578	-	5,329,676	5,329,676
Loans and borrowings	-	-	-	-	-	-
Corporation tax liability	-	-	-	1,008,221	-	1,008,221
Total current liabilities	**11,186,622**	**3,910,133**	**15,096,755**	**11,771,576**	**3,548,736**	**15,320,312**
Non-current liabilities						
Lease liabilities	-	30,801,995	30,801,995	-	29,591,636	29,591,636
Loans and borrowings	2,939,751	-	2,939,751	2,921,208	-	2,921,208
Total non-current liabilities	**2,939,751**	**30,801,995**	**33,741,746**	**2,921,208**	**29,591,636**	**32,512,844**
Total liabilities	**14,126,373**	**34,712,128**	**48,838,501**	**14,692,784**	**33,140,372**	**47,833,156**
Net assets / (liabilities)	**7,599,658**	**(4,418,691)**	**3,180,967**	**8,180,486**	**(3,975,774)**	**4,204,712**
Equity attributable to equity holders of the company						
Called up share capital	386,640	-	386,640	386,640	-	386,640
Share premium account	4,433,250	-	4,433,250	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	661,028	-	661,028	271,521	-	271,521
Retained earnings	(2,674,430)	(4,418,691)	(7,093,121)	(1,704,095)	(3,975,774)	(5,679,869)
Total equity	**7,599,658**	**(4,418,691)**	**3,180,967**	**8,180,486**	**(3,975,774)**	**4,204,712**