TORTILLA

Annual Report & Accounts 2022


ROJA
TREAT A FRIEND

Contents

STRATEGIC REPORT

At a glance

Tortilla Mexican Grill plc ("Tortilla", "the Group") is now the largest and most successful fast-casual Mexican restaurant business in the UK.

The Group was founded in 2007 by Californian duo Brandon and Jen Stephens to bring authentic burritos and tacos to London from their former home in San Francisco.

Tortilla, specialists in freshly prepared, customisable, and authentic Californian-Mexican food, had 82 sites worldwide at the end of 2022: 62 Group-operated UK Tortilla sites of which three are delivery kitchens; three Group-operated UK Chilango sites; 17 franchise sites of which four are UK franchise sites run by SSP Group plc ("SSP"), five are UK franchise sites run by Compass Group plc ("Compass") and eight are franchise sites in the Middle East run by Eathos.

> "Visiting a Tortilla takes us home. And as they say, "mi casa es tu casa." Make yourself at home."
>
> – Brandon & Jen Stephens, Founders

82
sites worldwide

- 62 Group operated Tortilla sites
- 3 Group operated Chilango sites
- 4 SSP UK franchise sites
- 5 Compass Group UK franchise sites
- 8 Middle East sites

Our brands

The Tortilla and Chilango brands are synonymous with an energetic, vibrant culture and great value for money. They embrace fast-growing sector trends (including eating out, healthy eating, provenance, ethnic cuisine and delivery) across a variety of locations, with a unique, popular product, a broad customer base and an effective multi-channel marketing strategy. Our customisable offer and scalable central infrastructure enable us to successfully adapt to a wide range of locations and formats.

Fast, Fresh, Filling

Our freshly-prepared, customisable, value-for-money burritos, tacos and salads appeal to a wide demographic

Quality first

Provenance is critical, with fillings prepared in-house, without artificial flavours or preservatives

Customisability

With every dish made to order, customers choose exactly what suits their tastes and dietary requirements

Convenient

A great grab-and-go offer that travels well, whether it's ordering in-store or through delivery

Value for money

Our prices are more affordable than our branded direct and indirect competitors.

Award Winning Burritos

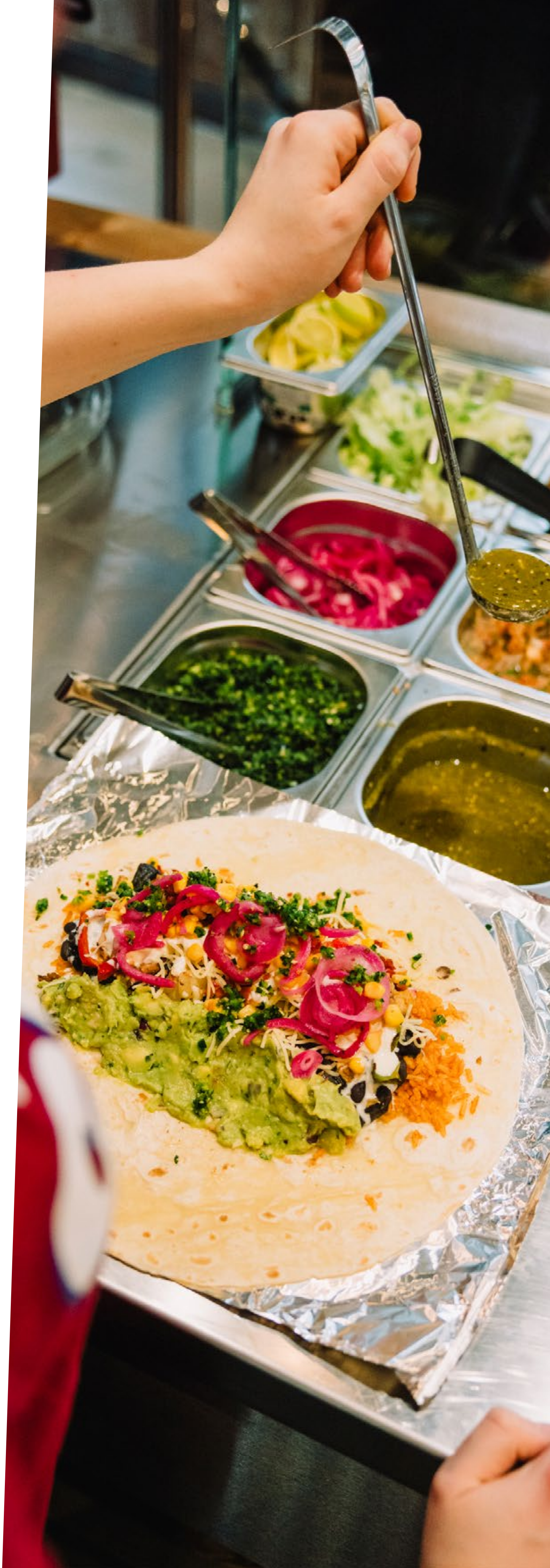
Best Cheap Eats
The Observer

Best Mexican Restaurant in London
Zagat

Best value restaurant chain over 20 sites
R200

Best buy list
Zagat

Top 10 Highest Growth UK Hospitality Businesses
Zolfo Cooper (now Alix Partners)



Chair's statement

Tortilla's last annual report was published shortly after the start of the war in Ukraine. Back then, little did any of us know the extent to which this geopolitical event would come to shape our year, due to the unprecedented levels of food and energy inflation impacting businesses and consumers.

The Group has a long-established reputation for providing a high-quality and great value for money proposition and the Management team has worked hard to mitigate some of these cost pressures. We have resisted passing on all additional costs to our valued customers through price increases and jeopardising our key value for money score. However, taking this necessary long-term view has inevitably impacted the Group's short-term EBITDA margin and annual profits.

I want to thank you, our shareholders, for your understanding.

The Board has been determined that the business arises from this challenging period in a strong manner and is ready to take advantage of the economic recovery. Accordingly, I am pleased to report a number of excellent achievements delivered in the year:

1. We continued our successful UK organic rollout of sites, opening ten new Group-operated sites, including our first sites in smaller cities like Leicester and Coventry. Early trading has been encouraging in these new locations.
2. We acquired Chilango Ltd, which comprised eight additional sites, seven of which are in London strengthening the Group's market position. We have converted five of these sites to Tortilla branding, which supports our confidence in London as office working returns.
3. We commenced a franchise relationship with Compass Group, with five university sites now open, ensuring our key 'student' audience gets to know the brand.
4. We opened a further airport site with SSP Group in Bristol, in time for the summer holidays, which illustrates the relevance of the brand in super high footfall hubs.
5. We strengthened our Management Team with the appointment of a new Operations Director, Stephen Clark (ex-Whitbread plc), People Director, Holly Foot, and Head of IT, Andrew Brook.
6. We relaunched our loyalty scheme – Tortilla Club – to enhance active customer engagement and have already seen good uptake. This scheme has also helped to support customers through the cost-of-living squeeze.

Board Changes

You will read in this report that our franchise business, both in the UK and in the Middle East, is flourishing and we are keen to explore how we can exploit strategic partnerships like this to expand quickly using less capital. I was delighted that Francesca Tirtiello, who has 20 years of European franchising experience, joined the Board as a Non-Executive Director and Chair of the Remuneration Committee in 2022.

In other changes, Laurence Keen, has recently taken on leading the expansion of Hollywood Bowl in Canada. Given the time and travel demands of this new role he has decided to not seek re-election at the AGM. The Board would like to thank Laurence for his support since IPO.

Francesca Tirtiello will now take over as Chair of Audit. We have begun recruitment for a new Non-Executive to chair the Remuneration Committee and will update you when we make this appointment.

> "We remain confident that our value proposition will give the Group resilience as people seek value-for-money options."

2023 – a great value proposition

Our shareholders will undoubtedly have read about consumer spending on 'eating out' being under pressure. However, the Group has been monitoring customer behaviour closely over the last six months, and we remain confident that our great value proposition will give the Group resilience as people seek value-for-money options. After all, we continue to serve customers great fresh food and a drink, in a fun and vibrant atmosphere, at competitive price.

Finally, I have really enjoyed meeting several of our shareholders last year. So, alongside the dialogue you have with Richard and Andy, please feel free to contact me if you would like to discuss our business at any point.

EMMA WOODS
CHAIR
27 MARCH 2023

Chief Executive Officer's statement

The Group was in fantastic shape as we entered 2022, following record performances achieved across our estate in 2021, having navigated the post Covid-19 environment and opened a record number of new sites.

This strong performance continued into 2022 until the UK was presented with several macro-economic challenges following Russian's invasion of Ukraine, which led to unprecedented levels of food and energy inflation. This set the business on a different footing for the rest of the year, as careful supply chain management became essential to the operation of the business.

However, Tortilla has a strong track record of resilience. The business has proven to be dynamic and able to quickly adapt to economic downturns, and 2022 was no exception. We have been able to capitalise on the opportunities afforded by the commercial property market for example, enabling us to continue to grow our footprint across the UK by stepping up our site rollout. We were also able to secure more favourable terms with landlords on our new sites. The Group's growth was further accelerated by the strategic acquisition of Chilango Ltd, which contributed a further eight sites to the estate.

Chilango acquisition

Chilango was one of our strongest competitors in central London. As an award-winning fast-casual restaurant chain specialising in Mexican food, Chilango is a well-known and complementary premium brand with high levels of customer loyalty. The Group acquired the business in May 2022 to fast track our presence across London, particularly ahead of the anticipated return to office-based working in the capital.

As Covid-19 restrictions were lifted and businesses increasingly encourage employees to return to the office, we have seen demand in central London bounce back strongly, and we are confident that this demand is here to stay.

In line with our strategic plans following the acquisition, five Chilango sites have been re-branded to Tortilla. We have seen improved trading performances at these sites following conversion, which demonstrates the strength of the Tortilla brand and the success of the efficiencies found by utilising the Group's operating model.

Three acquired sites have remained as Chilango branded sites, and we have invested in refurbishment projects at these sites which were completed in early 2023. It is early days for these stores post-refresh, however the initial indicators are promising.

The complementary Chilango brand provides an excellent further growth opportunity for the Group in the years ahead and we are excited to see where the brand takes us.

New site pipeline

Since IPO, the Group's primary growth strategy has been to organically accelerate its presence across the UK, seeking to open 45 new sites over five years. I am thrilled to say that a grand total of 18 new sites opened in 2022, including the Chilango conversions previously outlined, and we are well on track to meet our five-year target. This is a huge triumph given the challenging economic landscape.

We have seen a significant increase in the availability of viable units in key target locations across the UK, and the Group has capitalised on this by securing favourable lease terms with landlords, not only in the form of lower rents but also often with incentive packages included to support capital expenditure. By securing such units and terms we are confident that we will continue to reap the rewards that these sites have to offer for years to come.

Looking forward, the Group is well-positioned to expand further, and we are continuing to have a strong pipeline of new sites for this year and beyond. In Q1 2023, we opened a further two new sites with positive early indicators. The Group is on track to open between 10-12 new sites in 2023.

"Tortilla has proven to be dynamic and able to quickly adapt to economic downturns, and 2022 was no exception."

Franchising and Partnerships

A flourishing aspect of our business is the world of franchising. We have continued to strengthen our relationships with our existing partners, SSP and Compass Group, which led to six new sites opening in 2022 across the UK. Five of these were with Compass Group located in higher education UK campuses at Brunel, Swansea, Middlesex, Sussex and Salford, following a successful trial early in the year. We opened one further site with SSP Group at Bristol Airport which delivered a fantastic performance. Other travel hubs such as Gatwick Airport achieved a record sales performance, proving that busy travel locations are well suited to Tortilla's operating model.

Our UK franchise manager relocated to the Middle East to help grow our franchise partnership in the region. This provides us with great comfort for the future prospects of the business, with a 'home-grown' Tortilla expert working directly to identify new site locations.

Last year we reshuffled our estate of delivery-only kitchens by expanding further with Growth Kitchen and commencing a new partnership with Karma Kitchen. We also expanded our partnerships with delivery partners, adopting a multi-platform approach.

Supply chain

One of the key pillars of Tortilla's success has always been our strong relationships with our suppliers, and in 2022 this became more critical. Early in 2022, we encountered unprecedented levels of food inflation, and it became essential for us to work diligently with our suppliers to ensure that operations were not disrupted. It is a testament to the strength of our supplier relations that we were able to maintain 100 percent menu availability throughout the year despite the numerous challenges presented.

In the meantime, as the reality of the cost-of-living crisis in the UK set in, we recognised the importance of our competitiveness in terms of pricing. To help mitigate this, we looked for other ways of delivering on profitability. We provided top line sales incentives for employees to boost sales volumes at our peak times and implemented tighter controls around expenditure. Full menu reviews were conducted to ensure that the most suitable recipes and ingredients were being used at any given time in the rapidly changing environment. Pricing will remain closely monitored and under review.

Where our prices did increase, the sensitivity of such rises was closely monitored to ensure that the spending habits of both existing and potential customers were not impacted. We were also proud to have kept our price rises below inflation and maintain our competitive price position. We managed to strike the right balance of maintaining reasonable margins without pricing our customers out of our great value offer.

Looking forward to 2023, supply chain management continues to be a key focus area. As we navigate the current economic environment, we will continue to optimise what is within our control whilst continuing to work with suppliers to find cost efficiencies.

People Values and Culture

In September 2022 the Group published its first ESG report, setting out its sustainability commitments and vision for the future.

People are at the core of Tortilla's success. Our ongoing commitment to our people is evident in the career progression of our General Managers, of which 40% have risen through the ranks and have been promoted into their current role in the last year.

The Group recognises that our General Managers form the very foundation of the business and to reflect this, we offer an excellent benefits package. This includes a paid sabbatical for General Managers who serve in the role for five years and bonus payments for mystery diner scores, as well as competitive pay rates for all team members.

In 2022, we recruited Holly Foot as our People Director. She is focusing on enhancing our manager training and development programme, in line with our drive to grow from within. Her role is incredibly important in the context of the current recruitment environment, and we are confident that Holly's expertise will help us to attract and retain the best talent in the industry.

Our Annual Conference was held in February 2023 to celebrate the successes of the business and the individuals within it. It was a hugely motivational and positive day, with the vision of the business shared with all our Head Office and General Manager teams.

Technology

Technology will be at the forefront of our customer service offering and will also be used to implement more efficient reporting procedures across the business moving forward. This will help us to drive more positive relationships with employees and customers alike.

In March 2023 we were delighted to welcome our new Head of IT to the Group. This newly-created role was made to enable us to move forward with our technology strategy, and we look forward to providing updates on this crucial business area in the coming months.

International

Tortilla is already the largest fast-casual Mexican chain in the UK & Europe and Mexican cuisine continues to grow in popularity across the globe. We are committed to furthering Tortilla's UK growth story, though we are simultaneously aware of the huge opportunity for a leading Mexican fast-casual brand to thrive across continental Europe.

The Group continues to seek out new businesses and partnerships as we develop our European growth strategy. We are thrilled that Francesca Tiritiello joined the Board as a Non-Executive Director. She has brought a wealth of experience with European restaurant franchising to help the Group achieve this. Following our success with UK franchising, we are excited about the opportunity to utilise a similar low-capital approach and establish a greater international presence.

Current Trading and Outlook

Looking forward, the Board is excited about the opportunity ahead. Current trading remains in line with expectations, with like for like (LFL) sales growth for the eight weeks to 26 February 2023 up 4 percent on FY2022 (11 percent when adjusted for VAT).

The last few years have been punctuated by exceptional events that continue to test us, our industry and the wider UK economy in every area. Whilst Covid-19 gave us opportunities, the cost implications for us over the last 12 months clearly created challenges that inevitably had an impact on profitability. We see these issues as relatively short term in nature, although we expect that costs will remain at a higher level than before the Ukraine conflict over the longer term. We have a flexible pricing strategy and remain confident that we offer excellent value for money to our customers, but clearly a greater semblance of certainty and normality will help in all aspects of our business and the wider sector alike. There has been action taken by management across supply chain to manage costs and aid profitability, including hedging utilities (April-September 2023), providing certainty for the majority of FY2023.

Tortilla is an incredibly resilient business, as we have shown over a number of years. The continued growth in popularity of Mexican cuisine and related consumer trends towards healthier eating, customisable options and convenience have supported our consistent growth. Our recent successes in Derby, Leicester and Coventry and other cities show that the brand can operate across different communities, geographies and demographics. We have a healthy pipeline of further openings planned for later in the year including in Milton Keynes and Bracknell; and are ahead of progress on our IPO 2021 target of 45 new sites in five years.

We will continue to push to develop and grow the brand through new site openings, partnerships, the implementation of new technology and our increased presence in all aspects of social media. Our Tik Tok posts are legendary!

Messaging remains buoyant from us all. This business will succeed whatever is thrown at it and we look forward to continuing this journey in 2023 and beyond.

RICHARD MORRIS
CHIEF EXECUTIVE OFFICER
27 MARCH 2023

Key strengths

Through continuous innovation, we work hard to maintain high standards in all aspects of business. Over the past few years, the following elements have proven areas of particular strength.

Our products

Tortilla has developed a great reputation for its freshly prepared, customisable, value-for-money product range of burritos, tacos and salads. This has enabled us to appeal to a wide demographic, maintaining our loyal customer base and generating further customers as we grow. Our defining characteristics also align with forecasted consumer trends and preferences, providing a positive outlook for the future.

By offering great value-for-money, we have successfully expanded operations across the UK, and are able to charge a minor delivery premium (to address delivery commission costs) while remaining highly competitive.

Embracing sector trends

The Tortilla Group observes and embraces key consumer trends, flexing our products, services and formats to capitalise on growing demand and maintain relevance in a rapidly changing market. Our offering thus adheres to the dominant demands driving our sector, which include:

- **Healthy eating** – packed with rice, beans, vegetables and plant-based options, our menu suits those seeking healthy fast-casual food
- **Fresh and high provenance** – our freshly prepared food is from high quality, responsible sources communicated with full transparency to the consumer
- **Convenience** – Tortilla food is available in-store, via takeaway or delivery, ensuring maximum options for optimum convenience, and reaching more customers than ever before via our widespread delivery-only kitchens
- **Customisation** – a wide range of options enable customers to tailor their Tortilla meal to their preferences and dietary requirements
- **Ethnic food** – Tortilla's authentic Mexican style food caters to consumers' growing interest in ethnic food

Flexible business model

Much of the Group's success, during the pandemic and beyond, can be attributed to our ability to adapt, flexing our business model quickly and effectively to suit circumstances and locations.

Our flexibility is driven by three key factors of our business model:

- Trading strength over eat-in, takeaway and delivery channels
- Ability to trade in small units and without extraction
- Value-for-money offering that appeals to diverse customers including students, local residents and office workers

In contrast to similar fast-casual restaurant businesses, Tortilla has achieved significant geographical spread throughout the UK – in terms of both presence and sales. Over half of our estate and twelve of our top twenty selling stores are located outside of London, covering a wide range of sites including shopping centres, high streets, residential areas, delivery-only kitchens and transport hubs. We are adept at scouting and identifying the best format for new locations.

Moreover, our scalable central infrastructure, currently a 5,500 square foot Central Production Unit ("CPU") in Tottenham Hale, provides cost advantages over our direct competitors, the flexibility to increase its size in tandem with our growth strategy and the assurance that product quality remains consistent across all sites.

Marketing strategy

Through our clearly defined multi-channel marketing strategy, the Group has built and maintained a loyal and diverse customer base.

Our national campaigns run throughout the year with special promotions for seasonal products and recipes across print, online and social media, alongside targeted regional marketing for new site launches.

With a large proportion of customers in the younger age demographic (aged 16-34), we achieve significant engagement via social media and our vast influencer network drives widespread engagement across the most popular social media platforms, sharing bite-size videos reaching millions of views.

Strong leadership

Tortilla's senior Management team continues to excel in its ability to deliver strong and sustainable growth. Under the stewardship of an experienced Board of Directors, our team has continued to execute Tortilla's growth strategy effectively, taking full advantages of opportunities as they arose and conducting all activity with kindness, integrity and ownership.

We focus on hiring the best people at all levels and work hard to propagate our strong culture and values throughout the organisation.

Our Board and senior Management team regularly visit stores and speak with teams and guests to ensure a strong connection between corporate objectives and on-the-ground practice.

Cost effective hiring model

The simplicity of Tortilla food means that recipes and methods are straightforward, and managers can train those with limited experience to high levels of competency within a short time period. We can therefore focus on hiring those with the values and behaviour we seek, enabling us to maintain our culture and avoid the negative impact of the UK's chef shortage.

This also helps us to hire from within our stores' local communities, reducing travel time and cost for employees. All stores strive to get to know their customers on first name terms as part of the 'Raving Fans' initiative, and by creating this 'independent' feel to each restaurant, we gain a further competitive advantage.

Property portfolio and strategy

At the end of 2022, the Group had 82 sites worldwide: 62 UK sites we operate ourselves (59 Tortilla, three Chilango), four UK sites franchised to SSP Group, five UK sites franchised to Compass Group and eight franchised sites in the Middle East. The Group's property portfolio is entirely leasehold.

Within the UK, the Group's portfolio of sites is well diversified with respect to locations, with 34 sites within the M25 area and 28 sites outside of it. Five of Tortilla's top ten stores (by profit) are located outside of the M25. As customers of fast-casual operators tend to be primarily impulsive purchasers (65 percent of our customers visit on impulse), sourcing locations with high footfall is a critical part of boosting brand awareness and generating sales.

Tortilla's property portfolio

The Group's success is driven by our proven property strategy with flexibility across site locations and formats. We generally target locations ranging from 60 square metres to 200 square metres, with the exception of our delivery-only kitchen sites, which operate in typically 25-35 square metre sites. The estimated capital expenditure per site (excluding delivery-only kitchens) ranges from £375,000 to £475,000 (excluding landlord contribution) depending on the size of the unit, site condition and store front requirements.

The Group aims for a 30 percent minimum target investment hurdle for its return on capital employed. Our sites are primarily located in high street areas, residential locations, shopping centres and transport hubs as these high footfall locations provide seven-day trade with lunch and dinner availability, helping the brand appeal to a wider range of consumers and trade throughout the day.

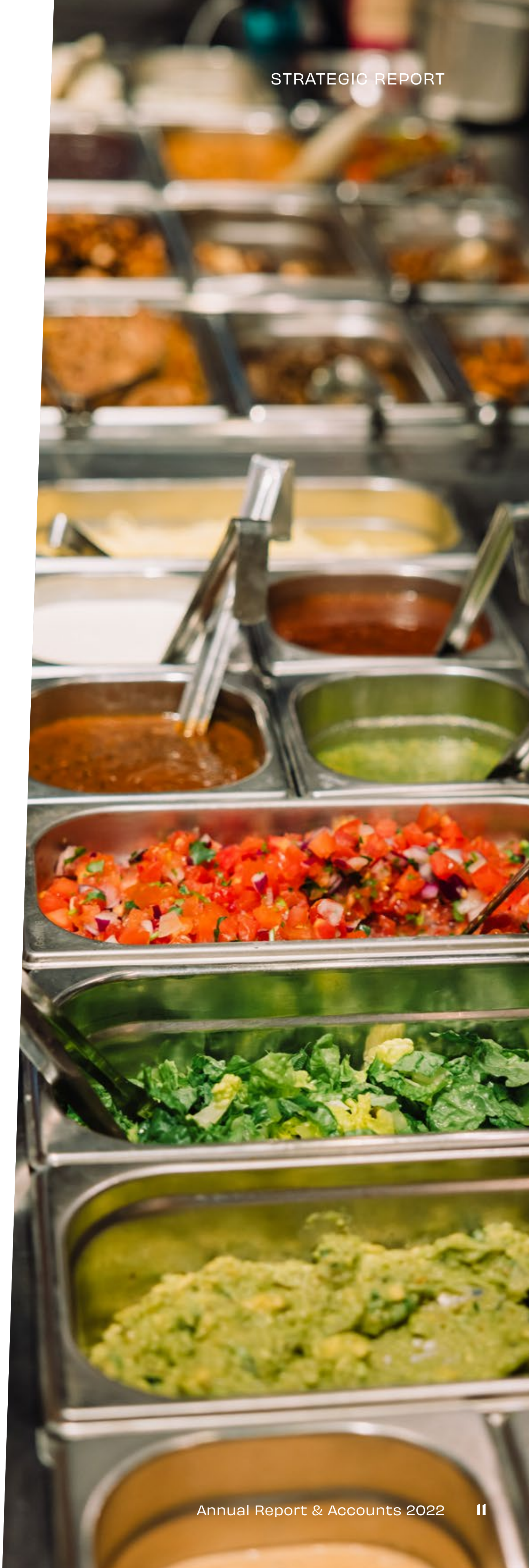
New sites

New sites have historically been a core driver of Tortilla's development. Tortilla opened eight sites in 2014, and five/six sites per year in 2015, 2016 and 2019, but slowed this rollout in 2017 and 2018 as rents did not provide the necessary value at that time. Understandably, site openings slowed in 2020 but we accelerated our pipeline by opening seven sites in 2021 (four bricks and mortar and three delivery kitchens) along with two new SSP Group franchise units. 2022 was a record year for growth with a total of 18 additions to the estate.

> "The Group observes and embraces key consumer trends, flexing our products, services, and formats to capitalise on growing demand and maintain relevance in a rapidly changing market."

New sites will continue to play a key role in our targeted growth trajectory. Tortilla has a specialised property team that supports our growth with a rigorous new site process including site selection, assessment, contract negotiation and fitting. By opening new sites on a regular basis, we have a well-established, reliable infrastructure in place to manage the roll-out as required. We also have a dedicated operations team that relocates to new sites to ensure that new staff are adequately trained and are supervised appropriately before they manage the site themselves.

As the number of sites within the Group's portfolio increases, Tortilla will benefit from an expanding base of senior employees familiar with these processes, and a larger regional Management infrastructure to support new site openings. During 2022, we have been working closely with CACI who have confirmed there are in excess of 200 locations throughout the UK which meet the specific criteria of Tortilla.



Chief Financial Officer's review

Group financial KPI summary

	2022	2021	Change
Revenue	**£57.7m**	£48.1m	+ 20.0%
Gross profit margin	**76.4%**	79.6%	- 3.2% pts
Administrative expenses	**£43.6m**	£36.5m	+ 19.3%
Net (loss)/profit after tax	**(£0.6m)**	£1.4m	- 147.0%
Cash generated from operations	**£7.6m**	£11.7m	- 35.0%
Alternative performance measures ("APMs")			
LFL revenue growth (vs 2019)[1]	**16.4%**	23.8%	- 7.4% pts
Adjusted EBITDA (pre-IFRS 16)[2]	**£4.0m**	£8.7m	- 54.6%
Net cash/(debt) (pre-IFRS-16)[3]	**(£0.6m)**	£6.7m	- 108.2%

[1] defined as the percentage change in like-for-like sales compared to 2019 and so it excludes periods of non-trading

[2] 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. The reconciliation to profit from operations is set out below in this section of the report.

[3] defined as cash and cash equivalents less gross debt. Calculated on a pre-IFRS 16 basis and so does not include lease liabilities.

Revenue

Revenue increased by 20 percent to £57.7m, compared to £48.1m in FY2021. This was attributable to the following factors:

- An underlying 16.4 percent like-for-like revenue growth across the estate;
- The strategic acquisition of Chilango Ltd, adding a further eight sites across the estate and revenue of £3.3m; and
- The addition of ten new company-owned sites in FY2022 (+£3.2m), as well as the annualisation of the FY2021 openings (+£1.2m).

The above factors are partially offset by a £3.9m decrease resulting from the removal of the reduced rate of VAT which benefitted the Group in FY2021.

The Group achieved an adjusted EBITDA (pre-IFRS 16) in 2022

£4.0m

Gross profit margin

The Group achieved a gross profit margin in FY2022 of 76.4 percent (FY2021: 79.6 percent).

To support the hospitality industry in FY2021, following the lifting of the Covid-19 lockdown, the Government temporarily applied a reduced VAT rate of 5 percent to certain suppliers. This was in place from Q1 2021 to Q3 2021 and was lifted to 12.5 percent in Q4. From Q2 2022, the VAT rate returned to 20 percent. Consequently, FY2022 benefitted less than FY2021, by £3.9m, which equates to a 1.9 ppts reduction in gross profit margin.

The war in Ukraine, combined with the legacy of the pandemic, led to unprecedented levels of inflation in FY2022. We saw a c.30 percent increase in protein costs, which accounted for approximately one-third of our cost of goods sold. This was the main contributor to the remaining 1.3 ppts decrease in gross profit margin.

Administrative expenses

Administrative costs increased by 19.3 percent year-on-year to £43.6m. This was largely attributable to the increased level of trade in FY2022, as the restaurants were closed for a period in FY2021 due to the pandemic. As a percentage of revenue, administrative expenses remained consistent year-on-year at 75.5 percent (FY2021: 75.9 percent).

Administrative expenses also incorporate exceptional items, which decreased to £0.5m in FY2022 (FY2021: £1.8m). The £1.3m decrease was attributable to costs incurred for the Group's IPO in FY2021. Of the £0.5m in FY2022, £0.4m is related to the Chilango Ltd acquisition.

Adjusted EBITDA (pre-IFRS 16)

The Group utilises Adjusted EBITDA (pre-IFRS 16) as the primary assessment metric of profitability. A reconciliation of this measure compared to profit from operations is below.

	52 weeks ended 1 January 2023 £	52 weeks ended 2 January 2022 £
Profit from operations	**536,129**	**3,634,155**
Pre-opening costs	813,154	126,753
Share option expense	362,028	90,507
Depreciation and amortisation	6,212,778	6,255,038
Reversal of impairment	(208,023)	-
Exceptional items	542,140	1,856,268
Non-trading costs	18,538	244,639
IFRS 16 adjustment	(4,304,273)	(3,466,784)
Adjusted EBITDA (pre-IFRS 16)	**3,972,471**	**8,740,576**

The Group generated £4.0m of Adjusted EBITDA (pre-IFRS 16) in FY2022, a reduction of £4.7m compared to FY2021. This decrease was most notably driven by the £4.8m VAT benefit that was received in FY2021.

Whilst the ongoing challenges of inflation impacted our Adjusted EBITDA for FY2022, we remain confident that our competitive price point and customisable offering put us in a strong position to continue to grow and succeed going forward.

Cash flow

Cash generated from operations decreased in line with the reduction in Adjusted EBITDA, save for the settlement of a number of FY2021 working capital related cash flows (namely leasehold payments) that were deferred to early FY2022.

Cash expenditure on property, plant and equipment increased due to the addition of more new sites in FY2022 compared to FY2021 and higher maintenance capital costs arising from numerous refurbishments when the Group converted five Chilango sites to Tortilla branding.

The acquisition of Chilango Ltd 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 Ltd for working capital needs.

Financing and net debt

The Group had cash balances of £2.4m on 1 January 2023 which translated to a net debt position of £0.6m (FY2021: net cash of £6.7m).

The Group's £10.0m revolving credit facility (RCF) is held with Santander UK plc and comprises a drawn balance of £3.0m at 1 January 2023 with a further £7.0m of undrawn facility available to the Group.

The financing facility attracts interest at a rate of 2.75 percent above SONIA on drawn balance, subject to an upward-only ratchet based on increased net leverage levels, and is secured until 14 September 2026.

Share based payments

Share-based payment expenses of £0.4m were recognised in FY2022 (FY2021: £0.1m) relating to the Group's Long Term Incentive Plan ("LTIP") created as part of the Group's admission to AIM.

Dividend

The Board did not recommend a dividend for FY2022. As previously announced, the Group's capital will be focused on growth over the coming years with the dividend policy subject to re-assessment going forward.

Going concern

In assessing the going concern position of the Group for the consolidated financial statements for the year ending 1 January 2023, the Directors have considered the Group's cash flow, liquidity and business activities.

During FY2022 the Group did not draw down any further on the debt facilities meaning it has access to a further £7.0m of financing and this remained undrawn on 1 January 2023. The Group had cash balances of £2.3m on 1 January 2023 which translated to a net debt position of £0.7m.

The Group has prepared forecasts for the next twelve months, including a base case and a severe downside case. Refer to note 2.6 of the financial statements for details of the assumptions and methodology applied.

Upon consideration of this analysis and the principal risks faced by the Group, the Directors are satisfied that the Group has adequate resources to continue in operation for the foreseeable future, a period of at least twelve months from the date of this report. Accordingly, the Directors have concluded that it is appropriate to prepare these financial statements on a going concern basis.

Directors' Duties – Section 172 Statement

The Directors are aware of their duty under Section 172(1) of the Companies Act 2006 ("CA06"), to act in the way they consider, in good faith, would be most likely to promote the success of the Group for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

- the likely consequence of any decision in the long term;
- the interests of the Group's employees;
- the need to foster the Group's business relationships with suppliers, customers and others;
- the impact of the Group's operations on the community and the environment;
- the desirability of the Group maintaining a reputation for high standards of business conduct; and
- the need to act fairly as between members of the Group.

The following disclosure describes how the Directors have had regard to the matters set out in Section 172(1)(a) to (f) and forms the Directors' statement under section 414CZA CA06.

Stakeholder engagement

The Board is fully committed to engaging with stakeholders and understands the importance of considering their differing interests when considering and making decisions. Stakeholder engagement plays a central part in the Group's purpose and strategy and will play a fundamental role in helping the Group achieve long term sustainable success. Whilst it will not always be possible to ensure a positive outcome for all stakeholders following Board decisions, the Board will always listen to and understand stakeholder views.

Our key stakeholders:

- Employees
- Customers
- Local community and environment
- Suppliers
- Shareholders

Employees

Stakeholder interests:

- Career progression
- Development opportunities
- Reward and recognition
- Health and safety
- Competitive benefits

How we engage:

- In-store recognition and incentives
- Group's internal employee platform
- Annual Group-wide Management and support office conference
- Social events and quarterly business updates
- Assessment of employee engagement conducted annually
- Provision of an employee assistance programme for health and wellbeing
- Benefit portals Wagestream and Perkbox are accessible to all

Customers

Stakeholder interests:

- High quality produce at a great price
- Consistency of food and service across the estate
- Customisable food offer
- Embracing new food trends

How we engage:

- Digital and in-store marketing
- Customer loyalty program
- Feedback surveys
- New product development and limited time offers
- Brand collaborations
- Allergen and nutritional calculator tool
- Mystery Diner Programme

Local community and environment

Stakeholder interests:

- Community resource
- Disposable packaging to be recyclable or bio-degradable
- Events

How we engage:

- Where possible, hire from within the local communities where stores are based
- Paying competitive salaries and hourly rates
- Provision of safe and friendly space for the local community
- Tight supply chain with controls on sourcing packaging that is in line with our environmental standards

Suppliers

Stakeholder interests:

- Long-term partnerships and fair pricing
- Ethical and sustainable trading
- Sourcing quality produce and higher welfare meats

How we engage:

- Open dialogue regarding service levels and upcoming challenges/opportunities
- Regular price reviews and fair negotiations
- Menu development discussions

Shareholders

Stakeholder interests:

- Financial and operational performance
- Growth in Group
- Environmental, social and corporate governance

How we engage:

- AGM, interim and annual reports
- One-to-one meetings
- Trading updates via RNS
- Corporate website

Approved by the Board on 27 March 2023 and signed on its behalf by:

ANDY NAYLOR
CHIEF FINANCIAL OFFICER

Risk and mitigation

The Board is ultimately responsible for ensuring that a robust risk management process is in place and that it is being adhered to. The Directors consider the following to be the principal risks faced by the Group:

Operational cost control degradation

Risk: Poor operational controls and processes would lead to a degradation in Group margins.

Responsibility: COO

Mitigation: The Group reviews and manages strict weekly budget controls. Our Financial and Operational teams work collaboratively to address any problems via weekly calls.

Availability of new sites

Risk: Increased competition for new sites may cause increased rents/difficulty obtaining new prospects due to competitors outbidding the Group.

Responsibility: Property Director

Mitigation: Our property team is extremely experienced, so the business can obtain maximum potential prospects. We grow other property prospects such as delivery-only kitchens, franchised units and licencing opportunities to supplement the core pipeline.

Decline in popularity

Risk: Decline in customer demand for burritos tacos and the wider Mexican cuisine could lead to declining sales.

Responsibility: Marketing Director

Mitigation: The Group has a strong focus on new product development and marketing activities to keep our product offering relevant with the customer base. Consumer trends are monitored and embedded into the proposition wherever possible. We aim to keep our prices as low as possible to retain our strong value-for-money proposition.

Input cost inflation

Risk: Inflated cost of ingredients, materials, fuels or transportation may increase input costs thus reducing profit margin.

Responsibility: CFO

Mitigation: We manage our supply chain in a highly detailed manner, adjusting to input cost pressures by either seeking alternatives (i.e. product swap out) or by increasing menu prices to offset impact. Furthermore, we manage commodity risk by locking in prices for three-six months where possible.

CPU business continuity

Risk: Restaurants are reliant on sourcing certain food products from the CPU. Business disruption at this facility would impact the restaurants' ability to trade.

Responsibility: Head of Food

Mitigation: The Group have invested in strengthening the CPU Management team and created a working party to identify strategies for business continuity. The Group are also exploring expanding the unit to grow the estate and are also exploring contingency arrangements with third parties.

Brand reputational damage

Risk: Reputation issues relating to any actual/perceived problems with our products (e.g. availability, quality, variety and value for money), customer services or the outsourced delivery (through Deliveroo), could subject the brand to reputational damage (such as adverse publicity, negative reviews/adverse social media commentary). Possible issues include food poisoning, unknowingly serving an allergen to a customer, or one of our franchise partners may fall below Group standards.

Responsibility: Marketing Director and COO

Mitigation: Our Marketing team closely monitor social media channels and customers' feedback forms. Store managers sign store crisis management documents which are displayed in staff rooms to highlight procedure for identifying issues and responding to direct media contact. Our crisis communications plan, accessible for all Management staff, highlights our escalation process by severity of issue.

Food safety risk is mitigated by strict controls around the production and storing of food. Stores are audited both internally and by third party experts. The CPU maintains Safe And Local Suppliers Approval ("SALSA") accreditation and has full traceability systems. Our allergen procedure is built into core training procedures and both allergen and dietary information is held centrally. The Group avoids most serious allergens to lower risk further.

Franchising risk is mitigated by legal agreements that enforce the ability for the Group to exert control over the operations of the franchisee. We carry out regular audit visits to check franchisee standards, and products are all sourced from CPU ensuring quality.

Staff shortages

Risk: The Group's success depends on the retention of key personnel and our ability to recruit, retain and develop suitable personnel, including site managers and staff who serve customers. Any future shortages of qualified personnel or the Group's inability to recruit and retain such personnel could have a material adverse effect.

Responsibility: People Director

Mitigation: At restaurant level, the Group is well-protected from some of the more challenging recruitment difficulties in the industry. Due to the CPU, restaurants do not require significant specialised skills in the kitchens which means both back of house and front of house activities are easy to train and do not require experienced employees.

To recruit/train General Managers, we use a combination of internal resource and external recruitment resourcing, pay competitively, and provide structure development and opportunities to grow with the Group.

Accidents at work

Risk: The Group's employees and customers are at risk of accidents whilst working or visiting one of our sites.

Responsibility: COO

Mitigation: The Group maintains a strong training culture to ensure that staff can minimise the frequency of accidents at work. Furthermore, the Group insures this risk, reducing risk of financial exposure.

Brand infringement

Risk: The Tortilla brand and its intellectual property (including trademarks) is key to our value. Damage to the brand or inability to protect intellectual property could have a material adverse effect.

Responsibility: CFO

Mitigation: The Group has trademarked 'Tortilla' and 'Tortilla Pronto' so the intellectual property of both is legally covered. The Group uses an external monitoring service which watches any recently filed third party trademark applications and opposes any identified threats.

System issues/failure

Risk: The Group could be subject to a disruptive cyber-attack, resulting in systems being unavailable. Temporary or sustained disruption in card payment processing services could also result in the Group's failure to receive payments and/or customers to make card payments. This would have a negative impact on operations and financial position.

Responsibility: CFO

Mitigation: IT systems are managed by Wanstor. The head office server is backed up offsite daily so services can be restored. Our Operations team uses Microsoft Sharepoint which is protected by Microsoft policies and therefore considered low risk. Each site has two separate internet lines per site with failover in operation between these should one encounter a problem. Each store has a 3G enabled mobile payment device that can be used in the case of an internet outage impacting both internet lines.

Supply chain disruption

Risk: Unforeseen events such as swine flu or BSE could impair the Group's ability to source produce, causing an adverse effect on the Group's operations.

Responsibility: CFO

Mitigation: The Group uses an external consultancy with expert foresight of upcoming issues to manage supply chain issues. Issues are therefore flagged early, and resolutions found. The Group utilises low risk items which are easily sourced from alternative sources as they are not specialist in nature.

CORPORATE GOVERNANCE

Board of Directors

Committee Key:

A Audit Committee N Nomination Committee R Remuneration Committee Committee Chair

A N R

Emma Woods

NON-EXECUTIVE CHAIR

Emma has extensive operational experience at Board level in multi-site leisure businesses. She is currently a Non-Executive Director (Senior Independent Director and the Chair of the Remuneration Committee) for The Gym Group plc, Non-Executive Director (Chair of the Remuneration Committee) for Great Portland Estates plc, and a Non-Executive Director of Huel Limited (a nutritional food company).

Emma was formerly CEO of Wagamama between 2018 and 2021, during which time she navigated the acquisition by TRG plc and the Covid-19 pandemic, prior to which she was Wagamama's Chief Growth Officer. Emma's extensive operational, customer service, digital and marketing skills were gained through her senior marketing roles at Merlin Entertainments, Pizza Express and Unilever.

Richard Morris

CHIEF EXECUTIVE OFFICER

Richard joined Tortilla as Managing Director in 2014 and subsequently became CEO In January 2019.

Richard has over 30 years' experience in the food sector. After starting his career in the US, Richard held roles at TGI Fridays and Rainforest Café. He joined Loch Fyne Restaurants' original management team as Operations Director in 1999, becoming Managing Director in 2005. He oversaw the sale of the business to Greene King in 2011. Richard then joined Daylesford Organic in 2011 where he oversaw the Company's London operations.

Andy Naylor

CHIEF FINANCIAL OFFICER

Andy joined Tortilla in July 2017 as CFO, bringing with him 15 years' experience.

Andy joined Tortilla from Gaucho, where he was Head of Finance, a role which included overseeing the sale of the business to Equistone Partners. Andy started his career at Deloitte and holds an ACA qualification.

Alongside his role as CFO, Andy is also Tortilla's Commercial Director. In this role, Andy continues to focus on business development for the Group, working alongside franchise partners and reviewing Tortilla's many alternative revenue-driving opportunities.

A N R

Brandon Stephens

NON-EXECUTIVE DIRECTOR

Brandon founded Tortilla in 2007 and led Tortilla as CEO until 2014.

Brandon has also been Founder/CEO of REVL, Chairman of Red's True Barbecue, and Interim Director of e-commerce for Arcadia Group. He currently advises TriSpan's Rising Stars fund, a dedicated restaurant private equity programme, and is a NED for Thunderbird Fried Chicken Ltd and Mamma Roma Group.

Brandon started his career in Silicon Valley and has also worked as a consultant at Accenture and Booz Allen Hamilton. He holds an Electrical Engineering degree from Princeton and an MBA from London Business School.

A N R

Laurence Keen

NON-EXECUTIVE DIRECTOR

Laurence is currently Chief Financial Officer of Hollywood Bowl Group plc which he joined in 2014 as Finance Director.

Prior to this, Laurence was UK development Director for Paddy Power from 2012.He has held senior retail and finance roles for Debenhams plc, Pizza Hut (UK) Limited and Tesco plc.

Laurence has a first-class degree in business, mathematics and statistics from the London School of Economics and Political Science. He qualified as a chartered accountant in 2000 and has been an ICAEW Fellow since 2012.

Loeïz Lagadec

NON-EXECUTIVE DIRECTOR

Loeïz represents the interests of Quilvest Capital Partners, a global alternative investments player with circa. USD7 billion of assets under management, which has been the largest shareholder in Tortilla since 2011.

Loeïz is a Partner in Quilvest's direct private equity investment team and has served on the Boards of a number of portfolio companies including Sogetrel, EDH, BT Blue, Minafin, and Tortilla.

Before joining Quilvest in 2006, Loeïz spent two years with the Boston Consulting Group in Paris and Barcelona. Loeïz is a graduate of HEC in Paris (Ecole des Hautes Etudes Commerciales) and was awarded an MBA from Harvard Business School. He also holds a masters in French corporate law.

A N R

Francesca Tiritiello

NON-EXECUTIVE DIRECTOR

Francesca brings a wealth of business development, franchise, finance and M&A experience and she has been involved in the successful expansion of many branded businesses across the European QSR market, in both advisory and senior finance positions.

Francesca is currently a Partner and Co-Founder of Kikkirossi, a European boutique advisory firm specialising in international franchise and brand development.

Previously, she has held several director and CFO roles in European hospitality businesses, including eight years at Yum! Brands Inc., the owner and operator of household names including KFC, Pizza Hut and Taco Bell.

Francesca holds a Masters Degree, Summa Cum Laude, in Business Economics and is a CFA Charter holder.

Application of the Code Principles

As Chair of the Board, I have the pleasure in presenting the corporate governance report for the period ended 1 January 2023.

The Board is committed to ensuring high standards of corporate governance As the Group is AIM listed, the Board believes that the Quoted Companies Alliance Corporate Governance Code (the "QCA Code") continues to be the most appropriate corporate governance code to be used. During the financial period ended 1 January 2023, the Company has applied and complied with the QCA Code as detailed in the table below.

Emma Woods
Chair

Principle 1

Establish a strategy and business model which promote long-term value for shareholders

The Board is responsible for implementing the strategy and managing the business of the Group, and time is allocated to discuss strategic matters at each Board meeting. The Board holds a dedicated strategy session each year.

Principle 2

Seek to understand and meet shareholder needs and expectations

The Board understands the fundamental importance of ensuring and maintaining an appropriate level of dialogue with shareholders. The Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO") are responsible for investor relations, with the Board ultimately being responsible for and ensuring a satisfactory dialogue with Shareholders. The Group's financial PR agency leads the preparation, coordination and communication of all dealings with the financial community and is the primary point of contact for shareholders and third parties.

Principle 3

Take into account wider stakeholder and social responsibilities and their implications for long-term success

The Group considers the key stakeholders to be its employees, suppliers, customers, community, and regulators.

The Board understands that the Group's long-term success relies heavily upon strong relations with each of their stakeholders and that they must ensure that the needs of each are understood and met.

The Board is committed to ensuring a continuous and open dialogue with its stakeholders, both internal and external. It is understood that stakeholder feedback must be integrated into both the Board's decisions and the Group's strategy and business model as is ultimately integral to the Group's success. Further details can be found in the Section 172 Statement on pages 15 to 16.

Principle 4

Embed effective risk management, considering both opportunities and threats, throughout the organisation

The Board ensures that effective risk management, including the consideration of both opportunities and threats, is embedded throughout the Group. A risk management framework is in place and is reviewed by the Board on an annual basis.

The Board and Audit Committee regularly review the risk register, and in particular the principal risks facing the business, and challenge Management to ensure that appropriate mitigations are in place to manage risks within the Board's agreed appetite.

Further details can be found in the Matters Reserved for the Board and the Audit Committee Terms of Reference.

Details of the key risks faced by the business and how we mitigate them are detailed on pages 17 to 19.

Principle 5

Maintain the Board as a well-functioning, balanced team led by the chair

The Nomination Committee is responsible for overseeing the structure, composition and make-up of the Board and leads the search and selection process for new Board appointments, including reviewing succession plans, evaluating the balance of skills, diversity, experience, independence, and knowledge of Directors.

Principle 6

Ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities

Each Director brings appropriate experience to the Board. During 2022, in order to strengthen the Board with international franchise experience, the Board appointed a new Non-Executive Director, Francesca Tiritiello.

Principle 7

Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement

2022 was the Group's first full year of trading on AIM. Accordingly no evaluations of the Board and its Committees were undertaken. Evaluations will take place in 2023 and annually thereafter.

Principle 8

Promote a corporate culture that is based on ethical values and behaviours

The culture of the Group is set by the Board, and the Directors are committed to promoting a culture of honesty and ethical behaviour. All new staff to the Group receive training and information on the values and culture of the Group, as well as receiving regular communications from the senior Management team. The following policies, amongst others, are included in the Employee Handbook: Whistleblowing, Anti-Bribery, Equality and Diversity, Bullying and Harassment and Corruption and Bribery. The Group invests in creating a culture of employee engagement via the Workplace platform, in addition to which the CEO releases periodic all-employee updates.

Principle 9

Maintain governance structures and processes that are fit for purpose and support good decision-making by the board

The Chair has the ultimate responsibility for corporate governance, and ensures that the Directors have access to timely, accurate and clear information from which to base their decisions, as well as ensuring that the Committees are functioning appropriately and the fiduciary requirements of the Board are being carried out.

Principle 10

Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders

The Group communicates with its shareholders through:

- the Annual Report and Accounts;
- half-year report announcements;
- RIS announcements;
- AGM;
- one-to-one meetings with large existing or potential new shareholders;
- its investor relations programme; and
- the Company's website (www.tortillagroup.co.uk).

Composition and independence of the Board

The Board currently consists of seven Directors: the Non-Executive Chair, two Executive Directors and four Non-Executive Directors ("NEDs"). Three of the Directors, Emma Woods, Francesca Tiritiello and Laurence Keen, are deemed by the Board to be independent in character and free from relationships or circumstances which could affect their judgement.

Details of each Director's experience and background are given in their biographies on pages 21 and 22. Their skills and experience are relevant and cover areas in the leisure and hospitality industries including global marketing, business development, financial management and control, corporate governance, legal and mergers and acquisitions.

The Board considers all Directors to be effective and committed to their roles.

Appointments to the Board and re-election

The Board has delegated to the Nomination Committee the tasks of reviewing the Board's structure, size and composition, preparing a description of the role and capabilities required by a particular appointment and identifying and nominating, for the approval of the Board, candidates to fill board vacancies as and when they arise. Further details on the role of the Nomination Committee are available in its Terms of Reference which can be found on the Group's website: https://tortillagroup.co.uk/corporate-governance/ ad details of the work of this Committee can be found in the Nomination Committee report of page 35.

Each of the Directors will Directors offer themselves for annual re-election or election at the Annual General Meeting, in accordance with best practice in corporate governance.

How the Board works

The Board has overall responsibility for the Company's purpose, strategy, business model, performance, capital structure, approval of key contracts and major capital investment plans, the framework for risk management and internal controls, governance matters and engagement with shareholders and other key stakeholders.

The Board remains committed to understanding the needs of our shareholders and the wider stakeholders and it always considers how the Board's decisions impact them in the longer term. In the Section 172 statement on page 15 we explain who the key stakeholders are and how the Directors engage with them. The Board's full responsibilities are set out in a formal schedule of matters reserved for its decision.

Board meetings

The Board has an agreed annual schedule of activity for its meetings, and the meetings of its Committees. Additional meetings may be convened outside that schedule to deal with ad-hoc matters as they arise.

Directors also have contact on a variety of issues between formal meetings. An agenda and accompanying detailed papers, covering key business and governance issues are circulated to the Board in advance of each Board meeting.

The Board normally meets at least six times per year. Attendance at the Board and Committees for 2022 is set out in the table below:

Director	Board Meetings	Audit Committee Meetings	Nomination Committee Meetings	Remuneration Committee Meetings
Emma Woods	7/7	3/3	3/3	3/3
Richard Morris	7/7	-	-	-
Andy Naylor	7/7	-	-	-
Brandon Stephens	7/7	3/3	3/3	3/3
Loeïz Lagadec	6/7	-	-	-
Laurence Keen	7/7	3/3	3/3	3/3
Francesca Tiritiello[1]	2/2	1/1	1/1	1/1

[1]*Appointed 20 September 2022*

Division of responsibilities

The Chair and Chief Executive have separate, clearly defined roles. The roles and responsibilities of the Chair and Chief Executive Officer are set out below:

Emma Woods, as Chair of the Board, is responsible for leading an effective Board, upholding high standards of corporate governance throughout the Group, particularly at Board level, and ensuring appropriate strategic focus and direction.

The Chair has the ultimate responsibility for corporate governance and ensures that the Board retains accountability for good governance and is responsible for monitoring the activities of the Senior Management team.

The CEO, Richard Morris, has overall responsibility for proposing the strategic focus to the Board, delivery of the business model and strategy and the day-to-day management of the Group's business.

Non-Excutive Directors

Each of the NED's has entered into a letter of appointment with the Company which set out the duties of the Director and commitment expected. They are expected to commit at least 20 days per annum to their role and are specifically tasked with:

- bringing independent judgement to bear on issues put to the Board;
- applying their knowledge and experience in considering matters such as strategy, company performance, use of resources and standards of conduct; and
- ensuring high standards of financial probity and corporate governance.

How the Board operates

Certain matters are specifically reserved for decision by the Board, and these are set out in a formal Schedule of Matters Reserved for the Board. The matters reserved include decisions relating to:

- setting the Group's values and standards, including policies on employment, health and safety, environment and ethics, and ensuring workforce policies are consistent with the Group's values and supports long term success of the Group;
- the Group's strategic aims and objectives;
- the structure and capital of the Group;
- financial reporting, financial controls and dividend policy;
- approval of significant contracts and expenditure above agreed delegated authority limits;
- effective communication with shareholders; and
- any changes to Board and Committee membership or structure.

The Board has delegated other matters, responsibilities and authorities to its Board Committees, details of which are stated later in this report. Anything falling outside of the schedule of matters reserved or the Committees Terms of Reference falls within the responsibility and authority of the Chief Executive, including all Executive Management matters.

At each meeting, the Board reviews comprehensive financial and trading information produced by the Management team and considers the trends in the Company's business and its performance against strategic objectives and plans. It also regularly reviews the work of its formally constituted standing Committees as described below and compliance with the Group's policies and obligations.

All Directors are expected to attend all meetings of the Board and any Committees of which they are members, and to devote sufficient time to the Company's affairs to fulfil their duties as Directors. Where Directors are unable to attend a meeting, they are encouraged to submit any comments on paper to be considered at the meeting to the Chair in advance to ensure that their views are recorded and taken into account during the meeting.

Directors are encouraged to question and voice any concerns they may have on any topic put to the Board for debate.

The main activities of the Board during the year

There are a number of standing and routine items included for review on each Board agenda. These include operational reports, financial reports, governance and investor relations updates. In addition, key areas put to the Board for consideration and review included:

- approval of annual and half-year report and financial statements;
- dividends;
- review and approval of budget;
- review against strategy;
- implementation of strategy;
- investor relations;
- acquisitions and integration, including the acquisition of Chilango Ltd; and
- approval of the appointment of a new NED.

Board Committees

The Board is supported by three committees, each established in accordance with the recommendations of the QCA Code: the Audit Committee, the Nomination Committee; and the Remuneration Committee. Laurence Keen is Chair of the Audit Committee, Emma Woods is Chair of the Nomination Committee, and Francesca Tiritiello is Chair of the Remuneration Committee. The Board has determined that each Committee's members have the appropriate skills to discharge their duties. Details of the operation of the Committees are set out in their respective reports.

Each Committee supports the Board in effectively carrying out its responsibilities and is governed by their Terms of Reference which are reviewed and approved by the Board annually. Further detail on the roles and activity of the Audit, Nomination and Remuneration Committees are set out in their respective reports below.

External advisors

The Board receives annual briefings and updates from the Group's Nominated Adviser, Liberum Capital Limited, in respect of continued compliance with the AIM Rules.

The Board seeks advice on various other matters from its Nominated Adviser and other advisers as appropriate.

Development, information and support

Directors keep their skillset up to date with a combination of attendance at industry events, individual reading and study, and experience gained from other Board roles. Directors also have direct access to the advice and services of the Company Secretary. The Company Secretary supports the Chairman in ensuring that the Board receives the information and support it needs to carry out its roles. Directors are able to take independent professional advice in the furtherance of their duties, if necessary, at the Company's expense.

Conflicts of interest

Under the Company's Articles, the Directors may authorise any actual or potential conflict of interest a Director may have and may impose any conditions on the Director that are felt to be appropriate. Directors are not able to vote in respect of any contract, arrangement or transaction in which they have a material interest and they are not counted in the quorum. A process is in place to identify any of the Directors' potential or actual conflicts of interest.

Accountability

The Company has in place a system of internal financial controls commensurate with its current size and activities, which is designed to ensure that the possibility of misstatement or loss is kept to a minimum. These procedures include the preparation of management accounts, forecast variance analysis and other ad-hoc reports. There are clearly defined authority limits throughout the Group, including matters reserved specifically for the Board.

Financial and business reporting

The Board seeks to present a fair, balanced and understandable assessment of the Group's position and prospects in all half-year, final and any other ad-hoc reports, and other information as may be required from time to time. The Board receives a number of reports, including those from the Audit Committee, to enable it to monitor and clearly understand the Group's financial position.

Annual General Meeting (AGM)

This year's AGM will be held on Wednesday 17 May 2023. The Notice of Annual General Meeting is available on the Company's website at www.tortillagroup.co.uk/circulars-and-documents/. Separate resolutions are provided on each issue so that they can be given proper consideration and all shareholders are encouraged to submit their votes.

EMMA WOODS
CHAIR
27 MARCH 2023

Audit Committee report

On behalf of the Board, I am pleased to present the Audit Committee report for the period ended 1 January 2023.

Membership, role and responsibilities

The Audit Committee was expanded to four Non-Executive Directors during the year. I continue to act as Chair, alongside Emma Woods, Brandon Stephens and Francesca Tiritiello (appointed on 20 September 2022) with Emma, Francesca and I being deemed independent by the Board.

The role and responsibilities of the Audit Committee are set out in its formal Terms of Reference which have been approved by the Board and will be subject to annual review by the Committee. Our key role is in monitoring the integrity of annual and interim financial statements as well as ensuring the appropriate consideration is given to key accounting judgement and estimates. The Committee is has responsibility for monitoring the effectiveness of the Group's internal controls and risk management systems and reviewing reports from the Group's auditors relating to the Group's accounting. In all cases the Committee ensures it gives due regard to the interests of shareholders. The Committee also oversees the relationship with the external auditors (including advising on their appointment, agreeing the scope of the audit and reviewing the audit findings).

Activity during the year

The Committee met three times during 2022. Attendance of Committee members at the meetings is shown on page 25. Committee meetings were also attended by the external audit partner and other members of the external audit team. Although not members of the Audit Committee, our CEO and CFO are also invited to attend meetings.

Key activities of the Committee during the year included:

- reviewing the Group's draft financial statements and reviewing the external auditor's detailed reports thereon, including discussion of key audit matters and risks; and
- audit tender, resulting in appointment of new external auditor Haysmacintyre LLP with effect from 20 June 2022;
- approving the external auditor's plan for the audit of the Group's annual financial statements, including key audit matters, key risks, confirmation of auditor independence and terms of engagement, including audit fees;
- agreeing a policy for the engagement of the external auditor to carry out permitted non-audit services for the Group;
- meeting the external auditor, without management, to discuss matters relating to its remit and any issues arising from its work;
- reviewing the Group's risk register and risk management process; and
- reviewing the Group's internal controls.

Significant issues considered in relation to the financial statements

The Committee reviewed the financial statements, with particular attention to accounting policies and areas of judgement.

The key matters considered by the Committee in respect of the period ended 1 January 2023 are set out below:

Significant issues and judgements	How the issues were addressed
Valuation of goodwill, right-of-use assets and property, plant, and equipment	Detailed analysis of each individual cash generating unit ("CGU") was performed with a key emphasis on forward-looking profitability expectations. Each site is considered to be a separate CGU, which includes the allocated goodwill and right-of-use asset values. An independent consultancy was engaged to perform calculations of the Group's weighted average cost of capital ("WACC"). The Directors acknowledge that the key risk of material misstatement comes from achieving the key growth assumptions applied in the calculations and this has therefore been an area of focus, along with the WACC computation and goodwill allocation.
Acquisition of the Chilango Ltd Group and associated disclosures	The Group acquired 100% of the shareholding of Chilango Ltd in the period. The Group have utilised independent expertise to assist with the application of IFRS 3 to ensure that the accounting treatment for the acquisition was appropriate, including the fair value adjustments and subsequent calculation of goodwill.

External auditors & audit tender

The external auditor at the beginning of the year was Blick Rothenberg Audit LLP ("Blick") and by mutual consent it was agreed that the Company would tender the audit.

The Company undertook an audit tender and met with and considered three audit firms. After careful consideration it was agreed to appoint Haysmacintyre LLP. Blick and Haysmacintyre worked together to ensure an orderly handover of the audit process.

The Audit Committee oversees the relationship with the external auditor to ensure that auditor independence and objectivity are maintained. This includes monitoring the tenure of the external auditor and audit partner, and the nature and extent of any non-audit services that the external auditor is engaged to provide.

At the outset of the audit process, the Committee receives from the auditors a detailed audit plan, identifying their assessment of the key audit matters and their intended areas of focus. The Committee will review the effectiveness of the external process on an annual basis, taking into account the views of the CFO, finance team and the external auditor, as well as assessing the Committee's own interactions with the external auditor.

Risk management and internal control

The Board has overall responsibility for maintaining sound internal control and risk management systems and has delegated responsibility to monitor their effectiveness to the Committee.

The system of internal control comprises high level Groupwide controls, controls operating within individual stores and controls over processes. Policies, procedures and clearly defined levels of delegated authority have been communicated across the Group, and Management has identified the key operational and financial processes which exist within the business and implemented internal controls over these processes in addition to the higher-level review and authorisation-based controls. These policies are designed to ensure the accuracy and reliability of financial reporting and govern the preparation of financial statements. The Committee reviewed them during the year and deemed them sufficient for a Group of Tortilla's size and complexity.

Internal audit

The Group does not currently have an internal audit function, and the Committee supports Management's view that there is no need, at present, to establish an internal audit function given the operational scale of the business as well as the fact that no cash payments are made in its restaurants. The Committee will keep under review the need for an internal audit function on an annual basis.

Whistleblowing

The Group has in place a whistleblowing policy which sets out the formal process by which an employee of the Group may, in confidence, raise concerns about possible improprieties in financial reporting or other matters. No concerns were raised during the year and the Committee is comfortable that the policy is operating effectively.

LAURENCE KEEN
CHAIR
27 MARCH 2023

Remuneration Committee report

As Chair of the Remuneration Committee ("the Committee") I am pleased to present the report of the Committee for the period ended 1 January 2023, our first full year as a listed company.

Membership, role and responsibilities

I was appointed the Committee's Chair when I became a Non-Executive Director of the Group in September 2022. Laurence Keen, Emma Woods, and Brandon Stephens are the other members of the Committee, who all served for the full year. I would like to thank Laurence for acting as Chair of the Committee until his handover to me of the role.

Emma Woods, Laurence Keen and I are considered independent by the Board within the meaning of the QCA Code. Brandon is not considered independent as he is the founder Director of the Company.

The Committee operates under Terms of Reference approved by the Board, which are available for inspection on the Company's website at https://tortillagroup.co.uk/. The terms of reference are subject to an annual review by the Committee.

The Committee is responsible for reviewing the performance of the Executive Directors and other designated Senior Executives and, within the terms of the agreed remuneration policy, determining their remuneration packages, including where appropriate, bonuses, incentive payments and the grant of share options or other share awards.

The Terms of Reference of the Committee requires that it meets at least twice a year.

Activity during the year

The Committee met three times in 2022, and all relevant Committee members were present at every meeting. During the period, the Committee discussed and agreed:

- to approve the remuneration arrangements for the new People Director and the new Head of Commercial Finance;
- to review the performance against bonus targets and outturns for the financial period ended 1 January 2023;
- to grant awards under the Tortilla Mexican Grill plc Long Term Incentive Plan 2021 ("LTIP") to the Executive Directors; and
- to appoint PwC as independent external advisors to the Committee.

The Remuneration Committee understands the emphasis placed on, and the scrutiny of, executive pay, and as a newly public company a key area of focus for the Committee this year has been the transition from a founder-led business into the public environment. This has included evolving the details on remuneration set out in our Admission Document and last year's Remuneration Committee Report into a clear strategy for long term incentivisation and retention. As a result, from 2023 it is anticipated that performance-related awards will be granted on an annual basis to the Executive Directors and key members of the Senior Management team to support the Company's ambitious growth plans following admission to AIM and to enable us to recruit, motivate and retain key talent in a competitive market.

As part of our review of the incentive strategy, the Committee also approved the first grant of awards under the LTIP following the Company's IPO to the two Executive Directors in December 2022. These awards of nil cost options will vest after two years, subject to continued employment, and will bridge the gap until the first vesting under the future performance-related awards to further support retention over this key period in the Company's growth.

Remuneration policy

The objective of the Group's remuneration policy is to attract, motivate and retain high quality individuals who will contribute to the success of the Group. In order to achieve this, the Group provides competitive salaries and benefits, and Executive Directors' remuneration is balanced between both fixed and performance-related elements. It is the Remuneration Committee's intention that remuneration should reward achievement of objectives aligned with shareholders' interests over the medium to long term.

The table below summarises the key elements of the remuneration policy for Executive Directors:

Element	Link to remuneration policy/strategy	Operation	Maximum opportunity	Performance metric
Base salary	To help recruit and retain high performing Executive Directors. Reflects the individual's experience, role and importance to the business	Basic salary is reviewed annually at the start of the financial period with reference to each Executive Director's performance and contribution during the year, Group performance, the scope of the Executive Directors' responsibilities and consideration of competitive pressures.	There is no prescribed maximum annual base salary or salary increase. The Committee is guided by the general increase for the broader employee population, but has discretion to award a lower or a higher increase.	The Committee considers individual and Group performance when setting base salary.
Benefits	To help recruit and retain high performing Executive Directors. To provide market competitive benefits.	Benefits are in line with those offered to other senior Management employees and include private medical expenses cover and life insurance cover.	No maximum potential value.	None
Pension	To help recruit and retain high performing Executive Directors. To provide market competitive pensions.	Executive Directors are entitled to participate in the Group's pension scheme.	The CEO and CFO receive statutory minimum pension contributions, in line with legislation and with all other UK employees.	None
Annual bonus	To incentivise and reward performance. To align the interests of the Executives and shareholders in the short and medium term.	Parameters, performance criteria, weightings and targets are set at the start of each year. Payments are made in cash following completion of the year subject to the Committee's assessment of performance against targets and other matters it deems relevant.	The maximum bonus opportunity for the CEO and CFO is 100 percent of base salary.	Performance measures may include financial, non-financial, personal and strategic objectives. Performance criteria and weightings may be changed from year to year.
Long Term Incentive Plan	To incentivise and reward long term performance and value creation. To aid retention and align the interests of Executive Directors and shareholders in the long term.	Executive Directors are eligible to receive awards under the 2021 Long Term Incentive Plan at the discretion of the Committee. Under the 2021 LTIP, awards may be granted as nominal or nil cost options or market value options. Awards are subject to malus and clawback provisions. An additional holding period post vesting may be applied.	The maximum LTIP opportunity for the CEO and CFO is 100 percent of base salary.	Awards may be subject to performance conditions, including financial and non-financial metrics. Performance criteria and weightings may be changed from year to year.

Non-Executive Directors

The Non-Executive Directors do not have service contracts but instead have letters of appointment which contain a three-month notice period.

Annual Remuneration Report

Directors' remuneration (audited)

The total remuneration paid to each Director who served during the period ending 1 January 2023 is set out in the table below:

	Salary/fee £000	Taxable benefits £000	Annual Bonus[1] £000	Pension contributions £000	Total Remuneration 2022 £000	Total Remuneration 2021 £000
Executive Directors						
Richard Morris	210	4	-	1	**215**	367.9
Andy Naylor	150	2	-	1	**153**	274.6
Non-Executive Directors						
Emma Woods	75	-	-	-	**75**	21.7
Laurence Keen	41	-	-	-	**41**	11.5
Loeïz Lagadec[2]	-	-	-	-	**-**	-
Brandon Stephens	30	-	-	1	**31**	29.0
Francesca Tiritiello[3]	-	-	-	-	**-**	-
Total	**506**	**6**	**-**	**3**	**515**	**704.7**

[1] *Outturns for the 2022 annual bonus are described below.*

[2] *Loeïz Lagadec is employed by Quilvest. As part of the Relationship Agreement entered into on 30 September 2021, Quilvest were entitled to be paid £30,000 per annum.*

[3] *Appointed 20 September 2022. Francesca Tiritiello is employed by Kikkirossi Sàrl. As part of the Agreement entered into on 20 September 2022, Kikkirossi Sàrl is entitled to be paid £45,000 per annum.*

Pension contributions (audited)

Executive Directors are entitled to participate in the Group's pension scheme, in line with terms available for the UK workforce, and each of the CEO and CFO receive a contribution of 3 percent of base salary within the legal thresholds for auto-enrolment.

Annual bonus (audited)

The table below sets out the performance targets which applied to the 2022 annual bonus for Executive Directors:

	Weighting	Performance targets			Underpin
		Threshold	Target	Maximum	
Corporate EBITDA	70%	£6.86m	£7.00m	£7.28m	N/A
New site openings	20%	9 company owned + 3 delivery kitchens	10 company owned + 3 delivery kitchens	N/A	Corporate EBITDA of £6.3m
Customer service	10%	Average Google and Deliveroo App score of 4.3	Average Google and Deliveroo App score of 4.4	Average Google and Deliveroo App score of 4.5	Corporate EBITDA of £6.3m

Due to the challenging macroeconomic environment the Company has operated in during the 2022 financial year, the stretching financial performance targets that underpin the underlying the annual bonus awards were not achieved. As a result, no bonuses will be paid to the Executive Directors in respect of the period ended 1 January 2023.

LTIP (Audited)

The Executive Directors were granted awards of nil cost options over ordinary shares under the LTIP during the year, with a face value at the date of grant equal to 50 percent of base salary. The awards will vest on the second anniversary of grant, subject to each Executive Director's continued employment over the period, with no other performance conditions.

The table below sets out details of all outstanding share awards in respect of the Executive Directors, which includes those granted during the financial year as well as those granted on IPO:

Type of initial option	No. of Ordinary Shares subject to options	Grant date	Vesting date	Exercise price (pence)
Richard Morris				
CSOP option	16,574	8 October 2021	50 percent of the aggregate Ordinary Share options vest on the third anniversary of the date of grant, and the remainder vest one year later. Both elements are subject to continued employment and the satisfaction of Adjusted EBITDA (pre IFRS-16) performance targets.	181
LTIP (market value) option	756,907	8 October 2021		
LTIP (nil cost) option	120,000	1 December 2022	1 December 2024, subject to continued employment only.	Nil
Andy Naylor				
CSOP option	16,574	8 October 2021	50 percent of the aggregate Ordinary Share options vest on the third anniversary of the date of grant, and the remainder vest one year later. Both elements are subject to continued employment and the satisfaction of Adjusted EBITDA (pre IFRS-16) performance targets.	181
LTIP (market value) option	447,514	8 October 2021		
LTIP (nil cost) option	85,714	1 December 2022	1 December 2024, subject to continued employment only.	Nil

Implementation of remuneration policy in 2023

The remuneration policy for 2023 will operate as follows:

	Basic salary/fee £'000	Maximum bonus (% of salary)	Maximum LTIP (% of salary)	Pension (% of salary)
Executive Directors				
Richard Morris	227	100%	100%	3%
Andy Naylor	162	100%	100%	3%
Non-Executive Directors				
Emma Woods	81	-	-	-
Laurence Keen	39	-	-	-
Loeïz Lagadec[1]	-	-	-	-
Brandon Stephens	32	-	-	-
Francesca Tiritiello[2]	-	-	-	-
Total	**586**	**-**	**-**	**-**

[1] In accordance with the terms of the Relationship Agreement between Quilvest and the Group dated 30 September 2021, Quilvest is entitled to receive a fee of £32,000 in respect of Loeïz Lagadec's service as a Non-Executive Director of the Group.

[2] Francesca Tiritiello is employed by Kikkirossi Sàrl. As part of the Agreement entered into on 20 September 2022, Kikkirossi Sàrl is entitled to be paid £45,000 per annum in respect of Francesca Tiritiello's service as Non-Executive Director of the Group.

The Remuneration Committee agreed that a salary increase of 8 percent will be applied for each of the Executive Directors, effective 1 January 2023. This is in line with the average increase awarded to the majority of the workforce. The Committee notes however that the new base salaries for both Executive Directors remain behind the market, and expects to carry out a recalibration of Executive Directors salaries once the business has reached 100 sites within the UK and has expanded into Europe. This will enable salaries to be increased in a meaningful way as a result of the business' expansion.

The maximum bonus opportunities for the 2023 financial year will be 100 percent of base salary. The increased opportunity from 2022 reflects an associated increase in the level of stretch within the underlying financial performance targets. In 2023, the bonus will continue to be assessed against financial (profit) and non-financial (relating to UK and European growth) targets, with 70 percent of total bonus opportunity weighted on the Group Adjusted EBITDA, and payment against the non-financial measures being conditional on the achievement of a financial underpin being met.

The actual performance targets are not disclosed as they are considered to be commercially sensitive but will be disclosed in the 2023 Annual Report when determination of the bonus has been made.

It is anticipated that a performance-based award will be granted under the LTIP to the Executive Directors during the 2023 financial year, with a maximum opportunity of 100 percent of base salary. The performance targets have yet to be determined and will be disclosed in next year's Directors' Remuneration Report.

Shareholder views

The Group is committed to high standards of corporate governance and our policy and disclosures on Directors' remuneration are intended to reflect this approach. We welcome shareholder feedback. We have included an advisory resolution on remuneration to shareholders at our 2023 AGM and we will continue to do this for all future AGMs. At the 2022 AGM, 100 percent of the votes cast were in favour of the remuneration report.

Directors' interests in shares

The beneficial interests of Directors holding office as at 1 January 2023 and persons connected with them in the ordinary shares of the Group (excluding share options) were as follows:

	Held at 1 January 2023
Richard Morris	1,378,397
Andy Naylor	142,565
Emma Woods	16,574
Laurence Keen	-
Loeïz Lagadec	-
Brandon Stephens	3,210,000
Francesca Tiritiello	-

There were no changes in the Directors' interests in shares between 1 January 2023 and 15 March 2023.

FRANCESCA TIRITIELLO
CHAIR
27 MARCH 2023

Nomination Committee Report

On behalf of the Board, I am pleased to present the Nomination Committee report for the period ended 1 January 2023.

Membership, role and responsibilities

The Nomination Committee is responsible for reviewing the structure, size and composition of the Board, preparing a description of the role and capabilities required by a particular appointment and identifying and nominating, for the approval of the Board, candidates to fill board vacancies as and when they arise. The Nomination Committee will meet, as required.

The Committee met three times during 2022 and its members are:

- Emma Woods (Chair)
- Laurence Keen
- Brandon Stephens
- Francesca Tiritiello (appointed on 20 September 2022)

Activities during the year

- Identifying a new Non-Executive Director to strengthen the Board's international growth expertise (further details given below)
- Annual review of Non-Executive Director independence and time commitment
- Board succession planning

Search for a new non-executive director

In order to strengthen the Board with international franchise experience, the Board appointed a new Non-Executive Director. Korn Ferry were appointed as an external recruitment agent to assist in the process. I, together with other Directors, met with a number of potential candidates who would add expertise and experience to the Board and its Committees.

I am pleased to announce that Francesca Tiritiello was appointed as a Non-Executive Director and as Chair of the Remuneration Committee and member of the Audit and Nomination Committees on 20 September 2022. Francesca brings a wealth of business development, franchise, finance and M&A experience and she has been involved in the successful expansion of many branded businesses across the European QSR market, across both advisory and senior finance positions. Francesca's biography can be found on page 21 and I have welcomed Francesca to the Board in my Chair's statement on page 5.

Appointment of senior independent non-executive director ("SID")

The QCA Code recommends that companies should consider whether it is appropriate to have a SID to deputise for the Chair of the Company and to also be a contact point for investors should they wish to discuss the Chair and other matters. Laurence Keen is currently the SID, however following his notification that he will be standing down from the Board at the AGM, the role will fall vacant for now. The Board will consider suitable candidates for this role in the future as it considers the overall composition of the Board and as it begins its recruitment for a new Non-Executive Director.

EMMA WOODS
COMMITTEE CHAIR
27 MARCH 2023

Directors' report

The Directors present the Directors' report on the affairs of Tortilla Mexican Grill plc (the "Company" or the "Group"), together with the audited consolidated financial statements, for the period ended 1 January 2023.

The following information is provided in other sections as noted below and is incorporated by reference into this report:

Strategic Report	Pages 2 to 17
Corporate Governance Report	Pages 20 to 40
Statement of Directors' Responsibilities	Pages 39 to 40
Going Concern Statement	Page 50

The Company is a public limited company, registered in England and Wales, with registered number 13511888, and is listed on the AIM segment of the London Stock Exchange. The Company has been permanently domiciled in the UK since incorporation and is the ultimate parent company of the Tortilla Group of companies. Details of the companies in the Tortilla Group are included in Note [X] to the audited financial statements on pages 44 to 76.

Review of the business

The Strategic report on pages 2 to 17 provide an operating and financial review of the business and the Group's trading for the year ended 1 January 2023 as well as risk management.

Dividends

The Directors' current intention is to retain the Group's earnings for re-investment in the rollout of new sites.

Accordingly, the Directors are not proposing the payment of a final dividend for the financial period ended 1 January 2023.

Directors

The Directors of the Company who held office during the year were as follows:

Executive Directors	Non-Executive Directors
Richard Morris	Emma Woods
Andy Naylor	Brandon Stephens
	Loeïz Lagadec
	Laurence Keen
	Francesca Tiritiello (appointed 20 September 2022)

Francesca Tiritiello having been appointed since the last Annual General Meeting (AGM) will be standing for election at the forthcoming AGM.

In accordance with our commitment to good corporate governance practice that is relevant to our business, the Board has voluntarily adopted the policy that all continuing Directors will stand for re-election on an annual basis. Biographical details of the Directors are set out on 21 to 22.

Directors' remuneration, share options, long-term executive plans, pension contributions, benefits and interests are set out in the Annual Remuneration report on pages 32 to 34.

The Group's Articles provide, subject to the provisions of UK legislation, an indemnity for Directors and Officers of the Group and Company in respect of liabilities they may incur in the discharge of their duties or in the exercise of their powers. Directors' and Officers' liability insurance cover is maintained by the Group and is in place in respect of all the Group's Directors at the date of this Annual Report. The Group will review its level of cover on an annual basis.

Share capital and substantial shareholders

As at 1 January 2023, the Group's issued share capital was £386,640.31 divided into 38,664,031 ordinary shares of £0.01. The holders of the ordinary shares are entitled to one vote per share at the Group's general meetings. Subject to authorisation by shareholder resolution, the Group may purchase its own shares in accordance with the Companies Act 2006. Any shares which have been bought back may be held as treasury shares or cancelled immediately upon completion of the purchase. There were no purchases of shares in the period. The Directors are not aware of any agreements between the holders of the Group's shares that may result in the restriction of the transfer of securities or on voting rights. No shareholder holds securities carrying special rights or controls over the Group's share capital.

As at 15 March 2023, the Company had been notified of the following interests amounting to 3 percent or more of the voting rights attaching to the Company's issued share capital:

	Number of Ordinary Shares of £0.01 each	% of Total Voting Rights
Quilvest	7,892,928	20.4
Canaccord Genuity Inc	5,394,623	14.0
Quantum Partners LP	4,477,570	11.6
Brandon Stephens	3,210,000	8.3
Patel family holding	2,637,375	6.8
Gresham House Asset Management Limited	2,132,175	5.5
Schroder Investment Management Limited	1,705,740	4.4
Nadine Benchaffai	1,540,500	4.0
Richard Morris	1,378,397	3.6

Streamlined energy & cardon reporting ("SECR") / energy consumption

In line with SECR requirements, the Group reports its energy usage and greenhouse gas emissions ("GHG") for the 52 weeks ended 1 January 2023.

	2022 energy usage kWh	2022 GHG emissions tCO2e	2021 energy usage kWh	2021 GHG emissions tCO2e
Natural gas (Scope 1)	498,472	90	454,139	83
Electricity (Scope 2)	6,193,603	1,198	4,643,497	986
Private transport (Scope 3)	153,063	34	62,808	14
Total	**6,845,138**	**1,322**	**5,160,444**	**1,083**
Intensity ratio				
Revenue		57,698,487		48,075,399
tCO2e per £m revenue		22.90		22.53

Methodology

All conversion factors that have been used are taken from the 2022 UK Government GHG Conversion Factors for Company Reporting document. Figures for energy consumption were taken from invoices or meter readings as appropriate.

Financial risk management

The financial risk management objectives of the Group, including credit risk and interest rate risk are provided in note 2.23 to the Consolidated Financial Statements on pages 45 to 48.

Related party transactions

There are no related party transactions to be disclosed under the AIM Rules.

Political donations

The Group made no political donations during the period ending 1 January 2023.

Employee policies

The Group's employment policy includes that the recruitment, training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees. Should any employee of the Group become disabled during their employment, we will retrain that employee and make necessary adjustments to their working environment where possible to keep the employee with the Group.

Auditor

Haysmacintyre LLP has indicated its willingness to continue in office as auditor and a resolution to appoint them will be proposed at the forthcoming Annual General Meeting.

Disclosure of information to auditors

So far as each of the Directors who held office at the date of this Director's Report is aware:

- there is no relevant audit information of which the Group's auditors are unaware; and
- each Director has taken all steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Group's auditors are aware of that information.

Annual general meeting

The Group's next AGM will be held at the offices of Liberum Capital Limited, 25 Ropemaker Street, London, EC2Y 9LY at 9:30am on 17 May 2023. Details of the business to be transacted at the AGM are set out in the Notice of AGM which is available on the Group's website and, where appropriate, by an announcement via a RIS, if any changes are required to the AGM arrangements.

The Directors' report was approved on behalf of the Board on 27 March 2023.

ANDY NAYLOR
CHIEF FINANCIAL OFFICER
27 MARCH 2023

Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group financial statements in accordance with UK-adopted international accounting standards. The Directors have elected to prepare the Parent Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 Reduced Disclosure Framework, and applicable law).

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the Group and the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- for the Group financial statements state whether they have been prepared in accordance with UK-adopted international accounting standards, subject to any material departures disclosed and explained in the financial statements;
- for the Parent Company financial statements, state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for ensuring the annual report and the financial statements are made available on a website. Financial statements are published on the Company's website in accordance with the legislation in the UK governing the preparation and dissemination of financial statements, which may differ from legislation in other jurisdictions.

The maintenance and integrity of the Company's website is the responsibility of the Directors. The directors' responsibility also extends to the ongoing integrity of the financial statements contained therein. In the case of each Director in office at the date the Directors' report is approved:

- so far as the Director is aware, there is no relevant audit information of which the Group's and parent Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Group's and parent Company's auditors are aware of that information.

This Responsibility Statement was approved by the Board on 27 March 2023 and is signed on its behalf by:

ANDY NAYLOR
CHIEF FINANCIAL OFFICER
27 MARCH 2023

Independent auditors' report to the members of Tortilla Mexican Grill plc

Opinion

We have audited the financial statements of Tortilla Mexican Grill Plc (the 'parent company') and its subsidiaries (the 'group') for the period ended 1 January 2023, which comprise the Consolidated Statement of Comprehensive Income, Consolidated and Company Statements of Financial Position, Consolidated Statement of Cash Flows, Consolidated and Company Statements of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the United Kingdom. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- give a true and fair view of the state of the Group's and of the Parent company's affairs as at 1 January 2023 and of the Group's loss for the period then ended;
- the group financial statements have been properly prepared in accordance with IFRS as adopted by the United Kingdom and in accordance with the requirements of the Companies Act 2006; and
- the parent company financial statements have been property prepared in accordance with United Kingdom Generally Accepted Accounting Practice and in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

An overview of the scope of our audit

For the 52 week period ended 1 January 2023, the Group undertook all its trading activities through it's wholly-owned owned subsidiaries. The scope of our audit work was therefore the audit of the Group, which included the parent company and its subsidiaries. All audit work to respond to the risks of material misstatement of both the group and parent company was performed directly by the audit engagement team. The scope of the audit and our audit strategy was developed by using our audit planning process to obtain and update our understanding of the Group, its activities, internal control environment, and likely future developments. Our audit testing was informed by this understanding of the Group and accordingly was designed to focus on areas where we assessed there to be the most significant risks of material misstatement.

Audit work to respond to the assessed risks was performed directly by the audit engagement team who performed full scope audit procedures on the two material subsidiaries, being Mexican Grill Limited and Chilango Ltd. Reduced scope audit procedures were performed on the remaining subsidiaries.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of property, plant and equipment (including right of use assets and allocated goodwill)

As at 1 January 2023, the Group recognised non-current assets with a carrying value of £47.4m. These assets are material to the Group and there is a risk that they are materially overstated if impaired.

For the period ended 1 January 2023 management assessed each cash generating units (CGUs) which are each of its operating sites for indicators of impairment. This incorporated the allocation of goodwill and right of use asset values to leasehold property in full.

The process for measuring and recognising impairment under International Accounting Standard (IAS) 36 "Impairment of Assets" is complex and highly judgemental.

Significant management judgement and estimation uncertainty is involved in this area.

Our audit work included, but was not restricted to the following:

- The assessment of Management's impairment review process and the consideration and challenge of Management's assumptions.
- The review of each cash generating unit for indicators of impairment and assessment of whether all sites showing risk indicators were considered in the impairment assessment.
- The verification of the arithmetic accuracy and integrity of the value in use model prepared by Management.
- The review and assessment of cashflows as forecast by Management and as used in their calculations of the value in use of the assets.
- The assessment and challenge of assumptions used in the impairment calculation with reference to data such as historic results, market trends and future expectations.
- Consideration of the appropriateness of the discount rate used in Management's impairment assessment, which was based on the Group's weight average cost of capital.
- The assessment of whether disclosures made in the financial statements relating to impairments are appropriate.

Acquisition of the Chilango Ltd group and associated disclosures

Tortilla Mexican Grill PLC purchased a 100% shareholding in Chilango Ltd during the year.

The accounting for a business combination can be complex and given the value of the business combination, this could have a material impact on the financial statements.

Our audit work included, but was not restricted to the following:

- The assessment of Management's accounting treatment of the acquisition
- The verification and review of supporting documentation in relation to the acquisition.
- The verification of the arithmetic accuracy of the acquisition journals and accounting, including calculation of goodwill.
- Consideration of Management's assessment of fair value adjustments resulting from the acquisition transaction.
- The assessment of whether disclosures made in the financial statements relating to impairments are appropriate.

Our application of materiality

The materiality for the Group financial statements as a whole was set at £577,000. This was determined as being 1% of group revenue. Revenue has been selected as a benchmark because it is a Key Performance Indicator of the Group and stakeholders are principally interested in the underlying performance of the Group. On the basis of our risk assessment and review of the Group's control environment, performance materiality was set at 75% of materiality, being £433,000. The reporting threshold to the audit committee was set at 5% of materiality, being £28,900. If in our opinion, differences below this level warranted reporting on qualitative grounds, these would also be reported.

We have determined Parent Company materiality to be £75,500 This was determined as being 2% of gross assets. Gross assets has been selected as the benchmark as the Parent company is a holding company and does not trade. Therefore the gross asset position is deemed to be the area of principle interest for the stakeholders. Because of our risk assessment and review of the Parent's control environment, performance materiality was set at 75% of materiality, being £56,600. The reporting threshold to the audit committee was set at 5% of materiality, being £3,780. If in our opinion, differences below this level warranted reporting on qualitative grounds, these would also be reported.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the group's ability to continue to adopt the going concern basis of accounting included but was not limited to:

- The review of Management's going concern assessment, which incorporates scrutiny of working capital projections for a period of at least twelve months from the date of approval of the financial statements;
- The review and consideration of the appropriateness of sensitivity analysis of trading performance and cash flow forecasts prepared by Management;
- Review and consideration of compliance with bank loan covenants during the period ended 1 January 2023 and as prospectively forecast;
- Challenging and assessing the underlying assumptions of the cashflow forecasts and considering whether the period of the forecast is appropriate and;
- The review of post balance sheet trading performance and cash flow to assess the reasonableness of managements forecasting.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act

2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to regulatory requirements for the company and trade regulations, such as minimum wage regulation and food standards requirements and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006, income tax, payroll tax and sales tax.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to revenue and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Inspecting correspondence with regulators and tax authorities;
- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Evaluating management's controls designed to prevent and detect irregularities;
- Identifying and testing journals, in particular journal entries posted with unusual account combinations, postings by unusual users or with unusual descriptions; and
- Challenging assumptions and judgements made by management in their critical accounting estimates

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

CHRISTOPHER CORK
(SENIOR STATUTORY AUDITOR)

FOR AND ON BEHALF OF HAYSMACINTYRE LLP, STATUTORY AUDITORS

10 QUEEN STREET PLACE
LONDON
EC4R 1AG

27 MARCH 2023

FINANCIAL STATEMENTS

Consolidated statement of comprehensive income
For the 52 weeks ended 1 January 2023

	Note	52 weeks ended 1 January 2023 £	52 weeks ended 2 January 2022 £
Revenue	4	**57,698,487**	48,075,399
Cost of sales		**(13,605,825)**	(9,797,235)
Gross profit		**44,092,662**	38,278,164
Administrative expenses		**(43,556,533)**	(36,521,815)
Other operating income	5	**-**	1,877,806
Operating profit	6	**536,129**	3,634,155
Finance income	10	**1,384**	613
Finance expense	11	**(1,466,062)**	(1,372,504)
(Loss)/profit before taxation		**(928,549)**	2,262,264
Tax on (loss)/profit	12	**290,327**	(900,690)
(Loss)/profit for the period and comprehensive income attributable to equity holders of the parent company		**(638,222)**	1,361,574
(Loss)/earnings per share for profit attributable to the owners of the parent during the period			
Basic and diluted (pence)	13	**(1.7)**	3.5

There were no items of recognised income or expense other than as shown in the Consolidated statement of comprehensive income above. All activities relate to continuing operations.

The notes on pages 49 to 72 form part of these financial statements.

Consolidated statement of financial position as at 1 January 2023

	Note		1 January 2023 £		2 January 2022 £
Non-current assets					
Intangible assets	15		**2,632,205**		-
Tangible assets	16		**13,721,101**		9,264,167
Right-of-use assets	14		**31,035,358**		24,939,614
			47,388,664		34,203,781
Current assets					
Inventories	17	**397,083**		326,108	
Trade and other receivables	18	**2,193,877**		1,888,702	
Cash at bank and in hand	19	**2,375,800**		9,653,172	
		4,966,760		11,867,982	
Current liabilities					
Trade and other payables	20	**(9,110,069)**		(6,729,865)	
Corporation tax	12	**-**		(900,690)	
Lease liabilities	14	**(5,614,340)**		(5,830,987)	
Net current liabilities			**(9,757,649)**		(1,593,560)
Total assets less current liabilities			**37,631,015**		32,610,221
Non-current liabilities					
Loans and borrowings	21		**(2,930,481)**		(2,911,941)
Lease liabilities	14		**(31,109,551)**		(25,831,103)
Net assets			**3,590,983**		3,867,177
Equity attributable to equity holders of the company					
Called up share capital	22		**386,640**		386,640
Share premium account	23		**4,433,250**		4,433,250
Share based payment reserve	23		**452,535**		90,507
Merger reserve	23		**4,793,170**		4,793,170
Profit and loss account	23		**(6,474,612)**		(5,836,390)
Total equity			**3,590,983**		3,867,177

The accompanying notes on pages 49 to 72 form an integral part of these Financial Statements.

The Company statement of financial position can be found on page 73.

The financial statements of Tortilla Mexican Grill plc (registration number 13511888) were approved and authorised for issue by the board and were signed on its behalf by:

Andy Naylor
CHIEF FINANCIAL OFFICER
27 MARCH 2023

Consolidated statement of changes in equity
For the 52 weeks ended 1 January 2023

	Called up share capital	Share premium account	Share-based payment reserve	Merger reserve	Profit and loss account	Total equity
	£	£	£	£	£	£
At 3 January 2021	**359,016**	**-**	**-**	**4,793,170**	**(7,197,964)**	**(2,045,778)**
Profit for the period	-	-	-	-	1,361,574	**1,361,574**
Share-based payments	-	-	90,507	-	-	**90,507**
Newly issued equity shares	27,624	4,972,376	-	-	-	**5,000,000**
Cost of issue of equity shares	-	(539,126)	-	-	-	**(539,126)**
At 3 January 2022	**386,640**	**4,433,250**	**90,507**	**4,793,170**	**(5,836,390)**	**3,867,177**
Loss for the period	-	-	-	-	(638,222)	**(638,222)**
Share-based payments	-	-	362,028	-	-	**362,028**
At 1 January 2023	**386,640**	**4,433,250**	**452,535**	**4,793,170**	**(6,474,612)**	**3,590,983**

The notes on pages 49 to 72 form part of these financial statements.

Consolidated statement of cash flows
For the 52 weeks ended 1 January 2023

	52 weeks ended 1 January 2023	52 weeks ended 2 January 2022
	£	£
Cash flows from operating activities		
(Loss)/profit for the financial period	(638,222)	1,361,574
Adjustments for:		
Amortisation of intangible assets	10,456	-
Depreciation of right-to-use asset	3,657,710	3,514,015
Depreciation of property, plant and equipment	2,501,433	2,634,304
Loss on disposal of tangible assets	17,780	6,852
Net finance expense	183,939	377,144
Taxation (credit)/charge	(290,327)	900,690
Increase in inventories	(19,178)	(86,326)
Decrease in trade and other receivables	196,503	9,593
Increase in trade and other payables	762,249	1,820,161
Impairment of property, plant and equipment	160,930	-
Reversal of impairment of property, plant and equipment	(368,953)	-
Impairment of right-to-use asset	380,673	99,868
Corporation tax paid	(610,363)	-
Share based payments	362,028	90,507
Finance cost on lease liabilities	1,280,739	994,747
Net cash generated from operating activities	7,587,397	11,723,129
Cash flows from investing activities		
Purchase of tangible fixed assets	(6,643,962)	(2,793,181)
Interest received	1,384	613
Acquisitions, net of cash acquired	(1,687,365)	-
Net cash from investing activities	(8,329,943)	(2,792,568)
Cash flows from financing activities		
Proceeds from issue of shares	-	5,000,000
Cost of issue of shares	-	(539,126)
New secured loans	-	2,907,306
Repayment of loans	-	(12,596,054)
Interest paid	(181,759)	(203,303)
Payments made in respect of lease liabilities	(6,353,067)	(3,932,971)
Net cash used in financing activities	(6,534,826)	(9,364,148)
Net (decrease) in cash and cash equivalents	(7,277,372)	(433,587)
Cash and cash equivalents at beginning of period	9,653,172	10,086,759
Cash and cash equivalents at the end of period	2,375,800	9,653,172

Notes to the consolidated financial statements

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 (registration number 13511888).

The registered address of Tortilla Mexican Grill plc and all subsidiaries is 142-144 New Cavendish Street, London, W1W 6YF, United Kingdom. A list of the Company's subsidiaries is presented in note 22.

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

Judgements made by the directors in the application of these accounting policies have been discussed in note 3.

2. Accounting policies

2.1 Statement of compliance

The consolidated financial statements have been prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006 and in accordance with International Financial Reporting Standards as adopted by the UK ("Adopted IFRS").

Tortilla Mexican Grill plc has taken advantage of the exemption under section 408 of the Companies Act 2006 to not present its own statement of comprehensive income. The loss for the single entity Tortilla Mexican Grill plc for the 52 weeks ended 1 January 2023 was £206,060 (2 January 2022: £1,634,074).

2.2 Basis of preparation of financial statements

The consolidated financial information contained in this document includes the consolidated statement of comprehensive income, the consolidated statement of financial position, the consolidated statement of changes in equity and the consolidated statement of cash flows, and related notes for the companies which comprise the Group.

The financial statements have been prepared on an accruals basis and under the historical cost convention unless otherwise stated. The financial statements are presented in GBP.

2.3 New standards, amendments and interpretations adopted

The Directors do not consider that there are any new standards or amendments applicable for the 52 weeks ending 1 January 2023 that would have a material impact on the Group's accounting treatment.

2.4 Standards issued but not yet effective

The following standards are applicable for financial years beginning on/after 1 January 2023:

- IFRS 17 - Insurance contracts
- IAS 1 - Disclosure of accounting policies
- IAS 8 - Definition of accounting estimates
- IAS 12 - Deferred tax related to assets and liabilities arising from a single transaction

The following standards are applicable for financial years beginning on/after 1 January 2024:

- IFRS 10 - Sale or contribution of assets between an investor and its associate or joint venture
- IFRS 16 - Lease liability in a sale and leaseback
- IAS 1 - Classification of liabilities as current or non-current
- IAS 1 - Non-current liabilities with covenants

When applied, none of these amendments are expected to have a material impact on the Group.

2. Accounting policies (continued)

2.5 Basis of consolidation

The consolidated financial information incorporates the financial statements of the Group and all of its subsidiary undertakings. The financial statements of all Group companies are adjusted, where necessary, to ensure the use of consistent accounting policies. Where the Group has power, either directly or indirectly, to govern the financial and operating policies of an entity to obtain benefits from its activities, it is classified as a subsidiary.

The statement of financial position as at 1 January 2023 incorporates the results of Tortilla Mexican Grill plc and its subsidiaries for all periods, as set out in the basis of preparation.

In the 52 weeks ended 1 January 2023 the Group acquired Chilango Ltd. The results of Chilango Ltd and its subsidiaries have been included in the consolidated financial information.

2.6 Going concern

In assessing the going concern position of the Group for the consolidated financial statements for the 52 weeks ended 1 January 2023, the Directors have considered the Group's cash flow, liquidity and business activities.

During 2022 the Group did not draw down any further on the debt facilities meaning it has access to a further £7.0m of financing and this remained undrawn on 1st January 2023. The Group had cash balances of £2.4m on 1 January 2023 which translated to a net debt position of £0.6m.

As part of their going concern assessment the Directors have prepared forecasts for a minimum period of twelve months from the date of approval of the financial statements. In addition, certain adverse scenarios have been considered for the purposes of stress and sensitivity testing.

A downside case was considered whereby sales are reduced by 5% for the eighteen month period to June 2024. In this scenario the Group has sufficient liquidity to remain in compliance with its covenant obligations.

A severe downside case was considered to determine what adverse conditions would result in a covenant breach. It was determined that a 10% reduction in sales would cause an initial covenant breach in June 2023, however this is before applying the effect of mitigating actions such as reducing labour spend and controllable costs. This severe case was modeled to provide comfort over the Group's headroom on its covenants, and is not considered to be a realistic scenario.

Upon consideration of this analysis and the principal risks faced by the Group, the Directors are satisfied that the Group has adequate resources to continue in operation for the foreseeable future, a period of at least twelve months from the date of this report. Accordingly, the Directors have concluded that it is appropriate to prepare these financial statements on a going concern basis.

2.7 Revenue

Revenue represents the amount receivable from customers for goods and services, exclusive of VAT and discounts.

The Group has recognised revenue in accordance with IFRS 15. The standard requires revenue to be recognised when goods or services are transferred to customers and the entity has satisfied its performance obligations under the contract, and at an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services.

The Group's revenue comprises of:

- Food and beverage sales at restaurants with one performance obligation that is satisfied when control is transferred to the customer at the point of sale, which is usually when payment is received, and no contract assets or contract liabilities are created. The Group also generates revenue with third-party delivery partners, which is payable the week after the revenue was recorded. Revenue comprises the fair value of the consideration received or receivable for the sale of goods and provision of services in the ordinary course of the Group's activities. Revenue is shown net of sales/value added tax, returns and discounts; and

- Franchise fees from the Group's role as franchisor in the UK and Middle East. Revenue comprises ongoing royalties based on the sales results of the franchisee and up-front initial site fees. Royalty revenue is accrued in line with reported sales performance once revenue can be reliably measured. Upfront initial site fees are recognised on opening of the associated franchisee restaurant.

The Group operates a loyalty scheme for customers which entitles the customer to free products after a specified number of purchases. IFRS 15 requires entities to recognise a liability for the provision of these products as the customer, in effect, pays the Group in advance for future goods. The Group has not recognised this liability as the value is not considered material.

2. Accounting policies (continued)

2.8 Employee benefits

Short-term benefits
Salaries, wages, paid annual leave and sick leave, bonuses and non-monetary benefits are accrued in the period in which the associated services are provided by employees of the Group.

Defined contribution plan
Contributions to defined contribution schemes are charged to the consolidated statement of comprehensive income in the year to which they relate.

2.9 Share-based payments

A transaction is accounted for as a share-based payment where the Group receives services from employees and Directors and pays for these in shares or similar equity instruments.

The Group makes equity-settles share-based payments to certain employees and Directors. Equity-settled share-based schemes are measured at fair value (excluding the effect of non-market-based vesting conditions) at the date of grant, measured by use of an appropriate valuation model.

The fair value determined at the grant date of the equity-settled share-based payment is recognised as an expense in the statement of comprehensive income on a straight line basis over the vesting period.

The vesting is dependent on achievement of specific performance conditions for the 2023 and 2024 financial years. The share-based payment expense will be modified if it is determined that these performance conditions will not be met.

Share options are forfeited when an employee ceases to be employed by the Group unless determined by the board to be a 'Good Leaver'. A participant who ceases employment by reason of death, injury, ill-health or disability is also deemed a good leaver.

2.10 Government grants

Coronavirus job retention scheme grants (CJRS) and other government grants are recognised under the accruals model with any deferred element included in payables as deferred income. Grants of a revenue nature are recognised in the consolidated statement of comprehensive income in the same period as the related expenditure. There are no unfulfilled conditions attached to any grants recognised in the period.

2.11 Current and deferred tax

Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Group operates and generates income.

Deferred tax balances are recognised where the carrying amount of an asset or liability in the consolidated statement of financial position differs from its tax base, except for differences arising on:

- the initial recognition of goodwill;
- the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting or taxable profit; and
- investments in subsidiaries and jointly controlled entities where the Group is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised.

The amount of the asset or liability is determined using tax rates that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the deferred tax liabilities or assets are settled or recovered. Deferred tax balances are not discounted.

2. Accounting policies (continued)

Deferred tax assets and liabilities are offset when the Group has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority on either:

- the same taxable group company; or
- different company entities which intend either to settle current tax assets and liabilities on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets and liabilities are expected to be settled or recovered.

2.12 Alternative performance measures ("APMs")

The Group has identified certain measures that it believes will assist the understanding of the performance of the business. These APMs are not defined or specified under the requirements of IFRS. The Group believes that these APMs, which are not considered to be a substitute for, or superior to, IFRS measures, provide stakeholders with additional useful information on the underlying trends, performance and position of the Group and are consistent with how business performance is measured internally.

The Group's APMs are: like for like ("LFL") revenue growth/(decline), Adjusted EBITDA (Pre-IFRS), Operating cash flow and net cash/(debt).

The Directors use Adjusted EBITDA as a primary KPI in managing the business. This measure excludes exceptional items, share option expenses and site pre-opening costs and applies pre-IFRS 16 treatment of leases. The Directors believe this measure gives a more relevant indication of the underlying trading performance of the Group and is also the measure used by the banks for the purposes of assessing covenant compliance.

2.13 Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the Group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated impairment losses. Goodwill is tested for impairment on an annual basis.

Other intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses. Amortisation is charged so as to allocate their cost over their estimated useful life on a straight line basis. Computer software assets have a finite useful life, which is determined to be 3 years.

2.14 Property, plant and equipment

Items of property, plant and equipment are initially recognised at cost. As well as the purchase price, cost includes directly attributable costs.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis, which is reviewed at each balance sheet date:

Short-term leasehold property	- over the lease term
Plant and machinery	- over 5 years
Fixtures and fittings	- over 3 years

2. Accounting policies (continued)

2.15 Leases

Right-of-use assets
The Group recognises a right-of-use asset at the lease commencement date. Right-of-use assets are initially measured at the same amount as the lease liability, reduced for any lease incentive received. Subsequently, right-of-use assets are amortised on a straight line basis over the remaining term of the lease and are assessed for impairment at each balance sheet date. The majority of leases are covered by the Landlord and Tenant Act 1985 which gives the right to extend the lease beyond the termination date. The Group expects to extend the leases covered by the Landlord and Tenant Act 1985. This extension period is not included within the lease term as the termination date cannot be determined.

Lease liabilities
At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed lease payments less any lease incentives receivable. In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable.

Subsequently, lease liabilities are increased to reflect the interest cost on the liability and reduced for the lease payments made, which are recognised on a straight-line basis over the term of the lease. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, for example a rent review or a change in the lease term.

When a lease liability is remeasured, the Group adjusts the carrying amount of the liability to reflect the payments to be made over the revised term, which are discounted at a revised discount rate. An equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being depreciated over the remaining (revised) lease term. Lease payments which are variable in nature and are not linked to any index or rate are expensed in the period to which they relate.

2.16 Impairment

Assets that are subject to depreciation or amortisation are assessed at each balance sheet date to determine whether there is any indication that the assets are impaired.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Each site is considered to be a CGU in its own right.

Goodwill arising on the acquisition of Chilango Ltd has been allocated to individual cash-generating units based on the forecasted EBITDA expected to be generated from each cash-generated unit at the date of acquisition.

Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. Non-financial assets that have been previously impaired are reviewed at each balance sheet date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

2.17 Inventories

Inventories are initially recognised at cost, and subsequently at the lower of the cost and net realisable value. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Inventories are measured on a first-in-first-out basis.

2.18 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value. Payments taken from customers on debit and credit cards are recognised as cash.

2.19 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment. Income is recognised from these investments only in relation to distributions receivable from post-acquisition profits. Distributions received in excess of post-acquisition profits are deducted from the cost of the investment.

2. Accounting policies (continued)

2.20 Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision-Maker (CODM). The CODM has been identified as the management team including the Chief Executive Officer, Chief Operating Officer and Chief Financial Officer.

The Directors have taken a judgement that individual sites meet the aggregation criteria in IFRS 8, constituting one operating and one reporting segment and hence have concluded that the Group only has a single reporting segment, as discussed in note 4.

2.21 Equity instruments

Financial instruments issued by the Group are treated as equity only to the extent that they do not meet the definition of a financial liability. The Group's ordinary shares are classified as equity instruments.

2.22 Financial instruments

The Group does not trade in financial instruments and all such instruments arise directly from operations.

Financial assets
Financial assets held at amortised cost are trade and other receivables and cash. All trade and other receivables are initially recognised at transaction value, as none contain in substance a financing transaction.

Trade receivables are all due for settlement within one year. Due to their short-term nature, the Directors consider the carrying amount of trade and other receivables to equal their fair value.

Fees paid on the establishment of loan facilities are recognised as transactional costs of the loan and the fee is capitalised as a prepayment for liquidity services and amortised straight line over the period of the facility to which it relates.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting year for objective evidence of impairment. The Group applies the IFRS 9 simplified approach to measure expected credit losses using a lifetime expected credit loss (ECL) provision for financial assets. To measure expected credit losses on a collective basis, financial assets are grouped based on similar credit risk and ageing. There are no expected credit losses as consideration for goods is received at the point of sale.

Interest income is recognised in the Statement of comprehensive income and is included in the "finance income" line item.

Financial liabilities
Financial liabilities held at amortised cost include trade and other payables, lease liabilities and borrowings. Trade and other payables are initially recognised at transaction value as none represent a financing transaction. They are only derecognised when they are extinguished.

There are no material differences between the carrying values of financial assets and liabilities held at amortised cost and their fair values.

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Interest payable is recognised in the Statement of comprehensive income and is included in the 'finance expenses' line item.

2. Accounting policies (continued)

2.23 Financial risk

The Group's activities expose it to a variety of financial instrument risks. The risk management policies employed by the Group to manage these risks are detailed below. The primary objectives of the financial instrument risk management function are to establish risk limits and then ensure exposure to risks remains within these limits.

Interest rate risk
The Group is exposed to interest rate risk as the Group's borrowings have an interest rate of SONIA plus a margin.

Commodity price risk
The Group is exposed to movements in wholesale prices of food and drinks. The Group sources the majority of its products in the UK, however there is the risk of disruption to supply caused by inflation or the war in Ukraine. The Group always benchmarks any cost changes and typically fixes prices for periods of between three and six months.

Capital risk
The Group manages the capital structure to ensure it will be able to operate as a going concern, whilst maximising the return to shareholders. The Directors look to optimise the debt-to-equity balance and may adjust the capital structure by paying dividends to shareholders, returning capital to shareholders, issue new shares or sell assets to reduce debt. The Directors intend to maintain low net leverage levels as the Group's operating cash flows are sufficient to fund the addition of new restaurants to the portfolio.

Credit risk
The Group's credit risk is attributable to trade and other receivables and cash with the carrying amount best representing the maximum exposure to credit risk. The Group places its cash only with banks with high-quality credit standings. Trade and other receivables relate to day-to-day activities which are entered into with creditworthy counterparties.

Liquidity risk
Liquidity risk is the risk that the Group may encounter difficulties in meeting its financial obligations as they fall due. They may arise from the Group's management of working capital, finance charges and principal repayments on its debt.

The Directors regularly review cash flow forecasts to determine whether the Group has sufficient reserves to meet obligations and take advantage of opportunities.

Maturity analysis

	Within 1 year £	1 to 2 years £	2 to 5 years £	More than 5 years £	Total £
1 January 2023					
Trade and other payables	8,644,982	-	-	-	**-**
Lease liabilities	5,614,340	5,147,757	12,129,224	13,832,570	**36,723,891**
Borrowings	-	-	2,933,481	-	**-**
	14,259,322	**5,147,757**	**15,062,705**	**13,832,570**	**36,723,891**
2 January 2022					
Trade and other payables	6,729,865	-	-	-	**6,729,865**
Lease liabilities	5,830,987	4,225,074	10,085,891	11,520,138	**31,662,090**
Borrowings	-	-	2,911,941	-	**2,911,941**
	12,560,852	**4,225,074**	**12,997,832**	**11,520,138**	**41,303,896**

3. Critical accounting estimates and judgements

The Group makes certain judgements, estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including the expectations of future events that are believed to be reasonable under the circumstances. The estimates and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Determining the discount rate for IFRS 16

At the commencement date of property leases the lease liability is calculated by discounting the lease payments. The discount rate used should be the interest rate implicit in the lease. However, if that rate cannot be readily determined, which is generally the case for property leases, the lessee's incremental borrowing rate is used. This being the rate that the individual lessee 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 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, discount rates have been applied on a lease-by-lease basis for the 52 weeks to 1 January 2023, in order to reflect the increasing risk-free rate during this period.

For the lease liabilities at 1 January 2023 a 0.1 percent increase in the discount rate would reduce the total liabilities by £83,000 (2 January 2022: £136,000), which is not considered to be material.

Impairment of goodwill, right of use assets and property, plant and equipment

Goodwill, right-of-use assets and property, plant and equipment are reviewed for impairment when there is an indication that the assets might be impaired by comparing the carrying value of the assets with their recoverable amounts. The recoverable amount of an asset or cash generating unit (CGU) is determined based on value-in-use calculations prepared on the basis of the Directors' estimates and assumptions. Individual sites are viewed as separate CGUs.

The key assumptions in the value-in-use calculations include the growth rates of revenue and expenses, together with the Group's weighted average cost of capital (WACC), which is used as a discount rate. Projected cash flows are based on financial budgets approved by the Board covering a five year period. Beyond this five year period, projected cash flows have been based on a 3.0% growth rate until the end of the lease terms. The value-in-use calculations also factor in the cost of maintaining the assets, set at £19,000 per annum for each site based on historic averages, and the impact of direct overhead costs.

For the leases held in Chilango Ltd, a further key assumption in the value-in-use calculations was that the leases with terms ending in less than five years would be able to be renewed with terms of 10-15 years, in line with the term lengths of leases held by Mexican Grill Ltd.

An independent external consultancy was engaged to calculate the Group's post-tax WACC. As at 1 January 2023, the pre-tax WACC was determined to be 13.1% (2 January 2022: 14.3%). An increase in the discount rate of 1.0 percent would increase the impairment charge for the 52 weeks ended 1 January 2023 by £11,000, which is not considered to be material.

In the 52 weeks ended 1 January 2023, property, plant and equipment assets of £13,721,101, right-of-use assets of £2,624,886, and goodwill of £2,624,886 have been tested for impairment. Detailed impairment testing resulted in the recognition of an impairment charge of £160,930 (52 weeks ended 2 January 2022: £nil) and an impairment reversal of £368,953 (52 weeks ended 2 January 2022: £nil) against property, plant and equipment assets (note 16) and an impairment charge of £380,673 (52 weeks ended 2 January 2022:£99,868) against right-of-use assets (note 14).

Useful economic lives of property, plant and equipment

The depreciation charge is dependent upon the assumptions used regarding the useful economic lives of assets. A 10 percent increase in average useful economic lives would result in a £229,000 decrease in depreciation in the 52 weeks ended 1 January 2023 (2 January 2022: £239,000).

Share-based payments

The charge for share-based payments is calculated according to the methodology described in note 8. The Black-Scholes model requires subjective assumptions to be made including the volatility of the Company's share price, fair value of the shares and the risk free interest rates.

3. Critical accounting estimates and judgements (continued)

Business combinations

The acquisition of Chilango Ltd has been accounted for using the acquisition method under IFRS 3. The identifiable assets and liabilities are recognised at their fair value at the date of acquisition. Determining the fair value of these assets and liabilities involved a degree of estimation. In particular, the goodwill held within Chilango Ltd was not determined to be separately identifiable and so the fair value of this goodwill was adjusted to £nil.

4. Revenue

	52 weeks ended 1 January 2023	52 weeks ended 2 January 2022
	£	£
Sale of goods	**57,050,636**	47,769,278
Franchise income	**647,851**	306,121
	57,698,487	48,075,399

IFRS 8 Operating Segments requires operating segments to be based on the Group's internal reporting to its Chief Operating Decision Maker (CODM). The CODM is regarded as the management team of the Chief Executive Officer, the Chief Financial Officer and the Chief Operating Officer.

The Group has three segments:
- UK sales from Group-operated restaurants
- UK franchise sales from franchised restaurants
- Middle East franchise sales from franchised restaurants

The franchise aspects of the business have a minimal cost and asset base and therefore they are not considered to be material and separable segments. There are similar economic characteristics between the franchise aspects and the Group-operated restaurant business, with each following a similar sales and EBITDA trajectory. These have been reviewed by the Directors along with the non-financial criteria of IFRS 8. It is the Directors' judgement that despite some short-term variability, all segments have similar economic characteristics in the medium and long-term and meet the criteria for aggregation into a single reporting segment. Therefore, no segmental analysis is provided.

5. Other operating income

	52 weeks ended 1 January 2023	52 weeks ended 2 January 2022
	£	£
CJRS income (1)	**-**	491,825
Other government grants (2)	**-**	1,385,981
	-	1,877,806

(1) Coronavirus Job Retention scheme
(2) Includes Retail Leisure Hospitality Grant, Local Restriction Support Grants and Restart Grants

6. Operating profit

The operating profit is stated after charging/(crediting):

	52 weeks ended 1 January 2023	52 weeks ended 2 January 2022
	£	£
Depreciation & amortisation	6,169,599	6,148,319
Impairment of ROU assets	380,673	99,868
Loss on disposal of fixed assets	17,780	6,852
Impairment of fixed assets	160,930	-
Reversal of impairment of fixed assets	(368,953)	-
Variable lease payments	969,880	615,613
Inventories - amounts charged as an expense	13,605,825	9,797,235
Share option expense	362,028	90,507
Pre-opening costs**	813,154	126,753
Exceptional items*	542,140	1,856,268
Bank arrangement fee amortisation	18,538	174,454
Auditors' remuneration:		
Audit fees	120,000	77,000
Tax compliance services	-	14,000
Other assurance services	14,000	95,000

* Exceptional items in 2022 includes £415,908 of costs incurred in relation to the acquisition of Chilango Ltd.

	52 weeks ended 1 January 2023	52 weeks ended 2 January 2022
	£	£
Pre-opening costs	813,154	126,753
Number of site openings in period	18	7

** 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 (a non-GAAP measure). 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.

7. Employees

The average monthly number of employees, including the directors, during the period was as follows:

	1 January 2023 No.	2 January 2022 No.
Operations staff	1,093	749
Head office staff	51	36
	1,144	785

7. Employees (continued)

The average monthly number of employees, including the Directors, during the period was as follows:

	1 January 2023 £	2 January 2022 £
Wages and salaries	**16,998,678**	13,315,004
Social security costs	**1,007,144**	779,134
Pension costs	**190,987**	148,632
Share based payments (note 8)	**362,028**	90,507
	18,558,837	14,333,277

Directors' remuneration, included in staff costs, was as follows:

	1 January 2023 £	2 January 2022 £
Short-term employee benefits	**511,677**	718,900
Post-employment benefits	**3,485**	3,300
	515,162	722,200

8. Director's remuneration and key management information

The highest paid director received remuneration of £370,000 (2022 - £406,200).

The number of Directors receiving pension contributions was 4 (2022: 4).

The share-based payment expense arising from the Directors' participation in the Company's LTIP scheme was £240,984 (2022: £60,246).

There are no Key Management Personnel other than the Directors. Further information about the remuneration of individual Directors is provided in the Remuneration report on page 32.

9. Share based payments

A transaction is accounted for as a share-based payment when services are paid for in shares or similar equity instruments. The Group issues equity-settled share-based payments to Directors and certain members of staff. Equity-settled share-based schemes are measured at fair value at the date of grant, using the Black Scholes valuation model. The expected life used in the model is adjusted, based on Management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest.

9. Share based payments (continued)

The Tortilla Mexican Grill plc Long-Term Incentive Plan 2021 ("LTIP")

Under the LTIP, options were awarded to Directors and members of the senior management team. 50 percent vests after three years and the remaining 50 percent vests after the fourth year. The vesting is dependent on achievement of specific Adjusted EBITDA targets for the 2023 and 2024 financial years. These performance conditions are expected to be met.

In the 52 weeks ended 1 January 2023, 205,714 nil cost options were awarded under the LTIP to Directors which will vest on 1 December 2024. The vesting is dependent on the Directors' continuous employment.

Awards are forfeited if the employee leaves the Group before the awards vest, except under circumstances where the employee is considered a 'Good Leaver'.

Details of the share awards outstanding are as follows:

	1 January 2023 Number of share options #	1 January 2023 Weighted average exercise price £	2 January 2022 Number of share options #	2 January 2022 Weighted average exercise price £
Outstanding at beginning of the period	**1,809,393**	**1.8**	-	-
Granted during the period	**205,714**	**-**	1,809,393	1.8
Exercised during the period	**-**	**-**	-	-
Forfeited during the period	**(69,061)**	**1.8**	-	-
Outstanding at the end of the period	**1,946,046**	**1.6**	1,809,393	1.8

The awards outstanding at the end of 1 January 2023 have a remaining weighted average contractual life of two years (2 January 2022: three years) and an exercise price of £1.62 (2 January 2022: £1.81). No awards were exercisable at the end of the period (2 January 2022: none).

The Group recognised total expenses related to the above equity-settled share-based payment transactions in the form of options during the 52 weeks ended 1 January 2023 of £362,028 (2 January 2022: £90,507) and related employer National Insurance of £9,988 (3 January 2021: £nil).

The fair values were calculated using a Black Scholes model. The inputs used for fair valuing awards granted during the period was as follows:

	1 January 2023	2 January 2022
Share price at grant date (pence)	**87p**	181p
Exercise price (pence)	**-**	181p
Expected volatility (%)	**90%**	43%
Option life (years)	**2.0**	5.0
Risk free interest rate (%)	**3.57%**	0.63%

In the absence of any historical volatility data for Tortilla Mexican Grill plc, the expected volatility was determined by reviewing the volatility of the share price of similar entities which are currently traded on AIM.

10. Interest receivable

	52 weeks ended 1 January 2023	52 weeks ended 2 January 2022
	£	£
Bank interest income	1,384	613

11. Interest payable and similar expenses

	52 weeks ended 1 January 2023	52 weeks ended 2 January 2022
	£	£
Bank interest payable	185,323	377,757
Finance cost on lease liabilities	1,280,739	994,747
	1,466,062	1,372,504

12. Taxation

	52 weeks ended 1 January 2023	52 weeks ended 2 January 2022
	£	£
Current tax		
Corporation tax on profits for the period	-	900,690
Adjustments in respect of previous periods	(290,327)	-
Total current tax	(290,327)	900,690

Factors affecting tax charge for the period

The tax assessed for the period differs from the standard rate of corporation tax in the UK of 19%. The differences are explained below:

	52 weeks ended 1 January 2023	52 weeks ended 2 January 2022
	£	£
(Loss)/profit on ordinary activities before tax	(928,549)	2,262,264
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	(176,424)	429,830
Effects of:		
Expenses not deductible for tax purposes	109,211	344,578
Depreciation in excess of capital allowances	(683,653)	319,969
Movement in tax losses	721,889	(202,473)
Other timing differences, primarily arising from operating lease accounting	28,977	8,786
Adjustments to tax charge in respect of prior periods	(290,327)	-
Total tax charge for the period	(290,327)	900,690

12. Taxation (continued)

In the 53 weeks ended 3 January 2021, the Group had a brought forward tax loss of £1,065,646, which was fully utilised in the 52 weeks ending 2 January 2022.

In March 2021 a change to the future corporation tax rate was substantively enacted to increase from 19% to 25% from 1 April 2023. Accordingly, the rate used to calculate the deferred tax balances at 1 January 2023 is 25% (2 January 2022: 25%) as the timing of the release of this asset is materially expected to be after this date.

No deferred tax has been provided for at either balance sheet date presented on the basis that the position is not material.

13. Earnings/(loss) per share

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

	1 January 2023 £	2 January 2022 £
(Loss)/profit used in calculating basic and diluted profit	**(638,222)**	1,361,574
Weighted average number of shares for the purpose of basic and diluted earnings per share	**38,664,031**	38,664,031
Basic and diluted (loss)/earnings per share (pence)	**(1.7)**	3.5

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.

14. Leases

Right-of-use assets

	£
At 3 January 2021	**25,324,841**
Additions	4,385,093
Depreciation	(3,514,015)
Impairment	(99,868)
Disposals	(1,156,437)
At 2 January 2022	**24,939,614**
Additions	8,459,288
Disposals	(996,353)
Impairment	(380,673)
Arising on acquisition	2,671,192
Depreciation	(3,657,710)
At 1 January 2023	**31,035,358**

Lease liabilities

	£
At 3 January 2021	**(31,371,659)**
Additions	(4,385,093)
Interest expense	(994,747)
Lease payments	3,932,971
Disposals	1,156,438
At 2 January 2022	**(31,662,090)**
Additions	(8,459,288)
Arising on acquisition	(2,671,192)
Interest expense	(1,280,739)
Lease payments	6,353,067
Disposals	996,353
At 1 January 2023	**(36,723,889)**

Carrying amount by maturity of the Group lease liabilities

	Within 1 year £	1 to 2 years £	2 to 5 years £	Over 5 years £	More than 1 year £	Total £
1 Jan 2023	5,614,340	5,147,757	12,129,224	13,832,570	**31,109,551**	**36,723,891**
2 Jan 2022	5,830,987	4,225,074	10,085,891	11,520,138	**25,831,103**	**31,662,090**

15. Intangible assets

	Computer software	Goodwill	Total
	£	£	£
Cost			
Arising on acquisition	24,600	2,624,886	**2,649,486**
Disposals	(9,100)	-	**(9,100)**
At 1 January 2023	**15,500**	**2,624,886**	**2,640,386**
Amortisation			
Amortisation charge	10,456	-	**10,456**
On disposals	(2,275)	-	**(2,275)**
At 1 January 2023	**8,181**	**-**	**8,181**
Net book value			
At 1 January 2023	**7,319**	**2,624,886**	**2,632,205**
At 2 January 2022	-	-	-

Goodwill
In the 52 weeks ended 1 January 2023 goodwill of £2,624,886 was recognised on acquisition of Chilango Ltd. Each site is considered to be a separate CGU for impairment purposes and therefore the goodwill was allocated to individual sites. The goodwill allocation was based on the forecasted EBITDA that was expected to be generated from each site at the time of acquisition:

	Goodwill £
Brewer Street	334,647
Brushfield Street	171,507
Chancery Lane	117,126
Croydon	104,577
Islington	466,414
London Bridge	543,801
London Wall	363,928
Manchester	522,886
	2,624,886

16. Tangible fixed assets

	Long-term leasehold property £	Plant and machinery £	Fixtures and fittings £	Total £
Cost				
At 3 January 2022	**14,295,429**	**3,621,556**	**3,671,580**	**21,588,565**
Additions	2,076,864	1,578,180	2,988,918	**6,643,962**
Arising from acquisition	104,019	43,047	194,143	**341,209**
Disposals	(427,046)	(114,138)	(162,234)	**(703,418)**
At 1 January 2023	**16,049,266**	**5,128,645**	**6,692,407**	**27,870,318**
Depreciation				
At 3 January 2022	**7,536,464**	**2,777,463**	**2,010,471**	**12,324,398**
Charge for the period	1,222,230	548,409	730,794	**2,501,433**
Arising from acquisition	37,176	24,089	171,321	**232,586**
Disposals	(518,938)	(79,971)	(102,268)	**(701,177)**
Impairment charge	160,930	-	-	**160,930**
Impairment losses written back	(368,953)	-	-	**(368,953)**
At 1 January 2023	**8,068,909**	**3,269,990**	**2,810,318**	**14,149,217**
Net book value				
At 1 January 2023	**7,980,357**	**1,858,655**	**3,882,089**	**13,721,101**
At 2 January 2022	6,758,965	844,093	1,661,109	9,264,167

17. Inventories

	1 January 2023 £	2 January 2022 £
Food and beverage for resale	**397,083**	326,108

There is no material difference between the replacement cost of inventories and the amounts stated above.

Total inventory recognised as an expense in the consolidated statement of comprehensive income during the period was £13,605,825 (52 weeks ended 2 January 2022: £9,797,235).

18. Trade and other receivables

	1 January 2023 £	2 January 2022 £
Trade receivables	**573,832**	298,334
Other receivables	**1,129,420**	735,324
Prepayments and accrued income	**490,625**	855,044
	2,193,877	1,888,702

Trade receivables 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 receivables 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.

19. Cash and cash equivalents

	1 January 2023 £	2 January 2022 £
Cash at bank and in hand	**2,375,800**	9,653,172

Cash and cash equivalents comprise cash at bank, in hand and cash in transit. Cash in transit comprises card payment receipts, which are received on the next working day. The fair value of cash and cash equivalents is the same as their carrying value.

20. Trade and other payables

	1 January 2023 £	2 January 2022 £
Trade payables	**2,496,200**	2,331,636
Corporation tax	**-**	900,690
Other taxation and social security	**2,265,394**	508,850
Other payables	**864,184**	456,830
Accruals and deferred income	**3,484,291**	3,432,549
	9,110,069	7,630,555

21. Loans and borrowings

	1 January 2023 £	2 January 2022 £
Bank loans - falling due after one year	**3,000,000**	3,000,000
Amortised issue costs	**(69,519)**	(88,059)
	2,930,481	2,911,941

As part of the Group's IPO on 8 October 2021, the existing facilities were repaid and a new financing arrangement was signed with Santander UK plc. This is a £10m senior facility, repayable in full on 14 September 2026, with a drawn balance at 1 January 2023 of £3.0m (2 January 2022: £3.0m). The Group has allocated £2.5m of the remaining undrawn amount to an ancillary facility, an overdraft, which was not utilised at 1 January 2023 or 2 January 2022. Arrangement fees of £93,000 were incurred as part of the refinancing and this is being amortised to the Group consolidated statement of comprehensive income over the term of the facility. The loan balance is being recognised net of these arrangement fees.

The facility accrues interest at rates of 2.75% - 3.25% plus SONIA and the overdraft attracts interest at a rate of 2.75% plus SONIA when utilised. These loans are secured by a debenture over the assets of the Group and are presented net of capitalised amortised issue costs.

22. Share capital

	1 January 2023 £	2 January 2022 £
Allotted, called up and fully paid		
38,664,031 Ordinary shares of £0.01 each	**386,640**	386,640

Ordinary shares entitle the holder to participate in dividends and the process on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have a par value of £0.01 and the Company does not have a limited amount of authorised capital.

23. Reserves

Share premium account

The share premium account records the amount above the nominal value received for shares sold.

Share based payment reserve

The Group presents employee share options as an adjustment to own equity through this reserve until the point that the shares are awarded and cease to be conditional awards.

Merger Reserve

The merger reserve represents the excess over nominal value of the fair value consideration for the business combination of Tortilla Mexican Grill plc and Mexican Grill Ltd during the Group's IPO. This was satisfied by the issue of shares in accordance with Section 612 of the Companies Act 2006.

Profit and loss account

The accumulated net profits and losses of the Group.

24. Analysis of net debt

	At 3 January 2022	Cash flows	Acquisition of subsidiaries	Additions and disposals of leases	Finance expense	At 1 January 2023
	£	£	£	£	£	£
Cash at bank and in hand	9,653,172	(7,277,372)	-	-	-	**2,375,800**
Bank loans	(2,911,941)	-	-	-	(18,540)	**(2,930,481)**
Lease liabilities	(31,662,090)	6,353,067	(2,671,192)	(7,462,935)	(1,280,739)	**(36,723,889)**
Net debt	**(24,920,859)**	**(924,305)**	**(2,671,192)**	**(7,462,935)**	**(1,299,279)**	**(37,278,570)**

25. Business combinations

On 23 May 2022, the Company acquired 100% of the issued share capital and voting rights of Chilango Ltd from RDCP Group Limited. Chilango Ltd operates a chain of fast-casual Mexican restaurants, primarily in London. The purpose of the acquisition was the grow the Group's business by accessing key central London locations.

Recognised amounts of identifiable assets acquired and liabilities assumed

	Book value £	Fair value adjustments £	Fair value £
Non-current Assets			
Tangible	2,810,932	-	2,810,932
Intangible	821,576	(804,417)	17,159
	3,632,508	**(804,417)**	**2,828,091**
Current Assets			
Inventories	51,797	-	51,797
Trade and other receivables	778,208	-	778,208
Cash at bank and in hand	75,403	-	75,403
Total Assets	**4,537,916**	**(804,417)**	**3,733,499**
Liabilities			
Due within one year	(1,894,486)	(30,510)	(1,924,996)
Due after more than one year	(1,410,390)	-	(1,410,390)
Lease liabilities	(2,672,467)	-	(2,672,467)
Total Identifiable net liabilities	**(1,439,427)**	**(834,927)**	**(2,274,354)**
Goodwill			**2,624,886**
Total purchase consideration			**350,532**

25. Business combinations (continued)

Fair value of consideration paid:

	£
Cash	100,532
Contingent consideration	250,000
Total purchase consideration	**350,532**

At acquisition date, Chilango Ltd reported goodwill of £804,417 within intangible assets. This was not considered to be separately identifiable and therefore a fair value adjustment was made in respect of this.

The lease liabilities of £2,672,467 were calculated on acquisition in line with IFRS 3. These were calculated as if the lease inception date was the acquisition date.

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 Ltd on acquisition for working capital needs. The contingent consideration of £250,000 remains unpaid at reporting date and is included within other payables (note 20).

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

Goodwill arising on acquisition of £2,624,886 differs from the amount reported in the Interim Results of Tortilla Mexican Grill plc for the 26 weeks ended 3 July 2022 due to a fair value adjustment of £30,510 to Chilango Ltd's to liabilities falling due within one year, as stated above.

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

The results of Chilango Ltd since acquisition are as follows:

	Current period since acquisition £
Turnover	**2,602,587**
Loss for the period since acquisition	**(1,133,336)**

Had the acquisition occurred on 3 January 2022, the contribution of Chilango Ltd to the Group's revenue would have been £5,825,447 and the contribution to the Group's profit would have been £(1,703,390).

An amount £171,717 has been charged to the Statement of comprehensive income the 52 weeks ended 1 January 2023 in respect of acquisition costs for Chilango Ltd and is recognised with administrative expenses.

26. Subsidiary undertakings

The subsidiaries of Tortilla Mexican Grill plc, all of which have been included in the consolidated financial information and comprise the Group, are as follows:

Name	Registered office	Principal activity	Holding
Mexican Grill Ltd	United Kingdom	Operation of restaurants	100%
Mexican Grill International Franchise Ltd	United Kingdom	International franchising	100%
California Grill Ltd	United Kingdom	Holding leases	100%
Chilango Ltd	United Kingdom	Operation of restaurants	100%
Chilango City Ltd	United Kingdom	Holding leases	100%
Chilango London Ltd	United Kingdom	Holding leases	100%
Chilango Mexican Ltd	United Kingdom	Holding leases	100%
Chilango UK Ltd	United Kingdom	Holding leases	100%

The registered address for all above named subsidiaries is 1st Floor Evelyn House, 142 New Cavendish Street, London, United Kingdom, W1W 6YF.

The shares held in all above named subsidiaries are ordinary shares.

27. Related party transactions

Mexican Grill Ltd was charged monitoring fees of £30,000 for the 52 weeks ended 1 January 2023 (2 January 2022: £35,000) by QS Direct SI 2 S.à.r.l, in its capacity as General Partner of the Group's shareholder QS Direct SI 2 SCA SICAR.

Tortilla Mexican Grill plc was charged non-executive director fees of £12,375 for the 52 weeks ended 1 January 2023 (2 January 2022: £nil) by Kikkirossi SARL, an entity incorporated in Switzerland which is wholly owned by a Director of Tortilla Mexican Grill plc.

28. Controlling party

The Directors believe that there is no ultimate controlling party of the Group.

29. Capital commitments

The Group had capital commitments of £nil at 1 January 2023 (2 January 2022: £65,050).

30. Post-balance sheet events

The Directors consider that there are no material post balance sheet effects affecting the Group or the Company that have occurred between the end of the period and the date of publication of this report.

31. IFRS comparison to UK GAAP (non-IFRS)

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.

	Pre-IFRS 16 52 weeks ended 1 Jan 2023 £	IFRS 16 adjustments £	IFRS 52 weeks ended 1 Jan 2023 £	Pre-IFRS 16 52 weeks ended 2 Jan 2022 £	IFRS 16 adjustments £	IFRS 52 weeks ended 2 Jan 2022 £
Revenue	**57,698,487**	**-**	**57,698,487**	48,075,399	-	48,075,399
Cost of sales	**(13,605,825)**	**-**	**(13,605,825)**	(9,797,235)	-	(9,797,235)
Gross profit	**44,092,662**	**-**	**44,092,662**	38,278,164	-	38,278,164
Other operating income	**-**	**-**	**-**	1,877,806	-	1,877,806
Administrative expenses	**(44,377,113)**	**820,580**	**(43,556,533)**	(36,461,586)	(60,229)	(36,521,815)
Profit/(loss) from operations	**(284,451)**	**820,580**	**536,129**	3,694,384	(60,229)	3,634,155
Adjusted EBITDA	**3,972,471**	**4,684,946**	**8,657,417**	8,740,576	3,466,784	12,207,360
Pre-opening costs	**(978,457)**	**165,303**	**(813,154)**	(165,850)	39,097	(126,753)
Share based payments	**(362,028)**	**-**	**(362,028)**	(90,507)	-	(90,507)
Depreciation and amortisation	**(2,563,782)**	**(3,648,996)**	**(6,212,778)**	(2,688,928)	(3,566,110)	(6,255,038)
Impairment	**208,023**	**(380,673)**	**(172,650)**	-	-	-
Non-trading costs	**(18,538)**	**-**	**(18,538)**	(244,639)	-	(244,639)
Exceptional items	**(542,140)**	**-**	**(542,140)**	(1,856,268)	-	(1,856,268)
Profit/(loss) from operations	**(284,451)**	**820,580**	**536,129**	3,694,384	(60,229)	3,634,155
Finance income	**1,384**	**-**	**1,384**	613	-	613
Finance expense	**(185,323)**	**(1,280,739)**	**(1,466,062)**	(377,757)	(994,747)	(1,372,504)
Profit/(loss) before tax	**(468,390)**	**(460,159)**	**(928,549)**	3,317,240	(1,054,976)	2,262,264
Tax credit/(charge)	**290,327**	**-**	**290,327**	(900,690)	-	(900,690)
Profit/(loss) for the period	**(178,063)**	**(460,159)**	**(638,222)**	2,416,550	(1,054,976)	1,361,574

31. IFRS comparison to UK GAAP (non-IFRS) (continued)

	Pre-IFRS 16 52 weeks ended 1 Jan 2023 £	IFRS 16 adjustments £	IFRS 52 weeks ended 1 Jan 2023 £	Pre-IFRS 16 52 weeks ended 2 Jan 2022 £	IFRS 16 adjustments £	IFRS 52 weeks ended 2 Jan 2022 £
Non-current assets						
Intangible assets	2,632,205	-	2,632,205	-	-	-
Tangible assets	13,033,022	688,079	13,721,101	8,719,167	545,000	9,264,167
Right-of-use asset	-	31,035,358	31,035,358	-	24,939,614	24,939,614
Total non-current assets	15,665,227	31,723,437	47,388,664	8,719,167	25,484,614	34,203,781
Current assets						
Inventories	397,083	-	397,083	326,108	-	326,108
Trade and other receivables	3,563,818	(1,369,941)	2,193,877	2,308,070	(419,368)	1,888,702
Cash at bank and in hand	2,375,800	-	2,375,800	9,653,172	-	9,653,172
Total current assets	6,336,701	(1,369,941)	4,966,760	12,287,350	(419,368)	11,867,982
Current liabilities						
Trade and other payables	(10,913,989)	1,803,920	(9,110,069)	(10,121,084)	2,490,529	(7,630,555)
Lease liabilities	-	(5,614,340)	(5,614,340)	-	(5,830,987)	(5,830,987)
Total current liabilities	(10,913,989)	(3,810,420)	(14,724,409)	(10,121,084)	(3,340,458)	(13,461,542)
Non-current liabilities						
Loans and borrowings	(2,930,481)	-	(2,930,481)	(2,911,941)	-	(2,911,941)
Lease liabilities	-	(31,109,551)	(31,109,551)	-	(25,831,103)	(25,831,103)
Total non-current liabilities	(2,930,481)	(31,109,551)	(34,040,032)	(2,911,941)	(25,831,103)	(28,743,044)
Net assets	8,157,458	(4,566,475)	3,590,983	7,973,492	(4,106,315)	3,867,177
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 based payment reserve	452,535	-	452,535	90,507	-	90,507
Merger reserve	4,793,170	-	4,793,170	4,793,170	-	4,793,170
Profit and loss account	(1,908,137)	(4,566,475)	(6,474,612)	(1,730,075)	(4,106,315)	(5,836,390)
Total equity	8,157,458	(4,566,475)	3,590,983	7,973,492	(4,106,315)	3,867,177

Company statement of financial position as at 1 January 2023

	Note		1 January 2023 £		2 January 2022 £
Non-current assets					
Investments	3		**1,162,083**		449,523
Current assets					
Trade and other receivables	4	**2,613,594**		2,920,186	
Trade and other payables	5	**(343,386)**		(93,386)	
Net current assets			**2,270,208**		2,826,800
Total assets less current liabilities			**3,432,291**		3,276,323
Net assets			**3,432,291**		3,276,323
Equity attributable to equity holders of the company					
Called up share capital	6		**386,640**		386,640
Share premium account	7		**4,433,250**		4,433,250
Share based payment reserve	7		**452,535**		90,507
Profit and loss account	7		**(1,840,134)**		(1,634,074)
			3,432,291		3,276,323

These financial statements were approved by the Board of Directors and authorised for issue on 27 March 2023.

As permitted by section 408(3) of the Companies Act 2006, the Company's statement of comprehensive income has not been included in these financial statements. The loss for the period was £206,060 (2021: £1,634,074).

The accompanying notes on pages 74 to 76 form an integral part of these financial statements.

Signed on behalf of the Board

Andy Naylor
CHIEF FINANCIAL OFFICER
27 MARCH 2023

Company registration number: 13511888

Company statement of changes in equity for the period ended 1 January 2023

	Called up share capital	Share premium account	Other reserves	Profit and loss account	Total equity
	£	£	£	£	£
At 3 January 2021	-	-	-	-	-
Loss for the period	-	-	-	(1,634,074)	**(1,634,074)**
Shares issued during the period	357,016	-	-	-	**357,016**
Shares issued on IPO	29,624	4,972,376	-	-	**5,002,000**
Cost of issue of equity shares	-	(539,126)	-	-	**(539,126)**
Share based payments	-	-	90,507	-	**90,507**
At 2 January 2022	**386,640**	**4,433,250**	**90,507**	**(1,634,074)**	**3,276,323**
Loss for the period	-	-	-	(206,060)	**(206,060)**
Share based payments	-	-	362,028	-	**362,028**
At 1 January 2023	**386,640**	**4,433,250**	**452,535**	**(1,840,134)**	**3,432,291**

The notes on pages 74 to 76 form part of these financial statements.

1. General information

Tortilla Mexican Grill plc, the "Company", is incorporated and domiciled in the United Kingdom and registered in England and Wales. The registered address of Tortilla Mexican Grill plc is 142-144 New Cavendish Street, London, W1W 6YF, United Kingdom.

The Company was incorporated on 15 July 2021 and was admitted to trading on AIM on 8 October 2021.

The Company is a public limited company limited by shares whose shares are publicly traded on the Alternative Investment Market of the London Stock Exchange.

The principal activity of the Company and the nature of the Company's operations are as a holding entity.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland ("FRS 102") and the Companies Act 2006.

As permitted by FRS 102, the Company has taken advantage of the disclosure exemptions available under that standard in relation to presentation of a Company statement of comprehensive income and Company statement of cash flows, standards not yet effective, impairment of assets, related party transactions and remuneration of key management personnel.

The financial statements are presented in GBP. The financial statements present information about the Company as an individual entity and not about the Group.

The following principal accounting policies have been applied:

2.2 Investments

Investments held as non-current assets are stated at cost less provision for any impairment. The carrying value of investments are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. Shares issued in a paper for paper exchange to which local merger relief applies are booked at their nominal value.

2.3 Financial instruments

The Company enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other receivables and payables, and loans from banks and other parties.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at the present value of the future cash flows and subsequently at amortised cost using the effective interest rate method. Debt instruments that are payable within one year, typically trade receivables and credit, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence is found, an impairment loss is recognised in the statement of comprehensive income.

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

3. Fixed asset investments

	Investments in subsidiary companies £
Cost	
At 3 January 2022	**449,523**
Additions - Chilango Ltd	**350,532**
Additions - Mexican Grill Ltd	**362,028**
At 1 January 2023	**1,162,083**

The investment additions in Mexican Grill Ltd relates wholly to the shared based payment for the 52 weeks ended 1 January 2023 (2 January 2022: £90,507).

The Company's subsidiary undertakings are shown in note 26 to the consolidated financial statements.

4. Trade and other receivables

	1 January 2023 £	2 January 2022 £
Amounts owed by group undertakings	**2,589,893**	2,920,186
Other receivables	**23,701**	-
	2,613,594	2,920,186

Amounts owed by Group undertakings are repayable on demand and are non-interest bearing.

5. Trade and other payables

	1 January 2023 £	2 January 2022 £
Other payables	**250,000**	-
Accruals and deferred income	**93,386**	93,386
	343,386	93,386

Other payables relate wholly to amounts payable to RDCP Group Limited as contingent consideration for the acquisition of Chilango Ltd. Please refer to note 25 of the consolidated financial statements for further details on business combinations.

6. Share capital

	1 January 2023 £	2 January 2022 £
Allotted, called up and fully paid		
38,664,031 Ordinary shares of £0.01 each	**386,640**	386,640

In addition to the table above, please refer to note 22 of the consolidated financial statements, which provides information on the Company's called up share capital.

7. Reserves

Share premium account

The share premium account records the amount above the nominal value received for shares sold.

Share based payment reserve

The Company presents employee share options as an adjustment to own equity through this reserve until the point that the shares are awarded and cease to be conditional awards.

Profit and loss account

The accumulated net profits and losses of the Company.

8. Controlling party

The Directors believe that there is no ultimate controlling party of the Company.

Company information

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