TORTILLA

Annual Report & Accounts 2021

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Strategic report

At a glance

Tortilla Mexican Grill plc ("Tortilla", "the Group") is the largest and most successful fast-casual Mexican restaurant business in the UK – and the second largest outside the United States.

The Group was founded in 2007 by Brandon Stephens. Originally from California, Brandon arrived in London in 2003 to find a gap in the market for quality burritos and tacos. He responded by establishing Tortilla, with a mission to offer customers freshly prepared, customisable and authentic Californian-inspired Mexican food.

Tortilla, specialists in freshly made Californian-inspired Mexican cuisine, had 64 sites worldwide at the end of 2021: 51 Group-operated UK sites, three UK franchise sites run by SSP Group plc ("SSP") and ten franchise sites in the Middle East. The Group has subsequently commenced a franchise relationship with Compass Group plc ("Compass") by opening four locations in university campuses.

64
sites worldwide

- 51 Group operated sites
- 3 SSP franchise sites
- 10 Middle East sites

"The Tortilla brand is synonymous with an energetic, vibrant culture and great value for money"

Our brand

The Tortilla brand is synonymous with an energetic, vibrant culture and great value for money. It embraces 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. Our offer is defined by:

FLAVOUR

Our meat is marinated and cooked for over 24 hours in the central kitchen, providing an authentic and distinctive taste

INNOVATION

Our menu is regularly reviewed and refreshed to add trending fillings (e.g. chilli no carne), popular add-ons (e.g. churros) and seasonal specials, often through brand collaborations

CUSTOMISABILITY

All dishes are made to order with a multitude of flavour combinations, enabling customers to tailor their meal to their specific preferences or dietary needs

FRESHNESS

Our toppings and guacamole are freshly made in-house every day

VALUE FOR MONEY

Our prices are more affordable than our 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 AlixPartners)

Chair's statement

I am delighted to be writing to you after six months of Tortilla being a public company, through which time we have continued to trade strongly.

Looking back at 2021, it was a year, like 2020, where the Group showed its versatility and ability to be flexible during the pandemic. It began with three months of national lockdown as the country dealt with the new Delta variant. It then ended with the arrival of yet another variant, Omicron, resulting in government instructions to work from home and to think strongly about socialising, which naturally suppressed eating out in the run up to Christmas.

Covid-19 paradoxically became an opportunity for Tortilla. We knew we had a strong delivery product and during the lockdown periods we introduced the brand to new customers via delivery, which in turn then saw them return to eat in our stores when we were allowed to open fully.

Managing the stop-start nature of last year was also a test for the ambition and resilience of the Tortilla Management team, a test they passed with flying colours. The fact that, on top of this, they also successfully managed the significant work of a listing process (arriving on the Alternative Investment Market ("AIM") in early October) is testament to the quality and ambition of the Executive Directors Richard Morris, our CEO, and Andy Naylor, our CFO. I have enjoyed getting to know them, and understanding this great business better, over the last six months.

THE TORTILLA INVESTMENT CASE – FROM 50 TO 200, AND CREATING A NATIONAL BRAND

The Tortilla brand was conceived by Brandon Stephens in 2007 when he arrived in London to study and struggled to find anywhere to eat the freshly made burritos he ate when growing up in the Mission District in San Francisco. At the time that he founded the business, the UK consumer was a bit sceptical about the quality of Mexican food and needed educating.

Fifteen years later we have a proven model, operating across 64 sites, and customers are increasingly favouring our food-type and brand. We always have queues when opening new restaurants which highlights the wide appeal of our offer. The current property market is giving us access to a very strong pipeline of new sites and we are confident of opening at least 45 locations over the next five years.

The product is still made fresh and our central production kitchen allows us to ensure the quality and consistency of sauces and recipes. Given how well the product travels on delivery (not all restaurant food does) this is now a major and growing sales channel within the business. To date we have opened five delivery-only kitchens and plan to open circa three to four more per year going forward.

Finally, the business was early to test franchising, with ten sites established across the Middle East in the United Arab Emirates and Saudi Arabia, through a partnership with Eathos. Tortilla has gained confidence in its franchising systems and has extended its franchisee partners to SSP and then Compass, in the UK. This ability to franchise clearly gives us further growth opportunities in uncharted locations to supplement our own expansion.

For me, as chair, what excites me about Tortilla is the headroom for growth – with clear customer white space and the proven flexibility of how the Tortilla brand can present itself to customers.

OUR NEW BOARD OF DIRECTORS

Prior to the IPO, the Board benefitted from the experience of Paul Campbell and Aarish Patel, both industry veterans and Tortilla fans. I would like to thank them for all the advice they have given me in taking on the reins. However, I am very pleased to say that the Board retains the institutional memory of the past and has both Brandon Stephens, the founder, still playing an active role as Founder Director and Loëz Lagadec, a Quilvest partner, as Board members. In terms of new experience, alongside myself (former CEO of Wagamama) we are delighted to have Laurence Keen, CFO of Hollywood Bowl plc; Laurence was part of the management team that floated Hollywood Bowl over five years ago and, along with his experience in the hospitality sector, has some invaluable insights as we mature as a public company.

CHALLENGES AHEAD

I anticipate you will have read about the set of challenges facing our sector: from energy and cost of goods inflation to labour shortages. Tortilla will not be immune to these, no business will. However, I want to assure you that the calibre of the Management team as well as the operational simplicity and flexibility of the offer, mean that we are much better placed than many to navigate these. We also suspect the ongoing economic conditions will see customers turn to brands they trust which are also great value for money, which should play into our Tortilla sweet spot.

I expect 2022 to be an immensely exciting year in the evolution of the business and the brand, with opportunities outweighing the challenges. Expansion prospects arising from the favourable property market alongside our partnerships with SSP and Compass provide a fantastic opportunity to take this business to the next level.

Emma Woods
CHAIR
11 APRIL 2022

> "What excites me about Tortilla is the headroom for growth – with clear customer white space and the proven flexibility of how the Tortilla brand can present itself to customers."

Chief Executive Officer's statement

2021 was a year of great achievements for Tortilla, during which we delivered record sales and profits, significant strategic progress and celebrated the exciting milestone of becoming a public company, which we believe will support our ability to further capitalise on significant long-term growth opportunities in the post-Covid-19 casual dining landscape.

The business has shown itself to be extraordinarily well positioned throughout the pandemic. The Tortilla product proposition is well-suited to the growing delivery market, and we have proven the brand's flexibility to operate across a range of locations and formats, including smaller sites and delivery-only kitchens. As we continue to navigate Covid-19 and the current inflationary context, I remain incredibly proud of the way Tortilla has risen to the challenge. Our strong performance during this time showcases the true value of the Group's flexibility, and our ability to adapt, and indeed thrive, in difficult circumstances.

In addition to delivering strong revenue growth of nearly 80%, we were pleased to achieve progress on several strategic objectives, including the launch and development of various partnerships, and growing our estate of delivery kitchens and traditional bricks and mortar locations.

RESPONDING TO COVID-19

Tortilla's success over the pandemic has been rooted in our business model. By adjusting our operations several times during this period, we were able to maximise sales across eat-in, takeaway and delivery channels, resulting in only minimal temporary closures – in great contrast to the numerous permanent closures across the industry. Through our re-opening strategy, which optimised locations in residential areas, we were able to flex according to the changing trends, meeting new demand from those working from home and turning this circumstance to our benefit.

Aware of the importance of consistent engagement with our customers, we maintained our public presence through social media, mirroring our customers' increased online activity and ensuring our brand remained relevant and appealing. Equally critical was our relationship with our employees. To counteract the uncertain climate, we ensured regular communication and updates to support and retain our team – crucial during the current staff shortages in hospitality.

Alongside the wider hospitality industry and many other sectors, the Group received financial government support which enabled us to protect our financial position and avoid redundancies. However, while many businesses restructured using company voluntary arrangements ("CVAs") and other methods, Tortilla engaged in active negotiations with landlords, maintaining our positive relationships on a fair basis as the UK economy recovers.

OPPORTUNITIES AHEAD

As we move forward, we're excited to capitalise on growth opportunities the post-pandemic landscape presents. As rent levels rebalance, we are accelerating our UK strategy, building on the success of delivery-only kitchens and targeting further franchising and licensing opportunities across a variety of venues looking to add high street brands to their offer.

Our strategy comprises the following key growth pillars, against each of which I am delighted to report that we delivered strong progress during 2021:

UK ROLL-OUT

The primary objective of the Group's growth strategy is to accelerate its UK presence, with 45 new sites targeted in the UK in the next five years. We continue to believe that, due to the Covid-19 pandemic and the consequent negative impact on the wider hospitality industry and

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commercial property market, an exceptional opportunity exists for the Group to secure favourable rental rates and incentive packages and that the Group is well positioned to capitalise on this.

In 2021, we opened three "bricks and mortar" stores (Edinburgh, Windsor and Exeter) and we remain confident of opening ten sites in 2022 given our openings so far this year and upcoming pipeline.

Over the coming years we intend to expand further, seeking opportunities of increased availability of former retail units and lower post-pandemic rents.

FRANCHISING AND PARTNERSHIPS

To support our site expansion, we see exciting opportunities to enter into franchise agreements that offer capital-light growth opportunities into new areas for the brand. During 2021 we launched a partnership with Merlin Entertainments to open at Chessington World of Adventures, and we opened two further sites in partnership with SSP at Gatwick Airport and Leeds Skelton Lakes motorway services, taking our total number of sites with SSP to three.

We also commenced a trial with Compass to franchise the Tortilla brand in higher education UK campuses and, as of the end of February 2022, there are four locations trading (Brunel, Swansea, Middlesex and Sussex). This is part of a partnership expected to yield a further ten locations over a five-year period.

These additional partnerships, on top of our own store rollout, are possible due to our flexible business model. The simplicity of the fresh food and our simple kitchen setup enable the brand to explore alternative locations which are out of reach of many of our competitors.

DELIVERY-ONLY KITCHENS

Tortilla's product proposition has been proven to be highly suitable for home delivery. As well as leveraging our growing site portfolio, we see an exciting opportunity to open selective delivery-only kitchens. These enable us to extend the reach of our delivery service, as well as enabling us to introduce the Tortilla brand to new customers ahead of potentially opening a restaurant in a new area.

During the year we opened three such kitchens (Balham, Manchester and Brent Cross), taking the total to five and see the opportunity to open a further three to four sites per year over the medium term.

INTERNATIONAL

Tortilla is already the largest fast-casual Mexican chain in the UK and Europe. With the popularity of burritos and tacos growing worldwide with successful chains across Europe, Asia, the Middle East and Australia, there is an opportunity for the Group to establish a broader presence internationally. The Group is exploring the opportunity to expand into Europe in the mid-term. During the year, the Group successfully traded from 10 sites operated in the Middle East by Eathos Ltd, as franchisees.

PEOPLE, VALUES, AND CULTURE

Past, present and future – Tortilla's people, values and culture are the foundation of our success. By hiring the best people at all levels, we maintain an inclusive culture where values such as kindness, humility and integrity are of equal importance as education, experience and skills.

We continue to embrace and encourage diversity throughout our recruitment practice, and our workforce is now 48 percent non-British national, with more than half management roles carried out by women. With under 25-year-olds forming more than 50 percent of our workforce, we believe in nurturing young talent through training, career development and ongoing support of government initiatives to help young people into work. Indeed, all staff benefit from clear development plans including Manager in Training programmes, accredited qualifications, industry specific apprenticeships and online training, and we continue working to fill at least half of our management roles with internal candidates.

We understand that motivated and inspired staff do the best work and have continued innovating to ensure our workforce is supported and engaged. We encourage work-life balance for all our employees, pay competitive salaries with hourly rates above the national minimum and living wage thresholds, and promote health and wellbeing through our free employee assistance programme. As well as regular staff socials and recognition through awards, teams are incentivised for outstanding sales performance and service. One such incentive includes a team day out for the restaurant team with the best customer feedback, for which our Head Office run the restaurant for the day – quite a challenge for us…!

Our annual assessment of staff engagement gathers insight both in-store and at our head office, and this year suggested that our teams were happy with the way the company communicated and handled the pandemic, leading to an overall score of 90 percent satisfaction.

MOVING FORWARD

As we write this, the global economic and political situation remains difficult, which will test us all, but we also know that Tortilla is a resilient, dynamic enterprise, and generally in a better place than most of our competitors to deal with economic downturns. This report details the strategy and results achieved against the odds and presents the Tortilla Group as a leading light in the future of the hospitality sector.

We're very excited to capitalise on growth opportunities the post-pandemic landscape presents. As rent levels rebalance, we are accelerating our UK strategy, building on the success of delivery-only kitchens and targeting further franchising and licensing opportunities across a variety of venues.

Richard Morris
CHIEF EXECUTIVE OFFICER
11 APRIL 2022

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. Almost half our estate and five of our top ten selling stores are located outside of London, covering a wide range of sites including shopping centres, high streets, residential areas, theme parks, 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 who drive widespread engagement across the most popular social media platforms. Last year saw the launch of our TikTok channel, 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 advantage 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 2021, the Group had 64 sites worldwide: 51 UK sites we operate ourselves, three UK sites franchised to SSP, and ten 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 29 sites within the M25 area and 22 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 £250,000 to £425,000 depending on the size of the unit, site condition and store front requirements.

The Group aims for a 35 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.

> "Tortilla has developed a great reputation for its freshly prepared, customisable, value-for-money product range of burritos, tacos and salads."

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 franchise units.

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. The Group aims to open a further 45 sites in the next five years including traditional sites, delivery-only kitchens and smaller sites which focus more on delivery/takeaway. In 2019 a Deloitte Whitespace Report confirmed over 120 additional UK sites met the Group's ideal location criteria.

Chief Financial Officer's review

GROUP FINANCIAL KPI SUMMARY

	2021	2020	Change
Revenue	**£48.1m**	£26.8m	**+79.5%**
Gross profit margin	**79.6%**	77.4%	**+2.2% pts**
Administrative expenses	**£36.5m**	£24.7m	**+47.8%**
Net profit/(loss) after tax	**£1.4m**	(£1.7m)	**+182.4%**
Cash generated from operations	**£11.7m**	£4.2m	**+178.6%**
Alternative performance measures ("APMs")			
LFL revenue growth (vs 2019)[1]	**23.8%**	0.0%	**+23.8% pts**
Adjusted EBITDA (pre-IFRS 16)[2]	**£8.7m**	£2.4m	**+262.5%**
Net cash/(debt) (pre-IFRS-16)[3]	**£6.7m**	(£2.3m)	**+391.3%**

[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.

Last year was transformational for the Group, with record profits and a successful admission to AIM on Friday 8 October. To say we are pleased with our year, considering the backdrop of the pandemic, would be an understatement and we remain excited about our future.

REVENUES

Much like the prior year, 2021 was defined by the pandemic, with revenues in Q1 2021 particularly impacted by the lockdowns imposed by the UK Government. Despite this challenge, revenue increased to £48.1m which represents an increase of 79.5 percent compared to 2020. This was achieved through strong performance of the existing estate and the addition of seven new restaurants (three of which were delivery-only kitchens). The existing estate performed very strongly, achieving LFL sales growth of 23.8 percent compared to the pre-pandemic levels of 2019 (excluding Q1, this LFL sales growth increases to 30.3 percent).

In 2021, 285 trading weeks (11% of the total possible) were lost across the estate due to store closures arising because of the pandemic. We remain optimistic that the trading conditions in 2022 will be better due to the easing of restrictions and improved immunity from the pandemic.

The Group performs well across all store formats and throughout the UK. Incredibly, in spite of the challenges the pandemic presented us with, 73 percent of stores achieved a record sales week in 2021 and the profitability levels inside and outside of the M25 remain comparable (average Store Adjusted EBITDA of £350k and £300k respectively). This provides us with confidence over the ability of the Group to continue the rollout to all corners of the UK.

GROSS PROFIT MARGIN

The Group achieved a record gross profit margin in 2021 of 79.6 percent (2020: 77.4 percent). This increase was driven by several factors:

1. an increased proportion of sales via the delivery channel (delivered products are charged at a slightly higher price to cover commission costs and these are reported as administrative expenses);
2. effective pricing negotiations with suppliers;
3. improved efficiency at a store level to minimise waste and other losses; and
4. the benefit of a reduction rate of VAT on some of the Group's products (reduced from 20 percent to 5 percent until 30 September 2021 and then 12.5 percent for the remainder of the year).

ADMINISTRATIVE EXPENSES

Under application of IFRS 16, administrative expenses exclude property rents (except for turnover rent) but incorporate the depreciation of right-of-use assets. However in both 2020 and 2021, these two factors largely offset.

Administrative costs increased by 47.8 percent year-on-year to £36.5m with this being driven by the increased level of trade in 2021 as the restaurants were closed for a longer period during 2020 than 2021. In both years, the Group utilised the available government support during periods of closure via the Coronavirus Job Retention Scheme ("CJRS").

Administrative expenses also incorporate exceptional items which increased to £1.9m in 2021 (2020: 0.3m). The £1.6m increase is attributable to costs incurred for the Group's IPO with a further £0.5m of IPO cost incurred relating to the issuing of new shares (recorded as a deduction in share premium). This apportionment between exceptional items and share premium has been undertaken in accordance with IAS 32.

As a percentage of revenue, administrative expenses decreased from 92.2 percent (2020) to 75.9 percent (2021) due to the improved nature of trading in 2021 as a substantial portion of the Group's property costs are fixed in nature.

The Group achieved
a record adjusted EBITDA
(pre-IFRS 16), in 2021

£8.7m

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 2 January 2022 £	53 weeks ended 3 January 2021 £
Profit/(loss) from operations	**3,634,155**	**(469,275)**
Pre-opening costs	**126,753**	78,778
Share option expense	**90,507**	-
Depreciation and amortisation	**6,255,038**	5,796,178
Exceptional items	**1,856,268**	272,182
Non-trading costs	**244,639**	60,100
IFRS 16 adjustment	**(3,466,784)**	(3,376,630)
Adjusted EBITDA (pre-IFRS 16)	**8,740,576**	**2,361,333**

The Group generated £8.7m of Adjusted EBITDA (pre-IFRS 16), an improvement of £6.3m compared to 2020. The improved performance was largely generated by the strong sales performance of the business as we were able to introduce the brand to new customers during the pandemic. This customer acquisition arose due to the Group generally re-opening ahead of competitors and heavily engaging with both new and existing customers during this period.

When other businesses re-opened, despite the increased competition, the newly acquired customers remained loyal and the Group's sales went from strength to strength as 2021 progressed.

Operational cost controls were well controlled in the period and along with utilisation of Government support, resulted in Adjusted EBITDA (pre-IFRS 16) (as a percentage of sales) improving to 18 percent (2020: 9 percent).

CASH FLOW

Cash generated from operations increased in line with the improvement in Adjusted EBITDA, save for the settlement of a number of 2020 working capital related cash flows (namely leasehold payments) that were deferred to early 2021.

Cash expenditure on property, plant and equipment increased due to both the addition of more new sites in 2021 compared to 2020 and higher maintenance capital costs arising from numerous refurbishments when the Group re-opened the estate in the early part of the year.

A significant cash outflow arose from the restructuring of the Group's banking facilities prior to the IPO as the previous debt facilities were fully repaid (£12.6m). The following cash inflows partially offset this: (1) a £3.0m drawdown on a new debt facility as outlined further below; and (2) a primary raise of £5.0m from the IPO less £2.2m of fees (£1.6m recorded as exceptional costs and the remainder recorded in equity).

FINANCING AND NET DEBT

The Group's net debt position has been materially reversed during the course of 2021 to a net cash position of £6.7m at 2 January 2022 (3 January 2021: net debt of £2.3m). The business is highly cash generative, benefits from a negative working capital cycle and is accordingly able to fund the new store openings from own cash.

The Group's £10.0m revolving credit facility (RCF) is held with Santander UK plc and comprises of a drawn balance of £3.0m at 2 January 2022 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, subject to an upward-only ratchet based on increased net leverage levels and is secured until 14 September 2026.

SHARE BASED PAYMENTS

As part of the Group's admission to AIM, a Long Term Incentive Plan ("LTIP") was created for senior Management. The detail of this scheme for the Executive Directors is noted in the remuneration report. These options vest subject to continuous employment over a three and four year period, and attainment of certain performance conditions relating to Adjusted EBITDA (pre IFRS-16). The Group recognised a total charge of £0.1m in 2021 in relation to the Group's share-based payment arrangements.

> "The business is highly cash generative, benefits from a negative working capital cycle and is accordingly able to fund the new store openings from own cash."

DIVIDEND

The Board did not recommend a dividend for 2021. The Group's capital over the coming years will be deployed to growth 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 2 January 2022, the Directors have considered the Group's cash flow, liquidity and business activities, as well as the ongoing uncertainty caused by the Covid-19 pandemic.

The hospitality sector has been particularly impacted by Covid-19 and the Group has taken a number of actions to improve liquidity to ensure it is well placed to operate through the pandemic and to achieve its strategic goals.

During 2021, the Group successfully listed on the AIM market which gave the Group access to additional capital and combined with the strong cash generation of the business, enabled the Group to reduce the borrowing facilities from £11.9m to £3.0m. The Group has access to a further £7.0m of financing and this remained undrawn on 2 January 2022. The Group had cash balances of £9.7m on 2 January 2022 which translate to a net cash position of £6.7m.

The Group has prepared forecasts for the next 12 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.


BURRITOS
MARG
KILLER

Directors' Duties – Section 172 Statement

The Directors are aware of their duties 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.

Key stakeholders:	Stakeholder interests:	How we engage:
Employees	Career progression Development opportunities Reward and recognition Health and safety Respect	In-store recognition Group's internal employee platform, Workplace Annual Group-wide conference Sport matches for colleagues and 'Party in the Park' Assessment of employee engagement conducted twice a year Provision of an employee assistance programme for health and wellbeing
Suppliers	Long-term partnerships and fair pricing Ethical and sustainable trading Sourcing quality produce and higher welfare meats	Open dialogue regarding service levels and upcoming challenges/opportunities Regular price reviews and fair negotiations Menu development discussions
Local community and environment	Community resource Disposable packaging to be recyclable or bio-degradable Events	Where possible, hire from within the local communities where stores are based Paying competitive salaries and paying staff hourly rates above the National Minimum Wage and National Living Wage Raving Fans initiative Provision of safe and friendly space for the local community
Customers	High quality produce at a great price Consistency of food and service across the estate Customisable food offer Embracing new food trends	Digital and in-store marketing Customer loyalty program Feedback surveys New product development and limited time offers Brand collaborations Allergen and nutritional calculator tool
Shareholders	Financial and operational performance Growth in Group Environmental, social and corporate governance	AGM, interim and annual reports One-to-one meetings Trading updates via RNS Corporate website

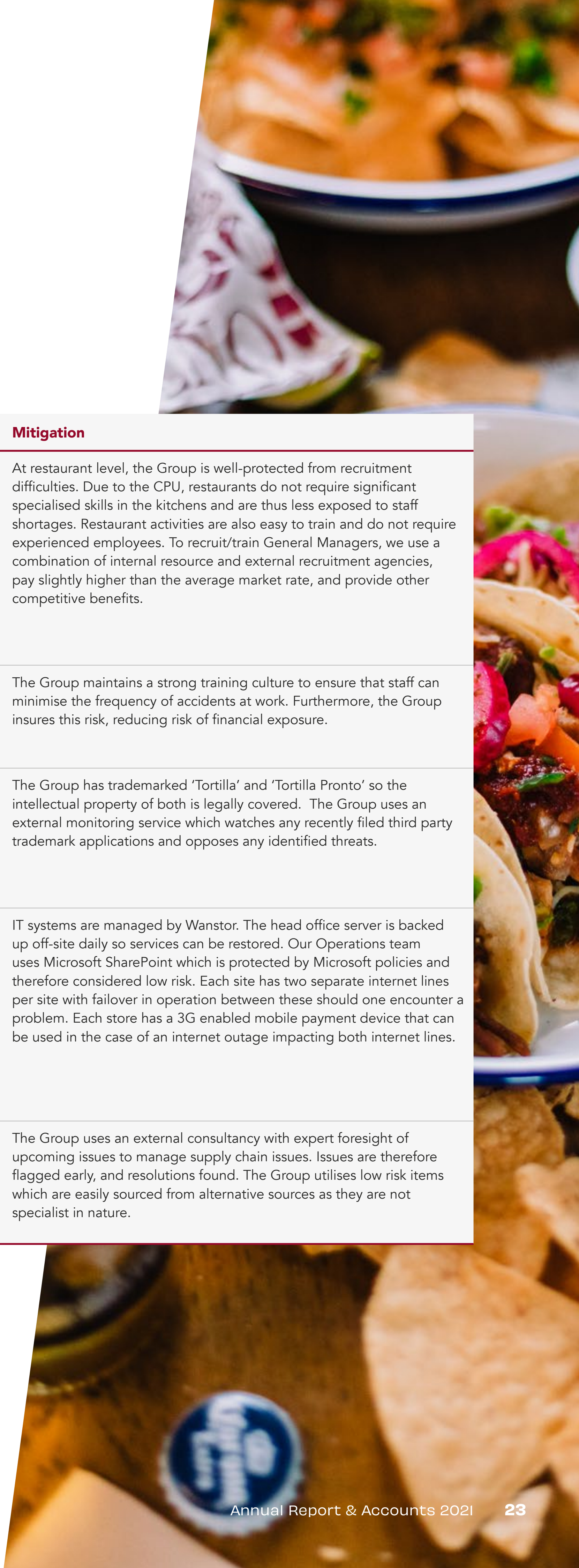
Approved by the Board on 11 April 2022 and signed on its behalf by:

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:

Risk	Summary	Mitigation
Operational cost control degradation	Poor operational controls and processes would lead to a degradation in Group margins. **Responsibility:** COO	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	Increased competition for new sites may cause increased rents/difficulty obtaining new prospects due to competitors outbidding the Group. **Responsibility:** Property Director	Our property team is always well resourced, so the business can obtain maximum potential prospects. We grow other property prospects such as delivery-only kitchens, franchised units and licensing opportunities to supplement the core pipeline.
Decline in popularity	Decline in customer demand for burritos/tacos and the wider Mexican cuisine could lead to declining sales. **Responsibility:** Head of Marketing	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	Inflated cost of ingredients, materials, fuels or transportation may increase input costs thus reducing profit margin. **Responsibility:** CFO	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	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	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	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:** Head of Marketing and COO	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.



Risk	Summary	Mitigation
Staff shortages	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:** Head of HR	At restaurant level, the Group is well-protected from recruitment difficulties. Due to the CPU, restaurants do not require significant specialised skills in the kitchens and are thus less exposed to staff shortages. Restaurant activities are also easy to train and do not require experienced employees. To recruit/train General Managers, we use a combination of internal resource and external recruitment agencies, pay slightly higher than the average market rate, and provide other competitive benefits.
Accidents at work	The Group's employees and customers are at risk of accidents whilst working or visiting one of our sites. **Responsibility:** COO	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	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	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	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	IT systems are managed by Wanstor. The head office server is backed up off-site 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	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	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.


TORTILLA
TORTILLA

Corporate Governance

Board of Directors

A N R

Emma Woods

NON-EXECUTIVE CHAIR

Emma has extensive 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) of The Gym Group plc, and a Non-Executive Director (and member of the Audit, Remuneration and Nomination Committees) of Great Portland Estates plc. Her hospitality experience includes being the CEO of Wagamama from December 2018 to June 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 and before that was Group Marketing Director for Pizza Express. Emma is trained as a global marketer and has previously held Global Marketing Director roles at Merlin Entertainments and Unilever.

Emma attended the University of Oxford where she read Experimental Psychology.

`Tortilla Order`

Naked burrito with chicken, coriander rice, black beans, sour cream, loads of guacamole, pico de gallo, lettuce, pickled onions & lime!

Richard Morris

CHIEF EXECUTIVE OFFICER

Richard became CEO of Tortilla in 2014, bringing with him over 30 years' experience in the food sector.

After starting his career in the US, Richard's first insight into the UK restaurant industry was with TGI Fridays, where he ran its Covent Garden restaurant before becoming Regional Manager, and then Operations Director. He then moved on to Rainforest Café where he opened locations in London, Manchester and Disneyworld Paris. Richard then left to become part of Loch Fyne Restaurants' original management team as Operations Director in 1999, before which he became Managing Director in 2005. At Loch Fyne, Richard oversaw the company's sale to Greene King.

Richard joined Tortilla from Daylesford Organic, which he had joined in 2011. At Daylesford, Richard oversaw the company's London operations, including opening their first full-service restaurant in 2013 and opening restaurants in Selfridges and in Esher.

`Tortilla Order`

Carnitas pork burrito with grilled veg, Mexican rice, black beans, cheese, guac, raw slaw & a squeeze of fresh lime!

Andy Naylor

CHIEF FINANCIAL OFFICER

Andy joined Tortilla in July 2017 as CFO. Andy holds a first class degree in Astrophysics and started his career at Deloitte LLP where he qualified as a chartered accountant.

Andy then took on roles at Gazprom before joining Gaucho restaurants as Financial Controller and then promoted to Head of Finance, a role which included overseeing the sale of the business to Equistone Partners.

Alongside his role as CFO, Andy was also appointed as Tortilla's Commercial Director in January 2021. The role focuses on business development, working alongside franchise partners and reviewing Tortilla's many alternative revenue-driving opportunities.

`Tortilla Order`

Grilled chicken burrito with Mexican rice, black beans, chipotle cheese sauce, chorizo, guac, salsa roja (the hotter the better) & fresh jalapeños!

Committee Key:

A Audit Committee N Nomination Committee R Remuneration Committee Committee Chair

A N R

Brandon Stephens

NON-EXECUTIVE DIRECTOR

Brandon founded Tortilla in 2007 and led Tortilla as CEO until 2014, when he stepped down as CEO and assumed the role of Non-Executive Director.

Brandon has also been Founder/ CEO of REVL (the UK's largest events marketplace), Chairman of Red's True Barbecue (the largest BBQ chain in the UK), and Interim Director of e-commerce for Arcadia Group. Brandon currently advises TriSpan's Rising Stars fund, a dedicated restaurant private equity program, whilst also acting as a Non-Executive Director for Thunderbird Fried Chicken Ltd and Mamma Roma Group.

Brandon started his career in Silicon Valley where he worked in a range of senior positions at several high-profile technology start-ups, including Webvan and PointCast. He 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.

Tortilla Order

Barbacoa beef burrito with Mexican rice, black beans, chorizo, sour cream, cheese, salsa roja, salsa verde, guacamole, red onions & all the jalapeños!

Loeïz Lagadec

NON-EXECUTIVE DIRECTOR

Loeïz represents the interests of Quilvest Capital Partners, a global alternative investments player with circa. US$ 6 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. He works on the due diligence and monitoring of direct private equity investments in the UK and Europe. Since joining Quilvest in 2006, Loeïz has served on the Board of a number of portfolio companies including Sogetrel, EDH, BT Blue, Minafin, and Tortilla. Before joining Quilvest in 2006, Loeïz spent 2 years with the Boston Consulting Group in Paris and Barcelona. Loeïz is a graduate of HEC in Paris (École des Hautes Etudes Commerciales) and was awarded an MBA from Harvard Business School. He also holds a masters in French corporate law.

Tortilla Order

Grilled veg burrito with coriander rice, pinto beans, sour cream, extra guacamole (always) & salsa roja. With a side of choc-nut stuffed churros please!

A N R

Laurence Keen

NON-EXECUTIVE DIRECTOR

Laurence is currently CFO of Hollywood Bowl Group plc which he joined in 2014, and was part of the team that listed Hollywood Bowl on the stock exchange in 2016. He has significant finance, strategic and property experience having previously also been UK development Director for Paddy Power from 2012, before which he was Head of Retail Operations and Financial Controller for Debenhams plc, and held senior finance and operational roles at Pizza Hut (UK) Ltd and Tesco plc prior to this.

Laurence achieved a first-class degree in business, mathematics and statistics from the London School of Economics. He is also a Fellow of the Institute of Chartered Accountants.

Tortilla Order

Grilled chicken burrito with coriander rice, grilled veg, sour cream, cheese & lettuce. Not forgetting the chips & chipotle cheese sauce!

Application of the Code Principles

Chair's Introduction

The Board is committed to ensuring high standards of corporate governance and has decided to adopt and comply with the Quoted Companies Alliance Corporate Governance Code (the "QCA Code"). As the Group is AIM listed, the Board believes that this is the most appropriate corporate governance code to be used. The following report sets out each of the 10 principles of the QCA Code, along with an explanation of how the Group has applied them since admission to AIM.

The Group, and its Board and Committees, were constituted in September 2021 in preparation for admission to AIM on 8 October 2021. This report therefore relates to the period following AIM Admission to the end of the year, as well as setting out our intended approach to QCA Code compliance moving forwards.

Emma Woods
CHAIR

Principle 1

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

The Group's purpose, business model and strategy are clearly defined and set out on pages 6 to 23 of this report. This sets out the plans around delivery of long-term growth and how the Group's culture and values have been established to support its long-term success. 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 will also hold at least one dedicated strategy session each year.

Further details of the Board's responsibility for implementing the strategy and managing of the business are set out in the Matters Reserved for the Board which can be found on the Group's website: www.tortillagroup.co.uk/aim-rule-26

Principle 2

Seek to understand and meet shareholder needs and expectations

The Directors understand 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 (Hudson Sandler) 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.

Shareholders are kept up to date with announcements made via a Regulatory Information Service on matters of a material substance and / or a regulatory nature. The Group will also hold an Annual General Meeting ("AGM") each year which will provide all shareholders with the opportunity to meet the Chair and other members of the Board and ask questions. The results of the AGM will then be announced via a Regulatory Information Service ("RIS").

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: 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 20 to 21.

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 will be reviewed by the Board on an annual basis. Additionally, a robust internal control system has been set up and will be regularly reviewed.

A Risk Register is the central record of risks faced across different risk types and aggregated to reflect the business' overall risk profiles, has been established and is supported by more granular risk assessments within each business line. The Board and Audit Committee will regularly review the risk register, and in particular the principal risks facing the business, and will 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. Full details of the key risks faced by the business are set out on pages 22 to 23.

Principle 5

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

The Non-Executive Chair is Emma Woods, who is responsible for leading the Board which currently comprises of two Executive Directors and three Non-Executive Directors ("NEDs"). Two of the NEDs, Emma Woods and Laurence Keen, are deemed by the Board to be independent in character and free from relationships or circumstances which could affect their judgement.

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.

The Board has established and is supported by three sub-committees; the Nomination Committee, Audit Committee and Remuneration Committee. Emma Woods is the Chair of the Nomination Committee whilst Laurence Keen is the Chair of the Audit and Remuneration Committees. The Board has determined that each Committee's members have the appropriate skills to discharge their duties.

The Board has agreed an 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. Outside of formal Board meetings, they will meet at least annually with only the NEDs, and the NEDs shall meet annually to appraise the Chair's performance.

Prism Cosec was appointed in September 2021 to provide company secretarial support to the Group and its Committees, and is available to all Directors at any time should they require advice. All Board meetings will be minuted by the Company Secretary with the minutes approved at the subsequent meeting and signed on behalf of the Board.

The Board will normally meet at least six times per year and met on two occasions between AIM Admission and the financial year-end. Attendance at the Board and Committees between AIM Admission and the financial year-end is set out in the table below:

Director	Board Meetings	Audit Committee Meetings	Remuneration Committee Meetings Attended/ Eligible
Emma Woods	2/2	1/1	1/1
Richard Morris	2/2	-	-
Andy Naylor	2/2	-	-
Brandon Stephens	2/2	1/1	1/1
Loeïz Lagadec	2/2	-	-
Laurence Keen	2/2	1/1	1/1

Principle 6

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

Emma Woods and Laurence Keen have considerable previous experience as Directors of listed companies, and each brings appropriate experience to the Board. Andy Naylor (CFO) and Richard Morris (CEO) have been in the business for many years and also have the appropriate experience.

The Nomination Committee is responsible for overseeing the structure, composition and make-up of the Board and will lead the search and selection process for new Board appointments, including reviewing succession plans, evaluating the balance of skills, experience, independence and knowledge of Directors. Additionally, the Nomination Committee will consider diversity, experience, skills and knowledge of the Board on an ongoing basis.

The Board will receive regular briefings and updates for the Group's Nominated Adviser in respect of continued compliance with the AIM Rules.

Principle 7

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

The Board will regularly review the effectiveness of its performance, as well as that of the Committees and the individual Directors. It is intended that Board and Committee performance will be assessed on an annual basis to consider and assess individual's contributions and ensure that the Board is performing effectively as a whole.

It is understood by the Directors that for the Board to continue to perform effectively and continue to improve and develop that membership should be periodically refreshed. The Nomination Committee is therefore responsible for considering succession planning, reviewing Board composition, and training and will consider the use of external advisers as required.

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.

Each of the Board Committees is responsible for ensuring an ethical culture is maintained.

The Matters Reserved for the Board includes oversight of competent and prudent management, ensuring workforce policies are consistent with the Group's values and supports long term success of the Group, and approves the strategic aims, objectives and disclosures in the Annual Report and Accounts.

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 will ensure that the Board retains accountability for good governance and is responsible for monitoring the activities of the Senior Management team. 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 which was approved on Admission and will be reviewed annually going forwards. The matters reserved include decisions relating to:

- 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 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 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.

Each of the Board Committees were established in accordance with the recommendations of the QCA Code. 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 and Remuneration Committees are set out in their respective reports below.

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 identifies and nominates, for the approval of the Board, candidates to fill Board vacancies as and when they arise. The Nomination Committee will meet as required. The Nomination Committee comprises the three Non-Executive Directors, Emma Woods (Chair), Laurence Keen and Brandon Stephens.

Principle 10

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

These responses to the principles of the QCA Code and the information that is contained in this report provide details to all stakeholders on how the Group is governed. The Group will communicate with its shareholders through:

- the Annual Report and Accounts;
- half-year report announcements;
- RIS announcements;
- AGM; and
- one-to-one meetings with large existing or potential new shareholders.

As outlined at principle 2, the Group maintains an active dialogue with its shareholders through its investor relations programme.

A range of Group information is included on the website (www.tortillagroup.co.uk).

Audit Committee report

On behalf of the Board, I am pleased to present the Audit Committee's report for the period ended 2 January 2022.

MEMBERSHIP, ROLE AND RESPONSIBILITIES

The Audit Committee was formally established by the Board prior to the Group's admission to AIM, and I was appointed its Chair when I became a Non-Executive Director of the Group. Emma Woods and Brandon Stephens are the other members of the Committee, with both Emma 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. In summary, the Committee has primary responsibility for monitoring the effectiveness of the Group's internal controls and risk management systems, ensuring that the financial performance of the Group is properly measured and reported on and reviewing reports from the Group's auditors relating to the Group's accounting and internal controls, in all cases having due regard to the interests of shareholders. The Committee also oversee the relationship with the external auditors (including advising on their appointment, agreeing the scope of the audit and reviewing the audit findings).

It is anticipated that the Committee will meet at least three times each year, with its activity aligned with the full and half-year reporting dates, and the external audit planning cycle.

ACTIVITY DURING THE YEAR

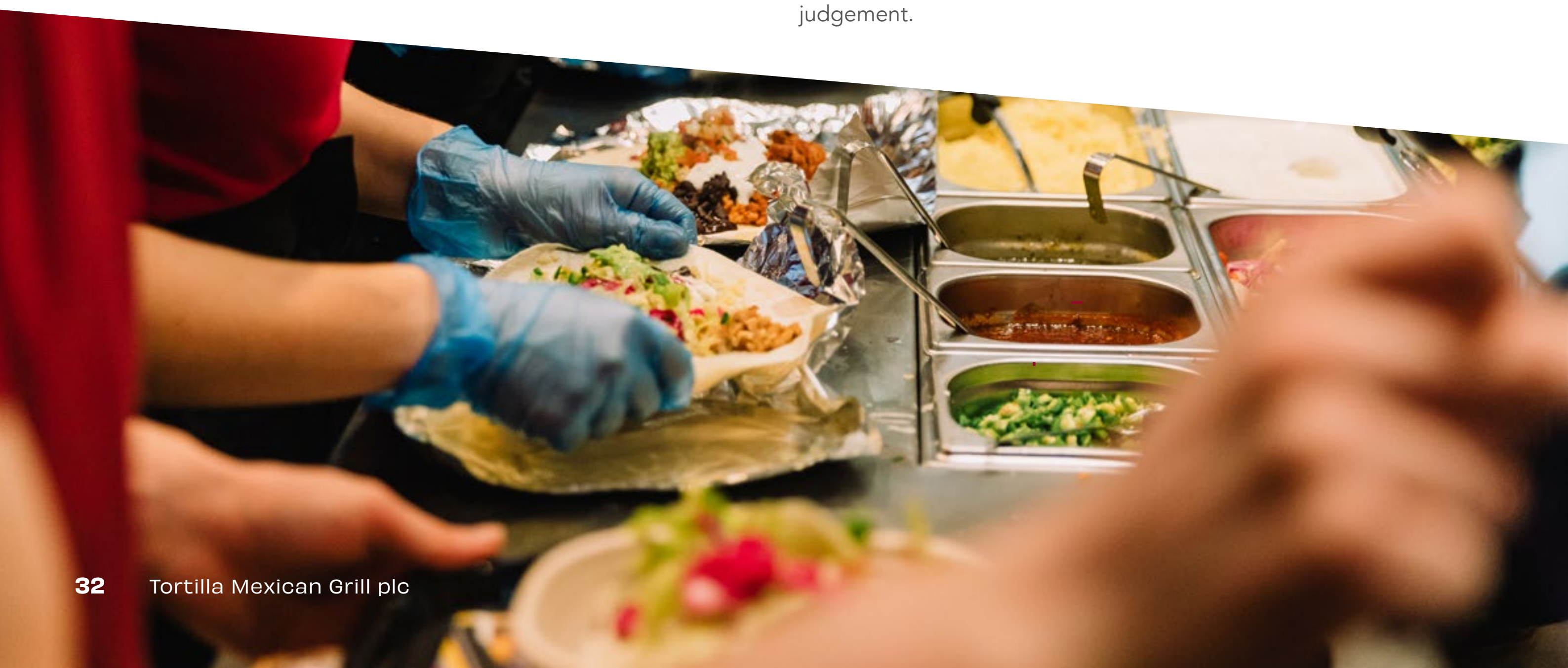
Given the relatively short period between admission to AIM and the Committee's constitution, the Committee met on only one occasion in 2021, and has met once since the year-end. All members of the Committee attended each meeting, which were also attended by the external audit partner and other members of the external audit team. Although not members of the Audit Committee, our CEO and CFO are also invited to attend meetings.

Key activity at those meetings included:

- 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;
- reviewing the Group's risk register and risk management process,
- agreeing a policy for the engagement of the external auditor to carry out permitted non-audit services for the Group;
- reviewing its own Terms of Reference, and agreeing its formal schedule of annual activity;
- 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
- meeting the external auditor without management, to discuss matters relating to its remit and any issues arising from its work.

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 2 January 2022 are set out below:

Significant issues and judgements	How the issues were addressed
Leases and IFRS 16	A robust model is used by the Group to determine the IFRS 16 calculations and was created with the help of an external specialist consultancy. Management reviews all assumptions and new leases/lease modifications thoroughly.
Impairment of right-of-use assets and property, plant and equipment	Detailed analysis of each individual cash generating unit was performed with a key emphasis on forward-looking profitability expectations, taking into consideration the Directors view of longer term working-from-home trends following the pandemic. Furthermore, an independent external 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.
Share based payments	The Black-Scholes model requires subjective assumptions to be made including whether or not the performance targets will be met, the volatility of the Group's share price, the fair value of the shares and the risk-free interest rates. The Group have utilised independent expertise to assist in the calculation of assumptions to ensure a robust methodology.

EXTERNAL AUDITORS

The Audit Committee oversees the relationship with the external auditor, Blick Rothenberg Audit LLP ("Blick Rothenberg"), 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.

Philip Vipond has been the external audit partner for the Group for ten years (including this year's audit). In accordance with the Ethical Standards for auditors, and Blick Rothenberg's own policy, Phil Vipond is stepping down from the audit. The Board consider this to be the natural opportunity to appoint a larger audit firm with greater expertise and experience of auditing public listed companies and, on the recommendation of the Audit Committee and the CFO, has decided to put the Group's statutory audit for the 2022 Financial Year out to competitive tender. This process has commenced and is expected to complete by the end of Q2 2022.

The Audit Committee has therefore recommended to the Board that Blick Rothenberg be reappointed at the 2022 AGM to continue the role until the appointment of new auditors.

The breakdown of fees for audit and non-audit work paid to Blick Rothenberg during 2021 is set out in note 6 in the financial statements.

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 Group-wide controls, controls operating within individual stores and controls over processes. Policies and 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.

In reviewing the effectiveness of the system of internal controls, the Audit Committee will, going forward:

- review the risk register compiled and maintained by senior managers within the Group and question and challenge where necessary;
- regularly review the system of financial and accounting controls; and
- report to the Board on the risk and control culture within the Group.

INTERNAL AUDIT

The Group does not currently have an internal audit function, and the Committee supports Management's view that there is no immediate need 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 ongoing basis, and will consider in the year how best to gain assurance over the operation and effectiveness of key internal control systems and procedures.

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. The Committee is comfortable that the policy is operating effectively.

Laurence Keen
CHAIR, AUDIT COMMITTEE
11 APRIL 2022


BURRITOS AS
AS YOUR HEAD

Remuneration Committee report

I am pleased to present this Remuneration Report, which summarises the remuneration policy and the remuneration paid to the Directors for the period ended 2 January 2022.

This information is disclosed to fulfil the requirements of AIM Rule 19. Tortilla Mexican Grill plc is not required to comply with the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013. The information is unaudited except where stated.

MEMBERSHIP, ROLE AND RESPONSIBILITIES

The Remuneration Committee was formally established by the Board in the lead-up to the Group's admission on AIM, and I was appointed its Chair when I became a Non-Executive Director of the Group. Emma Woods and Brandon Stephens are the other members of the Committee, with both Emma and I being deemed independent by the Board.

The Committee operates under Terms of Reference approved by the Board, 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.

It is anticipated that the Committee will meet at least twice per year.

ACTIVITY DURING THE YEAR

The Committee met twice in 2021, with one meeting pre-admission to approve the grant of awards under the Long-Term Incentive Plan (LTIP) (conditional upon admission becoming effective, and as described in more detail below). Post-admission, the Committee has discussed and agreed:

- Performance against bonus targets, and outturns for the financial period ended 2 January 2022;
- The structure and measures for the 2022 bonus scheme (for Executive Directors and senior managers); and
- The appointment of, and remuneration arrangements (including the grant of options under the LTIP) for the new Group Operations Director.

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.

Executive and senior Management remuneration consists of the following elements:

- Base salary;
- Benefits;
- Pension;
- Annual bonus;
- Long-Term Incentive Plan; and
- Non-Executive Director remuneration.


FRESH
SNAP
TORTILLA
It's how we roll
TACOS
HOT SAUCE
SOUR CREAM
BURRITO

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 decide to 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 50 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. Awards were granted on IPO as detailed later in this document, as market value options subject to an Adjusted EBITDA performance condition, of which 50 percent vest after three years with the remaining 50 percent vesting after four years. Awards are subject to malus and clawback provisions. An additional holding period post vesting may be applied.	Under the 2021 LTIP, awards may be granted as nominal cost options or market value options. Performance conditions may be applied to awards. The Remuneration Committee does not anticipate making long term incentive awards to Executive Directors during 2022 and will review the level and structure prior to making further awards.	Performance measures may include financial and share price performance-based targets. Performance criteria and weightings may be changed from year to year.
Non-Executive Director remuneration	To provide fees appropriate to time commitments and responsibilities of each role.	The Chair is paid a base cash fee, currently £75,000. Non-Executive Directors are paid a base fee in cash, currently £30,000 and additional fees for chairing the Audit and Remuneration Committees, currently £5,000 each. Fees are reviewed periodically. In addition, reasonable business expenses may be reimbursed	The Board is guided by the general increase for the broader employee population and takes into account relevant market movements.	None

REMUNERATION OF EMPLOYEES BELOW THE BOARD

Employees below the Board receive base salary, benefits and an annual bonus, and senior members of staff are invited to participate in the LTIP. Pay and conditions throughout the Group are taken into consideration when setting remuneration policy. The Committee does not consult other employees when setting Executive remuneration.

SHAREHOLDER CONSULTATION

The Committee's policy is to consult with major shareholders in respect of significant decisions on Executive remuneration.

EXECUTIVE DIRECTORS' SERVICE CONTRACTS AND PAYMENTS FOR LOSS OF OFFICE

Our Executive Directors have rolling service contracts dated 20 September 2021 with an indefinite term, but a fixed period of six months' notice of termination. Our approach to remuneration in each of the circumstances in which an Executive Director may leave is determined by the Remuneration Committee in accordance with the rules of any applicable scheme.

NON-EXECUTIVE DIRECTORS' LETTERS OF APPOINTMENT

The Non-Executive Directors do not have service contracts but instead have letters of appointment dated September 2021 which contain a three-month notice period.

CONSIDERATION OF NEW EXECUTIVE DIRECTORS OR SENIOR EXECUTIVES

When recruiting or promoting any senior executive, we seek to apply consistent policies on fixed and variable remuneration components in line with the remuneration policy set our above. This helps to ensure that any new Executive Directors or senior executive is on the same remuneration footing as existing Executives Directors or senior executives respectively, while still taking into account the skill and experience of the individual, the market rate for a candidate of that experience and the importance of securing the relevant individual.

DIRECTORS' REMUNERATION (AUDITED)

The total remuneration paid to each Director who served during the 52 weeks ending 2 January 2022 is set out in the table below:

	Salary/Fee	Taxable Benefits	Annual Bonus[1]	AIM Admission Bonus[2]	Pension contributions	Total
	£000	£000	£000	£000	£000	**£000**
Executive Directors						
Richard Morris	180.8	2.7	33.1	150.0	1.3	**367.9**
Andy Naylor	133.1	1.9	13.3	125.0	1.3	**274.6**
Non-Executive Directors						
Emma Woods[4]	21.6	-	-	-	0.1	**21.7**
Laurence Keen[4]	11.5	-	-	-	-	**11.5**
Loeïz Lagadec[5]	-	-	-	-	-	-
Brandon Stephens	28.6	-	-	-	0.4	**29.0**
Paul Campbell[3]	17.3	-	-	-	0.2	**17.5**
Aarish Patel[3]	-	-	-	-		**-**
	392.9	**4.6**	**46.4**	**275.0**	**3.3**	**722.2**

[1] Outturns for the 2021 annual bonus are described below, payable in April 2022.

[2] As disclosed in the AIM Admission Document, certain members of the Group's Management team (including the CEO and CFO) were paid bonuses in recognition of the additional work undertaken on behalf of the Group in connection with admission to AIM.

[3] Former Directors of Mexican Grill Ltd who retired from the Board on 6 October 2021 as part of the Group's admission to AIM.

[4] Appointed 6 October 2021

[5] Loeïz Lagadec is employed by Quilvest. Quilvest were paid a monitoring fee prior to the IPO. As part of the Relationship Agreement entered into on 30 September 2021, Quilvest are entitled to be paid a fee of £30,000 per annum.

ANNUAL BONUS

Based on corporate financial performance in the period ended 2 January 2022, the Committee approved a bonus of £33.1k for the CEO (being 18.3 percent of his blended salary received during the year) and £13.3k for the CFO (being 10 percent of his blended salary received during the year).

PENSION CONTRIBUTIONS

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. The Non-Executive Directors are also entitled to the same contribution amounts unless they choose to opt-out of the scheme.

LONG-TERM INCENTIVE PLAN (LTIP)

On the Group's admission to AIM, the Executive Directors were granted awards of options over ordinary shares under the LTIP in the form of tax qualifying CSOP options, and market value options. Details of the awards are set out in the table below:

Director	Type of initial option	No. of Ordinary Shares subject to options	Grant date	Earliest exercise date of options	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 are subject to vesting conditions.	**181**
	LTIP (market value) option	**756,907**	8 October 2021		
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 vest remainder one year later. Both are subject to vesting conditions.	**181**
	LTIP (market value) option	**447,514**	8 October 2021		

Vesting of the awards is subject to continued employment and satisfaction of Adjusted EBITDA (pre-IFRS-16) performance targets.

IMPLEMENTATION OF REMUNERATION POLICY IN 2022

The remuneration policy for 2022 will operate as follows:

	Basic salary/ fee £'000	Maximum bonus (% of salary)	Pension %
Executive Directors			
Richard Morris	210	50%	3%
Andy Naylor	150	50%	3%
Non-Executive Directors			
Emma Woods	75	N/A	N/A
Laurence Keen[1]	40	N/A	N/A
Loeïz Lagadec[2]	N/A	N/A	N/A
Brandon Stephens	30	N/A	N/A
Total	**505**		

[1] Fees comprise the base Non-Executive Director fee of £30,000 per annum, plus an additional £5,000 per annum fee as Chair of each of the Audit and Remuneration Committees.

[2] 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 £30,000 in respect of Loeïz Lagadec's service as a Non-Executive Director of the Group.

There was no change to Executive Director salaries or Non-Executive Director fees effective 2 January 2022.

Maximum bonus opportunities for the 2022 financial year are disclosed in the table above. In 2022, the bonus will continue to be assessed against financial (profit) and non-financial (relating to growth and customer service) targets, with 60 percent of total bonus opportunity weighted on the Group Adjusted EBITDA, and payment against the non-financial measures being conditional on target financial performance being met.

The actual performance targets are not disclosed as they are considered to be commercially sensitive but will be disclosed in the 2022 Annual Report when determination of the bonus has been made.

The Remuneration Committee does not expect to make further grants under the LTIP to Executive Directors during 2022.

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. From 2023 we will put an advisory resolution on remuneration to shareholders at our AGM. We will not do this for the 2022 AGM because the advisory vote is intended to allow shareholders to indicate their support for remuneration decisions taken in the reported year and Tortilla was a private company until October 2021.

DIRECTORS' INTERESTS IN SHARES

The beneficial interests of Directors holding office at 2 January 2022 and persons connected with them in the ordinary shares of the Group (excluding share options) were as follows:

	Held at 2 January 2022
Richard Morris	**1,374,750**
Andy Naylor	**136,000**
Emma Woods	**16,574**
Laurence Keen	**-**
Loeïz Lagadec	**-**
Brandon Stephens	**3,210,000**

There were no changes in the Directors' interests in shares between 2 January 2022 and 31 March 2022.

Laurence Keen

CHAIR, REMUNERATION COMMITTEE
11 APRIL 2022

Directors' report

The Directors present the Directors' report on the affairs of Tortilla Mexican Grill plc (the "Group") and its subsidiaries, together with the audited consolidated financial statements for the 52-week period ended 2 January 2022.

REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS

The Strategic Report on pages 6 to 23 provides a review of the business, the Group's performance for the period ended 2 January 2022, key performance indicators and an indication of future developments and risks, and form part of this Directors' Report.

RESULTS AND DIVIDENDS

The results for the year and the financial position as at 2 January 2022 are shown in the consolidated statement of comprehensive income and consolidated statement of financial position on pages 56 to 57.

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 2 January 2022.

POST BALANCE SHEET EVENTS

There are no significant post balance sheet events.

SHARE CAPITAL

As at 2 January 2022, 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.

AUTHORITY TO PURCHASE OWN SHARES

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.

FINANCIAL INSTRUMENTS

The financial risk management objectives of the Group, including credit risk and interest rate risk are provided in note 2.19 to the Consolidated Financial Statements on pages 63 to 64.

SIGNIFICANT SHAREHOLDINGS

Stated as at 31 March 2022.

	Number of Ordinary Shares of £0.01 each	% of Total Voting Rights
Quilvest	7,892,928	20.4
Canaccord Genuity Inc	5,147,000	13.3
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	1,374,750	3.6

ARTICLES OF ASSOCIATION ("ARTICLES")

The rules governing the appointment and replacement of Directors are set out in the Group's Articles. The Articles may be amended by a special resolution of the Group's shareholders.

DIRECTORS OF THE COMPANY

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

Emma Woods (appointed 20 September 2021)
Richard Morris (appointed 15 July 2021)
Andy Naylor (appointed 10 September 2021)
Brandon Stephens (appointed 15 July 2021)
Loeïz Lagadec (appointed 10 September 2021)
Laurence Keen (appointed 20 September 2021)

In accordance with the Articles, all of the Directors, having not previously been elected by shareholders, will be offering themselves for election at the AGM to be held on 15 June 2022. Brief biographical details for each of the Directors can be found on pages 26 to 27.

RESTRICTIONS ON SHARES

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.

DIRECTORS' INTERESTS

The number of Ordinary shares of the Group in which the Directors were beneficially interested as at 2 January 2022 are set out in the Annual Report on Remuneration on page 41.

DIRECTORS' LIABILITY INSURANCE AND INDEMNITY

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.

RELATED PARTY TRANSACTIONS

Following the repayment of interest-free loans held by two Directors, other than monitoring fee payments made to Quilvest prior to the IPO and fees accrued following the IPO as part of the Relationship Agreement, there are no related party transactions required to be disclosed under the AIM rules.

POLITICAL DONATIONS

The Group made no political donations during the period ending 2 January 2022.

EQUAL OPPORTUNITIES

The Group regularly provides employees with information on matters of concern to them, consulting them or their representatives regularly so that their views can be taken into account when making decisions that are likely to affect their interests. Employee involvement in the Group is encouraged, as common goals and awareness of the Group's strategy play a major role in delivering its strategic objectives.

Further details on how the Group communicates with its employees can be found in the Section 172 Statement on page 21.

The Group is committed to eliminating discrimination and encouraging diversity. Its aim is that its people will be truly representative of all sections of society and that each person feels respected and is able to perform to the best of their ability. The Group aims for its people to reflect the business' diverse customer base.

The Group won't make assumptions about a person's ability to carry out their work, for example based on their ethnic origin, gender, sexual orientation, marital status, religion or other philosophical beliefs, age or disability. Likewise it won't make general assumptions about capabilities, characteristics and interests of particular groups that may influence the treatment of individuals, the assessment of their abilities and their access to opportunities for training, development and promotion.

STAKEHOLDER INVOLVEMENT POLICIES

The Directors believe that the involvement of employees, customers and suppliers is an important part of the business culture and contributes to the successes achieved to date (view our S172 statement on pages 20 to 21).

STREAMLINED ENERGY & CARBON REPORTING ("SECR") / ENERGY CONSUMPTION

In line with SECR requirements, the Group reports its energy usage and greenhouse gas emissions ("GHG") for the period ended 2 January 2022.

	2021 energy usage kWh	2021 GHG emissions tCO_2e	2020 energy usage kWh	2020 GHG emissions tCO_2e
Natural gas (Scope 1)	**454,139**	**83**	618,799	114
Electricity (Scope 2)	**4,643,497**	**986**	3,603,510	840
Private transport (Scope 3)	**62,808**	**14**	43,114	11
Total	**5,160,444**	**1,083**	**4,265,423**	**965**
Intensity ratio				
Revenue		**48,075,399**		26,832,846
tCO_2e per £m revenue		**22.53**		35.96

Methodology

All conversion factors that have been used are taken from the 2021 UK Government GHG Conversion Factors for Company Reporting document. Figures for energy consumption were taken from invoices or meter readings as appropriate.

GOING CONCERN

After making enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements. Further detail on going concern is on page 61.

AUDITOR REAPPOINTMENT

Philip Vipond has been the external audit partner for the Group for ten years (including this year's audit). In accordance with the Ethical Standards for auditors, and Blick Rothenberg's own policy, Phil Vipond is stepping down from the audit. The Board consider this to be the natural opportunity to appoint a larger audit firm with greater expertise and experience of auditing public listed companies and, on the recommendation of the Audit Committee, has decided to put the Group's statutory audit for the 2022 Financial period out to competitive tender. This process has commenced and is expected to complete by the end of Q2 2022.

The Audit Committee has therefore recommended to the Board that Blick Rothenberg be reappointed at the 2022 AGM to continue the role until the appointment of new auditors.

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 first AGM will be held at the offices of Liberum (25 Ropemaker Street, London, EC2Y 9LY) on 15 June 2022. 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 11 April 2022.

Andy Naylor
CHIEF FINANCIAL OFFICER

Statement of Directors' responsibilities

The Directors are responsible for preparing the Strategic report, Directors' 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 elected to prepare the Group and parent Company financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and applicable law and have elected to prepare the parent Company financial statements in accordance with UK Accounting Standards, including FRS 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland.

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 of the Group and parent Company and the profit and loss of the Group for that period. The Directors are also required to prepare financial statements in accordance with the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market.

In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- for the Group financial statements, state whether they have been prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006;
- 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 will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group 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 Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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 (together 'the group') for the period ended 2 January 2022, which comprise the Consolidated statement of comprehensive income, the Consolidated statement of financial position, the Consolidated statement of changes in equity, the Consolidated statement of cash flows, the Company statement of financial position, the Company statement of changes in equity and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and UK-adopted International Accounting Standards in conformity with the requirements of the Companies Act 2006. 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:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 2 January 2022 and of the group's profit for the period then ended;
- the group financial statements have been properly prepared in accordance with UK-adopted International Accounting Standards in conformity with the requirements of the Companies Act 2006;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have financial statements been prepared 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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, 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.

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 and parent company's ability to continue to adopt the going concern basis of accounting included:

- Review of trading and cashflow forecasts under a base case and a downside scenario. This analysis included consideration of the arithmetical accuracy as well as the reasonableness of the assumptions and estimates therein.
- Review of the terms of the group's loans and forecast compliance with loan covenants.
- Comparing actual results to budget for the period since year end.

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 and parent company'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.

An overview of the scope of our audit

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the group and the parent company, the accounting processes and controls, and the industry in which they operate.

The group is comprised of the parent company and its three subsidiaries, all of which are based in the UK. The parent company and its subsidiaries were subject to a full scope audit for group purposes. All audit work to respond to the risks of material misstatement of both the group and the parent company was performed directly by the audit engagement team.

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 included 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. Other than the application of the going concern assumption, which is dealt with above, the key audit matters and how the scope of our work addressed them is outlined below:

Key audit matter	How the scope of our audit addressed the risk
Revenue recognition The group's revenue is formed of high volume, low value transactions. The revenue recognition policy is straightforward and does not include any significant level of judgement. However there remains a significant risk over the accuracy of revenue arising from the potential for systems error, incorrect cut-off, or deliberate manipulation.	Our audit approach to revenue included walkthrough the key controls, sample testing of sales transactions through to cash receipt, review of cut-off around the year end and analytical review of margins and revenue on a site-by-site basis. We have no observations to report in respect of this audit matter.
Impairment of property, plant and equipment The group has a substantial balance of property, plant and equipment from the fit out of its trading sites. Including the right-of-use assets the carrying value at 2 January 2022 totalled £34,203,781 (2020: £34,436,984). Impairment of fixed assets is identified as an area of significant judgement. IAS 36 requires management to carry out a formal impairment test when indicators of impairment have been identified. The impact of the Covid-19 pandemic has been felt unevenly across the group's portfolio of trading sites. In some locations the impact of changes to consumer behaviour has presented impairment risks.	Management consider that each site is its own CGU and we are in agreement that this is appropriate. We reviewed management's assessment of sites subject to impairment indicators and carried out our own work to look for potential indicators over the remainder of the estate. For sites where impairment reviews were prepared by management, we verified that they had been prepared in accordance with the provisions of IAS 36, including reviewing their mathematical accuracy and challenging the assumptions and estimates therein. We also reviewed the actual results against the conclusions of previous impairment reviews. We have also read and considered the disclosures made in respect of the impairment review performed. We have no observations to report in respect of this audit matter.

This is not a complete list of all risks identified by our audit.

Our application of materiality

In planning and performing our audit we applied the concept of materiality. An item is considered material if it could reasonably be expected to change the economic decisions of a user of the financial statements. We used the concept of materiality to both focus our testing and evaluate the impact of misstatements identified. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.

	Group	Parent company
Overall materiality	£480,000	£100,000
Basis for determining overall materiality	1% of revenue	3% of total assets
Rationale for benchmark applied	Revenue is one of the primary KPIs of the business	As the entity is a holding company and does not trade, we consider total assets to be the most appropriate benchmark.
Performance materiality	£384,000	£90,000
Basis for determining performance materiality	80% of vw materiality	90% of overall materiality

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes.

In determining the performance materiality, we considered a number of factors - the history of misstatements, risk assessment and aggregation risk, and the effectiveness of controls.

We report to the Audit Committee all identified unadjusted errors in excess of £48,000. Errors below that threshold would also be reported if, in our opinion as auditor, disclosure was required on qualitative grounds.

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 Auditors' 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.

Opinion 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 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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 on page 48, 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 and 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 parent company or to cease operations, or have no realistic alternative but to do so.

Auditors' 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 auditors' 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:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the group and the parent company through discussions with directors and other management, and from our commercial knowledge and experience of the restaurant industry;
- we focused on specific laws and regulations which

we considered may have a direct material effect on the financial statements or the operations of the group, including the Companies Act 2006, taxation legislation and food hygiene legislation;

- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management, reviewing any correspondence from HMRC and other regulators and inspecting published food hygiene scores; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- performed substantive testing on sales and grant income on a sample basis;
- assessed whether judgements and assumptions made in determining the accounting estimates set out in note 3 were indicative of potential bias;
- investigated the rationale behind significant or unusual transactions; and
- contacted a sample of key suppliers to verify statement balances.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims; and
- reviewing correspondence with HMRC and relevant regulators.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

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 auditors' 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 Auditors' 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.

Philip Vipond
(SENIOR STATUTORY AUDITOR)
FOR AND ON BEHALF OF
BLICK ROTHENBERG AUDIT LLP
CHARTERED ACCOUNTANTS, STATUTORY AUDITOR
11 APRIL 2022

16 Great Queen Street
Covent Garden
London
WC2B 5AH

Financial Statements


10 FL. OZ. - 296 mL
Hot Sauce
SALSA PICANTE
TAPATÍO
ORANGINA

Consolidated statement of comprehensive income

	Note	52 weeks ended 2 January 2022 £	53 weeks ended 3 January 2021 £
Revenue	4	**48,075,399**	26,832,846
Cost of sales		**(9,797,235)**	(6,054,932)
Gross profit		**38,278,164**	20,777,914
Other operating income	5	**1,877,806**	3,489,162
Administrative expenses		**(36,521,815)**	(24,736,351)
Profit/(loss) from operations	6	**3,634,155**	(469,275)
Finance income	9	**613**	111,791
Finance expense	9	**(1,372,504)**	(1,335,748)
Profit/(loss) before tax		**2,262,264**	(1,693,232)
Tax charge	10	**(900,690)**	-
Profit/(loss) for the period and comprehensive income attributable to equity holders of the parent company		**1,361,574**	(1,693,232)
Earnings/(loss) per share for profit attributable to the owners of the parent during the period			
Basic and diluted (pence)	11	**3.5**	(471.6)

The accompanying notes on pages 60 to 80 form an integral part of these Financial Statements.

Consolidated statement of financial position

	Note	At 2 January 2022 £	At 3 January 2021 £
Non-current assets			
Right-of-use assets	12	**24,939,614**	25,324,841
Property, plant and equipment	13	**9,264,167**	9,112,143
Total non-current assets		**34,203,781**	**34,436,984**
Current assets			
Inventories	14	**326,108**	239,782
Trade and other receivables	15	**1,888,702**	1,898,295
Cash and cash equivalents	16	**9,653,172**	10,086,759
Total current assets		**11,867,982**	**12,224,836**
Total assets		**46,071,763**	**46,661,820**
Current liabilities			
Trade and other payables	17	**6,729,865**	4,909,704
Lease liabilities	12	**5,830,987**	7,176,104
Loans and borrowings	18	**-**	1,000,000
Corporation tax liability	10	**900,690**	-
Total current liabilities		**13,461,542**	**13,085,808**
Non-current liabilities			
Lease liabilities	12	**25,831,103**	24,195,555
Loans and borrowings	18	**2,911,941**	11,426,235
Total non-current liabilities		**28,743,044**	**35,621,790**
Total liabilities		**42,204,586**	**48,707,598**
Net assets / (liabilities)		**3,867,177**	**(2,045,778)**
Equity attributable to equity holders of the company			
Called up share capital	19	**386,640**	359,016
Share premium account	20	**4,433,250**	-
Merger reserve	20	**4,793,170**	4,793,170
Share based payment reserve	20	**90,507**	-
Retained earnings	20	**(5,836,390)**	(7,197,964)
Total equity		**3,867,177**	**(2,045,778)**

The accompanying notes on pages 60 to 80 form an integral part of these Financial Statements.

The financial statements of Tortilla Mexican Grill plc (registration number 13511888) were approved by the Board and authorised for issue on 11 April 2022. They were signed on its behalf by:

Andy Naylor
CHIEF FINANCIAL OFFICER
11 APRIL 2022

Consolidated statement of changes in equity

	Share capital	Share premium	Merger reserve	Share-based payment reserve	Retained earnings	Total
	£	£	£	£	£	£
Balance as at 29 December 2019	**359,016**	**-**	**4,793,170**	**-**	**(5,504,732)**	**(352,546)**
Loss for the period	-	-	-	-	(1,693,232)	**(1,693,232)**
Balance as 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**
Newly issued equity shares	27,624	4,972,376	-	-	-	**5,000,000**
Cost of issue of equity shares	-	(539,126)	-	-	-	**(539,126)**
Share-based payments	-	-	-	90,507	-	**90,507**
Balance as at 2 January 2022	**386,640**	**4,433,250**	**4,793,170**	**90,507**	**(5,836,390)**	**3,867,177**

The accompanying notes on pages 60 to 80 form an integral part of these Financial Statements.

Consolidated statement of cash flows

	Note	52 weeks ended 2 January 2022 £	53 weeks ended 3 January 2021 £
Operating activities			
Profit/(loss) after tax		**1,361,574**	(1,693,232)
Adjustments for:			
Share based payments	8	**90,507**	-
Net finance expense	9	**377,144**	228,168
Finance cost on lease liabilities	9	**994,747**	995,789
Corporation tax charge	10	**900,690**	-
Depreciation of right to use assets	12	**3,514,015**	3,495,701
Impairment of right to use assets	12	**99,868**	(66,584)
Depreciation of property, plant and equipment	13	**2,634,304**	2,033,690
Impairment of property, plant and equipment	13	**-**	333,371
Loss on disposal of property, plant and equipment	13	**6,852**	-
Increase in inventories	14	**(86,326)**	(3,739)
Decrease in trade and other receivables	15	**9,593**	56,064
Increase/(decrease) in trade and other payables	17	**1,820,161**	(1,197,011)
Cash generated from operations		**11,723,129**	**4,182,217**
Investing activities			
Interest received	9	**613**	1,964
Purchase of property, plant and equipment	13	**(2,793,181)**	(1,404,116)
Net cash used by investing activities		**(2,792,568)**	**(1,402,152)**
Financing activities			
Proceeds from issue of shares		**5,000,000**	-
Cost of issue of shares		**(539,126)**	-
Payments made in respect of lease liabilities	12	**(3,932,971)**	(655,652)
Interest paid		**(203,303)**	(284,549)
New loans secured		**2,907,306**	3,846,600
Repayment of loans	18	**(12,596,054)**	(1,200,000)
Net cash (used by)/generated from financing activities		**(9,364,148)**	**1,706,399**
Net (decrease)/increase in cash and cash equivalents		**(433,587)**	**4,486,464**
Cash and cash equivalents at the beginning of period	16	**10,086,759**	5,600,295
Cash and cash equivalents at the end of period		**9,653,172**	**10,086,759**

Notes to the consolidated financial information

1. General information

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

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

2. Accounting policies

2.1 Statement of Compliance

The consolidated financial statements have been prepared in accordance with International Account Standards in conformity with the requirements of the Companies Act 2006 and in accordance with International Financial Reporting Standards.

2.2 Basis of preparation

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, the consolidated statement of cash flows and related notes for the companies which comprise the Group.

2.3 New standards, amendments and interpretations adopted

In May 2020 the IASB issued COVID-Related Rent Concessions (Amendments to IFRS 16) that provided a practical expedient permitting lessees not to assess COVID-related rent concessions as a lease modification. The Group has opted not to apply this amendment.

Other amendments applied for the first time for the 52 weeks ending 2 January 2022 were:

- Definition of material – amendments to IAS 1 and IAS 8;
- Definition of a business – amendment to IFRS 3;
- Revised conceptual framework for financial reporting; and
- Interest rate benchmark reform – amendments to IFRS 9, IAS 39 and IFRS 7.

The application of these did not have a material impact on the Group's accounting treatment and has therefore not resulted in any material changes.

2.4 Standards issued not yet effective

Standard/Amendments	Applicable for financial periods beginning on/after
IAS 37 Onerous contracts – Cost of fulfilling a contract	1 January 2022
Annual improvements to IFRS standards 2018-2020	1 January 2022
IAS 16 Property, plant and equipment: proceeds before intended use	1 January 2022
IFRS 3 Reference to the conceptual framework	1 January 2022
IFRS 17 Insurance contracts	1 January 2023
IFRS 17 Amendments	1 January 2023
IAS 1 Classification of liabilities as current or non-current	1 January 2023
IAS 1 Disclosure of accounting policies	1 January 2023
IAS 8 Definition of accounting estimates	1 January 2023
IAS 12 Deferred tax related to assets and liabilities arising from a single transaction	1 January 2023

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

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 consolidated financial information incorporates the results of a business combination using the predecessor method. Specifically, this is the acquisition of Mexican Grill Ltd, which meets the definition of a common control business combination and is therefore outside the scope of IFRS 3. In the statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their carrying values at the acquisition date.

The comparative figures for share capital are restated as if the entities had been combined at the earliest reporting date presented. The consolidated share capital at 29 December 2019 and 3 January 2021 therefore represents the share capital of Mexican Grill Ltd adjusted for the share capital issued for the purposes of the business combination.

The statement of financial position as at 2 January 2022 incorporates the results of Tortilla Mexican Grill plc and its subsidiaries for all periods.

2.6 Going concern

In assessing the going concern position of the Group for the consolidated financial statements for the 52 weeks ended 2 January 2022, the Directors have considered the Group's cash flow, liquidity and business activities, as well as the ongoing uncertainty caused by the COVID-19 pandemic.

The hospitality sector has been particularly impacted by COVID-19 and the Group has taken a number of actions to improve liquidity to ensure it is well placed to operate through the pandemic and to achieve its strategic goals.

During 2021, the Group successfully listed on AIM which gave the Group access to additional capital and combined with the strong cash generation of the business, enabled the Group to reduce the borrowing facilities to a principal amount of £3.0m. The Group has access to a further £7.0m of financing and this remained undrawn as at 2 January 2022. The Group had cash balances of £9.7m as at 2 January 2022 which translate to a net cash position of £6.7m.

The Group has prepared forecasts for the next 12 months, including a base case and a severe downside case.

The base case assumes that there are no further lockdowns or restrictions and assumes no further government financial support. In this forecast there are no loan drawdowns and the Group remains in compliance with its covenant obligations.

Under the severe downside case the following adjustments are made:

- Sales reduced by 20 percent in the second quarter of 2022 to model a further prolonged lockdown;
- Sales reduced by 10 percent in the third quarter and 5 percent for the remainder of the year to incorporate the impact of increased restrictions throughout 2022; and
- No further government support, such as reduced VAT, the reintroduction of the Coronavirus Job Retention Scheme or business rates relief, has been assumed.

Whilst this scenario would reduce Adjusted EBITDA by 29 percent, the Group would still have sufficient liquidity and remain in a net cash position. Consequently, the Group would not need to make a further drawdown and would remain in compliance with its covenant obligations. The Directors have also performed reverse stress testing to assess the conditions that would lead to a covenant breach. The Directors are comfortable with the outcome of this exercise.

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 recognition

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 a third-party delivery partner, which is payable the week after the revenue was recorded. The delivery partner charges a commission on these sales, which are recognised within administrative expenses. 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 material.

2.8 Alternative Performance Measures ("APM's")

The Group has identified certain measures that it believes will assist the understanding of the performance of the business. These APM's are not defined or specified under the requirements of IFRS. The Group believes that these APM's, 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 APM's 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.

2.9 Employee benefits

I. 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.

II. DEFINED CONTRIBUTION PLAN

Contributions to defined contribution schemes are charged to the consolidated statement of comprehensive income in the financial period to which they relate.

2.10 Leased assets

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 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. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. 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.

2.11 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 provided on all items of property, plant and equipment so as to write off their carrying value over the expected useful economic lives. It is provided at the following rates:

Short term leasehold property	over the lease term
Plant and machinery	over 5 years
Fixtures and fittings	over 3 years
Office equipment	over 3 years
Computer equipment	over 3 years

2.12 Impairment

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).

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.

2.13 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.

2.14 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.

2.15 Deferred taxation

Deferred tax assets and liabilities 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 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.

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.

2.16 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.

2.17 Financial assets

Financial assets held at amortised cost are trade and other receivables and cash.

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 netted against the loan balance and amortised on a straight line basis 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. If objective evidence of impairment is found, an impairment loss is recognised in the consolidated statement of comprehensive income.

2.18 Financial liabilities

Financial liabilities held at amortised cost include trade and other payables, lease liabilities and borrowings.

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.

2.19 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.

I. 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. Given the quantum of the borrowings and the current low interest environment, the risk is not considered material and therefore the Directors have accepted this risk with the position being regularly re-assessed based on wider macro-economic conditions.

II. 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 COVID-19 or Brexit. The Group always benchmarks any cost changes and typically fixes prices for periods of between three and six months.

III. 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.

IV. 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.

V. 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.

VI. LIQUIDITY RISK

Liquidity risk arises from the Group's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due.

Management review cash flow forecasts regularly to determine whether the Group has sufficient cash reserves to meet future working capital requirements.

Maturity analysis

The table below analyses the Group's contractual undiscounted cash flows for the Group's financial liabilities.

	Within 1 year	1 to 2 years	2 to 5 years	More than 5 years	Total
	£	£	£	£	£
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 January 2021					
Trade and other payables	**4,909,704**	-	**-**	-	**4,909,704**
Lease liabilities	**7,176,104**	3,864,422	**9,140,207**	11,190,926	**31,371,659**
Borrowings	**1,000,000**	1,300,000	**10,126,235**	-	**12,426,235**
	13,085,808	**5,164,422**	**19,266,442**	**11,190,926**	**48,707,598**

2.20 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.

2.21 Government grants

Coronavirus job retention scheme grants (CJRS) and other government grants are recognised under the accruals model with any deferred element included in creditors 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.

3. Critical accounting estimates and judgements

The Group makes certain 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. In the future, actual experience may differ from these estimates and assumptions. 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.

3.1 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 is 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 weighted average discount rate applied to the Group's leases is 3.4 percent, there has been a judgement applied that the portfolio has the same discount rate. For the lease liabilities at 2 January 2022 a 0.5 percent increase in the discount rate would reduce the total liabilities by £136,000, which is not considered material.

3.2 Impairment of right-of-use assets and property, plant and equipment

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 main 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.

An independent external consultancy was engaged to calculate the Group's WACC and reasonable changes in the key assumptions were assessed, which did not lead to a material impairment.

3.3 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 £239,000 decrease in depreciation in 2021.

3.4 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.

4. Revenue

	52 weeks ended 2 January 2022 £	53 weeks ended 3 January 2021 £
Sale of goods	**47,769,278**	26,821,338
Franchise income	**306,121**	11,508
	48,075,399	**26,832,846**

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

There are similar economic characteristics between these businesses 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 2 January 2022 £	53 weeks ended 3 January 2021 £
Eat Out to Help Out income	-	473,401
CJRS income[1]	491,825	3,015,761
Other government grants[2]	1,385,981	-
	1,877,806	**3,489,162**

[1] Coronavirus Job Retention scheme

[2] Includes Retail Leisure Hospitality Grant, Local Restriction Support Grants and Restart Grants

6. Profit/(loss) from operations

Profit/(loss) from operations is stated after charging:

	52 weeks ended 2 January 2022 £	53 weeks ended 3 January 2021 £
Depreciation & amortisation	**6,148,319**	5,529,391
Impairment of ROU assets	**99,868**	(66,584)
Loss on disposal of fixed assets	**6,852**	-
Impairment of fixed assets	**-**	638,668
Reversal of impairment of fixed assets	**-**	(305,297)
Variable lease payments	**615,613**	113,619
Inventories - amounts charged as an expense	**9,797,235**	6,054,932
Staff costs	**14,333,277**	11,268,458
Share option expense	**90,507**	-
Pre-opening costs	**126,753**	78,778
Exceptional items[1]	**1,856,268**	272,182
Quilvest monitoring fees[2]	**70,185**	38,089
Bank arrangement fee amortisation	**174,454**	22,011
Auditors' remuneration:		
Audit fees	**77,000**	36,000
Tax compliance services	**14,000**	35,000
Other assurance services	**95,000**	-

[1] Exceptional items in 2021 includes £1,634,070 of costs incurred in relation to the sale by existing shareholders of their shares in the Group's IPO. A further £539,126 was incurred in relation to the issuing of new shares and this has been recorded as a deduction in share premium. This apportioning between exceptional items and share premium has been undertaken in accordance with IAS 32.

[2] Quilvest monitoring fees were payable prior to the Group's admission to AIM.

	52 weeks ended 2 January 2022 £	53 weeks ended 3 January 2021 £
Pre-opening costs	**126,753**	78,778
Number of site openings in period	**7**	4

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

7. Staff costs

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

	52 weeks ended 2 January 2022 £	53 weeks ended 3 January 2021 £
Operations staff	**749**	644
Head office staff	**36**	31
	785	**675**

Staff costs, including Directors' remuneration, were as follows:

	52 weeks ended 2 January 2022 £	53 weeks ended 3 January 2021 £
Wages and salaries	**13,315,004**	10,527,999
Social security costs	**779,134**	611,249
Pension costs	**148,632**	129,210
Share based payments (note 8)	**90,507**	-
	14,333,277	**11,268,458**

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

	52 weeks ended 2 January 2022 £	53 weeks ended 3 January 2021 £
Short-term employee benefits	**718,900**	362,995
Post-employment benefits	**3,300**	2,679
	722,200	**365,674**

The highest paid Director received remuneration of £367,900 in the 52 weeks ended 2 January 2022 (3 January 2021: £182,512).

The number of Directors receiving pension contributions was 4 in the 52 weeks ended 2 January 2022 (3 January 2021: 4).

The share based payment expense arising from the Directors participation in the Group's LTIP scheme in the 52 weeks ended 2 January 2022 was £60,246 (3 January 2021: £nil).

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 40.

8. 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 period to exercise, based on the Group's estimate of shares that will eventually vest.

The Group is liable for employer's National Insurance on the difference between the market value at date of exercise and exercise price and therefore this expense is also calculated based on the intrinsic value at the balance sheet date.

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.

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:

	2 January 2022		3 January 2021	
	Number of share options	Weighted average exercise price	Number of share options	Weighted average exercise price
	#	£	#	£
Outstanding at beginning of the period	-	-	-	-
Granted during the period	1,809,393	1.81	-	-
Exercised during the period	-	-	-	-
Forfeited during the period	-	-	-	-
Outstanding at the end of the period	1,809,393	1.81	-	-
Exercisable at the end of the period	-	1.81	-	-

The awards outstanding at the end of 2 January 2022 have a remaining weighted average contractual life of three years (3 January 2021: £nil) and an exercise price of £1.81 (3 January 2021: £nil).

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 2 January 2022 of £90,507 (3 January 2021: £nil) 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:

	2 January 2022	3 January 2021
Weighted average share price (pence)	1.81	-
Exercise price (pence)	1.81	-
Expected volatility (%)	43%	-
Option life (years)	5.0	-
Risk free interest rate (%)	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.

9. Finance income and expenses

	52 weeks ended 2 January 2022 £	53 weeks ended 3 January 2021 £
Finance income		
Bank interest income	**613**	111,791
Finance expense		
Bank loan interest expense	**(377,757)**	(339,959)
Finance cost on lease liabilities	**(994,747)**	(995,789)
	(1,372,504)	**(1,335,748)**

On 14 September 2020, the Group obtained a Coronavirus Business Interruption Loan Scheme ("CBILS") which carries zero interest costs for the first twelve months. The loan was initially recognised at the present value of the future payments with the discount of £109,827 being recognised as finance income in the 53 weeks ended 3 January 2021. Subsequently, in October 2021, the loan was paid off in full, there was an unwinding of interest of £76,427 in the financial period.

10. Taxation

	52 weeks ended 2 January 2022 £	53 weeks ended 3 Jan 2021 £
Current tax expense		
Current tax on profits for the period	**900,690**	-
	900,690	-

The reasons for the difference between the actual tax charge for the financial period and the standard rate of corporation tax in the United Kingdom applied to profit for the financial period as follows:

	52 weeks ended 2 January 2022 £	53 weeks ended 3 Jan 2021 £
Profit/(loss) for the period	**2,262,264**	(1,693,232)
Expected tax charge based on corporation tax rate of 19% in 2021 (19% in 2020)	**429,830**	(321,714)
Effects of:		
Expenses not deductible for tax purposes	**344,578**	96,217
Depreciation in excess of capital allowances	**319,969**	54,735
Movement in tax losses	**(202,473)**	(5,022)
Other timing differences, primarily arising from operating lease accounting	**8,786**	175,784
Other adjustments	**-**	-
Deferred tax	**-**	-
Total tax charge for the period	**900,690**	-

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

The Group has had unprovided deferred tax assets as shown below:

	52 weeks ended 2 January 2022 £	53 weeks ended 3 Jan 2021 £
Unprovided deferred tax asset	**(535,863)**	(415,628)

The deferred tax assets arise from tax losses, timing differences on fixed assets and timing differences arising from the differences in the deductions available under UK GAAP and IFRS in relation to leases. No asset has been recorded in the financial statements for these amounts on the grounds that the timing and extent of any recovery is subject to a number of uncertainties.

In March 2021, the government confirmed that the corporation tax main rate would increase to 25 percent from 1 April 2023. Accordingly, the rate used to calculate the deferred tax balances at 2 January 2022 has increased from 19 percent to 25 percent as the timing of the release of this asset is materially expected to be after this date.

11. 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.

	52 weeks ended 2 January 2022 £	53 weeks ended 3 January 2021 £
Profit/(loss)		
Profit/(loss) used in calculating basic and diluted profit	**1,361,574**	(1,693,232)
Number of shares		
Weighted average number of shares for the purpose of basic and diluted earnings per share	**38,664,031**	359,016
Basic and diluted earnings/(loss) per share (p)	**3.5**	**(471.6)**

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.

12. Leases

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

Application of IFRS 16 requires that leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. For adjustments recognised as a consequence of IFRS 16, please refer to note 27.

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

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

The Directors carried out a review of the historic borrowing rates of the Group and historic bond rates together with an analysis of the lease terms. They concluded that the use of a single discount rate applied to all leases signed prior to 2 January 2022 is a reasonable approach. Based on this analysis a discount rate of 3.4 percent has been applied.

Right-of-use assets	£
At 30 December 2019	**27,845,165**
Additions	1,863,541
Depreciation	(3,495,701)
Impairment	66,584
Disposals	(954,748)
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**

Lease liabilities	£
At 30 December 2019	**(30,122,727)**
Additions	(1,863,541)
Interest expense	(995,789)
Lease payments	655,652
Disposals	954,746
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)**

Carrying amount by maturity of the Groups lease liabilities

	Less than 1 year	1 to 2 years	2 to 5 years	Over 5 years	More than 1 year	Total
2 Jan 2022	5,830,987	4,225,074	10,085,891	11,520,138	**25,831,103**	**31,662,090**
3 Jan 2021	7,176,104	3,864,422	9,140,207	11,190,926	**24,195,555**	**31,371,659**

13. Property, plant and equipment

	Leasehold improvements £	Plant and machinery £	Furniture, fittings and equipment £	Total £
Net book value				
At 29 December 2019	7,896,056	1,474,005	705,027	**10,075,088**
Cost				
At 29 December 2019	13,007,215	4,229,945	3,736,455	**20,973,615**
Additions	400,434	275,695	727,987	**1,404,116**
Disposals	2,303	(785,404)	(1,384,479)	**(2,167,580)**
At 3 January 2021	**13,409,952**	**3,720,236**	**3,079,963**	**20,210,151**
Accumulated Depreciation				
At 29 December 2019	(5,111,159)	(2,755,940)	(3,031,428)	**(10,898,527)**
Charge for year	(859,053)	(720,817)	(453,820)	**(2,033,690)**
On disposals	(2,303)	785,404	1,384,479	**2,167,580**
Impairment charge	(638,668)	-	-	**(638,668)**
Impairment losses written back	305,297	-	-	**305,297**
At 3 January 2021	**(6,305,886)**	**(2,691,353)**	**(2,100,769)**	**(11,098,008)**
Net book value				
At 3 January 2021	**7,104,066**	**1,028,883**	**979,194**	**9,112,143**
Cost				
At 3 January 2021	**13,409,951**	**3,720,236**	**3,079,963**	**20,210,150**
Additions	886,575	463,522	1,443,084	**2,793,181**
Disposals	(1,097)	(562,202)	(851,467)	**(1,414,766)**
At 2 January 2022	**14,295,429**	**3,621,556**	**3,671,580**	**21,588,565**
Accumulated Depreciation				
At 3 January 2021	**(6,305,886)**	**(2,691,353)**	**(2,100,769)**	**(11,098,008)**
Charge for year	(1,230,421)	(646,518)	(757,365)	**(2,634,304)**
On disposals	(157)	560,408	847,663	**1,407,914**
At 2 January 2022	**(7,536,464)**	**(2,777,463)**	**(2,010,471)**	**(12,324,398)**
Net book value				
At 2 January 2022	**6,758,965**	**844,093**	**1,661,109**	**9,264,167**

14. Inventories

	At 2 January 2022 £	At 3 January 2021 £
Food and beverages for resale	**326,108**	239,782
	326,108	**239,782**

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 £9,797,235 (53 weeks ended 3 January 2021: £6,054,932).

15. Trade and other receivables

	At 2 January 2022 £	At 3 January 2021 £
Trade debtors	**298,334**	332,155
Other debtors	**735,324**	761,377
Prepayments and accrued income	**855,044**	804,763
	1,888,702	**1,898,295**

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

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

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

16. Cash and cash equivalents

	At 2 January 2022 £	At 3 January 2021 £
Cash at bank and in hand	**9,653,172**	10,086,759
	9,653,172	**10,086,759**

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.

17. Trade and other payables

	At 2 January 2022 £	At 3 January 2021 £
Trade payables	**2,331,636**	2,346,463
Other taxation and social security	**508,850**	606,152
Other payables	**456,830**	343,327
Accruals and deferred income	**3,432,549**	1,613,762
	6,729,865	**4,909,704**

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

18. Borrowings

	At 2 January 2022 £	At 3 January 2021 £
Bank loans - falling due within one year	-	1,000,000
Bank loans - falling due after one year	3,000,000	11,596,054
Subtotal	**3,000,000**	**12,596,054**
Amortised issue costs	(88,059)	(169,819)
	2,911,941	**12,426,235**

Prior to the Group's IPO on 8 October 2021, the following facilities were held with Santander UK plc:

- Term loan: repayable in instalments until 14 November 2025. The balance on this loan at 3 January 2021 was £9,672,482 with £1,000,000 due within one year;
- CBILS loan: repayable in full on 14 November 2025. The total size of this facility was £4,000,000 with a drawn balance on this loan at 3 January 2021 of £3,000,000. The additional £1,000,000 of undrawn funds were not utilised as the financial position of the business was strong enough to not require the additional support. This loan was subject to an initial one-year interest holiday was recognised at the present value of the future cash flows, being £2,923,572 at 3 January 2021; and
- CBILS overdraft: this facility was not utilised by the Group. The total quantum of undrawn funds was £1,000,000.

The term loan accrued interest at rates of 3.25% - 4.50% plus base rate and the CBILS loan attracted interest at a rate of 3.8% plus base rate, although was subject to an initial one-year interest holiday and hence was recognised at the present value of the future cash flows. These loans were all secured by fixed and floating charges over the assets of the Group.

As part of the Group's IPO, the existing facilities were repaid and a new financing arrangement was signed, once more with Santander UK plc. This is a £10m senior facility, repayable in full on 14 September 2026, with a drawn balance at 2 January 2022 of £3.0m. The Group has allocated £2.5m of the remaining undrawn amount to an ancillary facility, an overdraft, which was not utilised at 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 of the term of the facility.

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.

19. Called up share capital

The consolidated share capital at 3 January 2021 has been restated as if the entities had been combined at the earliest reporting date presented and therefore represents the share capital of Mexican Grill Limited adjusted for the share capital issued for the purposes of the business combination.

The issued share capital of the Company on incorporation was one ordinary share of £0.01 (the "Subscriber Share"). There have been the following changes in the Company share capital since incorporation:

- on 10 September 2021: (i) 6,462,600 ordinary shares of nominal value £0.01 each, (ii) 2,196,000 A ordinary shares of nominal value £0.01 each, (iii) 10,799,400 A preference shares of nominal value £0.01 each and (iv) 16,443,600 B preference shares of nominal value of £0.01 each were allotted;
- also on 10 September 2021 simultaneously with the allotment of the shares referred to above, the Subscriber Share was cancelled. Immediately following this, the total statement of capital of the Company was 6,462,600 ordinary shares, 2,196,000 A ordinary shares, 10,799,400 A preference shares and 16,443,600 B preference shares with an aggregate nominal value of £359,016;
- on 29 September 2021 the 2,196,000 A ordinary shares, 10,799,400 A preference shares and the 16,443,600 B preference shares were re-designated as 29,439,000 ordinary shares of nominal value £0.01 each, with the resulting total share capital being 35,901,600 ordinary shares with an aggregate nominal value of £359,016; and
- on 8 October 2021 (immediately following admission to AIM), a further 2,762,431 shares were allotted, bringing the total number of ordinary shares to 38,664,031.

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.

20. Reserves

Share premium account

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

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.

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.

Retained earnings

The accumulated net profits and losses of the Group.

21. Analysis of changes in net debt

The movements in net debt are presented below along with a reconciliation to the financing activities in the consolidated cash flow statement.

	Bank loans £	Lease liabilities £	Total financing liabilities £	Cash and cash equivalents £	Net debt £
At 3 January 2021	**12,426,235**	31,371,657	**43,797,894**	(10,086,759)	**33,711,135**
Cash flow	**(9,688,748)**	(3,932,971)	**(13,621,719)**	433,587	**(13,188,132)**
Additions to lease liabilities	**-**	3,228,655	**3,228,655**	-	**3,228,655**
Finance expense	**377,757**	994,747	**1,372,504**	-	**1,372,504**
At 2 January 2022	**2,911,941**	**31,662,090**	**34,574,031**	**(9,653,172)**	**24,920,859**

22. Investments in subsidiaries

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

Name of subsidiary	Country of incorporation	Proportion of ownership interest and voting rights held by the Group	Principal activity
Mexican Grill Ltd	United Kingdom	100%	Operation of restaurants
Mexican Grill International Franchise Ltd	United Kingdom	100%	International franchising
California Grill Ltd	United Kingdom	100%	Holding leases

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

23. Related party transactions

	At 2 January 2022 £	At 3 January 2021 £
Richard Morris	-	68,400
Andy Naylor	-	28,500
	-	**96,900**

During the 52 weeks ending 2 January 2022, loans owed by Directors Richard Morris and Andy Naylor were repaid in full. No interest was charged on this loan during this period.

Mexican Grill Ltd was charged monitoring fees of £35,000 for the 52 weeks ended 2 January 2022 (53 weeks ended 3 January 2021: £6,250) 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. This is set at £30,000 for 2022 onwards.

24. Ultimate controlling party

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

25. Capital commitments: Group and Company

The Group had capital commitments of £65,050 at 2 January 2022 (3 January 2021: £nil).

26. Post-balance sheet events: Group and Company

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.

27. IFRS comparison to UK GAAP

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

	Pre-IFRS 16 52 weeks ended 2 January 2022 £	IFRS 16 adjustments £	IFRS 52 weeks ended 2 January 2022 £	Pre-IFRS 16 53 weeks ended 3 January 2021 £	IFRS 16 adjustments £	IFRS 53 weeks ended 3 January 2021 £
Revenue	48,075,399	-	48,075,399	26,832,846	-	26,832,846
Cost of sales	(9,797,235)	-	(9,797,235)	(6,054,932)	-	(6,054,932)
Gross profit	38,278,164	-	38,278,164	20,777,914	-	20,777,914
Other Operating Income	1,877,806	-	1,877,806	3,489,162	-	3,489,162
Administrative expenses	(36,461,586)	(60,229)	(36,521,815)	(24,806,958)	70,607	(24,736,351)
Profit/(loss) from operations	3,694,384	(60,229)	3,634,155	(539,882)	70,607	(469,275)
Adjusted EBITDA	8,740,576	3,466,784	12,207,360	2,361,333	3,376,630	5,737,963
Pre-opening costs	(165,850)	39,097	(126,753)	(171,063)	92,285	(78,778)
Share based payments	(90,507)	-	(90,507)	-	-	-
Depreciation and amortisation	(2,688,928)	(3,566,110)	(6,255,038)	(2,397,870)	(3,398,308)	(5,796,178)
Exceptional items	(1,856,268)	-	(1,856,268)	(272,182)	-	(272,182)
Non-trading costs	(244,639)	-	(244,639)	(60,100)	-	(60,100)
	3,694,384	(60,229)	3,634,155	(539,882)	70,607	(469,275)
Finance income	613	-	613	111,791	-	111,791
Finance expense	(377,757)	(994,747)	(1,372,504)	(339,959)	(995,789)	(1,335,748)
Profit/(loss) before tax	3,317,240	(1,054,976)	2,262,264	(768,050)	(925,182)	(1,693,232)
Tax charge	(900,690)	-	(900,690)	-	-	-
Profit/(loss) for the period and comprehensive income attributable to equity holders of the parent company	2,416,550	(1,054,976)	1,361,574	(768,050)	(925,182)	(1,693,232)

	Pre-IFRS 16 52 weeks ended 2 January 2022 £	IFRS 16 adjustments £	IFRS 52 weeks ended 2 January 2022 £	Pre-IFRS 16 53 weeks ended 3 January 2021 £	IFRS 16 adjustments £	IFRS 53 weeks ended 3 January 2021 £
Non-current assets						
Right-of-use assets	-	24,939,614	24,939,614	-	25,324,841	25,324,841
Property, plant and equipment	8,719,167	545,000	9,264,167	9,189,916	(77,773)	9,112,143
Total non-current assets	**8,719,167**	**25,484,614**	**34,203,781**	**9,189,916**	**25,247,068**	**34,436,984**
Current assets						
Inventories	326,108	-	326,108	239,782	-	239,782
Trade and other receivables	2,308,070	(419,368)	1,888,702	2,496,137	(597,842)	1,898,295
Cash and cash equivalents	9,653,172	-	9,653,172	10,086,759	-	10,086,759
Total current assets	**12,287,350**	**(419,368)**	**11,867,982**	**12,822,678**	**(597,842)**	**12,224,836**
Total assets	**21,006,517**	**25,065,246**	**46,071,763**	**22,012,594**	**24,649,226**	**46,661,820**
Current liabilities						
Trade and other payables	9,220,394	(2,490,529)	6,729,865	8,580,798	(3,671,094)	4,909,704
Lease liabilities	-	5,830,987	5,830,987	-	7,176,104	7,176,104
Loans and borrowings	-	-	-	1,000,000	-	1,000,000
Corporation tax liability	900,690	-	900,690	-	-	-
Total current liabilities	**10,121,084**	**3,340,458**	**13,461,542**	**9,580,798**	**3,505,010**	**13,085,808**
Non-current liabilities						
Lease liabilities	-	25,831,103	25,831,103	-	24,195,555	24,195,555
Loans and borrowings	2,911,941	-	2,911,941	11,426,235	-	11,426,235
Total non-current liabilities	**2,911,941**	**25,831,103**	**28,743,044**	**11,426,235**	**24,195,555**	**35,621,790**
Total liabilities	**13,033,025**	**29,171,561**	**42,204,586**	**21,007,033**	**27,700,565**	**48,707,598**
Net assets / (liabilities)	**7,973,492**	**(4,106,315)**	**3,867,177**	**1,005,561**	**(3,051,339)**	**(2,045,778)**
Equity attributable to equity holders of the company						
Called up share capital	386,640	-	386,640	359,016	-	359,016
Share premium account	4,433,250	-	4,433,250	-	-	-
Share merger reserve	4,793,170	-	4,793,170	4,793,170	-	4,793,170
Share based payment reserve	90,507	-	90,507	-	-	-
Retained earnings	(1,730,075)	(4,106,315)	(5,836,390)	(4,146,625)	(3,051,339)	(7,197,964)
Total equity	**7,973,492**	**(4,106,315)**	**3,867,177**	**1,005,561**	**(3,051,339)**	**(2,045,778)**

Company statement of financial position

At 2 January 2022

	Note	At 2 January 2022 £
Non-current assets		
Investments	3	**449,523**
Total non-current assets		**449,523**
Current assets		
Trade and other receivables	4	**2,920,186**
Total current assets		**2,920,186**
Total assets		**3,369,709**
Current liabilities		
Trade and other payables	5	**93,386**
Total current liabilities		**93,386**
Total liabilities		**93,386**
Net assets / (liabilities)		**3,276,323**
Equity attributable to equity holders of the company		
Called up share capital	6	**386,640**
Share premium account	6	**4,433,250**
Share based payment reserve	6	**90,507**
Retained earnings	6	
Brought forward		**-**
Loss for the year attributable to the owners		**(1,634,074)**
Other changes in retained earnings		**-**
		(1,634,074)
Total equity		**3,276,323**

These financial statements were approved by the Board of Directors and authorised for issue on 11 April 2022.

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 £1,634,074.

The accompanying notes on pages 82 to 83 form an integral part of these financial statements.

SIGNED ON BEHALF OF THE BOARD

Andy Naylor
CHIEF FINANCIAL OFFICER
11 APRIL 2022

Company registration number 13511888

Company statement of changes in equity

For the 52 week period ended 2 January 2022

	Share capital	Share premium	Share based payment reserve	Retained earnings	Total
	£	£	£	£	£
Balance as at 29 December 2019	-	-	-	-	**-**
Loss for the period	-	-	-	-	**-**
Shares issued in the period	-	-	-	-	**-**
Other comprehensive income	-	-	-	-	**-**
Balance as at 3 January 2021	-	-	-	-	**-**
Profit for the period	-	-	-	(1,634,074)	**(1,634,074)**
Shares issued in the period	359,016	-	-	-	**359,016**
Shares issued on IPO	27,624	4,972,376	-	-	**5,000,000**
Cost of issue of equity shares	-	(539,126)	-	-	**(539,126)**
Other comprehensive income	-	-	90,507	-	**90,507**
Share-based payments					
Balance as at 2 January 2022	**386,640**	**4,433,250**	**90,507**	**(1,634,074)**	**3,276,323**

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

The financial statements have been prepared in accordance with Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the United Kingdom 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 have been prepared under historical cost convention. The financial statements present information about the Company as an individual entity and not about the Group.

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 debtors and creditors, 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 debtors 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. Investments

	At 2 January 2022 £
Shares in subsidiary undertakings	**449,523**
	449,523

The Company's subsidiary undertakings are shown in note 22 to the consolidated financial statements.

4. Trade and other receivables

	At 2 January 2022 £
Receivables from subsidiaries	**2,920,186**
	2,920,186

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

5. Trade and other payables

	At 2 January 2022 £
Accruals and deferred income	**93,386**
	93,386

6. Share capital and reserves

Called up share capital

Authorised, allotted, called-up and fully paid shares:

	52 weeks ended 2 January 2022 Shares	52 weeks ended 2 January 2022 £
Ordinary shares of £0.01 each	**38,664,031**	**386,640**
Ordinary shares of £0.01 each	-	-
Ordinary A shares of £0.01 each	-	-
Preference A shares of £0.01 each	-	-
Preference B shares of £0.01 each	-	-
	38,664,031	**386,640**

In addition to the table above, please refer to note 19 of the consolidated financial statements, which provides information on the Company's called up share capital.

Share premium account

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

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.

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.

Company information

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