TORTILLA

Real California Burritos & Tacos

25 September 2024

Tortilla Mexican Grill plc
("Tortilla", the "Group" or the "Company")
Unaudited Interim Results for the 26 weeks ended 30 June 2024

Tortilla expands into France, revamps UK business and strengthens leadership for growth

Tortilla Mexican Grill plc, the largest and most successful fast-casual Mexican restaurant business in the UK and Europe, today announces its unaudited interim results for the 26 weeks ended 30 June 2024 ("H1 FY24", "the Period"). All numbers are shown on an IFRS basis unless otherwise stated.

Commenting on the results, Andy Naylor, Chief Executive Officer of Tortilla said: "We are very proud of the positive momentum we have driven throughout the business over the last six months. The UK business had lost momentum at the start of the year, and we had to make some big decisions to overhaul the trend. We have driven the UK business forward by revitalising our food offering and investing in people, brand awareness and technology. It is encouraging to see the benefits of these investments, with our in-store like-for-like sales steadily improving, from -6% in March to +4% in September month to date.

We took our first steps into Europe, announcing a strategic acquisition of Fresh Burritos, which provides us with an important foothold in France and a platform from which we can expand our franchise portfolio across Europe. Our franchise network in the UK is stronger than ever with FY24 being a record year for growth and we've just extended our SSP partnership for a further five years which will see the estate more than double in size.

As we approach Q4 we continue to see positive signs of the hard work conducted by the team in the first half of the year, with current trading in line with management expectations. The Board remains confident and excited about Tortilla's long-term and sizeable growth opportunities both in the UK and internationally."

Operational and strategic highlights

- **New management team embedded:** CEO succession saw Richard Morris step down in March, replaced by Andy Naylor, previously CFO and UK Managing Director and CFO Maria Denny also appointed to the Board in Q1 FY24.

- **New strategic approach 'Tortilla's Vital 5,' launched in Q1 with key initiatives on track:**

    - **Improve UK profitability:** Strategic decision to revise delivery partner strategy in H1 is driving EBITDA enhancements (+£0.5m) despite LFL decline in delivery of -10.3%. The leverage of previous year's supplier contract negotiations is also driving improved profit conversions year-on-year.

    - **Invest in brand to drive growth**: With our new Food Director, James Garland, joining in H1, we have revitalised our core menu with new recipes for our proteins and salsas, invested in new equipment to launch an entry-offer product, and introduced limited time offers.

      Additionally, we have focused on driving brand awareness through collaborations, and monthly influencer burrito specials, resulting in our brand awareness rising to 23% (up 4ppts since a year ago). August also saw the launch of the new Tortilla app, which was ranked number two in most popular UK food apps in the launch week and has seen a rapid growing data base with 30,000 new members since launch, now totalling 164,000 active members.

We opened a new 'Grade A' company owned site in Manchester's Arndale centre in May, and two new franchise sites in H1, one in Leeds train station (SSP), and one in Leicester (Compass). The Tortilla portfolio in the UK and Middle East at the end of H1 consists of 89 stores including franchise sites.

- **Invest in team and tech:** Seven new kiosk store conversions completed year to date, which are driving efficiency and spend (+12% average order value), as well as improving the overall customer experience. With a short payback period of less than six months, the Group is planning to install more kiosks during Q4. We have also continued to invest in our people and culture and have strengthened our team further with the appointment of key new roles including a Managing Director for the French business, a Food Director, a Supply Chain Director and a Head of Learning and Development. We have also launched a new training and development framework and held our first leadership away days to promote a culture of internal growth and career development.

- **Doubling down on franchise:** Strong performance across UK franchise stores driving sales growth of more than 10% with two further openings during the period including Leeds Train Station (SSP) and Leicester (Compass). We expect our franchise partners to open at least three more stores in H2 and so are on track to achieve the expected five for the full year. We are also delighted to announce a 5-year extension of our development agreement with SSP which will see us more than double our number of SSP sites.

- **Develop brand internationally:** Successful entry into Continental Europe with the strategic acquisition of Fresh Burritos, including the acquisition of 13 company-owned leasehold sites in high quality locations across Paris and other major French cities, and the franchise rights to the Fresh Burritos brand and the network of 19 franchised locations. The acquisition provides a springboard for franchise growth across Europe with a strategically located Central Production Kitchen (CPK) located in Lille.

  The Group has post period end created a European sub-board committee to oversee European operations, chaired by Group Non-Executive Director and former YUM! European Franchise Division CFO, Francesca Tiritiello. Also appointed to the sub-board as a Non-Executive Director was Gilles Boehringer, former VP of Development & Franchise for KFC France. In September, we also appointed a new Managing Director for Tortilla France, Eric Wauthier-Wurmser, who comes with over 25 years of restaurant and franchise experience.

Financial highlights

- Revenue for H1 FY24 £31.5m (H1 FY23: £32.7m).
- Overall LFL[1] revenue down 5.5% driven mainly by the planned strategic decision in Q1 FY24 to condense to a dual delivery partnership. This has seen an expected delivery revenue decline of 10.3% LFL, albeit with improved delivery profitability, up £0.5m in H1.

[1] *defined as the percentage change in like-for-like sales compared to H1 FY23. Change in methodology compared with previously reported LFL sales which included any new sites after twelve months of trading, whilst the new methodology excludes all FY23 openings.*

- Adjusted EBITDA (pre-IFRS 16)[2] of £1.8m is in line with prior year despite the revenue drop, highlighting our improved profit conversion.

- Reduced loss before tax to £0.2m (H1 FY23: loss before tax £0.6m).

- Our adjusted net debt[3] of £3.3m at period end (H1 FY23: £1.6m adjusted net debt) is in line with expectations and at that point £2.8m of the Group's existing debt facilities was undrawn.

Current trading and full year outlook

- Current Trading is in line with management expectations for the full year 2024, with in-store sales continuing to improve on the back of our investment in food, brand awareness and technology (+4% LFL in September month to date, up from -6% in March). We also continue to see our revised delivery strategy and cost savings initiatives improving profit conversion.

- Integration of Fresh Burritos progressing well and in-line with plans: Site secured for a fully-fitted-out 1400 sqm Central Production Kitchen in France, enabling Tortilla to produce consistent food at scale for the European market, on track to open in Q4. Store conversion started with the first site, Strasbourg, converted to Tortilla in Q3 with the next two sites scheduled for conversion in Q4.

ENQUIRIES

Tortilla Mexican Grill PLC Emma Woods, Non-Executive Chair Andy Naylor, CEO Maria Denny, CFO	Via Hudson
Panmure Liberum Limited (Nominated Adviser, Sole Broker) Andrew Godber Edward Thomas Nikhil Varghese	Tel: 020 3100 2222
Houston (Public Relations) Kate Hoare Kelsey Traynor Ben Robinson	Tel: 0204 529 0549 Tortilla@houston.co.uk

About Tortilla Mexican Grill plc

Founded in 2007 by a San Francisco duo, Tortilla is the Europe's largest fast-casual Mexican restaurant brand. With 81 UK locations (of which 13 are franchise stores), 32 in France (of which 19 are franchise stores) and 8 franchise stores in the Middle East, Tortilla serves 7 million+ meals annually, offering authentic California-style burritos, tacos and salads.

[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 trading performance of the Group. The reconciliation to profit from operations is presented in the financial review.*

[3] *defined as net debt / cash excluding lease liabilities arising from application of IFRS 16.*

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

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

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

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

More details at tortillagroup.co.uk

BUSINESS REVIEW

Overview

We are very proud of the positive momentum we have driven throughout the business over the last six months. The UK business had lost momentum at the start of the year, and we had to make some big decisions to overhaul the trend. We have driven the UK business forward by revitalising our food offering and investing in people, brand awareness and technology. It is encouraging to see the benefits of these investments, with our in-store like-for-like sales steadily improving, from -6% in March to +4% in September month to date.

In March we launched our reinvigorated strategic vision 'Tortilla's Vital Five' clearly defining the initiatives through which we will drive profitable growth in the years ahead as we continue to expand the Tortilla brand, both in the UK and overseas. Early milestones achieved against these plans have included; the successful review of our delivery strategy which has driven improved profitability on delivery sales following the switch to a dual platform; significant investment in our food offering with a number of improvements rolled out across our stores year to date, now driving encouraging results with improved LFL sales; and, of course, the announcement of the landmark strategic acquisition Fresh Burritos, which provides us with a foothold in Europe through the acquisition of 13 company owned stores across key French cities, the franchise rights to the Fresh Burritos brand and the network of 19 franchised locations, and a platform from which we can expand our franchise portfolio across Europe.

As previously guided, the full impacts of these initiatives are not expected to start to be realised in our numbers until later in the year, however it is encouraging to see early signs of progress in several areas as we continue to position the Group to drive more profitable growth in the years ahead.

Strategic Progress Against The 'Tortilla Vital 5'

Improve UK Profitability

A key area of focus for the Group is the improvement of UK profitability. The excellent work done across the Group in the prior year to improve efficiencies, enhance purchasing power and supplier relationships have underpinned stronger year on year profit conversion. Gross margin improved by 70bps during H1 and we are well positioned to realise the full year benefit of these cost saving initiatives in FY24 as planned. We have continued to strongly manage fixed costs during the period and in the longer run we expect to see potential to leverage efficiencies and purchasing power even further as the business grows.

We are also pleased with the early results of our strategic review of our delivery strategy, which saw Tortilla condense to a dual delivery platform. Whilst as anticipated, this transition was expected to have an impact on sales volumes, it is pleasing to see the positive impact on margins which ultimately underpinned the adjusted EBITDA (pre-IFRS) result of £1.8m for H1. This was in line with the prior year despite the expected £1.2m revenue decline following the delivery change.

As outlined at the time of our Annual Results for FY23, whilst we remain focused on delivering growth through new store openings, we are focused on targeting Grade A, higher traffic locations in major cities moving forward and therefore expect the pace of own openings to reflect these stringent investment criteria. During the first half of the year, we were pleased to open Manchester Arndale in May along with two further franchise sites. We also completed on the planned closure of one delivery kitchen in H1. Following the period end we have also closed our Nottingham Clumber site as part of our estate rationalisation management.

Invest in brand to drive growth

The first six months of the year have seen further investment in food and menu development to drive continuous improvement to maintain our market leading position, improve customer satisfaction and drive sales. We were delighted with the success of a series of food improvements to revitalise our core menu. These included the introduction of the asado chicken, which has gained positive customer sentiment online. We also made recipe adjustments to beans and slow-cooked proteins to deliver better quality, flavour and eating experience. These improvements were successfully rolled out across our menus in Q2 and are already wielding encouraging results. We have also invested in a new cooking method to introduce a lower entry price product through the revamp of our quesadillas and have been very encouraged by the early success with plans to roll this out further in H2.

In June, we were also pleased to welcome our new Director of Food, James Garland. James joins the business from Honest Burgers, a business highly respected for food quality, and brings a wealth of experience with him which will undoubtably have a transformational impact on our food quality, brand collaborations and innovation.

We see huge opportunity to drive growth through increased investment in brand awareness. Since the start of the new financial year, Tortilla brand awareness increased to 23% in H1 FY24 (+4ppts over the last year) following a sustained focus on targeted marketing initiatives. These have included investment in a number of partnerships and collaborations including a collaboration with Bleecker to celebrate National Burger Day, celebrations for National Burrito Day (which saw us reach an audience of over 14 million and drive over 27,000 people into our stores), stunts, influencer collaborations, sports partnerships and more. In August, we were also excited to launch The Burrito Society, the new Tortilla loyalty app. The app enables customers to collect stamps, unlock rewards, order ahead and find their nearest Tortilla, as well as having exclusive perks. The Tortilla app was ranked number two in most popular UK food apps in the launch weekend and has seen rapid database growth with +30,000 members since launch, now totalling 164,000 active members. We look forward to driving further exclusive promotions over the course of the year to continue to drive membership signups and purchase frequency.

Invest in team and tech

In the first half of the year, we have continued to strengthen our senior management team in support of our future growth plans. Alongside the previously mentioned appointment of our new Food Director, James Garland we were delighted to have also confirmed several key appointments to our Tortilla France management team, the details of which are outlined below.

We place immense importance on the development of our teams and are very proud of the career journeys we are able to offer our colleagues. In H1 we launched our new management development program across the business. We have been really pleased with the uptake and look forward to supporting our next generation of Tortilla store managers as they continue to progress within the business.

From a technology perspective, following the success of our first kiosk trial in London Wall last year, we have continued with the roll out of self-order kiosks. Seven additional sites have been fitted out with kiosks year to date and early results have been very encouraging with average order value increasing by +12% and significant improvements to operational flow at these sites supporting an improved customer experience.

Double down on franchise

We see significant strategic merit to accelerate our growth through expanding our franchise network, both through existing and new partnerships. We are proud of the high calibre portfolio of existing partners in the UK, including SSP Group ("SSP") where we are focussed on expansion across travel hub locations and Compass Group ("Compass") where we are focused on higher education UK campuses.

UK franchise stores continued to excel in the first half of the year with multiple sales records achieved across the Group's partnerships resulting in sales in the first half of the year increasing by over 10% with new franchised sites opened in the financial year to date including Leeds Train Station (SSP) and Leicester (Compass). We expect our franchise partners to open a further three stores in H2, so on track to achieve the expected five for the full year. We are also delighted to announce a 5-year extension of our development agreement with SSP which will see us more than double our number of SSP sites.

Looking ahead, we see significant strategic merit to accelerate our growth through expanding our franchise network, both through existing and new partnerships and therefore we will evolve the mix of new openings to focus more heavily on franchising whilst we take a more targeted approach on the rollout of own stores, adding in primary locations where the brand has high awareness.

Develop the brand internationally

On the 25 June 2024 the Group was delighted to announce the strategic acquisition of Fresh Burritos, the second largest fast-casual Mexican restaurant group in Europe, and largest in France, for a total consideration of €3.95 million.

Whilst the UK will always remain at the core of Tortilla, we recognise there is a huge opportunity to expand in other markets overseas. This acquisition not only provides the Group with an important footprint in France through a portfolio of 13 company-owned leasehold sites in high quality locations in Paris and other major French cities, and the franchise rights to the Fresh Burritos brand and the network of 19 franchised locations, but also offers a springboard for franchise growth across Europe.

Since the completion of the acquisition on the 5 July we have been focussed on pushing ahead with our integration plans and are pleased with the progress to date. Alongside the acquisition we were pleased to announce plans to open a fully-fitted-out 1400 sqm Central Production Kitchen ("CPK") in Lille France, enabling Tortilla to produce consistent food at scale for the European market, mirroring its operations in the UK and support any future expansion locations in nearby countries. The Lille CPK is expected to be fully operational towards the end of this calendar year.

As we continue to invest in our French management team we were delighted to announce the appointment of Eric Wauthier-Wurmser as Managing Director of Tortilla France. Eric draws on a wealth of hospitality expertise across Europe, including his most recent role as the Vice President Operations & Franchise, at Groupe Le Duff, leading the Brioche Doree brand and overseeing 350 restaurants. Further hires across our French team include Enrique Esquivel who joins the team as Supply Chain Director, bringing a wealth of experience in the purchasing and supply chain management and drawing on over 25 years in the sector.

The Group has post period end created a European sub-board committee to oversee European operations, chaired by Group Non-Executive Director and former YUM! European Franchise Division CFO, Francesca Tiritiello. Also appointed to the sub-board as a Non-Executive Director was Gilles Boehringer, former VP of Development & Franchise for KFC France. Our newly appointed Managing Director for France, Eric Wauthier-Wurmser, and our Group CEO Andy Naylor have also been appointed to the European sub-board committee.

Finally, we are pleased to update that the roll out of the rebrand of the Fresh Burritos stores under the Tortilla brand is already underway with our first French site in Strasbourg now officially converted to Tortilla, with two further sites scheduled for Q4.

Environmental, Social and Governance ("ESG")

ESG remains a key consideration for the Group and we are delighted to update that the period has also seen the roll out of the largest energy project ever undertaken by Tortilla with the installation of a state-of-the-art 60.68kWP solar PV system at our UK CPK. This will lead to a reduction of 11 tonnes of carbon a year.

Tortilla has also implemented an AI powered solution to manage plugged-in devices, significantly reducing unnecessary energy consumption. Initially rolled out as a trial across ten sites, this innovative approach achieved an impressive 32% reduction in energy usage across the trial sites. Following the successful trial, the Group plans to expand the implementation across all sites over the next six months, aiming for even greater energy efficiency and sustainability.

Finally, the Board would like to take this opportunity to thank the entire team at Tortilla for their continued hard work, creativity and dedication. The spirit across the business is fantastic and has been instrumental to the Group's continued success over the last six months.

FINANCIAL REVIEW

Revenue

In H1 FY24 revenue decreased by 3.7% to £31.5m (H1 FY23 £32.7m). This was attributable to the following factors:

- In February 2024, Tortilla made a strategic move from a multiple to a dual delivery platform to improve the profitability of the delivery channel. Whilst this has caused the LFL delivery sales to drop by 10.2% in H1, the profit conversion has improved and has generated an enhancement in EBITDA derived from delivery sales in H1 of £0.5m vs H1 FY23.
- The closure of three delivery kitchens Balham, Peckham and Wood Green (H1 FY23 £0.8m revenue) due to the contraction of the delivery market following the end of the Covid-19 pandemic.
- In-store LFL sales -3.6% due to a challenging trading environment in H1 with low footfall in shopping centres, retail parks and high streets, and the impact of the Group's revised strategy only starting to drive improved LFL sales towards the end of H1.

Gross profit margin

Gross profit margin increased by 0.7% to 77.7% in H1 FY24 (H1 FY23 77.0%).

The improved margin was driven by competitive tenders on our supply contracts negotiated last year, which were secured for fixed periods of time at favourable prices compared to H1 FY23.

Administrative expenses

Administrative expenses decreased by 5% to £23.8m (H1 FY23: £25.0m). As a percentage of revenue, administrative expenses were 75.5% in H1 FY24, improved versus 76.3% in H1 FY23. This was driven by a reduction in the cost of share-based payments as well as more favourable delivery commission rates secured.

Adjusted EBITDA (pre-IFRS 16)

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

	H1 FY24 £m	**H1 FY23 £m**
Adjusted EBITDA (pre-IFRS 16)	**1.8**	**1.8**
Pre-opening costs	(0.1)	(0.3)
Share-based payments	0.3	(0.2)
Depreciation and amortisation	(2.0)	(1.9)
Exceptional items	(0.1)	(0.1)
IFRS 16 adjustment	0.8	0.9
Profit from operations	**0.7**	**0.2**

Adjusted EBITDA (pre-IFRS 16) of £1.8m was generated in H1 FY24, in line with that generated in H1 FY23. Given the decrease in sales, this reflects improved underlying profitability achieved both through margin improvements and strategically moving to a dual delivery platform.

These improvements to profit conversion are expected to continue through H2 FY24.

Finance expense

Finance expense of £1.0m is comprised of £0.8m of interest charged in relation to Right of Use assets (a consequence of the accounting treatment of leases under IFRS 16) and £0.2m of interest for the debt facility that the Group has in place.

Cash flow and net cash

The Group closed the Period with an adjusted net debt position of £3.3m, excluding the lease liabilities arising from application of IFRS 16. In H1 FY24, a further £4.2m was drawn down from the existing debt facility to fund the Fresh Burritos acquisition, with the majority to be paid out in H2 FY24. At period end, a total of £7.2m was drawn from our £10m credit facility with Santander, agreed to September FY26 A reconciliation of the movement in adjusted net debt between the start and end of the period is as follows:

Opening balance	**(£1.3m)**
Adjusted EBITDA (pre-IFRS 16)	£1.8m
Capital expenditure for new stores	(£0.5m)
Investment in product, technology and CPK	(£0.4m)
Maintenance capex	(£1.2m)
Cash outflow due to Fresh Burritos acquisition	(£0.8m)
Net interest paid	(£0.1m)
Pre-opening and exceptional costs	(£0.2m)
Working capital movement	(£0.6m)
Closing balance	**(£3.3m)**

Dividend

The Board did not recommend an interim dividend for FY24. In line with the previously stated policy, the Group's capital will be focused on growth over the coming years with the dividend policy subject to re-assessment going forward.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the period ended 30 June 2024

	Note	Unaudited 26 weeks ended 30 June 2024 £	Unaudited 26 weeks ended 2 July 2023 £
Revenue		31,546,043	32,745,623
Cost of sales		(7,028,772)	(7,534,184)
Gross profit		**24,517,271**	**25,211,439**
Administrative expenses		(23,819,554)	(24,970,307)
Profit from operations	3	**697,717**	**241,132**
Finance income	4	23,863	12,914
Finance expense	4	(956,625)	(869,153)
Loss before tax		**(235,045)**	**(615,107)**
Tax charge		-	(3,402)
Loss for the period and comprehensive income attributable to equity holders of the parent company		**(235,045)**	**(618,509)**
Earnings per share for profit attributable to the owners of the parent during the period			
Basic and diluted (pence)	5	**(0.6)**	**(1.6)**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 30 June 2024

	Note	Unaudited At 30 June 2024 £	Unaudited At 2 July 2023 £	Audited At 31 December 2023 £
Non-current assets				
Intangible assets	6	2,624,886	2,629,623	2,627,039
Right-of-use assets	7	29,861,287	30,836,951	29,520,494
Property, plant and equipment	8	14,175,125	14,073,657	14,119,801
Total non-current assets		**46,661,298**	**47,540,231**	**46,267,334**
Current assets				
Inventories		321,329	376,641	358,861
Trade and other receivables	9	2,909,017	2,775,126	3,135,075
Cash and cash equivalents		3,844,326	1,327,470	1,644,674
Total current assets		**7,074,672**	**4,479,237**	**5,138,610**
Total assets		**53,735,970**	**52,019,468**	**51,405,944**
Current liabilities				
Trade and other payables	10	8,098,460	9,334,177	9,749,505
Lease liabilities	7	6,077,235	5,762,578	5,670,902
Total current liabilities		**14,175,695**	**15,096,755**	**15,420,407**
Non-current liabilities				
Lease liabilities	7	29,429,493	30,801,995	29,532,937
Loans and borrowings		7,158,291	2,939,751	2,949,021
Deferred taxation		617,696	-	617,696
Total non-current liabilities		**37,205,480**	**33,741,746**	**33,099,654**
Total liabilities		**51,381,175**	**48,838,501**	**48,520,061**
Net assets		**2,354,795**	**3,180,967**	**2,885,883**
Equity attributable to equity holders of the company				
Called up share capital		386,640	386,640	386,640
Share premium account		4,433,250	4,433,250	4,433,250
Merger reserve		4,793,170	4,793,170	4,793,170
Share based payment reserve		543,935	661,028	839,978
Retained earnings		(7,802,200)	(7,093,121)	(7,567,155)
Total equity		**2,354,795**	**3,180,967**	**2,885,883**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the period ended 30 June 2024

	Share capital	Share premium	Merger reserve	Share-based payment reserve	Retained earnings	Total
	£	£	£	£	£	£
Equity at 1 January 2023	**386,640**	**4,433,250**	**4,793,170**	**452,535**	**(6,474,612)**	**3,590,983**
Profit for the period	-	-	-	-	(618,509)	(618,509)
Share-based payments	-	-	-	208,493	-	208,493
Equity at 2 July 2023	**386,640**	**4,433,250**	**4,793,170**	**661,028**	**(7,093,121)**	**3,180,967**
Loss for the period	-	-	-	-	(474,034)	(474,034)
Share-based payments	-	-	-	178,950	-	178,950
Equity at 31 December 2023	**386,640**	**4,433,250**	**4,793,170**	**839,978**	**(7,567,155)**	**2,885,883**
Profit for the period	-	-	-	-	(235,045)	(235,045)
Share-based payments	-	-	-	(296,043)	-	(296,043)
Equity at 30 June 2024	**386,640**	**4,433,250**	**4,793,170**	**543,935**	**(7,802,200)**	**2,354,795**

CONSOLIDATED STATEMENT OF CASH FLOWS
For the period ended 30 June 2024

	Note	Unaudited 26 weeks ended 30 June 2024 £	Unaudited 26 weeks ended 2 July 2023 £
Operating activities			
Profit after tax		(235,045)	(618,509)
Adjustments for:			
Share based payments		(296,043)	208,493
Net finance expense	4	144,594	105,303
Finance cost on lease liabilities	4	788,168	750,936
Amortisation of intangible assets	6	2,153	2,582
Depreciation of right to use assets	7	2,231,155	2,177,598
Depreciation of property, plant and equipment	8	1,995,873	1,812,912
Decrease in inventories		37,532	20,442
Decrease/(increase) in trade and other receivables		226,058	(581,249)
(Decrease)/increase in trade and other payables		(1,651,045)	224,105
Cash generated from operations		**3,243,400**	**4,102,613**
Investing activities			
Interest received	4	23,862	12,914
Purchase of property, plant and equipment	8	(2,051,196)	(2,165,468)
Net cash used by investing activities		**(2,027,334)**	**(2,152,554)**
Financing activities			
Payments made in respect of lease liabilities	7	(3,057,614)	(2,889,443)
Interest paid		(158,800)	(108,946)
Drawdown of loan		4,200,000	-
Net cash generated from/(used by) financing activities		**983,586**	**(2,998,389)**
Net increase/(decrease) in cash and cash equivalents		**2,199,652**	**(1,048,330)**
Cash and cash equivalents at the beginning of period		1,644,674	2,375,800
Cash and cash equivalents at the end of period		**3,844,326**	**1,327,470**

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION

1. General information

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

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

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

2. Accounting policies

Basis of preparation

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

The Group's Annual Report and Accounts for the period ended 29 December 2024 are expected to be prepared under IFRS.

The comparative financial information for the period ended 31 December 2023 in this interim report does not constitute statutory accounts for that period under 435 of the Companies Act 2006.

Statutory accounts for the period ended 31 December 2023 have been delivered to the Registrar of Companies.

The auditors' report on the statutory accounts for 31 December 2023 was unqualified, did not draw attention to any matters by way of emphasis, and did not contain a statement under 498(2) or 498(3) of the Companies Act 2006.

Significant accounting policies

The consolidated interim financial information has been prepared in accordance with accounting policies that are consistent with the Group's Annual Report and Accounts for the period ended 31 December 2023 which is published on the Tortilla website, located at www.tortillagroup.co.uk. At the date of authorisation of this financial information, certain new standards, amendments and interpretations to existing standards applicable to the Group have been published but are not yet effective and have not been adopted early by the Group. The impact of these standards is not expected to be material.

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

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

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

3. Profit from operations

Profit from operations is stated after charging:

	Unaudited	Unaudited
	26 weeks ended 30 June 2024	26 weeks ended 2 July 2023
	£	£
Depreciation and amortisation	4,200,147	3,993,091
Variable lease payments	218,752	229,485
Inventories – amounts charged as an expense	7,028,772	7,534,184
Staff costs	10,733,161	10,815,498
Share option (release)/expense	(261,879)	208,493
Pre-opening costs	74,422	175,942
Exceptional items	71,301	125,544
Bank arrangement fee amortisation	9,270	9,270

Pre-opening costs

	Unaudited	Unaudited
	26 weeks ended 30 June 2024	26 weeks ended 2 July 2023
	£	£
Pre-opening costs	74,422	175,942
Number of site openings in period	1	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.

4. Finance income and expenses

	Unaudited 26 weeks ended 30 June 2024 £	Unaudited 26 weeks ended 2 July 2023 £
Finance income		
Bank interest income	**23,863**	**12,914**
Finance expense		
Bank loan interest expense	168,457	118,217
Finance cost on lease liabilities	788,168	750,936
	956,625	**869,153**

5. Earnings per share

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

	Unaudited 26 weeks ended 30 June 2024 £	Unaudited 26 weeks ended 2 July 2023 £
Profit		
Profit used in calculating basic and diluted profit	(235,045)	(618,509)
Number of shares		
Weighted average number of shares for the purpose of basic and diluted earnings per share	38,664,031	38,664,031
Basic and diluted earnings per share (p)	**(0.6)**	**(1.6)**

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.

6. Intangible assets

	Computer Software	Goodwill	Total
	£	**£**	**£**
Cost			
At 31 December 2023	**15,500**	**2,624,886**	**2,640,386**
Additions	-	-	-
Disposals	-	-	-
At 30 June 2024 (unaudited)	**15,500**	**2,624,886**	**2,640,386**
Amortisation			
At 31 December 2023	**13,347**	**-**	**13,347**
Amortisation charge	2,153	-	2,153
On disposals	-	-	-
At 30 June 2024 (unaudited)	**15,500**	**-**	**15,500**
Net book value			
At 30 June 2024 (unaudited)	**-**	**2,624,886**	**2,624,886**
At 31 December 2023	**7,319**	**2,624,886**	**2,627,039**

7. Leases

Right-of-use assets	**£**	**Lease liabilities**	**£**
At 1 January 2023	**31,035,358**	At 1 January 2023	**(36,723,889)**
Additions	2,196,406	Additions	(2,196,406)
Depreciation	(2,177,598)	Interest expense	(750,936)
Impairment	-	Lease payments	2,889,443
Disposals	(217,215)	Disposals	217,215
At 2 July 2023 (unaudited)	**30,836,951**	**At 2 July 2023 (unaudited)**	**(36,564,573)**
At 31 December 2023	**29,520,494**	At 31 December 2023	**(35,203,839)**
Additions	2,571,948	Additions	(2,572,335)
Depreciation	(2,231,155)	Interest expense	(788,168)
Impairment	-	Lease payments	3,057,614
Disposals	-	Disposals	-
At 30 June 2024 (unaudited)	**29,861,287**	**At 30 June 2024** (unaudited)	**(35,506,728)**

8. Property, plant and equipment

	Leasehold Improvements £	Plant and machinery £	Furniture, fittings and equipment £	Total £
Cost				
At 31 December 2023	**17,992,372**	**5,229,185**	**7,505,962**	**30,727,519**
Additions	641,240	719,804	690,152	2,051,196
Disposals	-	-	-	-
At 30 June 2024 (unaudited)	18,633,612	5,948,989	8,196,114	32,778,715
Depreciation				
At 31 December 2023	**9,562,954**	**3,060,866**	**3,983,898**	**16,607,718**
Charge for year	618,052	372,211	1,005,609	1,995,872
On disposals	-	-	-	-
At 30 June 2024 (unaudited)	10,181,006	3,433,077	4,989,507	18,603,590
Net book value				
At 30 June 2024 (unaudited)	**8,452,606**	**2,515,912**	**3,206,607**	**14,175,125**
At 31 December 2023	**8,429,418**	**2,168,319**	**3,522,064**	**14,119,801**

9. Trade and other receivables

	Unaudited At 30 June 2024 £	Unaudited At 2 July 2023 £
Trade debtors	498,221	868,124
Other debtors	1,183,043	1,249,845
Prepayments and accrued income	1,227,753	657,157
	2,909,017	**2,775,126**

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.

Prepayments and accrued income at H1 FY24 includes £0.9m relating to the Fresh Burritos acquisition.

10. Trade and other payables

	Unaudited At 30 June 2024 £	Unaudited At 2 July 2023 £
Trade payables	2,057,430	2,483,656
Other taxation and social security	1,850,723	1,929,037
Other payables	930,490	891,460
Accruals and deferred income	3,259,817	4,030,024
	8,098,460	**9,334,177**

IFRS Comparison to UK GAAP

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

	Unaudited	**Unaudited**	**Unaudited**	**Unaudited**	**Unaudited**	**Unaudited**
	UK GAAP 26 weeks ended 30 June 2024 £	**IFRS 16 Transition £**	**IFRS 26 weeks ended 30 June 2024 £**	**UK GAAP 26 weeks ended 2 July 2023 £**	**IFRS 16 Transition £**	**IFRS 26 weeks ended 2 July 2023 £**
Revenue	31,546,043	-	31,546,043	32,745,623	-	32,745,623
Cost of sales	(7,087,782)	59,010	(7,028,772)	(7,534,184)	-	(7,534,184)
Gross profit	**24,458,261**	**59,010**	**24,517,271**	**25,211,439**	**-**	**25,211,439**
Other operating income	-	-	-	-	-	-
Administrative expenses	(24,547,964)	728,410	(23,819,554)	(25,869,027)	898,720	(24,970,307)
Profit/(loss) from operations	**(89,703)**	**787,420**	**697,717**	**(657,588)**	**898,720**	**241,132**
Adjusted EBITDA	1,769,489	3,021,489	4,790,978	1,773,722	2,979,750	4,753,472
Pre-opening costs	(88,293)	13,871	(74,422)	(266,104)	90,162	(175,942)
Share based payments	261,879	-	261,879	(208,493)	-	(208,493)
Depreciation and amortisation	(1,952,207)	(2,247,940)	(4,200,147)	(1,821,899)	(2,171,192)	(3,993,091)
Exceptional items	(71,301)	-	(71,301)	(125,544)	-	(125,544)
Non-trading costs	(9,270)	-	(9,270)	(9,270)	-	(9,270)
	(89,703)	**787,420**	**697,717**	**(657,588)**	**898,720**	**241,132**
Finance income	23,863	-	23,863	12,914	-	12,914
Finance expense	(168,457)	(788,168)	(956,625)	(118,217)	(750,936)	(869,153)
Profit/(loss) before tax	**(234,297)**	**(748)**	**(235,045)**	**(762,891)**	**147,784**	**(615,107)**
Tax charge	-	-	-	(3,402)	-	(3,402)
Profit/(loss) for the period and comprehensive income attributable to equity holders of the parent company	**(234,297)**	**(748)**	**(235,045)**	**(766,293)**	**147,784**	**(618,509)**

	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited
	UK GAAP 26 weeks ended 30 June 2024 £	IFRS 16 Transition £	IFRS 26 weeks ended 30 June 2024 £	UK GAAP 26 weeks ended 2 July 2023 £	IFRS 16 Transition £	IFRS 26 weeks ended 2 July 2023 £
Non-current assets						
Intangible assets	2,624,886	-	2,624,886	2,629,623	-	2,629,623
Right-of-use assets	-	29,861,287	29,861,287	-	30,836,951	30,836,951
Property, plant and equipment	13,675,152	499,973	14,175,125	13,379,173	694,484	14,073,657
Total non-current assets	**16,300,038**	**30,361,260**	**46,661,298**	**16,008,796**	**31,531,435**	**47,540,231**
Current assets						
Inventories	321,329	-	321,329	376,641	-	376,641
Trade and other receivables	3,983,553	(1,074,536)	2,909,017	4,013,124	(1,237,998)	2,775,126
Cash and cash equivalents	3,844,326	-	3,844,326	1,327,470	-	1,327,470
Total current assets	**8,149,208**	**(1,074,536)**	**7,074,672**	**5,717,235**	**(1,237,998)**	**4,479,237**
Total assets	**24,449,246**	**29,286,724**	**53,735,970**	**21,726,031**	**30,293,437**	**52,019,468**
Current liabilities						
Trade and other payables	9,769,054	(1,670,594)	8,098,460	11,186,622	(1,852,445)	9,334,177
Lease liabilities	-	6,077,235	6,077,235	-	5,762,578	5,762,578
Total current liabilities	**9,769,054**	**4,406,641**	**14,175,695**	**11,186,622**	**3,910,133**	**15,096,755**
Non-current liabilities						
Lease liabilities	-	29,429,493	29,429,493	-	30,801,995	30,801,995
Loans and borrowings	7,158,291	-	7,158,291	2,939,751	-	2,939,751
Deferred taxation	617,696	-	617,696	-	-	-
Total non-current liabilities	**7,775,987**	**29,429,493**	**37,205,480**	**2,939,751**	**30,801,995**	**33,741,746**
Total liabilities	**17,545,041**	**33,836,134**	**51,381,175**	**14,126,373**	**34,712,128**	**48,838,501**
Net assets / (liabilities)	**6,904,205**	**(4,549,410)**	**2,354,795**	**7,599,658**	**(4,418,691)**	**3,180,967**
Equity attributable to equity holders of the company						
Called up share capital	386,640	-	386,640	386,640	-	386,640
Share premium account	4,433,250	-	4,433,250	4,433,250	-	4,433,250
Share merger reserve	4,793,170	-	4,793,170	4,793,170	-	4,793,170
Share based payment reserve	543,935	-	543,935	661,028	-	661,028
Retained earnings	(3,252,790)	(4,549,410)	(7,802,200)	(2,674,430)	(4,418,691)	(7,093,121)
Total equity	**6,904,205**	**(4,549,410)**	**2,354,795**	**7,599,658**	**(4,418,691)**	**3,180,967**