24 April 2024

Tortilla Mexican Grill plc
(“Tortilla”, the “Group” or the “Company”)
Unaudited Annual Results for the 52 weeks ended 31 December 2023
Publication of Annual Report & Accounts

Continued profitable sales growth achieved against a turbulent economic backdrop with current trading in-line with expectations
New senior management team embedded and refined strategic priorities launched for 2024 to capitalise on UK and international growth opportunity

Tortilla Mexican Grill (“Tortilla”), the largest and most successful fast-casual Mexican restaurant group in the UK, is pleased to announce its Annual Results for the 52 weeks ended 31 December 2023 (the “Period”).

Commenting on the results, Andy Naylor, Chief Executive of Tortilla said: *“I am pleased to present my first set of results as Chief Executive Officer. Recent years have seen Tortilla expand strategically through a multi-channel approach, strengthening our operational model as a springboard for sustained, profitable growth. Throughout 2023, we dedicated ourselves to building resilience, especially enhancing profitability, as we recovered from macro events in 2022. Our efforts included streamlining costs, bolstering franchise partnerships, augmenting efficiency via technology investments, and enriching our team with fresh talent, all while continuing site deployments. These initiatives have solidified the foundation for our continued success.”*

“The appetite for Mexican cuisine is surging, and Tortilla, as the dominant market leader in the UK, has an unparalleled set of advantages to capitalise on this burgeoning opportunity across the UK and Europe. Today, I'm pleased to unveil our reinvigorated strategic vision: 'Tortilla's Vital Five.' Building upon our proven track record, this strategy will create sustainable profitable growth in the years ahead, unlocking substantial value for our shareholders. Tortilla continues to have immense potential and I am excited to lead the business through the next chapter of the journey."

Financial Highlights

- Revenue increased by 14% to £65.7m, continuing to build on the momentum from last year’s record, and driven by new openings, the annualisation of the previous year’s openings and the full year impact of the 2022 Chilango acquisition
- LFL revenue growth of 3.6%, equivalent to 4.9% growth when adjusted for the Q1 VAT benefit from 2022
- Adjusted EBITDA (pre-IFRS 16) saw a 16% YoY increase to £4.6m (2022: £4.0m)
- Gross profit margin of 77.3% (2022: 76.4%), with the increase attributable to effective negotiations with the Group’s main food suppliers, securing favourable commercials across 76% of the food portfolio
- Cash generative with £3.8m of cash from operations and £1.6m free cash flow
- Loss before tax of £1.1m (2022: £0.9m)

Operational Highlights

- Continued profitable growth driven by the Group's multi-channel business strategy. 2023 saw cost savings initiatives including negotiating new contracts with key suppliers for more beneficial terms
- Progress made on UK new store openings, with six Group-operated sites and one franchise site added, taking total to 87 sites – still in line with IPO growth aspiration
- Accelerating growth via franchising through strengthened relationship with partners SSP Group and Compass Group, as well as Eathos in the Middle East; Franchise sales up 26% for 2023
- Over 1.5 million Tortilla meals served through delivery partners in 2023
- Focus on defined multi-channel marketing strategy used to drive brand awareness, driving customer footfall through events and innovative promotions, uplift of 116% active users in loyalty scheme and 400,000 customers at period end
- Investment in food and menu development to drive continuous improvement and maintain market leading position and improved customer satisfaction; new Director of Food appointed post-period end to lead new innovative menu development
- Further strengthening of Board and management with Keith Down appointed Senior Independent Non-Executive Director and Chair of Audit Committee, and Andrew Brook as Technology Director

Post-Period End Trading & Outlook

- **New Management Team Embedded:** CEO succession announced in February 2024 with Richard Morris stepping down, replaced by Andy Naylor, previously CFO and UK Managing Director and CFO Maria Denny also appointed to the Board in Q1'24
- **Launch of 'Tortilla's Vital 5':** New strategic approach launched to drive disciplined profitable growth and expand Tortilla in the UK and overseas
- **Double Down on Franchising:** Plans in place to accelerate growth via franchising, whilst continuing own store roll out in grade A locations, at least five openings planned in 2024 with our partners
- **Current Trading In Line With Management Expectations:** Delivery strategy and cost savings initiatives resulting in improved profit conversion; LFL sales for Q1 in line with expectation with outlook for demand expected to improve as consumer finances recover in H2'24. Minimum of three UK Tortilla operated sites planned for 2024, with Manchester Arndale to open in May

ENQUIRIES

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

About Tortilla Mexican Grill plc

Founded in October 2007 by Brandon and Jen Stephens, Tortilla is the UK's largest fast-casual Mexican restaurant brand with a fully customisable and authentic California-style Mexican menu.

Tortilla operates 87 restaurants globally, including through franchise partnerships in the UK with SSP Group plc and Compass UK & Ireland, and in the Middle East with Eathos.

The brand serves more than 6 million customers every year.

Food provenance and quality is a critical component of our proposition. All fillings for Tortilla's burritos, salads and tacos are prepared fresh daily, free from artificial flavours or preservatives. Every dish is fully customisable with thousands of flavour combinations available to try.

Tortilla is headquartered in London and employs more than 1100 people.

More details at tortillagroup.co.uk

CHAIR'S STATEMENT

The Tortilla Board considers 2023 as a year of recovery. We have made significant strategic progress against the long-term plan to drive disciplined profit growth. This was underpinned by a rigorous focus on careful cost management and operational efficiency improvements which will yield full year margin benefit in 2024 and beyond.

Whilst consumer spending on 'eating out' remained under pressure in 2023 from the wider macro-economic uncertainty and high inflation, our customer research continues to endorse long term interest in a high-quality Mexican-inspired burrito proposition. We offer customers fresh, healthy, convenient, and customisable food and drink in a fun and vibrant atmosphere at a competitive price. We were delighted to see demand for the brand remaining very robust across the Group's high performing sites in our London portfolio, busy city centre locations, key shopping centres and travel hubs, where we enjoy stronger levels of awareness. The Board has identified that trading in newer, lower footfall regional towns and cities, where Tortilla is less well known, has been more challenging. However, we see significant opportunities to address this through our brand and marketing initiatives, with several plans already underway to drive increased footfall in 2024.

Delivery continued to be an important sales channel for Tortilla. Whilst the multi-partner approach supported strong growth in sales volume and awareness, the move to a triple aggregator model challenged margin performance over the course of 2023. Since the period end, we have been pleased to complete the launch of a new delivery structure, strengthening our relationships between fewer partners which will improve our margins from the delivery channel in 2024. Early signs of this refined delivery strategy have been encouraging and will continue to be reinforced with exciting, joint funded marketing plans and investment in increased brand awareness.

The Board firmly believes in the significant opportunity for the business as the largest and most successful fast-casual Mexican restaurant group, in what is still an under-represented segment of the fast casual dining space, both in the UK and internationally. In 2023 we opened seven new stores in the UK, alongside the ongoing successful rebranding of the Chilango portfolio which was acquired in 2022. Our flexible business model, with a centralised production unit, lends itself well to a range of site formats and we are particularly excited about the potential to accelerate the speed of growth in the UK and internationally through franchising. Our successful collaboration with both SSP and Compass Group in the UK, and Eathos in the Middle East bears early testament to the longer-term potential to grow through franchising partnerships.

Reflecting on the ongoing market challenges, progress and tremendous opportunities for Tortilla, the Board and the Executive team have spent time in the latter part of 2023 developing our growth strategy. This has seen us refine our approach around five strategic pillars, 'Tortilla's Vital 5,' 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.

Our Vital 5 are:

1. Improve UK profitability
2. Invest in brand to drive growth
3. Invest in team and tech
4. Double down on franchise
5. Develop brand internationally

Details of these strategic pillars are further outlined in the CEO update.

Board Changes

An important focus for the Board over the course of 2023 has been succession planning, paving the way for Richard Morris, our long serving CEO, to step down in Q1 2024. Richard has had a distinguished 35 year career in hospitality and played a transformational leadership role for Tortilla, taking it from 13 sites to 87 over the last 10 years. He leaves with our heartfelt thanks for his contribution to the business.

The Board had previously identified and developed Andy Naylor as Richard's successor and was pleased to announce his appointment to the role of CEO. Andy has worked alongside Richard for the last seven years, initially as Chief Financial Officer, then with added Business Development leadership responsibilities and more recently as UK Managing Director. A dynamic leader, Andy's commercial expertise and growth mindset have seen him play a critical role in shaping Tortilla's multi-channel and franchise business strategy and his appointment marks the start of an important new chapter for Tortilla as we leverage the business's increasing scale and momentum to drive further UK and international expansion.

Following an extensive search, we were also very pleased to confirm Maria Denny's appointment to the Board as Chief Financial Officer in February 2024. Maria brings a wealth of experience in the food and retail sector having held senior finance positions at Müller, Dairy Crest Limited and most recently as CFO UK and Ireland at Signify. I look forward to working closely with both her and Andy as we double down on operational excellence under the new management, to drive disciplined profitable growth.

Finally, we were pleased to appoint Keith Down in August 2023 as Senior Independent Non-Executive Director, and Chair of the Audit Committee. Keith strengthens the Board and brings with him a great deal of leadership experience gained across a broad range of successful consumer-facing businesses having held CFO roles at JD Weatherspoon Plc, Go-Ahead Plc, Dunelm Plc, and most recently as Finance Director of Selfridges Group. I have no doubt that the Board will benefit from his skills and insights.

2024 – Focussing on Tortilla's Vital 5

Whilst we appreciate that the trading environment will remain challenging throughout 2024 as consumer spending on eating out remains under pressure, we are confident that our great value proposition, ambitious and invigorated team, and revised strategy focusing on the Vital 5, positions us well for an exciting and successful year ahead.

Finally, I would like to take this opportunity to thank every member of the Tortilla team along with our franchise partners for their continued support and commitment and look forward to announcing further progress in 2024.

Emma Woods
CHAIR
24 April 2024

CHIEF EXECUTIVE OFFICER'S STATEMENT

I am delighted to be writing to shareholders in what marks my inaugural set of results as Chief Executive Officer. Having been with the business for seven years, I am confident that the Tortilla brand continues to have immense potential in the UK and international markets. Recent years have seen the business take significant strides to expand our presence through our multi-channel business strategy and strengthen our operating model to set the foundation for continued profitable growth. I am looking forward to working with our newly appointed CFO Maria Denny, the Board and wider team to accelerate this journey throughout 2024 and beyond. Under the new management, we will be focusing on the following strategic pillars, 'Tortilla's Vital 5':

1. Improve UK profitability
2. Invest in brand to drive growth
3. Invest in team and tech
4. Double down on franchise
5. Develop brand internationally

Improve UK profitability

One of the key pillars of Tortilla's success has been our strong relationships with our suppliers. In 2022 we encountered unprecedented levels of food inflation, however during 2023 we started to see the cost pressure ease. As we gain scale, we have been able to renegotiate contracts with our key suppliers for more beneficial terms, which is testament to the ongoing strength of these relationships. In 2023, we also moved energy providers to ensure we maintained the best possible rates across Tortilla's sites, given the significant increase in energy costs across the UK. Our utility cost expenditure was also further reduced by the introduction of our new chicken pibil product as it enabled us to remove grills from numerous sites helping the business to not just reduce costs but also lower its carbon footprint. As 2024 progresses we are well positioned to realise the full year benefit of these cost saving initiatives whilst we continue to strive for operational excellence to lower our cost base and enhance our profitability further.

The Group delivered more than 1.5 million Tortilla main meals across Uber Eats, Just Eat and Deliveroo in 2023, whilst maintaining an average of a 4.6-star customer app rating. Delivery is an important sales channel for Tortilla as the food offering is well-suited to being consumed off-premises, with sales made via third-party delivery platforms accounting for 30% of our own store sales. Whilst the Group's multi-partner approach to delivery has supported strong growth in sales volumes and awareness, delivery commission charges have challenged margin performance. To mitigate this, we sought for a new delivery structure and to strengthen the relationship between fewer partners. In December 2023, Tortilla announced a review of the brand's delivery strategy to establish a new delivery structure and I'm pleased to report that in February 2024, we concluded this review, announcing Uber Eats and Just Eat as our chosen delivery strategy partners. The dual delivery partner approach has resulted in more favourable contractual terms, which will lead to improved margins in the year ahead. The refined strategy will also see Tortilla collaborating on some exciting jointly funded marketing efforts, including the launch of exclusive products and offers, and heavy investment into brand awareness to attract new customers through a growing UK customer base.

Invest in brand to drive growth

With macro-economic headwinds impacting the wider market, the Group inevitably faced a challenging year in 2023 as cost-of-living pressures weighed on the UK customer appetite for eating out. Whilst central London and higher footfall locations remained more resilient, trading across regional town centres, where the Tortilla brand is less established, was more challenging.

Independent market research[1] shows lower brand awareness for Tortilla than for similar sized restaurant groups, but with a higher conversion rate. We know that we are a much-loved brand for customers that know us and therefore there is a compelling case to invest more heavily in driving awareness through an exciting series of Tortilla marketing strategies.

In 2023, through our revitalised marketing strategy, the Group has built and maintained a loyal and diverse customer base and our team worked hard over the course of the year to drive customer footfall across our sites through targeted events and innovative promotions. Our loyalty scheme also now enables a more generous promotional offer through which our customers can receive a free burrito after five purchases at a Tortilla site. The scheme continues to grow and drive customer spend, retention, and frequency generating an uplift of 116% in active users since the previous year to more than 400,000 customers at period end, with a further 50,000 sign-ups in Q1 2024. Frequency is also up +16% year on year and spend is 5% higher than the Group average. In 2024 we will invest further in marketing via promotions, sampling events, social media campaigns, and collaboration with local partners. We also intend to drive visitor frequency and retention by enhancing our loyalty program even further by the launch of a new industry leading loyalty platform in 2024, which will enable us to fully engage with our customers and offer them new incentives and rewards.

Another important area of focus has been to invest in food and menu development to drive continuous improvement to maintain our market leading position and improve customer satisfaction. During the year we launched a new chicken pibil along with new rice and salsa recipes. The 'Chicken Pibil Burrito' became our most ordered dish in 2023. With the appointment of a Director of Food, James Garland, due to join in June 2024, the investment into food and menu development will see exciting new authentic flavours and menu items appearing in the year ahead. James is currently serving as Director of Food Operations, Supply Chain and Compliance at Honest Burgers, a business highly respected for food quality. James brings a wealth of experience with him and will undoubtably have a transformational impact on our food quality, brand collaborations and innovation. It is our firm believe that this will create additional opportunities for consumers to engage with our brand and consequently leverage a significant purchase frequency opportunity.

Invest in team and tech

Alongside the Board appointments mentioned by Emma in the Chair’s statement, we have continued to strengthen our wider management team during 2023 with the appointment of Andrew Brook who joined the Group as Head of IT in March 2023, and was subsequently promoted to Technology Director in December 2023, highlighting our ambition to upscale our application of technology within the business. Andrew Brook, and our upcoming appointment of James Garland as Director of Food, represent key appointments to develop the business going forward.

Our Annual Conference was held in February 2024 to celebrate the success of the business and the individuals within it. It was a hugely motivational and positive day, with the vision for the business over the next year shared with all our Head Office and General Manager teams. The spirit and culture of the Tortilla team are inherent to the Group’s success, and I would like to once again thank the entire team for their hard work and commitment over the course of the year.

On the technology front, we strive to ensure this is at the forefront of our customer service offering and are continually reviewing how we can improve our operations across the wider business. In 2023, we opened our very first digital concept, a kiosk-only-site in London Wall, located in the City of London's financial district. The site is performing well and is positioned to take advantage of the peak lunch time trade from local office workers. The average customer journey time is just two minutes and 20 seconds down from nearly 10 minutes prior to the kiosk implementation, ensuring a steady flow of customers. In addition, the implementation of kiosks has seen the average order value increase by 14%. As this is the first of its kind for Tortilla, we have learnt important

[1] CGA consumer survey (c.3,000) Q2 2023

lessons on implementation, ensuring the customer journey is as smooth as possible and how to manage labour requirements under this model. This proof-of-concept is promising and indicates the kiosk-only approach may be a viable solution for sites with significant volume demand that cannot currently be fully met. We will continue review opportunities to integrate this model into our expansion strategy for the future with kiosks installed in our Bath site during the first half of 2024.

2023 also saw the successful launch of a nationwide rollout of delivery order-aggregation software to simplify the management of multi-platform delivery channels at every store and to maximise the speed and accuracy of delivery order fulfilment. Finally, we have also invested in a series of productivity tools to support the Group in managing rota labour and consequently drive efficiencies and improved margins across our sites. We look forward to seeing the full benefits of these initiatives in the new financial year.

Double down on franchise

Franchising has strategic importance to our business, with our operating model working well for franchisees due to the flexibility of the site format, simple kitchen setup and a central production food model that provides consistency of high food quality and enables a simple labour model without reliance on chefs. In addition, as an established business, our purchasing power and investment in marketing and food development benefit our franchisees.

We have continued to strengthen our relationships with our 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. These sites continue to perform very well, with strong like-for-like sales performance across existing sites and SSP achieving sales records in all locations. In 2023, SSP opened a new site in Manchester Piccadilly railway station. Post the year end, we also announced the launch of at least four new SSP restaurants in 2024, with an exciting pipeline of additional opportunities anticipated for 2025 and beyond.

Alongside this, our Middle East franchise business with Eathos had a record year, giving us confidence to explore further franchise opportunities in the Middle East and other jurisdictions, such as continental Europe. We expect to open a further site in the Middle East in 2024, with Eathos, and are hugely excited to see this growth.

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. We will open at least eight sites in 2024, compared to seven sites in 2023 which means we are still in line with our IPO growth aspiration, having doubled our rollout commitment in 2022.

Develop brand internationally

Tortilla is already the largest fast-casual Mexican chain in the UK & Europe and Mexican cuisine continues to grow in popularity across the globe. The UK will always remain at the core of Tortilla, but we are aware that there is a huge opportunity to expand in other markets overseas. The Group continues to seek out relationships with new businesses and partnerships as we develop our European growth strategy. We will update shareholders with any significant developments of this international strategy as and when appropriate.

Current trading and outlook

Current trading is in line with management expectations and our profit conversion is improving. Our LFL sales are 4.7% down, which is in line with expectation and reflecting the anticipated impact of change in delivery strategy in February this year. The early indications of the change to a dual delivery model are encouraging. We expect the favourable upside in profitability to continue throughout 2024 as we leverage on initiatives implemented in 2023 and launch new ones. Our key focus is to drive sales growth and that underpins our investment in product quality, with the upcoming appointment of a Director of Food, and our deployment of cash for a big drive in raising brand awareness through marketing initiatives. We have already made progress towards

our targeted expansion plans with a site in Manchester Arndale expected to open in May, and our franchise partners expected to exceed the previous store opening plans with at least 5 new stores now expected for 2024.

We have a brand and product to be hugely proud of and I am very excited to lead the business through the next step of the journey. Our team members, managers, support office staff, executive team and Board of Directors all share the ambition for growing the brand as we all see considerable opportunity in the UK and internationally.

Andy Naylor
CHIEF EXECUTIVE OFFICER
24 April 2024

KEY STRENGTHS

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 multi-channel strategy
- **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 across 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 diversification throughout the UK – in terms of both presence and sales. Over half of our estate and nine of our top twenty selling stores are located outside of London, covering a wide range of sites including shopping centres, high streets, residential areas, a delivery-only kitchen and transport hubs. We are adept at scouting and identifying the best format for new locations.

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

Marketing strategy

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

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

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

Strong leadership

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

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

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

Cost effective hiring model

The simplicity of Tortilla's 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 2023, the Group had 87 sites worldwide: 69 UK sites we operate ourselves (66 Tortilla, three Chilango), five UK sites franchised to SSP Group, five UK sites franchised to Compass Group and eight franchised sites in the Middle East. The Group's property portfolio is entirely leasehold.

Within the UK, the Group's portfolio of sites is well diversified with respect to locations, with 33 sites within the M25 area and 36 sites outside of it. Three 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, 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 site, which operate in 25-35 square metres. The estimated capital expenditure per site (excluding delivery-only kitchens) ranges from £375,000 to £475,000 (excluding landlord contribution) depending on the size of the unit, site condition and store front requirements.

The Group aims for a 30% minimum target investment hurdle for its return on capital employed. Our sites are primarily located in high street areas, residential locations, shopping centres and transport hubs as these high

footfall locations provide seven-day trade with lunch and dinner availability, helping the brand appeal to a wider range of consumers and trade throughout the day.

New sites

New sites have historically been a core driver of Tortilla's development. Tortilla opened eight sites in 2014, and five/six sites per year in 2015, 2016 and 2019, but slowed this rollout in 2017 and 2018 as rents did not provide the necessary value at that time. Understandably, site openings slowed in 2020 but we accelerated our pipeline by opening seven sites in 2021 (four bricks and mortar and three delivery kitchens) along with two new SSP Group franchise units. 2022 was a record year for growth with a total of 18 additions to the estate. Growth continued in 2023 with the addition of 6 Tortilla sites, and one SSP Group franchise unit.

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. 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. The Board see the strategic merit in accelerating our growth through existing and new franchising partnerships and are evolving the mix of new openings to focus more heavily on franchising whilst we take a more targeted approach on the rollout of own stores, focusing on Grade A locations where the brand has high awareness. We will open at least eight sites in 2024, compared to twelve previously guided. We are still in line with our IPO growth aspiration, having doubled our rollout commitment in 2022.

CHIEF FINANCIAL OFFICER'S REVIEW

Group financial KPI summary

	2023	2022	Change
Revenue	£65.7m	£57.7m	+ 13.8%
Gross profit margin	77.3%	76.4%	+ 0.9% pts
Administrative expenses	£50.1m	£43.6m	+ 15.0%
Net (loss)/profit after tax	(£1.1m)	(£0.6m)	+ 71.2%
Cash generated from operations	£9.9m	£7.6m	+ 30.3%
Alternative performance measures ("APMs")			
LFL revenue growth	3.6%[1]	16.4%[2]	- 12.8% pts
Adjusted EBITDA (pre-IFRS 16) [3]	£4.6m	£4.0m	+ 15.8%
Net cash/(debt) (pre-IFRS-16) [4]	(£1.3m)	(£0.6m)	- 135.2%

[1] defined as the percentage change in like-for-like sales compared to 2022.
[2] defined as the percentage change in like-for-like sales compared to 2019, to exclude periods of non-trading
[3]defined as statutory operating profit before interest, tax, depreciation and amortisation (before application of IFRS 16 and excluding exceptional costs) and reflects the underlying trade of the Group. The reconciliation to profit from operations is set out below in this section of the report.
[4] defined as cash and cash equivalents less gross debt. Calculated on a pre-IFRS 16 basis and so does not include lease liabilities.

Revenue

Revenue increased by 13.8% to £65.7m compared to £57.7m in 2022. This was attributable to the following factors:

- The addition of six new equity sites in 2023, one franchise site, and the annualisation of the 2022 openings. The Group remains ahead of its aim of opening 45 new sites across the five years following its IPO in October 2021.
- An underlying 3.6% LFL revenue growth across the estate. This translates to 4.9% growth when adjusted for Q1 VAT benefit from 2022.

The above factors are offset by a £0.8m decrease resulting from the VAT benefit that was obtained in Q1 2022.

Gross profit margin

The Group achieved a gross profit margin in 2023 of 77.3% (2022: 76.4%). This 0.9% increase was attributable to effective negotiations with the Group's main food suppliers, securing favourable commercials across 76% of the basket.

Administrative expenses

Under application of IFRS 16, administrative expenses exclude property rents (except for turnover rent) and incorporate the depreciation of right-of-use assets.

Administrative costs increased by 15.0% year-on-year to £50.1m. This is largely attributable to the increased level of trade in 2023. As a percentage of revenue, administrative expenses remained relatively consistent on prior year at 76.3% (2022: 75.5%) with some additional costs being linked to strengthening our Head Office support as we continue to grow. Management has maintained focus on cost control with the benefits of multiple initiatives - in strategic partnerships, energy, and productivity. The full benefit of cost focused activities during the year will materialise in 2024.

Administrative expenses also incorporate exceptional items which decreased to £0.4m in 2023 (2022: £0.5m). Of the £0.5m in 2022, £0.4m was associated to costs incurred in relation to the Chilango acquisition. IFRS 3 requires acquisition costs to be expensed to the P&L rather than capitalised as part of the transaction. Of the £0.4m in 2023, £0.2m was incurred in relation to a potential new site that was subsequently aborted, and £0.1m related to restructuring costs.

We performed detailed impairment testing, resulting in an impairment charge of £0.3m in 2023 (2022: £0.2m). The discount rate used for the weighted average cost of capital (WACC) was 15.1% pre-tax (2022: 13.1%). See note 3 to the Financial Statements for more information.

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 31 December 2023 £	**52 weeks ended 1 January 2023 £**
Profit from operations	**684,110**	**536,129**
Pre-opening costs	344,570	813,154
Share option expense	387,443	362,028
Depreciation and amortisation	8,155,814	6,194,997
Loss on disposal of fixed assets	40,746	17,781
Impairment charge / (reversal)	289,901	(208,023)
Exceptional items	437,756	542,140
Non-trading costs	18,540	18,538
IFRS 16 adjustment*	(5,793,605)	(4,304,273)
Adjusted EBITDA (pre-IFRS 16)	**4,565,275**	**3,972,471**

*The IFRS 16 adjustment relates to the impact of IFRS 16 on rental expenses contained within administrative expenses.

The Group generated £4.6m of Adjusted EBITDA (pre-IFRS 16), an increase of £0.6m compared to 2022.

Whilst the challenges of inflation have impacted our adjusted EBITDA for 2023, we remain confident that our competitive price point and customisable offering overall puts us in a strong position to continue to grow and succeed. The 2023 successful supplier negotiations will further help EBITDA growth in the new year.

Cash flow and liquidity

Cash generated from operations increased in line with the increase in Adjusted EBITDA.

Working capital requirements are by nature low and are indeed negative, with cash from in-store customers received and recognised at the point of sale. Hence, trade and other receivables in the main relate to delivery partner receipts and landlord deposits. Trade and other payables relate to supplier credit terms, wages and utility accruals. Additionally, fast delivery times and Central Production Unit (CPU) efficiencies allow for low stock level

requirements, meaning inventories are kept at a minimum. This negative working capital position should continue to grow in line with expansion plans.

Cash expenditure on property, plant and equipment decreased due to both fewer new sites in 2023 compared to 2022 and higher maintenance capital costs arising in 2022 from numerous refurbishments when the Group converted five Chilango sites to Tortilla sites.

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

The liquidity position of the Group remains strong, with a low current ratio of 0.3. The Group is confident it can pay its current liabilities as they fall due, as consumers pay at the point of sale and the inventory is used before supplier payment is due. The Group also have an overdraft facility of £2.5m with Santander which can be utilised for any unforeseen events. The overdraft is part of and not in addition to the revolving credit facility referred to below.

Financing and net debt

The Group had cash balances of £1.6m on 31 December 2023, which translated to a net debt position of £1.3m (2022: net cash of £0.6m), excluding IFRS 16 lease liabilities.

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 31 December 2023 with a further £7.0m of undrawn facility available to the Group. This additional £7.0m remains undrawn as at the date of signing these financial statements.

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

Share based payments

In 2023, the Group granted further Long-Term Incentive Plan (LTIP) shares to the senior leadership team. Share-based payment expenses of £0.4m were recognised in 2023 (2022: £0.4m) relating to the Group's Long Term Incentive Plan ("LTIP") created as part of the Group's admission to the Alternative Investment Market ("AIM"). Further details around vesting conditions are disclosed in Note 8.

Dividend

The Board did not recommend a dividend for 2023. The Group's capital will be focused on growth over the coming years with the dividend policy subject to re-assessment going forward.

Going concern

In assessing the going concern position of the Group for the consolidated financial statements for the 52 weeks ending 31 December 2023 the Directors have considered the Group's cash flow, liquidity and business activities.

During 2023 The Group did not draw down any further on the debt facilities meaning it has access to a further £7.0m of financing and this remained undrawn at 31 December 2023. The Group had cash balances of £1.6m on 31 December 2023, which translated to a net debt position of £1.3m.

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

Upon consideration of this analysis and the principal risks faced by the Group, the Directors are satisfied that the Group has adequate resources to continue in operation for the foreseeable future, a period of at least twelve

months from the date of this report. Accordingly, the Directors have concluded that it is appropriate to prepare these financial statements on a going concern basis.

Maria Denny
CHIEF FINANCIAL OFFICER
24 April 2024

FINANCIAL STATEMENTS

Unaudited consolidated statement of comprehensive income
For the 52 weeks ended 31 December 2023

	Note	52 weeks ended 31 December 2023 £	52 weeks ended 1 January 2023 £
Revenue	4	**65,674,965**	57,698,487
Cost of sales		**(14,883,204)**	(13,605,825)
Gross profit		**50,791,761**	44,092,662
Administrative expenses		**(50,107,651)**	(43,556,533)
Operating profit	5	**684,110**	536,129
Finance income	9	**31,900**	1,384
Finance expense	10	**(1,801,176)**	(1,466,062)
Loss before taxation		**(1,085,166)**	(928,549)
Tax on loss	11	**(7,377)**	290,327
Loss for the period and comprehensive income attributable to equity holders of the parent company		**(1,092,543)**	(638,222)
Loss per share for profit attributable to the owners of the parent during the period			
Basic and diluted (pence)	12	**(2.8)**	(1.7)

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

The accompanying notes within this announcement form an integral part of these financial statements.

Unaudited consolidated statement of financial position
As at 31 December 2023

	Note		31 December 2023 £		1 January 2023 £
Non-Current Asset					
Intangible assets	14		**2,627,039**		2,632,205
Tangible assets	15		**14,119,801**		13,721,101
Right-of-use assets	13		**29,520,494**		31,035,358
			46,267,334		47,388,664
Current assets					
Inventories	16	**358,861**		397,083	
Trade and other receivables	17	**3,135,075**		2,193,877	
Cash at bank and in hand	18	**1,644,674**		2,375,800	
		5,138,610		4,966,760	
Current liabilities					
Trade and other payables	19	**(9,749,505)**		(9,110,069)	
Lease liabilities	13	**(5,670,902)**		(5,614,340)	
Net current liabilities			**(10,281,797)**		(9,757,649)
Total assets less current liabilities			**35,985,537**		37,631,015
Non-current liabilities					
Loans and borrowings	20		**(2,949,021)**		(2,930,481)
Lease liabilities	13		**(29,532,937)**		(31,109,551)
Deferred taxation	21	**(617,696)**		-	
			(617,696)		-
Net assets			**2,885,883**		3,590,983
Equity attributable to equity holders of the company					
Called up share capital	22		**386,640**		386,640
Share premium account	23		**4,433,250**		4,433,250
Share based payment reserve	23		**839,978**		452,535
Merger reserve	23		**4,793,170**		4,793,170
Profit and loss account	23		**(7,567,155)**		(6,474,612)
Total equity			**2,885,883**		3,590,983

The accompanying notes within this announcement form an integral part of these Financial Statements.

Unaudited consolidated statement of changes in equity
For the 52 weeks ended 31 December 2023

	Called up share capital	Share premium account	Share-based payment reserve	Merger reserve	Profit and loss account	Total equity
	£	£	£	£	£	£
At 3 January 2022	**386,640**	**4,433,250**	**90,507**	**4,793,170**	**(5,836,390)**	**3,867,177**
Loss for the period	-	-	-	-	(638,222)	(638,222)
Share-based payments	-	-	362,028	-	-	362,028
At 2 January 2023	**386,640**	**4,433,250**	**452,535**	**4,793,170**	**(6,474,612)**	**3,590,983**
Loss for the period	-	-	-	-	(1,092,543)	(1,092,543)
Share-based payments	-	-	387,443	-	-	387,443
At 31 December 2023	**386,640**	**4,433,250**	**839,978**	**4,793,170**	**(7,567,155)**	**2,885,883**

The accompanying notes within this announcement form an integral part of these Financial Statements.

Unaudited consolidated statement of cash flows
For the 52 weeks ended 31 December 2023

	52 weeks ended 31 December 2023 £	52 weeks ended 1 January 2023 £
Cash flows from operating activities		
Loss for the financial period	**(1,092,543)**	(638,222)
Adjustments for:		
Amortisation of intangible assets	**5,166**	10,456
Depreciation of right-to-use asset	**4,344,878**	3,657,710
Depreciation of property, plant and equipment	**3,805,769**	2,501,433
Loss on disposal of tangible assets	**40,746**	17,780
Net finance expense	**269,491**	183,939
Taxation charge/(credit)	**7,377**	(290,327)
Decrease/(Increase) in inventories	**38,222**	(19,178)
(Increase)/Decrease in trade and other receivables	**(327,477)**	196,503
Increase in trade and other payables	**639,436**	762,249
Impairment of property, plant and equipment	**289,901**	160,930
Reversal of impairment of property, plant and equipment	**-**	(368,953)
Impairment of right-to-use asset	**-**	380,673
Corporation tax paid	**(3,402)**	(610,363)
Share based payments	**387,443**	362,028
Finance cost on lease liabilities	**1,531,685**	1,280,739
Net cash generated from operating activities	**9,936,692**	7,587,397
Cash flows from investing activities		
Purchase of tangible fixed assets	**(4,535,117)**	(6,643,962)
Interest received	**31,900**	1,384
Acquisitions, net of cash acquired	**-**	(1,687,365)
Net cash from investing activities	**(4,503,217)**	(8,329,943)
Cash flows from financing activities		
Interest paid	**(282,849)**	(181,759)
Payments made in respect of lease liabilities	**(5,881,752)**	(6,353,067)
Net cash used in financing activities	**(6,164,601)**	(6,534,826)
Net decrease in cash and cash equivalents	**(731,126)**	(7,277,372)
Cash and cash equivalents at beginning of period	**2,375,800**	9,653,172
Cash and cash equivalents at the end of period	**1,644,674**	2,375,800

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

1. General information

Tortilla Mexican Grill plc, the "Company" together with its subsidiaries, "the Group", is a public limited company whose shares are publicly traded on the Alternative Investment Market, "AIM", and is incorporated and domiciled in the United Kingdom and registered in England and Wales (registration number 13511888).

The registered address of Tortilla Mexican Grill plc and all subsidiaries is 142-144 New Cavendish Street, London, W1W 6YF, United Kingdom. A list of the Company's subsidiaries is presented in note 25.

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

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

2. Accounting policies

2.1 Statement of compliance

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

Tortilla Mexican Grill plc has taken advantage of the exemption under section 408 of the Companies Act 2006 to not present its own statement of comprehensive income. The loss for the single entity Tortilla Mexican Grill plc for the 52 weeks ended 31 December 2023 was £5,479 (1 January 2023: £206,060).

2.2 Basis of preparation of financial statements

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

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

2.3 New standards, amendments and interpretations adopted

The Directors do not consider that there are any new standards or amendments applicable for the 52 weeks ending 31 December 2023 that would have a material impact on the Group's accounting treatment.

2.4 Standards issued but not yet effective

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

• IFRS 10 - Sale or contribution of assets between an investor and its associate or joint venture
• IFRS 16 - Leases on sale and leaseback
• IAS 1 - Classification of liabilities as current or non-current
• IAS 1 - Non-current liabilities with covenants
• IAS 7 and IFRS 7 - Supplier finance arrangements

The following standards are applicable for financial years beginning on/after 1 January 2025:

• IAS 21 - Lack of exchangeability

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 statement of financial position as at 31 December 2023 incorporates the results of Tortilla Mexican Grill plc and its subsidiaries for all periods, as set out in the basis of preparation.

2.6 Going concern

In assessing the going concern position of the Group for the consolidated financial statements for the 52 weeks ended 31 December 2023, the Directors have considered the Group's cash flow, liquidity and business activities.

During 2023 the Group did not draw down any further on the debt facilities meaning it has access to a further £7.0m of financing and this remained undrawn on 31 December 2023. The Group had cash balances of £1.6m on 31 December 2023 which translated to a net debt position of £1.3m.

As part of their going concern assessment the Directors have prepared forecasts for a minimum period of twelve months from the date of approval of the financial statements. In addition, certain adverse scenarios have been considered for the purposes of stress and sensitivity testing. In these adverse scenarios, the Group would have sufficient liquidity to remain in compliance with its covenant obligations.

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

2.7 Revenue

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

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

The Group's revenue comprises of:

- Food and beverage sales at restaurants with one performance obligation that is satisfied when control is transferred to the customer at the point of sale, which is usually when payment is received, and no contract assets or contract liabilities are created. The Group also generates revenue with third-party delivery partners, which is payable the week after the revenue was recorded. Revenue comprises the fair value of the consideration received or receivable for the sale of goods and provision of services in the ordinary course of the Group's activities. Revenue is shown net of sales/value added tax, returns and discounts; and
- Franchise fees from the Group's role as franchisor in the UK and Middle East. Revenue comprises ongoing royalties based on the sales results of the franchisee and up-front initial site fees. Royalty revenue is accrued in line with reported sales performance once revenue can be

reliably measured. Upfront initial site fees are recognised on opening of the associated franchisee restaurant.

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

2.8 Employee benefits

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

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

2.9 Share-based payments

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

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

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

The vesting is dependent on achievement of specific performance conditions for the 2023, 2024 and 2025 financial years. The share-based payment expense will be modified if it is determined that these performance conditions will not be met.

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

2.10 Current and deferred tax

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

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

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

- the initial recognition of goodwill;

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

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

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

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.

2.11 Alternative performance measures ("APMs")

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

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

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

2.12 Intangible assets

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

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

2.13 Property, plant and equipment

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

includes directly attributable costs.

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

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

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

2.14 Leases

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

Lease liabilities
At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed lease payments less any lease incentives receivable. In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. Where the Group expects to extend the leases covered by the Landlord and Tenant Act 1985, the extension period is not included within the lease term as the termination date cannot be determined and these are not reasonably certain.

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

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

2.15 Impairment

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

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

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

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

2.16 Inventories

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

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

2.17 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.

2.18 Valuation of investments

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

2.19 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 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.

2.20 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 Financial instruments

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

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

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

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

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

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

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

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

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

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

2.22 Financial risk

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

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

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

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

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

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

The Group has access to a £10m revolving credit facility held with Santander UK plc, of which £7m is undrawn at the yearend. Of this undrawn amount, £2.5m has been allocated to an ancillary facility, an overdraft, which was not utilised at 31 December 2023.

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

Maturity analysis

	Within 1 year	1 to 2 years	2 to 5 years	More than 5 years	Total
	£	£	£	£	£
31 December 2023					
Trade and other payables	9,749,505	-	-	-	**9,749,505**
Lease liabilities	5,804,285	5,548,013	13,630,276	18,373,748	**43,356,322**
Borrowings	-	-	2,949,021	-	**2,949,021**
	15,553,790	**5,548,013**	**16,579,297**	**18,373,748**	**56,054,848**
1 January 2023					
Trade and other payables	9,110,069	-	-	-	**9,110,069**
Lease liabilities	5,740,772	5,469,318	13,870,702	19,454,295	**44,535,087**
Borrowings	-	-	2,930,481	-	**2,930,481**
	14,850,841	**5,469,318**	**16,801,183**	**19,454,295**	**56,575,637**

2.23 Provisions for liabilities

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of financial position.

3. Critical accounting estimates and judgements

The Group makes certain judgements, estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including the expectations of future events that are believed to be reasonable under the circumstances. Judgements that have been made by the directors in the application of these accounting policies that fall within the scope of IAS 1 paragraph 125 have been discussed below.

Determining the discount rate for IFRS 16

At the commencement date of property leases the lease liability is calculated by discounting the lease payments. The discount rate used should be the interest rate implicit in the lease. However, if that rate cannot be readily determined, which is generally the case for property leases, the lessee's incremental borrowing rate is used. This being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

The Directors carried out a review of the historic borrowing rates of the Group and historic bond rates together with analysis of the lease terms. They concluded that the use of a single discount rate applied to all leases signed prior to 2 January 2022 is a reasonable approach. Based on this analysis a discount rate of 3.4 percent has been applied. Subsequently, discount rates have been applied on a lease-by-lease basis, in order to reflect the increasing risk-free rate during this period. These discount rates range from 4.9 percent to 7.3 percent.

For the lease liabilities at 31 December 2023 a 0.1 percent increase in the discount rate would reduce the total liabilities by £11,000 (1 January 2023: £83,000), which is not considered to be material. Therefore this is not considered to be a key source of estimation uncertainty.

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

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

The key assumptions in the value-in-use calculations include the growth rates of revenue and expenses, together with the Group's weighted average cost of capital (WACC), which is used as a discount rate. Projected cash flows are based on financial budgets approved by the Board covering a five year period. Beyond this five year period, projected cash flows have been based on a 3.0% growth rate until the end of the lease terms. The value-in-use calculations also factor in the cost of maintaining the assets, set at £25,500 per annum for each site based on historic averages, and the impact of direct overhead costs.

For the leases held in Chilango Ltd, a further key assumption in the value-in-use calculations was that the leases with terms ending in less than five years would be able to be renewed with terms of 10-15 years, in line with the term lengths of leases held by Mexican Grill Ltd. If this assumption was incorrect, the maximum potential impact on the impairment charge for the 52 weeks ended 31 December 2023 is an increase of £1,605,818.

An independent external consultancy was engaged to calculate the Group's post-tax WACC. As at 31 December 2023, the pretax WACC was determined to be 15.1% (1 January 2023: 13.1%). An increase in the discount rate of 1.0 percent would increase the impairment charge for the 52 weeks ended 31 December 2023 by £nil, which is not considered to be material.

In the 52 weeks ended 31 December 2023, property, plant and equipment assets of £14,119,801 and right-of-use assets of £2,624,886 have been tested for impairment. Detailed impairment testing resulted in the recognition of an impairment charge of £289,901 (52 weeks ended 1 January 2023: £160,930) and an impairment reversal of £nil (52 weeks ended 1 January 2023: £368,953) against property, plant and equipment assets (note 15) and an impairment charge of £nil (52 weeks ended 1 January 2023: £380,673) against right-of-use assets (note 13).

As these assumptions have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year, these are considered to be key sources of estimation uncertainty.

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 £346,000 decrease in depreciation in the 52 weeks ended 31 December 2023 (1 January 2023: £229,000). This is not considered to be material and therefore this judgement is not deemed to be a key source of estimation uncertainty.

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.

The vesting of certain share-based payments is dependent on the achievement of specific performance and expansion targets over the three financial years 2023, 2024 and 2025. Assumptions have been made regarding the likelihood of these criteria being met. A 25% increase in likelihood would result in a £21,175 increase in share-based payment charge in the 52 weeks ended 31 December 2023 (1 January 2023: £nil). This is not considered to be material and therefore this judgement is not deemed to be a key source of estimation uncertainty.

4. Revenue

	52 weeks ended 31 December 2023	**52 weeks ended 1 January 2023**
	£	**£**
Sale of goods	64,848,049	57,050,636
Franchise income	826,916	647,851
	65,674,965	**57,698,487**

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 and the Chief Financial Officer.

The Group has three segments:

- UK sales from Group-operated restaurants
- UK franchise sales from franchised restaurants
- Middle East franchise sales from franchised restaurants

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

5. Operating profit

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

	52 weeks ended 31 December 2023 £	52 weeks ended 1 January 2023 £
Depreciation and amortisation	8,155,814	6,194,997
Impairment of right-of-use assets	-	380,673
Loss on disposal of fixed assets	40,746	17,780
Impairment of fixed assets	289,901	160,930
Reversal of impairment of fixed assets	-	(368,953)
Variable lease payments	692,886	969,880
Inventories - amounts charged as an expense	14,883,204	13,605,825
Share option expense	387,443	362,028
Pre-opening costs**	344,570	813,154
Exceptional items*	437,756	542,140
Bank arrangement fee amortisation	18,540	18,538
Auditors' remuneration:		
Audit fees	138,400	120,000
Other assurance services	9,700	14,000

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

	52 weeks ended 31 December 2023 £	52 weeks ended 1 January 2023 £
Pre-opening costs	344,570	813,154
Number of sites openings in period	6	18

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

6. Employees

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

	31 December 2023 No.	1 January 2023 No.
Operations staff	1,094	1,093
Head office staff	52	51
	1,146	**1,144**

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

	31 December 2023 £	1 January 2023 £
Wages and salaries	19,634,665	16,998,678
Social security costs	1,164,438	1,007,144
Pension costs	220,650	190,987
Share based payments (note 8)	387,443	362,028
	21,407,196	**18,558,837**

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

	31 December 2023 £	1 January 2023 £
Short-term employee benefits	585,205	511,677
Post-employment benefits	2,643	3,485
	587,848	**515,162**

7. Director's remuneration and key management information

The highest paid director received remuneration of £231,000 (2022: £215,000).

The number of Directors receiving pension contributions was 2 (2022: 2).

The share-based payment expense arising from the Directors' participation in the Company's LTIP scheme was £219,000 (2022: £240,984).

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

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

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. The Adjusted EBITDA target for 2023 has been met, and the target for 2024 is expected to be met.

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

In the 52 weeks ended 31 December 2023, 600,387 nil cost options were awarded under the LTIP to Directors and members of the senior management team which will vest on 10 May 2026. The vesting of the awards made to Directors is dependent on achievement of specific performance targets over the three financial years 2023, 2024 and 2025, as well as the Directors' continuous employment. The vesting of the awards made to members of the senior management team is dependent on continuous employment only.

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:

	31 December 2023 Number of share options #	**31 December 2023 Weighted average exercise price £**	**1 January 2023 Number of share options #**	**1 January 2023 Weighted average exercise price £**
Outstanding at beginning of the period	1,946,046	1.6	1,809,393	1.8
Granted during the period	600,387	-	205,714	-
Exercised during the period	-	-	-	-
Forfeited during the period	(300,442)	1.8	(69,061)	1.8
Outstanding at the end of the period	**2,245,991**	**1.2**	**1,946,046**	**1.6**

The awards outstanding at the end of 31 December 2023 have a remaining weighted average contractual life of nineteen months (1 January 2023: two years) and an exercise price of £1.16 (1 January 2023: £1.62). No awards were exercisable at the end of the period (1 January 2023: none).

The Group recognised total expenses related to the above equity-settled share-based payment transactions in the form of options during the 52 weeks ended 31 December 2023 of £369,021 (1 January 2023: £362,028) and related employer National Insurance of £18,422 (1 January 2023: £9,988).

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

	31 December 2023	1 January 2023
Share price at grant date (pence)	107p	87p
Exercise price (pence)	-	-
Expected volatility (%)	56%	90%
Option life (years)	3.0	2.0
Risk free interest rate (%)	3.88%	3.57%

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. Interest receivable

	52 weeks ended 31 December 2023 £	52 weeks ended 1 January 2023 £
Bank interest income	31,900	1,384

10. Interest payable and similar expenses

	52 weeks ended 31 December 2023 £	52 weeks ended 1 January 2023 £
Bank interest payable	269,491	185,323
Finance cost on lease liabilities	1,531,685	1,280,739
	1,801,176	**1,466,062**

11. Taxation

	52 weeks ended 31 December 2023 £	52 weeks ended 1 January 2023 £
Current tax		
Adjustments in respect of previous periods	(610,319)	(290,327)
Total current tax	**(610,319)**	**(290,327)**
Origination and reversal of timing differences	617,696	-

Factors affecting tax charge for the period

The tax assessed for the period differs from the standard rate of corporation tax in the UK of 25%. The differences are explained below:

	52 weeks ended 31 December 2023 £	**52 weeks ended 1 January 2023 £**
Loss on ordinary activities before tax	(1,085,166)	(928,549)
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 25% (2022 - 19%)	(271,292)	(176,424)
Effects of:		
Expenses not deductible for tax purposes	91,098	109,211
Depreciation in excess of capital allowances	608,059	721,889
Movement in tax losses	60,138	(683,653)
Other timing differences, primarily arising from operating lease accounting	129,693	28,977
Adjustments to tax charge in respect of prior periods	(610,319)	(290,327)
Total tax charge for the period	**7,377**	**(290,327)**

At 31 December 2023, the Group had unused carried forward tax losses of £3,307,448 (1 January 2023: £3,548,435) which are expected to be fully utilised in future periods. From 1 April 2023, the UK corporation tax rate increased to 25% Accordingly, the rate used to calculate the deferred tax balances at 31 December 2023 is 25% (1 January 2023: 25%).

12. 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.

	31 December 2023 £	1 January 2023 £
(Loss)/profit used in calculating basic and diluted profit	(1,092,543)	(638,222)
Weighted average number of shares for the purpose of basic and diluted earnings per share	38,664,031	38,664,031
Basic and diluted (loss)/earnings per share (pence)	**(2.8)**	**(1.7)**

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

13. Leases

Right-of-use assets	**£**	**Lease liabilities**	**£**
At 2 January 2022	**24,939,614**	**At 2 January 2022**	**(31,662,090)**
Additions	8,459,288	Additions	(8,459,288)
Disposals	(996,353)	Arising on acquisition	(2,671,192)
Impairment	(380,673)	Interest expense	(1,280,739)
Arising on acquisition	2,671,192	Lease payments	6,353,067
Depreciation	(3,657,710)	Disposals	996,353
At 1 January 2023	**31,035,358**	**At 1 January 2023**	**(36,723,889)**
Additions	3,682,001	Additions	(3,682,004)
Arising on acquisition	-	Interest expense	(1,531,685)
Disposals	(851,987)	Lease payments	5,881,752
Depreciation	(4,344,878)	Disposals	851,987
At 31 December 2023	**29,520,494**	**At 31 December 2023**	**(35,203,839)**

Carrying amount by maturity of the Group lease liabilities

	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	More than 1 year	Total
	£	£	£	£	£	£
31 Dec 2023	5,670,902	5,195,183	11,769,439	12,568,315	**29,532,937**	**35,203,839**
1 Jan 2023	5,614,340	5,147,757	12,129,224	13,832,570	**31,109,551**	**36,723,891**

The Group has 33 (2022: 31) lease contracts that include variable lease payments in the form of revenue-based rent top-ups. The Group also has certain leases with lease terms of 12 months or less. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases. In the 52 weeks ended 31 December 2023, the total expense arising from variable lease payments amounted to £692,886 (52 weeks

ended 1 January 2023: £969,879).

The majority of leases are covered by the Landlord and Tenant Act 1985 which gives the right to extend the lease beyond the termination date. The Group expects to extend the leases covered by the Landlord and Tenant Act 1985, however this extension period is not included within the lease term for the purposes of calculating the above lease liabilities because the termination date cannot be determined and these are not reasonably certain.

14. Intangible assets

	Computer Software	Goodwill	Total
	£	£	£
Cost			
At 3 January 2022	**-**	**-**	**-**
Arising on acquisition	24,600	2,624,886	2,649,486
Disposals	(9,100)	-	(9,100)
At 1 January 2023	**15,500**	**2,624,886**	**2,640,386**
At 31 December 2023	**15,500**	**2,624,886**	**2,640,386**
Amortisation			
At 3 January 2022	**-**	**-**	**-**
Amortisation charge	10,456	-	10,456
On disposals	(2,275)	-	(2,275)
At 1 January 2023	**8,181**	**-**	**8,181**
Amortisation charge	5,166	-	5,166
At 31 December 2023	**13,347**	**-**	**13,347**
Net book value			
At 31 December 2023	**2,153**	**2,624,886**	**2,627,039**
At 1 January 2023	7,319	2,624,886	2,632,205

Goodwill

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

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

15. Tangible fixed assets

	Long-term leasehold property	Plant and machinery	Fixtures and fittings	Total
	£	£	£	£
Cost				
At 3 January 2022	**14,295,429**	**3,621,556**	**3,671,580**	**21,588,565**
Additions	2,076,864	1,578,180	2,988,918	6,643,962
Arising from acquisition	104,019	43,047	194,143	341,209
Disposals	(427,046)	(114,138)	(162,234)	(703,418)
At 1 January 2023	**16,049,266**	**5,128,645**	**6,692,407**	**27,870,318**
Additions	1,995,101	960,841	1,579,174	4,535,117
Disposals	(51,995)	(860,302)	(765,619)	(1,677,916)
At 31 December 2023	**17,992,372**	**5,229,185**	**7,505,962**	**30,727,519**
Depreciation				
At 3 January 2022	**7,536,464**	**2,777,463**	**2,010,471**	**12,324,398**
Charge for the period	1,222,230	548,409	730,794	2,501,433
Arising from acquisition	37,176	24,089	171,321	232,586
Disposals	(518,938)	(79,971)	(102,268)	(701,177)
Impairment charge	160,930	-	-	160,930
Impairment losses written back	(368,953)	-	-	(368,953)
At 1 January 2023	**8,068,909**	**3,269,990**	**2,810,318**	**14,149,217**
Charge for the period	1,238,432	640,731	1,926,606	3,805,769
Disposals	(34,288)	(849,855)	(753,026)	(1,637,169)
Impairment charge	289,901	-	-	289,901
At 31 December 2023	**9,562,954**	**3,060,866**	**3,983,898**	**16,607,718**
Net book value				
At 31 December 2023	**8,429,418**	**2,168,319**	**3,522,064**	**14,119,801**
At 1 January 2023	7,980,357	1,858,655	3,882,089	13,721,101

16. Inventories

	31 December 2023	1 January 2023
	£	£
Food and beverage for resale	**358,861**	397,083

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 £14,883,204 (52 weeks ended 1 January 2023: £13,605,825).

17. Trade and other receivables

	31 December 2023 £	1 January 2023 £
Trade receivables	404,241	573,832
Other receivables	1,713,007	1,129,420
Prepayments and accrued income	1,017,827	490,625
	3,135,075	2,193,877

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

Other receivables consists of deposits held by third parties, generally landlords, and franchise income accrued but not yet invoiced to third parties. Other receivables also includes amounts due from HMRC relating to corporation tax from a previous period adjustment.

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.

18. Cash and cash equivalents

	31 December 2023 £	1 January 2023 £
Cash at bank and in hand	**1,644,674**	2,375,800

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.

19. Trade and other payables

	31 December 2023 £	**1 January 2023 £**
Trade payables	**2,768,567**	2,496,200
Corporation tax	**-**	-
Other taxation and social security	**2,119,292**	2,265,394
Other payables	**940,674**	864,184
Accruals and deferred income	**3,920,972**	3,484,291
	9,749,505	9,110,069

20. Loans and Borrowings

	31 December 2023 £	1 January 2023 £
Bank loans - falling due after one year	3,000,000	3,000,000
Amortised issue costs	(50,979)	(69,519)
	2,949,021	**2,930,481**

As part of the Group's IPO on 8 October 2021, the existing facilities were repaid and a new financing arrangement was signed with Santander UK plc. This is a £10m senior facility, repayable in full on 14 September 2026, with a drawn balance at 31 December 2023 of £3.0m (1 January 2023: £3.0m). The Group has allocated £2.5m of the remaining undrawn amount to an ancillary facility, an overdraft, which was not utilised at 31 December 2023 or 1 January 2023. Arrangement fees of £93,000 were incurred as part of the refinancing and this is being amortised to the Group consolidated statement of comprehensive income over the term of the facility. The loan balance is being recognised net of these arrangement fees.

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

21. Deferred taxation

	Deferred taxation asset / (liability) £
At 1 January 2023	-
Charged to profit or loss	(617,696)
At 31 December 2023	**(617,696)**

	31 December 2023 £	1 January 2023 £
Accelerated capital allowances	(1,444,558)	(887,109)
Tax losses carried forward	826,862	887,109
	(617,696)	**-**

No deferred tax assets or liabilities were recognised as at 2 January 2022 with no amount recognised in profit or loss in relation to deferred tax for the period ended 1 January 2023. Therefore no comparative information is presented.

22. Share capital

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

Ordinary shares entitle the holder to participate in dividends and the process on the winding up of the Company

in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have a par value of £0.01 and the Company does not have a limited amount of authorised capital.

23. Reserves

Share premium account

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

Share based payment reserve

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

Merger Reserve

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

Profit and loss account

The accumulated net profits and losses of the Group.

24. Analysis of net debt

	At 2 January 2023	Cash flows	Additions and disposals of Leases	Finance expense	At 31 December 2023
	£	£	£	£	£
Cash at bank and in hand	**2,375,800**	(731,126)	-	-	**1,644,674**
Bank loans	**(2,930,481)**	-	-	(18,540)	**(2,949,021)**
Lease liabilities	**(36,723,889)**	5,881,748	(2,830,013)	(1,531,685)	**(35,203,839)**
Net debt	**(37,278,570)**	**5,150,622**	**(2,830,013)**	**(1,550,225)**	**(36,508,186)**

25. Subsidiary undertakings

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

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

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

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

26. Related party transactions

Mexican Grill Ltd was charged monitoring fees of £30,000 for the 52 weeks ended 31 December 2023 (1 January 2023: £30,000) by QS Direct SI 2 S.à.r.l, in its capacity as General Partner of the Group's shareholder QS Direct SI 2 SCA SICAR.

Tortilla Mexican Grill plc was charged non-executive director fees of £9,000 for the 52 weeks ended 31 December 2023 (1 January 2023: £12,375) by Kikkirossi SARL, an entity incorporated in Switzerland which is wholly owned by a Director of Tortilla Mexican Grill plc.

27. Controlling party

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

28. Capital commitments

The Group had capital commitments of £nil at 31 December 2023 (1 January 2023: £nil).

29. Post-balance sheet events

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

30. Unaudited IFRS comparison to UK GAAP (non-IFRS)

This is a non-GAAP note and does not form part of the financial statements.

The Group applied IFRS for the first time in the 52-week period ending 2 January 2022. The Group applied IFRS 16 using the modified retrospective approach, with the date of initial application of 1 January 2018.

	Pre-IFRS 16 52 weeks ended 31 Dec 2023 £	IFRS 16 adjustments £	IFRS 52 weeks ended 31 Dec 2023 £	Pre-IFRS 16 52 weeks ended 1 Jan 2023 £	IFRS 16 adjustments £	IFRS 52 weeks ended 1 Jan 2023 £
Revenue	**65,674,965**	**-**	**65,674,965**	57,698,487	-	57,698,487
Cost of sales	**(14,883,204)**	**-**	**(14,883,204)**	(13,605,825)	-	(13,605,825)
Gross profit	**50,791,761**	**-**	**50,791,761**	44,092,662	-	44,092,662
Administrative expenses	**(51,657,149)**	**1,549,498**	**(50,107,651)**	(44,377,113)	820,580	(43,556,533)
Profit/(loss) from operations	**(865,388)**	**1,549,498**	**648,110**	(284,451)	820,580	536,129
Adjusted EBITDA	**4,565,275**	**5,793,606**	**10,358,881**	3,972,471	4,684,946	8,657,417
Pre-opening costs	**(478,911)**	**134,341**	**(344,570)**	(978,457)	165,303	(813,154)
Share based payments	**(387,443)**	**-**	**(387,443)**	(362,028)	-	(362,028)
Depreciation and amortisation	**(3,818,112)**	**(4,378,449)**	**(8,196,561)**	(2,563,782)	(3,648,996)	(6,212,778)
Impairment (charge)/reversal	**(289,901)**	**-**	**(289,901)**	208,023	(380,673)	(172,650)
Non-trading costs	**(18,540)**	**-**	**(18,540)**	(18,538)	-	(18,538)
Exceptional items	**(437,756)**	**-**	**(437,756)**	(542,140)	-	(542,140)
Profit/(loss) from operations	**(865,388)**	**1,549,498**	**684,110**	(284,451)	820,580	536,129
Finance income	**31,900**	**-**	**31,900**	1,384	-	1,384
Finance expense	**(269,491)**	**(1,531,685)**	**(1,801,176)**	(185,323)	(1,280,739)	(1,466,062)
Profit/(loss) before tax	**(1,102,979)**	**17,813**	**(1,085,166)**	(468,390)	(460,159)	(928,549)
Tax credit/(charge)	**(7,377)**	**-**	**(7,377)**	290,327	-	290,327
Profit/(loss) for the period	**(1,110,356)**	**17,813**	**(1,092,543)**	(178,063)	(460,159)	(638,222)

	Pre-IFRS 16 52 weeks ended 31 Dec 2023	IFRS 16 adjustments	IFRS 52 weeks ended 31 Dec 2023	Pre-IFRS 16 52 weeks ended 1 Jan 2023	IFRS 16 adjustments	IFRS 52 weeks ended 1 Jan 2023
	£	**£**	**£**	£	£	£
Fixed assets						
Intangible assets	**2,627,039**	**-**	**2,627,039**	2,632,205	-	2,632,205
Tangible assets	**31,573,308**	**546,493**	**14,119,801**	13,033,022	688,079	13,721,101
Right-of-use asset	**-**	**29,520,494**	**29,520,494**	-	31,035,358	31,035,358
Total fixed assets	**16,200,347**	**30,066,987**	**46,267,334**	15,665,227	31,723,437	47,388,664
Current assets						
Inventories	**358,861**	**-**	**358,861**	397,083	-	397,083
Trade and other receivables	**4,213,507**	**(1,078,432)**	**3,135,075**	3,563,818	(1,369,941)	2,193,877
Cash at bank and in hand	**1,644,674**	**-**	**1,644,674**	2,375,800	-	2,375,800
Total current assets	**6,217,042**	**(1,078,432)**	**5,138,610**	6,336,701	(1,369,941)	4,966,760
Current liabilities						
Trade and other payables	**(11,416,127)**	**1,666,622**	**(9,749,505)**	(10,913,989)	1,803,920	(9,110,069)
Lease liabilities	**-**	**(5,670,902)**	**(5,670,902)**	-	(5,614,340)	(5,614,340)
Total current liabilities	**(11,416,127)**	**(4,004,280)**	**(15,420,407)**	(10,913,989)	(3,810,420)	(14,724,409)
Non-current liabilities						
Loans and borrowings	**(2,949,021)**	**-**	**(2,949,021)**	(2,930,481)	-	(2,930,481)
Lease liabilities	**-**	**(29,523,937)**	**(29,523,937)**	-	(31,109,551)	(31,109,551)
Deferred taxation	**(617,696)**	**-**	**(617,696)**	-	-	-
Total non-current liabilities	**(3,566,717)**	**(29,532,937)**	**(33,099,654)**	(2,930,481)	(31,109,551)	(34,040,032)
Net assets	**7,434,545**	**(4,548,662)**	**2,885,883**	8,157,458	(4,566,475)	3,590,983
Equity attributable to equity holders of the company						
Called up share capital	**386,640**	**-**	**386,640**	386,640	-	386,640
Share premium account	**4,433,250**	**-**	**4,433,250**	4,433,250	-	4,433,250
Share based payment reserve	**839,978**	**-**	**839,978**	452,535	-	452,535
Merger reserve	**4,793,170**	**-**	**4,793,170**	4,793,170	-	4,793,170
Profit and loss account	**(3,018,493)**	**(4,548,662)**	**(7,567,155)**	(1,908,137)	(4,566,475)	(6,474,612)
Total equity	**7,434,545**	**(4,548,662)**	**2,885,883**	8,157,458	(4,566,475)	3,590,983