



## Chapel Down Group Plc

('CDG' or 'the Company')

EPIC: CDGP

### AUDITED RESULTS FOR THE YEAR ENDED 31 DECEMBER 2023

The Board is pleased to report record company sales, strong profitable growth and an exceptional harvest for 2023 as it continues to develop its market-leading brand, both in the UK and around the world.

#### Financial Highlights

- Net Sales Revenue, gross of retro<sup>1</sup> grew 15% to £17.9m, (2022: £15.6m) and 15% to £17.2m net of retro<sup>1</sup> (2022: £15.0m) as Chapel Down showed continued sales momentum.
- Chapel Down's brand-defining Traditional Method Sparkling (TMS) wines continued to grow strongly with Net Sales Revenue<sup>2</sup> increasing 25% to £12.0m (2022: £9.6m) on volumes up 13% to 887k bottles (2022: 789k).
- Strong NSR growth is across all UK & international trade channels, as well as the direct-to-consumer business, showing the benefits of scale and breadth of distribution.
- Chapel Down's Average Selling Price (ASP) grew 13% during the year, evidencing the continued premiumisation of the Chapel Down brand.
- Chapel Down remains strongly profitable at all levels, driven by profitable trading and the IFRS fair value adjustment on grapes from an exceptional harvest:
  - Gross profit increased 16% to £8.9m (2022: £7.7m), with an increase in gross profit margin to 52% (2022: 51%)
  - EBITDA grew strongly, up 87% to £5.4m (2022: 2.9m)
- Net debt of £1.2m (2022: net cash £3.3m) resulting from investing in a record harvest of 3,811 tonnes (2022: 2,050) which has increased wine stocks by 44% to £22.6m (2022: £15.6m) and the planting of 118 acres (48 hectares) at Boxley Abbey vineyard. At year end, Chapel Down had an unused Revolving Credit Facility (RCF) of £12m.
- Strong balance sheet with high quality net assets of £34.3m (2022: £32.3m), including freehold land and buildings, planted vineyards and stock. The Board remain confident the market value of these tangible assets is significantly higher than the reported values. Chapel Down does not assign a value to its brand in the financial statements.

#### Operational Highlights

- Successful listing on AIM on 7th December 2023, a move which reflects the maturity of the business and the ambitious growth plan that we are committed to delivering in the years ahead and maintains the inheritance-tax free status of Chapel Down's shares.
- Continued brand leadership with prompted awareness<sup>5</sup> growing to 39% (2022: 32%), and penetration<sup>5</sup> to 14% (2022: 11%). Off trade value market share<sup>4</sup> was maintained at 35.4% (2022: 35.7%). Social media following grew 13% to over 105k followers across all social channels (2022: 93k). These awareness, penetration, market share and social media metrics are higher than for any other English winemaker.

- Favourable growing conditions, combined with the skill of our world-class viticulture and winemaking team, resulted in an exceptional, high-quality harvest in 2023. Chapel Down delivered a record 3,811 tonnes of grapes, 86% higher than 2022 (2,050 tonnes), and 75% higher than Chapel Down's previous record (2018: 2,173 tonnes). This will create c3.4m bottles of wine.
- Future growth enabled with the planting of the Boxley Abbey vineyard on the North Downs of Kent. This increases total planted vineyards to 906 acres (367 hectares) (2022: 788 acres, 319 hectares), accounting for nearly 10% of UK planted vineyards (Source: Wine GB).
- Continued success at international wine awards, with 28 major successes in 2023 reinforcing the exceptional quality of our wines. Highlights include Chapel Down Kit's Coty Cœur de Cuvée receiving gold medals in the International Wine Challenge, Decanter World Wine Awards and Wine GB Awards, and as the 'Best Prestige Cuvée Trophy' in the Wine GB Awards, as well as Kit's Coty Chardonnay and Bacchus still wines both winning Gold medals in the Wine GB Awards.

## **Outlook**

- Current trading is in line with management expectations and our outlook for 2024 remains positive. We expect to deliver double digit sales growth in the year, weighted towards H2. We expect underlying profitability to return to normalised levels, with an increased proportion of still wine and 'A Touch of Sparkle' in the sales mix as a consequence of the exceptional 2023 harvest, a more typical harvest yield in 2024, and continued brand investment.
- As previously announced, our next phase of growth, from 2026, incorporates plans for a new purpose-built winery, which we expect to be operational in time for the 2026 harvest (subject to final planning approval).
- Opportunities to secure new vineyard acreage will continue to be explored, as well as developing an expanded tourism offering at the Tenterden brand home, to accelerate future growth.
- Planting will begin at our newest vineyard at Buckwell, on the North Downs of Kent, in spring 2024. This will be 117 acres (47 hectares) of Chardonnay and Pinot Noir, and will increase our planted vineyards to 1,023 acres (414 hectares).
- To capitalise on our medium-term growth opportunity, we are in advanced discussions to extend and increase our existing RCF to be drawn when required as part of the overall mix of funding for our investment plans.

Andrew Carter, Chief Executive Officer of Chapel Down, commented: *"2023 was a landmark year for English wine and Chapel Down. It is great to see the strategic and operational progress that we have delivered, and the continuing sales momentum that we have. In line with our 2023 targets, the business achieved double digit net sales revenue growth, driven by the exceptional performance of our traditional method sparkling wine and growth across all of our UK and international trade channels and our direct-to-consumer business."*

*"Chapel Down continues to grow profitably – a core strength which, along with our strong balance sheet, makes us resilient and underpins our ambitious future growth plans."*

*"Chapel Down is the market leader in an industry which is enjoying rapid and sustained growth. We have the leading brand, the deepest distribution which we continue to expand at pace, and we*



*continue to win international acclaim for the quality of our wines. Our continued outstanding performance, and the fantastic, record-breaking 2023 harvest, means our passionate and highly skilled team carries significant momentum into the new financial year.”*

**Note 1:**

Chapel Down listed on AIM on 7<sup>th</sup> December 2023. Consequently, the company has adopted IFRS as its accounting standard. All numbers shown, including comparatives (except where specified in note 2) are prepared under IFRS.

**Note 2:**

The IFRS standard requires netting Retrospective discount support (Retro), which is promotional price support given to customers by Chapel Down, from Net Sales Revenue (“NSR net of Retro”).

Previously, Net Sales Revenue was reported before netting Retro (“NSR gross of retro”). All channel and category revenue splits in the Financial Highlights and CEO Strategic Review are shown in this transition year as NSR gross of retro, to enable like for like comparison.

**Note 3:**

Adjusted EBITDA relates to profit from operations before interest, tax, depreciation, amortisation, share based payment expense and exceptional costs.

**Note 4:**

Source, Nielsen

**Note 5:**

Source, BrandVue

**Chairman’s Statement**

2023 saw the continuation of the exceptional growth of the English wine industry. We continue to see the ongoing creation of a new global wine region, with a number of high quality vineyards, award-winning wines and an increase in wine-related tourism.

The English wine region’s growth is enabled by the excellence of the terroir, with an abundance of south facing, chalk and clay slopes and a cool maritime climate that give rise to perfect conditions for traditional method sparkling wine production. Wine GB estimates that there were 10,695 acres (4,328 hectares) of vineyards planted at the end of 2023, and this is growing rapidly, up 180% over the past decade. The mid-point of Wine GB’s industry forecast is to have 18,780 acres (7,600 hectares) of vineyards planted by 2032 and wine production increasing from 12.2m bottles in 2022 to 24.7m in 2032.

This quality underpins the increased growth in demand for English traditional method sparkling wine, with sales growth of 16% in the UK off-trade seen in 2023, whilst comparable UK off-trade Champagne sales<sup>4</sup> value declined by 9% in the year.

This quality and buoyant demand also continues to attract international interest. For example, Jackson Family Wines purchased land to create a new vineyard in 2023, and we expect the release of the first of Taittinger’s English sparkling wines during 2024.



Within this exciting new global wine region, Chapel Down is the largest winemaker by both production and sales, as well as having the leading brand. We have 906 acres (367 hectares) of vineyards planted, predominantly on south facing chalk soils in the North Downs of Kent, which equates to 8.5% of all UK planted vineyards. Chapel Down will plant its newest vineyard at Buckwell in spring 2024. This will be 117 acres (47 hectares) of Chardonnay and Pinot Noir, and will increase our planted vineyards to 1,023 acres (414 hectares). Chapel Down's yields continue to increase, with a 5-year average of 3.3 tonnes per acre, significantly higher than the English average. The quality of our wines also continues to increase, evidenced by the outstanding number of awards won in 2023.

Chapel Down not only has the largest revenue in the industry but is already profitable at all levels. Chapel Down's scale allows the broadest distribution, and it helps manage unit costs that, in turn, drives further sustainable profitability.

Underpinning the business are an outstanding collection of assets, which are both long term in nature and very difficult to replicate. These include wine stocks of £22.6m, which have increased 44% in the year due to the exceptional harvest (2022: £15.6m). These significantly increased wine stocks give resilience against any potential future smaller harvest. We, additionally, have a very strong balance sheet and a £12m RCF, which was unused at year end.

Furthermore, we have a world-class team in place, led by our CEO Andrew Carter, who will continue to deliver Chapel Down's continued outstanding leadership and performance. At the heart of our culture is a commitment to "deliver together" our ambitious plans and I am proud to note that from 2024, Chapel Down will be paying the real living wage as a minimum to all our employees.

These enduring sources of competitive advantage, and our complete focus on being England's leading and most celebrated winemaker, give us great confidence about the future. I remain hugely excited about the prospects for continued exceptional growth in the English wine industry but particularly for the market leader, Chapel Down.

Finally, I would like to thank all of our customers, our teams, growers, as well as our committed, loyal and enthusiastic shareholders, without whom these ongoing successes would not have been possible.

### **CEO Strategic Review**

Chapel Down's vision is to be the leading and most celebrated English winemaker and I am proud of the team performance in 2023. As we continue to build our position as England's largest winemaker, we are at the forefront of the continued growth and development of the world's newest global wine region.

Chapel Down is the leading brand in English sparkling wine with higher awareness and penetration<sup>5</sup>, and a larger social media following, than any other brand. We are positioned as a fresh, innovative challenger in the traditional method sparkling wine market, with our excellent, award-winning wines at the heart of the brand. We continue to premiumise the brand, as is reflected in our refreshed design, range architecture, continued strong ASP growth (+13%), and our brand leading position in sponsorship and events.

Our brand-defining traditional method sparkling wines are our focus. They are what we are famous for. Still wines and A Touch of Sparkle continue to play an important role in our portfolio, providing us with additional access points into the brand and operational integration, but we have now exited the spirits category, as flagged at H1. We are always looking at innovative new wine products and expect to be able to make exciting announcements in 2024 and beyond.

The scale and breadth of our distribution is unmatched and growing rapidly. We have an incredible home market, where English sparkling wine as a category grew 16% last year. However, domestic English sparkling wine sales are still only 3% of total sparkling wines and one tenth the size of UK Champagne sales<sup>4</sup>. This means there is still a significant amount of growth potential in the UK market, and we see increasing opportunities in export markets which are currently under-served by English sparkling wine.

Our direct-to-consumer (DTC) channel was 32% of our business this year (2022: 33%). We aim to maintain this share as the company grows since DTC helps rapid, continued brand build, as well as exciting consumer opportunities for the future, including the fast-growing wine tourism sector.

## **2023 Performance Review**

### **Key metrics**

<b>P&amp;L account</b>	<b>2023 £000s</b>	<b>2022 £000s</b>	<b>% Change</b>
Net sales revenue <sup>(2)</sup> – gross of retro	17,921	15,635	+15%
Retro <sup>(2)</sup>	(720)	(636)	+13%
Net sales revenue <sup>(2)</sup> – net of retro	17,201	14,999	+15%
Gross profit	8,911	7,709	+16%
Gross profit %	52%	51%	
Fair value movement in biological produce	2,171	(156)	
Operating profit before exceptional costs	3,688	1,464	+152%
Exceptional costs	(1,235)	(110)	
Operating profit	2,453	1,354	+81%
Profit before tax	2,307	1,236	+87%
Adjusted EBITDA <sup>(3)</sup>	5,437	2,905	+87%
<b>Balance sheet account</b>			
Stocks	22,581	15,645	+44%
Net assets	34,326	32,255	+6%
Net cash / (debt) excluding lease liabilities	(1,236)	3,262	
<b>Key metrics</b>			
Average selling price	£11.58	£10.29	+13%
Planted vineyards (acres / hectares)	906 / 367	788 / 319	+15%
EPS (basic / diluted)	0.95 / 0.94	0.49 / 0.49	+94% / +92%

### **Financial Review**

**Traditional method sparkling wine** remains our strategic focus and largest category. NSR grew 25% to £12.0m (2022: £9.6m), driven by a mix of an increased ASP of 10% and a 12% volume increase to 887k bottles (2022: £789k). This ASP and volume growth was further augmented by some additional favourable product and channel mix movements.

Rosé traditional method sparkling wine was an outstanding growth story in the year with 47% volume growth to 262k bottles (2022: 178k). We believe there is a strong, ongoing consumer appetite for rosé traditional method sparkling wines.

**A Touch of Sparkle** grew NSR 7% to £1.5m (2022: £1.4m), driven by an 8% increase in ASP alongside a 1% decline in volumes to 179k bottles (2022: 180k). ‘Black Friday’ was particularly successful for A Touch of Sparkle sales, bringing new consumers into the English wine category.

**Still wine** NSR reduced 7% in the year to £2.6m (2022: £2.8m) with a 9% ASP increase being offset by a 14% volume decrease to 375k bottles (2022: 435k). Still wine is a competitive market, and in addition, there was an unwelcome increase in duty rates during the year which increased the consumer price, impacting volumes.

Spirits were an insignificant part of our business and NSR reduced by 7% to £0.6m (2022: £0.6m). Chapel Down reconfirms its planned exit from Spirits in Q1 2024.

NSR gross of retro <sup>(2)</sup>	2023 £000s	2022 £000s	% Change	% Wine sales
Traditional method sparkling	11,999	9,607	+25%	74%
A Touch of Sparkle	1,471	1,379	+7%	9%
Still	2,638	2,840	(7%)	16%
Spirits	553	592	(7%)	
Tours	689	675	+2%	
Other sales	571	542	+5%	
<b>Total NSR gross of retro<sup>(2)</sup></b>	<b>17,921</b>	<b>15,635</b>	<b>+15%</b>	

The **off-trade** remains our largest distribution channel, accounting for 54% of wine sales in the year (2022: 57%). Off-trade NSR grew 9% to £9.0m (2022: £8.2m). Traditional method sparkling wines NSR grew 21% to £7.2m (2022: £5.9m), driven by premiumisation of pricing up 9%, as well as growth of distribution for ‘premium’ traditional method sparkling wine to 3,462 retail listings (2022: 2,991 retail listings). Chapel Down’s off-trade value growth for traditional method sparkling wine of 21% continues to outpace the overall English sparkling wine category which grew 16% in the year<sup>4</sup> to £33m (2022: £29m). Off-trade value market share<sup>4</sup>, was maintained at 35.4% (2022: 35.7%).

Strong momentum continued in the **on-trade**, with NSR growth of 26% to £2.2m (2022: £1.7m) driven by growing depth of visibility and availability in premium hospitality outlets. The on-trade saw continued excellent traditional method sparkling wine performance +39% to £1.3m (2022: £1.0m). ASP in the on-trade grew at 9%, again led by traditional method sparkling wine at 14%, reflecting the continued success of our premiumisation strategy. Total outlet distribution also grew strongly to 2,100 outlets (2022: 1,300). Chapel Down is now stocked in 76 of the UK’s 200 most iconic venues, including The Ritz, The Lanesborough, and Nobu Hotels.

Continued consumer trial and an enhanced rate of sale is driven through more than 1,000 ‘by the glass’ placements in the UK on-trade in the year, up 101% (2022: 536).

Whilst **export** only reflects 5% of wine sales (2022: 4%), it is the fastest growing distribution channel, with NSR up 67% to £0.9m (2022: £0.5m). Export was boosted by a very strong performance across the newly launched travel retail business. Distribution during the year grew to 36 stores in 14 UK travel hubs, including Heathrow, Gatwick, Luton, Stansted and London City airports, and our rate of sale was particularly strong. Chapel Down continues to maintain a highly selective export market focus, to balance current financial performance with future growth prospects. During the year, Chapel Down has continued to seed and develop the brand in 14 international markets with the key focus markets being USA, Scandinavia and UAE.

2023 was also a strong year for **e-commerce**, with NSR increasing 18% to £3.1m (2022: £2.6m). We had over 1m visits to our website (2022: 926k) and a 20% increase in order numbers. This was driven by 12,000 new customers, as well as an improved returning customer rate of 62% (2022: 60%). Our ‘Black Friday’ activity supporting A Touch of Sparkle was particularly successful, creating 2,700 new customers in a week.

In 2023, we welcomed 60,000 visitors to our brand home in Tenterden, and our tour numbers were flat at 26,000. Our overall **retail and tours** NSR increased 10% to £2.3m (2022: £2.0m). For the second year running, we were thrilled to have been awarded the TripAdvisor ‘Travellers’ Choice Award’ for 2023, placing us in the top 10% of attractions worldwide. The award is in recognition of our consistent high-scoring TripAdvisor reviews where we have received an average of 4.5/5 stars.

Total direct-to-consumer NSR was £5.7m, a growth of 11% (2022: £5.1m). DTC is 32% of our business this year (2022: 33%), and we aim to maintain this share as the company grows. DTC allows us to build brand affinity more strongly, as well as enabling exciting consumer opportunities for the future, including the fast-growing wine tourism sector.

<b>NSR gross of retro<sup>(2)</sup></b>	<b>2023 £000s</b>	<b>2022 £000s</b>	<b>% Change</b>
Off trade	8,968	8,192	+9%
On trade	2,176	1,730	+26%
Export	885	530	+67%
e-Commerce	3,070	2,599	+18%
Retail & Events	1,561	1,368	+14%
Tours	689	675	+2%
Other sales	541	524	+3%
Other income	30	17	+78%
<b>Total NSR gross of retro<sup>(2)</sup></b>	<b>17,921</b>	<b>15,635</b>	<b>+15%</b>
Total DTC	5,684	5,106	+11%

Chapel Down remains strongly profitable at all levels. We are a well-established business, with the scale to create profitable revenues, which underpins a strong balance sheet and provides a sustainable platform for future growth.

Gross profit increased 16% to £8.9m (2022: £7.7m). The biggest component of this was an increase in ASP by 13%, as well as a small shift in sales mix towards e-commerce and export.

Administrative costs grew 21% to £7.4m (2022: £6.1m) reflecting a continued strong investment in our sales and operations teams, as well as the increase in customer and consumer marketing which continues to grow the strength of the brand.

Operating profit before exceptionals grew strongly, up 152% to £3.7m (2022: £1.5m), boosted by the grapes Fair Value (FV) adjustment on the exceptional 2023 harvest of £2.2m (2022: -£0.2m). The FV adjustment is part of the IFRS accounting standard and reflects the “viculture profit” for the year. The FV adjustment is calculated as the estimated market value of grape production less the vintage’s growing costs. The grape juice then enters wine stocks at this assessed FV and is thus reflected in future cost of goods sold. Further details of the FV adjustment can be found in note 16.

Exceptional costs of £1.2m reflect both the listing costs associated with AIM, and the successful implementation of a new cloud-based ERP system alongside the initial phase of a new cloud-based



CRM as part of the creation of a single, cloud-based technology and data platform. IFRS accounting policy requires cloud-based technology builds to be expensed.

Operating profit grew strongly, up 81% to £2.5m (2022: £1.4m) as did Profit before Tax (PBT), up 87% to £2.3m (2022: £1.2m). EBITDA also grew 87% to £5.4m (2022: £2.9m). PBT and EBITDA growth are driven by profitable trading but also the fair value adjustment on grapes from an exceptional harvest.

### **Operational Review**

Favourable growing conditions at key periods throughout 2023, combined with the skill of our world-class viticulture and winemaking teams, enabled the delivery of a harvest of exceptional grape quality and yield. Across our 750 fully productive acres (304 hectares) under vine, we harvested a record 3,811 tonnes of grapes. This tonnage is 86% higher than 2022 (2,050 tonnes), and 75% higher than Chapel Down's previous record posted in 2018 (2,173 tonnes).

The majority of grapes (c.80%) harvested were of varieties primarily used for traditional method sparkling wine, in line with the Company's strategy to focus on its higher margin award-winning sparkling wines, which benefit from the cool maritime climate and chalk soils of the North Downs of Kent. The 2023 vintage of traditional method sparkling wines will predominantly be sold from 2026.

In spring 2023, we completed the planting of our exceptional Boxley Abbey vineyard on the North Downs of Kent. This includes 42 acres (17 hectares) of Chardonnay and 76 acres (31 hectares) of Pinot Noir for the production of traditional method sparkling wine and brings our owned and leased holding on this escarpment of Kent Downs chalk to a total of over 595 acres (241 hectares) of planted vineyard. In total, we now have 906 acres (367 hectares) of planted vineyards.

In the first half of 2023 we launched our new brand identity, which gives Chapel Down a more premium, modern and distinctive look. We invested in more premium materials and finishes to ensure that our packaging lives up to the quality of our wines. The new identity has been rolled out across all of our packaging, communications, website, events, sponsorships and brand home. Our new brand identity has been received well by our consumers, customers, shareholders and employees.

The Chapel Down brand continues to grow strongly. We have a market share<sup>4</sup> in the UK off-trade of 35.4%, a prompted brand awareness of 39% and a 12-month penetration rate<sup>5</sup> of 14%. These market share, brand awareness and penetration scores are higher than for any other English winemaker. This growing brand strength comes from significant investments made during the year. Our sponsorship and events programme were a great success. We were the 'Official Sparkling Wine' of The Boat Race, with the winning men's and women's crews presented with bottles of Chapel Down sparkling wine, which was televised live on BBC One. As 'Official Sparkling Wine' of the England Cricket Board, the 'Player of the Match' for both the men's and women's teams in last year's Ashes series received a bottle of Chapel Down sparkling wine, which was televised on Sky Sports with a peak audience of 2m.

During the year, we also became the 'Official English Sparkling Wine' of Tom Kerridge's Pub in The Park, the biggest food and music festival tour in the UK, at which our branded airstream sold a range of our sparkling wines at 10 locations across the south of England. A new 3-year agreement was also signed with Ascot racecourse, which will come fully into effect in 2024, and marks the first time in the 300-year history of the prestigious British racecourse that an English wine brand has become an Official Supplier.





Our social media following grew 13% during the year to over 105k followers across all social media channels (2022: 93k), making us the most followed English wine brand. In addition, our consumer database grew 8% to 96k (2022: 89k).

Finally, one particular highlight - in celebration of English Wine Week - was when we took Chapel Down to the Champagne region of France under the guise of 'Chapelle en Bas to run a blind taste test versus a leading champagne brand. 60% of participants preferred the taste of Chapel Down, which continues to generate significant media exposure in the UK and France.

## **Sustainability**

Chapel Down is committed to delivering its long-term growth ambitions and aspires to sustainability leadership in the English wine sector. We will develop best-in-class environmental frameworks and sustainability measures, focusing on the development of relevant, meaningful and measurable sustainability plans that benefit the business and the environment in which it operates.

Significant work was undertaken in 2023 to understand the total company carbon footprint and identify opportunities for reductions and improvements. Changes have already been implemented to decrease emissions and increase efficiency, alongside vineyard plantings & ecosystem management to maximise sequestration. Our plans and timelines to establish a net zero position will be further developed and communicated through 2024.

We are committed to working in harmony with nature and continue to maximise opportunities to increase biodiversity and create habitats for wildlife on our estates. With the growth of our business, we continue to manage our waste, energy, water and supply chain responsibly, for example, all of our energy is sourced from renewable sources, including the use of waste grape skins.

Moving through 2024, Chapel Down will continue to measure and manage key elements of sustainability and in H2 we will publish our sustainability strategy and targets in context of the company's future growth plans.

## **Outlook**

Current trading is in line with management expectations and our outlook for 2024 remains positive. We expect to deliver double digit sales growth in the year, weighted towards H2. We expect underlying profitability to return to normalised levels, with an increased proportion of still wine and 'A Touch of Sparkle' in the sales mix as a consequence of the exceptional 2023 harvest, a more typical harvest yield in 2024, and continued brand investment.

As previously announced, the Company's next phase of growth incorporates plans for a new purpose-built winery, which the Company expects to be operational in time for the 2026 harvest (subject to final planning approval being granted at a judicial review in May 2024).

The Company will continue to explore opportunities to secure new acreage and develop an expanded tourism offering at the Tenterden brand home to accelerate future growth. Chapel Down will plant its latest vineyard at Buckwell in spring 2024. This will be 117 acres (47 hectares) of Chardonnay and Pinot Noir, and will increase our planted vineyards to 1,023 acres (414 hectares).

To capitalise on our medium-term growth opportunity, the Company is in advanced discussions to extend and increase its existing RCF, to be drawn when required as part of the overall mix of funding for its investment plans.



Chapel Down has a great team and is well positioned in an exciting growth market. The creation of a new global wine region is rare, and we are excited to be leading the way. I remain hugely confident and excited about the future of English wine and Chapel Down.

I would like to conclude by thanking our customers, our teams, our growers and shareholders for their ongoing support. We are looking forward to continuing this journey together in 2024, with huge anticipation and excitement.

Andrew Carter, CEO

**Note 1:**

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**Note 4:**

Source, Nielsen

**Note 5:**

Source, BrandVue

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2023**

	2023 £	2022 £
Gross sales revenue	20,135,454	17,745,572
Duty	(2,214,575)	(2,110,323)
<b>Net sales revenue – gross of retros</b>	<b>17,920,879</b>	15,635,249
Retros	(719,833)	(636,147)
<b>Net sales revenue – net of retros</b>	<b>17,201,046</b>	14,999,102
Cost of sales	(8,289,842)	(7,290,304)
<b>Gross profit</b>	<b>8,911,204</b>	7,708,798
Administrative expenses	(7,394,154)	(6,088,595)
<b>Operating profit before exceptional costs and fair value movement in biological produce</b>	<b>1,517,050</b>	1,620,203
Fair value gain/(loss) on measurement of biological produce	2,171,386	(156,373)
<b>Operating profit before exceptional costs</b>	<b>3,688,436</b>	1,463,830
Exceptional costs	(1,235,478)	(109,517)
<b>Operating profit</b>	<b>2,452,958</b>	1,354,313
Share of after tax losses in associates	-	(15,207)
Finance income	47,222	16,147
Finance costs	(193,057)	(119,567)
<b>Profit before tax</b>	<b>2,307,123</b>	1,235,686
Tax charge	(779,773)	(451,312)
<b>Profit for the year</b>	<b>1,527,350</b>	784,374
<b>Other comprehensive income for the year</b>		
Tax credit	324,626	-
<b>Total comprehensive income for the year</b>	<b>1,851,976</b>	784,374
<b>Total comprehensive income attributable to the equity holders of the company</b>	<b>1,851,976</b>	784,374
<b>Basic profit - pence per share</b>	<b>0.95</b>	0.49
<b>Diluted profit - pence per share</b>	<b>0.94</b>	0.49

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2023**

	2023 £	2022 £
<b>Non-current assets</b>		
Intangible assets	41,803	79,318
Property, plant and equipment	23,898,358	22,240,670
	<b>23,940,161</b>	22,319,988
<b>Current assets</b>		
Biological produce	-	-
Inventories	22,581,264	15,645,107
Trade and other receivables	3,593,348	2,695,075
Cash and cash equivalents	1,004,305	5,800,771
	<b>27,178,917</b>	24,140,953
<b>Total assets</b>	<b>51,119,078</b>	46,460,941
<b>Equity and liabilities</b>		
<b>Equity</b>		
Called up share capital	8,566,939	7,964,506
Share premium	31,541,143	32,143,576
Capital redemption reserve	400	400
Revaluation reserve	936,703	970,457
Retained earnings	(6,719,248)	(8,824,022)
<b>Total equity</b>	<b>34,325,937</b>	32,254,917
<b>Non-current liabilities</b>		
Borrowings	-	2,071,159
Trade and other payables	22,630	17,969
Lease liabilities	7,457,140	6,582,798
Deferred tax liabilities	893,397	438,249
	<b>8,373,167</b>	9,110,175
<b>Current liabilities</b>		
Borrowings	2,240,748	467,385
Trade and other payables	5,748,571	4,287,569
Lease liabilities	430,655	340,895
<b>Total current liabilities</b>	<b>8,419,974</b>	5,095,849
<b>Total liabilities</b>	<b>16,793,141</b>	14,206,024
<b>Total equity and liabilities</b>	<b>51,119,078</b>	46,460,941

**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2023**

	2023	2022
	£	£
<b>Cash flows from operating activities</b>		
Profit before tax	<b>2,307,123</b>	1,235,686
<b>Adjustments to reconcile profit before tax to net cash flows:</b>		
Amortisation of intangible assets	<b>37,516</b>	37,516
Depreciation of property, plant and equipment	<b>306,163</b>	211,728
Profit on disposal of property, plant and equipment	<b>(13,738)</b>	-
Finance cost included within cost of sales	<b>1,139</b>	2,029
Finance income	<b>(47,222)</b>	(16,147)
Finance cost	<b>193,057</b>	119,567
Fair value movement in biological produce	<b>(2,171,386)</b>	156,373
Equity-settled share-based payments	<b>219,044</b>	57,790
Increase in trade and other receivables	<b>(898,275)</b>	(1,437,715)
Increase in inventories	<b>(3,310,142)</b>	(1,422,697)
Increase in trade and other payables	<b>1,465,663</b>	455,688
Tax received	-	51,195
<b>Net cash flows used in operating activities</b>	<b>(1,911,058)</b>	(548,987)
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	<b>(1,816,517)</b>	(2,121,743)
Proceeds from sale of property, plant and equipment	<b>9,671</b>	-
Interest received	<b>47,222</b>	16,147
<b>Net cash flows used in investing activities</b>	<b>(1,759,624)</b>	(2,105,596)
<b>Cash flows from financing activities</b>		
Proceeds from issue of shares	-	220,019
Repayment of borrowings	<b>(300,000)</b>	(300,000)
Lease payments	<b>(645,284)</b>	(566,611)
Interest paid	<b>(180,500)</b>	(113,184)
<b>Net cash flows generated from financing activities</b>	<b>(1,125,784)</b>	(759,776)
<b>Net decrease in cash</b>	<b>(4,796,466)</b>	(3,414,359)
Cash and cash equivalents at beginning of year	<b>5,800,771</b>	9,215,130
<b>Cash at the end of year</b>	<b>1,004,305</b>	5,800,771

## 1. BASIS OF PREPARATION/ACCOUNTING POLICIES

The Company's report for the year ended 31 December 2023 was authorised for issue by the directors on 15<sup>th</sup> April 2023. The financial information does not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006. Accordingly, this report is to be read in conjunction with the Annual Report for the year ended 31 December 2023, which was prepared in accordance with the Company's reporting standards (International Financial Reporting Standards as adopted by the UK, IFRS) that were in effect at that time.

The Company is required to value net assets in accordance with the Company's reporting standard (IFRS). The assets (wine stock, land, vineyard) are held at cost which the Directors believe is considerably less than the net realisable value.

The statutory accounts for the year ended 31 December 2023 have been reported on by the Company's auditors, received an unqualified audit report and will be issued to shareholders in June 2024.

## 2. BALANCE SHEET REVIEW

The net asset value of the Company as at 31 December 2023 was £34,325,937 which includes:

- Fixed assets held at net book value of £23,898,358, including vineyard development expenditure which is capitalised at cost.
- £22,581,264 of stock, which is valued at cost being the lower of cost or net realisable value.

## 3. PROFIT PER SHARE

The calculation of the profit per share for the year ended 31 December 2023 is based on the profit for the period of £1,527,350 and the weighted average number of shares in issue during the period of 160,260,960 exclusive of the effect of dilutive share options, and 161,665,581 inclusive of dilutive options.

## 4. DISTRIBUTION OF THE FULL YEAR STATEMENT

Copies of this statement will be available for collection free of charge from the Company's registered office at Chapel Down Winery, Small Hythe Road, Tenterden, TN30 7NG. An electronic version will be available on the Company's website, [www.chapeldown.com](http://www.chapeldown.com).

This announcement contains inside information for the purposes of the retained UK version of the EU Market Abuse Regulation (EU) 596/2014 ("UK MAR").

### Contacts

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**About Chapel Down:**

Chapel Down (AIM: CDGP) is England's leading and largest winemaker and the power brand of English wine, the world's newest international wine region. From its home in Kent in the heart of the Garden of England, Chapel Down produces a range of sparkling and still wines which consistently win prestigious international awards for their quality. Chapel Down has over 1,000 acres of vineyards, of which 750 acres are fully productive.

Chapel Down's status as the most recognised English wine brand is supported by its partnerships with flagship sporting and cultural events including Ascot, The Boat Race and Pub in the Park, and Chapel Down is the 'Official Sparkling Wine' of the England and Wales Cricket Board.

Chapel Down is listed on the London Stock Exchange's AIM and has over 8,000 retail investors who enjoy discounts on Chapel Down's wines, tours and tastings at the brand's home at Tenterden in Kent, which each year attracts c60,000 visitors.

Chapel Down is strongly committed to growing its business in balance with the environment and sustainability is a strong, ongoing focus. The company is a founding member of Sustainable Wines of Great Britain and practices sustainable viticulture.