THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document or the action you should take, you should immediately consult a person authorised for the purposes of the Financial Services and Markets Act 2000 (as amended) who specialises in advising on the acquisition of shares and other securities.

The Company, whose registered office appears on page 6 of this document, and the Directors of the Company, (whose names, addresses and functions appear on page 6 of this document), accept individual and collective responsibility for the information contained in this document and for compliance with the AIM Rules for Companies. To the best of the knowledge and belief of the Directors and the Company (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts, and does not omit anything likely to affect the import of such information.

AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the UK Listing Authority ("Official List").

A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. Each AIM Company is required pursuant to the AIM Rules for Companies to have a nominated adviser. The nominated adviser is required to make a declaration to London Stock Exchange on admission in the form set out in Schedule Two to the AIM Rules for Nominated Advisers. London Stock Exchange has not itself examined or approved the contents of this document.

CHAPEL DOWN GROUP PLC

(a company incorporated in England and Wales under the Companies Act 1985 with registered number 04362181)

APPENDIX TO SCHEDULE ONE ANNOUNCEMENT

FURTHER INFORMATION ON CHAPEL DOWN GROUP PLC

IN CONNECTION WITH ITS PROPOSED ADMISSION TO TRADING ON AIM

Nominated Adviser

Singer Capital Markets Advisory LLP

This Appendix has been prepared in accordance with the Supplement to Schedule One of the AIM Rules for Companies published by London Stock Exchange for a quoted applicant. It includes, *inter alia*, all information that is, under these rules, required for an admission document which is not currently publicly available. Information which is public includes, without limitation, all information filed with the Aquis Stock Exchange ("**AQSE**") (available at www.aquis.eu), and all information available on the Company's website at www.chapeldown.com (collectively, the "**Public Record**"). The Public Record can be accessed freely. This Appendix should be read in conjunction with the Schedule 1 Announcement Form made by the Company and the Company's Public Record. This Appendix and the Schedule 1 Announcement Form together constitute the "**Announcement**".

A copy of this document, which is dated 9 November 2023, will be available on the Company's website from that date.

Singer Capital Markets Advisory LLP ("**SCM**"), which is authorised and regulated in the United Kingdom by the FCA, is acting exclusively for the Company as nominated adviser in connection with Admission. SCM is not acting for any other person and will not be responsible to any other person for providing the protections afforded to customers of SCM, or for advising any other person in connection with Admission. The responsibility of SCM, as the Company's nominated adviser, is owed solely to the London Stock Exchange and is not owed to the Company or the Directors or any other person. No representation or warranty, express or implied, is made by SCM or any of its directors, officers, partners, employees, agents or advisers as to the contents of this document (without limiting the statutory rights of any person to whom this document is issued). No liability whatsoever is accepted by SCM or any of its directors, officers, partners, employees, agents or advisers for the accuracy of any information or opinions contained in this document or for the omission of any material information for which it is not responsible.

This document does not constitute an offer to sell or an invitation to subscribe for, or the solicitation of an offer to buy or to subscribe for, Ordinary Shares and this document is not for distribution in or into the United States, Japan, Australia, the Republic of South Africa or any other jurisdiction where it is unlawful to do so. The Ordinary Shares have not nor will they be registered under the United States Securities Act of 1933 (as amended)(the "**US Securities Act**") or with any securities regulatory authority of any state or other jurisdiction of the United States or under the applicable securities laws of Japan or Australia or the Republic of South Africa and, unless an exemption under the US Securities Act or such laws is available, may not be offered for sale or subscription or sold or subscribed directly or indirectly within the United States, Japan or Australia or the Republic of South Africa for the account or benefit of any national, resident or citizen thereof. The distribution of this document in other jurisdictions may be restricted by law and therefore persons into whose possession this document comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of such jurisdictions.

An investment in the Company may not be suitable for all recipients of this document. Any such investment is speculative and involves a high degree of risk. Prospective investors should carefully consider whether an investment in the Company is suitable for them in light of their circumstances and the financial resources available to them. Attention is drawn in particular to the risk factors referred to in Part 2 of this document.

This document contains forward looking statements. These statements relate to the Company's future prospects, developments and business strategy. Forward looking statements are identified by their use of terms and phrases, including without limitation, statements containing the words "believe", "anticipated", "expected", "could", "envisage", "estimate", "may" or the negative of those, variations or similar expressions including references to assumptions. Such forward looking statements involve unknown risk, uncertainties and other factors which may cause the actual results, financial condition, performance or achievement of the Company, or industry results to be materially different from any future results, performance or achievements expressed or implied by such forward looking statements. Given these uncertainties, prospective investors are cautioned not to place any undue reliance on such forward looking statements. These forward looking-statements speak only as at the date of this document. The Company disclaims any obligations to update any such forward looking statements in this document to reflect events or developments except as may be otherwise required by applicable securities laws.

CONTENTS

DEFINITIONS

"**A1 Shares**"	the A1 shares of £0.0001 each in the capital of the Company;
"**A2 Shares**"	the A2 shares of £0.0001 each in the capital of the Company;
"**Act**"	the UK Companies Act 2006, as amended from time to time;
"**Admission**"	admission of the Ordinary Shares to trading on AIM becoming effective in accordance with the AIM Rules;
"**AIM**"	AIM, a market operated by London Stock Exchange;
"**AIM Rules**"	the AIM Rules for Companies issued by London Stock Exchange and those of its other rules which govern the admission to trading of, and the operation of companies on, AIM;
"**Articles**"	the articles of association of the Company of the Company as amended from time to time;
"**AQSE**"	Aquis Stock Exchange
"**Business Day**"	a day (other than Saturdays or Sundays or public holidays) when clearing banks are open for business in London;
"**certificated**" or "**in certificated form**"	the description of a share or other security that is not in uncertificated form (that is, not in CREST);
"**Company**" or "**Chapel Down**"	Chapel Down Group plc, a company incorporated in England and Wales with Registered No 04362181;
"**Corporate Adviser and Broker Agreement**"	the corporate adviser and broker agreement entered into between the Company and SCM on 27 July 2022;
"**CREST**"	the relevant system (as defined in the CREST Regulations) in respect of which Euroclear is the Operator (as also defined in the CREST Regulations);
"**CREST Regulations**"	the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755) (as amended from time to time);
"**Crowe**"	Crowe U.K. LLP, the Company's Reporting Accountant;
"**Directors**" or "**Board**"	the directors of the Company as at the date of this document whose names appear on page 6 against the heading "Directors", and "Director" means any one of them;
"**Euroclear**"	Euroclear UK & International Limited, the operator of CREST;
"**EUWA**"	the European Union (Withdrawal) Act 2018;
"**Financial Conduct Authority**" or "**FCA**"	the United Kingdom Financial Conduct Authority, the statutory regulator under FSMA responsible for the regulation of the United Kingdom financial services industry;
"**FSMA**"	the Financial Services and Markets Act 2000, as amended;
"**General Meeting**", "**Meeting**" or "**GM**"	the general meeting of the Company to be held at 30 Crown Place, Earl Street, London EC2A 4ES on 6 December 2023 at 9.00 a.m., notice of which has been published on the date of this document;

"**Group**"	Chapel Down and its subsidiaries as at the date of this document;
"**Growth Share Consolidation**"	has the meaning given in paragraph 1.4 of Part 1;
"**Growth Shares**"	the A1 Shares and the A2 Shares;
"**Growth Shareholders**"	the holders of the Growth Shares;
"**HMRC**"	HM Revenue and Customs;
"**IPGL**"	IPGL Limited, a company registered in England with registered number 02011009 and having its registered office at 3rd Floor, 39 Sloane Street, Knightsbridge, London, United Kingdom, SW1X 9LP;
"**Interim Articles Amendments**"	has the meaning given in paragraph 1.4 of Part 1;
"**London Stock Exchange**"	London Stock Exchange plc;
"**Notice of General Meeting**"	the notice convening the General Meeting to be sent to Shareholders on the date of this document;
"**Options**"	the options over Ordinary Shares issued to the Group's directors and employees pursuant to the Company's Long Term Incentive Plan and employee share option schemes, details of which are set out in paragraph 1.5 of Part 1;
"**Ordinary Shares**"	ordinary shares of 5 pence each in the share capital of the Company;
"**PDMR**"	person discharging management responsibility;
"**Prospectus Regulation**"	Regulation (EU) 2017/1129 of the European Parliament and the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market;
"**SCM**"	Singer Capital Markets Advisory LLP;
"**QCA Corporate Governance Code**"	the Corporate Governance Code for Small and Mid-Size Quoted Companies 2018, published by the Quoted Companies Alliance, as amended from time to time;
"**Registrars**"	Link Group, 10th Floor, Central Square, 29 Wellington Street, Leeds, LS1 4DL;
"**Reorganisation**"	the Growth Share Consolidation, the Interim Articles Amendment, bonus issue of shares and coordinated steps as summarised in paragraph 1.4 of Part 1;
"**Resolutions**"	the resolutions set out in the Notice of General Meeting;
"**Shareholders**"	holders of Ordinary Shares;
"**Takeover Code**" or "**Code**"	the UK City Code on Takeovers and Mergers;
"**Takeover Panel**"	the Panel on Takeovers and Mergers;
"**uncertificated**" or "**in uncertificated form**"	Ordinary Shares held in uncertificated form in CREST, title to which, by virtue of the CREST Regulations, may be transferred by means of CREST;

"**UK**" or "**United Kingdom**"	the United Kingdom of Great Britain and Northern Ireland;
"**UK MAR**"	the UK version of the EU Market Abuse Regulation (596/2014) as it forms part of the retained EU law as defined in the EUWA;
"**UK Prospectus Regulation**"	the UK version of the Prospectus Regulation as it forms part of Domestic law by virtue of the EUWA;
"**US**"	the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia;
"**VAT**"	Value Added Tax;
"**US$**" or "**US Dollars**"	the lawful currency of the US; and
"**£**" or "**Sterling**"	the lawful currency of the United Kingdom.

DIRECTORS, SECRETARY AND ADVISERS

Directors	Martin Richard Glenn (*Non-Executive Chairman*) Andrew James Carter (*Chief Executive Officer*) Robert Allan Charles Smith (*Chief Financial Officer*) Lord Michael Alan Spencer (*Non-Executive Director*) James Dominic Brooke (*Independent Non-Executive Director*) Stewart Charles Gilliland (*Independent Non-Executive Director*) Nigel William Wray (*Non-Executive Director*) Samantha Anne Wren (*Non-Executive Director*) *whose business addresses are at the Company's registered office*
Company Secretary	Robert Smith *whose business address is at the Company's registered office*
Registered office	Chapel Down Winery Smallhythe Road Tenterden Kent TN30 7NG
Nominated Adviser	Singer Capital Markets Advisory LLP One, Bartholomew Lane London EC2N 2AX
Reporting Accountant and Auditor	Crowe U.K. LLP 55 Ludgate Hill London EC4M 7JW
Solicitors to the Company	Pinsent Masons LLP 30 Crown Place London EC2A 4ES
Solicitors to the Nominated Adviser	Osborne Clarke LLP One London Wall London EC2Y 5EB
PR Advisers	H Advisors Maitland 3 Pancras Square London N1C 4AG
Registrars	Link Group 10th Floor Central Square 29 Wellington Street Leeds LS1 4DL
Company website	chapeldown.com

PART 1

INFORMATION ON THE GROUP

1.1. ABOUT THE BUSINESS

Chapel Down is England's leading and largest wine producer with an award-winning range of sparkling and still wines, under the Chapel Down brand. The Company owns, leases and sources from 1,023 acres of vineyards in South East England, of which 750 acres are fully productive, making it the largest wine producer in the UK. The Company sold 1.41m bottles of wine in 2022, generating revenue from off-trade, on-trade, export, and direct to consumer e-commerce and retail sales.

The Company continues to build its status as the leading brand of the English wine industry, with awareness of 37 per cent. as at June 2023, supported by its partnerships (including with the England and Wales Cricket Board and Ascot Racecourse) and events. The Company also welcomes approximately 60,000 visitors a year for winery tours and tastings at its brand home and retail experience in Tenterden, Kent.

The Company's main country of operation is England and the domestic market accounts for 95 per cent. of sales.

Chapel Down was admitted to trading on the OFEX Exchange (a precursor to the Aquis Exchange) in March 2003. The Company trades on the Apex Segment of the AQSE Growth Market with a market capitalisation of approximately £75 million.

1.2. STRATEGY ON ADMISSION TO AIM

The Company's mission is to change the way the world thinks about English wine and its vision is to be the number one, and most celebrated, English winemaker. The English wine region and consumer market continues to grow strongly and as the market leader, Chapel Down has a significant opportunity to build and develop the brand with its customers and consumers.

In its full year results for the year ended 31 December 2021, the Company announced its target to double the size of the business by 2026. The Company's strategy to achieve this target remains unchanged, that is to continue to grow its position as England's leading and largest winemaker, having completed in 2022 its first year as a business focused exclusively on wine, where the Board believes the greatest opportunity lies.

Already the leading brand in the English wine industry, Chapel Down will continue to lead the growth of the rapidly growing English wine market by building brand awareness in the United Kingdom and internationally, widening its distribution in both on-trade and off-trade channels, and further developing its strong direct-to-consumer business.

Chapel Down will continue to drive gross margin expansion by maintaining the shift in sales mix towards higher margin sparkling wines, for which the Chapel Down brand is best known, and for which its location and assets on the North Downs in Kent are best suited. Net sales revenue growth at elevated gross margins will enable the Company to continue to invest in consumer and customer marketing and to support the premiumisation of the Chapel Down business and brand.

Alongside plans for a new purpose-built winery, following Admission, the Company will continue to explore opportunities to secure new acreage and develop an expanded tourism offering at the Tenterden brand home in order to accelerate future growth.

1.3. INCORPORATION

The Company was incorporated on 28 January 2002 in England and Wales under the name English Wines Group plc with registered number 04362181 as a public company limited by shares. The Company is domiciled in England and Wales.

On 21 September 2011 the Company changed its name to Chapel Down Group plc.

The principal place of business of the Group and the registered office address of the Company is at Chapel Down Winery, Smallhythe Road, Tenterden, Kent, TN30 7NG. Its telephone number is 01580766111.

The principal legislation under which the Company was formed was the Companies Act 1985, which has now been superseded by the Act and accordingly the principal legislation under which the Company now operates is the Act. The liability of the Shareholders is limited.

The Company's website, at which the information required by Rule 26 of the AIM Rules will be found on Admission, is www.chapeldown.com

The business of the Company and its principal activity is to act as the holding company of the Group.

The Company has no administrative, management or supervisory bodies other than the Board, the Audit Committee and the Remuneration Committee. From Admission, the Ordinary Shares will be admitted to trading on AIM.

The Company's accounting period ends on 31 December of each year. The annual report and accounts will be prepared in Sterling according to accounting standards laid out under IFRS.

The Company has one wholly-owned subsidiary, English Wines plc with registered number 03978908 and a 32 per cent. shareholding in Aker Wines and Spirits Limited.

1.4. SHARE CAPITAL REORGANISATION

The Company has today despatched the Notice of General Meeting to its Shareholders. Subject to the Resolutions being passed at the General Meeting, the Company intends to complete the Reorganisation, resulting in the Growth Shareholders being issued Ordinary Shares. The Reorganisation is necessary to give effect to the Growth Shareholders entitlement to Ordinary Shares as set out in the Company's Articles.

In order for the Company to meet its obligations to the Growth Shareholders, it is necessary to consolidate the Growth Shares (the "**Growth Share Consolidation**") and to amend the Articles to clarify the mechanism for the automatic conversion of the Growth Shares in the event of a Company Listing, as defined in the Articles (the "**Interim Articles Amendments**"), such that the Growth Shareholders are able to be issued Ordinary Shares on Admission. Assuming the Resolutions are approved by the appropriate majority, the Interim Articles Amendments will take effect immediately such that the Reorganisation can be implemented prior to Admission. It is anticipated that the new Ordinary Shares to be issued to the Growth Shareholders will be admitted to trading on AIM on the day following Admission.

Subject to the Resolutions being passed, the Reorganisation incorporates the following steps:

- On or around 6 December 2023, a nominee for the Company will purchase 158 Growth Shares for £1.00 (a step that is required to enable the Growth Share Consolidation to be effected on a 1 for 500 basis).
- On or around 6 December 2023:
  - The Company will consolidate the Growth Shares on a 1 for 500 basis, resulting in the nominal value of each Growth Share being £0.05 each.
  - The Company will re-designate the newly consolidated Growth Shares into Ordinary Shares.
- Because the consolidation will result in a smaller number of Growth Shares than the Ordinary Share entitlement of each of the Growth Shareholders, the Company intends to issue and allot Ordinary Shares to the Growth Shareholders by way of a bonus issue so that the Growth Shareholders receive their entitlement under the Articles.
- The 158 Growth Shares purchased by a nominee for the Company will be cancelled pursuant to s.662(1)(d) of the Act.

The number of new Ordinary Shares to be issued to the Growth Shareholders will be determined by the closing middle market share price on the day prior to Admission. For indicative purposes only, based on a Company share price of 47 pence, 10,808,141 new Ordinary Shares would be issued on conversion of the

Growth Shares. It is anticipated that the new Ordinary Shares will be admitted to trading on AIM on the day following the Company's admission to AIM. The Ordinary Share entitlement of the Growth Shareholders is not increasing as a result of the Reorganisation.

1.5. SHARE CAPITAL

All Ordinary Shares are currently admitted to trading on the AQSE and trade under the AQSE ticker "CDGP". The Ordinary Shares were omitted to trading on the OFEX Exchange (a precursor to the Aquis Exchange) on 24 March 2003 .

The Company confirms that, following due and careful enquiry, it has adhered to the legal and regulatory requirements involved in having the Ordinary Shares traded on the AQSE.

Copies of all documents or announcements which the Company has made public over the last two years (in consequence of having its Ordinary Shares listed for trading on the AQSE) are available on the Company Website.

The International Securities Identification Number (ISIN) Code for the Ordinary Shares is GB0032706284.

As at the date of this document, the Company has 159,253,885 Ordinary Shares in issue and a total of 9,302,702 outstanding Options. In addition, as at the date of this document, the Company has 14,322,158 A1 Shares and 3,800,000 A2 Shares in issue. Please refer to paragraph 1.4 for details of the Reorganisation proposed in relation to the A1 Shares and the A2 Shares. No Shares are held as treasury shares and there are no restrictions on the transfer of Ordinary Shares.

On Admission, it is expected that the Company will have 159,253,885 Ordinary Shares in issue. It is anticipated that the new Ordinary Shares issued to the Growth Shareholders will be admitted to trading on AIM on the day following the Company's admission to AIM and therefore the number of Ordinary Shares in issue will increase at this point. An indicative number Ordinary Shares to be issued to the Growth Shareholders is set out at paragraph 1.4 above.

The Company intends to make an application for all of its Ordinary Shares to be admitted to trading on AIM. The Ordinary Shares and Options that the Company expects to have on issue as at Admission are set out in the table below.

Shares	*Number*
Listed ordinary fully paid Shares	159,253,885
Options	*Number*
Total Number of Options	9,302,702

1.6. ARTICLES OF ASSOCIATION

The articles of association expected to be in place on Admission, which will adopted conditional on Admission by a special resolution of the Company subject to the Resolutions being passed at the General Meeting, include provisions to the following effect:-

1.6.1. Objects

The Articles contain no restriction on the objects of the Company.

1.6.2. Capital structure

The share capital of the Company is represented by an unlimited number of Ordinary Shares having the rights described in the Articles.

1.6.3. **Voting rights**

Subject to any rights or restrictions attached to any shares, at a physical meeting on a show of hands every member who (being an individual) is present in person or by proxy or (being a corporation) is present by a duly authorised representative, not being himself or herself a member entitled to vote, shall have one vote, and on a poll every member shall have one vote for every Ordinary Share of which he or she is the holder. Votes may be given personally or by proxy.

Subject to any rights or restrictions attached to any shares, at a meeting held by electronic means on a poll every member shall have one vote for every Ordinary Share of which he or she is the holder. Votes may be given personally or by proxy.

1.6.4. **Dividends**

1.6.4.1. Subject to the Act and as set out in the Articles, the Company may by ordinary resolution declare dividends, but no dividend shall exceed the amount recommended by the Board. No dividend may be paid otherwise than in accordance with the Act. The Directors may pay such interim dividends as appears to be justified by the position of the Company.

1.6.4.2. Except as otherwise provided by the rights attached to the shares, all dividends shall be declared and paid according to the amounts paid up on the nominal amount of the shares on which the dividend is paid but (for the purposes of this Article only) no amount paid on a share in advance of calls shall be treated as paid on the share. All dividends shall be apportioned and paid proportionately to the amounts paid up on the nominal amount of the shares during any portion or portions of the period in respect of which the dividend is paid; but, if any share is issued on terms providing that it shall rank for dividend as from a particular date, that share shall rank for dividend accordingly.

1.6.4.3. Any dividend or other moneys payable in respect of a share may be paid:-

(a) by transfer to a bank or building society account specified by the distribution recipient either in writing or as the Board may otherwise decide;

(b) by sending a cheque made payable to the distribution recipient by post to the distribution recipient at the distribution recipient's registered address (if the distribution recipient is a holder of the share), or (in any other case) to an address specified by the distribution recipient either in writing or as the Board may otherwise decide;

(c) by sending a cheque made payable to such person by post to such person at such address as the distribution recipient has specified either in writing or as the Board may otherwise decide;

(d) by means of a relevant system in respect of shares in uncertificated form in such manner as may be consistent with the facilities and requirements of the relevant system or as the Board may otherwise decide; or

(e) by any electronic or other means as the Board may decide, to an account, or in accordance with the details, specified by the distribution recipient either in writing or as the Board may otherwise decide.

1.6.5. **Winding up**

If the Company is wound up, the liquidator may, with the sanction of a special resolution of the Company and any other sanction required by the Act, divide among the members in specie the whole or any part of the assets of the Company and may, for that purpose, value any assets and determine how the division shall be carried out as between the members or different classes of members. The liquidator may, with the like sanction, vest the whole or any part of the assets in trustees upon such trusts for the benefit of the members as he or she with the like sanction determines, but no member shall be compelled to accept any assets upon which there is a liability.

1.6.6. **Redemption**

Subject to the provisions of the Act and the Articles, the Company can issue shares which are to be redeemed or are liable to be redeemed at the option of the Company or the shareholder on such terms and in such manner as the Board may determine.

1.6.7. **Variation of class rights**

1.6.7.1. Whenever the share capital of the Company is divided into different classes of shares, the rights attached to any class of shares in issue may (unless otherwise provided by the terms of issue of the shares of that class) from time to time be varied or abrogated, whether or not the Company is being wound up, either with the consent in writing of the holders of three-fourths in nominal value of the issued shares of the class (excluding any shares of that class held as treasury shares) or with the sanction of a special resolution passed at a separate meeting of such holders (but not otherwise).

1.6.7.2. The special rights conferred upon the holders of any shares or class of shares shall, unless otherwise provided by the Articles or the terms of issue of the shares concerned, be deemed to be varied by a reduction of capital paid up on those shares but shall be deemed not to be varied by the creation or issue of further shares ranking *pari passu* with them or subsequent to them. The special rights conferred on the holders of ordinary shares shall be deemed not to be varied by the creation or issue of any further shares ranking in priority to them nor shall any consent or sanction of the holders of Ordinary Shares be required to any variation or abrogation effected by a resolution on which only the holders of Ordinary Shares are entitled to vote.

1.6.8. **Issue of shares**

Subject to the provisions of the Act and without prejudice to any rights attached to any existing shares, any share may be issued with such rights or restrictions as the Company may by ordinary resolution determine, or in the absence of such determination, or so far as any such resolution does not make specific provision, as the Board may determine.

1.6.9. **Form and transfer of shares**

1.6.9.1. The Board may issue shares as certificated or uncertificated shares, subject to any restrictions on transfers described below:-

(a) a share held in certificated form may be transferred by an instrument of transfer in any usual form or in any other form which the Board may approve, which shall be executed by or on behalf of the transferor and, unless the share is fully paid, by or on behalf of the transferee. A share held in uncertificated form may be transferred by means of a relevant system or in any other manner which is permitted by the Act and is from time to time approved by the Board. The transferor shall be deemed to remain the holder of the share until the transferee is entered on the Register as its holder; and

(b) every member (other than a person who is not entitled to a certificate under the Act) is entitled, on becoming a holder of any shares in certificated form and without payment, to a certificate for all shares of each class held by him or her in certificated form. If a share certificate is worn out, defaced, lost, destroyed or stolen it may be renewed without fee but on such terms as to evidence and indemnity as the Board requires. In the case of loss, theft, or destruction, the person to whom the new certificate is issued may be required to pay any exceptional out of pocket expenses incidental to the investigation of evidence of loss, theft or destruction and the preparation of an appropriate form of indemnity. Every share certificate is sent at the risk of the person entitled thereto.

1.6.9.2. The Board may, in the case of shares held in certificated form, in its absolute discretion refuse to register the transfer of a share which is not fully paid provided that, where any such shares are admitted to the Official List of the Financial Conduct Authority or admitted to trading on AIM, such discretion may not be exercised in such a way as to prevent dealings in the shares of that class from taking place on an open and proper basis.

(a) The Board may also refuse to register a transfer of shares held in certificated form unless the instrument of transfer is:-

(i) duly stamped or duly certified or otherwise shown to the satisfaction of the Board to be exempt from stamp duty, lodged at the Transfer Office or at such other place as the Board may appoint and (save in the case of a transfer by a person to whom no certificate was issued in respect of the shares in question) accompanied by the certificate for the shares to which it relates, and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer and, if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do;

(ii) in respect of only one class of share; and

(iii) in favour of not more than four transferees.

1.6.9.3. If the Board refuses to register a transfer of shares held in certificated form, it shall as soon as practicable and in any event within two months after the date on which the transfer was lodged with the Company send to the transferee notice of the refusal together with its reasons for the refusal.

1.6.9.4. No fee shall be charged for the registration of any instrument of transfer or other document relating to or affecting the title to any share or for making any entry in the Register affecting the title to any share.

1.6.9.5. The Company shall be entitled to retain any instrument of transfer which is registered, but any instrument of transfer which the Board refuses to register shall be returned to the person lodging it when notice of the refusal is given.

1.6.9.6. For all purposes of the Articles relating to the registration of transfers of shares, the renunciation of the allotment of any shares by the allottee in favour of some other person shall be deemed to be a transfer and the Board shall have the same powers of refusing to give effect to such a renunciation as if it were a transfer.

1.6.9.7. If a member dies the survivor or survivors where he or she was a joint holder, and his or her personal representatives where he or she was a sole holder or the only survivor of joint holders, shall be the only persons recognised by the Company as having any title to his or her interest; but nothing contained in the Articles shall release the estate of a deceased member from any liability in respect of any share which had been held (whether solely or jointly) by him or her.

1.6.10. **Calls on shares**

Subject to the terms of allotment, the Board may make calls upon the members in respect of any moneys unpaid on their shares (whether in respect of nominal value or premium) and each member shall (subject to at least 14 clear days' notice having been given specifying when and where payment is to be made) pay to the Company as required by the notice the amount called on his or her shares. If any sum called in respect of a share is not paid before or on the day appointed for payment thereof, the person from whom it is due and payable shall pay interest on the amount unpaid from the day it became due and payable until it is paid. Interest shall be paid at a rate fixed by the terms of allotment of the share or in the notice of the call; or if no rate is fixed, at the appropriate. Directors may at their discretion waive payment of any such interest in whole or in part.

1.6.11. **Forfeiture**

1.6.11.1. If a call remains unpaid after it has become due and payable the Board may give to the person from whom it is due not less than 14 clear days' notice requiring payment of the amount unpaid together with any interest which may have accrued and any costs, charges and expenses incurred by the Company by reason of such non-payment. The notice shall name the place where payment is to be made and shall state that if the notice is not complied with the shares in respect of which the call was made will be liable to be forfeited.

1.6.11.2. Subject to the provisions of the Act, a forfeited share may be sold, re-allotted or otherwise disposed of on such terms and in such manner as the Board determines either to the person who was before the forfeiture the holder or to any other person and at any time before sale, re-allotment or other disposition the forfeiture may be cancelled on such terms as the Board thinks fit. Where for the purposes of its disposal a forfeited share is to be transferred to any person the Board may authorise some person to execute an instrument of transfer or otherwise effect the transfer of the share to that person.

1.6.11.3. A person any of whose shares have been forfeited shall cease to be a member in respect of them and shall surrender to the Company for cancellation the certificate, if any, for the shares forfeited but shall remain liable to the Company for all moneys which at the date of forfeiture were presently payable by him or her to the Company in respect of those shares with interest at the rate at which interest was payable on those moneys before the forfeiture or, if no interest was so payable, at the appropriate rate from the date of the forfeiture until payment but the Board may waive payment wholly or in part or enforce payment without any allowance for the value of the shares at the time of forfeiture or for any consideration received on their disposal.

1.6.11.4. A statutory declaration by a Director or the Secretary that a share has been forfeited or sold to satisfy a lien of the Company on a specified date shall be conclusive evidence of the facts stated in it as against all persons claiming to be entitled to the share.

1.6.12. **Directors**

1.6.12.1. The number of Directors must not be less than 2 but (unless determined by ordinary resolution) is not subject to any maximum.

1.6.12.2. The Directors may be paid all travelling, hotel and other expenses as they may incur in connection with their attendance at meetings of the Board or of committees of the Board or general meetings or separate meetings of the holders of any class of shares or debentures of the Company or otherwise in connection with the discharge of their duties.

1.6.12.3. The Board may provide benefits, whether by the payment of gratuities or pensions or by insurance or otherwise, for any Director, employee or former employee who has held but no longer holds any executive office or employment with the Company or with any body corporate which is or has been a subsidiary undertaking or a predecessor in business of the Company or of any subsidiary undertaking, and for any member of his family (including a spouse and a former spouse) or any person who is or was dependent on him or her, and may (as well before as after he or she ceases to hold such office or employment) contribute to any fund and pay premiums for the purchase or provision of any such benefit. The power conferred by the Act to make provision for the benefit of persons employed or formerly employed by the Company or any of its subsidiaries, in connection with the cessation or the transfer to any person of the whole or party of the undertaking of the Company or any subsidiary shall be exercised by the Board.

1.6.12.4. At each annual general meeting one third of the Directors for the time being (or if their number is not a multiple of three, the number nearest to one third) shall retire from office by rotation. A Director who retires at an annual general meeting shall be eligible for re-election. Any Director may be removed from office by ordinary resolution of the Company. The Directors are not subject to a mandatory retirement age. Notwithstanding the provisions of the Articles of Association, the Group intends to comply with the provisions of the Corporate Governance Code, and all Directors will be subject to annual election by shareholders.

1.6.13. **Directors' interests**

1.6.13.1. A Director who to his knowledge is in any way directly or indirectly interested in a contract or arrangement or proposed contract or arrangement with the Company shall disclose the nature of his interest to the other Directors.

1.6.13.2. A Director may not vote (or be counted in the quorum) in respect of any resolution of the Directors or committee of the Directors concerning a contract, arrangement, transaction or proposal to which the Company is or is to be a party and in which he or she has an interest which (together with any interest of any person connected with him or her) is, to his knowledge, a material interest (otherwise than by his interest in shares or debentures or other securities of or otherwise in or through the Company). This is subject to certain exceptions including (i) where the contract, arrangements, transaction or proposal concerns general employee privileges or insurance policies for the benefit of Directors or (ii) in circumstances where a Director acts in a personal capacity in the giving of a guarantee, security or indemnity for the benefit of the Company or any of its subsidiary undertakings.

1.6.13.3. Any Director may act by himself or his firm (or herself or her firm) in a professional capacity for the Company, other than as auditor, and he or his firm (or she and her firm) shall be entitled to remuneration for professional services as if he or she were not a Director.

1.6.13.4. Subject to the provisions of the Act, and provided that he or she has disclosed to the Board the nature and extent of any interest of his or hers in accordance with the Articles, a Director notwithstanding his office:-

(a) may be a party to or otherwise interested in any transaction or arrangement with the Company or in which the Company is otherwise interested;

(b) may be a director or other officer of, or employed by or party to any transaction or arrangement with, or otherwise interested in any body corporate promoted by the Company or in which the Company is otherwise interested; and

(c) shall not be, by reason of his office, accountable to the Company for any benefits derived from any such office or employment or from any transaction or arrangement or from any interest in any such body corporate and no such transaction or arrangement shall be liable to be avoided on the grounds of any such interest or benefit.

1.6.13.5. An interest of a person connected with a Director shall be treated as an interest of the Director. Section 252 of the Act shall determine whether a person is connected with a Director.

1.6.14. **Authorisation of interests**

1.6.14.1. The Directors may authorise, to the fullest extent permitted by law, any matter proposed to them which would otherwise result in a Director infringing his duty under the Act to avoid a situation in which he or she has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the interests of the Company and which may reasonably be regarded as likely to give rise to a conflict of interest.

1.6.14.2. Authorisation of a matter is effective only if: (i) the matter has been proposed to the Directors at a meeting of the Directors or for the authorisation of the Directors by resolution in writing and in accordance with the Board's normal procedures or in such other manner as the Board may approve; (ii) any requirement as to quorum at the meeting of the Directors at which the matter is considered is met without counting the Director in question and any other interested Director; and (iii) the matter has been agreed to without the Director in question and any other interested Director voting or would have been agreed to if their votes had not been counted.

1.6.15. **Indemnification of Directors**

Subject to, and to the fullest extent permitted by, law, every Director and every director of any associated company, former Director, alternate Director secretary or other officer of the Company (other than an auditor) may (at the discretion of the Board) be fully indemnified out of the assets of the Company against all or any part of any costs, charges, losses, damages and liabilities incurred by him or her in relation to anything done, omitted or alleged to have been done by him or her in the actual or purported execution or discharge of his duties or exercise of his powers in relation to the Company or in connection with the Company's activities as trustee of any occupational pension scheme, subject to the exclusions set out in the Articles.

1.6.16. **Borrowing powers**

The Directors may exercise all the powers of the Company to borrow money and to give guarantees, hypothecate, mortgage, charge or pledge the assets, property and undertaking of the Company or any part thereof and to issue debentures and other securities whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

1.6.17. **Annual General Meetings and General Meetings**

1.6.17.1. An annual general meeting shall be held at such time and place as the Board may determine.

1.6.17.2. The Board may call general meetings and, on the requisition of members pursuant to the provisions of the Act, shall forthwith convene a general meeting. If there are not sufficient Directors capable of acting to call a general meeting, any Director may call a general meeting. If there is no Director able to act, any two members may call a general meeting for the purpose of appointing Directors.

1.6.17.3. No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business. A quorum is two members present in person or by proxy and entitled to vote upon the business to be transacted at the meeting.

1.6.17.4. An annual general meeting shall be called by at least 21 days' clear notice in writing. A meeting of the Company other than an annual general meeting shall be called by not less than 14 days' clear notice. The notice shall specify the place, the day and the time of the meeting and, in the case of special business, the general nature of that business. A notice calling an annual general meeting shall specify the meeting as such and a notice for the passing of a special resolution shall specify the intention to propose the resolution as a special resolution and the terms of the resolution. Every member entitled to attend and vote is entitled to appoint one or more proxies to attend, vote and speak instead of him or her and that a proxy need not be a member.

1.6.17.5. The accidental omission to give notice of a meeting, or to send an instrument of proxy or invitation to appoint a proxy as provided by the Articles, to any person entitled to receive notice, or the non-receipt of notice of a meeting or instrument of proxy or invitation to appoint a proxy by such a person, shall not invalidate the proceedings at that meeting.

1.6.17.6. Every notice of meeting shall state with reasonable prominence that a member entitled to attend and vote is entitled to appoint one or more proxies to attend, vote and speak instead of him or her and that a proxy need not be a member.

1.6.18. **Power to sell shares**

1.6.18.1. The Company shall be entitled to sell at the best price reasonably obtainable any shares of a member or the shares to which a person is entitled by virtue of transmission on death or bankruptcy or otherwise by operation of law if and provided that:-

(a) for a period of 12 years, no cash dividend payable in respect of the shares has been claimed, no cheque or warrant sent by the Company through the post in a pre-paid envelope addressed to the member or to the person entitled to the shares at his address on the Register or (if different) the last known address given by the member or the person so entitled to which cheques and warrants are to be sent has been paid, each attempt to make a payment in respect of the shares by means of bank transfer or other method for the payment of dividends or other moneys in respect of shares has failed and no communication has been received by the Company from the member or the person so entitled (in his capacity as member or person entitled);

(b) in such period of 12 years at least three dividends (whether interim or final) have become payable on the shares;

(c) the Company has at the expiration of the said 12 years by advertisement in both a national newspaper and in a newspaper circulating in the area in which the address referred to in the Articles is located given notice of its intention to sell such shares; and

(d) during the period of three months following the publication of the said advertisements the Company has received no communication in respect of such share from such member or person entitled.

1.6.18.2. If at any time during or after the said period of 12 years further shares have been issued in right of those held at the commencement of that period or of any issued in right during that period and, since the date of issue, the requirements in the Articles have been satisfied in respect of such further shares, the Company may also sell the further shares.

1.6.18.3. To give effect to a sale pursuant to the Articles the Board may authorise some person to execute an instrument of transfer or otherwise effect the transfer of the shares to be sold. If the shares concerned are in uncertificated form, in accordance with the Regulations, the Company may issue a written notification to the Operator requiring conversion of the shares into certificated form. The purchaser shall not be bound to see to the application of the purchase moneys and the title of the transferee to the shares shall not be affected by any irregularity in or invalidity of the proceedings relating to the sale. The net proceeds of sale shall belong to the Company which shall be obliged to account to the former member or other person previously entitled to the shares for an amount equal to the net proceeds, which shall be a debt of the Company, and shall enter the name of such former member or other person in the books of the Company as a creditor for such amount. No trust shall be created and no interest shall be payable in respect of the debt, and the Company shall not be required to account for any money earned on the net proceeds, which may be employed in the business of the Company or invested in such investments (other than shares of the Company or its holding company, if any) for the benefit of the Company as the Board may from time to time determine.

1.7. TAKEOVERS

Takeover Code

The Takeover Code is issued and administered by the Takeover Panel. At the date of this document the Company, as a public limited company, is subject to the Takeover Code and therefore its Shareholders will be entitled to the protections afforded by the Takeover Code.

Mandatory takeover bids

Under Rule 9 of the Takeover Code, if an acquisition of interests in Ordinary Shares were to cause the acquirer and/or persons acting in concert with it to be interested in Ordinary Shares carrying, in aggregate, 30 per cent. or more of the voting rights in the Company, the acquirer and/or (depending on the circumstances) persons acting in concert with it would be required (except with the consent of the Takeover Panel) to make a cash offer for all of the equity share capital of the Company not already owned by the acquirer and persons acting in concert with it at a price not less than the highest price paid for an interest in a share by the acquirer or persons acting in concert with it during the previous 12 months. A similar obligation to make such a mandatory cash offer would also arise on the acquisition of interests in Ordinary Shares by a person who, alone or together with persons acting in concert with, is interested in Ordinary Shares carrying at least 30 per cent. but not more than 50 per cent. of the voting rights in the Company if the effect of such acquisition were to increase the percentage of the aggregate voting rights held by the acquirer and the persons acting in concert with it.

The Takeover Code defines persons “acting in concert” to comprise “persons who, pursuant to an agreement or understanding (whether formal or informal), co-operate to obtain or consolidate control of a company or to frustrate an offer for a company”. The Takeover Code defines “control” to mean “an interest, or interests, in shares carrying in aggregate 30 per cent. or more of the voting rights of a company, irrespective of whether such interest or interest give de facto control.”

Concert Party position and Rule 9 implications

Under paragraph (9) of the definition of “Acting in concert” in the Takeover Code, it is presumed (unless the contrary can be established) that a concert party arises in relation to shareholders in a private company who sell their shares in that company in consideration for the issue of new shares in a company to which the Takeover Code applies, or who, following the re-registration of that company as a public company in connection with an initial public offering or otherwise, become shareholders in a company to which the Takeover Code applies.

Compulsory acquisition – squeeze out

Under the Act, if a person who has made a general offer to acquire Ordinary Shares were to acquire 90 per cent. of the Ordinary Shares which are the subject of such offer within four months of making its offer, it could then compulsorily acquire the remaining 10 per cent. It would do so by sending a notice to outstanding Shareholders telling them that it will compulsorily acquire their Ordinary Shares and then, six weeks later, it would execute a transfer of the outstanding Ordinary Shares in its favour and pay the consideration to the Company, which would hold the consideration on trust for outstanding Shareholders. The consideration offered to the Shareholders whose Ordinary Shares are compulsorily acquired under the Act must, in general, be the same as the consideration that was available under the takeover offer.

Compulsory acquisition – sell out

The Act also gives minority Shareholders in the Company a right to be bought out in certain circumstances by an offeror who has made a general offer as described in the above paragraph. If, at any time before the end of the period within which the general offer could be accepted, the offeror held or had agreed to acquire not less than 90 per cent. of the Ordinary Shares, any holder of Ordinary Shares to which the general offer relates who has not accepted the general offer can require the offeror to acquire his Ordinary Shares. The offeror would be required to give any Shareholder notice of his right to be bought out within one month of that right arising. The offeror may impose a time limit on the rights of minority Shareholders to be bought out, but that period cannot end less than three months after the end of the acceptance period. If a Shareholder exercises its rights, the offeror is bound to acquire those Ordinary Shares on the terms of the offer or on such other terms as may be agreed.

As at the date of this document, the Company is not in receipt of, nor subject to, a takeover offer (as defined in section 974 of the Act).

1.8. MAJOR SHAREHOLDERS

1.8.1. The Company is aware of the following shareholdings which represent 3 per cent. or more of the Company's issued Ordinary Shares as at 8 November 2023 (being the last practicable date prior to the date of the Announcement):

Shareholder	*Number of Ordinary Shares*	*Percentage of issued share capital*	*Percentage of issued share capital immediately following Admission*
IGPL	45,645,250*	28.66%	28.66%
Nigel Wray	23,631,970**	14.84%	14.84%
Bridgeport Investment Limited	5,135,571	3.22%	3.22%

* Lord Michael Spencer, beneficial owner of IPGL, holds a further 178,571 Ordinary Shares in his own name.

** Of the above total, 21,195,571 Ordinary Shares are held by family trusts whose beneficiaries are Nigel Wray's children. The balance of Ordinary Shares represents Nigel Wray's beneficial holding.

1.9. DIRECTORS

1.9.1. Details of the Directors and their backgrounds can be found in the Company's Public Record.

1.9.2. The directorships and partnerships of the Directors, including of the Company and the Company's subsidiaries, held at present and within the five years preceding the date of this document are provided in the table below:

Name	*Current Directorships and Partnerships*	*Past Directorships and Partnerships*
Martin Glenn	Chapel Down Group plc Froneri Lux Topco S.à r.l. The Football Foundation	Football Association Limited Froneri Limited National Football Centre Limited Premier League Stadium Fund Limited Wembley National Stadium Limited
Andrew Carter	Aker Wines and Spirits Limited Chapel Down Group plc English Wines plc Henrietta Knight Racing Club Ltd Wines of Great Britain Limited	Chase Distillery Limited Chase Distillery (Holdings) Limited
Robert Smith	Chapel Down Group plc English Wines plc	Chapel Down Group Ltd PricewaterhouseCoopers LLP
Stewart Gilliland	Chapel Down Group plc IG Design Group plc Natures Way Foods Limited Tesco plc	C & C Group plc Curious Drinks Limited Mitchells & Butlers plc SMDH Consulting Limited

Name	*Current Directorships and Partnerships*	*Past Directorships and Partnerships*
James Brooke	Chapel Down Group plc Flowtech Fluidpower plc Kelso Group Holdings plc Kelso Ltd Maitland Capital Limited Oryx International Growth Fund Padelstars Limited Quester Venture GP Partnership Redhall Group plc TARTAN C.I.P, L.P TARTAN Investment Partners, L.P Triple Point Venture VCT plc	Flowgroup plc Internet Fusion Group Limited Kelso 1 Ltd Wameja Limited
Michael Spencer, Lord Spencer of Alresford	Bordeaux Index Limited Centre for Policy Studies Limited Chapel Down Group plc DD&Co Limited DDCAP Limited DDGI Limited Glasswall (IP) Limited Glasswall Holdings Limited Glasswall Solutions Limited Insurwave Limited IPGL (Holdings) Limited IPGL Limited IPGL No. 11 Ltd IPGL No. 12 LLP IPGL No. 7 Ltd SCI Saint Remy Du Mas De Berard Singapore Life Holdings Pte Ltd Singapore Life Ltd Sirai Aviation Limited Sirai Grazing Limited Sirai House Limited Sirai Management Ltd Sirai Stud PLC Societe Civile D'Exploitation Agricole Les Oliviers Superdielectrics Group Plc Tellimer Group Limited The Conservative Party Foundation Limited UK Tote Group Limited	C&UCO Properties Limited Chicago Mercantile Exchange Inc. Faro Capital Limited Intercapital Emerging Markets LTD Intercapital Brokers (Asia) Ltd Intercapital Emerging Markets (Asia) Ltd Intercapital Group Hong Kong Ltd International Money Broking Co Ltd IPGL No. 2 Ltd IPGL No. 6 Ltd IPGL No. 8 Ltd IPGL No. 13 Ltd IPGL No. 14 Ltd Nex Group Limited Nex International Limited Shanghai CFETS-NEX Superdielectrics Ltd Superdielectrics Supercap Ltd (This was recorded in error at Companies House) Tokyo Tanshi Co Ltd. UK Onward Thinktank Ltd Veridium Holdings Limited

Name	*Current Directorships and Partnerships*	*Past Directorships and Partnerships*
Nigel Wray	18 Cavendish Square Limited Annabel Karmel Group Holdings Limited Brendon Street Investments Limited Brendon Street Securities Limited Chapel Down Group plc Eurobeck Holdings Limited Euroblue Investments Limited Elektrik Mobility Limited Foundation for Leadership Through Sport Franchise Brands plc Glengrace Ltd Hera Investments Limited Hy-Pro Group Ltd Hy-Pro International Limited Juno Investments Limited Karmel Food Production Ltd Mega Advanced Ltd Moneypitch Company Limited PIHL Equity LLP PIHL Property LLP Priory Memorabilia Limited Simba Sleep Limited Syncbeam Limited The Priority Foundation (Trustee) Twinning Project Charity (Trustee)	Amalfi Investment Partners Limited BM Holdco Limited Lesray Holdings Limited Lesray LLP PIHL Equity Administration Limited PIHL Equity Assessments Limited PIHL Equity Holdings Limited PIHL Property Administration Limited PIHL Property Holdings Limited Premier Team Holdings Limited Premier Team Promotions Limited Prestbury Incentives Limited Prestbury Investments LLP Prestbury Investment Holdings Limited Prestbury (Scotland) Limited Partnership Prestbury Two LLP Saracens Limited Saracens Property Investments LLP
Samantha Wren	Chapel Down Group plc City of London Investments Limited City of London Finance Company Limited (The) The City of London Investment Trust plc The City of London European Trust Limited	Aker Wines and Spirits Limited APAT Financial Ltd Bloc Ventures Limited Chiaro Technology Limited Cluff Energy Africa Ltd Epworth Trading Ltd Faro Capital Limited IPGL Limited IPGL (Holdings) Limited IPGL No 1 Ltd IPGL No 2 Ltd IPGL No 3 Ltd IPGL No 4 Ltd IPGL No 5 Ltd IPGL No 7 Ltd IPGL No 8 Ltd IPGL No 9 Ltd IPGL No 10 Ltd IPGL No 11 Ltd

Name	Current Directorships and Partnerships	Past Directorships and Partnerships
		IPGL No 13 Ltd IPGL No 14 Ltd IPGL No 15 Ltd IPGL No 16 Ltd Natalma Bloodstock Limited NEX Group Limited NEX Group Holdings Limited NEX International Limited NEX Services Limited Ropemakerone Ltd Sirai Management Ltd Tellimer Group Limited UK Tote Group Limited

1.9.3. Stewart Gilliland was formerly a director of Curious Drinks Limited which entered into administration on 23 April 2021. The administration was completed on 4 May 2023 and the company dissolved on 4 August 2023. The total deficit to unsecured creditors was approximately £10.1 million.

1.9.4. James Brooke is a director of Redhall Group Plc, which entered into administration on 10 June 2019 and compulsory liquidation on 14 July 2023. The total deficiency to creditors was approximately £12.9 million. James Brooke was a director of Flowgroup Plc until 1 March 2023, which entered into administration on 8 November 2018 and voluntary creditors liquidation on 8 October 2019. The liquidation is ongoing and the shortfall to creditors is unknown at this date.

1.9.5. Michael Alan Spencer, Lord Spencer of Alresford was formerly a director of Voltapalm Limited until 1 April 2009 which entered into voluntary members liquidation on 26 October 2009 and was dissolved on 30 June 2011.

1.9.6. Nigel Wray is an LLP designated member of Prestbury Two Limited Liability Partnership which entered into voluntary members liquidation on 12 November 2019. The liquidation is ongoing and the shortfall to creditors is unknown at this date.

1.9.7. Nigel Wray was a director of PIHL Property Administration Limited until 5 December 2019. The company entered into voluntary members liquidation on 16 January 2018 and was dissolved on 26 September 2020. There were no amounts outstanding to creditors.

1.9.8. Nigel Wray was a director of Wey Bridging Limited until 7 December 2020. The company entered into administration on 25 November 2010 and passed into creditors' voluntary liquidation on 2 November 2011. The total deficit to unsecured creditors was approximately £7.5 million.

1.9.9. Nigel Wray was a director of Lean Forward Limited until 27 August 2015. The company went into administration on 30 June 2016 and subsequently passed into a creditors' voluntary liquidation on 10 October 2016. The total deficit to unsecured creditors was £491,587.03.

1.9.10. Nigel Wray was a director of Seymour Pierce Holdings Limited until 31 May 2012. The company went into administration on 8 February 2013 and was dissolved on 31 March 2014. The total deficit to unsecured creditors was approximately £4.8 million.

1.9.11. Nigel Wray was a director of Environ Group (Investments) Plc (formerly Southern Bear plc) until 7 February 2012. The company was placed into administration on 8 February 2012 and was dissolved on 25 April 2013. The estimated total deficiency to creditors was approximately £5.8 million and as regards members was approximately £11.3 million.

1.9.12. Nigel Wray was a director of British Seafood Distribution Group Holdings when the company went into administration on 1 March 2010. The estimated total deficiency to creditors as regards members was approximately £6.1 million.

1.9.13. Nigel Wray was a director of Oakdene Homes plc until 23 January 2009. The company was placed into administration on the same date and passed into compulsory liquidation on 21 January 2011. The estimated total deficiency to creditors was £49.8 million and as regards members was approximately £50.3 million.

1.9.14. Nigel Wray was a director of Degwell Properties Limited until dissolution of the company on 25 June 1981. Prior to its dissolution, the company had been the subject of a receivership due to a deficiency to creditors.

1.9.15. Nigel Wray was a director of Landfall Securities (Andover) Limited until dissolution of the company on 1 May 1981. Prior to its dissolution, the company had been the subject of a receivership due to a deficiency to creditors.

1.9.16. Other than as set out above, none of the Directors:

(a) has any unspent convictions in relation to indictable offences; or

(b) has been bankrupt or the subject of an individual voluntary arrangement, or has had a receiver appointed to the assets of such director; or

(c) has been a director of any company which, while they were a director or within 12 months after they ceased to be a director, had a receiver appointed or went into compulsory liquidation, creditors voluntary liquidation, administration or company voluntary arrangement, or made any composition or arrangement with its creditors generally or with any class of its creditors; or

(d) has been a partner of any partnership which, while they were a partner or within 12 months after they ceased to be a partner, went into compulsory liquidation, administration or partnership voluntary arrangement, or had a receiver appointed to any partnership asset; or

(e) has had any public criticism by statutory or regulatory authorities (including recognised professional bodies); or

(f) has been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company.

1.9.17. As at the date of this document and as expected at Admission, the Directors and entities in which the Directors have a substantial interest hold 73,079,151 fully paid Ordinary Shares in the capital of the Company representing 45.89 per cent. of the Company's fully diluted share capital. The percentage of Ordinary Shares not held in public hands as at the date of this document and as expected at Admission is 45.89.

1.9.18. As at the date of this document, the holdings of the Directors and any other PDMR of the Company, and their spouses, civil partner or children under the age of eighteen years, in the share capital of the Company or a related financial product referenced to the Ordinary Shares: (i) which would be required to be notified by the Company pursuant to Article 19 of UK MAR under the Company's share dealing policy maintained under Rule 21 of the AIM Rules; or (ii) are holdings of a person connected (within the meaning of sections 252 to 254 of the Act) with a Director which would, if the connected person were a Director, be required to be disclosed under (i) above and the existence of which is known to, or could with reasonable due diligence be ascertained by, the Directors are as follows:

Name	*Percentage of issued share capital (net of Options)*	*Shares Held*	*Options Held*
James Brooke	0.31%	493,806	–
Andrew Carter	0.20%	319,669	1,917,002
Stewart Gilliland	0.25%	390,891	–
Martin Glenn	0.18%	283,472	533,332
Robert Smith	1.26%	2,000,000*	1,769,504
Lord Michael Spencer	0.11%	178,571**	–
Nigel Wray	14.84%	23,631,970***	–
Samantha Wren	0.09%	135,552	–

* Includes 215,338 Ordinary Shares held by Robert Smith's spouse and children.

** Lord Michael Spencer, beneficial owner of IPGL, also holds a further 45,645,250 in the name of IPGL.

*** Of the above total, 21,195,571 Ordinary Shares are held by family trusts whose beneficiaries are Nigel Wray's children. The balance of Ordinary Shares represents Nigel Wray's beneficial holding.

1.10. ARRANGEMENTS AND REMUNERATION OF DIRECTORS

The Directors have entered into service contracts or letters of appointment which are summarised below. Set out below are details of the terms and conditions governing the engagement by the Company of the Executive Directors:

1.10.1. Executive Directors

1.10.1.1. *Andrew Carter*

Andrew Carter is engaged under a service agreement with the Company dated 13 September 2021 pursuant to which his appointment as Chief Executive Officer is confirmed. The agreement can be terminated by either party giving to the other not less than 9 months' notice in writing. The Company may, in its sole and absolute discretion, terminate the agreement at any time and with immediate effect by notifying Mr. Carter that it is doing so and making a payment in lieu of notice. The agreement contains provisions for summary termination, *inter alia*, in the event that he breaches any material term of the agreement. The basic salary payable to Mr. Carter is £262,500 per annum. The service agreement contains restrictive covenants for a period of 12 months' following the termination of his employment. Mr. Carter is eligible to receive a bonus of up to 50 per cent. of his basic salary.

1.10.1.2. *Robert Smith*

Robert Smith is engaged under a service agreement with the Company dated 1 September 2022 pursuant to which his appointment as Chief Financial Officer was confirmed. The agreement can be terminated by either party giving to the other not less than 9 months' notice in writing. The Company may, in its sole and absolute discretion, terminate the agreement at any time and with immediate effect by notifying Mr. Smith that it is doing so and making a payment in lieu of notice. The agreement contains provisions for summary termination, *inter alia*, in the event that he breaches any material term of the agreement. The basic salary payable to Mr. Smith is £178,500 per annum. The service agreement contains restrictive covenants for a period of 12 months' following the termination of his employment. Furthermore, Mr. Smith is eligible to receive a bonus of up to 40 per cent. of his basic salary.

1.10.2. Non-Executive Directors

1.10.2.1. *Martin Glenn*

Pursuant to a non-executive letter of appointment with the Company dated 1 July 2023, Martin Glenn was appointed by the Company as a non-executive Director and Chair. The appointment terminable earlier by either side giving three months' notice at any time. The fee payable to Mr Glenn is £50,000 per annum. This fee is based on the anticipated time commitment of 2 days per month.

1.10.2.2. ***Jamie Brooke***

Pursuant to a non-executive letter of appointment with the Company dated on or around 5 August 2023, Jamie Brooke was appointed by the Company as a non-executive Director. The appointment terminable earlier by either side giving three months' notice at any time. The fee payable to Mr Brooke is £20,000 per annum. This fee is based on the anticipated time commitment of 2 days per month.

1.10.2.3. ***Stewart Gilliland***

Pursuant to a non-executive letter of appointment with the Company dated 19 May 2021, Stewart Gilliland was appointed by the Company as a non-executive Director. The appointment terminable earlier by either side giving three months' notice at any time. The fee payable to Mr Gilliland is £20,000 per annum. This fee is based on the anticipated time commitment of 2 days per month.

1.10.2.4. ***Lord Michael Spencer***

Pursuant to a non-executive letter of appointment with the Company dated 9 November 2023, Michael Spencer was appointed by the Company as a non-executive Director. Mr Spencer has been appointed as IPGL's nominated director under the Relationship Agreement (details of which are set out at paragraph 6.1.2 of this document) and the appointment is immediately terminable by the Company in certain circumstances which are set out in the letter of appointment and in the Relationship Agreement. The fee payable to Mr Spencer is £20,000 per annum.

1.10.2.5. ***Nigel Wray***

Pursuant to a non-executive letter of appointment with the Company dated 4 April 2004, Nigel Wray was appointed by the Company as a non-executive Director. The appointment terminable earlier by either side giving three months' notice at any time. The fee payable to Mr Wray is £20,000 per annum.

1.10.2.6. ***Samantha Wren***

Pursuant to a non-executive letter of appointment with the Company dated 15 July 2018, Samantha Wren was appointed by the Company as a non-executive Director. The appointment terminable earlier by either side giving three months' notice at any time. The fee payable to Ms Wren is £20,000.00 per annum. This fee is based on the anticipated time commitment of 2 days per month.

1.11. RELATED PARTY TRANSACTIONS

Save as set out in the Public Record, the Company has not, as at 8 November 2023 (being the latest practicable date), entered into any transactions with persons who are related parties for the purposes of relevant International Financial Reporting Standards which are (as a single transaction or in their entirety) material to the Company.

1.12. SETTLEMENT AND CREST

Application will be made to London Stock Exchange for the Ordinary Shares to be admitted to trading on AIM. It is expected that Admission will become effective and that dealings will commence in the Ordinary Shares on AIM at 8.00 a.m. on 7 December 2023.

The Ordinary Shares are enabled for settlement in CREST and will continue to be on the date of Admission. Accordingly, settlement of transactions in Ordinary Shares following Admission may take place within the CREST system if any individual Shareholder so wishes provided such person is a "system member" (as defined in the CREST Regulations) in relation to CREST. Dealings in advance of crediting of the relevant CREST account(s) shall be at the sole risk of the persons concerned.

CREST is a paperless settlement system enabling securities to be evidenced otherwise than by certificate and transferred otherwise than by written instrument in accordance with the CREST Regulations. The Articles permit the holding of Ordinary Shares in uncertificated form in accordance with the CREST Regulations.

CREST is a voluntary system and holders of Ordinary Shares who wish to receive and retain share certificates will be able to do so.

For more information concerning CREST, Shareholders should contact their brokers or Euroclear UK & International Limited at 33 Cannon Street, London, EC4M 5SB.

PART 2

RISK FACTORS

An investment in the Company involves significant risks and is only suitable for investors who are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses (which may be equal to the whole amount invested) which may result from such an investment. If in any doubt, prospective investors should immediately seek their own personal financial advice from their independent professional adviser authorised under the FSMA (as amended) who specialises in advising on the acquisition of shares and other securities or other advisers such as legal advisers and accountants.

If any of the following risks actually occur, the Group's business, financial condition, capital resources, results and/or future operations could be materially and adversely affected. In such circumstances, the trading price on AIM of the Ordinary Shares could decline and investors may lose all or part of their investment. Additional risks and uncertainties not currently known to the Board may also have an adverse effect on the Group's business and the information set out below does not purport to be an exhaustive summary of the risks affecting the Company or the Group.

1. Risks relating to the business and operations of the Group

Climate change, poor weather or crop disease

Grape yields and product quality can be affected by certain adverse weather patterns such as late frosts during the growing season. The Group monitors frost or inclement weather through the use of weather stations across the vineyards and frost defence mechanisms are applied when this risk is heightened around bud burst. Pruning, tying down and canopy trimming are also performed at appropriate times during the annual vineyard cycle to maximise grape yield and quality. In addition, the Group sources grapes from multiple vineyards to reduce exposure to single site risks, as well as selecting sites which minimise frost risk. However, there is no guarantee that these methods completely remove the risk of adverse weather conditions negatively affecting grape yields and product quality due to the increased risk of climate change affecting weather conditions throughout the United Kingdom and globally.

Given the Group's business involves growing crops, it is possible that crop disease, fungal infections or other natural blight could affect grape yields and product quality. These risks can be mitigated through good viticulture practices, for example vineyards are sprayed with chemicals, fungicides and fertilisers at appropriate points during the year using a risk-focused approach to ensure adequate soil quality. As noted above, the Group also sources, grapes from multiple vineyards to reduce exposure to single-site risks and it closely monitors stock levels to minimise the impact of lower yielding harvests that may result from poor weather or crop disease. As with climate and weather-related risks, there is no guarantee that these mitigation techniques completely remove the risk of crop related diseases impacting grape yield and product quality and, as a result, the Group's financial performance.

Reputation and brand recognition

The reputation of the Chapel Down brand is integral to the success of the Group and its planned growth over the coming years. Consumers rely heavily upon many factors that, in part, lie outside the control of the Group, such as online reviews, blogs and media coverage. Negative reviews from customers with significant numbers of followers could have a detrimental impact upon the reputation of the Group.

While Chapel Down in the most part has seen positive media coverage to date, there can be no assurances that coverage of this level will continue or will continue to be positive. Negative press coverage, or a reduction in press coverage could have a detrimental impact on the Group's reputation, financial condition and results from operations.

Reduction in quality

The success of the Group's business depends upon the positive image consumers have of its products. A lack of quality in the products or contamination of the products, whether occurring accidentally or through deliberate action, could harm the integrity of, or consumer support for, the Group's brand and could adversely affect sales.

The Group relies in part on third parties for bottling, packaging and distribution, although a large proportion of the production process is managed by the Group in-house. The Group may be subject to liability if contaminants or defects occur in the bottling or post-production handling processes, such contamination could lead to low product quality or illness or injury to consumers. In addition, while to date the Group has not had any product recalls, the Group may in the future voluntarily recall or withhold from sale, or be required to recall or withhold from sale, products in the event of contamination or default.

A significant product liability judgment or widespread product recall may negatively impact the reputation of the Group's brand for a period of time. Even if a product liability claim is unsuccessful or is not fully pursued, resulting negative publicity could adversely affect the Group's brand image, which may have a material adverse effect on the Group's prospects, results of operations and financial condition.

Key personnel and retaining highly skilled individuals

The Group's success will depend to a large extent on the experience and talent of key personnel, in particular, on the continued services and performance of its executive Directors and senior management (such as the Group's Head Winemaker) and also on its ability to recruit and retain suitably qualified and experienced employees (such as suitably experienced and competent viticulture and winemaking employees). The loss of the services of any member of the executive Directors or senior management and a failure to replace them with an individual who has similar levels of experience, knowledge and connections in the industry could have an adverse effect on the Group's operations. Finding and hiring any such replacements could be costly and might require the Group to offer significant incentive compensation which could adversely impact financial results.

The Group may not be able to attract and retain such individuals in the future, which could have a material adverse effect on the Group's prospects, results of operations and financial condition. The loss of certain individuals in non-managerial positions may also have a material adverse effect on the Group's business where such individuals possess specialised knowledge that is not easily replaceable, such as specialist knowledge of the Group's vineyards. The Group looks to minimise this risk through competitive remuneration and the Group's Long Term Incentive Plan.

Market demand and economic conditions may impact the Group's ability to pursue its strategy

The Group's strategy is based on certain key consumer and customer trends and the projected growth of its key markets. However, historical trends may not be indicative of future trends and forecast or estimated growth rates may not be accurate, in whole or part, or ever materialise. Global or local economic conditions may also have an adverse effect on the demand for the Group's products and services due to changes in consumer confidence and spending which are outside the control of the Group. Consumer preferences, perceptions and spending habits may also shift due to a variety of factors that are difficult to predict and over which the Group has no control (including lifestyle, nutritional and health considerations). If such changes were to materialise the Directors may decide to change certain aspects of the Company's strategy or brand. This may entail the development of alternative products and services, which could place strain on the Company's capital resources and may adversely impact on the revenue and profitability of the Group.

Dependence on key customers

The Group's business is dependent on certain key trade customers. In the financial year ending 31 December 2022, the top ten trade customers represented approximately 54 per cent. of gross sales revenue of which one customer accounted for approximately 23.2 per cent. of gross sales revenue. The relationship of the Group with its key trade customers could be materially adversely affected by a number of factors, including a decision by a key trade customer to diversify or change its arrangements in relation to the products supplied by the Group, or by an inability to agree on mutually acceptable pricing terms with any one of its key trade customers. If the Group's commercial relationships with any of its key trade customers terminates for any reason, or if one of its key trade customers significantly reduces its business with the Group and the Group is unable to enter into similar relationships with other customers on a timely basis, or at all, it may have a material adverse effect on the Group's business, prospects, and financial condition.

Regulatory change may impact the Group's ability to pursue its strategy

The Group's products are subject to various laws, regulations and standards. There can be no assurance that future laws, regulations and/or standards will not have an adverse effect on the manner in which the Group operates. The application or modification of existing health, food and drink safety regulations could increase costs and may also have an adverse effect on sales if, as a result, the public attitude or consumer spending habits are affected; changes to laws and regulations relating to manufacturing and bottling requirements, packaging and labelling requirements, recycling requirements, licensing requirements, advertising restrictions or standards (including any restrictions, requirements or prohibitions in relation to the advertising of alcoholic drinks or any laws and regulations relating to minimum pricing), or the sale or consumption of alcoholic drinks; and any changes to laws and regulations relating to e-commerce or online operations which could also damage the Group's direct to consumer business. Modifications or the adoption of new laws or regulations in these areas, or in relation to import regulations or alcohol duty or any regulatory definition of English wine (for example, allowing grapes grown overseas but which are processed in the UK to be called English wine) may have a material adverse effect on the Group's prospects, results of operations and financial condition.

Potential requirement for further investment

To maximise growth potential, the Group may require additional capital in the future for expansion, its activities and/or business development, whether from equity or debt sources. There can be no guarantee that the necessary funds will be available on a timely basis, on favourable terms, or at all, or that such funds if raised, would be sufficient to finance such growth opportunities. The Company has a £15 million asset-based business credit facility with PNC Financial Services UK Limited, constituting a £12 million revolving credit facility (the "RCF") and £3 million term loan. The RCF can be terminated on three months' notice by either the Group or the lender. Should the lender terminate the RCF, the Group may be forced to curtail or abandon expansion activities and/or business development, impacting its growth trajectory.

If additional funds are raised by issuing equity securities, dilution to the then existing shareholdings may result. Shareholders may also experience subsequent dilution and/or such securities may have preferred rights, options and pre-emption rights ranking ahead of the Ordinary Shares. The level and timing of future expenditure will depend on a number of factors, some of which are outside of the Group's control. If the Group is not able to obtain additional capital on acceptable terms, or at all, it may be forced to curtail or abandon such expansion and/or business development.

Supply chain, outsourced production, packaging and storage

The Group's business would be adversely affected if there were a significant disruption to any of the Group's production, storage or distribution operations. The Group currently carries out sparkling wine bottling through one main supplier, Institut Oenologique de Champagne ("**IOC**") and packaging primarily through one main supplier, Berlin Packaging UK Ltd.

In the event of the insolvency of any one of the Group's production, packaging or distribution providers, or any other termination of such operations, the Group may not be able to arrange for alternative production, packaging or distribution on as favourable terms, or with sufficient speed to ensure continuity of business. Whilst there are annual purchase orders with certain key suppliers, there are no long term fixed price contracts in place with some of the Group's suppliers. This is under constant review by the Group. The Group works closely with suppliers to procure raw materials in good time throughout the annual cycle however the Group may be exposed to fluctuations in prices of raw materials, particularly in an inflationary environment, which may have an adverse effect on the Group's prospects, results of operations and financial condition.

In relation to the Group's storage facilities, if there were a fire, explosion or any other event resulting in a major or prolonged disruption at any of the facilities used by the Group, this could result in a significant loss of stock which could have a material adverse effect on the Group's prospects, results of operations and financial condition. The Group spreads its stock across multiple sites to minimise the risk of material stock-loss and carries comprehensive insurance.

Competition

With the anticipated continuing growth in vineyard plantings in the South of England and across the United Kingdom, the supply of English sparkling wine is likely to continue to increase and provide increased competition from other suppliers. The principal competitive factors in the Group's industry include product range, branding, pricing, product quality, distribution capabilities and responsiveness to changing consumer preferences and demand. There can be no assurance that the actions of competitors will not affect the Company. This may adversely affect retail prices of English sparkling wine and the assumed levels of pricing in the Group's growth strategy may not be achieved. The English sparkling wine industry may also face stronger competition from similar overseas products. The Group's strategy remains to produce the highest quality products and develop the Chapel Down brand in the United Kingdom and globally, as evidenced through the recent premiumisation of the brand, and to attract and retain customer loyalty.

Intellectual Property

The Group cannot fully ensure that third parties will not infringe on or misappropriate the Group's intellectual property rights by, for example, imitating the Group's products, asserting rights in, or ownership of, the Group's trademarks or other intellectual property rights or in trademarks that are similar to trademarks that the Group owns and licenses. Further, the Group may fail to discover infringement of its intellectual property, and/or any steps taken or that will be taken by it may not be sufficient to protect its intellectual property rights or prevent others from seeking to invalidate its trademarks or block sales of its products by alleging a breach of their trademarks and intellectual property. Applications filed by the Group in respect of new trademarks may not be granted. In addition, some of the Group's intellectual property, such as brands that are deemed generic, may not be capable of being registered as belonging to the Group in all types of trademarks and all classes and the Group may, therefore, have difficulty protecting such intellectual property. Further, the Group may not be able to prevent others from using its brands (or other intellectual property which is not registered as belonging to the Group) at all or in a particular market.

Data security

The Group uses information technology systems for the processing, transmission and storage of electronic data relating to its operations, financial reporting and customer base. Communications among the Group's personnel, customers and suppliers relies on the efficient performance of information technology systems. Despite the Group's security measures and safeguarding controls in place, its information technology and infrastructure may be vulnerable to attacks by hackers, computer viruses or malicious code or may be breached due to employee error, malfeasance or affected by other disruptions. Additionally, in the event of significant and long-lasting failure or denial of service attack at one of the Company's critical suppliers, significant trade partners or Chapel Down's website, the Company's e-commerce platform may be unavailable to consumers for an extended period. If one or more such events occur, it could cause disruptions or delays to the Group's operations and result in the loss of confidential information, which could expose the Group to liability and cause its business and reputation to suffer. Any of the foregoing could have a material adverse effect on the Group's prospects, results of operations and financial condition.

2. Risks relating to the Ordinary Shares

Investment in AIM securities

An investment in shares traded on AIM is perceived to involve a higher degree of risk and be less liquid than investments in companies whose shares are listed on the Official List of the FCA and traded on London Stock Exchange's main market for listed securities. An investment in Ordinary Shares may be difficult to realise. Prospective investors should be aware that the value of Ordinary Shares may go down as well as up and that the market price of the Ordinary Shares may not reflect the underlying value of the Group. Investors may, therefore, realise less than, or lose all of, their investment.

Price volatility

The share price of quoted companies can be highly volatile and shareholdings illiquid. The price at which the Ordinary Shares are quoted and the price which investors may realise for their Ordinary Shares may be influenced by a significant number of factors, some specific to the Group and its operations and some which affect quoted companies generally. These factors could include the performance of the Group, large purchases or sales of Ordinary Shares, legislative changes and general, economic, political or regulatory conditions.

The market price of the Ordinary Shares could decline as a result of certain Directors or other Shareholders selling their Shares

There can be no assurance that certain Directors or other Shareholders will not elect to sell their Ordinary Shares. The market price of Ordinary Shares could decline as a result of any such sales of Ordinary Shares or as a result of the perception that these sales may occur. In addition, if these or any other sales were to occur, the Company may in the future have difficulty in offering Ordinary Shares at a time or at a price it deems appropriate.

There is no guarantee that the Ordinary Shares will continue to be traded on AIM

The Company cannot assure investors that the Ordinary Shares will always continue to be traded on AIM or on any other exchange. If such trading were to cease, certain investors may decide to sell their shares, which could have an adverse impact on the price of the Ordinary Shares. Additionally, if in the future the Company decides to obtain a listing on another exchange in addition or as an alternative to AIM, the level of liquidity of the Ordinary Shares traded on AIM could decline.

IPGL will be able to exercise significant influence over the Company

On Admission, it is anticipated that IPGL (including connected parties being Lord Michael Spencer) will hold 28.77 per cent. of the issued share capital of the Company. IPGL will potentially be able to exercise significant influence over the Company and the Group's operations, business strategy and those corporate actions that require the approval of the Shareholders. In order to regulate the relationship between IPGL and the Company, IPGL has entered into the Relationship Agreement, details of which are set out at paragraph 6.1.2 of this document.

PART 3

HISTORICAL FINANCIAL INFORMATION OF THE GROUP

SECTION (A) ACCOUNTANTS' REPORT ON THE GROUP HISTORICAL FINANCIAL INFORMATION

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9 November 2023

The Directors
Chapel Down Group Plc
Chapel Down Winery
Smallhythe Road
Tenterden
Kent, TN30 7NG

Singer Capital Markets Advisory LLP
1 Bartholomew Lane
London EC2N 2AX

Dear Sirs,

Introduction

We report on the audited, consolidated historical financial information of Chapel Down Group Plc (the "**Company**") and its subsidiary, English Wines Plc (together, the "**Group**") for the three years ended 31 December 2020, 31 December 2021 and 31 December 2022 (together, the "**Group Historical Financial Information**"), as set out in Part 3 of the Company's schedule one announcement and appendix dated 9 November 2023 (the "**Schedule One Announcement**").

Opinion on Group Historical Financial Information

In our opinion, the Group Historical Financial Information gives, for the purposes of the Schedule One Announcement, a true and fair view of the state of affairs of the Group as at 31 December 2020, 31 December 2021 and 31 December 2022 and of the results, financial position, cash flows and changes in equity for the periods then ended in accordance with the basis of preparation set out in note 4 of the Group Historical Financial Information.

Responsibilities

The directors of the Company (the "**Directors**") are responsible for preparing the Group Historical Financial Information on the basis of preparation set out in note 4 of the Group Historical Financial Information, in accordance with IFRS. It is our responsibility to form an opinion on the Group Historical Financial Information and to report our opinion to you.

Save for any responsibility arising under paragraph (a) of Schedule Two of the AIM Rules for Companies to any person as and to the extent there provided, to the fullest extent permitted by the law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Schedule Two of the AIM Rules for Companies, consenting to its inclusion in the Schedule One Announcement.

Basis of preparation

The Group Historical Financial Information has been prepared for inclusion in the Schedule One Announcement on the basis of the accounting policies set out in note 4 to the Group Historical Financial Information. This report is required by Paragraph (a) of Schedule Two of the AIM Rules for Companies and is given for the purpose of complying with that paragraph and for no other purpose.

Basis of Opinion

We conducted our work in accordance with Standards of Investment Reporting issued by the Financial Reporting Council in the United Kingdom. We are independent of the Group in accordance with relevant ethical requirements. In the United Kingdom this is the Financial Reporting Council's Ethical Standard as applied to Investment Circular Reporting Engagements, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our work included an assessment of evidence relevant to the amounts and disclosures in the Group Historical Financial Information. It also included an assessment of significant estimates and judgments made by those responsible for the preparation of the Group Historical Financial Information and whether the accounting policies are appropriate to the Group's circumstances consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Group Historical Financial Information is free from material misstatement, whether caused by fraud or other irregularity or error.

Conclusions relating to going concern

We have not identified any material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the ability of the Group to continue as a going concern for a period of at least twelve months from the date of the Schedule One Announcement. Accordingly, the use by the Directors of the going concern basis of accounting in the preparation of the Group Historical Financial Information is appropriate.

Declaration

For the purposes of paragraph (a) of Schedule Two of the AIM Rules for Companies, we are responsible for this report as part of the Schedule One Announcement and we declare that, to the best of our knowledge, the information contained in this report is in accordance with the facts and makes no omission likely to affect its import. This declaration is included in the Schedule One Announcement in compliance with Paragraph (a) of Schedule Two of the AIM Rules for Companies.

Yours faithfully,

Crowe U.K. LLP
Chartered Accountants

SECTION (B) HISTORICAL FINANCIAL INFORMATION OF CHAPEL DOWN GROUP PLC

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	*31 Dec 2020* £	*31 Dec 2021* £	*31 Dec 2022* £
Revenue	6	12,709,378	15,742,256	17,109,434
Cost of sales		(8,648,947)	(9,883,680)	(9,400,626)
Fair value gain/(loss) on measurement of biological produce		515,842	(231,313)	(156,373)
Gross profit		4,576,273	5,627,263	7,552,435
Administrative expenses		(3,523,133)	(4,732,455)	(6,088,605)
Exceptional costs	7	(13,651,517)	(500,401)	(109,517)
Other operating income	8	161,017	73,254	–
Operating (loss)/profit	9	(12,437,360)	467,661	1,354,313
Share of after tax losses in associates		–	–	(15,207)
Finance income		531,307	38	16,147
Finance costs	12	(132,336)	(102,702)	(119,567)
(Loss)/profit before tax		(12,038,389)	364,997	1,235,686
Tax (charge)/credit	13	(69,402)	410,842	(451,312)
(Loss)/profit and total comprehensive income for the year		(12,107,791)	775,839	784,374
Total comprehensive (loss)/income attributable to:				
Owners of the Parent Company		(12,107,791)	775,839	784,374
Basic (loss)/profit (pence) per share	14	(8.39)	0.52	0.49
Diluted (loss)/profit (pence) per share	14	(8.39)	0.51	0.49

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	*31 Dec 2020* £	*31 Dec 2021* £	*31 Dec 2022* £
Assets				
Non-current assets				
Intangibles	15	31,815	116,834	79,318
Property, plant and equipment	16	22,652,617	21,407,475	22,240,670
		22,684,432	21,524,309	22,319,988
Current assets				
Biological produce	18	–	–	–
Inventories	19	12,554,011	13,039,203	15,645,107
Trade and other receivables	20	2,702,784	1,320,985	2,695,075
Cash and cash equivalents	21	4,620,845	9,215,130	5,800,771
		19,877,640	23,575,318	24,140,953
Total assets		42,562,072	45,099,627	46,460,941
Equity and Liabilities				
Equity				
Called up share capital	22	7,226,837	7,877,902	7,964,506
Share premium	24	26,158,571	32,010,161	32,143,576
Capital redemption reserve	24	400	400	400
Revaluation reserve	24	1,028,759	992,702	970,457
Retained earnings	24	(10,523,891)	(9,688,431)	(8,824,022)
Total equity		23,890,676	31,192,734	32,254,917
Non-current liabilities				
Borrowings	25	4,755,638	2,452,311	2,071,159
Trade and other payables	26	12,364	29,359	17,969
Lease liabilities	27	7,134,908	6,879,384	6,582,798
Deferred tax liability	28	221,255	–	438,249
		12,124,165	9,361,054	9,110,175
Current liabilities				
Borrowings	25	–	380,377	467,385
Trade and other payables	26	6,120,478	3,819,857	4,287,569
Lease liabilities	27	426,753	345,605	340,895
Total current liabilities		6,547,231	4,545,839	5,095,849
Total liabilities		18,671,396	13,906,893	14,206,024
Total equity and liabilities		42,562,072	45,099,627	46,460,941

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Called up Share capital £	*Share premium* £	*Capital redemption reserve* £	*Revaluation reserve* £	*Retained earnings* £	*Total equity* £
At 1 December 2020	7,211,129	26,105,728	400	1,067,390	1,504,835	35,889,482
Loss for the year	–	–	–	–	(12,107,791)	(12,107,791)
Total comprehensive loss for the year	–	–	–	–	(12,107,791)	(12,107,791)
Transactions with owners:						
Share based payments expense	–	–	–	–	40,434	40,434
Shares issued in the year	15,708	52,843	–	–	–	68,551
Transfer of excess depreciation charge to revaluation reserve	–	–	–	(38,631)	38,631	–
At 31 December 2020	7,226,837	26,158,571	400	1,028,759	(10,523,891)	23,890,676
Profit for the year	–	–	–	–	775,839	775,839
Total comprehensive income for the year	–	–	–	–	775,839	775,839
Transactions with owners:						
Share based payments expense	–	–	–	–	23,564	23,564
Shares issued in the year	651,065	5,851,590	–	–	–	6,502,655
Transfer of excess depreciation charge to revaluation reserve	–	–	–	(36,057)	36,057	–
At 31 December 2021	7,877,902	32,010,161	400	992,702	(9,688,431)	31,192,734
Profit for the year	–	–	–	–	784,374	784,374
Total comprehensive income for the year	–	–	–	–	784,374	784,374
Transactions with owners:						
Share based payments expense	–	–	–	–	57,790	57,790
Shares issued in the year	86,604	133,415	–	–	–	220,019
Transfer of excess depreciation charge to revaluation reserve	–	–	–	(22,245)	22,245	–
At 31 December 2022	7,964,506	32,143,576	400	970,457	(8,824,022)	32,254,917

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	31 Dec 2020 £	31 Dec 2021 £	31 Dec 2022 £
Cash flows from operating activities				
(Loss)/profit before income tax for year		(12,038,389)	364,997	1,235,686
Adjustments to reconcile loss before tax to net cash flows:				
Amortisation of intangible assets	9	3,535	25,098	37,516
Depreciation of property, plant and equipment		306,694	264,203	211,728
Loss/(profit) on disposal of property, plant and equipment		13,765	(238,406)	–
Impairment of investments in subsidiaries		2,352,255	–	–
Impairment of debts due from Curious Drinks Limited		9,799,262	–	–
Exception costs related to Curious Drinks Limited		1,500,000	–	–
Finance income included within cost of sales		1,858	1,527	2,029
Finance income		(531,307)	(38)	(16,147)
Finance cost	12	132,336	102,702	119,567
Fair value movement in biological produce		(515,842)	231,313	156,373
Equity-settled share-based payments	9	40,434	23,564	57,790
(Increase)/decrease in trade and other receivables		(1,208,704)	1,445,424	(1,437,715)
(Increase)/decrease in inventories		(388,908)	177,661	(1,422,697)
Increase/(decrease) in trade and other payables		127,075	(2,220,915)	455,688
Tax (paid)/received		(38,658)	63,251	51,195
Net cash flows – operating activities		(444,594)	240,381	(548,987)
Cash flows from investing activities				
Purchase of intangible assets		(35,350)	(46,950)	–
Purchase of property, plant and equipment		(778,154)	(894,627)	(2,121,743)
Proceeds from sale of tangible assets		–	1,500,000	–
Interest received		4,736	38	16,147
Net cash flows – investing activities		(808,768)	558,461	(2,105,596)
Cash flows from financing activities				
Proceeds from issuance of shares		68,551	6,439,488	220,019
Proceeds from borrowings		5,000,000	3,000,000	–
Repayment of borrowings		(296,602)	(4,862,381)	(300,000)
Lease payments	27	(627,685)	(622,372)	(566,611)
Interest paid		(69,407)	(159,292)	(113,184)
Net cash flows – financing activities		4,074,857	3,795,443	(759,776)
Net increase/(decrease) in cash		2,821,495	4,594,285	(3,414,359)
Cash at beginning of year		1,799,350	4,620,845	9,215,130
Cash at end of year	21	4,620,845	9,215,130	5,800,771
Comprising:				
Cash and cash equivalents		4,620,845	9,215,130	5,800,771
Cash at end of year	21	4,620,845	9,215,130	5,800,771

1. Corporate information

Chapel Down Group Plc is a public limited company incorporated and domiciled in England and Wales. The registered office address and principal place of business is located at Chapel Down Winery, Small Hythe Road, Tenterden, Kent, TN30 7NG. The Company was incorporated on 28 January 2002.

The Group's principal activity is the production and sale of alcoholic beverages.

2. Basis of preparation

The financial information has been prepared in accordance with the requirements of the AIM Rules for Companies and UK adopted International Accounting Standards (IFRS). This is the first time the Group has prepared financial statements under IFRS. The effect of transition to IFRS is disclosed in note 4.18.

The financial information has been prepared on the historical cost basis except for certain items which are at fair value, details of which are disclosed in either the relevant accounting policy or in the notes to the financial statements.

The preparation of financial statements in compliance with IFRS requires the use of certain critical accounting estimates and judgements. It also requires management to exercise judgement of the most appropriate application in applying the Group's accounting policies. The areas where significant judgements and estimates have been made in preparing the financial statements and their effect are disclosed in Note 5.

Chapel Down Group Plc had a subsidiary, Curious Drinks Limited, until 23 April 2021, when that company was placed into administration. The Directors have chosen to omit the disclosure of certain historical financial information relating to Curious Drinks Limited from this consolidated Group Historical Financial Information as it is not believed to be relevant to the assessment of the Group's financial position.

3. Going concern

Company law requires the directors to consider the appropriateness of the going concern basis when preparing the financial statements. Having considered the period to December 2024, the directors confirm that they consider that the going concern basis remains appropriate.

In arriving at this conclusion, the directors have considered both financial and operational aspects surrounding the Group's trading outlook, including:

- Reviewing the Group's detailed trading budget and cash flow projections. Through this exercise, the directors are comfortable that the Group has sufficient access to cash resources to cover working capital requirements, as well as significant headroom on its financing facilities throughout the forecast period. The Group has been able to maintain a healthy cash position throughout 2022, and the £12 million revolving credit facility provided by PNC Business Credit remains fully undrawn as at year-end.
- Considering the Group's business activities, together with the factors likely to affect its future development and performance, its exposure to risk and its management of these risks. As with all wine producers, the Group's future performance is invariably linked to supply chain aspects including the quality and size of harvest yields, its access to all resources as necessary to carry out production-related activities, and cost inflation of these inputs. The directors believe the group has appropriate processes and procedures in place to successfully manage its business risks and trade through any reasonable downside scenarios.
- Wider considerations surrounding the Group's short-medium term growth plans. The Group's ambition is to double its revenue in the period 2021-2026, with a greater growth in adjusted EBITDA due to continued premiumisation of the brand and operational leverage. The directors noted that this growth can already be achieved with the investments that the Group has already made in land and in the capacity of the Tenterden winery. The English wine region and consumer market continues to grow strongly, and with the Group's position as the market leaders, the directors believe the outlook remains positive and sufficient to facilitate the realisation of the Group's growth plans.

Based on the analysis performed, the directors believe that the Group has sufficient resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the financial statements.

4. Summary of significant accounting policies

4.1 *Basis of consolidation*

The consolidated financial information incorporates the financial information of the Company and entity controlled by the Company (its subsidiary), together, the Group. Control is achieved when a company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Where necessary, adjustments are made to the financial statements of subsidiary to bring the accounting policies used into line with those used by other members of the Group. All significant inter-company transactions and balances between Group entities are eliminated on consolidation.

Subsidiary companies

The parent company's subsidiary is as follows:

Name of company	*Country of incorporation*	*Nature of business*	*Interest*	*Proportion of voting rights and shares held*
English Wines Plc	England and Wales	Production and sale of alcoholic beverages	100%	100%

The registered office address and principal place of business of English Wines Plc is Chapel Down Winery, Small Hythe Road, Tenterden, Kent, TN30 7NG.

Its results and net assets are shown below:

	31 Dec 2020 £	*31 Dec 2021* £	*31 Dec 2022* £
Profit for year	689,890	373,075	337,685
Net assets	3,220,191	3,616,831	4,295,949

Curious Drinks Limited, a subsidiary undertaking until 23 April 2021, has been excluded from the consolidation (see note 2).

4.2 *Revenue*

Revenue is recognised when (or as) a performance obligation is satisfied at the amount of the transaction price that is allocated to that performance obligation. At contract inception, the Group assesses the goods or services promised in the contract with the customer and identifies as a performance obligation each promise to transfer to the customer either a good or service that is distinct, or a series of distinct goods and services that are substantially the same and that have the same pattern of transfer to the customer.

The Group's primary revenue stream is the sale of wine as trade sales and direct sales. The Group also receives revenue from guided tours, leasing of vines and gift vouchers.

Trade sales

The performance obligation for trade sales is the delivery of the wine to the customer. Revenue is therefore recognised at the point in time when control of the goods transfers to the customer, which is deemed to be the point of despatch.

Trade sales are often made with volume discounts and other rebates and to customers for promotional support. For volume discounts and other rebates not invoiced at the reporting date these are estimated based on agreements with customers and estimated depletions during the period.

Guided tours

The performance obligation for guided tours is the provision of the tour to the customer on a specified date. Revenue is therefore recognised on the date that the tour is provided to the customer.

Direct sales

The performance obligation for direct sales is the delivery of the wine to the customer. Revenue is therefore recognised at the point in time when control of the goods has transferred to the customer.

4.3 ***Government grants***

Grants relate to government support due to COVID-19 and are recognised in the statement of comprehensive income as other operating income in the same period as the related expenditure.

4.4 ***Foreign currency translation***

Functional and presentational currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in pounds sterling, which is Chapel Down Group Plc's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each year end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income.

Foreign exchange gains and losses are presented in the Statement of Comprehensive Income under the heading to which they relate.

4.5 ***Taxation***

Taxation expense for the year comprises current and deferred tax recognised in the reporting year. Tax is recognised in the Statement of Comprehensive Income.

Current tax

Current tax is the amount of tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the year end.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences that exist only where it is probable that taxable profits will be generated against which the carrying value of the deferred tax asset can be recovered.

Deferred tax liabilities are recognised for all taxable temporary differences except in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint operations where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

4.6 ***Share-based payments***

The Group measures the fair value of equity-settled transactions with employees and Directors at the grant date of the equity instruments. The fair value is calculated using an appropriate valuation model and requires assumptions regarding dividend yields, risk-free interest rates, share price volatility and expected life of an employee or Director share option. The arising expense is charged to the Statement of Comprehensive Income on a straight-line basis over the expected vesting period.

4.7 ***Property, plant and equipment***

Property, plant and equipment is recorded at cost less accumulated depreciation and accumulated impairment losses. The initial cost of an asset comprises its purchase price and any costs attributable to bringing the asset into the location and condition necessary for it to be capable of operating in the manner intended by management. Expenditures for routine maintenance and repairs are expensed as incurred, while additions and improvements are capitalised.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

A right-of-use asset is recognised at the commencement date of the lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date, any initial direct costs incurred and an estimate of costs expected to be incurred for restoring the site or asset.

Depreciation is charged so as to allocate the costs of assets less their residual value over their estimated useful lives, using the methods below:

Depreciation is provided on the following basis:

- Freehold land and buildings – Straight line over 50 years on the buildings and 20 years on Kits Coty Vineyard
- Short-term leasehold property – 10 years straight line
- Plant and machinery – Between 5 per cent. – 20 per cent. straight line
- Motor vehicles – 25 per cent. reducing balance
- Fixtures and fittings – 15 per cent. reducing balance
- Office equipment – 5 years straight line
- Computer equipment – 3 years straight line
- Bearer plants – 20 years

Land included within Freehold land and buildings is not depreciated.

Assets under construction are not depreciated.

An item of property, plant and equipment is derecognised upon disposal or when no further economic benefits are expected to arise from the use of that asset. Any gain or loss arising on de-recognition of the asset is included in the income statement when the asset is derecognised.

The group owns bearer plants in the form of grape vines which are cultivated on land owned and/or leased by the group. The costs of bringing the vines to maturity for the first 3 years of the vines life are capitalised. These costs include attributable overheads.

The bearer plants have an expected useful life of 21 years and are depreciated over 21 years once all the attributable costs from year 1 to 3 have been capitalised with the depreciation of the asset beginning in year 3 after the vines are planted in year 1. The method used to depreciate these assets takes into account that the 3rd and 4th year bringing a bearer plant to maturity will offer restricted harvest before the asset will be matured in year 5. In year 3 the asset is depreciated by a third of the annual depreciation rate. In year 4 the asset is depreciated by two thirds and from year 5 the asset is depreciated for the remaining 19 years.

4.8 ***Leasing***

The Group applies a single recognition and measurement approach for all leases except for short-term leases and leases of low-value assets. At commencement of a lease, the Group as lessee recognises a liability to make lease payments and an asset representing the right to use the underlying asset during the lease term. The amount of the lease liability recognised is on a discounted basis. The discount rates used on transition were incremental borrowing rates as appropriate for each lease based on factors such as the lease term and payment terms. Where the rate implicit in the lease cannot readily be determined the Group used the lessee's incremental borrowing rate. The Group does not have any leases where the Group is a lessor.

At commencement of the lease, the Group estimates any variable lease payments that are based on published indices. At the date revised lease payments are determined, the Group remeasures the lease liability at that date, with the corresponding entry being made to the cost of the right of use asset related to the lease.

The Group takes advantage of the practical expedient which allows an exemption from capitalisation for leases with terms of 12 months or less and low value leases.

Right of use assets are reviewed regularly to ensure that the useful economic life of the asset is still appropriate based on the usage of the asset. Where the asset has reduced in value, the Group considers the situation on an assert-by-asset basis and treats the reduction as an impairment under IAS 36 'Impairment of Assets'.

4.9 ***Cash and cash equivalents***

Cash and cash equivalents includes cash in hand and deposits held at call with banks.

4.10 ***Financial instruments***

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial instruments are classified into one of the categories discussed below in accordance with IFRS 9, with reference to the business model for that instrument and the contractual cash flow characteristics.

Financial assets and liabilities are offset and the net amount reported in the financial statements if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

The accounting policy for each category is as follows:

Financial assets

Financial assets comprise cash and cash equivalents and receivables.

Receivables primarily consist of trade and other receivables. These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These assets are initially recognised at transaction price plus transaction costs that are directly attributable to their acquisition or issue and are subsequently carried at amortised cost using the effective interest rate method, adjusted for change in expected credit losses.

Impairment of financial assets

The IFRS 9 impairment model requires the recognition of 'expected credit losses'. Therefore, it is not necessary for a credit event to have occurred before credit losses are recognised. The impairment model applies to the Group's financial assets.

For trade receivables the Group has applied the simplified approach permitted by IFRS 9 in calculating expected credit losses. This approach requires expected lifetime losses to be recognised from initial recognition of the receivables.

Financial liabilities

Financial liabilities include trade and other payables, borrowings and lease liabilities.

Trade and other payables

Trade and other payables are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

Lease liabilities

Lease liabilities are recognised at the present value of future lease payments and subsequently carried at amortised cost using the effective interest method.

Borrowings

Borrowings are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms or the terms of an existing liability are substantially modified, such an exchange is treated as the de-recognition of the original liability and the recognition of a new liability. When the modification is not substantial the difference between the carrying amount of the liability before the modification and the present value of the cash flows after modification is recognised in profit or loss.

Classification of financial instruments issued by the Group

Financial instruments issued by the Group are treated as equity only to the extent that they meet the following two conditions:

- they include no contractual obligations upon the Group to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Group; and
- where the instrument will or may be settled in the Group's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Group's own equity instruments or is a derivative that will be settled by the Group exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

4.11 ***Inventories***

Inventories are valued at the lower of cost or deemed cost and net realisable value. Cost is calculated on an average cost basis. Inventory costs include direct costs of the winery plus attributable overheads that relate to bringing inventories to their present location and condition. The deemed cost for the Group's agricultural produce (grapes) is fair value at the time of harvest less costs to sell, in accordance with IAS 41 'Agriculture'.

Inventories are assessed for impairment at the end of each reporting period. If inventory is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

4.12 ***Intangible assets***

Intangible assets are held at cost less accumulated amortisation and accumulated impairment losses. Both intangible assets are considered to have a finite useful life. The expected useful life of the customer relationship is estimated to be three years from acquisition. The expected useful life of the website is estimated to be five years from development.

The assets are reviewed for impairment under IAS 36 at each period end.

4.13 ***Biological assets***

Grapes growing on the vine are accounted for as biological assets until the point of harvest. Biological assets are measured on initial recognition and at the end of each reporting period at fair value less costs to sell. Changes in fair value of growing grapes are recognised in profit or loss. At the time of harvest, grapes are measured at fair value less costs to sell, which becomes the deemed cost, and transferred to inventories.

Methods used to measure fair value less costs to sell are provided in Note 5. Key assumptions used to determine the fair value of biological assets and sensitivity analysis are provided in Note 18.

4.14 ***Related party transactions***

The Group discloses transactions with related parties which are not wholly owned within the same Group. It does not disclose transactions with members of the same Group that are wholly owned. Transactions of a similar nature are aggregated unless, in the opinion of the Directors separate disclosure is necessary to understand the effect of the transactions on the financial statements.

4.15 ***New and amended IFRS standards that are effective for the current year***

The following new and revised Standards and Interpretations have become effective during the periods in question:

- Definition of Material – amendments to IAS 1 and IAS 8
- Definition of a Business – amendments to IFRS 3
- Interest Rate Benchmark Reform – amendments to IFRS 9, IAS 39 and IFRS 7
- Revised Conceptual Framework for Financial Reporting

However, for the purposes of consistency in this document, the above standards have been applied as if they were in force for all periods in question.

4.16 ***Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group***

Certain changes to IFRS will be applicable for the Group's financial information in future periods and have not been early adopted by the Group. These standards are not expected to have a material impact on the Group in the current or future reporting periods but may affect disclosures.

4.17 ***Segment information***

The chief operation decision-maker ("CODM") is considered to be the Board of Directors. The CODM allocates resources and assesses the performance of the business and other activities at the operating segment level.

The CODM has determined that the Group has one operating segment, the production and sale of alcoholic beverages.

4.18 ***Adoption of IFRS***

This is the first year the Group has prepared its financial information in accordance with IFRS as issued by the UK Endorsement Board (UKEB). The date of transition to IFRS was 1 January 2020 and the adjustments arising as a result of this transition are set out below.

The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102") differs in certain respects from IFRS hence, when preparing financial information, management has amended certain accounting and measurement bases to comply with IFRS.

IFRS 1: 'First-time adoption of International Financial Reporting Standards' ("IFRS 1") permits the Group to take advantage of certain exemptions from applying the requirements on a fully retrospective basis at the date of transition in certain instances. The Group has chosen to apply the following exemptions which are permitted under IFRS 1:

- The Group applies the short-term lease recognition exemption to its short term leases of machinery and equipment (i.e., those lease that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to lease of office equipment that are considered to be low value. Lease payments on short term leases and leases of low value assets are recognised as an expense on a straight-line basis over the lease term.

The adjustments to the Statement of Comprehensive Income on transition are as follows:

	31 Dec 2020 £	*31 Dec 2021* £	*31 Dec 2022* £
(Loss)/profit (FRS 102)	(12,115,591)	1,175,480	1,053,031
Revenue			
Reclassification of variable consideration	(705,449)	(897,629)	(636,147)
Cost of sales			
Lease adjustments	(247)	129	645
Adjustment to standard cost	(503,368)	(291,667)	(190,847)
Administrative expenses			
Lease adjustments	8,091	3,831	315
Reclassification of variable consideration	705,449	897,629	636,147
Movement in fair value			
Biological produce	515,842	(231,313)	(156,373)
Finance costs			
Lease adjustments	(10,688)	(3,979)	(526)
Income tax			
Adjustment to tax charge	(1,830)	123,358	78,129
(Loss)/profit (IFRS)	(12,107,791)	775,839	784,374

The adjustments to the Statement of Financial Position at the transition date are as follows:

	FRS 102 £	*Adj* £	*IFRS* £
Assets			
Non-current assets			
Intangibles	–	–	–
Property, plant and equipment	17,379,437	7,610,452	24,989,889
	17,379,437	7,610,452	24,989,889
Current assets			
Biological produce	–	–	–
Inventories	9,918,980	872,297	10,791,277
Trade and other receivables	10,897,188	–	10,897,188
Cash and cash equivalents	1,799,350	–	1,799,350
	22,615,518	872,297	23,487,815
Total assets	39,994,955	8,482,749	48,477,704

	FRS 102 £	Adj £	IFRS £
Equity and Liabilities			
Equity			
Called up share capital	7,211,129	–	7,211,129
Share premium	26,105,728	–	26,105,728
Capital redemption reserve	400	–	400
Revaluation reserve	1,067,390	–	1,067,390
Retained earnings	1,036,548	468,288	1,504,836
Total equity	35,421,195	468,288	35,889,483
Non-current liabilities			
Borrowings	–	–	–
Trade and other payables	17,935	–	17,935
Lease liability	–	7,519,063	7,519,063
Deferred tax liability	143,377	109,845	253,222
	161,312	7,628,908	7,790,220
Current liabilities			
Borrowings	–	–	–
Trade and other payables	4,412,448	–	4,412,448
Lease liabilities	–	385,553	385,553
Total current liabilities	4,412,448	385,553	4,798,001
Total liabilities	4,573,760	8,014,461	12,588,221
Total equity and liabilities	39,994,955	8,482,749	48,477,704

The adjustments to the Statement of Financial Position at 31 December 2020 are as follows:

	FRS 102 £	Adj £	IFRS £
Assets			
Non-current assets			
Intangibles	31,815	–	31,815
Property, plant and equipment	15,433,048	7,219,569	22,652,617
	15,464,863	7,219,569	22,684,432
Current assets			
Biological produce	–	–	–
Inventories	11,624,157	929,854	12,554,011
Trade and other receivables	2,702,784	–	2,702,784
Cash and cash equivalents	4,620,845	–	4,620,845
	18,947,786	929,854	19,877,640
Total assets	34,412,649	8,149,423	42,562,072
Equity and Liabilities			
Equity			
Called up share capital	7,226,837	–	7,226,837
Share premium	26,158,571	–	26,158,571
Capital redemption reserve	400	–	400
Revaluation reserve	1,028,759	–	1,028,759
Retained earnings	(10,999,978)	476,087	(10,523,891)
Total equity	23,414,589	476,087	23,890,676

	FRS 102 £	Adj £	IFRS £
Non-current liabilities			
Borrowings	4,755,638	–	4,755,638
Trade and other payables	12,364	–	12,364
Lease liability	–	7,134,908	7,134,908
Deferred tax liability	109,580	111,675	221,255
	4,877,582	7,246,583	12,124,165
Current liabilities			
Borrowings	–	–	–
Trade and other payables	6,120,478	–	6,120,478
Lease liabilities	–	426,753	426,753
Total current liabilities	6,120,478	426,753	6,547,231
Total liabilities	10,998,060	7,673,336	18,671,396
Total equity and liabilities	34,412,649	8,149,423	42,562,072

The adjustments to the Statement of Financial Position at 31 December 2021 are as follows:

	FRS 102 £	Adj £	IFRS £
Assets			
Non-current assets			
Intangibles	116,834	–	116,834
Property, plant and equipment	14,577,720	6,829,755	21,407,475
	14,694,554	6,829,755	21,524,309
Current assets			
Biological produce	–	–	–
Inventories	12,579,206	459,977	13,039,203
Trade and other receivables	1,307,922	13,063	1,320,985
Cash and cash equivalents	9,215,130	–	9,215,130
	23,102,258	473,060	23,575,318
Total assets	37,796,812	7,302,815	45,099,627
Equity and Liabilities			
Equity			
Called up share capital	7,877,902	–	7,877,902
Share premium	32,010,161	–	32,010,161
Capital redemption reserve	400	–	400
Revaluation reserve	992,702	–	992,702
Retained earnings	(9,764,877)	76,446	(9,688,431)
Total equity	31,116,288	76,446	31,192,734
Non-current liabilities			
Borrowings	2,452,311	–	2,452,311
Trade and other payables	29,359	–	29,359
Lease liability	–	6,879,384	6,879,384
Deferred tax liability	(1,380)	1,380	–
	2,480,290	6,880,764	9,361,054

	FRS 102 £	Adj £	IFRS £
Current liabilities			
Borrowings	380,377	–	380,377
Trade and other payables	3,819,857	–	3,819,857
Lease liabilities	–	345,605	345,605
Total current liabilities	4,200,234	345,605	4,545,839
Total liabilities	6,680,524	7,226,369	13,906,893
Total equity and liabilities	37,796,812	7,302,815	45,099,627

The adjustments to the Statement of Financial Position at 31 December 2022 are as follows:

	FRS 102 £	*Adj* £	*IFRS* £
Assets			
Non-current assets			
Intangibles	79,318	–	79,318
Property, plant and equipment	15,849,620	6,391,050	22,240,670
	15,928,938	6,391,050	22,319,988
Current assets			
Biological produce	–	–	–
Inventories	15,394,489	250,618	15,645,107
Trade and other receivables	2,695,075	–	2,695,075
Cash and cash equivalents	5,800,771	–	5,800,771
	23,890,335	250,618	24,140,953
Total assets	39,819,273	6,641,668	46,460,941
Equity and Liabilities			
Equity			
Called up share capital	7,964,506	–	7,964,506
Share premium	32,143,576	–	32,143,576
Capital redemption reserve	400	–	400
Revaluation reserve	970,457	–	970,457
Retained earnings	(8,631,809)	(192,213)	(8,824,022)
Total equity	32,447,130	(192,213)	32,254,917
Non-current liabilities			
Borrowings	2,071,159	–	2,071,159
Trade and other payables	17,969	–	17,969
Lease liability	–	6,582,798	6,582,798
Deferred tax liability	528,061	(89,812)	438,249
	2,617,189	6,492,986	9,110,175
Current liabilities			
Borrowings	467,385	–	467,385
Trade and other payables	4,287,569	–	4,287,569
Lease liabilities	–	340,895	340,895
Total current liabilities	4,754,954	340,895	5,095,849
Total liabilities	7,372,143	6,833,881	14,206,024
Total equity and liabilities	39,819,273	6,641,668	46,460,941

In accordance with IFRS 16, all leases, with the exception of short term and low value asset leases, have been recognised on the balance sheet as both a right of use asset and a lease liability. The depreciation of the right of use asset is recognised as an increase to the cost of the bearer plants where it relates to the establishment of the vineyard, as an increase to the costs of the biological produce where it relates to vineyard rentals, as an increase to the cost of inventory where it relates to non-vineyard rentals that are direct costs and as an increase to administrative expenses for all other leases. Finance costs in relation to the unwinding of the lease liability are reflected in the corresponding areas.

In accordance with IAS 41, the biological produce is recognised at fair value. During each year, the grapes at the point of harvest are recognised at their fair value which forms the cost for inventory under IAS 2. The change in fair value is recognised in the Income Statement.

Where the lease adjustments and the fair value of the biological produce adjustment have impacted the cost of inventory, this has increased the standard cost used in order to value the inventory and determine the cost of sales recognised in the Income Statement.

Tax adjustments have been made reflective of the adjustments above.

In accordance with IFRS 15, variable consideration in respect of rebates on trade sales has been reclassified from administrative expenses to turnover.

The impact of transition on the statement of cash flows relates primarily to the reclassification of certain rentals from operating cash flows under FRS 102 to financing cash flows under IFRS, within the heading lease repayments.

5. Critical accounting judgements and key sources of estimation uncertainty

The group makes judgements, estimates and assumptions that affect the application of policies and the carrying values of assets and liabilities, income and expenses. The resulting accounting estimates calculated using these judgements will, by definition, seldom equal the related actual results but are based on the experience of the Directors and expectation of future events. The estimates are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised.

The principal areas where judgement is exercised are as follows:

5.1 *Inventories*

The directors regularly assess the quality and age of stock and will make necessary provisions against amounts which may not be recoverable.

5.2 *Tangible fixed assets*

The directors annually assess whether there are any indicators of impairment to tangible fixed assets. If impairment indicators are identified, the directors will perform a detailed review of both the carrying value and the expected useful life of these assets.

The principal areas that include estimation uncertainty are as follows:

5.3 *Fair value of biological produce*

The Group's biological produce is measured at fair value less costs to sell at the point of harvest. The fair value of grapes is determined by reference to estimated market prices at the time of harvest. Generally, there is no readily obtainable market price for the Group's grapes because they are not sold on the open market, therefore management set the values based on their experience and knowledge of the sector including past purchase transactions. The key assumptions used to determine the fair value of biological assets and sensitivity analysis are provided in Note 18.

5.4 *Revenue*

Trade sales are often made with volume discounts and other rebates to customers for promotional support. For volume discounts and other rebates not invoiced at the reporting date these are estimated based on agreements with customers and estimated depletions during the period.

6. Analysis of revenue

The whole of the revenue is attributable to the principal activity of the group, the production and sale of alcoholic beverages:

Analysis of revenue by geography	*31 Dec 2020* £	*31 Dec 2021* £	*31 Dec 2022* £
United Kingdom	12,638,710	15,629,957	16,576,159
Rest of Europe	16,669	–	101,517
Rest of the world	53,999	112,299	431,758
	12,709,378	15,742,256	17,109,434

The Directors consider the Group to have only one operating segment. Details of the sole operating segment are shown in the consolidated statement of comprehensive income, consolidated statement of financial position and consolidated statement of cash flows.

The following customers made up over 10 per cent. of revenue:

	31 Dec 2020 %	*31 Dec 2021* %	*31 Dec 2022* %
Customer 1	20.4	20.5	23.2
Customer 2	10.9	11.4	–

7. Exceptional costs

Exceptional costs in 2020 relate to the impairment of the intercompany balance and investment in Curious Drinks Limited, which is 100 per cent. owned by the Group but excluded from the consolidated financial information included in this document. In 2021, exceptional costs relate to the disposal of Curious Drinks Limited and restructure costs. The exceptional costs in 2022 relate to restructure costs.

8. Other operating income

Other operating income comprises:

	31 Dec 2020 £	*31 Dec 2021* £	*31 Dec 2022* £
Government grants – Business Interruption Grants	–	40,928	–
Government grants – Job Retention Scheme Income	161,017	32,326	–
	161,017	73,254	–

The government grants in 2021 related to government support due to COVID-19 and were recognised in the Statement of Comprehensive Income in the same period as the related expenditure.

9. Operating profit

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

	31 Dec 2020 £	*31 Dec 2021* £	*31 Dec 2022* £
Depreciation of property, plant and equipment	341,423	358,780	515,233
Amortisation of intangible assets	3,535	25,098	37,516
Equity settled share-based payments	40,434	23,564	57,790
Short term lease expense	35,208	2,104	52,929

10. Employees

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

	31 Dec 2020 £	*31 Dec 2021* £	*31 Dec 2022* £
Wages and salaries	2,802,729	2,201,964	3,019,127
Social security costs	272,908	260,610	346,526
Pension costs	65,879	56,103	82,675
	3,141,516	2,518,677	3,448,328

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

	31 Dec 2020 Number	*31 Dec 2021 Number*	*31 Dec 2022 Number*
Administration	26	21	22
Production	33	24	27
Retail	40	14	16
Directors	3	3	3
	102	62	68

11. Directors' remuneration

The Directors' aggregate remuneration in respect of qualifying services were:

	31 Dec 2020 £	*31 Dec 2021* £	*31 Dec 2022* £
Directors' emoluments	524,692	535,572	869,618
Pension costs	3,105	10,003	16,451
	527,797	545,575	886,069

The remuneration of the highest paid Director was as follows:

	31 Dec 2020 £	*31 Dec 2021* £	*31 Dec 2022* £
Wages and salaries	144,931	175,217	387,100
Pension costs	–	–	11,325
	144,931	175,217	398,425

Key management compensation is equal to Directors' remuneration.

12. Finance costs

	31 Dec 2020 £	*31 Dec 2021* £	*31 Dec 2022* £
Lease liability interest	10,689	3,979	526
Loan interest payable	121,647	98,723	119,041
	132,336	102,702	119,567

13. Tax

	31 Dec 2020 £	31 Dec 2021 £	31 Dec 2022 £
Current tax			
UK Corporation tax	–	–	–
Adjustments in respect of prior periods	(75,147)	–	–
Total current tax	(75,147)	–	–
Deferred tax			
Origination and reversal of timing differences	323,359	171,811	316,478
Adjustment in respect of prior periods	(175,081)	(493,251)	134,834
Effect of tax rate change	(3,729)	(89,402)	–
Total deferred tax	144,549	(410,842)	451,312
Income tax charge/(credit)	69,402	(410,842)	451,312

Factors affecting tax charge/(credit) for the year

The tax charge/(credit) for the year can be reconciled to the loss per the Statement of Comprehensive Income as follows:

	31 Dec 2020 £	31 Dec 2021 £	31 Dec 2022 £
(Loss)/profit before tax	(12,038,389)	364,997	1,235,686
(Loss)/profit before tax multiplied by the UK corporate tax rate of 19%	(2,287,293)	69,349	234,780
Effects of:			
Ineligible depreciation and amortisation	39,967	28,901	44,903
Expenses not deductible for tax purposes	2,595,254	41,966	4,257
Adjustment to tax charge in respect of prior years	(250,228)	(493,251)	147,073
Differences due to deferred tax rate being higher than standard rate	22,165	41,097	79,529
Difference between deferred tax movement on options and tax relief on exercises	–	(6,311)	22,575
Adjust deferred tax to average corporation tax rate	(25,894)	(65,414)	–
Tax relief on exercise of share options	(32,252)	–	–
Deferred tax on share options previously not recognised	7,683	–	–
Plant and machinery super-deduction	–	(27,179)	(81,805)
Income tax charge/(credit)	69,402	(410,842)	451,312

The adjustment to tax in respect of prior years relates primarily to the recognition of previously unprovided deferred tax assets in respect of losses brought forward.

Factors affecting future tax charges

An increase in the UK corporation tax rate from 19 per cent. to 25 per cent. for the financial year beginning 1 April 2023 was substantively enacted on 24 May 2021.

14. Earnings per share

	31 Dec 2020	31 Dec 2021	31 Dec 2022
Net (loss)/profit attributable to ordinary shareholders (£)	(12,107,791)	775,839	784,374
Basic weighted average number of shares in issue (Number)	144,345,501	150,211,060	159,108,712
Basic (loss)/profit per share (pence)	(8.39)	0.52	0.49

	31 Dec 2020	31 Dec 2021	31 Dec 2022
Net (loss)/profit attributable to ordinary shareholders (£)	(12,107,791)	775,839	784,374
Diluted weighted average number of shares in issue (Number)	144,345,501	152,183,958	159,565,165
Diluted (loss)/profit per share (pence)	(8.39)	0.51	0.49

Weighted average number of shares used as the denominator

	31 Dec 2020	31 Dec 2021	31 Dec 2022
The weighted average number of shares used as the denominator in basic earnings per share	144,345,501	150,211,060	159,108,712
Adjustments for calculation of diluted earnings per share:			
Dilutive share options	–	1,972,898	456,453
	144,345,501	152,183,958	159,565,165

15. Intangible assets

	Website £	Customer relationship £	Total £
Cost			
At 1 January 2020	–	–	–
Additions	35,350	–	35,350
At 31 December 2020	35,350	–	35,350
Additions	46,950	63,167	110,117
At 31 December 2021	82,300	63,167	145,467
At 31 December 2022	82,300	63,167	145,467
Amortisation			
At 1 January 2020	–	–	–
Charge for year	3,535	–	3,535
At 31 December 2020	3,535	–	3,535
Charge for year	11,061	14,037	25,098
At 31 December 2021	14,596	14,037	28,633
Charge for year	16,460	21,056	37,516
At 31 December 2022	31,056	35,093	66,149
Net book value			
At 31 December 2020	31,815	–	31,815
Net book value			
At 31 December 2021	67,704	49,130	116,834
Net book value			
At 31 December 2022	51,244	28,074	79,318

16. Property, plant and equipment

	Freehold land and buildings £	Short-term leasehold property £	Right of use assets £	Plant and machinery £	Motor vehicles £	Fixtures, fittings and equipment £	Bearer plants £	Total £
Cost								
At 1 January 2020	8,132,350	219,995	8,653,478	4,519,639	35,378	783,617	7,283,702	29,628,159
Additions in year	14,426	–	66,183	296,877	–	17,504	722,056	1,117,046
Disposals in year	(1,669,950)	–	(107,536)	–	–	(53,024)	–	(1,830,510)
Remeasurement	–	–	(20,372)	–	–	–	–	(20,372)
At 31 December 2020	6,476,826	219,995	8,591,753	4,816,516	35,378	748,097	8,005,758	28,894,323
Additions in year	5,982	–	17,081	449,429	–	16,188	669,192	1,157,872
Disposals in year	(1,252,744)	–	(116,190)	–	–	(8,850)	–	(1,377,784)
Remeasurement	–	–	50,926	–	–	–	–	50,926
At 31 December 2021	5,230,064	219,995	8,543,570	5,265,945	35,378	755,435	8,674,950	28,725,337
Additions in year	448,787	–	36,837	1,012,980	40,372	58,831	560,773	2,158,580
Disposals in year	–	–	(53,223)	–	–	–	–	(53,223)
Remeasurement	–	–	20,523	–	–	–	–	20,523
At 31 December 2022	5,678,851	219,995	8,547,707	6,278,925	75,750	814,266	9,235,723	30,851,217

	Freehold land and buildings £	Short-term leasehold property £	Right of use assets £	Plant and machinery £	Motor vehicles £	Fixtures, fittings and equipment £	Bearer plants £	Total £
Depreciation								
At 1 January 2020	2,920,268	70,532	1,449,769	1,491,019	21,788	611,068	282,991	6,847,435
Depreciation charge in year	130,455	22,000	546,551	227,643	3,398	78,271	202,698	1,211,016
Eliminated on disposal	(1,669,950)	–	(107,536)	–	–	(39,259)	–	(1,816,745)
At 31 December 2020	1,380,773	92,532	1,888,784	1,718,662	25,186	650,080	485,689	6,241,706
Depreciation charge in year	129,913	22,000	526,516	234,390	2,548	38,785	238,194	1,192,346
Eliminated on disposal	–	–	(116,190)	–	–	–	–	(116,190)
At 31 December 2021	1,510,686	114,532	2,299,110	1,953,052	27,734	688,865	723,883	7,317,862
Depreciation charge in year	143,565	22,000	471,420	248,508	7,554	26,077	426,784	1,345,908
Eliminated on disposal	–	–	(53,223)	–	–	–	–	(53,223)
At 31 December 2022	1,654,251	136,532	2,717,307	2,201,560	35,288	714,942	1,150,667	8,610,547
Net book value								
At 31 December 2020	5,096,053	127,463	6,702,969	3,097,854	10,192	98,017	7,520,069	22,652,617
At 31 December 2021	3,719,378	105,463	6,244,460	3,312,893	7,644	66,570	7,951,067	21,407,475
At 31 December 2022	4,024,600	83,463	5,830,400	4,077,365	40,462	99,324	8,085,056	22,240,670

Right-of-use assets included in the above comprise land and buildings and motor vehicles.

17. Fixed asset investments

During 2022 the Group acquired a 32 per cent. holding in Aker Wines and Spirits Limited, a newly formed company which specialises in the manufacture of wine-based spirits. The cost of the investment was fully impaired during the year.

18. Biological produce

Included within the cost of inventory is the fair value of the grapes (biological produce) at the time the grapes are harvested. At the point of harvest, the harvest of grapes qualifies as biological produce under IAS 41 and are recorded at fair value at that date. The fair value becomes the basis of cost when accounting for inventories under IAS 2. Harvesting of the grape crop is ordinarily performed between late September and mid-October. Costs incurred in growing the grapes, including any applicable harvest costs, are initially allocated into the cost of inventory as part of the total costs to acquire and grow the biological produce. At the point of harvest, a fair value adjustment is made so that the cost per tonne is adjusted to fair value in accordance with IAS 41 and IFRS 13. Any difference between cost and fair value is included within the statement of financial performance as cost of sales. The fair value of biological produce was:

	31 Dec 2020	*31 Dec 2021*	*31 Dec 2022*
	£	£	£
At 1 January	–	–	–
Crop growing costs	1,383,753	1,610,227	3,032,575
Fair value movement in biological produce	515,842	(231,313)	(156,373)
Fair value of grapes harvested and moved to inventory	(1,899,595)	(1,378,914)	(2,876,202)
At 31 December	–	–	–

The fair value of grapes harvested is determined by the senior management team using their knowledge and experience of the industry and with reference to the long-term market pricing data available to them. At each harvest, the senior management team consider the impact of the current market volatility on long term pricing data and any other relevant information available to them. The estimated market price per tonne for grapes used in respect of the harvests is:

	31 Dec 2020	*31 Dec 2021*	*31 Dec 2022*
	£	£	£
Fair value per tonne	1,845	1,860	2,166

Sensitivity analysis on the fair value per tonne used to determine the fair value of grapes at the point of harvest is set out below. Based on management's assessment of the volatility of the market, a sensitivity rate of 10 per cent. has been used.

	31 Dec 2020	*31 Dec 2021*	*31 Dec 2022*
	£	£	£
Increase to fair value of grapes if 10% increase in fair value per tonne	189,959	137,892	287,620
Decrease to fair value of grapes if 10% decrease in fair value per tonne	(189,959)	(137,892)	(287,620)

19. Inventories

	31 Dec 2020	*31 Dec 2021*	*31 Dec 2022*
	£	£	£
Raw materials	115,699	118,933	35,623
Work in progress	10,841,545	11,821,679	14,360,539
Finished goods	1,596,767	1,098,591	1,248,945
	12,554,011	13,039,203	15,645,107

The following amounts were taken to cost of sales:

	31 Dec 2020	31 Dec 2021	31 Dec 2022
	£	£	£
Taken to cost of sales	4,954,436	6,094,561	5,906,948

20. Trade and other receivables

	31 Dec 2020	31 Dec 2021	31 Dec 2022
	£	£	£
Current			
Trade receivables	2,252,402	1,090,076	2,465,413
Corporation tax	–	50,562	–
Deferred tax (see note 28)	–	13,063	–
Other receivables	450,382	167,284	229,662
	2,702,784	1,320,985	2,695,075

Trade receivables do not contain a significant financing component. These financial assets have been reviewed at each year end the following provision for expected credit losses is considered necessary:

	31 Dec 2020	31 Dec 2021	31 Dec 2022
	£	£	£
Gross carrying amount – trade receivables	2,378,777	1,180,001	2,520,594
Loss allowance	(126,375)	(89,925)	(55,181)

The loss allowances for trade receivables as at 31 December reconcile to the opening loss allowances as follows:

	31 Dec 2020	31 Dec 2021	31 Dec 2022
	£	£	£
Opening loss allowance at 1 January	52,473	126,375	89,925
Increase/(decrease) in loss allowance recognised in profit or loss	73,902	(36,450)	(34,744)
Closing loss allowance at 31 December	126,375	89,925	55,181

Other receivables include amounts due for sales taxes, prepayments and security deposits held for leases.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above. The Group does not hold any collateral as security.

21. Cash and cash equivalents

	31 Dec 2020	31 Dec 2021	31 Dec 2022
	£	£	£
Cash at bank and on hand	4,620,845	9,215,130	5,800,771

22. Issued Capital

The allotted, called up and fully paid share capital was as follows:

	31 Dec 2020 No.	*31 Dec 2021 No.*	*31 Dec 2022 No.*
£0.0500 Ordinary shares			
As at beginning of year	144,186,335	144,500,501	157,521,804
Shares issued in exchange for Curious Drinks shares	–	1,263,331	–
Shares issued for cash	–	11,555,972	–
Exercise of share options	314,166	202,000	1,732,081
At end of the year	144,500,501	157,521,804	159,253,885

	31 Dec 2020 £	*31 Dec 2021 £*	*31 Dec 2022 £*
£0.0500 Ordinary shares			
As at beginning of year	7,209,317	7,225,025	7,876,090
Shares issued in exchange for Curious Drinks shares	–	63,166	–
Shares issued for cash	–	577,799	–
Exercise of share options	15,708	10,100	86,604
At end of the year	7,225,025	7,876,090	7,962,694

Ordinary shares have full voting rights with one vote per share, they are entitled to dividends when proposed and are due a capital distribution on a company exit event.

During 2020, 119,666 ordinary share options were exercised at 10p per share, 132,000 ordinary share options were exercised for 33p per share, 40,000 ordinary share options were exercised at 17p per share and 22,500 ordinary share options were exercised at 75p per share.

During 2021, 121,500 ordinary share options were exercised at 17p per share, 75,000 ordinary share options were exercised at 33p per share and 5,500 ordinary share options were exercised at 60p per share.

Also during 2021, Chapel Down Group Plc offered all registered shareholders of Curious Drinks Limited the opportunity to convert their shares in Curious Drinks Limited into shares in Chapel Down Group Plc. This conversion was at a rate of 1.57 Chapel Down Group Plc shares for each Curious Drinks Limited share held. Forms of acceptance were received for 1,263,331 shares and this number of ordinary shares were issued at 5p per share.

In 2021, following a successful crowdfunding, 11,555,972 ordinary shares were issued for cash of 59.5p per share.

During 2022, 1,022,134 ordinary share options were exercised at 10p per share, 144,263 ordinary share options were exercised at 15p per share and 565,684 ordinary share options were exercised at 17p per share.

	31 Dec 2020	*31 Dec 2021*	*31 Dec 2022*
£0.0001 A1 shares			
Number	14,322,158	14,322,158	14,322,158
£	1,432	1,432	1,432

	31 Dec 2020	31 Dec 2021	31 Dec 2022
£0.0001 A2 shares			
Number	3,800,000	3,800,000	3,800,000
£	380	380	380

The A1 and A2 shares have no voting rights and no specific dividend rights unless a special dividend is declared. The A1 and A2 shares only participate in value on a company exit event if the company is worth more than £33.9 million at the exit date.

23. Equity share-based payments

Share options were awarded to certain employees of the Group. The vesting conditions of each of the options requires the same length of service as the vesting period.

	31 Dec 2020 No.	*31 Dec 2021 No.*	*31 Dec 2022 No.*
Outstanding at start of the year	9,082,393	9,160,117	3,706,413
Granted during the year	713,332	–	3,917,344
Exercised during the year	(316,666)	(196,500)	(1,732,081)
Forfeited during the year	(318,942)	(5,257,204)	(866,117)
Outstanding at end of the year	9,160,117	3,706,413	5,025,559

	31 Dec 2020	*31 Dec 2021*	*31 Dec 2022*
Weighted average exercise price at end of the year (pence)	31.13	36.36	44.79
Weighted average fair value of options granted in the year (pence)	3.74	–	8.90
Weighted average exercise price of options exercise in the year (pence)	21.78	23.11	12.7
Weighted average vesting period (years)	4.21	4.10	3.14

The fair value of the share options is estimated using the Black-Scholes option pricing model, which the directors believe is the most appropriate method for calculating the fair values. The assumptions used in calculating the fair values use the following range of inputs:

Options issued pre 2020	
Share price at date of grant	9p to 84p
Exercise price	9p to 88.5p
Expected life (years)	2 to 4.6
Expected volatility (%)	18% to 35%
Risk free interest rate (%)	0.5% to 5.5%

Options issued in 2020	
Share price at date of grant	76.5p
Exercise price	76.5p
Expected life (years)	up to 2
Expected volatility (%)	7.37%
Risk free interest rate (%)	0.10%

Options issued in 2022

Share price at date of grant	36.5p to 42.5p
Exercise price	25.5p to 42.5p
Expected life (years)	3
Expected volatility (%)	24.16%
Risk free interest rate (%)	3.5%

There were no options granted in 2021.

24. Reserves

Share premium

The share premium reserve represents the premium paid by shareholders over the nominal value of the shares purchased.

Capital redemption reserve

This reserve is a statutory, non-distributable reserve into which amounts are transferred following the redemption or purchase of a company's own shares.

Revaluation reserve

This reserve represents the revaluation gain on freehold land and buildings, net of deferred tax adjustments.

Upon transition to FRS102 in 2015 the valuation of the freehold land and buildings was treated as deemed cost. The reserve is adjusted for excess depreciation on an annual basis.

Retained earnings

This reserve holds the accumulation of profits and losses including any dividends paid to shareholders.

25. Borrowings

	31 Dec 2020 £	*31 Dec 2021* £	*31 Dec 2022* £
Amounts falling due within one year			
Bank loans	–	380,377	467,385
Amounts falling due 1-2 years			
Bank loans	1,886,437	300,940	2,071,159
Amounts falling due 2-5 years			
Bank loans	2,869,201	2,151,371	–
	4,755,638	2,832,688	2,538,544

During 2020 the company drew down £5 million with respect to a loan facility with HSBC Bank Plc. This loan facility was replaced in 2021 by a £15 million financing facility with PNC Business Credit which includes a £3 million term loan and a £12 million revolving credit facility. In June 2021 the £3 million term loan was drawn down. The term loan is repayable in monthly instalments followed by a bullet repayment of £2,125,000 in May 2024. No amounts have been drawdown on the revolving credit facility.

The loan is secured by a fixed and floating charge over the assets of the company and a first legal charge over the freehold land owned by Chapel Down Group Plc.

26. Trade and other payables

	31 Dec 2020 £	31 Dec 2021 £	31 Dec 2022 £
Non-current			
Other payables	12,364	29,359	17,969
	12,364	29,359	17,969

	31 Dec 2020 £	31 Dec 2021 £	31 Dec 2022 £
Current			
Trade payables	1,850,740	1,723,647	2,337,676
Payroll taxes, pension & social security	1,316,272	574,239	572,924
Corporation tax	62,711	–	633
Other payables	2,890,755	1,521,971	1,376,336
	6,120,478	3,819,857	4,287,569

27. Lease liabilities

	31 Dec 2020 £	31 Dec 2021 £	31 Dec 2022 £
At beginning of year	7,904,617	7,561,661	7,224,989
Additions	66,183	17,081	36,837
Remeasurement	(20,372)	50,926	20,523
Interest expense	238,918	217,693	207,955
Payments	(627,685)	(622,372)	(566,611)
At end of year	7,561,661	7,224,989	6,923,693

The Group has lease contracts for land and buildings and motor vehicles. The Group does not have any leases where the Group is a lessor. Leases are negotiated individually and are for terms of between 36 months and 25 years. The weighted average remaining term of all leases is disclosed below. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes. The land and buildings leases have been discounted at the Group's incremental borrowing rate of 2.5 per cent. over base rate and the motor vehicle leases have been discounted at 3.0 per cent. over base.

Certain of the Group's leases contain rent review clauses that are index linked to RPI. Initially the leases are measured taking into account the RPI at the date of measurement. Subsequently, when the rent review takes place, the lease liability is remeasured.

The Group has identified leases with lease terms of 12 months or less. The Group applies the short-term lease recognition exemption for these leases. The expense recognised in respect of these leases is disclosed in Note 9.

	31 Dec 2020 £	31 Dec 2021 £	31 Dec 2022 £
Maturity analysis of leases			
Current	426,753	345,605	340,895
1 to 5 years	1,293,636	1,278,553	1,252,503
More than 5 years	5,841,272	5,600,831	5,330,295
	7,561,661	7,224,989	6,923,693

	31 Dec 2020 years	31 Dec 2021 years	31 Dec 2022 years
Weighted average remaining term	18.96	18.46	17.76

28. Deferred tax liability/(asset)

	31 Dec 2020 £	31 Dec 2021 £	31 Dec 2022 £
At 1 January	253,230	221,255	(13,063)
Charge to profit or loss	144,549	(410,842)	451,312
Reclass to current tax	(176,524)	176,524	–
At 31 December	221,255	(13,063)	438,249

The provision for deferred tax is made up as follows:

	31 Dec 2020 £	31 Dec 2021 £	31 Dec 2022 £
Accelerated capital allowances	544,125	849,609	1,172,888
Tax losses carried forward and other deductions	(288,263)	(739,770)	(718,936)
Share options	(117,204)	(154,216)	(9,932)
Short term timing differences	(22,687)	(22,477)	(32,432)
IFRS transition adjustments taxed in future periods	105,284	53,791	26,661
	221,255	(13,063)	438,249

29. Financial instruments

The Group's treasury policy is to avoid transactions of a speculative nature. In the course of trade the Group is exposed to a number of financial risks that can be categorised as market, credit and liquidity risks. The Board has identified the risks within each category and considers the impact on the activities of the Group as part of their regular meeting routine.

Principal financial instruments

The principal financial instruments used by the Group, from which financial instrument risk arises, are as follows:

Trade and other receivables

Cash and cash equivalents

Trade and other payables

Borrowings

Lease liabilities

A summary of the financial instruments held by category is provided below:

	31 Dec 2020 £	31 Dec 2021 £	31 Dec 2022 £
Financial assets at amortised cost			
Cash and cash equivalents	4,620,845	9,215,130	5,800,771
Trade and other receivables	2,702,784	1,257,360	2,695,075
Total financial assets	7,323,629	10,472,490	8,495,846

The fair value of short-term deposits and other financial assets approximates to the carrying amount.

	31 Dec 2020 £	31 Dec 2021 £	31 Dec 2022 £
Financial liabilities at amortised cost			
Borrowings	4,755,638	2,832,688	2,538,544
Trade and other payables	4,753,859	3,274,977	3,731,981
Lease liabilities	7,561,661	7,224,989	6,923,693
	17,071,158	13,332,654	13,194,218

The Directors consider that the carrying amounts of all financial assets and financial liabilities recognised in the financial statements approximate their fair values (due to their interest bearing nature or short times to maturity).

Currency risk

The Group's financial risk management objective is broadly to seek to make neither profit nor loss from exposure to currency or interest rate risks. The Group is exposed to transactional foreign exchange risk and takes profits and losses as they arise, as in the opinion of the Directors, the cost of hedging against fluctuations would be greater than the related benefit from doing so.

The Group does not hold any trade or other receivables or cash balances in any currency other that pounds sterling.

The Group does not hold any significant trade payables in any currency other than pounds sterling and therefore any sensitivity analysis would be immaterial to these accounts.

Credit risk

Credit risk is the risk that a customer or counterparty to a financial instrument will fail to perform or fail to pay amounts due causing financial loss to the Group. Credit risk within the Group arises from cash and cash equivalents, and trade and other receivables. The maximum exposure to credit risk is the carrying amount of these financial instruments.

The Group is subject to concentrations of credit risk from cash deposits in excess of insured limits. The Group places its cash in financial institutions which are considered high quality financial institutions by management. At times, such cash deposits may be in excess of insured limits. The Group does not enter into any derivatives to manage credit risk.

The Group calculates expected loss allowances based on the maximum contractual year over which the Group is exposed to credit risk. Financial assets are considered to be credit-impaired when there is reasonable and supportable evidence that one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. The Group also applies a rebuttable presumption that an asset is credit-impaired when contractual payments are more than 30 days past due. The Group has made an assessment of whether trade receivables are credit-impaired as each of the years in question. The Group has taken into account the current financial position of counterparties and expected future cash flows together with actual and forecast financial information, in order to estimate the probability of default of each of these financial assets as well as the loss upon default. No provision for expected credit losses has been made.

The contractual cash flows on these financial assets have not been modified or renegotiated in the current or prior year.

If there is evidence that there is no reasonable expectation of recovery and the counterparty is in severe financial difficulties, the financial asset will be written off.

Liquidity risk

The Group is exposed to liquidity risk as part of its normal trading cycle. The Group's policies ensure sufficient liquidity is available to meet foreseeable needs through the preparation of short- and long-term forecasts. The Group's requirements are constant throughout the year and relate largely to working capital which is managed through the use of surplus cash.

The table below summarises the maturity profile of the Group's financial liabilities, based on contractual, undiscounted payments:

Year ended 31 December 2020	*Less than 1 year* £	*2 to 5 years* £	*More than 5 years* £	*Total* £
Borrowings	–	1,886,437	2,869,201	4,755,638
Trade and other payables	6,416,316	–	–	6,416,316
Lease liabilities	620,565	2,109,541	7,512,243	10,242,349
	7,036,881	3,995,978	10,381,444	21,414,303

Year ended 31 December 2021	*Less than 1 year* £	*2 to 5 years* £	*More than 5 years* £	*Total* £
Borrowings	380,377	300,940	2,151,371	2,832,688
Trade and other payables	4,144,311	–	–	4,144,311
Lease liabilities	552,207	1,963,622	7,561,312	10,077,141
	5,076,895	2,264,562	9,712,683	17,054,140

Year ended 31 December 2022	*Less than 1 year* £	*2 to 5 years* £	*More than 5 years* £	*Total* £
Borrowings	467,385	2,071,159	–	2,538,544
Trade and other payables	5,006,940	–	–	5,006,940
Lease liabilities	551,064	2,117,089	8,883,576	11,551,729
	6,025,389	4,188,248	8,883,576	19,097,213

Capital risk

The Directors define capital as the total equity of the company. The Directors' objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal structure to reduce the cost of capital. In order to maintain an optimal capital structure, the directors may adjust the amount of dividends paid to shareholders, return capital to shareholders and issue new stock to reduce debt.

30. Net debt reconciliation

All changes in liabilities arising from financing activities relate to movements in lease liabilities and an analysis is provided below:

Lease liabilities	*31 Dec 2020* £	*31 Dec 2021* £	*31 Dec 2022* £
At beginning of year	7,907,617	7,564,661	7,227,989
Cash flows			
Lease repayments	(627,685)	(622,372)	(566,611)
Non-cash changes			
Interest expense	238,918	217,693	207,955
Remeasurements	(20,372)	50,926	20,523
Lease additions	66,183	17,081	36,837
At end of year	7,564,661	7,227,989	6,926,693

Borrowings	*31 Dec 2020* £	*31 Dec 2021* £	*31 Dec 2022* £
At beginning of year	–	4,755,638	2,832,688
Cash flows			
Additions	5,000,000	3,000,000	–
Repayments	(296,602)	(5,016,364)	(413,184)
Non-cash changes			
Interest expense	52,240	93,414	119,040
At end of year	4,755,638	2,832,688	2,538,544

31. Guarantees and other commitments

At 31 December 2022, 31 December 2021 and 31 December 2020 there was a guarantee in place in favour of HM Revenue and Customs for £270,000. The Directors do not consider that there are any commitments at any period end.

32. Ultimate controlling party

The Directors consider that there is not one ultimate controlling party.

33. Nature of financial information

The financial information on Chapel Down Group Plc presented above does not constitute statutory financial statements for Chapel Down Group Plc for the three years ended 31 December 2020, 2021 and 2022.

PART 4

UNAUDITED INTERIM FINANCIAL INFORMATION

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 JUNE 2023

	Note	*Unaudited six months ended 30 June 2022* £	*Unaudited six months ended 30 June 2023* £
Revenue	4	7,682,985	9,073,337
Cost of sales		(4,110,148)	(4,379,226)
Gross profit		3,572,837	4,694,111
Fair value movement in biological produce		242,101	1,669,674
Administrative expenses		(2,829,288)	(3,620,390)
Operating profit		985,650	2,743,395
Finance income		312	19,882
Finance cost		(51,004)	(87,165)
Profit before tax		934,958	2,676,112
Tax charge		(376,558)	(697,945)
Profit for the period		558,400	1,978,167
Total comprehensive income attributable to:			
Owners of the Parent Company		558,400	1,978,167

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2023

	Note	*Audited as at 31 December 2022* £	*Unaudited as at 30 June 2023* £
Non-current assets			
Intangibles		79,318	148,850
Property, plant and equipment		22,240,670	22,674,572
		22,319,988	22,823,422
Current assets			
Biological produce	6	–	2,969,796
Inventories		15,645,107	14,942,097
Trade and other receivables		2,695,075	3,626,033
Cash and cash equivalents		5,800,771	3,537,839
		24,140,953	25,075,765
Total assets		46,460,941	47,899,187
Equity and Liabilities			
Equity			
Called up share capital		7,964,506	7,964,506
Share premium		32,143,576	32,143,576
Capital redemption reserve		400	400
Revaluation reserve		970,457	943,794
Retained earnings		(8,824,022)	(6,733,219)
Total equity		32,254,917	34,319,057
Non-current liabilities			
Borrowings		2,071,159	–
Trade and other payables		17,969	17,969
Lease liability		6,582,798	6,473,766
Deferred tax liability		438,249	1,063,943
		9,110,175	7,555,678
Current liabilities			
Borrowings		467,385	2,390,052
Trade and other payables		4,287,569	3,293,505
Lease liability		340,895	340,895
Total current liabilities		5,095,849	6,024,452
Total liabilities		14,206,024	13,580,130
Total equity and liabilities		46,460,941	47,899,187

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 JUNE 2023

	Unaudited six months ended 30 June 2022 £	*Unaudited six months ended 30 June 2023* £
Cash flows from operating activities		
Profit before income tax for period	934,958	2,676,112
Adjustments to reconcile loss before tax to net cash flows:		
Amortisation of intangible fixed assets	15,249	18,758
Depreciation of property, plant and equipment	192,317	257,938
Loss on disposal of fixed assets	–	8,299
Finance income	(312)	(19,882)
Finance cost	51,004	87,165
Fair value movement in biological produce	(242,101)	(1,669,674)
Equity-settled share-based payments	15,019	85,973
Increase in trade and other receivables	(1,605,442)	(930,958)
Increase in inventories	1,333,144	2,901,590
Increase in biological assets	(1,438,101)	(2,969,796)
Decrease in trade and other payables	(1,161,966)	(1,066,314)
Tax received	51,195	–
Net cash flows – operating activities	(1,855,036)	(620,789)
Cash flows from investing activities		
Purchase of intangible assets	–	
Purchase of property, plant and equipment	(638,372)	(88,290)
Purchase of investments	(1,000)	(1,053,236)
Interest received	312	19,882
Net cash – investing activities	(639,060)	(1,121,644)
Cash flows from financing activities		
Proceeds from issuance of shares	220,019	–
Repayment of borrowings	(150,000)	(150,000)
Lease payments	(301,930)	(285,368)
Interest paid	(49,015)	(85,131)
Net cash flows – financing activities	(280,926)	(520,499)
Net decrease in cash	(2,775,022)	(2,262,932)
Cash at beginning of period	9,215,130	5,800,771
Cash at the end of period	6,440,108	3,537,839
Comprising:		
Cash and cash equivalents	6,440,108	3,537,839
Cash at end of period	6,440,108	3,537,839

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2022

	Note	*Called up share capital* £	*Share premium* £	*Capital redemption reserve* £	*Revaluation reserve* £	*Retained earnings* £	*Total equity* £
At 1 January 2022		7,877,902	32,010,161	400	992,702	(9,688,431)	31,192,734
Profit for the period		–	–	–	–	558,400	558,400
Total comprehensive income for the period		–	–	–	–	558,400	558,400
Transactions with owners:							
Shares issued in the period		86,604	133,415	–	–	–	220,019
Share-based payments		–	–	–	–	15,019	15,019
Transfer of depreciation to revaluation reserve		–	–	–	(16,878)	16,878	–
Total transactions with owners		86,604	133,415	–	(16,878)	31,897	235,038
At 30 June 2022		7,964,506	32,143,576	400	975,824	(9,098,134)	31,986,172

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2023

	Note	*Called up share capital* £	*Share premium* £	*Capital redemption reserve* £	*Revaluation reserve* £	*Retained earnings* £	*Total equity* £
At 1 January 2023		7,964,506	32,143,576	400	970,457	(8,824,022)	32,254,917
Profit for the period		–	–	–	–	1,978,167	1,978,167
Total comprehensive income for the period		–	–	–	–	1,978,167	1,978,167
Transactions with owners:							
Share-based payments		–	–	–	–	85,973	85,973
Transfer of depreciation to revaluation reserve		–	–	–	(26,663)	26,663	–
Total transactions with owners		–	–	–	(26,663)	112,636	85,973
At 30 June 2023		7,964,506	32,143,576	400	943,794	(6,733,219)	34,319,057

1. General Information

Chapel Down Group Plc is a public limited company incorporated and domiciled in England and Wales and registered number 04362181.

The registered office address and principal place of business is located at Chapel Down Winery, Small Hythe Road, Tenterden, Kent, TN30 7NG. The Company was incorporated on 28 January 2002.

The Group's principal activity is the production and sale of alcoholic beverages.

2. Basis of preparation

The Chapel Down Group Interim Financial Information has been prepared in accordance with IAS 34 "Interim Financial Reporting". The Chapel Down Group Interim Financial Information is not Chapel Down Group's statutory financial statements and should be read in conjunction with Section (B) "Historical Financial Information of Chapel Down Group".

The Chapel Down Group Interim Financial Information is unaudited. In the opinion of the Chapel Down Group Directors, the Chapel Down Group Interim Financial Information presents fairly the financial position, results from operations and cash flows for the period.

Unless otherwise stated, the Chapel Down Group Interim Financial Information is presented in Pounds Sterling (£) which is the currency of the primary economic environment in which Chapel Down Group operates.

The Chapel Down Group Interim Financial Information has been prepared under the historical cost convention except for biological produce, which has been measured at fair value.

The Chapel Down Group Interim Financial Information has been prepared on the going concern basis. The Chapel Down Group Directors have reviewed Chapel Down Group's overall position and outlook and are of the opinion that Chapel Down Group is sufficiently well funded to be able to operate as a going concern for at least the next twelve months from the date of this Document.

3. Accounting policies

The principal accounting policies applied in preparation of the Chapel Down Group Interim Financial Information are the same as those used in the preparation of the Chapel Down Group Financial Information set out in Section (B) "Historical Financial Information of Chapel Down Group" and has been consistently applied unless otherwise stated.

4. Revenue

The whole of the revenue is attributable to the principal activity of the group, the production and sale of alcoholic beverages:

Analysis of revenue by geography	*Unaudited six months ended 30 June 2022* £	*Unaudited six months ended 30 June 2023* £
United Kingdom	7,682,985	8,688,235
Rest of the world	–	385,102
Sale of wines	7,682,985	9,073,337

The Directors consider the Group to have only one operating segment. Details of the sole operating segment are shown in the consolidated statement of comprehensive income, consolidated statement of financial position and consolidated statement of cash flows.

The following customers made up over 10 per cent. of revenue:

	Unaudited six months ended 30 June 2022 %	*Unaudited six months ended 30 June 2023* %
Customer 1	26	25

5. Property, plant and equipment

	Freehold land and buildings £	*Short-term leasehold property* £	*Right of use assets* £	*Plant and machinery* £	*Motor vehicles* £	*Fixtures, fittings and equipment* £	*Bearer plants* £	*Total* £
Cost								
At 1 January 2023	5,678,851	219,995	8,547,707	6,278,925	75,750	814,266	9,235,723	30,851,217
Additions in year	44,361	–	–	127,287	15,000	43,857	822,731	1,053,236
Disposals in year	–	–	(120,788)	(171,018)	–	–	–	(291,806)
Remeasurement	–	–	69,527	–	–	–	–	69,527
At 30 June 2023 (unaudited)	5,723,212	219,995	8,496,446	6,235,194	90,750	858,123	10,058,454	31,682,174
Depreciation								
At 1 January 2023	1,654,251	136,532	2,717,307	2,201,560	35,288	714,942	1,150,667	8,610,547
Depreciation charge in year	84,086	11,000	226,067	125,659	5,683	15,683	212,384	680,562
Eliminated on disposal	–	–	(120,788)	(162,719)	–	–	–	(283,507)
At 30 June 2023 (unaudited)	1,738,337	147,532	2,822,586	2,164,500	40,971	730,625	1,363,051	9,007,602
Net book value								
At 31 December 2022	4,024,600	83,463	5,830,400	4,077,365	40,462	99,324	8,085,056	22,240,670
At 30 June 2023 (unaudited)	3,984,875	72,463	5,673,860	4,070,694	49,779	127,498	8,695,403	22,674,572

Right-of-use assets included in the above comprise land and buildings and motor vehicles.

Impairment testing was performed across the Group's property, plant and equipment by ensuring that the carrying value of an asset exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. No impairments were identified in any of the years above.

6. Biological produce

The fair value of biological produce was:

	Unaudited six months to 30 June 2023 £
At 1 January 2023	–
Crop growing costs	1,300,122
Fair value movement in biological produce	1,669,674
At 30 June 2023	2,969,796

Biological assets are grapes growing on the bearer plants on land owned or rented by the Group. Once the grapes are harvested, they are transferred to inventory at their fair value.

The fair value of the biological assets is determined by reference to estimated market prices less costs to sell along with the expected yield of the harvest. At the reporting date, the estimated fair value of the grapes is £2,120 per tonne. The Directors have estimated that at the reporting date, the grapes are approximately 50 per cent. developed, and therefore the fair value has been discounted by a factor of 50 per cent.

A 10 per cent. increase/decrease in the fair value at the reporting date would result in an increase/decrease of £368,000 in the biological assets at the reporting date.

PART 5

TAXATION IN THE UNITED KINGDOM

The following information is based on UK tax law and HM Revenue and Customs ("**HMRC**") practice currently in force in the UK. Such law and practice (including, without limitation, rates of tax) is in principle subject to change at any time. The information that follows is for guidance purposes only. Any person who is in any doubt about his or her position should contact their professional advisor immediately.

5.1 Tax treatment of UK investors

The following information, which relates only to UK taxation, is applicable to persons who are resident in the UK and who beneficially own Ordinary Shares as investments and not as securities to be realised in the course of a trade. It is based on the law and practice currently in force in the UK. The information is not exhaustive and does not apply to potential investors:

- who intend to acquire, or may acquire (either on their own or together with persons with whom they are connected or associated for tax purposes), 10 per cent. or more, of the shares in the Company; or
- who intend to acquire Ordinary Shares as part of tax avoidance arrangements; or
- who are in any doubt as to their taxation position.

Such Shareholders should consult their professional advisers without delay. Shareholders should note that tax law and interpretation can change and that, in particular, the levels, basis of and reliefs from taxation may change. Such changes may alter the benefits of investment in the Company.

Shareholders who are neither resident nor temporarily non-resident in the UK and who do not carry on a trade, profession or vocation through a branch, agency or permanent establishment in the UK with which the Ordinary Shares are connected, will not normally be liable to UK taxation on dividends paid by the Company or on capital gains arising on the sale or other disposal of Ordinary Shares. Such Shareholders should consult their own tax advisers concerning their tax liabilities.

5.2 Dividends

Where the Company pays dividends, no UK withholding taxes are deducted at source. Shareholders who are resident in the UK for tax purposes will, depending on their circumstances, be liable to UK income tax or corporation tax on those dividends.

UK resident individual Shareholders who are domiciled in the UK, and who hold their Ordinary Shares as investments, will be subject to UK income tax on the amount of dividends received from the Company.

Dividend income received by UK tax resident individuals before 6 April 2024 will have a £1,000 annum dividend tax allowance. From 6 April 2024 the allowance is reduced to £500.

Dividend receipts received before 6 April 2024 in excess of £1,000 will be taxed at 8.75 per cent. for basic rate taxpayers, 33.75 per cent. for higher rate taxpayers, and 39.35 per cent. for additional rate taxpayers. Dividend receipts received after 6 April 2024 in excess of £500 will be taxed at the same rates.

Shareholders who are subject to UK corporation tax should generally, and subject to certain anti-avoidance provisions, be able to claim exemption from UK corporation tax in respect of any dividend received, but will not be entitled to claim relief in respect of any underlying tax.

5.3 Disposals of Ordinary Shares

Any gain arising on the sale, redemption or other disposal of Ordinary Shares will be taxed at the time of such sale, redemption or disposal as a capital gain.

The rate of capital gains tax on disposal of Ordinary Shares by basic rate taxpayers is 10 per cent. rising to 20 per cent. for higher rate and additional rate taxpayers.

For Shareholders within the charge to UK corporation tax, indexation allowance up until 1 January 2018 may reduce any chargeable gain arising on disposal of Ordinary Shares, but will not create or increase an allowable loss.

Subject to certain exemptions, the corporation tax rate applicable to its taxable profits is currently 25 per cent. for profits in excess of £250,000, with profits below £50,000 to be taxed at 19 per cent., and a marginal rate on profits between these values. The profit limits are reduced under certain circumstances, with close investment-holding companies not being entitled to the lower rate.

5.4 Further information for Shareholders subject to UK income tax and capital gains tax

"***Transactions in securities***"

The attention of Shareholders (whether corporates or individuals) within the scope of UK taxation is drawn to the provisions set out in, respectively, Part 15 of the Corporation Tax Act 2010 and Chapter 1 of Part 13 of the Income Tax Act 2007, which (in each case) give powers to HMRC to raise tax assessments so as to cancel "*tax advantages*" derived from certain prescribed "*transactions in securities*".

5.5 Stamp Duty and Stamp Duty Reserve Tax

No stamp duty or stamp duty reserve tax will generally be payable on the issue of Ordinary Shares.

Neither UK stamp duty nor stamp duty reserve tax should arise on transfers of Ordinary Shares on AIM (including instruments transferring Ordinary Shares and agreements to transfer Ordinary Shares) based on the following assumptions:

- the Ordinary Shares are admitted to trading on AIM, but are not listed on any market (with the term "listed" being construed in accordance with section 99A of the Finance Act 1986), and this has been certified to Euroclear; and
- AIM continues to be accepted as a "*recognised growth market*" as construed in accordance with section 99A of the Finance Act 1986).

In the event that either of the above assumptions does not apply, stamp duty or stamp duty reserve tax may apply to transfers of Ordinary Shares in certain circumstances.

HMRC has accepted that it will no longer seek to impose the 1.5 per cent. charge in respect new issues of shares so long as they are an integral part of a capital raising, on the basis that the charges were not compatible with EU law. On 14 September 2023 HMRC introduced draft legislation confirming that it will not reintroduce the 1.5 per cent. charge on the issue of shares into clearance following the UK's exit from the EU and the withdrawal of the appropriate EU legislation from 31 December 2023. This measure will be put forward in the next finance bill, due in March 2024, but with the legislation effective from 1 January 2024.

Any transfer of Ordinary Shares for consideration prior to admission to trading on AIM is likely to be subject to stamp duty or SDRT.

The above comments are intended as a guide to the general stamp duty and stamp duty reserve tax position and may not relate to persons such as charities, market makers, brokers, dealers, intermediaries and persons connected with depositary arrangements or clearance services to whom special rules apply.

THIS SUMMARY OF UK TAXATION ISSUES CAN ONLY PROVIDE A GENERAL OVERVIEW OF THESE AREAS AND IT IS NOT A DESCRIPTION OF ALL THE TAX CONSIDERATIONS THAT MAY BE RELEVANT TO A DECISION TO INVEST IN THE COMPANY. THE SUMMARY OF CERTAIN UK TAX ISSUES IS BASED ON THE LAWS AND REGULATIONS IN FORCE AS OF THE DATE OF THIS DOCUMENT AND MAY BE SUBJECT TO ANY CHANGES IN UK LAWS OCCURRING AFTER SUCH DATE. LEGAL ADVICE SHOULD BE TAKEN WITH REGARD TO INDIVIDUAL CIRCUMSTANCES. ANY PERSON WHO IS IN ANY DOUBT AS TO THEIR TAX POSITION OR WHERE THEY ARE RESIDENT, OR OTHERWISE SUBJECT TO TAXATION, IN A JURISDICTION OTHER THAN THE UK, SHOULD CONSULT THEIR PROFESSIONAL ADVISER.

PART 6

ADDITIONAL INFORMATION

6.1 Material Contracts

In addition to the agreements summarised in the Public Record, the following contracts, being either (i) material contracts entered into by the Company or its subsidiaries outside the ordinary course of business during the two years immediately preceding the date of this document which, in either case, are, or may be, material as of the date of this document or (ii) material contracts which are included within, or which relate to, the assets and liabilities of the Company or its subsidiaries whether in the ordinary course of business or not:

6.1.1 *Corporate Adviser and Broker Agreement*

On 27 July 2022, the Company and SCM entered into a corporate adviser and broker agreement (the "**Corporate Adviser and Broker Agreement**"). The Corporate Adviser and Broker Agreement contains certain undertakings from the Company and certain indemnities given by the Company in respect of, among other things, compliance with all laws and applicable regulations. SCM has the right to terminate the Corporate Adviser and Broker Agreement in certain circumstances, including, among other things, any breach by the Company of the terms of the agreement.

The Corporate Adviser and Broker Agreement is subject to termination by either the Company or SCM on not less than 3 months' prior written notice. It is anticipated that the Company and SCM will enter into a new nominated adviser and broker agreement prior to Admission which will supersede the Corporate Adviser and Broker Agreement and govern the ongoing Nominated Adviser role of SCM to the Company.

6.1.2 *Relationship Agreement*

On 9 November 2023 the Company, IPGL and SCM entered into a relationship agreement, conditional upon Admission, pursuant to which IPGL has undertaken, amongst other things, that:

(a) the Group shall be managed for the benefit of shareholders as a whole and shall be capable at all times of carrying on its business independently of IPGL;

(b) all transactions, agreements and arrangements between any member of the Group and IPGL shall be on an arm's length basis and on normal commercial terms;

(c) at least 2 Directors who are considered to be independent shall at all times be appointed to the Board;

(d) any dispute between IPGL and the Company shall be dealt with by a committee comprising only independent Directors;

The Company has undertaken, amongst other things:

(a) not to effect any buy-back or cancellation of Ordinary Shares which may reasonably be expected to give rise to any obligation for IPGL or persons with whom it is acting in concert to make a general offer for the Company in accordance with Rule 9 of the Takeover Code unless the Company has first obtained a waiver of Rule 9 of the Takeover Code in accordance with Appendix 1 to the Takeover Code; and

(b) for so long as IPGL is interested in 30 per cent. or more of the rights to vote at a general meeting of the Company (but not holding more than 50 per cent. of such rights to vote), subject to prior consent of the Takeover Panel being obtained (if necessary), to procure that if the Company has taken or proposes to take authority from Shareholders to purchase its Ordinary Shares, at the first and each subsequent annual general meeting of its Shareholders the Company proposes a resolution to independent Shareholders to waive any obligation on IPGL to make a general offer to the independent Shareholders for their Ordinary Shares in accordance with Rule 9 of the Takeover Code.

The Relationship Agreement is effective for so long as IPGL holds in aggregate shares in the capital of the Company representing 20 per cent. or more of the Company's entire issued Ordinary Share capital.

6.1.3 ***Introduction Agreement***

An Introduction agreement dated 9 November 2023 between the Company and SCM was entered into pursuant to which SCM has been appointed, as the Company's agent, to make an application for admission to AIM. Under the terms of the Introduction Agreement, the Company has given certain customary warranties to SCM and the Company has given certain customary indemnities and undertakings to SCM in connection with Admission and other matters relating to the Company and its affairs. SCM may terminate the Introduction Agreement in certain specified circumstances prior to Admission, principally if any of the warranties ceases to be true and accurate or shall have become misleading in any respect or in the event of circumstances existing which make it impracticable or inadvisable to proceed with the Admission.

6.2 **Litigation**

No member of the Group is or has been involved in any governmental, legal or arbitration proceedings which may have, or have had during the last 12 months preceding the date of this document, a significant effect on the Company's financial position or profitability of the Company and/or the Group nor, so far as the Company is aware, are any such proceedings pending or threatened.

6.3 **Employees**

The number of people employed by the Company, together with its subsidiaries, and including those employed under consultancy and service agreements, at the date of this document and as at the end of the financial years dated 31 December 2020, 31 December 2021, and 31 December 2022 was as follows:

Employees and contractors	*31 December 2020*	*31 December 2021*	*31 December 2022*	*At date of this document*
Administration	20	21	22	29
Production	23	24	27	30
Retail	6	14	16	20
Directors	3	3	3	2
Total	**52**	**62**	**68**	**82**

6.4 **Dividend Policy**

Following Admission, the Company intends to retain any earnings to accelerate the continuing expansion and development of the business. Accordingly, the Directors do not intend that the Company will declare a dividend in the near term, but instead will channel the available cash resources of the Group into funding its expansion. Thereafter, the Board intends to commence the payment of dividends only when it becomes commercially prudent to do so, having regard to the availability of distributable profits and the funds required to finance continuing future growth.

6.5 **Share Dealing Code**

The Directors will comply with, and seek to procure compliance by applicable employees with, the relevant provisions of the AIM Rules and UK MAR relating to dealings by Directors and applicable employees in the securities of the Company. The Company has adopted a new share dealing code which is in conformity with the requirements of Rule 21 of the AIM Rules and will continue to take all reasonable steps to ensure compliance by the Board and all applicable employees with the terms of the share dealing code.

6.6 **No significant change**

Save as disclosed in this document, there has been no significant change in the financial or trading position of the Group since the end of the financial year ended 31 December 2022, the date to which the last audited accounts were prepared. The unaudited condensed consolidated financial information for the Group for the period ended 30 June 2023 can be found at Part 4 of this document.

6.7 **Working Capital**

The Directors are of the opinion, having made due and careful enquiry that, after taking account of the bank and other financing facilities available to them, the Group will have sufficient working capital for its present requirements, that is, for at least the period of 12 months from the date of Admission.

6.8 **Corporate Governance**

AIM-quoted companies are required to adopt a recognised corporate governance code with effect from their admission to trading on AIM, however, there is no prescribed corporate governance regime for AIM companies. The Quoted Companies Alliance's has published the QCA Code, a set of corporate governance guidelines, which include a code of best practice, comprising principles intended as a minimum standard, and recommendations for reporting corporate governance matters. The Board recognises the value and importance of high standards of corporate governance and intends to continue to observe the requirements of the QCA Code.

The Board will continue to be responsible for the overall management of the Company including the formulation and approval of the Company's long-term objectives and strategy, the approval of budgets, the oversight of Company operations, the maintenance of sound internal control and risk management systems and the implementation of the Company's strategy, policies and plans. Whilst the Board may delegate specific responsibilities, there will be a formal schedule of matters specifically reserved for decision by the Board. The Board will continue formally to meet six times per annum to review performance.

The QCA Code recommends at least two members of the Board comprise non-executive directors determined by the Board to be independent. On Admission, the Board will comprise eight Directors, of whom two are Executive and six are Non-Executive. The Board considers Stewart Gilliland and Jamie Brooke to be independent Non-Executive Directors and, as such, the Company complies with the requirements of the QCA Code in this regard.

Further details regarding how the Company meets or intends to meet the Principles of the QCA Code can be found on the Company's website.

The Board has an established Audit and Risk committee and Remuneration committee with formally delegated duties and responsibilities, as further described in the Company's Public Record.

6.9 **General**

6.9.1 Other than as disclosed in the Announcement, this document or as otherwise disclosed in the Public Record:

a) there have been no interruptions in the Company's business which may have or have had in the last twelve months a significant effect on the Company's financial position;

b) there are no significant investments by the Company under active consideration; and

c) the Directors are not aware of any exceptional factors which have influenced the Company's activities.

6.9.2 There are no other persons (excluding professional advisers otherwise disclosed in the Announcement and this document or in the Public Record and trade suppliers) who have received, directly or indirectly, from the Company within the 12 months preceding the date of this document or with whom the Company has entered into contractual arrangements (not otherwise disclosed in this document) to receive, directly or indirectly from the Company on or after Admission fees or securities in the Company or any other benefit, with a value of £10,000 or more at the date of Admission, nor has it made any such payments aggregating over £10,000 to any government or regulatory authority or similar body in respect of its licences:

6.9.3 The Company's accounting reference date is 31 December.

6.9.4 SCM has given and has not withdrawn its written consent to the inclusion in this document of references to its name in the form and context in which it appears.

6.9.5 Crowe has given and has not withdrawn its written consent to the inclusion in this document of references to its name in the form and context in which it appears.

6.9.6 The costs, charges and expenses payable by the Company in connection with or incidental to Admission, including registration and stock exchange fees, legal fees and expenses are estimated to amount to approximately £868,326 excluding VAT.

6.9.7 Information equivalent to that required for an admission document which has not previously been made public (in consequence of the Company having its Ordinary Shares traded on AQSE) is included in this document or is available at www.chapeldown.com.

6.9.8 The information required by Rule 26 of the AIM Rules for Companies will be available at www.chapeldown.com as from the date of Admission.

6.9.9 Where information has been sourced from third-party external sources, this information has been accurately reproduced and to the best of the knowledge and belief of the Company (having taken all reasonable care to ensure that such is the case) the information is in accordance with the facts and does not omit anything likely to render this information inaccurate or misleading.

6.9.10 Details of the rights attaching to the Ordinary Shares and copies of the Company's latest published accounts are available at the Company's website www.chapeldown.com

Dated 9 November 2023

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