CHAPEL DOWN

CHAPEL DOWN GROUP PLC
ANNUAL REPORT 2024

OUR MISSION

TO CHANGE THE WAY THE WORLD THINKS ABOUT ENGLISH WINE

OUR VISION

TO BE THE LEADING AND MOST CELEBRATED ENGLISH WINEMAKER


CHAPEL DOWN
SINGLE VINEYARD
2016
VINTAGE
CHAPEL DOWN
KIT'S COTY
COEUR DE CUVÉE
CHAPEL DOWN
SINGLE VINEYARD
2017
VINTAGE
CHAPEL DOWN
KIT'S COTY
BLANC DE BLANCS

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2024 HIGHLIGHTS

NO. 1 ENGLISH WINE BRAND

BUCKWELL PLANTING
1,018 ACRES/412 HECTARES
OF VINEYARDS

CONTINUED CATEGORY GROWTH

'BEST IN SHOW' TROPHY FOR ROSÉ

ON TRADE GROWTH +16%

BRAND LEADERSHIP STRENGTHENED

E-COMMERCE GROWTH +22%

4.5

Tripadvisor Score, based on 1,165 reviews

Tripadvisor Travelers' Choice Awards 2024

4.7

Google Review Score, based on 855 reviews

CHAIRMAN'S STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2024

Chapel Down, England's leading and largest winemaker, is pleased to provide its audited financial results for the year ended 31 December 2024, with net sales revenue in line with guidance and strong sales momentum in Q4.

Account	2024 £'000s	2023 £'000s	% Change
Net Sales Revenue[1] (NSR) – Full year	16,351	17,201	-5%
Net Sales Revenue – Q4	5,749	5,356	+7%
Gross profit	7,918	8,911	-11%
Gross profit %	48.4%	51.8%	-3.4% pts
Adjusted EBITDA[2]	2,418	5,733	-58%
Stocks	26,558	22,581	+18%
Net debt	(9,159)	(1,236)	+641%
Net assets	32,652	34,326	-5%
Average Selling Price (ASP) – Sparkling	£13.84	£13.15	+5%
Planted vineyards (Acres/Hectares)	1,018/412	906/367	+12%

Highlights

- Net sales revenue[1] (NSR) was -5% to £16,351k (2023: £17,201k), in line with guidance, but only -3% excluding the exited spirits business.
  - Ecommerce +22% and On-trade +16% continued their consistent growth trajectory, showing continued robust growth in underlying consumer demand.
  - Strong Q4 performance, with NSR +7% and NSR excluding the now exited Spirits business +10%, which momentum has been carried into the new year.
  - Overall NSR significantly impacted by one-off factors in the Off-trade, including the previously reported reduction in stock held by retailers. Although NSR was -19% in the Off-trade, this was not reflective of positive Off-trade consumer sales growth[3] (Chapel Down +2%, Chapel Down Sparkling +4%).
- Chapel Down are pleased to announce a new agreement with Jackson Family Wines (JFW) for the distribution of sparkling wines into the USA, our largest potential export market. JFW are a multi-generational, family run, recognised leader, in global fine wines with an extensive distribution network and dedicated sales division in the USA. The agreement is effective from mid Q2 2025.
- Gross margin of 48.4% (2023: 51.8%) reduced predominantly due to a greater proportion of still wines in the sales mix, due to the exceptional 2023 harvest volume, coupled with an increase in Cost of Goods Sold (COGS) as a result of Chapel Down selling a significant proportion of sparkling wines which were created from lower yielding and hence more expensive harvests and bottled during a period of higher materials inflation, which has subsequently unwound.
- Strong cost discipline maintained, with administrative expenses reducing by -5% to £7,037k (2023: £7,394k). Within this, Chapel Down continued to invest in the brand and marketing spend, which grew +5% on prior year.
- High quality 2024 harvest, which Chapel Down believes will be comparable to the excellent 2019 vintage, though the in-year fair value movement in biological produce[4] was -£567k (2023: £2,171k) due to more challenging growing conditions reducing yields below our 6-year average. The in-year fair value movement is a non-cash accounting adjustment for 'viticultural profit' during the year, which is calculated as the estimated market value of grapes, less the vintage's growing costs. The in-year fair value movement is correlated with growing conditions within the year, and can thus be uncertain.

- Adjusted EBITDA[2] decreased by -58% to 2,418k (2023: £5,733k), with reduction driven predominantly by the reduced gross profit (-£993k impact) and the non-cash in-year fair value adjustment on biological produce[4] (-£2,738k impact).
- After planting 122 acres of new vines taking total planted acreage to 1,018 (c10% of the UK's total) and also increased stock levels (£3,976k increase) from the exceptional 2023 harvest, which will underpin future growth, net debt increased to £9.2m (2023: £1.2m). The Company retains significant headroom on its £20m revolving credit facility.
- Net assets stand at £32.7m (2023: £34.3m) giving a NAV per share of 19.0p (20.0p). The Board remain confident the market value of these tangible assets is significantly higher than the reported values.
- The quality of Chapel Down wines continues to be recognised at national and international awards, with 2024 our most successful year yet across the top five wine competitions. The Decanter World Wine Awards trophy for 'Best in Show' for our traditional method Chapel Down Sparkling Rosé was a particular highlight.
- Chapel Down remains the leading brand[5] in English wine with continued growth in Awareness (42%), Affinity (25%) and Penetration (17%), higher than any other English wine brand.
- Chapel Down is now the only English wine company with a stock market listing.

Outlook

- The consumer environment remains uncertain, but Chapel Down is currently trading well ahead of prior year and expects strong sales growth for the year, with a return to full profitability.
- Looking ahead, our ambition remains to deliver sustained profitable growth over the medium-term, winning the equivalent of 1% of the 300 million bottle global Champagne market by 2035, while further cementing Chapel Down's position as the leader in the English wine category.

1 Net sales revenue (NSR) is stated net of both duty and retro, in accordance with IFRS.

2 In addition to the statutory measures, the Group also measures its performance by reference to Adjusted EBITDA. Adjusted EBITDA is an Alternative Performance Measure (APM), as defined within the European Securities and Markets Authority Guidelines on APMs. Adjusted EBITDA relates to profit from operations before interest, tax, depreciation, amortisation, share based payment expense and exceptional costs.

During the year, management performed a detailed review of the Group's Adjusted EBITDA metric. During this review process, management noted that whilst it was adding back the full amount of annual depreciation within the calculation of Adjusted EBITDA, the same treatment was not being applied to lease interest costs that are absorbed into the value of inventory and bearer plants. To ensure the Group's Adjusted EBITDA metric remains as consistent as possible for users of the accounts, the Group has opted to revise its Adjusted EBITDA calculation such that the full annual interest charge is excluded from the metric going forwards. This will ensure consistent treatment of both depreciation and interest charges in the adjusted EBITDA calculation. As a result of this change, the prior year Adjusted EBITDA comparative has been restated to align to the revised basis.

A full reconciliation of Adjusted EBITDA to Operating Profit will be shown in the notes to the accounts in the annual report.

3 Source, Nielsen:

- Consumer sales in Off-trade for 52 weeks to 28th December: Chapel Down +2%, Chapel Down sparkling +4%. Chapel Down market share 34%, unchanged on PY.
- Q4 consumer sales in Off-trade for 12 weeks to 28th December – Chapel Down +25%, Chapel Down Sparkling +32%.
- Chapel Down sales in 4 weeks to 28th December: Chapel Down +29%, Chapel Down sparkling +38%.
- UK Off-trade Champagne sales in 750ml bottle format: 12.1m bottles, RSV £322m. Chapel Down UK Off-trade traditional method sparkling sales in 750ml bottle format: 465k bottles, RSV £11.1m.

4 The in-year fair value movement is a non-cash accounting adjustment for 'viticultural profit' during the year, which is calculated as the estimated market value of grapes harvested, less the vintage's growing costs. The in-year fair value movement is correlated with growing conditions within the year and can thus be uncertain. The other side of the accounting entry is stock, which is realised through the P&L as COGS when wines from each vintage are sold. In 2024, the in-year fair value P&L movement was a loss (debit), which is reflected in a reduction (a credit) to balance sheet stock valuation, which will result in lower COGS in future years. The opposite would occur in years when the Company records an in-year fair value gain.

In H1 the Company recorded an in-year fair value gain on biological produce of £773k and hence in H2 it posted a loss of £1,340k to leave the net loss for the year at £567k.

5 Source: Savanta, BrandVue, Sparkling Wine drinkers, MAT End December 2024.

Chairman's Commentary

Whilst 2024 was a tougher year for Chapel Down following the outstanding performance seen in the previous year, the business performed creditably, making continued strategic and operational progress. The prospects for Chapel Down as the leading English winemaker remain exciting.

In 2021, Chapel Down returned to its roots as a pure-play winemaker, exiting brewing and later spirits to focus exclusively on the production and sale of the award-winning wines, for which we are famous. Chapel Down now has a clear strategic focus.

Chapel Down is England's leading winemaker, and our home market offers some important advantages both for production and as a market for our wines. Our terroir shares many of the characteristics which have made Champagne so successful as a wine region. An abundance of south-facing, chalk and clay slopes and a cool maritime climate provide optimal conditions for creating traditional method sparkling wines. And whilst international demand for English sparkling wine is in the ascendancy as its reputation grows, the UK is in itself a large, mature consumer market for all styles of sparkling wine, ensuring Chapel Down's home market will be a key driver of growth for decades to come. Our scale gives us an advantage over other UK-based winemakers, allowing us the largest distribution footprint in the industry, as well as economies of scale in production, distribution and other overheads.

As part of our refocus on wine, we significantly transformed our operations to lay the foundations for future growth, including organisational structures and culture, as well as our core business systems, processes and data. These actions were difficult, and at times painful, but we benefited greatly from their successful delivery. After these actions were completed, we naturally started looking forward to the next phase of the Company's growth. As such, in addition to our move onto AIM in December 2023, we began a strategic review in June 2024 to assess all options to most effectively deliver on our long-term plans.

The strategic review confirmed that Chapel Down was an attractive investment proposition, and we had extensive conversations with interested parties on an array of structures. Ultimately though, we did not find a partner with the right fit on both strategic direction and valuation, leading the Board to conclude that the best way to create superior long-term shareholder value was for Chapel Down to remain a stand-alone, AIM listed, company.

The strategic review did not come without cost, and nearly £1m of this year's exceptionals directly or indirectly relate to this, costs which of course will not be repeated. I would like to take this opportunity to confirm that no payments were made to directors directly or indirectly as a consequence of the strategic review and, additionally, to note that the whole Board, who conducted the review, are also significant shareholders in the Company and thus aligned with other shareholders in their desire to create long-term shareholder value.

Looking forward, we recognise the need to remain vigilant on debt levels, which are more elevated than planned, as a result of investments made in the exceptional vineyards at Boxley Abbey and Buckwell, which will underpin our medium-term growth, without raising additional equity investment.

Our performance in 2024 is covered elsewhere in these financial statements and so I do not intend to repeat that here. However, I will note that whilst 2024 represented a more challenging operational environment than in previous years, that meant we broke our track record of revenue growth and bottom-line profitability, the Board is confident that the one-off factors that contributed to this are unrelated to the underlying growth in consumer demand for Chapel Down wines, which continues.

In closing I would first like to reiterate my thanks to the outgoing CEO, Andrew Carter, and CFO, Rob Smith, who have both made a significant contribution to the repositioning and refocusing of the Chapel Down brand. They leave the Company well-positioned to deliver on its future plans. We were pleased to confirm the appointment of James Pennefather as CEO, who started on February 1st and also Louan Mouton as CFO, who will join the Board in April. Both have significant and relevant expertise in the drinks sector and will be an integral part of driving the Chapel Down brand forward. In addition, I am pleased to announce that Jamie Brooke has become our Senior Independent Director.

Finally, I would like to thank all shareholders for their continued support and our customers for their enthusiasm and commitment. The hard-working Chapel Down team remain dedicated to the continued growth of the Company, and we remain enthused by the opportunity to accelerate our leadership in the fast-growing English wine category.

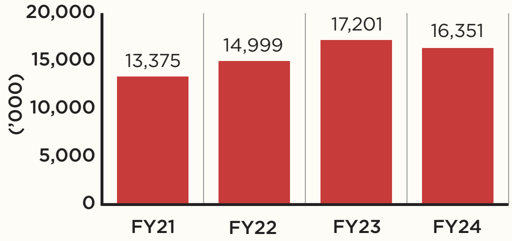
M.R. Glenn
Chairman

2 April 2025

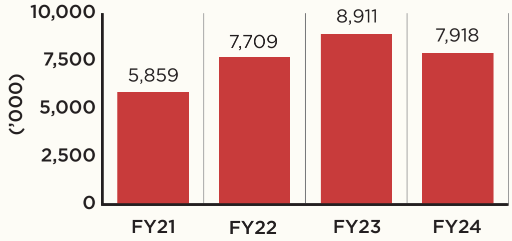
HERE'S TO
Days like this!
A FRESHER WAY TO CELEBRATE
CHAPEL DOWN
TENTERDEN
KENT
ENJOY!
CHAPEL DOWN
ENGLISH SPARKLING WINE
BRUT
TRADITIONAL METHOD

AT A GLANCE

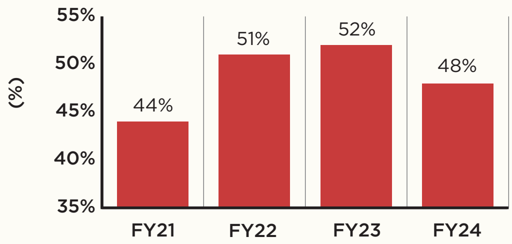
NET SALES REVENUE – NET OF RETRO



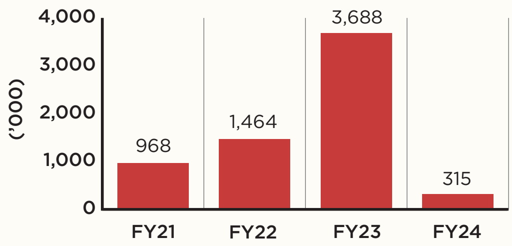
GROSS PROFIT



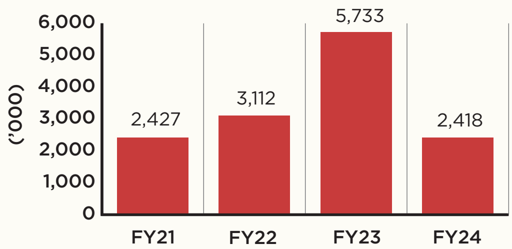
GROSS MARGIN %



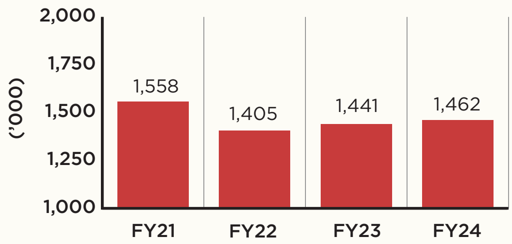
OPERATING PROFIT (PRE-EXCEPTIONALS)



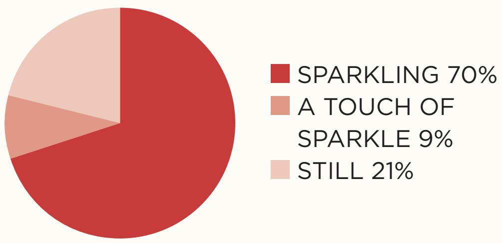
ADJUSTED EBITDA



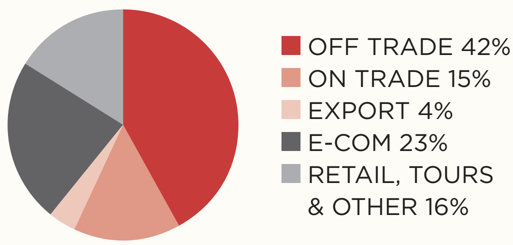
SALES VOLUME (WINE)



PRODUCT MIX BY NSR (FY24)



CHANNEL SPLIT BY NSR (FY24)



STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2024

Chapel Down Group Plc is pleased to announce the company's results for the 12 month period ended 31 December 2024.

The principal activity of the Group continues to be the production and sale of alcoholic beverages. A review of the business appears below. Our mission is to change the way the world thinks about English wine.

Chief Executive's Strategic Update

As England continues to build its reputation as one of the world's most exciting new wine regions, Chapel Down's strategy is to win share of global consumer celebration occasions by creating exceptional traditional method sparkling wines and by building a brand that represents "approachable luxury". As the leading winemaker in UK, Chapel Down has a unique opportunity to shape the market and capture the leading share of emerging consumer adoption worldwide.

Strong Foundations for Profitable Growth

Chapel Down is well placed to benefit from over 30 years of expertise and investment.

Chapel Down has exceptional vineyard assets spanning over 1,000 acres – equivalent to approximately 10% of the UK's total vineyards or 1.5 million individual vines, with 70% of this acreage concentrated across four outstanding vineyards in the Kent Downs. Each of these vineyards has been meticulously selected by our seasoned viticulture team for its topography and micro-climate to maximise grape ripening and avoid frost pockets. Of these, our most recent vineyard investment, Buckwell, is not due to come into full production until 2027, providing wines which will enable the Company to deliver topline volume growth from existing vineyard assets into the early 2030s.

Chapel Down's winemaking philosophy is to produce exceptional wines with a backbone of crisp and fresh flavours. Under the leadership of our Head Winemaker, Josh Donaghay-Spire, our winemaking team has historically adopted a blend of traditional methods and modern innovation, facilitated by operating in a New World region with fewer restrictions than established regions such as Champagne. We have garnered international acclaim for our wines, including the prestigious Decanter World Wine Awards 'Best in Show' trophy in 2024 for our traditional method Chapel Down sparkling Rosé. This accolade underscores our relentless pursuit of quality and excellence.

Chief Executive's Strategic Update (continued)

Strong Foundations for Profitable Growth (continued)
Chapel Down offers a range of award-winning wines, with RRPs ranging from £15 to £125, which allows for consumer trial at all points across the pricing ladder. We have good stocks of sparkling wines still on lees/under maturation in our warehouses, valued at £26.6m on our balance sheet but with an expected realisable market value significantly in excess of this. These stocks enable us to be confident in our growth forecasts into the 2030s by protecting against any future downside risk from a poor harvest, as well as supporting our long-term premiumisation strategy.

The Company's expertise and investment in brand-building has resulted in impressive metrics in brand awareness, affinity and penetration. The brand targets the global market for consumer celebration occasions, a market currently served by categories such as Champagne. Over the past two decades, Chapel Down has developed an appealing and differentiated brand proposition around more approachable luxury. In support of this, we have established in-house capabilities in customer relationship marketing, social media, ecommerce, sponsorships and in the design and delivery of memorable brand experiences.

Chapel Down has established an expansive distribution network which underpins our go-to-market strategy. Our Off-trade channel, where we have the widest distribution of any UK wine brand, is complemented by a growing On-trade presence, where we have successfully grown to 2,462 listings (+25%), of which over 1,800 are by the glass listings (+73%). The Company's Direct-to-Consumer (DTC) channel is also strengthening and is serviced through our ecommerce platform and the highly popular Tenterden brand home, which attracts more than 50,000 visitors annually.

These foundations, established over three decades by Chapel Down, will not only continue to support our success in the UK and fuel our global expansion but also represent strong barriers to entry into the category.

Summary & Medium-Term Outlook
Chapel Down creates value by helping consumers celebrate the happiest moments in their lives. Our exceptional sparkling wines have a backbone of crisp and fresh flavours, which make them invigorating and uplifting, enhancing celebration occasions.

Our ambition is to win the equivalent of 1% of the 300 million bottle global Champagne market by 2035.

To achieve this, we have built a high value asset base of exceptional vineyards and maturing stocks, coupled with expertise at all levels of our vertically integrated model including viticulture, winemaking, brand-building, route to consumer alongside a strong management team. As we build stocks from our recently planted Kent's North Downs vineyards, we expect to be in a position to sell 3m bottles of Chapel Down sparkling wine each year by 2035.

To date, we have proved the success of our business model in the UK market by not only achieving market leadership position in English sparkling wine across all the key metrics[5] – including brand awareness, penetration, distribution levels and market share – but also achieving 3.6% equivalent share of total Champagne sales[3] in the key Off-trade channel in 2024 at an average price index of 90 to Champagne.

There remains significant headroom for growth. The next phase of growth for Chapel Down will be delivered in the UK by increasing brand metrics and distribution levels to those of leading Champagne brands and by expanding into selected international markets. Our ambition is to deliver sustained, profitable, growth over the medium-term while further cementing Chapel Down's position as the global leader in the fast-growing English wine category.

As referenced elsewhere, strong performance momentum from Q4 2024 has continued into 2025.

I look forward to sharing our continued progress and success with our shareholders as our dedicated and highly skilled team at Chapel Down helps consumers celebrate the happiest moments of their lives.

Performance Review

Key metrics

Account	2024 £'000s	2023 £'000s	% Change
Net sales revenue gross of retro	17,273	17,921	-4%
Retro	(921)	(720)	+28%
Net Sales Revenue net of retro[1] (NSR) – Full year	16,351	17,201	-5%
NSR – Q4	5,749	5,356	+7%
Gross profit	7,918	8,911	-11%
Gross profit %	48.4%	51.8%	-3.4% pts
Operating profit before in-year fair value movement and exceptionals	882	1,517	-42%
Fair value movement on biological produce[4]	(567)	2,171	
(Loss)/profit after tax	(1,309)	1,527	
Adjusted EBITDA[2]	2,418	5,733	-58%
Stocks	26,558	22,581	+18%
Net debt	(9,159)	(1,236)	+641%
Net assets	32,652	34,326	-5%
Net assets per share	19.0p	20.0p	-5%
Average Selling Price (ASP) – Sparkling	£13.84	£13.15	+5%
Planted vineyards (Acres/Hectares)	1,018/412	906/367	+12%

Financial review – Highlights
NSR was -5% to £16,351k (2023: £17,201k), but only -3% excluding the exited spirits business. Chapel Down additionally showed strong momentum in Q4 with NSR +7% to £5,749k, (2023: £5,356k), or +10% ex-spirits.

NSR was materially impacted by one-off events, predominantly a reduction in the stock held by Off-trade retailers (estimated impact, in excess of £1m), and an exit from our spirits business (impact £0.4m). In addition, when comparing NSR to prior year, Chapel Down performance was impacted by the Coronation of King Charles III being in the comparative (estimated impact £0.3m) and a lack of in-year grape sales, due to the smaller harvest in 2024 (£0.2m).

Gross margin of 48.4% (2023: 51.8%) was reduced predominantly due to a greater proportion of still wines in the sales mix, due to the exceptional 2023 harvest volume, coupled with an increase in cost of goods sold (COGS) as a result of Chapel Down selling a significant proportion of sparkling wines which were created from lower yielding and hence more expensive harvests and bottled during a period of higher materials inflation, which has subsequently unwound.

Performance Review (continued)

Financial review – Sales by channel

Channel NSR	2024 £'000s	2023 £'000s	% Change
Off	6,790	8,428	-19%
On	2,460	2,122	+16%
International	684	760	-10%
eCommerce	3,755	3,070	+22%
Retail, Tours & Events	2,241	2,250	–
Other sales and income	421	571	-26%
Total	**16,351**	**17,201**	**-5%**
Of which Direct to Consumer (DTC)	*6,343*	*5,684*	*+12%*

The Off-trade remains Chapel Down's largest channel, with strong sales to consumers and H2 momentum being offset by previously reported one-off impacts:

i. Reduction in stock held by retailers in H1, due to higher than expected opening stocks from a weaker rate of sale (ROS) at Christmas 2023 as well as a move by retailers to lower average stock holdings than in prior years (estimated impact, in excess of £1m).

ii. Strong comparative due to the Coronation of King Charles III (estimated impact £300k).

iii. Exit from spirits (impact £400k, across all channels).

Off-trade NSR -19% to £6.8m (2023: £8.4m), however, consumer sales of Chapel Down through the Off-trade[3] continued their growth in 2024 (+4% sparkling, +2% overall) with particular momentum in the Christmas period (+38% sparkling, +29% overall).

Chapel Down maintained market leadership[3] in the Off-trade in 2024 with its 34% market share (2023: 34%), rising to 37% in Q4. Additionally, in the Off-trade, Chapel Down continued to show strong consumer pricing[3] against Champagne, with a relative price index of 90 for our traditional method sparkling wine (2023: 87).

On-trade revenue grew at +16% to £2.5m (2023: £2.1m) as Chapel Down continued to enjoy a strong ROS and secure key distribution wins (outlets +25% to 2,462), as well as extended partnerships.

'By the glass' listings increased strongly (+73%) and now account for significantly more than half of all listings. These drive consumer sampling and a materially higher rate of sale. Full benefits from this listing's growth, alongside new wins, will be seen in 2025.

International NSR was -10% due to reduced export sales, particularly from the US, and a key Global Travel Retail (GTR) order, expected in 2024, partially deferred to 2025.

Chapel Down has a strong GTR business, now located in 35 key UK travel hubs (2023: 13) where travellers look for products with a 'sense of place'. This growth in listings will deliver a full year of benefits in 2025.

Chapel Down is currently reviewing a range of options to further optimise distribution in export markets and are pleased to announce a new agreement with Jackson Family Wines (JFW) for the distribution of sparkling wines into the USA, our largest potential export market. JFW are a multi-generational, family run, recognised leader, in global fine wines with an extensive distribution network and dedicated sales division in the USA. The agreement is effective from mid Q2 2025. We are delighted to be working with Jackson Family Wines.

Export remains a key growth opportunity for the Company.

Chapel Down showed continued strong growth in consumer demand through Direct to Consumer (DTC) channels. Ecommerce NSR grew +22% to £3,755k (2023: £3,070k), driven by the acquisition of 14k new customers in 2024, which helped to increase the number of Ecommerce orders by 28% to 41k (2023: 32k).

NSR in Retail, Tours and Events was flat at £2,241k (2023: £2,250k) with a good 5% growth in tour revenues offset by a -3% reduction in Retail and Events, particularly influenced by a reduction in the number of 'Pub in the Park' events from 12 to 4.

Other sales and income reduced -26% to £421k (2023: £571k) since Chapel Down did not make any grape sales to third parties this year, due to a reduced harvest volume (2023: £162k).

Performance Review (continued)

Financial review – Sales by category

Category NSR	2024 £'000s	2023 £'000s	% Change
Sparkling	10,582	11,444	-8%
A Touch of Sparkle	1,347	1,399	-4%
Still	3,113	2,545	+22%
Spirits	161	553	-71%
Tours & Other	1,148	1,260	-9%
Total	**16,351**	**17,201**	**-5%**

Sparkling wine remains our strategic focus and was 70% of wine sales in 2024 (2023: 74%). Sparkling wine NSR was £10.6m (2023: £11.4m), an -8% reduction primarily due to one-off challenges in the Off-trade, as referenced above.

This NSR reduction in the Off-trade was not reflected in consumer sales, which continued to grow. In the Off-trade, Chapel Down sparkling wines (+4%) outgrew[3] English sparkling wine as a category (+2%) and Champagne (-2%), showing continued strong consumer demand.

Still wine NSR grew 22% to £3.1m (2023: £2.5m), also due to strong customer demand, increased distribution and the planned RRP reduction in 2024.

A Touch of Sparkle (ATOS) NSR showed a slight decline to £1.3m (2023: £1.4m). ATOS Classic was relaunched, under a new label consistent with ATOS Rosé, in Q4 2024.

Chapel Down fully exited the spirits category in the year, reflected in reduced sales of £0.2m (2023: £0.6m).

Financial review – Other P&L items
Chapel Down maintained strong cost discipline, with administrative expenses reducing -5% to £7,037k (2023: £7,394k). Within this, Chapel Down continued to invest in the brand and marketing spend, which grew +5% on prior year.

The in-year fair value movement in biological produce[4] was -£567k (2023: £2,171k) due to more challenging growing conditions in H2, which reduced yields below the 6-year average. The in-year fair value movement is a non-cash accounting adjustment for 'viticultural profit' during the year, which is calculated as the estimated market value of grapes, less the vintage's growing costs. The in-year fair value movement is correlated with growing conditions within the year, and can thus be uncertain. In H1 the Company recorded an in-year fair value gain on biological produce of £773k and hence in H2 it posted a loss of £1,340k to leave the net loss for the year at £567k.

Exceptionals of £1,216k (2023: £1,235k) largely from the direct and indirect costs of the strategic review performed in the year. In addition, the Company completed the implementation of a single, cloud-based, scalable and integrated technology and data platform covering Sales, Customer Relationship Management and Finance.

Adjusted EBITDA[2] has decreased by -58% to 2,418k (2023: £5,733k). This reduction of £3,315k is driven predominantly by the reduced gross profit (-£993k impact) and in-year fair value adjustment on biological produce (-£2,738k impact).

Sparkling average selling price (ASP) grew 5% showing continued brand investment and strength alongside consumer demand, but was offset by planned RRP reductions in still (-9%) and ATOS (-4%) as a result of the exceptional 2023 harvest, leaving a blended ASP of -4%.

Chapel Down can reconfirm that it does not intend to pay a dividend in the foreseeable future.

Financial review – Balance sheet
Stocks growth of +18% to £26,558k (2023: £22,581k) as a result of the exceptional 2023 harvest. As noted elsewhere, these stocks will underpin future Company sales growth.

Net working capital ex stocks remained negative at £1,040k (2023: £2,178k) due to net advantaged payment terms.

The additional planting of 122 acres of new vines, bringing the Company's total acreage to 1,018 (c10% of the UK's total), as well as increased stock levels (£3,976k increase) from the exceptional 2023 harvest, has resulted in net debt increasing to £9.2m (2023: £1.2m). The Company retains significant headroom on its £20m revolving credit facility.

Performance Review (continued)

Financial review – Balance sheet (continued)
During 2024, Chapel Down signed a long-term extension to its Revolving Credit Facility, which reduces interest rates payable, whilst increasing the facility's size to £20m, with an 'accordion' facility extension to £30m, should this be required. At year end, the Group's covenants were in the process of being reconfigured by PNC to remove the non-cash fair value adjustment on biological produce from the calculation, which had been inappropriately included in the initial covenant. As such, the balance has been categorised as a current liability at the balance sheet date, but from 17th January 2025, when the updated covenants were agreed, this balance has been reclassified as a long-term liability, consistent with prior years.

Net assets stood at £32.7m (2023: £34.3m) giving a NAV per share of 19.0p (20.0p). The Board remain confident the market value of these tangible assets is significantly higher than the reported values. Chapel Down does not assign a value to its brand in the financial statements.

Operational Review
Planting at the new Buckwell vineyard is now complete, and the vines are growing in line with expectations. Buckwell provides an additional 92 acres (37 hectares) of Chardonnay and 27 acres (11 hectares) of Pinot Noir, extending Chapel Down's planted vineyards to 1,018 acres (412 hectares), c10% of all UK planted vineyards. There are no current plans for further vineyard plantings.

Growing conditions for 2024 started well, with no frost damage during early spring, and fine, warm weather during flowering, however the 2024 vintage faced more difficult weather conditions in September and October. Although our vineyards were not impacted as heavily as other regions in England, late season weather led to some pressure from mildew and consequently reduced yields, given our strict focus on quality. Total harvest was 1,852 tonnes, which is 2.5 tonnes per acre. This is below last year's exceptional harvest of 3,811 tonnes, which was 5.1 tonnes per acre, as well as being below the 6-year average yield of 3.2 tonnes per acre.

Vintage quality and grape flavours are excellent, reminiscent of the 2019 harvest, which delivered great quality traditional method sparkling wine. Chapel Down has created c1.7m bottles from the 2024 vintage, the majority of which is traditional method sparkling wine. This is in line with the Company's strategy to focus on its higher margin award-winning sparkling wines, which benefit from the cool maritime climate and chalk soils of the Kent Downs.

The Company is pleased to note that the impact from adverse late season weather was minimised by our vineyards being geographically spread across Kent, our network of 46 weather stations feeding back live data to allow us to take rapid mitigating actions, coupled with the outstanding expertise of our vineyard and grower teams.

Head winemaker's comment:

"The weather in 2024 was cooler and more humid than in recent years. However, the dedication and hard work of the vineyard team meant that the reduced crop was of high quality, particularly from our Kent Downs vineyard sites. Levels of natural alcohol and acidity mirrored those found in 2019, a year which gave some excellent sparkling wines including the current releases of Kit's Coty Blanc de Blancs and Grand Reserve.

We're delighted with the quality of the still wines we've already bottled as they have captured the fresh fruit characters of the vintage well. The sparkling base wines have an elegance and delicacy which will mature in our cellars gracefully over the coming years."

The quality of Chapel Down wines continued to be recognised at national and international awards, with 2024 being the most successful year yet across the top five wine competitions. In the Decanter World Wine Awards, Chapel Down won 'Best in Show' for our traditional method Chapel Down Sparkling Rosé. This accolade underscores our relentless pursuit of quality and excellence.

Chapel Down was the Wine GB Award's 'Supreme Champion', the highest accolade awarded, and also won 'Best English Sparkling Wine' with Kit's Coty Coeur de Cuvée 2016, as well as winning 'Top Still Wine' and 'Best Chardonnay' trophies with Kit's Coty Chardonnay 2021. Overall, Chapel Down achieved its best performance overall in wine awards this year, winning a total of 41 awards across the top five wine competitions.

Continued investment in brand, including key sponsorship activations, has maintained Chapel Down's position as the power brand in English wine. Chapel Down has market leading[5] 'Consumer awareness' of 42% (2023: 39%), 'Affinity' of 25% (2023: 22%), 'Penetration' of 17% (2023: 14%) and 'High quality' perception of 23% (2023: 20%). Each of these metrics remains higher than any other English wine brand.

The Company's social media following also continues to grow rapidly, +20% to 126k followers (2023 105k).

Performance Review (continued)

Operational Review (continued)
Chapel Down remains the 'Official Sparkling Wine' of the England & Wales Cricket Board and The Oxford & Cambridge Boat Race. Chapel Down has a new extended sponsorship partnership with Ascot Racecourse which included the launch of a limited-edition Chapel Down Royal Ascot Edition sparkling wine and creating 'Yeats Bar by Chapel Down', our own sparkling wine bar at Royal Ascot. Chapel Down, additionally, continued its strong partnership with Tom Kerridge's 'Pub in the Park' festivals.

Chapel Down continues to invest in sustainable operations, including electric forklift trucks, recycling spray application and under vine weeding technology to reduce its inputs. Progress has also been made on further reducing the weight and environmental impact of packaging.

Significant technology investments were completed in 2024, giving Chapel Down a single, cloud-based, scalable and integrated technology and data platform covering Sales, Customer Relationship Management and Finance. In line with relevant accounting practice concerning cloud-based technology, this is accounted for as an exceptional item of £246k (2023: £456k).

As previously announced, the Company is pursuing planning permission for a new purpose-built winery in Kent. This planning permission is subject to ongoing judicial review, the next step of which is expected to be completed by late summer 2025, when we will provide an update. We do not have any certainty on the final completion date of the planning process or its outcome. In the meantime, the Company has been reviewing alternative options to increase winemaking production capacity in the medium term.

Outlook
The consumer environment remains uncertain, but Chapel Down is currently trading well ahead of prior year and expects strong sales growth for the year, with a return to full profitability.

Looking ahead, our ambition remains to deliver sustained profitable growth over the medium-term, winning the equivalent of 1% of the 300 million bottle global Champagne market by 2035, while further cementing Chapel Down's position as the leader in the English wine category.

J.R.S. Pennefather
Chief Executive Officer

1 Net sales revenue (NSR) is stated net of both duty and retro, in accordance with IFRS.

2 In addition to the statutory measures, the Group also measures its performance by reference to Adjusted EBITDA. Adjusted EBITDA is an Alternative Performance Measure (APM), as defined within the European Securities and Markets Authority Guidelines on APMs. Adjusted EBITDA relates to profit from operations before interest, tax, depreciation, amortisation, share based payment expense and exceptional costs.

During the year, management performed a detailed review of the Group's Adjusted EBITDA metric. During this review process, management noted that whilst it was adding back the full amount of annual depreciation within the calculation of Adjusted EBITDA, the same treatment was not being applied to lease interest costs that are absorbed into the value of inventory and bearer plants. To ensure the Group's Adjusted EBITDA metric remains as consistent as possible for users of the accounts, the Group has opted to revise its Adjusted EBITDA calculation such that the full annual interest charge is excluded from the metric going forwards. This will ensure consistent treatment of both depreciation and interest charges in the adjusted EBITDA calculation. As a result of this change, the prior year Adjusted EBITDA comparative has been restated to align to the revised basis.

A full reconciliation of Adjusted EBITDA to Operating Profit will be shown in the notes to the accounts in the annual report.

3 Source, Nielsen:

- Consumer sales in Off-trade for 52 weeks to 28th December: Chapel Down +2%, Chapel Down sparkling +4%. Chapel Down market share 34%, unchanged on PY.
- Q4 consumer sales in Off-trade for 12 weeks to 28th December – Chapel Down +25%, Chapel Down Sparkling +32%.
- Chapel Down sales in 4 weeks to 28th December: Chapel Down +29%, Chapel Down sparkling +38%.
- UK Off-trade Champagne sales in 750ml bottle format: 12.1m bottles, RSV £322m. Chapel Down UK Off-trade traditional method sparkling sales in 750ml bottle format: 465k bottles, RSV £11.1m.

4 The in-year fair value movement is a non-cash accounting adjustment for 'viticultural profit' during the year, which is calculated as the estimated market value of grapes harvested, less the vintage's growing costs. The in-year fair value movement is correlated with growing conditions within the year and can thus be uncertain. The other side of the accounting entry is stock, which is realised through the P&L as COGS when wines from each vintage are sold. In 2024, the in-year fair value P&L movement was a loss (debit), which is reflected in a reduction (a credit) to balance sheet stock valuation, which will result in lower COGS in future years. The opposite would occur in years when the Company records an in-year fair value gain.

In H1 the Company recorded an in-year fair value gain on biological produce of £773k and hence in H2 it posted a loss of £1,340k to leave the net loss for the year at £567k.

5 Source: Savanta, BrandVue, Sparkling Wine drinkers, MAT End December 2024.

SECTION 172 STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2024

The Directors are fully aware of their responsibilities to promote the success of the Company in accordance with section 172 of the Companies Act 2006 and have acted in accordance with these responsibilities during the year.

Section 172 of the Companies Act 2006 requires Directors to take into consideration the interests of stakeholders in their decision making. The Directors continue to have regard to the interests of the Company's employees and other stakeholders, including the impact of its activities on the community, the environment and the Company's reputation, when making decisions. Acting in good faith and fairly between members, the Directors consider what is most likely to promote the success of the Company for its members in the long term.

The Board has identified that its key stakeholders are:

- Employees
- Shareholders
- Customers
- Suppliers
- Community and Environment

Chapel Down's core values are: We are challengers; We deliver together; We take personal ownership; and We act profitably and sustainably. These values are embedded in our continuous personal development program and ensure that we act consistently in the interests of our stakeholders.

Throughout the year the Board considered the wider impact of strategic and operational decisions on the Company's stakeholders.

Employees

Our employees are key to the long-term success of the Company. All employees receive a thorough induction. We have various engagement mechanisms in place and we use the values above as the glue that binds the team. The senior management team generally meet at the beginning of every week to provide a status update and plan the week ahead. Annual employee reviews are conducted in addition to the regular communication between management and employees to ensure that any concerns or issues are identified and resolved. The Company provides training to employees as well as social events to promote the well-being and integrity of the team.

Shareholders

The support and engagement of our shareholders is imperative to the future success of our business. In addition to being shareholders they are invariably customers too. Their engagement is therefore all the more vital. In all of its decision making, the Board ensured that it acted fairly with regard to members of the Company. We have productive ongoing dialogue with a number of our investors. We are in touch with all of our shareholders on a regular basis with information about shareholder meetings and the Company's financial performance. We have regular meetings with institutional investors to understand their views and address any concerns.

Customers

Chapel Down's commercial team is in regular contact with our customer's key people to try to ensure that Chapel Down's products are meeting or exceeding our customer's expectations. With our larger customers we agree on a joint business plan on an annual basis with regular reviews throughout the year.

Suppliers

We adopt an ethical and equitable approach with all our business partners and suppliers. We strive to have an open, constructive and effective relationship through regular meetings and dialogue which is beneficial for the whole supply chain.

Community and Environment

We are a small business committed to making a positive contribution to the communities in which we operate. Where possible we try to source locally whether that is for our shop, vineyards, winery or restaurants. We also support the arts through our sponsorship activities nationally and also support local charities and events. We have a published sustainability position and we ensure we operate as environmentally soundly as we can. We review this position quarterly.

This report was approved by the board on 2 April 2025 and signed on its behalf.

J.R.S. Pennefather
Chief Executive Officer


CHAPEL DOWN
DISCOVERY SERIES
PINOT BLANC
2021

BUSINESS RISKS AND UNCERTAINTIES

FOR THE YEAR ENDED 31 DECEMBER 2024

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.

Key personnel and retaining highly skilled individuals (continued)

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.

Dependence on key customers

The Group's business is dependent on certain key trade customers. 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 £20 million asset-based revolving credit facility with PNC Financial Services UK Limited (the "RCF"). The RCF is under a 6-year agreement, expiring in 2030.

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.

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2024

The directors present their report and the financial statements for the year ended 31 December 2024.

Directors' Responsibilities Statement

The directors are responsible for preparing the Group strategic report, the Directors' report and the consolidated financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law, with the Group financial statements being prepared in accordance with International Financial Reporting Standards as adopted by the UK, and the Parent Company financial statements being prepared in accordance with United Kingdom Generally Accepted Accounting Practice under Financial Reporting Standard 101 "Reduced Disclosure Framework". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the Group and of the profit or loss of the Group for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Group's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether the Group financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the UK, and the Parent Company financial statements have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice under Financial Reporting Standard 101, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and the Group and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Results and Dividends

The loss for the year, after taxation, amounted to £1,308,661 (2023 – £1,527,350 profit). The directors do not recommend the payment of a dividend.

Directors

The directors who served during the year were:

J. D. Brooke
J. R. S. Pennefather (appointed 1 February 2025)
M. R. Glenn
R. A. C. Smith
M. A. Spencer
N. W. Wray
S. A. Wren
A. J. Carter (resigned 31 January 2025)
S. C. Gilliland (resigned 31 December 2024)

The future developments of the Group are discussed in the 'outlook' section of the Strategic Report.

Substantial Shareholders

The Group is aware of the following shareholdings which represent 3% or more of the Company's issued Ordinary Shares as at 31 December 2024:

Shareholder	Number of Ordinary Shares	Percentage of Issued Share Capital
IPGL & Michael Spencer*	46,323,821	27.0%
Nigel Wray**	23,631,970	13.8%
Adrian Bridge***	6,335,571	3.7%

* Includes 178,571 ordinary shares held by Lord Spencer Of Alresford, beneficial owner of IPGL, 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.

*** Of the 6,335,571 ordinary shares held by Adrian Bridge, 5,135,571 ordinary shares are held by Bridgeport Investments Limited, a company that Adrian Bridge and family are beneficiaries of, with the balance held through Banco Santander Totta.

Financial Instruments

The Group's principal financial instrument relates to bank loans. The purpose of this financial instrument is to raise finance for the Group's operations. The Group has various other financial instruments such as trade debtors which arise directly from operations. The Group does not enter into derivative transactions.

The main financial risks arising from the Group's activities are credit risk and liquidity risk. These are monitored by the board of directors and were not considered to be significant at the balance sheet date. The Group actively manages its financial risk in order to meet its foreseeable needs in the short and medium term.

Credit Risk

The Group's principal financial assets are cash and trade debtors. The directors consider there to be minimal credit risk in respect of the company's cash balances as they are all held in reputable financial institutions. The directors manage credit risk in respect of trade debtors by reviewing outstanding balances and performing credit checks on new customers.

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 2026, the directors confirm that they consider that the going concern basis remains appropriate.

As detailed within note 2.2, the directors have considered both financial and operational aspects surrounding the Group's trading outlook at length. The Group continues to have access to sufficient cash resources via the £20m revolving credit facility provided by PNC Business Credit, and following a re-configuration of the Group's interest cover covenant by the lender in January 2025, the directors consider there to be substantial headroom on the Group's financial covenants for at least 24 months from the balance sheet date.

The directors therefore 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 annual financial statements.

Disclosure of Information to Auditor

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the company and the Group's auditor is unaware, and;
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company and the Group's auditor is aware of that information.

This report was approved by the board on 2 April 2025 and signed on its behalf.

J.R.S. Pennefather
Chief Executive Officer

WORLD CLASS TEAM

We have a hugely experienced and talented Board of Directors. It is a team who are motivated to grow long term shareholder value.

MARTIN GLENN
Independent Non-executive Chairman

Martin has held the role of Non-executive Chairman since 2020. He is also Chairman of the Football Foundation and PGMOL, and is a NED at Froneri. Martin was previously CEO of the Football Association, United Biscuits and PepsiCo UK/Ire.

JAMES PENNEFATHER
Chief Executive Officer

James is the CEO of the Company, having been appointed in February 2025. He has worked in the premium drinks industry for over 25 years and has held various roles including CEO of The Lakes Distillery Company PLC as well as senior management roles at William Grant & Sons and Diageo.

ROBERT SMITH
Chief Financial Officer (Outgoing – April 2025)

Robert has been a member of the Board since 2022, employed as the CFO. Robert is a qualified Chartered Accountant, having previously held a partnership at PwC LLP for 13 years. He has been a shareholder of the Company since 2006. Robert will be stepping down from the Board in April 2025, at which point his replacement, Louan Mouton, will be appointed.

LOUAN MOUTON
Chief Financial Officer (Incoming – April 2025)

Louan will be appointed to the board when Robert steps down in April 2025. Louan is a Chartered Accountant with significant experience in consumer goods organisations, including Group Finance Director at Fevertree Drinks plc and CFO at Typhoo Tea Ltd.

JAMIE BROOKE
Independent Non-executive Director

Jamie has held position as a NED on the Board since 2013 and is the Chairman of the audit committee. He previously held positions as fund manager at both Henderson Global Investors and Lombard Odier Investment Managers.

MICHAEL SPENCER
Non-executive Director

Michael was appointed to the Board on 29 June 2023 and is currently Chairman of IPGL Ltd. Michael is a Member of the House of Lords and founded Nex Group, formerly ICAP.

NIGEL WRAY
Non-executive Director

Nigel was appointed to the Board in 2004 and is a well-known private investor.

SAMANTHA WREN
Non-executive Director

Samantha has been a member of the Board since 2019 and is the Chairman of the remuneration committee. Samantha is also the Chair of Audit and Risk at Schroder Japan Trust.

EXECUTIVE LEADERSHIP TEAM

We are delighted to introduce you to our passionate Leadership Team with significant drinks and investment experience.

JAMES PENNEFATHER
Chief Executive Officer

James is the CEO of the Company, having been appointed in February 2025. He has worked in the premium drinks industry for over 25 years and has held various roles including CEO of The Lakes Distillery Company PLC as well as senior management roles at William Grant & Sons and Diageo.

LOUAN MOUTON
Chief Financial Officer (Incoming – April 2025)

Chapel Down Group CFO and Board Member since April 2025. Louan is a Chartered Accountant with significant experience in consumer goods organisations, including Group Finance Director at Fever-tree Drinks plc where he was responsible for setting up operations in the USA and more recently as CFO and Board Director at Typhoo Tea Ltd. Prior to that, Louan held roles at Natural Capital Partners, BHP Billiton and Deloitte.

JOSH DONAGHAY-SPIRE
Operations Director & Head Winemaker

Chapel Down Group Winemaker since 2010 and promoted to Operations Director in 2022. Having graduated at Plumpton Vinology College, Josh has previous winemaking experience in Champagne, Alsace and Stellenbosch.

TOM HEPWORTH-BOND
Sales Director

Chapel Down Group Sales Director since 2021. Formerly held senior sales roles at Chase Distillery and Bibendum.

LIAM NEWTON
Chief Marketing Officer

Chapel Down Group CMO since 2022. Former VP of Marketing at Carlsberg, as well as senior marketing roles at Bacardi, AB InBev and Nestlé Rowntree.

DENISE CLAXTON
People Manager

Chapel Down Group People Manager since 2024. Extensive senior HR experience within the wine industry, including Liberty Wines.

OUR CUSTOMERS

WE ARE AVAILABLE NATIONALLY THROUGH A BROAD MIX OF RETAILERS

SELFRIDGES&Co

FORTNUM & MASON EST 1707

Harrods

Majestic wines beers spirits

WAITROSE & PARTNERS

BOOTHS FOOD, WINE AND GROCERY

M&S EST. 1884

Sainsbury's

TESCO

ocado

amazon

AND HAVE A STRONG PRESENCE ACROSS HOSPITALITY VENUES IN THE UK

NOBU

THE PIG

H&F

LE MANOIR AUX QUAT'SAISONS A BELMOND HOTEL OXFORDSHIRE

COWORTH PARK Dorchester Collection

INCEPTION GROUP

OAKMAN INNS

BRASSERIE & BAR BROWNS ESTABLISHED 1973

HARBOUR HOTELS

ACCOR HOTELS Feel Welcome

GREENE KING BURY ST EDMUNDS

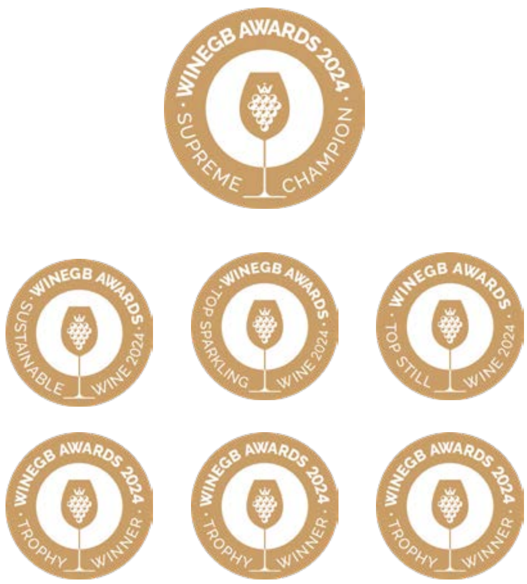
2024 AWARDS

The quality of Chapel Down wines continued to be recognised at national and international awards, with 2024 being our most successful year yet, winning a total of 41 awards across the top five wine competitions.

In the Decanter World Wine Awards, which evaluated over 18,000 wines from across the world, our traditional method Chapel Down Rosé was singled out amongst the Top 50, winning a prestigious 'Best in Show' award. This accolade underscores our relentless pursuit of quality and excellence.

In the Wine GB Awards, our Kit's Coty Coeur de Cuvée 2016 won the highest accolade of 'Supreme Champion' as well as 'Best English Sparkling Wine', while our Kit's Coty Chardonnay 2021 was awarded 'Top Still Wine' and 'Best Chardonnay'.

WE ARE ONE OF THE MOST HIGHLY AWARDED ENGLISH WINE BRANDS




CAMBRIDGE
CHAPEL DOWN
CHAPEL DOW

OUR PARTNERSHIPS

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

ECB

THE BOAT RACE
OXFORD CAMBRIDGE

ROYAL ASCOT
OFFICIAL ENGLISH SPARKLING WINE

PUB IN THE PARK

2024 VINEYARDS REPORT

The planting of Buckwell Vineyard

Located between Ashford and Canterbury on the Kent Downs, our beautiful new vineyard at Buckwell was planted in May 2024. In under 10 days we were able to plant 218,000 Chardonnay and Pinot Noir vines at an average of just under 25,000 vines a day, a truly monumental feat. Using sophisticated mapping software we were able to achieve highly accurate placement of each vine using a GPS guided planting machine.

With chalky upper slopes and deeper more loamy soils lower down, the vineyard provides a perfect mix of soils for both Chardonnay and Pinot Noir to explore the unique characteristics of the terroir.

Planting a new vineyard is always a very exciting moment, especially in a new location where we have yet to discover the true potential of the land. However, with our understanding and knowledge of our other vineyards on the Kent Downs at Kits Coty, Boxley Abbey and Court Lodge we are very excited of the future potential from this vineyard.

The vines are growing in line with expectations. Buckwell provides an additional 92 acres (37 hectares) of Chardonnay and 27 acres (11 hectares) of Pinot Noir, extending Chapel Down's planted vineyards to 1,018 acres (412 hectares).*

Well invested and extremely high-quality vineyard estate

Chapel Down has exceptional vineyard assets spanning over 1,000 acres – equivalent to approximately 10% of the UK's total vineyards, or 1.5 million individual vines, with 70% of this acreage concentrated across four outstanding vineyards in the Kent Downs. Each of these vineyards has been meticulously selected by our seasoned viticulture team for its topography and micro-climate to maximise grape ripening and avoid frost damage. Of these, our most recent vineyard investment, Buckwell, is not due to come into full production until 2027, providing wines which will enable the Company to deliver topline volume growth from existing vineyard assets into the early 2030s.

We are neutral between freehold, long-term leased or long-term grower contracts.

	Fully productive 2024	*Planted 2022 & 2023*	*Planted 2024*	**Fully productive 2026**	**Fully productive 2027**
Freehold	117			117	117
Leased	446	158	122	604	726
Grower contracts	176			176	176
Total acres	**739**			**897**	**1,018**
Total hectares	*299*	*64*	*49*	*363*	*412*

* Includes an additional 3 acres planted at Boxley Abbey vineyard in 2024.

SUSTAINABILITY

Our environment and soil are some of our most precious assets which we're committed to protecting and enhancing.

We will develop best-in-class environmental frameworks and sustainability measures, focusing on the development of relevant, meaningful and measurable sustainability plans that benefit the business and the environment in which it operates.

Significant work has taken place since 2022 in gathering our carbon footprint baseline data and identifying opportunities for reductions and improvements. Changes have already been implemented to decrease emissions and increase efficiency, alongside vineyard plantings and ecosystem management to maximise sequestration.

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

Our commitment to sustainability is paramount, and we plan to communicate our sustainability plan with milestones to our shareholders in the near future.

AS WINEMAKERS, AT CHAPEL DOWN WE THINK NOT JUST IN YEARS, BUT IN GENERATIONS.

Founder member of 'Sustainable Wine GB' Group

LAND MANAGEMENT

- We mulch our prunings back into the vineyard soil returning organic matter to the earth and helping to sequester carbon
- We have established wildflower corridors through our vineyards to provide habitat for insect biodiversity
- We keep our grass longer than we have in the past. This reduces our diesel use, reduces soil compaction and provides increased habitat and forage for pollinators and insects
- We use chicken manure to replenish soil nutrients and build soil organic matter
- We have invested significantly in under-vine weeding machinery and techniques which has drastically reduced our herbicide use, and is in line with the regenerative principle of minimising soil cultivation
- We have invested in weather stations throughout our vineyards to understand weather patterns in greater detail and only apply protective sprays when required

PACKAGING & PRODUCTION

- Glass is made of 73% recycled material and is 100% recyclable
- Sparkling wine cartons inserts are made from 100% recycled material and are 100% recyclable
- Wine boxes are made of 85% recycled content and are 100% recyclable
- Recycled hessian coffee bean sacks used to store vine materials ready for re-use in future plantings
- We are committed to reducing the weight of our packaging. 97% of our still wines use lightweight bottles (<400g). Our traditional method and carbonated wines require strength to withstand the pressure, but we use the lightest of the advisable bottles available

ENERGY SOURCES

- Our 'waste' grape skins are sent for anaerobic digestion to produce renewable energy. Over the last five years this has created enough electricity to supply 163 homes for a year
- We have moved to using new technologies in our winery to stabilise some of our wines. This reduces the need for refrigeration with its associated electricity and carbon emissions

CORPORATE GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2024

Introduction

The Board of Chapel Down is committed to maintaining high standards of corporate governance. It complies with the Quoted Companies Alliance Corporate Governance Code provisions for small and mid-size quoted companies (“QCA Code”) to the extent that the Board considers appropriate having regard to the Company’s size, board structure, stage of development and resources.

We are building a strong governance framework whilst also ensuring that we take a proportionate approach and that our processes remain fit for purpose and embedded within the culture of our organisation. We will continue to develop our standards and will make improvements in line with building a more successful and sustainable company.

The Board consists of seven Directors being:

- Non-Executive Chairman – Martin Glenn
- Chief Executive Officer – James Pennefather
- Chief Financial Officer and Company Secretary – Robert Smith
- Non-Executive Director – James Brooke
- Non-Executive Director – Nigel Wray
- Non-Executive Director – Samantha Wren
- Non-Executive Director – Michael Spencer

The Board is responsible for formulating, reviewing and approving the Company’s strategy, financial activities and operating performance. Day-to-day management is devolved to the executive directors, who are charged with consulting the Board on all significant financial and operational matters. The Board retains ultimate accountability for governance and is responsible for monitoring the activities of the executive team.

In line with best practice, the roles of Chairman and Chief Executive Officer (CEO) are split. The Chairman has the responsibility of ensuring that the Board discharges its responsibilities. The Chairman is responsible for the leadership and effective working of the Board, for setting the Board agenda, and ensuring that Directors receive accurate, timely and clear information.

The CEO has the overall responsibility for creating, planning, implementing, and integrating the Company’s strategic direction. This includes responsibility for all components and departments of the business. The CEO ensures that the organisation’s leadership maintains a constant awareness of both the external and internal competitive landscape, opportunities for expansion, customer base, markets, new industry developments and standards.

Principle 1: Establish a strategy and business model which promote the long-term value for shareholders

The Company mission is “To change the way the world thinks about English wine.” We will achieve this by producing and sourcing excellent fruit, for still and sparkling wines, to create a World Class brand with high levels of awareness and desire. A strong brand will enable us to become more widely recognised as the UK’s leading English wine producer, and widen availability across all channels of trade in the UK. The board is focused on delivering its long-term strategic plan that will drive the operational efficiency and scale benefits of the above. The Company publishes a Strategic review in its Annual Report which details the Company’s business model and explains the risks and how those risks are mitigated.

Principle 2: Seek to understand and meet shareholder needs and expectations

The incentivisation of executive directors is primarily through share incentive plans which are long term by nature to ensure executives are allied to shareholder needs and expectations. In addition, all shareholders are encouraged to attend the AGM and General Meetings where possible. The Company seeks input as appropriate from, our nominated adviser and broker, our auditors plus legal and other advisers.

The Company keeps shareholders informed through shareholder mailings and communication. Many are also customers and that enables a constructive and helpful dialogue. Larger Institutional shareholders have the opportunity to meet directly with management. The Company also ensures that Investor information is detailed on the Chapel Down website (https://chapeldown.com/pages/investors).

Principle 3: Take into account wider stakeholder and social responsibilities and their implications for long-term success

The Board recognises the importance of its relationship with its employees, customers, suppliers, shareholders, the community and environment.

The Board has identified that its key stakeholders are:

- Employees
- Shareholders
- Customers
- Suppliers
- Community and Environment

Chapel Down's core values are:

- We are challengers
- We deliver together
- We take personal ownership
- We act profitably and sustainably

These values are embedded in our continuous personal development program and ensure that we act consistently in the interests of our stakeholders. Throughout the year the Board consider the wider impact of strategic and operational decisions on the Company's stakeholders.

Employees

Our employees are key to the long-term success of the Company. All employees receive a thorough induction. We have various engagement mechanisms in place and we use the values above as the glue that binds the team. The senior management team generally meet at the beginning of each week to provide a status update and plan the week ahead. Annual employee reviews are conducted in addition to the regular communication between management and employees to ensure that any concerns or issues are identified and resolved. The Company provides training and coaching to employees as well as social events to ensure we promote the well-being and integrity of the team.

Shareholders

The support and engagement of our shareholders is vital to our business. In addition to being shareholders they are invariably customers too. Their true engagement is therefore all the more vital. In all of its decision making, the Board ensures that it acts fairly with regard to members of the Company. We have productive ongoing dialogue with our investors through regular emails and information about shareholder meetings and the Company's financial performance. We have regular meetings with institutional investors to understand their views and address any concerns.

Customers

Chapel Down's commercial team is in regular contact with our customers to ensure that Chapel Down's products are meeting or exceeding their expectations. With our larger customers we agree on a joint business plan on an annual basis with regular reviews throughout the year.

Suppliers

We adopt an ethical and equitable approach with all our business partners and suppliers. We strive to have an open, constructive and effective relationship through regular meetings and dialogue which is beneficial for the whole supply chain.

Community and Environment

We are a small business committed to making a positive contribution to the communities in which we operate. Where possible we always try to source locally, whether that is for our shop, winery, or restaurant. We also support the Arts through our sponsorship activities nationally, and also support local charities and events. We have a published sustainability position and we ensure we operate as environmentally soundly as we can. We review this position quarterly. We also hold regular sessions with our customer advisory panel that have diversity and sustainability experts on it to help guide the management on key issues that could impact the brand and our customers.

Principle 4: Embed effective risk management, considering both opportunities and threats, throughout the organisation

The Board regularly reviews the risks to which the Company is exposed and ensures through its meetings and regular reporting that these are minimised as far as possible. The maintenance of strong financial controls overseen by its CFO.

The Audit Committee's role is to assist the Board in fulfilling its oversight responsibilities by reviewing and monitoring:

- The integrity of the financial and narrative statements and other financial information provided to shareholders.
- The Company's system of internal controls and risk management.
- The internal and external audit process and auditors.
- The processes for compliance with laws, regulations and ethical codes of practice.
- The Company's attitude to and appetite for risk and its future risk strategy.
- How risk is reported internally and externally.

The principal risks and uncertainties are detailed in the Group Strategic Report in the Annual Report.

Principle 5: Maintain the board as a well-functioning, balanced team led by the chair

The Board's role is to agree the Company's long-term direction and strategy and monitor achievement of key milestones against its business objectives. The Board meets formally at least four times a year for these purposes and holds additional meetings when necessary to transact other business. The Board receives reports for consideration on all significant strategic, operational and financial matters.

The Board is comprised of a Chief Executive Officer (CEO), Chief Finance Officer and Company secretary (CFO) and five Non-Executive Directors (NEDs) of which one is Non- Executive Chairman. Each member of the Board is committed to spending sufficient time to enable them to carry out their duties as a Director. The Board meets regularly throughout the year as deemed appropriate formally and informally, in person, through video conferencing and by telephone.

The Company constantly keeps under review the constitution of the Board and may seek to add more members as required as the Company grows and develops.

Martin Glenn and Jamie Brooke are considered to be 'independent' in accordance with the QCA Code.

The Board has implemented an effective committee structure to assist in the discharge of its responsibilities. All committees of the Board have written terms of reference dealing with their authority and duties. Membership of the Audit and Remuneration Committees is comprised of Non-Executive Directors.

Principle 6: Ensure that between them the directors have the necessary up-to-date experience, skills and capabilities

The Board of Chapel Down has a wide skill set which has developed and evolved over the last twenty years as the Company has grown. The profile of the Company and brand demand that we ensure that the Board has considerable high level functional experience covering Corporate Finance and Governance, Performance Management, Brand Marketing, Commercial Management, Negotiation, Legal skills and UK listed companies NED skills in addition to entrepreneurial nous. It is a real strength of the Company and the Chairman is charged with reviewing its composition over time through annual reviews.

Biographies of the directors can be found on the Company's website at the following link: https://www.chapeldown.com/pages/our-directors and in the Board of Directors section below.

The Board currently comprises a male Non-Executive Chairman, two male Executive Directors, three male Non-Executive Directors and one female Non–Executive Director. Chapel Down aims to have a diverse Board and promotes inclusivity and diversity across the business.

The Executive Directors' contracts are available for inspection, as are the Letters of Appointment for the Non-Executive Directors, at the registered office and at the time of the AGM. The Directors retire by rotation at regular intervals in accordance with the Company's Articles of Association.

Principle 7: Evaluate board performance based on clear and relevant objectives, seeking continuous improvement

Board meetings are held at least four times a year and are an effective tool in measuring the performance of the business against its KPI's and long-term strategy. Reviews of Executive Directors are held annually and reviewed regularly. Board directors are re-elected every three years.

The Remuneration Committee advises the Board on succession planning issues.

Principle 8: Promote a corporate culture that is based on ethical values and behaviours

The Board aims to lead by example when looking after the best interests of its employees, customers, suppliers, shareholders, the community and environment.

Chapel Down has an employee handbook which covers the Company's Vision and Values, standards of conduct, diversity policy, anti-bribery, and anti-bullying and harassment policies.

The values of the Company are well understood by all employees and are re-enforced wherever possible and driven in all development plans.

In addition, there is a Share Dealing Policy and Code in place as well as detailed GDPR guidelines.

The Company is an original supporter of the development of Sustainable Wines of Great Britain. We take our role as market leaders seriously.

Principle 9: Maintain governance structures and processes that are fit for purpose and support good decision-making by the board

The Board is responsible for setting the vision and strategy for the Company to deliver value to the Company's shareholders by effectively putting in place its business model.

Nominations for Board members are decided by the Board as a whole.

The roles and responsibility of the Chief Executive Officer, Non-Executive Chairman and other Directors are laid out below:

- The Chief Executive Officer's primary responsibilities are to: implement the Company's strategy in consultation with the Board; take responsibility for the Company's projects; run the Company on a day-by-day basis; implement the decisions of the Board; monitor, review and manage key risks; act as the Company's primary spokesman; communicate with external audiences such as investors, analysts and media; and be responsible for the administration of all aspects of the Company.
- The Non-Executive Chairman's primary responsibilities are to: lead the Board and to ensure the effective working of the Board; in consultation with the Board, ensure good corporate governance and set clear expectations with regards to the Company culture, values and behaviour; set the Board's agenda and ensure that all Directors are encouraged to participate fully in the decision-making process of the Board and take responsibility for relationships with the Company's professional advisers and major shareholders.
- The other Executive Directors' primary responsibilities are within their job functions remit concomitant with their roles in the Company and the Board. They participate fully in all Board level decisions and regularly report on their field of operation to the Board.
- The Company's NEDs participate in all Board level decisions and play a particular role in the determination and articulation of strategy. The Company's NEDs provide oversight and scrutiny of the performance of the Executive Directors, whilst both constructively challenging and inspiring them, thereby ensuring the business develops, operates within its risk management framework, and that the agreed strategy is communicated and executed.
- The Company Secretary is responsible for ensuring that Board procedures are followed, and applicable rules and regulations are complied with.

Principle 9: Maintain governance structures and processes that are fit for purpose and support good decision-making by the board (continued)

The Board is supported by the audit and remuneration committees as described below.

The Audit Committee

The Audit Committee comprises three Non-Executive directors. The CFO and external audit lead partner shall be invited to attend and address meetings of the Committee on a regular basis. The Audit Committee meets at least three times per annum.

The responsibilities of the Audit Committee include:

- Monitoring and discussing with management the integrity of the financial statements of the Group, including the annual and half-yearly report and any other formal statements relating to its financial performance.
- Reviewing and reporting to the Board on significant financial reporting issues and judgements which the financial statements, interim reports, preliminary announcements and related formal statements contain having regard to matters communicated to it by the external auditor.
- Reviewing the Company's internal financial controls and internal control systems and, at least annually, carrying out a review of its effectiveness.
- Considering at least annually the need for an internal audit function, making any recommendation to the Board.
- Considering and making recommendations to the Board, to be put to shareholders for approval at the Company's AGM, on the appointment, reappointment or removal of the Company's external auditor as well as negotiating and agreeing their terms of engagement.
- Reviewing and assessing, on an annual basis, the external auditor's independence and objectivity including an assessment of the qualifications, expertise and resources of the external auditor.
- Developing and recommending to the Board, and implementing, the Company's formal policy on the external auditor's provision of non-audit services.
- Annually reviewing the Company's procedures for detecting fraud.
- Review the Company's systems and controls for ethical behaviour and the prevention of bribery and modern slavery and receiving reports on non-compliance.
- Reviewing the effectiveness, adequacy and security of the Company's arrangements for its employees and contractors to raise concerns, in confidence and anonymously, about possible wrongdoing in financial reporting or other matters. The Committee shall ensure that these arrangements allow proportionate and independent investigation of such matters and appropriate follow-up action.

The Remuneration Committee

The Remuneration Committee is comprised of three Non-Executive Directors including the Chairman.

The responsibilities of the Remuneration Committee include:

- Determining the framework or broad policy for the remuneration of the Company's Chairperson and the executive directors, company secretary and senior managers.
- Determining targets for any performance related pay schemes operated by the Company.
- Reviewing the design of any share incentive plans for approval by the Board and shareholders.
- Determining the policy for, and scope of, pension arrangements for each executive director and other senior managers.
- Determining the total individual remuneration package of the Chairperson, each executive director, the company secretary and other senior managers including bonuses, incentive payments and share options or other share awards.
- Ensuring that contractual terms on termination and any payments made are fair to the individual and the Company; that failure is not rewarded and the duty to mitigate loss is fully recognised.
- Overseeing any major changes in employee benefits structures throughout the Company.

Principle 9: Maintain governance structures and processes that are fit for purpose and support good decision-making by the board (continued)

- Agreeing the policy for authorising claims for expenses from the directors.
- Exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the Committee.
- Obtaining reliable, up-to-date information about remuneration in other companies of comparable scale.
- Reviewing the Company's arrangements for its employees to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters.

Principle 10: Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders

The Company holds an annual general meeting to which shareholders are invited and are encouraged to ask questions of management.

Shareholders are very often customers, and we gather and actively seek feedback directly from our shareholders. In addition to formal occasions and direct shareholder feedback, the CEO and CFO also meet with Institutional shareholders.

In order to ensure shareholders are informed we communicate via a regular email.

Shareholders also have their own dedicated email address on which shareholders can raise queries or concerns. We maintain a 48-hour maximum response to questions.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CHAPEL DOWN GROUP PLC

FOR THE YEAR ENDED 31 DECEMBER 2024

Opinion
We have audited the financial statements of Chapel Down Group Plc (the "Company") and its subsidiaries (the "Group") for the year ended 31 December 2024 which comprise:

- the Consolidated statement of Comprehensive Income for the year ended 31 December 2024;
- the Consolidated and Company Statement of Financial Position as at 31 December 2024;
- the Consolidated and Company Statements of Changes in Equity for the year then ended;
- the Consolidated Statement of Cash Flows for the year then ended; and
- the notes to the financial statements, including a summary of material accounting policies.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and UK-adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the Company financial; statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standards 101 Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Company's affairs as at 31 December 2024 and of the Group's loss for the period then ended;
- the Group financial statements have been properly prepared in accordance with UK adopted international accounting standards,
- the Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions related to going concern
In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the entity's ability to continue to adopt the going concern basis of accounting included the following:

- We obtained and assessed management's detailed trading budget and cash flow forecast for the period to 31 December 2026. In addition to checking the arithmetical accuracy, we also discussed the key assumptions with management and ensured they are reasonable and in line with our understanding of the business and sector. The trading budget and cash flow forecast show the group as having headroom on their financing facilities throughout the forecast period.
- We have examined correspondence with lenders including speaking to them directly to confirm the availability of financing facilities for the period to 31 December 2026, being the period reviewed for going concern purposes.
- We have we scrutinised and challenged the forecasts including the covenant compliance for the two year period to 31 December 2026.
- We read the Board minutes and discussed with management whether there were any matters not documented in the minutes provided such as issues with financing or covenants, trading or other matters which would impact materially on the forecasts.
- We enquired with management whether there are any significant subsequent events that may impact on going concern.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the entity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Conclusions related to going concern (continued)
Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Overview of our audit approach
Materiality
In planning and performing our audit we applied the concept of materiality. An item is considered material if it could reasonably be expected to change the economic decisions of a user of the financial statements. We used the concept of materiality to both focus our testing and to evaluate the impact of misstatements identified.

Based on our professional judgement, we determined overall materiality for the group financial statements to be £198,000 based on 1% of gross revenue before retrospective discounts and duty (2023 – 1% of gross revenue before retrospective discounts and duty £200,000). The parent company materiality was set at £195,000 *(2023 – £190,000)* based on group revenue also and restricted so as not to exceed group materiality.

In setting materiality, we considered the group's business model. Prior to and including 2021, the company had raised in the region of £54million before expenses in equity funding. This funding was used to invest in the growth of the business. Due to the nature of the business, it takes a long time before investment generates a significant return. This is primarily due to the significant lead time between investing into new land, and producing wine that can be sold. The group now 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. Since 2018 gross sales revenue before retrospective discounts has increased by 121%. Based on the above, it is our belief that Chapel Down Group Plc has entered a new phase in its business lifecycle. The group is no longer in its investment phase, but rather in a growth phase. The group has established itself as the largest wine producer in the UK. The profile of the brand has grown considerably in the last 6 years and the group have forged a number of high profile partnerships. Revenue growth is therefore the key metric for the business. Based on this, the most relevant benchmark for materiality was considered to be gross sales revenue before retrospective discounts.

We use a different level of materiality ('performance materiality') to determine the extent of our testing for the audit of the financial statements. Performance materiality is set based on the audit materiality as adjusted for the judgements made as to the entity risk and our evaluation of the specific risk of each audit area having regard to the internal control environment. Based on our professional judgement, we determined performance materiality for the consolidated financial statements to be £138,600 *(2023 – £140,000)* for the group and £136,500 *(2023 – £133,000)* for the parent.

Where considered appropriate performance materiality may be reduced to a lower level, such as, for related party transactions and directors' remuneration.

We agreed with the Audit Committee to report to it all identified errors in excess of £10,000. Errors below that threshold would also be reported to it if, in our opinion as auditor, disclosure was required on qualitative grounds.

Overview of the scope of our audit
The audit procedures have been carried out solely by Crowe U.K. LLP. The audit scope was established during the planning stage and was based around the key matters set out below. The scope included tests of control to establish the group's systems in use are working effectively and tests of detail selecting transactions via sampling techniques.

Key audit matters
Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the Conclusion related to going concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

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

Key audit matter	How the scope of our audit addressed the key audit matter
Valuation of biological produce At the point of harvest, the harvest of grapes qualifies as biological produce under IAS 41 and is recorded at fair value at that date. The fair value becomes the basis of cost when accounting for inventories under IAS 2. There is a significant level of judgement involved in determining the fair value of the biological produce as management use a tier 3 valuation. This increases the inherent risk of fraudulent misstatement. Further details can be found in note 16.	We examined the methodology used for valuing the biological produce and assessed its compliance with IAS 41. We challenged management on the assumptions used and also considered available market data to assess the reasonableness of the valuation. We also ensured that the basis of the valuation remained consistent with the previous year.
Breach of financial covenants There are two financial covenants which must be complied with. Failure to comply constitutes an Event of Default which results in the bank having the ability to demand repayment of the facility. For the period to 31 December 24 the group breached the interest cover covenant. The breach occurred due to the fair value adjustment of biological produce. Although a waiver was issued post year end the associated liability was due on demand at the year end and therefore has to be disclosed as a current liability and related disclosures are required.	We reviewed the agreement, along with the post year end amendment and waiver letter. We also had a number of phone calls with management, the Audit Committee and PNC, the groups finance provider. We concluded that there was a breach at the year end and therefore that the liability was a current liability at the year-end. We have reviewed the disclosures made and confirm that these are appropriate and in line with current guidelines. These can be found in note 23.

Our audit procedures in relation to these matters were designed in the context of our audit opinion as a whole. They were not designed to enable us to express an opinion on these matters individually and we express no such opinion.

Other information

The directors are responsible for the other information contained within the annual report. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006
In our opinion based on the work undertaken in the course of our audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception
In light of the knowledge and understanding of the group and the company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- the company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of the directors for the financial statements
As explained more fully in the directors' responsibilities statement set out on page 29 the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We obtained an understanding of the legal and regulatory frameworks within which the company operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006 and taxation legislation.

Auditor's responsibilities for the audit of the financial statements (continued)
We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be the valuation of inventory, the timing of recognition of revenue and the override of controls by management. Our audit procedures to respond to these risks included:

- enquiry of management about the Group's policies, procedures and related controls regarding compliance with laws and regulations and if there are any known instances of non-compliance;
- examining supporting documents for all material balances, transactions and disclosures;
- review of the board meeting minutes;
- enquiry of management and review and inspection of relevant correspondence;
- evaluation of the selection and application of accounting policies related to subjective measurements and complex transactions;
- analytical procedures to identify any unusual or unexpected relationships;
- detailed testing of a sample of sales made around the balance sheet date and agreeing these through to invoices, goods despatch notes and bank receipts;
- detailed testing of a sample of inventory balance and agreeing these to post year end sales invoices to ensure inventory is held at the lower of cost and net realisable value;
- scrutiny of the fair value methodology of biological produce to assess its compliance with applicable financial reporting standards;
- review of available market data points to assess the reasonableness of the fair value biological produce;
- testing the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements; and
- review of accounting estimates for biases.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

These inherent limitations are particularly significant in the case of misstatement resulting from fraud as this may involve sophisticated schemes designed to avoid detection, including deliberate failure to record transactions, collusion or the provision of intentional misrepresentations.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report
This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Darren Rigden (Senior Statutory Auditor)
for and on behalf of
Crowe U.K. LLP

Riverside House
40-46 High Street
Maidstone
Kent ME14 1JH

2 April 2025

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2024

	Note	2024 £	2023 £
Gross sales revenue		**19,844,856**	20,135,454
Duty		**(2,572,153)**	(2,214,575)
Net sales revenue – gross of retros		**17,272,703**	17,920,879
Retros		**(921,426)**	(719,833)
Net sales revenue – net of retros	*4*	**16,351,277**	17,201,046
Cost of sales		**(8,432,876)**	(8,289,842)
Gross profit		**7,918,401**	8,911,204
Administrative expenses		**(7,036,706)**	(7,394,154)
Operating profit before exceptional costs and fair value movement in biological produce	*6*	**881,695**	1,517,050
Fair value (loss)/gain on measurement of biological produce		**(566,982)**	2,171,386
Operating profit before exceptional costs		**314,713**	3,688,436
Exceptional costs	*5*	**(1,216,341)**	(1,235,478)
Operating (loss)/profit		**(901,628)**	2,452,958
Finance income		**11,742**	47,222
Finance costs	*10*	**(510,513)**	(193,057)
(Loss)/profit before tax		**(1,400,399)**	2,307,123
Tax charge	*11*	**91,738**	(779,773)
(Loss)/profit and total comprehensive (loss)/income for the year (restated)*		**(1,308,661)**	1,527,350
Total comprehensive (loss)/income attributable to the equity holders of the company (restated)*		**(1,308,661)**	1,527,350
Basic (loss)/profit – pence per share	*12*	**(0.76)**	0.95
Diluted (loss)/profit – pence per share	*12*	**(0.76)**	0.94

The notes on pages 54 to 81 form an integral part of these Consolidated Financial Statements.

* The 2023 total comprehensive income has been restated to reflect the deferred tax credit of £324,626 as being recognised directly into equity, where previously it had been included as a component of other comprehensive income in error. This deferred tax credit relates to the intrinsic value of share options in excess of the cumulative share option charge in respect of those options, which the company has recognised as a deferred tax asset on its Statement of Financial Position.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2024

	Note	2024 £	2023 £
Non-current assets			
Intangible assets	*13*	**18,303**	41,803
Property, plant and equipment	*14*	**26,803,183**	23,898,358
		26,821,486	23,940,161
Current assets			
Biological produce	*16*	**–**	–
Inventories	*17*	**26,557,669**	22,581,264
Trade and other receivables	*18*	**4,004,523**	3,593,348
Cash and cash equivalents	*19*	**981,963**	1,004,305
		31,544,155	27,178,917
Total assets		**58,365,641**	51,119,078
Equity and liabilities			
Equity			
Called up share capital	*20*	**8,576,216**	8,566,939
Share premium	*22*	**31,654,317**	31,541,143
Capital redemption reserve	*22*	**400**	400
Revaluation reserve	*22*	**902,948**	936,703
Retained earnings	*22*	**(8,482,286)**	(6,719,248)
Total equity		**32,651,595**	34,325,937
Non-current liabilities			
Borrowings	*23*	**–**	–
Trade and other payables	*24*	**–**	22,630
Lease liabilities	*25*	**9,225,616**	7,457,140
Deferred tax liabilities	*26*	**1,092,013**	893,397
		10,317,629	8,373,167
Current liabilities			
Borrowings	*23*	**9,975,683**	2,240,748
Trade and other payables	*24*	**5,044,284**	5,748,571
Lease liabilities	*25*	**376,450**	430,655
Total current liabilities		**15,396,417**	8,419,974
Total liabilities		**25,714,046**	16,793,141
Total equity and liabilities		**58,365,641**	51,119,078

The notes on pages 54 to 81 form an integral part of these Consolidated Financial Statements.

The financial statements were approved and authorised for issue by the Board on 2 April 2025 and were signed on its behalf by:

J.R.S. Pennefather **R.A.C. Smith** Company number: 04362181

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2024

	Called up Share capital £	Share premium £	Capital redemption reserve £	Revaluation reserve £	Retained earnings £	Total equity £
At 1 January 2024	**8,566,939**	**31,541,143**	**400**	**936,703**	**(6,719,248)**	**34,325,937**
Loss for the year	–	–	–	–	(1,308,661)	(1,308,661)
Total comprehensive loss for the year	**–**	**–**	**–**	**–**	**(1,308,661)**	**(1,308,661)**
Share based payments expense	–	–	–	–	(197,778)	(197,778)
Shares issued in the year	9,277	113,174	–	–	–	122,451
Transfer of excess depreciation charge to revaluation reserve	–	–	–	(33,755)	33,755	–
Deferred tax on share based payments	–	–	–	–	(290,354)	(290,354)
At 31 December 2024	**8,576,216**	**31,654,317**	**400**	**902,948**	**(8,482,286)**	**32,651,595**

The notes on pages 54 to 81 form an integral part of these Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2023

	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 year	–	–	–	–	1,527,350	1,527,350
Total comprehensive income for the year (restated)*	**–**	**–**	**–**	**–**	**1,527,350**	**1,527,350**
Share based payments expense	–	–	–	–	219,044	219,044
Bonus issue	602,433	(602,433)	–	–	–	–
Transfer of excess depreciation charge to revaluation reserve	–	–	–	(33,754)	33,754	–
Deferred tax on share options (restated)*	–	–	–	–	324,626	324,626
At 31 December 2023 (restated)*	**8,566,939**	**31,541,143**	**400**	**936,703**	**(6,719,248)**	**34,325,937**

The notes on pages 54 to 81 form an integral part of these Consolidated Financial Statements.

* The consolidated statement of changes in equity has been restated to reflect the deferred tax credit of £324,626 as being recognised directly into equity, where previously it had been included as a component of other comprehensive income in error. This deferred tax credit relates to the intrinsic value of share options in excess of the cumulative share option charge in respect of those options, which the company has recognised as a deferred tax asset on its Statement of Financial Position.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2024

	2024 £	2023 £
Cash flows from operating activities		
(Loss)/profit before tax	**(1,400,399)**	2,307,123
Adjustments to reconcile profit before tax to net cash flows:		
Amortisation of intangible assets	**23,500**	37,516
Depreciation of property, plant and equipment	**352,923**	306,163
Profit on disposal of property, plant and equipment	**76,846**	(13,738)
Finance cost included within cost of sales	**179**	1,139
Finance income	**(11,742)**	(47,222)
Finance cost	**510,513**	193,057
Fair value movement in biological produce	**566,982**	(2,171,386)
Bonus issue of shares	**122,451**	–
Equity-settled share-based payments	**(197,778)**	219,044
Increase in trade and other receivables	**(411,175)**	(898,275)
Increase in inventories	**(2,699,596)**	(3,310,142)
Increase in trade and other payables	**(726,922)**	1,465,663
Tax received	**–**	–
Net cash flows used in operating activities	**(3,794,218)**	(1,911,058)
Cash flows from investing activities		
Purchase of property, plant and equipment	**(2,473,344)**	(1,816,517)
Proceeds from sale of property, plant and equipment	**–**	9,671
Interest received	**11,742**	47,222
Net cash flows used in investing activities	**(2,461,602)**	(1,759,624)
Cash flows from financing activities		
Proceeds from borrowings	**9,527,763**	–
Repayment of borrowings	**(2,228,891)**	(300,000)
Lease payments	**(1,004,125)**	(645,284)
Interest paid	**(61,269)**	(180,500)
Net cash flows generated from financing activities	**6,233,478**	(1,125,784)
Net decrease in cash	**(22,342)**	(4,796,466)
Cash and cash equivalents at beginning of year	**1,004,305**	5,800,771
Cash at the end of year	**981,963**	1,004,305

The notes on pages 54 to 81 form an integral part of these Consolidated Financial Statements.

There were non-cash transactions of £1,304,514 *(2023 – £1,130,392)* in relation to sales invoices contra'd against purchase invoices.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

1. General information

Chapel Down Group Plc is a public company limited by shares, incorporated and domiciled in England and Wales under the Companies Act 2006. 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. Material accounting policy information

2.1 Basis of preparation

These financial statements have been prepared on the going concern basis in accordance with International Financial Reporting Standards as adopted by the UK and the requirements of the Companies Act 2006.

The financial statements have 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.

2.2 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 2026, 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:

- **Current trading performance.** Underlying consumer demand remained strong in 2024, and whilst Group NSR was down 5% since the prior year, this was impacted by c. £1.3m+ of one-off factors including retailer destocking in excess of £1m, and the impact of having the Coronation weekend in the comparative of c. £0.3m. 2024 Q4 trading, and in particular the Christmas period was very strong (+38% Sparkling, +29% Overall), demonstrating renewed momentum heading into 2025.
- **Forecast trading performance.** The directors have reviewed the Group's detailed trading budget and cash flow projections. Due to the long-term capital cycle of winemaking businesses, it takes several years for investment in new vineyards to translate into sales growth. Over the past three years, the Group has invested substantial amounts of cash into new vineyard plantings, plant and machinery, and the Group's IT platforms, so management believe the Group is well-positioned to achieve sustained growth through the period to 2026 and beyond.
- **Access to liquidity.** In September 2024, the Group signed a 6-year extension to its revolving credit facility with PNC Business Credit, increasing the facility size to £20 million at reduced interest rates, with the option to extend this further to £30 million, in two tranches, as the business continues to grow. As highlighted in note 23, in January 2025, the Group's interest cover covenant was re-configured by PNC to remove the non-cash fair value adjustment on biological produce from the calculation, which had been inappropriately included in the initial covenant. As part of this re-configuration, PNC issued a waiver of the covenant in respect of the December reporting period. The Group's latest forecasts indicate substantial headroom on its financial covenants for at least 24 months from the balance sheet date, and the re-configuration of the covenants by PNC has no impact on the Group's ability to continue as a going concern. The directors are therefore comfortable that the Group has sufficient access to cash resources to cover both working capital and growth spend requirements.
- **Operational factors and risk management.** 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.
- **Market positioning.** Chapel Down is England's leading and largest winemaker, with continued growth in Awareness (42%), Affinity (25%) and Penetration (17%), higher than any other English wine brand. The Group has the scale to give it the broadest distribution of any English winemaker, and given it operates across all major sales channels, this gives the Group a degree of resilience to changes in market demand. The English wine region and consumer market continues to grow strongly, and there still remains significant headroom for growth to achieve the penetration levels enjoyed by leading Champagne brands. With the Group's position as the market leader, the directors believe the outlook remains positive and sufficient to facilitate the realisation of the Group's continued growth plans.

2. Material accounting policy information (continued)

2.2 Going concern (continued)

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.

2.3 Basis of consolidation

The consolidated financial statements incorporate 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, Smallhythe Road, Tenterden, Kent, TN30 7NG.

The Company also has an associate, Aker Wines and Spirits Limited, which is accounted for under the equity method. As the investment in Aker Wines and Spirits Limited was fully impaired in 2022 and the company is loss making, no further losses have been recognised in these financial statements.

2.4 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 and experiences, 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 ordinarily would be at the point at which the customer receives the goods, however for practicality purposes the revenue is recognised at the point of despatch. This approach has an immaterial impact on revenue recognition in the Group's accounts.

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 and experiences

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

2. Material accounting policy information (continued)

2.4 Revenue (continued)

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.

For sales that are made in the Company's retail shop, revenue is recognised at the point of sale, when the customer pays for the goods at the shop till point.

For sales that are made via the Company's website, revenue is recognised at the point of despatch rather than at the point the customer physically receives the goods. This approach is taken for practicality purposes and has an immaterial impact on revenue recognition in the Group's accounts.

2.5 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.

2.6 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.

2. Material accounting policy information (continued)

2.6 Taxation (continued)

Deferred tax (continued)

Deferred tax is recognised on the lower of the intrinsic value and the cumulative share option expense of share options through the tax expense in the statement of comprehensive income. Deferred tax on the intrinsic value of share options in excess of the cumulative share option charge in respect of those options is recognised directly in equity.

2.7 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.

2.8 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:

- 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%-20% straight line
- Motor vehicles – 25% reducing balance
- Fixtures and fittings – 15% reducing balance
- Office equipment – 5 years straight line
- Computer equipment – 3 years straight line
- Bearer plants – approach explained below

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.

2. Material accounting policy information (continued)

2.8 Property, plant and equipment (continued)

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 yield a 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.

2.9 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 are 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 asset-by-asset basis and treats the reduction as an impairment under IAS 36 'Impairment of Assets'.

2.10 Cash and cash equivalents

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

2.11 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.

2. Material accounting policy information (continued)

2.11 Financial instruments (continued)

Financial assets (continued)

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 prescribed 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.

2.12 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.

2.13 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 assessed for indicators of impairment at each period end as per the requirements of IAS 36.

2. Material accounting policy information (continued)

2.14 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 3.3. Key assumptions used to determine the fair value of biological assets and sensitivity analysis are provided in Note 16.

2.15 Exceptional items

The Group determines exceptional items as material, infrequent costs which are incurred outside the normal course of business, and by virtue of their nature, significant size and infrequent occurrence, merit separate disclosure in the accounts in order to facilitate a clearer, more consistent view of the underlying performance of the Group.

The Group does not consider the annual fair value adjustment on measurement of biological produce to be an exceptional item on the basis that it is a routine adjustment that is required to be recognised at each reporting period under IAS 41 Agriculture.

The Group presents exceptional items as a separate line item in the consolidated statement of comprehensive income.

2.16 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.

2.17 New and amended standards adopted by the Group

The Group has applied the following amendments for the first time for the annual reporting period commencing 1 January 2024:

- *Classification of Liabilities as Current or Non-current – Amendments to IAS 1*
- *Non-current Liabilities with Covenants – Amendments to IAS 1*
- *Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7*
- *Subsequent measurement of sale and leaseback transactions – Amendments to IFRS 16*

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

2.18 New standards and interpretations not yet adopted

At the date of authorisation of these financial statements, the group has not applied the following new and revised IFRS Accounting Standards that have been issued but are not yet effective:

- *Classification and measurement of financial instruments – Amendments to IFRS 7 and IFRS 9*
- *Lack of exchangeability – Amendments to IAS 21*

The directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the group in future periods.

2.19 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.

3. 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:

3.1 Valuation of inventory

There is judgement involved in determining the fair value of the Group's biological produce, which is absorbed into inventory at the point of harvest and therefore impacts the inventory valuation. The fair value of biological produce is also a principal area of estimation uncertainty, and further detail has been included in note 3.3 below.

3.2 Property, plant and equipment

The directors annually assess whether there are any indicators of impairment to property, plant and equipment. 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:

3.3 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 a sensitivity analysis are provided in Note 16.

4. Segmental analysis

Revenue is taken to be gross sales proceeds, net of duty and variable consideration arising through volume discounts to suppliers ("retros"). 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	**2024** **£**	2023 £
United Kingdom	**16,177,439**	16,826,431
Rest of Europe	**31,684**	171,479
Rest of the world	**142,154**	203,136
	16,351,277	17,201,046

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% of revenue:

	2024 **£**	2023 £
Customer 1	**13.0**	17.2

5. Exceptional costs

The exceptional costs in 2024 relate to £791,061 of direct and indirect costs in relation to a Group strategic review, £100,000 of one-off recruitment costs arising from the strategic review, £245,605 for the completion of the implementation of new ERP and CRM systems as part of a group-wide IT Transformation Programme, and one-off costs of £79,675 for switching certain export agreements as part of actions to improve the group's distribution in export markets.

The exceptional costs in 2023 relate to costs for the listing of the Company on the London Stock exchange of £779,458 and implementation costs for the new ERP and CRM systems of £456,020.

6. Operating profit

The operating profit for the year is stated after charging the following:

	2024 **£**	2023 £
Depreciation (note 14.2)	**352,923**	306,163
Amortisation of intangible assets	**23,500**	37,515
Equity settled share-based payments	**(197,778)**	219,044
Short term lease expense	**1,996**	142,703

7. Auditor's remuneration

	2024 **£**	2023 £
Audit of the Company and consolidated financial statements	**70,000**	65,000
Taxation and compliance services	**–**	11,640
Other services	**–**	170,480
Total auditor's remuneration	**70,000**	247,120

Other services in 2023 included the cost of the auditor acting as reporting accountant on the historical financial information prepared for the Company's admission on the London Stock Exchange.

8. Employees

	2024 **£**	2023 £
Wages and salaries	**4,098,104**	4,079,874
Social security costs	**556,004**	422,031
Pension costs	**102,062**	138,805
	4,756,170	4,640,710

8. Employees (continued)

The average number of staff employed by the Group, including Directors, is detailed below:

	2024 **£**	2023 £
Administration	**30**	28
Production	**38**	34
Retail	**22**	22
Directors	**2**	2
	92	86

9. Director's remuneration

The table below sets out the Directors' remuneration and fees:

	Emoluments **£**	**Pension** **£**	**Total** **£**
2024			
Andrew Carter	**423,350**	**8,278**	**431,628**
Robert Smith	**290,944**	**–**	**290,944**
Martin Glenn	**50,000**	**–**	**50,000**
Michael Spencer	**20,000**	**–**	**20,000**
Nigel Wray	**20,000**	**–**	**20,000**
James Brooke	**20,000**	**–**	**20,000**
Stewart Gilliland	**20,000**	**–**	**20,000**
Samantha Wren	**20,000**	**–**	**20,000**
	864,294	**8,278**	**872,572**

	Emoluments **£**	**Pension** **£**	**Total** **£**
2023			
Andrew Carter	409,380	11,993	421,373
Robert Smith	257,520	–	257,520
Martin Glenn	50,000	–	50,000
Nigel Wray	20,000	–	20,000
Michael Spencer	10,154	–	10,154
James Brooke	20,000	–	20,000
Stewart Gilliland	20,000	–	20,000
Samantha Wren	20,000	–	20,000
Selina Emeny	10,000	–	10,000
	817,054	11,993	829,047

9. Director's remuneration (continued)

Directors' interests

The Directors held the following interest in the share capital of the Company either directly or beneficially:

	Ordinary shares held No.	% of issued share capital
Andrew Carter	**430,970**	**0.3%**
Robert Smith*	**2,074,230**	**1.2%**
Michael Spencer**	**178,571**	**0.1%**
Martin Glenn	**283,472**	**0.2%**
Nigel Wray***	**23,631,970**	**13.8%**
James Brooke	**493,806**	**0.3%**
Stewart Gilliland****	**390,891**	**0.2%**
Samantha Wren	**135,552**	**0.1%**

* Includes 215,388 Ordinary Shares held by Robert Smith's spouse and children.

** Lord Michael Spencer is the beneficial owner of IPGL, who hold a further 46,145,250 Ordinary Shares 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.

**** Includes 240,000 Ordinary Shares held by Stewart Gilliland's spouse.

Additionally, some of the directors have share options in the Company. Martin Glenn has 533,332 share options outstanding at an exercise price of 76.5p per share, which are fully vested and expire in July 2030. Andrew Carter has 286,079 share options outstanding at an exercise price of 30p per share, which vest in January 2025 and expire in December 2032. Robert Smith has 392,157 share options outstanding at an exercise price of 25.5p per share, which vest in April 2025 and expire in December 2032.

10. Finance costs

	2024 £	2023 £
Lease liability interest	**13,181**	10,353
Loan interest payable	**497,332**	182,704
	510,513	193,057

11. Income tax expense

	2024 £	2023 £
Current tax	**–**	–
Deferred tax		
Origination and reversal of timing differences	**(108,349)**	816,224
Adjustment in respect of prior periods	**16,611**	(36,451)
Total deferred tax	**(91,738)**	779,773
Income tax charge	**(91,738)**	779,773

11. Income tax expense (continued)

The tax charge for the year can be reconciled to the profit per the Statement of Comprehensive Income as follows:

	2024 £	2023 £
(Loss)/profit before tax	**(1,400,399)**	2,307,123
(Loss)/profit before taxation multiplied by standard rate of UK corporation tax of 25% (2023 – 23.5%)	**(350,100)**	542,174
Effects of:		
Ineligible depreciation and amortisation	**78,666**	66,010
Expenses not deductible for tax purposes	**163,085**	177,620
Adjustment to tax charge in respect of prior years	**16,611**	(36,451)
Plant and machinery super-deduction	**–**	(18,553)
Utilisation of losses at lower rate of tax	**–**	48,973
Total tax charge for the year	**(91,738)**	779,773

In addition to the tax charge to profit, a deferred tax debit of £290,354 (2023: £324,626 credit) was made directly to equity in respect of share-based payments.

12. Earnings per Ordinary share

	2024	2023
(Loss)/profit for the year attributable to the ordinary equity holders of the Company (£)	**(1,308,661)**	1,527,350
Basic profit per Ordinary share		
Weighted average number of Ordinary shares in issue	**171,447,011**	160,260,960
Basic profit per Ordinary share (pence)	**(0.76)**	0.95
Diluted profit per Ordinary share		
Weighted average number of Ordinary shares in issue	**173,181,416**	161,665,581
Diluted (loss)/profit per Ordinary share (pence)	**(0.76)**	0.94

Weighted average number of shares used as the denominator

	2024	2023
The weighted average number of shares used as the Denominator in basic earnings per share	**171,447,011**	160,260,960
Adjustments of calculation of diluted earnings per share:		
Dilutive share options	**1,734,405**	1,404,621
	173,181,416	161,665,581

13. Intangible assets

	Website £	Customer relationship £	Total £
Cost			
At 1 January 2023, 1 January 2024 and 31 December 2024	**82,300**	**63,167**	**145,467**
Amortisation			
At 1 January 2023	31,056	35,093	66,149
Charge for period	16,460	21,055	37,515
At 31 December 2023	47,516	56,148	103,664
Charge for the period	**16,481**	**7,019**	**23,500**
At 31 December 2024	**63,997**	**63,167**	**127,164**
Net book value			
At 31 December 2024	**18,303**	**–**	**18,303**
At 31 December 2023	34,784	7,019	41,803

14.1. Property, plant and equipment

	Freehold property £	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	729,213	9,235,723	30,766,164
Additions in year	109,919	–	1,173,933	271,688	15,000	59,509	1,319,305	2,949,354
Disposals in year	–	–	(287,756)	(171,018)	(13,781)	–	–	(472,555)
Remeasurement	–	–	196,566	–	–	–	–	196,566
Reclassification	(642,221)	–	–	–	–	–	642,221	–
At 31 December 2023	5,146,549	219,995	9,630,450	6,379,595	76,969	788,722	11,197,249	33,439,529
Additions in year	**48,288**	**214,957**	**2,150,051**	**550,170**	**61,096**	**54,991**	**1,624,105**	**4,703,658**
Disposals in year	**(73,360)**	**–**	**(78,653)**	**–**	**–**	**–**	**(19,771)**	**(171,784)**
Remeasurement	**–**	**–**	**26,598**	**–**	**–**	**–**	**–**	**26,598**
At 31 December 2024	**5,121,477**	**434,952**	**11,728,446**	**6,929,765**	**138,065**	**843,713**	**12,801,583**	**37,998,001**

14.1. Property, plant and equipment (continued)

	Freehold property £	Short-term leasehold property £	Right of use assets £	Plant and machinery £	Motor vehicles £	Fixtures, fittings and equipment £	Bearer plants £	Total £
Depreciation								
At 1 January 2023	1,654,251	136,532	2,717,307	2,201,560	35,288	629,889	1,150,667	8,525,494
Depreciation charge in year	171,386	22,000	539,943	279,152	12,925	33,810	433,083	1,492,299
Eliminated on disposal	–	–	(287,755)	(175,117)	(13,750)	–	–	(476,622)
Reclassification	(417,133)	–	–	–	–	–	417,133	–
At 31 December 2023	1,408,504	158,532	2,969,495	2,305,595	34,463	663,699	2,000,883	9,541,171
Depreciation charge in year	**145,645**	**27,351**	**755,382**	**293,665**	**20,157**	**39,998**	**458,914**	**1,741,112**
Eliminated on disposal	**(16,474)**	**–**	**(70,991)**	**–**	**–**	**–**	**–**	**(87,465)**
At 31 December 2024	**1,537,675**	**185,883**	**3,653,886**	**2,599,260**	**54,620**	**703,697**	**2,459,797**	**11,194,818**
Net book value								
At 31 December 2024	**3,583,802**	**249,069**	**8,074,560**	**4,330,505**	**83,445**	**140,016**	**10,341,786**	**26,803,183**
At 31 December 2023	3,738,045	61,463	6,660,955	4,074,000	42,506	125,023	9,196,366	23,898,358

Right-of-use assets included in the above comprise land and buildings and motor vehicles, and have been split out within note 14.3.

14.2. Allocation of depreciation expense

The Group absorbs a large portion of depreciation to inventory where the lease pertains to property, plant and equipment which is used in the wine production process. A small portion is also absorbed to bearer plants where the assets are used to cultivate a vineyard that is still in its initial 3-year planting phase (further detail is contained within the accounting policy in note 2.8).

The table below summarises the allocation of the depreciation expense within the accounts:

	2024	2023
Allocation of depreciation expense		
Absorbed into inventory	**1,359,344**	1,160,181
Capitalised to bearer plants	**28,845**	25,955
Expensed to statement of comprehensive income	**352,923**	306,163
	1,741,112	1,492,299

14.3. Right of use assets

	Land and buildings £	Motor vehicles £	Total £
Cost			
At 1 January 2023	8,295,460	252,247	8,547,707
Additions in year	1,047,083	126,850	1,173,933
Disposals in year	(129,528)	(158,228)	(287,756)
Remeasurement	193,484	3,082	196,566
At 31 December 2023	9,406,499	223,951	9,630,450
Additions in year	**2,032,277**	**117,774**	**2,150,051**
Disposals in year	**–**	**(78,653)**	**(78,653)**
Remeasurement	**26,598**	**–**	**26,598**
At 31 December 2024	**11,465,374**	**263,072**	**11,728,446**
Depreciation			
At 1 January 2023	2,522,034	195,273	2,717,307
Depreciation charge in year	491,335	48,608	539,943
Eliminated on disposal	(129,527)	(158,228)	(287,755)
At 31 December 2023	2,883,842	85,653	2,969,495
Depreciation charge in year	**681,066**	**74,316**	**755,382**
Eliminated on disposal	**–**	**(70,991)**	**(70,991)**
At 31 December 2024	**3,564,908**	**88,978**	**3,653,886**
Net book value			
At 31 December 2024	**7,900,466**	**174,094**	**8,074,560**
At 31 December 2023	6,522,657	138,298	6,660,955

15. Fixed asset investments

During 2022 the Group acquired a 32% 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 2022.

16. 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 grape crop is ordinarily performed between late September and mid-October. Costs incurred in growing 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 Comprehensive Income. The fair value of biological produce was:

	2024 £	2023 £
At 1 January	**–**	–
Crop growing costs	**3,414,007**	3,461,389
Fair value movement in biological produce	**(566,982)**	2,171,386
Fair value of grapes harvested and released to cost of sales	**–**	(158,170)
Fair value of grapes harvested and moved to inventory	**(2,847,025)**	(5,474,605)
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.

There is currently an extremely limited active market in the UK for grapes that would give rise to level 1 and 2 observable inputs under the fair value hierarchy set out within IFRS 13, since the UK wine industry is still in its infancy. As a result, the Group relies on unobservable inputs to determine the fair value of grapes in each reporting period, which are deemed level 3 inputs under the fair value hierarchy.

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:

	2024 £	2023 £
Fair value per tonne	**2,291**	2,062

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.

	2024 £	2023 £
Increase to fair value of grapes if 10% increase in fair value per tonne	**284,702**	563,278
Decrease to fair value of grapes if 10% decrease in fair value per tonne	**(284,703)**	(563,278)

17. Inventories

	2024 £	2023 £
Raw materials	**–**	–
Work in progress	**22,170,930**	20,613,318
Finished goods	**4,386,739**	1,967,946
	26,557,669	22,581,264

The following amounts were taken to cost of sales:

	2024 £	2023 £
Taken to cost of sales	**7,320,307**	6,784,464

18. Trade and other receivables

	2024 £	2023 £
Trade receivables	**3,570,774**	3,244,719
Other receivables	**433,749**	348,629
	4,004,523	3,593,348

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

	2024 £	2023 £
Gross carrying amount – trade receivables	**3,727,554**	3,400,399
Loss allowance	**(156,780)**	(155,680)
	3,570,774	3,244,719

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

	2024 £	2023 (restated)* £
Opening loss allowance at 1 January (restated)*	**155,680**	114,461
Increase/(decrease) in loss allowance recognised in profit or loss	**1,100**	60,000
Receivables written off as uncollectable	**–**	(18,781)
Closing loss allowance at 31 December	**156,780**	155,680

Further detail surrounding the expected credit loss provision is included in note 27.

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.

* The allocation of the 2023 loss allowance between the 2023 opening balance and in-year movements has been restated to reflect the correct opening allocation. The 2023 closing loss allowance remains unchanged.

19. Cash and cash equivalents

	2024 £	2023 £
Cash at bank and on hand	**981,963**	1,004,305

20. Issued capital

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

	2023 £	2022 £
Allotted, called up and fully paid share capital		
171,524,316 (2023: 171,338,785) Ordinary shares of £0.05 each	**8,576,216**	8,566,939
	8,576,216	8,566,939

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

Movements in £0.05 ordinary shares

	No. of shares	**Share Capital £**	**Share premium £**	**Total £**
Balance at 1 January 2023	159,253,885	7,962,694	32,143,576	40,106,270
Re-designated from A1 shares	28,644	1,432	–	1,432
Re-designated from A2 shares	7,600	380	–	380
Bonus issue of shares	12,048,656	602,433	(602,433)	–
Balance at 31 December 2023	171,338,785	8,566,939	31,541,143	40,108,082
Issue of shares	**185,531**	**9,277**	**113,174**	**122,451**
Balance at 31 December 2024	**171,524,316**	**8,576,216**	**31,654,317**	**40,230,533**

On 5 June 2024, the Company issued 185,531 new ordinary shares of £0.05 each to the Company's executive directors, Andrew Carter and Robert Smith, to fulfil a one-off share award at the Remuneration Committee's discretion in recognition of strong performance over a sustained period. The market price on the date of issue was £0.66 per share.

During 2023 the Company's entire issued share capital was admitted to trading on the AIM market, a market operated by the London Stock Exchange plc. The Company simultaneously delisted its entire share capital from the Aquis Apex Growth Market. The admission to AIM was an exit event under the Company's growth share agreements which triggered the conversion of the A1 and A2 shares, resulting in the issuance of 12,084,900 new ordinary shares to the growth shareholders.

At the year-end there were 4,442,768 (2023 – 9,213,981) ordinary share options outstanding, see note 21 for valuations.

21. 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.

	2024 No.	2023 No.
Outstanding at start of the year	**9,213,981**	5,025,559
Granted during the year	**389,280**	4,527,143
Exercised during the year	**–**	–
Forfeited during the year	**(5,160,493)**	(338,721)
At end of the year	**4,442,768**	9,213,981

	2024 No.	2023 No.
Weighted average exercise price at end of the year (pence)	**40.93**	40.87
Weighted average fair value of options granted in the year (pence)	**57.68**	8.09
Weighted average exercise price of options exercised in the year (pence)	**–**	–
Weighted average vesting period (years)	**3.09**	2.98

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 in 2023	
Share price at date of grant	35.0p to 42.5p
Exercise price	35.0p to 42.5p
Expected life (years)	2.1 to 3.3
Expected volatility (%)	24.47%
Risk free interest rate (%)	5.25%

Options issued in 2024	
Share price at date of grant	64.0p to 67.5p
Exercise price	0.0p to 35.0p
Expected life (years)	2.0 to 2.5
Expected volatility (%)	21.51%
Risk free interest rate (%)	5.25%

22. 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 FRS 102 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.

22. Reserves (continued)

Retained earnings

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

23. Borrowings

	2024 **£**	2023 £
Bank loans	**10,141,225**	2,240,748
Capitalised commitment fees	**(165,542)**	–
	9,975,683	2,240,748

	2024 **£**	2023 £
Amounts falling due within one year		
Bank loans	**10,141,225**	2,240,748
Amounts falling due 1-2 years		
Bank loans	**–**	–
Amounts falling due 2-5 years	**–**	–
Bank loans		
	10,141,225	2,240,748

During 2024, the Group repaid its term loan of £2,125,000 and signed a 6-year extension to its revolving credit facility with PNC Business Credit, increasing the facility size to £20 million at reduced interest rates, with the option to extend this further to £30 million, in two tranches, as the business continues to grow.

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

The Group's bank loans at 31 December 2024 relate entirely to the balance drawn down on the revolving credit facility.

The RCF is subject to financial covenants which are assessed for compliance monthly, and at the balance sheet date pertained to interest cover and a capital expenditure ratios.

In January 2025, the Group's interest cover covenant was re-configured by PNC to remove the non-cash fair value adjustment on biological produce from the calculation which had been inappropriately included in the initial covenant. As part of this re-configuration, PNC issued a waiver of the covenant in respect of the December reporting period, however given the waiver was finalised after year-end, at the balance sheet date the Group has classified the RCF balance as a current liability under the requirements of IAS 1. From January 2025 and onwards, the RCF balance has subsequently been reclassified as a non-current liability, consistent with its treatment in previous reporting periods, on the basis that the RCF agreement does not contain any contractual repayments until the expiry of the facility in September 2030, at the earliest.

The Group's latest forecasts indicate substantial headroom on its financial covenants for at least 24 months from the balance sheet date, and the re-configuration of the covenants by PNC has no impact on the Group's ability to continue as a going concern, as detailed in note 2.2. PNC remains supportive of the Group's long-term strategy and continued success.

24. Trade and other payables

	2024 £	2023 £
Non-current		
Other payables	**–**	22,630
Current		
Trade payables	**2,461,445**	3,231,782
Payroll taxes, pension & social security	**1,000,047**	516,244
Other payables	**1,582,792**	2,000,545
	5,044,284	5,748,571

25.1. Lease liabilities

	2024 £	2023 £
At beginning of year	**7,887,795**	6,923,693
Additions	**2,150,050**	1,106,882
Remeasurement	**26,598**	196,566
Extinguishment	**(7,472)**	–
Interest expense	**549,220**	305,938
Payments	**(1,004,125)**	(645,284)
At end of year	**9,602,066**	7,887,795

The Group has lease contracts for land and buildings and motor vehicles. Leases are negotiated individually and are for terms of between 18 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 percent over the Bank of England base rate.

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 6.

	2024 £	2023 £
Maturity analysis of leases		
Current	376,450	430,655
1 to 5 years	1,354,026	707,571
More than 5 years	7,871,590	6,749,569
	9,602,066	7,887,795

25.1. Lease liabilities (continued)

	2024 years	2023 years
Weighted average remaining term	**15.20**	17.10

25.2. Allocation of lease interest expense

The Group capitalises part of the lease interest expense to inventory where the lease pertains to a right-of-use asset which is used in the wine production process, and to bearer plants where the right-of-use asset relates to a vineyard that is still in its initial 3-year planting phase (further detail is contained within the accounting policy in note 2.8).

The table below summarises the allocation of the lease interest expense within the accounts:

	2024 £	2023 £
Allocation of lease interest expense		
Capitalised to inventory	**484,445**	268,570
Capitalised to bearer plants	**51,415**	25,876
Expensed to finance costs	**13,181**	10,353
Expensed to cost of sales	**179**	1,139
	549,220	305,938

26. Deferred tax liability/(asset)

	2024 £	2023 £
At 1 January 2024	**893,396**	438,249
Charge to profit or loss	**(91,737)**	779,773
Debit/(credit) to equity	**290,354**	(324,626)
At 31 December 2024	**1,092,013**	893,396

The provision for deferred tax is made up as follows:

	2024 £	2023 £
Accelerated capital allowances	**1,626,295**	1,361,261
Tax losses carried forward and other deductions	**(447,870)**	(21,860)
Share options	**(55,705)**	(402,674)
Short term timing differences	**(30,707)**	(43,331)
	1,092,013	893,396

26. Deferred tax liability/(asset) (continued)

The amount of deferred tax expense recognised in the profit or loss in respect of each type of temporary difference is as follows:

	2024 **£**	2023 £
Accelerated capital allowances	**265,033**	188,374
Tax losses carried forward	**(426,010)**	697,078
Share options	**56,615**	(68,116)
Short term timing differences	**12,624**	(10,900)
IFRS transition adjustments	**–**	(26,661)
	(91,738)	779,775

27. 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

Financial assets

	2024 **£**	2023 £
Measured at amortised cost		
Cash and cash equivalents	**981,963**	1,004,305
Trade and other receivables	**3,678,036**	3,460,145
	4,659,999	4,464,450

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

	2024 **£**	2023 (restated)* £
Liabilities measured at amortised cost		
Bank loans (note 23)	**10,141,225**	2,240,748
Trade and other payables (restated)*	**4,044,237**	5,254,958
Lease liabilities	**9,602,067**	7,887,795
	23,787,529	15,383,501

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).

* The 2023 trade and other payables figure has been restated to ensure consistency with the 2024 comparative, so that it correctly reflects all relevant financial liabilities measured at amortised cost.

27. Financial instruments (continued)

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 applies 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 trade receivables, and the Group uses an allowance matrix approach to measure these expected credit losses. The loss allowance is based on a combination of: (i) aged debtor analysis; (ii) historic experience of write-offs; (iii) any specific indicators of credit deterioration; and (iv) management judgement. All direct-to-consumer sales require payment from the customer before goods or services are provided and therefore no credit risk arises in that regard. The vast majority of trade sales are made to a small number of very large, reputable retailers, where the credit risk is considered to be justifiably low and payments are received in-line with well-controlled, agreed credit terms.

Given the Group does not have a history of irrecoverable debtor write-offs, the Group broadly bases its expected loss rate on current corporate default rates and projections within the wider UK economy, whilst also factoring in any known industry-specific risks and trends that could impact the Group and ensuring a consistent approach with previous periods. For the year-ended 31 December 2024, an expected loss rate of 4.2% of the gross carrying amount of trade receivables has been applied uniformly across the balance (2023: 4.6%). The allowance for losses is disclosed in note 18.

For all trade receivables, 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:

	Less than 1 year £	**2 to 5 years £**	**More than 5 years £**	**Total £**
Year ended 31 December 2024				
Bank loans	–	–	10,141,225	10,141,225
Trade and other payables	4,044,237	–	–	4,044,237
Lease liabilities	1,008,059	4,286,531	17,348,141	22,642,731
	5,052,296	**4,286,531**	**27,489,366**	**36,828,193**

27. Financial instruments (continued)

Liquidity risk (continued)

	Less than 1 year £	2 to 5 years £	More than 5 years £	Total £
Year ended 31 December 2023				
Bank loans	2,240,748	–	–	2,240,748
Trade and other payables (restated)*	5,232,328	22,630	–	5,254,958
Lease liabilities	893,433	2,646,757	15,428,851	18,969,041
	8,366,509	2,669,387	15,428,851	26,464,747

The Group's bank loans at 31 December 2024 relate entirely to the balance drawn down on the revolving credit facility. The revolving credit facility agreement does not contain any contractual repayments until the expiry of the facility in September 2030. As such, the whole balance has been designated as falling due after 5 years. This differs to the current liability classification in the consolidated statement of financial position due to the basis on which the above liquidity analysis is prepared.

The vast majority of the Group's leases relate to high-value, long-term property leases for prime vineyard land and warehouses. Given the unique long-term nature of the viticulture business, where newly planted vineyards can take a number of years to reach their fully productive potential after being planted, it is normal practice for vineyard land to be leased under 20-30 year agreements at a minimum, resulting in large, long tail contractual commitments. As per note 25, at 31 December 2024 the weighted average remaining term on the Group's leases was 15.20 years (2023: 17.10 years).

* The 2023 trade and other payables figure has been restated to ensure consistency with the 2024 comparative, so that it correctly reflects all relevant contractual, undiscounted payments.

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.

28. Reconciliation of net debt and financing liabilities

	2024 £	2023 £
Cash at end of year	**981,963**	1,004,305
Bank loans at end of year	**(10,141,225)**	(2,240,748)
Net debt excluding lease liabilities	**(9,159,262)**	(1,236,443)
Lease liabilities at end of year	**(9,602,066)**	(7,887,795)
Net debt including lease liabilities	**(18,761,328)**	(9,124,238)

28. Reconciliation of net debt and financing liabilities (continued)

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

Bank Loans	2024 £	2023 £
At beginning of year	**2,240,748**	2,538,544
Cash flows		
Repayments	**(2,289,860)**	(480,423)
Proceeds from borrowings	**9,527,763**	
Non-cash changes		
Interest expense	**497,032**	182,627
Capitalised commitment fees	**165,542**	–
At end of year	**10,141,225**	2,240,748

Lease Liabilities	2024 £	2023 £
At beginning of year	**7,887,795**	6,923,693
Cash flows		
Lease repayments	**(1,004,125)**	(645,284)
Non-cash changes		
Interest expense	**549,220**	305,938
Remeasurements	**26,598**	196,566
Extinguishment	**(7,472)**	–
Lease additions	**2,150,050**	1,106,882
At end of year	**9,602,066**	7,887,795

29. Guarantees and other commitments

At 31 December 2024 there was a guarantee in place in favour of HM Revenue and Customs for £70,000 (2023: £70,000). At the year end, the Directors consider that there is a capital commitment of £362,944 (2023: £384,561).

30. Ultimate controlling party

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

31. Alternative performance measures

In addition to the statutory measures, the Group also measures its performance by reference to Adjusted EBITDA. Adjusted EBITDA is an Alternative Performance Measure (APM), and whilst APMs are not required to be reported under International Financial Reporting Standards, the Group believes the Adjusted EBITDA metric helps users of the accounts to better understand the financial performance of the business.

Adjusted EBITDA relates to profit from operations before interest, tax, depreciation, amortisation, share based payment expense and exceptional costs. The intention is for Adjusted EBITDA to provide a comparable, year-on-year indicator of underlying trading and operational performance by excluding the impact of non-cash or volatile non-trading elements such as financing, depreciation, volatile share price performance or one-off exceptional impacts.

31. Alternative performance measures (continued)

A reconciliation of Adjusted EBITDA to operating profit, the closest IFRS reporting measure, is included below:

Reconciliation of operating (loss)/profit to adjusted EBITDA	2024 £	2023 (restated) £
Operating (loss)/profit	**(901,628)**	2,452,957
Add back:		
Depreciation and amortisation	**1,764,611**	1,529,814
Finance costs (restated)	**536,039**	295,585
Share based payment expense	**(197,778)**	219,044
Exceptional costs	**1,216,341**	1,235,478
Adjusted EBITDA (restated)	**2,417,585**	5,732,878

As stated within notes 14.2 and 25.2, a large portion of depreciation and lease interest expense is absorbed into the statement of financial position (inventory and bearer plants), where the underlying asset is used in the wine production process. Within the Adjusted EBITDA calculation, the Group adds back the full annual depreciation of £1,741,112 (2023: £1,492,299) and finance lease interest expense of £549,220 (2023: £305,938), to reflect the fact that the cost of inventory charged to cost of sales includes previously absorbed depreciation and interest.

Given the unique nature of winemaking process, whereby the overall production period for a bottle of wine will often straddle multiple accounting periods, for practicality purposes the current year total depreciation and interest charges are used as a proxy for the depreciation and interest that is included in current year cost of sales. It should be noted that using the current year full depreciation and interest as a proxy likely results in a higher Adjusted EBITDA than if the actual cost of sales amount was used, however the overriding intention is that this approach ensures Adjusted EBITDA more accurately reflects true trading performance which in management's view outweighs the limitations of using the current year costs as a proxy.

The portion of the total annual depreciation charge of £1,741,112 (2023: £1,492,299) that is used as a proxy for depreciation included within current year cost of sales is £1,388,188 (2023: £1,186,137) and pertains to the total current year depreciation that has been absorbed into inventory and bearer plants.

The portion of the total annual finance lease interest cost of £549,220 (2023: £305,938) that is used as a proxy for interest included within current year cost of sales is £536,039 (2023: £295,585) and pertains to the total current year lease interest cost that has been absorbed into inventory and bearer plants.

Prior year restatement of Adjusted EBITDA

During the year, management performed a detailed review of the Group's Adjusted EBITDA metric to validate its ongoing usefulness as an APM for measuring the Group's performance. During this review process, management noted that whilst it was adding back the full amount of annual depreciation within the calculation of Adjusted EBITDA (as explained above), the same treatment was not being applied to lease interest costs that are absorbed into the value of inventory and bearer plants.

In previous periods, this treatment was considered acceptable since the total interest charge on finance leases being absorbed into the statement of financial position was not considered to be material, however given the generally higher interest Bank of England base rates in the UK since 2022-23 combined with the capitalisation of new leases as the business continues to grow, there has been an increase in lease interest charges being absorbed into the cost of inventory throughout 2023-24.

Therefore, to ensure the Group's Adjusted EBITDA metric remains as consistent as possible for users of the accounts, the Group has opted to revise its Adjusted EBITDA calculation such that the full annual interest charge is excluded from the metric going forwards. This will ensure consistent treatment of both depreciation and interest charges in the adjusted EBITDA calculation. As a result of this change, the prior year Adjusted EBITDA comparative has been restated to align to the revised basis.

32. Financial Reporting Council's review

As part of their normal cycle of reviews, the Financial Reporting Council ('FRC') completed a review of the Group's 31 December 2023 annual report.

The main observations raised by the FRC were in relation to disclosures surrounding the Group's key alternative performance measure, Adjusted EBITDA, and the treatment of deferred tax on share options. As a result of the observations, management have made the following changes within the 2024 annual report:

- An accounting policy disclosure has been added in respect of APMs, including a reconciliation of the Group's key APM, Adjusted EBITDA, to the closest IFRS reporting measure – see note 31.
- The allocation of depreciation and finance lease interest costs has been summarised within notes 14.2 and 25.2, to aid users of the accounts in understanding the flow of these costs.
- The 2023 comparatives have been restated to reflect the deferred tax on the intrinsic value of share options in excess of the cumulative share option charge as a direct charge to equity rather than a movement through other comprehensive income. The impact of this restatement purely impacts the presentation of the amount within the primary statements, and is explained further in the footnotes on the Consolidated Statement of Comprehensive Income and Consolidated Statement of Changes in Equity.
- An accounting policy has been added to note 2.6 to explain the treatment applied in respect of deferred tax on share options.

The FRC also made minor recommendations relating to disclosures in other areas. These recommendations were reviewed by management and all necessary disclosure enhancements have been made within the 31 December 2024 annual report.

Is it important to note that the review conducted by the FRC was based solely on the Company's Annual Report and Accounts to 31 December 2023. The FRC's review does not provide any assurance that the Group's Annual Report and Accounts to 31 December 2023 are correct in all material respects; the FRC's role is to consider compliance with reporting requirements, not to verify the information provided. The FRC accepts no liability for reliance on them by any third party, including but not limited to investors and shareholders.

COMPANY STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2024

	Note	2024 £	2023 £
Non-current assets			
Intangible assets	*7*	**–**	7,019
Property, plant and equipment	*8*	**21,595,739**	19,274,764
Investments in equity instruments	*9*	**50,000**	50,000
Amounts owed by group undertakings	*10*	**18,454,233**	19,492,237
		40,099,972	38,824,020
Current assets			
Trade and other receivables	*10*	**28,811**	160,826
Cash and cash equivalents	*11*	**598,570**	594,352
		627,381	755,178
Total assets		**40,727,352**	39,579,198
Equity and liabilities			
Equity			
Called up share capital	*12*	**8,576,216**	8,566,939
Share premium	*13*	**31,654,317**	31,541,143
Capital redemption reserve	*13*	**400**	400
Revaluation reserve	*13*	**810,629**	840,933
Retained earnings	*13*	**(10,116,057)**	(11,562,497)
Total equity		**30,925,505**	29,386,918
Non-current liabilities			
Borrowings	*14*	**–**	–
Lease liabilities	*16*	**8,783,426**	7,030,732
Deferred tax liabilities	*17*	**657,098**	501,480
		9,440,524	7,532,212
Current liabilities			
Borrowings	*14*	**–**	2,240,748
Trade and other payables	*15*	**33,773**	36,905
Lease liabilities	*16*	**327,550**	382,415
Total current liabilities		**361,323**	2,660,068
Total liabilities		**9,801,847**	10,192,280
Total equity and liabilities		**40,727,352**	39,579,198

The Company made a profit in the year of £1,613,914 (2023: £875,262).

The financial statements were approved by the board of directors and authorised for issue on 2 April 2025 and are signed on its behalf by:

J.R.S. Pennefather **R.A.C. Smith** Company number: 04362181

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2024

	Called up Share capital £	Share premium £	Capital redemption reserve £	Revaluation reserve £	Retained earnings £	Total equity £
At 1 January 2024	**8,566,939**	**31,541,143**	**400**	**840,933**	**(11,562,497)**	**29,386,918**
Profit for the year	–	–	–	–	1,613,914	1,613,914
Total comprehensive income for the year	**–**	**–**	**–**	**–**	**1,613,914**	**1,613,914**
Share based payments expense	–	–	–	–	(197,778)	(197,778)
Shares issued in the year	9,277	113,174	–	–	–	122,451
Transfer of excess depreciation charge to revaluation reserve	–	–	–	(30,304)	30,304	–
At 31 December 2024	**8,576,216**	**31,654,317**	**400**	**810,629**	**(10,116,057)**	**30,925,505**

The notes on pages 85 to 96 form an integral part of these Company Financial Statements.

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2023

	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**	**871,237**	**(12,687,107)**	**28,292,612**
Profit for the year	–	–	–	–	875,262	875,262
Total comprehensive income for the year	**–**	**–**	**–**	**–**	**875,262**	**875,262**
Share based payments expense	–	–	–	–	219,044	219,044
Bonus issue of shares	602,433	(602,433)	–	–	–	122,451
Transfer of excess depreciation charge to revaluation reserve	–	–	–	(30,304)	30,304	–
At 31 December 2023	**8,566,939**	**31,541,143**	**400**	**840,933**	**(11,562,497)**	**29,386,918**

The notes on pages 85 to 96 form an integral part of these Company Financial Statements.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

1. General information

Chapel Down Group Plc is a public company limited by shares incorporated in England and Wales. The registered office is Chapel Down Winery, Small Hythe Road, Tenterden, Kent, TN30 7NG.

2. Basis of preparation

These financial statements have been prepared in accordance with Financial Reporting Standard 101 "Reduced Disclosure Framework" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 101 "Reduced Disclosure Framework":

- The requirements of paragraphs 45(b) and 46 to 52 of IFRS 2 Share-based Payment;
- The requirements of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64(o)(ii), B64(p), B64(q)(ii), B66 and B67 of IFRS 3 Business Combinations;
- The requirements of IFRS 7 Financial Instruments: Disclosures;
- The requirements of paragraphs 91 to 99 of IFRS 13 Fair Value Measurement;
- The requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of:
- Paragraphs 53(a), (h) and (j) of IFRS 16;
- Paragraph 79(a)(iv) of IAS 1;
- Paragraph 73(e) of IAS 16 Property, Plant and Equipment;
- Paragraph 118(e) of IAS 38 Intangible Assets;
- The requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D and 111 of IAS 1 Presentation of Financial Statements;
- The requirements of paragraphs 134 to 136 of IAS 1 Presentation of Financial Statements;
- The requirements of IAS 7 Statement of Cash Flows;
- The requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- The requirements of paragraphs 17 and 18A of IAS 24 Related Party Disclosures;
- The requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a Group;
- The requirements of paragraphs 134(d) to 134(f) and 135(c) to 135(e) of IAS 36 Impairments of Assets.

3. Material accounting policy information

3.1 Foreign currency translation

Functional and presentational currency

Items included in the Company's financial statements 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.

3. Material accounting policy information (continued)

3.1 Foreign currency translation (continued)

Transactions and balances (continued)

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.

3.2 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.

3.3 Share-based payments

The Company 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.

3.4 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.

3. Material accounting policy information (continued)

3.4 Property, plant and equipment (continued)

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% – 20% straight line
- Bearer plants – approach explained below

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 Company owns bearer plants in the form of grape vines which are cultivated on land owned and/or leased by the Company. 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.

3.5 Leasing

The Company 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 Company 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 Company used the lessee's incremental borrowing rate. The Company does not have any leases where the Company is a lessor.

At commencement of the lease, the Company estimates any variable lease payments that are based on published indices. At the date revised lease payments are determined, the Company 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 Company 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 Company considers the situation on an asset-by-asset basis and treats the reduction as an impairment under IAS 36 'Impairment of Assets'.

3.6 Cash and cash equivalents

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

3. Material accounting policy information (continued)

3.7 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 Company's financial assets.

For trade receivables the Company 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.

3. Material accounting policy information (continued)

3.7 Financial instruments (continued)

Financial liabilities (continued)

Classification of financial instruments issued by the Company

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

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

3.8 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.

3.9 Investment in subsidiaries

Investments in subsidiaries are stated at cost less accumulated impairment.

3.10 Impairment

At each reporting date, the Company assesses whether there is any indication that an asset, other than inventories and deferred tax assets, may be impaired. Where an indicator of impairment exists, the Company makes an estimate of the recoverable amount. An impairment loss is recognised in profit or loss whenever the carrying amount of the asset or cash generating unit exceeds its recoverable amount.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the income statement, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount greater than cost, in which case the reversal of the impairment loss is treated as a revaluation increase.

3.11 Related party transactions

The Company discloses transactions with related parties which are not wholly owned within the same Company. It does not disclose transactions with members of the same Company 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.

3. Material accounting policy information (continued)

3.12 New and amended standards adopted by the Company

The Company has applied the following amendments for the first time for the annual reporting period commencing 1 January 2024:

- *Classification of Liabilities as Current or Non-current – Amendments to IAS 1*
- *Non-current Liabilities with Covenants – Amendments to IAS 1*
- *Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7*
- *Subsequent measurement of sale and leaseback transactions – Amendments to IFRS 16*

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

3.13 New standards and interpretations not yet adopted

At the date of authorisation of these financial statements, the Company has not applied the following new and revised IFRS Accounting Standards that have been issued but are not yet effective:

- *Classification and measurement of financial instruments – Amendments to IFRS 7 and IFRS 9*
- *Lack of exchangibility – Amendments to IAS 21*

The directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Company in future periods.

3.14 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 Company has one operating segment, the production and sale of alcoholic beverages.

4. Critical accounting judgements and key sources of estimation uncertainty

The Company 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:

4.1 Property, plant and equipment

The directors annually assess whether there are any indicators of impairment to property, plant and equipment. 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.

4.2 Balance owed from group entities

The directors annually assess the carrying value of intercompany debt to assess whether a provision needs to be entered against amounts which may not be recoverable. Interest is charged on the intercompany debt, and the Directors consider it to be set at a market rate.

5. Profit for the financial period

The Company has taken advantage of section 408 of the Companies Act 2006 and, consequently, a Profit and Loss Account for the Company alone has not been presented.

6. Directors' renumeration

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

	2024 £	2023 £
Directors' emoluments	**714,294**	666,901
Pension costs	**8,278**	11,993
	722,572	678,894

The remuneration of the highest paid Director was as follows:

	2024 £	2023 £
Wages and salaries	**423,350**	409,380
Pension costs	**8,278**	11,993
	431,628	421,373

Key management compensation is equal to Director's remuneration.

7. Intangible assets

	Customer relationship £
Cost	
At 1 January 2024 and 31 December 2024	**63,167**
Amortisation	
At 1 January 2024	**56,148**
Charge for the period	**7,019**
At 31 December 2024	**63,167**
Net book value	
At 31 December 2024	**–**
At 31 December 2023	7,019

8. Property, plant and equipment

	Freehold land and buildings £	Short-term leasehold properties £	Right of use assets £	Plant and machinery £	Bearer plants £	Total £
Cost						
At 1 January 2024	4,893,362	219,995	9,005,037	679,631	11,197,249	25,995,274
Additions in year	2	–	2,032,277	–	1,624,105	3,656,384
Disposals in year	(73,360)	–	–	–	(19,771)	(93,131)
Remeasurement	–	–	26,598	–	–	26,598
At 31 December 2024	**4,820,004**	**219,995**	**11,063,912**	**679,631**	**12,801,583**	**29,585,125**
Depreciation						
At 1 January 2024	1,166,473	158,532	2,748,089	646,532	2,000,884	6,720,510
Depreciation charge in year	137,900	22,956	663,352	2,228	458,914	1,285,350
Eliminated on disposal	(16,474)	–	–	–	–	(16,474)
At 31 December 2024	**1,287,900**	**181,487**	**3,411,441**	**648,760**	**2,459,798**	**7,989,386**
Net book value						
At 31 December 2024	**3,532,104**	**38,508**	**7,652,471**	**30,870**	**10,341,785**	**21,595,739**
At 31 December 2023	3,726,889	61,463	6,256,948	33,099	9,196,365	19,274,764

9. Fixed asset investments

	Shares in group undertaking	Shares in associate undertaking	Total £
Cost			
At 1 January 2024 and at 31 December 2024	**50,000**	**15,207**	**65,207**
Impairment			
At 1 January 2024 and at 31 December 2024	**–**	**15,207**	**15,207**
Net book value			
At 31 December 2024 and at 31 December 2023	**50,000**	**–**	**50,000**

Shares in group undertakings consists of a 100% ordinary share holding of English Wines Plc. Shares in associates consists of a 32% share of Aker Wines and Spirits Limited.

10. Trade and other receivables

	2024 **£**	2023 £
Current		
Other receivables	**28,811**	160,826
Non-current		
Amounts owed by group undertakings	**18,454,233**	19,492,237

11. Cash and cash equivalents

	2024 **£**	2023 £
Cash at bank and on hand	**598,570**	594,352

12. Issued capital

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

	2024 **£**	2023 £
Allotted, called up and fully paid share capital		
171,524,316 (2023: 171,338,785) Ordinary shares of £0.05 each	**8,576,216**	8,566,939
	8,576,216	8,566,939

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 2023 the Company's entire issued share capital was admitted to trading on the AIM market, a market operated by the London Stock Exchange plc. See note 20 of the Group accounts for further detail.

At the year-end there were 4,442,768 (2023 – 9,213,981) ordinary share options outstanding, see note 21 of the Group accounts for valuations.

13. 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 FRS 102 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.

14. Borrowings

	2024 £	2023 £
Amounts falling due within one year		
Bank loans	–	2,240,748
Amounts falling due 1-2 years		
Bank loans	–	–
	–	2,240,748

During 2021 the Group obtained a £15 million financing facility with PNC Business Credit which included a £3 million term loan and a £12 million revolving credit facility. During 2024, the Group repaid its term loan of £2,125,000 and signed a 6-year extension to its revolving credit facility with PNC Business Credit, increasing the facility size to £20 million at reduced rates, with the option to extend this further to £30 million, in two tranches, as the business continues to grow.

The revolving credit facility sits within the Company's subsidiary, English Wines Plc. Further detail has been included within note 23 of the Group accounts.

15. Trade and other payables

	2024 £	2023 £
Current		
Other payables	**33,773**	36,905

16. Lease liabilities

	2024 £	2023 £
At beginning of year	**7,413,147**	6,551,781
Additions	**2,032,277**	980,032
Remeasurement	**26,598**	123,959
Interest expense	**521,286**	281,657
Payments	**(882,332)**	(524,282)
At end of year	**9,110,976**	7,413,147

The Company has lease contracts for land and buildings. The Company does not have any leases where the Company is a lessor. Leases are negotiated individually and are for terms of between 24 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 Company's incremental borrowing rate of 2.5 percent over the Bank of England base rate.

Certain of the Company'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.

16. Lease liabilities (continued)

The Company has identified leases with lease terms of 12 months or less. The Company applies the short-term lease recognition exemption for these leases.

	2024 £	2023 £
Maturity analysis of leases		
Current	**327,550**	382,415
1 to 5 years	**1,250,085**	636,001
More than 5 years	**7,533,341**	6,394,731
	9,110,976	7,413,147

	2024 years	2023 years
Weighted average remaining term	**15.40**	17.39

17. Deferred tax liability/(asset)

	2024 £	2023 £
At 1 January	**501,480**	253,344
Charge to profit or loss	**155,618**	248,136
At 31 December	**657,098**	501,480

The provision for deferred tax is made up as follows:

	2024 £	2023 £
Accelerated capital allowances	**657,098**	501,480
Tax losses carried forward	**–**	–
	657,098	501,480

18. Reconciliation of financing liabilities

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

Borrowings	2024 £	2023 £
At beginning of year	**2,240,748**	2,538,544
Cash flows		
Repayments	**(2,289,860)**	(480,424)
Non-cash changes		
Interest expense	**49,112**	182,628
At end of year	**–**	2,240,748

Lease liabilities	2024 £	2023 £
At beginning of year	**7,413,147**	6,551,781
Cash flows		
Lease repayments	**(882,332)**	(524,282)
Non-cash changes		
Interest expense	**521,286**	281,657
Remeasurements	**26,598**	123,959
Lease additions	**2,032,277**	980,032
At end of year	**9,110,976**	7,413,147

19. Guarantees and other commitments

At 31 December 2024 there was a guarantee in place in favour of HM Revenue and Customs for £70,000 (2023: £70,000). At the year end, the Directors consider that there is a capital commitment of £362,944 (2023: £384,561).

20. Ultimate controlling party

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


CHAPEL DOWN

SHAREHOLDER BENEFITS

We are delighted to offer our shareholders a unique range of benefits available at our winery estate, and online.

Benefits	Silver Shareholders 1 to 1,999 shares	Gold Shareholders 2,000 to 9,999 shares	Platinum Shareholders 10,000+ shares
Early access to new vintages	✓	✓	✓
Free tastings in the Winery shop	✓	✓	✓
Annual 25% off voucher	✓	–	–
Annual guided tour	–	✓ (2 people)	✓ (4 people)
Ongoing 33% off wines	–	✓	✓
Ongoing 25% off food at The Swan, max. 4 people per booking	–	✓	✓
Early booking access to events at the Chapel Down winery & Invitation to exclusive shareholder events*	–	✓	✓✓
Complimentary standard delivery on online orders**	–	–	✓

* Ticketed events, places subject to availability, details and prices TBC.
** Standard delivery will be £5.95 for all orders under £75.00 for non-Platinum shareholders.
** Express delivery is £6.95 for all shareholders at any order value.

GET IN TOUCH

SHAREHOLDER

For all Shareholder enquiries, please contact our Shareholder Manager, Rebecca Hirst:

T: 01580 763033 E: shareholder@chapeldown.com

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Open daily all year round.

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OUR DIRECTORS AND ADVISORS

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M. R. Glenn
J. R. S. Pennefather
(appointed 1 February 2025)
R. A. C. Smith
M. A. Spencer
N. W. Wray
S. A. Wren
A. J. Carter
(resigned 31 January 2025)
S. C. Gilliland
(resigned 31 December 2024)

SECRETARY
R. A. C. Smith

COMPANY NUMBER
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