

**Chapel Down Group Plc**  
 (“Chapel Down” or the “Company” or the “Group”)  
 EPIC: CDGP

**AUDITED RESULTS FOR THE YEAR ENDED 31 DECEMBER 2022**

Chapel Down, England’s leading and largest winemaker, is pleased to announce a strong financial performance and continued strategic progress in the year ended 31 December 2022, with growth in revenue, margin expansion and a full year adjusted EBITDA up 30% to £2.8m.

- Full year Net Sales Revenue (NSR), which excludes duty, grew 10% to £15.6m (2021: £14.3m). Strong H2 performance, with NSR growth of 14%, gives good growth momentum into 2023.
- Strong growth in traditional method sparkling wine sales revenue, up 53% to £9.6m (2021: £6.2m) with an annual record volume of 790,000 bottles sold (2021: 522,000).
- NSR growth delivered despite the expected 10% volume reduction overall due to lower availability of still wines following the comparatively weaker 2021 harvest.
- Gross profit increased to £8.5m (2021: £7.0m), with a step change improvement in gross margin to 55% (2021: 49%).
- Operating profit up 51% to £1.7m (2021: £1.1m). Adjusted EBITDA up 30% to £2.8m (2021: 2.1m).
- Stocks increased to £15.4m (2021: £12.6m), reflecting an outstanding 2022 harvest and careful management of our traditional method sparkling wines inventory to underpin future growth plans.
- Net cash of £3.3m (2021: £6.4m) after investing in the expansion of our winery in Tenterden to a processing capacity of up to 2,700 tonnes of grapes per annum (2021: 1,500 tonnes) and 38 new acres of planting at Boarley Farm.
- Strong balance sheet with net assets of £32.4m (2021: £31.1m) including freehold land and buildings, planted vineyards and stock. The Board remain confident the net realisable value of these tangible assets is considerably higher than the UK GAAP reported values. We do not assign a value to our brand in the accounts.

**Operational highlights**

- 2022 was our first complete year as a fully focused wine business, after the prior year disposal of Curious Drinks Limited.
- 2022 saw an excellent harvest. The quality of the grapes was outstanding, and the 2,050 tonnes was c.45% higher than 2021 (c.1,450 tonnes). This will enable us to produce over 2m bottles of wine.
- Chapel Down increased the strength of its market leadership position of English wines, reflected by its 33% market share in the UK Off Trade (Nielsen, MAT Dec 22).
- Chapel Down won 38 awards across all four of the leading wine competitions in 2022. The Gold Medals awarded to our Chapel Down Kit’s Coty Coeur de Cuvée sparkling wine and Kit’s Coty Chardonnay (Decanter World Wine Awards), as well as the additional Gold for Kit’s Coty Chardonnay (International Wine Challenge), were particular highlights.

- 2022 was Chapel Down's first year as the 'Official Sparkling Wine' of the England and Wales Cricket Board (ECB). This successful partnership has given us a significant television audience and access to a large consumer following.
- In 2022, we planted an additional 38 acres of vines at our Boarley Farm site and we will plant an additional 118 acres there in spring 2023 taking us to 906 acres under vine in total, of which 750 will be fully productive in 2023. All 906 acres will be fully productive by 2027.

## Outlook

- Our previously announced business ambition is to double revenue in the period 2021-2026 to an NSR of c.£28m, with a greater growth in adjusted EBITDA due to continued premiumisation and operational leverage, and we can do this with the investments that we have already made in land and in the capacity of our Tenterden winery.
- Current trading is in line with management expectations and our outlook for 2023 remains positive. We expect to deliver double digit net sales revenue growth and sustained improvement in gross margin for the full year. Our 2022 harvest will provide the platform for continued growth in 2023 and beyond.
- In spring 2023 we will be enhancing our brand packaging and visual identity to further reinforce the premium positioning of our Chapel Down brand.
- We have a new long term leasehold agreement for 117 plantable acres at Boughton Corner Farm, an outstanding future vineyard. We plan to plant vines in spring 2024, which will take our total planted vineyards to 1,023 acres, furthering Chapel Down's position as England's leading and largest winemaker.
- Lord Spencer of Alresford, representing IPGL, will join the Board in Q2 2023. Selina Emeny is stepping down from the Board in Q2 and we would like to thank her for her outstanding contribution to the development of Chapel Down since 2018.

Andrew Carter, Chief Executive Officer, commented:

*"2022 has been a record year for Chapel Down with exceptional profitable growth delivered, driven by the stellar performance of our traditional method sparkling wines, as we continue to premiumise the Chapel Down brand. 70% of wine sales by value were from our award-winning traditional method sparkling wines, further building our market leadership position of the English sparkling wine market.*

*The operational progress that we are making gives us confidence that we can build on 2022's successes. We will have 750 acres fully productive for the 2023 harvest, we are completing the planting of a further 156 acres in spring 2023 and the investment made in 2022 to expand our Tenterden winery means we have the capacity to convert 2022's bumper harvest into over 2 million bottles of wine.*

*As our capacity grows, so does consumer awareness and demand for our brand. Our brand has the broadest distribution footprint across the UK off-trade and on-trade, we have a strong direct to consumer E-commerce business and a buoyant hospitality & tours business with over 65,000 consumers visiting Chapel Down in 2022. During the summer, we became the official sparkling wine of England Cricket and we look forward to the impact of a home "Ashes summer" on our brand awareness.*

*The English wine industry is enjoying the fruits of its extraordinary terroir, favourable climate and sustained investment, and these advantages show no sign of abating. We have created a passionate, world-class team at Chapel Down, supported by strong relationships with our customers, growers and suppliers, who are all equally excited about developing this unique English wine growth story. This underpins our plans to double the size of the Chapel Down business by 2026."*

### **Chairman's commentary**

2022 saw the continued exceptional growth of the English wine market. English wine continues to win international recognition for its quality and taste. The volume of wine produced, and the land under vine, also continue to grow. We estimate that c.11m bottles of English wine were sold in 2022, of which c.7.5m bottle were sparkling, which would be a growth of approximately 30% year on year. In the UK, c.10,000 acres of land is planted under vines according to Wine GB. We are proud to say that England is now an established global wine region with a number of high-quality vineyards and a growing number of wine tourism attractions.

A core focus for the Board has been the premiumisation of the Chapel Down brand, which has supported a pronounced shift in sales mix to our higher margin traditional method sparkling wine. In 2022, 70% of our wine sales by value and 56% by volume were traditional method sparkling wine (2021: 50% by value, 34% by volume). We extended our leadership position in English sparkling wine and our market share in the off trade grew to 33% (Nielsen, MAT Dec 22). We saw 19% growth in our average selling price achieved through a combination of price increases and a more favourable sales mix, as well as an increased investment in marketing. These are the major drivers of the step change in profitability we saw in 2022, with gross profit growing 21% to £8.5m (2022: £7.1m) at a 55% gross margin (2021: 49%), operating profit growing 51% to £1.7m (2021: £1.1m) and EBITDA growing 30% to £2.8m (2021: £2.1m). The Board remains focused on delivering further profitable growth over the medium term.

I remain hugely excited about the prospects for growth at Chapel Down. We are the market leaders and the true power brand in a newly established global wine region. Our confidence in our growth potential is founded on having exceptional quality winemaking expertise and the ability to consistently support the Chapel Down brand, and therefore growing awareness and attracting new consumers.

Underpinning the business are an exceptional collection of difficult to replicate assets. We will have 750 acres of fully productive vineyards in 2023 (2022: 596 acres fully productive and 154 acres nearing full maturity) and are continuing to add to these. We planted 38 additional acres at Boarley Farm in 2022, and will plant an additional 118 acres in spring 2023, to take our total planted to 906 acres. Hand in hand with the expansion of our vineyards was the expansion of the Tenterden winery, which was completed in 2022, allowing us to process c.2,700 tonnes of grapes per year, significantly greater than our previous capacity of c.1,500 tonnes. This capacity will allow us to produce c.2.5m bottles per year at Tenterden, compared to c.1.3m previously.

We also continue to invest in creating the best leadership team in the industry. This year I am very pleased to say that Robert Smith, previously a Partner at PwC, joined the business as CFO in September 2022. In addition, our new executive leadership team has been further developed with the recruitment of Emma Allen as People Manager, who was previously at Shepherd Neame, and Liam Newton as CMO, who was previously at Carlsberg and Bacardi.

We are delighted that our CEO, Andrew Carter, has been featured in Walpole's '50 Most Influential People in British Luxury 2023', and that Josh Donaghay-Spire, our Head Winemaker, has been named 'English Winemaker of the year' in the Drinks Business' '100 Master Winemaker' awards. With these new additions, our executive leadership team is now complete and ready to deliver the next phase of growth.

These enduring sources of competitive advantage, and our total focus on being England's leading, largest and most celebrated winemaker, give us great confidence about the future.

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

**Martin Glenn**

**Chairman**

## **Chief Executive's Commentary**

2022 was our first year as a company focused exclusively on wine, after the disposal of Curious Drinks Limited, and the first full year since 2019 without Covid-19 restrictions.

Chapel Down is the market leading English wine brand with the highest brand awareness, the broadest distribution, and a strong direct-to-consumer business that includes significant and growing wine tourism revenues. Our consumers are looking for premium drinks brands that are exciting, fresh and have real provenance. That is Chapel Down.

I am delighted with the progress that we have made over the last 12 months in further developing our position as the number one and most celebrated English winemaker.

## **Performance Review**

<b>Continuing Operations*</b>	<b>2022 £000's</b>	<b>2021 £000's</b>	<b>% Variance</b>
Gross Sales Revenue	17,746	16,640	7%
Duty	2,111	2,368	-11%
<b>Net Sales Revenue</b>	<b>15,635</b>	<b>14,272</b>	<b>10%</b>
Gross Profit	8,535	7,048	21%
<b>Gross Profit %</b>	<b>55%</b>	<b>49%</b>	<b>+6% points</b>
Operating Profit	1,701	1,126	51%
EBITDA	2,755	2,113	30%
ASP	£10.01	£8.43	19%

*\* Excluding Curious Drinks Limited 2021 contribution*

We are delighted that in 2022 we continued Chapel Down's long, sustained record of growth with Net Sales Revenue<sup>1</sup> (NSR), increasing by 10% to £15.6m (2021: £14.3m). Furthermore, NSR growth accelerated to 14% in H2 giving us significant momentum as we go into 2023. As we grow revenues, we are also driving the premiumisation of our brand and product range which allows us to build profitability further, alongside revenue growth, as evidenced by our improved margin performance in the period.

2021 was a difficult harvest for the English wine industry, and this meant our total wine volumes fell by 10% in 2022. This was primarily driven by a 45% reduction in our still wines sold to 435k bottles (2021: 791k) as many still wines are produced using the prior year's harvest.

However, offsetting this was the outstanding increase in sales of traditional method sparkling wine to 790k bottles in 2022 (2021: 522k), which is part of the ongoing premiumisation strategy.

Our average selling prices (ASP) to our customers grew by 19% in the year. This increase is driven in part by customer prices increasing to help offset inflationary cost pressures, but more significantly by a changing mix of sales as we focus on the sale of higher priced traditional method sparkling wines. We believe this is a key and sustainable benefit of our premiumisation strategy.

Gross profit reflects that shift in mix, increasing 21% in the year to £8.5m (2021: £7.0m) and giving a step change in gross margin to 55% of NSR (2021: 49%). This increased profitability, combined with discipline on overhead costs, allows us to continue to invest strongly in marketing to grow our brand and support future profitability. Operating profit accelerated 51% to £1.7m (2021: £1.0m) and EBITDA grew 30% to £2.8m (2021: £2.1m).

The value of our wine stocks grew 22% during the year to £15.4m (2021: £12.6m) reflecting careful management of our traditional method sparkling wine inventory to underpin future growth plans, as well as an outstanding 2022 harvest.

Our net cash of £3.3m (2021: £6.4m) remains robust after paying for the planting of 38 additional acres at our Boarley Farm site and the expansion of our Tenterden Winery. This enables us to process c.2,700 tonnes of grapes in the future (from a previous capacity of c.1,500 tonnes). In addition, we have £12m of unused borrowing facilities which gives us significant operational and investment flexibility for the future.

The company continues to maintain its strong balance sheet with net assets of £32.4m (2021: £31.1m) including freehold land and buildings, planted vineyards and stock. The Board is confident the net realisable value of these tangible assets is considerably higher than the UK GAAP reported values. Further, we do not assign a value to our brand in the accounts.

<sup>1</sup> At Chapel Down we focus on Net Sales Revenue (NSR), which is revenue net of duty as this is the truest indication of underlying business performance.

### **Channel performance**

<b>Continuing Operations NSR by channel*</b>	<b>2022 £000's</b>	<b>2021 £000's</b>	<b>% Variance</b>
Off-trade	8,284	7,615	9%
On-trade	1,753	1,308	34%
Export	456	173	164%
E-commerce	2,536	3,273	-23%
Retail & Tours	2,043	1,447	41%
Other Sales	563	456	23%
<b>NSR</b>	<b>15,635</b>	<b>14,272</b>	<b>10%</b>
<b>Direct to Consumer<sup>2</sup></b>	<b>5,106</b>	<b>5,147</b>	<b>-1%</b>

\* Excluding Curious Drinks Limited 2021 contribution

<sup>2</sup> Includes E-commerce, Retail, Tours and Direct to Consumer components of "Other Sales" such as Vine Lease and the Swan restaurant.

The Chapel Down brand has the broadest distribution base across all UK trade channels. Our off-trade channel is broad, including speciality retailers such as Selfridges, Fortnum & Mason and Majestic, as well as multiple retailers such as Waitrose, Marks & Spencer, Tesco, Sainsbury's, Morrisons, and E-commerce retailers Amazon and Ocado.

NSR in the off-trade channel grew by 9% during the year to £8.3m (2021: £7.6m). This accounted for 53% of our income in the year (2021: 53%), making this our biggest channel. We

have grown our distribution in the off-trade this year in both Waitrose and Morrisons and now have 3,700 points of distribution for Chapel Down sparkling wines (2021: 3,100).

Our on-trade channel includes luxury outlets such as The Pig Hotels, premium pub groups such as Oakman Inns, and national accounts including Marriott and Mitchells and Butler. This is a key channel to build brand desirability and drive consumer trial. NSR in the on-trade grew +34% in the year to £1.8m (2021: £1.3m), recovering against a partially Covid-19 influenced comparative. Sustainable growth was primarily driven by strong distribution growth to 1,485 outlets (2021: 450) with a focus on listing Chapel Down sparkling wines with premium customers, such as The Social Eating House, Inception Group and JKS restaurants. We have also focused on sustainable growth through 'by the glass' listings, an important measure to encourage consumer trial and rate of sale, increasing these to 568 outlets (2021: 180). 'By the glass' highlights include our Chapel Down Kit's Coty Coeur de Cuvée on the tasting menu at Le Gavroche, as well as listings across Ascot Racecourse bars.

Chapel Down has a strong international footprint for future long-term growth. Our wines are now exported to 14 markets, focusing on the largest sparkling wine export markets including USA and Scandinavia, as well as developing the Global Travel Retail opportunity. Export sales were only c.3% of total sales in 2022 but grew +164% to £456k (2021: £173k). We focus on traditional method sparkling wine almost exclusively in the export channel and this accounted for 96% of all exports by revenue.

Our Direct to Consumer (DTC) channel is of great strategic importance. It includes two key sources of revenue. The first is our brand home in Tenterden, Kent, where we offer wine tours and experiences, and have our retail shop and the Swan restaurant. The second is our E-commerce business which gives consumers the opportunity to buy our full product offering online.

Overall, our DTC business was -1% in 2022 with revenue of £5.1m. Within this result, our brand home revenues increased by 37% to £2.6m (2021: £1.9m), but we saw our E-commerce business decline by 23% to £2.5m (2021: £3.3m) as a result of a particularly strong comparative period due to the change in consumer purchasing trends during the pandemic.

Our brand home attracted 65,000 visitors in 2022 (2021: 55,000) and was awarded the 'Travelers Choice Award' by TripAdvisor, placing it in the top 10% of attractions worldwide. Over 25,000 visitors enjoyed our wine tours and experiences, from our standard tour and tasting through to more premium packages enabling them, for example, to couple tours with dining experiences in our restaurant, The Swan.

Our E-commerce business declined in 2022 as consumers returned to pre-pandemic purchasing behaviours and purchased more in traditional outlets such as supermarkets and the on-trade. E-commerce did, however, have a very strong Q4, underpinned by Black Friday and Christmas. While the number of online orders declined year on year, our returning customer rate increased significantly as did our average order value. We now have a normalised base line on which to build our E-commerce business in 2023.



## **Category performance**

<b>Continuing Operations NSR by category*</b>	<b>2022 £000's</b>	<b>2021 £000's</b>	<b>% Variance</b>
Traditional Method Sparkling	9,557	6,238	53%
Carbonated	1,378	1,723	-20%
Still	2,817	4,619	-39%
Spirits	592	886	-33%
Tours	728	350	108%
Other sales	563	456	23%
<b>NSR</b>	<b>15,635</b>	<b>14,272</b>	<b>10%</b>

*\* Excluding Curious Drinks Limited 2021 contribution*

Traditional method sparkling wine showed significant growth in 2022, consistent with our focused approach and long-term brand premiumisation strategy. NSR was up 53% to £9.6m (2021: £6.2m) on volumes which grew 51%. Traditional method sparkling wines are now 70% of our total wine sales by value (2021: 50%). When also including carbonated wine, sparkling wine accounts for 80% of our wine sales by value (2021: 63%).

This rapid growth in traditional method sparkling wine offset the budgeted reductions in carbonated and still wine due to lower availability caused by the disappointing 2021 harvest. We see this as a permanent shift in mix however, as the Chapel Down range becomes best known for traditional method sparkling wine.

As we focus on developing our wine business, the spirits products have a very minor role in the portfolio and therefore spirits sales were down 33% by value to £0.6m (2021: £0.9m) and down 30% by volume to 28k bottles (2021: 39k).

## **Business risks and uncertainties**

Cost inflation remains a challenge for our industry with respect to our glass, dry goods, energy and labour costs. Importantly, however, our position has been mitigated by a number of actions. Firstly, we successfully implemented customer price increases across the product portfolio as we continue to focus on the premiumisation of the Chapel Down brand in the marketplace. Secondly, we benefited from the increased availability of traditional method sparkling wine stocks, enabled by the careful management of our inventory. Thirdly, we will enjoy the scale benefits resulting from an outstanding harvest in 2022 and, finally, we continued to increase our production efficiencies.

Brexit fallout continues to have an impact on our access to EU workers for our viticulture, albeit with some proposed improvements to seasonal workers schemes in 2023 partly offsetting this. Our scale gives us a preferential position with respect to agency labour pools and an enhanced ability to attract labour. We will also continue to trial responsibly the latest mechanical picking technology, with respect to a small proportion of our still wine grapes.

There is always the risk of a poor harvest as a consequence of extreme weather events but we mitigate this through maintaining the highest standards of viticulture, choosing the very best sites and utilising the latest proven advances in technology and agriculture. We source from a relatively wide geographic area to minimise micro-climatic variations that can blight



sections of individual sites. We also help to mitigate risk by continuing to build our traditional method sparkling wines stocks.

Cultivation of soft fruit, including grapes, in the UK has a degree of risk associated with fungal diseases which are common to all grape growing regions in the world. These diseases do not pose a risk to the long-term health of the vine but in certain climatic conditions can result in a percentage of crop reduction. Chapel Down mitigates this risk through canopy management practices such as leaf removal around the berries which is combined with the judicious use of recommended phytosanitary products. Weather stations are situated within our vineyards which allows prediction of high disease pressure periods and consequent corrective action.

Competition continues to grow as the English wine region expands but we continue to invest with confidence in our brand, vineyards, distribution and people to ensure that the business can continue to grow and thrive into the future.

## **Outlook**

Chapel Down will continue to develop its position as the number one and most celebrated English winemaker. The English wine region and consumer market continues to grow strongly and there is significant opportunity to build and develop our category leading Chapel Down brand with our customers and consumers.

In 2023, we will continue to invest in premiumising and growing the Chapel Down brand and range. In spring 2023 we will be enhancing our brand packaging and visual identity to further reinforce the premium positioning of our Chapel Down brand. This brand re-design will be supported by a new brand communications campaign that positions Chapel Down as the fresher way to celebrate the moments that really matter. The brand will be visible across the country at sporting events, such as the Oxford & Cambridge Boat Race and locations such as Ascot Racecourse, and additionally this year at the ten nationwide 'Pub in the Park' summer events. We are particularly looking forward to an exciting year as the 'Official Sparkling Wine of England Cricket' with a 'home' Ashes and the huge brand exposure that will bring throughout the summer of 2023, as well as creating a limited edition vintage sparkling wine for the Coronation of King Charles III.

The UK Government confirmed in the Spring Budget that new duty rates will take effect from 1 August 2023, coinciding with the implementation of previously announced duty reforms which will see products taxed according to ABV rather than product category. The duty increases at the rate of RPI growth for other products, including still wines is an unwelcome further taxation burden on the UK drinks industry, but will have minimal impact on Chapel Down given our focus on sparkling wines. The proposed reduction in English sparkling wine duty – a 19p reduction for a 75 cl bottle of 12 per cent ABV sparkling wine - is welcomed to support our investment in developing this flourishing UK industry growth opportunity.

Our business ambition is to double revenue in the period 2021-2026 to an NSR of c.£28m, with a greater growth in adjusted EBITDA due to continued premiumisation and operational leverage, and we can do this with the investments that we have already made in land and in the capacity of our Tenterden winery. Our outstanding 2022 harvest, which was c.45% higher than 2021 and of great quality, will further support our achievement of this goal.

Winemaking is a long-term enterprise and planning for profitable growth beyond 2026 is underway. We will continue to explore future opportunities for vineyards, a new scaled and

efficient winery, and an expanded tourism offering in the medium term. We continue to evaluate the optimal way to deliver these opportunities, which could potentially include a future AIM listing. We are delighted to announce that we have a new long-term leasehold agreement for 117 plantable acres at Boughton Corner Farm, an outstanding future vineyard in Kent. We plan to plant vines in spring 2024 which will increase our total vineyards owned, or under long term contracts, to 1,023 acres.

Chapel Down has a great team and an exciting market growth opportunity. The creation of a new global wine region is rare, and we are excited to be leading the way here in England. I would like to conclude by thanking our customers, our teams, our growers and shareholders for their ongoing support. I am looking forward to us continuing this journey together in 2023, with huge anticipation and excitement.

**Andrew Carter**

**Chief Executive Officer**

*This announcement contains inside information for the purposes of Article 7 of the Market Abuse Regulation (EU) 596/2014 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 ("MAR"), and is disclosed in accordance with the company's obligations under Article 17 of MAR.*

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## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2022

	Audited Continuing Operations 01.01.22 to 31.12.22	Audited Total 2022 £	Audited Continuing operations 01.01.2021 to 31.12.2021	Audited Curious Drinks Discontinued operations 01.01.2021 to 31.12.2021	Audited Total 2021 £
	1	2	3	4	5
Turnover	17,745,581	17,745,581	16,639,885	287,284	16,927,169
Cost of sales	(9,210,423)	(9,210,423)	(9,592,142)	(226,685)	(9,818,827)
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<b>Gross profit</b>	<b>8,535,158</b>	<b>8,535,158</b>	<b>7,047,743</b>	<b>60,599</b>	<b>7,108,342</b>
Administrative expenses	(6,667,277)	(6,667,277)	(5,610,351)	(243,474)	(5,853,825)
Share based payment charge	(57,790)	(57,790)	(23,564)	-	(23,564)
Exceptional costs	(109,517)	(109,517)	(287,416)	(100,208)	(387,624)
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<b>Operating profit / (loss)</b>	<b>1,700,574</b>	<b>1,700,574</b>	<b>1,126,412</b>	<b>(283,083)</b>	<b>843,329</b>
Government grant income	-	-	73,255	57,261	130,516
Interest receivable and similar income	16,147	16,147	38	-	38
Interest payable and expenses	(119,041)	(119,041)	(98,723)	(85,019)	(183,742)
Share of after tax losses in associates	(15,207)	(15,207)	-	-	-
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<b>Profit / (loss) before taxation</b>	<b>1,582,473</b>	<b>1,582,473</b>	<b>1,100,982</b>	<b>(310,841)</b>	<b>790,141</b>
Tax on profit / (loss)	(529,441)	(529,441)	287,485	-	287,485
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<b>Profit / (Loss) and total comprehensive income for the financial year</b>	<b>1,053,032</b>	<b>1,053,032</b>	<b>1,388,467</b>	<b>(310,841)</b>	<b>1,077,626</b>
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**Profit/(loss) for the year attributable to:**

Non-controlling interests	-	-	-	(156,460)	(156,460)
Owners of the parent company	1,053,032	1,053,032	1,388,467	(154,381)	1,234,086
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	<b>1,053,032</b>	<b>1,053,032</b>	<b>1,388,467</b>	<b>(310,841)</b>	<b>1,077,626</b>

**Adjusted EBITDA**

Operating profit / (loss)	1,700,574	1700,574	1,126,412	(283,083)	843,329
Share based payment	57,790	57,790	23,564	-	23,564
Depreciation and amortisation	887,362	887,362	675,806	-	675,806
Exceptional costs	109,517	109,517	287,416	100,208	387,624
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<b>EBITDA excluding share based payment</b>	<b>2,755,243</b>	<b>2,755,243</b>	<b>2,113,198</b>	<b>(182,875)</b>	<b>1,930,323</b>
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<b>Profit per share – basic (pence)</b>	<b>0.662</b>				<b>0.822</b>
<b>Profit per share – diluted (pence)</b>	<b>0.660</b>				<b>0.811</b>

*All earnings attributable to Non-controlling interests in 2021 relate to discontinued operations. There were no discontinued operations in 2022.*

**Notes:**

- Represents the consolidated audited results for Chapel Down Group Company and English Wines Plc for the period 01 January 2022 to 31 December 2022.*
- Represents the consolidated audited results for Chapel Down Group Company and English Wines Plc for the period 01 January 2022 to 31 December 2022.*
- Represents the consolidated audited results for Chapel Down Group Company and English Wines Plc for the period 01 January 2021 to 31 December 2021, excluding Curious Drinks Limited for the period 01 January 2021 to 31 December 2021 which is reported separately under Curious Drinks discontinued operations.*
- Represents the discontinued operations for Curious Drinks Limited for the period 01 January 2021 to 31 December 2021.*
- Represents the consolidated audited results for Chapel Down Group Company, English Wines Plc and Curious Drinks Limited for the period 01 January 2021 to 31 December 2021.*

# CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2022

	2022 £	2021 £
<b>Fixed assets</b>		
Intangible assets	79,318	116,834
Tangible assets	15,849,621	14,577,720
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	<b>15,928,939</b>	<b>14,694,554</b>
<b>Current assets</b>		
Stocks	15,394,488	12,579,207
Debtors: amounts falling due within one year	2,695,076	1,309,301
Cash at bank and in hand	5,800,770	9,215,130
	-----	-----
	<b>23,890,334</b>	<b>23,103,638</b>
Creditors: amounts falling due within one year	(4,754,953)	(4,200,234)
	-----	-----
<b>Net current assets</b>	<b>19,135,384</b>	<b>18,903,404</b>
	-----	-----
<b>Total assets less current liabilities</b>	<b>35,064,320</b>	<b>33,597,958</b>
Creditors: amounts falling due after more than one year	(2,089,128)	(2,481,668)
<b>Provisions for liabilities</b>		
Deferred tax	(528,061)	-
	-----	-----
<b>Net assets</b>	<b>32,447,131</b>	<b>31,116,290</b>
	=====	=====
<b>Capital and reserves</b>		
Called up share capital	7,964,506	7,877,902
Share premium account	32,143,576	32,010,161
Revaluation reserve	970,457	992,702
Capital redemption reserve	400	400
Profit and loss account	(8,631,808)	(9,764,875)
	-----	-----
<b>Shareholders' funds</b>	<b>32,447,131</b>	<b>31,116,290</b>
	=====	=====

**CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2022**

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
<b>Cash flows from operating activities</b>		
Profit for the financial year	1,053,032	1,077,626
<b>Adjustments for:</b>		
Amortisation of intangible assets	37,516	25,098
Depreciation of tangible fixed assets	849,846	650,708
Loss on disposal of tangible assets	-	8,850
Share of loss of associate	15,207	-
Accounting profit on elimination of subsidiary following loss of control	-	(55,348)
Share based payments	57,790	23,564
Interest payable	119,041	183,742
Interest receivable	(16,147)	(38)
Taxation charge	529,441	(287,485)
Increase in stocks	(2,829,488)	(865,817)
(Increase) / Decrease in debtors	(1,437,717)	1,376,476
Increase / (Decrease) in creditors	506,706	(761,379)
Corporation tax (paid)	179	63,252
	-----	-----
<b>Net cash (used in) / generated from operating activities</b>	<b>(1,114,594)</b>	<b>1,439,249</b>
	-----	-----
<b>Cash flows from investing activities</b>		
Purchase of intangible assets	-	(46,950)
Purchase of tangible fixed assets	(2,121,747)	(1,056,976)
Investment in associate undertaking	(1,000)	-
Cash eliminated on loss on control of subsidiary	-	(2,349)
Interest received	16,147	38
	-----	-----
<b>Net cash from investing activities</b>	<b>(2,106,600)</b>	<b>(1,106,237)</b>
	-----	-----
<b>Cash flows from financing activities</b>		
Issue of ordinary shares	220,019	6,439,488
New secured loans	-	3,000,000
Repayment of loans	(294,144)	(5,234,239)
Interest paid	(119,041)	(183,742)
	-----	-----
<b>Net cash used in financing activities</b>	<b>(193,166)</b>	<b>4,021,507</b>
	-----	-----
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>(3,414,360)</b>	<b>4,354,519</b>
Cash and cash equivalents at beginning of year	9,215,130	4,860,611
	-----	-----
<b>Cash and cash equivalents at the end of year</b>	<b>5,800,770</b>	<b>9,215,130</b>

	=====	=====
<b>Cash and cash equivalents at the end of year comprise:</b>		
Cash at bank and in hand	5,800,770	9,215,130
	-----	-----
	<b>5,800,770</b>	<b>9,215,130</b>
	=====	=====

## 1. BASIS OF PREPARATION/ACCOUNTING POLICIES

The Company's report for the year ended 31 December 2022 was authorised for issue by the directors on 28<sup>th</sup> March 2023. The financial information does not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006. Accordingly, this report is to be read in conjunction with the Annual Report for the year ended 31 December 2022, which was prepared in accordance with the Company's reporting standard (FRS102) that was in effect at that time.

The accounting standard requires the Company to restate its profit to attribute a notional cost of non-cash share option agreements to the business. After adopting the standard, the accounts show a decrease in profit of £57,790 (2021: £23,564) resulting in a Group pre-tax profit of £1,582,473 (2021: pre-tax profit of £790,141).

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

The statutory accounts for the year ended 31 December 2022, prepared under UK GAAP, have been reported on by the Company's auditors, received an unqualified audit report and will be issued to shareholders in June 2023.

## 2. BALANCE SHEET REVIEW

The net asset value of the Company as at 31 December 2022 was £32,447,131 which includes:

- Fixed assets held at net book value of £15,849,621, including vineyard development expenditure which is capitalised at cost.
- £15,394,488 of stock, which is valued at cost being the lower of cost or net realisable value.

## 3. PROFIT PER SHARE

The calculation of the profit per share for the year ended 31 December 2022 is based on the profit for the period of £1,053,032 and the weighted average number of shares in issue during the period of 159,108,712 exclusive of the effect of dilutive share options, and 159,565,165 inclusive of dilutive options.

## 4. DISTRIBUTION OF THE FULL YEAR STATEMENT

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