

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

**Chapel Down Group Plc**

**('CDG' or 'the Company')**

**EPIC: CDGP**

**UPDATE ON STRATEGIC REVIEW, HARVEST AND TRADING**

**Strategic review**

Chapel Down announced a strategic review on 25 June 2024. Having evaluated a number of opportunities, this review is now complete, with the Board concluding that there were no transactions that would create superior long term shareholder value than Chapel Down remaining a stand-alone AIM listed company. Accordingly, the Company is no longer in an "offer period" as defined in the Takeover Code. Chapel Down will continue to lead the development and consolidation of the English wine industry and will only consider transactions that are value creating for our shareholders.

The Chapel Down Board and team, have great confidence in the continued growth of the English wine region, which is underpinned by the quality of the wines being created. The quality of Chapel Down's wines continues to be recognised by international awards such as the 2024 'best in show' for Sparkling Rosé at the International Decanter awards as well as Kits Coty Coeur de Cuvée being crowned WineGB 'supreme champion'.

Chapel Down is the largest brand in English wine with 42%<sup>2</sup> awareness, 16%<sup>2</sup> penetration and a social media following of more than 120,000 users. The Company has 1,024 planted acres of vineyards, which is c10% of the UK's total, has previously invested in the Tenterden winery and is able to produce up to 3m bottles of wine per year. Chapel Down also benefits from the largest distribution in English wine, across the Off-trade, On-trade, Export, Global Travel Retail, eCommerce and our own Retail outlet and Tourism business in Tenterden.

The Company awaits final planning permission being granted on the winery at Highland Court before making a final decision on progression. An update will be communicated separately, when that outcome is known.

**Harvest**

Chapel Down has nearly completed its 2024 harvest, which will be of a high quality with particular similarities noted with the 2019 vintage, but of a lower yield than the exceptional 2023 and the 5-year average harvests. Chapel Down has built a strong inventory of wine from previous vintages, and therefore future sales plans will not be impacted by stock availability.

As disclosed in the Company's Half Year results announcement, growing conditions for 2024 started well, with no frost damage during early spring, and fine, warm weather during flowering, however the 2024 vintage has 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 has led to some pressure from mildew and consequently reduced yields, given our strict focus on quality. Vintage quality and grape flavours are however excellent, reminiscent of the 2019 harvest, which delivered great quality traditional method sparkling wine.

The impact from adverse late season weather has been 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.

Chapel Down expects the 2024 Harvest to be approximately 1,875 tonnes (2023: 3,811 tonnes, 2022: 2,050 tonnes, 2021: 1,450 tonnes). This equates to 2.5 tonnes per productive acre (2023: 5.1 tonnes per acre, 2022: 2.7 tonnes per acre, 2021: 2.2 tonnes per acre). Since the harvest is below our forecast, this will impact the forecast in-year Fair Value biological assets non-cash adjustment, see below.

Chapel Down expects to create c1.7m bottles from the 2024 vintage. The majority of our harvest will create traditional method sparkling wine, in line with the Company's strategy to focus on its higher margin award-winning sparkling wines, which benefit from the cool maritime climate and chalk soils of the North Downs of Kent.

Planting at the new Buckwell vineyard is now complete, and the vines are growing in line with expectations. Buckwell gives an additional 91 acres (37 hectares) of Chardonnay and 27 acres (11 hectares) of Pinot Noir, extending Chapel Down's planted vineyards to 1,024 acres (414 hectares), c10% of all UK planted vineyards.

Josh Donaghay-Sprie commented: "The fruit is looking and tasting great, particularly at our vineyards on the Kent Downs. Whilst the 2024 vintage has faced more difficult weather conditions in September, vintage conditions and grape flavours are reminiscent of the 2019 harvest which delivered great quality traditional method sparkling wine such as the recently released Grand Reserve 2019 and Blanc de Blancs 2019."

**Trading**

Whilst sparkling wines sales performance in Q3 has improved and Off-trade stockholdings have been reduced to normal levels, there remains some ongoing pressure on rate of sale in the Off-trade. Chapel Down expects continued double-digit sales growth for the year in the On-trade, Export and Direct to Consumer channels, and the Company has strong consumer and customer promotional plans in place for Q4, however Chapel Down now expects the full year net sales revenue to be a low, single digit decline from prior year.

This revenue impact, alongside the expected reduction in gross margin from a higher weighting in 2024 towards still wines, will result in a positive 'trading operating profit'<sup>1</sup> for the full year, but this will be lower than in 2023.

The smaller than expected harvest noted above will result in the Company booking a non-cash charge of between £750k and £850k for the full year relating to fair value adjustment on biological assets. Taking this loss in-year, will however reduce future cost of goods sold and hence increase future gross margin. The non-cash FV adjustment loss on biological produce coupled with the expected exceptional costs relating to the strategic review announced on 25<sup>th</sup> June, will create a PBT loss for the full year.

During Q3, Chapel Down signed a long-term extension to its Revolving Credit Facility, which reduces interest rates payable.

During Q3, Chapel Down signed a long-term extension to its revolving credit facility, which reduces interest rates payable whilst increasing the facilities size to £20m.

Chapel Down continues to invest in the leading English wine brand, resulting in continued record levels of brand awareness<sup>2</sup> (42% end September vs 39% at 2023 year-end) and brand penetration<sup>2</sup> (16% end September vs 14% at 2023 year-end). These brand metrics and our unrivalled distribution scale underpin our future growth.

Q4 is the most important trading period for Chapel Down and we have confidence in our success, based on our strong brand and customer marketing support plans. We expect to provide a further scheduled trading update in January.

**Notes:**

1. Trading operating profit is profit excluding in-year FV adjustment on biological produce and exceptional items.
2. Source: BrandVue

**Contacts**

**Chapel Down Group plc**

Andrew Carter	Chief Executive Officer	01580 763 033
Rob Smith	Chief Financial Officer	

**Singer Capital Markets**

Shaun Dobson	Nominated Adviser and Broker	020 7496 3000
Tom Salvesen		
Asha Chotai		
James Todd		

**H/Advisors Maitland**

Sam Cartwright	020 73795151
Jonathan Cook	

**About Chapel Down:**

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

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

Chapel Down is listed on the London Stock Exchange's AIM and has over 10,000 retail investors who enjoy discounts on Chapel Down's wines, tours and tastings at the brand's home at Tenterden in Kent, which each year attracts c60,000 visitors.

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

This information is provided by RNS, the news service of the London Stock Exchange. RNS is approved by the Financial Conduct Authority to act as a Primary Information Provider in the United Kingdom. Terms and conditions relating to the use and distribution of this information may apply. For further information, please contact [ms@seg.com](mailto:ms@seg.com) or visit [www.ms.com](http://www.ms.com).

RNS may use your IP address to confirm compliance with the terms and conditions, to analyse how you engage with the information contained in this communication, and to share such analysis on an anonymised basis with others as part of our commercial services. For further information about how RNS and the London Stock Exchange use the personal data you provide us, please see our [Privacy Policy](#).

END

UPDFEAFFIELSEDS