

28 September 2023

Gusbourne Plc

(“Gusbourne”, the “Company” or the “Group”)

Interim Results for the period ended 30 June 2023

Gusbourne Plc (AIM: GUS), the premium English sparkling wine producer, is pleased to report the following unaudited results for the six month period ended 30 June 2023 (“H1” or “H1 2023”).

Strong UK wine sales growth in H1 of 24%

Highlights:

UK wine sales:

Strong UK wine sales ⁽¹⁾ growth with H1 up by 24% to £2.3m (H1 2022: £1.9m), reflecting continued strong sales growth across our direct to consumer (“DTC”) and UK Trade sales channels:

- DTC wine sales up by 21% to £650,000 (H1 2022 £586,000), driven by investment in digital marketing and direct wine sales arising from our tour and experience programme at the Nest, Gusbourne’s cellar door operation in Kent.
- UK Trade wine sales up 25% to £1,685,000 (H1 2022: £1,346,000), with number of key partnerships established with prestigious, high-volume hotel and restaurant groups underpinning this performance.

International wine sales:

- International sales declined by 7%, due to the timing of export orders. Gusbourne’s ongoing success in international markets generally involves large orders, the timing of which can distort short term sales trends as they have in H1. The fall in sales was caused by high levels of existing stock in two of our larger markets at the start of 2023. Stock depletions and sales are expected to grow in H2 as trade phasing normalises, with full year revenue expected to provide double digit growth. Gusbourne has now increased its distribution to over 33 international markets.

Strong financial performance

- Gross margin improved significantly to 68.3% (H1 2022: 59.9%), reflecting improved price and sales mix dynamics, in line with the Group’s premium positioning and product strategy, as well as a decreased mix in H1 of International sales that are at a lower margin.
- **Adjusted EBITDA loss narrowed** to £0.58m (H1 2022: £0.70m).
- Net debt of £15.2m, (H1 2022 £10.3m), the increase since 30 June 2022 reflecting further investment in inventory and the capital expenditure in land, acquired in August 2022.

Further critical acclaim for and expansion of the Gusbourne portfolio

- Several new wines introduced during the period, including the limited-edition single vineyard sparkling wines, a sweet wine and a still rosé.

- In the H1, the Company received over 30 awards for its wines, including:
 - 11 awards, including five golds, and four trophies; best sustainably produced wine, best Chardonnay, top still wine and retaining Estate Winery of the Year for the third consecutive year at the Wine GB awards; and
 - Seven medals, including a gold and winner of best in show “Blanc de Blancs” for the 2018 vintage at the Decanter World Wine Awards; and
 - Three medals at the Texsom Awards in the USA, including Judges’ Selection, Platinum and Gold; and
 - Two medals at the International Wine Challenge
 - Exclusive partner for The Royal Collection Coronation English Sparkling Wine

2023, another promising vintage and new Head Winemaker appointed

- The 2023 harvest is now underway and is expected to be a bumper harvest in volume and quality.
- Appointment of Mary Bridges as our Head Winemaker, promotion of Alistair Benham to Head of Wine Operations and Tom Jones to Winemaker. Together these individuals have been with Gusbourne for more than 15 years and their promotions are the result of long term succession planning.

£m	H1 2023	H1 2022	% Change
Wine sales - UK	2.3	1.9	24%
Wine sales - Export	0.8	0.8	-7%
Non-wine sales	0.3	0.3	-11%
Net revenue ⁽¹⁾	3.4	3.0	12%
Gross margin %	68.3%	59.9%	840bps
Adjusted EBITDA ⁽²⁾	(0.6)	(0.7)	17%
Operating costs	4.3	4.2	3.1%
Reported Pre-tax loss	(1.0)	(1.2)	-19%
EPS (p)	-2.37	-2.26	-5%
Net Debt	15.2	10.3	77%

⁽¹⁾ Net revenue is revenue reported by the Group after excise duties payable

⁽²⁾ Adjusted EBITDA means profit/(loss) from operations before aborted planning and capital expenditure write-off, fair value movement in biological produce, interest, tax, depreciation and amortisation.

NET REVENUE BY DISTRIBUTION CHANNEL

	H1 2023 £'000	H1 2022 £'000	Change %	FY 2022 £'000
Direct to Consumer (DTC)*	650	536	21%	1,185
UK Trade	1,685	1,346	25%	3,058
Total UK net wine sales	2,335	1,882	24%	4,243
International	742	798	-7%	1,391
Net wine sales	3,077	2,680	15%	5,634
Tour and related income (DTC)*	264	297	-11%	525
Other income	32	37	-13%	84
Total net revenue	3,373	3,014	12%	6,243

PERCENTAGES OF NET REVENUE

Direct to Consumer (DTC)	27.0%	27.6%	27.4%
UK Trade	50.1%	44.7%	49.0%
International	22.0%	26.5%	22.3%
Other	0.9%	1.2%	1.3%
	100.0%	100.0%	100.0%

*DTC total net revenue (including tour and related income) of £914,000 for H1 2023, £833,000 for H1 2022 (10% growth) and £1,710,000 for FY 2022.

Outlook

Gusbourne expects to deliver another year of strong growth across all its distribution channels as consumer interest in Gusbourne wine continues to grow globally. Our new products continue to perform well, with products such as the still Rose and 2014 vintage Fifty One Degrees North, selling out ahead of plan. We have expanded our cellar door operation, with the introduction of two additional tasting rooms and launched our new luxury cuvee 2016 vintage of Fifty One Degrees North.

H2 2023 total net revenue growth is expected to be stronger than H1 with full year net revenue growth expected to be around 20%, dependent on export order timings and the headwinds in the wider economy. As a result of such conditions, Gusbourne continues to practice tight cost discipline in all of its operations and now anticipates a successful continued narrowing of the full year adjusted EBITDA loss. Longer-term, increases in production from new vineyards are anticipated to drive further revenue growth and margin improvement through scale.

Mike Paul, interim Chief Executive Officer, said:

“I am pleased to report another solid performance in the first half of 2023 where Gusbourne delivered further growth and execution of our strategy. Despite a challenging macroeconomic backdrop, we have continued to see significant consumer demand for Gusbourne wines with double digit sales growth, assisted by the luxury status of the Gusbourne brand.

“The first quarter of the year was soft across the industry and our International sales were held back by higher than normal inventory levels; momentum improved during the second quarter. I am particularly pleased with our gross margin improvement, reflecting hard work on our pricing position, product offer and distribution mix.

“Whilst we are mindful of the current economic headwinds, with these strong results, an anticipated

good harvest in 2023, new land purchases made during last year and healthy inventory levels in our cellars, the Board continues to look to the future with great confidence as we further strengthen our position as one of the UK's most significant fine wine producers.”

Results presentation

A presentation by Mike Paul, interim Chief Executive Officer and Katharine Berry, Chief Financial Officer, providing an overview of the Group's Interim Results for the period ended 30 June 2023, will be made available on the PIWORLD platform and can be accessed through the following [link](#).

This announcement together with the associated investors' presentation are also available on:

www.gusbourneplc.com/

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This announcement contains inside information for the purposes of article 7 of the Market Abuse Regulation (EU) 596/2014 as amended by regulation 11 of the Market Abuse (Amendment) (EU Exit) Regulations 2019/310. With the publication of this announcement, this information is now considered to be in the public domain. The person responsible for arranging for the release of this announcement on behalf of the Company is Katharine Berry, Chief Financial Officer.

[Gusbourne plc](#) (AIM:GUS) is a premium English sparkling and fine wine producer, specialising in the production and distribution of award winning wines, produced from grapes grown across its vineyards in Kent and West Sussex.

Since the Group planted its first vines in 2004, it has had a clear vision and single goal: to create English Still and Sparkling Wines that would stand up alongside the very finest offerings from across the globe.

From these humble beginnings, Gusbourne has focussed on building long-term assets to drive value creation for all stakeholders. Today, the Group is an acknowledged leader in the rapidly expanding English wine industry, achieving international brand recognition across its product range.

Drawing on an estate of over 93 hectares of mature vineyards with additional new land available to scale further, the Gusbourne cellar continues to mature with ever expanding fine wine stocks becoming available to service the growing demands of the Group's increasingly international customer base.

Gusbourne's luxury brand enjoys premium price positioning and is distributed in the finest

establishments both in the UK and overseas including premium hotels and restaurants, independent wine merchants, and high-end stockists and retailers. The Group also continues to invest in building strong relationships with its growing and loyal direct customer base, including through its immersive brand experience at its cellar door experiences, the Nest in Kent.

Interim Chief Executive review

2023 has showed further financial, operational, and strategic progress for Gusbourne. Since our foundation in 2004, Gusbourne has strived to create England's finest and most celebrated wines, by leveraging our core assets – an unrelenting focus on quality; excellent and carefully curated distribution, our enhanced product portfolio and have taken advantage of the long-term investments made into land and planting over the last 20 years. Combined with the ongoing global appetite for English wine, the result has been another six months of solid revenue growth. The Group reported £3.4m of total net revenue, an increase of 12% compared to first half of 2022, with all three distribution channels expanding the customer base both in the UK and overseas, reinforcing Gusbourne's brand as a leading light in the dynamic and fast growing English fine wine sector. UK wine sales were up by 24% in H1, a very pleasing performance.

Gross profit margin improved to 68.3% (2022: 59.9%) due to an improvement in distribution channel and pricing mix. Our new and wider product mix strategy helped deliver this improved margin. Operating costs, especially administration expenses, remain carefully managed. We continue to invest in the Gusbourne brand, with discretionary marketing investment to help support brand awareness and future sales growth. The Group narrowed its adjusted EBITDA loss for the period to £0.6m (June 2022: £0.7m EBITDA loss).

The continued success of the Group is a testament to the hard work of the Gusbourne team. Their dynamism, enthusiasm and dedication are the foundation of our business and, as always, greatly appreciated and I thank them all for their ongoing efforts that are driving Gusbourne forward.

I would like to particularly thank Charlie Holland, for his fantastic dedication and incredible hard work over his tenure as CEO at Gusbourne. Charlie has made some fantastic wines, reinforced the Gusbourne culture and values, and leaves a strong team. We wish him all the best in his new role.

Within the winemaking team Mary Bridges has been appointed as our Head Winemaker, Alastair Benham promoted to Head of Wine Operations and Tom Jones promoted to Winemaker. Together these individuals have been with Gusbourne for more than 15 years and their promotions are the result of long term succession planning.

Group vision and growth strategy

The Group's vision is to continue to produce premium quality vintage wines from grapes grown in our own vineyards and to promote Gusbourne as a luxury brand. This is achieved through our ongoing dedication to excellence in all aspects of our vineyard, winemaking, branding and enhanced by our chosen commercial relationships and curated distribution channels.

The Group's growth strategy is based on three strategic pillars:

- **Growth and development of Gusbourne's luxury brand status:** Maintain and further develop Gusbourne's luxury brand status, ensuring that the Group's premium quality and market positioning of its products are maintained, through our ongoing product portfolio development, distribution choices and pricing strategy. During the period, Gusbourne became a member of The Walpole, a trade organisation for British luxury brands.
- **Developing strong direct relationships with our customers:** Support the continuing strong growth in DTC sales with online sales and marketing investment, and offline with planned further investment in Gusbourne's cellar door operations. These operations enable us to meet our customers in person and provide an immersive brand experience, thus creating a more direct relationship with our customers.
- **Careful expansion of our international trade footprint:** Invest in the continued growth of UK Trade and International sales to deliver further market penetration in the UK and overseas.

Land

The Gusbourne business was founded in 2004 with the first vineyard plantings at Appledore in Kent. The first wines were released in 2010 to critical acclaim. In 2013 and 2015, additional vineyards were planted in both Kent and West Sussex. At the end of 30 June 2023, the group had 93 hectares of mature planted vineyards. The Group acquired a further 55 of hectares in Kent during 2022, the majority of which we plan to plant in the near future. We also plan to plant additional vineyards on land in Sussex and by 2026 we plan to have a total of approximately 152 hectares of land under vine. The Group will continue to look to acquire appropriate land to support our long-term growth ambitions.

Products

Right from its beginning, Gusbourne's intention has always been to produce the finest English sparkling wines. Starting with carefully chosen sites, we use best practice in establishing and maintaining the vineyards and conduct green harvests to ensure we achieve the highest quality grapes for each vintage. A quest for excellence is at the heart of everything we do. For our sparkling wine, we blind taste hundreds of components before finalising our blends and even after the wines are bottled, they spend extended time on their lees to add depth and flavour. Once disgorged, extra cork ageing further enhances complexity. Our winemaking process remains traditional, but one that is open to innovation where appropriate. It takes four years to bring a vineyard into full production and a further four years to transform those grapes into Gusbourne's premium sparkling wine.

2022 saw the launch of our luxury cuvee, 51 Degree's North, a wine that represents the pinnacle of the Gusbourne range and is positioned alongside the world's finest sparkling wines. The response from the wine critics has been extremely positive in the UK and international markets, with sell-out launches in many of our key international markets and in the UK. We released the newest vintage of this wine in September 2023, including to private clients of a prestigious wine merchant. Other new product launches during the period have included our limited-edition single vineyard range.

Gusbourne also produce a growing range of premium vintage English still wines which continue to win prestigious international awards and regularly sellout. During the period, we launched our still rose wine to much acclaim and some exclusive wines for our DTC channel. We anticipate further expanding the range of our still wines, which in line with other comparable still fine wines are commercially released with less ageing in our cellars.

Recent awards

In the first six months of 2023, the Company received over 30 awards for its wines, across a broad range of wines and vintages, highlights include:

- 11 awards, including five golds, and four trophies; best sustainably produced wine, best Chardonnay, top still wine and retaining Estate Winery of the Year for the third consecutive year at the Wine GB awards;
- Seven medals, including a gold and winner of best in show "Blanc de Blancs" for the 2018 vintage at the Decanter World Wine Awards;
- Three medals at the Teksom Awards in the USA, including Judges' Selection, Platinum and Gold;
- Two medals at the International Wine Challenge; and
- Exclusive partner for The Royal Collection Coronation English Sparkling Wine

At the Institute of Masters of Wine (IMW) 10th anniversary symposium a key tasting event was held of iconic wines over important decades of wine history (from the 1950s to the present). Each wine was high profile and representative of that decade's innovation. The 2010s were dedicated to England, and Gusbourne's 2014 vintage of Fifty One Degrees North was selected to represent the country and decade.

Distribution: Three sales channels

Gusbourne has three main sales channels, UK Trade, International and Direct to Consumer, with DTC and UK Trade delivering significant growth during the period.

UK Trade

UK Trade continued its strong progress, with net revenue up by 25% (2022: 126%). The Group has established new trade accounts across premium hotels and restaurants, further strengthening its already high penetration to Michelin star restaurants and 5-star hotels. High profile new accounts include 1 Hotel in Mayfair, London. Our nascent corporate sales continue to build momentum.

International

Our wines are now distributed to 33 countries around the world as we grow the Gusbourne brand globally, working with specialist distribution partners. International sales declined by 7% (2022: 158%). At the start of 2023 there were high levels of stock in two of the larger markets, which created a different phasing pattern for this year, but in more recent months trading has improved.

The brand's largest markets include the Nordics, Japan and the US. Continued investment in sales and marketing has enabled us to develop and grow existing markets and expand into exciting new territories with significant growth potential.

Direct to Consumer

Both wine sales and tour and tasting events based on our cellar door operations in Kent have continued to deliver strong growth, with sales up 10% for 2023 compared to 2022.

DTC wine sales grew by 21% reflecting our ongoing investment in digital marketing through the creation of rich and engaging content, compelling wine offers and new and exciting product releases. DTC remains a key strategic direction for Gusbourne as we continue to develop our online and digital presence. Tour and tasting events at Gusbourne's successful cellar door facility in Kent (the Nest), are now in their sixth full year of operation. Situated amongst our vineyards and winery operations in Kent, this facility offers an immersive experience allowing us to fully engage with our customers, encouraging them to enjoy the vineyards, visit the winery and taste our wines in a beautiful setting.

Tour and tasting events income based on our cellar door operations at the Nest is showing a decline of 11%, in part due to disruption from work undertaken to the build of two more visitors rooms ("the cellar" and "the winemakers library"), which were completed at the end of H1 2023. This additional space improves and expands our cellar door operation, providing capacity for more visitors to have a unique and unforgettable experience and we expect this to improve revenue in H2.

2023 Harvest

Following the warm weather in 2022, vines flourished over winter, the spring and early summer mixed weather led to successful and abundant flowering. The team's careful management of the vines and rigorous quality controls is indicating another good harvest for 2023 both in terms of volume and quality. The resulting sparkling wines will be bottled during the summer of 2024, further adding to our inventory levels for sale in future years.

The English wine market

The English wine market remains highly dynamic and has continued to see significant growth, in terms of supply, demand by UK consumers and demand in international markets. This is an exciting time for English wines, with brands like Gusbourne at the forefront of the creation of a fine wine market and putting the UK on the global stage.

Data from WineGB, the industry body for the English wine trade, reports plantings have increased by 130% over the last five years, with Chardonnay, Pinot Noir and Pinot Meunier the most significant varieties. Sparkling wines account for approximately 68% of total production and still wines 32%.

Sales of UK wine in the UK market are over nine million bottles, with a growing presence of UK wines in export markets. Key exports markets for the industry are Norway, USA, Sweden, Japan and Hong Kong. Gusbourne has a strong presence in all these markets, with significant further growth potential ahead.

Current trading and outlook

The macro-economic environment remains complex with consumer confidence affected by inflationary pressures and rising cost of borrowing in many markets. At the same time, consumer interest in Gusbourne wine and English wine generally continues to grow across the globe. Against this backdrop, we remain confident about Gusbourne's prospects and expect to deliver another year of solid growth across all our distribution channels. Gusbourne has the benefit of increased supply and inventories from the expansion of the land planted in recent years and the ongoing expansion of its international presence. Longer-term, increases in production from new vineyards are anticipated to drive further revenue growth and margin improvement through scale.

Mike Paul

Interim Chief Executive Officer

CHIEF FINANCIAL OFFICER'S REVIEW

Continuing growth in net revenue in the first half, with net revenue up 12% at £3.4m, and Adjusted EBITDA loss narrowed to £576k, a 17% reduction from the corresponding prior period

	H1 2023 £'000	H1 2022 £'000	Change %	FY 2022 £'000
NET REVENUE AND ADJUSTED EBITDA				
Net revenue ⁽¹⁾	3,373	3,014	14%	6,243
Gross profit	2,302	1,806	31%	3,697
Adjusted EBITDA ⁽²⁾	(576)	(697)	17%	(1,131)
Gross profit %	68%	60%		59%
STATUTORY RESULTS				
Net revenue ⁽¹⁾	3,373	3,014	14%	6,243
Gross profit	2,302	1,806	31%	3,697
Fair value movement in biological produce	(27)	(216)		(239)
Sales and marketing expenses	(1,875)	(1,801)		(3,479)
Administrative expenses	(1,003)	(702)		(1,481)
Depreciation	(347)	(294)		(601)
Profit/(loss) on disposal	-	28		-
Total Administrative expenses	(3,225)	(2,769)		(5,561)
Operating profit/(loss)	(950)	(1,179)		(2,103)
RECONCILIATION OF OPERATING PROFIT/(LOSS) TO ADJUSTED EBITDA				
Operating profit/(Loss)	(950)	(1,179)		(2,103)
Add back;				
Depreciation	347	294		601
Aborted planning and capital expenditure write-off	-	-		132
Fair value movement in biological produce	27	216		239
Adjusted EBITDA ⁽²⁾	(576)	(697)		(1,131)

⁽¹⁾ Net revenue is revenue reported by the Company after excise duties payable

⁽²⁾ Adjusted EBITDA means profit/(loss) from operations before fair value movement in biological produce, interest, tax, depreciation and amortisation.

OPERATIONS AND FINANCIAL REVIEW

Results

Net revenue for the period amounted to £3.4m (H1 2022: £3.0m), an increase of 12% on the corresponding period last year.

Strong UK wine sales growth, with H1 up by 24% to £2.3m (June 2022: £1.9m), reflecting continued strong sales growth across our direct to consumer (“DTC”) and UK Trade sales channels:

- DTC wine sales up by 21% to £650,000 (June 2022 (£586,000), driven by investment in digital marketing and direct wine sales arising from our tour and experience programme at the Nest, Gusbourne’s cellar door operation in Kent.
- UK Trade wine sales up 25% to £1,685,000 (June 2022: £1,346,000), with number of key partnerships established with prestigious, high-volume hotel and restaurant groups underpinning this performance.

International sales declined by 7%, due to the timing of export orders. Gusbourne’s ongoing success in international markets generally involves large orders, the timing of which can distort short term sales trends as they have in H1. The fall in sales was caused by high levels of existing stock in two of our larger markets at the start of 2023. Stock depletions and sales are expected to grow in H2 as trade phasing normalises, with full year revenue expected to provide double digit growth. Gusbourne has now increased its distribution to over 33 international markets.

Gross margin improved significantly to 68.3% (June 2022: 59.9%), reflecting improved price and sales mix dynamics, in line with the Group’s premium positioning and product strategy, as well as a decreased mix in H1 of International sales that are at a lower margin.

Administrative expenses for the six months, excluding depreciation, amounted to £2.9m (H1 2022: £2.5m), included planned increased expenditure on sales and marketing costs of £1.9m (H1 2022: £1.8m) reflecting continuing investment in the growth of the business and its sales beyond the current financial period. Sales and marketing costs, which are largely discretionary, continue to represent a relatively high proportion of net revenues during this planned growth phase of the business but are now declining as a percentage of net revenue from a peak of 84% in FY 2019 to 59% in FY 2021. Sales and marketing costs represented 56% of H1 2022 net revenue (H1 2022 60%).

Adjusted EBITDA for the six months was a loss of £0.6m (H1 2022: £0.7m). The operating loss for the period after depreciation and amortisation was £1.0m (H1 2022: £1.2m loss). The loss before tax was £1.4m (H1 2022: £1.4m loss) after net finance costs of £0.5m (H1 2022: £0.2m). Finance costs have increased in 2023 due to the movement in the base rate and additional debt. These adjusted EBITDA losses are slightly less than forecast due to the sales in H1 being below expectations and measures have been implemented to mitigate further losses.

Balance Sheet

The Group’s balance sheet reflects the long-term nature of the sparkling wine industry. The production of premium quality wine from new vineyards is, by its very nature, a long-term project of at least ten years. It takes around two years to select and prepare optimal vineyard sites and order the appropriate vines for planting. It takes a further four years from planting to bring a vineyard into full production and a further four years to transform these grapes into Gusbourne’s premium sparkling wine. This requires capital expenditure on vineyards and related property, plant and equipment as well as significant working

capital to support inventories over the long production cycle.

The total assets employed in the business at 30 June 2023 was £30.0m (H1 2022: £26.9m) represented by:

- 196 hectares of Freehold land and buildings of £8.0m (H1 2022: £6.2m) – with buildings at cost less depreciation.
- 93 hectares of mature vineyards of £2.6m (H1 2022: £2.8m) – at cost less depreciation
- Plant, machinery and other equipment of £1.8m (H1 2022: £1.4m) – at cost less depreciation
- Right of use assets (under IFRS 16) of £2.7m (H1 2022: £2.0m).
- Biological assets of £0.9m (H1 2022: £0.8m).
- Inventories at 30 June 2023 at the lower of cost and net realisable value amounted to £12.7m (H1 2022: £10.4m). These inventories represent wine in its various stages of production from wine in tank from the last harvest to the finished products which take around four years to produce from the time of harvest. These additional four years reflect the time it takes to transform our high-quality grapes into Gusbourne’s premium sparkling wine. An important point to note is that these wine inventories already include the wine (at its various stages of production) to support sales planned for the next four years. The anticipated underlying surplus of net realisable value over the cost of these wine inventories, which is not reflected in these accounts, will become an increasingly significant factor of the Group’s asset base as these inventories continue to grow.
- Other working capital (representing trade and other receivables less trade and other payables) of £0.0m (H1 2022: £0.5m)
- Cash of £0.2m (H1 2022: £1.8m)
- Intangible assets of £1.0m (H1 2022: £1.0m) arose on the acquisition of the Gusbourne Estate business on 27 September 2013. Intangible assets, which includes the Gusbourne brand itself, remain unimpaired at their historical amount and in accordance with the relevant accounting standards. No account has been taken with regards to any potential fair value uplift that may be appropriate.

Financing

At 30 June 2023 the Group’s total assets of £30.0m (H1 2022: £26.9m) were financed by:

- Shareholder’s equity of £12.0m (H1 2022: £14.5m)
- Long term secured debt from PNC of £15.2m (H1 2022: £10.3m). At 30 June 2023 the PNC facilities are provided on a revolving basis over a minimum period of 5 years to 12 August 2027 and allow flexible drawdown and repayments in line with the Company’s working capital requirements. The £16.5m (H1 2022: £10.5m) facility has an interest rate at the annual rate of 2.50 per cent (H1 2022: 2.75 per cent) over Sterling Overnight Index Average (“SONIA”) (2021: Bank of England Base Rate).
- Lease liabilities under IFRS 16 of £2.8m (H1 2021: £2.1m).

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2023

	Note	Unaudited Six months to 30 June 2023 £'000	Unaudited Six months to 30 June 2022 £'000	Audited Year ended 31 December 2022 £'000
Revenue	2	3,648	3,290	6,858
Excise duties		(275)	(276)	(615)
Net revenue		3,373	3,014	6,243
Cost of sales		(1,071)	(1,208)	(2,546)
Gross profit		2,302	1,806	3,697
Fair value movement in biological assets	6	(27)	(216)	-
Fair movement in biological produce	6	-	-	(239)
Administrative expenses		(3,225)	(2,768)	(5,561)
Loss from operations		(950)	(1,178)	(2,103)
Finance expense	4	(490)	(196)	(496)
Loss before tax		(1,440)	(1,374)	(2,599)
Tax credit		-	-	74
Loss and total comprehensive loss for period attributable to owners of the parent		(1,440)	(1,374)	(2,525)
Loss per share attributable to the ordinary equity holders of the parent				
Basic and diluted		(2.37p)	(2.26p)	(4.17p)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2023

	Note	Unaudited 30 June 2023 £'000	Unaudited 30 June 2022 £'000	Audited 31 December 2022 £'000
Assets				
Non-current assets				
Intangibles		1,007	1,007	1,007
Property, plant and equipment	5	15,144	12,397	14,198
Other receivables		19	25	16
		<u>16,170</u>	<u>13,429</u>	<u>15,221</u>
Current assets				
Biological assets	6	1,026	756	-
Inventories	7	12,670	10,423	12,579
Trade and other receivables		1,799	1,826	1,291
Cash and cash equivalents		151	1,768	269
		<u>15,646</u>	<u>14,773</u>	<u>14,139</u>
Total assets		<u>31,816</u>	<u>28,202</u>	<u>29,360</u>
Liabilities				
Current liabilities				
Trade and other payables		(1,795)	(1,309)	(1,500)
Lease liabilities		(100)	(100)	(84)
		<u>(1,895)</u>	<u>(1,409)</u>	<u>(1,584)</u>
Non-current liabilities				
Loans and borrowings	8	(15,212)	(10,294)	(12,373)
Lease liabilities		(2,740)	(1,970)	(1,994)
		<u>(17,952)</u>	<u>(12,264)</u>	<u>(14,367)</u>
Total liabilities		<u>(19,847)</u>	<u>(13,673)</u>	<u>(15,951)</u>
NET ASSETS		<u>11,969</u>	<u>14,529</u>	<u>13,409</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

At 30 June 2023

Issued capital and reserves attributable to owners of the parent

Share capital	9	12,191	12,190	12,191
Share premium		21,144	21,121	21,144
Merger reserve		(13)	(13)	(13)
Share option reserve		7	-	7
Retained earnings		<u>(21,360)</u>	<u>(18,769)</u>	<u>(19,920)</u>
TOTAL EQUITY		<u>11,969</u>	<u>14,529</u>	<u>13,409</u>

CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2023

	Unaudited Six months to 30 June 2023 £'000	Unaudited Six months to 30 June 2022 £'000	Audited Year 31 December 2022 £'000
Cashflows from operating activities			
Loss for the year/period before tax	(1,440)	(1,374)	(2,525)
<i>Adjustments for:</i>			
Depreciation of property, plant and equipment	347	293	601
Sale of property, plant and equipment	-	(28)	(28)
Finance expense	490	196	496
Equity share options issued	-	-	7
Fair value movement in biological asset	27	216	-
Fair value movement in biological produce	-	-	239
Operating cash flow before changes in working	<u>(576)</u>	<u>(697)</u>	<u>(1,453)</u>
(Increase)/decrease in trade and other receivables	(511)	(544)	74
(Increase)/decrease in inventories	(49)	257	(2,049)
(Increase) in biological assets	(1,053)	(972)	-
Increase in trade and other payables	295	191	385
Cash outflow from operations	<u>(1,894)</u>	<u>(1,765)</u>	<u>(2,874)</u>
Investing activities			
Purchases of property, plant and equipment, excluding vineyard establishment	(531)	(348)	(2,502)
Sale of property, plant and equipment	-	28	28
Net cash from investing activities	<u>(531)</u>	<u>(320)</u>	<u>(2,474)</u>
Financing activities			
Revolving facility repayments	(2,325)	(2,235)	(4,547)
Revolving facility drawdowns	5,145	3,182	7,620
Loan issue costs	-	-	(66)
Repayment of lease liabilities	(42)	(66)	(101)
Interest paid	(471)	(174)	(456)
Issue of ordinary shares	-	18	46
Share issue expense	-	-	(7)
Net cash from financing activities	<u>2,307</u>	<u>725</u>	<u>2,489</u>

CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

For the six months ended 30 June 2023

	Unaudited Six months to 30 June 2023 £'000	Unaudited Six months to 30 June 2022 £'000	Audited Period to 31 December 2022 £'000
Net increase/(decrease) in cash and cash	(118)	(1,360)	(2,859)
Cash and cash equivalents at beginning of	<u>269</u>	<u>3,128</u>	<u>3,128</u>
Cash and cash equivalents at end of period	<u><u>151</u></u>	<u><u>1,768</u></u>	<u><u>269</u></u>

NOTES TO THE INTERIM FINANCIAL STATEMENTS

1 Basis of preparation

Statement of compliance

The interim financial statements in this report have been prepared in accordance with International Financial Reporting Standards (IFRS) and the IFRS Interpretations Committee (IFRIC) interpretations that were applied in the preparation of the Company's published consolidated financial statements for the year ended 31 December 2022 and are consistent with the accounting policies expected to apply in its financial statements for the year ended 31 December 2023. As permitted, this interim report has been prepared in accordance with the AIM Rules for Companies and does not seek to comply with IAS 34 "Interim Financial Reporting".

Statutory information

The financial information for the six months ended 30 June 2023 has not been subject to an audit nor a review in accordance with International Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity, issued by the Auditing Practices Board. The comparative financial information presented herein for the year ended 31 December 2022 does not constitute full statutory accounts within the meaning of Section 434 of the Companies Act 2006. The Group's annual report and accounts for the year ended 31 December 2022 have been delivered to the Registrar of Companies. The Group's independent auditor's report was unqualified and did not contain a statement under section 498(2) or 498(3) of the Companies Act 2006.

The Board of the Company continually assesses and monitors the key risks of the business. The Board continues to consider the Group's profit and cash flow plans for at least the next 12 months and run forecasts and downside "stress test" scenarios, and consider cost and other mitigation actions, including but not limited to, operating cost reductions and reduced capital expenditure, which enable the company to operate within existing facilities.

2 Revenue

	Unaudited 30 June 2023 £'000	Unaudited 30 June 2022 £'000	Audited 31 December 2022 £'000
Wine sales	3,077	2,680	5,634
Other income	296	334	609
Net revenue	3,373	3,014	6,243
Excise duties	275	276	615
Total Revenue	3,648	3,290	6,858

3 Loss from operations

Loss from operations has been arrived at after charging:

	Unaudited 30 June 2023 £'000	Unaudited 30 June 2022 £'000	Audited 31 2022 £'000
Depreciation of property, plant and equipment	347	294	601
Profit on disposal	-	28	28
Staff costs expensed to consolidated statement of income	1,279	893	1,770

4 Finance expense

	Unaudited 30 June 2023 £'000	Unaudited 30 June 2022 £'000	Audited 31 December 2022 £'000
Finance expense			
Interest payable on borrowings	472	175	456
Amortisation of bank transaction costs	18	21	40
Total finance expense	490	196	496

5 Property, plant and equipment

	Unaudited 30 June 2023 £'000	Unaudited 30 June 2022 £'000	Audited 31 December 2022 £'000
Freehold land and buildings	7,985	6,178	7,830
Plant, machinery and motor vehicles	1,774	1,447	1,676
Mature vineyards	2,642	2,785	2,712
Computer equipment	52	34	50
Right of use assets	2,691	1,953	1,930
	15,144	12,397	14,198

Right of use assets

Right of use assets comprise land leases on which vines have been planted and property leases from which vineyard and winery operations are carried out. These assets have been created under IFRS 16 – Leases.

6 Biological assets

Biological assets represent grapes growing on the Group's vines. Once the grapes are harvested, they are deemed to be biological produce and transferred to inventories.

	Unaudited 30 June 2023 £'000	Unaudited 30 June 2022 £'000	Audited 31 December 2022 £'000
Crop growing costs	1,053	972	1,830
Fair value of grapes harvested and transferred to inventories	-	-	(1,591)
Fair value movement in biological assets	(27)	(216)	-
Fair value movement in biological produce	-	-	(239)
Fair value of biological assets at the reporting	1,026	756	-

The fair value of biological assets at the reporting date is determined by reference to estimated market prices less costs to sell. The estimated market price for grapes used in respect of 2023 is £3,000 (2022: £3,000) per tonne. The fair value is subject to a discount factor of 55% (2022: 55%) due to the grapes, as at the reporting date, being approximately a month away from being ready for harvest.

A 10% increase in the estimated market price of grapes to £3,300 per tonne would result in an increase of £102,000 in the fair value of biological assets at the reporting date. A 10% decrease in the estimated market price of grapes to £2,700 per tonne would result in a decrease of £102,000 in the fair value of biological assets at the reporting date.

7 Inventories

	Unaudited 30 June 2023 £'000	Unaudited 30 June 2022 £'000	Audited 31 2022 £'000
Finished goods	1,474	998	1,249
Work in progress	11,196	9,425	11,330
	12,670	10,423	12,579

8 Loans and borrowings

	Unaudited 30 June 2023 £'000	Unaudited 30 June 2022 £'000	Audited 31 December 2022 £'000
Non-current liabilities			
Bank loans	15,374	10,415	12,541
Unamortised bank transaction costs	(162)	(121)	(168)
Total loans and borrowings	15,212	10,294	12,373

The bank loans of £15,212,000 with PNC Financial Services UK Limited (“PNC”) shown above is net of transaction costs of £162,000 which are being amortised over the life of the loan.

In August 2022 the Group entered into an amended and restated agreement with PNC for a £16.5 million asset-based lending facilities for a minimum period of 5 years to 12 August 2027. The facility are being provided on a revolving basis and are used to provide further working capital for the Company covering inventory and accounts receivables, to support growth plans and allow flexible drawdown and repayments in line with the Company’s working capital requirements. The interest rate is at the annual rate of 2.50 per cent (2022: 2.75 per cent) over Sterling Overnight Index Average (“SONIA”) (2021: Bank of England Base Rate). The facilities are secured by way of first priority charges over the Company’s inventory, receivables and freehold property as well as an all-assets debenture and contain financial and general covenants and customary events of default. The financial covenants include cash burn, fixed charge cover, capital expenditure restrictions and minimum headroom levels, and are tested monthly.

9 Share capital

	Deferred shares of 49p each Number	Ordinary shares of 1p each Number	£'000
Issued and fully paid			
At 1 January 2022	23,639,762	60,731,705	12,190
Issued in the year	-	42,282	1
At 31 December 2022	23,639,762	60,773,987	12,191
Issued in the period	-	2,174	-
At 30 June 2023	23,639,762	60,776,161	12,191

On 17 January 2023 the Company issued 2,174 new ordinary shares of 1p each pursuant to an exercise of Warrants. All Warrants were exercised at 75p per share.

Unexercised Warrants as at 30 June 2023 amount to 3,957,803 Ordinary Shares of 1 pence each. These Warrants are excisable at a price of 75 pence per share and have a final exercise date of 16 December 2023.

10 Post balance sheet events

Shares issued

On 1 September 2023 the Company issued 7,838 new ordinary shares of 1p each pursuant to an exercise of Warrants. All Warrants were exercised at 75p per share.

Unexercised Warrants as at 30 June 2023 amount to 3,949,965 Ordinary Shares of 1 pence each. These Warrants are exercisable at a price of 75 pence per share and have a final exercise date of 16 December 2023.

Board Resignation

On 6 September 2023 Charles Holland resigned as a director.