

30 September 2024

**Gusbourne Plc**

**("Gusbourne", the "Company" or the "Group")**

**Interim Results for the period ended 30 June 2024**

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 2024 ("H1" or "H1 2024").

**Robust growth and strong performance in DTC, International and emerging Corporate sales channel, offset by challenging domestic UK-Trade. Adjusted EBITDA loss narrowed with ongoing improved gross margin**

**Highlights for H1 2024 include:**

- Net revenue<sup>(1)</sup> was -3% in H1 2024 compared to the same period in 2023.
  - DTC wine sales up by 14% to £0.74m (H1 2023 £0.65m), driven by increased membership and website sales, and direct wine sales from our tour and experience programme at the Nest, Gusbourne's cellar door operation in Kent.
  - Hospitality revenue from public, private and corporate guests increased by 41% to £0.38m (H1 2023 £0.26m).
  - International sales grew by 13% to £0.84m (H1 2023: £0.74m), increasing International sales as a percentage of total sales by 3.6% to 25.6% in H1 2024. Gusbourne has expanded its distribution to 37 international markets and strengthened relationships within the global travel retail sector.
  - UK Trade wine sales were down by 22% to £1.31m (H1 2023: £1.69m), which the Company believes is a result of reduced stock holding levels by UK trade customers to help reduce their holding costs. The emerging corporate sales channel continues to build significant momentum.
- Gross margin improved to 69.3% (H1 2023: 68.3%), reflecting improved price and sales mix dynamics, in line with the Group's premium positioning and product strategy.
- Adjusted EBITDA loss narrowed to £0.33m (H1 2023: £0.58m).
- Further critical acclaim for and expansion of the Gusbourne portfolio. The Group received over 30 awards for its wines during the first half. Several new wines introduced during the period, including the first Agrafe sparkling wine produced in England, the second vintage of our new sweet wine, Chardonnay RS180 and the inaugural vintage of our Single Vineyard still Chardonnay wines.
- Gusbourne attained a King's Award for Enterprise for International Trade, becoming the only English Wine producer to attain this prestigious award.
- The 2024 harvest will commence later in the month. Due to the challenging and variable weather conditions throughout this year's growing season, it is expected to be a harvest of high-quality but reduced yield compared to last year's record 2023 vintage. We have included a £0.5m fair value provision to reflect the lower yields expected from this year's harvest.

- In January 2024 the Company entered into an agreement with a company associated with Lord Ashcroft for the issue of a new £20.0m long-term secured deep discount bond ("DDB") to support the Company's working capital and ongoing growth. Further to this, the Company and bondholder, its largest shareholder, are in discussions to possibly extend the deep discount bond for working capital purposes, however, there can be no guarantee it will enter into such an agreement.

£m	H1 2024	H1 2023	% Change
DTC sales	1.12	0.91	22%
UK Trade	1.31	1.69	-22%
International	0.84	0.74	13%
Other	0.02	0.03	
<b>Net revenue <sup>(1)</sup></b>	<b>3.29</b>	<b>3.37</b>	<b>-3%</b>
Gross margin %	69.3%	68.3%	100bps
<b>Adjusted EBITDA <sup>(2)</sup></b>	<b>(0.33)</b>	<b>(0.58)</b>	<b>42%</b>
Operating costs	3.93	4.30	-9%
Reported Pre-tax loss	(1.94)	(1.44)	35%
EPS (p)	(3.19)	(2.37)	35%
Net Debt	20.5	15.2	34%

<sup>(1)</sup> Net revenue is revenue reported by the Group after excise duties payable

<sup>(2)</sup> 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.

**Jonathan White, Chief Executive Officer, said:**

'I am pleased to be able to report further strategic progress in the first half of 2024 despite a challenging market backdrop that has resulted in more difficult trading conditions in some areas of our business.

Important highlights include the Group's strong performance in our Direct to Consumer channel which reflects the success of our award winning cellar door operations and the significant progress we are making to grow the brand's digital presence. International growth during the period has also been particularly encouraging with sales growth of 13% underpinned not only by the growing global demand for premium English wine across the 37 countries Gusbourne now distributes to, but also by the increasing number of relationships we now have with Global travel retail partners which continue to enhance our performance.

Looking forward to the second half of the year, the macro-economic environment remains complex with consumer confidence affected by inflationary pressures and 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 and this combined with the ongoing progress we continue to make against our strategic priorities continues to give the Board confidence in the Group's long-term prospects."

**Gusbourne Plc**

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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.*

Note: This and other press releases are available at the Company's website: [www.gusbourne.com/investors](http://www.gusbourne.com/investors)

**Note to Editors**

Gusbourne produces and distributes a range of high quality and award winning vintage English sparkling wines from grapes grown in its own vineyards in Kent and West Sussex

The Gusbourne business was founded by Andrew Weeber in 2004 with the first vineyard plantings at Appledore in Kent. The

first wines were released in 2010 to critical acclaim. Following additional vineyard plantings in 2013 and 2015 in both Kent and West Sussex, Gusbourne now has 93 hectares of mature vineyards. The Nest visitor centre was opened next to the winery in Appledore in 2017, providing tours, tastings and a direct outlet for our wines.

Right from the 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. We blind taste hundreds of samples 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.

Gusbourne's luxury brand enjoys premium price positioning and is distributed in the finest establishments both in the UK and abroad. Our wines can be found in leading luxury retailers, restaurants, hotels and stockists, always being aware that where we are says a lot about who we are.

For more information, visit [www.gusbourneplc.com](http://www.gusbourneplc.com)

## Chief Executive review

2024 has shown 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, and an enhanced product portfolio. As anticipated, whilst the first six months of 2024 saw a suppressed performance from UK Trade, all other channels showed strong revenue growth. The Group reported £3.3m of total net revenue, a marginal decrease of 3% compared to first half of 2023, with all three distribution channels expanding the customer base both in the UK and overseas, but with smaller order sizes impacting performance in the UK Trade.

Gross profit margin continued its strong positive momentum and improved to 69.3% (2023: 68.3%) due to an improvement in distribution channel and pricing mix. Our new, broader product range 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 supporting brand awareness and future sales growth. The Group narrowed its adjusted EBITDA loss for the period to £0.3m (June 2023: £0.6m EBITDA loss).

Gusbourne is a leading international fine wine brand, which all of our wonderfully dedicated and enthusiastic team are quite rightly very proud of. I would like to thank all my colleagues for their ongoing efforts that are driving Gusbourne forwards, and compliment them on their application of our values, which make it such a special business to lead as CEO.

## Group vision and growth strategy

The Group's vision is to craft the finest vintage wines in the world, from grapes grown in our own vineyards. This is achieved through our detail-obsessed, sustainable approach and world class excellence in all aspects of our vineyard, winemaking and branding. It is enhanced by our chosen commercial relationships and curated distribution channels.

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

- **Meticulously crafting fine wines and protecting premium position:** Gusbourne has a quality focus in everything we do, starting in the vineyard and continuing into our winemaking, distribution product range strategy and beyond. Our focus on fine wine quality has consistently been recognised by critics across the world, and resulted in a significant number of awards for our products. We are fiercely protective of our premium positioning and by nurturing and protecting it, we maintain our pricing and distribution power.
- **Enhancing our luxury brand and strengthening brand awareness:** Closely associated with our premium position, is our increasing brand awareness. The strength of our brand opens up distribution opportunities and makes Gusbourne an attractive proposition for our international market partners. We have invested heavily in the Gusbourne brand and will continue to do so, through a very considered and controlled approach. We do everything we can to provide our guests at the Nest with a fantastic experience, so they become informal brand advocates and spread positive word about Gusbourne among their friends, family and professional networks. The strength of our brand, combined with the quality of our products, gives us pricing power, the ability to expand our product range and pricing hierarchy. This has underpinned the increase in our average selling price over time.
- **Developing relationships with our customers and driving multi-revenue streams:** Gusbourne has multiple levers to drive revenue growth in both the UK and overseas. The expansion of our vineyards over the last decade, and maturing of the vines, has improved productivity of the estate. With significant investment in inventory, we are now well placed to service the growing demand for our products and have expanded our international distributor network and direct sales force in the UK accordingly. However, this is not just a volume growth story. We have consistently demonstrated the ability to improve our pricing and product mix enhancements through, with the introduction of

limited edition products, regular price increases and non-wine sales and other new products to our range. We have a track record of driving Direct to Consumer business, our highest gross margin channel, through our digital marketing and eCommerce capabilities. Non-wine sales are also important, provided by the regular programme of tasting and tour experiences and events offered at the Nest. During 2023, we expanded our capacity, and have driven occupancy through the burgeoning corporate sales channel. We see further opportunities to expand the Nest in Kent and to create a second world-class customer experience at our Sussex vineyard in the future.

## 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 2024, the group had 93 hectares of mature planted vineyards. The Group acquired a further 55 of hectares of land suitable for planting in Kent during 2022 and has options to plant additional vineyards on land in Sussex. This would provide 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 vision has been to craft the finest wines in the world. 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.

H1 2024 saw the launch of the latest vintage of our Blanc de Blancs, the 2019, as well as the first ever Agrafe English sparkling wine, a wine aged entirely under cork, demonstrating our ongoing product development pipeline and the curious, innovative approach of our inspirational winemakers.

Gusbourne also produces a well-established and admired range of premium vintage English still wines and expanding our product offering within still wines is an ongoing strategic focus. Our still wines continue to win prestigious international awards and are [currently] only available on allocation to our trade and international partners. During the period, we launched our Pinot Noir 2022, Chardonnay Guinevere 2022, as well as the second ever vintages of our English Rosé, Pinot Meunier, Chardonnay RS180 and Chardonnay Single Vineyard wines.

## Recent awards

In early 2024, Gusbourne was honoured to become the only English Wine producer to ever attain a King's Award for Enterprise for International Trade. The Company also received numerous awards for its wines, across a broad range of different styles and vintages, highlights include:

- 8 medals, including four golds, and the Best English Red Trophy at the 2024 International Wine Challenge
- 5 awards, including a gold at the 2024 International Wine and Spirits Competition
- 7 medals, including a gold, at the 2024 Decanter Wine Awards
- 3 gold medals including a Judge's Selection Medal at the 2024 Texsom Awards
- 8 medals, including 2 golds at the 2024 Wine GB Awards
- 6 medals, including 3 gold and 3 silver at the 2024 Champagne and Sparkling Wine World Championships

## Distribution: Three sales channels

Gusbourne continues to focus on and invest in three main sales channels, UK Trade, International and Direct to Consumer, with DTC and International delivering significant growth during the period.

### UK Trade

UK Trade struggled in H1, with net revenue down by 22% (2023: up 25%). The Group has however established many 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 47 Park Street, Sun Street Hotel, Trivet, Marine & Lawn Hotel Group and the Cowdray Estate in West Sussex.

Our corporate sales continue to build momentum, with new agreements finalised with Rolls Royce and Aston Martin (including their Formula One Racing team).

We are pleased to announce that in September the Group signed a distribution agreement with Enotria, a leading premium wine and spirits distributor. This approach will support our internal UK Trade distribution capabilities and should start to drive incremental sales in Q4 2024.

### *International*

Our wines are now distributed to 37 countries around the world as we grow the Gusbourne brand globally, working with specialist distribution partners in each individual territory. International sales improved by 13% (2023: -7%).

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. Enhanced relationships with Global travel retail partners have also enhanced revenue performance.

### *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 22% for 2024 compared to 2023 (2023: 10%).

DTC wine sales grew by 14% reflecting our ongoing investment in digital marketing expertise - creating rich and engaging content, compelling wine offers and new and exciting product releases that are broadcast to the right audiences at the right time, enabled by enhanced CRM practices.

DTC remains a key strategic direction for Gusbourne as we continue to develop our online digital presence. Tour and tasting events at Gusbourne's successful and market leading cellar door facility in Kent (the Nest), are now in their seventh full year of operation. Situated between our vineyards and winery operations, 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 showed a 41% improvement, as capacity at our cellar door operation increased following the expansion in H1 2023, with more private, public and corporate guests visiting than ever before.

## **2024 Harvest**

Following the large harvest in 2023, Gusbourne's vineyards have experienced challenging and variable weather patterns during 2024. The team's careful management of the vines and rigorous quality controls ensure that we will benefit from another strong vintage in terms of quality, with yields expected to be considerably reduced compared to last year's record harvest. The resulting sparkling and still wines will be bottled during the summer and winter of 2025, further adding to our inventory levels for sale in future years. The Group have steadily built a significant stock position and there will be no interruptions in ongoing support to customers as a result of the reduced harvest this year.

### **The English wine market**

The English wine market continues to be extremely dynamic and benefit from significant growth, in terms of supply, demand by UK consumers and demand in international markets. This is an exciting time for English wines, with a brand 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 123% over the last ten years, with Chardonnay, Pinot Noir and Pinot Meunier the most significant varietals. Sparkling wines account for approximately 76% of total production and still wines 23%.

Sales of UK wine in 2023 increased by 187% since 2018, achieving 8.8 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 via leading specialist distributors in all of 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 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 the Group remains fully committed to our long-term growth strategy, driving increasing revenue across a growing range of premium sparkling and still wine products combined with related experiential services which will help to further cement the brand's luxury positioning. Despite the short term wider market challenges the Group's strategic progress to

date underpins the Board's long-term confidence in Gusbourne's prospects.

### Jonathan White

#### Chief Executive Officer

### Chief Financial Officer's Review

**Net revenue down 3% at £3.3m, and Adjusted EBITDA loss narrowed to £334k, a 42% reduction from the corresponding prior period**

	H1 2024 £'000	H1 2023 £'000	Change %	FY 2023 £'000
<b>NET REVENUE AND ADJUSTED EBITDA</b>				
<b>Net revenue<sup>(1)</sup></b>	<b>3,286</b>	<b>3,373</b>	<b>-3%</b>	<b>7,052</b>
<b>Gross profit</b>	<b>2,277</b>	<b>2,302</b>	<b>-1%</b>	<b>4,808</b>
<b>Adjusted EBITDA<sup>(2)</sup></b>	<b>(334)</b>	<b>(576)</b>	<b>42%</b>	<b>(669)</b>
<b>Gross profit %</b>	<b>69%</b>	<b>68%</b>		<b>68%</b>
<b>STATUTORY RESULTS</b>				
<b>Net revenue<sup>(1)</sup></b>	<b>3,286</b>	<b>3,373</b>	<b>-3%</b>	<b>7,052</b>
<b>Gross profit</b>	<b>2,277</b>	<b>2,302</b>	<b>-1%</b>	<b>4,808</b>
<b>Fair value movement in biological produce</b>	<b>(500)</b>	<b>(27)</b>		<b>(46)</b>
Sales and marketing expenses	(1,732)	(1,875)		(3,565)
Administrative expenses	(879)	(1,003)		(1,912)
Depreciation	(312)	(347)		(661)
Profit/(loss) on disposal	5	-		-
<b>Total Administrative expenses</b>	<b>(2,918)</b>	<b>(3,225)</b>		<b>(6,138)</b>
<b>Operating profit/(loss)</b>	<b>(1,141)</b>	<b>(950)</b>		<b>(1,376)</b>
<b>RECONCILIATION OF OPERATING PROFIT/(LOSS) TO ADJUSTED EBITDA</b>				
<b>Operating profit/(Loss)</b>	<b>(1,141)</b>	<b>(950)</b>		<b>(1,376)</b>
Add back;				
Depreciation	312	347		661
Profit on Disposal	(5)	-		-
Aborted planning and capital expenditure write-off	-	-		-
Fair value movement in biological produce	500	27		46
<b>Adjusted EBITDA<sup>(2)</sup></b>	<b>(334)</b>	<b>(576)</b>		<b>(669)</b>

*(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.*

### NET REVENUE BY DISTRIBUTION CHANNEL

	H1 2024 £'000	H1 2023 £'000	Change %	FY 2023 £'000
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Direct to Consumer (DTC)	742	650	14%	1,489
UK Trade	1,310	1,685	-22%	3,454
<b>Total UK net wine sales</b>	<b>2,052</b>	<b>2,335</b>	<b>-12%</b>	<b>4,943</b>
International	840	742	13%	1,494
<b>Net wine sales</b>	<b>2,892</b>	<b>3,077</b>	<b>-6%</b>	<b>6,437</b>
Tour and related income (DTC)	373	264	41%	525
Other income *	20	32	-36%	90
<b>Total net revenue</b>	<b>3,286</b>	<b>3,373</b>	<b>-3%</b>	<b>7,052</b>

#### PERCENTAGES OF NET REVENUE

Direct to Consumer (DTC)	33.9%	27.0%	28.6%
UK Trade	39.9%	50.1%	49.0%
International	25.6%	22.0%	21.2%
Other	0.6%	0.9%	1.3%
	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

\*DTC total net revenue (including tour and related income) of £1,115,000 for H1 2024, £914,000 for H1 2023 (22% growth) and £2,014,000 for FY 2023.

## OPERATIONS AND FINANCIAL REVIEW

### Results

Net revenue for the period amounted to £3.3m (H1 2023: £3.4m), a decrease of 3% on the corresponding period last year.

UK wine sales were down in H1 by 12% to £2.1m (H1 2023: £2.3m), reflecting mixed performance across our sales channels:

- UK Trade wine sales down 22% to £1,310,000 (H1 2023: £1,685,000), with slow trading within the market; offset by
- DTC wine sales up by 14% to £742,000 (H1 2023: £650,000), 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. In addition to wine sales hospitality revenue increased by 41% to £373,000 (H1 2023: £264,000).

International sales grew by 13% to £840,000 (H1 2023: £742,000), due to Gusbourne's ongoing success in international markets. Gusbourne has now increased its distribution to over 37 international markets.

Gross margin improved to 69.3% (H1 2023: 68.3%), reflecting improved price and sales mix dynamics, in line with the Group's premium positioning and product strategy.

Administrative expenses for the six months, excluding depreciation, amounted to £2.6m (H1 2023: £2.9m), included planned increased expenditure on sales and marketing costs of £1.7m (H1 2023: £1.9m) 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 53% of H1 2024 net revenue (H1 2023 56%).

Adjusted EBITDA for the six months was a loss of £0.3m (H1 2023: £0.6m). The operating loss for the period after depreciation and amortisation was £0.6m (H1 2023: £1.0m loss). The loss before tax was £1.4m (H1 2023: £1.4m loss) after net finance costs of £0.8m (H1 2023: £0.5m). Finance costs have increased in 2024 due to the additional debt. These adjusted EBITDA losses are on 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 2024 was £32.6m (H1 2023: £30.0m) represented by:

- 196 hectares of Freehold land and buildings of £7.9m (H1 2023: £8.0m) - with buildings at cost less depreciation.
- 93 hectares of mature vineyards of £2.5m (H1 2023: £2.6m) - at cost less depreciation.
- Plant, machinery and other equipment of £1.6m (H1 2023: £1.8m) - at cost less depreciation.
- Right of use assets (under IFRS 16) of £2.5m (H1 2023: £2.7m).
- Biological assets of £0.6m (H1 2023: £1.0m), due to £0.5m fair value provision to reflect the lower yields expected from this year's harvest.
- Inventories at 30 June 2024 at the lower of cost and net realisable value amounted to £15.3m (H1 2023: £12.7m). 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 £0.5m (H1 2023: £0.0m).
- Cash of £0.2m (H1 2023: £0.2m).
- Intangible assets of £1.0m (H1 2023: £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 and net debt

At 30 June 2024 the Group's total assets of £32.6m (H1 2023: £30.0m) were financed by:

- Shareholder's equity of £9.2m (H1 2023: £12.0m).
- Deep discount bond ("DDB") and accrued interest of £20.7m (H1 2023: Long term secured debt from PNC £15.2m). At 30 June 2024 the DDB has a final redemption date of 12 August 2027 (H1 2023: final repayment date of 12 August 2027) and is secured by a fixed and floating charge over the companies assets. The £20.0m DDB (H1 2023: £16.5m facility) has a discount rate of 7.75% (H1 2023: interest rate of 2.50 per cent over Bank of England Base Rate).
- Lease liabilities under IFRS 16 of £2.7m (H1 2023: £2.8m).

Net debt of £20.5m (H1 2023 £15.2m), the increase since 30 June 2023 reflecting further investment in inventory.

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

### For the six months ended 30 June 2024

Notes	Unaudited Six months to 30 June		Unaudited Six months to 30 June		Audited Year to 31 December	
	2024 £'000		2023 £'000		2023 £'000	
	Revenue	2	3,531	3,648	7,665	
Excise duties			(245)	(275)	(613)	
<b>Net revenue</b>			<b>3,286</b>	<b>3,373</b>	<b>7,052</b>	

Cost of sales		(1,009)	(1,071)	(2,244)
<b>Gross profit</b>		<b>2,277</b>	<b>2,302</b>	<b>4,808</b>
Fair value movement in biological assets	6	(500)	(27)	-
Fair movement in biological produce	6	-	-	(46)
Administrative expenses		(2,917)	(3,225)	(6,138)
<b>Loss from operations</b>		<b>(1,141)</b>	<b>(950)</b>	<b>(1,376)</b>
Finance expense	4	(799)	(490)	(1,627)
<b>Loss before tax</b>		<b>(1,940)</b>	<b>(1,440)</b>	<b>(3,003)</b>
Tax credit		-	-	38
<b>Loss and total comprehensive loss for the period attributable to owners of the parent</b>		<b>(1,940)</b>	<b>(1,440)</b>	<b>(2,965)</b>
<b>Loss per share attributable to the ordinary equity holders of the parent:</b>				
Basic and diluted		(3.19p)	(2.37p)	(4.89p)

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2024

	Notes	Unaudited	Unaudited	Audited
		30 June 2024 £'000	30 June 2023 £'000	31 December 2023 £'000
<b>Assets</b>				
<b>Non-current assets</b>				
Intangibles		1,007	1,007	1,007
Property, plant and equipment	5	14,527	15,144	14,865
Other receivables		-	19	-
		<u>15,534</u>	<u>16,170</u>	<u>15,872</u>
<b>Current assets</b>				
Biological assets	6	570	1,026	-
Inventories	7	15,261	12,670	15,546
Trade and other receivables		2,153	1,799	1,836
Cash and cash equivalents		198	151	71
		<u>18,182</u>	<u>15,646</u>	<u>17,453</u>
<b>Total assets</b>		<u>33,716</u>	<u>31,816</u>	<u>33,325</u>
<b>Liabilities</b>				
<b>Current liabilities</b>				
Trade and other payables		(1,635)	(1,795)	(1,880)
Lease liabilities		(246)	(100)	(251)
Loans and borrowings		-	-	(18,127)
		<u>(1,881)</u>	<u>(1,895)</u>	<u>(20,258)</u>

<b>Non-current liabilities</b>				
Loans and borrowings	8	(20,702)	(15,212)	-
Lease liabilities		(2,439)	(2,740)	(2,512)
		<u>(23,141)</u>	<u>(17,952)</u>	<u>(2,512)</u>
<b>Total liabilities</b>		<u>(25,022)</u>	<u>(19,847)</u>	<u>(22,770)</u>
 <b>NET ASSETS</b>		 <u>8,694</u>	 <u>11,969</u>	 <u>10,555</u>

#### CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

At 30 June 2024

Notes	Unaudited	Unaudited	Audited
	30 June	30 June	31 December
	2024	2023	2023
£'000			
<b>Issued capital and reserves attributable to owners of the parent</b>			
Share capital	9	12,192	12,191
Share premium		21,200	21,144
Merger reserve		(13)	(13)
Share option reserve		140	7
Retained earnings		(24,325)	(21,360)
<b>TOTAL EQUITY</b>		<u>8,694</u>	<u>11,969</u>
			<u>10,555</u>

#### CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2024

	Unaudited	Unaudited	Audited
	Six months to	Six months to	Year to
	30 June	30 June	31 December
	2024	2023	2023
	£'000	£'000	£'000
<b>Cashflows from operating activities</b>			
Loss for the year/period before tax	(1,940)	(1,440)	(3,003)
<i>Adjustments for:</i>			
Depreciation of property, plant and equipment	312	347	661
Sale of property, plant and equipment	(6)	-	(14)
Finance expense	799	490	1,627
Equity share options issued	69	-	64
Fair value movement in biological asset	500	27	-
Fair value movement in biological produce	-	-	46
<b>Operating cash flow before changes in working capital</b>	<u>(266)</u>	<u>(576)</u>	<u>(619)</u>
(Increase)/decrease in trade and other receivables	(317)	(511)	(491)
(Increase)/decrease in inventories	453	(49)	(2,742)
(Increase) in biological assets	(1,071)	(1,053)	-
Decrease in trade and other payables	251	205	200

increase in trade and other payables	(£54)	£93	£80
<b>Cash outflow from operations</b>	<b>(1,455)</b>	<b>(1,894)</b>	<b>(3,472)</b>
<b>Investing activities</b>			
Purchases of property, plant and equipment, excluding vineyard establishment	(101)	(531)	(1,485)
Sale of property, plant and equipment	29	-	16
<b>Net cash from investing activities</b>	<b>(72)</b>	<b>(531)</b>	<b>(1,469)</b>
<b>Financing activities</b>			
Revolving facility repayments	(16,941)	(2,235)	(4,829)
Revolving facility drawdowns	310	5,145	8,570
Issue of Deep Discount Bonds	20,000	-	-
Financing Agreements entered into	-	-	792
Repayment of lease liabilities	(142)	(42)	(223)
Interest paid	(83)	(471)	(1,114)
Issue/(repayment) of short term loan	(1,500)	-	1,500
Issue of ordinary shares	10	-	52
Share issue expense	-	-	(5)
<b>Net cash from financing activities</b>	<b>1,654</b>	<b>2,307</b>	<b>4,743</b>

#### CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

For the six months ended 30 June 2024

	Unaudited Six months to 30 June 2024 £'000	Unaudited Six months to 30 June 2023 £'000	Audited Year to 31 December 2023 £'000
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>127</b>	<b>(118)</b>	<b>(198)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>71</b>	<b>269</b>	<b>269</b>
<b>Cash and cash equivalents at end of period</b>	<b>198</b>	<b>151</b>	<b>71</b>

#### CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2024

Audited:	Share Capital £'000	Share premium £'000	Merger reserve £'000	Share option reserve £'000	Retained Earnings £'000	Total attributable to equity holders of parent £'000

<b>31 December 2022</b>	<b>12,191</b>	<b>21,144</b>	<b>(13)</b>	<b>7</b>	<b>(19,920)</b>	<b>13,409</b>
Share issue	-	-	-	-	-	-
Comprehensive loss for the period	-	-	-	-	(1,440)	(1,440)
	_____	_____	_____	_____	_____	_____
<b>30 June 2023</b>	<b>12,191</b>	<b>21,144</b>	<b>(13)</b>	<b>7</b>	<b>(21,360)</b>	<b>11,969</b>
	_____	_____	_____	_____	_____	_____
Share issue	1	51	-	-	-	52
Share issue expenses	-	(5)	-	-	-	(5)
Equity share options issued	-	-	-	64	-	64
Comprehensive loss for the period	-	-	-	-	(1,525)	(1,525)
	_____	_____	_____	_____	_____	_____
<b>31 December 2023</b>	<b>12,192</b>	<b>21,190</b>	<b>(13)</b>	<b>71</b>	<b>(22,885)</b>	<b>10,555</b>
<b>Unaudited</b>						
Share issue	0	10	-	-	-	10
Share issue expenses	-	(0)	-	-	-	(0)
Equity share options issued	-	-	-	69	-	69
Comprehensive loss for the period	-	-	-	-	(1,940)	(1,940)
	_____	_____	_____	_____	_____	_____
<b>30 June 2024</b>	<b>12,192</b>	<b>21,200</b>	<b>(13)</b>	<b>140</b>	<b>(24,825)</b>	<b>8,694</b>

## 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 2023 and are consistent with the accounting policies expected to apply in its financial statements for the year ended 31 December 2024. 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 2024 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 2023 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 2023 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 2024 £'000	Unaudited 30 June 2023 £'000	Audited 31 December 2023 £'000
Wine sales	2,892	3,077	6,437
Other income	394	296	615
<b>Net revenue</b>	<b>3,286</b>	<b>3,373</b>	<b>7,052</b>
Excise duties	245	275	613
<b>Total Revenue</b>	<b>3,531</b>	<b>3,648</b>	<b>7,665</b>

## 3 Loss from operations

Loss from operations has been arrived at after charging:

	Unaudited 30 June 2024 £'000	Unaudited 30 June 2023 £'000	Audited 31 December 2023 £'000
Depreciation of property, plant and equipment	312	347	661
Profit on disposal	6	-	14
Staff costs expensed to consolidated statement of income	1,331	1,279	2,610

## 4 Finance expense

	Unaudited 30 June 2024 £'000	Unaudited 30 June 2023 £'000	Audited 31 December 2023 £'000
<b>Finance expense</b>			
Interest payable on borrowings	766	472	1,114
Amortisation of bank transaction costs	33	18	513
<b>Total finance expense</b>	<b>799</b>	<b>490</b>	<b>1,627</b>

## 5 Property, plant and equipment

	Unaudited 30 June 2024 £'000	Unaudited 30 June 2023 £'000	Audited 31 December 2023 £'000
Freehold land and buildings	7,903	7,985	7,937
Plant, machinery and motor vehicles	1,579	1,774	1,693
Mature vineyards	2,496	2,642	2,569
Computer equipment	66	52	79
Right of use assets	2,483	2,691	2,587
	<b>14,527</b>	<b>15,144</b>	<b>14,865</b>

*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 2024 £'000	Unaudited 30 June 2023 £'000	Audited 31 December 2023 £'000
Crop growing costs	1,070	1,053	1,934
Fair value of grapes harvested and transferred to inventories	-	-	(1,888)
Fair value movement in biological assets	(500)	(27)	-
Fair value movement in biological produce	-	-	(46)
<b>Fair value of biological assets at the reporting date</b>	<b>570</b>	<b>1,026</b>	<b>-</b>

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 2024 is £2,800 (2023: £3,000) per tonne. The fair value is subject to a discount factor of 55% (2023: 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 £3,080 per tonne would result in an increase of £32,340 in the fair value of biological assets at the reporting date. A 10% decrease in the estimated market price of grapes to £2,520 per tonne would result in a decrease of £32,340 in the fair value of biological assets at the reporting date.

## 7 Inventories

	Unaudited 30 June 2024 £'000	Unaudited 30 June 2023 £'000	Audited 31 December 2023 £'000
Finished goods	113	1,474	925
Work in progress	15,148	11,196	14,621
	<b>15,261</b>	<b>12,670</b>	<b>15,546</b>

## 8 Loans and borrowings

	Unaudited 30 June 2024 £'000	Unaudited 30 June 2023 £'000	Audited 31 December 2023 £'000
<b>Current liabilities</b>			
Bank loans	-	-	16,627
Short-term loan	-	-	1,500
	<b>-</b>	<b>-</b>	<b>18,127</b>
<b>Non-current liabilities</b>			
Bank loans	-	15,374	-
Short-term loan	-	-	-
Deep Discount Bond	20,702	-	-
Unamortised bank transaction costs	-	(162)	-

	<b>20,702</b>	<b>15,212</b>	-
<b>Total loans and borrowings</b>	<b>20,702</b>	<b>15,212</b>	<b>18,127</b>

In January 2024 the Group issued Deep Discount Bonds for £20.0m. The subscription proceeds of £20.0m were used to repay the existing PNC Facility amounting to £16.3m, repay the short-term unsecured Loan of £1.5m, related fees and expenses of £0.6m and the remaining proceeds used for working capital and to support the ongoing growth strategy of the Company.

The DDB was issued at a discount of 7.75% per annum on quarterly rests. The nominal amount is £26.3m which is payable on the final redemption date of 12 August 2027. The DDB is secured over land, properties and stock, with a full fixed and floating security over the assets of both the Company and Gusbourne Estate Limited.

The PNC asset-based lending facility was for a £16.5 million revolving facilities to 12 August 2027. The interest rate was at the annual rate of 2.50 per cent over Sterling Overnight Index Average ("SONIA"). The facilities were 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

	<b>Deferred shares of 49p each</b>	<b>Ordinary shares of 1p each</b>	
	<b>Number</b>	<b>Number</b>	<b>£'000</b>
<b>Issued and fully paid</b>			
<b>At 1 January 2023</b>			
	<b>23,639,762</b>	<b>60,773,987</b>	<b>12,191</b>
Issued in the year	-	71,306	1
<b>At 31 December 2023</b>	<b>23,639,762</b>	<b>60,845,293</b>	<b>12,192</b>
Issued in the period	-	14,048	0
<b>At 30 June 2024</b>	<b>23,639,762</b>	<b>60,859,341</b>	<b>12,192</b>

On 4 January 2024 the Company issued 14,048 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 2024 amount to 3,874,623 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 2024.

## 10 Related party transactions

On 19 January 2024, a £20m long-term secured deep discount bond ("DDB") to support the Company's working capital and ongoing growth was issued to a company associated with Lord Ashcroft KCMG PC.

Deacon Street Partners Limited is considered a related party by virtue of the fact that Lord Ashcroft KCMG PC, the Company's ultimate controlling party, is also the ultimate controlling party of Deacon Street Partners Limited. During the period Deacon Street Partners Limited charged the Company £8,750 (2023 - £26,250) in relation to management services. There was £5,336 due to Deacon Street Partners Limited as at 30 June 2024 (2023 - £66,106).

## 11 Post balance sheet events

### *Offer period*

On 22 July 2024 the Company announced that its majority shareholder, Lord Ashcroft, has notified the Company that he would like to open discussions with the Board to explore various strategic options for his shareholding, including a possible sale of his 66.76 per cent. shareholding, a strategic merger with a similar company, and a possible capitalisation of all or part of his debt.

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