

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 10-K

(Mark one)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Fiscal Year Ended December 31, 2022

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number: 001-40075

Gaucha Group Holdings, Inc.

(Exact Name of Registrant as Specified in Its Charter)

Delaware	52-2158952
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)
112 NE 41st Street, Suite 106, Miami, Florida	33137
(Address of Principal Executive Offices)	(Zip Code)

(212) 739-7700

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock	VINO	The Nasdaq Stock Market LLC

Securities registered pursuant to Section 12(g) of the Act: N/A

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer
Non-accelerated filer

Accelerated filer
Smaller reporting company
Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by the check mark whether the registration has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b).

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act): Yes No

Auditor PCAOB ID: 688

Auditor Name: Marcum LLP

Auditor Location: New York, New York

The aggregate market value of the voting and non-voting common equity held by non-affiliates (1,023,614 shares) computed by reference to the price at which the common equity was last sold as of June 30, 2022, the last business day of the registrant's most recently completed second fiscal quarter (\$7.20), was \$7,370,021. Solely for the purposes of this calculation, shares held by directors, executive officers and 10% owners of the registrant have been excluded. Such exclusion should not be deemed a determination or an admission by the registrant that such individuals are, in fact, affiliates of the registrant.

As of April 14, 2023, there were 5,521,519 shares of the registrant's common stock outstanding.

INDEX

Forward Looking Statements

PART I

ITEM 1.	Business	5
ITEM 1A.	Risk Factors	32
ITEM 1B.	Unresolved Staff Comments	64
ITEM 2.	Properties	64
ITEM 3.	Legal Proceedings	64
ITEM 4.	Mine Safety Disclosures	64

PART II

ITEM 5.	Market for the Registrant's Common Equity, Related Stockholder Matters and Issuer Purchase of Equity Securities	65
ITEM 6.	[Reserved]	76
ITEM 7.	Management's Discussion and Analysis of Financial Condition and Results of Operations	76
ITEM 7A.	Quantitative and Qualitative Disclosures About Market Risk	92
ITEM 8.	Financial Statements and Supplementary Data	92
ITEM 9.	Changes In and Disagreements with Accountants on Accounting and Financial Disclosures.	92
ITEM 9A.	Controls and Procedures	93
ITEM 9B.	Other Information	94
ITEM 9C.	Disclosure Regarding Foreign Jurisdictions that Prevent Inspections	97

PART III

ITEM 10.	Directors, Officers and Corporate Governance	98
ITEM 11.	Executive Compensation	108
ITEM 12.	Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.	113
ITEM 13.	Certain Relationships and Related Transactions and Director Independence	114
ITEM 14.	Principal Accountant Fees and Services	116

PART IV

ITEM 15.	Exhibits, Financial Statements and Schedules	117
ITEM 16.	Form 10-K Summary	119

PART I

Certain statements included or incorporated by reference in this annual report constitute forward-looking statements within the meaning of applicable securities laws. All statements contained in this annual report that are not clearly historical in nature are forward-looking, and the words “anticipate”, “believe”, “continue”, “expect”, “estimate”, “intend”, “may”, “plan”, “will”, “shall” and other similar expressions are generally intended to identify forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the “Securities Act”) and Section 21E of the Securities Exchange Act of 1934 (the “Exchange Act”). All forward-looking statements are based on our beliefs and assumptions based on information available at the time the assumption was made. These forward-looking statements are not based on historical facts but on management’s expectations regarding future growth, results of operations, performance, future capital and other expenditures (including the amount, nature and sources of funding thereof), competitive advantages, business prospects and opportunities. Forward-looking statements involve significant known and unknown risks, uncertainties, assumptions and other factors that may cause our actual results, levels of activity, performance or achievements to differ materially from those implied by forward-looking statements. These factors should be considered carefully and prospective investors should not place undue reliance on the forward-looking statements. Although the forward-looking statements contained in this annual report or incorporated by reference herein are based upon what management believes to be reasonable assumptions, there is no assurance that actual results will be consistent with these forward-looking statements. These forward-looking statements are made as of the date of this annual report or as of the date specified in the documents incorporated by reference herein, as the case may be. Important factors that could cause such differences include, but are not limited to:

- the uncertainties associated with the ongoing COVID-19 pandemic, including, but not limited to uncertainties surrounding the duration of the pandemic, government orders and travel restrictions, and the effect on the global economy and consumer spending;
- the uncertainties associated with the ongoing war in Ukraine and the effect on the capital markets
- the risks and additional expenses associated with international operations and operations in a country (Argentina) which has had significantly high inflation in the past;
- the uncertainties raised by a fluid political situation and fundamental policy changes that could be affected by presidential elections;
- uncertainties associated with financial services industry which could adversely affect the Company’s current and projected business operations and its financial condition and results of operations.
- the risks associated with a business that has never been profitable, whose business model has been restructured from time to time, and which continues to have and has significant working capital needs;
- the possibility of external economic and political factors preventing or delaying the acquisition, development or expansion of real estate projects, or adversely affecting consumer interest in our real estate offerings;
- changes in external market factors, as they relate to our emerging e-commerce business;
- changes in the overall performance of the industries in which our various business units operate;
- changes in business strategies that could be necessitated by market developments as well as economic and political considerations;
- possible inability to execute the Company’s business strategies due to industry changes or general changes in the economy generally;
- changes in productivity and reliability of third parties, counterparties, joint venturers, suppliers or contractors; and
- the success of competitors and the emergence of new competitors.

Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity or performance. You should not place undue reliance on forward-looking statements contained in this annual report.

We undertake no obligation to update any forward-looking statements to reflect events or circumstances after the date on which such statements were made or to reflect the occurrence of unanticipated events, except as may be required by applicable securities laws.

In evaluating the Company, its business and any investment in the Company, readers should carefully consider the following factors:

Risk Factors Summary

- We face business disruption and related risks resulting from the COVID pandemic, which could have a material adverse effect on our business and results of operations, including, but not limited to, the closure of the Algodon Mansion, operated by our indirectly owned Argentinian subsidiary, The Algodon – Recoleta S.R.L. (“TAR”), and the disruption of the operations of the Algodon Wine Estates, operated by our indirectly owned Argentinian subsidiary, Algodon Wine Estates S.R.L. (“SWE”).
- Our failure to maintain compliance with Nasdaq’s continued listing requirements could result in the delisting of our common stock.
- The Company is facing and may continue to face significant cost inflation.
- Revenues are currently insufficient to pay operating expenses and costs which may result in the inability to execute the Company’s business concept.
- Our level of debt may adversely affect our operations and our ability to pay our debt as it becomes due.
- We may not be able to continue as a going concern.
- Adverse developments affecting the financial services industry, such as the failure of Silicon Valley Bank, could adversely affect the Company’s current and projected business operations and its financial condition and results of operations.
- War in the Ukraine may impact the business of the Company and the financial markets in which the Company needs to raise capital.
- We face significant business disruption and related risks resulting from the COVID-19 pandemic, which could have a material adverse effect on our business and results of operations.
- Economic and political instability in Argentina may adversely and materially affect our business, results of operations and financial condition.
- Argentina’s economy may not support foreign investment or our business.
- Argentina has a highly inflationary economy, which may continue to increase our accounting and legal costs.
- Argentina has in the past discussed nationalizing private businesses.
- The Company is exposed to the risk of changes in foreign exchange rates.
- A significant number of our employees are located in Argentina, and any favorable or unfavorable developments in Argentina could have an impact on our results of operations.
- Argentina’s ability to obtain financing from international markets is limited, which may impair its ability to implement reforms and foster economic growth.
- The stability of the Argentine banking system is uncertain and the Argentine government may again place currency limitations on withdrawals of funds.
- Government measures to pre-empt or respond to social unrest may adversely affect the Argentine economy and our business.
- The Argentine economy could be adversely affected by economic developments in other global markets.
- The Argentine government may order salary increases to be paid to employees in the private sector, which would increase our operating costs.

- We are exposed to risks in relation to compliance with anti-corruption and anti-bribery laws and regulations overseas and in the U.S. Although we have internal policies and procedures designed to ensure compliance with applicable anti-corruption and anti-bribery laws and regulations, there can be no assurance that such policies and procedures will be sufficient.
- The real estate market is uncertain in Argentina and the investment in Argentine real property is subject to economic and political risks.
- An adverse economic environment for real estate companies such as a credit crisis may adversely impact our results of operations and business prospects significantly.
- There are limitations on the ability of foreign persons to own Argentinian real property.
- Our business is subject to extensive domestic and foreign regulation, including regulations and laws imposed by the U.S. and Argentine governments, and additional regulations may be imposed in the future.
- There may be a lack of liquidity in the underlying real estate.
- There is limited public information about real estate in Argentina.
- Our construction projects may be subject to delays in completion due to the COVID-19 pandemic.
- The Company may be subject to certain losses that are not covered by insurance.
- The boutique hotel market is highly competitive.
- The profitability of Algodon Wine Estates will depend on consumer demand for leisure and entertainment.
- The tourism industry is highly competitive and may affect the success of the Company's projects.
- The ability of the Company to operate its businesses may be adversely affected by U.S. and Argentine government regulations.
- Climate change, or legal, regulatory or market measures to address climate change, may negatively affect our business, operations or financial performance, and water scarcity or poor water quality could negatively impact our production costs and capacity.
- GGI has a limited operating history, no revenue and we may not recognize any revenue from the Gaucho – Buenos Aires™ line of business in the near future.
- The markets in which we operate, and which plan to operate in are highly competitive, and such competition could cause our business to be unsuccessful.
- Our business is subject to risks associated with importing products, and the imposition of additional duties and any changes to international trade agreements could have a material adverse effect on our business, results of operations and financial condition.
- We may not be able to protect our intellectual property rights, which may cause us to incur significant costs.
- Privacy breaches and other cyber security risks related to our business could negatively affect our reputation, credibility and business.
- Insiders continue to have substantial control over the Company.
- The loss of our Chairman, President and Chief Executive Officer could adversely affect the Company's businesses.
- Revenues are currently insufficient to pay operating expenses and costs which may result in the inability to execute the Company's business concept.
- The Company is dependent upon additional financing which it may not be able to secure in the future and may result in dilution of our stockholders.
- The Company's officers and directors are indemnified against certain conduct that may prove costly to defend.
- Our bylaws designate the federal and state courts of the State of Delaware as the sole and exclusive forum for certain types of actions and proceedings that may be initiated by our stockholders, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers or employees.
- The Company may not pay dividends on its common stock.

- Our financial controls and procedures may not be sufficient to accurately or timely report our financial condition or results of operations, which may adversely affect investor confidence in us and, as a result, the value of our common stock.
- Although we qualify as an emerging growth company, we also qualify as a smaller reporting company and under the smaller reporting company rules we are subject to scaled disclosure requirements that may make it more challenging for investors to analyze our results of operations and financial prospects.

Please see Item 1A “Risk Factors” for more details.

Implications of Being an Emerging Growth Company

We qualify as an “emerging growth company” as defined in the JOBS Act. For so long as we remain an emerging growth company, we are permitted and currently intend to rely on the following provisions of the JOBS Act that contain exceptions from disclosure and other requirements that otherwise are applicable to companies that conduct initial public offerings and file periodic reports with the SEC. These provisions include, but are not limited to:

- being permitted to present only two years of audited financial statements in this prospectus and only two years of related “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in our periodic reports and registration statements, including this prospectus;
- not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act (“SOX”);
- reduced disclosure obligations regarding executive compensation in our periodic reports, proxy statements and registration statements, including in this prospectus; and
- exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved.

We will remain an emerging growth company until:

- the first to occur of the last day of the fiscal year (i) that follows February 19, 2026, (ii) in which we have total annual gross revenue of at least \$1.235 billion or (iii) in which we are deemed to be a “large accelerated filer,” as defined in the Exchange Act, which means the market value of our common stock that is held by non-affiliates exceeds \$700 million as of the end of that year’s second fiscal quarter; or
- if it occurs before any of the foregoing dates, the date on which we have issued more than \$1 billion in non-convertible debt over a three-year period.

We have elected to take advantage of certain of the reduced disclosure obligations in this annual report and may elect to take advantage of other reduced reporting requirements in our future filings with the SEC. As a result, the information that we provide to our stockholders may be different than what you might receive from other public reporting companies in which you hold equity interests.

We have elected to avail ourselves of the provision of the JOBS Act that permits emerging growth companies to take advantage of an extended transition period to comply with new or revised accounting standards until those standards apply to private companies. As a result, we will not be subject to new or revised accounting standards at the same time as other public companies that are not emerging growth companies.

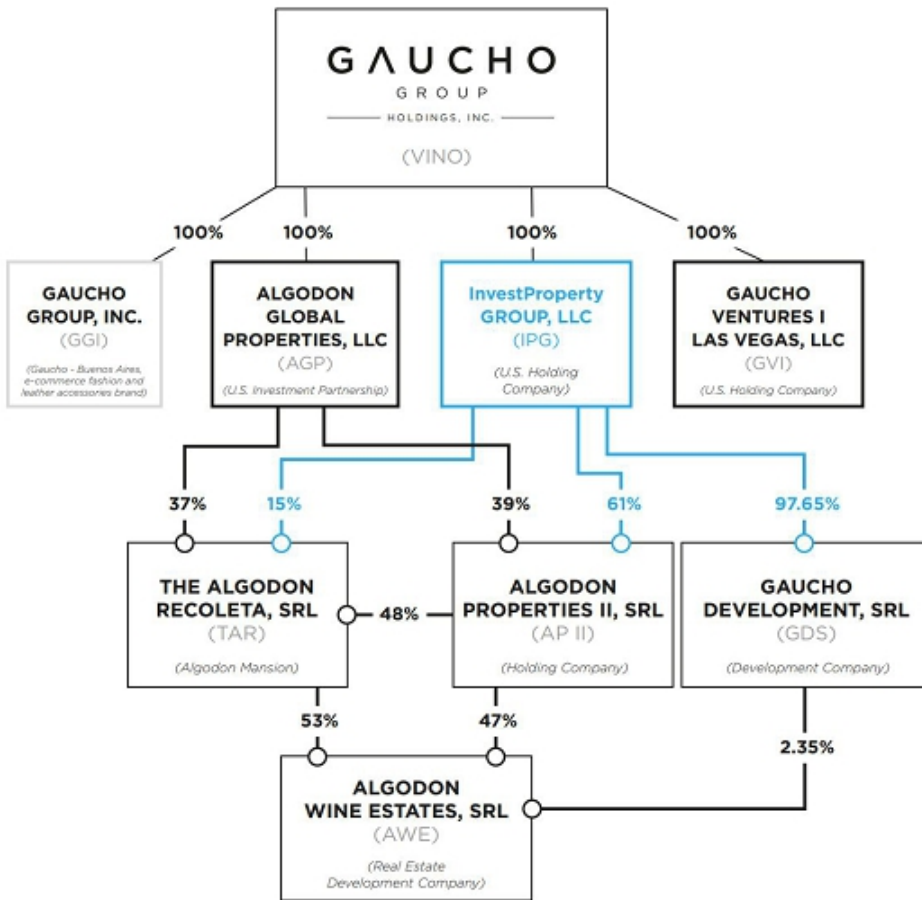
For additional information, see the section titled “Risk Factors — Risks of being an Emerging Growth Company — We are an “emerging growth company” and the reduced disclosure requirements applicable to emerging growth companies may make our common stock less attractive to investors.

ITEM 1. BUSINESS



The current corporate organizational structure of GGH and how we have operated substantially for the past year appears below:

GAUCHO GROUP HOLDINGS, INC.
CORPORATE STRUCTURE



Please Note: Not shown is DPEC Capital, a non-operating company that ceased broker-dealer operations December 31, 2016, as it was no longer necessary to the Company's operations.

Recent Business Developments

- Effective January 1, 2022, fully vaccinated individuals could enter Argentina as tourists without needing to quarantine.
- On January 25, 2022, at a Special Meeting of the Stockholders of the Company, for purposes of complying with the Nasdaq Exchange Cap rule, the stockholders approved the issuance of up to 1,013,684 shares pursuant to that certain Securities Purchase Agreement, dated November 3, 2021 (the “2021 SPA”). On December 9, 2021, we filed a registration statement on Form S-1 to register up to 1,013,684 shares of our common stock for resale by the investors upon conversion of the notes with an effective date of January 13, 2022.
- On February 2, 2022, the Company announced it received approval for the masterplan for Algodon Wine Estates’ 4,138 acre luxury wine & wellness development.
- On February 3, 2022, the Company purchased the domain name Gaucho.com for \$34,999 in cash and 1,250 shares of common stock, subject to adjustment. See Item 5 for more information.
- Also on February 3, 2022, the Company, through its subsidiaries, acquired 100% of Hollywood Burger Argentina S.R.L. (now Gaucho Development S.R.L.), in exchange for issuing 106,952 shares of its common stock to Hollywood Burger Holdings, Inc. See Item 5 for more information.
- On February 22, 2022, the Company entered into an exchange agreement with the holders of notes pursuant to the 2021 SPA in order to amend and waive the original terms of payment of the notes and provide for payment of interest only beginning February 7, 2022 and on each of March 7, 2022 and April 7, 2022. Beginning on May 7, 2022, the Company will begin paying both principal and interest on a monthly basis. The Company issued the holders warrants to purchase up to an aggregate of 58,334 shares of the Company’s common stock at an exercise price of \$21.00. See Item 5 for more information.
- On February 28, 2022, the Company, holding 79% of the shares of common stock of Gaucho Group, Inc., a Delaware corporation and private company (“GGI”) offered to purchase up the remaining 21% of shares of common stock of GGI in exchange for shares of common stock of the Company. The Company issued 86,899 shares to the minority shareholders of GGI on March 28, 2022. See Item 5 for more information.
- On March 29, 2022, the Company announced that it acquired the new domain Gaucho.com, and alerted consumers of the change of web address.
- On April 14, 2022, the Company debuted its home goods line, Gaucho Casa.
- On April 19, 2022, the Company announced the addition of Southern Glazer’s Wines and Spirits to the wine distribution network of Algodon Fine Wines. Southern Glazer’s Wines and Spirits’ Signature Luxury Wine & Spirits Division is a distribution platform designed to introduce hand-picked and curated fine wines to their customer base.
- On May 2, 2022, the Company and the holders of notes pursuant to the 2021 SPA entered into a letter agreement pursuant to which the parties agreed to reduce the Conversion Price (as defined in the note) from \$42.00 to \$16.20 for the period beginning May 2, 2022 through May 13, 2022. See Item 5 for more information.
- On May 12, 2022, the Company and the holders of notes pursuant to the 2021 SPA entered into a letter agreement pursuant to which the parties agreed to reduce the Conversion Price to \$11.40 and the Holders have committed to converting up to 4.90% of the outstanding shares of common stock of the Company. See Item 5 for more information.
- On May 26, 2022, the Company announced the completion of its winery’s multi-year expansion and infrastructure improvement initiative, which resulted in a larger and better equipped facility to produce premium quality, small batch wines. Algodon’s current winery capacity includes 485,000 liters (or approximately 546,000 bottle equivalent), which can be broken down to include tank storage of 280,000 liters, barrel storage of 135,000 storage, and 70,000 liters of bottle storage.

- On June 2, 2022, the Company unveiled its expanded and newly revised masterplan map for Algodon Wine Estates, a 4,138 acre wine, wellness, culinary and sport resort and luxury residential development, in San Rafael, Mendoza, Argentina.
- On June 7, 2022, we executed a Second Amendment to the Amended and Restated Limited Liability Company Agreement of LVH Holdings LLC (“LVH”) to modify the rules for distributions to the members of LVH, and modify the number, amount and timing of our additional capital contributions to LVH.
- On June 9, 2022, the Company announced Gaucho – Buenos Aires new Creative Director Lautaro Garcia de la Peña will helm the Company’s line of leather goods, fashion and home décor, and lead Gaucho’s creative team of exciting, young Argentinian design talent.
- On June 23, 2022, the Company announced that its luxury vineyard development project, Algodon Wine Estates, had received Electrical Masterplan approval by Edemsa, paving the way to proceed with its electrical infrastructure plan for the project’s new luxury hotel and residences, and village lots.
- On July 1, 2022, the Company and the holders of notes pursuant to the 2021 SPA entered into a letter agreement pursuant to which the parties agreed to reduce the Conversion Price to \$3.60 for the Trading Days of July 5, 2022, through and inclusive of September 5, 2022. See Item 5 for more information.
- On July 12, 2022, GGI opened its U.S. flagship retail space in Miami, Florida, for the sale of fashion, accessories, luxury textiles and home goods.
- Between July 13, 2022 through August 30, 2022, the Company issued convertible promissory notes in an aggregate amount of \$1,727,500. On August 30, 2022, with the requisite stockholder approval, \$1,727,500 of principal and \$8,252 of interest owed on the notes automatically converted into 454,587 units, each unit consisting of one share and one warrant.
- Effective as of September 15, 2022, the Company filed an Amended and Restated Certificate of Incorporation with the Secretary of State of the State of Delaware to reflect the reduction in the number of authorized shares of preferred stock from 11,000,000 shares to 902,670 shares as a result of the previous conversion of the Series A Convertible Preferred into shares of common stock of the Company.
- On September 22, 2022, the Company entered into an exchange agreement with the holders of notes pursuant to the 2021 SPA in order to waive payment of principal and interest due on each of September 7, 2022 and October 7, 2022 and require that all principal, interest, and fees be paid on the maturity date of November 9, 2022. The Company issued the holders warrants to purchase up to an aggregate of 90,917 shares of the Company’s Common Stock at an exercise price of \$3.82.
- On November 4, 2022, the Company effected a reverse stock split in a ratio of 1 share of common stock for 12 issued shares of common stock, while maintaining its total authorized common stock at 150,000,000 shares.
- On November 8, 2022, the Company entered into a new Common Stock Purchase Agreement and a Registration Rights Agreement with Tumim Stone Capital LLC for the right to sell to Tumim Stone Capital up to the lesser of (i) \$44,308,969.30 worth of newly issued shares of common stock, and (ii) the Exchange Cap (subject to certain conditions and limitations). On the same date, the Company and Tumim terminated the prior Common Stock Purchase Agreement and Registration Rights Agreement entered into as of May 6, 2021.
- On November 9, 2022, the Company filed its definitive proxy statement in connection with the special meeting of the stockholders set for December 19, 2022.
- On November 30, 2022, the Company entered into an exchange agreement with the holders of notes pursuant to the 2021 SPA in order to extend the maturity date of the notes from November 9, 2022 to February 9, 2023 and issued the holders warrants to purchase up to an aggregate of 43,814 shares of the Company’s Common Stock at an exercise price of \$6.00.

- On December 12, 2022, we executed a Third Amendment to the Amended and Restated Limited Liability Company Agreement of LVH to extend the outside date for execution of the ground lease from December 31, 2022 to June 30, 2023.
- On December 14, 2022, the Company and Maria Echevarria, its Chief Financial Officer, entered into an employment agreement to continue to serve as the Company's Chief Financial Officer, effective January 1, 2022 for a three-year term, subject to automatic renewal of successive one-year periods.
- On December 19, 2022, at a special meeting of the stockholders of the Company, for purposes of complying with the Nasdaq Exchange Cap rule, the stockholders approved the issuance of up to 1,666,667 shares pursuant to the 2021 SPA and approved the issuance of up to 1,250,000 shares pursuant to the conversion of certain convertible promissory notes. On December 16, 2022, we filed a registration statement on Form S-1 to register up to 1,666,667 shares of our common stock for resale by holders of notes pursuant to the 2021 SPA, which went effective on December 23, 2022.
- On December 19, 2022, the Company converted promissory notes representing a total of \$1,431,500 of principal and \$13,817 of interest into 602,255 units consisting of one share of common stock and one warrant to purchase one share of common stock at a conversion price of \$2.40 per unit.
- On December 24, 2022, the Board of Directors of the Company approved the issuance of additional restricted stock units (RSUs) pursuant to the 2018 Equity Incentive Plan effective December 31, 2022 subject to vesting, representing 767,280 shares of common stock of the Company to certain employees, contractors, consultants and advisors in exchange for services to the Company in the fiscal year 2022.
- On January 9, 2023, the Company entered into a series of promissory notes for gross proceeds of \$185,000 bearing interest at 8% per annum. The maturity date is January 9, 2024.
- On February 2, 2023, the Company and the holders of notes pursuant to the 2021 SPA entered into a fourth letter agreement pursuant to which the parties agreed to reduce the Conversion Price of the Notes to the lower of: (i) the Closing Sale Price on the Trading Day immediately preceding the Conversion Date; and (ii) the average Closing Sale Price of the common stock for the five Trading Days immediately preceding the Conversion Date, beginning on the Trading Day of February 3, 2023.
- On February 8, 2023, the Company and the holders of notes pursuant to the 2021 SPA entered into a letter agreement pursuant to which the parties agreed to extend the maturity date of the notes from February 9, 2023 to February 28, 2023.
- On February 10, 2023, the Company sold 591,000 shares of common stock for gross proceeds of \$591,000 to accredited investors and warrants to purchase 147,750 shares of common stock at an exercise price of \$1.00 per share. The warrants are exercisable for two years from the date of issuance.
- On February 20, 2023, the Company entered into an exchange agreement with the holders of notes pursuant to the 2021 SPA in order to amend certain provisions of the 2021 SPA and issued the holders warrants to purchase up to an aggregate of 150,000 shares of the Company's Common Stock at an exercise price of \$1.00. See Item 9B for more information.

- On February 21, 2023, the Company entered into a Securities Purchase Agreement with an institutional investor, pursuant to which the Company will sell to the investor a series of senior secured convertible notes of the Company in the aggregate original principal amount of \$5,617,978, and a series of common stock purchase warrants of the Company, which warrants shall be exercisable into an aggregate of 3,377,099 shares of common stock of the Company for a term of three years. The Company received \$5,000,000 in proceeds after the original issue discount of 11% on the principal. The Company used the proceeds to repay all principal, interest and fees owing under the 2021 SPA. See Item 9B for more information.

For a more thorough discussion of the Company’s business, see Item 1 “Business” and Item 7 “Management’s Discussion and Analysis - Recent Developments and Trends”.

Company Overview

Gaucha Group Holdings, Inc. (the “Company”) was incorporated on April 5, 1999, Effective October 1, 2018, the Company changed its name from Algodon Wines & Luxury Development, Inc. to Algodon Group, Inc., and effective March 11, 2019, the Company changed its name from Algodon Group, Inc. to Gaucha Group Holdings, Inc. (“GGH”). Through its wholly-owned subsidiaries, GGH invests in, develops and operates real estate projects in Argentina. GGH operates a hotel, golf and tennis resort, vineyard and producing winery in addition to developing residential lots located near the resort. In 2016, GGH formed a new subsidiary, Gaucha Group, Inc. and in 2018, established an e-commerce platform for the manufacture and sale of high-end fashion and accessories. In February 2022, the Company acquired 100% of Hollywood Burger Argentina, S.R.L., now Gaucha Development S.R.L (“GD”), through InvestProperty Group, LLC and Algodon Wine Estates S.R.L., which is an Argentine real estate holding company. In addition to GD, the activities in Argentina are conducted through its operating entities: InvestProperty Group, LLC, Algodon Global Properties, LLC, The Algodon – Recoleta S.R.L, Algodon Properties II S.R.L., and Algodon Wine Estates S.R.L. Algodon distributes its wines in Europe under the name Algodon Wines (Europe). On March 20, 2020, the Company formed a wholly-owned Delaware subsidiary corporation, Bacchus Collection, Inc., which was dissolved on March 23, 2021. On June 14, 2021, the Company formed a wholly-owned Delaware limited liability company subsidiary, Gaucha Ventures I – Las Vegas, LLC (“GVI”), for purposes of holding the Company’s interest in LVH Holdings LLC.

GGH’s mission is to increase our scalability, diversify the Company’s assets, and minimize our political risk. We believe our goal of becoming the LVMH of South America (Moët Hennessy Louis Vuitton) can help us to achieve that. While we continue making excellent wine, upgrading our rooms at the Algodon Mansion, and completing the infrastructure at the vineyard, our growth area is in e-commerce through Gaucha – Buenos Aires™ because of the potential for immediate revenues and growth/scale on a global basis. The Gaucha brand also diversifies our business outside of Argentina and helps insulate us from political risk. Together with our wines, these aspects of our business have the potential to insulate us from both the economic and political fluctuations in Argentina. However, we also refer to our Risk Factors in Item 1A regarding the minimal revenues of the Gaucha—Buenos Aires™ brand and its ability to generate revenue in the future.

The below table provides an overview of GGH's operating entities.

<u>Entity Name</u>	<u>Abbreviation</u>	<u>Jurisdiction & Date of Formation</u>	<u>Ownership</u>	<u>Business</u>
Gaicho Group, Inc.	GGI	Delaware, September 12, 2016	100% by GGH*	Luxury fashion and leather accessories brand and e-commerce platform
InvestProperty Group, LLC ("InvestProperty Group")	IPG	Delaware, October 27, 2005	100% by GGH	Real estate acquisition and management in Argentina
Algodon Global Properties, LLC	AGP	Delaware, March 17, 2008	100% by GGH	Holding company
Gaicho Ventures I – Las Vegas	GVI	Delaware, June 14, 2021	100% by GGH	Holding company
The Algodon - Recoleta S.R.L.	TAR	Argentina, September 29, 2006	100% by GGH through IPG, AGP and APII	Hotel owner and operating entity in Buenos Aires
Algodon Properties II S.R.L.	APII	Argentina, March 13, 2008	100% by GGH through IPG and AGP	Holding company in Argentina
Algodon Wine Estates S.R.L.	AWE	Argentina, July 16, 1998	100% by GGH through IPG, AGP, APII and TAR	Resort complex including real estate development and wine making in Argentina; owns vineyard, hotel, restaurant, golf and tennis resort in San Rafael, Mendoza, Argentina
Gaicho Development S.R.L.	GD	Argentina, July 16, 1998	100% by GGH through IPG and AWE	Real estate holding company in Argentina

*As of March 28, 2022, the Company acquired the remaining 21% of GGI.

As noted above, Algodon Wine Estates S.R.L. Algodon distributes its wines in Europe under the name Algodon Wines (Europe).



Gaicho – Buenos Aires™ is a luxury leather goods and accessories brand, with a strategic focus on growing its e-commerce business, that is the result of more than a decade’s investment in Argentina’s heart and soul, featuring luxury products that merge the traditional Gaicho style with a modern twist, infused with uniqueness and modern Buenos Aires glamour. With Gaicho – Buenos Aires, GGH adds a high-end leather goods, accessories, and home decor e-commerce sector to its collection of luxury assets. Our e-commerce platform is able to process and fulfill orders in the United States and internationally, and we believe this asset has the potential to achieve significant scale and add value to our company. Gaicho – Buenos Aires connects buyers with some of Argentina’s best creative talents that harness the country’s unique heritage and artisanship of products such as woven fabrics, leather goods and precious metal jewelry.

Once dubbed the “Paris of South America” for its exquisite Belle Époque style, we believe that evolving politics and tastes suggest the time is now for Buenos Aires to once again align itself with Milan, New York, Paris and London as a global fashion capital – and for Gaicho – Buenos Aires to become its ambassador. With Argentina beginning to regain its status as a global cultural enclave, we believe it is entering a new golden age. We believe there may be a sizeable appetite in the USA and beyond for our luxury products, such as fine leather goods, accessories and apparel, that deliver and reflect a unique and unmistakable Argentine point of view.

Seen in the intricate stitching of handmade leather, or the workmanship of an embossed belt buckle, the “Gaicho” style is a world-renowned symbol of Argentine craftsmanship. Though rooted in the traditions of Argentine culture, Gaicho – Buenos Aires intends to become a brand in which Argentine luxury finds its contemporary expression: merging the traditional Gaicho style with a modern twist, infused with uniqueness and modern Buenos Aires glamour.

We believe that Gaicho – Buenos Aires reflects the very spirit of Argentina – its grand history and its revival as a global center of luxury. Our goal is to reintroduce the world to the grandeurs of the city’s elegant past, intertwined with an altogether deeper cultural connection: the strength, honor and integrity of the *Gaicho*.

Gaicho Buenos Aires brand milestones include:

- Gaicho - Buenos Aires debuts with its Resort Collection to fashion industry media at Algodon Mansion in Buenos Aires, October 2018;
- Gaicho - Buenos Aires debuts ecommerce store, March 2019;
- Gaicho - Buenos Aires (GAUCHO.com) debuts Fall/Winter Collection at Argentine fashion week’s Designers Buenos Aires, March 2019;
- Gaicho - Buenos Aires celebrates U.S. debut at New York Fashion Week, September 2019;
- Gaicho announces agreement with Bergen Logistics, a leading fashion logistics and technology solutions provider to provide international order fulfillment, warehousing, and distribution service, October 2019;
- Gaicho - Buenos Aires launches storefront on Amazon.com, June 2021;
- Release of The Lucky Bag, in December 2021, an evergreen silhouette to be carried from season to season, intended to serve as a part of Gaicho’s core collection of handbags;

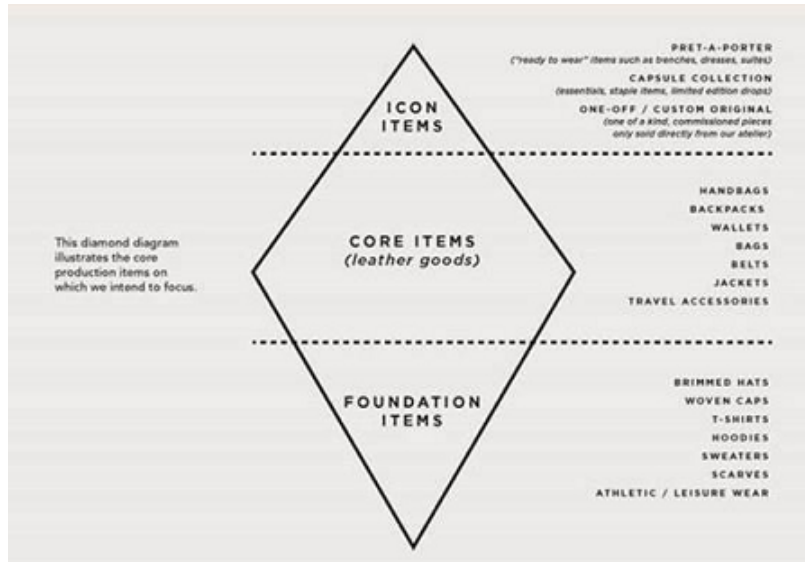
- Launch of Gaucho’s e-commerce home and living collection Gaucho Casa, February 2022;
- Gaucho - Buenos Aires presents its Fall 2022 collection at Runway 7 for New York Fashion Week, February 2022;
- Welcomed new Director of Design Lautaro Garcia de la Peña, in February 2022, to lead Gaucho’s creative team, and as the main designer behind Gaucho’s debut jewelry collection;
- Launched flagship brick and mortar retail location in Miami Design District in Q3 2022.

Our Products

GGI’s Gaucho – Buenos Aires™ primarily sells what Argentina is well known for: leather goods and accessories, all defining the style, quality, and uniqueness of Argentina.

Gaucho – Buenos Aires’s fully optimized e-commerce platform (www.GAUCHO.com) offers a commercial line of designer clothing, with an emphasis on leather goods accessories, including leather jackets, branded hoodies, t-shirts, polo shirts and ponchos. In the first quarter of 2022, Gaucho launched its home and living décor collection, Gaucho Casa, which challenges traditional lifestyle collections with its luxury textiles and home accessories rooted in the singular spirit of the gaucho aesthetic. Using the highest-quality natural materials ethically sourced from countries that are pioneers in the field of eco production, such as New Zealand, Iceland and, of course, Argentina, each piece within the line embodies the rarefied heritage of Buenos Aires and its deep-rooted connection to artisanship. In the following 18 months, we also anticipate a strategic roll-out introducing other new products such as fragrances, a Gaucho Kids clothing line, and Gaucho Residences as the natural evolution of the brand’s growth.

Blending the quality of a bygone era with what we believe to be a sophisticated, modern, global outlook, the brand’s handcrafted clothing and accessories herald the birth of what we hope will become Argentina’s finest designer label.



Fragrances: Homme (Men), Femme (Women), Vamos Sport (Unisex)

The fragrance collection of Gaucho – Buenos Aires™ was created by Firmenich, the world’s largest privately-owned company in the fragrance and flavor business. Founded in Geneva, Switzerland in 1895, it has created many of the world’s best-known perfumes that consumers the world over enjoy each day, including Giorgio Armani, Hugo Boss, Ralph Lauren, Kenzo, and Dolce & Gabbana. Its passion for smell and taste is at the heart of its success. It is renowned for its world-class research and creativity, as well as its thought leadership in sustainability and exceptional understanding of consumer trends. Each year, it invests 10% of its revenues in research and innovation, reflecting its continuous desire to understand, develop and distill the best that nature has to offer.

Gaucho – Buenos Aires has three fragrances ready for packaging, including a men’s fragrance *Homme*, a women’s fragrance *Femme*, and a unisex fragrance *Vamos Sport*.

Sales and Marketing Strategy / Competitive Edge

During the economic crisis in Argentina, iconic international fashion chains left the country. As scarcity is the mother of invention, this gave rise to local brands that made up for that absence. Despite the fact that, in our view, Argentina’s fashion scene is today thriving, the country lacks any international mainstream exposure. Argentina’s continuing challenges with inflation and unemployment have made it difficult for local labels to break into the global fashion landscape, and today there is not a single Argentine fashion brand that is a household name. We believe Gaucho – Buenos Aires has the ability to fill that void. Our intention is to become the leading fashion and leather accessories brand out of South America.

We have assembled a talented team who speak in the unique voice most representative of Argentina’s local fashion scene, and we believe we have the opportunity, the aptitude and the vision not only to successfully introduce this voice to the world’s fashion scene, but to become a major player in that landscape.

Our U.S.-based e-commerce website has been designed to deliver Argentine luxury goods to the U.S. marketplace and elsewhere around the globe. We believe the devaluation of the peso can have positive ramifications for the tourism industry (and Algodon’s hospitality businesses). Tourists from outside Argentina can spend more money at hotels, restaurants and other attractions with a favorable exchange rate. We intend to take advantage of the historic low and deep devaluation of the Argentine peso by producing many of our products and wine in Argentina, thereby paying for product and labor in pesos, we then intend to sell to consumers at a favorable exchange rate in USD to the U.S. and the world.

Currently, one of the few ways to buy Argentina goods is to travel there and buy local. We want to change that, and in a favorable economic and political climate, we seek to be in the forefront of opening Argentina’s luxury market to the millions of potential customers around the globe interested in luxury items from Argentina.

Our target market is upper and upper-middle class female and male millennials in urban areas of the United States and Europe. Millennials have the potential to become the largest spending generation in history, and with the popularity of midrange to high end fashion brands such as Gucci, Armani, Lululemon, and many others, we believe our millennial target market appreciates high quality clothing and accessories and is willing to spend above the average market price for such quality items in the “affordable luxury” category.

Business Advisors

John I. Griffin, Board Advisor. Mr. Griffin is Chairman, President, Chief Executive Officer, and the sole shareholder of Maurice Pincoffs Company, Inc. headquartered in Houston, Texas USA. Pincoffs began product trading operations in 1880 and today specializes in international trade, marketing, and distribution of various products. Following 13 years of active and reserve duty, he retired from the United States Navy as Lieutenant Commander. Mr. Griffin was employed by Corning Glass Works where he was involved in plant management and international business activities and then worked outside of the United States for 13 years, first in Tokyo as President of Graco Japan K.K., a metal related manufacturing and marketing joint venture. This was followed by seven years in Paris as Vice President of Graco Inc. where he managed manufacturing and marketing companies throughout Europe as President Directeur General of Graco France S.A. and Fogautolube S.A. (France). Stationed in Brussels for two years, Mr. Griffin was President of Monroe Auto Equipment S.A. with manufacturing facilities in Belgium and Spain and marketing companies throughout Europe and the Middle East. With the acquisition of Maurice Pincoffs Company in 1978, he assumed his current position.

During his stay in Europe, Mr. Griffin was a partner in a Haut Medoc vineyard, Le Fournas Bernadotte. For several years Pincoffs was heavily involved in the wine import business as the third largest importer in Texas. Mr. Griffin served for a number of years as Founder and President of the American Institute for International Steel (Washington D.C.) and the American Institute for Imported Steel (New York City) as well as serving as a Director of the West Coast Metal Importers Association (Los Angeles). Active in the Greater Houston Partnership, Mr. Griffin was a Director of the World Trade Division and served as Chairman of the Africa Committee. He was a member of the Committee on Foreign Relations and the World Affairs Council of Houston, and a past Director of The Houston World Trade Association and the Armand Bayou Nature Center.

Juliano de Rossi, Creative Solutions Consultant. Juliano serves as a consultant providing valuable guidance to the GGI team, having significant experience in the high-end fashion world. We entered into an oral consulting contract with Juliano on an independent contractor basis in July 2017 for project-based work. The amount paid to Juliano is not considered material because of the project-by-project basis. He currently serves as Creative Solutions Consultant to the Net-a-Porter Group. De Rossi has 15 years' experience in marketing and advertising for global brands and luxury retailers. He has resided in London for the past five years, working in marketing, content production and brand partnership campaigns for MatchesFashion.com and at the YOOX Net-a-Porter Group where he was responsible for leading the in-house creative solutions (design and production teams) managing multiple content productions served across all YOOX Net-a-Porter Group digital platforms, print publications and social channels. At Mr. Porter, Net-A-Porter, Porter Magazine and Matchesfashion.com, he oversaw the production of top-rate campaigns, driving the content vision for the management of branded content productions including fashion shoots and video series productions for brands such as BMW, Johnnie Walker Blue Label, American Express, Piaget, Cartier, IWC, Marc Jacobs, Burberry Prorsum, Fendi, Lanvin, Crème De La Mer, Chloe, Stella McCartney, Michael Kors, and Helmut Lang.

Marketing Strategy

Our digital marketing efforts will include ongoing search engine optimization (“SEO”) campaigns and initiatives to increase website conversions and brand awareness, social media marketing via Instagram, Facebook, Amazon and Google Marketplace using micro and macro/celebrity influencers, and public relations firms specializing in the international fashion scene. Our Public Relations firm, Tara Ink, is currently creating an action plan to generate buzz about our brand, our designers, and our e-commerce platform. Social media star, Neels Visser, is also contacting his broad network of social influencers and micro influencers to lay the groundwork for potential partnerships and brand affiliates/ambassadors.

GGI's Gaucho – Buenos Aires is primarily an e-commerce store targeting U.S. customers. However we do plan on pursuing reselling retail venues both online and brick and mortar. For example, in the wake of our press launch, we received unsolicited inquiries from several high-end boutiques in Brazil interested in carrying the Gaucho – Buenos Aires™ line. There are of course numerous avenues for us to explore involving brick and mortar opportunities alone, via agencies or direct solicitation.

Online reselling avenues we expect to pursue include Net-a-Porter, MatchesFashion and at least six other high-end, reputable venues with whom we already have an established foot in the door via our networking channels.

We anticipate our marketing strategy will include popup shops in cities such as Austin, Dallas, Houston, Miami, Los Angeles, New York City and Aspen. With popup shops, we can for example, work with local PR companies to get the word out, as these opportunities are typically promoted via direct mail, PR and digital marketing efforts, as well as word of mouth and strategic geographic positioning.

Our online marketing efforts include SEO initiatives, social media marketing via Instagram, Facebook, Amazon and Google Marketplace, and retargeting ads.

Post-COVID-19, we anticipate presenting at fashion shows in New York City, London, Paris, Milan and several other targeted cities. Gaucho – Buenos Aires presents an opportunity for global press to talk about Argentina finding its foothold once again on the global fashion scene, spotlighting our designers, our designs, and our concentration on leather goods. As there are few brands launching out of Argentina, and certainly fewer with global intentions, the press reaction to Gaucho – Buenos Aires has been extremely positive and encouraging.

Press

In early 2019, Gaucho – Buenos Aires garnered the front cover pages of Marie Claire Argentina and Vogue Italia, one of the most iconic fashion magazines on the globe, who states that Gaucho – Buenos Aires is currently “among the most interesting brands on the Argentinian scene.” Our recent press clippings since our Argentina debut in October 2018 include appearances in some of the most widely read fashion magazines in Latin American fashion, including Forbes Argentina, Revista L'Officiel, Revista Luz, Women's Wear Daily, Nista, and others.

Gaucho – Buenos Aires Trademarks

We filed a U.S. Trademark Application (Serial No. 87743647) for the Gaucho – Buenos Aires in January 2018, and in February 2019, the U.S. Patent and Trademark Office issued a Notice of Allowance for this mark. This application covers goods and services such as apparel, leather accessories and other products, jewelry, cosmetic fragrances and home goods.

The Company intends to promote Gaucho – Buenos Aires™ so that its name and logo collectively become a recognizable trademark with international appeal. We anticipate seeking trademark protection for other marks as we develop our business and product lines.

Within six months of the Notice of Allowance date, or August 12, 2019, we were required to file a satisfactory Statement of Use if use has occurred, or file for an extension of time. The mark was then in use with some of the goods, but not others. As a result, on August 6, 2019, we filed to divide the application for the goods that were in use for which a Statement of Use was filed, and filed an Extension Request in the existing application for the remaining goods. As the mark was put into use with other of the remaining goods, we filed Statements of Use on August 12, 2020 and August 12, 2021. On April 28, 2020, and October 20, 2020, and October 12, 2021, the trademarks were officially registered with the United States Patent and Trademark Office.

The details of the registrations are:
Registration No. 6,043,175

Registration Date: April 28, 2020

Classes: 18, 25 and 33

Goods: Class 18 - Handbags; purses; clutch wallets and handbags; wallets; belt bags; necessaire, namely, cosmetic bags sold empty; travel bags,

Class 25 - T-shirts; tops; shirts; sweaters; hoodies; ponchos; pants; bottoms; shorts; skirts; dresses; jackets; coats; scarves; pocket squares; ties; belts; hosiery; underwear; gloves; footwear; shoes; headwear; hats; caps being headwear

Class 33 – Wines

Registration No. 6,180,633

Registration Date: October 20, 2020

Corrected: February 8, 2022

Classes: 3 and 24

Goods: Class 3 – Fragrances; perfumes

Class 24 – Bed and table linen; bed blankets; bed sheets; pillowcases; comforters; duvets; bath linen

Registration No. 6,521,054

Registration Date: October 12, 2021

Classes: 14 and 21

Goods: Class 14 – Jewelry; earrings; keychains

Class 21 – Beverageware; cups; coffee services in the nature of tableware; tea services in the nature of tableware; saucers; serving trays

Below are additional marks the Company made filings for in 2021 and 2022:

MAISON GAUCHO – App. No. 90869612 filed August 6, 2021 for:

Class 41 - Casinos; Night club services; Dance club services

Class 43 - Hotel accommodation services; restaurant services; bar services; bar and cocktail lounge services

The application is allowed with a Statement of Use/1st Extension due March 20, 2023

GAUCHO CASA BUENOS AIRES – App. No. 90869668 filed August 6, 2021 for:

Class 4 - Candles; scented candles

Class 8 - Flatware, namely, forks, knives and spoons; table cutlery; knives; tableware, namely, forks, knives and spoons that are made of precious metals or are precious metal-plated; champagne sabres

Class 11 - Lamps

Class 20 - Furniture; mirrors; picture frames; drapery hardware, namely, traverse rods, poles, curtain hooks, curtain rods and finials

The application is currently suspended over an earlier-filed application.

VAMOS SPORT – App. No. 97163672 filed December 9, 2021 for:

Class 3 – Fragrances

The application is allowed with a Statement of Use/1st Extension due March 27, 2023.

GAUCHO FUEGO – App. No. 97182237 filed December 21, 2021 for:
Class 3 – Fragrances

The application is allowed with a Statement of Use/2nd Extension due August 9, 2023.

GAUCHO FIRE – App. No. 97182241 filed December 21, 2021 for:
Class 3 – Fragrances

The application is allowed with a Statement of Use/2nd Extension due August 9, 2023.

GAUCHO BUENOS AIRES – App. No. 97316578 filed March 17, 2022 for:

Class 35 – Online retail store services featuring clothing and clothing accessories, fragrances, jewelry, beverageware and housewares, cutlery, candles, handbags, bags, wallets and credit card cases

The application is currently suspended over an earlier-filed application.



– Reg. No. 6872808 registered October 11, 2022, from App. No. 97316580 filed March 17, 2022 for:

Class 35 – Online retail store services featuring clothing and clothing accessories, fragrances, jewelry, beverageware and housewares, cutlery, candles, handbags and bags, wallets and credit card cases

VAMOS SPORT – App. No. 97326711 filed March 23, 2022 for:

Class 18 – Tote bags; athletic bags; leather tote bags; leather backpacks

The application is currently suspended over an earlier-filed application.

On October 13, 2022, Heard Design, LLC, dba Howler Brothers, filed a Petition to Cancel the Company’s U.S. Registration No. 6043175 for the GAUCHO BUENOS AIRES and Design mark in Classes 18, 25 and 33 with the United States Trademark Trial and Appeal Board. The action was filed after an application the petitioner filed for the mark GAUCHO SNAPSHIRT in Class 25, US Trademark Application No. 90837298, was rejected over the Company’s registration. The parties are in active settlement discussions and the cancellation action remains pending.

Argentina Activities

GGH, through its wholly-owned subsidiary and holding company, InvestProperty Group (“IPG”), identifies and develops specific investments in the boutique hotel, hospitality and luxury property markets and in other lifestyle businesses such as wine production and distribution, golf, tennis and real estate development. GGH also operates hotel, hospitality and related properties and is actively seeking to expand its real estate investment portfolio by acquiring additional properties and businesses in Argentina, or by entering into strategic joint ventures. Using GGH’s fine wines as its ambassador, GGH’s mission is to develop a group of real estate projects under its ALGODON® brand with the goal of developing synergies among its luxury properties.

In 2016, GGH formed a new wholly-owned subsidiary, Gaucho Group, Inc. (“GGI”), and in 2019, the entity began developing a platform and infrastructure to manufacture, distribute and sell high end products created in Argentina under the brand name *Gaicho – Buenos Aires*TM. See *Gaicho – Buenos Aires*TM.

GGH’s senior management is based in Miami. GGH’s local operations are managed by professional staff with substantial hotel, hospitality and resort experience in Buenos Aires and San Rafael, Argentina.

GGH’s Concept and Business: Repositioning of Hotel Properties, Luxury Destinations and Residential Properties

GGH, through IPG, focuses on opportunities that create value through repositioning of underperforming hotel and commercial assets such as hotel/residential/retail destinations. Repositioning means we are working to gradually increment our average fares to solidify our position as a luxury option. This trend has been well received in large metropolitan areas which have become quite competitive. We believe that the trend is now trickling down to secondary metropolitan, resort and foreign markets where there is significantly less competition from the established major operators. We continue to seek opportunities where value can be added through re-capitalization, repositioning, expansion, improved marketing and/or professional management. We believe that GGH can increase demand for all of a property’s various offerings, from its rooms, to its dining, meeting and entertainment facilities, to its retail establishments through careful branding and positioning of properties. While the maxim remains true that the three most important factors in real estate are “location, location, location,” management believes that “style and superior service” have grown in importance and can lead to increased operating revenues and capital appreciation.

Both pre- and post-COVID-19, we aim at increasing our activity, occupancy and presence in the market by using direct marketing actions (Facebook and Google Ads, Trip Advisor, Online Travel Agencies, internet presence), and expanding our net of travel agencies and operators, introducing effective changes in our direct sales capacity (new sales-oriented webpages, joint ventures with other hotel organizations, training of our reservations employees, implementing new reservation software). We have also reached out to travel industry media operators to develop new strategic relationships and we are implementing a new commercial management operation for a more aggressive approach with a sales-oriented objective. GGH has built a team of industry professionals to assist in implementing its vision toward repositioning real estate assets. See Item 10 - “Directors, Executive Officers and Corporate Governance”.

Plan of Operations

GGH continues to implement its growth and development strategy that includes a luxury boutique hotel, a resort estate, vineyard and winery, the sale of high-end fashion, leather goods and accessories, and a large land development project including residential houses within the vineyard. See “Algodon Wine Estates” below.

Long Term Growth Strategy

Our desire is to follow in the footsteps of global leading luxury brands such as Chanel from Paris, Burberry from London, Tom Ford from New York, and Gucci from Milan, and to establish Gaucho as “the Spirit of Argentina” representing Buenos Aires. In doing so, our mission is also to work with the intention of building a multi-billion dollar brand. We believe that through our e-commerce website, we have the potential to achieve significant scale, and add value to our company.

Roll-up Strategy

We believe we are now positioned to utilize the Company's listing on Nasdaq in a sort of "roll-up strategy" to acquire other companies that fall squarely within or complement the Company's existing and planned lines of business. For example, we might seek to acquire businesses that offer high-end fashion and accessories, or other luxury products and/or experiential hospitality experiences, the quality of which is consistent with the GGH brand. We seek to become the LVMH ("Louis Vuitton Moët Hennessy") of South America, with the goal of becoming its most well-known luxury brand. The Company hopes to continue to self-finance future acquisition and development projects because in countries like Argentina, having cash available to purchase land and other assets provides an advantage to buyers. Bank financing in such countries is often difficult or impossible to obtain. To be able to grow our business and expand into new projects, the Company would first want to deploy excess cash generated by operations, but significant amounts of excess cash flow is not anticipated for at least a number of years. Another option would be obtaining new investment funds from investors, including public offerings, and/or borrowing from institutional lenders. GGH may also be able to acquire property for stock instead of cash.

Cobranding and Strategic Alliances

One of GGH's goals includes positioning its brand ALGODON® as one of luxury. In the past we have formed strategic alliances with well-established luxury brands that have strong followings to create awareness of the GGH brand and help build customer loyalty. Since its inception, GGH has been associated or co-branded with several world-class luxury brands including Relais & Châteaux, Veuve Clicquot Champagne (owned by Louis Vuitton Moët Hennessy), Nespresso, Porsche, Chanel, Hermès, Art Basel, and Andrew Harper Travel.

Catalysts for Growth

Gaicho Casa Residences

As Gaicho – Buenos Aires™ continues to expand its recognition on a domestic and international basis, another area that we can potentially create value and scale is by licensing our brand to commercial, and residential real estate developments. Current examples of such co-branded developments include: Aston Martin Residences in Miami, Bulgari Resort and Residences Dubai, Fendi Chateau Residences in Bal Harbour, Residences by Armani Casa in Miami, Mercedes House in New York, as well Porsche Design Tower in Sunny Isles Beach.

These fashion houses and automobile manufactures license their brand's unique styles and unmistakable names to real estate developers, in an effort to create business opportunity. The mutually beneficial model could be a medium through which Gaicho – Buenos Aires™ makes its imprint on the global market. By using our distinct style – employing fine leathers, metals, and natural stones – in the design and construction of such a project, Gaicho – Buenos Aires could add intrinsic value to the parties involved. This creates potential for licensing fees, as well a portion of proceeds from property sales.

Gaicho Casa

Gaicho Casa is a home & living décor brand, owned and operated entirely by GGI, which operates as a sub-brand nestled under Gaicho – Buenos Aires.

Gaicho Casa challenges traditional lifestyle collections with its luxury textiles and home accessories rooted in the singular spirit of the gaicho aesthetic. Using high-quality natural materials sourced from countries that are pioneers in the field of eco production, such as New Zealand, Iceland and, of course, Argentina, each piece within the line embodies the rarefied heritage of Buenos Aires and its deep-rooted connection to artisanship.

Celebrating the equestrian culture that “gaicho country” is world-renowned for, we believe that the collection’s silver-plated trays, bottle accessories and more elegant homeware pieces featuring elaborate horn detailing are a perfect embodiment of the contemporary glamour of Buenos Aires. Naturally, the epic wild landscapes have had their own influences, with a curated edit of sheepskin rugs, Tibetan cashmere cushions, mohair throws and Brazilian cow-hide cushions, providing the perfect partnership of form and function – and a chic complement to the more modern details in your home. Whether you’re looking to embrace the gaicho lifestyle or bring a touch of the country to the city, Gaicho Casa offers an organic design DNA for every interior space, ideal for modern living.

In recent years, there has been a rise of boutique hotel home goods collections such as by Marriott, who led the way with its debut of Autograph Collection. Others that have followed include Curio by Hilton (Starwood’s Tribute Portfolio), and The Unbound Collection (part of the Hyatt Hotels group). We envision the possibility of Gaicho – Buenos Aires utilizing Algodon Mansion as a launch point for a collection of hotel bedding, pillows, linens and robes. Likewise, Argentina’s “La Belle Époque” could serve as a reliable source of inspiration for a multitude of luxury consumer goods, including home soft-furnishings. Argentina’s rich Polo heritage might also serve as a reliable foundation for a collection of high-end, contemporary leather home furnishings for anything from armchairs and sofas to lamps and photo frames.

Gaicho – Kids Collection

We envision the possibility of a designer baby and kids’ clothes collection at Gaicho – Buenos Aires, so that parents who love our brand can treat their children to a luxury line of fun, Gaicho-inspired clothing for kids . We envision building this line around the idea of creating comfy, well-made garments that allow kids to be creative in the way they dress. Gaicho Kids may include, for example, branded onesies and toddler t-shirts, whimsical prints that foster imagination and individuality, and other unique printed separates for kids who don’t mind standing out in a crowd.

Popup Shops

Popup shops are a popular trend that can be a low cost means of creating a temporary store front focusing on spreading brand awareness, communicating brand values, collecting customer data, and providing personalized experiences. This can also provide a way for Gaucho – Buenos Aires to build a relationship with customers in person, while driving conversion on more cost-effective digital channels. We envision popup shops in U.S. cities such as Aspen, Austin, Dallas and Houston, Miami, Los Angeles, New York City, Berlin and Barcelona. With popup shops, we can work with local PR companies to get the word out, as these opportunities are typically promoted via direct mail, PR and digital marketing efforts, as well as word of mouth and strategic geographic positioning. We also anticipate installing a popup shop during the summer season in Punta Del Este, Uruguay, which is a popular vacation spot for wealthy Argentines and other Latin Americans.

Currency Devaluation

A currency devaluation can help Argentina tourism, enticing foreign holidaymakers seeking to make their vacation money stretch further. Vacationers looking for the most representative souvenirs of Argentina and its culture may know the country is best known for its leather. With hundreds of domestic tanneries, Argentina's has high quality production of cow, sheep and goat leather goods such as jackets, shoes and handbags.

A devalued peso may also aid Argentina's wine exporters by improving market competitiveness and leading to higher revenues. Additionally, non-leveraged real estate can be a hedge against inflation, and we believe that over time our land values may perform well.

While our contracts and vendors are largely payable in pesos, which is favorable to us given the current exchange rate of the peso against the U.S. dollar, the downside is that the Argentine market is somewhat closed off for our Gaucho brand goods and our wines. Even though we produce some Gaucho goods in Argentina and we are able to realize a higher margin by selling outside of Argentina, we also do have some goods produced in the U.S. at a higher cost and our margins are therefore much lower.

Further, our real estate and hotel operations are stated in U.S. dollars, which can be seen as less desirable than stating in pesos and could have a negative effect on demand for those parts of our business.

The ALGODON® Brand

We believe that the force and power of brand is of paramount importance in the luxury real estate/hotel market. GGH has developed the ALGODON® brand, which is inspired by both the Cotton Club days of the Roaring 20's and the distinctive style and glamour of the 50's Rat Pack when travel and leisure was synonymous with cultural sophistication. This brand concept was taken from the Spanish word for "cotton" and we believe that this connotes a clean and pure appreciation for the good life, a sense of refined culture, and ultimately a destination where the best elements of the illustrious past meet the affluent present. GGH is looking to attract attention and upscale demographic visitors to the ALGODON® properties and to round out the brand experience in various other forms including music, dining, wine, sports and apparel, by marketing themes that highlight active lifestyles and the pleasures of life. Management believes that these types of brand extensions will serve to reinforce the overall brand recognition and further build upon GGH's presence in the luxury hotel segment.

Description of Specific Investment Projects

GGH has invested in two ALGODON® brand properties located in Argentina. The first property is Algodon Mansion, a Buenos Aires-based luxury boutique hotel that opened in 2010 and is owned by IPG’s subsidiary, The Algodon – Recoleta S.R.L. (“TAR”). The second property, owned by Algodon Wine Estates S.R.L., is a Mendoza-based winery and golf resort called Algodon Wine Estates, consisting of 4,138 acres, which was subdivided for residential development and expanded by acquiring adjoining wine producing properties.

Algodon Mansion



The Company, through TAR, has renovated a hotel in the Recoleta section of Buenos Aires called Algodon Mansion, a six-story mansion (including roof-top facilities and basement) located at 1647 Montevideo Street, a tree-lined street in Recoleta, one of the most desirable neighborhoods in Buenos Aires. The property is approximately 20,000 square feet and is a ten-suite high-end luxury hotel with a lounge/living room area, a patio area featuring a glass ceiling and fireplace, and a private wine tasting room. The property also includes a rooftop that houses an open-air lounge and terrace pool. Each guest room is an ultra-luxury two-to-three room suite, each approximately 510-1,200 square feet. Recoleta is Buenos Aires’ embassy and luxury hotel district and has fashionable boutiques, high-end restaurants, cafés, art galleries, and opulent belle époque architecture.

Below is a table showing occupancy data, average daily rate and revenue per available room (“RevPAR”) for Algodon Mansion:

	TAR - Buenos Aires							
	USD				ARS			
	For the year ended December 31,		Δ		For the year ended December 31,		Δ	
2021	2022	amount	Δ %	2021	2022	amount	Δ %	
Occupancy level	29%	50%	21%	72%	29%	50%	21%	72%
Average daily Rate (ADR)	234	261	27	12%	24,062	36,335	12,273	51%
RevPAR	69	130	61	88%	7,072	18,129	11,057	156%

Occupancy level: This is a Hotel KPI calculation that shows the percentage of available rooms or beds being sold for a certain period of time.

It is important for hotels to keep track of this data on a daily basis to identify the average daily rate, forecast and apply revenue management.

This ratio increased by 72% which is explained by the re-opening of the international borders in December of 2021 post-Covid closures and restrictions. TAR revenue is highly dependent on international tourism.

Average daily Rate (ADR):

This is a metric widely used in the hospitality industry to indicate the average realized room rental per day.

This is calculated by taking the average revenue earned from rooms and dividing it by the number of rooms sold. It excludes complimentary rooms and rooms occupied by staff.

2022 ADR in USD increased in comparison with previous year from USD 234 to USD 261. The same ratio in ARS has increased by 51% due to the effect of the devaluation of the Argentine peso.

RevPAR:

Revenue per available room (RevPAR) is a performance metric used in the hotel industry. It is calculated by multiplying a hotel's average daily room rate (ADR) by its occupancy rate.

2022 RevPAR in USD has increased in comparison with previous year from USD 69 to USD 130 due to the increased occupancy rate. The same metric in ARS has increased by 156% due to the effect of the devaluation of the Argentine peso.

Past guests of Algodon Mansion include President Mauricio Macri of Argentina, Roger Federer, Bobby Flay, Jim Courier, Andre Agassi, Pete Sampras, Mardy Fish, Salvatore Ferragamo, and Maguy Maccario Doyle, the Principality of Monaco's Ambassador to the United States. Algodon Mansion was featured in an article by Huffington Post in January 2018, which praised the luxurious accommodations, impressive suites, and fine amenities of the hotel.



In both 2019 and 2018, Algodon Mansion was inducted to TripAdvisor's Hall of Fame, a distinction given to recognize hotels that have won its Certificate of Excellence award for five consecutive years. Algodon Mansion won the Certificate of Excellence award for the years 2014 through 2019. The Certificate of Excellence award celebrates businesses that have continually delivered a quality customer experience, taking into account the quality, quantity and recency of reviews submitted by travelers on TripAdvisor over a 12-month period. To qualify, a business must maintain an overall TripAdvisor bubble rating of at least four out of five, have a minimum number of reviews and must have been listed on TripAdvisor for at least 12 months.



Algodon Wine Estates S.R.L. (“AWE”) is 4,138-acre area located in the Cuadro Benegas district of San Rafael, Mendoza, now known as Algodon Wine Estates. The resort property is part of the Mendoza wine region nestled in the foothills of the Andes mountain range. This property includes a winery (whose vines date back to the mid-1940’s), a 9-hole golf course, tennis, restaurant and hotel. The estate is situated on Mendoza’s Ruta del Vino (Wine Trail). The 4,138-acre property has an impressive lineage, both in terms of wine production and golf, and features structures on the property that date back to 1921.

Algodon Wine Estates features Algodon Villa, a private lodge originally built in 1921, that has been fully restored and refurbished to its original farmhouse design of adobe walls and cane roof. The lodge offers three suites, a gallery for private gatherings, a living area that may also serve as a dining and conference room, swimming pool, and adjacent vine-covered picnic area. The Algodon Villa offers five-star service and is situated for vacationing families, business conferences, retreat travelers, golfing companions, or wine route globe trekkers. Algodon Wine Estates has also recently completed the construction of a new lodge which lies adjacent to the original one. The new lodge features six additional suites and a gallery with two fireplaces and a bar. Below is a table showing occupancy data, ADR and RevPAR for Algodon Wine Estates:

	AWE - San Rafael							
	USD				ARS			
	For the year ended December 31,				For the year ended December 31,			
	2021	2022	Δ amount	Δ %	2021	2022	Δ amount	Δ %
Occupancy level	56%	41%	-15%	-27%	56%	41%	-15%	-27%
Average daily Rate (ADR)	267	232	-35	-13%	25,628	31,650	6,022	23%
RevPAR	149	94	-55	-37%	14,311	12,859	-1,452	-10%

Occupancy level: It is a Hotel KPI calculation that shows the percentage of available rooms or beds being sold for a certain period of time.

It is important for hotels to keep track of this data on a daily basis to identify the average daily rate, forecast and apply revenue management.

The occupancy level decreased by 27% due to the reduction of subsidy from Argentina’s Ministry of Tourism for luxury hotels.

Average daily Rate (ADR): This is a metric widely used in the hospitality industry to indicate the average realized room rental per day.

This is calculated by taking the average revenue earned from rooms and dividing it by the number of rooms sold. It excludes complimentary rooms and rooms occupied by staff.

2022 ADR in USD declined from previous year (USD 267 vs USD 232). The same ratio in ARS increased by 23% due to the effect of the devaluation of the Argentine peso to the USD.

RevPAR:

Revenue per available room (RevPAR) is a performance metric used in the hotel industry. It is calculated by multiplying a hotel's average daily room rate (ADR) by its occupancy rate.

2022 RevPAR in USD has decreased in comparison with previous year from USD 149 to USD 94 due to the lower occupancy level. However, the same ratio in ARS declined by only 10% as the reduction was compensated by the devaluation of the Argentine peso to the USD.



In 2018, Algodon Wine Estates was inducted to TripAdvisor's Hall of Fame, a distinction given to recognize hotels that have won its Certificate of Excellence award for five consecutive years. Algodon Wine Estates won the Certificate of Excellence award for the years 2014 through 2019. The Certificate of Excellence award celebrates businesses that have continually delivered a quality customer experience, taking into account the quality, quantity and recency of reviews submitted by travelers on TripAdvisor over a 12-month period. To qualify, a business must maintain an overall TripAdvisor bubble rating of at least four out of five, have a minimum number of reviews and must have been listed on TripAdvisor for at least 12 months.

Algodon Fine Wines

Algodon Wine Estates contains a vineyard with 290 acres of vines. Over 60 acres have been cultivated since the 1940's, and approximately 20 acres since the 1960's. The property produces eight varieties of grapes, including Argentina's signature varietal, Malbec, as well as Bonarda, Cabernet Sauvignon, Merlot, Syrah, Pinot Noir, Chardonnay and Semillon. The primary difference between the old and new vines is the style of pruning. Algodon Wine Estates utilizes a boutique wine making process, typified by production of a low volume of premium wines sold at a higher than average price in the market.

In an effort to increase distribution of its wines, Algodon Wine Estates is working with a number of importers operating in some of the world's chief markets for premium wines. In Europe, Algodon Wine Estates warehouses its wines in Amsterdam for central distribution to clients in Germany and in the U.K. through Condor Wines (www.condorwines.co.uk), which works with regional distribution partners throughout the U.K. such as hotel and restaurant chains, regional and national brewers, pub companies, wholesalers and wine merchants. In the United States, Algodon Fine Wines is available for sale online at Sherry-Lehmann.com (which ships to 39 states), at Sherry-Lehmann's iconic retail store in New York City, at Spec's Wines, Spirits and Finer Foods retail stores in Texas, and Wally's Wine & Spirits retail store located in Los Angeles. GGH's Fine Wine's Malbec has been featured on the esteemed wine lists of West London's The Fat Duck, a Michelin 3-Star Restaurant, and arguably the U.K.'s most famous eatery, as well as London's Restaurant Gordon Ramsay, A Michelin 3-Star Restaurant, also the exclusive London wine club, 67 Pall Mall, and the exclusive wine list of Buenos Aires' fine dining restaurant, Parrilla Don Julio, one of Argentina's most high-profile eateries.

Founded in 2013, Seaview Imports is a national importer of fine wines from France, Spain, Italy, Australia, New Zealand, Argentina and Chile. Headquartered in Port Washington, NY, the company distributes its products in twenty-five select states through wholesalers and state boards. Their producers are leaders in their regions and their portfolios are all exceptional in quality and value. For further information, please visit www.seaviewimports.com.

Seaview's philosophy in building Algodon as a brand in the United States has been to select high-profile, quality-oriented retailers whom we believe have high credibility in speaking to their wine constituency. We believe it is reasonable to conclude that consumer confidence (within the fine wine industry) can be positively influenced by the endorsement of a well-respected wine merchant. These "Algodon Brand Ambassadors" can not only promote Algodon, its history and vision, but can serve as the go-to wine shop for the shareholders, friends and family of Algodon aficionados. In tandem with building a network of brand ambassador retailers, an additional initiative is to engage a fine wine distributor in select cosmopolitan markets that can provide smaller independent retail and on-premise (restaurant) coverage.

Current Distribution Markets (as of the first quarter of 2023)

1. California – Vinporter Retail Holdings, LLC
2. California – dba Hollywood Burger
3. California – dba Salvatore Italian Restaurant
4. California – dba Sherry- Lehmann West, LLC
5. California – dba Wally's Wine and Spirits
6. California – Golden State Wine & Spirits
7. California – Peach Systems Inc.
8. Florida – Greystone
9. Georgia – Georgia Crown Distributing - Atlanta
10. Illinois – Louis Glunz Wines Inc
11. Minnesota – Bellboy Corporation
12. Maryland – Lanterna Distributors, Inc.
13. New Jersey – dba Wine Chateau
14. New Jersey – dba Wine Chateau / Le Malt
15. New Jersey – Port Washington Imports
16. New York – Independence Wine & Spirits of NY, LLC
17. New York – dba Ambassador Wine & Spirits
18. New York – dba Beekman Wine & Liquor
19. New York – dba Estancia 460

20. New York – dba Nirvana
21. New York – dba Pascalou
22. New York – dba Tuscany Steakhouse
23. New York – dba Friars National Association Inc.
24. New York – dba Mister Wright
25. New York – dba Sherry Lehman Inc.
26. Nevada – Franco Wine
27. Oklahoma – Elite Wine & Spirits
28. Texas – United Wine and Spirits, LLC

Markets - scheduled by Seaview for 2023

1. Florida – Southern Glazers Wine and Spirits
2. Illinois – Chicago Noble Grape
3. California – La Boutillier
4. Missouri – Brown Derby
5. Indiana – 21st Amendment
6. Oklahoma – Elite Wines & Spirits
7. Massachusetts – Table & Vine (+ local wholesaler)

None of the understandings with wine importers constitute a binding commitment by either party to produce, import or export the Company's wines; performance by any of the parties is dependent upon numerous factors such as economic and political climate, consumer spending, weather, the Company's ability to continue wine production operations, the market acceptance of the Company's products, and other matters described in Item 1A - "Risk Factors".

AWE uses microvinification (barrel fermentation) for its premium varietals and blends. Microvinification is commonly used in France, but is uncommon in Argentina, and Algodon Wine Estates is one of the few wineries in the country to implement this specialized process.

James Galtieri holds the title of Senior Wine Advisor on GGH's Advisory Board. James is a founding partner and former President/CEO of Pasternak Wine Imports, a renowned national wine importer and distributor, founded in 1988 in partnership with Domaines Barons de Rothschild (Lafite). He maintains an advisory role to Domaines Barons de Rothschild (Lafite), and was the President/CEO at Seaview Imports LLC., a national wine importer (based in New York) covering the U.S. market with high-quality, exclusive wine brands. James has considerable background and experience in wine knowledge and wine market dynamics, and he is specialized in corporate management in the wine & spirit industry.



ALGODON
FINE WINES



In the third quarter of 2020, Algodon Fine Wines launched e-commerce websites in both the U.S. and Argentina.

In September 2020, Algodon Fine Wines announced the launch of an e-commerce initiative servicing patrons in Argentina, at AlgodonWines.com.ar. The e-commerce store sells and ships Algodon wines direct from its San Rafael, Mendoza winery to consumers living in Argentina. This debut is part of an expanded effort to rollout the brand's premium Malbec-based wines, as well as the rest of the Algodon portfolio of award-winning varietals and blends. In September 2020, Algodon Fine Wines also launched an e-commerce initiative servicing the United States, with the backend warehousing and fulfillment provided by the California-based distributor VinPorter Wine Merchants, at AlgodonFineWines.com. The e-commerce store, powered by VinPorter, links to a virtual storefront showcasing the Algodon wines currently distributed in the U.S. This debut is part of an expanded U.S. rollout for Premium Malbec-based wines, as well as the rest of the Algodon portfolio of award-winning varietals and blends. In addition to the Algodon Fine Wines site powered by VinPorter, Algodon wines are also available throughout the U.S. both in-store and online at such retailers as Spec's, Sherry-Lehmann, The Noble Grape and Wine-Searcher.com (among others).

Algodon's premium wines have received a number of top awards and ratings from the world's foremost tasting competitions including Gold Medals from the prestigious Global Masters Wine Competition, comprised of master sommeliers. Algodon's Black Label Reserves represent the best selection from Algodon with 100% microvinified blends whose low yield produces full concentration of fruit and flavor. Algodon's complete portfolio of fine wines is currently available in wine bars, wine shops, restaurants and hotels in Buenos Aires, Mendoza, Germany, Switzerland, Guernsey, U.K., the Netherlands and the United States.

Algodon Wine Estates – Real Estate Development



AWE has acquired a total of 4,138 acres of contiguous real estate surrounding its project in Mendoza, Argentina. This land was purchased with the purpose of developing a vineyard-resort and attracting investment in second or third homes for the well-to-do from around the world. GGH continues to invest in the ongoing costs of building out infrastructure and anticipates that sales of lots will gradually improve and accelerate as worldwide economic conditions improve.

GGH is currently marketing portions of the property to be developed into luxury residential homes and vineyard estates. Management believes that the power of the ALGODON® brand combined with an attractive package of amenities will promote interest in the surrounding real estate. The estate's master plan features a luxury golf and vineyard living community, made up of six distinct village sectors, with 610 home sites ranging in size from 0.2 to 2.8 hectares (0.5 to 7 acres) for private sale and development. The development's village sectors have been designed and named in accordance with their characteristic surroundings and landscape: the Wine & Golf Village, the Polo & Equestrian Village, the Sierra Pintada Village, The North Vineyard & Orchard Village, The South Vineyard & Orchard Village, and the Desert Vista Village. The development is located fifteen minutes from both the local airport and city center.

In April 2019, GGH announced that it reached an agreement with Compass Real Estate to market and sell home sites at Algodon Wine Estates. Compass Real Estate (www.compass.com), dubbed "the country's fastest-growing luxury real estate technology brokerage company" by Forbes Magazine, is set to revamp Algodon Wine Estates' marketing and global sales initiatives by utilizing its network of 7,000 agents and over 1,000 employees. Compass' business model has attracted investment capital from Fidelity, Softbank, Goldman Sachs, and several other corporations and individuals. GGH is developing lots for sale to third party builders and is not engaged in any construction activity. To date, fifty-one lots have been sold. The Company has closed on the sale of 35 lots and recorded revenue of approximately \$5,752,000. As of December 31, 2022, the Company has approximately \$1,184,000 of deposits for pending sales. There are approximately 300 lots that remain unsold as of March 31, 2023.

Potential Value Creation

After an official "arm's length" evaluation of the entire property (including the additional recently acquired 2,000 acres), we estimate the discovery and potential development of underground aquifers could help increase the value of the parcel. Due to the prohibition of developing new wells in Mendoza City Metro Area, it may be positive to take advantage of the lack of regulations in San Rafael. Additionally, the current administration of Mendoza Province has asked (upon approval of the Company) to construct a major road through the far reaches of the property in an effort to link the popular tourist destinations of Valle Grande, and Los Reyunos. This development could in effect raise the commercial value of the land significantly, as well as open up potential rental-income opportunities from storefronts, gas stations, and other businesses.

In November 2020, we began the process of drilling two water wells at Algodon Wine Estates, which we believe can significantly increase the value of the land. This initiative can allow us direct access to natural aquifers that can be utilized for a variety of infrastructural and landscape initiatives including crop production capabilities, residential and commercial development potential, or property resale. We received approval for, and have completed drilling, two wells, and are currently awaiting approval for a third well. In the future, we intend to apply for permits to add three additional water wells throughout the 4,138 acre property.

Owning real estate in Argentina is subject to risk. For more information see "Risk Factors."

Hollywood Burger Argentina

In September 2021, Gaucho Group Holdings, Inc. announced that its shareholders had approved the purchase of additional land holdings in Argentina in an all-stock transaction valued at approximately \$2.4 million. The purchase price was determined from an evaluation of the real estate performed by an independent third-party.

Located in Argentina, the properties were acquired from the related, but independent entity, Hollywood Burger Holdings, Inc. ("HBH"). One of the property lots is located in the San Rafael, Mendoza region of Argentina, and the other in Córdoba, Argentina, with the estimated fair market value of the combined properties totaling approximately \$2.4 Million. Both properties are located on major thoroughfares, seeing significant foot and street traffic, and both with ample parking, a feature considered a rare benefit in Argentine cities.

For more information see Items 2 and 5.

Projects and Business Initiatives in Development

GGH's luxury branded assets include fine experiences through our award-winning wines and exceptional luxury destinations. Our U.S.-based e-commerce website GAUCHO.com is designed to deliver Argentine luxury goods to the U.S. marketplace and elsewhere around the globe. We believe the potential for scale here is particularly significant as Argentina is now making noteworthy re-entry to international trade. With Argentina in the process of re-opening its borders, we believe it is poised to regain its status as a cultural and fashion exporter, and that there may be a sizeable appetite in the U.S. and elsewhere for luxury products that feature a distinctly Argentine point of view. We are excited about the potential for scale here.

Competition

The online luxury fashion business is highly competitive. The apparel industry is characterized by rapid shifts in fashion, consumer demand, and competitive pressures, resulting in both price and demand volatility. We believe that our emphasis on fine leather goods, accessories and apparel mitigates these factors.

We believe that the fit and quality of our garments, as well as the broad variety of colors and styles, our Gaucho and distinctly Argentine inspiration, as well as the contemporary luxury garments and accessories that we offer helps to differentiate us. We compete against a wide variety of smaller, independent specialty stores, as well as department stores and national and international specialty chains. Companies that operate in this space include, but are not limited to, Rag & Bone, Theory, Maison Kitsune, Vince, and All Saints. Many of these companies have substantially greater name recognition than Gaucho – Buenos Aires. Many of these companies also have greater financial, marketing, and other resources when compared to Gaucho – Buenos Aires.

Along with the competitive factors noted above, other key competitive factors for Gaucho – Buenos Aires online e-commerce operations include the success or effectiveness of customer mailing lists, advertising response rates, merchandise delivery, web site design and web site availability. The online e-commerce operations compete against numerous web sites, many of which may have a greater volume of web traffic, and greater financial, marketing, and other resources.

Government Regulation

With respect to the Company's clothing line, pursuant to the Federal Trade Commission, clothing exported from Argentina to the U.S. must have a label that contains the country of origin and the composition of the item. Additional information can be found here: <https://www.ftc.gov/tips-advice/business-center/guidance/threading-your-way-through-labeling-requirements-under-textile>.

With respect to the Company's wine production, please see Item 1A - "Risk Factors". Additional information may be found here: <https://www.ttb.gov/itd/international-imports-exports-requirements>.

Human Capital Resources

Our experienced employees and management team are some of our most valuable resources, and we are committed to attracting, motivating, and retaining top professionals. Including the operating subsidiaries in Argentina, as of the date of this annual report, the Company has approximately 80 full-time employees. In Argentina, GGH also employs temporary, seasonal employees during the busy harvest season. In the United States, GGH employs approximately 5 full-time employees as of the date of this annual report. None of the employees in the United States are covered by a collective bargaining agreement and management believes it has good relations with its employees.

Our success is directly related to the satisfaction, growth, and development of our employees. We strive to offer a work environment where employee opinions are valued and allow our employees to use and augment their professional skills. To achieve our human capital goals, we intend to remain focused on providing our personnel with entrepreneurial opportunities to expand our business within their areas of expertise and continue to provide our personnel with personal and professional growth. The Company emphasizes several measures and objectives in managing our human capital assets, including, among others, employee safety and wellness, talent acquisition and retention, employee engagement, development and training, diversity and inclusion, and compensation and pay equity. *COVID-19 and Employee Safety and Wellness.* In response to the COVID-19 pandemic, we implemented significant changes that we determined were in the best interest of our employees as well as the communities in which we operate. These measures include allowing all employees to work from home. We believe in supporting our employees' health and well-being. Our goal is to help employees make informed decisions about their health by providing the tools and resources necessary to achieve a healthier lifestyle. We offer our employees a wide array of benefits such as life and health (medical, dental, and vision) insurance, paid time off and retirement benefits, as well as emotional well-being services through our health insurance program.

Diversity and Inclusion and Ethical Business Practices. We believe that a company culture focused on diversity and inclusion is a crucial driver of creativity and innovation. We also believe that diverse and inclusive teams make better business decisions, ultimately driving better business outcomes. We are committed to recruiting, retaining, and developing high-performing, innovative and engaged employees with diverse backgrounds and experiences. This commitment includes providing equal access to, and participation in, equal employment opportunities, programs, and services without regard to race, religion, color, national origin, disability, sex, sexual orientation, gender identity, stereotypes, or assumptions based thereon. We welcome and celebrate our teams' differences, experiences, and beliefs, and we are investing in a more engaged, diverse, and inclusive workforce.

We also foster a strong corporate culture that promotes high standards of ethics and compliance for our business, including policies that set forth principles to guide employee, officer, director, and vendor conduct, such as our Code of Business Conduct and Ethics. We also maintain a whistleblower policy and anonymous hotline for the confidential reporting of any suspected policy violations or unethical business conduct on the part of our businesses, employees, officers, directors, or vendors.

Due to the pandemic, on May 31, 2020 Gaucho Group Holdings, Inc. terminated its office lease at 135 Fifth Avenue in New York City. All senior management of Gaucho Group Holdings, Inc. have been working remotely since then. The Company's principal office is currently located at 112 NE 41st Street, Suite 106, Miami, Florida 33137. The telephone number remains the same at +1-212-739-7700. The Company is licensed to do business in New York and Florida.

Ticker Symbol

The Company uplisted its common stock on the Nasdaq Capital Market ("Nasdaq") effective as of February 16, 2021, and the common stock commenced trading on Nasdaq effective as of February 17, 2021 under the symbol "VINO".

Available Information

Effective upon the uplist of the Company's common stock to Nasdaq, we have updated our corporate governance policies. We maintain a website at <http://www.gauchogroup.com>. The information contained on, or accessible through, our website is not part of this Annual Report on Form 10-K. Our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to reports filed or furnished pursuant to Sections 13(a) and 15(d) of the Exchange Act, are available on our website, free of charge, as soon as reasonably practicable after we electronically file such reports with, or furnish those reports to, the SEC. In addition, we maintain our corporate governance documents on our website here: <https://ir.gauchoholdings.com/corporate-governance/governance-documents>, including:

- a Code of Business Conduct and Ethics for Directors, Officers and Employees which contains information regarding our whistleblower procedures,
- our Insider Trading Policy,
- our Audit Committee Charter,
- our Compensation Committee Charter,
- our Nominating and Corporate Governance Committee Charter,
- our Trading Blackout Policy, and
- our Related Party Transaction Policy.

ITEM 1A. RISK FACTORS

An investment in our securities involves certain risks relating to our structure and investment objective. The risks set forth below are the risks we have identified and which we currently deem material or predictable. We also may face additional risks and uncertainties not currently known to us, or which as of the date of this Annual Report we might not consider significant, which may adversely affect our business. In general, you take more risk when you invest in the securities of issuers in emerging markets such as Argentina than when you invest in the securities of issuers in the United States. If any of the following risks occur, our business, financial condition and results of operations could be materially adversely affected. In such case, our net asset value and the price of our common stock could decline, and you may lose all or part of your investment.

In evaluating the Company, its business and any investment in the Company, readers should carefully consider the following factors:

Our failure to maintain compliance with Nasdaq's continued listing requirements could result in the delisting of our common stock.

Our common stock is currently listed for trading on The Nasdaq Capital Market. We must satisfy the continued listing requirements of The Nasdaq Stock Market LLC (or Nasdaq), to maintain the listing of our common stock on The Nasdaq Capital Market.

On July 14, 2022, the Company received a deficiency letter from the Listing Qualifications Department (the “Staff”) of the Nasdaq Stock Market notifying the Company that, for the preceding 30 consecutive business days, the closing bid price for the Company’s common stock was trading below the minimum \$1.00 per share requirement for continued inclusion on The Nasdaq Capital Market pursuant to Nasdaq Listing Rule 5450(a)(1) (the “Bid Price Requirement”). The notification has no immediate effect on the Company’s Nasdaq listing and the Company’s common stock will continue to trade on Nasdaq under the ticker symbol “VINO.”

In accordance with Nasdaq Rules, the Company was provided with an initial period of 180 calendar days, or until January 10, 2023 (the “Compliance Date”), to regain compliance with the Bid Price Requirement. If at any time before the Compliance Date the closing bid price for the Company’s common stock is at least \$1.00 for a minimum of 10 consecutive business days, the Staff will provide the Company written confirmation of compliance with the Bid Price Requirement.

On November 4, 2022, the Company effected a reverse stock split in the ratio of 1 share of common stock for 12 previously issued shares of common stock and filed an amended and restated certificate of incorporation (the “Amended and Restated Certificate of Incorporation”).

On November 21, 2022, the Company received a letter from the Staff of the Nasdaq Stock Market advising that the Company regained compliance with the minimum bid price listing requirements for its shares of common stock and that the matter is now closed.

However, there can be no assurance that the market price of our common stock will remain at the level required for continuing compliance with that requirement. It is not uncommon for the market price of a company’s common stock to decline in the period following a reverse stock split. Other factors unrelated to the number of shares of our common stock outstanding, such as negative financial or operational results, could adversely affect the market price of our common stock and thus jeopardize our ability to meet or maintain the Nasdaq’s minimum bid price requirement.

In order to maintain our listing, we must satisfy minimum financial and other continued listing requirements and standards, including those regarding director independence and independent committee requirements, minimum stockholders’ equity, minimum share price, and certain corporate governance requirements. There can be no assurances that we will be able to comply with such applicable listing standards.

If our common stock were delisted from Nasdaq, trading of our common stock would most likely take place on an over-the-counter market established for unlisted securities, such as the OTCQB or the Pink Market maintained by OTC Markets Group Inc. An investor would likely find it less convenient to sell, or to obtain accurate quotations in seeking to buy, our common stock on an over-the-counter market, and many investors would likely not buy or sell our common stock due to difficulty in accessing over-the-counter markets, policies preventing them from trading in securities not listed on a national exchange or other reasons. In addition, as a delisted security, our common stock would be subject to SEC rules as a “penny stock”, which impose additional disclosure requirements on broker-dealers. The regulations relating to penny stocks, coupled with the typically higher cost per trade to the investor of penny stocks due to factors such as broker commissions generally representing a higher percentage of the price of a penny stock than of a higher-priced stock, would further limit the ability of investors to trade in our common stock. In addition, delisting would materially and adversely affect our ability to raise capital on terms acceptable to us, or at all, and may result in the potential loss of confidence by investors, suppliers, customers and employees and fewer business development opportunities. For these reasons and others, delisting would adversely affect the liquidity, trading volume and price of our common stock, causing the value of an investment in us to decrease and having an adverse effect on our business, financial condition and results of operations, including our ability to attract and retain qualified employees and to raise capital.

The Company is facing and may continue to face significant cost inflation.

We have faced, and may continue to face, significant cost inflation, specifically in raw materials and other supply chain costs due to increased demand for raw materials and the broad disruption of the global supply chain associated with the impact of COVID-19. International conflicts or other geopolitical events, including the 2022 Russian invasion of Ukraine, may further contribute to increased supply chain costs due to shortages in raw materials, increased costs for transportation and energy, disruptions in supply chains, and heightened inflation. Further escalation of geopolitical tensions may also lead to changes to foreign exchange rates and financial markets, any of which may adversely affect our business and supply chain, and consequently our results of operation.

While we may try to mitigate the impact of inflation by increasing the price of some of our own products, we may be unable to do so due to the terms of existing contracts, a competitor's pricing pressure, or other factors. Additionally, significant price increases may result in a loss of customers and adversely impact our business, results of operations, financial condition, and cash flows. Additionally, broad concerns related to the economy, including inflation may impact consumer spending, which could impact future demand for our products.

The Company is subject to the Inflation Reduction Act of 2022.

The Inflation Reduction Act of 2022 (the "IRA") was enacted on August 16, 2022. This bill contains a number of tax-related provisions that are effective after December 31, 2022, including (1) the imposition of a 15% minimum tax on book income for corporations with a 3-year average adjusted book income over \$1 billion, and (2) the creation of a 1% excise tax on the value of stock repurchases (net of the value of stock issuances) during the taxable year. Upon initial evaluation, the Company does not expect the IRA to have a material impact on the Company's financial statements.

Revenues are currently insufficient to pay operating expenses and costs which may result in the inability to execute the Company's business concept.

The Company's operations have to date generated significant operating losses, as reflected in the financial information included in this Quarterly Report. Management's expectations in the past regarding when operations would become profitable have not been realized, and this has continued to put a strain on working capital. Business and prospects must be considered in light of the risks, expenses, and difficulties frequently encountered by companies in the early stages of operations. If the Company is not successful in addressing these risks, its business and financial condition will be adversely affected. In light of the uncertain nature of the markets in which the Company operates, it is impossible to predict future results of operations.

Our level of debt may adversely affect our operations and our ability to pay our debt as it becomes due.

The fact that we are leveraged may affect our ability to refinance existing debt or borrow additional funds to finance working capital requirements, acquisitions and capital expenditures. In addition, the recent disruptions in the global financial markets, including the bankruptcy and restructuring of major financial institutions, may adversely impact our ability to refinance existing debt and the availability and cost of credit in the future. In such conditions, access to equity and debt financing options may be restricted and it may be uncertain how long these economic circumstances may last. This would require us to allocate a substantial portion of cash flow to repay principal and interest, thereby reducing the amount of money available to invest in operations, including acquisitions and capital expenditures. Our leverage could also affect our competitiveness and limit our ability to changes in market conditions, changes in the real estate industry and economic downturns.

We may not be able to generate sufficient cash flows from operations to satisfy our debt service requirements or to obtain future financing. If we cannot satisfy our debt service requirements or if we default on any financial or other covenants in our debt arrangements, the lenders and/or holders of our debt will be able to accelerate the maturity of such debt or cause defaults under the other debt arrangements. Our ability to service debt obligations or to refinance them will depend upon our future financial and operating performance, which will, in part, be subject to factors beyond our control such as macroeconomic conditions and regulatory changes in Argentina. If we cannot obtain future financing, we may have to delay or abandon some or all of our planned capital expenditures, which could adversely affect our ability to generate cash flows and repay our obligations as they become due.

We may not be able to continue as a going concern.

The accompanying financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. However, doubt has been raised as to the ability of the Company to continue as a going concern. The Company presently has enough cash on hand to sustain its operations on a month-to-month basis, but if the Company is not able to obtain additional sources of capital, it may not have sufficient funds to continue to operate the business for twelve months from the date these financial statements are issued. While management believes that it will be successful in obtaining additional financing, no assurance can be provided that the Company will be able to do so. Further, there is no assurance that these funds will be sufficient to enable the Company to attain profitable operations or continue as a going concern. To the extent that the Company is unsuccessful, the Company may need to curtail its operations and implement a plan to extend payables, reduce overhead and possibly sell certain Company assets until sufficient additional capital is raised to support further operations. There can be no assurance that such a plan will be successful. Such a plan could have a material adverse effect on the Company's business, financial condition and results of operations, and ultimately the Company could be forced to discontinue its operations, liquidate and/or seek reorganization in bankruptcy.

Adverse developments affecting the financial services industry, such as actual events or concerns involving liquidity, defaults, or non-performance by financial institutions or transactional counterparties, could adversely affect the Company's current and projected business operations and its financial condition and results of operations.

Actual events involving reduced or limited liquidity, defaults, non-performance or other adverse developments that affect financial institutions or other companies in the financial services industry or the financial services industry generally, or concerns or rumors about any events of these kinds, have in the past and may in the future lead to market-wide liquidity problems. For example, on March 10, 2023, Silicon Valley Bank, was closed by the California Department of Financial Protection and Innovation, which appointed the Federal Deposit Insurance Corporation as receiver. Although we did not have any cash or cash equivalent balances on deposit with Silicon Valley Bank, investor concerns regarding the U.S. or international financial systems could result in less favorable commercial financing terms, including higher interest rates or costs and tighter financial and operating covenants, or systemic limitations on access to credit and liquidity sources, thereby making it more difficult for us to acquire financing on acceptable terms or at all. Any decline in available funding or access to our cash and liquidity resources could, among other risks, adversely impact our ability to meet our operating expenses, financial obligations or fulfill our other obligations, result in breaches of our financial and/or contractual obligations or result in violations of federal or state wage and hour laws. Any of these impacts, or any other impacts resulting from the factors described above or other related or similar factors not described above, could have material adverse impacts on our liquidity and our current and/or projected business operations and financial condition and results of operations.

War in the Ukraine may impact the business of the Company and the financial markets in which the Company needs to raise capital.

Political turmoil, warfare, or terrorist attacks in Ukraine could negatively affect our business. Political and military events in Ukraine, including the 2022 Russian invasion of Ukraine, as well as ongoing tensions and intermittent warfare between Ukraine may have an adverse impact on our ability to grow our business and negatively affect our results of operations.

The uncertainty impacting and potential interruption in supply chains resulting from military hostilities in Europe and the response of the United States and other countries to it by means of trade and economic sanctions, or other actions, may give rise to increases in costs of goods and services generally and may impact the market for our products as prospective customers reconsider additional capital expenditure, or other investment plans until the situation becomes clearer.

For so long as the hostilities continue and perhaps even thereafter as the situation in Europe unfolds, we may see increased volatility in financial markets and a flight to safety by investors, which may impact our stock price and make it more difficult for the Company to raise additional capital at the time when it needs to do so, or for financing to be available upon acceptable terms. All or any of these risks separately, or in combination could have a material adverse effect on our business, financial condition, results of operations, and cash flows. We cannot predict the timing, strength, or duration of any economic slowdown, instability or recovery.

We face significant business disruption and related risks resulting from the COVID-19 pandemic, which could have a material adverse effect on our business and results of operations.

Throughout the pandemic, we also experienced significant delays in product development, production, and shipping from our overseas manufacturing partners, many of whom have been on complete lockdown for the safety of their workers. Some of our manufacturing partners have even had to close permanently. Because of this, we have had to pursue relationships with new vendors.

Due to the events stated above, it was necessary for us to reduce our email marketing efforts to our customer database, as we were not able to fulfill orders. This resulted in a significant reduction in our web traffic and sales.

The Company is continuing to monitor the outbreak of COVID-19 and the related business and travel restrictions, and changes to behavior intended to reduce its spread, and the related impact on the Company's operations, financial position and cash flows, as well as the impact on its employees. Due to the rapid development and fluidity of this situation, the magnitude and duration of the pandemic and its impact on the Company's future operations and liquidity is uncertain. While there could ultimately be a material impact on operations and liquidity of the Company, as of the date of this report, the impact cannot be determined at this time.

Risks Relating to Argentina

As of the date of this annual report, the majority of our operations, property and sales are located in Argentina. As a result, the quality of our assets, our financial condition and the results of our operations are dependent upon the macroeconomic, regulatory, social and political conditions prevailing in Argentina from time to time. These conditions include growth rates, inflation rates, exchange rates, taxes, foreign exchange controls, changes to interest rates, changes to government policies, social instability, and other political, economic or international developments either taking place in, or otherwise affecting, Argentina.

Economic and political instability in Argentina may adversely and materially affect our business, results of operations and financial condition.

The Argentine economy has experienced significant volatility in recent decades, characterized by periods of low or negative GDP growth, high and variable levels of inflation and currency depreciation and devaluation. The economy has experienced high inflation and GDP growth has been sluggish in the last few years. According to the International Monetary Fund's (IMF) "World Economic Outlook" report dated October 2022, the Argentine Real GDP grew by 4.0 percent in 2022, with a growth of 2.0 percent forecasted for 2023.

In its January 2023 update to the “World Economic Outlook”, the IMF noted that the slowdown in the global economy will affect Argentina as well, based on the tightening policies that are put in place in the country, both tightening monetary policy and the effort to keep down the elevated inflation rate.

In addition, according to the IMF, at an early December 2022 meeting, it estimated that inflation was approximately 95% for 2022 and it further forecasted the inflation rate to increase approximately 60% in 2023.

The operating environment in Argentina continues to be a challenging business environment, including the continuing significant devaluation of Argentina’s currency, high inflation and economic recession. Volatility and declines in the exchange rate are expected in the future, which could have an adverse impact on our Argentine revenues, net earnings, cash flows and net monetary asset position.

On October 27, 2019, Alberto Fernández won the election as President and Cristina Fernández de Kirchner won as Vice President and both took office on December 10, 2019. In December 2022, Vice President Fernández de Kirchner was convicted on corruption charges and sentenced to six years in prison and a lifetime ban from being in office. Argentina’s next presidential and legislative elections will be in October 2023.

In late December of 2019, President Fernández’s emergency economic reform package was passed by Congress and was intended to decrease poverty and reduce inflation. The economic reform package included, among other things, tax increases, restrictions on the currency market, and debt renegotiations.

Given the political climate and the ongoing COVID-19 health crisis, it is not certain what other changes may take place or what the impact of the changes may be on the economy of Argentina. Our discussion below is based on recent history.

Economic and Political Risks Specific to Argentina

The Argentinian economy has been characterized by frequent and occasionally extensive intervention by the Argentinian government and by unstable economic cycles. The Argentinian government has often changed monetary, taxation, credit, tariff and other policies to influence the course of Argentina’s economy, and taken other actions which do, or are perceived to weaken the nation’s economy especially as it relates to foreign investors and other overall investment climate. The Argentine peso has devalued significantly against the U.S. dollar, from about 6.1 Argentine pesos per dollar in December 2013 to approximately 198.27 pesos per dollar in February 2023.

In June 24, 2021, the Morgan Stanley Capital International (MSCI) index stated that it would reclassify the Argentina Index from Emerging Markets to Standalone Market status during its November index review. Investors considering an investment in GGH should be mindful of these potential political and financial risks.

Argentina’s economy may not support foreign investment or our business.

Currently there is significant inflation, labor unrest, and currency deflation, in addition to a potential recession brought on by the COVID-19 pandemic. There has also been significant governmental intervention into the Argentine economy, including price controls, foreign currency restrictions, and debt restructuring negotiations. As a result, uncertainty remains as to whether economic growth in Argentina is sustainable and whether foreign investment will be successful. Foreign investment is restricted in aviation, media, and foreign ownership in rural productive lands, bodies of water and areas along borders.

Since July 1, 2018, Argentina has had a highly inflationary economy, which may continue to increase our accounting and legal costs.

The International Practices Task Force (“IPTF”) of the Center for Audit Quality discussed the inflationary status of Argentina at its meeting on May 16, 2018 and, as further described in its May 16, 2018 Document for Discussion, it categorized Argentina as a country with a projected three-year cumulative inflation rate greater than 100%. Therefore, the Company transitioned its Argentine operations to highly inflationary status as of July 1, 2018. As a result, the Company was required to change the functional currency of its Argentine operations to the U.S. dollar, effective as of July 1, 2018. For operations in highly inflationary economies, monetary asset and liabilities are translated at exchange rates in effect at the balance sheet date, and non-monetary assets and liabilities are translated at historical exchange rates. Income and expense accounts are translated at the weighted average exchange rate in effect during the period. Translation adjustments are reflected in loss on foreign currency translation on the accompanying statements of operations.

Past efforts by Argentina to nationalize businesses.

In April 2012, then Argentine President Cristina Fernández de Kirchner announced her decision to nationalize YPF, the country’s largest oil company, from its majority stakeholder, thus contributing to declining faith from foreign investors in the country and again resulting in a downgrade by Standard and Poor’s of Argentina’s economic and financial outlook to “negative”. There were other discussions in Argentina about the possibility of nationalizing other businesses and industries under former President Kirchner, and she was elected a Senator in late 2017. She has made several public statements about her intent to debate everything and take firm positions on her political ideals.

As a result of the primary held in August 2019, where Mr. Macri earned only 32% of the vote in primary elections due to voters’ anger over austerity measures, the deep recession and soaring inflation, the peso fell about 17% against the dollar and Argentina’s bonds and stocks plunged. On October 27, 2019, Alberto Fernández won as President of Argentina with Ms.de Kirchner becoming Vice President. In June of 2020, President Fernández announced his plan to nationalize Vicentin SAIC, a major Argentine soybean processor. here is no assurance that any investment in GGH will be safe from government control or nationalization.

Due to the Company’s operations in Argentina, the Company is exposed to the risk of changes in foreign exchange rates.

Due to the international nature of Gaucho Group Holdings’ business, movements in foreign exchange rates may impact the consolidated statements of operations, consolidated balance sheets and cash flows of the Company. Since almost all of the Company’s sales are located in Argentina, the Company’s consolidated net sales are impacted negatively by the strengthening or positively by the weakening of the U.S. dollar as compared to Argentina’s currencies. Additionally, movements in the foreign exchange rates may unfavorably or favorably impact the Company’s results of operations, financial condition and liquidity. In October 2020, Argentina’s central bank introduced measures to tighten controls on the movement of foreign currency, which resulted in a decline of the Argentine peso. The Argentine peso is stated at approximately 198.27 Argentine pesos per US dollar as of February 2023.

A significant number of our employees are located in Argentina, and any favorable or unfavorable developments in Argentina could have an impact on our results of operations.

A significant number of our employees are located in Argentina. Our business activities in Argentina also subject us to risks associated with changes in and interpretations of Argentine law, including laws related to employment, the protection and ownership of intellectual property and U.S. ownership of Argentine operations. Furthermore, if we had to scale down or close our Argentine operations, there would be significant time and cost required to relocate those operations elsewhere, which could have an adverse impact on our overall cost structure.

The Argentine government has historically exercised significant influence over the country's economy. For example, since September 2019, the Argentine government has enacted a series foreign exchange currency controls. These controls include restrictions on Argentine citizens and Argentinian companies' abilities to purchase U.S. dollars, transfer money to foreign accounts and make payments of dividends or payments for services by related parties without permission from the Argentine government. These controls have become stricter during the pandemic; currently it is challenging, and at times not possible for citizens in Argentina to formally access the exchange market, and strategies available for the purchase of foreign currency outside of the exchange market are largely cost prohibitive. The increase of the local inflation rates and the local currency devaluation have drastically reduced the purchasing power of our local employees' salaries, because the purchase of certain goods and services in Argentina remains tied to the market value of the US dollar. In addition, it is possible that the Argentine government may impose additional controls on the foreign exchange market and on capital flows from and into Argentina in response to capital flight or depreciation of the Argentine peso. These restrictions may have a negative effect on the economy and harm our business if imposed in an economic environment where access to local capital is tightly constrained.

Additionally, Argentina's economy and legal and regulatory framework have at times suffered radical changes, due to significant political influence and uncertainties. Currently, Argentina's federal government is conducting negotiations with respect to the restructuring of their sovereign debt. Such policies, and the ongoing restructuring negotiations, could destabilize the country and, consequently, its provinces, and adversely affect our business and operating expenses.

Doing business in Argentina poses additional challenges, such as finding and retaining qualified employees, particularly management-level employees, navigating local bureaucracy and infrastructure-related issues and identifying and retaining qualified service providers, among other risks. Among these, the ability to retain employees without the possibility to offer alternatives that enable them to regain their salary value have been particularly challenging, and said difficulties are expected to continue or even increase. Argentina's fragile economic environment has been challenged by the COVID-19 pandemic. From March 2020 through December 2021, the Argentine government introduced several measures designed to address the COVID-19 pandemic, which resulted in a significant slowdown in economic activity that adversely affected economic growth in 2020 and may continue to adversely affect economic growth in 2023 although this cannot be currently quantified. Furthermore, despite recent enactments of local anti-corruption and anti-bribery legislation in a number of developing markets such as Argentina, it may still be more common than in the United States for others to engage in business practices prohibited by laws and regulations applicable to us, such as the U.S. Foreign Corrupt Practices Act, U.K. Bribery Act or similar local anti-bribery laws. In turn, the decrease in investors' confidence, among other factors, could have a significant adverse impact on the development of the Argentine economy, which could harm our business, results of operations and financial condition. Our commitment to legal compliance could put us at a competitive disadvantage, and any lapses in our compliance could subject us to civil and criminal penalties that could harm our business, results of operations and financial condition.

Argentina's ability to obtain financing from international markets is limited, which may impair its ability to implement reforms and foster economic growth.

After the economic crisis in 2002, the Argentine government has maintained a policy of fiscal surplus. To be able to repay its debt, the Argentine government may be required to continue adopting austere fiscal measures that could adversely affect economic growth.

In 2005 and 2010, Argentina restructured over 91% of its sovereign debt that had been in default since the end of 2001. Some of the creditors who did not participate in the 2005 or 2010 exchange offers continued their pursuit of a legal action against Argentina for the recovery of debt.

A U.S. Court of Appeals blocked the most recent debt payment made by Argentina in June 2014 because it was improperly structured, giving Argentina through the end of July 2014 to find a way to pay to fulfill its obligations. In March 2015, more than 500 creditors, separate from the hedge fund creditors, filed suit against Argentina for payment on the debt of \$5.4 billion. Argentina filed a motion opposing those claims noting that there were now \$10 billion in judgments and claims before the court. In February 2016, Argentina and four of its major bond creditors entered into a settlement agreement whereby Argentina agreed to pay roughly \$4.65 billion to those creditors to resolve the fifteen-year litigation. Subsequently, Argentina has also entered into settlement agreements with other bond default creditors who were not party to the original settlement which, in the aggregate, could have an estimated dollar value upwards of \$10 billion.

As a result of Argentina's default and its aftermath of litigation, the government may not have the financial resources necessary to implement reforms and foster economic growth, which, in turn, could have a material adverse effect on the country's economy and, consequently, our businesses and results of operations. Furthermore, Argentina's inability to obtain credit in international markets could have a direct impact on our own ability to access international credit markets to finance our operations and growth.

In April of 2016, after settling the litigation, Argentina was able to return to the international debt markets with a \$16.5 billion century bond. The attractiveness of a century bond is debatable amongst investment advisers and its impact over the long-term in this case unknown. In 2017, Argentina engaged in additional sales of bonds on international markets for around \$13.4 billion. There can be no assurance that the Argentine government will not default on its obligations under these or any of its bonds if it experiences another economic crisis or has a change in political control. A new default by the Argentine government could lead to a new recession, even higher inflation, restrictions on Argentine companies access to financing and funds, limit the operations of Argentine companies in the international markets, higher unemployment and social unrest, which would negatively affect our financial condition, results of operations and cash flows. In June 2018, the Argentine Government entered into a US\$50 billion, 36-month stand-by arrangement with the IMF. This measure was intended to halt the significant depreciation of the peso during the first half of 2018. In December 2018, the IMF completed a second review under the stand-by arrangement and although there were indications that the financial markets in Argentina have stabilized since the end of September 2018 following the adoption of the new monetary policy framework, the IMF noted that external risks are centered around an unanticipated tightening of global financial conditions, which could resurface concerns about Argentina's ability to meet its large gross financing needs. The IMF also warned that greater than expected inertia in the inflation process may delay the expected easing of monetary policy and generate a greater economic loss during the needed disinflation and that a deeper recession or more persistent inflation could generate a more forceful opposition to the policies underpinning the program and hinder their implementation.

In August 2020, Argentina reported that it had successfully negotiated a restructuring of close to \$65 billion in debt with large US investment firms. The government predicted that the deal will bring in billions of dollars in financial relief over the 2020-2030 term and help cut interest rates on foreign bonds by 4%. However, only weeks after the restructuring, investors criticized the Argentine government's mismanagement of the economy, and bonds issued in September had already fallen 25 percent.

In March 2022, the IMF approved a new \$44 billion 30-month arrangement that, according to the IMF, sets pragmatic objectives to improve public finances and reduce inflation. In December 2022, the IMF finished a third review of the arrangement with Argentina that will likely lead to the release of \$6 billion in funding.

The Argentine government may again place currency limitations on withdrawals of funds.

Through 2015, the Argentine government, led by then president Cristina Fernández, instituted economic controls that included limiting the ability of individuals and companies to exchange local currency (Argentine peso) into U.S. dollars and to transfer funds out of the country. At the time, public reports stated that government officials were micromanaging money flows by limiting dollar purchases and discouraging dividend payments and international wire transfers. As a result of these controls, Argentine companies had limited access to U.S. dollars through regular channels (e.g., banks) and consumers faced difficulty withdrawing and exchanging invested funds. Given the Company's investment in Argentine projects and developments, its ability to mobilize and access funds may be adversely affected by the above-mentioned political actions, despite the efforts to repeal economic controls in the recent past.

In December 2015, newly elected President Mauricio Macri ended the central bank's support of the peso and removed the currency controls that limited the ability of Argentines to buy dollars, resulting in a 30% devaluation of the Argentine peso. In January 2017, the country lifted the 120-day holding period for incoming funds hoping to increase the flow of money into the country and ease access for tourists, citizens and businesses. However, Argentina is still feeling the impact of removing currency controls and continued experiencing a decrease in the value of the Argentine peso throughout 2023.

In 2020, the Argentine central bank restricted access to dollars, prohibiting private citizens from buying more than \$200 in foreign currency per month on the official exchange market. Argentine officials have suggested that they will relax controls when the economy has stabilized, which has not yet happened. These restrictions may have a negative effect on the economy and on our business if imposed in an economic environment where access to local capital is constrained.

The stability of the Argentine banking system is uncertain.

Adverse economic developments, even if not related to or attributable to the financial system, could result in deposits flowing out of the banks and into the foreign exchange market, as depositors seek to shield their financial assets from a new crisis. Any run on deposits could create liquidity or even solvency problems for financial institutions, resulting in a contraction of available credit.

Additionally, unrest among the employment sector of the banking industry has led to strikes led by strong labor unions. This makes it difficult for citizens and businesses to conduct banking activities and decreases the level of trust people put into the Argentine banking system.

In the event of a future shock, such as the failure of one or more banks or a crisis in depositor confidence, the Argentine government could impose further exchange controls or transfer restrictions and take other measures that could lead to renewed political and social tensions and undermine the Argentine government's public finances, which could adversely affect Argentina's economy and prospects for economic growth which could adversely affect our business.

Government measures to preempt or respond to social unrest may adversely affect the Argentine economy and our business.

The Argentine government has historically exercised significant influence over the country's economy. Additionally, the country's legal and regulatory frameworks have at times suffered radical changes, due to political influence and significant political uncertainties. Future government policies to preempt, or in response to, social unrest may include expropriation, nationalization, forced renegotiation or modification of existing contracts, suspension of the enforcement of creditors' rights, new taxation policies, including royalty and tax increases and retroactive tax claims, and changes in laws and policies affecting foreign trade and investment. Such policies could destabilize the country and adversely and materially affect the economy, and thereby our business.

The Argentine economy could be adversely affected by economic developments in other global markets.

Financial and securities markets in Argentina are influenced, to varying degrees, by economic and market conditions in other global markets. Although economic conditions vary from country to country, investors' perception of the events occurring in one country may substantially affect capital flows into other countries. Lower capital inflows and declining securities prices negatively affect the real economy of a country through higher interest rates or currency volatility.

In addition, Argentina is also affected by the economic conditions of major trade partners, such as Brazil and/or countries that have influence over world economic cycles, such as the United States. If interest rates rise significantly in developed economies, including the United States, Argentina and other emerging market economies could find it more difficult and expensive to borrow capital and refinance existing debt, which would negatively affect their economic growth. In addition, if these developing countries, which are also Argentina's trade partners, fall into a recession the Argentine economy would be affected by a decrease in exports. All of these factors would have a negative impact on us, our business, operations, financial condition and prospects.

The Argentine government may order salary increases to be paid to employees in the private sector, which would increase our operating costs.

There have been nationwide strikes in Argentina over wages and benefits paid to workers which workers believe to be inadequate in light of the high rate of inflation and rising utility rates. In the past, the Argentine government has passed laws, regulations and decrees requiring companies in the private sector to maintain minimum wage levels and provide specified benefits to employees and may do so again in the future. In the aftermath of the Argentine economic crisis, employers both in the public and private sectors have experienced significant pressure from their employees and labor organizations to increase wages and to provide additional employee benefits. Due to the high levels of inflation, the employees and labor organizations have begun again demanding significant wage increases. It is possible that the Argentine government could adopt measures mandating salary increases and/or the provision of additional employee benefits in the future. Any such measures could have a material and adverse effect on our business, results of operations and financial condition. To management's knowledge, currently there are no pending measures.

Restrictions on the supply of energy could negatively affect Argentina's economy.

As a result of a prolonged recession, and the forced conversion into pesos and subsequent freeze of gas and electricity tariffs in Argentina, there has been a lack of investment in gas and electricity supply and transport capacity in Argentina in recent years. At the same time, demand for natural gas and electricity has increased substantially, driven by a recovery in economic conditions and price constraints, which has prompted the government to adopt a series of measures that have resulted in industry shortages and/or cost increases. In 2017, the government increased the tariffs on electricity and gas hoping to spur an increase in domestic energy production which increased the cost for these utilities for citizens. Scheduled increases in electricity tariffs in May and August 2019 were canceled and the government committed to no further gas tariff increases in 2019.

The federal government has been taking a number of measures, including the tariff increase, to alleviate the short-term impact of energy shortages on residential and industrial users. If these measures prove to be insufficient, or if the investment that is required to increase natural gas production and transportation capacity and energy generation and transportation capacity over the medium-and long-term fails to materialize on a timely basis, economic activity in Argentina could be limited, which could have a significant adverse effect on our business.

We are exposed to risks in relation to compliance with foreign and domestic anti-corruption and anti-bribery laws and regulations.

Our operations are subject to various foreign and domestic anti-corruption and anti-bribery laws and regulations, including the Argentine Corporate Criminal Liability Law 27,401 effective March 1, 2018 (the “Corporate Criminal Liability Law”) and the U.S. Foreign Corrupt Practices Act of 1977 (the “FCPA”). Both the Corporate Criminal Liability Law and the FCPA impose liability against companies who engage in bribery of government officials, either directly or through intermediaries. The Corporate Criminal Liability Law establishes a system of criminal liability of private legal persons which include companies created under any legal form (LLCs, PLCs, partnerships, etc.) whether of national or foreign capital for criminal offenses against public administration and national and cross-border bribery committed by, among others, its shareholders, attorneys-in-fact, directors, managers, employees, or representatives. Such anti-corruption laws generally prohibit providing anything of value to government officials for the purposes of obtaining or retaining business or securing any improper business advantage. In January of 2019, the National Executive enacted Emergency Decree No. 62/2019, which allows for the confiscation of assets that were acquired from drug trafficking, smuggling, money laundering, and other corruption crimes, where there is proof that the assets do not reasonably correspond to the person’s income. Additionally, on April 10, 2019, President Macri approved Decree No. 258/2019, which implemented the National Anti-corruption Plan (2019-2023). The plan is intended to consolidate progress in fighting corruption, and includes various initiatives divided into three main categories: (1) initiatives on transparency and open government; (2) initiatives to prevent money laundering; and (3) investigation and sanctions initiatives. As part of our business, we may deal with entities in which the employees are considered government officials. We have a compliance program that is designed to manage the risks of doing business in light of these new and existing legal and regulatory requirements.

Although we have internal policies and procedures designed to ensure compliance with applicable anti-corruption and anti-bribery laws and regulations, there can be no assurance that such policies and procedures will be sufficient. Violations of anti-corruption laws and sanctions regulations could lead to financial penalties being imposed on us, limits being placed on our activities, our authorizations and licenses being revoked, damage to our reputation and other consequences that could have a material adverse effect on our business, results of operations and financial condition. Further, litigation or investigations relating to alleged or suspected violations of anti-corruption laws and sanctions regulations could be costly.

Real Estate Considerations and Risks Associated with the International Projects that GGH Operates

The Real Estate Industry and International Investing

Investments in our real estate projects are subject to numerous risks, including the following:

- Increased expenses and uncertainties related to international operations;
- Risks associated with Argentina's past political uncertainties, economic crises, and high inflation;
- Risks associated with currency, exchange, and import/export controls;
- Adverse changes in national or international economic conditions;
- Adverse local market conditions;
- Construction and renovation costs exceeding original estimates;
- Price increases in basic raw materials used in construction;
- Delays in construction and renovation projects;
- Changes in availability of debt financing;
- Risks due to dependence on cash flow;
- Changes in interest rates, real estate taxes and other operating expenses;
- Changes in the financial condition of tenants, buyers and sellers of properties;
- Competition with others for suitable properties;
- Changes in environmental laws and regulations, zoning laws and other governmental rules and fiscal policies;
- Changes in energy prices;
- Changes in the relative popularity of properties;
- Risks related to the potential use of leverage;
- Costs associated with the need to periodically repair, renovate and re-lease space;
- Increases in operating costs including real estate taxes;
- Risks and operating problems arising out of the presence of certain construction materials;
- Environmental claims arising in respect of real estate acquired with undisclosed or unknown environmental problems or as to which inadequate reserves had been established;
- Uninsurable losses and acts of terrorism;
- Acts of God; and
- Other factors beyond the control of the Company.

Investment in Argentine real property is subject to economic and political risks.

Investment in foreign real estate requires consideration of certain risks typically not associated with investing in the United States. Such risks include, among other things, trade balances and imbalances and related economic policies, unfavorable currency exchange rate fluctuations, imposition of exchange control regulation by the United States or foreign governments, United States and foreign withholding taxes, limitations on the removal of funds or other assets, policies of governments with respect to possible nationalization of their industries, political difficulties, including expropriation of assets, confiscatory taxation and economic or political instability in foreign nations or changes in laws which affect foreign investors. Any one of these risks has the potential to reduce the value of our real estate holdings in Argentina and have a material adverse effect on the Company's financial condition.

The real estate market is uncertain in Argentina.

President Macri had attempted to boost the real estate market in Argentina by lifting various currency restrictions. However, the real estate market has not rebounded from the crippling effect of past currency controls, and the Argentine government recently imposed additional currency controls under new President Alberto Fernández. As a result on the currency controls and the decline in the Argentine peso, the real estate market in Argentina is uncertain. Continued investment in real estate in Argentina is very risky and could never materialize in the way our business model plans. However, waiting to act on certain real estate endeavors will have negative consequences if the market sees an increase in competitiveness. The main competitive factors in the real estate development business include availability and location of land, price, funding, design, quality, reputation and partnerships with developers. Although there is little to no leverage used to acquire real estate in Argentina, thereby greatly lessening the impact of foreclosures in the market, the practice of cash acquisitions can be a barrier to entry in the real estate market. A number of residential and commercial developers and real estate services companies may desire to enter the market and compete with the Company in seeking land for acquisition, financial resources for development and prospective purchasers. To the extent that one or more of the Company's competitors are able to acquire and develop desirable properties, as a result of greater financial resources or otherwise, the Company's business could be materially and adversely affected. If the Company is not able to acquire and develop sought-after property as promptly as its competitors, or should the level of competition increase, its financial position and results of operations could be adversely affected.

An adverse economic environment for real estate companies such as a credit crisis may adversely impact our results of operations and business prospects significantly.

The success of our business and profitability of our operations depend on continued investment in real estate and access to capital and debt financing. A prolonged crisis of confidence in real estate investments and lack of credit for acquisitions may constrain our growth. In order to pursue acquisitions, we may need access to equity capital and/or debt financing. Any disruptions in the financial markets may adversely impact our ability to refinance existing debt and the availability and cost of credit in the near future. Any consideration of sales of existing properties or portfolio interests may be offset by lower property values. Our ability to make scheduled payments or to refinance our existing debt obligations depends on our operating and financial performance, which in turn is subject to prevailing economic conditions. If a recurrence of the disruptions in financial markets remains or arises in the future, there can be no assurances that government responses to such disruptions will restore investor confidence, stabilize the markets or increase liquidity and the availability of credit.

There are limitations on the ability of foreign persons to own Argentinian real property.

In December 2011, the Argentine Congress passed Law 26,737 (Regime for Protection of National Domain over Ownership, Possession or Tenure of Rural Land) limiting foreign ownership of rural land, even when not in border areas, to a maximum of 15 percent of all national, provincial or departmental productive land. Ownership by the same foreign owner (i.e., foreign individuals, foreign entities or local entities controlled by a foreign person) may not exceed 1,000 hectares (2,470 acres) of the ‘core area’ or the ‘equivalent surface’ determined according to the location of the lands. The Interministerial Council of Rural Lands, the enforcement agency, defines the ‘equivalent surface’ taking into consideration: (1) the proportion of the ‘rural lands’ in relation to the municipality, department and province; and (2) the potential and quality of the rural lands for their use and exploitation. Every non-Argentine national must request permission from the National Land Registry of Argentina in order to acquire non-urban real property.

As approved, the law has been in effect since February 28, 2012 but is not retroactive. Furthermore, the general limit of 15 percent ownership by non-nationals must be reached before the law is applicable and each provincial government may establish its own maximum area of ownership per non-national.

Pursuant to Executive Order No. 550/13, as published on the Official Bulletin on May 9, 2013, in the Mendoza province, the maximum area allowed per type of production and activity per non-national is as follows: Mining—25,000 hectares (61,776 acres), cattle ranching—18,000 hectares (44,479 acres), cultivation of fruit or vines—15,000 hectares (37,066 acres), horticulture—7,000 hectares (17,297 acres), private lot—200 hectares (494 acres), and other—1,000 hectares (2,471 acres). A hectare is a unit of area in the metric system equal to approximately 2.471 acres. However, these maximums will only be considered if the total 15 percent is reached. Currently, the Company owns approximately 4,138 acres of Argentine rural land through AWE, 2,050 acres are considered land held for cultivation of fruit or vines and 2,088 was purchased during 2017 to provide additional access to AWE. Because the maximum area for this type of land allowed per non-national is 25,000 hectares, the Company is compliant with the law’s limit, were it to apply today. Costs of compliance with the law may be significant in the future. Although the area under foreign ownership in Mendoza is approximately 8.45 percent, this law may apply to the Company in the future and could affect the Company’s ability to acquire additional real property in Argentina. The inability to acquire additional land could curtail the Company’s growth strategy. Management is not currently aware of any change that would require the Company to divest itself of its properties.

Our business is subject to extensive regulation in Argentina and the U.S. and additional regulations may be imposed in the future.

Many aspects of the Company’s businesses face substantial government regulation and oversight. Our activities are subject to Argentine federal, state and municipal laws, and to regulations, authorizations and licenses required with respect to construction, zoning, use of the soil, environmental protection and historical patrimony, consumer protection, antitrust and other requirements, all of which affect our ability to acquire land, buildings and shopping malls, develop and build projects and negotiate with customers.

Additionally, hotel properties are subject to numerous laws, including those relating to the preparation and sale of food and beverages, including alcohol and those governing relationships with employees such as minimum wage and maximum working hours, overtime, working conditions, hiring and firing employees and work permits. Additionally, hotel properties may be subject to various laws relating to the environment and fire and safety. Compliance with these laws may be time consuming and costly and may adversely affect hotel operations in Argentina. Another example is the wine industry which is subject to extensive regulation by local and foreign governmental agencies concerning such matters as licensing, trade and pricing practices, permitted and required labeling, advertising and relations with wholesalers and retailers. New or revised regulations in Argentina, or other foreign countries and U.S. import laws could have a material adverse effect on Algodon Wine Estates’ financial condition or operations.

In addition, companies in this industry are subject to increasing tax rates, the creation of new taxes and changes in the taxation regime. We are required to obtain licenses and authorizations with different governmental authorities in order to carry out our projects. Maintaining our licenses and authorizations can be a costly provision. In the case of non-compliance with such laws, regulations, licenses and authorizations, we may face fines, project shutdowns, and cancellation of licenses and revocation of authorizations.

In addition, public authorities may issue new and stricter standards, or enforce or construe existing laws and regulations in a more restrictive manner, which may force us to make expenditures to comply with such new rules. Development activities are also subject to risks relating to potential delays in obtaining or an inability to obtain all necessary zoning, environmental, land-use, development, building, occupancy and other required governmental permits and authorizations. Any such delays or failures to obtain such government approvals may have an adverse effect on our business.

Finally, because many of the Company's properties are located in Argentina, they are subject to its laws and to the laws of various local districts that affect ownership and operational matters. Compliance with applicable rules and regulations requires significant management attention and any failure to comply could jeopardize the Company's ability to operate or sell a particular property and could subject the Company to monetary penalties, additional costs required to achieve compliance, and potential liability to third parties. Regulations governing the Argentinian real estate industry as well as environmental laws have tended to become more restrictive over time. The Company cannot assure that new and stricter standards will not be adopted or become applicable to the Company, or that stricter interpretations of existing laws and regulations will not be implemented.

There may be a lack of liquidity in the underlying real estate.

Because a substantial part of the assets managed by the Company will be invested in illiquid real estate, there is a risk that the Company will be unable to realize its investment objectives through the sale or other disposition of properties at attractive prices or to do so at a desirable time. This could hamper the Company's ability to complete any exit strategy with regard to investments it has structured or participated in.

There is limited public information about real estate in Argentina.

There is generally limited publicly available information about real estate in Argentina, and the Company will be conducting its own due diligence on future transactions. Moreover, it is common in Argentinian real estate transactions that the purchaser bears the burden of any undiscovered conditions or defects and has limited recourse against the seller of the property. Should the pre-acquisition evaluation of the physical condition of any future investments have failed to detect certain defects or necessary repairs, the total investment cost could be significantly higher than expected. Furthermore, should estimates of the costs of developing, improving, repositioning or redeveloping an acquired property prove too low or estimates of the market demand or the time required to achieve occupancy prove too optimistic, the profitability of the investment may be adversely affected.

Our construction projects may be subject to delays in completion due to the COVID-19 pandemic.

Due to COVID-19, construction on homes was temporarily halted from March to September of 2020 but has resumed. Algodon Wine Estates has required significant redevelopment construction (including potentially building residential units for Algodon Wine Estates). The quality of the construction and the timely completion of these projects are factors affecting operations and significant delays or cost overruns could materially adversely affect the Company's operations. Delays in construction or defects in materials and/or workmanship have occurred due to the COVID-19 pandemic and may continue to occur pending the course of the pandemic. In addition, defects could delay completion of one or all of the projects or, if such defects are discovered after completion, expose the Company to liability. In addition, construction projects may also encounter delays due to adverse weather conditions, natural disasters, fires, delays in the provision of materials or labor, accidents, labor disputes, unforeseen engineering, environmental or geological problems, disputes with contractors and subcontractors, or other events. If any of these materialize, there may be a delay in the commencement of cash flow and/or an increase in costs that may adversely affect the Company.

The Company may be subject to certain losses that are not covered by insurance.

GGH, its affiliates and/or subsidiaries currently maintain insurance coverage against liability to third parties and property damage as is customary for similarly situated businesses, however the Company does not hold any country-risk insurance. There can be no assurance, however, that insurance will continue to be available or sufficient to cover any such risks. Insurance against certain risks, such as earthquakes, floods or terrorism may be unavailable, available in amounts that are less than the full market value or replacement cost of the properties or subject to a large deductible. In addition, there can be no assurance the particular risks which are currently insurable will continue to be insurable on an economic basis.

Boutique Hotel

Algodon Mansion closed to the public for approximately eight months between March 18th and November 11th, 2020 due to the COVID-19 pandemic, which resulted in a decrease in revenues.

In addition to the risks relating to COVID-19 and the risks that apply to all real estate investments, hotel and hospitality investments are generally subject to additional risks which include:

- Competition for guests from other hotels based upon brand affiliations, room rates offered including those via internet wholesalers and distributors, customer service, location and the condition and upkeep of each hotel in general and in relation to other hotels in their local market;
- Specific competition from well-established operators of "boutique" or "lifestyle" hotel brands which have greater financial resources and economies of scale;
- Adverse effects of general and local political and/or economic conditions;
- Dependence on demand from business and leisure travelers, which may fluctuate and be seasonal;
- Increases in energy costs, airline fares and other expenses related to travel, which may deter travel;
- Impact of financial difficulties of the airline industry and potential reduction in demand on hotel rooms;
- Overbuilding in the hotel industry, especially in individual markets; and
- Disruption in business and leisure travel patterns relating to perceived fears of terrorism or political unrest.

The boutique hotel market is highly competitive.

The Company competes in the boutique hotel segment, which is highly competitive, is closely linked to economic conditions and may be more susceptible to changes in economic conditions than other segments of the hospitality industry. Competition within the boutique hotel segment is also likely to continue to increase in the future. Competitive factors include name recognition, quality of service, convenience of location, quality of the property, pricing, and range and quality of dining, services and amenities offered. Additionally, success in the boutique hotel market depends, largely, on an ability to shape and stimulate consumer tastes and demands by producing and maintaining innovative, attractive, and exciting properties and services. The Company competes in this segment against many well-known companies that have established brand recognition and significantly greater financial resources. If it is unable to achieve and maintain consumer recognition for its brand and otherwise compete with well-established competitors, the Company's business and operations will be negatively impacted. There can be no assurance that the Company will be able to compete successfully in this market or that the Company will be able to anticipate and react to changing consumer tastes and demands in a timely manner.

Historically, the Company's hotel incurs overhead costs higher than the total gross margin.

Historically the Algodon Mansion hotel has operated at a loss. There can be no assurance that the Algodon Mansion hotel will operate at a profit or that the Company will be able to increase revenues or lower the hotel's overhead cost in the future.

The profitability of the Company's hotels will depend on the performance of hotel management.

The profitability of the Company's hotel and hospitality investment will depend largely upon the ability of management that it employs to generate revenues that exceed operating expenses. The failure of hotel management to manage the hotels effectively would adversely affect the cash flow received from hotel and hospitality operations.

We are subject to risks affecting the hotel industry.

In addition, the profitability of our hotels depends on:

- our ability to form successful relationships with international and local operators to run our hotels;
- changes in tourism and travel trends, including seasonal changes and changes due to pandemic outbreaks, weather phenomena or other natural events and social unrest;
- affluence of tourists, which can be affected by a slowdown in global economy; and
- taxes and governmental regulations affecting wages, prices, interest rates, construction procedures and costs.

Algodon Wine Estates and Land Development

The profitability of Algodon Wine Estates will depend on consumer demand for leisure and entertainment, and such demand has been severely impacted by the COVID-19 pandemic.

Algodon Wine Estates is dependent on demand from leisure and business travelers, which may be seasonal and fluctuate based on numerous factors. Business and leisure travel patterns have been severely disrupted, and remain disrupted as a result of COVID-19. Governments have imposed quarantines and travel restrictions, which have led to a significant decrease in both business and leisure travel. COVID-19 has also negatively impacted the global economy, which will likely result in a decrease in discretionary consumer spending. As a result, the consumer demand for leisure travel will decline. The perception that the pandemic is over may come from the fact that threats of disease and death are considerably diminished, and in that people are seemingly returning to pre-pandemic life. However, the future of the COVID-19 pandemic and its effect on travel is still uncertain. The Company remains cautious that COVID-19 may continue to negatively impact Algodon Wine Estates through 2023 and possibly beyond.

Demand may also decrease with increases in energy costs, airline fares and other expenses related to travel, which may deter travel. Business and leisure travel patterns may be disrupted due to perceived fears of local unrest or terrorism both abroad and in Argentina. General and local economic conditions and their effects on travel may adversely affect Algodon Wine Estates.

The tourism industry is highly competitive and may affect the success of the Company's projects.

The success of the tourism and real estate development projects underway at Algodon Wine Estates depends primarily on recreational and secondarily on business tourists and the extent to which the Company can attract tourists to the region and to its properties. The U.S. Centers for Disease Control website currently states that travelers should avoid all travel to Argentina due to the COVID-19 pandemic. On March 15, 2020, the Argentine government announced the closing of its borders to foreigners. As of January 1, 2022, fully vaccinated individuals may enter Argentina as tourists without needing to quarantine.

Generally, the Company is in competition with other hotels and developers based upon brand affiliations, room rates, customer service, location, facilities, and the condition and upkeep of the lodging in general, and in relation to other lodges/hotels/investment opportunities in the local market. Algodon Wine Estates operates as a multi-functional resort and winery and serves a niche market, which may be difficult to target. Algodon Wine Estates may also be disadvantaged because of its geographical location in the greater Mendoza region. While the San Rafael area continues to increase in popularity as a tourist destination, it is currently less traveled than other regions of Mendoza, where tourism is more established.

The profitability of Algodon Wine Estates will depend on consumer demand for leisure and entertainment.

Algodon Wine Estates is dependent on demand from leisure and business travelers, which may be seasonal and fluctuate based on numerous factors. Business and leisure travel patterns have been severely disrupted, and remain disrupted as a result of COVID-19, which may adversely affect Algodon Wine Estates and consequently, our revenues. Demand may decrease with increases in energy costs, airline fares and other expenses related to travel, which may deter travel. Business and leisure travel patterns may be disrupted due to perceived fears of local unrest or terrorism both abroad and in Argentina. General and local economic conditions and their effects on travel may adversely affect Algodon Wine Estates and our revenues.

Development of the Company's projects will proceed in phases and is subject to unpredictability in costs and expenses.

It is contemplated that the expansion and development plans of Algodon Wine Estates will be completed in phases and each phase will present different types and degrees of risk. Algodon Wine Estates may be unable to acquire the property it needs for further expansion or be unable to raise the property to the standards anticipated for the ALGODON® brand. This may be due to difficulties associated with obtaining required future financing, purchasing additional parcels of land, or receiving the requisite zoning approvals. Algodon Wine Estates may have problems with local laws and customs that cannot be predicted or controlled. Development costs may also increase due to inflation or other economic factors.

The ability of the Company to operate its businesses may be adversely affected by U.S. and Argentine government regulations.

Many aspects of the Company's businesses face substantial government regulation and oversight. For example, hotel properties are subject to numerous laws, including those relating to the preparation and sale of food and beverages, including alcohol and those governing relationships with employees such as minimum wage and maximum working hours, overtime, working conditions, hiring and firing employees and work permits. Additionally, hotel properties may be subject to various laws relating to the environment and fire and safety. Compliance with these laws may be time consuming and costly and may adversely affect hotel operations in Argentina.

Another example is the wine industry which is subject to extensive regulation by local and foreign governmental agencies concerning such matters as licensing, trade and pricing practices, permitted and required labeling, advertising and relations with wholesalers and retailers. New or revised regulations in Argentina, or other foreign countries and U.S. import laws could have a material adverse effect on Algodon Wine Estates' financial condition or operations.

Finally, because many of the Company's properties are located in Argentina, they are subject to its laws and to the laws of various local districts that affect ownership and operational matters. Compliance with applicable rules and regulations requires significant management attention and any failure to comply could jeopardize the Company's ability to operate or sell a particular property and could subject the Company to monetary penalties, additional costs required to achieve compliance, and potential liability to third parties. Regulations governing the Argentinian real estate industry as well as environmental laws have tended to become more restrictive over time. The Company cannot assure that new and stricter standards will not be adopted or become applicable to the Company, or that stricter interpretations of existing laws and regulations will not be implemented.

Algodon Wine Estates—Vineyard and Wine Production

The COVID-19 pandemic affected the sales of the Company's wines by driving demand online.

The COVID-19 pandemic did not adversely affect Algodon's wine production at Algodon Wine Estate's winery in San Rafael, Mendoza, but did spur the Company to avoid losses from in-person sales by expediting the build and launch of e-commerce platforms in Argentina (algodonwines.com.ar) and in the U.S. (algodonfinewines.com). Potential unforeseen COVID-19 restrictions could again affect the status of retail stores selling our wines, and we may as a result see a drop in in-person sales of our wines.

Competition within the wine industry could have a material adverse effect on the profitability of wine sales.

The operation of a winery is a highly competitive business and the dollar amount and unit volume of wine sales through the ALGODON® label could be negatively affected by a variety of competitive factors. Many other local and foreign producers of wine have significantly greater financial, technical, marketing and public relations resources and wine producing expertise than the Company, and many have more refined, developed and established brands. The wine industry is characterized by fickle demand and success in this industry relies heavily on successful branding. Thus, the ALGODON® brand concept may not appeal to a large segment of the market, preventing the Company from successfully competing against other Argentinian and foreign brands. Wholesaler, retailer and consumer purchasing decisions are also influenced by the quality, pricing and branding of the product, as compared to competitive products. Unit volume and dollar sales could be adversely affected by pricing, purchasing, financing, operational, advertising or promotional decisions made by competitors, which could affect the supply of, or consumer demand for, product produced under the ALGODON® brand.

Algodon Wine Estates is subject to import and export rules and taxes which may change.

Algodon Wine Estates primarily exports its products to the United States and Europe. In countries to which Algodon Wine Estates intends to export its products, Algodon Wine Estates will be subject to excise and other taxes on wine products in varying amounts, which are subject to change. Significant increases in excise or other taxes could have a material adverse effect on Algodon Wine Estates' financial condition or operations. Political and economic instabilities of foreign countries may also disrupt or adversely affect Algodon Wine Estates' ability to export or make profitable sales in that country. Moreover, exporting costs are subject to macro-economic forces that affect the price of transporting goods (e.g., the cost of oil and its impact on transportation systems), and this could have an adverse impact on operations.

The Company's business would be adversely affected by natural disasters.

Natural disasters, floods, hurricanes, fires, earthquakes, hailstorms or other environmental disasters could damage the vineyard, its inventory, or other physical assets of the Algodon Wine Estates' resort, including the golf course. If all or a portion of the vineyard or inventory were to be lost prior to sale or distribution as a result of any adverse environmental activity, or if the golf course and facilities were damaged, Algodon Wine Estates would become significantly less attractive as a destination resort and therefore lose a substantial portion of its anticipated profit and cash flow. Such a loss would seriously harm the business and reduce overall sales and profits. The Company is not insured against crop losses as a result of weather conditions or natural disasters. Moderate, but irregular weather conditions may adversely affect the grapes, making any one season less profitable than expected. In addition to weather conditions, many other factors, such as pruning methods, plant diseases, pests, the number of vines producing grapes, and machine failure could also affect the quantity and quality of grapes. Any of these conditions could cause an increase in the price of production or a reduction in the amount of wine Algodon Wine Estates is able to produce and a resulting reduction in business sales and profits.

Climate change, or legal, regulatory or market measures to address climate change, may negatively affect our business, operations or financial performance, and water scarcity or poor water quality could negatively impact our production costs and capacity.

Our wine business depends upon agricultural activity and natural resources. There has been much public discussion related to concerns that carbon dioxide and other greenhouse gases in the atmosphere may have an adverse impact on global temperatures, weather patterns and the frequency and severity of extreme weather and natural disasters. Severe weather events and climate change may negatively affect agricultural productivity in the regions from which we presently source our agricultural raw materials such as grapes. Decreased availability of our raw materials may increase the cost of goods for our products. Severe weather events or changes in the frequency or intensity of weather events can also disrupt our supply chain, which may affect production operations, insurance cost and coverage, as well as delivery of our products to wholesalers, retailers and consumers.

Water is essential in the production of our products. The quality and quantity of water available for use is important to the supply of grapes and our ability to operate our business. Water is a limited resource in many parts of the world and if climate patterns change and droughts become more severe, there may be a scarcity of water or poor water quality that may affect our production costs or impose capacity constraints. Management is unaware of any current water issues in Argentina.

Various diseases, pests and certain weather conditions may negatively affect our business, operations or financial performance.

Various diseases, pests, fungi, viruses, drought, frosts and certain other weather conditions could affect the quality and quantity of grapes other agricultural raw materials available, decreasing the supply of our products and negatively impacting profitability. We cannot guarantee that our grape suppliers or our suppliers of other agricultural raw materials will succeed in preventing contamination in existing vineyards or fields or that we will succeed in preventing contamination in our existing vineyards or future vineyards we may acquire. Future government restrictions regarding the use of certain materials used in growing grapes or other agricultural raw materials may increase vineyard costs and/or reduce production of grapes or other crops. Growing agricultural raw materials also requires adequate water supplies. A substantial reduction in water supplies could result in material losses of grape crops and vines or other crops, which could lead to a shortage of our product supply.

Contamination could adversely affect our sales.

The success of our brands depends upon the positive image that consumers have of those brands. Contamination, whether arising accidentally or through deliberate third-party action, or other events that harm the integrity or consumer support for our brands, could adversely affect their sales. Contaminants in raw materials, packaging materials or product components purchased from third parties and used in the production of our wine or defects in the fermentation or distillation process could lead to low beverage quality as (i) a perceived failure to maintain high ethical, social and environmental standards for all of our operations and activities; (ii) a perceived failure to address concerns relating to the quality, safety or integrity of our products; our environmental impact, including use of agricultural materials, packaging, water and energy use, and waste management; or (iii) effects that are perceived as insufficient to promote the responsible use of alcohol.

Gaicho Group, Inc.

(e-commerce, fashion & leather accessories brand)

Gaicho Group, Inc. (“GGI”) has a limited operating history and no significant revenue and we may not recognize any significant revenue from the Gaucho – Buenos Aires™ line of business in the future.

Though a majority-owned subsidiary of GGH, GGI operates as a standalone business, responsible for its own financing and operations and therefore subject to all the risks inherent in a newly established business venture. GGI began operations in 2019 and has few assets and a limited operating history. It has not yet had any significant sales or been able to confirm that its business model can or will be successful. It has not had any significant revenue from inception through December 31, 2022. Our projections for its growth have been developed internally and may not prove to be accurate. As such, given its start-up status with an unproven business model, there is a substantial risk regarding GGI’s ability to succeed and the risk that neither we nor GGI will recognize revenue in the future from the Gaucho – Buenos Aires™ line of business. The risk of a total loss exists when dealing with start-up companies.

The markets in which GGI operates and plans to operate are highly competitive, and such competition could cause its business to be unsuccessful.

We expect GGI to face intense competition for its Argentine-sourced and designed products. There are many companies around the world that produce similar high-end products, though not necessarily with the Gaucho style that we plan to incorporate into GGI’s products. However, whether or not consumers find our products superior or more desirable than other high-end producers, including many branded products with established worldwide reputations and brands, such as Coach, Ralph Lauren, Hermès, Louis Vuitton, Gucci, Prada, Kate Spade and Calvin Klein, cannot yet be determined. In addition, GGI faces competition through third party distribution channels, such as e-commerce, department stores and specialty stores.

Competition is based on a number of factors, including, without limitation, the following:

- Anticipating and responding to changing consumer demands in a timely manner
- Establishing and maintaining favorable brand-name recognition
- Determining and maintaining product quality
- Maintaining and growing market share
- Developing quality and differentiated products that appeal to consumers
- Establishing and maintaining acceptable relationships with retail customers
- Pricing products appropriately
- Providing appropriate service and support to retailers
- Optimizing retail and supply chain capabilities
- Protecting intellectual property

In addition, many of GGI's anticipated competitors will be significantly larger and more diversified than it and will likely have significantly greater financial, technological, manufacturing, sales, marketing and distribution resources than it does. Their greater capabilities in these areas may enable them to better withstand periodic downturns in the high-end product sector in which GGI plans to compete. They may also be able to compete more effectively on the basis of price and production, and to develop new products more quickly. The general availability of manufacturing contractors and agents also allows new entrants easy access to the markets in which GGI competes, which may increase the number of its competitors and adversely affect its competitive position and its business. Any increased competition, or GGI's or our failure to adequately address any of these competitive factors, could result in the ability to generate significant revenues, which could adversely affect our business, results of operations and financial condition.

If we or GGI are unable to continue to compete effectively on any of the factors mentioned above, GGI may never be able to generate operating profits and our business, financial condition and results of operations would be adversely affected.

Our business is subject to risks associated with importing products, and the imposition of additional duties and any changes to international trade agreements could have a material adverse effect on our business, results of operations and financial condition.

There are risks inherent to importing our products. We anticipate that virtually all of our products will be manufactured in Argentina and thus could be subject to duties when imported into the United States, Canada, Europe and Asia, as applicable. Furthermore, if the United States imposes import duties or other protective import measures, other countries could retaliate in ways that could harm the international distribution of our products.

We may not be able to protect our intellectual property rights, which may cause us to incur significant costs.

The success of our future business will in part be dependent on intellectual property rights. We rely primarily on copyright, trade secret and trademark law to protect our intellectual property. For example, the process for obtaining federal trademark registration of our service mark "Gaucho—Buenos Aires™" was completed and the service mark was registered on April 28, 2020. However, a third party may copy or otherwise obtain and use our proprietary information without our authorization. Policing unauthorized use of our intellectual property is difficult, particularly in light of the global nature of the Internet and because the laws of other countries may afford us little or no effective protection of our intellectual property. Potentially expensive litigation may be necessary in the future to enforce our intellectual property rights, to protect our trade secrets, to determine the validity and scope of the proprietary rights of others or to defend against claims of infringement or invalidity.

Privacy breaches and other cyber security risks related to our business could negatively affect our reputation, credibility and business.

We are likely to be dependent on information technology systems and networks for a significant portion of our direct-to-consumer sales, including our e-commerce sites and retail business credit card transaction authorization and processing. We are responsible for storing data relating to our customers and employees and also rely on third party vendors for the storage, processing and transmission of personal and Company information. In addition to taking the necessary precautions ourselves, we require that third-party service providers implement reasonable security measures to protect our employees' and customers' identity and privacy. We do not, however, control these third-party service providers and cannot guarantee that no electronic or physical computer break-ins or security breaches will occur in the future. Our systems and technology are vulnerable from time-to-time to damage, disruption or interruption from, among other things, physical damage, natural disasters, inadequate system capacity, system issues, security breaches, "hackers," email blocking lists, computer viruses, power outages and other failures or disruptions outside of our control. A significant breach of customer, employee or Company data could damage our reputation, our relationship with customers and our brands, and could result in lost sales, sizable fines, significant breach-notification costs and lawsuits, as well as adversely affect our results of operations. We may also incur additional costs in the future related to the implementation of additional security measures to protect against new or enhanced data security and privacy threats, or to comply with state, federal and international laws that may be enacted to address those threats.

We may not be able to accurately predict consumer trends and preferences and our estimate of the size of the market may prove to be inaccurate.

Success in creating demand is dependent on GGI's ability to continue to accurately predict consumer trends and preferences. If consumer tastes do not coincide with GGI's product offerings, it could materially affect demand, having an adverse impact on our operations.

It is difficult to estimate the size of the market and predict the rate at which the market for our products will grow, if at all. While our market size estimate was made in good faith and is based on assumptions and estimates we believe to be reasonable, this estimate may not be accurate. If our estimates of the size of our addressable market are not accurate, our potential for future growth may be less than we currently anticipate, which could have a material adverse effect on our business, financial condition, and results of operations.

Additionally, we hope to enter new markets in which we may have limited or no operating experience. There can be no assurance that we will be able to achieve success and/or profitability in our new markets. The success of these new markets will be affected by the different competitive conditions, consumer tastes, and discretionary spending patterns within the new markets, as well as by our ability to generate market awareness of GGI's Gaucho Group brand. When we enter highly competitive new markets or territories in which we have not yet established a market presence, the realization of our revenue targets and desired profit margins may be more susceptible to volatility and/or more prolonged than anticipated.

GGI is only in the beginning stages of its advertising campaign.

GGI briefly ran digital ad campaigns in the third and fourth quarters of 2019, and has relied since then on word-of-mouth and social media to generate attention to its new brand and to attract customers. In November 2020, GGI relaunched its digital ad campaign, with a limited budget, with the goal of attracting new customers. In November 2021, GGI began to increase its paid digital marketing efforts with a more robust and targeted marketing plan that includes digital advertising, influencer marketing, public relations, social media marketing, and other strategies, with the goal to attract and retain customers. Management continues to refine and hone its marketing plan, which may increase operating expenses and financial results could be adversely affected.

Labor laws and regulations may adversely affect the Company.

Various labor laws and regulations govern operations and relationships with employees, including minimum wages, breaks, overtime, fringe benefits, safety, working conditions and citizenship requirements. Changes in, or any failure to comply with, these laws and regulations could subject the Company to fines or legal actions. Settlements or judgments that are not insured or in excess of coverage limitations could also have a material adverse effect on the Company's business. This could result in a disruption in the work force, sanctions and adverse publicity. Significant government-imposed increases in minimum wages, paid or unpaid leaves of absence and mandated health benefits could be detrimental to the Company's profitability.

The employees of TAR and AWE are members of a labor unions in Argentina. The terms of any collective bargaining agreement(s) could result in increased labor costs. In addition, any failure to negotiate an agreement in a timely manner could result in an interruption of operations, which would materially and adversely affect the business, results of operations and its financial condition.

GGI relies on its suppliers to maintain consistent quality for our products.

The ability of GGI to maintain consistent quality depends in part upon its ability to acquire quality materials needed for its products from reliable sources in accordance with certain specifications, at certain prices, and in sufficient quantities. As such, GGI is and will likely continue to be dependent on its suppliers. This presents possible risks of shortages, interruptions and price fluctuations. If any suppliers do not perform adequately or otherwise fail to distribute products or supplies required for our business, management may not be able to replace the suppliers in a short period of time on acceptable terms. The inability to replace suppliers in a short period of time on acceptable terms could increase costs and could cause shortages of product that may force management to remove certain items from GGI's product offerings.

Risks of Being an Emerging Growth Company

We are an “emerging growth company” and our election of reduced reporting requirements applicable to emerging growth companies may make our common stock less attractive to investors.

We are an “emerging growth company” as defined in the JOBS Act. For as long as we continue to be an emerging growth company, we may take advantage of exemptions from various reporting requirements that are applicable to other public companies that are not emerging growth companies, including (1) not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act, or Section 404, (2) reduced disclosure obligations regarding executive compensation in this annual report and our periodic reports and proxy statements and (3) exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved. In addition, as an emerging growth company, we are only required to provide two years of audited financial statements and two years of selected financial data in this annual report. We could be an emerging growth company until February 19, 2026, although circumstances could cause us to lose that status earlier, including if we are deemed to be a “large accelerated filer,” which occurs when the market value of our common stock that is held by non-affiliates exceeds \$700 million as of the prior June 30, or if we have total annual gross revenue of \$1.07 billion or more during any fiscal year before that time, in which cases we would no longer be an emerging growth company as of the following December 31, or if we issue more than \$1.0 billion in non-convertible debt during any three-year period before that time, in which case we would no longer be an emerging growth company immediately. Even after we no longer qualify as an emerging growth company, we could still qualify as a “smaller reporting company,” which would allow us to take advantage of many of the same exemptions from disclosure requirements including: (1) the reduced disclosure obligations regarding executive compensation, and (2) being required to provide only two years of audited financial statements.

General Corporate Business Considerations

Insiders continue to have substantial control over the Company.

As of March 31, 2023, the Company's directors and executive officers hold the current right to vote approximately 12.0% of the Company's outstanding common stock. Of this total, 7.0% is owned or controlled, directly or indirectly by Company's CEO, Scott Mathis. In addition, the Company's directors and executive officers have the right to acquire additional shares which could increase their voting percentage significantly. As a result, Mr. Mathis acting alone, and/or many of these individuals acting together, may have the ability to exert significant control over the Company's decisions and control the management and affairs of the Company, and also to determine the outcome of matters submitted to stockholders for approval, including the election and removal of a director, the removal of any officer and any merger, consolidation or sale of all or substantially all of the Company's assets. Accordingly, this concentration of ownership may harm a future market price of the shares by:

- Delaying, deferring or preventing a change in control of the Company;
- Impeding a merger, consolidation, takeover or other business combination involving the Company; or
- Discouraging a potential acquirer from making a tender offer or otherwise attempting to obtain control of the Company.

The loss of our Chairman, President and Chief Executive Officer could adversely affect the Company's businesses.

We depend on the continued performance of Scott Mathis, our Chairman, President and Chief Executive Officer, who has contributed significantly to the expertise of our team and the position of our business. If we lose the services of Mr. Mathis, and are unable to locate a suitable replacement in a timely manner, it could have a material adverse effect on our business. We currently hold key man life insurance for Mr. Mathis the benefit of the Company.

Revenues are currently insufficient to pay operating expenses and costs which may result in the inability to execute the Company's business concept.

The Company's operations have to date generated significant operating losses, as reflected in the financial information included in this registration statement. Management's expectations in the past regarding when operations would become profitable have been not been realized, and this has continued to put a strain on working capital. Business and prospects must be considered in light of the risks, expenses, and difficulties frequently encountered by companies in the early stages of operations. If the Company is not successful in addressing these risks, its business and financial condition will be adversely affected. In light of the uncertain nature of the markets in which the Company operates, it is impossible to predict future results of operations.

We may incur losses and liabilities in the course of business which could prove costly to defend or resolve.

Companies that operate in one or more of the businesses that we operate face significant legal risks. There is a risk that we could become involved in litigation wherein an adverse result could have a material adverse effect on our business and our financial condition. There is a risk of litigation generally in conducting a commercial business. These risks often may be difficult to assess or quantify and their existence and magnitude often remain unknown for substantial periods of time. We may incur significant legal expenses in defending against litigation.

The Company is dependent upon additional financing which it may not be able to secure in the future.

As it has in the past, the Company will likely continue to require financing to address its working capital needs, continue its development efforts, support business operations, fund possible continuing operating losses, and respond to unanticipated capital requirements. For example, the continuing development of the Algodon Wine Estates project requires significant ongoing capital expenditures as well as the investment in GGI's line of luxury goods. There can be no assurance that additional financing or capital will be available and, if available, upon acceptable terms and conditions, considering the economic climate of the market. See also our risk factor relating to the war in Ukraine above.

To the extent that any required additional financing is not available on acceptable terms, the Company's ability to continue in business may be jeopardized and the Company may need to curtail its operations and implement a plan to extend payables and reduce overhead until sufficient additional capital is raised to support further operations. There can be no assurance that such a plan will be successful. Such a plan could have a material adverse effect on the Company's business, financial condition and results of operations, and ultimately the Company could be forced to discontinue its operations, liquidate and/or seek reorganization in bankruptcy.

Our level of debt may adversely affect our operations and our ability to pay our debt as it becomes due.

The fact that we are leveraged may affect our ability to refinance existing debt or borrow additional funds to finance working capital requirements, acquisitions and capital expenditures. In addition, the recent disruptions in the global financial markets, including the bankruptcy and restructuring of major financial institutions, may adversely impact our ability to refinance existing debt and the availability and cost of credit in the future. In such conditions, access to equity and debt financing options may be restricted and it may be uncertain how long these economic circumstances may last. This would require us to allocate a substantial portion of cash flow to repay principal and interest, thereby reducing the amount of money available to invest in operations, including acquisitions and capital expenditures. Our leverage could also affect our competitiveness and limit our ability to changes in market conditions, changes in the real estate industry and economic downturns.

We may not be able to generate sufficient cash flows from operations to satisfy our debt service requirements or to obtain future financing. If we cannot satisfy our debt service requirements or if we default on any financial or other covenants in our debt arrangements, the lenders and/or holders of our debt will be able to accelerate the maturity of such debt or cause defaults under the other debt arrangements. Our ability to service debt obligations or to refinance them will depend upon our future financial and operating performance, which will, in part, be subject to factors beyond our control such as macroeconomic conditions and regulatory changes in Argentina. If we cannot obtain future financing, we may have to delay or abandon some or all of our planned capital expenditures, which could adversely affect our ability to generate cash flows and repay our obligations as they become due.

The Company may not pay dividends on its common stock.

The Company has not paid dividends to date on its common stock. The Company does not contemplate or anticipate declaring or paying any dividends with respect to its common stock. Due to the continuing devaluation of the peso, the Company has concluded in that it must still tread cautiously and manage its available cash resources prudently and the decisions were made to not declare any additional cash dividends with respect to its common stock.

The Company reserves the right to declare dividends when operations merit. However, payments of any cash dividends in the future will depend on our financial condition, results of operations, and capital requirements as well as other factors deemed relevant by our board of directors. It is anticipated that earnings, if any, will be used to finance the development and expansion of the Company's business.

The Chief Executive Officer and the Chief Financial Officer of GGH are also involved in outside businesses which may affect their ability to fully devote their time to the Company.

Scott Mathis, Chairman of the Board of Directors of GGH, Chief Executive Officer, President and Treasurer of GGH is also the Chairman and Chief Executive Officer of Hollywood Burger Holdings, Inc., a private company he founded which is developing Hollywood-themed fast food restaurants in the United States. His duties as CEO of Hollywood Burger Holdings, Inc. consume less than 10% of his time, but which may interfere with Mr. Mathis' duties as the CEO of GGH.

In addition, Maria Echevarria, Chief Financial Officer and Chief Operating Officer of GGH also serves as the Chief Financial Officer of Hollywood Burger Holdings, Inc. Ms. Echevarria's duties as CFO of Hollywood Burger Holdings Inc. consume approximately 10% of her time, which may interfere with her duties as the CFO of GGH.

The Company's officers and directors are indemnified against certain conduct that may prove costly to defend.

The Company may have to spend significant resources indemnifying its officers and directors or paying for damages caused by their conduct. The Company's amended and restated certificate of incorporation, as amended (the "Certificate of Incorporation"), exculpates the Board of Directors and its affiliates from certain liability, and the Company has procured directors' and officers' liability insurance to reduce the potential exposure to the Company in the event damages result from certain types of potential misconduct. Furthermore, the General Corporation Law of the State of Delaware (the "DGCL") provides for broad indemnification by corporations of their officers and directors, and the Company's Certificate of Incorporation implement this indemnification to the fullest extent permitted under applicable law as it currently exists or as it may be amended in the future. Consequently, subject to the applicable provisions of the DGCL and to certain limited exceptions in the Certificate of Incorporation, the Company's officers and directors will not be liable to the Company or to its stockholders for monetary damages resulting from their conduct as an officer or director.

Our bylaws designate the federal and state courts of the State of Delaware as the sole and exclusive forum for certain types of actions and proceedings that may be initiated by our stockholders, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers or employees.

Our bylaws provide that, unless we consent in writing to the selection of an alternative forum, the federal and state courts of the State of Delaware are the exclusive forum for certain types of actions and proceedings, not including claims under the federal securities laws such as the Securities Act or the Exchange Act, that may be initiated by our stockholders with respect to our company and our directors. This choice of forum provision may limit a stockholder's ability to bring a claim in a judicial forum that the stockholder believes is favorable for disputes with us or our directors, which may discourage meritorious claims from being asserted against us and our directors. Alternatively, if a court were to find this provision of our charter inapplicable to, or unenforceable in respect of, one or more of the specified types of actions or proceedings, we may incur additional costs associated with resolving such matters in other jurisdictions, which could adversely affect our business, financial condition or results of operations.

Our financial controls and procedures may not be sufficient to accurately or timely report our financial condition or results of operations, which may adversely affect investor confidence in us and, as a result, the value of our common stock.

As a public company, we are required to maintain internal control over financial reporting and to report any material weaknesses in such internal controls. Section 404 of the Sarbanes-Oxley Act requires that we evaluate and determine the effectiveness of our internal control over financial reporting and provide a management report on internal control over financial reporting.

The effectiveness of our controls and procedures may in the future be limited by a variety of factors, including:

- faulty human judgments and simple errors, omissions or mistakes;
- fraudulent actions of an individual or collusion of two or more people;
- inappropriate management override of procedures; and
- the possibility that any enhancements to controls and procedures may still not be adequate to assure timely and accurate financial information.

If we identify material weaknesses in our internal control over financial reporting in the future, if we are unable to comply with the requirements of Section 404 in a timely manner, and if we are unable to assert that our internal control over financial reporting is effective, investors may lose confidence in the accuracy and completeness of our financial reports and the market price of our common stock could be adversely affected, and we could become subject to investigations by the stock exchange on which our securities are listed, the SEC, or other regulatory authorities, which could require additional financial and management resources.

Although we qualify as an emerging growth company, we also qualify as a smaller reporting company and under the smaller reporting company rules we are subject to scaled disclosure requirements that may make it more challenging for investors to analyze our results of operations and financial prospects.

Currently, we qualify as both a “smaller reporting company” and an “emerging growth company” as defined by Rule 12b-2 of the Exchange Act. However, we have elected to provide disclosure under the smaller reporting company rules and therefore we are able to provide simplified executive compensation disclosures in our filings and have certain other decreased disclosure obligations in our filings with the SEC, including being required to provide only two years of audited financial statements in annual reports. Consequently, it may be more challenging for investors to analyze our results of operations and financial prospects.

Furthermore, we are a non-accelerated filer as defined by Rule 12b-2 of the Exchange Act, and, as such, are not required to provide an auditor attestation of management’s assessment of internal control over financial reporting, which is generally required for SEC reporting companies under Section 404(b) of the Sarbanes-Oxley Act. Because we are not required to, and have not, had our auditors provide an attestation of our management’s assessment of internal control over financial reporting, a material weakness in internal controls may remain undetected for a longer period.

Compliance with public reporting requirements will affect the Company's financial resources.

The Company is subject to certain public reporting obligations as required by federal securities laws, regulations and agencies. The compliance with such reporting requirements will require the company to incur significant legal, accounting and other administrative expenses. Additionally, because the Company's stock is now trading on Nasdaq, the Company is subject to additional rules and disclosure obligations as required by Nasdaq, increasing compliance expenses further. The expenses the Company may incur will have a significant impact on the Company's financial resources and may lead to a decrease in the value and price of our common stock.

In the event that our common stock is delisted from Nasdaq, U.S. broker-dealers may be discouraged from effecting transactions in shares of our common stock because they may be considered penny stocks and thus be subject to the penny stock rules.

The SEC has adopted a number of rules to regulate "penny stock" that restricts transactions involving stock which is deemed to be penny stock. Such rules include Rules 3a51-1, 15g-1, 15g-2, 15g-3, 15g-4, 15g-5, 15g-6, 15g-7, and 15g-9 under the Exchange Act. These rules may have the effect of reducing the liquidity of penny stocks. "Penny stocks" generally are equity securities with a price of less than \$5.00 per share (other than securities registered on certain national securities exchanges or quoted on Nasdaq if current price and volume information with respect to transactions in such securities is provided by the exchange or system). Our shares of common stock have in the past constituted, and may again in the future constitute, "penny stock" within the meaning of the rules. The additional sales practice and disclosure requirements imposed upon U.S. broker-dealers may discourage such broker-dealers from effecting transactions in shares of our common stock, which could severely limit the market liquidity of such shares of common stock and impede their sale in the secondary market. A U.S. broker-dealer selling penny stock to anyone other than an established customer or "accredited investor" (generally, an individual with a net worth in excess of \$1,000,000 or an annual income exceeding \$200,000, or \$300,000 together with his or her spouse) must make a special suitability determination for the purchaser and must receive the purchaser's written consent to the transaction prior to sale, unless the broker-dealer or the transaction is otherwise exempt. In addition, the "penny stock" regulations require the U.S. broker-dealer to deliver, prior to any transaction involving a "penny stock", a disclosure schedule prepared in accordance with SEC standards relating to the "penny stock" market, unless the broker-dealer or the transaction is otherwise exempt. A U.S. broker-dealer is also required to disclose commissions payable to the U.S. broker-dealer and the registered representative and current quotations for the securities. Finally, a U.S. broker-dealer is required to submit monthly statements disclosing recent price information with respect to the "penny stock" held in a customer's account and information with respect to the limited market in "penny stocks".

Stockholders should be aware that, according to the SEC, the market for "penny stocks" has suffered in recent years from patterns of fraud and abuse. Such patterns include (i) control of the market for the security by one or a few broker-dealers that are often related to the promoter or issuer; (ii) manipulation of prices through prearranged matching of purchases and sales and false and misleading press releases; (iii) "boiler room" practices involving high-pressure sales tactics and unrealistic price projections by inexperienced sales persons; (iv) excessive and undisclosed bid-ask differentials and markups by selling broker-dealers; and (v) the wholesale dumping of the same securities by promoters and broker-dealers after prices have been manipulated to a desired level, resulting in investor losses. Our management is aware of the abuses that have occurred historically in the penny stock market. Although we do not expect to be in a position to dictate the behavior of the market or of broker-dealers who participate in the market, management will strive within the confines of practical limitations to prevent the described patterns from being established with respect to our securities.

You may experience future dilution as a result of future debt or equity offerings.

In order to raise additional capital, we may in the future offer additional shares of our common stock or other securities convertible into or exchangeable for our common stock that could result in further dilution to investors or result in downward pressure on the price of our common stock. Debt financing, if available, may involve agreements that include covenants limiting or restricting our ability to take certain actions, such as incurring debt, making capital expenditures or declaring dividends. We may sell shares of our common stock or other securities in other offerings at prices that are higher or lower than the prices previously paid by investors, and investors purchasing shares or other securities in the future could have rights superior to existing stockholders.

Raising additional funds through debt or equity financing could be dilutive and may cause the market price of our common stock to decline. We still may need to raise additional funding which may not be available on acceptable terms, or at all. Failure to obtain additional capital may force us to delay, limit, or terminate our product development efforts or other operations.

To the extent that we raise additional capital through the sale of equity, convertible debt securities or draw-downs under our equity line of credit, current ownership interests may be diluted, and the terms of these securities may include liquidation or other preferences that adversely affect the rights of our stockholders. Furthermore, any additional fundraising efforts may divert our management from their day-to-day activities, which may adversely affect our ability to develop and commercialize our products. We could utilize our available capital resources sooner than we currently expect. We may continue to seek funds through equity or debt financings, collaborative or other arrangements with corporate sources, or through other sources of financing. Additional funding may not be available to us on acceptable terms, or at all. Any failure to raise capital as and when needed, as a result of insufficient authorized shares or otherwise, could have a negative impact on our financial condition and on our ability to pursue our business plans and strategies.

There is no public market for our warrants.

There is no established public trading market for our warrants, and we do not expect a market to develop. In addition, we do not intend to apply to list such warrants on any national securities exchange or other nationally recognized trading system, including Nasdaq. Without an active market, the liquidity of such warrants will be limited.

Holders of the warrants will not have rights of holders of our shares of common stock until such warrants are exercised.

Our warrants do not confer any rights of share ownership on their holders, but rather merely represent the right to acquire shares of our common stock at a fixed price. Until holders of warrants acquire shares of our common stock upon exercise of the warrants, holders of warrants will have no rights with respect to our shares of common stock underlying such warrants.

Due to the economic hardships presented by the COVID-19 pandemic, we obtained a loan from the Paycheck Protection Program (“PPP Loan”) from the U.S. Small Business Administration (“SBA”) pursuant to the Coronavirus Aid, Relief, and Economic Security Act (the “CARES Act”). We are not entitled to forgiveness under state law for the PPP Loan which could negatively impact our cash flow.

On May 6, 2020, the Company received a loan from the SBA pursuant to the PPP enacted by Congress under the CARES Act, resulting in net proceeds of \$242,486. To facilitate the PPP Loan, the Company entered into a note payable agreement with Santander Bank, N.A. as the lender. On March 26, 2021, the SBA forgave the PPP Loan in full and will not be taxed on the federal level.

ITEM 1B. UNRESOLVED STAFF COMMENTS

Not applicable.

ITEM 2. PROPERTIES

GGH and its operating subsidiaries currently operate out of the retail space located at 112 N.E. 41st Street, Suite 106, in Miami, Florida to sell its Gaucho – Buenos Aires™ products. On April 8, 2021, GGI entered into a seven-year lease for approximately 1,530 square feet.

The Algodon – Recoleta, SRL (“TAR”) owns a hotel in the Recoleta section of Buenos Aires called Algodon Mansion, located at 1647 Montevideo Street. The hotel is approximately 20,000 square feet and has ten suites, a restaurant, a dining room, and a luxury spa and pool.

Algodon Wine Estates owns and operates a resort property located Ruta Nacional 144 Km 674, Cuadro Benegas, San Rafael (5603) in Argentina which consists of 4,138 acres. The property has a winery, 9-hole golf course (the remaining 9 of 18 holes to be developed in 2024), tennis courts, dining and a hotel.

TAR has guaranteed a loan of \$600,000 for the Algodon Mansion and the resort property and the properties are subject to encumbrances.

On February 3, 2022, the Company, through IPG and AWE, acquired 100% of Gaucho Development S.R.L. (“GD”), f/k/a Hollywood Burger Argentina, S.R.L., via a stock purchase agreement dated February 3, 2022 in exchange for 106,952 shares of common stock (approximately \$2.4 million) issued to Hollywood Burger Holdings, Inc. GD holds the following properties:

- Property on Avenida Hipólito Yrigoyen, the main thoroughfare in downtown San Rafael, Mendoza, with a lot size of approximately 48,050 square feet (approximately 1.1 acres), and the traffic it receives during the lunch hour during the week and on weekend nights. A significant area of the property also serves as a parking lot. For many businesses in Argentine cities, parking is a rare commodity, both culturally and economically. This location had approximately 80 parking spaces at last count. The Company leases this property through a leasing agreement with Mostaza Group (<https://www.mostazaweb.com.ar/>) which expires in September 2031. The agreed monthly rent amount will be ARS 405,000 (VAT included). The rent amount is to be adjusted by inflation every 6 months, taking in consideration the inflation rates calculated by two private consulting firms.
- Property located in Córdoba, Argentina on Recta Martinolli Avenue, a central avenue in a densely populated upscale neighborhood of the west side of the city. The avenue sees a high concentration of traffic both day and night and is the main thoroughfare en route to a number of cultural destinations such as public schools, rugby and soccer athletic clubs, tennis and golf clubs, supermarkets, bars and nightlife, country clubs, and offices. The lot is located in a prime area for development (such as retail, café and medical center). This unique piece of real estate, which takes up an entire city block, is accessible from the four streets surrounding the block.

ITEM 3. LEGAL PROCEEDINGS

From time to time, GGH and its subsidiaries and affiliates are subject to litigation and arbitration claims incidental to its business. Such claims may not be covered by its insurance coverage, and even if they are, if claims against GGH and its subsidiaries are successful, they may exceed the limits of applicable insurance coverage. We are not involved in any litigation that we believe is likely, individually or in the aggregate, to have a material adverse effect on our consolidated financial condition, results of operations or cash flows.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

ITEM 5. MARKET FOR THE REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES.

Our common stock is presently quoted on Nasdaq effective as of February 16, 2021, and the common stock commenced trading on Nasdaq effective as of February 17, 2021 under the symbol "VINO". On March 31, 2023, the closing bid price of our common stock on the Nasdaq was \$0.96 per share.

On February 16, 2021, the Company effected a 15:1 reverse stock split of the Company's common stock and on November 4, 2022, the Company effected a further 12:1 reverse stock split of the common stock (the "Reverse Stock Splits"). All share and per share information has been retroactively adjusted to give effect to the Reverse Stock Splits for all periods presented prior to February 16, 2021 and November 4, 2022, unless otherwise indicated. The following table sets forth the range of high and low bids on a post-split basis as reported on the OTC Markets through February 16, 2021 and as reported on the Nasdaq Capital Market from February 17, 2021 through December 31, 2022. The prices reflect inter-dealer prices, do not include retail mark-ups, markdowns or commissions, and may not necessarily reflect actual transactions.

<u>Fiscal Year 2022</u>	<u>High</u>	<u>Low</u>
First Quarter	\$ 30.96	\$ 15.84
Second Quarter	\$ 33.36	\$ 7.20
Third Quarter	\$ 7.60	\$ 2.40
Fourth Quarter	\$ 3.61	\$ 1.02
<u>Fiscal Year 2021</u>	<u>High</u>	<u>Low</u>
First Quarter	\$ 243.00	\$ 40.56
Second Quarter	\$ 95.76	\$ 40.92
Third Quarter	\$ 57.48	\$ 34.20
Fourth Quarter	\$ 54.24	\$ 24.96

The Company has not declared any dividends with respect to its common stock.

There were approximately 760 holders of record (739 active) of the Company's common stock as of March 31, 2023.

Securities Authorized for Issuance Under Equity Compensation Plans

The following table sets forth securities authorized for issuance under equity compensation plans as of December 31, 2022:

Plan category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
	(a)	(b)	(c)
Equity compensation plans approved by security holders:			
2016 Plan	5,806	\$ 138.60	-
2018 Plan	34,806	76.47	6,141
Equity compensation plans not approved by security holders	-	-	-
Total	40,612	\$ 85.35	6,141

Recent Sales of Unregistered Securities.

The following is a summary of all securities that we have sold in the last year, since January 1, 2022 without registration under the Securities Act of 1933, as amended (the “Securities Act”).

On February 3, 2022, the Company purchased the domain name Gaucho.com for \$34,999 in cash and 1,250 shares of common stock, subject to adjustment. The seller was entitled to additional shares of common stock if on August 14, 2022, the closing price per share of the Company’s common stock was less than \$31.68 as quoted on a national securities exchange, and the Company shall issue additional shares of common stock so that the value of the total shares issued to the seller collectively has a fair market value of \$36,900. On August 15, 2022, the Company issued an additional 7,364 shares of common stock to the seller. No general solicitation was used, no commissions were paid, and the Company relied on the exemption from registration available under Section 4(a)(2) of the Securities Act in connection with the issuance of shares of common stock.

Gaucho Development S.R.L.

Pursuant to a Quota Purchase Agreement dated February 3, 2022, entered into by and between the Company, INVESTPROPERTY GROUP, LLC, a wholly-owned Delaware limited liability company (“IPG”), and Hollywood Burger Holdings, Inc. (“HBH”), IPG purchased 97.65% of the interests in Gaucho Development S.R.L., f/k/a Hollywood Burger Argentina S.R.L. (“GD”) from HBH in exchange for 106,952 shares of common stock of the Company (approximately \$2.2 million). Price per share was based on the closing price of \$22.40 of the Company’s common stock as traded on Nasdaq on January 14, 2022, the date the Board of Directors of HBH approved the transaction. The remaining 2.35% of GD is held by one of the Company’s other subsidiaries, Algodon Wine Estates S.R.L. The Company completed the acquisition of the interest in GD on February 23, 2022, when it issued a total of 106,952 shares of common stock of the Company to HBH, an accredited investor, pursuant to an exemption from registration under Section 4(a)(2) and/or Rule 506 (b) of the Securities Act of 1933, as amended. A Form D was filed with the SEC on February 25, 2022.

GD owns the following properties:

- Property on Avenida Hipólito Yrigoyen, the main thoroughfare in downtown San Rafael, Mendoza, with a lot size of approximately 48,050 square feet (approximately 1.1 acres), and the traffic it receives during the lunch hour during the week and on weekend nights. A significant area of the property also serves as a parking lot. For many businesses in Argentine cities, parking is a rare commodity, both culturally and economically. This location had approximately 80 parking spaces at last count. The rent leasing agreement with Mostaza Group (<https://www.mostazaweb.com.ar/>) is scheduled to end in August 2031. The agreed monthly rent amount will be ARS 335,000 plus VAT. The rent amount is to be adjusted by inflation every 6 months.
- Property located in Córdoba, Argentina on Recta Martinolli Avenue, a central avenue in a densely populated upscale neighborhood of the west side of the city. The avenue sees a high concentration of traffic both day and night and is the main thoroughfare en route to a number of cultural destinations such as public schools, rugby and soccer athletic clubs, tennis and golf clubs, supermarkets, bars and nightlife, country clubs, and offices. The lot is located in a prime area for development (such as retail, café and medical center). This unique piece of real estate, which takes up an entire city block, is accessible from the four streets surrounding the block.

Acquisition of Gaucho Group, Inc.

As previously reported on our Current Report on Form 8-K filed on March 21, 2022, on February 28, 2022, the Company, and a 79% shareholder owning 20,000,000 shares of common stock of Gaucho Group, Inc., a Delaware corporation and private company (“GGI”) offered to purchase up to 5,266,509 shares of common stock of GGI (the “GGI Shares”) in exchange for an aggregate of approximately 86,899 shares of common stock of the Company (the “Company Shares”), upon the terms and subject to the conditions set forth in the Offer to Purchase and in the related Share Exchange and Subscription Agreement (the “Subscription Agreement”) (which, together with the Offer to Purchase, each as may be amended or supplemented from time to time, collectively constitute the “GGI Transaction”). Company management believed it to be in the best interests of the Company to purchase the remaining 21% of the GGI Shares in order to eliminate the administrative time and cost of reporting a minority interest, and because approximately 95% of the GGI stockholders were also stockholders of the Company.

The Company’s CEO, Scott Mathis, is CEO, Chairman of the Board, and a stockholder of GGI. Additionally, the Company’s current CFO, Maria Echevarria, is CFO of GGI; the Company’s current director, Peter Lawrence, and the Company’s former director, Steven Moel, are directors of GGI; and the Company’s current directors, Reuben Cannon and Marc Dumont, own nominal interests in GGI. All directors of GGI are or were directors of the Company. As a result of the foregoing, the GGI Transaction is considered a related party transaction. The stockholders of the Company approved the GGI Transaction on August 26, 2021, with approval by the independent board of directors of the Company on February 8, 2022.

Each GGI stockholder may elect to tender all or some of his, her, or its GGI Shares for exchange. If the GGI stockholder does not elect to tender his, her, or its GGI Shares for exchange, the GGI stockholder will remain a stockholder of GGI.

The offering period was from February 28, 2022 through 5:00 pm Eastern Time on March 28, 2022 (the “Expiration Date”). Each one GGI Share tendered pursuant to the GGI Transaction will be exchanged for 0.198 shares of common stock of the Company, to be issued promptly after the Expiration Date. The GGI Transaction is not conditioned upon a minimum aggregate number of GGI Shares being tendered for exchange.

As previously reported on our Current Report on Form 8-K as filed with the SEC on March 30, 2022, on March 28, 2022, the Company issued in the aggregate 86,899 shares of its common stock at a price per share of \$2.02 to the minority holders of GGI in exchange for the GGI Shares. The GGI Shares were issued pursuant to an exemption from registration under Section 4(a)(2) and/or Rule 506(b) of the Securities Act of 1933, as amended. No general solicitation was used, no commissions were paid, and the Company relied on the exemption from registration available under Section 4(a)(2) and Rule 506(b) of Regulation D of the Securities Act, in connection with the sales. A Form D was filed with the SEC on April 11, 2022.

Equity Line of Credit

On May 6, 2021, the Company entered into a Common Stock Purchase Agreement (the “Purchase Agreement”) with Tumim Stone Capital LLC (“Tumim”).

Pursuant to the Purchase Agreement, the Company requested draw-downs and issued shares of common stock and received gross proceeds of the following in 2022: (i) April 19, 2022, the Company issued 1,409 shares of common stock to Tumim for gross proceeds of \$28,185; (ii) on May 11, 2022, the Company issued 3,250 shares of common stock to Tumim for gross proceeds of \$39,865; (iii) on May 17, 2022, the Company issued 5,500 shares of common stock to Tumim for gross proceeds of \$67,947; (iv) on May 25, 2022, the Company issued 6,973 shares of common stock to Tumim for gross proceeds of \$86,434; (v) on May 27, 2022, the Company issued 15,000 shares of common stock to Tumim for gross proceeds of \$169,889; and (iii) on June 6, 2022, the Company issued 17,917 shares of common stock to Tumim for gross proceeds of \$163,441. No general solicitation was used, and a commission of 8% of the total gross proceeds was paid to Benchmark Investments, Inc. pursuant to the Underwriting Agreement between the Company and Kingswood Capital Markets, a division of Benchmark Investments, Inc., f/k/a EF Hutton, dated February 16, 2021. The Company relied on the exemptions from registration available under Section 4(a)(2) and/or Rule 506(b) of Regulation D of the Securities Act, in connection with the sales. A Form D was filed with the SEC on May 17, 2021 and an amended Form D was filed with the SEC on May 17, 2022.

On November 23, 2021, the Company filed a resale registration statement on Form S-1 to register up to 375,000 shares of our common stock for resale by Tumim. The Form S-1 was declared effective on December 7, 2021 but the Purchase Agreement was terminated on November 8, 2022. See “New Equity Line of Credit” below.

Convertible Promissory Notes

As previously reported on our amended Annual Report on Form 10-K/A filed on May 19, 2022, the Company and certain investors (the “Holders”) entered into that Securities Purchase Agreement, dated as of November 3, 2021 (the “2021 SPA”) and the Company issued to the Holders certain senior secured convertible notes in the aggregate original principal amount of \$6,480,000 (each, a “Note” and together with the 2021 SPA, the “2021 Note Documents”).

As previously reported on our Current Report on Form 8-K on March 1, 2022, on February 22, 2022, the Company entered into an exchange agreement (the “Exchange Agreement #1”) with the investors in order to amend and waive certain provisions of the 2021 Note Documents and exchange (the “Exchange” or the “Transaction”) \$100 in aggregate principal amount of each of the Notes, on the basis and subject to the terms and conditions set forth in the Exchange Agreement #1, for warrants (the Warrants”) to purchase up to 62,500 shares of the Company’s common stock (the “Warrant Shares”) at an exercise price of \$21.00 (subject to customary adjustment upon subdivision or combination of the common stock).

The Exchange Agreement #1 amends and waives the original terms of payment of the Notes and provides for payment of interest only beginning February 7, 2022 and on each of March 7, 2022 and April 7, 2022. Beginning on May 7, 2022, the Company will begin paying both principal and interest on a monthly basis.

The Warrants are immediately exercisable and may be exercised at any time, and from time to time, on or before the third anniversary of the date of issuance. The Warrant includes a “blocker” provision that, subject to certain exceptions described in the Warrant, prevents the investors from exercising the Warrant to the extent such exercise would result in the Investors together with certain affiliates beneficially owning in excess of 4.99% of the Common Stock outstanding immediately after giving effect to such exercise. The Exchange and issuance of Warrant Shares upon exercise was made in reliance upon the exemption from registration provided by Section 3(a)(9) of the Securities Act of 1933, as amended.

As previously reported on our Current Report on May 2, 2022, the Company and the Holders entered into a letter agreement (the “Letter Agreement #1”) pursuant to which the parties agreed to reduce the Conversion Price (as defined in the Note) from \$42.00 to \$16.20 for the period beginning May 2, 2022 through May 13, 2022 (the “Reduced Price Conversion Period”).

As previously reported on our Current Report as filed with the SEC on May 13, 2022, on May 12, 2022, the Company and the Holders entered into a letter agreement (the “Letter Agreement #2”) pursuant to which the parties agreed to reduce the Conversion Price to \$11.40 and the Holders committed to converting principal under the Notes in an amount equal to 4.90% of the outstanding shares of common stock of the Company.

As previously reported on our Current Report on Form 8-K as filed with the SEC on July 5, 2022, on July 1, 2022, the Company and the Holders entered into a third letter agreement (the “Letter Agreement #3”) pursuant to which the parties agreed to reduce the Conversion Price to \$3.60 for the Trading Days of July 5, 2022, as defined in the Notes, through and inclusive of September 5, 2022. All conversions are voluntary at the election of the Holder.

On September 22, 2022, the Company and the Holders entered into an exchange agreement (the “Exchange Agreement #2”) with the Holders in order to amend and waive certain provisions of the 2021 Note Documents, as amended and Letter Agreement #3 and exchange (the “Exchange” or the “Transaction”) \$100 in aggregate principal amount of each of the Notes, on the basis and subject to the terms and conditions set forth in the Exchange Agreement, for warrants (the “Warrants”) to purchase up to 90,917 shares of the Company’s common stock (the “Warrant Shares”) at an exercise price of \$3.82 (subject to customary adjustment upon subdivision or combination of the common stock).

The Exchange Agreement #2 amends the original terms of payment of the Notes and waives payment of principal and interest due on each of September 7, 2022 and October 7, 2022. All principal, interest, and fees are due on the maturity date of November 9, 2022.

The Warrants are immediately exercisable and may be exercised at any time, and from time to time, on or before the third anniversary of the date of issuance. The Warrant includes a “blocker” provision that, subject to certain exceptions described in the Warrant, prevents the Holders from exercising the Warrant to the extent such exercise would result in the Investors together with certain affiliates beneficially owning in excess of 4.99% of the Common Stock outstanding immediately after giving effect to such exercise.

On November 30, 2022, the Company and the Holders entered into an exchange agreement (the “Exchange Agreement #3”) with the Holders in order to amend and waive certain provisions of the 2021 Note Documents, as amended and exchange (the “Exchange” or the “Transaction”) \$100 in aggregate principal amount of each of the Notes, on the basis and subject to the terms and conditions set forth in the Exchange Agreement #3, for warrants to purchase up to 43,814 shares of the Company’s common stock at an exercise price of \$2.40 and warrants to purchase up to 43,814 shares of the Company’s common stock at an exercise price of \$6.00 (the “Warrants” and with respect to the common stock issuable, the “Warrant Shares”) (subject to customary adjustment upon subdivision or combination of the common stock).

The Exchange Agreement #3 extends the maturity date of the Existing Notes from November 9, 2022 to February 9, 2023 and waives all other payments due until February 9, 2023.

The Warrants are immediately exercisable and may be exercised at any time, and from time to time, on or before the third anniversary of the date of issuance. The Warrant includes a “blocker” provision that, subject to certain exceptions described in the Warrant, prevents the Investors from exercising the Warrant to the extent such exercise would result in the Investors together with certain affiliates beneficially owning in excess of 4.99% of the common stock outstanding immediately after giving effect to such exercise.

On February 2, 2023, the Company and the Holders entered into a fourth letter agreement (the “Letter Agreement #4”) pursuant to which the parties agreed to reduce the Conversion Price of the Notes to the lower of: (i) the Closing Sale Price on the Trading Day immediately preceding the Conversion Date; and (ii) the average Closing Sale Price of the common stock for the five Trading Days immediately preceding the Conversion Date, beginning on the Trading Day of February 3, 2023. Any conversion which occurs shall be voluntary at the election of the Holder. All terms not defined herein refer to the defined terms in the 2021 Note Documents, as amended.

On February 8, 2023, the Company and the Holders entered into a fifth letter agreement (the “Letter Agreement #5”) pursuant to which the parties agreed to extend the Maturity Date of the Notes from February 9, 2023 to February 28, 2023. The Conversion Amount and all outstanding Amortization Amounts and Amortization Redemption Amounts (as defined in the Notes) shall be due and payable in full on the Maturity Date or such earlier date as any such amount shall become due and payable pursuant to the other terms of the Note and/or the Letter Agreement #5. All terms not defined herein refer to the defined terms in the 2021 Note Documents, as amended.

On February 20, 2023, the Company entered into an exchange agreement (the “Exchange Agreement #4”) with the Holders in order to amend certain provisions of the 2021 Note Documents, as amended and exchange (the “Exchange” or the “Transaction”) \$100 in aggregate principal amount of each of the Notes, on the basis and subject to the terms and conditions set forth in the Exchange Agreement, for warrants to purchase up to an aggregate of 150,000 shares of the Company’s common stock at an exercise price of \$1.00 (the “Warrants” and with respect to the common stock issuable, the “Warrant Shares”) (subject to customary adjustment upon subdivision or combination of the common stock).

The Warrants are immediately exercisable and may be exercised at any time, and from time to time, on or before the second anniversary of the date of issuance. The Warrants include a “blocker” provision that, subject to certain exceptions described in the Warrants, prevents the Investors from exercising the Warrants to the extent such exercise would result in the Investors together with certain affiliates beneficially owning in excess of 4.99% of the common stock outstanding immediately after giving effect to such exercise.

The 2021 Note Documents, as amended, Exchange Agreement #1, Exchange Agreement #2, Exchange Agreement #3, Exchange Agreement #4, Letter Agreement #1, Letter Agreement #2, Letter Agreement #3, Letter Agreement #4, and Letter Agreement #5 are referred to herein as the Transaction Documents.

During 2022 and pursuant to the Transaction Documents, investors converted the following amounts of principal of the Notes: (i) on May 2, 2022, certain investors converted a total of \$234,999 of principal of the Notes and the Company issued 14,507 shares of common stock upon conversion; (ii) on May 6, 2022, one of the investors converted a total of \$67,500 of principal of the Notes and the Company issued 4,167 shares of common stock upon conversion; (iii) on May 11, 2022 certain investors converted a total of \$54,999 of principal, interest and fees of the Notes and the Company issued 3,395 shares of common stock upon conversion; (iv) on May 13, 2022, certain investors converted a total of \$1,165,099 of principal, interest and fees of the Notes and the Company issued 102,202 shares of common stock upon conversion, of which 49,680 were previously issued as pre-delivery shares on November 9, 2021; (v) on July 6, 2022 certain investors converted a total of \$200,000 of principal of the Notes and the Company issued 55,556 shares of common stock upon conversion; (vi) on July 7, 2022 certain investors converted a total of \$180,000 of principal, interest and fees of the Notes and the Company issued 50,000 shares of common stock upon conversion; (vii) on July 11, 2022 certain investors converted a total of \$420,000 of principal of the Notes and the Company issued 116,666 shares of common stock upon conversion; (viii) on July 12, 2022 certain investors converted a total of \$248,347 of principal, interest and fees of the Notes and the Company issued 68,984 shares of common stock upon conversion; (ix) on July 13, 2022, certain investors converted a total of \$154,301 of principal of the Notes and the Company issued 42,861 shares of common stock upon conversion; (x) on July 21, 2022, certain investors converted a total of \$495,000 of principal, interest, and fees of the Notes and the Company issued 137,500 shares of common stock upon conversion; (xi) on July 27, 2022, certain investors converted a total of \$150,000 of principal, interest, and fees of the Notes and the Company issued 41,667 shares of common stock upon conversion; (xii) on August 3, 2022, certain investors converted a total of \$30,000 of principal of the Notes and the Company issued 8,333 shares of common stock upon conversion; (xiii) on August 4, 2022, certain investors converted a total of \$150,000 of principal, interest, and fees of the Notes and the Company issued 41,667 shares of common stock upon conversion; (xiv) on August 11, 2022, certain investors converted a total of \$540,000 of principal, interest, and fees of the Notes and the Company issued 150,000 shares of common stock upon conversion; (xv) on August 12, 2022, certain investors converted a total of \$240,000 of principal of the Notes and the Company issued 66,666 shares of common stock upon conversion; (xvi) on August 25, 2022, certain investors converted a total of \$245,669 of principal, interest, and fees of the Notes and the Company issued 68,241 shares of common stock upon conversion; and (xvii) on August 30, 2022, certain investors converted a total of \$148,577 of principal, interest, and fees of the Notes and the Company issued 41,272 shares of common stock upon conversion.

The shares of common stock that have been and may be issued under the Transaction Documents are being offered and sold in a transaction exempt from registration under the Securities Act of 1933, as amended, in reliance on Section 4(a)(2) thereof and/or Rule 506(b) of Regulation D thereunder. The Company filed a Form D with the SEC on or about November 9, 2021.

The Company filed a Registration Statement on Form S-1 (File No. 333-261564) registering the resale of up to 1,013,684 shares upon exercise of the Notes on December 9, 2021, which was declared effective on January 13, 2022. The shares registered for resale under the Form S-1 have all been resold.

On February 21, 2023, the Company used the proceeds from a new convertible promissory note to repay all principal, interest, and fees of \$905,428 owing under the Notes. Upon repayment in full, the 2021 Note Documents, as amended were terminated on February 21, 2023. See item 9B for more information.

Gaucho Group, Inc. Options

As reported on our Current Report dated June 24, 2022, on June 24, 2022, the Company issued a total of 183,942 shares of its common stock to certain investors (the “Option Holders”) holding options to purchase common stock of Gaucho Group, Inc., a wholly owned subsidiary of the Company (“GGI”). The Company’s Chief Executive Officer and director, Scott L. Mathis, the Company’s Chief Financial Officer, Maria Echevarria, and certain of the Company’s directors, Steven Moel, Peter Lawrence, and Reuben Cannon, each held options to purchase shares of GGI. As such, the foregoing officers and directors were issued a total of 161,393 shares of common stock of the Company at \$7.50 as consideration for the cancellation of their outstanding options to purchase shares of common stock of GGI and 23,053 restricted stock units subject to vesting.

On June 24, 2022, the Company further granted to the Option Holders the right to receive, in the aggregate, up to 26,278 shares of restricted stock units (“RSUs”) subject to vesting, with an aggregate of 13,139 shares vesting on September 18, 2022, and 11,407 shares vesting on December 18, 2022, due to the expiration of a portion of the RSUs. The issuance and grant of the RSUs were made in consideration for the Option Holders’ agreement to cancel their outstanding options to purchase common stock of GGI.

For this sale of securities, no general solicitation was used, no commissions were paid, all persons were accredited investors, and the Company relied on the exemption from registration available under Section 4(a)(2) and/or Rule 506(b) of Regulation D promulgated under the Securities Act with respect to transactions by an issuer not involving any public offering. A Form D was filed on July 29, 2022.

Conversion of Promissory Notes Issued in Private Placement

From July 13, 2022 through August 30, 2022, the Company issued convertible promissory notes to certain investors (the “Investor Notes”) in the aggregate amount of \$1,727,500. Pursuant to the terms of the Investor Notes, if the stockholders approved for purposes of complying with Nasdaq Listing Rule 5635(d), the issuance of shares of up to 1,250,000 of the Company’s common stock upon the conversion of the Investor Notes, without giving effect to Nasdaq’s 20% Rule, the Investor Notes would be automatically converted into units consisting of one share of common stock and one warrant to purchase one share of common stock at a price equal to the lesser of (a) \$6.60 per unit or (b) the three-day volume weighted average closing price (“VWAP”) of the Company’s common stock beginning on the date that is two days prior to stockholder approval of such conversion at the 2022 annual stockholder meeting (the “2022 AGM”).

At the 2022 AGM, the Company obtained the requisite stockholder approval, and the Investor Notes comprised of \$1,727,500 and \$8,252 in interest were automatically converted into an aggregate of 454,576 units based on a conversion price of \$3.82 – the three-day VWAP of the Company’s common stock beginning on the date that is two days prior to stockholder approval of such conversion at the 2022 AGM. Each warrant issued upon the conversion of the Investor Notes is exercisable at a price of \$3.82. For this sale of securities, no general solicitation was used, no commissions were paid, all persons were accredited investors, and the Company relied on the exemption from registration available under Section 4(a)(2) and/or Rule 506(b) of Regulation D promulgated under the Securities Act with respect to transactions by an issuer not involving any public offering. A Form D was filed with the SEC on September 13, 2022.

Non-Executive Director Compensation

On June 7, 2022, the Company issued a total of 54,214 shares at \$9.684 per share to the non-executive directors of the Company as compensation for service as members of the Board for 2021 and the first half of 2022. For this sale of securities, no general solicitation was used, no commissions were paid, all persons were accredited investors, and the Company relied on the exemption from registration available under Section 4(a)(2) and/or Rule 506(b) of Regulation D promulgated under the Securities Act with respect to transactions by an issuer not involving any public offering. A Form D was filed with the SEC on July 28, 2022.

On August 11, 2022, the Board approved the remainder of the compensation for 2022 of the non-executive directors to be paid as follows: (i) issuance of 3,873 restricted stock units for each of the six non-executive directors, vesting on the earlier of December 31, 2022 or termination of service; and (ii) cash payment to be paid no later than January 15, 2022.

On August 30, 2022, the Company issued an aggregate of 2,568 shares at \$9.68 per share to Dr. Steven Moel and Mrs. Edie Rodriguez as compensation for service as members of the Board of Directors for the second half of 2022. At the Company's annual stockholder meeting held on August 30, 2022, Dr. Moel's and Mrs. Rodriguez's terms expired, and neither was re-elected. As a result, Dr. Moel's and Mrs. Rodriguez's service as directors terminated effective as of August 30, 2022, and their RSUs vested pro rata as of such date.

For these sales of securities, no general solicitation was used, no commissions were paid, all persons were accredited investors, and the Company relied on the exemption from registration available under Section 4(a)(2) and/or Rule 506(b) of Regulation D promulgated under the Securities Act with respect to transactions by an issuer not involving any public offering. A Form D was filed with the SEC on October 3, 2022.

New Equity Line of Credit

As reported on our Current Report on Form 8-K as filed with the SEC on November 9, 2022, on November 8, 2022, the parties terminated the Common Stock Purchase Agreement and Registration Rights Agreement by and between the Company and Tumim Stone Capital LLC, dated May 6, 2021. On the same date, the parties entered into a new Common Stock Purchase Agreement (the "Purchase Agreement") and Registration Rights Agreement, pursuant to which the Company has the right to sell to Tumim Stone Capital up to the lesser of (i) \$44,308,969 of newly issued shares of the Company's common stock, par value \$0.01 per share, and (ii) the Exchange Cap (as defined below) (subject to certain conditions and limitations), from time to time during the term of the Purchase Agreement. Sales of common stock pursuant to the Purchase Agreement, and the timing of any sales, are solely at the option of the Company and the Company is under no obligation to sell securities pursuant to this arrangement. Shares of common stock may be sold by the Company pursuant to this arrangement over a period of up to 36 months after Commencement (as defined below).

Upon the satisfaction of the conditions in the Purchase Agreement, including that a registration statement that we agreed to file with the Securities and Exchange Commission (the "SEC") pursuant to the Registration Rights Agreement is declared effective by the SEC and a final prospectus in connection therewith is filed with the SEC (such event, the "Commencement"), we will have the right, but not the obligation, from time to time at our sole discretion over the 36-month period from and after the Commencement, to direct Tumim Stone Capital to purchase amounts of our common stock as VWAP purchases as set forth in the Purchase Agreement (each, a "VWAP Purchase") on any trading day, so long as, (i) at least three trading days have elapsed since the trading day on which the most recent prior notice to purchase common stock under the Purchase Agreement was delivered by the Company to Tumim Stone Capital, and (iii) all shares subject to all prior purchases by Tumim Stone Capital under the Purchase Agreement have theretofore been received by Tumim Stone Capital electronically as set forth in the Purchase Agreement.

From and after Commencement, the Company will control the timing and amount of any sales of common stock to Tumim Stone Capital. Actual sales of shares to Tumim Stone Capital under the Purchase Agreement will depend on a variety of factors to be determined by the Company from time to time, including, among other things, market conditions, the trading price of the common stock and determinations by the Company as to the appropriate sources of funding for the Company and its operations.

The Company has agreed to reimburse Tumim Stone Capital for the reasonable out-of-pocket expenses (including legal fees and expenses), up to a maximum of \$35,000.

Under the applicable rules of The Nasdaq Stock Market LLC (“Nasdaq”), in no event may we issue to Tumim Stone Capital under the Purchase Agreement more than 549,648 shares of our common stock, which represents 19.99% of the shares of the common stock outstanding immediately prior to the execution of the Purchase Agreement (the “Exchange Cap”), unless (i) we obtain stockholder approval to issue shares of common stock in excess of the Exchange Cap or (ii) the average price of all applicable sales of common stock to Tumim Stone Capital under the Purchase Agreement equals or exceeds the lower of (i) the Nasdaq official closing price immediately preceding the execution of the Purchase Agreement or (ii) the arithmetic average of the five Nasdaq official closing prices for the common stock immediately preceding the execution of the Purchase Agreement, such that the transactions contemplated by the Purchase Agreement are exempt from the Exchange Cap limitation under applicable Nasdaq rules. In any event, the Purchase Agreement specifically provides that we may not issue or sell any shares of our common stock under the Purchase Agreement if such issuance or sale would breach any applicable rules or regulations of Nasdaq.

In all instances, we may not sell shares of our common stock to Tumim Stone Capital under the Purchase Agreement if it would result in Tumim Stone Capital beneficially owning more than 4.99% of the common stock.

The net proceeds from sales, if any, under the Purchase Agreement, will depend on the frequency and prices at which the Company sells shares of common stock to Tumim Stone Capital. To the extent the Company sells shares under the Purchase Agreement, the Company currently plans to use any proceeds therefrom for inventory production and marketing for Gaucho Group, Inc., costs of this transaction, operating expenses and for working capital and other general corporate purposes.

In addition, 50% of the proceeds from sales, if any, under the Purchase Agreement will be used to pay down the balance of the 2023 Notes at such time.

EF Hutton, a division of Benchmark Investments, Inc. acted as the exclusive placement agent in connection with the transactions contemplated by the Purchase Agreement, for which the Company will pay to EF Hutton a cash placement fee equal to 8.0% of the amount of the Total Commitment actually paid by Tumim Stone Capital to the Company pursuant to the Purchase Agreement, but not including any amounts of the Total Commitment that are used to pay down the balance of the 2023 Notes.

There are no restrictions on future financings, rights of first refusal, participation rights, penalties or liquidated damages in the Purchase Agreement or Registration Rights Agreement other than a prohibition on entering (with certain limited exceptions) into a “Variable Rate Transaction,” as defined in the Purchase Agreement. Tumim Stone Capital has agreed not to cause, or engage in any manner whatsoever, any direct or indirect short selling or hedging of the common stock during certain periods.

Pursuant to the terms of the Registration Rights Agreement, we have agreed to file with the SEC one or more registration statements on Form S-1 to register for resale under the Securities Act the shares of our common stock that may be issued to Tumim Stone Capital under the Purchase Agreement. The Purchase Agreement and the Registration Rights Agreement contain customary representations, warranties, conditions and indemnification obligations of the parties. The representations, warranties and covenants contained in such agreements were made only for purposes of such agreements and as of specific dates, were solely for the benefit of the parties to such agreements and may be subject to limitations agreed upon by the contracting parties.

The Purchase Agreement will automatically terminate on the earliest to occur of (i) the first day of the month next following the 36-month anniversary after Commencement (which term may not be extended by the parties), (ii) the date on which Tumim Stone Capital shall have purchased the Total Commitment worth of shares of common stock, (iii) the date on which the common stock shall have failed to be listed or quoted on The Nasdaq Capital Market or any other “Eligible Market” (as defined in the Purchase Agreement), and (iv) the date on which the Company commences a voluntary bankruptcy proceeding or any Person commences a proceeding against the Company, a Custodian is appointed for the Company or for all or substantially all of its property, or the Company makes a general assignment for the benefit of its creditors. The Company has the right to terminate the Purchase Agreement at any time after Commencement, at no cost or penalty, upon 10 trading days’ prior written notice to Tumim Stone Capital. Neither the Company nor Tumim Stone Capital may assign or transfer its rights and obligations under the Purchase Agreement or the Registration Rights Agreement, and no provision of the Purchase Agreement or the Registration Rights Agreement may be modified or waived by the parties.

A Form D was filed by the Company on November 21, 2022. The Company also filed a resale registration statement on Form S-1 (File No. 333-268829) registering the resale of up to 1,666,667 shares upon draw downs on the equity line of credit on December 16, 2022, which was declared effective on December 23, 2022.

During the year ended December 31, 2022, the Company sold 10,000 shares for net proceeds of \$10,086 under the Purchase Agreement.

Restricted Stock Units

On December 24, 2022, the Board approved the issuance of additional RSUs pursuant to the 2017 Plan effective December 31, 2022 subject to vesting, representing 767,280 shares of common stock of the Company to certain employees, contractors, consultants and advisors in exchange for services to the Company in the fiscal year 2022 with a grant date value per share of \$1.16. A third of the RSUs vested on December 31, 2022. Thereafter, one-third of the RSUs will vest on the first anniversary of the date of grant, and the remaining one-third to vest on the second anniversary of the date of grant.

For this sale of securities, no general solicitation was used, no commissions were paid, all persons were accredited investors, and the Company relied on the exemption from registration available under Section 4(a)(2) and/or Rule 506(b) of Regulation D promulgated under the Securities Act with respect to transactions by an issuer not involving any public offering. A Form D was filed with the SEC on March 29, 2023.

On February 10, 2023, Gaucho Group Holdings, Inc. (“the Company”) sold 591,104 shares of common stock (the “Shares”) for gross proceeds of \$591,000 to accredited investors and warrants to purchase 147,750 shares of common stock at an exercise price of \$1.00 per share (the “Warrants”). The Warrants are exercisable for two years from the date of issuance.

For this sale of Shares, Warrants, and shares underlying the Warrants, there was no general solicitation and no commissions paid, all purchasers were accredited investors with a prior relationship with the Company, and the Company is relying on the exemption from registration available under Section 4(a)(2) and/or Rule 506(b) of Regulation D promulgated under the Securities Act with respect to transactions by an issuer not involving any public offering. A Form D was filed on February 22, 2023.

Please refer to Item 9B—Other Information, regarding sales of unregistered securities of the Company in 2023.

Purchases of Equity Securities by the Issuer and Affiliated Purchasers

Other than as set forth herein or in the Company's current reports on Form 8-K or quarterly reports on Form 10-Q, there have not been any purchases of equity securities by the Company or its affiliated persons for the year ended December 31, 2022.

Use of Proceeds from Registered Offering

Other than as set forth herein or in the Company's current reports on Form 8-K or quarterly reports on Form 10-Q, there have not been any proceeds from registered offerings by the Company or its affiliated persons for the year ended December 31, 2022.

ITEM 6. [RESERVED]

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of financial condition and results of operations should be read in conjunction with our audited consolidated financial statements and the accompanying notes included elsewhere in this prospectus. References in this Management's Discussion and Analysis of Financial Condition and Results of Operations to "us," "we," "our," and similar terms refer to Gaucho Group Holdings, Inc., a Delaware corporation, and its subsidiaries. This discussion includes forward-looking statements, as that term is defined in the federal securities laws, based upon current expectations that involve risks and uncertainties, such as plans, objectives, expectations and intentions. Actual results and the timing of events could differ materially from those anticipated in these forward-looking statements as a result of a number of factors. Words such as "anticipate," "estimate," "plan," "continuing," "ongoing," "expect," "believe," "intend," "may," "will," "should," "could," and similar expressions are used to identify forward-looking statements.

We caution you that these statements are not guarantees of future performance or events and are subject to a number of uncertainties, risks and other influences, many of which are beyond our control, which may influence the accuracy of the statements and the projections upon which the statements are based. See "Special Note - Forward-Looking Statements." Our actual results could differ materially from those anticipated in the forward-looking statements as a result of certain factors discussed in "Risk Factors" and elsewhere in this prospectus. Any one or more of these uncertainties, risks and other influences could materially affect our results of operations and whether forward-looking statements made by us ultimately prove to be accurate. Our actual results, performance and achievements could differ materially from those expressed or implied in these forward-looking statements. We undertake no obligation to publicly update or revise any forward-looking statements, whether from new information, future events or otherwise.

A 15:1 reverse stock split of the Company's common stock was effected on February 16, 2021 (the "2021 Reverse Stock Split"). Another 12:1 reverse stock split of the of the Company's common stock was effected on November 4, 2022 (the "2022 Reverse Stock Split"). All share and per share information has been retroactively adjusted as a result of both reverse stock splits for all periods presented, unless otherwise indicated.

Special Note Regarding Emerging Growth Company Status and Smaller Reporting Company Status

Currently we qualify as both an “emerging growth company” and as a “smaller reporting company” (as defined in Rule 12b-2 of the Exchange Act). We are allowed and have elected to comply with the smaller reporting company rules which allows us to omit certain information, including three years of year-to-year comparisons and tabular disclosure of contractual obligations, from this Management’s Discussion and Analysis of Financial Condition and Results of Operations. However, we have provided all information for the periods presented that we believe to be appropriate and necessary.

Overview

Gaucha Group Holdings, Inc. (“GGH” or the “Company”) positions its e-commerce leather goods, accessories, and fashion brand, Gaucha – Buenos Aires™, as one of luxury, creating a platform for the global consumer to access their piece of Argentine style and high-end products. With a concentration on leather goods, ready-to-wear and accessories, this is the luxury brand in which Argentina finds its contemporary expression. During the first quarter of 2022, the Company launched Gaucha Casa, a Home & Living line of luxury textiles and home accessories, which is being marketed and sold on the Gaucha – Buenos Aires e-commerce platform. Gaucha Casa challenges traditional lifestyle collections with its luxury textiles and home accessories rooted in the singular spirit of the gaucha aesthetic. GGH seeks to grow its direct-to-consumer online products to global markets in the United States, Asia, the United Kingdom, Europe, and Argentina. We intend to focus on e-commerce and scalability of the Gaucha – Buenos Aires and Gaucha Casa brands, as real estate in Argentina is politically sensitive. GGH’s goal is to become recognized as the LVMH (“Louis Vuitton Moët Hennessy”) of South America’s leading luxury brands. Through one of its wholly owned subsidiaries, GGH also owns and operates legacy investments in the boutique hotel, hospitality and luxury vineyard property markets. This includes a golf, tennis and wellness resort, as well as an award winning, wine production company concentrating on Malbecs and Malbec blends. Utilizing these wines as its ambassador, GGH seeks to further develop its legacy real estate, which includes developing residential vineyard lots located within its 4,138 acre resort.

Until May 31, 2020, the Company’s senior management was based at its corporate office in New York City. Due to COVID-19, we terminated the corporate office lease and senior management works remotely. GGH’s local operations are managed by professional staff with substantial hotel, hospitality and resort experience in Buenos Aires and San Rafael, Argentina. The Company’s principal office is currently located at 112 NE 41st Street, Suite 106, Miami, Florida 33137. The telephone number remains the same at +1-212-739-7700. The Company is licensed to do business in New York and Florida.

Recent Developments and Trends

We temporarily closed our hotel, restaurant, winery operations, and golf and tennis operations during 2020 in response to the COVID pandemic. We were able to reopen the Algodon Mansion as of November 11, 2020 with COVID-19 measures implemented. We were able to reopen our winery, golf and tennis facilities with COVID-19 measures implemented. Also due to COVID-19, construction on homes was temporarily halted from March 2020 to September 2020 but has resumed. Since January 1, 2022, fully vaccinated individuals have been able to enter Argentina as tourists without needing to quarantine. The future of the COVID-19 pandemic and its effect on travel is still uncertain. The Company remains cautious that COVID-19 may continue to negatively impact both Algodon Mansion and Algodon Wine Estates through 2023 and possibly beyond.

In the wake of the pandemic, we reduced expenses by terminating our office lease at 135 Fifth Avenue in New York City, and all employees and contractors worked from home. In June 2022, the Company’s leather goods and accessories brand Gaucha – Buenos Aires opened a flagship retail location at 112 NE 41st Street, Suite #106 in Miami, Florida. This location includes a small greenroom utilized by the company’s administrative team as a temporary office space.

Throughout the COVID-19 pandemic, we also experienced significant delays in product development, production, and shipping from our overseas manufacturing partners, many of whom have been on complete lockdown for the safety of their workers. Some of our manufacturing partners have even had to close permanently. Because of this, we have had to pursue relationships with new vendors.

Due to the events stated above, it was necessary for us to reduce our email marketing efforts to our customer database, as we were not able to fulfill orders. This resulted in a significant reduction in our web traffic and sales.

The accompanying consolidated financial statements have been prepared assuming that we will continue as a going concern, which contemplates the realization of assets and satisfaction of liabilities and commitments in the normal course of business. However, doubt has been raised as to the ability of the Company to continue as a going concern. The Company presently has enough cash on hand to sustain its operations on a month-to-month basis, but if the Company is not able to obtain additional sources of capital, it may not have sufficient funds to continue to operate the business for twelve months from the date these financial statements are issued. Since inception, our operations have primarily been funded through proceeds received in equity and debt financings. We believe we have access to capital resources and continue to evaluate additional financing opportunities. There is no assurance that we will be able to obtain funds on commercially acceptable terms, if at all. There is also no assurance that the amount of funds we might raise will enable us to complete our development initiatives or attain profitable operations.

The Company is continuing to monitor the outbreak of COVID-19 and the related business and travel restrictions, and changes to behavior intended to reduce its spread, and the related impact on the Company's operations, financial position and cash flows, as well as the impact on its employees. Due to the rapid development and fluidity of this situation, the magnitude and duration of the pandemic and its impact on the Company's future operations and liquidity is uncertain. While there could ultimately be a material impact on operations and liquidity of the Company, as of the date of this prospectus, the impact cannot be determined at this time.

The extent of the impact, if any, will depend on future developments, including actions taken to contain COVID-19. See also "Risk Factors" for more information.

On January 25, 2022, at the Special Meeting of the Stockholders of the Company, for purposes of complying with the Nasdaq Exchange Cap rule, the stockholders approved the issuance of up to 1,013,684 shares pursuant to the Securities Purchase Agreement. On January 11, 2022, the Company filed a registration statement on Form S-1 to register up to 1,013,684 shares of our common stock for resale by the Investors upon conversion of the Notes.

In February 2022, the Company's leather goods and accessories brand, Gaucho – Buenos Aires, debuted its Fall 2022 collection during New York Fashion Week. This same month the brand announced the appointment of Lautaro Garcia de la Peña as new Creative Director.

On February 3, 2022, the Company purchased the domain name Gaucho.com for \$34,999 in cash and 1,250 shares of common stock, subject to adjustment. The seller is entitled to additional shares of common stock if on August 14, 2022, the closing price per share of the Company's common stock is less than \$31.68 as quoted on a national securities exchange, and the Company shall issue additional shares of common stock so that the value of the total shares issued to the seller collectively has a fair market value of \$36,900.

Also on February 3, 2022, the Company, through its subsidiaries, acquired 100% of Hollywood Burger Argentina S.R.L. (now Gaucho Development S.R.L.), in exchange for issuing 106,952 shares of its common stock to Hollywood Burger Holdings, Inc. See Item 5 for more information.

On February 28, 2022, the Company, holding 79% of the shares of common stock of Gaucho Group, Inc., a Delaware corporation and private company ("GGI") offered to purchase up to 5,266,509 shares of common stock of GGI (representing the remaining 21% of the shares of common stock of GGI) in exchange for an aggregate of approximately 86,899 shares of common stock of the Company, upon the terms and subject to the conditions set forth in the Offer to Purchase and in the related Share Exchange and Subscription Agreement. See Item 5 for more information.

On February 2, 2022, the Company announced it received approval for the masterplan for Algodon Wine Estates' 4,138 acre luxury wine & wellness development.

On March 29, 2022, the Company announced that it acquired the new domain Gaucho.com, and alerted consumers of the change of web address.

On April 14, 2022, the Company debuted its home goods line, Gaucho Casa.

On April 19, 2022, the Company announced the addition of Southern Glazer's Wines and Spirits to the wine distribution network of Algodon Fine Wines. Southern Glazer's Wines and Spirits' Signature Luxury Wine & Spirits Division is a distribution platform designed to introduce hand-picked and curated fine wines to their customer base.

On May 26, 2022, the Company announced the completion of its winery's multi-year expansion and infrastructure improvement initiative, that has resulted in a larger and better equipped facility to produce premium quality, small batch wines. These improved amenities are expected to drive value and garner further interest in the project's residential community and lot sales. The improvements include significant investment into the acquisition of additional stainless steel tanks, new French oak barrels, and the expansion of its winery and wine cave, including: improvements to its microvinification area and wine cellars with stone wall finishings quarried from the local Sierra Pintada Mountains to produce natural temperature control ideal for barrel aging and storage; the addition of new stainless-steel tanks specially created to produce quality small batch wines, a new tasting room lined with wine racks for bottle aging, and featuring a central keystone, iconic and grand in scale, that was hand selected and quarried from the local Sierra Pintada Mountains and serves as a tasting table in the center of the tasting room; a new bottling center with improved technology and machinery, as well as a grand rooftop terrace above the winery offering sweeping vineyard views, intended for wine tastings, special occasions and other social events. Algodon's current winery capacity includes 485,000 liters (or approximately 546,000 bottle equivalent), which can be broken down to include tank storage of 280,000 liters, barrel storage of 135,000 storage, and 70,000 liters of bottle storage.

On June 2, 2022, the Company unveiled its expanded and newly revised masterplan map for Algodon Wine Estates, a 4,138 acre wine, wellness, culinary and sport resort and luxury residential development, in San Rafael, Mendoza, Argentina. The revised masterplan lays the foundation for a potential partnership with a branded name in luxury hospitality to co-develop a proposed 80-room ultra luxury hotel, 40 branded residences and 200 additional lots. The revised masterplan map can be viewed here: <https://bit.ly/3GCIAVc>.

On June 7, 2022, we executed a Second Amendment to the Amended and Restated Limited Liability Company Agreement of LVH Holdings LLC ("LVH") to modify the rules for distributions to the members of LVH, and modify the number, amount and timing of our additional capital contributions to LVH.

On June 9, 2022, the Company announced Gaucho – Buenos Aires new Creative Director Lautaro Garcia de la Peña will helm the Company's line of leather goods, fashion and home décor, and lead Gaucho's creative team of exciting, young Argentinian design talent.

On June 23, 2022, the Company announced that its luxury vineyard development project, Algodon Wine Estates, had received Electrical Masterplan approval by Edemsa, paving the way to proceed with its electrical infrastructure plan for the project's new luxury hotel and residences, and village lots. Edemsa (Empresa Distribuidora de Electricidad Mendoza S.A.) is an electric power distribution company serving 11 departments in the Argentine province of Mendoza.

On July 12, 2022, the Company celebrated its U.S. flagship's grand opening at the brand's new retail space at Miami Design District's luxury fashion boutiques and shops in Miami, Florida. Gaucho – Buenos Aires seeks to provide unmatched access to the distinctive Argentinian lifestyle to people across the world, through its covetable fashions, artisanal design, and unparalleled experiences. The retail space at 112 NE 41st Street, Suite #106, serves as Gaucho – Buenos Aires' flagship store in the United States and lies near widely recognized retail brands such as Off White, Bottega Veneta, Gucci, and Chanel, as well as Tesla, Warby Parker and Rag& Bone.

Between July 13, 2022 through August 30, 2022, the Company issued convertible promissory notes in an aggregate amount of \$1,727,500. On August 30, 2022, with the requisite stockholder approval, \$1,727,500 of principal and \$8,252 of interest owed on the notes automatically converted into 454,587 units, each unit consisting of one share and one warrant.

Effective as of September 15, 2022, the Company filed an Amended and Restated Certificate of Incorporation with the Secretary of State of the State of Delaware to reflect the reduction in the number of authorized shares of preferred stock from 11,000,000 shares to 902,670 shares as a result of the previous conversion of the Series A Convertible Preferred into shares of common stock of the Company.

On September 22, 2022, the Company entered into an exchange agreement with the holders of notes pursuant to the 2021 SPA in order to waive payment of principal and interest due on each of September 7, 2022 and October 7, 2022 and require that all principal, interest, and fees be paid on the maturity date of November 9, 2022. The Company issued the holders warrants to purchase up to an aggregate of 90,917 shares of the Company's Common Stock at an exercise price of \$3.82.

On November 4, 2022, the Company effected a reverse stock split in a ratio of 1 share of common stock for 12 issued shares of common stock, while maintaining its total authorized common stock at 150,000,000 shares.

On November 8, 2022, the Company entered into a new Common Stock Purchase Agreement and a Registration Rights Agreement with Tumim Stone Capital LLC for the right to sell to Tumim Stone Capital up to the lesser of (i) \$44,308,969.30 worth of newly issued shares of common stock, and (ii) the Exchange Cap (subject to certain conditions and limitations). On the same date, the Company and Tumim terminated the prior Common Stock Purchase Agreement and Registration Rights Agreement entered into as of May 6, 2021.

On November 9, 2022, the Company filed its definitive proxy statement in connection with the special meeting of the stockholders set for December 19, 2022.

On November 30, 2022, the Company entered into an exchange agreement with the holders of notes pursuant to the 2021 SPA in order to extend the maturity date of the notes from November 9, 2022 to February 9, 2023 and issued the holders warrants to purchase up to an aggregate of 43,814 shares of the Company's Common Stock at an exercise price of \$6.00.

On December 12, 2022, we executed a Third Amendment to the Amended and Restated Limited Liability Company Agreement of LVH to extend the outside date for execution of the ground lease from December 31, 2022 to June 30, 2023.

On December 14, 2022, the Company and Maria Echevarria, its Chief Financial Officer, entered into an employment agreement to continue to serve as the Company's Chief Financial Officer, effective January 1, 2022 for a three-year term, subject to automatic renewal of successive one-year periods.

On December 19, 2022, at a special meeting of the stockholders of the Company, for purposes of complying with the Nasdaq Exchange Cap rule, the stockholders approved the issuance of up to 1,666,667 shares pursuant to the 2021 SPA and approved the issuance of up to 1,250,000 shares pursuant to the conversion of certain convertible promissory notes. On December 16, 2022, we filed a registration statement on Form S-1 to register up to 1,666,667 shares of our common stock for resale by holders of notes pursuant to the 2021 SPA, which went effective on December 23, 2022.

On December 19, 2022, the Company converted promissory notes representing a total of \$1,431,500 of principal and \$13,817 of interest into 602,255 units consisting of one share of common stock and one warrant to purchase one share of common stock at a conversion price of \$2.40 per unit.

On December 24, 2022, the Board of Directors of the Company approved the issuance of additional restricted stock units (RSUs) pursuant to the 2018 Equity Incentive Plan effective December 31, 2022 subject to vesting, representing 767,280 shares of common stock of the Company to certain employees, contractors, consultants and advisors in exchange for services to the Company in the fiscal year 2022.

On January 9, 2023, the Company entered into a series of promissory notes for gross proceeds of \$185,000 bearing interest at 8% per annum. The maturity date is January 9, 2024.

On February 2, 2023, the Company and the holders of notes pursuant to the 2021 SPA entered into a fourth letter agreement pursuant to which the parties agreed to reduce the Conversion Price of the Notes to the lower of: (i) the Closing Sale Price on the Trading Day immediately preceding the Conversion Date; and (ii) the average Closing Sale Price of the common stock for the five Trading Days immediately preceding the Conversion Date, beginning on the Trading Day of February 3, 2023.

On February 8, 2023, the Company and the holders of notes pursuant to the 2021 SPA entered into a fifth letter agreement pursuant to which the parties agreed to extend the maturity date of the notes from February 9, 2023 to February 28, 2023.

On February 10, 2023, the Company sold 591,000 shares of common stock (the “Shares”) for gross proceeds of \$591,000 to accredited investors and warrants to purchase 147,750 shares of common stock at an exercise price of \$1.00 per share (the “Warrants”). The Warrants are exercisable for two years from the date of issuance.

On February 20, 2023, the Company entered into an exchange agreement with the holders of notes pursuant to the 2021 SPA in order to amend certain provisions of the 2021 SPA and issued the holders warrants to purchase up to an aggregate of 150,000 shares of the Company’s Common Stock at an exercise price of \$1.00. See Item 9B for more information.

On February 21, 2023, the Company entered into a Securities Purchase Agreement with an institutional investor, pursuant to which the Company will sell to the investor a series of senior secured convertible notes of the Company in the aggregate original principal amount of \$5,617,978, and a series of common stock purchase warrants of the Company, which warrants shall be exercisable into an aggregate of 3,377,099 shares of common stock of the Company for a term of three years. The Company received \$5,000,000 in proceeds after the original issue discount of 11% on the principal. The Company used the proceeds to repay all principal, interest and fees owing under the 2021 SPA. See Item 9B for more information.

GGH continues pivoting operations to focus primarily on e-commerce sales of our Gaucho—Buenos Aires brand, in addition to our wines which also serve as ambassador to our 4,138-acre wine and real estate development. We believe that the change in focus and ongoing restructuring of our Argentine operations can have a positive impact and overall improvement on our business.

Our goal for 2023 is to focus on actions that can result in immediate revenues, such as e-commerce sales, continued deeding of lots and real estate sales and greater distribution of our wines by supporting our importer and their network partners. Last summer, our leather goods and accessories brand celebrated the incredible milestone of opening our flagship at one of the world's most renowned luxury shopping malls, the Miami Design District, among the likes of widely recognized luxury retail brands such as Off White, Bottega Veneta, Gucci, and Chanel, and many others. In addition to presenting at the renowned New York Fashion Week, we also launched our line of luxury home goods, among other notable milestones. We look forward to continuing to scale our e-commerce revenue growth with an aggressive marketing campaign, as well the launch of our Resort Collection this summer and a luggage + travel accessories collection.

We have been working hard to hone in on our target audience by testing various digital ad campaigns. Through A/B testing, and market research and analysis, we can better identify our ideal customer demographic. This is an ongoing process, and we have been working to tailor our ad campaigns to better define audiences in the digital landscape that show the highest conversions for online sales. To do this, we use a variety of digital marketing channels, such as social media platforms and search engines, to run targeted ads that appeal to our ideal customer base.

Our efforts to focus on our target audience through testing digital ad campaigns continue. By using data-driven insights to inform our marketing strategies, we believe we can achieve a higher return on investment and better connect with our ideal customers. As we continue to test and refine our digital marketing efforts, we believe can drive growth for our e-commerce businesses.

Slated for a yet to be determined future date, we anticipate launching a popup shop in Los Angeles and other large cities, as a tool to market-test our brand in new locations. With popup shops, we can for example, work with local public relations ("PR") companies to get the word out, as these opportunities are typically promoted via direct mail, PR and digital marketing efforts, as well as word of mouth and strategic geographic positioning.

We expect that our Gaucho brand sales will grow to represent a majority of our revenue, with our wine and real estate business making up the remainder.

Financings

In 2022 and 2021 we raised, net of repayments, approximately \$3,557,000 and \$18,945,000 of new capital through the issuance of debt and equity. We used the net proceeds from the closings of these private placement offerings for general working capital, our investment in LVH and for capital expenditures.

During the period from July 13, 2022 through August 30, 2022, the Company issued convertible promissory notes in the aggregate amount of \$1,727,500.

During the fourth quarter of 2022, the Company issued additional convertible promissory notes in the aggregate amount of \$1,431,500.

In the period preceding November 8, 2022, the Company issued shares under the Securities Purchase Agreement for aggregate net proceeds of \$511,346 during the year ended December 31, 2022.

On November 8, 2022, the parties terminated the Securities Purchase Agreement and entered into a new agreement (the “New ELOC”). Under the New ELOC, the Company will have the right to sell to the Underwriter up to the lesser of (i) \$44,308,969 of newly issued shares of the Company’s common stock and (ii) the Exchange Cap, as defined, from time to time at a price equal to 95% of the lowest daily VWAP during the three consecutive trading days immediately following the date that the Company provides notice to the Underwriter, directing the Underwriter to purchase shares. The Company is able to sell such shares to the Underwriter over a period of up to 36 months after the date of the Commencement. The Company sold shares under the New ELOC for net proceeds of \$10,086 during the year ended December 31, 2022.

Initiatives

We have implemented a number of initiatives designed to expand revenues and control costs. Revenue enhancement initiatives include expanding marketing, investment in additional winery capacity and developing new real estate development revenue sources. Our goal for 2023 is to focus on actions that can result in immediate revenues, such as e-commerce sales, continued deeding of lots and real estate sales and greater distribution of our wines by supporting our importer and their network partners. Cost reduction initiatives include investment in equipment that will decrease our reliance on subcontractors, plus outsourcing and restructuring of certain functions. Our goal is to become more self-sufficient and less dependent on outside financing.

We believe upcoming initiatives for our luxury vineyards estate lot sales program can potentially generate USD 5 million or more in sales in 2023 alone, while our continued build out of the project’s infrastructure (a planned 60-room hotel and spa, that is also slated to include 30-50 residences, and for which we seek to co-brand with a luxury hotel brand) could generate an additional \$25 million per year of revenue once complete. With our Masterplan’s addition of 200 more lots, ranging in size from 2.47 acres to 6 acres, we anticipate the potential to generate more than \$100 million in revenue.

In the hospitality sector, we have a strategy in place to increase the occupancy and ADR for our hotels in Buenos Aires and Mendoza.

Our e-commerce wine sales in 2022 saw increased sales volume, returning customer rates and online sessions, as well as increased distribution channels in both Argentina and the U.S. Our plans for 2023 and beyond include further increasing our distribution channels, our e-commerce sales and our international markets, such as Argentina’s neighbor Brazil, which is the world’s 3rd largest market for online wine sales.

Gaicho – Buenos Aires e-commerce looks forward to continuing to scale our e-commerce revenue growth with an aggressive marketing campaign, as well the launch of our Resort Collection this summer and a luggage + travel accessories collection. Our digital marketing efforts are a crucial aspect for our brand as we seek to reach a wider audience and boost sales. In order to effectively market Gaicho – Buenos Aires, we intend to focus on various essential digital marketing elements, including the ongoing optimization of our e-commerce website, our social media channels showcasing our products, creating engaging content such as blog posts and videos, running targeted ad campaigns on search engines and social media platforms, and leveraging influencer marketing to promote our products to our target audiences. Additionally, Gaicho – Buenos Aires employs email marketing campaigns to keep our customers engaged and informed about new product launches and sales. By investing in these digital marketing strategies, we believe our brand can effectively reach our target audience, increase brand awareness, and drive sales.

Consolidated Results of Operations

Year Ended December 31, 2022 Compared to the Year Ended December 31, 2021

The following table represents selected items in our consolidated statements of operations for the years ended December 31, 2022 and 2021, respectively:

	For the Years Ended December 31,	
	2022	2021
Sales	\$ 1,643,716	\$ 4,915,240
Cost of sales	(1,475,961)	(1,211,799)
Gross profit	167,755	3,703,441
Operating Expenses		
Selling and marketing	738,399	580,850
General and administrative	7,961,065	5,389,716
Depreciation and amortization	251,941	145,653
Impairment of investment - related party	7,000,000	-
Total operating expenses	15,951,405	6,116,219
Loss From Operations	(15,783,650)	(2,412,778)
Other Expense (Income)		
Interest income	(142,746)	(26,587)
Interest expense	1,694,457	374,685
Forgiveness of PPP loan	-	(242,486)
Loss on extinguishment of debt	2,105,119	-
Inducement expense	3,163,318	-
Other income	(300,000)	(162,500)
(Gains) losses from foreign currency translation	(478,500)	33,128
Total other expense (income)	6,041,648	(23,760)
Net Loss	\$ (21,825,298)	\$ (2,389,018)

Overview

We reported net losses of approximately \$21.8 million and \$2.4 million for the years ended December 31, 2022 and 2021, respectively. The increase in net loss is due to the impairment of investment, inducement expense, loss on extinguishment of debt, an increase in operating expenses and a decline in revenues as discussed in further detail below.

Revenues

Revenues were approximately \$1,644,000 and \$4,915,000 during the years ended December 31, 2022 and 2021, respectively, reflecting a decrease of approximately \$3,271,000 or 67%. The total decrease in sales is primarily due to the decrease in lot sales of approximately \$3,955,000 as the Company recognized approximately \$185,000 and \$4,139,000 in lot sales during the year ended December 31, 2022 and 2021, respectively. The decrease in lot sales was partially offset by increases in hotel, agricultural, clothing, food, wine and other sales of approximately \$1,206,000, in the aggregate. The increases in sales in these areas resulted from the easing of COVID restrictions and the Argentine government's efforts to promote tourism and revitalize local businesses by subsidizing a portion of sales. All other fluctuations are immaterial individually and in the aggregate.

The decrease in revenue is compounded from the impact of approximately \$522,000 as the result of the decline in the value of the Argentine peso vis-à-vis the U.S. dollar. The average exchange rate of the Argentina peso increased from 95.0408 for the year ended December 31, 2021 to 130.8427 for the year ended December 31, 2022, which represents an average exchange rate of the Argentine peso to US Dollar of \$0.00764.

Total sales from Argentina were approximately ARS \$204.5 million during the year ended December 31, 2022 as compared to approximately ARS \$498.4 million during the year ended December 31, 2021, reflecting a net decrease of approximately ARS \$294 million or 59%. Lot sales revenues were approximately ARS \$20.5 million and ARS \$430.2 during the years ended December 31, 2022 and 2021, respectively. Hotel, restaurant and event revenues were approximately ARS \$118.8 million and ARS \$42.7 million during years ended December 31, 2022 and 2021, respectively, representing an increase of approximately ARS \$76.1 million, or 179% resulting from the reopening of business operations as COVID-19 restrictions were eased. Argentine winemaking revenues were approximately ARS \$24.5 million and ARS \$10.9 million during the years ended December 31, 2022 and 2021, respectively, representing an increase of approximately ARS \$13.6 million or 124%. Other revenues, including golf, tennis and agricultural revenues, were ARS \$40.6 million and ARS \$14.6 million during the years ended December 31, 2022 and 2021, respectively, representing an increase of approximately ARS \$26 million or 178%, of which approximately ARS \$12.5 million represents an increase in agricultural revenues, approximately ARS \$12.5 million represents an increase in other revenue, and approximately ARS \$1 million represents an increase in golf revenues.

Gross profit

We generated a gross profit of approximately \$168,000 for the year ended December 31, 2022 as compared to a gross profit of approximately \$3,703,000 for the year ended December 31, 2021, representing a decrease of \$3,535,000, or 95% primarily as a result of the decrease in lot sales as described above. The decrease in gross margin from 75% for the year ended December 31, 2021 to 10% for the year ended December 31, 2022 resulted from high margins earned on real estate lot sales which were not repeated in 2022. Cost of sales, which consists of real estate lots, raw materials, direct labor and indirect labor associated with our business activities, increased by approximately \$264,000 from \$1,212,000 for the year ended December 31, 2021 to \$1,476,000 for the year ended December 31, 2022. Increases in cost of sales are due to an increase of approximately \$570,000 in hotel and winemaking costs, approximately \$339,000 in agricultural costs, approximately \$218,000 in food costs and approximately \$104,000 in clothing and other costs, in the aggregate, resulting primarily from increases in related revenues during the year ended December 31, 2022. The aforementioned costs of sales increases were partially offset by a decrease of approximately \$460,000 in costs associated with lot sales and a decrease of approximately \$507,000 resulting from the impact of the decline in the value of the Argentine peso vis-à-vis the U.S. dollar.

Selling and marketing expenses

Selling and marketing expenses were approximately \$738,000 and \$581,000, for the years ended December 31, 2022 and 2021, respectively, representing an increase of approximately \$157,000 or 27%, primarily related to promoting the Company in new markets, as well as advertising and marketing expenses for GGI's new retail space.

General and administrative expenses

General and administrative expenses were approximately \$7,961,000 and \$5,390,000 for the years ended December 31, 2022 and 2021, respectively, representing an increase of approximately \$2,571,000 or 48%. The increase in general and administrative expenses is primarily attributed to (i) an approximate \$831,000 increase in compensation to the Company's Board of Directors (consisting of approximately \$634,000 in stock compensation and approximately \$197,000 of cash compensation); (ii) an increase in employee and contractor compensation of approximately \$972,000; (iii) an increase of approximately \$628,000 in professional and consulting fees; (iv) \$217,000 in travel expenses related to investor activity; (v) an increase in occupancy charges of approximately \$159,000 in connection with GGI's new retail space; (vi) an increase in taxes and tax reserve allowances of approximately \$121,000; (vii) an increase of approximately \$155,000 in regulatory and filing fees; (viii) an increase of approximately \$111,000 in delivery fees, and (ix) an increase of approximately \$151,000, in the aggregate, in other operating expenses. The increases in general and administrative expenses were partially offset by (x) a decrease in insurance expenses of \$177,000, (xi) a decrease in office expenses of approximately \$46,000, and (xii) approximately \$551,000 resulting from the impact of the decline in the value of the Argentine peso vis-à-vis the U.S. dollar. All other fluctuations are immaterial individually and in the aggregate.

Depreciation and amortization expense

Depreciation and amortization expense were approximately \$252,000 and \$146,000 during the years ended December 31, 2022 and 2021, respectively, representing an increase of approximately \$106,000 or 73%, primarily resulting from increases to leasehold improvements in connection with GGI's retail space in Florida.

Impairment of investment – related party

Impairment of investment – related party expense was \$7,000,000 and \$0 during the years ended December 31, 2022 and 2021, respectively. The Company holds an equity investment in LVH Holdings which is accounted for at cost, less impairment. During the year ended December 31, 2022, management determined that the future cash flows from this investment are not expected to be sufficient to recover its carrying value. As a result, the Company fully impaired the investment in LVH.

Interest income

Interest income was approximately \$143,000 and \$27,000 during the years ended December 31, 2022 and 2021, respectively, representing an increase of approximately \$116,000 or 430%. The increase is primarily due to the recognition of interest income on mortgages receivable related to the lot sales. Lot sales for 2021 occurred later in the year and the related mortgages receivable were outstanding for the entire fiscal year 2022.

Interest expense

Interest expense was approximately \$1,694,000 and \$375,000 during the years ended December 31, 2022 and 2021, respectively, representing an increase of approximately \$1,319,000 or 352%. The increase is primarily due to (i) an approximate \$973,000 increase in amortization of debt discount on convertible notes and (ii) an increase of interest expenses of approximately \$383,000 on the outstanding convertible notes, and (iii) approximately \$16,000 resulting from the impact of the decline in the value of the Argentine peso vis-à-vis the U.S. dollar, partially offset by (iv) a decrease of approximately \$53,000 in interest expense paid and payable to the Federal Administration of Public Revenues in Argentine due to renegotiating the payment plan.

Forgiveness of PPP loan

A loan was received from the U.S. Small Business Administration pursuant to the Paycheck Protection Program enacted by Congress under the Coronavirus Aid, Relief, and Economic Security Act (15 U.S.C. 636(a)(36)) (the "CARES Act"). On March 26, 2021, the Company was approved for forgiveness on the full amount of the loan.

Loss on extinguishment of debt

On May 12, 2022, the Company entered into a conversion agreement ("Letter Agreement #2") with the holders of GGH Notes pursuant to which the parties agreed to reduce the conversion price. The reduction in conversion price was accounted for as debt extinguishment. The Company recorded a loss on extinguishment of debt of \$2,105,119, which consisted of (i) \$421,272 to eliminate the debt discount related to the original debt instrument, plus (ii) \$1,683,847, which represented the difference between the previous net carrying amount and the fair value of the modified debt instrument.

Inducement expense

On May 2, 2022, the Company entered into a letter agreement ("Letter Agreement #1") with the holders of GGH Notes which provided for a reduction of the conversion price for shares of the Company's common stock. During the period from May 3, 2022 through May 11, 2022, principal, interest and fees were converted into shares of common stock at a the reduced conversion price and the Company recorded inducement expense in the amount of \$198,096 as a result of the conversion of debt and interest pursuant to the letter agreement.

During the period from July 7 through August 30, the Company and holders of the GGH Notes entered into another agreement ("Letter Agreement #3") which provided for a reduced conversion price and the Company recorded inducement expense in the amount of \$2,965,222 as a result of the conversion of debt and interest into common shares pursuant to the letter agreement.

Other income

Other income of \$300,000 and \$162,500 during the year ended December 31, 2022 and 2021, respectively, represents the management fee received from LVH Holdings. The agreement with LVH Holdings was signed in June of 2021 which accounts for the increase of approximately \$133,000 in management fees charged.

(Gains) losses from foreign currency translation

The Company recorded gains from foreign currency translation of approximately \$479,000 and losses from foreign currency translation of approximately \$33,000 during the years ended December 31, 2022 and 2021, respectively. The fluctuation of approximately \$512,000 in gains from foreign currency translation is due to the fluctuation in the Argentine peso to United States dollar exchange rates.

Liquidity and Capital Resources

We measure our liquidity in variety of ways, including the following:

	For the Years Ended December 31,	
	2022	2021
Cash	\$ 300,185	\$ 3,649,407
Working Capital (Deficiency)	\$ 595,120	\$ (790,334)
Debt Outstanding	\$ 2,247,780	\$ 6,052,704

Based upon our cash and working capital balances as of December 31, 2022, we require additional equity and/or debt financing to sustain operations. These conditions raise substantial doubt about our ability to continue as a going concern.

During the years ended December 31, 2022 and 2021, we financed our activities through proceeds derived from debt and equity financings. A significant portion of the funds have been used to fund our investment in LVH, for capital expenditures, and to cover working capital needs and personnel, office expenses and various consulting and professional fees. During the years ended December 31, 2022 and 2021, we have relied primarily on debt and equity offerings to third party independent, accredited investors and related parties to sustain operations. During the year ended December 31, 2022, we received proceeds of approximately \$3,159,000 from the issuance of convertible debt and approximately \$521,000 from the sale of common stock pursuant to our equity lines of credit.

The proceeds from these financing activities were used to fund our existing operating deficits, legal and accounting expenses associated with being a public company and the general working capital needs of the business. Further, during the year ended December 31, 2022, the Company repaid loans payable and debt obligations in the aggregate amount of approximately \$124,000.

As of December 31, 2022, we had cash, working capital and accumulated deficit of approximately \$300,000, \$595,000 and \$117,480,000, respectively. During the years ended December 31, 2022 and 2021, we incurred a net loss of approximately \$21,825,000 and \$2,389,000, respectively, and used cash in operating activities of approximately \$5,700,000 and \$6,810,000, respectively. Cash requirements for our current liabilities include approximately \$2,582,000 for accounts payable and accrued expenses and approximately \$203,000 for operating lease liabilities. Cash requirements for our long-term liabilities include approximately \$1,328,000 for operating lease liabilities, approximately \$92,000 for loans payable and approximately \$1,991,000 of convertible debt obligations. In addition, in the event that LVH enters into a ground lease, we are obligated to make additional capital contributions in the aggregate amount of \$28.0 million to LVH pursuant to the LVH LLC Agreement.

On November 8, 2022, we entered into a new equity line of credit agreement (the "New ELOC") with an underwriter, pursuant to which we will have the ability (but not the obligation) to sell to the underwriter an aggregate of up to the lessor of (i) \$44,308,369 of newly issued shares of common stock, and (ii) the Exchange Cap, as defined.

In the period after December 31, 2022 and preceding filing date, the Company sold common stock for \$591,000 in proceeds and issued a series of convertible notes for proceeds of \$5,000,000. The Company used a portion of the proceeds to repay all principal, interest, and fees owed on the GGH Notes. The Company also entered into a series of promissory notes and raised gross proceeds of \$185,000 bearing interest at 8% per annum.

Our operating needs include the planned costs to operate our business, including amounts required to fund working capital and capital expenditures. Our future capital requirements and the adequacy of our available funds will depend on many factors, including our ability to successfully commercialize our products and services, competing technological and market developments, and the need to enter into collaborations with other companies or acquire other companies or technologies to enhance or complement our product and service offerings.

Going Concern and Management's Liquidity Plans

The accompanying consolidated financial statements have been prepared assuming that we will continue as a going concern, which contemplates the realization of assets and satisfaction of liabilities and commitments in the normal course of business. The Company has suffered substantial recurring losses from operations since inception and operations have primarily been funded through proceeds received in equity and debt financings. These conditions raise substantial doubt that we will be able to continue operations as a going concern. The accompanying consolidated financial statements do not include any adjustments that might be necessary if we were unable to continue as a going concern.

Historically, we have been successful in raising funds to support our capital needs. We believe we have access to additional capital resources and continue to evaluate additional financing opportunities. However, if we are unable to obtain additional financing on a timely basis, we may have to delay vendor payments and/or initiate cost reductions, which would have a material adverse effect on our business, financial condition and results of operations, and ultimately, we could be forced to discontinue our operations, liquidate assets and/or seek reorganization under the U.S. bankruptcy code.

Availability of Additional Funds

As a result of our financings, we have been able to sustain operations. However, we will need to raise additional capital in order to meet our future liquidity needs for operating expenses and capital expenditures, including GGI inventory production, continued development of the GGI e-commerce platform, expansion of our winery and additional investments in real estate development. If we are unable to obtain adequate funds on reasonable terms, we may be required to significantly curtail or discontinue operations.

Sources and Uses of Cash for the Years Ended December 31, 2022 and 2021

Net Cash Used in Operating Activities

Net cash used in operating activities for the years ended December 31, 2022 and 2021, amounted to approximately \$5,700,000 and \$6,810,000, respectively. During the year ended December 31, 2022, the net cash used in operating activities was primarily attributable to the net loss of approximately \$21,825,000, adjusted for approximately \$15,056,000 of non-cash expenses and \$1,069,000 of cash generated from changes in the levels of operating assets and liabilities. During the year ended December 31, 2021, the net cash used in operating activities was primarily attributable to the net loss of approximately \$2,389,000, adjusted for approximately \$1,178,000 of non-cash expenses and \$5,599,000 of cash used to fund changes in the levels of operating assets and liabilities.

Net Cash Used in Investing Activities

Net cash used in investing activities for the years ended December 31, 2022 and 2021 amounted to approximately \$1,971,000 and \$8,945,000, respectively. During the year ended December 31, 2022 the net cash used in investing activities was primarily attributable to the purchase of property and equipment of approximately \$1,928,000, the purchase of a domain name for approximately \$35,000 and cash used for the acquisition of GDS of approximately \$8,000. During the year ended December 31, 2021 the net cash used in investing activities was primarily attributable to the purchase of a related party investment of approximately \$7,000,000 and the purchase of property and equipment of approximately \$1,945,000.

Net Cash Provided by Financing Activities

Net cash provided by financing activities for the years ended December 31, 2022 and 2021 amounted to approximately \$3,557,000 and \$18,945,000, respectively. For the year ended December 31, 2022, the net cash provided by financing activities resulted from an aggregate of \$3,159,000 of proceeds from the issuance of convertible debt, approximately \$511,000 of net proceeds from the sale of common stock under the Purchase Agreement, approximately \$10,000 of proceeds from sale of common stock under the New ELOC, partially offset by repayments of loans payable of approximately \$117,000, and repayments of debt obligations of approximately \$7,000. For the year ended December 31, 2021, the net cash provided by financing activities resulted from approximately \$7,287,000 of proceeds from underwritten public offering net of offering costs, approximately \$6,000,000 of proceeds from convertible debt obligations, approximately \$5,135,000 of proceeds from the sale of common stock, approximately \$409,000 from proceeds from sale of common stock and warrants, and approximately \$1,647,000 from proceeds from exercise of warrants, partially offset by offering costs in connection with convertible debt obligations of approximately \$471,000, offering costs in connection with the sale of common stock for cash of approximately \$458,000, offering costs in connection with underwritten public offering of approximately \$320,000, repayments of loans payable of approximately \$185,000, and repayments of debt obligations of approximately \$100,000.

Off-Balance Sheet Arrangements

None.

Contractual Obligations

As a smaller reporting company, we are not required to provide the information required by paragraph (a)(5) of this Item.

Critical Accounting Policies and Estimates

The preparation of financial statements and related disclosures in conformity with U.S. GAAP. These accounting principles require us to make estimates and judgments that can affect the reported amounts of assets and liabilities as of the date of the financial statements as well as the reported amounts of revenue and expense during the periods presented. We believe that the estimates and judgments upon which it relies are reasonably based upon information available to us at the time that it makes these estimates and judgments. To the extent that there are material differences between these estimates and actual results, our financial results will be affected. Significant estimates and assumptions include the valuation of investments, equity and liability instruments, the value of right-of-use assets and related lease liabilities and reserves associated with the realizability of certain assets. The accounting policies that reflect our more significant estimates and judgments, and which we believe are the most critical to aid in fully understanding and evaluating our reported financial results, are described below.

The following is not intended to be a comprehensive list of all of our accounting policies or estimates. Our accounting policies are more fully described in Note 3 – Summary of Significant Accounting Policies, in our financial statements included elsewhere in this annual report.

Revenue Recognition

We earn revenues from the sale of real estate lots and sales of food and wine as well as hospitality, food & beverage, other related services, and from the sale of clothing and accessories. Revenue from the sale of food, wine, agricultural products, clothes and accessories is recorded when the customer obtains control of the goods purchased. Revenues from hospitality and other services are recognized as earned at the point in time that the related service is rendered, and the performance obligation has been satisfied. Revenues from gift card sales are recognized when the card is redeemed by the customer. We do not recognize revenue for the portion of gift card values that is not expected to be redeemed (“breakage”) due to the lack of historical data. Revenue from real estate lot sales is recorded when the lot is deeded, and legal ownership of the lot is transferred to the customer.

The timing of our revenue recognition may differ from the timing of payment by our customers. A receivable is recorded when revenue is recognized prior to payment and we have an unconditional right to payment. Alternatively, when payment precedes the provision of the related services, we record deferred revenue until the performance obligations are satisfied. Deferred revenues associated with real estate lot sale deposits are recognized as revenues (along with any outstanding balance) when the lot sale closes, and the deed is provided to the purchaser. Other deferred revenues primarily consist of deposits accepted by us in connection with agreements to sell barrels of wine, advance deposits received for grapes and other agricultural products, and hotel deposits. Wine barrel and agricultural product advance deposits are recognized as revenues (along with any outstanding balance) when the product is shipped to the purchaser. Hotel deposits are recognized as revenue upon occupancy of rooms, or the provision of services.

Stock-Based Compensation

We measure the cost of services received in exchange for an award of equity instruments based on the fair value of the award on the date of grant. The fair value amount of the shares expected to ultimately vest is then recognized over the period for which services are required to be provided in exchange for the award, usually the vesting period. The estimation of stock-based awards that will ultimately vest requires judgment, and to the extent actual results or updated estimates differ from original estimates, such amounts are recorded as a cumulative adjustment in the period that the estimates are revised. We account for forfeitures as they occur.

Long-Lived Assets

When circumstances, such as adverse market conditions, indicate that the carrying value of a long-lived asset may be impaired, we perform an analysis to review the recoverability of the asset’s carrying value, which includes estimating the undiscounted cash flows (excluding interest charges) from the expected future operations of the asset. These estimates consider factors such as expected future operating income, operating trends and prospects, as well as the effects of demand, competition and other factors. If the analysis indicates that the carrying value is not recoverable from future cash flows, an impairment loss is recognized to the extent that the carrying value exceeds the estimated fair value. Any impairment losses are recorded as operating expenses, which reduce net income.

Income Taxes

We account for income taxes pursuant to the asset and liability method of accounting for income taxes pursuant to FASB ASC 740, "Income Taxes." Deferred tax assets and liabilities are recognized for taxable temporary differences and operating loss carry forwards. Temporary differences are the differences between the reported amounts of assets and liabilities and their tax bases. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized.

Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment.

Operating Leases

In February 2016, the FASB issued a new standard related to leases to increase transparency and comparability among organizations by requiring the recognition of operating lease right-of-use ("ROU") assets and lease liabilities on the balance sheet. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases. We are also required to recognize and measure new leases at the adoption date and recognize a cumulative-effect adjustment in the period of adoption using a modified retrospective approach, with certain practical expedients available.

We adopted ASC 842, "Leases" ("ASC 842") effective January 1, 2019 and elected to apply the available practical expedients and implemented internal controls and key system functionality to enable the preparation of financial information on adoption. ASC 842 requires us to make significant judgments and estimates. As a result, we implemented changes to our internal controls related to lease evaluation. These changes include updated accounting policies affected by ASC 842 as well as redesigned internal controls over financial reporting related to ASC 842 implementation. Additionally, we have expanded data gathering procedures to comply with the additional disclosure requirements and ongoing contract review requirements.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

As a smaller reporting company, we are not required to provide the information required by this Item.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Our consolidated financial statements and the related notes to the financial statements called for by this item appear beginning with the Table of Contents on Page F-1 at the end of this Form 10-K.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

None.

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Disclosure controls are procedures that are designed with the objective of ensuring that information required to be disclosed in our reports filed under the Exchange Act, such as this Annual Report, is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. Disclosure controls are also designed with the objective of ensuring that such information is accumulated and communicated to our management, including the Principal Executive and Accounting Officer, as appropriate to allow timely decisions regarding required disclosure. Internal controls are procedures which are designed with the objective of providing reasonable assurance that (1) our transactions are properly authorized, recorded and reported; and (2) our assets are safeguarded against unauthorized or improper use, to permit the preparation of our consolidated financial statements in conformity with United States generally accepted accounting principles.

In connection with the preparation of this Annual Report, management, with the participation of our Principal Executive and Accounting Officers, has evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Exchange Act Rule 13a-15(e) and 15d-15(e)). Based upon that evaluation, our Principal Executive and Accounting Officers concluded that, as of December 31, 2022, our disclosure controls and procedures were not effective as set forth below.

Management's Assessment of Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rule 13a-15(f) under the Exchange Act. Internal control over financial reporting is a process designed by, or under the supervision of, our Principal Executive and Financial Officer, and effected by the Board of Directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with U.S. GAAP including those policies and procedures that: (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect our transactions and the disposition of our assets, (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with U.S. GAAP and that receipts and expenditures are being made only in accordance with authorizations of our management and Board of Directors, and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of our assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with policies and procedures may deteriorate. Management conducted an evaluation of the effectiveness of our internal control over financial reporting based on the 2013 framework in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, management concluded that our internal control over financial reporting was not effective as of December 31, 2022 due to the lack of segregation of duties resulting from our small size and testing of the operating effectiveness of the controls.

In light of the material weakness described above, we performed additional analyses and procedures in order to conclude that our consolidated financial statements for the year ended December 31, 2022 included in this Annual Report on Form 10-K were fairly stated in accordance with US GAAP. Accordingly, management believes that despite our material weakness, our consolidated financial statements for the year ended December 31, 2022 are fairly stated, in all material respects, in accordance with US GAAP.

Changes in Internal Control over Financial Reporting

During the quarter ended December 31, 2022, there were no material changes in our internal controls over financial reporting, or in other factors that could significantly affect these controls, that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Inherent Limitations of Controls

Management does not expect that our disclosure controls and procedures or our internal control over financial reporting will prevent or detect all error and all fraud. Controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of a simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the controls. The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Over time, controls may become inadequate because of changes in conditions, or deterioration in the degree of compliance with the policies or procedures. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

ITEM 9B. OTHER INFORMATION

LVH Holdings LLC

On June 7, 2022, the Company, through its wholly owned subsidiary, Gaucho Ventures I – Las Vegas, LLC (“GVI”), executed a Second Amendment to the Amended and Restated Limited Liability Company Agreement of LVH Holdings LLC (“LVH”) to modify the rules for distributions to the members of LVH, and modify the number, amount and timing of GVI’s additional capital contributions to LVH.

On December 12, 2022, the Company, through GVI, executed a Third Amendment to the Amended and Restated Limited Liability Company Agreement of LVH to extend the outside date for execution of the ground lease from December 31, 2022 to June 30, 2023.

Stockholder Meetings

On August 30, 2022, the Company held its annual general stockholder meeting at 12:00 p.m. Eastern Time (the “2022 AGM”). A quorum was present for the 2022 AGM.

At the Company’s 2022 AGM, the stockholders: (i) elected two (2) Class I nominees to the board of directors (Reuben Cannon and Marc Dumont) to hold office for a three-year term; (ii) granted the Board of Directors discretion (if necessary to prevent the delisting of the Company’s common stock on Nasdaq) on or before June 30, 2023, to implement a reverse stock split of the outstanding shares of common stock in a range from one-for-two (1:2) up to one-for-twenty (1:20), or anywhere between, while maintaining the number of authorized shares of common stock required for Nasdaq listing; (iii) approved an amendment to the Company’s 2018 Equity Incentive Plan to increase the number of shares authorized for awards under the plan to 25% of our common stock outstanding on a fully diluted basis as of the date of stockholder approval; (iv) approved for purposes of complying with Nasdaq Listing Rule 5635(d), the issuance of shares of up to 1,250,000 of the Company’s common stock upon the conversion of convertible promissory notes issued in a private placement pursuant to Rule 506(b) of the Securities Act of 1933, as amended, without giving effect to Rule 5635(d); (v) approved for purposes of complying with Nasdaq Listing Rule 5635(d), the issuance of up to 833,333 shares of our common stock pursuant to that certain Securities Purchase Agreement, dated November 3, 2021, those certain senior secured convertible promissory notes dated November 9, 2021, and that certain Registration Rights Agreement, dated November 9, 2021 by and between the Company and certain institutional investors; and (vi) ratified and approved the appointment of Marcum LLP as the Company’s independent registered accounting firm for the year ended December 31, 2022.

The Company virtually convened a 2022 special stockholder meeting (the “Special Meeting”) on December 19, 2022 at 12:00 p.m. Eastern Time. A quorum was present for the Special Meeting.

At the Special Meeting, two proposals were submitted to the stockholders for approval as set forth in the definitive Proxy Statement as filed with the SEC on November 9, 2022. As of the record date, October 31, 2022, a total of 32,994,397 shares of common stock of the Company (2,749,896 shares on a post-split basis) were issued and a total of 32,991,028 shares of common stock (2,749,615 shares on a post-split basis) were outstanding and entitled to vote. The holders of record of 11,578,063 shares of common stock (964,839 shares on a post-split basis) were present in person or represented by proxy at said meeting for a total of 11,578,063 votes entitled to vote at the meeting. Such amount represented 35.10% of the shares entitled to vote at such meeting. All votes are represented on a pre-reverse stock split basis, as the October 31, 2022 record date of the Meeting preceded the November 4, 2022 effective date of the Company’s 1-for-12 reverse stock split.

The Board of Directors of the Company called a special meeting of the stockholders of the Company set for May 8, 2023. At this special meeting, the stockholders will be asked to vote on two proposals: (i) to approve for purposes of complying with Nasdaq Listing Rule 5635(d), the full issuance and exercise of shares of our common stock to be issued pursuant to the 2023 Purchase Agreement, 2023 Notes, and 2023 Warrants by and between the Company and an institutional investor; and (ii) to approve for purposes of complying with Nasdaq Listing Rule 5635(d), the issuance of up to 4,500,000 shares of our common stock to be issued pursuant to a future shelf registration offering. On March 12, 2023, the Company filed its preliminary proxy with the SEC.

Promissory Notes

On January 9, 2023, the Company entered into a series of promissory notes for gross proceeds of \$185,000 bearing interest at 8% per annum. No payments are due until the maturity date, which is January 9, 2024.

Warrant Exercises

On February 2, 2023, the Company issued 38,005 shares of common stock upon the cashless exercise of warrants to certain investors involved with the 2021 Note Documents. On February 3, 2023, the Company issued 13,300 shares of common stock upon the cashless exercise of warrants to one investor involved with the 2021 Note Documents.

New Convertible Promissory Note

On February 21, 2023, the Company entered into a Securities Purchase Agreement (the “2023 Purchase Agreement”) with an institutional investor (the “Initial Closing”), pursuant to which the Company will sell to the investor a series of senior secured convertible notes of the Company in the aggregate original principal amount of \$5,617,978 with an original issue discount of 11% (the “2023 Notes”), and a series of common stock purchase warrants of the Company, which warrants shall be exercisable into an aggregate of 3,377,099 shares of common stock of the Company for a term of three years (the “2023 Warrants”). The Company received \$5,000,000 in proceeds after the original issue discount of 11% on the principal.

The 2023 Notes are convertible into shares of common stock of the Company at a conversion price of \$1.34 (subject to adjustment and a floor price of \$0.27). The 2023 Notes are due and payable on the first anniversary of the Issuance Date and bear interest at a rate of 7% per annum, which shall be payable either in cash monthly or by way of inclusion of the interest in the Conversion Amount on each Conversion Date (as defined in the 2023 Notes). The investor is entitled to convert any portion of the outstanding and unpaid Conversion Amount (as defined in the 2023 Notes) at any time or times after the Issuance Date, but we may not effect the conversion of any portion of the 2023 Notes if it would result in any of the investor beneficially owning more than 4.99% of the common stock.

The investor also has an option to enter into an additional promissory note for \$5,617,978 and warrants to purchase 3,377,099 shares of common stock, or if certain equity conditions are met, the Company may exercise that option (the “Second Closing”) on the same terms as the Initial Closing. The maximum amount of the 2023 Notes therefore, would be \$11,235,956 with total 2023 Warrants to purchase 6,754,198 shares of common stock.

Under the applicable rules of The Nasdaq Stock Market LLC (“Nasdaq”), in no event may we issue any shares of common stock upon conversion of the 2023 Notes or otherwise pursuant to the terms of the 2023 Notes if the issuance of such shares of common stock would exceed 19.99% of the shares of the common stock outstanding immediately prior to the execution of the 2023 Purchase Agreement and the 2023 Notes and 2023 Warrants (the “Exchange Cap”), unless we (i) obtain stockholder approval to issue shares of common stock in excess of the Exchange Cap or (ii) obtain a written opinion from our counsel that such approval is not required. In any event, we may not issue any shares of our common under the 2023 Purchase Agreement or 2023 Notes if such issuance or sale would breach any applicable rules or regulations of the Nasdaq.

The 2023 Notes will rank senior to all outstanding and future indebtedness of the Company and its subsidiaries, and will be secured by (i) a security interest in all of the existing and future assets of the Company, as evidenced by the Security and Pledge Agreement entered into between the Company and the investor (the “2023 Security Agreement”); and (ii) a pledge of shares of common stock of the Company held by Scott L. Mathis, President and CEO of the Company, and other entities managed by him, as evidenced by the stockholder pledge agreements entered into between the Company, Mr. Mathis and his entities, and the investor.

In connection with the foregoing, the Company also entered into a Registration Rights Agreement with the investor (the “2023 Registration Rights Agreement”), pursuant to which the Company has agreed to provide certain registration rights with respect to the Registrable Securities (as defined in the 2023 Registration Rights Agreement) under the Securities Act of 1933 (the “1933 Act”) and the rules and regulation promulgated thereunder, and applicable state securities laws. The 2023 Purchase Agreement and the 2023 Registration Rights Agreement contain customary representations, warranties, conditions and indemnification obligations of the parties. The representations, warranties and covenants contained in such agreements were made only for purposes of such agreements and as of specific dates, were solely for the benefit of the parties to such agreements and may be subject to limitations agreed upon by the contracting parties.

EF Hutton, division of Benchmark Investments, Inc. (“EF Hutton”) acted as the exclusive placement agent in connection with the transactions contemplated by the Purchase Agreement, for which the Company will pay to EF Hutton a cash placement fee equal to 6.0% of the amount of capital raised, invested or committed under the 2023 Purchase Agreement and Notes.

The shares of common stock that have been and may be issued under the 2023 Purchase Agreement, 2023 Notes, and 2023 Warrants are being offered and sold in a transaction exempt from registration under the 1933 Act, in reliance on Section 4(a)(2) thereof and/or Rule 506(b) of Regulation D thereunder. The investor represented that it is an “accredited investor,” as defined in Regulation D, and are acquiring such shares under the 2023 Purchase Agreement for investment purposes only and not with a view towards, or for resale in connection with, the public sale or distribution thereof. Accordingly, the shares of common stock that have been and may be issued to the investor under the 2023 Purchase Agreement have not been registered under the 1933 Act or any applicable state securities laws and may not be offered or sold in the United States absent registration or an exemption from registration under the 1933 Act and any applicable state securities laws. The Company filed a Form D with the SEC on March 3, 2023.

During 2023 and pursuant to the 2021 Note Documents, investors converted the following amounts of principal of the 2021 Notes: (i) on February 3, 2023, one investor converted a total of \$747,102 of principal and interest of the 2021 Notes and the Company issued 416,667 shares of common stock upon conversion; (ii) on February 6, 2023, certain investors converted a total of \$179,864 of principal of the 2021 Notes and the Company issued 86,250 shares of common stock upon conversion; (iii) on February 13, 2022, certain investors converted a total of \$335,200 of principal and interest of the 2021 Notes and the Company issued 230,000 shares of common stock upon conversion; and on (iv) on February 15, 2023, certain investors converted a total of \$148,353 of principal and interest of the 2021 Notes and the Company issued 100,416 shares of common stock upon conversion.

For the full description of the 2021 Note Documents, please refer to our Current Reports on Forms 8-K and the exhibits attached thereto as filed with the SEC on November 8, 2021, March 1, 2022, May 2, 2022, May 13, 2022, July 5, 2022, September 23, 2022, December 1, 2022, February 3, 2023, February 8, 2023, and February 21, 2023.

On February 21, 2023, the Company used the proceeds from the 2023 Purchase Agreement to repay all principal, interest, and fees of \$905,428 owing under the 2021 Notes. Upon repayment in full, the 2021 Note Documents were terminated on February 21, 2023.

New Equity Line of Credit

Pursuant to the Purchase Agreement with Tumim Capital dated November 8, 2022, the Company requested draw-downs and issued shares of common stock and received gross proceeds of the following in 2023: (i) January 4, 2023, the Company issued 7,500 shares of common stock to Tumim for gross proceeds of \$8,734; (ii) on January 9, 2023, the Company issued 7,300 shares of common stock to Tumim for gross proceeds of \$8,329; (iii) on January 23, 2023, the Company issued 6,700 shares of common stock to Tumim for gross proceeds of \$7,949; (iv) on January 30, 2023, the Company issued 6,852 shares of common stock to Tumim for gross proceeds of \$7,952; (v) on February 3, 2023, the Company issued 59,357 shares of common stock to Tumim for gross proceeds of \$131,437; (vi) on February 8, 2023, the Company issued 63,000 shares of common stock to Tumim for gross proceeds of \$98,034; (vii) on February 22, 2023, the Company issued 68,378 shares of common stock to Tumim for gross proceeds of \$71,695; (viii) on March 1, 2023, the Company issued 55,983 shares of common stock to Tumim for gross proceeds of \$58,093; (ix) on March 6, 2023, the Company issued 57,968 shares of common stock to Tumim for gross proceeds of \$59,701; and (x) on March 14, 2023, the Company issued 31,392 shares of common stock to Tumim for gross proceeds of \$31,371. No general solicitation was used, and a commission of 8% of the total gross proceeds was paid to Benchmark Investments, Inc. pursuant to the Underwriting Agreement between the Company and Kingswood Capital Markets, a division of Benchmark Investments, Inc., f/k/a EF Hutton, dated February 16, 2021. The Company relied on the exemptions from registration available under Section 4(a)(2) and/or Rule 506(b) of Regulation D of the Securities Act, in connection with the sales. A Form D was filed with the SEC on November 21, 2022.

ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

Not applicable.

PART III

ITEM 10. DIRECTORS, OFFICERS AND CORPORATE GOVERNANCE

Our management team is led by executives who have experience in real estate investment, hotel management, broker-dealer operations and identifying and pursuing investment opportunities. The management team is assisted by the Company's key personnel and advisors, who together with their experience and expertise are also discussed below.

Name	Age	Entity	Title	Year Appointed
Scott L. Mathis	60	GGH	Chairman, Class III Director, Chief Executive Officer, President	April 1999
		TAR	General Manager ⁽¹⁾	December 2007
		APII	General Manager ⁽¹⁾	March 2009
		AWE	General Manager ⁽¹⁾	July 2007
		GGI	Chairman, Chief Executive Officer, President	September 2016
Maria I. Echevarria	43	GGH	Chief Financial Officer, Chief Operating Officer, Secretary, Treasurer and Compliance Officer	April 2015
		AEU	Chief Financial Officer	April 2015
		GGI	Chief Financial Officer, Treasurer and Secretary	January 2017
Sergio O. Manzur Odstrcil	53	TAR	Chief Financial Officer, Chief Operating Officer ⁽²⁾	March 2011
		APII	Chief Financial Officer	March 2011
		AWE	Chief Financial Officer, Chief Operating Officer ⁽²⁾	September 2010
Peter J.L. Lawrence	89	GGH	Class II Director	April 1999
		AEU	Director	November 2009
		GGI	Director	November 2018
Reuben Cannon	77	GGH	Class I Director	July 2020
Marc Dumont	79	GGH	Class I Director	February 2021
William Allen	63	GGH	Class III Director	April 2021
Edie Rodriguez	61	GGH	Class I Director ⁽³⁾	February 2021
Steven A. Moel	79	GGH	Class I Director ⁽³⁾	April 2019
		GGI	Director	November 2018

(1) Translation of Argentine statutory corporate office.

(2) Mr. Manzur Odstrcil was appointed Chief Operating Officer of TAR and AWE on April 11, 2015.

(3) Ms. Rodriguez and Mr. Moel did not stand for re-election at the 2022 Annual General Stockholder Meeting on August 30, 2022 and their term ended on the same day.

Executive Officers

Scott L. Mathis. Mr. Mathis is the founder of GGH and has served as Chief Executive Officer and Chairman of the Board of Directors since its inception in April 1999. Mr. Mathis is also the founder and, CEO and Chairman of the Board of Directors of GGI. Mr. Mathis has over five years' experience serving as Chief Executive Officer and Chairman of the Board of Directors of Mercari Communications Group, Ltd., a public company. Mr. Mathis is also the founder, Chief Executive Officer, and Chairman of IPG, AGP and various other affiliated entities of GGH. Since July 2009, Mr. Mathis has served as the Chief Executive Officer and Chairman of Hollywood Burger Holdings, Inc., a company he founded which is developing Hollywood-themed American fast food restaurants in Argentina and the United States. Since June 2011, Mr. Mathis has also served as the Chairman and Chief Executive Officer of InvestBio, Inc., a former subsidiary of GGH that was spun off in 2010. Including his time with GGH and its subsidiaries, Mr. Mathis worked for over 25 years in the securities brokerage field. From 1995-2000, he worked for National Securities Corporation and The Boston Group, L.P. Before that, he was a partner at Oppenheimer and Company and a Senior Vice President and member of the Directors Council at Lehman Brothers. Mr. Mathis also worked with Alex Brown & Sons, Gruntal and Company, Inc. and Merrill Lynch. Mr. Mathis received a Bachelor of Science degree in Business Management from Mississippi State University. The determination was made that Mr. Mathis should serve on GGH's Board of Directors due to his executive level experience working in the real estate development industry and in several consumer-focused businesses. He has also served on the board of directors of a number of non-public companies in the biotechnology industry.

Maria I. Echevarria. In April 2015, the Board of Directors of GGH appointed Ms. Echevarria as the Company's Chief Financial Officer and Secretary. On January 3, 2017, Ms. Echevarria was appointed as Chief Financial Officer, Treasurer and Secretary of Gaucho Group, Inc. She joined the Company as Corporate Controller in June 2014 and had primary responsibility for the Company's corporate consolidation, policies and procedures as well as financial reporting for SEC compliance, coordinating budgets and projections, preparing financial presentations and analyzing financial data. Ms. Echevarria has over 15 years of experience in Accounting, Compliance, Finance, Information Systems and Operations. Her experience includes SEC reporting and financial analysis, and her career accomplishments include developing and implementing major initiatives such as SOX, BSA and AML reporting and valuation of financial instruments. Prior to her employment with the Company, Ms. Echevarria served as Director of Finance and Accounting for The Hope Center, a nonprofit, from 2008 to June 2014 overseeing Finance, Information Systems and Operations. From 2001 through 2008 she served as a Quality Control and Compliance Analyst, Financial Analyst, and Accounting Manager for Banco Popular in San Juan, Puerto Rico, where she specialized in Mortgage Quality Control, Compliance, Financial Analysis and Mortgage Accounting, and corresponding with the FHA, VA and other mortgage guarantors. Ms. Echevarria also coordinated audits and compliance programs related to reporting, remittances, escrow accounting and default management for Fannie Mae, Freddie Mac and other private investors. She has developed and taught accounting courses for Herzing University, and currently serves as an adjunct faculty member at Southern New Hampshire University. She is a CPA, licensed in New Jersey and Puerto Rico, and holds a B.B.A. in Accounting from the University of Puerto Rico and an MBA in Business from University of Phoenix. Mrs. Echevarria was born and raised in Puerto Rico and is fluent in Spanish and English.

Additional Key Personnel

Sergio O. Manzur Odstrcil. Mr. Odstrcil is Chief Financial Officer (“CFO”) and Chief Operating Officer (“COO”) of Algodon Mansion & Algodon Wine Estates. Mr. Manzur Odstrcil is an Argentina Certified Public Accountant whose professional experience includes administration and management positions with companies in Argentina, Brazil, Mexico and Chile. As CFO and COO for all of GGH’s Argentine subsidiaries, he is responsible for day-to-day management including financial planning and analysis, overseeing the implementation of financial strategies for the corporation, and for ensuring prudent corporate governance. Prior to joining GGH, Mr. Manzur Odstrcil was the Administration and Finance Director for Bodega Francois Lurton since May 2007, where he was responsible for the design and development of a financial debt strategy and negotiations with banks and strategic suppliers to obtain credits. He was also responsible for the organization of new funding to the company for \$4 million and also served as a member of the company’s executive committee. From March 2002 to September 2006 he previously held the position of Country Controller for the Boston Scientific Corporation (BSC) in Chile, and prior to that he served as Controller for Southern Cone BSC in Buenos Aires and Mexico City. He also served as Senior Financial Analyst for BSC’s Latin American Headquarters in Buenos Aires, as well as in Sao Paulo, Brazil, and prior to that he served as BSC’s Accountant Analyst in Buenos Aires. Mr. Manzur Odstrcil began his career at Cerveceria y Malteria Quilmes in Argentina from 1997 to 1998. He obtained his MBA at INCAE in Costa Rica in 1996, and received his CPA from the Universidad Nacional de Tucumán, San Miguel de Tucumán, Argentina in 1994.

Directors

Peter J.L. Lawrence. Mr. Lawrence has served as a director of GGH since July 1999. The Board has determined that he is a valuable member of the Board due to his experience as an investor in smaller public companies and service as a director for a number of public companies.

Specifically, Mr. Lawrence was from 2000 to 2014 a director of Sprue Aegis plc, a U.K. company traded on the London Stock Exchange that designs and sells smoke and carbon monoxide detectors for fire protection of domestic and industrial premises in the U.K. and Europe. In the same period he also served as Chairman of Infinity IP, a private company involved with intellectual property and distribution in Australasia; and director of Hollywood Burger Holdings, Inc. From 1970 to 1996, Mr. Lawrence served as Chairman of Associated British Industries plc, a holding company of a group of chemical manufacturers making car engine and aviation jointings and sealants both for OEM and after markets, specialty waxes and anti-corrosion coatings for the automotive, tire and plastics industries in U.K, Europe and USA.

Mr. Lawrence has additional experience as a director of a publicly-traded company by serving as a director of Beacon Investment Trust PLC, a London Stock Exchange-listed company from 2003 to June 2010. Beacon invested in small and recently floated companies on the Alternative Investment Market of the London Stock Exchange. Mr. Lawrence served on the investment committee of ABI Pension fund for 20 years as well as the investment committee of Coram Foundation Children Charity founded in 1739 as the Foundling Hospital from 1977 to 2004. He received a Bachelor of Arts in Modern History from Oxford University where he graduated with honors.

Reuben Cannon. Mr. Cannon has been a stockholder of the Company for several years and is a producer and casting director who has helped shape and guide some of the most critically acclaimed film and television projects in Hollywood during the past 30 years. The Company believes Mr. Cannon is uniquely qualified to serve as a director of the Company because of running his successful long-term business in Hollywood and connections to promote the Company’s luxury brand goods.

Mr. Cannon worked at Universal Studios from 1970 to 1978, eventually becoming a casting director. He also was the head of television casting for Warner Brothers from 1977 to 1978. In 1978, Mr. Cannon started his own casting agency called Reuben Cannon & Associates. His agency has cast nearly one hundred television series and films. Projects include “The Color Purple” (11 Oscar nominations), “Columbo,” “Alfred Hitchcock Presents,” “The A Team,” the 1990s remake of “Perry Mason”, the Emmy-Award winning comedy series “The Bernie Mac Show,” “My Wife and Kids,” and “Boondocks.” Producing credits include “The Women of Brewster Place” and “Brewster Place” (in collaboration with Oprah Winfrey), “Down in the Delta” (directed by Dr. Maya Angelou), and “Get on the Bus” (with Spike Lee). In 2004, Mr. Cannon formed a production alliance with Tyler Perry Studios and is currently Executive Producer for Tyler Perry’s “House of Payne.” In addition to two Emmy nominations, he has received numerous awards including an Honorary Doctorate of Human Letters from Morehouse College, and the “Behind the Lens Award” for outstanding contributions in entertainment in the areas of film and television. He has been credited with launching the careers of many of today’s major film and television stars. He is also a producer in both film and television. Mr. Cannon attended Southeast City College.

Marc Dumont. Mr. Dumont became a director of the Company upon the listing of our common stock to Nasdaq on February 16, 2021. He is an Independent Investment Banker and International Financial Consultant. He is also Chairman and CEO of Château de Messey Wineries, Meursault, France. Mr. Dumont previously served as the President of PSA International SA (a PSA Peugeot Citroen Group company) from January 1981 to March 1995. He consults and advises international clients in Europe and Asia, as well as the United States. He is also the Chairman of Sanderling Ventures (a European affiliate of a U.S. venture capital firm) since 1993, managing five biotechnology funds. Mr. Dumont is also a Board member of Lightwave Systems Inc., Santa Barbara, California (since 1997) and Caret Industries, Oxnard, California (since 1995) and a Board member of SenesTech, Inc. since 2016. He has served on many other boards including Finterbank Zurich, Banque Internationale a Luxembourg, Xiphias International Investment Fund Limited (an alternative investment fund), and also Irvine Sensors Corporation where he was member/Chairman of their Audit, Nominating, and Corporate Governance, and Compensation Committees. Mr. Dumont holds a Degree in Electrical Engineering and Applied Economics from the University of Louvain, Belgium and an MBA from the University of Chicago. The Company believes Mr. Dumont is uniquely qualified to serve as a director of the Company because of his background in finance, the wine industry, and diverse experience as a board member for multiple companies.

William Allen. Mr. Allen became a director of the Company on April 29, 2021. Mr. Allen is a well-respected leader within the restaurant industry. The Company believes Mr. Allen is uniquely qualified to serve as a director of the Company given his unique blend of executive acumen, which includes experience in start-ups, turn-arounds, leveraged buyouts, and acquisitions. As Co-Founder of Fleming’s Prime Steakhouse & Wine Bar and former Chief Executive Officer and Chairman of OSI Restaurant Partners (Bloomin’ Brands), Mr. Allen has been instrumental in building restaurant companies for over twenty-five years.

In the past five years, Mr. Allen has been a consultant or served in an advisory role with Orange County Vibe, PDQ, Butterfly PE, and L. Catterton PE. He has also served on the board of directors of Habit Burger, Bruxie, Paul Martin’s American Bistro, Founders Table, Punch Bowl Social, Modern Market, Whiskey Cake Holdings, Uncle Julio’s, Hopdoddy and Velvet Taco.

Bill served for five years as the CEO of OSI Restaurant Partners (Bloomin’ Brands), a portfolio of casual dining brands including Outback Steakhouse, Carrabba’s Italian Grill, Fleming’s Prime Steakhouse & Wine Bar, and Bonefish Grill. Bloomin’ Brands. Most notable, Mr. Allen was responsible for taking OSI private in a \$3.9 Billion transaction which was approved by the OSI shareholders in June 2007. He retired in November of 2009 and served as Chairman of the Board and trusted advisor to the current CEO, Elizabeth Smith, until 2011.

Prior to his appointment as CEO of OSI Restaurant Partners, Mr. Allen was involved in the creation and expansion of Fleming's Prime Steakhouse & Wine Bar with his Partner and Co-Founder, Paul Fleming. He served as President and CEO for La Madeleine French Bakery and Café and Koo KooRoo. He was also Vice-President and Partner for Restaurant Enterprises Group, a multi-concept group. He spent 10 years with the Marriott Corporation, where he rose through the ranks from general manager to senior vice-president.

Mr. Allen has also acted as an investor, advisor, and Board member to a wide portfolio of established and early-stage growth companies to include: Fleming's Steakhouse, Mendocino Farms, Piada, Protein Bar, Dig Inn, Lemonade, TE2, Omnivore, Pepper Technology, Studio Movie Grill, Just Food for Dogs, Tender Greens, Relevant, Barcelona and Bar Taco, The Laser Spine Institute, PDQ, Cobalt, Matchbox Pizza, Punch Bowl Social, Proper Foods, and Boqueria. Mr. Allen attended Rider University in Lawrence Township, New Jersey for undergraduate studies.

Edie Rodriguez. Ms. Rodriguez became a director of the Company upon the listing of our common stock to Nasdaq on February 16, 2021. She is a globally respected thought leader on Luxury and Luxury Branding and frequent speaker on Fox News, Fox Business News, CNN, CNBC and Bloomberg TV in the U.S., U.K., and Hong Kong. She is a Member of the Board of Directors for the Saudi Tourism Authority (SAT) and is also the Chair of the SAT's Nominating and Remuneration Committee. Ms. Rodriguez is also a Director for RAND Corporation's Center for Global Risk and Security (CGRS). As an Advisory Board Member she provides governance and fiduciary guidance, advising from billion-dollar corporations' perspectives. She received a significant honor in 2018 when she was hand selected by The Kingdom of Saudi Arabia to be a Founding Steering Committee Member and Executive Committee Member for The KSA Public Investment Fund (PIF) for a project that was integral for their strategic #SaudiVision2030 plan.

From October 2017 to April 2020, she was Americas Brand Chairwoman for the world's leading Luxury Yacht Expedition Cruise Company, Ponant Cruises – a subsidiary of the multi-billion dollar luxury leader Groupe Artemis/Kering, where she provided strategy, direction and implementation road maps.

Previously, she led as CEO and President of Crystal Cruises Corporation, a multi-billion dollar global brand with ocean cruise ships, river vessels, yacht expedition vessels, private charter air traveling worldwide. She guided the company's strategy, operations, finance, and customer focus. During her tenure with Crystal Cruises Corporation she was a member of the BoD of Cruise Line International Association (CLIA).

Ms. Rodriguez is an Advisory Board Member for The Retail Summit, advising on the convergence of technology, digital disruption, hospitality, corporate social responsibility and global luxury experiences. She has completed Wharton Business School's Executive Management Program, Boards that Lead, Stanford University's Executive Management Program, Finance for C-Suite Executives, Harvard Business School Women's Leadership Forum and holds a Bachelor of Science Degree from Nova Southeastern University. The Company believes Ms. Rodriguez is uniquely qualified to serve as a director of the Company because of her previous experience as Chairwomen of one of the top luxury cruise lines in the world, for her experience in the industries of international luxury travel and hospitality, and for her diverse experience member of the board of directors and board of advisors for multiple companies, as well as for her committee membership for The KSA Public Investment Fund (PIF), which is the sovereign wealth fund of Saudi Arabia and among the largest sovereign wealth funds in the world with total estimated assets of \$382 billion.

Steven A. Moel, M.D., J.D. Dr. Moel began served as a director of GGH from April 2019 through August 30, 2022, and has served as a director of GGI as of November 2018. Previously, Dr. Moel served as a Senior Business Advisor for GGH. Dr. Moel is a medical doctor and licensed attorney (currently inactive). Dr. Moel had a private legal practice as a business and transactional attorney and is a member of the California and American Bar Associations and has served as legal counsel to many corporations. The Board has determined that he would be a valuable member of the Board due to his extensive and broad experience and knowledge in business. In addition to serving as a member of the Company's Board of Advisors, Dr. Moel is presently a member of the board of directors of Hollywood Burger Holdings, Inc., a related party to the Company (International Fast Food Restaurants).

Previously, Dr. Moel served in many roles, including most recently as a Senior Business Advisor for Global Job Hunt (International Recruiting and Education). He was also founder of Akorn, Inc., Nasdaq: AKRX (Biotechnology/Pharmaceutical Mfg.), where he served as a Director on the Executive Board and as Vice President of Mergers & Acquisitions. Dr. Moel previously served as: the Vice President, Mergers & Acquisitions and Business Development of Virgilian, LLC (Nutraceuticals/Agricultural); CEO of U.S. Highland, Inc. BB:UHLN (Mfg. of Motorcycles/Motorsports); CEO of Millennial Research Corp. (Mfg./Ultra-high efficiency motors); Chairman and COO of WayBack Granola Co. (Granola Manufacturing); Executive VP, Mergers and Acquisitions of Agaia Inc. (Green Cleaning Products). He has also served as: President, COO and Executive Director of American Wine Group (Wine Production/Distribution); Senior Business and Advisor, of viaMarket Consumer Products, LLC (Manufacturer of Consumer Products); as a member of the Board of Directors of Grudzen Development Corp. (Real Estate); COO and Chairman of the Board of Directors of Paradigm Technologies (Electronics/Computer Developer); President and CEO of Sem-Redwood Enterprises (Stock Pool), and as a member of the Advisory Board of Mahlia Collection (Jewelry Design/ Manufacturing).

Dr. Moel is a board-certified ophthalmologist who was in private practice and academia. He is an Emeritus Fellow of the American Academy of Ophthalmology and his academic history includes Washington University, University of Miami-Coral Gables, Marshall University, West Virginia University, University of Colorado, Harvard University, Louisiana State University-New Orleans, University of Illinois-Chicago, and the College of Law in Santa Barbara.

Family Relationships

There are no family relationships among any of our executive officers and any current or proposed directors.

Term of Office

At the Company's 2022 annual general stockholders' meeting on August 30, 2022, Dr. Moel and Ms. Rodriguez did not stand for re-election and Mr. Cannon and Mr. Dumont were both re-elected as Class I directors (their terms expiring at the Company's 2025 annual meeting of stockholders). On July 1, 2022, the Board of Directors of the Company approved a decrease in the number of directors on the board from seven to five, effective August 30, 2022. The following additional directors continue to serve the Company: Mr. Lawrence as a Class II director (his term expires at the Company's 2024 annual meeting of stockholders) and Mr. Mathis and Mr. Allen as Class III directors (their terms expire at the Company's 2023 annual meeting of stockholders). All directors will hold office until such director's term has expired and until such director's successor is elected and qualified or until such director's earlier resignation or removal.

Involvement in Certain Legal Proceedings

During the past ten years, except as provided below, none of the persons serving as executive officers and/or directors of the Company has been the subject matter of any of the following legal proceedings that are required to be disclosed pursuant to Item 401(f) of Regulation S-K including: (a) any bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time; (b) any criminal convictions; (c) any order, judgment, or decree permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities or banking activities; (d) any finding by a court, the SEC or the CFTC to have violated a federal or state securities or commodities law, any law or regulation respecting financial institutions or insurance companies, or any law or regulation prohibiting mail or wire fraud; or (e) any sanction or order of any self-regulatory organization or registered entity or equivalent exchange, association or entity. Further, no such legal proceedings are believed to be contemplated by governmental authorities against any director or executive officer.

FINRA Enforcement Action (2004-2015): In May 2007, InvestPrivate (now known as DPEC Capital), Scott Mathis and two other InvestPrivate officers entered into a settlement of a disciplinary action filed in May 2004 by the NASD (now known as the Financial Industry Regulatory Authority, Inc. (“FINRA”)), the regulatory body that had primary jurisdiction over InvestPrivate. As part of the settlement, the NASD expressly withdrew numerous allegations and charges, and also resolved almost all of the remaining charges in the case. Mr. Mathis received a 30-day suspension from acting in a principal capacity for InvestPrivate, and InvestPrivate was suspended for 60 days from accepting new engagements to offer private placements. The settling parties paid fines totaling \$215,000, and InvestPrivate was also required to engage an independent consultant to evaluate InvestPrivate’s practices and procedures relating to private placement offerings, and to make necessary changes in response to the consultant’s recommendations. While the settlement with the NASD resolved most of the issues in the case, a few remaining charges were not resolved, namely, whether Mr. Mathis inadvertently or willfully failed to properly make certain disclosures on his personal NASD Form U-4, specifically, the existence of certain federal tax liens on his Form U4 during the years 1996-2002.

In December 2007, the FINRA Office of Hearing Officers (“OHO”) held that Mr. Mathis negligently failed to make certain disclosures on his Form U4 concerning personal tax liens, and to have willfully failed to make other required U4 disclosures regarding those tax liens. (All of the underlying tax liabilities were paid in 2003 so the liens were released in 2003.) Mr. Mathis received a three-month suspension, and a \$10,000 fine for the lien nondisclosures. With respect to other non-willful late U4 filings relating to two customer complaints, he received an additional 10-day suspension (to run concurrently) plus an additional \$2,500 fine. The suspension was completed on September 4, 2012, and all fines have been paid.

Mr. Mathis has never disputed that he failed to make or timely make these disclosures on his Form U4; he only disputed the willfulness finding. He appealed the decision (principally with respect to the willfulness issue) to the FINRA National Adjudicatory Council (“NAC”). In December 2008, NAC affirmed the OHO decision pertaining to the “willful” issue, and slightly broadened the finding. Thereafter, Mr. Mathis appealed the NAC decision to the Securities and Exchange Commission and thereafter to the U.S. Court of Appeals. In each instance, the decision of the NAC was affirmed. While under FINRA’s rules the finding that Mr. Mathis was found to have acted willfully subjects him to a “statutory disqualification,” in September 2012, Mathis submitted to FINRA an application on Form MC-400 in which he sought permission to continue to work in the securities industry notwithstanding the fact that he is subject to a statutory disqualification. That application was approved in Mr. Mathis’ favor in April 2015. Mr. Mathis was at all times able to remain as an associated person of a FINRA member in good standing. Subsequently, the Company expanded into other business opportunities and the broker dealer subsidiary (DPEC Capital, Inc.) was no longer necessary to the Company’s operations. Therefore, Mr. Mathis voluntarily ceased all activities at the Company’s broker-dealer subsidiary (DPEC Capital, Inc.), and voluntarily terminated his registration with FINRA in December 2016, when DPEC Capital, Inc. elected to discontinue its operations and filed a Notice of Withdrawal as a Broker or Dealer on Form BDW.

Corporate Governance

In considering its corporate governance requirements and best practices, GGH looks to the Nasdaq Listed Company manual, which is available through the internet at <http://nasdaq.cchwallstreet.com/>.

Board Leadership Structure

The Board does not have an express policy regarding the separation of the roles of Chief Executive Officer and Board Chairman as the Board believes it is in the best interests of the Company to make that determination based on the position and direction of the Company and the membership of the Board. The Board has not designated a lead independent director. Currently, Scott Mathis serves as both the Company's Chief Executive Officer and Chairman of the Board. As Chief Executive Officer, Mr. Mathis is involved in the day-to-day operations of the Company and also provides strategic guidance on the Company's operations. The Board believes Mr. Mathis's experience and knowledge are valuable in the oversight of both the Company's operations as well as with respect to the overall oversight of the Company at the Board level. The Board believes that this leadership structure is appropriate as Mr. Mathis is intimately knowledgeable with the Company's current and planned operations.

Role of the Board and the Audit Committee in Risk Oversight

While management is charged with the day-to-day management of risks that GGH faces, the Board of Directors, and the Audit Committee of the Board, have been responsible for oversight of risk management. The full Board, and the Audit Committee since it was formed, have responsibility for general oversight of risks facing the Company. Specifically, the Audit Committee reviews and assesses the adequacy of GGH's risk management policies and procedures with regard to identification of GGH's principal risks, both financial and non-financial, and review updates on these risks from the Chief Financial Officer and the Chief Executive Officer. The Audit Committee also reviews and assesses the adequacy of the implementation of appropriate systems to mitigate and manage the principal risks.

Review and Approval of Transactions with Related Parties

The Board of Directors adopted a policy to comply with Item 404 of Regulation S-K of the Exchange Act as well as the Nasdaq Rules requiring that disinterested directors approve transactions with related parties which are not market-based transactions.

Generally, the Board of Directors will approve transactions only to the extent the disinterested directors believe that they are in the best interests of GGH and on terms that are fair and reasonable (in the judgment of the disinterested directors) to GGH. Our policy is available on our Company website at <https://ir.gauchoholdings.com/governance-docs>.

Audit Committee

The Board of Directors established the Audit Committee on April 15, 2015 and revised the charter as of March 25, 2021. Effective upon the uplisting of our common stock to Nasdaq on February 16, 2021, our Audit Committee charter complies with Section 3(a)(58)(A) of the Exchange Act and Nasdaq Rule 5605. The Audit Committee was established to oversee the Company's corporate accounting and financial reporting processes and audits of its financial statements. As of August 30, 2022, Dr. Moel stepped down as chair of the Audit Committee, and the members of our Audit Committee are Mr. Dumont, (chairperson) and Messrs. Lawrence and Cannon. The Board of Directors determined that Messrs. Dumont, Lawrence, and Cannon are all independent under SEC Rule 10A-3(b)(1) and Nasdaq Rule 5605(a)(2). The Board has determined that all current members of the Audit Committee are "financially literate" as interpreted by the Board in its business judgment. No members of the Audit Committee have been qualified as an audit committee financial expert, as defined in the applicable rules of the SEC because the Board believes that the Company's status as a smaller reporting company does not require expertise beyond financial literacy.

The Audit Committee meets periodically with our independent accountants and management to review the scope and results of the annual audit and to review our financial statements and related reporting matters prior to the submission of the financial statements to the Board. In addition, the Audit Committee meets with the independent auditors at least on a quarterly basis to review and discuss the annual audit or quarterly review of our financial statements.

We have established an Audit Committee Charter that deals with the establishment of the Audit Committee and sets out its duties and responsibilities. The Audit Committee is required to review and reassess the adequacy of the Audit Committee Charter on an annual basis. The Audit Committee Charter is available on our Company website at <https://ir.gauchoholdings.com/governance-docs>.

Nominating Committee

On June 15, 2022, the Board approved the creation of a nominating committee of the Board and appointed Reuben Cannon as Chairperson of the committee, with additional members Peter Lawrence and Marc Dumont. All three members of the committee are considered independent in compliance with Nasdaq Rules 5065(a) and (e). The committee was established to carry out the responsibilities delegated by the Board relating to the Company's director nominations process and procedures, developing and maintaining the Company's corporate governance policies, and any related matters required by the applicable federal and state securities laws. On June 22, 2022, the Board approved and adopted a Charter of the Nominating and Corporate Governance Committee to govern its membership and purpose.

Compensation Committee

The Board of Directors established the Compensation Committee effective upon the uplisting of our common stock to Nasdaq and amended the Compensation Committee's charter effective March 25, 2021. In reliance on the exemption provided pursuant to Nasdaq Rule 5605(d)(2)(B), the Compensation Committee consists of three independent directors and one non-independent director, all of whom are all non-employee directors for purposes of Rule 16b-3 of the Exchange Act. As of August 30, 2022, Ms. Rodriguez is no longer chairperson and the members of our Compensation Committee are Mr. Cannon (chairperson), and Messrs. Dumont, Lawrence, and Allen.

Mr. Allen has been deemed not to meet the definition of an independent director as defined in Rule 5605(a)(2) because he owns a 20% interest in and is the Managing Member of SLVH LLC, ("SLVH"). SLVH is the Managing Member of LVH Holdings LLC ("LVH") and the Company, through its wholly owned subsidiary Gaucho Ventures I – Las Vegas, LLC ("GVI") holds a minority membership interest in LVH. Please see Item 13 for additional information.

The Board of Directors has, under exceptional and limited circumstances, determined that Mr. Allen's membership on the Compensation Committee is required by the best interests of the Company and its stockholders because of his extensive experience in the leisure, hospitality, and food service industry and public company experience as an officer and director. Pursuant to Rule 5605(d)(2)(B), Mr. Allen may not serve longer than two years on the Compensation Committee and his term on the Compensation Committee will expire on or before July 21, 2023.

The compensation of our CEO and our CFO, Mr. Mathis and Ms. Echevarria, must be determined by the Compensation Committee and the CEO and CFO may not be present during voting or deliberations for their compensation.

The Compensation Committee is also responsible for making recommendations to the Board of Directors regarding the compensation of other executive officers, to review and administer our Company's equity compensation plans, to review, discuss, and evaluate at least annually the relationship between risk management policies and practices and compensation, as well as oversee the Company's engagement with stockholders and proxy advisors.

Nasdaq Rule 5605(d)(3) provides that the Compensation Committee may (in its discretion, not Board discretion) retain compensation consultants, independent legal counsel, and other advisors. The independent directors acting as the compensation committee may decide to do so. Our Compensation Committee Charter is available at our website: <https://ir.gauchoholdings.com/governance-docs>.

Code of Business Conduct and Ethics and Whistleblower Policy

On March 24, 2015, our Board of Directors adopted a Code of Business Conduct and Whistleblower Policy effective April 15, 2015 and amended on March 25, 2021 (the "Code of Conduct"). Our Code of Conduct is applicable to all of the Company's and its subsidiaries' employees, including the Company's Chief Executive Officer, Chief Financial Officer and Chief Compliance Officer. The Code of Conduct contains written standards that are designed to deter wrongdoing and to promote honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest; full, fair, accurate, timely and understandable public disclosures and communications, including financial reporting; compliance with applicable laws, rules and regulations; prompt internal reporting of violations of the code; and accountability for adherence to the code. A copy of our Code of Business Conduct and Whistleblower Policy of the Company is posted at our website at <https://ir.gauchoholdings.com/governance-docs>.

Insider Trading Policy and Policy on Trading Blackout Periods, Benefit Plans and Section 16 Reporting

Our Insider Trading Policy and policy on Trading Blackout Periods, Benefit Plans and Section 16 Reporting applies to all of our officers, directors, and employees and provides strict guidelines as to restrictions on trading activity in the Company's stock. These policies are posted at our website: <https://ir.gauchoholdings.com/governance-docs>.

Stockholder Communications to the Board

Stockholders who are interested in communicating directly with members of the Board, or the Board as a group, may do so by writing directly to the individual Board member c/o Secretary, Gaucho Group Holdings, Inc., 112 NE 41st Street, Suite 106, Miami, Florida 33137. The Company's Secretary will forward communications directly to the appropriate Board member. If the correspondence is not addressed to the particular member, the communication will be forwarded to a Board member to bring to the attention of the Board. The Company's Secretary will review all communications before forwarding them to the appropriate Board member.

ITEM 11. EXECUTIVE COMPENSATION

Summary Compensation Table

The following table sets forth, for our named executive officers, the compensation earned in the years ended December 31, 2022 and 2021:

Name and Principal Position	Summary Compensation Table for Executive Officers						
	Fiscal Year	Salary (\$)	Bonus (\$)	Stock Awards (\$) ⁽²⁾	Option Awards (\$)	All Other Compensation (\$)	Total (\$)
Scott L. Mathis ⁽¹⁾ Chairman of the Board and Chief Executive Officer	2022	479,651	287,790	188,825	-	-	956,266
	2021	479,651	163,000	-	-	-	642,651
Maria I Echevarria ⁽³⁾ Chief Financial Officer and Chief Operating Officer	2022	230,000	92,000	58,000	-	-	380,000
	2021	180,000	100,000	-	-	-	280,000

- (1) On September 28, 2015, we entered into a new employment agreement with Scott Mathis, our CEO (the “Employment Agreement”). Among other things, the agreement provides for a three-year term of employment at an annual salary of \$401,700 (subject to a 3% cost-of-living adjustment per year), bonus eligibility, paid vacation and specified business expense reimbursements. The agreement sets limits on the Mr. Mathis’ annual sales of GGH common stock. Mr. Mathis is subject to a covenant not to compete during the term of the agreement and following his termination for any reason, for a period of twelve months. Upon a change of control (as defined by the agreement), all of Mr. Mathis’ outstanding equity-based awards will vest in full and his employment term resets to two years from the date of the change of control. Following Mr. Mathis’ termination for any reason, Mr. Mathis is prohibited from soliciting Company clients or employees for one year and disclosing any confidential information of GGH for a period of two years. The agreement may be terminated by the Company for cause or by the CEO for good reason, in accordance with the terms of the agreement. The agreement, as amended by independent members of the Board of Directors, expires on December 31, 2022. All other terms of the agreement remain the same.
- (2) Represents the grant date fair value of 162,780 restricted stock units awarded to the CEO and 50,000 restricted stock units awarded to the CFO on December 31, 2022 by the Board of Directors pursuant to the 2018 Equity Incentive Plan. The shares awarded are subject to vesting in exchange for services performed in fiscal year 2022. A third of the restricted stock units vested immediately on the grant date, December 31, 2022, and a third will vest on each of the following anniversaries, December 31, 2023 and 2024, respectively.
- (3) On December 14, 2022, we entered into a new employment agreement with Maria Echevarria, the Company’s CFO, effective January 1, 2022 for a two-year term to expire on December 31, 2024. The agreement provides an annual base salary of \$230,000 in 2022, \$250,000 in 2023 and \$275,000 for 2024, annual bonus eligibility, paid vacation and specified business expense reimbursements. Following termination for any reason, the employee is prohibited from soliciting Company clients or employees for one year and disclosing any confidential information of GGH for a period of two years. The agreement may be terminated by the Company for cause or by the CFO for good reason, in accordance with the terms of the agreement. The agreement expires on December 31, 2024. Thereafter, the agreement will automatically renew for one-year terms unless either party terminates the agreement with prior notice.

Outstanding Equity Awards at Fiscal Year End

The following table provides information as to option and restricted stock awards on a post-split basis granted by the Company and held by each of the named executive officers of GGH as of December 31, 2022.

Name	Option Awards				Stock Awards	
	Number of Securities Underlying Unexercised Options Exercisable (#)	Number of Securities Underlying Unexercised Options Unexercisable (#)	Option Exercise Price (\$)	Option Expiration Date	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights that Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units, or Other Rights that Have Not Vested (\$)
Scott L. Mathis	5,556 ⁽¹⁾	-(1)	138.60	02-14-2023	-(1)	-
	4,028 ⁽²⁾	-(2)	97.08	09-20-2023	-(2)	-
	2,344 ⁽³⁾	156 ⁽³⁾	69.36	01-31-2024	-(3)	-
	9,976 ⁽⁴⁾	2,301 ⁽⁴⁾	69.36	07-07-2024	-(4)	-
					108,520 ⁽⁵⁾	125,883
Maria I. Echevarria	139 ⁽⁶⁾	-(6)	138.60	02-14-2023	-(6)	-
	167 ⁽⁷⁾	-(7)	97.08	09-20-2023	-(7)	-
	391 ⁽⁸⁾	25 ⁽⁸⁾	69.36	01-31-2024	-(8)	-
	702 ⁽⁹⁾	161 ⁽⁹⁾	69.36	07-07-2024	-(9)	-
					33,333 ⁽¹⁰⁾	38,666

- (1) On February 14, 2018, Mr. Mathis was granted an option to acquire 5,556 shares of the Company's common stock, of which 1,389 shares underlying the option vested on February 14, 2019, and 347 shares vest every three months thereafter.
- (2) On September 20, 2018, Mr. Mathis was granted an option to acquire 4,028 shares of the Company's common stock, of which 1,007 shares underlying the option vested on September 20, 2019, and 252 shares vest every three months thereafter.
- (3) On January 31, 2019, Mr. Mathis was granted an option to acquire 2,500 shares of the Company's common stock, of which 628 shares underlying the option vested on January 31, 2020, and 156 shares vest every three months thereafter.
- (4) On July 8, 2019, Mr. Mathis was granted an option to acquire 12,277 shares of the Company's common stock, of which 3,073 shares underlying the option vested on July 8, 2020, and 767 shares vest every three months thereafter.
- (5) On December 31, 2023, Mr. Mathis was granted a restricted stock unit to acquire 162,780 shares of the Company's common stock, of which 54,260 shares underlying the RSU vested on December 31, 2023, and 54,260 shares vest on the first and second anniversaries of the date of grant.
- (6) On February 14, 2018, Ms. Echevarria was granted an option to acquire 139 shares of the Company's common stock, of which 35 shares underlying the option vested on December 17, 2018, and 9 shares vest every three months thereafter, with 5 shares vesting on February 14, 2022.
- (7) On September 20, 2018, Ms. Echevarria was granted an option to acquire 167 shares of the Company's common stock, of which 42 shares underlying the option vested on September 20, 2019, and 11 shares vest every three months thereafter, with 4 shares vesting on September 20, 2022.
- (8) On January 31, 2019, Ms. Echevarria was granted an option to acquire 417 shares of the Company's common stock, of which 105 shares underlying the option vested on January 31, 2020, and 26 shares vest every three months thereafter.
- (9) On July 8, 2019, Ms. Echevarria was granted an option to acquire 861 shares of the Company's common stock, of which 216 shares underlying the option vested on January 31, 2020, and 54 shares vest every three months thereafter, with 51 shares vesting on July 8, 2023.
- (10) On December 31, 2023, Ms. Echevarria was granted a restricted stock unit to acquire 50,000 shares of the Company's common stock, of which 16,667 shares underlying the RSU vested on December 31, 2023, and 16,667 shares vest on December 31, 2023 and 16,666 vest on December 31, 2024.

Director Compensation

The following table sets forth compensation received by our non-employee directors:

	Year	Director Compensation				Total (\$)
		Fees Earned or Paid in Cash (\$)	Bonus (\$)	Stock Awards ⁽¹⁾ (\$)	Option Awards (\$)	
Peter Lawrence (3)	2022	34,167	-	105,623	-	139,790
	2021	-	-	-	-	-
Steven A. Moel (2)	2022	28,473	-	105,623	-	134,096
	2021	-	-	-	-	-
Reuben Cannon (4)	2022	36,500	-	105,623	-	142,123
	2021	-	-	-	-	-
Marc Dumont (5)	2022	36,667	-	105,623	-	142,290
	2021	-	-	-	-	-
Edie Rodriguez (2)	2022	27,973	-	105,623	-	133,596
	2021	-	-	-	-	-
William Allen (6)	2022	33,500	-	105,623	-	139,123
	2021	-	-	-	-	-

- (1) Represents the aggregate grant date fair value of 5,164 restricted stock units granted to each director as compensation for fiscal year 2021, 3,873 restricted stock units granted to each director for the first half of 2022 on June 7, 2022 and 3,873 restricted stock units granted to each director on August 11, 2022 as compensation for the second half of fiscal year 2022.
- (2) At the Company's annual stockholder meeting held on August 30, 2022, Dr. Moel's and Mrs. Rodriguez's terms expired, and neither was re-elected. As a result, Dr. Moel's and Mrs. Rodriguez's service as directors terminated and each director was paid approximately \$4,144 in fees and awarded 1,284 shares on a pro-rata basis for the \$12,500 in base cash compensation and 3,873 restricted stock units awarded as compensation for the second half of fiscal year 2022.
- (3) As of December 31, 2022, Mr. Lawrence held options to acquire 2,778 shares of the Company's common stock, of which 2,363 were vested and exercisable.
- (4) As of December 31, 2022, Mr. Cannon held options to acquire 639 shares of the Company's common stock, of which 397 were vested and exercisable.
- (5) As of December 31, 2022, Mr. Dumont held options to acquire 834 shares of the Company's common stock, of which 575 were vested and exercisable.
- (6) As of December 31, 2022, Mr. Allen held no options to acquire shares of the Company's common stock.

Summary of the Company's Equity Incentive Plans

General Plan Information

On July 27, 2018, the Board of Directors determined that no additional awards shall be granted under the Company's 2008 Equity Incentive Plan, as amended (the "2008 Plan") or the 2016 Stock Option Plan (the "2016 Plan"), and that no additional shares will be automatically reserved for issuance on each January 1 under the evergreen provision of the 2016 Plan.

On July 27, 2018, the Board of Directors adopted the 2018 Equity Incentive Plan (the "2018 Plan"), which was approved by the Company's shareholders on September 28, 2018. The 2018 Plan provides for grants for the purchase of up to an aggregate of 8,334 including incentive and non-qualified stock options, restricted and unrestricted stock, loans and grants, and performance awards. The number of shares available under the 2018 Plan will automatically increase on January 1 of each year by the amount equal to 2.5% of the total number of shares outstanding on such date, on a fully diluted basis. Further, any shares subject to an award issued under the 2018 Plan, the 2016 Plan or the 2008 Plan that are canceled, forfeited or expired shall be added to the total number of shares available under the 2018 Plan.

On July 8, 2019, the stockholders approved an increase in the number of shares available for awards under the 2018 Plan to 22,999, plus an increase every January 1 of each year by the amount equal to 2.5% of the total number of shares outstanding on such date, on a fully diluted basis. Subsequently on July 8, 2019, the Board of Directors approved an increase in the number of shares available for awards under the 2018 Plan to 33,039 plus an increase every January 1 of each year by the amount equal to 2.5% of the total number of shares outstanding on such date, on a fully diluted basis.

On August 26, 2021, the stockholders approved an increase in the number of shares available for awards under the 2018 Plan to 147,811, representing 15% of our common stock outstanding on a fully diluted basis as of the August 26, 2021.

On August 30, 2022, the stockholders approved the increase of the number of shares authorized to be awarded under the 2018 Equity Incentive Plan to 25% of the Company's common stock outstanding on a fully diluted basis as of the date of stockholder approval, which was 848,033 shares. As of December 31, 2022, the number of shares of GGH's common stock available for issuance under the 2018 Equity Incentive Plan is 6,141 shares.

On January 1, 2023, the number of shares available was increased by 160,095 shares pursuant to the automatic annual increase of 2.5% of the total number of shares outstanding on a fully diluted basis.

Under the 2018 Plan, awards may be granted to employees, consultants, independent contractors, officers and directors or any affiliate of the Company as determined by the Board of Directors. The term of any award granted shall be fixed by the committee at the date of grant, and the exercise price of any award shall not be less than the fair value of the Company's stock on the date of grant, except that any incentive stock option granted under the 2018 Plan to a person owning more than 10% of the total combined voting power of the Company's common stock must be exercisable at a price of no less than 110% of the fair market value per share on the date of grant.

The 2018 Plan is administered and interpreted by the Company's compensation committee. The committee has full power and authority to designate participants and determine the types of awards to be granted to each participant under the plan. The committee also has the authority and discretion to determine when awards will be granted, the number of awards to be granted and the terms and conditions of the awards and may adopt modifications to comply with laws of non-U.S. jurisdictions. The committee may appoint such agents as it deems appropriate for the proper administration of the 2018 Plan.

Participants in the 2018 Plan consist of Eligible Persons, who are employees, officers, consultants, advisors, independent contractors, or directors providing services to the Company or any affiliate of the Company as determined by the committee; however, incentive stock options may only be granted to employees of the Company. Awards remain exercisable for a period of six months (but no longer than the original term of the award) after a participant ceases to be an employee or the consulting services are terminated due to death or disability. All restricted stock held by the participant becomes free of all restrictions, and any payment or benefit under a performance award is forfeited and cancelled at time of termination unless the participant is irrevocably entitled to such award at the time of termination, where termination results from death or disability. Termination of service as a result of anything other than death or disability results in the award remaining exercisable for a period of one month (but no longer than the original term of the award) after termination and any payment or benefit under a performance award is forfeited and cancelled at time of termination unless the participant is irrevocably entitled to such award at the time of termination. All restricted stock held by the participant becomes free of all restrictions unless the participant voluntarily resigns or is terminated for cause, in which event the restricted stock is transferred back to the Company.

The committee may amend, alter, suspend, discontinue or terminate the 2018 Plan at any time; *provided, however*, that, without the approval of the stockholders of the Company, no such amendment, alteration, suspension, discontinuation or termination shall be made that, absent such approval: (i) violates the rules or regulations of FINRA or any other securities exchange that are applicable to the Company; (ii) causes the Company to be unable, under the Internal Revenue Code, to grant incentive stock options under the 2018 Plan; (iii) increases the number of shares authorized under the 2018 Plan other than the 2.5% increase per year; or (iv) permits the award of options or stock appreciation rights at a price less than 100% of the fair market value of a share on the date of grant of such award, as prohibited by the 2018 Plan or the repricing of options or stock appreciation rights, as prohibited by the 2018 Plan.

Gauche Group, Inc. Equity Incentive Plan

On October 5, 2018, the Company, as the sole stockholder of GGI, and the Board of Directors of GGI approved the 2018 Equity Incentive Plan (the “2018 Gauche Plan”). The Company and the Board of Directors of GGI adopted the 2018 Gauche Plan to promote long-term retention of key employees of GGI and others who contribute to the growth of GGI.

Up to 8,000,000 shares of GGI’s common stock is made available for grants of equity incentive awards under the 2018 Gauche Plan. Authorized shares under the 2018 Gauche Plan may be subject to adjustment upon determination by the committee in the event of a corporate transaction including but not limited to a stock split, recapitalization, reorganization, or merger.

The 2018 Gauche Plan includes two types of options, stock appreciation rights, restricted stock and restricted stock units, performance awards and other stock-based awards. Options intended to qualify as incentive stock options under Section 422 of the Internal Revenue Code of 1986, as amended are referred to as incentive options. Options which are not intended to qualify as incentive options are referred to as non-qualified options.

During 2022, no options to purchase shares of GGI common stock were forfeited upon the termination of employees or consultants.

On June 22, 2022, a total of 5,502,500 options for the purchase of GGI common stock were exchanged for 183,942 vested shares of GGI common stock and 26,278 restricted stock units vesting through December 18, 2022.

As of December 31, 2022, no options remain outstanding under the 2018 Gauche Plan. While the 2018 Gauche Plan is still in effect, GGI plans to terminate the 2018 Gauche Plan as a result of the acquisition by the Company of the remaining 21% interest in GGI in March 2022.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The following table sets forth certain information regarding our shares of common stock beneficially owned as of March 31, 2023, for (i) each stockholder known to be the beneficial owner of more than 5% of our outstanding shares of common stock (ii) each named executive officer and director, and (iii) all executive officers and directors as a group. A person is considered to beneficially own any shares: (a) over which such person, directly or indirectly, exercises sole or shared voting or investment power, or (b) of which such person has the right to acquire beneficial ownership at any time within 60 days through an exercise of stock options, warrants or convertible debt. Shares underlying such options, warrants, and convertible promissory notes, however, are only considered outstanding for the purpose of computing the percentage ownership of that person and are not considered outstanding when computing the percentage ownership of any other person. Unless otherwise indicated, voting and investment power relating to the shares shown in the table for our directors and executive officers is exercised solely by the beneficial owner or shared by the owner and the owner's spouse or children.

Security Ownership of Certain Beneficial Owners and Management

Name of Beneficial Owner	Position	Amount and Nature of Beneficial Ownership ⁽¹⁾	Percent of Common Stock Outstanding ⁽¹⁾
Scott L. Mathis, 1445 16th Street, Suite 403, Miami Beach, FL 33139	Chairman, Class III Director, Chief Executive Officer, President	390,295 ⁽²⁾	7.0%
Maria Echevarria, 14 Benmore Ter., Bayonne, NJ 07002	Chief Financial Officer, Chief Operating Officer, Secretary, Treasurer and Compliance Officer	41,209 ⁽³⁾	<1%
Peter J.L. Lawrence, 5 Landsdowne Crescent, London W11 2NH, England	Class II Director	18,426 ⁽⁴⁾	<1%
Reuben Cannon, 280 S. Beverly Drive, #208, Beverly Hills, CA 90212	Class I Director	14,884 ⁽⁵⁾	<1%
Marc Dumont, 43 rue de la Prétaire, CH-1936, Verbier, Switzerland	Class I Director	36,179 ⁽⁶⁾	<1%
William Allen 23 Corporate Plaza Dr., Suite 150, Newport Beach, CA 92660	Class III Director	12,909 ⁽⁷⁾	<1%
All current directors, directors elect, director nominees, executive officers and named executive officers as a group (six persons)		513,902 ⁽⁸⁾	12.0%

* Less than one percent.

(1) Based on 5,521,800 shares of common stock and 5,521,519 shares of common stock issued and outstanding as of March 31, 2023.

(2) Consists of (a) 228,550 shares of our common stock owned by Mr. Mathis directly; (b) 20,986 shares owned by The WOW Group, LLC, of which Mr. Mathis is a controlling member; (c) 106,952 shares owned by Hollywood Burger Holdings, Inc.; (d) 10,213 shares owned by Mr. Mathis's 401(k) account; and (e) the right to acquire 23,594 shares of common stock subject to the exercise of options.

(3) Consists of (a) 24,312 shares of our common stock owned by Ms. Echevarria directly; (b) 15,364 shares owned by Mrs. Echevarria's 401(k) account; and (c) 1,533 shares of our common stock issuable upon the exercise of stock options.

- (4) Consists of (a) 15,847 shares of our common stock owned by Mr. Lawrence directly; (b) 60 shares owned by Mr. Lawrence and his spouse as trustees for the Peter Lawrence 1992 Settlement Trust; and (c) 2,519 shares of our common stock issuable upon the exercise of stock options.
- (5) Consists of (a) 14,452 shares owned by Reuben Cannon Productions; and (b) 432 shares issuable upon the exercise of stock options.
- (6) Consists of (a) 12,909 shares of our common stock owned by Mr. Dumont directly; (b) 2,500 shares owned by Mr. Dumont, his wife Vinciane Dumont, and his daughter Catherine Dumont, JTWROS; (c) 11,708 shares held by Mr. & Mrs. Dumont and Patrick Dumont, JTWROS; (d) 8,435 shares held by Mr. Dumont and his daughter; and (e) 627 shares issuable upon the exercise of stock options.
- (7) Consists of 12,909 shares of our common stock owned by Mr. Allen owned directly.
- (8) Consists of 476,762 shares of our common stock, and 28,705 shares of our common stock issuable upon the exercise of stock options.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS AND DIRECTOR INDEPENDENCE

The following is a description of transactions during the last two fiscal years in which the transaction involved an amount that exceeded the lesser of \$120,000 or one percent of the average of the Company's total assets at year end and in which any of the Company's directors, executive officers or holders of more than 5% of GGH common stock had or will have a direct or indirect material interest, other than compensation which is described under "Executive Compensation."

- **Transaction with LVH.** As previously reported on our Current Report on Form 8-K filed on June 17, 2021, the Company, through its wholly owned subsidiary Gaucho Ventures I – Las Vegas, LLC ("GVI") entered into the Amended and Restated Limited Liability Company Agreement (the "LLC Agreement") of LVH Holdings LLC ("LVH"). LVH was organized on May 24, 2021, with a sole member of SLVH LLC, a Delaware limited liability company ("SLVH"). William Allen, a director of the Company, is the managing member of SLVH and holds a 20% membership interest in SLVH. GVI holds a minority interest in LVH, with the majority interest owned by SLVH.

- **Transaction with and Ownership in Hollywood Burger Holdings, Inc.** As previously reported on our Current Report on Form 8-K filed on August 31, 2021 and our Current Report on Form 8-K filed on February 25, 2022, on February 3, 2022, the Company, through its subsidiaries, acquired 100% of Hollywood Burger Argentina SRL, now Gaucho Development S.R.L., in exchange for issuing 106,952 shares of its common stock to Hollywood Burger Holdings, Inc. Mr. Mathis is a Chairman and CEO of an affiliate of the Company, Hollywood Burger Holdings, Inc., a private company. He also holds 45.4% of the outstanding shares of HBH. In addition, Ms. Echevarria is CFO of HBH and the board of directors of HBH consists of Dr. Moel, Mr. Lawrence, and Mr. Mathis. Dr. Moel, Mr. Lawrence, and Mr. Cannon, all hold minority interests in HBH. See Item 5 for more information.
- **Transaction with and Ownership in Gaucho Group Holdings, Inc.** As previously reported on our Current Report on Form 8-K filed on August 31, 2021 and our Current Report on Form 8-K filed on March 21, 2022, on February 28, 2022, the Company, holding 79% of the common stock of Gaucho Group, Inc., a Delaware corporation and private company (“GGI”) offered to purchase up to 5,266,509 shares of common stock of GGI in exchange for an aggregate of approximately 86,899 shares of common stock of the Company, upon the terms and subject to the conditions set forth in the Offer to Purchase and in the related Share Exchange and Subscription Agreement. The Company’s CEO, Scott Mathis, is CEO, Chairman of the Board, and a stockholder of GGI. Additionally, the Company’s current CFO, Maria Echevarria, is CFO of GGI; the Company’s current directors, Peter Lawrence and Steven Moel, are directors of GGI; and the Company’s current directors, Reuben Cannon and Marc Dumont, own nominal interests in GGI. All directors of GGI are directors of the Company. As a result of the foregoing, this is considered a related party transaction. The stockholders of the Company approved this on August 26, 2021, with approval by the independent board of directors of the Company on February 8, 2022. A total of 86,899 shares were issued to the minority holders of GGI on March 28, 2022, of which 310 shares were issued to Mr. Mathis, 424 shares to Mr. Cannon, and 8,435 shares issued to Mr. Dumont held jointly with his daughter. See Item 5 for more information.
- **Accounts receivable – related parties.** On April 1, 2010, the Company entered into an expense sharing agreement (“ESA”) with a related, but independent, entity under common management, Hollywood Burger Holdings, Inc. (“HBH”), to share expenses with GGH such as office space, support staff and other operating expenses. HBH is a private company founded by Scott Mathis which is developing Hollywood-themed fast food restaurants in the United States. Mr. Mathis is Chairman and Chief Executive Officer of HBH, and Maria Echevarria is Chief Financial Officer. The ESA was amended on April 1, 2011 and last amended on December 27, 2019 to reflect the current use of personnel, office space, professional services and additional general office expenses. Under this ESA, HBH owed approximately \$1,116,000 and \$928,000 as of December 31, 2022 and 2021, respectively. HBH will repay the intercompany in a period of 6 months with a new capital raise.
- **Ownership in The WOW Group, LLC.** Mr. Mathis is a managing member and holds a controlling interest in an affiliate of the Company, The WOW Group, LLC. Non-managing members include certain GGH consultants and GGH stockholders. The WOW Group’s only asset is its interest in GGH as of December 31, 2022 and December 31, 2021.
- **Accounts payable – related parties.** As part of the Company’s convertible note financing in early 2018, the Company sold promissory notes totaling \$1,163,354 to John I. Griffin and his wholly owned company JLAL Holdings Ltd. Mr. Griffin is an advisor to the Company. The notes have a 90-day maturity, bear interest at 8% per annum and were convertible into the Company’s common stock at a 10% discount to the price used for the sale of the Company’s common stock in the Company’s next private placement offering. These notes matured on June 30, 2019. On January 8, 2021, the Company issued 19,751 shares of common stock and warrants to purchase 19,751 shares of common stock in total to Mr. Griffin and JLAL Holdings Ltd., reflecting a conversion of \$1,163,354 in principal and \$258,714 in interest.

Director Independence

Our Board of Directors has undertaken a review of its composition and the independence of each director. Based on the review of each director's background, employment and affiliations, including family relationships, the Board of Directors has determined that three of our five directors (Peter J.L. Lawrence, Reuben Cannon, and Marc Dumont) are "independent" under the rules and regulations of the SEC and Section 5062(a)(2) of the Nasdaq Rules. In making this determination, our Board of Directors considered the current and prior relationships that each non-employee director has with the Company and all other facts and circumstances our Board of Directors deemed relevant in determining their independence, including the beneficial ownership of the Company's capital stock. Mr. Mathis was not deemed independent as a result of his service as our Chief Executive Officer, and his significant stock ownership. Mr. Allen was determined as not independent as a result of his ownership in LVH, through SLVH, LLC. For more information, see Items 11 and 13 above.

All related party transactions must be approved by the independent directors of the Board. A transaction is deemed to be a related party transaction if one or more of the directors, officers or holders of more than 5% of GGH common stock is involved and the transaction exceeds the lesser of \$120,000 or one percent of the average of the Company's total assets at year end. A related party transaction will only be approved if the independent directors determine that the terms are fair and beneficial to the Company. This policy is not written but the Board has repeatedly practiced this approval process.

Indemnification Agreements

Our Certificate of Incorporation requires us to indemnify our directors to the fullest extent permitted by Delaware law.

Information related to the independence of our directors is provided under the section titled "Directors, Executive Officers and Corporate Governance."

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The following table sets forth the aggregate fees billed to us by Marcum, LLP, our independent registered public accounting firm, for the years ended December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Audit fees ⁽¹⁾	\$ 322,660	\$ 225,000
Audit-related fees	-	-
Tax fees	-	-
	<u>\$ 322,660</u>	<u>\$ 225,000</u>

(1) Represents fees for services performed in connection with our public offering, the audit of the Company's consolidated financial statements for the fiscal years ended December 31, 2022 and 2021, and the reviews of the consolidated financial statements included in the Company's quarterly reports on Form 10-Q during 2022 and 2021.

Audit Committee Policies and Procedures.

The Board of Directors approved the audit committee charter effective April 15, 2015. The audit committee must pre-approve all auditing services and permitted non-audit services (including the fees and terms thereof) to be performed for us by our independent auditors, subject to the de-minimis exceptions for non-audit services described in Section 10A(i)(1)(B) of the Exchange Act. Each year the independent auditor's retention to audit our financial statements, including the associated fee, is approved by the audit committee before the filing of the previous year's Annual Report on Form 10-K. At the beginning of the fiscal year, the audit committee will evaluate other known potential engagements of the independent auditor, including the scope of work proposed to be performed and the proposed fees, and approve or reject each service, taking into account whether the services are permissible under applicable law and the possible impact of each non-audit service on the independent auditor's independence from management. At each such subsequent meeting, the auditor and management may present subsequent services for approval. Typically, these would be services such as due diligence for an acquisition, that would not have been known at the beginning of the year.

Each new engagement of Marcum, LLP, has been approved by the Board, and none of those engagements made use of the de-minimis exception to the pre-approval contained in Section 10A(i)(1)(B) of the Exchange Act.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENTS AND SCHEDULES

EXHIBIT INDEX

The following documents are being filed with the Commission as exhibits to this Annual Report on Form 10-K.

Exhibit	Description
1.1	Underwriting Agreement, dated February 16, 2021 (6)
1.2	Warrant Agreement, including the form of Warrant, made as of February 19, 2021, between the Company and Continental. (7)
3.1	Amended and Restated Certificate of Incorporation filed with the Delaware Secretary of State effective November 4, 2022 (25)
3.2	Amended and Restated Bylaws (1)
3.3	Amendment to the Company's Amended and Restated Bylaws as approved on July 8, 2019 (4)
4.1	2016 Stock Option Plan. (2)
4.2	First Amendment to 2016 Stock Option Plan as adopted by the Board of Directors on October 20, 2016. (2)
4.3	2018 Equity Incentive Plan. (3)
4.4	Amendment to the Company's 2018 Equity Incentive Plan as approved by the Board of Directors on May 13, 2019 and the stockholders on July 8, 2019 (4)
4.5	Amendment to the Company's 2018 Equity Incentive Plan as approved by the Board of Directors on July 12, 2021 and the stockholders on August 26, 2021 (24)
4.6	Amendment to the Company's 2018 Equity Incentive Plan as approved by the Board of Directors on July 1, 2022 and the stockholders on August 30, 2022 (31)
4.7	Underwriters' Warrant (6)
4.8	Form of Unit Warrant (5)
4.9	Form of Warrant (15)
4.10	Form of Warrant (28)
4.11	Form of Amended and Restated Promissory Note (27)
4.12	Form Amended and Restated Warrant (27)
4.13	Form of Note (29)
4.14	Form Warrant (29)
4.15	Form Warrant (32)
4.16	Form Warrant (32)
4.17	Form Warrant (38)
4.18	Form Warrant (39)
4.19	Description of Capital Stock of the Company*
10.1	Employment Agreement by and between the Company and Scott L. Mathis dated September 28, 2015 (35)
10.2	Retention Bonus Agreement by and between the Company and Scott L. Mathis dated March 29, 2020 (8)
10.3	Employment Agreement by and between the Company and its Chief Financial Officer dated December 14, 2022 (34)
10.4	Commercial Lease Agreement between Gaucho Group, Inc. and Design District Development Partners, LLC, dated April 8, 2021 (9)
10.5	Common Stock Purchase Agreement by and between Gaucho Group Holdings, Inc. and Tumim Stone Capital LLC, dated May 6, 2021 (10)
10.6	Registration Rights Agreement by and between Gaucho Group Holdings, Inc. and Tumim Stone Capital LLC, dated May 6, 2021 (10)
10.7	Amended and Restated Limited Liability Company Agreement of LVH Holdings LLC, dated June 16, 2021 (11)
10.8	Securities Purchase Agreement dated November 3, 2021 (12)
10.9	Senior Secured Convertible Notes Issued by the Company (12)
10.10	Security and Pledge Agreement (12)

10.11	Stockholder Pledge Agreement (12)
10.12	Registration Rights Agreement (12)
10.13	First Amendment to Amended and Restated Limited Liability Agreement dated November 16, 2021 (13)
10.14	Second Amendment to Amended and Restated Limited Liability Agreement dated June 7, 2022 (21)
10.15	Third Amendment to Amended and Restated Limited Liability Agreement dated June 7, 2022 (33)
10.16	Quota Purchase Agreement dated February 3, 2022, entered into by and between the Company, INVESTPROPERTY GROUP, LLC, and Hollywood Burger Holdings, Inc. (14)
10.17	Exchange Agreement, dated as of February 22, 2022, by and among Gaucho Group Holdings, Inc. and the subscribers listed therein. (15)
10.18	Share Exchange and Subscription Agreement by and between the Company and the subscribers listed therein (16)
10.19	Offer to Purchase, dated February 28, 2022 (16)
10.20	Position Statement of Gaucho Group, Inc. dated February 28, 2022 (16)
10.21	Letter Agreement between the Company and certain institutional investors dated May 2, 2022 (18)
10.22	Conversion Agreement between the Company and certain institutional investors dated May 12, 2022 (19)
10.23	Letter Agreement, dated as of July 1, 2022, by and among Gaucho Group Holdings, Inc. and the Holders listed therein. (23)
10.24	Exchange Agreement, dated as of September 22, 2022, by and among Gaucho Group Holdings, Inc. and the subscribers listed therein. (28)
10.25	Common Stock Purchase Agreement by and between Gaucho Group Holdings, Inc. and Tumim Stone Capital LLC, dated November 8, 2022 (30)
10.26	Registration Rights Agreement by and between Gaucho Group Holdings, Inc. and Tumim Stone Capital LLC, dated November 8, 2022 (26)
10.27	Exchange Agreement, dated as of November 30, 2022, by and among Gaucho Group Holdings, Inc. and the subscribers listed therein. (32)
10.28	Letter Agreement, dated as of February 2, 2023, by and among Gaucho Group Holdings, Inc. and the Holders listed therein. (36)
10.29	Letter Agreement, dated as of February 8, 2023, by and among Gaucho Group Holdings, Inc. and the Holders listed therein. (37)
10.30	Exchange Agreement, dated as of February 20, 2023, by and among Gaucho Group Holdings, Inc. and the subscribers listed therein. (38)
10.31	Securities Purchase Agreement dated February 21, 2023 (39)
10.32	Form of Senior Secured Convertible Note Issued by the Company (39)
10.33	Form of Security and Pledge Agreement (39)
10.34	Form of Stockholder Pledge Agreement (39)
10.35	Form of Registration Rights Agreement (39)
14.1	Amended Code of Business Conduct and Ethics and Whistleblower Policy (9)
14.2	Audit Committee Charter (9)
14.3	Compensation Committee Charter as amended on May 12, 2022 (20)
14.4	Nominating Committee Charter adopted by the Board of Directors on June 22, 2022 (22)
21.1	Subsidiaries of Gaucho Group Holdings, Inc. (17)
22.1	Subsidiary guarantors and issuers of guaranteed securities and affiliates whose securities collateralize securities of the registrant (17)
23.1	Consent of Marcum LLP dated April 17, 2023*
31.1	Certification of Principal Executive Officer pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Exchange Act.*
31.2	Certification of Principal Financial Officer pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Exchange Act.*
32	Certification of the Principal Executive Officer and Principal Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**
99.1	Algodon Wine Estates Property Map*
101.INS	Inline XBRL Instance Document
101.SCH	Inline XBRL Schema Document
101.CAL	Inline XBRL Calculation Linkbase Document
101.DEF	Inline XBRL Definition Linkbase Document
101.LAB	Inline XBRL Label Linkbase Document
101.PRE	Inline XBRL Presentation Linkbase Document
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

1. Incorporated by reference from the Company's Registration of Securities Pursuant to Section 12(g) on Form 10 dated May 14, 2014.
 2. Incorporated by reference from the Company's Annual Report on Form 10-K, filed on March 31, 2017.
 3. Incorporated by reference from the Company's Quarterly Report on Form 10-Q, filed on November 19, 2018.
 4. Incorporated by reference to the Company's Current Report on Form 8-K filed on July 9, 2019.
 5. Incorporated by reference to the Company's Amended Registration Statement on Form S-1/A filed on January 27, 2021.
 6. Incorporated by reference to the Company's Current Report on Form 8-K filed on February 18, 2021.
 7. Incorporated by reference to the Company's Current Report on Form 8-K filed on February 22, 2021.
 8. Incorporated by reference to the Company's Current Report on Form 8-K filed on April 1, 2020.
 9. Incorporated by reference to the Company's Annual Report on Form 10-K filed on April 12, 2021.
 10. Incorporated by reference to the Company's Current Report on Form 8-K filed on May 7, 2021.
 11. Incorporated by reference to the Company's Quarterly Report on Form 10-Q filed on August 16, 2021.
 12. Incorporated by reference to the Company's Current Report on Form 8-K filed on November 8, 2021.
 13. Incorporated by reference to the Company's Current Report on Form 8-K filed on November 17, 2021.
 14. Incorporated by reference to the Company's Current Report on Form 8-K as filed on February 25, 2022.
 15. Incorporated by reference to the Company's Current Report on Form 8-K as filed on March 1, 2022.
 16. Incorporated by reference to the Company's Current Report on Form 8-K as filed on March 21, 2022.
 17. Incorporated by reference to the Company's Annual Report on Form 10-K, filed on April 14, 2022.
 18. Incorporated by reference to the Company's Current Report on Form 8-K, filed on May 2, 2022.
 19. Incorporated by reference to the Company's Current Report on Form 8-K, filed on May 13, 2022.
 20. Incorporated by reference to the Company's Quarterly Report on Form 10-Q, filed on May 16, 2022.
 21. Incorporated by reference to the Company's Current Report on Form 8-K, filed on June 8, 2022.
 22. Incorporated by reference to the Company's Current Report on Form 8-K, filed on June 24, 2022.
 23. Incorporated by reference to the Company's Current Report on Form 8-K, filed on July 5, 2022.
 24. Incorporated by reference to the Company's Current Report on Form 8-K, filed on August 31, 2021.
 25. Incorporated by reference to the Company's Current Report on Form 8-K, filed on November 3, 2022.
 26. Incorporated by reference to the Company's Current Report on Form 8-K, filed on November 9, 2022.
 27. Incorporated by reference to the Company's Current Report on Form 8-K, filed on October 24, 2022.
 28. Incorporated by reference to the Company's Current Report on Form 8-K, filed on September 23, 2022.
 29. Incorporated by reference to the Company's Amended Current Report on Form 8-K/A, filed on September 8, 2022.
 30. Incorporated by reference to the Company's Current Report as amended on Form 8-K/A, filed on November 14, 2022.
 31. Incorporated by reference to the Company's Quarterly Report on Form 10-Q, filed on November 18, 2022.
 32. Incorporated by reference to the Company's Current Report on Form 8-K, filed on December 1, 2022.
 33. Incorporated by reference to the Company's Current Report on Form 8-K, filed on December 13, 2022.
 34. Incorporated by reference to the Company's Current Report on Form 8-K, filed on December 15, 2022.
 35. Incorporated by reference to the Company's Quarterly Report on Form 10-Q, filed on November 16, 2015.
 36. Incorporated by reference to the Company's Current Report on Form 8-K, filed on February 3, 2023.
 37. Incorporated by reference to the Company's Current Report on Form 8-K, filed on February 8, 2023.
 38. Incorporated by reference to the Company's Current Report on Form 8-K, filed on February 21, 2023.
 39. Incorporated by reference to the Company's Current Report on Form 8-K, filed on February 21, 2023.
- * Filed herewith
- ** Furnished, not filed herewith

ITEM 16. FORM 10-K SUMMARY

This Item is optional and the registrant is not required to furnish this information.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this Annual Report to be signed on its behalf by the undersigned, thereunto duly authorized.

GAUCHO GROUP HOLDINGS, INC.

Dated: April 17, 2023

By: /s/ Scott L. Mathis
Scott L. Mathis
Principal Executive Officer

Dated: April 17, 2023

By: /s/ Maria I. Echevarria
Maria I. Echevarria
Principal Financial and Accounting Officer

Pursuant to the requirement of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated:

Dated: April 17, 2023

By: /s/ Scott L. Mathis
Scott L. Mathis
Chief Executive Officer
(principal executive officer) & Chairman of the Board

Dated: April 17, 2023

By: /s/ Maria I. Echevarria
Maria I. Echevarria
Chief Financial Officer
(principal financial and accounting officer)

Dated: April 17, 2023

By: /s/ Peter J.L. Lawrence
Peter J.L. Lawrence
Director

Dated: April 17, 2023

By: /s/ Reuben Cannon
Reuben Cannon
Director

Dated: April 17, 2023

By: /s/ Marc Dumont
Marc Dumont
Director

Dated: April 17, 2023

By: /s/ William A. Allen
William A. Allen
Director

GAUCHO GROUP HOLDINGS, INC. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

TABLE OF CONTENTS

Report of Independent Registered Public Accounting Firm (PCAOB ID: 688)	F-2
Consolidated Balance Sheets as of December 31, 2022 and 2021	F-3
Consolidated Statements of Operations for the Years Ended December 31, 2022 and 2021	F-5
Consolidated Statements of Comprehensive Loss for the Years Ended December 31, 2022 and 2021	F-6
Consolidated Statement of Changes in Stockholders' Equity for the Year Ended December 31, 2022	F-7
Consolidated Statement of Changes in Temporary Equity and Stockholders' (Deficiency) Equity for the Year Ended December 31, 2021	F-8
Consolidated Statements of Cash Flows for the Years Ended December 31, 2022 and 2021	F-9
Notes to Consolidated Financial Statements	F-11

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and Board of Directors of Gaucho Group Holdings, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Gaucho Group Holdings, Inc. (the “Company”) as of December 31, 2022 and 2021, the related consolidated statements of operations, comprehensive loss, stockholders’ equity and cash flows for each of the two years in the period ended December 31, 2022, and the related notes (collectively referred to as the “financial statements”). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and the results of its operations and its cash flows for each of the two years in the period ended December 31, 2022, in conformity with accounting principles generally accepted in the United States of America.

Explanatory Paragraph – Going Concern

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As more fully described in Note 1, the Company has a significant working capital deficiency, has incurred significant losses and needs to raise additional funds to meet its obligations and sustain its operations. These conditions raise substantial doubt about the Company’s ability to continue as a going concern. Management’s plans in regard to these matters are also described in Note 1. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Basis for Opinion

These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (“PCAOB”) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ Marcum LLP

Marcum LLP

We have served as the Company’s auditor since 2013.

New York, NY

April 17, 2023

GAUCHO GROUP HOLDINGS, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

	December 31,	
	2022	2021
Assets		
Current Assets		
Cash	\$ 300,185	\$ 3,649,407
Accounts receivable, net of allowance of \$21,229 and \$25,773 at December 31, 2022 and 2021, respectively	106,156	161,501
Accounts receivable - related parties, net of allowance of \$339,503 and \$339,503 at December 31, 2022 and 2021, respectively	1,115,816	927,874
Mortgages receivable, net of allowance \$196,550 and \$16,825 at December 31, 2022 and 2021, respectively	586,631	496,590
Inventory	1,888,962	1,490,639
Real estate lots held for sale	559,487	542,885
Prepaid expenses and other current assets	461,637	422,129
Total Current Assets	5,018,874	7,691,025
Long Term Assets		
Mortgages receivable, non-current portion, net of allowance of \$0 and \$187,170 at December 31, 2022 and 2021, respectively	3,278,617	3,027,247
Advances to employees	282,055	290,915
Property and equipment, net	7,621,257	3,776,941
Operating lease right-of-use asset	1,449,442	1,667,209
Prepaid foreign taxes, net	916,823	804,265
Intangible assets, net	69,787	-
Investment	-	7,000,000
Deposits, non-current	56,130	56,130
Total Assets	\$ 18,692,985	\$ 24,313,732

The accompanying notes are an integral part of these consolidated financial statements.

GAUCHO GROUP HOLDINGS, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (CONTINUED)

	December 31,	
	2022	2021
Liabilities, Temporary Equity and Stockholders' Equity		
Current Liabilities		
Accounts payable	\$ 917,270	\$ 507,734
Accrued expenses, current portion	1,664,816	965,411
Deferred revenue	1,373,906	713,616
Operating lease liabilities, current portion	202,775	175,316
Loans payable, current portion	164,656	223,356
Debt obligations	-	7,000
Convertible debt obligations, net	-	5,728,348
Other current liabilities	100,331	160,578
Total Current Liabilities	4,423,754	8,481,359
Long Term Liabilities		
Accrued expenses, non-current portion	66,018	115,346
Operating lease liabilities, non-current portion	1,328,408	1,531,183
Loans payable, non-current portion	91,665	94,000
Convertible debt obligations, net, non-current portion	1,991,459	-
Total Liabilities	7,901,304	10,221,888
Commitments and Contingencies (Note 20)		
Series B convertible redeemable preferred stock, par value \$0.01 per share; 902,670 shares designated; none issued and outstanding at December 31, 2022 and 2021; no shares are available for issuance	-	-
Stockholders' Equity		
Preferred stock, 902,670 shares authorized:	-	-
Common stock, par value \$0.01 per share; 150,000,000 shares authorized; 3,653,401 and 823,496 shares issued and 3,653,120 and 823,215 shares outstanding as of December 31, 2022 and 2021, respectively	36,534	8,235
Additional paid-in capital	139,123,642	121,633,826
Accumulated other comprehensive loss	(10,842,569)	(11,607,446)
Accumulated deficit	(117,479,571)	(95,726,534)
Treasury stock, at cost, 281 shares at December 31, 2022 and 2021	(46,355)	(46,355)
Total Gaucho Group Holdings, Inc. Stockholders' Equity	10,791,681	14,261,726
Non-controlling interest	-	(169,882)
Total Stockholders' Equity	10,791,681	14,091,844
Total Liabilities, Temporary Equity and Stockholders' Equity	\$ 18,692,985	\$ 24,313,732

The accompanying notes are an integral part of these consolidated financial statements.

GAUCHO GROUP HOLDINGS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

	For the Years Ended	
	December 31,	
	2022	2021
Sales	\$ 1,643,716	\$ 4,915,240
Cost of sales	(1,475,961)	(1,211,799)
Gross profit	167,755	3,703,441
Operating Expenses		
Selling and marketing	738,399	580,850
General and administrative	7,961,065	5,389,716
Depreciation and amortization	251,941	145,653
Impairment of investment - related party	7,000,000	-
Total operating expenses	15,951,405	6,116,219
Loss From Operations	(15,783,650)	(2,412,778)
Other Expense (Income)		
Interest income	(142,746)	(26,587)
Interest expense	1,694,457	374,685
Forgiveness of PPP loan	-	(242,486)
Loss on extinguishment of debt	2,105,119	-
Inducement expense	3,163,318	-
Other income	(300,000)	(162,500)
(Gains) losses from foreign currency translation	(478,500)	33,128
Total other expense (income)	6,041,648	(23,760)
Net Loss	(21,825,298)	(2,389,018)
Net loss attributable to non-controlling interest	72,261	197,312
Net Loss Attributable to Common Stockholders	<u>\$ (21,753,037)</u>	<u>\$ (2,191,706)</u>
Net Loss Per Common Share		
Basic and Diluted	<u>\$ (12.33)</u>	<u>\$ (3.28)</u>
Weighted Average Number of Common Shares Outstanding		
Basic and Diluted	<u>1,764,831</u>	<u>668,268</u>

The accompanying notes are an integral part of these consolidated financial statements.

GAUCHO GROUP HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

	For the Years Ended	
	December 31,	
	2022	2021
Net loss	\$ (21,825,298)	\$ (2,389,018)
Other comprehensive income:		
Foreign currency translation adjustments	764,877	325,355
Comprehensive loss	(21,060,421)	(2,063,663)
Comprehensive loss attributable to non-controlling interests	72,261	197,312
Comprehensive loss attributable to controlling interests	<u>\$ (20,988,160)</u>	<u>\$ (1,866,351)</u>

The accompanying notes are an integral part of these consolidated financial statements.

GAUCHO GROUP HOLDINGS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>Common Stock</u>		<u>Treasury Stock</u>		<u>Additional Paid-In Capital</u>	<u>Accumulated Other Comprehensive Loss</u>	<u>Accumulated Deficit</u>	<u>Gaicho Group Holdings Stockholders' Equity</u>	<u>Non- Controlling Interest</u>
	<u>Shares</u>	<u>Amount</u>	<u>Shares</u>	<u>Amount</u>					
Balance - January 1, 2022	823,496	\$ 8,235	281	\$(46,355)	\$121,633,826	\$ (11,607,446)	\$ (95,726,534)	\$ 14,261,726	\$ (169,882)
Common stock issued for cash, net of offering costs [1]	50,049	500	-	-	510,846	-	-	511,346	-
Shares issued under the New ELOC	10,000	100	-	-	9,986	-	-	10,086	-
Stock-based compensation:									
Common stock	54,214	542	-	-	524,458	-	-	525,000	-
Options	-	-	-	-	259,611	-	-	259,611	10,354
Restricted stock units	299,999	3,000	-	-	576,630	-	-	579,630	-
Common stock issued for 401(k) employer matching	1,040	10	-	-	27,811	-	-	27,821	-
Substantial premium on convertible debt	-	-	-	-	1,683,847	-	-	1,683,847	-
Warrants issued for modification of convertible debt principal	-	-	-	-	849,431	-	-	849,431	-
Shares issued upon conversion of debt and interest	2,020,816	20,209	-	-	7,885,352	-	-	7,905,561	-
Inducement loss on debt conversions	-	-	-	-	3,163,318	-	-	3,163,318	-
Common stock issued for purchase of minority interest	86,899	869	-	-	(232,658)	-	-	(231,789)	231,789
Common stock issued upon exchange of subsidiary stock options	183,942	1,839	-	-	(1,839)	-	-	-	-
Common stock issued	106,952	1,070	-	-	2,193,583	-	-	2,194,653	-

for acquisition of GDS									
Common stock issued for purchase of domain name	8,614	87	-	-	39,513	-	-	39,600	-
Effect of reverse stock split	7,380	73	-	-	(73)	-	-	-	-
Net loss	-	-	-	-	-	-	(21,753,037)	(21,753,037)	(72,261)
Other comprehensive income	-	-	-	-	-	764,877	-	764,877	-
Balance, December 31, 2022	<u>3,653,401</u>	<u>\$ 36,534</u>	<u>281</u>	<u>\$(46,355)</u>	<u>\$139,123,642</u>	<u>\$ (10,842,569)</u>	<u>\$(117,479,571)</u>	<u>\$ 10,791,681</u>	<u>\$ -</u>

[1] Includes gross proceeds of \$551,811, less \$44,465 offering costs

The accompanying notes are an integral part of these consolidated financial statements.

GAUCHO GROUP HOLDINGS, INC. AND SUBSIDIARIES

**CONSOLIDATED STATEMENT OF CHANGES IN TEMPORARY EQUITY AND STOCKHOLDERS' (DEFICIENCY) EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Series B Convertible Redeemable Preferred Stock		Common Stock		Treasury Stock		Additional Paid-In Capital	Accumulated Other Comprehensive Loss	Accumulated Deficit	Gaucho Group Holdings' Stockholders' Deficiency	Non-Controlling Interest
	Shares	Amount	Shares	Amount	Shares	Amount					
Balance - January 1, 2021	901,070	\$ 9,010,824	436,201	\$ 4,362	281	\$(46,355)	\$ 96,999,422	\$ (11,932,801)	\$ (93,534,828)	\$ (8,510,200)	\$ (106,798)
Stock-based compensation:							-				
Common stock issued for 401(k) employer matching	-	-	688	7	-	-	39,530	-	-	39,537	-
Amortization of stock options	-	-	-	-	-	-	396,244	-	-	396,244	134,228
Common stock issued for services	-	-	2,500	25	-	-	105,875	-	-	105,900	-
Common stock and warrants issued for cash in public offering, net of offering costs ^[1]	-	-	111,111	1,111	-	-	6,601,230	-	-	6,602,341	-
Warrants issued to underwriter in public offering	-	-	-	-	-	-	297,963	-	-	297,963	-
Common stock issued for cash, net of offering costs ^[2]	-	-	114,506	1,145	-	-	4,176,255	-	-	4,177,400	-
Common stock issued to placement agent as commitment fees	-	-	10,028	100	-	-	499,900	-	-	500,000	-
Common stock issued upon exercise of warrants	-	-	22,875	229	-	-	1,646,771	-	-	1,647,000	-
Common stock and warrants issued for cash	-	-	6,097	61	-	-	438,939	-	-	439,000	-
Common stock and warrants issued upon exchange of debt and accrued interest	-	-	19,751	197	-	-	1,421,871	-	-	1,422,068	-
Common stock issued to convertible note holders	-	-	49,680	497	-	-	(497)	-	-	-	-
Common stock issued upon conversion of Series B Convertible Preferred Stock	(901,070)	(9,010,824)	50,059	501	-	-	9,010,323	-	-	9,010,824	-
Comprehensive loss:											
Net loss	-	-	-	-	-	-	-	-	(2,191,706)	(2,191,706)	(197,312)
Other comprehensive income	-	-	-	-	-	-	-	325,355	-	325,355	-
Balance - December 31, 2021	-	\$ -	823,496	\$ 8,235	281	\$(46,355)	\$121,633,826	\$ (11,607,446)	\$ (95,726,534)	\$ 14,261,726	\$ (169,882)

[1] Includes gross proceeds of \$8,002,004, less (i) \$715,000 cash retained by the underwriter for fees and expenses (ii) \$364,979 value of shares and warrants issued to the underwriter, and \$319,684 offering costs paid in cash.

[2] Includes gross proceeds of \$5,135,210, less offering costs consisting of (i) \$500,000 value of shares issued to placement agent and (ii) \$457,810 commissions paid in cash.

The accompanying notes are an integral part of these consolidated financial statements.

GAUCHO GROUP HOLDINGS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the Years Ended December 31,	
	2022	2021
Cash Flows from Operating Activities		
Net loss	\$ (21,825,298)	\$ (2,389,018)
Adjustments to reconcile net loss to net cash used in operating activities:		
Stock-based compensation:		
401(k) stock	32,614	27,821
Options	269,965	530,472
Restricted stock units	579,630	-
Common stock	525,000	105,900
Non-cash lease expense	217,767	194,774
Gain (loss) on foreign currency translation	(478,500)	33,128
Unrealized investment losses	-	457
Depreciation and amortization	251,941	145,653
Amortization of debt discount	1,172,461	199,161
Provision for uncollectible assets	100,805	183,199
Provision for obsolete inventory	115,563	-
Gain on forgiveness of PPP Loan	-	(242,486)
Loss on extinguishment of debt	2,105,119	-
Inducement expense	3,163,318	-
Impairment of investment	7,000,000	-
Decrease (increase) in assets:		
Accounts receivable	(608,286)	(4,349,592)
Employee advances	4,053	(11,097)
Inventory	(530,487)	161,637
Deposits	-	(20,276)
Prepaid expenses and other current assets	(76,691)	(553,345)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	1,862,137	(479,242)
Operating lease liabilities	(175,316)	(155,484)
Deferred revenue	654,265	(220,325)
Other liabilities	(60,247)	28,683
Total Adjustments	16,125,111	(4,420,962)
Net Cash Used in Operating Activities	(5,700,187)	(6,809,980)
Cash Flows from Investing Activities		
Cash paid to acquire GDS, net of cash acquired	(7,560)	-
Purchase of property and equipment	(1,928,010)	(1,945,266)
Purchase of intangible asset	(34,999)	-
Purchase of investment - related parties	-	(7,000,000)
Net Cash Used in Investing Activities	(1,970,569)	(8,945,266)

The accompanying notes are an integral part of these consolidated financial statements.

GAUCHO GROUP HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)

	For the Years Ended	
	December 31,	
	2022	2021
Cash Flows from Financing Activities		
Repayments of loans payable	(116,775)	(185,086)
Proceeds from common stock issued for cash	555,811	5,135,210
Offering costs in connection with common stock issued for cash	(44,465)	(457,810)
Proceeds from the issuance of debt in private placement	1,727,500	-
Repayments of debt obligations	(7,000)	(100,000)
Proceeds from convertible debt obligations	1,431,500	6,000,000
Proceeds from issuance of shares under the New ELOC	10,086	-
Offering costs in connection with convertible debt obligations	-	(470,813)
Proceeds from underwritten public offering ⁽¹⁾	-	7,287,004
Cash offering costs in connection with the underwritten public offering	-	(319,684)
Proceeds from sale of common stock and warrants	-	409,050
Proceeds from the exercise of warrants	-	1,647,000
Net Cash Provided by Financing Activities	3,556,657	18,944,871
Effect of Exchange Rate Changes on Cash	764,877	325,246
Net (Decrease) Increase in Cash	(3,349,222)	3,514,871
Cash - Beginning of Year	3,649,407	134,536
Cash - End of Year	\$ 300,185	\$ 3,649,407

[1] Includes gross proceeds of \$8,002,004, less \$715,000 cash retained by the underwriter for fees and expenses.

Supplemental Disclosures of Cash Flow Information:

Interest paid	\$ 215,755	\$ 489,291
Income taxes paid	\$ -	\$ 72,531

Non-Cash Investing and Financing Activity

Equity issued to satisfy accrued stock-based compensation expense	\$ 27,821	\$ -
Equity issued as consideration for intangible assets	\$ 39,600	\$ -
Equity issued for purchase of non-controlling interest	\$ 231,789	\$ -
Equity issued for acquisition of GDS	\$ 2,194,653	\$ -
Warrants issued and debt principal exchanged upon modification of convertible debt	\$ 834,323	\$ -
Common stock and warrants issued upon exchange of debt and accrued interest	\$ 7,905,560	\$ 1,422,068
Common stock and restricted stock units in GGH issued upon exchange of GGI options	\$ 1,576,648	\$ -
Common stock issued to satisfy accrued stock-based compensation	\$ -	\$ 39,537
Series B Preferred stock converted to common stock	\$ -	\$ 9,010,824
Reclassification of deferred offering cost to additional paid in capital	\$ -	\$ 67,016
Common stock and warrants issued to underwriter in public offering	\$ -	\$ 297,963
Common stock issued to placement agent as commitment fees	\$ -	\$ 500,000
Right-of-use assets obtained in exchange for lease obligations	\$ -	\$ 1,861,983
Investor deposits applied to sale of common stock and warrants	\$ -	\$ 29,950
Real estate development costs transferred from property and equipment to lots inventory	\$ -	\$ 882,894

GAUCHO GROUP HOLDINGS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. BUSINESS ORGANIZATION, NATURE OF OPERATIONS AND RISKS AND UNCERTAINTIES

Organization and Operations

Through its subsidiaries, Gaucho Group Holdings, Inc. (“Company”, “GGH”), a Delaware corporation that was incorporated on April 5, 1999, currently invests in, develops, and operates a collection of luxury assets, including real estate development, fine wines, and a boutique hotel in Argentina, as well as an e-commerce platform for the sale of high-end fashion and accessories.

As wholly owned subsidiaries of GGH, InvestProperty Group, LLC (“IPG”) and Algodon Global Properties, LLC (“AGP”) operate as holding companies that invest in, develop and operate global real estate and other lifestyle businesses such as wine production and distribution, golf, tennis, and restaurants. GGH operates its properties through its ALGODON® brand. IPG and AGP have invested in two ALGODON® brand projects located in Argentina. The first project is Algodon Mansion, a Buenos Aires-based luxury boutique hotel property that opened in 2010 and is owned by the Company’s subsidiary, The Algodon – Recoleta, SRL (“TAR”). The second project is the redevelopment, expansion and repositioning of a Mendoza-based winery and golf resort property now called Algodon Wine Estates (“AWE”), the integration of adjoining wine producing properties, and the subdivision of a portion of this property for residential development. On February 3, 2022, the Company acquired additional real estate through the acquisition of 100% ownership in Hollywood Burger Argentina S.R.L., now Gaucho Development S.R.L. (“GDS”)

GGH also manufactures, distributes, and sells high-end luxury fashion and accessories through its subsidiary, Gaucho Group, Inc. (“GGI”). GGH held a 79% ownership interest in GGI through March 28, 2022, at which time GGH acquired the remaining 21% ownership interest in GGI. See Non-Controlling Interest, below.

On June 14, 2021, the Company formed a wholly-owned subsidiary, Gaucho Ventures I – Las Vegas, LLC (“GVI”), and on June 17, 2021, Gaucho Group Holdings, Inc announced the signing of an agreement between GVI and LVH Holdings LLC (“LVH”) to develop a project in Las Vegas, Nevada. As of December 31, 2022, the Company had contributed total capital of \$7.0 million to LVH and received 396 limited liability company interests, representing an 11.9% equity interest in LVH. See Note 17 – Related Party Transactions for additional details.

The Company uplisted its common stock on the Nasdaq Capital Market (“Nasdaq”) effective February 16, 2021, and its common stock commenced trading on the Nasdaq effective February 17, 2021 under the symbol “VINO”.

Risks and Uncertainties

In December 2019, the 2019 novel coronavirus (“COVID-19”) surfaced in Wuhan, China. The World Health Organization declared the outbreak as a global pandemic in March 2020, resulting in the temporarily closure of our corporate office, and the temporary suspension of our hotel, restaurant, winery operations, golf and tennis operations, and our real estate development operations. Further, some outsourced factories from which Gaucho ordered products had closed, borders for importing product had been impacted and the Gaucho fulfillment center was also closed for several weeks. In response, we reduced our costs by negotiating out of our New York lease, renegotiating with our vendors, and implementing salary reductions. We also created an e-commerce platform for our wine sales in response to the pandemic. As of the date of this report, the Company has resumed real estate development operations and has re-opened its winery and golf and tennis facilities, as well as its hotels and restaurants.

GAUCHO GROUP HOLDINGS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The Company is continuing to monitor the outbreak of COVID-19 and the related business and travel restrictions, and changes to behavior intended to reduce its spread, and the related impact on the Company's operations, financial position and cash flows, as well as the impact on its employees. Due to the rapid development and fluidity of this situation, the magnitude and duration of the pandemic and its impact on the Company's future operations and liquidity is uncertain as of the date of this report. While there could ultimately be a material impact on operations and liquidity of the Company, at the time of issuance, the impact could not be determined.

Going Concern and Management's Liquidity Plans

The accompanying consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. The consolidated financial statements do not include any adjustments relating to the recoverability and classification of asset amounts or the classification of liabilities that might be necessary should the Company be unable to continue as a going concern. As of December 31, 2022, the Company had cash and working capital of \$300,185 and \$595,120, respectively. During the years ended December 31, 2022 and 2021, the Company incurred a net loss of \$21,825,298 and \$2,389,018, respectively, and used cash in operating activities of \$5,700,187 and \$6,809,980, respectively.

Since inception, the Company's operations have primarily been funded through proceeds received in equity and debt financings. The Company believes it has access to capital resources and continues to evaluate additional financing opportunities. There is no assurance that the Company will be able to obtain funds on commercially acceptable terms, if at all. There is also no assurance that the amount of funds the Company might raise will enable the Company to complete its development initiatives or attain profitable operations.

In the period following December 31, 2022 and prior to filing, the Company sold shares of common stock for gross proceeds of \$591,000 to accredited investors and warrants to purchase 147,750 shares of common stock at an exercise price of \$1.00 per share. The Company also received \$5,000,000 in proceeds from the issuance of convertible notes, of which \$905,428, including \$772,111 in principal and interest, was used to satisfy the maturity of the GGH Notes. The Company also entered into a series of promissory notes for gross proceeds of \$185,000 bearing interest at 8% per annum (see Note 21, Subsequent Events).

Based upon projected revenues and expenses, the Company believes that it may not have sufficient funds to operate for the next twelve months from the date these consolidated financial statements are issued. The aforementioned factors raise substantial doubt about the Company's ability to continue as a going concern.

GAUCHO GROUP HOLDINGS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Reverse Stock Splits

On February 16, 2021, the Company effected a reverse stock split wherein each 15 shares of common stock outstanding immediately prior to the effective date was combined and converted into one share of common stock. On November 4, 2022, the Company effected another reverse stock split wherein each 12 shares of common stock outstanding immediately prior to the effective date was combined and converted into one share of common stock. All share and per share amounts in this Annual Report have been adjusted to reflect the effect of these reverse stock splits (hereafter referred to collectively as the “Reverse Stock Splits”) as if the Reverse Stock Splits occurred as of the earliest period presented.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The accompanying consolidated financial statements include all of the accounts of Gaucho Group Holdings, Inc. and its consolidated subsidiaries. All significant intercompany balances and transactions have been eliminated in the consolidated financial statements. The consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (“U.S. GAAP”).

Non-Controlling Interest

As a result of the conversion of certain convertible debt into shares of GGI common stock, GGI investors obtained a 21% ownership interest in GGI, which was recorded as a non-controlling interest. On March 28, 2022, the Company issued 86,899 shares of its common stock to the minority holders of GGI, in exchange for the remaining 21% of GGI from the non-controlling interest, such that as of December 31, 2022, the Company owns 100% of the outstanding common stock of GGI. The profits and losses of GGI for the year ended December 31, 2021 and for the period from January 1, 2022 through March 28, 2022 are allocated between the controlling interest and the non-controlling interest in the same proportions as their membership interest.

Further, during June 2022, the Company issued an aggregate of 183,942 shares of its common stock and 26,278 restricted stock units (“RSUs”) in exchange for, and upon the cancellation of, options for the purchase of 5,502,500 shares of GGI common stock. The RSUs were subject to vesting, with an aggregate of 13,139 shares vesting on September 18, 2022, and 13,139 shares vesting on December 18, 2022. See Note 19, Temporary Equity and Stockholders’ Equity, for additional details.

Use of Estimates

To prepare financial statements in conformity with accounting principles generally accepted in the United States of America, the Company must make estimates and assumptions. These estimates and assumptions affect the reported amounts in the financial statements, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The significant estimates and assumptions of the Company include the valuation of investments, equity and liability instruments, the value of right-of-use assets and related lease liabilities and reserves associated with the realizability of certain assets.

GAUCHO GROUP HOLDINGS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Highly Inflationary Status in Argentina

The International Practices Task Force (“IPTF”) of the Center for Audit Quality discussed the inflationary status of Argentina at its meeting on May 16, 2018 and categorized Argentina as a country with a projected three-year cumulative inflation rate greater than 100%. As a result, the Company transitioned its Argentine operations to highly inflationary status as of July 1, 2018. This status was reconfirmed on January 10, 2022.

For operations in highly inflationary economies, monetary asset and liabilities are translated at exchange rates in effect at the balance sheet date, and non-monetary assets and liabilities are translated at historical exchange rates. Under highly inflationary accounting, the Company’s Argentina subsidiaries’ functional currency became the United States dollar. Nonmonetary assets and liabilities existing on July 1, 2018 (the date that the Company adopted highly inflation accounting) were translated using the Argentine peso (“ARS”) to United States dollar exchange rate in effect on June 30, 2018, which was 28.880. Since the adoption of highly inflationary accounting, activity in nonmonetary assets and liabilities is translated using historical exchange rates, monetary assets and liabilities are translated using the exchange rate at the balance sheet date, and income and expense accounts are translated at the weighted average exchange rate in effect during the period. Translation adjustments are reflected in income (loss) on foreign currency translation on the accompanying statements of operations. During the years ended December 31, 2022 and 2021, the Company recorded gains (losses) of \$478,500 and (\$33,128), respectively, resulting from translation of the Company’s Argentine subsidiaries’ monetary assets and liabilities.

Foreign Currency Translation

The Company’s functional and reporting currency is the United States dollar. The functional currencies of the Company’s operating subsidiaries are their local currencies (United States dollar, Argentine peso and British pound) except for the Company’s Argentine subsidiaries since July 1, 2018, as described above. The assets and liabilities of Algodon Europe, LTD are translated from its local currency (British Pound) to the Company’s reporting currency using period end exchange rate while income and expense accounts were translated at the average rate in effect during the period. The resulting translation adjustment is recorded as part of other comprehensive loss, a component of stockholders’ deficit. The assets, liabilities and income and expense accounts of the Company’s Argentine subsidiaries are translated as described above. Gains and losses resulting from transactions denominated in non-functional currencies are recognized in earnings. Gains and losses resulting from transactions denominated in non-functional currencies between the Company’s subsidiaries are recognized as other comprehensive income.

Comprehensive Loss

Comprehensive loss is defined as the change in equity of a business during a period from transactions and other events and circumstances from non-owner sources. It includes all changes in equity during a period except those resulting from investments by owners and distributions to owners. The guidance requires other comprehensive loss to include foreign currency translation adjustments.

Accounts Receivable and Mortgages Receivable

Accounts receivable primarily represent receivables from hotel guests who occupy rooms and wine sales to commercial customers. Mortgages receivable represent receivables from the sale of real estate lots. The Company provides an allowance for doubtful accounts when it determines that it is more likely than not a specific account will not be collected. Bad debt expense for the years ended December 31, 2022 and 2021 was \$0 and \$88,126, respectively. Changes in allowance for doubtful accounts balances for accounts and mortgages receivable during the years ended December 31, 2022 and 2021 were \$11,989 and \$39,299, respectively, are due to foreign currency adjustments.

GAUCHO GROUP HOLDINGS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Inventory

Inventories are comprised primarily of vineyard in process, wine in process, finished wine, food and beverage items, plus luxury clothes and accessories, and are stated at the lower of cost or net realizable value (which is the estimated selling price in the ordinary course of business, less reasonably predictable costs of completion, disposal and transportation), with cost being determined on the first-in, first-out method. Costs associated with winemaking, and other costs associated with the creation of products for resale, are recorded as inventory. Costs of producing samples for marketing purposes are expensed as incurred and are included in selling and marketing expense on the accompanying statements of operations. Vineyard in process represents the capitalization of farming expenses (including farming labor costs, usage of farming supplies and depreciation of the vineyard and farming equipment) associated with the growing of grape, olive and other fruits during the farming year which culminates with the February/March harvest. Wine in process represents the capitalization of costs during the winemaking process (including the transfer of grape costs from vineyard in process, winemaking labor costs and depreciation of winemaking fixed assets, including tanks, barrels, equipment, tools and the winemaking building). Finished wines represents wine available for sale and includes the transfer of costs from wine in process once the wine is bottled and labeled. Other inventory consists of olives, other fruits, golf equipment and restaurant food.

In accordance with general practice within the wine industry, wine inventories are included in current assets, although a portion of such inventories may be aged for periods longer than one year. The Company carries inventory at the lower of cost or net realizable value in accordance with Accounting Standards Codification (“ASC”) 330 “Inventory” and reduces the carrying value of inventories that are obsolete or in excess of estimated usage to estimated net realizable value. The Company’s estimates of net realizable value are based on analyses and assumptions including, but not limited to, historical usage, future demand and market requirements. The Company records an allowance for excess, slow moving, and obsolete inventory, calculated as the difference between the cost of inventory and net realizable value. Inventory allowances are charged to cost of sales and establish a lower cost basis for the inventory. If future demand and/or pricing for the Company’s products are less than previously estimated, then the carrying value of the inventories may be required to be further reduced, resulting in additional expense and reduced profitability. Wine inventory charged to cost of sales amounted to \$115,563 and \$31,681 during the years ended December 31, 2022 and 2021, respectively.

Property and Equipment

Property and equipment are stated at cost, net of accumulated depreciation using the straight-line method over their estimated useful lives. Leasehold improvements are amortized over the lesser of (a) the useful life of the asset; or (b) the remaining lease term.

The estimated useful lives of property and equipment are as follows:

Buildings	10 - 30 years
Furniture and fixtures	3 - 10 years
Vineyards	7 - 20 years
Machinery and equipment	3 - 20 years
Leasehold improvements	Lesser of 3-5 years or remaining lease term
Computer hardware and software	3 - 5 years

GAUCHO GROUP HOLDINGS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The Company capitalizes internal vineyard improvement costs when developing new vineyards or replacing or improving existing vineyards. These costs consist primarily of the costs of the vines and expenditures related to labor and materials to prepare the land and construct vine trellises. Expenditures for repairs and maintenance are charged to operating expense as incurred. The cost of properties sold or otherwise disposed of, and the related accumulated depreciation are eliminated from the accounts at the time of disposal and resulting gains and losses are included as a component of operating income. Real estate development consists of costs incurred to ready the land for sale, including primarily costs of infrastructure as well as master plan development and associated professional fees. Such costs are allocated to individual lots proportionately based on square meters and those allocated costs will be derecognized upon the sale of individual lots. Given that they are not placed in service until they are sold, capitalized real estate development costs are not depreciated. Land is an inexhaustible asset and is not depreciated.

Real Estate Lots Held for Sale

As the development of a real estate lot is completed and the lot becomes available for immediate sale in its present condition, the lot is marketed for sale and is included in real estate lots held for sale on the Company's balance sheet. Real estate lots held for sale are reported at the lower of carrying value or fair value less cost to sell. If the carrying value of a real estate lot held for sale exceeds its fair value less estimated selling costs, an impairment charge is recorded. The Company did not record any impairment charge in connection with real estate lots held for sale during the years ended December 31, 2022 or 2021.

Investments

Investment in entities which give the Company the ability to exercise significant influence, but not control, over the investee are accounted for using the equity method of accounting. For investments not requiring equity method accounting, if the investment has no readily determinable fair value, we have elected the practicability exception of ASU 2016-01, under which the investment is measured at cost, less impairment, plus or minus observable price changes from orderly transactions of an identical or similar investment of the same issuer. As of December 31, 2022, the Company has a \$7.0 million investment, representing 11.9% ownership, in LVH Holdings which is accounted for at cost, less impairment (See Note 17 – Related Parties, Amended and Restated Limited Liability Company Agreement). As of December 31, 2022, management determined that the future cash flows from this investment are not expected to be sufficient to recover its carrying value, and the Company's investment in LVH is fully impaired at December 31, 2022.

Convertible Debt

The Company evaluates embedded conversion features within convertible debt to determine whether the embedded conversion feature (s) should be bifurcated from the host instrument and accounted for as a derivative at fair value with changes in fair value recorded in earnings. If an embedded derivative is bifurcated from share-settled convertible debt, the Company records the debt component at cost less a debt discount equal to the bifurcated derivative's fair value. If the conversion feature is not required to be accounted for separately as an embedded derivative, the convertible debt instrument is accounted for wholly as debt. The Company amortizes the debt discount over the life of the debt instrument as additional non-cash interest expense utilizing the effective interest method. Debt issuance and offering costs are recorded as debt discount, which is amortized as interest expense over the term of the convertible debt instrument using the effective interest method.

GAUCHO GROUP HOLDINGS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Stock-Based Compensation

The Company measures the cost of services received in exchange for an award of equity instruments based on the fair value of the award on the date of grant. The fair value amount of the shares expected to ultimately vest is then recognized over the period for which services are required to be provided in exchange for the award, usually the vesting period. The estimation of stock-based awards that will ultimately vest requires judgment, and to the extent actual results or updated estimates differ from original estimates, such amounts are recorded as a cumulative adjustment in the period that the estimates are revised. The Company accounts for forfeitures as they occur.

Concentrations

The Company maintains cash with major financial institutions. Cash held in US bank institutions is currently insured by the Federal Deposit Insurance Corporation (“FDIC”) up to \$250,000 at each institution. No similar insurance or guarantee exists for cash held in Argentina bank accounts. There were aggregate uninsured cash balances of \$115,338 and \$2,618,172 at December 31, 2022 and 2021, respectively, of which \$115,338 and \$477,486, respectively, represents cash held in Argentine bank accounts.

Foreign Operations

The following summarizes key financial metrics associated with the Company’s continuing operations (these financial metrics are immaterial for the Company’s operations in the United Kingdom):

	For the Years Ended December 31,	
	2022	2021
Assets - Argentina	\$ 13,434,803	\$ 10,220,608
Assets - U.S.	5,258,182	14,093,124
Total Assets	\$ 18,692,985	\$ 24,313,732
Liabilities - Argentina	\$ 2,188,229	\$ 1,781,547
Liabilities - U.S.	5,713,075	8,440,341
Total Liabilities	\$ 7,901,304	\$ 10,221,888
	For the Years Ended December 31,	
	2022	2021
Sales - Argentina	\$ 1,540,955	\$ 4,899,289
Sales - U.S.	102,760	15,951
Total Revenues	\$ 1,643,716	\$ 4,915,240
Net loss - Argentina	\$ (1,023,622)	\$ 2,879,301
Net loss - U.S.	(20,801,676)	(5,268,319)
Total Net Loss	\$ (21,825,298)	\$ (2,389,018)

GAUCHO GROUP HOLDINGS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Impairment of Long-Lived Assets

When circumstances, such as adverse market conditions, indicate that the carrying value of a long-lived asset may be impaired, the Company performs an analysis to review the recoverability of the asset's carrying value, which includes estimating the undiscounted cash flows (excluding interest charges) from the expected future operations of the asset. These estimates consider factors such as expected future operating income, operating trends and prospects, as well as the effects of demand, competition and other factors. If the analysis indicates that the carrying value is not recoverable from future cash flows, an impairment loss is recognized to the extent that the carrying value exceeds the estimated fair value. Any impairment losses are recorded as operating expenses, which reduce net income. During the year ended December 31, 2022, the Company recorded impairment expense in the amount of \$7,000,000, related to its investment in LVH. See Note 17 – Related Party Transactions for additional details.

Segment Information

The Financial Accounting Standards Board (“FASB”) has established standards for reporting information on operating segments of an enterprise in interim and annual financial statements. The Company currently operates in three segments which are the (i) business of real estate development and manufacture (including hospitality and winery operations, which support the ALGODON® brand) (ii) the sale of high-end fashion and accessories through an e-commerce platform and (iii) its corporate operations. This classification is consistent with how the Company's chief operating decision maker makes decisions about resource allocation and assesses the Company's performance.

Revenue Recognition

The Company recognizes revenue in accordance with ASC Topic 606, Revenue from Contracts with Customers. ASC Topic 606 provides a single comprehensive model to use in accounting for revenue arising from contracts with customers, and gains and losses arising from transfers of non-financial assets including sales of property and equipment, real estate, and intangible assets.

The Company earns revenues from the sale of real estate lots and sales of food and wine as well as hospitality, food & beverage, other related services, and from the sale of clothing and accessories. The Company recognizes revenue when goods or services are transferred to customers in an amount that reflects the consideration which it expects to receive in exchange for those goods or services. In determining when and how revenue is recognized from contracts with customers, the Company performs the following five-step analysis: (i) identification of contract with customer; (ii) determination of performance obligations; (iii) measurement of the transaction price; (iv) allocation of the transaction price to the performance obligations; and (v) recognition of revenue when (or as) the Company satisfies each performance obligation.

GAUCHO GROUP HOLDINGS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The following table summarizes the revenue recognized in the Company's consolidated statements of operations:

	For the Years Ended	
	December 31,	
	2022	2021
Real estate sales	\$ 184,658	\$ 4,139,486
Hotel rooms and events	701,669	291,546
Restaurants	173,566	165,280
Winemaking	153,356	148,074
Golf, tennis and other	291,162	154,445
Clothes and accessories	139,305	16,409
Total revenues	<u>\$ 1,643,716</u>	<u>\$ 4,915,240</u>

Revenue from the sale of food, wine, agricultural products, clothes and accessories is recorded when the customer obtains control of the goods purchased. Revenues from hospitality and other services are recognized as earned at the point in time that the related service is rendered, and the performance obligation has been satisfied. Revenues from gift card sales are recognized when the card is redeemed by the customer. The Company does not adjust revenue for the portion of gift card values that is not expected to be redeemed ("breakage") due to the lack of historical data. Revenue from real estate lot sales is recorded when the lot is deeded, and legal ownership of the lot is transferred to the customer.

The timing of the Company's revenue recognition may differ from the timing of payment by its customers. A receivable is recorded when revenue is recognized prior to payment and the Company has an unconditional right to payment. Alternatively, when payment precedes the provision of the related services, the Company records deferred revenue until the performance obligations are satisfied. Deferred revenues associated with real estate lot sale deposits are recognized as revenues (along with any outstanding balance) when the lot sale closes, and the deed is provided to the purchaser. Other deferred revenues primarily consist of deposits accepted by the Company in connection with agreements to sell barrels of wine, advance deposits received for grapes and other agricultural products, and hotel deposits. Wine barrel and agricultural product advance deposits are recognized as revenues (along with any outstanding balance) when the product is shipped to the purchaser. Hotel deposits are recognized as revenue upon occupancy of rooms, or the provision of services.

Contracts related to the sale of wine, agricultural products and hotel services have an original expected length of less than one year. The Company has elected not to disclose information about remaining performance obligations pertaining to contracts with an original expected length of one year or less, as permitted under the guidance.

As of December 31, 2022 and 2021, the Company's deferred revenue consisted of \$1,179,654 and \$622,453, respectively, associated with real estate lot sale deposits, \$44,252 and \$91,163, respectively, related to hotel deposits, and \$150,000 and \$0, respectively, related to prepaid management fees received.

GAUCHO GROUP HOLDINGS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Income Taxes

The Company accounts for income taxes pursuant to the asset and liability method of accounting for income taxes pursuant to FASB ASC 740, "Income Taxes." Deferred tax assets and liabilities are recognized for taxable temporary differences and operating loss carry forwards. Temporary differences are the differences between the reported amounts of assets and liabilities and their tax bases. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized.

On March 27, 2020, the Coronavirus Aid, Relief and Economic Security Act ("CARES Act") was enacted in response to COVID-19 pandemic. Under ASC 740, the effects of changes in tax rates and laws are recognized in the period which the new legislation is enacted. The CARES Act made various tax law changes including among other things (i) increased the limitation under IRC Section 163 (j) for 2019 and 2020 to permit additional expensing of interest (ii) enacted a technical correction so that qualified improvement property can be immediately expensed under IRC Section 168(k); (iii) made modifications to the federal net operating loss rules including permitting federal net operating losses incurred in 2018, 2019, and 2020 to be carried back to the five preceding taxable years in order to generate a refund of previously paid income taxes; and (iv) enhanced recoverability of AMT tax credits. Given the Company's full valuation allowance position, the CARES Act did not have a material impact on the financial statements.

Net Loss per Common Share

Basic loss per common share is computed by dividing net loss attributable to GGH common stockholders by the weighted average number of common shares outstanding during the period. Diluted loss per common share is computed by dividing net loss attributable to common stockholders by the weighted average number of common shares outstanding, plus the impact of common shares, if dilutive, resulting from the exercise of outstanding stock options and warrants and the conversion of convertible instruments. The following securities are excluded from the calculation of weighted average dilutive common shares because their inclusion would have been anti-dilutive:

	As of December 31,	
	2022	2021
Options	40,612	46,752
Warrants	1,299,135	132,029
Unvested restricted stock units	511,500	-
Convertible debt	899,036	155,846
Total potentially dilutive shares	<u>2,750,283</u>	<u>334,627</u>

GAUCHO GROUP HOLDINGS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Operating Leases

Management determines if an arrangement is a lease at inception. Rights and obligations related to the Company's operating leases are included in right-of-use ("ROU") assets and operating lease liabilities in the accompanying consolidated balance sheets.

ROU assets represent the right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term, using an incremental borrowing rate which represents the estimated rate of interest for collateralized borrowing over a similar term of the lease payments at commencement date. Our lease terms may include options to extend or terminate the lease when it is reasonably certain that we will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

Advertising

Advertising costs are expensed as incurred. Advertising expense for the years ended December 31, 2022 and 2021 was \$542,110 and \$439,939, respectively, and is included in selling and marketing expenses on the accompanying consolidated statements of operations.

Recently Adopted Accounting Pronouncements

In December 2019, the FASB issued ASU 2019-12, Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes, which is intended to simplify various aspects related to accounting for income taxes. ASU 2019-12 removes certain exceptions to the general principles in Topic 740 and also clarifies and amends existing guidance to improve consistent application. ASU 2019-12 is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2020. Early adoption is permitted, including adoption in an interim period. The Company adopted ASU 2019-12, effective January 1, 2021 which did not have a material effect on the Company's consolidated financial statements.

In August 2020, the FASB issued ASU 2020-06, Debt – Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging – Contracts in Entity's Own Equity (Subtopic 815-40): Accounting for Convertible Instruments and Contracts in an Entity's Own Equity, which simplifies the accounting for convertible debt instruments and convertible preferred stock by reducing the number of accounting models and the number of embedded conversion features that could be recognized separately from the primary contract. The update also requires the application of the if-converted method to calculate the impact of convertible instruments on diluted earnings per share. The new guidance is effective for annual periods beginning after December 15, 2021, including interim periods within those fiscal years. Early adoption is permitted, but no earlier than fiscal years beginning after December 15, 2020. This update can be adopted on either a fully retrospective or a modified retrospective basis. The Company adopted ASU 2020-06 effective January 1, 2021, which did not have a material effect on the Company's consolidated financial statements.

In October 2020, the FASB issued ASU 2020-10, Codification Improvements, which updates various codification topics by clarifying or improving disclosure requirements to align with the SEC's regulations. The guidance is effective for the Company beginning in the first quarter of fiscal year 2022 with early adoption permitted. The Company adopted ASU 2020-10 effective January 1, 2021. The adoption of this update did not have a material effect on the Company's consolidated financial statements.

GAUCHO GROUP HOLDINGS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

On May 3, 2021, the Financial Accounting Standards Board (the “FASB”) issued Accounting Standards Update (“ASU”) 2021-04, Earnings Per Share (Topic 260), Debt—Modifications and Extinguishments (Subtopic 470-50), Compensation—Stock Compensation (Topic 718), and Derivatives and Hedging—Contracts in Entity’s Own Equity (Subtopic 815-40): Issuer’s Accounting for Certain Modifications or Exchanges of Freestanding Equity-Classified Written Call Options. This new standard provides clarification and reduces diversity in an issuer’s accounting for modifications or exchanges of freestanding equity-classified written call options (such as warrants) that remain equity classified after modification or exchange. This standard is effective for fiscal years beginning after December 15, 2021, including interim periods within those fiscal years. Issuers should apply the new standard prospectively to modifications or exchanges occurring after the effective date of the new standard. Early adoption is permitted, including adoption in an interim period. If an issuer elects to early adopt the new standard in an interim period, the guidance should be applied as of the beginning of the fiscal year that includes that interim period. The Company adopted ASU 2021-04 effective January 1, 2022. The adoption of this update did not have a material effect on the Company’s consolidated financial statements.

Recently Issued Accounting Pronouncements

In June 2016, the FASB issued ASU No. 2016-13 “Financial Instruments - Credit Losses (Topic 326)” and also issued subsequent amendments to the initial guidance under ASU 2018-19, ASU 2019-04, ASU 2019-05 and ASU 2020-02 (collectively Topic 326). Topic 326 requires the measurement and recognition of expected credit losses for financial assets held at amortized cost. This replaces the existing incurred loss model with an expected loss model and requires the use of forward-looking information to calculate credit loss estimates. The Company will be required to adopt the provisions of this ASU on January 1, 2023, with early adoption permitted for certain amendments. Topic 326 must be adopted by applying a cumulative effect adjustment to retained earnings. The Company does not expect the adoption of this standard to have a material effect on its consolidated financial statements but continues to evaluate the potential impact of Topic 326 on its consolidated financial statements.

Reclassifications

Certain prior year amounts have been reclassified on the Company’s accompanying financial statements as of and for the year ending December 31, 2022. The reclassifications were made to the prior period amounts to conform to the current period financial statement presentation and had no impact on the reported results of operations.

GAUCHO GROUP HOLDINGS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

3. ACQUISITION OF HOLLYWOOD BURGER ARGENTINA, S.R.L.

On February 3, 2022, the Company, through its subsidiaries, acquired 100% of Hollywood Burger Argentina S.R.L., now Gaucho Development S.R.L., (“GDS”) in exchange for issuing 106,952 shares of its common stock, valued at \$2,194,653 at date of issuance, to Hollywood Burger Holdings, Inc, a company with whom GGH shares common management and ownership.

The acquisition was accounted for as an asset acquisition because substantially all of the fair value of the gross assets acquired was represented by a group of similar assets. The total purchase consideration of \$2,204,908 (including \$10,255 of legal fees incurred in connection with the acquisition) was allocated to the assets and liabilities acquired as follows:

Land	\$ 1,528,134
Building	635,302
Cash	2,694
Prepaid expenses	674
Deferred tax credits	63,282
Accounts payable	(313)
Taxes payable	(8,154)
Related party payables	(10,686)
Lease deposit payable	(6,025)
	<u>\$ 2,204,908</u>

4. MORTGAGES RECEIVABLE

The Company offers loans to purchasers in connections with the sale of real estate lots. The loans bear interest at 7.2% per annum and terms generally range from eight to ten years. The loans are secured by a first mortgage lien on the property purchased by the borrower. Mortgages receivable includes the related interest receivable and are presented at amortized cost, less bad debt allowances, in the consolidated financial statements.

Management evaluates each loan individually on a quarterly basis, to assess collectability and estimate a reserve for past due amounts. The total allowance for uncollectable mortgages as of December 31, 2022 and 2021 was \$196,550 and \$203,995, respectively. Past due principal amounts of \$254,683 and \$143,152 are included in mortgages receivable, current as of December 31, 2022 and 2021, respectively, in accordance with the mortgages’ contractual terms. In the case of each of the past due loans, the Company believes that the value of the collateral exceeds the outstanding balance on the loan, plus accrued interest.

GAUCHO GROUP HOLDINGS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The following represents the maturities of mortgages receivable as of December 31, 2021.

For the years ended December 31,	
2023	\$ 783,177
2024	381,532
2025	409,927
2026	440,436
2027	473,215
Thereafter	1,573,511
Gross Receivable	<u>\$ 4,061,798</u>
Less: Allowance	<u>(196,550)</u>
Net Receivable	<u>\$ 3,865,248</u>

As of December 31, 2022 and 2021, no single borrower had loans outstanding representing more than 10% of the total balance of mortgages receivable.

The Company recorded interest income of \$142,746 and \$26,587 for years ended December 31, 2022 and 2021, respectively. As of December 31, 2022 and December 31, 2021, there is \$185,197 and \$60,843, respectively, of interest receivable included in mortgages receivable on the accompanying consolidated balance sheets.

5. INVENTORY

Inventory at December 31, 2022 and 2021 was comprised of the following:

	<u>December 31,</u>	
	<u>2022</u>	<u>2021</u>
Vineyard in process	\$ 516,096	\$ 597,900
Wine in process	797,862	410,755
Finished wine	40,735	34,522
Clothes and accessories	534,269	208,759
Clothes and accessories in process	-	127,154
Other	-	111,549
Total	<u>\$ 1,888,962</u>	<u>\$ 1,490,639</u>

GAUCHO GROUP HOLDINGS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

6. PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	December 31,	
	2022	2021
Buildings and improvements	\$ 3,926,884	\$ 2,869,300
Real estate development	541,116	210,322
Land	2,194,671	575,233
Furniture and fixtures	425,774	403,560
Vineyards	219,766	219,766
Machinery and equipment	737,433	693,761
Leasehold improvements	1,400,663	449,401
Computer hardware and software	312,459	245,978
	9,758,766	5,667,321
Less: Accumulated depreciation and amortization	(2,137,509)	(1,890,380)
Property and equipment, net	\$ 7,621,257	\$ 3,776,941

Depreciation and amortization of property and equipment was \$247,129 and \$145,653 for the years ended December 31, 2022 and 2021, respectively.

7. INTANGIBLE ASSETS

On February 3, 2022, the Company purchased the domain name Gaucho.com, in exchange for cash consideration of \$34,999 and an aggregate total of 8,614 shares of common stock with an August 14, 2022 value of \$39,600. The cost of the domain name is being amortized over its useful life of 15 years; the remaining amortization period related to the domain name as of December 31, 2022 is 14.1 years.

The Company recognized \$4,812 and \$0 of amortization expense during the years ended December 31, 2022 and 2021, respectively, related to the domain name. Future amortization of the Company's intangible asset is as follows:

For the years ended December 31,	
2023	\$ 4,973
2024	4,973
2025	4,973
2026	4,973
2027	4,973
Thereafter	44,922
	\$ 69,787

GAUCHO GROUP HOLDINGS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

8. PREPAID FOREIGN TAXES

Prepaid foreign taxes, net, of \$916,823 and \$804,265 at December 31, 2022 and 2021, respectively, consists primarily of prepaid VAT credits. VAT credits are recovered through VAT collections on subsequent sales of products by the Company. Prepaid VAT tax credits do not expire. Prepaid foreign taxes also include Argentine minimum presumed income tax (“MPIT”) credits, which are deemed unrealizable and are fully reserved. MPIT credits expire after ten years.

In assessing the realization of the prepaid foreign taxes, management considers whether it is more likely than not that some portion or all of the prepaid foreign taxes will not be realized. Management considers the historical and projected revenues, expenses and capital expenditures in making this assessment. Based on this assessment, management has recorded a valuation allowance related to MPIT credits of \$263,011 and \$270,776 as of December 31, 2022 and 2021, respectively.

9. INVESTMENTS AND FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, the Company often utilizes certain assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and/or the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or developed by the Company. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values. Financial assets and liabilities carried at fair value are classified and disclosed in one of the following three categories:

Level 1 - Valued based on quoted prices at the measurement date for identical assets or liabilities trading in active markets. Financial instruments in this category generally include actively traded equity securities.

Level 2 - Valued based on (a) quoted prices for similar assets or liabilities in active markets; (b) quoted prices for identical or similar assets or liabilities in markets that are not active; (c) inputs other than quoted prices that are observable for the asset or liability; or (d) from market corroborated inputs. Financial instruments in this category include certain corporate equities that are not actively traded or are otherwise restricted.

Level 3 - Valued based on valuation techniques in which one or more significant inputs is not readily observable. Included in this category are certain corporate debt instruments, certain private equity investments, and certain commitments and guarantees.

The carrying amounts of the Company’s short-term financial instruments including cash, accounts receivable, mortgages receivable, advances and loans to employees, accounts payable, accrued expenses and other liabilities approximate fair value due to the short-term nature of these instruments. The carrying value of the Company’s long-term mortgages receivable, accrued expenses, loans payable, debt obligations and convertible debt obligations approximate fair value, as they bear terms and conditions comparable to market, for obligations with similar terms and maturities.

See Note 17, Related Party Transactions for details regarding the balance of Investment – Related Party as of December 31, 2022.

GAUCHO GROUP HOLDINGS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

10. ACCRUED EXPENSES

Accrued expenses are comprised of the following:

	December 31,	
	2022	2021
Accrued compensation and payroll taxes	\$ 652,943	\$ 216,916
Accrued taxes payable - Argentina	270,239	228,338
Accrued interest	78,368	76,852
Accrued placement agent commissions	-	66,889
Other accrued expenses	663,266	376,415
Accrued expenses, current	1,664,816	965,411
Accrued payroll tax obligations, non-current	66,018	115,346
Total accrued expenses	\$ 1,730,834	\$ 1,080,757

On November 27, 2020, the Company entered various payment plans, pursuant to which it agreed to pay its Argentine payroll tax obligations over a period of 60 to 120 months. The current portion of payments due under the plan is \$209,938 and \$157,532 as of December 31, 2022 and 2021, respectively, which is included in accrued compensation and payroll taxes above. The non-current portion of accrued expenses represents payments under the plan that are scheduled to be paid after twelve months. The Company incurred interest expenses of \$90,141 and \$74,688 during the years ended December 31, 2022 and 2021, respectively, related to these payment plans.

11. DEFERRED REVENUES

Deferred revenues are comprised of the following:

	For the Years Ended	
	December 31,	
	2022	2021
Real estate lot sales deposits	\$1,179,654	\$ 622,453
Prepaid management fees	150,000	-
Other	44,252	91,163
Total	\$1,373,906	\$ 713,616

The Company accepts deposits in conjunction with agreements to sell real estate building lots at Algodon Wine Estates in the Mendoza wine region of Argentina. These lot sale deposits are generally denominated in U.S. dollars. The Company executed new agreements for the sale of five additional lots during the year ended December 31, 2022 and recorded deferred revenues in the amount of \$557,201. This increase in deferred revenues is partially offset by the impact of the change in exchange rates during the period. Revenue is recorded when the sale closes, and the deeds are issued.

GAUCHO GROUP HOLDINGS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

12. LOANS PAYABLE

The Company’s loans payable are summarized below:

	December 31,	
	2022	2021
EIDL	\$ 93,541	\$ 94,000
2018 Loan	111,137	223,356
2022 Loan	51,643	-
Total Loans Payable	256,321	317,356
Less: current portion	164,656	223,356
Loans Payable, non-current	\$ 91,665	\$ 94,000

During the years ended December 31, 2022 and 2021, the Company made principal payments on loans payable in the aggregate of \$116,775 and \$185,086, respectively. On March 26, 2021, the Company obtained forgiveness of the PPP Loan, which was recognized as other income on the consolidated statement of operations. The remaining decrease in principal balances are the result of the impact of the change in exchange rates during the period. In addition, the Company obtained a bank loan (“2022 Loan”) in the amount of \$51,643 in the 4th quarter of 2022.

Future minimum principal payments under the loans payable are as follows:

Years ending December 31,	Total Payments
2023	\$ 164,656
2024	2,105
2025	2,195
2026	2,278
2027	2,365
Thereafter	82,722
	\$ 256,321

The Company incurred interest expense related to the loans payable in the amount of \$10,642 and \$29,419 during the years ended December 31, 2022 and 2021. As of December 31, 2022 and 2021, there is accrued interest of \$9,437 and \$6,787, respectively, related to the Company’s loans payable.

PPP Loan

On May 6, 2020, the Company entered into a loan from the U.S. Small Business Administration (“SBA”) pursuant to the Paycheck Protection Program (“PPP”) enacted by Congress under the Coronavirus Aid, Relief, and Economic Security Act (15 U.S.C. 636(a)(36)) (the “CARES Act”), resulting in net proceeds of \$242,486 (the “PPP Loan”). To facilitate the PPP Loan, the Company entered into a note payable agreement with Santander Bank, N.A. as the lender.

GAUCHO GROUP HOLDINGS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Under the terms of the CARES Act, as amended by the Paycheck Protection Program Flexibility Act of 2020, the Company was eligible to apply for and receive forgiveness for all or a portion of their respective PPP Loan. Such forgiveness was determined, subject to limitations, based on the use of the loan proceeds for certain permissible purposes as set forth in the PPP, including, but not limited to, payroll costs (as defined under the PPP) and mortgage interest, rent or utility costs (collectively, “Qualifying Expenses”) incurred during the 24 weeks subsequent to funding, and on the maintenance of employee and compensation levels, as defined, following the funding of the PPP Loan. The Company used the proceeds of the PPP Loan for Qualifying Expenses. On March 26, 2021, the Company was approved for the forgiveness on the full amount of the PPP Loan.

SBA Economic Injury Disaster Loans

On May 22, 2020, the Company received a loan in the principal amount of \$94,000 (the “EIDL Loan”) pursuant to the Economic Injury Disaster Loan (“EIDL”) assistance program offered by the SBA in response to the impact of the COVID-19 pandemic on the Company’s business. The EIDL Loan bears interest at 3.75% per annum. Proceeds from the EIDL are being used for working capital purposes. The EIDL Loan is secured by a security interest in all of the Company’s assets.

On July 20, 2022, the federal government notified the Company that installment payments on the remainder of the balance of the EIDL Loan would be required starting 30 months from the date of the loan, which is October 19, 2022. The EIDL loan matures on May 22, 2050.

2020 Demand Loan

On March 1, 2020, the Company received a loan in the amount of \$27,641 (ARS \$1,777,778) (the “2020 Demand Loan”) which bore interest at 10% per month and was due upon demand of the lender (the “Demand Loan”). Interest is paid monthly. The entire remaining outstanding balance of the 2020 Demand Loan was paid in full during 2021.

2018 Loan

On January 25, 2018 the Company received a bank loan in the amount of \$525,000 (the “2018 Loan”), denominated in U.S. dollars. The 2018 Loan bears interest at 6.75% per annum and was due on January 25, 2023. The Central Bank of Argentina issued a rule instructing the deferral of loan payments for any loan outstanding in April of 2020 due to COVID. The deferral extends the maturity date to October 2023. Pursuant to the terms of the 2018 Loan, principal and interest is to be paid in 60 equal monthly installments of \$10,311, beginning on February 23, 2018. As of December 31, 2022 and 2021, the Company is current on the loan.

Land Loan

On August 19, 2017, the Company purchased 845 hectares of land adjacent to its existing property at AWE. The Company paid \$100,000 at the date of purchase and executed a note payable in the amount of \$600,000, denominated in U.S. dollars (the “Land Loan”) with a stated interest rate of 0% and with quarterly payments of \$50,000 beginning on December 18, 2017 and ending August 18, 2021. The entire remaining outstanding balance of the Land Loan was paid in full during 2021.

GAUCHO GROUP HOLDINGS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2022 Loan

On December 23, 2022, the Company received a bank loan in the amount of \$51,643 (the “2022 Loan”), denominated in 9,000,000 Argentine pesos. The loan is payable in twelve installments of principal and interest at a rate of 7.00% of outstanding principal per month. The first payment was due on January 23, 2023 and the last payment is due on December 25, 2023. Interest incurred on the 2022 Loan during the year ended December 31, 2022 was de minimis.

13. DEBT OBLIGATIONS

There are no outstanding balances in connection with the Company’s debt obligations as of December 31, 2022. The Company’s debt obligations as of December 31, 2021 are summarized below:

	December 31, 2021		
	Principal	Interest ^[1]	Total
2010 Debt Obligations	\$ -	\$ 13,416	\$ 13,416
2017 Notes	7,000	4,547	11,547
Total Debt Obligations	<u>\$ 7,000</u>	<u>\$ 17,963</u>	<u>\$ 24,963</u>

[1]Accrued interest is included as a component of accrued expenses on the accompanying consolidated balance sheets (see Note 10, Accrued Expenses).

2010 Debt Obligations

During 2022, the Company repaid the \$13,416 interest payable in connection with 2010 Debt Obligations. No principal or interest remained outstanding on the 2010 Debt Obligations as of December 31, 2022.

2017 Notes

On January 8, 2021, \$1,163,354 in principal and \$258,714 in interest owed in connection with the 2017 Notes was exchanged for 19,751 Units. Each Unit consists of one share of common stock and a one-year warrant exercisable at a price equal to the purchase of the Unit (“Unit”). On September 16, 2022, the Company repaid the remaining principal balance of \$7,000 outstanding on the 2017 Notes, such that no principal or interest remained outstanding on the 2017 Notes as of December 31, 2022.

Gaicho Notes

During 2018 and 2019, the Company’s subsidiary, Gaicho Group, Inc., sold convertible promissory notes in the aggregate principal amount of \$2,266,800 to accredited investors (the “Gaicho Notes”). During the year ended December 31, 2021, the Company repaid all remaining principal and interest outstanding under the Gaicho Notes of \$100,000 and \$14,993, respectively, such that no amounts remain outstanding under the Gaicho Notes as of December 31, 2021. The Company incurred interest expense of \$0 and \$1,724 related to the Gaicho Notes during the years ended December 31, 2022 and 2021, respectively.

GAUCHO GROUP HOLDINGS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

14. CONVERTIBLE DEBT OBLIGATIONS

Activity related to the Company's convertible notes is summarized below:

	GGH Notes	Investor Notes	October Notes	Total Principal	Debt Discount	Convertible debt, net of discount
Balance at January 1, 2021	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Notes issued	6,480,000			6,480,000	(950,813)	5,529,187
Amortization of debt discount					199,161	199,161
Balance at December 31, 2021	6,480,000	-	-	6,480,000	(751,652)	5,728,348
Notes issued	-	1,727,500	1,431,500	3,159,000	-	3,159,000
Note principal exchanged for warrants	(900)			(900)	(848,531)	(849,431)
Debt principal converted to common stock:	(4,481,191)	(1,727,500)	(1,431,500)	(7,640,191)	-	(7,640,191)
Amortization of debt discount	-	-	-	-	1,172,461	1,172,461
Extinguishment loss	-	-	-	-	421,272	421,272
Balance at December 31, 2022	<u>\$ 1,997,909</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,997,909</u>	<u>\$ (6,450)</u>	<u>\$ 1,991,459</u>

GGH Convertible Notes

On November 3, 2021, the Company sold senior secured convertible notes of the Company, in the aggregate original principal amount of \$6,480,000 (the "GGH Notes"), for gross proceeds of \$6,000,000. The GGH Notes are due and payable on the first anniversary of the issuance date (the "Maturity Date"), bear interest at 7% per annum and were originally convertible into shares of common stock of the Company at a conversion price of \$42.00 per share (subject to adjustment for standard anti-dilution events). Interest is payable in cash quarterly in arrears. Holders of GGH Notes may convert any portion of outstanding and unpaid principal and interest at any time, subject to a 4.99% beneficial ownership limitation.

The GGH Notes rank senior to all outstanding and future indebtedness of the Company and its subsidiaries and are secured by all existing and future assets of the Company, as well as shares of common stock and certain options to purchase common stock of the Company owned by the President and CEO of the Company. Holders of GGH Notes are entitled to certain registration rights, pursuant to a registration rights agreement between the holders of the GGH Notes and the Company, dated November 9, 2021.

Upon the issuance of the GGH Notes, the Company recorded a debt discount at issuance in the aggregate amount \$950,813, consisting of (i) the \$480,000 difference between the aggregate principal amount of the GGH Notes and the cash proceeds received, and (ii) financing costs in the aggregate amount of \$446,813. The debt discount is being amortized using the effective interest method over the term of the GGH Notes.

The GGH Notes include several embedded features that require bifurcation. However, management has determined that the value of these bifurcated derivatives was de minimis as of November 3, 2021 (date of the agreement), December 31, 2021 and December 31, 2022.

GAUCHO GROUP HOLDINGS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Pursuant to the original terms of the GGH Notes, beginning on February 7, 2022, the Company was to make nine monthly payments consisting of principal in the amount of \$720,000, plus (i) accrued interest and (ii) a make-whole amount equal to the additional interest that would accrue if the entire GGH Notes principal remained outstanding through the Maturity Date. Holders of GGH Notes may convert any portion of outstanding and unpaid principal and interest at any time, subject to a 4.99% beneficial ownership limitation.

On February 22, 2022, the Company entered into an exchange agreement (the “Exchange Agreement”) with holders of GGH Notes. Pursuant to the Exchange Agreement, the Company was able to defer monthly principal payments until May 7, 2022 and will make six monthly payments in the amount of \$1,080,000, plus accrued interest and make-whole amount. As consideration for entering into the Exchange Agreement, \$300 of aggregate principal amount the GGH Notes was exchanged for three-year warrants (the “GGH Warrants”) for the purchase of an aggregate of 62,500 shares of the Company’s common stock at an exercise price of \$21.00 per share, which had an aggregate grant date value of \$731,556. The Exchange Agreement was accounted for as a debt modification and the grant date value of the GGH Warrants was recorded as additional debt discount.

On May 2, 2022, the Company entered into a letter agreement with the holders of GGH Notes (the “Letter Agreement #1”). The Letter Agreement #1 provided for the reduction of the conversion price for shares of the Company’s common stock from \$42.00 to \$16.20 between May 3, 2022 through May 13, 2022. During the period from May 3, 2022 through May 11, 2022, principal, interest and fees in the amount of \$357,498 were converted into 22,068 shares of common stock at a conversion price of \$16.20 per share. The Company recorded inducement expense in the amount of \$198,096 as a result of the conversion of debt and interest pursuant to the Letter Agreement.

On May 12, 2022, the Company entered into a conversion agreement with the holders of GGH Notes (the “Letter Agreement #2”) pursuant to which the parties agreed to reduce the Conversion Price to \$11.40 and the holders of GGH Notes have committed to converting principal outstanding under the GGH Notes in an amount equal to 4.90% of the outstanding shares of common stock of the Company. The reduction in conversion price was accounted for as debt extinguishment. The Company recorded a loss on extinguishment of debt of \$2,105,119, which consisted of (i) \$421,272 to eliminate the debt discount related to the cancelled notes, plus (ii) \$1,683,847, which represented the difference between the previous net carrying amount and the fair value of the modified debt instrument. On May 13, 2022 principal, interest and fees in the amount of \$1,165,099 were converted into 102,202 shares of common stock at conversion price of \$11.40 per share, of which 49,680 shares had been previously issued as pre-delivery shares on November 9, 2021 and the remaining 52,522 shares were issued on May 13, 2022.

The fair value of the modified debt instrument at the extinguishment date was determined to be \$7,831,248, which consisted of principal in the amount of \$6,147,401 and the fair value of the embedded conversion option (“ECO”) of \$1,682,445. The fair value of the ECO was determined using the Black Scholes Option Pricing Model (which is considered to be a Level 3 fair value measurement) with the following assumptions used: contractual term - 0.48 years; expected volatility – 61%; expected dividends – 0%. The fair value of the ECO was recorded as additional paid in capital.

On July 1, 2022, the Company entered into another letter agreement with the holders of GGH Notes (the “Letter Agreement #3”). The Letter Agreement #3 provided for the reduction of the conversion price for shares of the Company’s common stock from \$11.40 to \$3.60 between July 5, 2022 through September 5, 2022.

GAUCHO GROUP HOLDINGS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

During the period from July 7 through August 30, 2022, GGH Notes with principal, interest and fees in the amount of \$3,201,894 were converted into 889,415 shares of common stock at a conversion price of \$3.60 per share. The Company recorded inducement expense in the amount of \$2,965,222 as a result of the conversion of debt and interest pursuant to Letter Agreement #3.

On September 22, 2022, the Company and the Holders of the GGH Notes entered into another exchange agreement (the “Exchange Agreement #2”) with the Holders in order to amend and waive certain provisions of the Existing Note Documents and exchange \$300 in aggregate principal amount of the GGH Notes, on the basis and subject to the terms and conditions set forth in the Exchange Agreement #2, for three-year warrants to purchase up to 90,917 shares of the Company’s Common Stock at an exercise price of \$3.82. The Exchange Agreement #2 amends the original terms of payment of the Existing Notes and waives payment of principal and interest due on each of September 7, 2022 and October 7, 2022. All principal, interest, and fees are due on the maturity date of November 9, 2022. The Exchange Agreement #2 was accounted for as a debt modification and the grant date fair value of the warrants valued at \$102,167 was recorded as additional debt discount.

On November 30, 2022, the Company and the Holders entered into another exchange agreement (the “Exchange Agreement #3”) with the Holders in order to amend and waive certain provisions of the Existing Note Documents and exchanged \$300 in aggregate principal amount of the GGH Notes, on the basis and subject to the terms and conditions set forth in the Exchange Agreement #3, for three-year warrants to purchase up to 43,814 shares of the Company’s Common Stock at an exercise price of \$2.40 and warrants to purchase up to 43,814 shares of the Company’s Common Stock at an exercise price of \$6.00. The Exchange Agreement #3 extends the maturity date of the Existing Notes from November 9, 2022 to February 9, 2023 and waives all other payments due until February 9, 2023. The Exchange Agreement #3 was accounted for as a debt modification and the grant date fair value of the warrants valued at \$15,108 was recorded as additional debt discount.

See Note 21, Subsequent Events, related to the repayment and conversion of balances outstanding under the GGH Notes during February 2023.

Investor Notes

During the period from July 13, 2022 through August 30, 2022, the Company issued convertible promissory notes to certain investors (the “Investor Notes”) in the aggregate amount of \$1,727,500. Pursuant to the terms of the Investor Notes, if the stockholders approve for purposes of complying with Nasdaq Listing Rule 5635(d), the issuance of shares of up to 1,250,000 of the Company’s common stock upon the conversion of the Investor Notes, without giving effect to Nasdaq’s 20% Rule, the Investor Notes are to be automatically converted into units consisting of one share of common stock and one warrant to purchase one share of common stock at a price equal to the lesser of (a) \$6.60 per unit or (b) the three-day volume weighted average closing price (“VWAP”) of the Company’s common stock beginning on the date that is two days prior to stockholder approval of such conversion at the 2022 annual stockholder meeting.

At the annual stockholder meeting held on August 30, 2022, the Company obtained the requisite stockholder approval, and the Investor Notes comprised of \$1,727,500 and \$8,252 in interest, were automatically converted into an aggregate of 454,587 units based on a conversion price of \$3.82, which represents the three-day VWAP of the Company’s common stock beginning on the date that is two days prior to stockholder approval of such conversion at the 2022 annual stockholder meeting. Each warrant issued upon the conversion of the Investor Notes is exercisable at a price of \$3.82 and expires one year from the date of issuance.

GAUCHO GROUP HOLDINGS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

October Notes

On October 22, 2022, the Board of Directors approved an offering of up to \$1.5 million of 7% convertible promissory notes with a one-year maturity to accredited investors (the “October Notes”).

The October Notes will be mandatorily converted upon the earlier to occur of: (i) the date of execution of a ground lease in connection with the previously announced agreement to develop a project in Las Vegas, Nevada (see Note 1, Business Organization, Nature of Operations and Risks and Uncertainties); or (ii) the date the Company obtains stockholder approval to issue shares of the Company’s common stock in accordance with Nasdaq Listing Rule 5635(d) (each, a “Mandatory Conversion Event”).

Upon a Mandatory Conversion Event, the October Notes will be converted into units (“Units”), with each Unit consisting of one share of common stock and a one-year warrant for the purchase of one share of common stock, exercisable at \$6.00 per share, at a conversion price equal to the lower of (a) \$2.52 per share or (b) the three-day volume weighted average closing price beginning on the date that is two days prior to the Mandatory Conversion Event, subject to a floor price on conversion of \$2.40 per share.

On December 19, 2022, at a special meeting of the stockholders of the Company, the stockholders approved, for purposes of complying with Nasdaq Listing Rule 5635(d), the issuance of up to 1,250,000 shares of the Company’s common stock upon the conversion of the October Notes without giving effect to the 19.99% cap provided under Nasdaq Rule 5635(d).

Also on December 19, 2022, October Notes representing a total of \$1,431,500 of principal and \$13,817 of interest were mandatorily converted into 602,225 units (“Units”) at a conversion price of \$2.40 per Unit.

Interest expense on convertible debt

The Company incurred total interest expense of approximately \$1,683,000 and \$265,000 related to its convertible debt during the years ended December 31, 2022 and 2021, respectively, including approximately (i) \$511,000 and \$66,000, respectively, of interest and make-whole interest accrued at stated interest rates; (ii) amortization of debt discount in the amount of approximately \$1,172,000 and \$199,000, respectively. During the year ended December 31, 2022, the Company paid interest in the amount of approximately \$166,000 and converted interest in the amount of approximately \$265,000 into shares of the Company’s common stock (see Note 16, Temporary Equity and Stockholders’ Equity). No interest on convertible debt was paid or converted during the year ended December 31, 2021. Interest accrued on the GGH Notes is approximately \$69,000 and \$66,000 as of December 31, 2022 and 2021, respectively.

GAUCHO GROUP HOLDINGS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

15. INCOME TAXES

The Company files tax returns in United States (“U.S.”) Federal, state and local jurisdictions, plus Argentina and the United Kingdom (“U.K.”).

United States and international components of income before income taxes were as follows:

	For The Years Ended	
	December 31,	
	2022	2021
United States	\$ (20,801,676)	\$ (5,268,318)
International	(1,023,622)	2,879,300
Loss before income taxes	<u>\$ (21,825,298)</u>	<u>\$ (2,389,018)</u>

The income tax provision (benefit) consisted of the following:

	For The Years Ended	
	December 31,	
	2022	2021
Federal		
Current	\$ -	\$ -
Deferred	(5,845,450)	182,674
State and local		
Current	-	-
Deferred	1,643,977	(5,771,292)
Foreign		
Current	-	-
Deferred	35,005	-
	<u>(4,166,469)</u>	<u>(5,588,618)</u>
Change in valuation allowance	4,166,469	5,588,618
Income tax provision (benefit)	<u>\$ -</u>	<u>\$ -</u>

GAUCHO GROUP HOLDINGS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2022 and 2021, the expected tax expense (benefit) based on the statutory rate is reconciled with the actual tax expense (benefit) as follows:

	For The Years Ended December 31,	
	2022	2021
U.S. federal statutory rate	(21.0%)	(21.0%)
State taxes, net of federal benefit	(6.5%)	0.0%
Permanent differences	8.9%	1.8%
(Re-establishment of) Write-off of deferred tax assets	(2.8%)	(215.3%)
Prior period adjustments	(7.4%)	3.5%
Other	(4.1%)	(2.9%)
Change in valuation allowance	19.1%	233.9%
Income tax provision (benefit)	0.0%	0.0%

As of December 31, 2022 and 2021, the Company's deferred tax assets consisted of the effects of temporary differences attributable to the following:

	December 31,	
	2022	2021
Net operating loss	\$ 24,283,176	\$ 20,037,451
Impairment of investment - related party	-	-
Loss on extinguishment of debt	-	-
Stock based compensation	156,631	223,189
Argentine tax credits	35,196	70,201
Accruals and other	-	-
Receivable allowances	306,698	284,392
Total deferred tax assets	24,781,701	20,615,233
Valuation allowance	(24,781,605)	(20,615,137)
Deferred tax assets, net of valuation allowance	96	96
Excess of book over tax basis of warrants	(96)	(96)
Net deferred tax assets	\$ -	\$ -

As of December 31, 2022, the Company has approximately \$85,374,000 of gross U.S. federal net operating losses ("NOLs"), which includes approximately \$4,100,000 of GGI NOLs. Approximately \$53,198,783 of the federal NOLs will expire from 2022 to 2037 and approximately \$32,175,217 have no expiration date. These NOL carryovers are subject to annual limitations under Section 382 of the U.S. Internal Revenue Code because there was a greater than 50% ownership change, as determined under the regulations, on or about June 30, 2012. We have determined that, due to those annual limitations under Section 382, an additional \$6,300,000 of NOLs will expire unused and are not included in the available NOLs stated above. Therefore, we have reduced the related deferred tax asset for NOL carryovers by approximately \$2,810,000 from June 30, 2012 forward. The Company's NOLs generated through the date of the ownership change on June 30, 2012 are subject to an annual limitation of approximately \$1,000,000. The Company remains subject to the possibility that a greater than 50% ownership change could trigger additional annual limitations on the usage of NOLs. As of December 31, 2021, the Company had approximately \$67,934,000 of gross U.S. federal net operating losses ("NOLs"), which included approximately \$2,500,000 of GGI NOLs which is no longer part of the consolidated tax group because GGH's ownership interest is now less than 80%.

GAUCHO GROUP HOLDINGS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

As of December 31, 2022, the Company has approximately \$56,193,000 and \$32,597,000 of gross New York State and New York City NOLs, each of which includes approximately \$0 of GGI NOLs. As of December 31, 2022, the Company had Florida NOLs of approximately \$10,606,000. As of December 31, 2021, the Company has approximately \$56,193,000 and \$32,597,000 of gross New York State and New York City NOLs, each of which includes approximately \$1,500,000 of GGI NOLs. As of December 31, 2021, the Company had Florida NOLs of approximately \$4,900,000. All of the state and local NOLs will expire from 2035 to 2038. During the year ended December 31, 2021, the Company re-established nexus in New York State and New York City as the Company has employees located there. The Florida NOLs may be carried forward indefinitely. The previously written off NOL's and related deferred tax assets (that have been reduced by a valuation allowance of a corresponding amount) have been reinstated.

In assessing the realization of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will be realized. The ultimate realization of deferred tax assets is dependent upon the future generation of taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income, and taxing strategies in making this assessment. Based on this assessment, management has established a full valuation allowance against all of the net deferred tax assets for each period, since it is more likely than not that all of the deferred tax assets will not be realized. The valuation allowance for the year ended December 31, 2022 and 2021 increased by approximately \$4,166,469 and \$5,588,000, respectively.

Management has evaluated and concluded that there were no material uncertain tax positions requiring recognition in the Company's consolidated financial statements as of December 31, 2022 and 2021. The Company does not expect any significant changes in its unrecognized tax benefits within twelve months of the reporting date. The Company has U.S. tax returns subject to examination by tax authorities beginning with those filed for the year ended December 31, 2017 (or the year ended December 31, 2022 if the Company were to utilize its NOLs). No tax audits were commenced or were in process during the years ended December 31, 2022 and 2021. The Company's policy is to classify assessments, if any, for tax related interest as interest expense and penalties as general and administrative expenses in the consolidated statements of operations.

GAUCHO GROUP HOLDINGS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

16. SEGMENT DATA

The Company's financial position and results of operations are classified into three reportable segments, consistent with how the CODM makes decisions about resource allocation and assesses the Company's performance.

- Real Estate Development, through AWE and TAR, including hospitality and winery operations, which support the ALGODON® brand.
- Fashion (e-commerce), through GGI, including the manufacture and sale of high-end fashion and accessories sold through an e-commerce platform.
- Corporate, consisting of general corporate overhead expenses not directly attributable to any one of the business segments.

The following tables present segment information for the year ended December 31, 2022 and 2021:

	For the Year ended December 31, 2022			
	Real Estate Development	Fashion (e-commerce)	Corporate⁽¹⁾	TOTAL
Revenues	\$ 1,540,955	\$ 102,760	\$ -	\$ 1,643,716
Revenues from Foreign Operations	\$ 1,540,955	\$ -	\$ -	\$ 1,540,955
Depreciation and Amortization	\$ 152,183	\$ 58,279	\$ 41,479	\$ 251,941
Loss from Operations	\$ (1,516,746)	\$ (1,622,122)	\$ (12,644,782)	\$ (15,783,650)
Interest Expense, net	\$ (43,380)	\$ -	\$ 1,595,091	\$ 1,551,711
Net Loss	\$ (7,694,866)	\$ (1,622,122)	\$ (12,508,310)	\$ (21,825,298)
Capital Expenditures	\$ 894,251	\$ 974,544	\$ 59,215	\$ 1,928,010
Total Property and Equipment, net	\$ 6,234,856	\$ 1,369,205	\$ 17,196	\$ 7,621,257
Total Property and Equipment, net in Foreign Countries	\$ 6,234,856	\$ -	\$ -	\$ 6,234,856
Total Assets	\$ 13,504,914	\$ 3,522,415	\$ 1,665,656	\$ 18,692,985

GAUCHO GROUP HOLDINGS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year ended December 31, 2021

	Real Estate Development	Fashion (e-commerce)	Corporate⁽¹⁾	TOTAL
Revenues	\$ 4,898,831	\$ 16,408	\$ -	\$ 4,915,240
Revenues from Foreign Operations	\$ 4,898,831	\$ -	\$ -	\$ 4,898,831
Depreciation and Amortization	\$ 136,766	\$ 3,773	\$ 5,114	\$ 145,653
Loss from Operations	\$ 2,988,414	\$ (970,154)	\$ (4,431,038)	\$ (2,412,778)
Interest Expense, net	\$ 77,316	\$ 1,724	\$ 269,058	\$ 348,098
Net Loss	\$ 3,040,469	\$ (971,877)	\$ (4,457,609)	\$ (2,389,018)
Capital Expenditures	\$ 1,493,093	\$ 452,173	\$ -	\$ 1,945,266
Total Property and Equipment, net	\$ 3,329,351	\$ 447,590	\$ -	\$ 3,776,941
Total Property and Equipment, net in Foreign Countries	\$ 3,329,351	\$ -	\$ -	\$ 3,329,351
Total Assets	\$ 17,413,160	\$ 2,660,305	\$ 4,240,267	\$ 24,313,732

GAUCHO GROUP HOLDINGS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

17. RELATED PARTY TRANSACTIONS

Accounts Receivable – Related Parties

Accounts receivable – related parties of \$1,115,816 and \$927,874 at December 31, 2022 and 2021, respectively, represent the net realizable value of advances made to, and expense sharing obligations receivable from, separate entities under common management (the “Related Entities”). During the years ended December 31, 2022 and 2021, the Company made advances in the amount of \$272,920 and \$190,000, respectively, to the Related Entities, and received repayments in the amount of \$825,000 and \$144,000, respectively, from the Related Entities. Receivables recorded in the amount of \$742,943 and 626,101 in connection with expense sharing agreement during the years ended December 31, 2022 and 2021 are discussed below.

Expense Sharing

On April 1, 2010, the Company entered into an agreement with a Related Party to share expenses such as office space, support staff and other operating expenses (the “Related Entity ESA”). The agreement was amended on January 1, 2017 to reflect the current use of personnel, office space, professional services. During the years ended December 31, 2022 and 2021, the Company recorded a contra-expense of \$742,943 and \$626,101, respectively, related to the reimbursement of general and administrative expenses as a result of the agreement.

Investment in Related Party

On June 16, 2021, the Company, through its wholly owned subsidiary, GVI, entered into the Amended and Restated Limited Liability Company Agreement (the “LLC Agreement”) of LVH Holdings LLC (“LVH”), for the purpose of developing a project in Las Vegas, Nevada (the “Las Vegas Project”). LVH was organized on May 24, 2021 pursuant to the Delaware Limited Liability Act (the “Delaware Act”) with a sole member of SLVH LLC, a Delaware limited liability company (“SLVH”).

A member of the Company’s board of directors is the managing member of SLVH and holds a 20% membership interest in SLVH. Pursuant to the Company’s Related Party Transactions Policy, adopted as amended on March 25, 2021 by the Board of Directors of the Company (the “Board”), this director is considered a related party with respect to this transaction and provided notice of his interest to the Board. The disinterested members of the Board unanimously approved the transaction pursuant to such Related Party Transactions Policy and the Code of Business Conduct and Ethics and Whistleblower Policy, also adopted by the Board on March 25, 2021.

Pursuant to the terms of the LLC Agreement, upon the execution of the LLC Agreement, GVI made an initial capital contribution to LVH, in cash, in the amount of exactly \$1 million and received 56.6 limited liability company interests (the “LVH Units”) in LVH. On July 16, 2021, the Company made an additional capital contribution to LVH in the amount of \$2.5 million and received an additional 141.4 LVH Units, and on November 10, 2021, the Company made an additional capital contribution to LVH in the amount of \$3.5 million and received an additional 198 LVH Units. On June 7, 2022, the Company, through GVI, executed a Second Amendment to the Amended and Restated Limited Liability Company Agreement of LVH to modify the rules for distributions to the members of LVH, and modify the number, amount and timing of GVI’s additional capital contributions to LVH. On December 12, 2022, the Company, through GVI, executed a Third Amendment to the Amended and Restated Limited Liability Company Agreement of LVH to extend the outside date for execution of the ground lease from December 31, 2022 to June 30, 2023. As of December 31, 2022 and 2021, the Company owned an aggregate of 396 LVH Units, representing 11.9% ownership of LVH.

GAUCHO GROUP HOLDINGS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The aggregate capital contribution of \$7,000,000 as of December 31, 2021 is included within investment – related parties on the consolidated balance sheet. As of December 31, 2022, LVH had not yet executed a lease for the Las Vegas project, and the Company determined that its investment in LVH was not recoverable. Accordingly, the Company recorded impairment expense in the amount of \$7,000,000, such that the carrying amount of the Company’s investment in LVH is \$0 as of December 31, 2022.

During the years ended December 31, 2022 and 2021, the Company recorded income of \$300,000 and \$162,500 respectively, representing management fees received from LVH pursuant to a June 2021 agreement with LVH. As of December 31, 2022 and 2021, the Company has deferred revenue in the amount of \$150,000 and \$0, respectively, related to prepaid management fees received from LVH.

18. BENEFIT CONTRIBUTION PLAN

The Company sponsors a 401(k) profit-sharing plan (“401(k) Plan”) that covers substantially all of its employees in the United States. The 401(k) Plan provides for a discretionary annual contribution, which is allocated in proportion to compensation. In addition, each participant may elect to contribute to the 401(k) Plan by way of a salary deduction.

A participant is always fully vested in their account, including the Company’s contribution. For the years ended December 31, 2022 and 2021, the Company recorded a charge associated with its contribution of \$32,614 and \$27,821, respectively. This charge has been included as a component of general and administrative expenses in the accompanying consolidated statements of operations. The Company issues shares of its common stock to settle these obligations based on the fair market value of its common stock on the date the shares are issued (shares were issued at \$26.75 and \$57.48 per share during 2022 and 2021, respectively.)

19. TEMPORARY EQUITY AND STOCKHOLDERS’ EQUITY

Authorized Shares

The Company is authorized to issue up to 150,000,000 shares of common stock, \$0.01 par value per share, pursuant to the Amended and Restated Certificate of Incorporation filed with the Secretary of State of Delaware on November 4, 2022.

On February 16, 2021, the Company effected a reverse stock split in the ratio of 1 share of common stock for 15 previously issued shares of common stock. On November 4, 2022, the Company effected a reverse stock split in the ratio of 1 share of common stock for 12 previously issued shares of common stock and filed an amended and restated certificate of incorporation (the “Amended and Restated Certificate of Incorporation”). There were 7,380 fractional shares issued as a result of the 2022 reverse stock split and no fractional shares issued as a result of the 2021 reverse stock split. All fractional shares as a result of the Reverse Split were rounded up to the nearest whole number.

As of December 31, 2022 and 2021, there were 3,653,401 and 823,496 shares of common stock issued, and 3,653,120 and 823,215 shares outstanding, respectively.

Effective September 16, 2022, the Company filed an Amended and Restated Certificate of Incorporation with the Secretary of State of the State of Delaware to reflect the reduction in the number of authorized shares of preferred stock from 11,000,000 shares to 902,670 shares as a result of the previous conversion of the Series A Convertible Preferred into shares of common stock of the Company. There were no shares of preferred stock issued or outstanding at December 31, 2022 and 2021. The Board of Directors has the ability to issue blank check preferred stock under the Amended and Restated Certificate of Incorporation.

GAUCHO GROUP HOLDINGS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Equity Incentive Plans

On July 27, 2018, the Board of Directors adopted the 2018 Equity Incentive Plan (the “2018 Plan”), which was approved by the Company’s shareholders on September 28, 2018. The 2018 Plan provides for grants for the purchase of up to an aggregate of 100,000 shares, including incentive and non-qualified stock options, restricted and unrestricted stock, loans and grants, and performance awards. The number of shares available under the 2018 Plan will automatically increase on January 1 of each year by the amount equal to 2.5% of the total number of shares outstanding on such date, on a fully diluted basis. Further, any shares subject to an award issued under the 2018 Plan, the 2016 Stock Option Plan or the 2008 Stock Option Plan that are canceled, forfeited or expired shall be added to the total number of shares available under the 2018 Plan.

Under the 2018 Plan, awards may be granted to employees, consultants, independent contractors, officers and directors or any affiliate of the Company as determined by the Board of Directors. The maximum term of any award granted under the 2018 shall be ten years from the date of grant, and the exercise price of any award shall not be less than the fair value of the Company’s stock on the date of grant, except that any incentive stock option granted under the 2018 Plan to a person owning more than 10% of the total combined voting power of the Company’s common stock must be exercisable at a price of no less than 110% of the fair market value per share on the date of grant.

On August 30, 2022, the stockholders approved an increase of the number of shares authorized to be awarded under the 2018 Equity Incentive Plan to 25% of the Company’s common stock outstanding on a fully diluted basis as of the date of stockholder approval. As a result of the stockholder’s approval, the number of shares authorized to be awarded was 848,033 shares and the number of shares available for issuance under the 2018 Equity Incentive Plan was 767,280.

As of December 31, 2022, there were 6,141 shares available for issuance under the 2018 Equity Incentive Plan. On January 1, 2023, the 2.5% automatic increase to available shares provided for an additional 160,095 shares.

On October 5, 2018, GGH, as the sole stockholder of GGI, and the Board of Directors of GGI approved the Gaucho 2018 Equity Incentive Plan (the “2018 Gaucho Plan”). The 2018 Gaucho Plan provides for grants for the purchase of up to an aggregate of 8,000,000 shares of GGI’s common stock, including incentive and non-qualified stock options, restricted stock, performance awards and other stock-based awards. No equity awards were granted pursuant to the 2018 Gaucho Plan during the years ended December 31, 2022 or 2021. As of December 31, 2022, there are 2,280,000 shares of GGI’s common stock available to be issued under the 2018 Gaucho Plan.

Preferred Stock

On February 28, 2017, the Company filed a Certificate of Designation with the Secretary of State of the state of Delaware, designating 902,670 shares of the Company’s preferred stock as Series B Convertible Preferred Stock (“Series B”) at a par value of \$0.01 per share. The Series B stockholders are entitled to cumulative cash dividends at an annual rate of 8% of the Series B liquidation value (equal to face value of \$10 per share), as defined, payable in either cash or shares of common stock, when, as and if declared by the Board of Directors.

Effective as of September 15, 2022, the Company filed an Amended and Restated Certificate of Incorporation (the “Certificate of Incorporation”) with the Secretary of State of the State of Delaware to reflect the reduction in the number of authorized shares of preferred stock from 11,000,000 shares to 902,670 shares as a result of the previous conversion of the Series A Convertible Preferred into shares of common stock of the Company.

Effective February 16, 2021, as a result of the listing of the Common Stock on Nasdaq, 901,070 shares of Series B preferred stock, representing all of the preferred shares outstanding, were converted into 50,059 shares of common stock.

Dividends earned by the Series B stockholders were \$0 during the years ended December 31, 2022 and 2021. Dividends payable of \$0 and \$76,762 are included in other current liabilities at December 31, 2022 and 2021, respectively. Cumulative unpaid and undeclared dividends in arrears related to the Series B totaled \$0 as of December 31, 2022 and 2021, respectively.

GAUCHO GROUP HOLDINGS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Common Stock

On January 8, 2021, the Company issued an aggregate of 6,097 shares of common stock and one-year warrants to purchase 6,097 shares of common stock at an exercise price of \$72.00 per share to accredited investors with a substantive pre-existing relationship with the Company for aggregate gross proceeds of \$439,000.

On January 8, 2021, the Company issued 19,751 shares of common stock and one-year warrants to purchase 19,751 shares of common stock upon the exchange of \$1,163,354 in principal and \$258,714 in interest owed in connection with the 2017 Notes (see Note 13 – Debt Obligations).

On July 2, 2021, the Company issued 22,875 shares of common stock upon exercise of warrants to purchase 22,875 shares of common stock with an exercise price of \$72.00 per share and received aggregate proceeds of \$1,647,000.

On July 6, 2021, the Company issued 688 shares of common stock at \$57.48 per share with a fair value of approximately \$39,537 in settlement of its matching obligations for the year ended December 31, 2020 under the Company's 401(k) profit sharing plan.

On July 21, 2021, the Company issued 2,500 shares of common stock at \$42.36 per share with a fair value of \$105,900 pursuant to a service agreement.

On February 3, 2022, the Company issued 1,250 shares of common stock and paid \$34,999 cash as consideration for the purchase of the domain name Gaucho.com. The seller is entitled to additional shares if the closing price per share is less than \$31.68 on August 14, 2022, such that the collective value of the total shares issued to the seller has a fair market value of \$39,600. (See Note 7 - Intangible Assets). On August 14, 2022, the closing price per share was \$4.32. As a result, the Company issued 7,364 additional shares to the seller of the domain name.

On February 3, 2022, the Company issued 106,952 shares of its common stock, valued at \$2,194,653, to Hollywood Burger Holdings, Inc, a company with whom GGH shares common management, in exchange for a 100% ownership interest in Hollywood Burger Argentina S.R.L., now Gaucho Development S.R.L., The purpose of the acquisition was to acquire certain real property held by Gaucho Development S.R.L.

On March 28, 2022 the Company issued 1,040 shares of common stock at \$26.76 per share with a fair value of approximately \$27,821 in satisfaction of its matching obligations for the year ended December 31, 2021, in connection with its 401(k) profit-sharing plan.

On March 28, 2022, the Company issued 86,899 shares of its common stock, valued at \$2,419,268, to the minority holders of GGI, in exchange for the remaining 21% non-controlling interest in GGI. The acquisition of the remaining shares of GGI resulted in a decrease of non-controlling interest to zero, and an adjustment to additional paid-in capital to reflect the Company's increased ownership in GGI.

On June 7, 2022, the Company issued an aggregate of 54,214 immediately-vested shares of its common stock, with a grant date value of \$525,000, as compensation to the non-executive members of its board of directors.

On June 22, 2022, the Company issued (i) 183,942 vested shares of its common stock valued at \$1,379,568 and (ii) 26,278 restricted stock units valued at \$197,081 (see Restricted Stock Units, below), in exchange for, and upon the cancellation of, options for the purchase of 5,502,500 shares of GGI common stock (the "GGI Stock Options"). As of the date of this exchange, the value of the cancelled GGI options approximated the value of the common stock and restricted stock units issued to the GGI Option holders.

GAUCHO GROUP HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Public Offering

On February 19, 2021, the Company closed an underwritten public offering of units at an offering price of \$72.00 per Unit (“Public Offering Units”) with each Public Offering Unit consisting of one share of common stock and one eighteen-month warrant for the purchase of common stock at \$72.00 per share. The Company sold and issued an aggregate of 111,111 shares of common stock and 127,778 warrants exercisable at \$72.00 per share for approximate gross and net proceeds of \$8.0 million and \$6.6 million, respectively, which includes offering costs of \$1.4 million that include underwriting discounts and commissions and other offering expenses. In connection with the public offering, the Company issued the representative of such underwriters a five-year warrant exercisable for up to 1,278 shares of common stock at an exercise price of \$90 per share.

Due to the successful closing of the public offering, 4,513 shares of the Company’s common stock previously issued to its placement agent became fully vested on February 19, 2021. As a result, the Company recognized the fair value of \$268,064 as offering costs, which was recognized as a debit and credit to additional paid in capital.

Common Stock Purchase Agreement and Registration Rights Agreement

On May 6, 2021, the Company entered into a Common Stock Purchase Agreement (the “Purchase Agreement”) and a Registration Rights Agreement (the “Registration Rights Agreement”) with an underwriter (the “Underwriter”) Pursuant to the Purchase Agreement, the Company has the right to sell to the Underwriter up to \$50,000,000 (the “Total Commitment”) in shares of the Company’s common stock, subject to certain limitations and conditions set forth in the Purchase Agreement. The Company has the right, but not the obligation, from time to time at the Company’s sole discretion over a 36-month period from and after the commencement (the “Commencement Date”), to direct the Underwriter to purchase up to a fixed maximum amount of shares of Common Stock as set forth in the Purchase Agreement (each, a “Fixed Purchase”), on any trading day, in addition to other requirements set forth in the Purchase Agreement. In consideration for entering into the Purchase Agreement, the Company issued 10,028 shares of common stock (the “Commitment Shares”) to the Underwriter with an issuance date fair value of \$500,000, which was recognized as a debit to additional paid-in capital.

The Purchase Agreement limits the sale of shares of the Company’s common stock to the Underwriter, and the Underwriter’s purchase or acquisition of common stock from the Company, to an amount of common stock that, when aggregated with all other shares of the Company’s common stock then beneficially owned by the Underwriter would result in the Underwriter having beneficial ownership, at any single point in time, of more than 4.99% of the then total outstanding shares of the Company’s common stock. The purchase price of the shares of common stock that the Company elects to sell to the Underwriter pursuant to a Fixed Purchase under the Purchase Agreement will be determined by reference to the market prices of the common stock during the applicable Fixed Purchase Valuation Period for such Fixed Purchase as set forth in the Purchase Agreement, less a fixed 7% discount. The purchase price of the shares of common stock that the Company elects to sell to the Underwriter pursuant to a VWAP Purchase under the Purchase Agreement will be determined by reference to the lowest daily volume weighted average price of the common stock during the three consecutive trading day-period immediately following the date on which we timely deliver the applicable VWAP Purchase notice for such VWAP Purchase to the Underwriter (the “VWAP Purchase Valuation Period”) as set forth in the Purchase Agreement, less a fixed 5% discount. In connection with this transaction, the Company engaged a placement agent to help raise capital. The Company has agreed to pay its placement agent a fee of 8% of the amount of the funds raised pursuant to the Purchase Agreement.

GAUCHO GROUP HOLDINGS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

During the year ended December 31, 2022, the Company sold an aggregate of 50,049 shares of the Company's common stock to the Underwriter for gross proceeds of \$555,811 less cash offering costs of \$44,465 related to the Commitment Shares. During the year ended December 31, 2021, the Company sold an aggregate of 114,506 shares of the Company's common stock for gross proceeds of \$5,135,210 less cash offering costs of \$457,810 and non-cash offering costs of \$500,000 related to the Purchase Agreement.

On November 8, 2022, the parties terminated the Common Stock Purchase Agreement and Registration Rights Agreement by and between the Company and an underwriter (the Underwriter), dated May 6, 2021. On the same date, the parties entered into a new Common Stock Purchase Agreement and Registration Rights Agreement (the "New ELOC") with the Underwriter. Under the New ELOC, the Company has the right to sell to the Underwriter up to the lesser of (i) \$44,308,969 of newly issued shares of the Company's common stock and (ii) the Exchange Cap, as defined, from time to time at a price equal to 95% of the lowest daily VWAP during the three consecutive trading days immediately following the date that the Company provides notice to the Underwriter, directing the Underwriter to purchase shares. The New ELOC expires on November 8, 2025. The Company's registration statement required under the New ELOC was declared effective on December 27, 2022.

The Company has agreed to reimburse the Underwriter for reasonable out-of-pocket expenses (including legal fees and expenses), up to a maximum of \$35,000. In connection with the New ELOC, the Company engaged a placement agent to help raise capital. The Company has agreed to pay its placement agent a fee of 8% of the amount of the funds raised pursuant to the Purchase Agreement.

On December 31, 2022, the Company sold 10,000 shares of the Company's common stock to the Underwriter for net proceeds of \$10,086, pursuant to the New ELOC.

Accumulated Other Comprehensive Loss

For years ended December 31, 2022 and 2021, the Company recorded a gain of \$764,877 and \$325,355, respectively, of foreign currency translation adjustments as accumulated other comprehensive income, primarily related to fluctuations in the Argentine peso to United States dollar exchange rates (see Note 2 – Summary of Significant Accounting Policies, Highly Inflationary Status in Argentina).

GAUCHO GROUP HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Warrants

A summary of warrant activity during the year ended December 31, 2022 is presented below:

	<u>Number of Warrants</u>	<u>Weighted Average Exercise Price</u>	<u>Weighted Average Remaining Life in Years</u>	<u>Intrinsic Value</u>
Outstanding, January 1, 2022	132,029	\$ 72.12		
Issued	1,297,857	5.68		
Exercised	-	-		
Expired	(130,751)	72.00		
Canceled	-	-		
Outstanding, December 31, 2022	<u>1,299,135</u>	<u>\$ 5.77</u>	<u>1.0</u>	<u>\$ -</u>
Exercisable, December 31, 2022	<u>1,299,135</u>	<u>\$ 5.77</u>	<u>1.0</u>	<u>\$ -</u>

See (i) Common Stock and (ii) Public Offering in Note 19, above, and (iii) Note 14, Convertible Debt Obligations for details about the 2022 warrant issuances.

A summary of outstanding and exercisable warrants as of December 31, 2022 is presented below:

<u>Warrants Outstanding</u>			<u>Warrants Exercisable</u>		
<u>Exercise Price</u>	<u>Exercisable Into</u>	<u>Outstanding Number of Warrants</u>	<u>Weighted Average Remaining Life in Years</u>	<u>Exercisable Number of Warrants</u>	
\$ 2.40	Common Stock	43,814	1.9	43,814	
\$ 3.82	Common Stock	545,504	0.7	545,504	
\$ 6.00	Common Stock	646,039	1.0	646,039	
\$ 21.00	Common Stock	62,500	1.9	62,500	
\$ 90.00	Common Stock	1,278	3.1	1,278	
	Total	<u>1,299,135</u>	1.0	<u>1,299,135</u>	

GAUCHO GROUP HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Restricted Stock Units

During the years ended December 31, 2022 and 2021, the Company recorded stock-based compensation expense of \$579,630 and \$0, respectively, related to the amortization of RSUs.

A summary of RSU activity during the year ended December 31, 2022 is presented below:

	Number of RSUs	Weighted Average Grant Date Value Per Share
RSUs non-vested January 1, 2022	-	\$ -
Granted	816,792	1.46
Vested	(299,999)	1.92
Cancelled	(5,293)	4.74
RSUs non-vested December 31, 2022	<u>511,500</u>	<u>\$ 1.16</u>

On June 22, 2022, the Company issued 26,278 restricted stock units (“RSUs”) with an aggregate grant date value of \$197,081 upon the cancellation of, options for the purchase GGI common stock (see Note 2 – Summary of Significant Accounting Policies, Non-Controlling Interest). The restricted stock units vested equally on each of September 18, 2022 and December 18, 2022.

On August 11, 2022, the Company granted an aggregate of 23,238 restricted stock units with an aggregate grant date value of \$108,737 to six non-executive members of the Board of Directors, which vested on December 31, 2022. On August 30, the terms of two directors expired and neither was re-elected at the Company’s annual stockholder meeting. As a result, the company issued a total of 2,568 shares to the two outgoing directors based on the pro rata vesting as of such date. The remaining 15,492 units vested on December 31, 2022.

On December 24, 2022, the Board approved the issuance of 767,280 RSUs pursuant to the 2018 Plan effective December 31, 2022. The RSUs were issued to certain employees, contractors, consultants and advisors in exchange for services performed in 2022. A third of the RSUs vested on December 31, 2022 and the remaining shares will vest equally on the next two anniversary dates of December 31, 2023 and 2024. There are 511,500 unvested RSUs outstanding as of December 31, 2022.

Stock Options

During the years ended December 31, 2022 and 2021, the Company recorded total stock-based compensation expense of \$269,965 and \$530,472, respectively, related to stock option grants, which is reflected as general and administrative expenses in the consolidated statements of operations. As of December 31, 2022, there was \$169,595 of unrecognized stock-based compensation expense, all of which is related to GGH stock option grants that will be amortized over a weighted average period of 1.5 years. No stock options were granted during the years ended December 31, 2022 and 2021.

GAUCHO GROUP HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Gaicho Group Holdings, Inc. Stock Options

During the years ended December 31, 2022 and 2021, the Company recorded stock-based compensation expense of \$259,611 and \$396,244, respectively, related to GGH stock option grants.

A summary of GGH stock options activity during the year ended December 31, 2022 is presented below:

	<u>Number of Options</u>	<u>Weighted Average Exercise Price</u>	<u>Weighted Average Remaining Term (Yrs)</u>	<u>Intrinsic Value</u>
Outstanding, January 1, 2022	46,752	102.72		
Granted	-	-		
Exercised	-	-		
Expired	(4,251)	198.00		
Forfeited	(1,890)	105.31		
Outstanding, December 31, 2022	<u>40,612</u>	<u>\$ 85.35</u>	<u>1.4</u>	<u>\$ -</u>
Exercisable, December 31, 2022	<u>33,811</u>	<u>\$ 86.61</u>	<u>1.2</u>	<u>\$ -</u>

The following table presents information related to GGH stock options as of December 31, 2022:

<u>Options Outstanding</u>		<u>Options Exercisable</u>	
<u>Exercise Price</u>	<u>Outstanding Number of Options</u>	<u>Weighted Average Remaining Life In Years</u>	<u>Exercisable Number of Options</u>
\$ 4.62	556	1.1	524
\$ 6.47	834	0.7	835
\$ 7.08	278	3.0	140
\$ 7.20	833	2.8	418
\$ 7.26	556	2.7	313
\$ 69.36	18,833	1.4	15,834
\$ 97.08	6,056	0.7	6,057
\$ 108.96	6,861	2.7	3,883
\$ 138.60	5,806	0.1	5,806
	<u>40,612</u>	<u>1.2</u>	<u>33,811</u>

GAUCHO GROUP HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Gaucho Group, Inc. Stock Options

As the result of the Company's issuance of common stock and RSUs upon the exchange of GGI Stock Options on June 22, 2022 (see Common Stock, above), no options to purchase shares of GGI common stock under the 2018 Gaucho Plan (the "GGI Stock Options") remain outstanding as of December 31, 2022.

During the years ended December 31, 2022 and 2021, the Company recorded stock-based compensation expense of \$10,354 and \$134,228, respectively, related to GGI stock option grants.

20. COMMITMENTS AND CONTINGENCIES

Legal Matters

The Company is involved in litigation and arbitrations from time to time in the ordinary course of business. After consulting legal counsel, the Company does not believe that the outcome of any such pending or threatened litigation will have a material adverse effect on its financial condition or results of operations. However, as is inherent in legal proceedings, there is a risk that an unpredictable decision adverse to the Company could be reached. The Company records legal costs associated with loss contingencies as incurred. Settlements are accrued when, and if, they become probable and estimable.

During July 2022, the Company became aware of a demand letter and draft complaint alleging breach of contract from a current stockholder regarding the stockholder vote required to amend the Certificate of Designation of the Series B Convertible Preferred Shares. No complaint has been filed at this time, and the Company is reviewing the allegations to determine if any action is warranted.

Employment Agreement

On September 28, 2015, the Company entered into an employment agreement with Scott Mathis, the Company's CEO (the "Employment Agreement"). Among other things, the agreement provided for a three-year term of employment at an annual salary of \$401,700 (subject to a 3% cost-of-living adjustment per year), bonus eligibility, paid vacation and specified business expense reimbursements. The agreement sets limits on Mr. Mathis' annual sales of GGH common stock. Mr. Mathis is subject to a covenant not to compete during the term of the agreement and following his termination for any reason, for a period of twelve months. Upon a change of control (as defined by the agreement), all of Mr. Mathis' outstanding equity-based awards will vest in full and his employment term resets to two years from the date of the change of control. Following Mr. Mathis' termination for any reason, Mr. Mathis is prohibited from soliciting Company clients or employees for one year and disclosing any confidential information of GGH for a period of two years. The agreement may be terminated by the Company for cause or by the CEO for good reason, in accordance with the terms of the agreement. All other terms of the Employment Agreement remain the same. The Board of Directors also approved the payment of Mr. Mathis' cost of living salary adjustment of 3% per annum, which is paid in equal monthly installments beginning January 1, 2021. The Board of Directors granted a retention bonus to Mr. Mathis that consists of the real estate lot on which Mr. Mathis has been constructing a home at Algodon Wine Estates, to vest in one-third increments over the next three years (the "Retention Period"), provided Mr. Mathis's performance as an employee with the Company continues to be satisfactory, as deemed by the Board of Directors. The grant date market value of the lot is \$115,000, and before ownership of the lot can be transferred to Mr. Mathis, the Company must be legally permitted to issue a deed for the property. Mr. Mathis is eligible to receive a pro-rata portion of the bonus if his employment is terminated before the end of the Retention Period.

GAUCHO GROUP HOLDINGS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

On December 14, 2022, the Company and Maria Echevarria, its Chief Financial Officer, entered into an employment agreement to continue to serve as the Company's Chief Financial Officer, effective January 1, 2022 for a three-year term, subject to automatic renewal of successive one-year periods. Pursuant to the employment agreement, Ms. Echevarria will receive a base salary of \$230,000 for 2022; \$250,000 for the second year; and \$275,000 for the third year, which may be increased or decreased from time to time with the approval of the board of directors. In addition, Ms. Echevarria is eligible for an annual cash and equity bonus based on certain key performance indicators, as approved by the board of directors, and she is entitled to participate in the Company's 2018 Equity Incentive Plan, insurance, health, retirement, and other benefit plans.

Lease Commitments

On April 8, 2021, GGI entered into a lease agreement to lease a retail space in Miami, Florida for 7 years, which expires May 1, 2028. As of December 31, 2022, the lease had a remaining term of approximately 5.3 years. Lease payments begin at \$26,758 per month and escalate 3% every year over the duration of the lease. The Company was granted rent abatements of 15% for the first year of the lease term, and 10% for the second and third year of the lease term. The Company was required to pay a \$56,130 security deposit.

As of December 31, 2022, the Company had no leases that were classified as a financing lease.

Total operating lease expenses were \$331,862 and \$221,241, years ended December 31, 2022 and 2021, respectively. Lease expenses are recorded in general and administrative expenses on the consolidated statements of operations.

Supplemental cash flow information related to leases was as follows:

	For the Year Ended December 31,	
	2022	2021
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	\$ 175,316	\$ 155,484
Right-of-use assets obtained in exchange for lease obligations:		
Operating leases	\$ -	\$ 1,861,983
Weighted Average Remaining Lease Term:		
Operating leases	5.3	6.3
Weighted Average Discount Rate:		
Operating leases	N/A	7.0%

GAUCHO GROUP HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Future minimum lease commitments are as follows:

For the Years Ending December 31,	Amount
2023	\$ 303,603
2024	336,102
2025	357,881
2026	368,617
2027	365,004
Thereafter	120,463
Total future minimum lease payments	1,851,670
Less: imputed interest	(320,487)
Total	<u>\$ 1,531,183</u>

21. SUBSEQUENT EVENTS

On January 9, 2023, the Company entered into a series of promissory notes for gross proceeds of \$185,000 bearing interest at 8% per annum. The maturity date is January 9, 2024.

On February 2, 2023, the Company and the holders of the remaining GGH Notes entered into a fourth letter agreement (“Letter Agreement #4). Pursuant to Letter Agreement #4, the parties agreed to reduce the Conversion Price of the Notes to the lower of: (i) the Closing Sale Price on the Trading Day immediately preceding the Conversion Date; and (ii) the average Closing Sale Price of the common stock for the five Trading Days immediately preceding the Conversion Date, beginning on the Trading Day of February 3, 2023. Any conversion which occurs shall be voluntary at the election of the Holder. Between February 3rd and February 15th, 2023, a total of approximately \$1,335,000 in principal was converted to 847,917 shares at prices ranging from \$1.45 and \$2.40.

On February 8, 2023, the Company and the holders of the remaining GGH Notes entered into a fifth letter agreement (“Letter Agreement #5). Pursuant to Letter Agreement #5, the parties agreed to extend the maturity date of the notes from February 9, 2023 to February 28, 2023. The conversion amount and all outstanding amortization amounts and amortization redemption amounts (as defined in the note documents) shall be due and payable in full on February 28.

On February 10, 2023, the Company sold 591,000 shares of common stock for gross proceeds of \$591,000 to accredited investors and warrants to purchase 147,750 shares of common stock at an exercise price of \$1.00 per share. The Warrants are exercisable for two years from the date of issuance.

On February 20, 2023, the Company entered into another exchange agreement (the “Exchange Agreement #4”) with the holders of the GGH Notes. In exchange for \$300 in aggregate principal amount of the GGH Notes, warrants are issued to purchase up to an aggregate of 150,000 shares of the Company’s common stock at an exercise price of \$1.00. The Warrants are immediately exercisable and may be exercised at any time, and from time to time, on or before the second anniversary of the date of issuance.

GAUCHO GROUP HOLDINGS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

On February 21, 2023, the Company entered into a securities purchase agreement with an institutional investor, pursuant to which the Company will sell to the investor a series of senior secured convertible notes of the Company in the aggregate original principal amount of \$5,617,978, and a series of common stock purchase warrants which shall be exercisable into an aggregate of 3,377,099 shares of common stock of the Company for a term of three years. The Company received \$5,000,000 in proceeds after the original issue discount of 11% on the principal. The convertible notes are convertible into shares of common stock of the Company at a conversion price of \$1.34 (subject to adjustment for standard anti-dilution events). The convertible notes are due and payable on the first anniversary of the Issuance Date and bear interest at a rate of 7% per annum, which shall be payable either in cash monthly or by way of inclusion of the accrued interest in the conversion amount on the conversion date. The Company used a portion of the proceeds to repay all principal, interest, and fees of \$905,428 owed on the GGH Notes (see Note 14 - Convertible Deb Obligations).

Foreign Currency Exchange Rates

The Argentine Peso to United States Dollar exchange rate was 210.36, 175.74 and 102.68 at April 3, 2023, December 31, 2022 and December 31, 2021, respectively.

The British pound to United States dollar exchange rate was 0.8053, 0.8264 and 0.7340 at April 3, 2023, December 31, 2022 and December 31, 2021, respectively.

DESCRIPTION OF OUR SECURITIES

The following description summarizes important terms of our capital stock and our other securities. For a complete description, you should refer to our Certificate of Incorporation and bylaws, forms of which are incorporated by reference to this annual report, as well as the relevant portions of the Delaware General Corporation Law (“DGCL”).

Capital Stock

The Company has two classes of stock: common and preferred. The Company’s Amended and Restated Certificate of Incorporation authorizes the issuance of up to 150,000,000 shares of common stock, par value \$0.01 per share, and 902,670 shares of preferred stock, par value \$0.01 per share.

In the discussion that follows, we have summarized selected provisions of our Certificate of Incorporation, amended and restated bylaws (the “Bylaws”), and certificates of designation, and the DGCL relating to our capital stock. This summary is not complete. This discussion is subject to the relevant provisions of Delaware law and is qualified in its entirety by reference to our Certificate of Incorporation and our bylaws. You should read the provisions of our Certificate of Incorporation, our Bylaws, and our certificates of designation as currently in effect for provisions that may be important to you. Please also see “Effect of Certain Provisions of our Bylaws” below.

Common Stock

Each share of common stock entitles the holder thereof to one vote, either in person or by proxy, at a meeting of stockholders. The holders are not entitled to vote their shares cumulatively. Accordingly, the holders of more than 50% of the issued and outstanding shares of common stock can elect all of the directors of the Company.

Each share of common stock has equal and identical rights to every other share for purposes of dividends, liquidation preferences, voting rights and any other attributes of the Company’s common stock. No voting trusts or any other arrangement for preferential voting exist among any of the stockholders, and there are no restrictions in the articles of incorporation, or bylaws precluding issuance of further common stock or requiring any liquidation preferences, voting rights or dividend priorities with respect to this class of stock.

Effective September 16, 2022, the Company filed an Amended and Restated Certificate of Incorporation with the Secretary of State of the State of Delaware to reflect the reduction in the number of authorized shares of preferred stock from 11,000,000 shares to 902,670 shares as a result of the previous conversion of the Series A Convertible Preferred into shares of common stock of the Company. The Amended and Restated Certificate of Incorporation also reflects the removal of provisions related to the Company’s previously effective reverse-stock split. The Amended and Restated Certificate of Incorporation was approved by the Board of Directors, without a vote of the stockholders, on September 14, 2022, as permitted by Section 242 and Section 245 of the General Corporation Law of the State of Delaware.

Effective November 4, 2022 at 4:30 p.m. Eastern Time, the Company filed an Amended and Restated Certificate of Incorporation with the Secretary of State of the State of Delaware to effect a reverse stock split of the common stock at a ratio of 12-for-1 (the “Reverse Split”).

There were no fractional shares issued as a result of the Reverse Split. All fractional shares as a result of the Reverse Split were rounded up to the nearest whole number. The total number of the Company’s authorized shares of common stock or preferred stock were not affected by the foregoing. As a result, after giving effect to the Reverse Split, the Company remains authorized to issue a total of 150,000,000 shares of common stock.

As of December 31, 2022, post-split, there were 3,653,682 shares of common stock issued and 3,653,401 shares of common stock outstanding. A total of 281 shares of our common stock that are held by the Company in treasury are the result of the redemption of WOW Group membership interests and indirectly, GGH’s shares. Each share of common stock entitles the holder thereof to one vote, either in person or by proxy, at a meeting of stockholders. The holders are not entitled to vote their shares cumulatively. Accordingly, the holders of more than 50% of the issued and outstanding shares of common stock can elect all of the directors of the Company.

All shares of common stock are entitled to participate ratably in dividends when and as declared by the Company's board of directors out of the funds legally available. Any such dividends may be paid in cash, property or additional shares of common stock. The Company has not paid any dividends on its shares of common stock since its inception and presently anticipates that no dividends on such shares will be declared in the foreseeable future. Any future dividends will be subject to the discretion of the Company's board of directors and will depend upon, among other things, future earnings, the operating and financial condition of the Company, its capital requirements, general business conditions and other pertinent facts. Therefore, there can be no assurance that any dividends on the common stock will be paid in the future.

Holders of common stock have no preemptive rights or other subscription rights, conversion rights, redemption or sinking fund provisions. In the event of the dissolution, whether voluntary or involuntary of the Company, each share of common stock is entitled to share ratably in any assets available for distribution to holders of the equity securities of the Company after satisfaction of all liabilities.

Preferred Stock

As of December 31, 2022, the Company has authorized 902,670 shares of preferred stock, of which, none are issued and outstanding. The Board of Directors has the ability to issue blank check preferred stock under the Amended and Restated Certificate of Incorporation.

Convertible Promissory Notes and Equity Line of Credit

Equity Line of Credit

On May 6, 2021, the Company entered into a Common Stock Purchase Agreement (the "Purchase Agreement") with Tumim Stone Capital LLC ("Tumim"). During 2022, pursuant to the Purchase Agreement, the Company requested draw-downs and issued 50,049 shares of common stock and received gross proceeds of \$555,811.

On November 23, 2021, the Company filed a resale registration statement on Form S-1 to register up to 375,000 shares of our common stock for resale by Tumim. The Form S-1 was declared effective on December 7, 2021 but the Purchase Agreement was terminated on November 8, 2022. See "New Equity Line of Credit" below.

Convertible Promissory Notes

On November 3, 2021, the Company and certain investors (the "Holders") entered into that Securities Purchase Agreement (the "2021 SPA") and the Company issued to the Holders certain senior secured convertible notes in the aggregate original principal amount of \$6,480,000 (each, a "Note" and together with the 2021 SPA, the "2021 Note Documents").

On February 22, 2022, the Company entered into an exchange agreement (the "Exchange Agreement #1") with the investors in order to amend and waive certain provisions of the 2021 Note Documents and exchange (the "Exchange" or the "Transaction") \$100 in aggregate principal amount of each of the Notes, on the basis and subject to the terms and conditions set forth in the Exchange Agreement #1, for warrants to purchase up to 62,500 shares of the Company's common stock at an exercise price of \$21.00 (subject to customary adjustment upon subdivision or combination of the common stock).

The Exchange Agreement #1 amends and waives the original terms of payment of the Notes and provides for payment of interest only beginning February 7, 2022 and on each of March 7, 2022 and April 7, 2022. Beginning on May 7, 2022, the Company will begin paying both principal and interest on a monthly basis.

On May 2, 2022, the Company and the Holders entered into a letter agreement (the "Letter Agreement #1") pursuant to which the parties agreed to reduce the Conversion Price (as defined in the Note) from \$42.00 to \$16.20 for the period beginning May 2, 2022 through May 13, 2022 (the "Reduced Price Conversion Period").

As previously reported on our Current Report as filed with the SEC on May 13, 2022, on May 12, 2022, the Company and the Holders entered into a letter agreement (the “Letter Agreement #2”) pursuant to which the parties agreed to reduce the Conversion Price to \$11.40 and the Holders committed to converting principal under the Notes in an amount equal to 4.90% of the outstanding shares of common stock of the Company.

On July 1, 2022, the Company and the Holders entered into a third letter agreement (the “Letter Agreement #3”) pursuant to which the parties agreed to reduce the Conversion Price to \$3.60 for the Trading Days of July 5, 2022 as defined in the Notes, through and inclusive of September 5, 2022. All conversions are voluntary at the election of the Holder.

On September 22, 2022, the Company and the Holders entered into an exchange agreement (the “Exchange Agreement #2”) with the Holders in order to amend and waive certain provisions of the 2021 Note Documents, as amended and Letter Agreement #3 and exchange (the “Exchange” or the “Transaction”) \$100 in aggregate principal amount of each of the Notes, on the basis and subject to the terms and conditions set forth in the Exchange Agreement, for warrants to purchase up to 90,917 shares of the Company’s common stock at an exercise price of \$3.82 (subject to customary adjustment upon subdivision or combination of the common stock).

The Exchange Agreement #2 amends the original terms of payment of the Notes and waives payment of principal and interest due on each of September 7, 2022 and October 7, 2022. All principal, interest, and fees are due on the maturity date of November 9, 2022.

On November 30, 2022, the Company and the Holders entered into an exchange agreement (the “Exchange Agreement #3”) with the Holders in order to amend and waive certain provisions of the 2021 Note Documents, as amended and exchange (the “Exchange” or the “Transaction”) \$100 in aggregate principal amount of each of the Notes, on the basis and subject to the terms and conditions set forth in the Exchange Agreement #3, for warrants to purchase up to 43,814 shares of the Company’s common stock at an exercise price of \$2.40 and warrants to purchase up to 43,814 shares of the Company’s common stock at an exercise price of \$6.00 (subject to customary adjustment upon subdivision or combination of the common stock).

The Exchange Agreement #3 extends the maturity date of the Existing Notes from November 9, 2022 to February 9, 2023 and waives all other payments due until February 9, 2023.

On February 2, 2023, the Company and the Holders entered into a fourth letter agreement (the “Letter Agreement #4”) pursuant to which the parties agreed to reduce the Conversion Price of the Notes to the lower of: (i) the Closing Sale Price on the Trading Day immediately preceding the Conversion Date; and (ii) the average Closing Sale Price of the common stock for the five Trading Days immediately preceding the Conversion Date, beginning on the Trading Day of February 3, 2023. Any conversion which occurs shall be voluntary at the election of the Holder. All terms not defined herein refer to the defined terms in the 2021 Note Documents, as amended.

On February 8, 2023, the Company and the Holders entered into a fifth letter agreement (the “Letter Agreement #5”) pursuant to which the parties agreed to extend the Maturity Date of the Notes from February 9, 2023 to February 28, 2023. The Conversion Amount and all outstanding Amortization Amounts and Amortization Redemption Amounts (as defined in the Notes) shall be due and payable in full on the Maturity Date or such earlier date as any such amount shall become due and payable pursuant to the other terms of the Note and/or the Letter Agreement #5. All terms not defined herein refer to the defined terms in the 2021 Note Documents, as amended.

On February 20, 2023, the Company entered into an exchange agreement (the “Exchange Agreement #4”) with the Holders in order to amend certain provisions of the 2021 Note Documents, as amended and exchange (the “Exchange” or the “Transaction”) \$100 in aggregate principal amount of each of the Notes, on the basis and subject to the terms and conditions set forth in the Exchange Agreement, for warrants to purchase up to an aggregate of 150,000 shares of the Company’s common stock at an exercise price of \$1.00 (subject to customary adjustment upon subdivision or combination of the common stock).

The 2021 Note Documents, as amended, Exchange Agreement #1, Exchange Agreement #2, Exchange Agreement #3, Exchange Agreement #4, Letter Agreement #1, Letter Agreement #2, Letter Agreement #3, Letter Agreement #4, and Letter Agreement #5 are referred to herein as the Transaction Documents.

During 2022 and pursuant to the Transaction Documents, investors converted a total of \$4,724,491 of principal and interest of the Notes and issued a total of 1,013,684 shares of common stock.

The Company filed a Registration Statement on Form S-1 (File No. 333-261564) registering the resale of up to 1,013,684 shares upon exercise of the Notes on December 9, 2021, which was declared effective on January 13, 2022. The shares registered for resale under the Form S-1 have all been resold.

On February 21, 2023, the Company used the proceeds from a new convertible promissory note to repay all principal, interest, and fees of \$905,428 owing under the Notes. Upon repayment in full, the 2021 Note Documents, as amended were terminated on February 21, 2023.

Conversion of Promissory Notes Issued in Private Placement

From July 13, 2022 through August 30, 2022, the Company issued convertible promissory notes to certain investors (the “Investor Notes”) in the amount of \$1,727,500. Pursuant to the terms of the Investor Notes, if the stockholders approved for purposes of complying with Nasdaq Listing Rule 5635(d), the issuance of shares of up to 1,250,000 of the Company’s common stock upon the conversion of the Investor Notes, without giving effect to Nasdaq’s 20% Rule, the Investor Notes would be automatically converted into units consisting of one share of common stock and one warrant to purchase one share of common stock at a price equal to the lesser of (a) \$6.60 per unit or (b) the three-day volume weighted average closing price (“VWAP”) of the Company’s common stock beginning on the date that is two days prior to stockholder approval of such conversion at the 2022 annual stockholder meeting (the “2022 AGM”).

At the 2022 AGM, the Company obtained the requisite stockholder approval, and the Investor Notes comprised of \$1,727,500 and \$8,252 in interest were automatically converted into an aggregate of 454,576 units based on a conversion price of \$3.82 – the three-day VWAP of the Company’s common stock beginning on the date that is two days prior to stockholder approval of such conversion at the 2022 AGM. Each warrant issued upon the conversion of the Investor Notes is exercisable at a price of \$3.82.

New Equity Line of Credit

On November 8, 2022, the parties terminated the Common Stock Purchase Agreement and Registration Rights Agreement by and between the Company and Tumim Stone Capital LLC, dated May 6, 2021. On the same date, the parties entered into a new Common Stock Purchase Agreement (the “Purchase Agreement”) and Registration Rights Agreement, pursuant to which the Company has the right to sell to Tumim Stone Capital up to the lesser of (i) \$44,308,969 of newly issued shares of the Company’s common stock, par value \$0.01 per share, and (ii) the Exchange Cap (as defined below) (subject to certain conditions and limitations), from time to time during the term of the Purchase Agreement. Sales of common stock pursuant to the Purchase Agreement, and the timing of any sales, are solely at the option of the Company and the Company is under no obligation to sell securities pursuant to this arrangement.

During the year ended December 31, 2022, the Company sold 10,000 shares for net proceeds of \$10,086 under the Purchase Agreement.

The Company filed a resale registration statement on Form S-1 (File No. 333-268829) registering the resale of up to 1,666,667 shares upon draw downs on the equity line of credit on December 16, 2022, which was declared effective on December 23, 2022.

Warrants

On January 8, 2021, the Company issued an aggregate of 6,098 shares of common stock and one-year warrants to purchase 73,167 shares of common stock at an exercise price of \$72.00 per share to accredited investors with a substantive pre-existing relationship with the Company for aggregate gross proceeds of \$439,000. The warrants expired January 8, 2022.

On January 8, 2021, the Company issued 19,751 shares of common stock and one-year warrants to purchase 19,751 shares of common stock upon the exchange of \$1,163,354 in principal and \$258,714 in interest owed in connection with the 2017 Notes. The warrants expired January 8, 2022.

On February 19, 2021, as of part of the public offering, the Company issued 127,778 common stock purchase warrants as part of the units. Each warrant has an exercise price equal to \$72.00. The warrants are immediately exercisable and will expire on the eighteen-month anniversary of the original issuance date. The warrants may be exercised only for a whole number of shares of our common stock, and no fractional shares will be issued upon exercise of the warrants. The warrants expired August 19, 2022.

Also in connection with the offering, the Company issued broker's warrants to purchase 1,278 shares of common stock to EF Hutton, as placement agent in the offering. Each warrant has an exercise price equal to \$90.00. The warrants are immediately exercisable and will expire on the five-year anniversary of the original issuance date. The warrants may be exercised only for a whole number of shares of our common stock, and no fractional shares will be issued upon exercise of the warrants. The warrants expire February 19, 2026.

In connection with the Transaction Documents, on February 22, 2022, the Company issued 62,500 warrants to purchase shares of common stock exercisable at \$21.00. The warrants are immediately exercisable and expire on November 8, 2024.

In connection with a private placement of convertible notes, on August 30, 2022, the Company issued 454,587 warrants to purchase shares of common stock exercisable at \$3.82. The warrants are immediately exercisable and expire on August 30, 2023.

In connection with the Transaction Documents, on September 22, 2022, the Company issued 90,917 warrants to purchase shares of common stock exercisable at \$3.82. The warrants are immediately exercisable and expire on November 8, 2023.

In connection with the Transaction Documents, on November 30, 2022, the Company issued 43,814 warrants to purchase shares of common stock exercisable at \$2.40 and 43,814 warrants to purchase shares of common stock exercisable at \$6.00. The warrants are immediately exercisable and expire on November 30, 2024.

In connection with the Transaction Documents, on December 19, 2022, the Company issued 602,225 warrants to purchase shares of common stock exercisable at \$6.00. The warrants are immediately exercisable and expire on December 19, 2023.

Restricted Stock Units

On August 11, 2022, the Company issued an aggregate of 23,238 restricted stock units to the six non-executive directors, vesting on the earlier of December 31, 2022 or termination of service. On August 30, 2022, the Company issued a total of 2,568 shares to Dr. Steven Moel and Mrs. Edie Rodriguez upon vesting of their RSUs as Dr. Moel's and Mrs. Rodriguez's terms expired, and neither was re-elected. On December 31, 2022, the Company issued a total of 15,492 shares to the remaining non-executive directors upon vesting of their RSUs.

On December 24, 2022, the Board approved the issuance of additional RSUs pursuant to the 2017 Plan effective December 31, 2022 subject to vesting, representing 767,280 shares of common stock of the Company to certain employees, contractors, consultants and advisors in exchange for services to the Company in the fiscal year 2022. A third of the RSUs vested on December 31, 2022. Thereafter, one-third of the RSUs will vest on the first anniversary of the date of grant, and the remaining one-third to vest on the second anniversary of the date of grant.

On February 10, 2023, the Company sold 591,000 shares of common stock for gross proceeds of \$591,000 to accredited investors and warrants to purchase 147,750 shares of common stock at an exercise price of \$1.00 per share. The warrants are exercisable for two years from the date of issuance.

Outstanding Stock Options, Warrants, and RSUs

As of December 31, 2022, there were options to acquire a total of 40,612 shares of common stock granted pursuant to our 2016 and 2018 equity incentive plans at a weighted-average exercise price of \$89.49, of which 33,811 shares of our common stock are currently issuable upon exercise of outstanding stock options at a weighted-average exercise price of \$90.79 per share, and there were warrants to acquire a total of 1,299,135 shares of our common stock all of which are currently exercisable, at a weighted-average exercise price of \$5.77. In addition, as of December 31, 2022, there were 511,500 restricted stock units granted and unvested at a weighted average grant date price of \$1.16.

Effect of Certain Provisions of our Bylaws

Our Bylaws contain provisions that could have the effect of delaying, deferring, or discouraging another party from acquiring control of us. These provisions and certain provisions of Delaware law, which are summarized below, could discourage takeovers, coercive or otherwise.

Our Bylaws provide for our Board of Directors to be divided into three classes serving staggered terms. Approximately one-third of the Board of Directors will be elected each year. This method of electing directors makes changes in the composition of the Board of Directors more difficult, and thus a potential change in control of a corporation a lengthier and more difficult process. A classified board of directors is designed to assure continuity and stability in a board of directors' leadership and policies by ensuring that at any given time a majority of the directors will have prior experience with our Company and be familiar with our business and operations.

The classified board structure may increase the amount of time required for a takeover bidder to obtain control of the Company without the cooperation of our Board of Directors, even if the takeover bidder were to acquire a majority of the voting power of our outstanding common stock. Without the ability to obtain immediate control of our Board of Directors, a takeover bidder will not be able to take action to remove other impediments to its acquisition of our Company. Thus, a classified Board of Directors could discourage certain takeover attempts, perhaps including some takeovers that stockholders may feel would be in their best interests. Further, a classified Board of Directors will make it more difficult for stockholders to change the majority composition of our Board of Directors, even if our stockholders believe such a change would be beneficial. Because a classified Board of Directors will make the removal or replacement of directors more difficult, it will increase the directors' security in their positions, and could be viewed as tending to perpetuate incumbent management.

Since the creation of a classified Board of Directors will increase the amount of time required for a hostile bidder to acquire control of our Company, the existence of a classified board of directors could tend to discourage certain tender offers which stockholders might feel would be in their best interest. However, our Board of Directors believes that forcing potential bidders to negotiate with our Board of Directors for a change of control transaction will allow our Board of Directors to better maximize stockholder value in any change of control transaction.

Our bylaws also provide that, unless we consent in writing to an alternative forum, the federal and state courts of the State of Delaware will be the sole and exclusive forum for: (i) any derivative action or proceeding brought on our behalf; (ii) any action asserting a claim of breach of a fiduciary duty owed by any of our directors, officers, or employees to us or our stockholders; (iii) any action asserting a claim arising pursuant to any provision of the Delaware General Corporation Law; or (iv) any action asserting a claim that is governed by the internal affairs doctrine, in each case subject the court having personal jurisdiction over the indispensable parties named as defendants therein. This exclusive forum provision would not apply to suits brought to enforce any liability or duty created by the Securities Act or the Exchange Act or any other claim for which the federal courts have exclusive jurisdiction. This forum selection provision may limit our stockholders' ability to bring a claim in a judicial forum that they find favorable for disputes with us or our directors, officers, employees or agents, which may discourage such lawsuits against us and our directors, officers, employees and agents even though an action, if successful, might benefit our stockholders.

Our bylaws establish an advance notice procedure for stockholder proposals to be brought before any meeting of our stockholders, including proposed nominations of persons for election to our board of directors. At an annual or special meeting, stockholders may only consider proposals or nominations (i) specified in the notice of meeting; (ii) brought before the meeting by or at the direction of our board of directors or (iii) otherwise properly brought before the meeting by any stockholder who is a stockholder of record on the date of the giving of the notice and on the record date of the meeting and who complies with the notice procedures set forth in our bylaws. The bylaws do not give our board of directors the power to approve or disapprove stockholder nominations of candidates or proposals regarding other business to be conducted at a special or annual meeting of our stockholders. However, our bylaws may have the effect of precluding the conduct of certain business at a meeting if the proper procedures are not followed. These provisions may also discourage or deter a potential acquirer from conducting a solicitation of proxies to elect the acquirer's own slate of directors or otherwise attempting to obtain control of the Company.

Delaware Anti-Takeover Statute

We are subject to the provisions of Section 203 of the DGCL regulating corporate takeovers. These provisions can discourage certain coercive and inadequate takeover bids of the Company by requiring those seeking control of the Company to negotiate with the Board of Directors first. In general, Section 203 prohibits a publicly-held Delaware corporation from engaging, under certain circumstances, in a business combination with an interested stockholder (one who owns 15% or more of the Company's outstanding voting stock) for a period of three years following the date the person became an interested stockholder unless:

- Before the stockholder became an interested stockholder, the board of directors of the corporation approved either the business combination or the transaction which resulted in the stockholder becoming an interested stockholder;
- On completion of the transaction that resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced with the total number of shares outstanding calculated when the transaction commenced (excluding certain shares owned by officers or directors or under employee stock plans); or
- At or subsequent to the time of the transaction, the business combination is approved by the board of directors of the corporation and authorized at an annual or special meeting of stockholders, and not by written consent, by the affirmative vote of at least 66 2/3% of the outstanding voting stock which is not owned by the interested stockholder.

Generally, a business combination includes a merger, asset or stock sale, or other transaction resulting in a financial benefit to the interested stockholder. We expect the existence of this provision to have an anti-takeover effect with respect to transactions that our Board of Directors does not approve in advance and could result in making it more difficult to accomplish transactions that our stockholders may see as beneficial such as (i) discouraging business combinations that might result in a premium over the market price for the shares of our common stock; (ii) discouraging hostile takeovers which could inhibit temporary fluctuations in the market price of our common stock that often result from actual or rumored hostile takeover attempts; and (iii) preventing changes in our management.

Transfer Agent and Registrar

The transfer agent and registrar for our common stock is Continental Stock Transfer & Trust Company. The transfer agent's address is: 1 State Street, 30th Floor, New York, New York 10004-1561. Shares of our common stock offered hereby will be issued in uncertificated form only, subject to limited circumstances.

Market Listing

Our common stock is currently listed on Nasdaq under the symbol "VINO".

Disclosure of Commission Position on Indemnification for Securities Act Liabilities

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to our directors, officers and controlling persons pursuant to the foregoing provisions, we have been informed that in the opinion of the SEC such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable.

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM'S CONSENT

We consent to the incorporation by reference in the Registration Statements of Gaucho Group Holdings, Inc. on Forms S-1 (File Nos 333-233586, and 333-268829) of our report, dated April 17, 2023, which includes an explanatory paragraph as to the Company's ability to continue as a going concern, with respect to our audits of the consolidated financial statements of Gaucho Group Holdings, Inc. as of December 31, 2022 and 2021 and for each of two years in the period ended December 31, 2022 appearing in the Annual Report on Form 10-K of Gaucho Group Holdings, Inc. for the year ended December 31, 2022.

/s/ Marcum LLP

Marcum LLP

New York, NY

April 17, 2023

**CERTIFICATION OF THE PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Scott L. Mathis, certify that:

1. I have reviewed this annual report on Form 10-K of Gaucho Group Holdings, Inc. for the year ended December 31, 2022;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

April 17, 2023

/s/ Scott L. Mathis

Name: Scott L. Mathis

Title: Chief Executive Officer

(Principal Executive Officer)

**CERTIFICATION OF THE PRINCIPAL ACCOUNTING OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Maria I. Echevarria, certify that:

1. I have reviewed this annual report on Form 10-K of Gaucho Group Holdings, Inc. for the year ended December 31, 2022;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - e. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - f. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - g. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - h. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - c. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - d. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

April 17, 2023

/s/ Maria I. Echevarria

Name: Maria I. Echevarria

Title: Chief Financial Officer

(Principal Accounting Officer)

**CERTIFICATION PURSUANT TO
18 U.S.C. §1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report of Gaucho Group Holdings , Inc. (the “Company”) on Form 10-K for the year ended December 31, 2022, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), Scott L. Mathis, as Chief Executive Officer and principal executive officer and Maria I. Echevarria, as Chief Financial Officer and principal financial officer of the Company hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to the best of the undersigned’s knowledge and belief, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
2. Information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of the dates and for the periods expressed in the Report.

/s/ Scott L. Mathis

Scott L. Mathis
Chief Executive Officer and Principal Executive Officer
Dated: April 17, 2023

/s/ Maria I. Echevarria

Maria I. Echevarria
Chief Financial Officer and Principal Financial Officer
Dated: April 17, 2023

This certification accompanies this Report pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended.

ALGODON

WINE ESTATES

— PRIVATE ESTANCIAS —



SCALE: 1:17500



- | | | |
|-----------------------------------|----------------------|------------------------|
| 1 Main entrance and security gate | 10 Golf course | 19 Luxury Boutique Ho |
| 2 Access road | 11 Retail village | 20 Hotel branded resid |
| 3 Existing lodge | 12 Farmers market | 21 Golf club |
| 4 Sport field | 13 Service area | 22 Driving range |
| 5 Racquet center | 14 Paddock | 23 Fruit trees orchard |
| 6 Winery | 15 Equestrian center | 24 Distillery |
| 7 Vineyard | 16 Equestrian lots | 25 Outfitters club |
| 8 Out parcel | 17 Lake | 26 Natural reserve |
| 9 Single family residential lots | 18 Drainageway | 27 Pedestrian and bike |