29 September 2022

Gusbourne Plc

("Gusbourne" or the "Company")

Interim Results to 30 June 2022

Gusbourne Plc, the English sparkling wine producer, is pleased to announce its unaudited interim results for the six months ended 30 June 2022.

Continuing strong growth in net revenue in the first half with net revenue up 108% at £3.014m, and Adjusted EBITDA loss narrowed to £0.697m.

	H1 2022 £'000	H1 2021 £'000	*Change %*	FY 2021 £'000
NET REVENUE AND ADJUSTED EBITDA				
Net revenue [(1)]	**3,014**	**1,448**	***108%***	**4,191**
Gross profit	**1,806**	**829**	***118%***	**2,344**
Adjusted EBITDA[(2)]	**(697)**	**(945)**		**(1,452)**
Gross profit %	60%	57%		56%
STATUTORY RESULTS				
Net revenue[(1)]	**3,014**	**1,448**	***108%***	**4,191**
Gross profit	**1,806**	**829**	***118%***	**2,344**
Fair value movement in biological produce	**(216)**	**(217)**		**(704)**
Sales and marketing expenses	(1,801)	(1,153)		(2,460)
Administrative expenses	(702)	(621)		(1,336)
Depreciation	(293)	(310)		(600)
Profit/(loss) on disposal	28	-		-
Total Administrative expenses	**(2,768)**	**(2,084)**		**(4,396)**
Operating profit/(loss)	**(1,178)**	**(1,472)**		**(2,756)**
RECONCILIATION OF OPERATING PROFIT/(LOSS) TO ADJUSTED EBITDA				
Operating profit/(Loss)	**(1,178)**	**(1,472)**		**(2,756)**
Add back;				
Depreciation	293	310		600
Profit/(loss) on disposal	(28)	-		-
Fair value movement in biological produce/asset	216	217		704
Adjusted EBITDA[(2)]	**(697)**	**(945)**		**(1,452)**

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

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

Highlights

- Net revenue [1] up by 108% to £3.014m (30 June 2021: £1.448m)
- Gross profit up by 118% to £1.806m (30 June 2021: £0.829m)
- Adjusted EBITDA [2] loss narrowed to £0.697m (H1 2021: £0.945m loss). Includes increased investment in sales and marketing to support sales growth but demonstrates a 26% reduction in the loss compared to the prior period, as the Company increasingly works towards a positive Adjusted EBITDA.
- UK Trade sales up by 126% at £1.346m (H1 2021 £0.596m) as UK Trade continued to recover from the prior year effects of COVID-19.
- Direct to consumer (DTC) wine sales, together with tour, tasting events and related income increased to £0.833m a 66% increase from the prior year (H1 2021: £0.502m) driven by online sales and cellar door operations in Kent.
- International sales at £0.798m (H1 2021: £0.309m) were up by 158% with Norway, USA and Japan constituting our largest overseas markets
- 2022 has been our most successful awards season to date in both international and UK wine competitions, with a total of 53 medals awarded, including seventeen gold medals and six trophies. Particular highlights include winning the Judges Selection trophy at the prestigious Texsom awards in the United States in May for the third consecutive year and trophies for 'Best Chardonnay', 'Best Pinot Noir' and back-to-back 'Winery of the Year' at the WineGB awards in September for the second year running.
- Our new prestige cuvee, Fifty One Degrees North, was launched in September 2022. Gusbourne's most exclusive offering, this wine has been designed to represent the definitive expression of modern English winemaking. This exciting new release is a seminal moment in the ongoing development and elevation of the Gusbourne brand and has been widely met with critical acclaim.

Charlie Holland, Chief Winemaker and Chief Executive Officer, commented:

"I am delighted to report strong sales growth for the first six months of 2022, with net revenue more than double the same period in 2021. We continue to enjoy strong demand for Gusbourne wines driven by the continued expansion of our customer base, both in the UK and internationally. It also reflects the luxury appeal and reputation of the Gusbourne brand, the dynamic growth of the English wine sector and the increasing demand for English wines.

I am also delighted to report the increase of £6m in our asset-based financing facilities from PNC which will provide combined lending facilities of £16.5m for a further 5 years and provide valued long term support for the Company's further growth plans.

I am very pleased the Company has been able to acquire the additional freehold land in Kent, which, will form a key part of our production expansion plans over the coming years".

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Note: This and other press releases are available at the Company's website: www.gusbourneplc.com

Note to Editors

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

The Gusbourne business was founded by Andrew Weeber in 2004 with the first vineyard plantings at Appledore in Kent. The first wines were released in 2010 to critical acclaim. Following additional vineyard plantings in 2013 and 2015 in both Kent and West Sussex, Gusbourne now has 231 acres of mature vineyards. The NEST visitor centre was opened next to the winery in Appledore in 2017, providing tours, tastings and a direct outlet for our wines.

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

We are one of England’s most awarded wine producers. Highlights include:

- Three times winner of the International Wine & Spirits Challenge (IWSC) English Wine Producer of the Year, having won the award in 2013, 2015 and 2017– a unique achievement
- Back-to-back winner of 'Winery of the Year' at the WineGB Competition in 2021 and 2022
- Trophies for ‘Best English Still Red Wine’, ‘Best English Still White Wine’ and ‘Best English Still Wine’ at Wine GB awards 2022
- Trophy for ‘Best Vintage English Sparkling Wine’ at the 2022 International Wine Challenge
- Shortlisted for ‘Best Sparkling Wine Producer’ at the 2022 International Wine and Spirits Competition
- Awarded ‘Judges Selection’ trophy at the Texsom 2020-2022

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

OPERATIONS AND FINANCIAL REVIEW

Results

Net revenue for the period amounted to £3.014m (H1 2021: £1.448m), an increase of 108% on the corresponding period last year.

Net revenue by distribution channel is shown in the table below.

NET REVENUE BY DISTRIBUTION CHANNEL	**H1 2022 £'000**	**H1 2021 £'000**	***Change %***	**FY 2021 £'000**
Direct to Consumer (DTC Wine Sales)	536	381	*41%*	1,080
UK Trade	1,346	596	*126%*	1,934
International	798	309	*158%*	781
Net wine sales	**2,680**	**1,286**	***108%***	**3,795**
Other income *	334	162	*106%*	396
Total net revenue	**3,014**	**1,448**	***108%***	**4,191**
***Other income**				
Tour, tasting events and related income	297	121	*145%*	309
Other	37	41	*(10%)*	87
Total other income	**334**	**162**	***106%***	**396**
DTC wine sales together with tour, tasting events and related income (DTC net revenue)	**833**	**502**	***66%***	**1,389**

PERCENTAGES OF NET REVENUE	H1 2022	H1 2021	FY 2021
Direct to Consumer (DTC)	27.6%	34.7%	33.1%
UK Trade	44.7%	41.2%	46.2%
International	26.5%	21.3%	18.6%
Other	1.2%	2.8%	2.1%
	100.0%	**100.0%**	**100.0%**

Operating expenses for the six months, excluding depreciation, amounted to £2.503m (H1 2021: £1.774m), included planned increased expenditure on sales and marketing costs of £1.801m (H1 2021: £1.153m) reflecting continuing investment in the growth of the business and its sales beyond the current financial period. Sales and marketing costs, which are largely discretionary, continue to represent a relatively high proportion of net revenues during this planned growth phase of the business but are now declining as a percentage of net revenue from a peak of 84% in FY 2019 to 59% in FY 2021. Sales and marketing costs represented 59.8% of H1 2022 net revenue (H1 2021 79.6%).

Adjusted EBITDA for the six months was a loss of £0.697m (H1 2021: £0.945m). The operating loss for the period after depreciation and amortisation was £1.178m (H1 2021: £1.472m loss). The loss before tax was £1.374m (H1 2021: £1.922m loss) after net finance costs of £0.196m (H1 2021: £0.450m). Finance costs have reduced in 2022 following the restructuring of the balance sheet in 2021. These adjusted EBITDA losses continue to be in line with expectations and the long-term growth strategy of the Group is intended for adjusted EBITDA to become positive within the coming years.

Balance Sheet

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

The total assets employed in the business at 30 June 2022 was £26.893m (H1 2021: £23.586m) represented by:

- 362 acres of Freehold land and buildings of £6.178m (H1 2021: £6.199m) – with buildings at cost less depreciation.
- 231 acres of mature vineyards of £2.785m (H1 2021: £2.931m) – at cost less depreciation
- Plant, machinery and other equipment of £1.481m (H1 2021: £1.411m) – at cost less depreciation
- Right of use assets (under IFRS 16) of £1.953m (H1 2021: £1.999m).
- Biological assets of £0.756m (H1 2021: £0.541m).
- Inventories at 31 December 2021 at the lower of cost and net realisable value amounted to £10.423m (H1 2021: £9.533m). These inventories represent wine in its various stages of production from wine in tank from the last harvest to the finished products which take around four years to produce from the time of harvest. These additional four years reflect the time it takes to transform our high-quality grapes into Gusbourne's premium sparkling wine. An important point to note is that these wine inventories already include the wine (at its various stages of production) to support sales planned for the next four years. The anticipated underlying surplus of net realisable value over the cost of these wine inventories, which is not reflected in these accounts, will become an increasingly significant factor of the Group's asset base as these inventories continue to grow.
- Other working capital (representing trade and other receivables less trade and other payables) of £0.542m (H1 2021: negative £0.225m)
- Cash of £1.768m (H1 2021: £0.190m)
- Intangible assets of £1.007m (H1 2021: £1.007m) arose on the acquisition of the Gusbourne Estate business on 27 September 2013. Intangible assets, which includes the Gusbourne brand itself, remain unimpaired at their historical amount and in accordance with the relevant accounting standards. No account has been taken with regards to any potential fair value uplift that may be appropriate.

Financing

At 30 June 2022 the Group's total assets of £26.893m (H1 2021: £23.586m) were financed by:

- Shareholder's equity of £14.529m (H1 2021: £7.209m)

- Long term secured debt from PNC of £10.294m (H1 2021: £8.305m). As at 30 June 2022 the PNC facilities were provided on a revolving basis over a minimum period of 5 years from June 2020 and allowed flexible drawdown and repayments in line with the Company’s working capital requirements. The interest rate was at the annual rate of 2.75 per cent (H1 2021: 2.75 per cent) over the Bank of England Base Rate.

  On 15 August 2022 Gusbourne announced that its wholly owned subsidiary, Gusbourne Estate Limited, had entered into an amended and restated agreement with PNC Financial Services UK Limited ("PNC") to increase its existing £10.5 million 5-year asset-based lending facilities by an additional £6 million to provide the Company with a total £16.5 million asset-based lending facilities at a competitive rate (the "New PNC Facilities"). The New PNC facilities have been made available to the Company for a minimum period of 5 years to 12 August 2027. The interest rate will be at the annual rate of 2.50 per cent over the Bank of England Base Rate. Further details are shown in notes 8 and 10.

- Lease liabilities under IFRS 16 of £2.070m (H1 2021: £2.101m).

- Short term secured debt of £nil (H1 2021: £5.971m). On 29 October 2021 the Company’s short-term debt was repaid or converted into equity. Further details of this are shown in note 8.

Current trading and outlook

Current trading continues to reflect year on year net revenue growth although at lower growth rates than H1, with H1 performance having benefited from a strong recovery from the prior year adverse effects of COVID-19 on trading.

We look forward to significant further business development and growth in the coming years based on our luxury market positioning, an increasing new product range, further development of our DTC cellar door operations and increased supply over the longer term with planned new plantings.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the six months ended 30 June 2022

	Note	Unaudited Six months to 30 June 2022 £'000	Unaudited Six months to 30 June 2021 £'000	Audited Year ended 31 December 2021 £'000
Revenue	**2**	**3,290**	**1,598**	**4,613**
Excise duties		(276)	(150)	(422)
Net revenue		**3,014**	**1,448**	**4,191**
Cost of sales		(1,208)	(619)	(1,847)
Gross profit		**1,806**	**829**	**2,344**
Fair value movement in biological assets	6	(216)	(217)	-
Fair movement in biological produce	6	-	-	(704)
Administrative expenses		(2,768)	(2,084)	(4,396)
Loss from operations		**(1,178)**	**(1,472)**	**(2,756)**
Finance expense	4	(196)	(450)	(817)
Loss before tax		**(1,374)**	**(1,922)**	**(3,573)**
Tax expense		**-**	**-**	**-**
Loss and total comprehensive loss for the period attributable to owners of the parent		**(1,374)**	**(1,922)**	**(3,573)**
Loss per share attributable to the ordinary equity holders of the parent:				
Basic and diluted		(2.26p)	(4.14p)	(7.29p)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 30 June 2022

Assets	Notes	Unaudited 30 June 2022 £'000	Unaudited 30 June 2021 £'000	Audited 31 December 2021 £'000
Non-current assets				
Intangibles		**1,007**	1,007	1,007
Property, plant and equipment	5	**12,397**	12,540	12,343
Other receivables		**25**	35	32
		13,429	**13,582**	**13,382**
Current assets				
Biological assets	6	**756**	541	-
Inventories	7	**10,423**	9,533	10,638
Trade and other receivables		**1,826**	1,095	1,275
Cash and cash equivalents		**1,768**	190	3,128
		14,773	**11,359**	**15,041**
Total assets		**28,202**	**24,941**	**28,423**
Liabilities				
Current liabilities				
Trade and other payables		**(1,309)**	(1,355)	(1,118)
Loans and borrowings	8	**-**	(5,971)	-
Lease liabilities		**(100)**	(100)	(89)
		(1,409)	**(7,426)**	**(1,207)**
Non-current liabilities				
Loans and borrowings	8	**(10,294)**	(8,305)	(9,326)
Lease liabilities		**(1,970)**	(2,001)	(2,005)
		(12,264)	**(10,306)**	**(11,331)**
Total liabilities		**(13,673)**	**(17,732)**	**(12,538)**
NET ASSETS		**14,529**	**7,209**	**15,885**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)
At 30 June 2022

Issued capital and reserves attributable to owners of the parent				
Share capital	9	**12,190**	12,048	12,190
Share premium		**21,121**	10,918	21,103
Merger reserve		**(13)**	(13)	(13)
Retained earnings		**(18,769)**	(15,744)	(17,395)
TOTAL EQUITY		**14,529**	**7,209**	**15,885**

CONSOLIDATED STATEMENT OF CASH FLOWS
For the six months ended 30 June 2022

	Unaudited Six months to 30 June 2022 £'000	Unaudited Six months to 30 June 2021 £'000	Audited Year ended 31 December 2021 £'000
Cashflows from operating activities			
Loss for the year/period before tax	**(1,374)**	(1,922)	(3,573)
Adjustments for:			
Depreciation of property, plant and equipment	**293**	310	599
Finance expense	**196**	450	817
Profit on disposal of fixed assets	**(28)**	-	-
Fair value movement in biological asset	**216**	217	-
Fair value movement in biological produce	**-**	-	704
Operating cash flow before changes in working capital	**(697)**	**(945)**	**(1,453)**
(Increase) in trade and other receivables	**(544)**	(223)	(318)
(Increase)/decrease in inventories	**257**	(178)	(1,886)
(Increase) in biological assets	**(972)**	(758)	-
Increase in trade and other payables	**191**	586	349
Cash outflow from operations	**(1,765)**	**(1,518)**	**(3,308)**
Investing activities			
Purchases of property, plant and equipment, excluding vineyard establishment	**(348)**	(57)	(195)
Sale of property, plant and equipment	**28**	-	-
Net cash from investing activities	**(320)**	**(57)**	**(195)**
Financing activities			
Capital loan repayments	**(2,235)**	-	(2,944)
New loans issued	**3,182**	1,689	5,584
Loan issue costs	**-**	(20)	(20)
Repayment of lease liabilities	**(66)**	(50)	(99)
Interest paid	**(174)**	(119)	(289)
Issue of ordinary shares	**18**	3	5,715
Share issue expense	**-**	-	(359)
Repayment of deep discount bonds	**-**	-	(1,219)
Net cash from financing activities	**725**	**1,503**	**6,369**

CONSOLIDATED STATEMENT OF CASH FLOWS (continued)
For the six months ended 30 June 2022

	Unaudited Six months to 30 June 2022 £'000	Unaudited Six months to 30 June 2021 £'000	Audited Period to 31 December 2021 £'000
Net increase/(decrease) in cash and cash equivalents	**(1,360)**	(72)	2,866
Cash and cash equivalents at beginning of period	**3,128**	262	262
Cash and cash equivalents at end of period	**1,768**	190	3,128

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the six months ended 30 June 2022

Audited:	**Share capital £'000**	**Share premium £'000**	**Merger reserve £'000**	**Retained earnings £'000**	**Total attributable to equity holders of parent £'000**
31 December 2020	**12,048**	**10,915**	**(13)**	**(13,822)**	**9,128**
Share issue	-	3	-	-	3
Comprehensive loss for the period	-	-	-	(1,922)	(1,922)
30 June 2021	**12,048**	**10,918**	**(13)**	**(15,744)**	**7,209**
Share issue	142	10,544	-	-	10,686
Share issue expenses	-	(359)	-	-	(359)
Comprehensive loss for the period	-	-	-	(1,651)	(1,651)
31 December 2021	**12,190**	**21,103**	**(13)**	**(17,395)**	**15,885**
Unaudited:					
Share issue	-	18	-	-	18
Share issue expenses	-		-	-	-
Comprehensive loss for the period	-	-	-	(1,374)	(1,374)
30 June 2022	**12,190**	**21,121**	**(13)**	**(18,769)**	**14,529**

NOTES TO THE INTERIM FINANCIAL STATEMENTS

1 Basis of preparation

Statement of compliance

The interim financial statements in this report have been prepared in accordance with UK adopted international accounting standards that were applied in the preparation of the Company's published consolidated financial statements for the year ended 31 December 2021 and are consistent with the accounting policies expected to apply in its financial statements for the year ended 31 December 2022. As permitted, this interim report has been prepared in accordance with the AIM Rules for Companies and does not seek to comply with IAS 34 "Interim Financial Reporting".

Statutory information

The financial information for the six months ended 30 June 2022 has not been subject to an audit nor a review in accordance with International Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity, issued by the Auditing Practices Board. The comparative financial information presented herein for the year ended 31 December 2021 does not constitute full statutory accounts within the meaning of Section 434 of the Companies Act 2006. The Group's annual report and accounts for the year ended 31 December 2021 have been delivered to the Registrar of Companies. The Group's independent auditor's report was unqualified and did not contain a statement under section 498(2) or 498(3) of the Companies Act 2006.

The consolidated financial statements have been prepared on a going concern basis in accordance with UK adopted international accounting standards.

The Board of the Company continually assesses and monitors the key risks of the business. The Board continues to consider the Group's profit and cash flow plans for at least the next 12 months and run forecasts and downside "stress test" scenarios. These risks have not significantly changed from those set out in the Company's Annual Report for the period ended 31 December 2021. In addition, these stress test scenarios do not show a requirement in excess of the Group's undrawn facilities nor do they show the Group breaching any of its key covenant tests.

The stress test scenarios also include certain cost mitigation actions, including but not limited to, operating cost reductions and reduced capital expenditure.

Under the significant stress test scenarios, we have run, the Group could withstand a material and prolonged adverse impact on revenues and continue to operate within the available lending facilities. Accordingly, the Group and the Company continues to adopt the going concern basis in preparing its Financial Statements.

2 Revenue

	Unaudited 30 June 2022 £'000	Unaudited 30 June 2021 £'000	Audited 31 December 2021 £'000
Wine sales	**2,680**	1,286	3,795
Other income	**334**	162	396
Net revenue	**3,014**	**1,448**	**4,191**
Excise duties	**276**	150	422
Total Revenue	**3,290**	**1,598**	**4,613**

3 Loss from operations

Loss from operations has been arrived at after charging:

	Unaudited 30 June 2022 £'000	Unaudited 30 June 2021 £'000	Audited 31 December 2021 £'000
Depreciation of property, plant and equipment	293	310	600
Profit/loss on disposal	(28)	-	-
Staff costs expensed to consolidated statement of income	893	695	1,310
Furlough grant income	-	(31)	(45)

4 Finance expense

	Unaudited 30 June 2022 £'000	Unaudited 30 June 2021 £'000	Audited 31 December 2021 £'000
Finance expense			
Interest payable on borrowings	**174**	157	325
Amortisation of bank transaction costs	**22**	21	42
Interest on lease liabilities	**-**	13	-
Discount expense on deep discount bonds	**-**	259	450
Total finance expense	**196**	**450**	**817**

5 Property, plant and equipment

	Unaudited 30 June 2022 £'000	Unaudited 30 June 2021 £'000	Audited 31 December 2021 £'000
Freehold land and buildings	**6,178**	6,199	6,134
Plant, machinery and motor vehicles	**1,447**	1,381	1,342
Mature vineyards	**2,785**	2,931	2,858
Computer equipment	**34**	30	33
Right of use assets	**1,953**	1,999	1,976
	12,397	**12,540**	**12,343**

Right of use assets

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

6 Biological assets

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

	Unaudited 30 June 2022 £'000	Unaudited 30 June 2021 £'000	Audited 31 December 2021 £'000
Crop growing costs	**972**	**758**	1,609
Fair value of grapes harvested and transferred to inventories	**-**	**-**	(905)
Fair value movement in biological assets	**(216)**	**(217)**	-
Fair value movement in biological produce	**-**	**-**	(704)
Fair value of biological assets at the reporting date	**756**	**541**	-

The fair value of biological assets at the reporting date is determined by reference to estimated market prices less costs to sell. The estimated market price for grapes used in respect of 2022 is £2,500 (2021: £2,500) per tonne. The fair value is subject to a discount factor of 55% (2021: 55%) due to the grapes, as at the reporting date, being approximately 3 months away from being ready for harvest.

A 10% increase in the estimated market price of grapes to £2,750 per tonne would result in an increase of £76,000 in the fair value of biological assets at the reporting date. A 10% decrease in the estimated market price of grapes to £2,250 per tonne would result in a decrease of £75,000 in the fair value of biological assets at the reporting date.

7 Inventories

	Unaudited 30 June 2022 £'000	Unaudited 30 June 2021 £'000	Audited 31 December 2021 £'000
Finished goods	**998**	88	985
Work in progress	**9,425**	9,445	9,653
	10,423	**9,533**	**10,638**

8 Loans and borrowings

	Unaudited 30 June 2022 £'000	Unaudited 30 June 2021 £'000	Audited 31 December 2021 £'000
Current liabilities			
Bank loans	**-**	-	-
Other loans	**-**	580	-
Deep Discount Bonds	**-**	5,391	-
	-	**5,971**	**-**
Non-current liabilities			
Bank loans	**10,415**	8,468	9,468
Unamortised bank transaction costs	**(121)**	(163)	(142)
Other loans	**-**	-	-
Deep Discount Bonds	**-**	-	-
Total loans and borrowings	**10,294**	**8,305**	**9,326**

The bank loans of £10,294,000 with PNC Financial Services UK Limited ("PNC”) shown above is net of transaction costs of £121,000 which are being amortised over the life of the loan.

On 15 August 2022 Gusbourne announced that its wholly owned subsidiary, Gusbourne Estate Limited, had entered into an amended and restated agreement with PNC to increase its existing £10.5 million 5-year asset-based lending facilities by an additional £6 million to provide the Company with a total £16.5 million asset-based lending facilities at a competitive rate (the "New PNC Facilities"). The New PNC facilities have been made available to the Company for a minimum period of 5 years to 12 August 2027.

The New PNC Facilities are being provided on a revolving basis and will be used to provide further working capital for the Company covering inventory and accounts receivables, to support its growth plans and allow flexible drawdown and repayments in line with the Company's working capital requirements. The interest rate will be at the annual rate of 2.50 per cent (2021: 2.75 per cent) over the Bank of England Base Rate. The facilities will be secured by way of first priority charges over the Company's inventory, receivables and freehold property as well as an all-assets debenture and contain financial and general covenants and customary events of default. The financial covenants include cash burn, fixed charge cover, capital expenditure restrictions and minimum headroom levels, and are tested monthly.

On 29 October 2021 Belize Finance Limited ("BFL") converted its interest in the company's Deep Discount Bonds into Ordinary Shares at 75p per Ordinary Share. BFL has converted its DDBs into 2,838,765 Ordinary Shares at 75p per Ordinary Share in respect of money owed for the 2020 DDB, amounting to £2,129,074, and 2,306,314 Ordinary Shares at 75p per Ordinary Share in respect of money owed for the 2016 DDB, amounting to £1,729,735.

On 29 October 2021 the sole holder of the short-term loan Franove, a related party of Paul Bentham, a director of the Company, converted its short-term loan amounting to £610,445 into 813,926 Ordinary Shares at 75p per Ordinary Share on 29 October 2021.

On 29 October 2021, following an invitation to all other holders of DDBs to convert amounts owed to them by the Company via the DDBs into Ordinary Shares, other holders of DDBs amounting to £373,177 converted their DDBs into 497,568 Ordinary Shares at 75p per Ordinary Share and used £131,250 of DDB proceeds to exercise 175,000 Warrants. The remaining DDBs amounting to £1,218,573 have been repaid, and all short-term debt on the Company's balance sheet has therefore now been eliminated.

The total Ordinary Shares issued pursuant to the BFL Conversion, the Franove Conversion and the Other DDBs Conversion amounts to 6,456,573 Ordinary Shares.

The Company did not receive any cash proceeds from the DDBs and Franove Conversion.

9 Share capital

	Deferred shares of 49p each	Ordinary shares of 1p each	
	Number	**Number**	**£'000**
Issued and fully paid			
At 1 January 2021	**23,639,762**	**46,478,619**	**12,048**
Issued in the year	-	14,253,086	142
At 31 December 2021	**23,639,762**	**60,731,705**	**12,190**
Issued in the period	-	24,615	-
At 30 June 2022	**23,639,762**	**60,756,320**	**12,190**

On 2 March 2022 the Company issued 23,970 new ordinary shares of 1p each pursuant to an exercise of Warrants. All Warrants were exercised at 75p per share.

On 29 March 2022 the Company issued 226 new ordinary shares of 1p each pursuant to an exercise of Warrants. All Warrants were exercised at 75p per share.

On 3 May 2022 the Company issued 419 new ordinary shares of 1p each pursuant to an exercise of Warrants. All Warrants were exercised at 75p per share.

Unexercised Warrants as at 30 June 2022 amount to 3,977,644 Ordinary Shares of 1 pence each. These Warrants are excisable at a price of 75 pence per share and have a final exercise date of 16 December 2022.

10 Post balance sheet events

Increase of £6m in existing PNC asset-based lending facilities

On 15 August 2022 Gusbourne announced that its wholly owned subsidiary, Gusbourne Estate Limited, had entered into an amended and restated agreement with PNC Financial Services UK Limited ("PNC") to increase its existing £10.5 million 5-year asset-based lending facilities by an additional £6 million to provide the Company with a total £16.5 million asset-based lending facilities at a competitive rate (the "New PNC Facilities"). The New PNC facilities have been made available to the Company for a minimum period of 5 years to 12 August 2027.

The New PNC Facilities are being provided on a revolving basis and will be used to provide further working capital for the Company covering inventory and accounts receivables, to support its growth plans and allow flexible drawdown and repayments in line with the Company's working capital requirements. The interest rate will be at the annual rate of 2.50 per cent over the Bank of England Base Rate. The facilities will be secured by way of first priority charges over the Company's inventory, receivables and freehold property as well as an all-assets debenture and contain financial and general covenants and customary events of default. The financial covenants include cash burn, fixed charge cover, capital expenditure restrictions and minimum headroom levels, and are tested monthly.

Purchase of Additional Freehold Land in Kent from a Related Party

On 15 August 2022 Gusbourne announced that it had exchanged contracts with Andrew Weeber, Non-Executive Director and a shareholder of the Company, and his spouse, to purchase 137 acres of freehold agricultural land located in Appledore, Ashford in Kent (the "Land Purchase"). The Land Purchase completed on 24 August 2022. The property is adjacent to and contiguous with the Company's existing freehold estate in Kent, where the majority of the Company's existing mature vineyards are planted.

This will bring the total freehold acreage of land in Kent owned by the Company to 489 acres. The purchase price for the Land Purchase is £1.6 million in cash from existing cash resources plus related acquisition costs. There are no profits attributable to the land being acquired.

The Company has previously established the suitability of this additional land for vines and intends to plant the majority of this acreage with vines in May 2024, which will provide the required lead time to order the appropriate vines and prepare the land for planting. The additional wine production from grapes grown on these new vineyards will help support the longer-term growth plans of the Company.