7 June 2023

Gusbourne Plc

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

Final Results for the year ended 31 December 2022 & Notice of AGM

The Board of Gusbourne Plc (AIM: GUS) is pleased to announce its audited results for the year ended 31 December 2022.

Continuing strong growth in net revenue, with net revenue up 49% at £6,243,000, and Adjusted EBITDA loss narrowed to £1,131,000, a 22% reduction from the prior period.

	2022 £'000	2021 £'000	Change %
Net revenue & adjusted EBITDA			
Net revenue [(1)]	6,243	4,191	49%
Gross profit	3,697	2,344	58%
Adjusted EBITDA [(2)]	(1,131)	(1,452)	22%
Gross profit %	59.2%	55.9%	
Statutory results			
Net revenue[(1)]	6,243	4,191	49%
Gross profit	3,697	2,344	58%
Fair value movement in biological produce	(239)	(704)	
Sales and marketing expenses	(3,479)	(2,460)	
Administrative expenses	(1,481)	(1,336)	
Depreciation	(601)	(600)	
Total Administrative expenses	(5,561)	(4,396)	
Operating profit/(loss)	(2,103)	(2,756)	
Reconciliation of operating profit/(loss) to adjusted EBITDA			
Operating profit/(loss)	(2,103)	(2,756)	
Add back;			
Depreciation	601	600	
Aborted planning and capital expenditure write-off	132	-	
Fair value movement in biological produce	239	704	
Adjusted EBITDA[(2)]	(1,131)	(1,452)	

[(1)] *Net revenue is revenue reported by the Group after excise duties payable*
[(2)] *Adjusted EBITDA means profit/(loss)from operations before aborted planning and capital expenditure write-off, fair value movement in biological produce, interest, tax, depreciation and amortisation.*

Highlights of 2022 include:

- Net revenue* up by 49% to £6.24m (2021: £4.19m) with strong growth across the Group's three main distribution channels:
    - UK Trade sales up by 53% (2021: 177%) to £3.06m (2021: £2.00m)
    - Direct to consumer ("DTC") net revenue which includes tours and related cellar door operations in Kent, was up by 29% (2021: 96%)to £1.71m (2021: £1.32m)

    - International sales up by 78% (2021: 23%) to £1.39m (2021: £0.78m)
- A five-year CAGR (compound annual growth rate) in net revenue of 44% (2021: 46%)
- Gross profit margin at 59.2% (2021: 55.9%)
- Adjusted EBITDA** loss narrowed to £1.13m (2021: £1.45m)
- Acquisition of a further 55 hectares of freehold land for £1.7m, contiguous with the Group's existing Kent vineyards. The Group is planning to plant most of this new land with new vineyards in 2024
- £6.0m increase of long term asset backed financing facility from PNC from £10.5m to £16.5m
- Ongoing success in international and UK wine competitions with a record number of awards for its wines, including a record number of gold medals

* Net revenue represents Revenue after deducting excise duties

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

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

"I am pleased to report another excellent performance in 2022 where Gusbourne delivered further significant growth and execution of our strategy. Despite a challenging macroenvironmental backdrop, we have continued to see significant consumer demand for Gusbourne wines, reflecting the luxury status of the Gusbourne brand and the underlying growth of the dynamic English wine sector.

"We have seen strong revenue growth across all our sales channels, both in the UK and internationally, as the quality of Gusbourne's wines continue to gain praise and critical recognition, further cementing our excellent reputation. At the same time, price / mix was a positive driver of our gross margin.

"With these strong results, a fantastic harvest in 2022, the purchase of new land during the year and healthy inventory levels in our cellars, the Board continues to look to the future with great confidence as we further strengthen our position as one of the UK's most significant fine wine producers."

Annual General Meeting

The Company's annual report and accounts for the year ended 31 December 2022 will be posted to shareholders on Wednesday 7 June 2023, together with notice of the Annual General Meeting to be held at 12pm on Thursday 29 June 2023 at the offices of Fieldfisher LLP at Riverbank House, 2 Swan Lane, London EC4R 3TT.

Enquiries:

Gusbourne Plc	
Charlie Holland	**+44 (0)12 3375 8666**
Phil Clark, Investor Relations	
Panmure Gordon (UK) Limited (Nomad and Sole Broker)	
James Sinclair-Ford	**+44 (0)20 7886 2500**
Hugh Rich	
Media:	
Kate Hoare (Houston)	**+44 (0)20 4529 0549**
gusbourne@houston.co.uk	

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

This announcement contains inside information for the purposes of article 7 of the Market Abuse Regulation (EU) 596/2014 as amended by regulation 11 of the Market Abuse (Amendment) (EU Exit) Regulations 2019/310. With the publication of this announcement, this information is now considered to be in the public domain.

Note to Editors

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

The Gusbourne business was founded by Andrew Weeber in 2004 with the first vineyard plantings at Appledore in Kent. The first wines were released in 2010 to critical acclaim. Following additional vineyard plantings in 2013 and 2015 in both Kent and West Sussex, Gusbourne now has 93 hectares of mature vineyards. The NEST visitor centre was opened next to the winery in Appledore in 2017, providing tours, tastings and a direct outlet for our wines.

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

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

Chairman's statement

The burgeoning global appetite for English fine wine continues to underpin Gusbourne's significant revenue growth as 2022 marked another year of strong progress for the Group both at home and abroad.

Since our first vines were planted almost twenty years ago, Gusbourne has focused on building long-term assets to drive value creation for all our stakeholders, striving from the outset to achieve international brand recognition. The world class quality of our products remains of critical importance and the latest milestone in this journey was marked with the launch of our luxury cuvee, Fifty One Degrees North, to notable critical acclaim worldwide.

All sales channels delivered excellent growth during the year. Our Direct to Consumer ("DTC") net revenue grew by 29% to £1.7m, driven by online sales and cellar door operations in Kent, as customers responded positively to an expanded product offering. Our UK Trade revenue grew by 53% to £3.1m as the industry continued its recovery from COVID-19 and returned to normalised hospitality market conditions. Our international revenue grew by 78% to £1.4m as we expanded into 30 export markets, with distribution in more new territories planned in 2023 and beyond.

Our strategy is firmly on track to deliver against previously announced scale and profitability ambitions. We remain fully committed to driving increasing revenue across a growing range of premium sparkling and still wine product ranges combined with related experiential services which will help to further cement the brand's luxury positioning. Moving towards EBITDA breakeven is also a key priority for 2023.

The Board

We made several changes to our Board during the year to support Gusbourne's ongoing growth and execution of our detailed corporate strategy. I am extremely pleased to welcome Katharine Berry, who was appointed as Chief Financial Officer ("CFO") in August 2022 and joined the Board on 21 March 2023. Two of our Non-Executive Directors retired, and I would like to thank Andrew Weeber, Gusbourne's founder, and Paul Bentham for all their dedication, hard work and contributions to the success of Gusbourne. Finally, Jon Pollard, Chief Operating Officer, stood down from the Board but continues in his Executive role.

The Gusbourne Team
I remain extremely proud of the hard work and dedication shown by the entire Gusbourne team who always show up with a winning attitude. No-one reflects this more prominently than Charlie Holland, our CEO, who has overseen another year of excellent strategic progress and remains one of the most talented and respected winemakers on the world stage.

Outlook
Although the macro-economic outlook remains uncertain with consumer confidence still fragile, the Board remains confident in the future success of Gusbourne as a leading light in the rapidly growing English fine wine market. We have all the key ingredients in place for long-term success with great product, great distribution, and a great team, and very much look forward to another exciting year ahead.

Jim Ormonde
Chairman

Chief Executive Officer's review

2022 was another year of significant financial, operational and strategic progress for Gusbourne. Since our foundation in 2004, Gusbourne has strived to create England's finest and most celebrated wines, by leveraging our core assets – an unrelenting focus on quality; excellent and carefully curated distribution, our enhanced product portfolio and have taken advantage of the long-term investments made into land and planting over the last 20 years. Combined with the ongoing global appetite for English wine, the result has been another year of strong revenue growth. The Group reported £6.2m revenue, an increase of 49% compared to 2021, with all three distribution channels expanding the customer base both in the UK and overseas, reinforcing Gusbourne's brand as a leading light in the dynamic and fast growing English fine wine sector.

Gross profit margin improved to 59.2% (2021: 55.9%) due to an improvement in distribution channel and pricing mix. Our new and wider product mix strategy helped deliver this improved margin. Operating costs, especially administration expenses, remain carefully managed. We continue to invest in the Gusbourne brand, with discretionary marketing investment to help support brand awareness and future sales growth. The combination of good cost discipline and significant top-line growth meant the Group achieved a material improvement in our cost to sales ratio. The Group narrowed its adjusted EBITDA loss for the year to £1.1m (2021: £1.5m EBITDA loss).

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

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

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

• **Growth and development of Gusbourne's luxury brand status**: Maintain and further develop Gusbourne's luxury brand status, ensuring that the Group's premium quality and market positioning of its products are maintained, through our ongoing product portfolio development, distribution choices and pricing strategy.
• **Developing strong direct relationships with our customers**: Support the continuing strong growth in DTC sales with online sales and marketing investment, and offline with planned further investment in Gusbourne's cellar door operations. These operations enable us to meet our customers in person and

provide an immersive brand experience, thus creating a more direct relationship with our customers.
• **Careful expansion of our international trade footprint**: Invest in the continued growth of UK Trade and International sales to deliver further market penetration in the UK and overseas.

Land
The Gusbourne business was founded in 2004 by Andrew Weeber with the first vineyard plantings at Appledore in Kent. The first wines were released in 2010 to critical acclaim. In 2013 and 2015, additional vineyards were planted in both Kent and West Sussex. At the end of 2022, the group had 93 hectares of mature planted vineyards. The Group acquired a further 55 of hectares in Kent during 2022, the majority of which we plan to plant in 2024. We also plan to plant additional vineyards on land in Sussex and by 2025 we plan to have a total of approximately 152 hectares of land under vine. The Group will continue to look to acquire appropriate land to support our long-term growth ambitions.

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

2022 saw the launch of our luxury cuvee, 51 Degree's North, a wine that represents the pinnacle of the Gusbourne range and is positioned alongside the world's finest sparkling wines. The response from the wine critics has been extremely positive and we are excited about the next vintage release of this wine.

Gusbourne also produce a growing range of premium vintage English still wines which continue to win prestigious international awards and regularly sellout. We anticipate further expanding the range of our still wines, which in line with other comparable still fine wines are commercially released with less ageing in our cellars.

Recent awards
We have continued our success in major wine competitions, with 2022 proving our most successful year ever, winning over 40 medals at national and international competitions, including 21 gold and platinum medals, where we are judged against some of the finest wines from around the world. Particular highlights include:
• four trophies, including retaining Estate Winery of the Year at the WineGB award, the Vintage Sparkling Wine trophy at the 2022 International Wine Challenge (along with eleven other medals)
• thirteen medals (including two golds) at the Decanter World Wine Awards
• five gold medals and Best in Class at the Champagne and Sparkling Wine World Championships
• the Judges Selection Medal in the prestigious Texsom awards in the United States in May, and
• two editor's Choice listings in Wine Enthusiast

Distribution: Three sales channels
Gusbourne has three main sales channels, UK Trade, International and Direct to Consumer, which all have delivered significant growth during the year.

• UK Trade
UK Trade continued its strong progress, net revenue up by 53% (2021: 177%). The Group has established new trade accounts across premium hotels and restaurants, further strengthening its already high penetration to Michelin star restaurants and 5-star hotels.

• International
Our wines are now distributed to 30 countries around the world as we grow the Gusbourne brand

globally, working with specialist distribution partners. International sales have continued to thrive growing by 78% (2021: 23%). The brand has seen particularly strong momentum in the Nordics, Japan and the US. Continued investment in sales and marketing has enabled us to develop and grow existing markets and expand into exciting new territories with significant growth potential. The Group expects to add further countries in 2023.

• Direct to Consumer
Both wine sales and tour and tasting events based on our cellar door operations in Kent have continued to deliver strong growth, with sales up 29% for 2022 compared to 2021.

DTC wine sales grew by 17% reflecting our ongoing investment in digital marketing through the creation of rich and engaging content, compelling wine offers and new and exciting product releases. DTC remains a key strategic direction for Gusbourne as we continue to develop our online and digital presence. Tour and tasting events at Gusbourne's successful cellar door facility in Kent (the Nest), are now in their sixth full year of operation. Situated amongst our vineyards and winery operations in Kent, this facility offers an immersive experience allowing us to fully engage with our customers, encouraging them to enjoy the vineyards, visit the winery and taste our wines in a beautiful setting. Tour and tasting events income based on our cellar door operations has been particularly robust, with a growth of 70% to £0.53m from £0.31m. We continue to improve and expand these services, having carried out reconfiguration of space at the Nest, providing capacity for more visitors to have a unique and unforgettable experience.

2022 Harvest
We anticipate the wines from the 2022 harvest to be among some of the best we have produced, ranking alongside the excellent 2014, 2016, 2018 and 2020. We harvested one of our biggest yields to date, which is crucially important, but it is the high quality of the fruit which particularly excites us.
The 2022 growing season was nearly perfect, dominated by warm, dry weather in which the vineyards thrived. The team's careful management of the vines throughout the summer, which included two heatwaves and a rigorous quality-controlling green harvest, meant that the fruit quality and quantity was superb.
The resulting sparkling wines will be bottled during the summer of 2023, further adding to our inventory levels for sale in future years.

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

Data from WineGB, the industry body for the English wine trade, reports plantings have increased by 70% over the last five years, with Chardonnay, Pinot Noir and Pinot Meunier the most significant varietals. Sparkling wines account for approximately 70% of total production and still wines 30%.

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

Current trading and outlook
The macro-economic environment remains complex including the effect of the Russia-Ukraine war, with consumer confidence affected by inflationary pressures in many markets. At the same time, consumer interest in Gusbourne wine and English wine generally continues to grow across the globe. Against this backdrop, we remain confident about Gusbourne's future prospects and expect to deliver another year of strong growth across all our distribution channels. Gusbourne has the benefit of increased supply and inventories from the expansion of the land planted in recent years and the ongoing expansion of its international presence. The increased revenue base combined with anticipated improvement in gross margin and cost discipline is expected to see the Group move towards EBITDA breakeven for the current financial year. Longer-term, increases in production from new vineyards are anticipated to drive further revenue growth and margin improvement

through scale.

Charlie Holland
Chief Executive

Chief Financial Officer's review

Net revenue and adjusted EBITDA - 5 year summary

Years ended 31 December	2018	2019	2020	2021	2022
	£'000	£'000	£'000	£'000	£'000
Net revenue*	**1,261**	**1,653**	**2,109**	**4,191**	**6,243**
Cost of sales	(560)	(735)	(879)	(1,847)	(2,546)
Gross profit	**701**	**918**	**1,230**	**2,344**	**3,697**
Sales and marketing expenses	(914)	(1,389)	(1,478)	(2,460)	(3,479)
Administration expenses **	(694)	(814)	(1,073)	(1,336)	(1,349)
Adjusted EBITDA (loss)/profit* **	**(907)**	**(1,285)**	**(1,321)**	**(1,452)**	**(1,131)**
Aborted planning and capital expenditure write-off	-	-	-	-	(132)
Fair value movement in biological produce	125	(172)	(221)	(704)	(239)
EBITDA******	**(782)**	**(1,457)**	**(1,542)**	**(2,156)**	**(1,502)**
Net revenue annual growth %	**26.4%**	**31.1%**	**27.6%**	**98.7%**	**49.0%**
Net revenue 5 year CAGR		**30.7%**	**34.8%**	**45.6%**	**44.3%**
Gross profit %	**55.6%**	**55.5%**	**58.3%**	**55.9%**	**59.2%**
Sales and marketing %	**72%**	**84%**	**70%**	**59%**	**56%**
Administration expenses %	**55%**	**49%**	**51%**	**32%**	**22%**
Adjusted EBITDA (loss)/profit %	**-72%**	**-78%**	**-63%**	**-35%**	**-18%**

* Net revenue represents revenue after deducting excise duties

** Excluding depreciation

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

**** EBITDA means profit from operations/(loss from operations) before interest, tax, depreciation and amortisation.

Net revenue by distribution channel - 5 year summary

Years ended 31 December	2018	2019	2020	2021	2022	2022	2021
	£'000	£'000	£'000	£'000	£'000	% Growth	% Growth
Net revenue							
Direct to Consumer (DTC)*	144	299	586	1,016	1,185	16.5	73.4
UK Trade	827	934	721	1,997	3,058	53.2	177.0
International	179	292	634	781	1,391	78.0	23.2
Net wine sales	**1,150**	**1,525**	**1,941**	**3,795**	**5,634**	**48.5**	**95.5**
Tour and related income (DTC)*	43	71	90	309	525	69.9	242.3
Other Income	68	57	78	87	84	-3.4	11.5
Total net revenue	**1,261**	**1,653**	**2,109**	**4,191**	**6,243**	**49.0**	**98.7**
Percentages of total net revenue							
Direct to Consumer (DTC)	14.8%	22.4%	32.1%	31.6%	27.4%		
UK Trade	65.6%	56.5%	34.2%	47.6%	49.0%		
International	14.2%	17.7%	30.1%	18.6%	22.3%		
Other Income	5.4%	3.4%	3.7%	2.1%	1.3%		
Total	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**		

*DTC total net revenue £1,710,000 (2021: £1,325,000), 29% growth versus prior year (2021: 96%)

Net revenue

Net revenue for the year was up by 49% (2021: 99%) to £6.24m (2021: £4.19m, 2020: £2.11m and 2019 : £1.65m), reflecting continued robust sales growth across our three main distribution channels:
• UK Trade sales grew by 53% to £3.06m. UK Trade sales represent 49% (2021: 48%) of net revenue. The Group has established new trade accounts across premium hotels and restaurants to support the Gusbourne brand;

• Direct to consumer net revenue which includes tours and related cellar door operations in Kent grew by 29% to £1.71m. DTC represents 27% (2021: 32%) of net revenue for the year. Revenues from tours and experiences have increased by 70% compared to 2021 and our Gusbourne Reserved customer base increased by over 45%; and

• International sales grew by 78% (2021: 23%) to £1.39m (2021: £0.78m) and represented 22% of total net revenue (2021: 19%).

Gross profit
The gross profit margin on net revenue increased to 59.2% (2021: 55.9%), largely due to distribution channel and pricing mix factors. Gross profit margin is one of the main KPI's of the Group which it aims to maintain and enhance, and which derives from a number of key variables:

• The historic cost of wine inventories, based on production costs up to four years prior to sale;
• The sales distribution mix, with DTC generally at higher margins at gross profit level than the other two main channels;
• The product distribution mix with more premium product offerings now being introduced and further enhancing overall gross margins;
• Selected inflationary price adjustments to recover the Group's own increasing costs, where and when appropriate; and
• Direct distribution costs

These variables are monitored and optimized as part of the Group's forward planning to maintain and enhance its gross profit margins.

Adjusted EBITDA loss
The Group narrowed its adjusted EBITDA operating loss for the year to £1.1m (2021: £1.5m). This was after charging sales and marketing expenses of £3.5m (2021: £2.5m) and administrative expenses of £1.3m (2021: £1.3m).

Administrative expenses have remained relatively unchanged over the year. Sales and marketing expenses have increased by £1.0m over the year and continue to include key planned elements of discretionary investment spend to support the ongoing brand development and the potential longer-term sales growth of the Group.

Sales and marketing costs as a percentage of net revenue has continued to decline in recent years and represented 56% of net revenue for the year, down from 59% in 2021. It is expected that these costs will continue to decline as a percentage of net revenue over the coming years.

£132,000 costs were written-off in relation to planning and capital expenditure pre-pandemic which has been aborted.

Finance expenses
Finance expenses for the year amounted to £0.5m (2021: £0.8m) and reflect the interest expense on the Group's long-term secured debt from PNC together with the amortisation of bank transaction costs. The prior year charge included the discount expense of short-term deep discount bonds which were converted into equity or repaid in that year.

Tax

The Group reported a tax credit of £74,000 (2021: nil) relating to research and development tax credits. At 31 December 2022, the Group had tax loses available to carry forward of £20.7m (2021: £17.7m).

Earnings per share

The Group reported a basic loss per share of 4.17 pence (2021: 7.29 pence).

Key Performance Indicators

Balance Sheet assets* - 5 year summary

Years ended 31 December	2018	2019	2020	2021	2022
	£'000	£'000	£'000	£'000	£'000
Assets					
Freehold land and buildings	6,488	6,383	6,263	6,134	7,830
Right of use assets	-	2,068	2,022	1,976	1,930
Vineyards	3,289	3,144	3,004	2,858	2,712
Plant, machinery and other equipment	1,757	1,636	1,504	1,375	1,726
Other receivables	97	90	38	32	16
Total non current assets	**11,631**	**13,321**	**12,831**	**12,375**	**14,214**
Inventories	5,282	7,463	9,325	10,638	12,579
Trade and other receivables	496	707	869	1,275	1,291
Trade and other payables	(483)	(752)	(769)	(1,118)	(1,500)
Working capital	**5,295**	**7,418**	**9,425**	**10,795**	**12,370**
Total operating assets	**16,926**	**20,739**	**22,256**	**23,170**	**26,584**
Cash	1,311	1,009	262	3,128	269
Goodwill	1,007	1,007	1,007	1,007	1,007
Total assets	**19,244**	**22,755**	**23,525**	**27,305**	**27,860**

Balance Sheet liabilities and equity*

Years ended 31 December	2018	2019	2020	2021	2022
	£'000	£'000	£'000	£'000	£'000
Debt					
PNC Business Credit (Asset finance facilities)	-	-	6,613	9,326	12,373
Other bank debt	2,173	2,058	-	-	-
Deep discount bonds	2,761	3,001	5,132	-	-
Short term debt	-	3,379	544	-	-
Lease liabilities	-	2,123	2,108	2,094	2,078
Total debt	**4,934**	**10,561**	**14,397**	**11,420**	**14,451**
Equity	**14,310**	**12,194**	**9,128**	**15,885**	**13,409**
Total liabilities	**19,244**	**22,755**	**23,525**	**27,305**	**27,860**

* Excluding trade and other payables

Balance Sheet

The Group's balance sheet reflects the long-term nature of the sparkling wine industry and the important investments that have already been made to support the long-term growth ambitions of the Group.

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 31 December 2022 was £27.9m (2021: £27.3m) represented by the following principle operating assets:

Fixed assets
• 196 hectares of Freehold land and buildings of £7.8m (2021: £6.1m) – with buildings at cost less depreciation
• 93 hectares of mature vineyards of £2.7m (2021: £2.9m) – at cost less depreciation
• Plant, machinery and other equipment of £1.7m (2021: £1.4m) – at cost less depreciation
• Right of use assets (under IFRS 16) of £1.9m (2021: £2.0m)

Inventories
Inventories at 31 December 2022 at the lower of cost and net realisable value amounted to £12.6m (2021: £10.6m). 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. 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.

Cash flow
The Group's operating cash outflow flow for the year was £2.9m (2021: £3.3m). This represented an Adjusted EBITDA loss of £1.1m (2021: £1.5m loss) and net working capital outflows (mostly an increase in wine inventories) of £1.8m (2021: £1.8m).

Capital expenditure was £2.5m for 2022 (2021: £0.2m) and included the purchase of an additional 55 hectares of freehold land in Kent (£1.7m), plant and machinery (£0.7m) and building improvements (£0.1m).

The capital expenditure was financed by the Group's own cash resources and the working capital was financed by additional drawings from the PNC facility.

Financing and net debt

At 31 December 2022 the Group's total assets of £27.9m (2021: £27.3m) were financed by:

• Shareholder's equity of £13.4m (2021: £15.9m).

• Long term secured debt from PNC of £12.4m (2021: £9.3m). The PNC facilities are provided on a revolving basis over a minimum period of 5 years to 12 August 2027 and allow flexible drawdown and repayments in line with the Group's working capital requirements. On 15 August 2022 these asset-based lending facilities were extended by an additional £6.0m from the existing £10.5m to £16.5m. The interest rate is at the annual rate of 2.50% per cent (2021: 2.75 per cent) over Sterling Overnight Index Average ("SONIA"), (2021: Bank of England Base Rate). Further details are shown in note 8.

• Lease liabilities under IFRS 16 of £2.1m (2021: £2.1m).

At 31 December 2022, the Group's net debt (PNC facility less Cash, excluding IFRS16 lease liabilities) amounted to £12.1m (2021:£6.2m).

Katharine Berry
Chief Financial Officer

Consolidated statement of comprehensive income for the year ended 31 December 2022

	Note	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
Revenue		**6,858**	4,613
Excise duties		**(615)**	(422)
Net revenue		**6,243**	4,191
Cost of sales		**(2,546)**	(1,847)
Gross profit		**3,697**	2,344
Fair value movement in biological produce		**(239)**	(704)
Administrative expenses		**(5,561)**	(4,396)
Loss from operations		**(2,103)**	(2,756)
Finance expenses		**(496)**	(817)
Loss before tax		**(2,599)**	(3,573)
Tax credit		**74**	-
Loss and total comprehensive for the year attributable to owners of the parent		**(2,525)**	(3,573)
Loss per share attributable to the ordinary equity holders of the parent:			
Basic (pence)	4	**(4.17)**	(7.29)
Diluted (pence)	4	**(4.17)**	(7.29)

Consolidated statement of financial position at 31 December 2022

	Note	31 December 2022 £'000	31 December 2021 £'000
Assets			
Non-current assets			
Intangibles		**1,007**	1,007
Property, plant and equipment	5	**14,198**	12,343
Other receivables		**16**	32
		15,221	13,382
Current assets			
Biological Produce	6	**-**	-
Inventories	7	**12,579**	10,638
Trade and other receivables		**1,291**	1,275
Cash and cash equivalents		**269**	3,128
		14,139	15,041
Total assets		**29,360**	28,423
Liabilities			
Current liabilities			
Trade and other payables		**(1,500)**	(1,118)
Lease liabilities	9	**(84)**	(89)
		(1,584)	(1,207)
Non-current liabilities			
Loans and borrowings	8	**(12,373)**	(9,326)
Lease liabilities	9	**(1,994)**	(2,005)
		(14,367)	(11,331)
Total liabilities		**(15,951)**	(12,538)
Net assets		**13,409**	15,885
Issued capital and reserves attributable to owners of the parent			
Share capital	10	**12,191**	12,190
Share premium		**21,144**	21,103
Merger reserve		**(13)**	(13)
Share option reserve		**7**	-
Retained earnings		**(19,920)**	(17,395)
Total equity		**13,409**	15,885

Consolidated statement of cash flows for the year ended 31 December 2022

	Note	31 December 2022 £'000	31 December 2021 £'000
Cash flows from operating activities			
Loss for the year before tax		**(2,599)**	**(3,573)**
Adjustments for:			
Depreciation of property, plant and equipment	5	**601**	**599**
Sale of property, plant and equipment		**(28)**	**-**
Finance expense		**496**	**817**
Fair value movement in biological produce	6	**239**	**704**
Equity share options issued		**7**	**-**
Increase in trade and other receivables		**74**	**(318)**
Increase in inventories		**(2,049)**	**(1,886)**
Increase in trade and other payables		**385**	**349**
Cash outflow from operations		**(2,874)**	**(3,308)**
Investing activities			
Purchases of property, plant and equipment, excluding vineyard establishment	5	**(2,502)**	**(195)**
Sale of property, plant and equipment		**28**	**-**
Net cash from investing activities		**(2,474)**	**(195)**
Financing activities			
Revolving facility repayments		**(4,547)**	**(2,944)**
Revolving facility drawdowns		**7,620**	**5,584**
Repayment of lease liabilities		**(101)**	**(99)**
Interest paid		**(456)**	**(289)**
Loan issue costs		**(66)**	**(20)**
Issue of ordinary shares	10	**46**	**5,715**
Share issue expense		**(7)**	**(359)**
Repayment of deep discount bonds		**-**	**(1,219)**
Net cash from financing activities		**2,489**	**6,369**
Net increase/(decrease) in cash and cash equivalents		**(2,859)**	**2,866**
Cash and cash equivalents at the beginning of the year		**3,128**	**262**
Cash and cash equivalents at the end of the year		**269**	**3,128**

Consolidated statement of changes in equity for the year ended 31 December 2022

	Share capital £'000	Share premium £'000	Merger reserve £'000	Share option reserve £'000	Retained earnings £'000	Total attributable to equity holders of parent £'000
1 January 2021	**12,048**	**10,915**	**(13)**	**-**	**(13,822)**	**9,128**
Comprehensive loss for the year	-	-	-	-	(3,573)	(3,573)
Share issue	142	10,547	-	-	-	10,689
Share issue expenses	-	(359)	-	-	-	(359)
31 December 2021	**12,190**	**21,103**	**(13)**	**-**	**(17,395)**	**15,885**

1 January 2021	**12,190**	**21,103**	**(13)**	**-**	**(17,395)**	**15,885**
Comprehensive loss for the year	-	-	-	-	(2,525)	(2,525)
Share issue	1	48	-	-	-	49
Share issue expenses	-	(7)	-	-	-	(7)
Equity share options issued	-	-	-	7	-	7
31 December 2021	**12,191**	**21,144**	**(13)**	**7**	**(19,920)**	**13,409**

1 Accounting policies

Gusbourne PLC (the "Company") is a company incorporated and domiciled in the United Kingdom and quoted on the London Stock Exchange's AIM market. The consolidated financial statements of the Group for the year ended 31 December 2022 comprise the Company and its subsidiaries (together referred to as the "Group").

Basis of preparation

The financial information does not constitute the Group's financial statements for the years ended 31 December 2021 or 31 December 2022 within the meaning of section 435 of the Companies Act 2006 but is derived from those financial statements. Financial statements for the year ended 31 December 2021 have been delivered to the Registrar of Companies and those for the year ended 31 December 2022 will be delivered following the Company's Annual General Meeting. The auditors' reports on both the 31 December 2021 and 31 December 2022 financial statements were unqualified and did not contain statements under section 498 (2) or (3) of the Companies Act 2006.

The Group's consolidated financial statements and the Company's financial statements have been prepared in accordance with UK adopted international accounting standards.

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Group's financial statements.

The financial statements are presented in pounds sterling. They have been prepared on the historical cost basis except that biological produce is stated at fair value.

Going concern

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

In coming to their conclusion the Directors have considered the Group's profit and cash flow based on the Group's approved 3 year plans for the period of at least 12 months from the date these financial statements were approved.

The Directors have considered a scenario in which the only cash available is from existing resources and committed facilities and planned but not yet committed capital expenditure is deferred. As at 31 December 2022 £16.5m was available to the Group, of which £4.2m was unutilised; represented by cash in hand and at bank of £0.3m and undrawn funds from the Group's asset-based lending facility of £3.9m. Under this scenario the available lending facilities and cash held at bank, cover working capital requirements without the need for an increased lending facility.

In coming to their going concern conclusion, and in the light of the uncertainty due to current economic conditions, the Directors have also run various downside "stress test" scenarios. These scenarios assess the impact of potential worsening economic conditions on the Group over the next 12 months and in particular a reduction of 20% of gross sales from that included within the Group 3-year plan. These stress tests indicate the Group can withstand this ongoing adverse impact on revenues and cashflow for at least the next 12 months. Under this scenario the directors have modelled the impact of certain additional cost mitigation actions, in relation to variable and discretionary costs. The directors believe that sufficient cost savings could be achieved from reducing sales and marketing and administrative costs and reducing capital expenditure to enable the Group to continue as a going concern for the next 12 months without any reduction in the forecasted spend on the winery and vineyard production costs. Under this scenario, the Group could continue to operate within the available lending facilities and cash held at bank without the need for an increased lending facility.

IFRS 16 Leases

The Group has entered into a number of long term leases in respect of land and buildings in West Sussex on which the Group has planted vineyards. The leases have a remaining life of 42 and 47 years.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless this is not readily determinable, in which case The Group's incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

Right-of-use assets are initially measured at the amount of the lease liability.

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the leases. When the Group revises its estimate of the term of any lease (because, for example, it reassesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted at the same discount rate that applied on lease commencement. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term.

Basis of consolidation

The Group's financial statements consolidate the financial statements of the Company and its subsidiary undertakings. Subsidiaries are entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities and the ability to use its power over the investee to affect the amounts of the Group's returns and which generally accompanies interest of more than one half of the voting rights. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. The results of any subsidiaries sold or acquired are included in the Group income statement up to, or from, the date control passes. Intra-Group sales and profits are eliminated fully on consolidation.

On acquisition of a subsidiary, all of the subsidiary's separable, identifiable assets and liabilities existing at the date of acquisition are recorded at their fair values reflecting their condition at that date. On disposal of a subsidiary, the consideration received is compared with the carrying cost at the date of disposal and the gain or loss is recognised in the income statement. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets is recorded as goodwill. Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Subsidiaries' results are amended where necessary to ensure consistency with the policies adopted by the Group.

Revenue

The majority of the group's revenue is derived from selling goods with revenue recognised at a point in time when control of the goods has transferred to the customer. This is generally when the goods are delivered to the customer. However, for export sales, control might also be transferred when the goods are dispatched by the Group or delivered either to the port of departure or port of arrival, depending on specific terms of the contract with a customer. There is limited judgement needed in identifying the point control passes: once physical delivery of the products to the agreed location has occurred, the group no longer has physical possession, usually will have a present right to payment and retains none of the significant risks and rewards of the goods in question.

All of the Group's revenue is derived from fixed price contracts and therefore the amount of revenue to be earned from each contract is determined by reference to those fixed prices.

For all contracts there is a fixed unit price for each product sold. Therefore, there is no judgement involved allocating the contract price to each unit ordered in such contracts (it is the number of units multiplied by the fixed unit price for each product sold). Where a customer orders more than one product line, the Group is able to determine the split of the total contract price between each product line by reference to each product's standalone selling prices (all product lines are capable of being, and are, sold separately).

Revenue from vineyard tours and tastings is recognised on the date on which the tour or tasting takes place.

Net revenue is revenue less excise duties. The Group incurs excise duties in the United Kingdom and is a production tax which becomes payable once the Group's products are removed from bonded premises and are not directly related to the value of revenue. It is not included as a separate item on invoices issued to customers. Where a customer fails to pay for the Group's products the Group cannot reclaim the excise duty. The Group therefore recognises excise duty as a cost of the Group.

Financial assets

Debt instruments at amortised cost

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods to customers (e.g. trade receivables), but also incorporate other types of contractual monetary asset. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment. The financial assets meet the SPPI test and are held in a 'hold to collect' business model and therefore classified at amortised cost.

Impairment provisions for current and non-current trade receivables are recognised based on the simplified approach within IFRS 9 using a provision matrix in the determination of the lifetime expected credit losses. During this process the probability of the non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for trade receivables. The historical loss rates are adjusted for current and forward looking information relevant to the Group's customers.

For trade receivables, which are reported net, such expected credit losses are recognised within administrative expenses in the consolidated statement of comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less.

Financial liabilities

Borrowings

Borrowings are initially recognised at fair value net of any transaction costs directly attributable to the loan. They are subsequently measured at amortised cost with interest charged to the statement of comprehensive income based on the effective interest rate of the borrowings.

Warrants

Warrants issued to shareholders as part of an equity fund raise are accounted for as equity instruments. Details of Warrants are shown in note 10.

Trade and other payables

Comprises trade payables and other short-term monetary liabilities, which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

Share capital

Financial instruments issued by the Group are classified as equity only to the extent that they do not meet the definition of a financial liability. The Group's ordinary shares are classified as equity instruments.

Deferred taxation

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the consolidated statement of financial position differs from its tax base, except for differences arising on:

- the initial recognition of goodwill;
- the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting or taxable profit; and
- investments in subsidiaries and jointly controlled entities where the Group is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised.

The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the deferred tax liabilities/(assets) are settled/ (recovered).

Deferred tax assets and liabilities are offset when the Group has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority on either:

- the same taxable group company; or

- different group entities which intend either to settle current tax assets and liabilities on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

Intangible Assets

Goodwill

Goodwill arises where a business is acquired and a higher amount is paid for that business than the fair value of the assets and liabilities acquired. Transaction costs attributable to acquisitions are expensed to the income statement.

Goodwill is recognised as an asset in the statement of financial position and is not amortised but is subject to an annual impairment review. Impairment occurs when the carrying value of goodwill is greater than the recoverable amount which is the higher of the value in use and fair value less disposal costs. The present value of the estimated future cash flows from the separately identifiable assets, termed a 'cash generating unit' is used to determine the fair value less cost of disposal to calculate the recoverable amount. The Group prepares and approves formal long term business plans for its operations which are used in these calculations.

Brand

Brand names acquired as part of acquisitions of businesses are capitalised separately from goodwill as intangible assets if their value can be measured reliably on initial recognition and it is probable that the expected future economic benefits that are attributable to the asset will flow to the Group.

Brand names have been assessed as having an indefinite life and are not amortised but are subject to an annual impairment review. Impairment occurs when the carrying value of the brand name is greater than the present value of the estimated future cash flows.

Property, plant and equipment

Items of property, plant and equipment are initially recognised at cost. As well as the purchase price, cost includes directly attributable costs.

Freehold land is not depreciated.

Vineyard establishment represents the expenditure incurred to plant and maintain new vineyards until the vines reach productivity. Once the vineyards are productive the accumulated cost is transferred to mature vineyards and depreciated over the expected useful economic life of the vineyard. Vineyard establishment is not depreciated.

Depreciation is provided on all other items of property, plant and equipment so as to write off their carrying value over their expected useful economic lives. It is provided at the following rates:

Freehold buildings	4% per annum straight line
Plant, machinery and motor vehicles	5-25% per annum straight line
Computer equipment	33% per annum straight line
Mature vineyards	4% per annum straight line

The carrying value of property, plant and equipment is reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

Biological assets and produce

Agricultural produce is accounted for under IAS 41 Agriculture. Harvesting of the grape crop is ordinarily carried out in October. The grapes are therefore measured at fair value less costs to sell in accordance with IAS 41 with any fair value gain or loss shown in the consolidated statement of comprehensive income. The fair value of grapes is determined by reference to estimated market prices at the time of harvest. Generally there is no readily obtainable market price for the Group's grapes because they are not sold on the open market, therefore management set the values based on their experience and knowledge of the sector including past purchase transactions. This measurement of fair value less costs to sell is the deemed cost of the grapes that is transferred into inventory upon harvest.

Under IAS 41, the agricultural produce is also valued at the end of each reporting period, with any fair value gain or loss shown in the consolidated statement of comprehensive income. Bearer plants are accounted for under IAS 16 and are held at cost.

Inventories

Inventories are initially recognised at cost, and subsequently at the lower of cost and net realisable value. Cost comprises all costs of purchase, costs of conversion and other costs, including depreciation on right of use assets and interest on lease liabilities, incurred in bringing the inventories to their present location and condition. Grapes grown in the Group's vineyards are included in inventory at fair value less costs to sell at the point of harvest which is the deemed cost for the grapes.

Weighted average cost is used to determine the cost of ordinarily interchangeable items.

Leased assets

All leases are accounted for by recognising a right-of-use asset and a lease liability except for leases of low value assets and leases with an expected full term of 12 months or less.

Lease liabilities are measured at the present value of the unpaid contractual payments over the expected lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the Group's incremental borrowing rate on commencement of the lease is used. On initial recognition, the carrying value of the lease liability also includes amounts expected tobe payable under any residual value guarantee; the exercise price of any purchase option granted in favour of the Group if it is reasonably certain to exercise that option; and any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

Right-of-use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for lease payments made at or before commencement of the lease and initial direct costs incurred.

Subsequent to initial measurement, lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if this is judged to be shorter than the lease term.

When the Group revises its estimate of the term of any lease, it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted at a revised discount rate that is implicit in the lease for the remainder of the lease term. The carrying value of lease liabilities is similarly revised if any variable element of future lease payments dependent on a rate or index is revised. In both cases, an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining lease term.

Right-of-use assets are reviewed regularly to ensure that the useful economic life of the asset is still appropriate based on the usage of the asset. Where the asset has reduced in value the Group considers the situation on an asset-by-asset basis and either treats the reduction as an acceleration of depreciation or as an impairment under IAS 36 'Impairment of Assets'. An acceleration of depreciation occurs in those cases where there is no opportunity or intention to utilise the asset before the end of the lease.

Exceptional items

Exceptional items are those which, by virtue of their nature, size or incidence, either individually or in aggregate, need to be disclosed separately to allow full understanding of the underlying performance of the Group.

Share based payments

The Group has issued share options to certain employees, in return for which the Group receives services from employees. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense, the Group recognise the options at their fair value at the grant date to establish the relevant fair values for PSP & CSOP options.

The total amount to be expensed is determined by reference to the fair value of the options granted including any market performance conditions (for example the Group's share price) but excluding the impact of any service or non-market performance vesting conditions (for example the requirement of the grantee to remain an employee of the Group).

Non-market vesting conditions are included in the assumptions regarding the number of options that are expected to vest. The total expense is recognised over the vesting period. At the end of each period the Group revises its estimates of the number of options expected to vest based on the non-market vesting conditions. It recognises the impact of any revision in the income statement with a corresponding adjustment to equity.

2 Critical accounting policies

Estimates and judgements

The Group makes certain estimates and judgements regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates. The estimates and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year relate are set out below.

There were no areas of judgement in the year. Where estimates and assumptions have been used these are outlined below.

Fair value of biological produce

The Group's biological produce is measured at fair value less costs to sell at the point of harvest. The fair value of grapes is determined by reference to estimated market prices at the time of harvest. Generally there is no readily obtainable market price for the Group's grapes because they are not sold on the open market, therefore management set the values based on their experience and knowledge of the sector including past purchase transactions. Refer to note 6 which provides information on sensitivity analysis around this.

Impairment reviews

The Group is required to test annually whether goodwill and brand names have suffered any impairment. The recoverable amount is determined based on fair value less costs of disposal calculations, which requires the estimation of the value and timing of future cash flows and the determination of a discount rate to calculate the present value of the cash flows. Management does not believe that any reasonably possible change in a key assumption would result in impairment.

Fair value measurement

A number of assets and liabilities included in the Group's financial statements require measurement at, and/or disclosure of, fair value.

The fair value measurement of the Group's financial and non-financial assets and liabilities utilises market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorised into different levels based on how observable the inputs used in the valuation technique utilised are (the 'fair value hierarchy'):

- Level 1: Quoted prices in active markets for identical items (unadjusted)
- Level 2: Observable direct or indirect inputs other than Level 1 inputs
- Level 3: Unobservable inputs (i.e. not derived from market data).

The classification of an item into the above levels is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item. Transfers of items between levels are recognised in the period they occur.

- Biological Produce (Note 6)

For more detailed information in relation to the fair value measurement of the items above, please refer to the applicable notes

3 Financial instruments - risk management

The Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the Group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

Principal financial instruments

The principal financial instruments used by the Group, from which financial instrument risk arises, are as follows:

Bank loans

Trade receivables

Cash and cash equivalents

Finance leases

Trade and other payables

In addition, at the Company level:

Intercompany loans.

The carrying amounts are a reasonable estimate of fair values because of the short maturity of such instruments or their interest bearing nature.

Liquidity risk

Liquidity risk arises from the Group's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due.

The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. The liquidity risk of the Group is managed centrally by the group treasury function. Budgets are set and agreed by the board in advance, enabling the Group's cash requirements to be anticipated.

The following table sets out the contractual maturities (representing undiscounted contractual cash flows) of financial liabilities:

At 31 December 2021	Up to 3 months £'000	Between 3 and 12 months £'000	Between 1 and 2 years £'000	Between 2 and 5 years £'000	Over 5 years £'000	Total £'000
Trade and other payables	788	330	-	-	-	1,118
Loans and borrowings	71	213	284	10,154	-	10,722
Lease liabilities	25	75	99	297	3,987	4,483
Total	**884**	**618**	**383**	**10,451**	**3,987**	**16,323**

At 31 December 2022	**Up to 3 months £'000**	**Between 3 and 12 months £'000**	**Between 1 and 2 years £'000**	**Between 2 and 5 years £'000**	**Over 5 years £'000**	**Total £'000**
Trade and other payables	1,146	354	-	-	-	1,500
Loans and borrowings	201	603	804	14,317	-	15,925
Lease liabilities	25	74	99	298	3,887	4,383
Total	**1,372**	**1,031**	**903**	**14,615**	**3,887**	**22,808**

Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares and increase or decrease debt.

Credit risk

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions and the risk of default by these institutions. The Group reviews the creditworthiness of such financial institutions on a regular basis to satisfy itself that such risks are mitigated. The Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of the cash and cash equivalents as shown in the consolidated statement of financial position.

Credit risk also arises from credit exposure to trade customers included in trade and other receivables.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for trade receivables. The expected loss rates are based on the Group's historical credit losses experienced over the three-year period to the period end. Trade receivable balances are monitored on an ongoing basis to ensure that the Group's bad debts are kept to a minimum. The maximum trade credit risk exposure at 31 December 2022 in respect of trade receivables is £957,000 (2021: £563,000) and due to the prompt payment cycle of these trade receivables, the expected credit loss is negligible at £8,000 (2021: £31,000).

Interest rate risk

The Group's main debt is exposed to interest rate fluctuations. The Group considers that the risk is not significant in the context of its business plans. Should there be a 0.5% increase in the bank's lending rate, the finance charge in the statement of comprehensive income would increase by £61,000 (2021: £47,000).

4 Loss per share

Basic earnings per ordinary share are based on a loss of £2,525,000 (December 2021: £3,573,000) and ordinary shares 60,595,919 (December 2021: 48,989,920) of 1 pence each, being the weighted average number of shares in issue during the year.

	Loss £'000	Weighted average number of shares	Loss per Ordinary share pence
Year ended 31 December 2022	**(2,525)**	**60,595,919**	**(4.17)**
Year ended 31 December 2021	(3,573)	48,989,920	(7.29)

Diluted earnings per share are based on a loss of £3,573,000 and ordinary shares of 48,989,920 and no dilutive warrant options.

	Loss £'000	**Diluted number of shares**	**Loss per Ordinary share pence**
Year ended 31 December 2022	**(2,525)**	**60,595,919**	**(4.17)**
Year ended 31 December 2021	(3,573)	48,989,920	(7.29)

5 Property, plant and equipment

	Freehold Land and Buildings £'000	**Plant, machinery and motor vehicles £'000**	**Right of use asset £'000**	**Mature Vineyards £'000**	**Computer equipment £'000**	**Total £'000**
Cost						
At 1 January 2021	6,896	3,432	2,114	3,637	102	16,181
Additions	-	179	-	-	16	195
Disposals	-	-	-	-	-	-
At 31 December 2021	**6,896**	**3,611**	**2,114**	**3,637**	**118**	**16,376**

At 1 January 2022	6,896	3,611	2,114	3,637	118	16,376
Additions	1,824	645	-	-	33	2,502
Disposals	-	(65)	-	-	-	(65)#
At 31 December 2022	**8,720**	**4,191**	**2,114**	**3,637**	**151**	**18,813**

	Freehold land and buildings £'000	Plant, Machinery and motor Vehicles £'000	Right of use asset £'000	Mature vineyards £'000	Computer equipment £'000	Total £'000
Accumulated depreciation						
At 1 January 2021	633	1,956	92	633	74	3,388
Depreciation charge for the year	129	313	46	146	11	645
Depreciation on disposals	-	-	-	-	-	-
At 31 December 2021	**762**	**2,269**	**138**	**779**	**85**	**4,033**
At 1 January 2022	762	2,269	138	779	85	4,033
Depreciation charge for the year	128	311	46	146	16	647
Depreciation on disposals	-	(65)	-	-	-	(65)
At 31 December 202	**890**	**2,515**	**184**	**925**	**101**	**4,615**
Net book value						
At 31 December 2021	6,134	1,342	1,976	2,858	33	12,343
At 31 December 2022	**7,830**	**1,676**	**1,930**	**2,712**	**50**	**14,198**

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.

Depreciation on right of use assets is included in the cost of inventory, therefore £46,000 (2021: £46,000) transferred into stock in the year.

6 Biological produce

The fair value of biological produce was:

	December 2022 £'000	December 2021 £'000
At 1 January	-	-
Crop growing costs	1,830	1,609
Fair value of grapes harvested and transferred to inventory	(1,591)	(905)
Fair value movement in biological produce	(239)	(704)
At 31 December	-	-

The fair value of grapes harvested is determined by reference to estimated market prices less cost to sell at the time of harvest. The estimated market price for grapes used in respect of the 2022 harvest is £3,000 per tonne (2021: £2,500 per tonne).

A 10% increase in the estimated market price of grapes to £3,300 per tonne would result in an increase of £159,000 (2021: £90,000) in the fair value of the grapes harvested in the year. A 10% decrease in the estimated market price of grapes to £2,700 per tonne would result in a decrease of £159,000 (2021: £90,000) in the fair value of the grapes harvested in the year.

A fair value loss of £239,000 (2021: £704,000 loss) was recorded during the year and included within the consolidated statement of comprehensive income. This measurement of fair value less costs to sell is the deemed cost of the grapes that is transferred into inventory upon harvest.

7 Inventories

	December 2022 £'000	December 2021 £'000
Finished goods	1,249	985
Work in progress	11,330	9,653
Total inventories	**12,579**	**10,638**

During the year £1,858,000 (December 2021: £1,261,000) was transferred to cost of sales.

8 Loans and borrowings

	December 2022	December 2021

	£'000	£'000
Non-current liabilities		
Bank loans	**12,541**	9,468
Unamortised bank transaction costs	**(168)**	(142)
Total non current loans and borrowings	**12,373**	9,326

The bank loan of £12,373,000 with PNC Business Credit shown above is net of transaction costs of £168,000 which are being amortised over the life of the loan.

In August 2022 the Group entered into an amended and restated agreement with PNC Financial Services UK Limited to increase its existing £10.5 million 5-year asset-based lending facilities by an additional £6.0 million to provide the Group with a total £16.5 million asset-based lending facilities. The New PNC facilities have been made available to the Group for a minimum period of 5 years to 12 August 2027. The interest rate is at the annual rate of 2.50% (2021: 2.75%) over Sterling Overnight Index Average ("SONIA"), (2021: Bank of England Base Rate).

The facilities are secured by way of first priority charges over the Group's inventory, receivables and freehold property as well as an all assets debenture.

An analysis of the maturity of loans and borrowings is given below:

	December 2022 £'000	December 2021 £'000
Bank and other loans:		
Within 1 year	**-**	-
1-2 years	**-**	**-**
2-5 years	**12,373**	**9,326**

9 Lease liability

During the period the Group accounted for six leases under IFRS 16. The lease contracts provide for payments to increase each year by inflation or at a fixed rate and on others to be reset periodically to market rental rates. The leases also have provisions for early termination. The weighted average Incremental Borrowing Rate used to calculate the lease liability was 4.25%.

	Land £'000
Net carrying value - 1 January 2022	2,094
Interest	85
Payments	(101)
Net carrying value - 31 December 2022	**2,078**

	December 2022 £'000	December 2021 £'000
The lease payments under long term leases liabilities fall due as follows:		
Current lease liabilities	84	89
Non current lease liabilities	1,994	2,005

Total liabilities	**2,078**	**2,094**

During the period an interest charge of £85,000 (2021: £86,000) arose on the lease liability in respect of land leases. This interest cost has been added to growing crop costs on the basis that the lease liability solely relates to the production of grapes.

The Groups leases include break clauses. On a case-by-case basis, the Group will consider whether the absence of a break clause exposes the Group to excessive risk. Typically factors considered in deciding to negotiate a break clause include:

- The length of the lease term;
- The economic stability of the environment in which the property is located; and
- Whether the location represents a new area of operations for the Group.

At both 31 December 2022 and 2021 the carrying amounts of lease liabilities are not reduced by the amount of payments that would be avoided from exercising break clauses because on both dates it was considered reasonably certain that the Group would not exercise its right to exercise any right to break the lease.

10 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 year	-	**42,282**	1
At 31 December 2022	**23,639,762**	**60,773,987**	**12,191**

The Deferred shares of 49 pence each have no rights attached to them.

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.

On 4 October 2022 the Company issued 4,580 new ordinary shares of 1p each pursuant to an exercise of Warrants. All Warrants were exercised at 75p per share.

On 16 December 2022 the Company issued 13,087 new ordinary shares of 1p each pursuant to an exercise of Warrants. All Warrants were exercised at 75p per share.

Unexercised Warrants at 31 December 2022 amounted to 3,959,977 (2021: 4,002,259) Ordinary Shares of 1 pence each. The warrants have a final exercise date of 16 December 2023 at 75p per Ordinary Share.The warrants are accounted for as a derivative financial liability measured on inception at fair value through the profit or loss. On inception, the fair value of the warrants was deemed to be £nil and thus no fair value was recognised.

11 Related party transactions

Deacon Street Partners Limited is considered a related party by virtue of the fact that Lord Ashcroft KCMG PC, the Company's ultimate controlling party, is also the ultimate controlling party of Deacon Street Partners Limited. During the year Deacon Street Partners Limited charged the Company £70,000 (December 2021: £70,000) in relation to management services. There was £44,000 due to Deacon Street Partners Limited as at 31 December 2022 (December 2021: £22,000).

Jaywing PLC is considered a related party by virtue of the fact that Ian Robinson, a director of Gusbourne PLC is also Non-Executive Chairman of Jaywing PLC. During the year Jaywing PLC charged the Company £108,000 (December 2021: £102,000) in relation to marketing services and £352,000 in relation to third party digital advertising. There was £36,000 due to Jaywing PLC as at 31 December 2022 (December 2021: £8,400).

On 18 June 2018, the company lent £50,000 to a director as an interest free loan, repayable by instalments from July 2019. The loan will be repaid in full by May 2024. The balance due from the director as at 31 December 2022 was 22,000 (December 2021: £38,000).

On the 24 August 2022 the Group purchased 55 hectares of freehold agricultural land located in Appledore, Ashford in Kent (the "Land Purchase") from Andrew Weeber, Non-Executive Director and a shareholder of the Company, and his spouse. 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. The purchase price for the Land Purchase was £1.6 million plus related acquisition costs.

Details of related parties who subscribed for the warrants are shown in the table below:

Warrants exercisable at 75 pence each

Name	Held as at 31 December 2021 Number	Held as at 31 December 2022 Number
Lord Ashcroft KCMG PC*	2,660,158	2,660,158
Andrew Weeber	179,566	179,566
Paul Bentham**	121,083	121,083
Ian Robinson	35,801	35,801
Jim Ormonde	19,788	19,788
Mike Paul	10,607	10,607
Lord Arbuthnot PC	7,345	7,345
Matthew Clapp	4,816	4,816
Jon Pollard	3,171	3,171
Charlie Holland	2,770	2,770
	3,045,105	3,045,105

* via Belize Finance Limited, a related party of Lord Ashcroft KCMG PC
**via Franove Holdings Limited, a related party of Paul Bentham

12 Post balance sheet events

On 16 January 2023, the Group issued 2,174 new ordinary shares of 1 pence each in the capital of the Company ("Ordinary Shares") pursuant to an exercise of warrants by certain investors in the Company.