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Gaucho Group Holdings, Inc. Announces 2021 Fiscal Year Financial Results

Algodon Wine Estates Lot Sales Drive Revenues to \$4.9 Million from \$636,000 in Prior Year

MIAMI, FL / ACCESSWIRE / April 14, 2022 /Gaucho Group Holdings, Inc.

[\(\[NASDAQ:VINO\]\(https://www.nasdaq.com/symbol/vino\)\)](https://www.nasdaq.com/symbol/vino), a company that includes a growing collection of e-commerce platforms with a concentration on fine wines, luxury real estate, and leather goods and accessories (the "Company" or "Gaucho Holdings"), today announced financial results for the fourth quarter and audited fiscal year periods ending December 31, 2021. Investors are encouraged to read the Company's annual report Form 10-K as filed with the Securities and Exchange Commission ("SEC"), which contains additional information and will be posted at <https://ir.gauchoholdings.com/sec-filings/all-sec-filings>

Financial Highlights

- Revenues for the fourth quarter were \$1.7 million compared to \$162,000 in the prior year's period. Full year revenues were \$4.9 million compared to \$636,000 in the prior year. The increase in revenue in both periods were driven primarily by an increase in the sales of real estate lots.
- Gross profit for the fourth quarter was \$1.1 million compared to \$6,000 in the prior year's period. Full year profit was \$3.7 million, compared to a gross loss of \$91,000 in the prior year
- Net loss narrowed to \$2.3 million from a loss of \$5.7 million in 2021.
- As of December 31, 2021, the Company had \$3.6 million of cash and cash equivalents.

Commenting on the results, Scott Mathis, Chief Executive Officer of Gaucho Holdings, stated, "We are delighted to end 2021 on a strong a note, particularly with respect to growing investor interest in our luxury Algodon Wine Estates in Mendoza, Argentina. Like so many other companies across the globe, the COVID-19 pandemic had a profound impact on our operations, including our Argentina operations, which were especially impacted due to international travel restrictions that lasted until November. Despite this, we still generated more than \$4.1 million in revenue from the sale of lots at Algodon Wine Estates in Mendoza, Argentina. We are anticipating being able to recognize revenue for additional lot sales in 2022, and as the world continues to rebound from the pandemic, we are optimistic that we may continue to see meaningful growth there.

"We continue to build on many of the foundational elements we announced throughout 2021. In December, we unveiled the newly revised master plan for Algodon Wine Estates. This new plan includes the development of an additional 200 lots (in addition to the estate's

exiting 350 lots), which could ultimately contribute to upwards of \$100 million in revenue. As we've previously noted, the centerpiece of the new master plan is expected to be an ultra-luxury 80-room hotel, that will also include 40-60 residences, for which Algodon Wine Estates seeks to co-develop with a world class luxury hospitality brand. Additionally, we made significant investments in our Las Vegas project to further expand opportunities in lodging, hospitality, retail and gaming, and we look forward to further announcements on this project as the year progresses. We also continue to make progress towards the opening of our fashion and leather accessories brand's U.S. flagship retail location in Miami's Design District.

"Since the start of the new year, Gaucho - Buenos Aires™ has launched new statement pieces and leather accessories, launched our home and living collection, Gaucho Casa, welcomed a new Director of Design, Lautaro Garcia de la Peña, and debuted its Fall 2022 collection during New York Fashion Week. We continue to move forward on each of these fronts, and more, and we look forward to an exciting 2022 and beyond."

About Gaucho Group Holdings, Inc.

For more than ten years, Gaucho Group Holdings, Inc.'s (gauchoholdings.com) mission has been to source and develop opportunities in Argentina's undervalued luxury real estate and consumer marketplace. Our company has positioned itself to take advantage of the continued and fast growth of global e-commerce across multiple market sectors, with the goal of becoming a leader in diversified luxury goods and experiences in sought after lifestyle industries and retail landscapes. With a concentration on fine wines (algodonfinewines.com & algodonwines.com.ar), hospitality (algodonhotels.com), and luxury real estate (algodonwineestates.com) associated with our proprietary Algodon brand, as well as the leather goods, ready-to-wear and accessories of the fashion brand Gaucho - Buenos Aires™ (gaucho.com), these are the luxury brands in which Argentina finds its contemporary expression.

Cautionary Note Regarding Forward-Looking Statements

The information discussed in this press release includes "forward looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. All statements, other than statements of historical facts, included herein concerning, among other things, planned capital expenditures, future cash flows and borrowings, pursuit of potential acquisition opportunities, our financial position, business strategy and other plans and objectives for future operations, are forward looking statements. Although we believe that the expectations reflected in these forward-looking statements are reasonable, they do involve certain assumptions, risks and uncertainties and are not (and should not be considered to be) guarantees of future performance. Refer to our risk factors set forth in our reports filed on Edgar. The Company disclaims any obligation to update any forward-looking statement made here.

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**GAUCHO GROUP HOLDINGS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS**

| | <u>December 31,</u> | |
|--|-----------------------------|----------------------------|
| | <u>2021</u> | <u>2020</u> |
| Assets | | |
| Current Assets | | |
| Cash | \$ 3,649,407 | \$ 134,536 |
| Accounts receivable, net of allowance of \$229,768 and \$180,941 at December 31, 2021 and 2020, respectively | 658,091 | 255,720 |
| Accounts receivable - related parties, net of allowance of \$339,503 and \$332,130 at December 31, 2021 and 2020, respectively | 927,874 | 252,852 |
| Advances to employees | 290,915 | 282,508 |
| Inventory | 1,490,639 | 1,172,775 |
| Real estate lots held for sale | 542,885 | 139,492 |
| Investment | - | 53,066 |
| Deposits, current | - | 35,854 |
| Prepaid expenses and other current assets | 422,129 | 196,539 |
| Total Current Assets | <u>7,981,940</u> | <u>2,523,342</u> |
| Long Term Assets | | |
| Accounts receivable, non-current portion, net | 3,027,247 | - |
| Property and equipment, net | 3,776,941 | 2,860,222 |
| Operating lease right-of-use asset | 1,667,209 | - |
| Prepaid foreign taxes, net | 804,265 | 519,499 |
| Investment - related parties | 7,000,000 | 457 |
| Deferred offering costs | - | 67,016 |
| Deposits, non-current | 56,130 | - |
| Total Assets | <u><u>\$ 24,313,732</u></u> | <u><u>\$ 5,970,536</u></u> |

**GAUCHO GROUP HOLDINGS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS (CONTINUED)**

| | <u>December 31,</u> | |
|--|---------------------|-------------|
| | <u>2021</u> | <u>2020</u> |

Liabilities, Temporary Equity and Stockholders' Equity (Deficiency)

Current Liabilities

| | | |
|--|------------|------------|
| Accounts payable | \$ 507,734 | \$ 891,168 |
| Accrued expenses, current portion | 965,411 | 1,401,402 |
| Deferred revenue | 713,616 | 933,941 |
| Operating lease liabilities, current portion | 175,316 | - |
| Loans payable, current portion | 223,356 | 437,731 |
| Debt obligations | 7,000 | 1,270,354 |
| Convertible debt obligations, net | 5,728,348 | - |
| Investor deposits | - | 29,950 |
| Other current liabilities | 160,578 | 131,895 |

Total Current Liabilities

8,481,359 5,096,441

Long Term Liabilities

| | | |
|--|-----------|---------|
| Accrued expenses, non-current portion | 115,346 | 169,678 |
| Operating lease liabilities, non-current portion | 1,531,183 | - |
| Loans payable, non-current portion | 94,000 | 310,591 |

Total Liabilities

10,221,888 5,576,710

Commitments and Contingencies (Note 17)

| | | |
|--|---|-----------|
| Series B convertible redeemable preferred stock, par value \$0.01 per share; 902,670 shares authorized; 0 and 901,070 issued and outstanding at December 31, 2021 and 2020, respectively | - | 9,010,824 |
|--|---|-----------|

Stockholders' Equity (Deficiency)

| | | |
|--|--------------|--------------|
| Preferred stock, 11,000,000 shares authorized: | | |
| Series A convertible preferred stock, par value \$0.01 per share; 10,097,330 shares authorized; no shares are available for issuance | - | - |
| Preferred Stock Value | | |
| Common stock, par value \$0.01 per share; 150,000,000 shares authorized; 9,881,955 and 5,234,406 shares issued and 9,878,586 and 5,231,037 shares outstanding as of December 31, 2021 and 2020, respectively | 98,820 | 52,344 |
| Additional paid-in capital | 121,543,241 | 96,951,440 |
| Accumulated other comprehensive loss | (11,607,446) | (11,932,801) |
| Accumulated deficit | (95,726,534) | (93,534,828) |
| Treasury stock, at cost, 3,369 shares at December 31, 2021 and 2020 | (46,355) | (46,355) |

Total Gaucho Group Holdings, Inc. Stockholders' Equity (Deficiency)

14,261,726 (8,510,200)

Non-controlling interest (169,882) (106,798)

Total Stockholders' Equity (Deficiency)

14,091,844 (8,616,998)

**Total Liabilities, Temporary Equity and
Stockholders' Equity (Deficiency)**

\$ 24,313,732 \$ 5,970,536

**GAUCHO GROUP HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS**

| | For the Years Ended December 31, | |
|---|---|-----------------------|
| | <u>2021</u> | <u>2020</u> |
| Sales | \$ 4,915,240 | \$ 635,789 |
| Cost of sales | <u>(1,211,799)</u> | <u>(726,686)</u> |
| Gross profit (loss) | 3,703,441 | (90,897) |
| Operating Expenses | | |
| Selling and marketing | 580,850 | 320,768 |
| General and administrative | 5,389,716 | 4,814,312 |
| Depreciation and amortization | 145,653 | 170,189 |
| Gain from insurance settlement | - | <u>(30,240)</u> |
| Total operating expenses | <u>6,116,219</u> | <u>5,275,029</u> |
| Loss From Operations | <u>(2,412,778)</u> | <u>(5,365,926)</u> |
| Other Expense (Income) | | |
| Interest expense, net | 348,098 | 245,174 |
| Forgiveness of PPP loan | (242,486) | - |
| Loss on extinguishment of debt | - | 355,602 |
| Gain on debt restructuring | - | (130,421) |
| Other income | (162,500) | (2,100) |
| Losses (Gains) from foreign currency translation | 33,128 | (52,498) |
| Total other (income) expense | <u>(23,760)</u> | <u>415,757</u> |
| Net Loss | <u>(2,389,018)</u> | <u>(5,781,683)</u> |
| Net loss attributable to non-controlling interest | 197,312 | 133,162 |
| Series B preferred stock dividends | - | <u>(721,752)</u> |
| Net Loss Attributable to Common Stockholders | <u>\$ (2,191,706)</u> | <u>\$ (6,370,273)</u> |
| Net Loss Per Common Share | | |
| Basic and Diluted | <u>\$ (0.27)</u> | <u>\$ (1.48)</u> |
| Weighted Average Number of Common Shares Outstanding | | |
| Basic and Diluted | <u>8,019,206</u> | <u>4,310,440</u> |

SOURCE: Gaucho Group Holdings, Inc.

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<https://www.accesswire.com/697556/Gaucho-Group-Holdings-Inc-Announces-2021-Fiscal-Year-Financial-Results>