UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549

FORM 10-Q

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

For the quarterly period ended March 31, 2023

OR

☐ **TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____________ to ___________________.

Commission file number: 001-40075

Gaucho Group Holdings, Inc.
(Exact name of registrant as specified in its charter)

Delaware	52-2158952
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

112 NE 41st Street, Suite 106
Miami, FL 33137
(Address of principal executive offices)
212-739-7700

(Registrant's telephone number, including area code)
Securities registered pursuant to Section 12(b) of the Act:

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

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

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this Chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

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

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☒	Smaller reporting company	☒
		Emerging growth company	☒

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

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

As of May 18, 2023, there were 6,592,924 shares of common stock outstanding.

GAUCHO GROUP HOLDINGS, INC. AND SUBSIDIARIES
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PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

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

	March 31, 2023 (unaudited)	December 31, 2022
Assets		
Current Assets		
Cash	$ 2,389,882	$ 300,185
Accounts receivable, net of allowance of $17,968 and $21,229 at March 31, 2023 and December 31, 2022, respectively	56,336	106,156
Accounts receivable - related parties, net of allowance of $470,516 and $339,503 at March 31, 2023 and December 31, 2022, respectively	1,179,121	1,115,816
Mortgages receivable, net of allowance $42,769 and $46,424 at March 31, 2023 and December 31, 2022, respectively	710,313	586,631
Inventory	1,998,994	1,888,962
Real estate lots held for sale	559,487	559,487
Prepaid expenses and other current assets	651,623	461,637
Total Current Assets	7,545,756	5,018,874
Long Term Assets		
Mortgages receivable, non-current portion, net of allowance of $147,403 and $150,126 at March 31, 2023 and December 31, 2022, respectively	3,185,791	3,278,617
Advances to employees	288,796	282,055
Property and equipment, net	7,563,369	7,621,257
Operating lease right-of-use asset	1,392,993	1,449,442
Prepaid foreign taxes, net	907,962	916,823
Intangible assets, net	68,544	69,787
Deposits, non-current	56,130	56,130
Total Assets	$ 21,009,341	$ 18,692,985

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

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

	March 31, 2023 (unaudited)	December 31, 2022
Liabilities, Temporary Equity and Stockholders' Equity		
Current Liabilities		
Accounts payable	$ 551,597	$ 917,270
Accrued expenses, current portion	1,214,916	1,664,816
Deferred revenue	1,466,652	1,373,906
Operating lease liabilities, current portion	208,590	202,775
Loans payable, current portion	293,110	164,656
Convertible debt obligations, net, current portion	3,382,509	-
Other current liabilities	67,190	100,331
Total Current Liabilities	7,184,564	4,423,754
Long Term Liabilities		
Accrued expenses, non-current portion	51,951	66,018
Operating lease liabilities, non-current portion	1,274,698	1,328,408
Loans payable, non-current portion	93,541	91,665
Convertible debt obligations, net, non-current portion	-	1,991,459
Total Liabilities	8,604,754	7,901,304
Commitments and Contingencies (Note 14)		
Series B convertible redeemable preferred stock, par value $0.01 per share; 902,670 shares designated; none issued and outstanding at March 31, 2023 and December 31, 2022; no shares are available for issuance	-	-
Stockholders' Equity		
Preferred stock, 902,670 shares authorized	-	-
Common stock, par value $0.01 per share; 150,000,000 shares authorized; 5,521,800 and 3,653,401 shares issued and 5,521,519 and 3,653,120 shares outstanding as of March 31, 2023 and December 31, 2022, respectively	55,215	36,534
Additional paid-in capital	143,564,396	139,123,642
Accumulated other comprehensive loss	(10,882,368)	(10,842,569)
Accumulated deficit	(120,286,301)	(117,479,571)
Treasury stock, at cost, 281 shares at March 31, 2023 and December 31, 2022	(46,355)	(46,355)
Total Stockholders' Equity	12,404,587	10,791,681
Total Liabilities, Temporary Equity and Stockholders' Equity	$ 21,009,341	$ 18,692,985

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

GAUCHO GROUP HOLDINGS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(unaudited)

	For the Three Months Ended March 31, 2023	For the Three Months Ended March 31, 2022
Sales	$ 447,767	$ 425,597
Cost of sales	(293,299)	(238,127)
Gross profit	154,468	187,470
Operating Expenses		
Selling and marketing	234,579	171,820
General and administrative	1,756,688	1,745,234
Depreciation and amortization	109,206	46,219
Total operating expenses	2,100,473	1,963,273
Loss From Operations	(1,946,005)	(1,775,803)
Other Expense (Income)		
Interest income	(50,344)	(3,852)
Interest expense	602,292	758,072
Other income, related party	(75,000)	(75,000)
Loss on extinguishment of debt	383,987	-
Gains from foreign currency translation	(111,792)	(182,922)
Total other (income) expense	749,143	496,298
Net Loss	(2,695,148)	(2,272,101)
Net loss attributable to non-controlling interest	-	72,261
Net Loss Attributable to Common Stockholders	$ (2,695,148)	$ (2,199,840)
Net Loss Per Common Share		
Basic and Diluted	$ (0.58)	$ (2.53)
Weighted Average Number of Common Shares Oustanding		
Basic and Diluted	4,661,643	869,799

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

GAUCHO GROUP HOLDINGS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(unaudited)

	For the Three Months Ended March 31,	
	2023	2022
Net loss	$ (2,695,148)	$ (2,272,101)
Other comprehensive (loss) income:		
Foreign currency translation adjustments	(39,799)	263,406
Comprehensive loss	(2,734,947)	(2,008,695)
Comprehensive loss attributable to non-controlling interests	-	72,261
Comprehensive loss attributable to controlling interests	$ (2,734,947)	$ (1,936,434)

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

GAUCHO GROUP HOLDINGS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
FOR THE THREE MONTHS ENDED MARCH 31, 2023
(unaudited)

	Common Stock		Treasury Stock		Additional Paid-In	Accumulated Other Comprehensive	Accumulated	Total Stockholders'
	Shares	Amount	Shares	Amount	Capital	Loss	Deficit	Equity
Balance - January 1, 2023	3,653,401	$ 36,534	281	$ (46,355)	$ 139,123,642	$ (10,842,569)	$ (117,479,571)	$ 10,791,681
Cumulative effect of change upon adoption of ASU 2016-13	-	-	-	-	-	-	(111,582)	(111,582)
Stock-based compensation:								-
Options	-	-	-	-	38,834	-	-	38,834
Restricted stock units	3,890	39	-	-	79,383	-	-	79,422
Common stock issued for 401(k) employer matching	24,160	242	-	-	32,375	-	-	32,617
Shares issued under the New ELOC, net of offering costs [1]	364,430	3,644	-	-	437,765	-	-	441,409
Relative fair value of warrants issued with 2023 Notes, net of issuance costs [2]	-	-	-	-	1,506,319	-	-	1,506,319
Warrants issued for modification of GGH Notes	-	-	-	-	134,779	-	-	134,779
Reduction of warrant exercise price on new debt issuance	-	-	-	-	63,502	-	-	63,502
Shares issued upon conversion of debt and interest	833,333	8,333	-	-	1,563,220	-	-	1,571,553
Common stock issued for cash in private placement	591,000	5,910	-	-	585,090	-	-	591,000
Cashless warrant exercise	51,305	513	-	-	(513)	-	-	-
True-up adjustment	281	-	-	-	-	-	-	-
Net loss	-	-	-	-	-	-	(2,695,148)	(2,695,148)
Other comprehensive income	-	-	-	-	-	(39,799)	-	(39,799)
Balance, March 31, 2023	5,521,800	$ 55,215	281	$ (46,355)	$ 143,564,396	$ (10,882,368)	$ (120,286,301)	$ 12,404,587

[1] Includes gross proceeds of $480,670, less $39,261 offering costs
[2] Represents $1,609,935 relative fair value of warrants, less $103,616 of allocable issuance costs

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

GAUCHO GROUP HOLDINGS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
FOR THE THREE MONTHS ENDED MARCH 31, 2022
(unaudited)

	Common Stock		Treasury Stock		Additional Paid-In	Accumulated Other Comprehensive	Accumulated	Gaucho Group Holdings Stockholders'	Non-Controlling	Total Stockholders'
	Shares	Amount	Shares	Amount	Capital	Loss	Deficit	Equity	Interest	Equity
Balance - January 1, 2022	823,496	$ 8,235	281	$ (46,355)	$ 121,633,826	$ (11,607,446)	$ (95,726,534)	$ 14,261,726	$ (169,882)	$ 14,091,844
Stock-based compensation:										
Options	-	-	-	-	72,700	-	-	72,700	10,354	83,054
Common stock issued for 401(k) employer matching	1,040	10	-	-	27,811	-	-	27,821	-	27,821
Common stock issued for purchase of minority interest	86,899	869	-	-	(232,658)	-	-	(231,789)	231,789	-
Common stock issued for acquisition of GDS	106,952	1,070	-	-	2,193,583	-	-	2,194,653	-	2,194,653
Common stock issued for purchase of domain name	1,250	13	-	-	39,587	-	-	39,600	-	39,600
Warrants issued for modification of convertible debt principal	-	-	-	-	731,856	-	-	731,856	-	731,856
Net loss	-	-	-	-	-	-	(2,199,840)	(2,199,840)	(72,261)	(2,272,101)
Other comprehensive income	-	-	-	-	-	263,406	-	263,406	-	263,406
Balance, March 31, 2022	1,019,637	$ 10,197	281	$ (46,355)	$ 124,466,705	$ (11,344,040)	$ (97,926,374)	$ 15,160,133	$ -	$ 15,160,133

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

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

	For the Three Months Ended March 31, 2023	2022
Cash Flows from Operating Activities		
Net loss	$ (2,695,148)	$ (2,272,101)
Adjustments to reconcile net loss to net cash used in operating activities:		
Stock-based compensation:		
401(k) stock	5,908	18,976
Stock options	38,834	83,054
Restricted stock units	79,422	-
Noncash lease expense	56,449	53,325
Gain on foreign currency translation	(111,792)	(182,922)
Depreciation and amortization	109,206	46,219
Amortization of debt discount	362,166	551,441
Provision for credit losses	45,272	94
Loss on extinguishment of debt	383,987	-
Decrease (increase) in assets:		
Accounts receivable and mortgages receivable	(236,674)	(272,116)
Employee advances	(7,141)	2,080
Inventory	(110,032)	(92,564)
Deposits	-	-
Prepaid expenses and other current assets	(181,125)	(207,513)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	(690,419)	186,280
Operating lease liabilities	(47,895)	(38,892)
Deferred revenue	92,746	40,259
Other liabilities	(33,141)	(14,866)
Total Adjustments	(244,229)	172,855
Net Cash Used in Operating Activities	(2,939,377)	(2,099,246)
Cash Used in Investing Activities		
Cash paid to acquire GDS, net of cash acquired	-	(7,560)
Purchase of property and equipment	(50,074)	(767,068)
Purchase of intangible asset	-	(34,999)
Net Cash Used in Investing Activities	(50,074)	(809,627)

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

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

	For the Three Months Ended March 31,	
	2023	2022
Cash Provided by Financing Activities		
Proceeds from loans payable	185,000	-
Repayments of loans payable	(32,605)	(26,329)
Proceeds from common stock issued for cash	591,000	-
Proceeds from the issuance of convertible debt	5,000,000	-
Financing costs in connection with the issuance of convertible debt	(321,803)	
Repayments of convertible debt obligations	(744,054)	-
Proceeds from issuance of shares under the New ELOC, net of offering costs [1]	441,409	-
Net Cash Provided by Financing Activities	5,118,947	(26,329)
Effect of Exchange Rate Changes on Cash	(39,799)	263,406
Net (Decrease) Increase in Cash	2,089,697	(2,671,796)
Cash - Beginning of Period	300,185	3,649,407
Cash - End of Period	$ 2,389,882	$ 977,611
Supplemental Disclosures of Cash Flow Information:		
Interest paid	$ 307,635	$ 108,691
Non-Cash Investing and Financing Activity		
Equity issued to satisfy accrued stock based compensation obligation	$ 32,617	$ 27,821
Equity issued as consideration for intangible assets	$ -	$ 39,600
Equity issued for purchase of non controlling interest	$ -	$ 231,789
Equity issued for acquisition of GDS	$ -	$ 2,194,653
Warrants issued and debt principal exchanged upon modification of convertible debt	$ -	$ 731,856
Shares issued upon conversion of debt and interest	$ 1,571,553	$ -
Cashless warrant exercise	$ 513	$ -
Relative fair value of warrants issued with 2023 Notes, net of allocable issuance costs [2]	$ 1,506,319	$ -
Change in value of modified warrants	$ 63,502	$ -

[1] Gross proceeds of $480,671, less offering costs of $39,261
[2] Represents $1,609,935 relative fair value of warrants, less $103,616 in allocable issuance costs

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

1. BUSINESS ORGANIZATION AND NATURE OF OPERATIONS

Organization and Operations

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

As wholly owned subsidiaries of GGH, InvestProperty Group, LLC ("IPG"), Algodon Global Properties, LLC ("AGP") and Gaucho Ventures I – Las Vegas, LLC ("GVI") operate as holding companies that invest in, develop and operate global real estate and other lifestyle businesses such as wine production and distribution, golf, tennis, and restaurants. GGH operates its properties through its ALGODON® brand. IPG and AGP have invested in two ALGODON® brand projects located in Argentina. The first project is Algodon Mansion, a Buenos Aires-based luxury boutique hotel property that opened in 2010 and is owned by the Company's subsidiary, The Algodon – Recoleta, SRL ("TAR"). The second project is the redevelopment, expansion and repositioning of a Mendoza-based winery and golf resort property now called Algodon Wine Estates ("AWE"), the integration of adjoining wine producing properties, and the subdivision of a portion of this property for residential development. ("GDS"). GVI is a party to an agreement with LVH Holdings ("LVH") to develop a project in Las Vegas, Nevada.

On February 3, 2022, the Company acquired additional real estate through the acquisition of 100% ownership in Hollywood Burger Argentina S.R.L., now Gaucho Development S.R.L.

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

Non-Controlling interest

As a result of a 2019 conversion of certain convertible debt into shares of Gaucho Group, Inc. ("GGI") common stock, GGI investors obtained a 21% ownership interest in GGI, which was recorded as a non-controlling interest. The profits and losses of GGI for the period from January 1, 2022 through March 28, 2022 are allocated between the controlling interest and the non-controlling interest in the same proportions as their membership interest. On March 28, 2022, the Company issued 86,899 shares of its common stock to the minority holders of GGI, in exchange for the remaining 21% ownership of GGI. Consequently, the Company owns 100% of the outstanding common stock of GGI.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

There have been no material changes to the Company's significant accounting policies as set forth in the Company's audited consolidated financial statements included in the annual report on Form 10-K for the year ended December 31, 2022, except as disclosed below.

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") for interim financial information. Accordingly, they do not include all of the information and disclosures required by accounting principles generally accepted in the United States of America for annual financial statements. In the opinion of management, such statements include all adjustments (consisting only of normal recurring items) which are considered necessary for a fair presentation of the unaudited condensed consolidated financial statements of the Company as of March 31, 2023 and for the three months ended March 31, 2023 and 2022. The results of operations for the three months ended March 31, 2023 are not necessarily indicative of the operating results for the full year. It is suggested that these unaudited condensed consolidated financial statements be read in conjunction with the consolidated financial statements and notes thereto included in the Company's annual report on Form 10-K for the year ended December 31, 2022, filed with the Securities and Exchange Commission ("SEC") on April 17, 2023.

On November 4, 2022, the Company effected a reverse stock split in a ratio of 1 share of common stock for 12 issued shares of common stock. As a result of the reverse stock split, prior period shares and per share amounts appearing in the accompanying condensed consolidated financial statements and all references in this Quarterly Report to our common stock, as well as amounts per share of our common stock, have been retroactively restated as if the reverse stock split occurred at the beginning of the period presented.

Going Concern and Management's Liquidity Plans

The accompanying condensed consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. The condensed financial statements do not include any adjustments relating to the recoverability and classification of asset amounts or the classification of liabilities that might be necessary should the company be unable to continue as a going concern.

As of March 31, 2023, the Company had cash and working capital of $2,389,882 and $361,192, respectively. During the three months ended March 31, 2023 and 2022, the Company incurred net losses of $2,695,148 and $2,272,101, respectively, and used cash in operating activities of $2,939,377 and $2,099,246, respectively. Further, as of March 31, 2023, $5,536,404 owed in connection with the Company's convertible debt matures on February 21, 2024, and $293,110 represents the current portion of the Company's loans payable which are payable on demand or for which payments are due within twelve months after March 31, 2023. During the three months ended March 31, 2023, the Company funded its operations with proceeds from convertible debt financing of $5,000,000, proceeds of $185,000 from a loan, proceeds of $441,409 from draws on the Company's equity line of credit, and $591,000 from the sale of common stock.

The Company's operating needs include the planned costs to operate its business, including amounts required to fund working capital and capital expenditures. Based upon projected revenues and expenses, the Company believes that it may not have sufficient funds to operate for the next twelve months from the date these financial statements are made available. Since inception, the Company's operations have primarily been funded through proceeds received from equity and debt financings. The Company believes it has access to capital resources and continues to evaluate additional financing opportunities. There is no assurance that the Company will be able to obtain funds on commercially acceptable terms, if at all. There is also no assurance that the amount of funds the Company might raise will enable the Company to complete its development initiatives or attain profitable operations. The aforementioned factors raise substantial doubt about the Company's ability to continue as a going concern.

Highly Inflationary Status in Argentina

The Company recorded gains on foreign currency transactions of $111,792 and $182,922 during the three months ended March 31, 2023 and 2022 respectively, as a result of the net monetary liability position of its Argentine subsidiaries.

Concentrations

The Company maintains cash with major financial institutions. Cash held in US bank institutions is currently insured by the Federal Deposit Insurance Corporation ("FDIC") up to $250,000 at each institution. No similar insurance or guarantee exists for cash held in Argentina bank accounts. There were aggregate uninsured cash balances of $2,094,461and $115,338 at March 31, 2023 and December 31, 2022, respectively, of which $193,318 and $115,338, respectively, represents cash held in Argentine bank accounts.

Revenue Recognition

The Company recognizes revenue in accordance with ASC Topic 606, Revenue from Contracts with Customers. ASC Topic 606 provides a single comprehensive model to use in accounting for revenue arising from contracts with customers, and gains and losses arising from transfers of non-financial assets including sales of property and equipment, real estate, and intangible assets.

The Company earns revenues from the sale of real estate lots, as well as hospitality, food & beverage, other related services, and from the sale of clothing and accessories. The Company recognizes revenue when goods or services are transferred to customers in an amount that reflects the consideration which it expects to receive in exchange for those goods or services. In determining when and how revenue is recognized from contracts with customers, the Company performs the following five-step analysis: (i) identification of contract with customer; (ii) determination of performance obligations; (iii) measurement of the transaction price; (iv) allocation of the transaction price to the performance obligations; and (v) recognition of revenue when (or as) the Company satisfies each performance obligation.

The following table summarizes the revenue recognized in the Company's condensed consolidated statements of operations:

	For the Three Months Ended March 31,	
	2023	**2022**
Real estate sales	$ -	$ 184,658
Hotel rooms and events	245,687	139,099
Restaurants	79,018	17,270
Winemaking	29,823	26,809
Agricultural	-	27,498
Golf, tennis and other	27,857	25,101
Clothes and accessories	65,382	5,162
Total revenues	$ 447,767	$ 425,597

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

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

Contracts related to the sale of wine, agricultural products and hotel services have an original expected length of less than one year. The Company has elected not to disclose information about remaining performance obligations pertaining to contracts with an original expected length of one year or less, as permitted under the guidance.

As of March 31, 2023 and December 31, 2022, the Company had deferred revenue of $1,466,652 and $1,373,906, respectively, consisting of $1,309,495 and $1,179,654, respectively, associated with real estate lot sale deposits, $82,157 and $44,252, respectively, related to hotel deposits and $75,000 and $150,000, respectively, related to prepaid management fees received.

Net Loss per Common Share

Basic loss per common share is computed by dividing net loss attributable to GGH common stockholders by the weighted average number of common shares outstanding during the period. Diluted loss per common share is computed by dividing net loss attributable to common stockholders by the weighted average number of common shares outstanding, plus the impact of common shares, if dilutive, resulting from the exercise of outstanding stock options and warrants and the conversion of convertible instruments.

The following securities are excluded from the calculation of weighted average dilutive common shares because their inclusion would have been anti-dilutive:

	As of March 31,	
	2023	2022
Options	34,806	561,027
Warrants	4,839,254	2,024,166
Unvested restricted stock units	517,610	-
Convertible debt	5,827,783[1]	1,897,860[2]
Total potentially dilutive shares	11,219,453	4,483,053

[1] Represents shares issuable upon conversion of $5,536,394 in convertible debt outstanding as of March 31, 2023 at a conversion price of $0.95 per share, which represents the conversion price in effect as of March 31, 2023. The conversion price of such debt is variable (see Note 9, Convertible Debt Obligations).

[2] Represents shares issuable upon conversion of principal and interest outstanding in the aggregate amount of $6,642,510 at a conversion price of $3.50 per share.

Sequencing Policy

Under ASC 815, the Company has adopted a sequencing policy, whereby, in the event that reclassification of contracts from equity to assets or liabilities is necessary pursuant to ASC 815 due to the Company's inability to demonstrate it has sufficient authorized shares as a result of certain securities with a potentially indeterminable number of shares or the Company's total potentially dilutive shares exceed the Company's authorized share limit, shares will be allocated on the basis of the earliest issuance date of potentially dilutive instruments, with the earliest grants receiving the first allocation of shares. Pursuant to ASC 815, issuances of securities granted as compensation in a share-based payment arrangement are not subject to the sequencing policy.

Derivative Instruments

The classification of derivative instruments, including whether such instruments should be recorded as liabilities or as equity, is evaluated at the end of each reporting period. If the classification changes as a result of events during the period, the contract is reclassified as of the date of the event that caused the reclassification. For derivative financial instruments that are accounted for as liabilities, the derivative instruments are initially recorded at their fair values and are then re-valued at each reporting date. with changes in the fair value reported in the consolidated statements of operations.

Recently Adopted Accounting Pronouncements

In June 2016, the FASB issued ASU No. 2016-13 "Financial Instruments – Credit Losses (Topic 326)" and also issued subsequent amendments to the initial guidance under ASU 2018-19, ASU 2019-04, ASU 2019-05 and ASU 2020-02 (collectively Topic 326). Topic 326 requires the measurement and recognition of expected credit losses for financial assets held at amortized cost. This replaces the existing incurred loss model with an expected loss model and requires the use of forward-looking information to calculate credit loss estimates. The Company adopted the provisions of this ASU on January 1, 2023 using the modified retrospective method for all financial assets measured at amortized cost. Results for reporting periods beginning after December 31, 2022 are presented under Topic 326 while prior period amounts continue to be reported in accordance with previously applicable GAAP. The Company recorded an adjustment to accumulated deficit of $111,582 as of January 1, 2023 for the cumulative effect of adopting Topic 326.

Reclassifications

Certain reclassifications have been made to prior period amounts to conform to the current period financial statement presentation.

3. MORTGAGES RECEIVABLE

The Company offers loans to purchasers in connections with the sale of real estate lots. The loans bear interest at 7.2% per annum and terms generally range from eight to ten years. Principal and interest for each loan is billed and receivable on a monthly basis. The loans are secured by a first mortgage lien on the property purchased by the borrower. Mortgages receivable includes the related interest receivable and are presented at amortized cost, less bad debt allowances, in the condensed consolidated financial statements.

Management evaluates each loan individually on a quarterly basis, to assess collectability and estimate a reserve for past due amounts. The total allowance for uncollectable mortgages as of March 31, 2023 and 2022 was $190,172 and $196,550, respectively. Past due principal amounts of $309,498 and $254,683 are included in mortgages receivable, current as of March 31, 2023 and December 31, 2022, respectively, in accordance with the mortgages' contractual terms. In the case of each of the past due loans, the Company believes that the value of the collateral exceeds the outstanding balance on the loan, plus accrued interest.

The following represents the maturities of mortgages receivable as of March 31, 2023.

April 1 through December 31, 2023		807,654
For the years ended December 31,		
2024		381,532
2025		409,927
2026		440,436
2027		473,215
2028		480,227
Thereafter		1,093,286
Gross Receivable		4,086,276
Less: Allowance		(190,172)
Net Receivable	$	3,896,104

As of March 31, 2023 and December 31, 2022, no single borrower had loans outstanding representing more than 10% of the total balance of mortgages receivable.

The Company recorded interest income of $50,344 and $3,852 for the three months ended March 31, 2023 and 2022, respectively. As of March 31, 2023 and December 31, 2022, there is $232,754 and $185,197, respectively, of interest receivable included in mortgages receivable on the accompanying condensed consolidated balance sheets.

4. INVENTORY

Inventory at March 31, 2023 and December 31, 2022 was comprised of the following:

	March 31, 2023	December 31, 2022
Vineyard in process	$ 711,418	$ 516,096
Wine in process	757,500	797,862
Finished wine	31,552	40,735
Clothes and accessories	498,524	534,269
Total	$ 1,998,994	$ 1,888,962

5. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, the Company often utilizes certain assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and/or the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or developed by the Company. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values. Financial assets and liabilities carried at fair value are classified and disclosed in one of the following three categories:

Level 1 – Valued based on quoted prices at the measurement date for identical assets or liabilities trading in active markets. Financial instruments in this category generally include actively traded equity securities.

Level 2 – Valued based on (a) quoted prices for similar assets or liabilities in active markets; (b) quoted prices for identical or similar assets or liabilities in markets that are not active; (c) inputs other than quoted prices that are observable for the asset or liability; or (d) from market corroborated inputs. Financial instruments in this category include certain corporate equities that are not actively traded or are otherwise restricted.

Level 3 – Valued based on valuation techniques in which one or more significant inputs is not readily observable. Included in this category are certain corporate debt instruments, certain private equity investments, and certain commitments and guarantees.

The carrying amounts of the Company's short-term financial instruments including cash, accounts receivable, advances and loans to employees, prepaid taxes and expenses, accounts payable, accrued expenses and other liabilities approximate fair value due to the short-term nature of these instruments. The carrying value of the Company's loans payable, debt obligations and convertible debt obligations approximate fair value, as they bear terms and conditions comparable to market, for obligations with similar terms and maturities.

6. ACCRUED EXPENSES

Accrued expenses are comprised of the following:

	March 31, 2023	December 31, 2022
Accrued compensation and payroll taxes	$ 634,385	$ 652,943
Accrued taxes payable - Argentina	273,226	270,239
Accrued interest	12,716	78,368
Other accrued expenses	294,589	663,266
Accrued expenses, current	1,214,916	1,664,816
Accrued payroll tax obligations, non-current	51,951	66,018
Total accrued expenses	$ 1,266,867	$ 1,730,834

On November 27, 2020, the Company entered into various payment plans, pursuant to which it agreed to pay its Argentine payroll tax obligations over a period of 60 to 120 months. The current portion of payments due under the plan is $141,880 and $209,938 as of March 31, 2023 and December 31, 2022, respectively, which is included in accrued taxes payable – Argentina, above. The non-current portion of accrued expenses represents payments under the plan that are scheduled to be paid after twelve months. The Company incurred interest expense of $17,304 and $4,487 during the three months ended March 31, 2023 and 2022, respectively, related to these payment plans.

7. DEFERRED REVENUE

Deferred revenue is comprised of the following:

	March 31, 2023	December 31, 2022
Real estate lot sales deposits	$ 1,309,495	$ 1,179,654
Prepaid management fees	75,000	150,000
Other	82,157	44,252
Total	$ 1,466,652	$ 1,373,906

The Company accepts deposits in conjunction with agreements to sell real estate building lots at Algodon Wine Estates in the Mendoza wine region of Argentina. These lot sale deposits are generally denominated in U.S. dollars. The Company received deposits in the amount of $129,841 in connection with 5 additional lot sales during the three months ended March 31, 2023. Revenue is recorded when the sale closes, and the deeds are issued.

8. LOANS PAYABLE

The Company's loans payable are summarized below:

	March 31, 2023	December 31, 2022
EIDL	$ 93,541	$ 93,541
2018 Loan	74,178	111,137
2022 Loan	33,932	51,643
2023 Note	185,000	-
Total Loans Payable	386,651	256,321
Less: current portion	293,110	164,656
Loans Payable, non-current	$ 93,541	$ 91,665

On January 9, 2023, the Company received $185,000 in proceeds on the issuance of a one-year, non-convertible promissory note with a February 20, 2024 maturity date. The note bears interest at a rate of 8% per annum. In addition, during the three months ended March 31, 2023, the Company made principal payments in the amount of $23,215 on the 2018 Loan payable and $9,390 on the 2022 Loan payable.

The Company incurred interest expense related to the loans payable in the amount of $16,486 and $4,273 during the three months ended March 31, 2023 and 2022, respectively. As of March 31, 2023 and December 31, 2022, there is accrued interest of $12,716 and $9,437, respectively, related to the Company's loans payable.

9. CONVERTIBLE DEBT OBLIGATIONS

Amounts owed pursuant to the Company's convertible debt obligations are as follows:

	GGH Notes	2023 Notes	Total Principal	Debt Discount	Convertible debt, net of discount
Balance at January 1, 2023	$ 1,997,909	$ -	$ 1,997,909	$ (6,450)	$ 1,991,459
Notes issued	-	5,617,978	5,617,978	(2,509,601)	3,108,377
Debt principal converted to common stock:	(1,335,439)	-	(1,335,439)	-	(1,335,439)
Principal repayments	(662,470)	(81,584)	(744,054)	-	(744,054)
Amortization of debt discount	-	-	-	362,166	362,166
Balance at March 31, 2023	$ -	$ 5,536,394	$ 5,536,394	$ (2,153,885)	$ 3,382,509

<u>GGH Convertible Notes</u>

On February 2, 2023, the Company and the holders of the remaining GGH Notes entered into a fourth letter agreement ("Letter Agreement #4). Pursuant to Letter Agreement #4, the parties agreed to reduce the conversion price of the GGH Notes to the lower of: (i) the closing sale price on the trading day immediately preceding the conversion date; and (ii) the average closing sale price of the common stock for the five trading days immediately preceding the conversion date. The conversion price is not subject to a floor price. Between February 3 and February 15, 2023, the holders elected to convert $1,571,553 in principal and interest, of which $1,335,439, $124,049, and $112,065 was principal, interest and premium paid on conversion, into 833,333 shares of common stock at prices ranging from $1.45 and $2.40. The premium paid on conversion of the GGH Notes was recorded as a loss on extinguishment.

On February 8, 2023, the Company and the holders of the remaining GGH Notes entered into a fifth letter agreement ("Letter Agreement #5). Pursuant to Letter Agreement #5, the parties agreed to extend the maturity date of the notes from February 9, 2023 to February 28, 2023.

On February 20, 2023, the Company entered into another exchange agreement (the "Exchange Agreement #4") with the remaining holders of the GGH Notes, pursuant to which warrants for the purchase up to an aggregate of 150,000 shares of the Company's common stock at an exercise price of $1.00 were issued as consideration for extending maturity date in connection with Letter Agreement #5. The warrants have a grant date fair value of $134,779 and expire on the second anniversary of the date of issuance. Because the value of the new warrants was deemed to be substantial as compared to the $662,470 remaining principal of the GGH Notes, the transaction was accounted for as an extinguishment of old notes which were replaced with the new note. The fair value of the warrants was recorded as a loss on extinguishment and is reflected under Other Expense (Income) in the accompanying condensed consolidated statement of operations.

On February 21, the Company redeemed the remaining GGH Notes for $905,428, which includes the $662,470 of principal, $118,909 of accrued interest and $124,049 of redemption premium, the latter of which was charged to extinguishment loss.

Securities Purchase Agreement

On February 21, 2023, the Company entered into a securities purchase agreement (the "SPA") with an institutional investor (the "Investor"), pursuant to which the Company received proceeds of $5,000,000 in exchange for senior secured convertible notes of the Company in the aggregate original principal amount of $5,617,978 (the "2023 Notes"), and three-year common stock purchase warrants exercisable into an aggregate of 3,377,099 shares of common stock of the Company at an exercise price equal to $1.34 (the "2023 Note Warrants").

Pursuant to the SPA, the exercise price of certain warrants for the purchase of 62,500 common shares exercisable at $21.00 per share and warrants for the purchase of 43,814 shares exercisable at $6.00 per share was reduced to $1.00 per share. The increase in the value of the warrants in the aggregate amount of $63,502 as a result of the reduction in exercise price was recorded as debt discount on the 2023 Notes.

The convertible notes (the "2023 Notes") are convertible into shares of common stock of the Company at a conversion price equal to the lower of (i) $1.34 (subject to adjustment for standard anti-dilution events, the non-exempt issuance of common stock for less than $1.34 per share and the issuance of additional variable price securities); (ii) the trading price on the day immediately prior to conversion or (iii) the average trading price of the Company's common stock for the 5 days preceding conversion (collectively the "Conversion Price"), subject to a floor price of $0.27. If the Conversion Price in effect on the date of conversion is less than $0.27, the Investor is entitled to a cash true up payment equal to the difference between the conversion dollar amount and the value of shares issued upon conversion (the "Cash True Up Provision").

The 2023 Notes mature on the first anniversary of the issuance date (the "Maturity Date") and bear interest at a rate of 7% per annum, which is payable either in cash monthly, or by way of inclusion in the accrued interest in the conversion amount on the conversion date. Interest includes a make-whole amount equal to the additional interest that would accrue if the entire 2023 Notes principal remained outstanding through the Maturity Date.

The 2023 Notes are redeemable at the Company's election, so long as the Company is not in default, at the greater of (a) 115% of the conversion amount, or (b) the amount equal to the shares issuable upon conversion times the greatest closing price from the redemption notice date through the date the Company makes the redemption payment. The minimum redemption amount is $500,000 and the Company can only deliver one redemption notice in a 20-day period.

Upon an event of default, the 2023 Notes the Conversion Price is reduced to the lesser of (a) $1.34 (subject to adjustment as described above); (b) 80% of the volume-weighted average price on the day preceding receipt of the conversion notice; or (c) 80% of average of the three lowest volume-weighted average prices over the fifteen trading days which precede receipt of the conversion notice, subject to a floor price of $0.27. In addition, the Investor may require the Company to redeem the 2023 Notes using the same formula that would be used for a Company-initiated redemption, described above.

In addition to other terms, conditions and rights, both the Company and the institutional investor have the right to initiate additional closings for up to $5 million of cash for additional 2023 Notes and warrants.

Pursuant to the terms of the 2023 Notes, the Company must pay, convert or redeem one quarter of the initial principal, plus any outstanding interest and make-whole amount by each three-month anniversary of the issuance date.

During the three months ended March 31, 2023, the Company made redemption payments in the aggregate amount of $100,388 related to the 2023 Notes, which included principal repayments of $81,584, accrued interest of $5,710 and redemption premiums of $13,094.

The Company incurred financing costs of $321,803 in connection with the SPA, of which $218,187 was allocated to the 2023 Notes and recorded as debt discount and $103,616 was allocated to the 2023 Note Warrants and charged against additional paid-in capital.

Upon the issuance of the 2023 Notes, the Company recorded a debt discount at issuance in the aggregate amount $2,509,601, consisting of (i) the $617,978 difference between the aggregate principal amount of the 2023 Notes and the cash proceeds received, (ii) financing costs in the aggregate amount of $218,187, (iii) value of warrant modification of $63,502, and (iv) the $1,609,935 relative fair value of the 2023 Note Warrants. The debt discount is being amortized using the effective interest method over the term of the 2023 Notes.

Interest Expense on Convertible Debt Obligations

The Company incurred total interest expense of $566,041, and $749,229 related to its convertible debt obligations during the three months ended March 31, 2023 and 2022, respectively. Interest expense during the three months ended March 31, 2023 and 2022 consists of (i) $117,336 and $113,396, respectively, of interest accrued at 7% per annum; (ii) make-whole amounts of $86,539 and $84,393, respectively, and (iii) amortization of debt discount in the amount of $362,166 and $551,440, respectively, during the three months ended March 31, 2023. During the three months ended March 31, 2023, accrued interest in the amount of $160,782 was paid in cash and accrued interest in the amount of $124,049 was converted into common stock, such that interest accrued on convertible debt is $0 as of March 31, 2023.

10. SEGMENT DATA

The Company's financial position and results of operations are classified into three reportable segments, consistent with how the CODM makes decisions about resource allocation and assesses the Company's performance.

- Real Estate Development, through AWE and TAR, including hospitality and winery operations, which support the ALGODON® brand.
- Fashion (e-commerce), through GGI, including the manufacture and sale of high-end fashion and accessories sold through an e-commerce platform.
- Corporate, consisting of general corporate overhead expenses not directly attributable to any one of the business segments.

The following tables present segment information for the three months ended March 31, 2023 and 2022:

	For the Three Months Ended March 31, 2023				For the Three Months Ended March 31, 2022			
	Real Estate Development	Fashion (e-commerce)	Corporate	TOTAL	Real Estate Development	Fashion (e-commerce)	Corporate	TOTAL
Revenues	$ 382,385	$ 65,382	$ -	$ 447,767	$ 420,435	$ 5,162	$ -	$ 425,597
Revenues from Foreign Operations	$ 382,385	$ -	$ -	$ 382,385	$ 420,435	$ -	$ -	$ 420,435
Loss from Operations	$ (334,004)	$ (492,199)	$ (1,119,802)	$ (1,946,005)	$ (385,853)	$ (358,533)	$ (1,031,417)	$ (1,775,803)

The following tables present segment information as of March 31, 2023 and December 31, 2022:

	As of March 31, 2023				As of December 31, 2022			
	Real Estate Development	Fashion (e-commerce)	Corporate	TOTAL	Real Estate Development	Fashion (e-commerce)	Corporate	TOTAL
Total Property and Equipment, net	$ 6,238,314	$ 1,325,055	$ -	$ 7,563,369	$ 6,234,856	$ 1,369,205	$ 17,196	$ 7,621,257
Total Property and Equipment, net in Foreign Countries	$ 6,238,314	$ -	$ -	$ 6,238,314	$ 6,234,856	$ -	$ -	$ 6,234,856
Total Assets	$ 14,127,549	$ 3,514,330	$ 3,367,462	$ 21,009,341	$ 13,504,914	$ 3,522,415	$ 1,665,656	$ 18,692,985

11. RELATED PARTY TRANSACTIONS

Accounts Receivable – Related Parties

As of March 31, 2023 and December 31, 2022 the Company had accounts receivable – related parties of $1,179,121 and $1,115,816 net of allowances for expected credits loss of $470,516 and $339,503, respectively, representing the net realizable value of advances made to, and expense sharing obligations receivable from, separate entities under common management. During the three months ended March 31, 2023 and 2022, the Company made advances in the amount of $85,644 and $36,000, respectively, to the related entities, and received repayments in the amount of $130,000 and $120,000, respectively, from the related entities. Receivables recorded in the amount of $175,426 and $228,226 in connection with an expense sharing agreement during the three months ended March 31, 2023 and 2022 are discussed below.

The Company recorded credit losses of $19,431 and $0 during the three months ended March 31, 2023 and 2022, respectively, which is reflected in the general and administrative expenses on the on the accompanying unaudited consolidated statements of operations.

Expense Sharing

On April 1, 2010, the Company entered into an agreement with a Related Party to share expenses such as office space, support staff, professional services, and other operating expenses (the “Related Party ESA”). During the three months ended March 31, 2023 and 2022, the Company recorded a contra-expense of $175,426 and $228,226, respectively, related to the reimbursement of general and administrative expenses as a result of the agreement.

Management Fee Income

The Company earns management fees of $75,000 per quarter, from LVH. A member of the Company’s board of directors is the managing member of SLVH, LLC, and holds a 20% membership interest in SLVH. SLVH owns 88% of the limited liability interest of LVH.

12. BENEFIT CONTRIBUTION PLAN

The Company sponsors a 401(k) profit-sharing plan (“401(k) Plan”) that covers substantially all of its employees in the United States. The 401(k) Plan provides for a discretionary annual contribution, which is allocated in proportion to compensation. In addition, each participant may elect to contribute to the 401(k) Plan by way of a salary deduction.

A participant is always fully vested in their account, including the Company’s contribution. For the three months ended March 31, 2023 and 2022, the Company recorded a charge associated with its contribution of $5,908 and $18,976, respectively. This charge has been included as a component of general and administrative expenses in the accompanying condensed consolidated statements of operations. The Company issues shares of its common stock to settle these obligations based on the fair value of its common stock on the date the shares are issued. During the three months ended March 31, 2023, the Company issued 24,160 shares at $1.35 per share in satisfaction of $32,617 of 401(k) contribution liabilities. During the three months ended March 31, 2022, the Company issued 1,040 shares at $26.76 per share in satisfaction of $27,821 of 401(k) contribution liabilities.

13. STOCKHOLDERS’ EQUITY

Common Stock

On February 2, 2023, the Company issued 51,305 shares of common stock upon the cashless exercise of 134,730 warrants at exercise prices ranging from $2.40 and $3.82.

On February 10, 2023, the Company sold 591,000 shares of common stock and warrants to purchase 147,750 shares at an exercise price of $1.00 for aggregate proceeds of $591,000. The warrants are immediately exercisable and expire two years from the date of issuance.

During the three months ended March 31, 2023, the Company sold an aggregate of 364,430 shares of the Company’s common stock for gross proceeds of $480,670 less placement agent fees of $39,261 pursuant to a Common Stock Purchase Agreement (the “New ELOC”).

See Note 9 – Convertible Debt Obligations for additional details regarding common shares issued during the three months ended March 31, 2023.

Accumulated Other Comprehensive Loss

For three months ended March 31, 2023 and 2022, the Company recorded a loss of $(39,799) and a gain of $263,406, respectively, of foreign currency translation adjustments as accumulated other comprehensive income, primarily related to fluctuations in the Argentine peso to United States dollar exchange rates (see Note 2 – Summary of Significant Accounting Policies, Highly Inflationary Status in Argentina).

Warrants

A summary of warrant activity during the three months ended March 31, 2023 is presented below:

	Number of Warrants	Weighted Average Exercise Price	Weighted Average Remaining Life in Years	Intrinsic Value
Outstanding, January 1, 2023	1,299,135	$ 5.77		
Issued	3,674,849	1.31		
Exercised	(134,730)	3.36		
Expired	-	-		
Canceled	-	-		
Outstanding, March 31, 2023	4,839,254	$ 2.15	2.3	$ -
Exercisable, March 31, 2023	4,839,254	$ 2.15	2.3	$ -

See Note 9 – Convertible Debt Obligations and Note 13 – Stockholder's Equity (Common Stock) for additional details regarding warrants issued during the three months ended March 31, 2023.

A summary of outstanding and exercisable warrants as of March 31, 2023 is presented below:

Warrants Outstanding			Warrants Exercisable	
Exercise Price	Exercisable Into	Outstanding Number of Warrants	Weighted Average Remaining Life in Years	Exercisable Number of Warrants
$ 1.00	Common Stock	404,064	1.8	404,064
$ 1.34	Common Stock	3,377,099	2.9	3,377,099
$ 3.82	Common Stock	454,588	0.4	454,588
$ 6.00	Common Stock	602,225	0.7	602,225
$ 90.00	Common Stock	1,278	2.9	1,278
	Total	4,839,254	2.3	4,839,254

Restricted Stock Units

A summary of RSU activity during the three months ended March 31, 2023 is presented below:

	Number of RSUs	Weighted Average Grant Date Value Per Share
RSUs non-vested January 1, 2023	511,500	$ 1.16
Granted	10,000	1.31
Vested	(3,890)	1.31
RSUs non-vested March 31, 2023	517,610	$ 1.16

On January 23, 2023, the Company granted 10,000 restricted stock units ("RSUs") to certain employees and advisors for their service, of which 3,890 RSUs vested on the grant date and 3,055 RSUs will vest on each of the next two anniversaries of the date of the grant.

During the three months ended March 31, 2023 and 2022, the Company recorded stock-based compensation expense of $79,422 and $0, respectively, related to the amortization of RSUs.

Stock Options

No stock options were granted during the three months ended March 31, 2023 or the three months ended March 31, 2022. The following table presents information related to GGH stock options outstanding as of March 31, 2023:

	Number of Options	Weighted Average Exercise Price	Weighted Average Remaining Term (Yrs)	Intrinsic Value
Outstanding, January 1, 2023	40,612	85.35		
Granted	-	-		
Exercised	-	-		
Expired	(5,806)	138.60		
Forfeited	-	-		
Outstanding, March 31, 2023	34,806	$ 76.47	1.4	$ -
Exercisable, March 31, 2023	29,698	$ 75.78	1.2	$ -

During the three months ended March 31, 2023 and 2022, the Company recorded stock-based compensation expense of $38,834 and $72,700, respectively, related to stock options for the purchase of GGH common stock, and recorded stock-based compensation expense of $0 and $10,354, respectively, related to options for the purchase of GGI common stock. Stock-based compensation expense is reflected in general and administrative expenses (classified in the same manner as the grantees' wage compensation) in the accompanying condensed consolidated statements of operations. As of March 31, 2023, there was $130,753 of unrecognized stock-based compensation expense related to stock option grants that will be amortized over a weighted average period of 1.3 years.

14. COMMITMENTS AND CONTINGENCIES

Legal Matters

The Company is involved in litigation and arbitrations from time to time in the ordinary course of business. After consulting legal counsel, the Company does not believe that the outcome of any such pending or threatened litigation will have a material adverse effect on its financial condition or results of operations. However, as is inherent in legal proceedings, there is a risk that an unpredictable decision adverse to the Company could be reached. The Company records legal costs associated with loss contingencies as incurred. Settlements are accrued when, and if, they become probable and estimable.

15. LEASES

On April 8, 2021, GGI entered into a lease agreement to lease a retail space in Miami, Florida for 7 years, which expires May 1, 2028. As of March 31, 2023, the lease had a remaining term of approximately 5.1 years. Lease payments begin at $26,758 per month and escalate 3% every year over the duration of the lease. The Company was granted rent abatements of 15% for the first year of the lease term, and 10% for the second and third year of the lease term. The Company was required to pay a $56,130 security deposit.

As of March 31, 2023, the Company had no leases that were classified as a financing lease.

Total operating lease expenses was $82,965 during the three months ended March 31, 2023 and 2022. Lease expenses are recorded in general and administrative expenses on the accompanying condensed consolidated statements of operations.

Supplemental cash flow information related to leases was as follows:

	For the Three Months Ended March 31,	
	2023	**2022**
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	$ 56,449	$ 53,325
Right-of-use assets obtained in exchange for lease obligations:		
Operating leases	$ -	$ -
Weighted Average Remaining Lease Term:		
Operating leases	5.1	6.1
Weighted Average Discount Rate:		
Operating leases	7.0%	7.0%

Future minimum lease commitments are as follows:

For the period April 1 through December 31, 2023	$	229,191
For the years ended December 31,		
2024		336,102
2025		357,881
2026		368,617
2027		365,004
2028		120,463
Total future minimum lease payments		1,777,258
Less: imputed interest		(293,970)
Net future minimum lease payments		1,483,288
Less: operating lease liabilities, current portion		(208,590)
Operating lease liabilities, non-current portion	$	1,274,698

The Company is the lessor of a building and land that it purchased in connection with the acquisition of GDS, pursuant to an operating lease which expires on August 31, 2031. At the end of the leases, the lessee may enter into a new lease or return the asset, which would be available to the Company for releasing. The Company recorded lease revenue of $10,628 and $3,745 during the three months ended March 31, 2023 and 2022, respectively, related to this lease agreement.

16. SUBSEQUENT EVENTS

During the period subsequent to March 31, 2023 and prior to filing, the Company sold an additional 458,768 shares, in aggregate, of the Company's common stock for gross proceeds of $316,953 less placement agent fees of $25,356 pursuant to the New ELOC. The Company used $144,818 of the proceeds to repay principal, interest and redemption premiums in amount of $118,487, $8,294 and $18,037 in connection with the 2023 Notes (See Note 9 – Convertible Debt).

Between May 1 and May 5, 2023, an aggregate of $475,000, consisting of principal and interest in the amount of $443,925 and $31,075, respectively, was converted into 612,637 common shares at conversion prices ranging from $0.77 to $0.78.

Foreign Currency Exchange Rates

The Argentine Peso to United States Dollar exchange rate was 229.02, 208.98 and 175.74 at May 11, 2023, March 31, 2023, and December 31, 2022, respectively.

The British pound to United States dollar exchange rate was 0.7999, 0.8085 and 0.8264 at May 11, 2023, March 31, 2023, and December 31, 2022, respectively.

Item 2: MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with our unaudited condensed consolidated financial statements and notes thereto included herein. In connection with, and because we desire to take advantage of, the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995, we caution readers regarding certain forward-looking statements in the following discussion and elsewhere in this report and in any other statement made by, or on our behalf, whether or not in future filings with the Securities and Exchange Commission. Forward-looking statements are statements not based on historical information and which relate to future operations, strategies, financial results or other developments. Forward looking statements are necessarily based upon estimates and assumptions that are inherently subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond our control and many of which, with respect to future business decisions, are subject to change. These uncertainties and contingencies can affect actual results and could cause actual results to differ materially from those expressed in any forward-looking statements made by, or on our behalf. Words such as "anticipate," "estimate," "plan," "continuing," "ongoing," "expect," "believe," "intend," "may," "will," "should," "could," and similar expressions are used to identify forward-looking statements. We disclaim any obligation to update forward-looking statements.

Unless the context requires otherwise, references in this document to "GGH", "we", "our", "us" or the "Company" are to Gaucho Group Holdings, Inc. and its subsidiaries.

Please note that because we qualify as an emerging growth company and as a smaller reporting company, we have elected to follow the smaller reporting company rules in preparing this Quarterly Report on Form 10-Q.

Overview

Gaucho Group Holdings, Inc. ("GGH" or the "Company") positions its e-commerce leather goods, accessories, and fashion brand, Gaucho – Buenos Aires™, as one of luxury, creating a platform for the global consumer to access their piece of Argentine style and high-end products. With a concentration on leather goods, ready-to-wear and accessories, this is the luxury brand in which Argentina finds its contemporary expression. During the first quarter of 2022, the Company launched Gaucho Casa, a Home & Living line of luxury textiles and home accessories, which will be marketed and sold on the Gaucho – Buenos Aires e-commerce platform. Gaucho Casa challenges traditional lifestyle collections with its luxury textiles and home accessories rooted in the singular spirit of the gaucho aesthetic. GGH seeks to grow its direct-to-consumer online products to global markets in the United States, Asia, the United Kingdom, Europe, and Argentina. We intend to focus on e-commerce and scalability of the Gaucho – Buenos Aires and Gaucho Casa brands, as real estate in Argentina is politically sensitive.

GGH's goal is to become recognized as the LVMH ("Louis Vuitton Moët Hennessy") of South America's leading luxury brands. Through one of its wholly owned subsidiaries, GGH also owns and operates legacy investments in the boutique hotel, hospitality and luxury vineyard property markets. This includes a golf, tennis and wellness resort, as well as an award winning, wine production company concentrating on Malbecs and Malbec blends. Utilizing these wines as its ambassador, GGH seeks to further develop its legacy real estate, which includes developing residential vineyard lots located within its resort.

Due to COVID-19, we have terminated the corporate office lease and senior management works remotely. GGH's local operations are managed by professional staff with substantial hotel, hospitality and resort experience in Buenos Aires and San Rafael, Argentina.

Recent Developments and Trends

While the World Health Organization declared an end to the COVID-19 global health emergency on May 5, 2023, we continue to closely monitor the outbreak of COVID-19 and the related impact on our operations, financial position and cash flows, as well as the impact on our employees. Due to the continued fluidity of this situation, and the magnitude and duration of the pandemic, its impact our future operations and liquidity remains uncertain as of the date of this report.

We have faced, and may continue to face, significant cost inflation, specifically in raw materials and other supply chain costs due to increased demand for raw materials and the broad disruption of the global supply chain associated with the impact of COVID-19. International conflicts or other geopolitical events, including the 2022 Russian invasion of Ukraine, may further contribute to increased supply chain costs due to shortages in raw materials, increased costs for transportation and energy, disruptions in supply chains, and heightened inflation. Further escalation of geopolitical tensions may also lead to changes to foreign exchange rates and financial markets, any of which may adversely affect our business and supply chain, and consequently our results of operation. While there could ultimately be a material impact on operations and liquidity of the Company, at the time of issuance, the impact could not be determined.

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

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

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

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

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

On February 20, 2023, we issued a one-year, non-convertible promissory note in the amount of $185,000.

Consolidated Results of Operations

Three months ended March 31, 2023 compared to three months ended March 31, 2022

Overview

We reported a net loss of approximately $2.7 million and $2.3 million for the three months ended March 31, 2023 and 2022, respectively.

Revenues

Revenues from operations were approximately $448,000 and $426,000 during the three months ended March 31, 2023 and 2022, respectively, reflecting an increase of approximately $22,000 or 5%. The overall increase in sales was driven by increases in hotel, restaurant and wine revenues of approximately $428,000 and increases in clothes, accessories and other sales of approximately $85,000 resulting from the easing of COVID restrictions and the Argentine government's efforts to promote tourism and revitalize local businesses by subsidizing a portion of sales, were partially offset by a decrease of approximately $185,000 in lot sales, a decrease of agricultural sales of approximately $27,000, and a decrease of approximately $278,000 resulting from the impact of the decline in the value of the Argentine peso vis-à-vis the U.S. dollar.

Gross profit

We generated a gross profit of approximately $154,000 and $187,000 for the three months ended March 31, 2023 and 2022, respectively, representing a decrease of approximately $33,000 or 18%.

Cost of sales, which consists of real estate lots, raw materials, direct labor and indirect labor associated with our business activities, increased by approximately $55,000, or 23%, from approximately $238,000 for the three months ended March 31, 2022 to approximately $293,000 for the three months ended March 31, 2023. The increase in cost of sales resulted from the increase in hotel, restaurant and wine costs of approximately $215,000 which corresponds to the increase in the related revenues as discussed above, and an increase in clothes, accessories and other costs of approximately $44,000, which were partially offset by a decrease of approximately $16,000 in costs associated with lot sales and a decrease of approximately $187,000 resulting from the impact of the decline in the value of the Argentine peso vis-à-vis the U.S. dollar.

Selling and marketing expenses

Selling and marketing expenses were approximately $235,000 and $172,000 for the three months ended March 31, 2023 and 2022, respectively, representing an increase of $63,000 or 37%, primarily related to GGI advertising and marketing expenses for GGI's new retail space.

General and administrative expenses

General and administrative expenses were approximately $1,757,000 and $1,745,000 for the three months ended March 31, 2023 and 2022, respectively, representing an increase of $12,000 or 1%. Increases in general and administrative expenses primarily consisted of a $290,000 increase in employee compensation, an increase of approximately $117,000 in professional and consulting fees and an increase of approximately $50,000 in other aggregated expenses not individually material, partially offset by a decrease of approximately $445,000 resulting from the impact of the decline in the value of the Argentine peso vis-à-vis the U.S. dollar.

Depreciation and amortization expense

Depreciation and amortization expense was approximately $109,000 and $46,000 during the three months ended March 31, 2023 and 2022, respectively, representing an increase of $63,000 or 137%, resulting from additions to leasehold improvements associated with GGI's new retail space.

Interest income

Interest income was approximately $50,000 and $4,000 during the three months ended March 31, 2023 and 2022, respectively, representing an increase of $46,000.

Interest expense

Interest expense was approximately $602,000 and $758,000 during the three months ended March 31, 2023 and 2022, respectively, representing a decrease of $156,000 or 21%. The decrease is primarily related to a reduction in the interest and amortization of debt discount on the convertible debt as a result of the reduced weighted carrying value of debt for the 2023 quarter compared to the previous year's quarter.

Other income

Other income of approximately $75,000 during the three months ended March 31, 2023 and 2022 represents the management fee received from LVH.

Loss on extinguishment of debt

Loss on extinguishment of debt in the aggregate amount of $383,987 is comprised of (i) premium paid on the conversion of GGH Notes of $112,065, (ii) premium paid on the cash redemption of GH Notes of $124,049 , (iii) premium paid on the 2023 Notes for cash redemption of principal in the amount of $13,094, and (iv) the fair value of $134,779 in warrants issued in the exchange agreement for the GGH Notes (See Note 9—Convertible Debt Obligations for additional details).

(Gains) losses from foreign currency translation

The Company recorded gains from foreign currency translation of approximately $112,000 and $183,000 during the three months ended March 31, 2023 and 2022, respectively. The reduction of approximately $71,000 in gains from foreign currency translation is due to the fluctuation in the Argentine peso to United States dollar exchange rates.

Liquidity and Capital Resources

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

	March 31, 2023 (unaudited)	December 31, 2022
Cash	$ 2,389,882	$ 300,185
Working capital	$ 361,192	$ 595,120
Convertible debt obligations	$ 5,536,394	$ 1,997,909
Loans payable	$ 386,651	$ 256,321

Cash requirements for our current liabilities include approximately $1,767,000 for accounts payable and accrued expenses, approximately $209,000 for lease liabilities, and approximately $360,000 for loans payable and other current liabilities. We also have convertible debt obligations in the amount of $5,536,394 which, if not converted prior to maturity, are due on February 21, 2024. Cash requirements for our long-term liabilities include approximately $1,275,000 for operating lease liabilities, approximately $94,000 in loans payable, and approximately $52,000 of long-term accrued expenses.

During the three months ended March 31, 2023, we financed a portion of our activities from proceeds derived from debt and equity financings. A significant portion of the funds have been used to cover working capital needs and personnel, office expenses and various consulting and professional fees.

Net cash used in operating activities for the three months ended March 31, 2023 and 2022 amounted to approximately $2,939,000 and $2,099,000, respectively. During the three months ended March 31, 2023, the net cash used in operating activities was primarily attributable to the net loss of approximately $2,695,000 adjusted for approximately $969,000 of net non-cash expenses, and approximately $1,214,000 of cash used to fund changes in the levels of operating assets and liabilities. During the three months ended March 31, 2022, the net cash used in operating activities was primarily attributable to the net loss of approximately $2,272,000 adjusted for approximately $570,000 of net non-cash expenses, and approximately $397,000 of cash used to fund changes in the levels of operating assets and liabilities.

Cash used in investing activities for the three months ended March 31, 2023 and 2022 amounted to approximately $50,000 and $810,000, respectively, related to the purchase of property and equipment of $50,000 and $767,000, respectively, and $0 and $35,000, respectively, related to the purchase the gaucho.com domain name and $0 and $7,560, respectively, of cash used to acquire GDS.

Net cash provided by financing activities for the three months ended March 31, 2023 amounted to approximately $5,119,000. Net cash used in financing activities for the three months ended March 31, 2022 amounted to approximately $26,000. For the three months ended March 31, 2023, the net cash provided by financing activities resulted from approximately $4,678,000 in net proceeds from the issuance of debt, $591,000 in proceeds from the issuance of common stock in a private placement, approximately $441,000 in proceeds from the issuance of stock under the New ELOC and $185,000 in proceeds from the issuance of a note payable, partially offset by the repayment of and interest of approximately $744,000 and repayment of loans payable of approximately $33,000. Net cash used in financing activities for the three months ended March 31, 2022 amounted to approximately $26,000 in repayments of loans payable.

As of March 31, 2023, the Company had cash and working capital of approximately $2,390,000 and $361,000, respectively. During the three months ended March 31, 2023 and 2022, the Company incurred net losses of approximately $2,695,000 and $2,272,000, respectively, and used cash in operating activities of approximately $2,939,000 and $2,099,000, respectively. Further, as of March 31, 2023, approximately $5,536,000 owed in connection with the Company's convertible debt matures on February 21, 2024, and $293,000 represents the current portion of the Company's loans payable which are payable on demand or for which payments are due within twelve months after March 31, 2023. During the three months ended March 31, 2023, the Company funded its operations with proceeds from convertible debt financing of $5,000,000, proceeds of approximately $441,000 from draws on the Company's equity line of credit, and $591,000 from the sale of common stock.

The Company's operating needs include the planned costs to operate its business, including amounts required to fund working capital and capital expenditures. Based upon projected revenues and expenses, the Company believes that it may not have sufficient funds to operate for the next twelve months from the date these financial statements are made available. Since inception, the Company's operations have primarily been funded through proceeds received from equity and debt financings. The Company believes it has access to capital resources and continues to evaluate additional financing opportunities. There is no assurance that the Company will be able to obtain funds on commercially acceptable terms, if at all. There is also no assurance that the amount of funds the Company might raise will enable the Company to complete its development initiatives or attain profitable operations. The aforementioned factors raise substantial doubt about the Company's ability to continue as a going concern.

Availability of Additional Funds

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

Off-Balance Sheet Arrangements

None.

Contractual Obligations

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

Critical Accounting Policies and Estimates

There are no material changes from the critical accounting policies, estimates and new accounting pronouncements set forth in "Management's Discussion and Analysis of Financial Condition and Results of Operations" set forth in our Annual Report on Form 10-K filed with the SEC on April 17, 2023, except as described below. Please refer to that document for disclosures regarding the critical accounting policies related to our business.

Sequencing Policy

Under ASC 815, the Company has adopted a sequencing policy, whereby, in the event that reclassification of contracts from equity to assets or liabilities is necessary pursuant to ASC 815 due to the Company's inability to demonstrate it has sufficient authorized shares as a result of certain securities with a potentially indeterminable number of shares or the Company's total potentially dilutive shares exceed the Company's authorized share limit, shares will be allocated on the basis of the earliest issuance date of potentially dilutive instruments, with the earliest grants receiving the first allocation of shares. Pursuant to ASC 815, issuances of securities granted as compensation in a share-based payment arrangement are not subject to the sequencing policy.

Derivative Instruments

The classification of derivative instruments, including whether such instruments should be recorded as liabilities or as equity, is evaluated at the end of each reporting period. If the classification changes as a result of events during the period, the contract is reclassified as of the date of the event that caused the reclassification. For derivative financial instruments that are accounted for as liabilities, the derivative instruments are initially recorded at their fair values and are then re-valued at each reporting date. with changes in the fair value reported in the consolidated statements of operations.

Item 3. Quantitative and Qualitative Disclosure About Market Risk

As a "smaller reporting company" as defined by Item 10 of Regulation S-K, we are not required to provide the information required by this Item.

Item 4: Controls and Procedures

Disclosure Controls and Procedures

Our management carried out an evaluation, under the supervision and with the participation of our Chief Executive Officer (who is our Principal Executive Officer) and our Chief Financial Officer (who is our Principal Financial Officer and Principal Accounting Officer), of the effectiveness of the design of our disclosure controls and procedures (as defined by Exchange Act Rules 13a-15(e) or 15d-15(e)) as of March 31, 2023, pursuant to Exchange Act Rule 13a-15(b). Based upon that evaluation, our Principal Executive Officer and Principal Financial Officer concluded that, as of the end of the period covered by this report, our disclosure controls and procedures were not effective at the reasonable assurance level.

During the year ended December 31, 2022, our management identified a material weakness in our internal control over financial reporting, which continued to exist as of March 31, 2023, resulting from a lack of segregation of duties due to our small size, and lack of testing of the operating effectiveness of the controls.

Changes in Internal Control over Financial Reporting

During the quarter ended March 31, 2023, there were no changes in our internal control over financial reporting identified in management's evaluation pursuant to Rules 13a-15(d) or 15d-15(d) of the Exchange Act during the quarter ended March 31, 2023 that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Inherent Limitations of Controls

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

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

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

Item 1A. Risk Factors

As a "smaller reporting company" as defined by Item 10 of Regulation S-K, we are not required to provide information required by this Item. However, our current risk factors are set forth in Item 1A of the Company's Annual Report on Form 10-K as filed with the SEC on April 17, 2023.

Our stock has been trading below $1.00 and our failure to maintain compliance with Nasdaq's continued listing requirements could result in the delisting of our common stock.

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

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

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

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

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

However, there can be no assurance that the market price of our common stock will remain at the level required for continuing compliance with that requirement. Our stock has recently been trading below $1.00 and it is not uncommon for the market price of a company's common stock to decline in the period following a reverse stock split. Other factors unrelated to the number of shares of our common stock outstanding, such as negative financial or operational results, could adversely affect the market price of our common stock and thus jeopardize our ability to meet or maintain the Nasdaq's minimum bid price requirement.

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

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

If LVH does not sign a ground lease by June 30, 2023, LVH will be dissolved and we may not receive a complete return of our investment.

Currently, the Company, through its wholly-owned subsidiary, Gaucho Ventures I – Las Vegas, LLC ("GVI"), contributed total capital of $7.0 million to LVH Holdings LLC ("LVH") to develop a project in Las Vegas, Nevada and received 396 limited liability company interests, representing an 11.9% equity interest in LVH. Pursuant to the Third Amendment to the Amended and Restated Limited Liability Company Agreement of LVH dated December 12, 2022, if a ground lease for the premises within which the luxury hotel, casino, entertainment and retail project will be developed and constructed has not been executed by LVH on or before June 30, 2023, then as promptly as reasonably practicable after such date, LVH will be liquidated and dissolved.

As of March 31, 2023, LVH has used our cash contribution to LVH for land improvement expenses, such as architectural, legal, engineering, and accounting fees. Should LVH be liquidated and dissolved on or before June 30, 2023, we most likely will not receive our entire contribution back from LVH and may lose our entire investment.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

Issuance of Shares Pursuant to 401(k) Match

On January 23, 2023, the Company issued 24,160 shares of common stock at $1.35 per share in settlement of its matching obligations for the year ended December 31, 2022 under the Company's 401(k) profit sharing plan.

Restricted Stock Units

On January 23, 2023, the Board approved the issuance of restricted stock units ("RSUs") subject to vesting, representing 10,000 shares of common stock of the Company to certain consultants of the Company located in Argentina with a grant date value of $1.35 per share. On the same date, RSUs representing a total of 3,890 shares of common stock of the Company vested and the Company issued such shares to the consultants. The remainder of the RSUs vest equally on January 23, 2024 and January 23, 2025. A Form D was filed on May 15, 2023.

Unit Offering

On February 10, 2023, the Company sold 591,000 shares of common stock (the "Shares") for gross proceeds of $591,000 to accredited investors and warrants to purchase 147,750 shares of common stock at an exercise price of $1.00 per share (the "Warrants"). The Warrants are exercisable for two years from the date of issuance. For this sale of Shares, Warrants, and shares underlying the Warrants, there was no general solicitation and no commissions paid, all purchasers were accredited investors with a prior relationship with the Company, and the Company is relying on the exemption from registration available under Section 4(a)(2) and/or Rule 506(b) of Regulation D promulgated under the Securities Act with respect to transactions by an issuer not involving any public offering. A Form D was filed on February 22, 2023.

Convertible Promissory Notes

As previously reported on our Annual Report on Form 10-K filed on April 17, 2023, the Company and certain investors (the "Holders") entered into that Securities Purchase Agreement, dated as of November 3, 2021 (the "2021 SPA") and the Company issued to the Holders certain senior secured convertible notes in the aggregate original principal amount of $6,480,000 (each, a "Note" and together with the 2021 SPA, the "2021 Note Documents").

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

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

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

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

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

During 2023 and pursuant to the 2021 Transaction Documents, investors converted the following amounts of principal of the 2021 Notes: (i) on February 3, 2023, one investor converted a total of approximately $859,000 of principal, interest and redemption premium on the 2021 Notes and the Company issued 416,667 shares of common stock upon conversion; (ii) on February 6, 2023, certain investors converted a total of approximately $207,000 of principal and interest of the 2021 Notes and the Company issued 86,250 shares of common stock upon conversion; (iii) on February 13, 2022, certain investors converted a total of approximately $360,000 of principal and interest of the 2021 Notes and the Company issued 230,000 shares of common stock upon conversion; and on (iv) on February 15, 2023, certain investors converted a total of approximately $146,000 of principal and interest of the 2021 Notes and the Company issued 100,416 shares of common stock upon conversion.

The shares of common stock that have been and may be issued under the 2021 Transaction Documents are being offered and sold in a transaction exempt from registration under the Securities Act of 1933, as amended, in reliance on Section 4(a)(2) thereof and/or Rule 506(b) of Regulation D thereunder. The Company filed a Form D with the SEC on or about November 10, 2021.

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

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

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

New Convertible Promissory Note

On February 21, 2023, the Company entered into a Securities Purchase Agreement (the “2023 Purchase Agreement”) with an institutional investor (the “Initial Closing”), pursuant to which the Company will sell to the investor a series of senior secured convertible notes of the Company in the aggregate original principal amount of $5,617,978 with an original issue discount of 11% (the “2023 Notes”), and a series of common stock purchase warrants of the Company, which warrants shall be exercisable at a price per share of $1.34 into an aggregate of 3,377,099 shares of common stock of the Company for a term of three years (the “2023 Warrants”). The Company received $5,000,000 in proceeds after the original issue discount of 11% on the principal.

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

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

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

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

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

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

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

The Company filed a Registration Statement on Form S-1 (File No. 333-271305) registering the resale of up to 1,519,454 shares upon conversion of the Notes on April 18, 2023, which was declared effective on April 21, 2023.

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

Equity Line of Credit

Pursuant to the Purchase Agreement with Tumim Capital dated November 8, 2022, the Company requested draw-downs and issued shares of common stock and received gross proceeds of the following for the three months ended March 31, 2023: (i) January 4, 2023, the Company issued 7,500 shares of common stock to Tumim for gross proceeds of $8,734; (ii) on January 9, 2023, the Company issued 7,300 shares of common stock to Tumim for gross proceeds of $8,329; (iii) on January 24, the Company issued 6,700 shares of common stock to Tumim for gross proceeds of $7,949; (iv) on January 31, 2023, the Company issued 6,852 shares of common stock to Tumim for gross proceeds of $7,952; (v) on February 3, 2023, the Company issued 59,357 shares of common stock to Tumim for gross proceeds of $131,437; (vi) on February 8, 2023, the Company issued 63,000 shares of common stock to Tumim for gross proceeds of $98,034; (vii) on February 22, 2023, the Company issued 68,378 shares of common stock to Tumim for gross proceeds of $71,695; (viii) on March 1, 2023, the Company issued 55,983 shares of common stock to Tumim for gross proceeds of $58,093; (ix) on March 7, 2023, the Company issued 57,968 shares of common stock to Tumim for gross proceeds of $56,716; and (x) on March 14, 2023, the Company issued 31,392 shares of common stock to Tumim for gross proceeds of $31,731. No general solicitation was used, and a commission of 8% of the total gross proceeds was paid to Benchmark Investments, Inc. pursuant to the Underwriting Agreement between the Company and Kingswood Capital Markets, a division of Benchmark Investments, Inc., f/k/a EF Hutton, dated February 16, 2021. The Company relied on the exemptions from registration available under Section 4(a)(2) and/or Rule 506(b) of Regulation D of the Securities Act, in connection with the sales. A Form D was filed with the SEC on November 21, 2022.

Item 3. Defaults upon Senior Securities

None.

Item 4. Mine and Safety Disclosure

Not applicable.

Item 5. Other Information

Promissory Notes

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

Equity Line of Credit

Pursuant to the Purchase Agreement with Tumim Capital dated November 8, 2022, the Company requested draw-downs and issued shares of common stock and received gross proceeds as follows: (i) April 19, 2023, the Company issued 195,970 shares of common stock to Tumim for gross proceeds of $144,339; and (ii) on May 5, 2023, the Company issued 262,798 shares of common stock to Tumim for gross proceeds of $172,614. No general solicitation was used, and a commission of 8% of the total gross proceeds was paid to Benchmark Investments, Inc. pursuant to the Underwriting Agreement between the Company and Kingswood Capital Markets, a division of Benchmark Investments, Inc., f/k/a EF Hutton, dated February 16, 2021. The Company relied on the exemptions from registration available under Section 4(a)(2) and/or Rule 506(b) of Regulation D of the Securities Act, in connection with the sales. A Form D was filed with the SEC on November 21, 2022.

New Convertible Promissory Note

In connection with entering into the Securities Purchase Agreement dated February 21, 2023 with an institutional investor, pursuant to which the Company will sell to the investor a series of senior secured convertible notes of the Company in the aggregate original principal amount of $5,617,978 (the “Notes”), the Company and holders of the Notes converted the following: (i) on May 2, 2023, a total of $190,000 of principal and interest of the Notes and the Company issued 246,754 shares of common stock upon conversion; (ii) on May 4, 2023, a total of $190,000 of principal and interest of the Notes and the Company issued 243,922 shares of common stock upon conversion; and (iii) on May 5, 2023, a total of $95,000 of principal and interest of the Notes and the Company issued 121,961 shares of common stock upon conversion. A Form D was filed with the SEC on March 3, 2023.

Warrants

In connection with the 2023 Purchase Agreement, all outstanding warrants issued in connection with the 2021 Transaction Documents were repriced at an exercise price of $1.00.

See also Items 1A and 3 above.

Item 6. Exhibits

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

Exhibit	Description
1.1	Underwriting Agreement, dated February 16, 2021 (5)
1.2	Warrant Agreement, including the form of Warrant, made as of February 19, 2021, between the Company and Continental. (6)
3.1	Amended and Restated Certificate of Incorporation filed with the Delaware Secretary of State effective November 4, 2022 (19)
3.2	Amended and Restated Bylaws (1)
3.3	Amendment to the Company's Amended and Restated Bylaws as approved on July 8, 2019 (4)
4.1	2016 Stock Option Plan. (2)
4.2	First Amendment to 2016 Stock Option Plan as adopted by the Board of Directors on October 20, 2016. (2)
4.3	2018 Equity Incentive Plan. (3)
4.4	Amendment to the Company's 2018 Equity Incentive Plan as approved by the Board of Directors on May 13, 2019 and the stockholders on July 8, 2019 (4)
4.5	Amendment to the Company's 2018 Equity Incentive Plan as approved by the Board of Directors on July 12, 2021 and the stockholders on August 26, 2021 (18)
4.6	Amendment to the Company's 2018 Equity Incentive Plan as approved by the Board of Directors on July 1, 2022 and the stockholders on August 30, 2022 (25)
4.7	Underwriters' Warrant (5)
4.8	Form of Warrant (12)
4.9	Form of Warrant (22)
4.10	Form of Amended and Restated Promissory Note (21)
4.11	Form Amended and Restated Warrant (21)
4.12	Form of Note (23)
4.13	Form Warrant (23)
4.14	Form Warrant (26)
4.15	Form Warrant (26)
4.16	Form Warrant (32)
4.17	Form Warrant (33)
10.1	Employment Agreement by and between the Company and Scott L. Mathis dated September 28, 2015 (29)
10.2	Retention Bonus Agreement by and between the Company and Scott L. Mathis dated March 29, 2020 (7)
10.3	Employment Agreement by and between the Company and its Chief Financial Officer dated December 14, 2022 (28)
10.4	Commercial Lease Agreement between Gaucho Group, Inc. and Design District Development Partners, LLC, dated April 8, 2021 (8)
10.5	Amended and Restated Limited Liability Company Agreement of LVH Holdings LLC, dated June 16, 2021 (9)
10.6	Securities Purchase Agreement dated November 3, 2021 (10)
10.7	Senior Secured Convertible Notes Issued by the Company (10)
10.8	Security and Pledge Agreement (10)
10.9	Stockholder Pledge Agreement (10)
10.10	Registration Rights Agreement (10)
10.11	First Amendment to Amended and Restated Limited Liability Agreement dated November 16, 2021 (11)
10.12	Second Amendment to Amended and Restated Limited Liability Agreement dated June 7, 2022 (16)
10.13	Third Amendment to Amended and Restated Limited Liability Agreement dated June 7, 2022 (27)

10.14	Exchange Agreement, dated as of February 22, 2022, by and among Gaucho Group Holdings, Inc. and the subscribers listed therein. (12)
10.15	Letter Agreement between the Company and certain institutional investors dated May 2, 2022 (14)
10.16	Conversion Agreement between the Company and certain institutional investors dated May 12, 2022 (15)
10.17	Letter Agreement, dated as of July 1, 2022, by and among Gaucho Group Holdings, Inc. and the Holders listed therein. (17)
10.18	Exchange Agreement, dated as of September 22, 2022, by and among Gaucho Group Holdings, Inc. and the subscribers listed therein. (22)
10.19	Common Stock Purchase Agreement by and between Gaucho Group Holdings, Inc. and Tumim Stone Capital LLC, dated November 8, 2022 (24)
10.20	Registration Rights Agreement by and between Gaucho Group Holdings, Inc. and Tumim Stone Capital LLC, dated November 8, 2022 (20)
10.21	Exchange Agreement, dated as of November 30, 2022, by and among Gaucho Group Holdings, Inc. and the subscribers listed therein. (26)
10.22	Letter Agreement, dated as of February 2, 2023, by and among Gaucho Group Holdings, Inc. and the Holders listed therein. (30)
10.23	Letter Agreement, dated as of February 8, 2023, by and among Gaucho Group Holdings, Inc. and the Holders listed therein. (31)
10.24	Exchange Agreement, dated as of February 20, 2023, by and among Gaucho Group Holdings, Inc. and the subscribers listed therein. (32)
10.25	Securities Purchase Agreement dated February 21, 2023 (33)
10.26	Form of Senior Secured Convertible Note Issued by the Company (33)
10.27	Form of Security and Pledge Agreement (33)
10.28	Form of Stockholder Pledge Agreement (33)
10.29	Form of Registration Rights Agreement (33)
22.1	Subsidiary guarantors and issuers of guaranteed securities and affiliates whose securities collateralize securities of the registrant (13)
31.1	Certification of Principal Executive Officer pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Exchange Act.*
31.2	Certification of Principal Financial Officer pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Exchange Act.*
32	Certification of the Principal Executive Officer and Principal Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**
99.1	Algodon Wine Estates Property Map (34)
101.INS	Inline XBRL Instance Document
101.SCH	Inline XBRL Schema Document
101.CAL	Inline XBRL Calculation Linkbase Document
101.DEF	Inline XBRL Definition Linkbase Document
101.LAB	Inline XBRL Label Linkbase Document
101.PRE	Inline XBRL Presentation Linkbase Document
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

1. Incorporated by reference from the Company’s Registration of Securities Pursuant to Section 12(g) on Form 10 dated May 14, 2014.
2. Incorporated by reference from the Company’s Annual Report on Form 10-K, filed on March 31, 2017.
3. Incorporated by reference from the Company’s Quarterly Report on Form 10-Q, filed on November 19, 2018.
4. Incorporated by reference to the Company’s Current Report on Form 8-K filed on July 9, 2019.
5. Incorporated by reference to the Company’s Current Report on Form 8-K filed on February 18, 2021.

6. Incorporated by reference to the Company's Current Report on Form 8-K filed on February 22, 2021.
7. Incorporated by reference to the Company's Current Report on Form 8-K filed on April 1, 2020.
8. Incorporated by reference to the Company's Annual Report on Form 10-K filed on April 12, 2021.
9. Incorporated by reference to the Company's Quarterly Report on Form 10-Q filed on August 16, 2021.
10. Incorporated by reference to the Company's Current Report on Form 8-K filed on November 8, 2021.
11. Incorporated by reference to the Company's Current Report on Form 8-K filed on November 17, 2021.
12. Incorporated by reference to the Company's Current Report on Form 8-K as filed on March 1, 2022.
13. Incorporated by reference to the Company's Annual Report on Form 10-K, filed on April 14, 2022.
14. Incorporated by reference to the Company's Current Report on Form 8-K, filed on May 2, 2022.
15. Incorporated by reference to the Company's Current Report on Form 8-K, filed on May 13, 2022.
16. Incorporated by reference to the Company's Current Report on Form 8-K, filed on June 8, 2022.
17. Incorporated by reference to the Company's Current Report on Form 8-K, filed on July 5, 2022.
18. Incorporated by reference to the Company's Current Report on Form 8-K, filed on August 31, 2021.
19. Incorporated by reference to the Company's Current Report on Form 8-K, filed on November 3, 2022.
20. Incorporated by reference to the Company's Current Report on Form 8-K, filed on November 9, 2022.
21. Incorporated by reference to the Company's Current Report on Form 8-K, filed on October 24, 2022.
22. Incorporated by reference to the Company's Current Report on Form 8-K, filed on September 23, 2022.
23. Incorporated by reference to the Company's Amended Current Report on Form 8-K/A, filed on September 8, 2022.
24. Incorporated by reference to the Company's Current Report as amended on Form 8-K/A, filed on November 14, 2022.
25. Incorporated by reference to the Company's Quarterly Report on Form 10-Q, filed on November 18, 2022.
26. Incorporated by reference to the Company's Current Report on Form 8-K, filed on December 1, 2022.
27. Incorporated by reference to the Company's Current Report on Form 8-K, filed on December 13, 2022.
28. Incorporated by reference to the Company's Current Report on Form 8-K, filed on December 15, 2022.
29. Incorporated by reference to the Company's Quarterly Report on Form 10-Q, filed on November 16, 2015.
30. Incorporated by reference to the Company's Current Report on Form 8-K, filed on February 3, 2023.
31. Incorporated by reference to the Company's Current Report on Form 8-K, filed on February 8, 2023.
32. Incorporated by reference to the Company's Current Report on Form 8-K, filed on February 21, 2023.
33. Incorporated by reference to the Company's Current Report on Form 8-K, filed on February 21, 2023.
34. Incorporated by reference to the Company's Annual Report on Form 10-K, filed on April 17, 2023.

* Filed herewith.

** Furnished, not filed herewith.

SIGNATURES

Pursuant to the requirements of Section 12 of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: May 19, 2023

GAUCHO GROUP HOLDINGS, INC.

By: */s/ Scott L. Mathis*
Scott L. Mathis
Chief Executive Officer

By: */s/ Maria Echevarria*
Maria Echevarria
Chief Financial Officer and Chief Operating Officer

Exhibit 31.1

CERTIFICATION PURSUANT TO RULE 13a-14(a) OF THE SECURITIES EXCHANGE ACT OF 1934

I, Scott L. Mathis, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Gaucho Group Holdings, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 19, 2023

/s/ Scott L. Mathis

Name: Scott L. Mathis
Title: Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION PURSUANT TO RULE 13a-14(a) OF THE SECURITIES EXCHANGE ACT OF 1934

I, Maria Echevarria, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Gaucho Group Holdings, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 19, 2023

/s/ Maria Echevarria

Name: Maria I. Echevarria
Title: Chief Financial Officer
(Principal Accounting Officer)

Exhibit 32

CERTIFICATION PURSUANT TO
18 U.S.C. §1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Gaucho Group Holdings, Inc. (the "Company's Quarterly Report") on Form 10-Q for the period ended March 31, 2023, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Scott L. Mathis, as Chief Executive Officer and principal executive officer and Maria I. Echevarria, as Chief Financial Officer and principal financial officer of the Company hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to the best of the undersigned's knowledge and belief, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
2. Information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of the dates and for the periods expressed in the Report.

/s/ Scott L. Mathis

Scott L. Mathis
Chief Executive Officer and Principal Executive Officer
Dated: May 19, 2023

/s/ Maria I. Echevarria

Maria I. Echevarria
Chief Financial Officer and Principal Financial Officer
Dated: May 19, 2023

This certification accompanies this Report pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended.