

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

FORM 10-K

(Mark one)

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

For the Fiscal Year Ended December 31, 2023

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

For the transition period from _____ to _____

Commission file number: 001-40075

Gaucho Group Holdings, Inc.

(Exact Name of Registrant as Specified in Its Charter)

Delaware

(State or Other Jurisdiction
of Incorporation or Organization)

52-2158952

(I.R.S. Employer
Identification No.)

112 NE 41st Street, Suite 106, Miami, Florida

(Address of Principal Executive Offices)

33137

(Zip Code)

(212) 739-7700

(Registrant's telephone number, including area code)

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

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

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

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

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

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

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

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

Large accelerated filer
Non-accelerated filer

Accelerated filer
Smaller reporting company
Emerging growth company

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

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

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

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

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

The aggregate market value of the voting and non-voting common equity held by non-affiliates (633,231 shares) computed by reference to the price at which the common equity was last sold as of June 30, 2023, the last business day of the registrant's most recently completed second fiscal quarter, was \$3,546,091. Solely for the purposes of this calculation, shares held by directors, executive officers and 10% owners of the registrant have been excluded. Such exclusion should not be deemed a determination or an admission by the registrant that such individuals are, in fact, affiliates of the registrant.

As of April 26, 2024, there were 7,963,810 shares of the registrant's common stock outstanding.

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PART I

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

- the risks and additional expenses associated with international operations and operations in a country (Argentina) which has had significantly high inflation in the past;
- the uncertainties raised by a fluid political situation and fundamental policy changes that could be affected by presidential elections;
- uncertainties associated with financial services industry which could adversely affect the Company’s current and projected business operations and its financial condition and results of operations.
- the risks associated with a business that has never been profitable, whose business model has been restructured from time to time, and which continues to have and has significant working capital needs;
- the possibility of external economic and political factors preventing or delaying the acquisition, development or expansion of real estate projects, or adversely affecting consumer interest in our real estate offerings;
- changes in external market factors, as they relate to our emerging e-commerce business;
- changes in the overall performance of the industries in which our various business units operate;
- changes in business strategies that could be necessitated by market developments as well as economic and political considerations;
- possible inability to execute the Company’s business strategies due to industry changes or general changes in the economy generally;
- changes in productivity and reliability of third parties, counterparties, joint venturers, suppliers or contractors; and
- the success of competitors and the emergence of new competitors.

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

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

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

Risk Factors Summary

- Our failure to maintain compliance with Nasdaq's continued listing requirements could result in the delisting of our common stock.
- The Company is currently in default under its convertible promissory note with 3i and has received demands for payment.
- We no longer have an equity line of credit as a source of funding for the Company.
- We may not receive a complete return of our investment in LVH.
- Our level of debt may adversely affect our operations and our ability to pay our debt as it becomes due.
- We may not be able to continue as a going concern.
- The Company is facing and may continue to face significant cost inflation.
- Revenues are currently insufficient to pay operating expenses and costs which may result in the inability to execute the Company's business concept.
- Adverse developments affecting the financial services industry, such as the failure of Silicon Valley Bank, could adversely affect the Company's current and projected business operations and its financial condition and results of operations.
- Cybersecurity risks and cyber incidents may adversely affect our business by causing a disruption to our operations, a compromise or corruption of our confidential information and/ or damage to our business relationships, all of which could negatively impact our business, financial condition and operating results.
- Argentina's economy may not support foreign investment or our business.
- Argentina has a highly inflationary economy, which may continue to increase our accounting and legal costs.
- Argentina has in the past discussed nationalizing private businesses.
- The Company is exposed to the risk of changes in foreign exchange rates.
- A significant number of our employees are located in Argentina, and any favorable or unfavorable developments in Argentina could have an impact on our results of operations.
- Argentina's ability to obtain financing from international markets is limited, which may impair its ability to implement reforms and foster economic growth.
- The stability of the Argentine banking system is uncertain and the Argentine government may again place currency limitations on withdrawals of funds.
- Government measures to pre-empt or respond to social unrest may adversely affect the Argentine economy and our business.
- The Argentine economy could be adversely affected by economic developments in other global markets.
- The Argentine government may order salary increases to be paid to employees in the private sector, which would increase our operating costs.
- We are exposed to risks in relation to compliance with anti-corruption and anti-bribery laws and regulations overseas and in the U.S.
- The real estate market is uncertain in Argentina and the investment in Argentine real property is subject to economic and political risks.

- An adverse economic environment for real estate companies such as a credit crisis may adversely impact our results of operations and business prospects significantly.
- There are limitations on the ability of foreign persons to own Argentinian real property.
- Our business is subject to extensive domestic and foreign regulation, including regulations and laws imposed by the U.S. and Argentine governments, and additional regulations may be imposed in the future.
- There is limited public information about real estate in Argentina and there may be a lack of liquidity in the underlying real estate.
- The Company may be subject to certain losses that are not covered by insurance.
- The boutique hotel market is highly competitive.
- The profitability of Algodon Wine Estates will depend on consumer demand for leisure and entertainment and the performance of hotel management.
- The tourism industry is highly competitive and may affect the success of the Company's projects.
- The ability of the Company to operate its businesses may be adversely affected by U.S. and Argentine government regulations.
- Climate change, or legal, regulatory or market measures to address climate change, may negatively affect our business, operations or financial performance, and water scarcity or poor water quality could negatively impact our production costs and capacity.
- GGI has a limited operating history, and the flagship store is still operating at a loss.
- The markets in which we operate, and which plan to operate in are highly competitive, and such competition could cause our business to be unsuccessful.
- Our business is subject to risks associated with importing products, and the imposition of additional duties and any changes to international trade agreements could have a material adverse effect on our business, results of operations and financial condition.
- We may not be able to protect our intellectual property rights, which may cause us to incur significant costs.
- Privacy breaches and other cyber security risks related to our business could negatively affect our reputation, credibility and business.
- Insiders continue to have substantial control over the Company.
- The loss of our Chairman, President and Chief Executive Officer could adversely affect the Company's businesses.
- The Company is dependent upon additional financing which it may not be able to secure in the future and may result in dilution of our stockholders.
- The Company's officers and directors are indemnified against certain conduct that may prove costly to defend.
- Our bylaws designate the federal and state courts of the State of Delaware as the sole and exclusive forum for certain types of actions and proceedings that may be initiated by our stockholders, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers or employees.

- The Company has not and may not pay dividends on its common stock.
- Our financial controls and procedures may not be sufficient to accurately or timely report our financial condition or results of operations, which may adversely affect investor confidence in us and, as a result, the value of our common stock.
- Although we qualify as an emerging growth company, we also qualify as a smaller reporting company and under the smaller reporting company rules we are subject to scaled disclosure requirements that may make it more challenging for investors to analyze our results of operations and financial prospects.
- Raising additional funds through debt or equity financing could be dilutive and may cause the market price of our common stock to decline. We still may need to raise additional funding which may not be available on acceptable terms, or at all.

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

Implications of Being an Emerging Growth Company

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

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

We will remain an emerging growth company until:

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

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

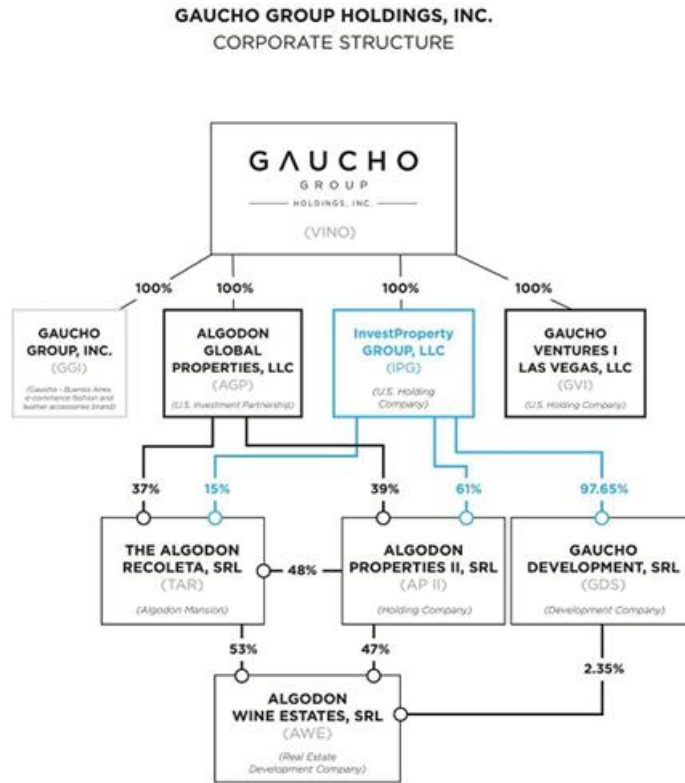
We have elected to avail ourselves of the provision of the JOBS Act that permits emerging growth companies to take advantage of an extended transition period to comply with new or revised accounting standards until those standards apply to private companies. As a result, we will not be subject to new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

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

ITEM 1. BUSINESS



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



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

Recent Business Developments

- Between December 28, 2022, and October 5, 2023, the Company requested draw-downs and received gross proceeds of \$937,146 pursuant to the Common Stock Purchase Agreement dated November 8, 2022 (the “2022 ELOC”) and issued 151,684 shares of common stock to Tumim Stone Capital LLC (“Tumim”).
- On January 9, 2023, the Company entered into a promissory note for gross proceeds of \$185,000 bearing interest at 8% per annum. The maturity date is January 9, 2024. The Company repaid principal in the amount of \$100,000 on February 22, 2024, and the lender has agreed to being paid \$50,000 and \$35,000 during March and April, respectively.
- On February 2, 2023, the Company and 3i, LP (“3i”), the holder of promissory notes (the “2021 Notes”) pursuant to the Securities Purchase Agreement dated November 3, 2021 (the “2021 SPA”) entered into a fourth letter agreement pursuant to which the parties agreed to reduce the Conversion Price of the 2021 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.
- Between February 3 and February 15, 2023, the holder of the 2021 Note elected to convert an aggregate of \$1,571,553 in principal and interest, of which \$1,335,439, \$124,049, and \$112,065 was principal, interest and premium converted, into 83,333 shares of common stock at prices ranging from \$14.50 to \$24.00 per share.
- On February 8, 2023, the Company and 3i entered into a letter agreement pursuant to which the parties agreed to extend the maturity date of the notes from February 9, 2023 to February 28, 2023.
- On February 10, 2023, the Company sold 59,100 shares of common stock for gross proceeds of \$591,000 to accredited investors and warrants to purchase 14,775 shares of common stock at an exercise price of \$10.00 per share. The warrants are exercisable for two years from the date of issuance.
- On February 20, 2023, the Company entered into an exchange agreement with 3i in order to amend certain provisions of the 2021 SPA and issued the holders warrants to purchase up to an aggregate of 15,000 shares of the Company’s common stock at an exercise price of \$10.00.
- On February 21, 2023, the Company entered into a Securities Purchase Agreement with 3i, pursuant to which the Company will sell to 3i a series of senior secured convertible notes of the Company in the aggregate original principal amount of \$5,617,978 (the “2023 Note”), and a series of common stock purchase warrants of the Company, which warrants shall be exercisable into an aggregate of 337,710 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.
- Between May 2, 2023 and December 1, 2023, at the request of 3i, the Company converted a total of \$3,822,210 of principal, \$220,996 of interest, \$13,077 of redemption premium and \$1,767,591 of derivative liabilities (including default premium and redemption feature) pursuant to the 2023 Note and the Company issued 2,297,005 shares of common stock upon conversion. The Company recorded cash true up liabilities in the amount of \$1,484,677 representing the excess of the conversion amount over the value of shares issued upon conversion.
- On April 18, 2023, the Company filed a resale registration statement on Form S-1 (File No. 333-271305) to register up to 151,946 shares upon conversion of the 2023 Note, which was declared effective on April 21, 2023.

- On May 8, 2023, the Company held a Special Meeting of Stockholders, and the stockholders approved, a measure for purposes of complying with Nasdaq Listing Rule 5635(d), the full issuance and exercise of shares of our common stock to be issued pursuant to the Purchase Agreement and Note.
- On May 9, 2023, the Company filed a resale registration statement on Form S-1 (File No. 333-271305) as amended on May 22, 2023 to register up to 200,000 shares upon conversion of the 2023 Note, which was declared effective on May 26, 2023.
- On May 21, 2023, an Event of Default occurred with respect to the 2023 Note. As a result, on August 11, 2023, the Company and 3i entered into an agreement pursuant to which, among other things 3i agreed to forbear from issuing an event of default notice and event of default redemption notice through December 31, 2023.
- On June 1, 2023, the Company received a deficiency letter from 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. The Company was given until November 28, 2023 to regain compliance with the \$1.00 per share requirement.
- On June 30, 2023, the Company, through its wholly owned subsidiary, Gaucho Ventures I – Las Vegas, LLC, executed a Fourth Amendment to the Amended and Restated Limited Liability Company Agreement of LVH Holdings LLC to extend the outside date for execution of the ground lease from June 30, 2023 to December 29, 2023.
- On July 14, 2023, the Company issued a total of 27,027 shares at \$5.55 per share to the non-executive directors of the Company as compensation for service as members of the Board of Directors of the Company for the first half of 2023.
- On August 11, 2023, the Company and 3i entered into an agreement pursuant to which, among other things: (i) 3i agreed to forbear from issuing an Event of Default Notice and Event of Default Redemption Notice; (ii) 3i waived the requirement in the 2023 Note to pay Interest on the 2023 Note monthly in cash for a certain period of time; (iii) 3i agreed to waive application of the Default Rate in the 2023 Note for a certain period of time; (iv) 3i agreed to waive the requirement in the 2023 Note for the Company to prepay, redeem, or convert one quarter of the initial Principal and Interest on the 2023 Note by each three (3) month anniversary of the Issuance Date for a certain period of time; (v) the Company adjusted the exercise price of the Warrant from \$13.40 to \$4.50; and (vi) 3i may continue to convert the 2023 Note at the Alternate Conversion Price or at \$4.50.
- On August 24, 2023, the Company held its 2023 Annual General Meeting of the Stockholders, at which the stockholders approved: (i) the election of two directors to the Board of Directors; (ii) a reverse stock split in the ratio of 1:2 up to 1:10; (iii) advisory vote on executive compensation; (iv) frequency of advisory vote on executive compensation to be every three years; and (v) ratification of Marcum as the Company's auditor for 2023. See item 9B for more information.
- On August 29, 2023, the Company amended its U.S. Registration No. 6043175 for the GAUCHO BUENOS AIRES trademark to include a limitation in Class 25 to goods "other than snapshirts and western style shirts or shirts with western style embroidery." The amended registration was filed in connection with the settlement of a Petition to Cancel the Company's registration filed by Heard Design, LLC, dba Howler Brothers.
- On September 15, 2023, the Company raised a total of \$405,000 through the private placement of units at \$4.50 per unit, each unit equal to 1 share of common stock and 1/5 of a warrant, not including warrant exercise. A total of 90,000 shares of common stock and warrants to purchase 18,000 shares of common stock were issued. Each whole warrant is exercisable at \$4.50 for two years from the date of issuance.

- On September 25, 2023, the Company implemented a reverse stock split of the Company's issued and outstanding shares of common stock, par value \$0.01 per share, at a ratio of 1-for-10.
- On September 27, 2023, the Company, through its wholly owned subsidiary, Gaucho Ventures I – Las Vegas, LLC, executed a Letter Agreement regarding LVH Holdings LLC by and between the Company, SLVH LLC, a Delaware limited liability company, and Timberline Development Partners LLC, a Texas limited liability company ("Timberline"), to suspend its business operations, terminate the development agreement with Timberline, distribute all of its available cash in excess of an agreed reserve, waive the provision requiring dissolution of LVH Holdings LLC if no ground lease is signed, and release and terminate certain obligations of the members or their affiliates to contribute capital or perform services to or for the benefit of LVH Holdings LLC.
- On October 5, 2023, the Company and 3i entered into the First Amendment to the 2023 Note which lowers the conversion floor price of the 2023 Note from \$2.70 to \$0.40.
- On October 9, 2023, the Company and 3i entered into the Second Amendment to the 2023 Note (the "Second Amendment") which amends the 2023 Note and reiterates that the issuance of shares pursuant to the 2023 Note, Note Documents, First Amendment and Second Amendment are subject to compliance with Nasdaq Rule 5635.
- On October 27, 2023, the Company filed a Preliminary Proxy Statement on Form 14-A, an amended Preliminary Proxy Statement on Form 14-A on November 3, 2023, a Definitive Proxy Statement on Form 14-A and additional definitive proxy materials on Form 14-A on November 13, 2023, and an amendment to the Definitive Proxy Statement on Form 14-A on November 24, 2023, which requested stockholder approval of the following proposals: (i) to approve for purposes of complying with Nasdaq Listing Rule 5635(d), the full issuance of shares of our common stock pursuant to the 2022 ELOC, without giving effect to the 19.99% cap provided under Nasdaq Listing Rule 5635(d); (ii) to grant the Board of Directors discretion (if necessary to prevent the delisting of the Company's common stock on Nasdaq) on or before June 30, 2024, to implement a reverse stock split of the outstanding shares of common stock in a range from one-for-two (1:2) up to one-for-ten (1:10), or anywhere between, while maintaining the number of authorized shares of common stock at 150,000,000 shares, as required for Nasdaq listing; and (iii) to approve for purposes of complying with Nasdaq Listing Rule 5635(d), the full issuance of shares of our common stock to be issued in a private placement of common stock for gross proceeds of up to \$7.2 million pursuant to Rule 506(b) of the Securities Act of 1933, as amended, without giving effect to the 19.99% cap provided under Rule 5635(d).
- On November 21, 2023, the Company announced the successful completion of drilling of a third water well at Algodon Wine Estates.
- On November 27, 2023, the Company commenced a private placement of shares of common stock for gross proceeds of up to \$4,000,000 at a price per share which equals the Nasdaq Rule 5653(d) Minimum Price definition, but in no event at a price per share lower than \$0.60 (the "Private Placement"). Between November 30, 2023 and April 11, 2024, pursuant to the Private Placement, the Company issued a total of 4,741,581 shares of common stock for gross proceeds of \$2,850,000.
- On November 28, 2023, the Company sent correspondence to the Nasdaq Stock Market LLC announcing its intention to effect a reverse stock split, if necessary to regain compliance with Nasdaq's minimum bid price requirement, pending stockholder approval on December 28, 2023.

- On November 29, 2023, the Company received a letter from the Staff notifying the Company that it is eligible for an additional 180 calendar day period, or until May 28, 2024 to regain compliance (the “Compliance Date”). Provided that the Company meets the continued listing requirement for market value of publicly held shares and all other applicable requirements for initial listing on the Nasdaq Capital Market with the exception of the Bid Price Requirement, and the Company provides written notice of its intention to cure the deficiency during the second compliance period by effecting a reverse stock split, if necessary, then 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 December 4, 2023, the Company announced the appointment of Michael Koh to the Advisory Board of Gaucho Holdings.
- On December 13, 2023, the Company issued a press release announcing that it has retained securities litigation attorney Mark R. Basile, Esq. and his firm, The Basile Law Firm P.C. to recommend courses of action that may bring value to the Company and its stockholders.
- On December 19, 2023, Gaucho Group Holdings, Inc. issued a press release announcing the postponement of its Special Meeting of Stockholders, originally scheduled to be held at 12:00 p.m. Eastern Time on Thursday, December 28, 2023.
- Also on December 19, 2023, the Company filed additional definitive proxy materials on Form 14-A on November 13, 2023, an amendment to the Definitive Proxy Statement on Form 14-A on January 5, 2024, a second amendment to the Definitive Proxy Statement on Form 14-A on January 18, 2024, and a third amendment to the Definitive Proxy Statement on Form 14-A on January 22, 2024 which requested stockholder approval of the following proposals: (i) to approve for purposes of complying with Nasdaq Listing Rule 5635(d), the full issuance of shares of our common stock pursuant to the 2022 ELOC, without giving effect to the 19.99% cap provided under Nasdaq Listing Rule 5635(d); (ii) to grant the Board of Directors discretion (if necessary to prevent the delisting of the Company’s common stock on Nasdaq) on or before June 30, 2024, to implement a reverse stock split of the outstanding shares of common stock in a range from one-for-two (1:2) up to one-for-ten (1:10), or anywhere between, while maintaining the number of authorized shares of common stock at 150,000,000 shares, as required for Nasdaq listing; (iii) to approve for purposes of complying with Nasdaq Listing Rule 5635(d), the full issuance of shares of our common stock to be issued in a private placement of common stock for gross proceeds of up to \$7.2 million pursuant to Rule 506(b) of the Securities Act of 1933, as amended, without giving effect to the 19.99% cap provided under Rule 5635(d); and (iv) to approve for purposes of complying with Nasdaq Listing Rule 5635(d), the full issuance and exercise of shares of our common stock to be issued pursuant to that certain Securities Purchase Agreement, dated February 21, 2023, the 2023 Note, that certain common stock purchase warrant dated February 21, 2023, and that certain Registration Rights Agreement, dated February 21, 2023 by and between the Company and 3i.
- In connection with the vesting of Restricted Stock Units (“RSUs”) on December 31, 2023, the Company’s CEO and CFO received a total of 7,093 shares pursuant to RSUs issued under the 2018 Equity Incentive Plan with a grant date value of \$11.60 per share.
- Effective December 31, 2023, William Allen, a Class III Director of the Company, resigned from the Company’s Board of Directors. Mr. Allen did not resign due to any disagreement with the Company on any matter relating to its operations, policies or practices.
- On January 22, 2024, the Company issued a total of 34,963 shares of common stock at \$0.4224 per share in settlement of its matching obligations for the year ended December 31, 2023 under the Company’s 401(k) profit sharing plan for the benefit of the Company’s Chief Executive Officer and Chief Financial Officer.

- Effective February 5, 2024, pursuant to the 2023 Note, 3i elected to increase the cap on its beneficial ownership of the Company from 4.99% to 9.99% per Section 3(d)(i) of the 2023 Note (the “Maximum Percentage”) by providing written notice to the Company. Such increase in the Maximum Percentage will not be effective until the sixty-first (61st) day after such notice is delivered to the Company.
- On February 16, 2024, the Company filed a complaint in the United States District Court for the District of Delaware alleging 3i, LP, 3i Management LLC, and Maier Joshua Tarlow engaged in an unlawful securities transaction with the Company as an unregistered dealer under U.S. securities laws.
- On February 7, 2024, in connection with the vesting of RSUs on December 31, 2023, certain of the Company’s employees, consultants and advisors received a total of 18,410 shares pursuant to RSUs issued under the 2018 Equity Incentive Plan with a grant date value of \$11.60 per share.
- On February 22, 2024, the Company received notice from Tumim of its election to terminate the 2022 ELOC. While the notice to terminate stated that it was effective immediately, Section 8.2 of the Purchase Agreement requires at least 10 Trading Days prior written notice. The Company treated the 2022 ELOC as being terminated by Tumim effective March 7, 2024. No early termination penalties are incurred by either party under the 2022 ELOC.
- On February 21, 2024, the Company received an Event of Default Redemption Notice from 3i providing notice of Events of Default arising under the 2023 Note Documents and demanding immediate payment of the Event of Default Redemption Price equal to a minimum of \$3,437,646
- On February 28, 2024, the Company received a second Event of Default Redemption Notice from 3i providing notice of an additional Event of Default arising under the 2023 Note Documents, and demanding immediate payment of the Event of Default Redemption Price equal to a minimum of \$3,450,711
- On February 29, 2024, at the Special Meeting of the Stockholders of the Company, the stockholders: (i) approved, for purposes of complying with Nasdaq Listing Rule 5635(d), the full issuance of shares of our common stock pursuant to the ELOC, without giving effect to the 19.99% cap provided under Nasdaq Listing Rule 5635(d); (ii) granted the Board of Directors discretion (if necessary to prevent the delisting of the Company’s common stock on Nasdaq) on or before June 30, 2024, to implement a reverse stock split of the outstanding shares of common stock in a range from one-for-two (1:2) up to one-for-ten (1:10), or anywhere between, while maintaining the number of authorized shares of common stock at 150,000,000 shares, as required for Nasdaq listing; (iii) approved the full issuance of shares of our common stock to be issued in a private placement of common stock for gross proceeds of up to \$7.2 million pursuant to Rule 506(b) of the Securities Act of 1933; and (iv) declined to approve, for purposes of complying with Nasdaq Listing Rule 5635(d), the full issuance of shares of our common stock to be issued in a private placement of common stock for gross proceeds of up to \$7.2 million pursuant to Rule 506(b) of the Securities Act of 1933, as amended, without giving effect to the 19.99% cap provided under Rule 5635(d). The stockholders did not approve for purposes of complying with Nasdaq Listing Rule 5635(d), the full issuance and exercise of shares of our common stock to be issued pursuant to the 2023 Note Documents by and between the Company and 3i.
- On March 6, 2024, the Company received an Event of Default notice from 3i regarding an Event of Default arising under the Note Documents for failure to cure a Conversion Failure for a Conversion Notice submitted by 3i on February 20, 2024, and demanding immediate payment of the Event of Default Redemption Price equal to a minimum of \$3,460,510
- On March 14, 2024, the Company announced the launch of its vineyard home rental program, allowing Algodon Wine Estates’ private homeowners to list the luxury vineyard homes for rent for short or long-term stays.
- On April 2, 2024, the Company filed a post-effective amendment to the registration statement registering 166,667 shares of common stock for resale by Tumim filed on December 16, 2022 and effective December 23, 2022 (the “Original Registration Statement”) in order to terminate the effectiveness of the Original Registration Statement and to deregister, as of the effective date of amendment, all registered securities that remain unsold under the Original Registration Statement as of the date thereof. The amendment was declared effective April 2, 2024.
- On April 11, 2024, the Company issued a total of 47,637 shares of common stock at a price per share of \$0.60 in connection with the anti-dilution provisions of the Private Placement as approved by the Company’s stockholders on February 29, 2024.
- On April 18, 2024, the Company received a deficiency letter from the Nasdaq Listing Qualifications Department notifying the Company that, due to the Company’s failure to timely file its Annual Report on Form 10-K for the fiscal year ended December 31, 2023 with the Securities and Exchange Commission (the “SEC”), the Company is not in compliance with Nasdaq’s continued listing requirements under Nasdaq Listing Rule 5250(c)(1), which requires the timely filing of all required periodic reports with the SEC.
- On April 19, 2024, the Board of Directors of the Company, as authorized by the stockholders of the Company, approved a reverse stock split of the Company’s issued and outstanding shares of common stock, par value \$0.01 per share, at a ratio of 1-for-10 (the “Reverse Stock Split”). The Board of Directors of the Company also approved an amended and restated Certificate of Incorporation (the “Certificate”) to effect the Reverse Stock Split. On April 24, 2024, the Company filed the Certificate with the Delaware Secretary of State with an effective date of 12:01 a.m., Eastern Time, on May 1, 2024.

Please also see Item 5 “Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities” and Item 9B “Other Items” for details on securities issued by the Company in connection with private placements.

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

Company Overview

Gaicho Group Holdings, Inc. (the “Company”) was incorporated on April 5, 1999, Effective October 1, 2018, the Company changed its name from Algodon Wines & Luxury Development, Inc. to Algodon Group, Inc., and effective March 11, 2019, the Company changed its name from Algodon Group, Inc. to Gaicho Group Holdings, Inc. (“GGH”).

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

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

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

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

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



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

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

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

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

Gaicho Buenos Aires brand milestones include:

- Gaucho - Buenos Aires debuts with its Resort Collection to fashion industry media at Algodon Mansion in Buenos Aires, October 2018;
- Gaucho - Buenos Aires debuts ecommerce store, March 2019;
- Gaucho - Buenos Aires (GAUCHO.com) debuts Fall/Winter Collection at Argentine fashion week’s Designers Buenos Aires, March 2019;
- Gaucho - Buenos Aires celebrates U.S. debut at New York Fashion Week, September 2019;
- Gaucho announces agreement with Bergen Logistics, a leading fashion logistics and technology solutions provider to provide international order fulfillment, warehousing, and distribution service, October 2019;
- Gaucho - Buenos Aires launches storefront on Amazon.com, June 2021;
- Release of The Lucky Bag, in December 2021, an evergreen silhouette to be carried from season to season, intended to serve as a part of Gaucho’s core collection of handbags;
- Launch of Gaucho’s e-commerce home and living collection Gaucho Casa, February 2022;

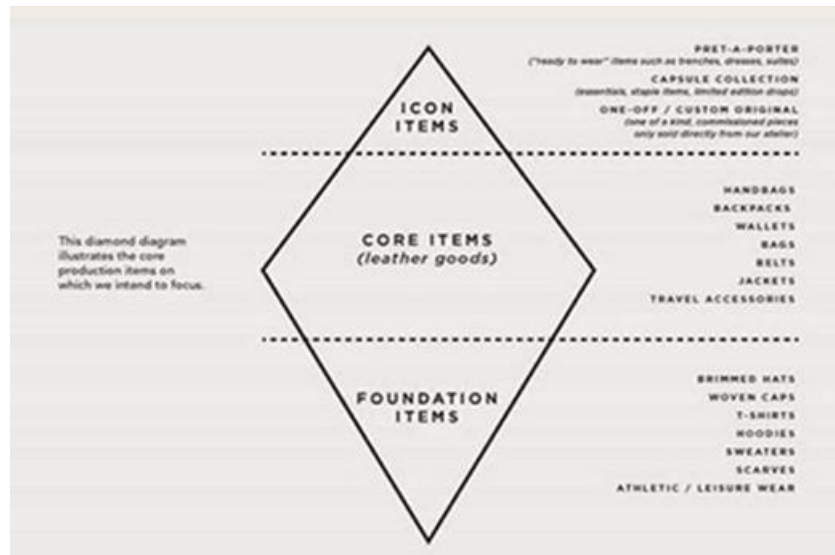
- Gaucho - Buenos Aires presents its Fall 2022 collection at Runway 7 for New York Fashion Week, February 2022;
- Welcomed new Director of Design Lautaro Garcia de la Peña, in February 2022, to lead Gaucho's creative team, and as the main designer behind Gaucho's debut jewelry collection;
- Launched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

Our Products

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

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

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



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

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

Sales and Marketing Strategy / Competitive Edge

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

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

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

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

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

Business Advisors

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

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

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

Marketing Strategy

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

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

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

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

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

Gaucho – Buenos Aires presents an opportunity for global press to talk about Argentina finding its foothold once again on the global fashion scene, spotlighting our designers, our designs, and our concentration on leather goods. As there are few brands launching out of Argentina, and certainly fewer with global intentions, the press reaction to Gaucho – Buenos Aires has been extremely positive and encouraging.

Press

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

Gaucho – Buenos Aires Trademarks

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

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

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

On October 13, 2022, Heard Design, LLC, dba Howler Brothers, filed a Petition to Cancel the Company's U.S. Registration No. 6043175 for the GAUCHO BUENOS AIRES and Design mark in Classes 18, 25 and 33 with the United States Trademark Trial and Appeal Board. The action was filed after an application the petitioner filed for the mark GAUCHO SNAPSHIRT in Class 25, US Trademark Application No. 90837298, was rejected over the Company's registration. The parties reached a settlement agreement effective May 12, 2023, in which the Company excluded "snapshirts and western style shorts or shirts with western style embroidery" (but not shirts in the traditional Argentinian gaucho style) from the goods in its U.S. Registration No. 6043175 and agreed to not sell such shirts under a mark that includes "GAUCHO".

The details of the registrations are:

Registration No. 6,043,175

Registration Date: April 28, 2020

Classes: 18, 25 and 33

Goods: Class 18— Handbags; purses; clutch wallets and handbags; wallets; belt bags; necessaire, namely, cosmetic bags sold empty; travel bags,
Class 25— T-shirts; tops; shirts other than snapshirts and western style shirts or shirts with western style embroidery; sweaters; hoodies; ponchos; pants; bottoms; shorts; skirts; dresses; jackets; coats; scarves; pocket squares; ties; belts; hosiery; underwear; gloves; footwear; shoes; headwear; hats; caps being headwear
Class 33 – Wines

Registration No. 6,180,633

Registration Date: October 20, 2020

Corrected: February 8, 2022

Classes: 3 and 24

Goods: Class 3 – Fragrances; perfumes
Class 24 – Bed and table linen; bed blankets; bed sheets; pillowcases; comforters; duvets; bath linen

Registration No. 6,521,054

Registration Date: October 12, 2021

Classes: 14 and 21

Goods: Class 14 – Jewelry; earrings; keychains

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

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

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

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

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

The application is allowed with a Statement of Use/3rd Extension due September 20, 2024

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

Class 4 - Candles; scented candles

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

Class 11 - Lamps

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

An Office Action issued on January 15, 2024 rejecting the application over two prior registrations. A response arguing over the refusal will be filed by July 15, 2024.

VAMOS SPORT – App. No. 97163672 filed December 9, 2021 for:
Class 3 – Fragrances
The application is allowed with a Statement of Use/3rd Extension due September 27, 2024.

GAUCHO FUEGO – App. No. 97182237 filed December 21, 2021 for:
Class 3 – Fragrances
The application is allowed with a Statement of Use/4th Extension due August 9, 2024.

GAUCHO FIRE – App. No. 97182241 filed December 21, 2021 for:
Class 3 – Fragrances
The application is allowed with a Statement of Use/4th Extension due August 9, 2024.

GAUCHO BUENOS AIRES – App. No. 97316578 filed March 17, 2022 for:
Class 35 – Online retail store services featuring clothing and clothing accessories, fragrances, jewelry, handbags, bags, wallets and credit card cases
The application has been approved and was published on April 9, 2024. If no oppositions are filed, the mark will register around the beginning of July 2024.



– Reg. No. 6872808 registered October 11, 2022, from App. No. 97316580 filed March 17, 2022 for:
Class 35 – Online retail store services featuring clothing and clothing accessories, fragrances, jewelry, beverage ware and housewares, cutlery, candles, handbags and bags, wallets and credit card cases.

VAMOS SPORT – App. No. 97326711 filed March 23, 2022 for:
Class 18 – Tote bags; athletic bags; leather tote bags; leather backpacks.
The application is currently suspended over an earlier-filed application.

Argentina Activities

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

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

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

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

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

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

Plan of Operations

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

Long Term Growth Strategy

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

Roll-up Strategy

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

Cobranding and Strategic Alliances

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

Catalysts for Growth

Gaicho Casa Residences

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

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



Gaicho Casa

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

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

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

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

Gaucho – Kids Collection

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

Popup Shops

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

Currency Devaluation

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

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

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

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

The ALGODON® Brand

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

Description of Specific Investment Projects

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

Algodon Mansion



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

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

	TAR - Buenos Aires							
	USD				ARS			
	For the Years Ended December 31,				For the Years Ended December 31,			
	2022	2023	Δ		2022	2023	Δ	
		Amount	Δ %			Amount	Δ %	
Occupancy level	50%	54%	4%	8%	50%	54%	4%	8%
Average daily Rate (ADR)	261	386	125	48%	36,335	119,681	83,346	229%
RevPAR	130	209	79	61%	18,129	64,813	46,684	258%

Occupancy level:	<p>This is a Hotel KPI calculation that shows the percentage of available rooms or beds being sold for a certain period of time.</p> <p>It is important for hotels to keep track of this data on a daily basis to identify the average daily rate, forecast and apply revenue management.</p> <p>This ratio increased by 4% keeping our steady increase in occupancy level. TAR revenue continues to be highly dependent on international tourism.</p>
Average daily Rate (ADR):	<p>This is a metric widely used in the hospitality industry to indicate the average realized room rental per day.</p> <p>This is calculated by taking the average revenue earned from rooms and dividing it by the number of rooms sold. It excludes complimentary rooms and rooms occupied by staff.</p> <p>2023 ADR in USD increased in comparison with the previous year from USD 261 to USD 386 to reflect inflation. The same ratio in ARS has increased by 229% due to the effect of the devaluation of the Argentine peso.</p>
RevPAR:	<p>Revenue per available room (RevPAR) is a performance metric used in the hotel industry. It is calculated by multiplying a hotel’s average daily room rate (ADR) by its occupancy rate.</p> <p>2022 RevPAR in USD has increased in comparison with previous year from USD 130 to USD 209 due to the increased daily rate. The same metric in ARS has increased by 258% due to the effect of the devaluation of the Argentine peso.</p>

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



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

Algodon Wine Estates



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

Algodon Wine Estates features Algodon Villa, a private lodge originally built in 1921, that has been fully restored and refurbished to its original farmhouse design of adobe walls and cane roof. The lodge offers three suites, a gallery for private gatherings, a living area that may also serve as a dining and conference room, swimming pool, and adjacent vine-covered picnic area. The Algodon Villa offers five-star service and is situated for vacationing families, business conferences, retreat travelers, golfing

companions, or wine route globe trekkers. Algodon Wine Estates has also recently completed the construction of a new lodge which lies adjacent to the original one. The new lodge features six additional suites and a gallery with two fireplaces and a bar.

Below is a table showing occupancy data, ADR and RevPAR for Algodon Wine Estates:

	AWE - San Rafael							
	USD				ARS			
	For the Years Ended December 31,				For the Years Ended December 31,			
	2022	2023	Δ		2022	2023	Δ	
		Amount	Δ %			Amount	Δ %	
Occupancy level	41%	35%	-6%	-15%	41%	35%	-6%	-15%
Average daily Rate (ADR)	232	293	61	26%	31,650	85,891	54,241	171%
RevPAR	94	103	9	10%	12,859	30,219	17,360	135%

Occupancy level:	<p>This is a Hotel KPI calculation that shows the percentage of available rooms or beds being sold for a certain period of time.</p> <p>It is important for hotels to keep track of this data on a daily basis to identify the average daily rate, forecast and apply revenue management.</p> <p>This ratio decreased by 6% due to the reduction of subsidy from Argentina’s Ministry of Tourism for luxury hotels.</p>
Average daily Rate (ADR):	<p>This is a metric widely used in the hospitality industry to indicate the average realized room rental per day.</p> <p>This is calculated by taking the average revenue earned from rooms and dividing it by the number of rooms sold. It excludes complimentary rooms and rooms occupied by staff.</p> <p>2023 ADR in USD increased from previous year (USD 232 vs USD 293) to reflect market pricing. The same ratio in ARS increased by 171% due to the effect of the devaluation of the Argentine peso to the USD.</p>
RevPAR:	<p>Revenue per available room (RevPAR) is a performance metric used in the hotel industry. It is calculated by multiplying a hotel’s average daily room rate (ADR) by its occupancy rate.</p> <p>2023 RevPAR in USD has increased in comparison with the previous year from USD 94 to USD 103 due to the lower occupancy level. The same ratio in ARS increased by 135% due to the devaluation of the peso.</p>



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

Algodon Fine Wines



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

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

In the first quarter of 2024, Algodon Fine Wines embarked on a new phase of growth in the United States by partnering with 3Js Importing, a family-owned wine importing and distribution company based in New Jersey. This new alliance replaces our previous relationship with Seaview Imports, positioning 3Js Importing as our primary distributor in the U.S.

3Js Importing is known for its passion for quality wines and a deep commitment to sharing exceptional wine experiences. With a focus on bringing to market wines that reflect the unique style and terroir of their regions, 3Js has built a robust distribution network that now includes Algodon Fine Wines. This partnership allows us to introduce our wines to a broader audience through a variety of respected establishments and retailers across New Jersey and nearby states, such as Fiorino's, The Frog & The Peach, and Wine Chateau, among others.

Our collaboration with 3Js Importing is more than just a business venture; it's a shared mission to connect wine lovers with stories and experiences that resonate. As we move forward, both Algodon Fine Wines and 3Js are focused on deepening these connections, fostering new relationships, and ensuring that our customers have access to our distinctive selection of wines. This partnership marks an exciting step forward in our mission to share our love of wine with more people in the U.S.

Current Distribution Markets (as of the first quarter of 2024)

California – dba Hollywood Burger

California – dba Salvatore Italian Restaurant

California – dba Wally's Wine and Spirits

California – Golden State Wine & Spirits

California – Peach Systems Inc.

California – La Boutillier

California – Cyrus

Florida – Greystone

Florida – Southern Glazers Wine and Spirits

Florida – Bunberry

Florida – City Hall Cafe

Florida – Seaspice

Florida – Santorini by Georgios

Florida – Blue Ribbon Sushi

Florida – Think Hospitality Group

Florida – Meat & Bone

Florida – Lagniappe Wine Bar

Florida – Olivers Bistro

Georgia – Georgia Crown Distributing - Atlanta

Illinois – Louis Glunz Wines Inc

Illinois – Chicago Noble Grape

Indiana – 21st Amendment

Maryland – Lanterna Distributors, Inc.

Massachusetts – Table & Vine (+ local wholesaler)

Minnesota – Bellboy Corporation

Missouri – Brown Derby

New Jersey – Alpine Country Club

New Jersey – Biagio’s Terrace

New Jersey – B2Bistro

New Jersey – Bottles by Sickles

New Jersey – Cellar97

New Jersey – Fiorino’s

New Jersey – The Frog & The Peach

New Jersey – Foresgate Country Club

New Jersey – Giannone Wine & Liquor, West NY, NJ

New Jersey – Hanley’s

New Jersey – Midtown Wine Merchants

New Jersey – Metuchen INN

New Jersey – Metuchen Golf & Country Club

New Jersey – Navasink Country Club

New Jersey – NJ Wine Seller

New Jersey – Planet of Wine

New Jersey – Port Washington Imports

New Jersey – Restaurant Da Benito

New Jersey – Royal Wine & Spirits I

New Jersey – Royal Wine & Spirits II

New Jersey – The Wine Shop

New Jersey – Woody’s Roadside Tavern

New Jersey – Wine List

New Jersey – Wine Anthology

New Jersey – Wine Anthology

New Jersey – dba Wine Chateau / Le Malt

New Jersey – Xplore Wine

New York – Paramount

New York – The Union League

New York – The Craft Group

New York – Buy Wise Liquor

New York – Independence Wine & Spirits of NY, LLC

New York – dba Ambassador Wine & Spirits

New York – dba Beekman Wine & Liquor

New York – dba Estancia 460

New York – dba Nirvana

New York – dba Pascalou

New York – dba Tuscany Steakhouse

New York – dba Friars National Association Inc.

New York – dba Mister Wright

Nevada – Franco Wine

Oklahoma – Elite Wine & Spirits

Texas – United Wine and Spirits, LLC

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

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



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

In September 2020, Algodon Fine Wines announced the launch of an e-commerce initiative servicing patrons in Argentina, at AlgodonWines.com.ar. The e-commerce store sells and ships Algodon wines direct from its San Rafael, Mendoza winery to consumers living in Argentina. This debut is part of an expanded effort to roll out the brand's premium Malbec-based wines, as well as the rest of the Algodon portfolio of award-winning varietals and blends. In September 2020, Algodon Fine Wines also launched an e-commerce initiative servicing the United States, with the backend warehousing and fulfillment provided by the California-based distributor VinPorter Wine Merchants, at AlgodonFineWines.com. In March 2024, AlgodonFineWines.com changed its ecommerce distributor to Giannone Wine & Liquor Co. The e-commerce store, powered by Giannone Wine & Liquor Co, links to a virtual storefront showcasing the Algodon wines currently distributed in the U.S. In addition to the Algodon Fine Wines site powered by Giannone Wine & Liquor Co, Algodon wines are also available throughout the U.S. both in-store and online at such retailers as Spec's, The Noble Grape and Wine-Searcher.com (among others).

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

Algodon Wine Estates – Real Estate Development



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

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

In April 2019, GGH announced that it reached an agreement with Compass Real Estate to market and sell home sites at Algodon Wine Estates. Compass Real Estate (www.compass.com), dubbed “the country’s fastest-growing luxury real estate technology brokerage company” by Forbes Magazine, is set to revamp Algodon Wine Estates’ marketing and global sales initiatives by utilizing its network of 7,000 agents and over 1,000 employees. Compass’ business model has attracted investment capital from Fidelity, Softbank, Goldman Sachs, and several other corporations and individuals. GGH is developing lots for sale to third party builders and is not engaged in any construction activity. There are approximately 300 lots that remain unsold as of March 31, 2024.

Potential Value Creation

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

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

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

Argentina Land Purchase

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

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

For more information see Items 2 and 5.

Projects and Business Initiatives in Development

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

Competition

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

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

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

Government Regulation

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

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

Human Capital Resources

Our experienced employees and management team are some of our most valuable resources, and we are committed to attracting, motivating, and retaining top professionals. Including the operating subsidiaries in Argentina, as of the date of this annual report, the Company has approximately 75 full-time employees. In Argentina, GGH also employs temporary, seasonal employees during the busy harvest season. In the United States, GGH employs approximately 5 full-time employees as of the date of this annual report. None of the employees in the United States are covered by a collective bargaining agreement and management believes it has good relations with its employees.

Our success is directly related to the satisfaction, growth, and development of our employees. We strive to offer a work environment where employee opinions are valued and allow our employees to use and augment their professional skills. To achieve our human capital goals, we intend to remain focused on providing our personnel with entrepreneurial opportunities to expand our business within their areas of expertise and continue to provide our personnel with personal and professional growth. The Company emphasizes several measures and objectives in managing our human capital assets, including, among others, employee safety and wellness, talent acquisition and retention, employee engagement, development and training, diversity and inclusion, and compensation and pay equity.

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

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

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

Ticker Symbol

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

Available Information

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

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

ITEM 1A. RISK FACTORS

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

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

Our 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 June 1, 2023, 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").

In accordance with Nasdaq Rules, the Company was provided with an initial period of 180 calendar days, or until November 28, 2023 (the "Compliance Date"), to regain compliance with the Bid Price Requirement.

On November 28, 2023, the Company provided the Staff with notice that it intends to effect a reverse stock split, if necessary to regain compliance with the Bid Price Requirement, pending stockholder approval on December 28, 2023 at the Company's Special Stockholder Meeting.

On November 29, 2023, the Company received a letter from the Staff notifying the Company that it is eligible for an additional 180 calendar day period, or until May 28, 2024 to regain compliance (the "2024 Compliance Date"). Provided that the Company meets the continued listing requirement for market value of publicly held shares and all other applicable requirements for initial listing on the Nasdaq Capital Market with the exception of the Bid Price Requirement, and the Company provides written notice of its intention to cure the deficiency during the second compliance period by effecting a reverse stock split, if necessary, then if at any time before the 2024 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.

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."

The Company held a Special Stockholders' Meeting on February 29, 2024, at which, among other things, the stockholders granted the Board of Directors discretion (if necessary to prevent the delisting of the Company's common stock on Nasdaq) on or before June 30, 2024, to implement a reverse stock split of the outstanding shares of common stock in a range from one-for-two (1:2) up to one-for-ten (1:10), or anywhere between, while maintaining the number of authorized shares of common stock at 150,000,000 shares, as required for Nasdaq listing.

If the Company does not regain compliance with the Bid Price Requirement by the Compliance Date, the Staff will provide written notification to the Company that its Common Stock will be subject to delisting. At that time, the Company may appeal the Staff's delisting determination to a Nasdaq Hearings Panel.

There can be no assurance that the Company will regain compliance or otherwise maintain compliance with any of the other listing requirements. Nonetheless, it is the Company's intention to regain compliance with the Bid Price Requirement through effecting a reverse stock split if necessary.

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

The Company is currently in default under its convertible promissory note with 3i, which allows the holder to redeem all or a portion of the Note and has received demand for payment.

Pursuant to the 2023 Purchase Agreement and Note, as of May 21, 2023, the Company failed to prepay, redeem or convert one quarter of the initial principal and interest on the Note. On August 11, 2023, the Company and 3i entered into an agreement (the “Letter Agreement”) pursuant to which, among other things: 3i agreed to forbear from issuing an event of default notice and event of default redemption notice through December 31, 2023. The maturity date of the Note was February 21, 2024. 3i has issued three separate written notices requiring the Company to redeem all or a portion of the 2023 Note, which if enforced, would have a material adverse effect on the Company. The notices of default and demand for payment were issued by 3i on February 21, 2024, February 28, 2024, and March 6, 2024. The most recent notice demanded immediate payment of a minimum of \$3,460,510 and cited failure of the Company to convert a portion of the 2023 Note into common stock of the Company.

See Item 5 for additional information.

Tumim has terminated the ELOC and a source of funding for the Company.

On February 22, 2024, the Company received notice from Tumim Stone Capital LLC of its election to terminate the 2022 ELOC. Pursuant to Section 8.2 of the Purchase Agreement, the Company has treated the ELOC as being terminated by Tumim effective March 7, 2024. Although no early termination penalties are incurred by either party under the ELOC, the Company has lost access to a line of credit of up to approximately \$43,370,000. As a result, the Company must seek other sources of readily available funding, which could affect the Company’s ability to operate.

Due to the pause of activity with LVH, we may not receive a complete return of our investment.

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. As of September 30, 2023, LVH has used the Company’s cash contribution to LVH for land improvement expenses, such as architectural, legal, engineering, and accounting fees. Should LVH be liquidated and dissolved in the near future, it is most likely that the Company will not receive its entire contribution back from LVH and may lose its entire investment.

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

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

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

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

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

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

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

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

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

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

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

The Inflation Reduction Act of 2022 (the "IRA") was enacted on August 16, 2022. This bill contains a number of tax-related provisions that are effective after December 31, 2023, including (1) the imposition of a 15% minimum tax on book income for corporations with a 3-year average adjusted book income over \$1 billion, and (2) the creation of a 1% excise tax on the value of stock repurchases (net of the value of stock issuances) during the taxable year. Upon initial evaluation, the Company does not expect the IRA to have a material impact on the Company's financial statements.

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

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

Cybersecurity risks and cyber incidents may adversely affect our business by causing a disruption to our operations, a compromise or corruption of our confidential information and/or damage to our business relationships, all of which could negatively impact our business, financial condition and operating results.

In the ordinary course of our business, we collect, maintain and transmit sensitive data on our networks and systems, including our intellectual property and proprietary or confidential business information (such as research data and personal information) and confidential information with respect to our customers, and our investors. We have also outsourced significant elements of our information technology infrastructure and, as a result, third parties may or could have access to our confidential information. The secure maintenance of this information is critical to our business and reputation. We believe that companies have been increasingly subject to a wide variety of security incidents, cyber-attacks and other attempts to gain unauthorized access. These threats can come from a variety of sources, ranging in sophistication from an individual hacker to a state-sponsored attack and motive (including corporate espionage). Cyber threats may be generic, or they may be custom-crafted against our information systems. Cyber-attacks continue to become more prevalent and much harder to detect and defend against. Our network and storage applications and those of our vendors may be subject to unauthorized access by hackers or breached due to operator error, malfeasance or other system disruptions. It is often difficult to anticipate or immediately detect such incidents and the damage caused by such incidents. These data breaches and any unauthorized access or disclosure of our information or intellectual property could compromise our intellectual property and expose sensitive business information. A data security breach could also lead to public exposure of personal information of our clinical trial patients, customers and others. Cyber-attacks could cause us to incur significant remediation costs, result in product development delays, disrupt key business operations and divert attention of management and key information technology resources. Our network security and data recovery measures and those of our vendors may not be adequate to protect against such security breaches and disruptions. These incidents could also subject us to liability, expose us to significant expense and cause significant harm to our reputation and business.

Risks Relating to Argentina

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

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

The Argentine economy has experienced significant volatility in recent decades, characterized by periods of low or negative GDP growth, high and variable levels of inflation and currency depreciation and devaluation. The economy has experienced high inflation and GDP growth has been sluggish in the last few years. According to the International Monetary Fund's (IMF) "World Economic Outlook" report dated October 2023, the Argentine Real GDP decreased by 2.5% in 2023. In January 2024, the IMF cut its 2024 GDP growth forecast for Argentina, to a 2.8% contraction.

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

In addition, according to the "World Economic Outlook" by the IMF in October 2023, it estimated that the inflation was approximately 135.7% for 2023 and it further forecasted the inflation rate to increase approximately 69.5% in 2024.

In its January 2024 report, the IMF noted that Argentina's inconsistent economic policies have led to a higher federal deficit, triple digit inflation and a depletion of international reserves. Monthly inflation increased to 12.8% in November 2023, with over 320% annualized.

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

Economic and Political Risks Specific to Argentina

The Argentinian economy has been characterized by frequent and occasionally extensive intervention by the Argentinian government and by unstable economic cycles. The Argentinian government has often changed monetary, taxation, credit, tariff and other policies to influence the course of Argentina's economy, and taken other actions which do, or are perceived to weaken the nation's economy especially as it relates to foreign investors and other overall investment climate. The Argentine peso has devalued significantly against the U.S. dollar, from about 6.1 Argentine pesos per dollar in December 2013 to approximately 276.2 pesos per dollar in February 2024.

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

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

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

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

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

Past efforts by Argentina to nationalize businesses and future efforts to de-nationalize businesses contributes to an already unstable economy.

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

On October 27, 2019, Alberto Fernández won as President of Argentina with Ms.de Kirchner becoming Vice President. In June of 2020, President Fernández announced his plan to nationalize Vicentin SAIC, a major Argentine soybean processor. In October 2023, Javier Milei won as President of Argentina and has made liberalization and deregulation of the economy a large part of his agenda. After being sworn into office, Mr. Milei signed a decree to stabilize Argentina's economy through spending cuts, devaluing the peso and temporarily hiking import taxes and export taxes. In December 2023, he tabled a bill to the National Congress that focused on mass privatization, deregulating a number of sectors, and easing labor market rules.

While in the long run efforts to de-nationalize and de-regulate businesses may be beneficial to the Company, there is no assurance that any investment in GGH will be safe from fluctuations in the market and government control or nationalization.

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

Due to the international nature of Gaucho Group Holdings' business, movements in foreign exchange rates may impact the consolidated statements of operations, consolidated balance sheets and cash flows of the Company. Since almost all of the Company's sales are located in Argentina, the Company's consolidated net sales are impacted negatively by the strengthening or positively by the weakening of the U.S. dollar as compared to Argentina's currencies. Additionally, movements in the foreign exchange rates may unfavorably or favorably impact the Company's results of operations, financial condition and liquidity. In October 2020, Argentina's central bank introduced measures to tighten controls on the movement of foreign currency, which resulted in a decline of the Argentine peso. The Argentine peso is stated at approximately 276.2 Argentine pesos per US dollar as of February 2024.

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

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

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

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

Doing business in Argentina poses additional challenges, such as finding and retaining qualified employees, particularly management-level employees, navigating local bureaucracy and infrastructure-related issues and identifying and retaining qualified service providers, among other risks. Among these, the ability to retain employees without the possibility to offer alternatives that enable them to regain their salary value have been particularly challenging, and said difficulties are expected to continue or even increase. Furthermore, despite recent enactments of local anti-corruption and anti-bribery legislation in a number of developing markets such as Argentina, it may still be more common than in the United States for others to engage in business practices prohibited by laws and regulations applicable to us, such as the U.S. Foreign Corrupt Practices Act, U.K. Bribery Act or similar local anti-bribery laws. In turn, the decrease in investors' confidence, among other factors, could have a significant adverse impact on the development of the Argentine economy, which could harm our business, results of operations and financial condition. Our commitment to legal compliance could put us at a competitive disadvantage, and any lapses in our compliance could subject us to civil and criminal penalties that could harm our business, results of operations and financial condition.

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

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

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

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

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

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

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

In March 2022, the IMF approved a new \$44 billion 30-month arrangement that, according to the IMF, sets pragmatic objectives to improve public finances and reduce inflation. In January 2024, the IMF finished a seventh review of the arrangement with Argentina and authorized an immediate disbursement of US \$4.7 billion, which brings the total of disbursements under the arrangements to approximately US \$40.6 billion.

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

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

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

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

The stability of the Argentine banking system is uncertain.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The Real Estate Industry and International Investing

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

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

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

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

The real estate market is uncertain in Argentina.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

There is limited public information about real estate in Argentina.

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

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

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

Boutique Hotel

All real estate investments, hotel and hospitality investments are generally subject to additional risks which include:

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

The boutique hotel market is highly competitive.

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

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

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

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

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

We are subject to risks affecting the hotel industry.

In addition, the profitability of our hotels depends on:

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

Algodon Wine Estates and Land Development

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

The success of the tourism and real estate development projects underway at Algodon Wine Estates depends primarily on recreational and secondarily on business tourists and the extent to which the Company can attract tourists to the region and to its properties.

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

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

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

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

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

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

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

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

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

Algodon Wine Estates—Vineyard and Wine Production

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

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

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

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

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

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

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

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

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

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

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

Contamination could adversely affect our sales.

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

Gaicho Group, Inc.

(e-commerce, fashion & leather accessories brand)

Gaicho Group, Inc. (“GGI”) has a limited operating history and we may not recognize any significant revenue from the Gaicho – Buenos Aires™ line of business in the future.

GGI operates as a business segment subject to all the risks inherent in a newly established business venture. GGI began operations as an online retail store in 2019 with few assets and a limited operating history. The flagship store opened in Miami in June 2022 and even though sales have increased consistently, the store is still operating with losses from inception through December 31, 2023. Our projections for its growth have been developed internally and may not prove to be accurate. As such, there is a substantial risk regarding GGI’s ability to succeed and the risk that neither we nor GGI will recognize revenue in the future from the Gaicho – Buenos Aires™ line of business.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Labor laws and regulations may adversely affect the Company.

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

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

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

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

Risks of Being an Emerging Growth Company

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

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

General Corporate Business Considerations

Insiders continue to have substantial control over the Company.

As of April 26, 2024, the Company's directors, executive officers, and 10%+ holders have the current right to vote approximately 45.1% of the Company's outstanding common stock. Of this total, 43.7% is owned or controlled, directly or indirectly by three individuals. As a result, these individuals acting together, may have the ability to exert significant control over the Company's decisions and control the management and affairs of the Company, and also to determine the outcome of matters submitted to stockholders for approval, including the election and removal of a director, the removal of any officer and any merger, consolidation or sale of all or substantially all of the Company's assets. Accordingly, this concentration of ownership may harm a future market price of the shares by:

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

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

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

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

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

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

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

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

The Company may not pay dividends on its common stock.

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

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

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

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

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

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

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

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

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

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

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

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

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

Management has concluded that our internal control over financial reporting was not effective as of December 31, 2023 due to ineffective controls over information technology, the lack of segregation of duties resulting from our small size, and lack of testing of the operating effectiveness of the controls. If we are unable to comply with the requirements of Section 404 in a timely manner, and if we are unable to assert that our internal control over financial reporting is effective, investors may lose confidence in the accuracy and completeness of our financial reports and the market price of our common stock could be adversely affected, and we could become subject to investigations by the stock exchange on which our securities are listed, the SEC, or other regulatory authorities, which could require additional financial and management resources.

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

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

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

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

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

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

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

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

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

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

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

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

There is no public market for our warrants.

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

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

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

ITEM 1B. UNRESOLVED STAFF COMMENTS

Not applicable.

ITEM 1C. CYBERSECURITY

Risk Management and Strategy

The Company's information security program consists of various processes designed to ensure that the Company and its electronic assets are shielded from cyber events that may compromise the Company's ability to successfully execute its business on a day-to-day basis. These processes cover areas such as, but not limited to, risk management, access control, anti-virus management, sensitive data management, electronic communication, risk/security reporting, incident response planning and business continuation planning. Our Information Security Team is comprised of our Chief Financial Officer, Ambassador—Director of Marketing, Accounting Manager, and Accounting Support. It is responsible for (i) administering the Company's policies and procedures in conjunction with our third-party information technology provider, Fairdinkum ("IT Provider"); (ii) distributing our policies to employees and consultants and providing training; (iii) responding to employee or consultant inquiries regarding our policies; (iv) overseeing our cybersecurity program and leading incident response efforts; (v) monitoring for cybersecurity-related legal or regulatory developments; coordinating with management, our IT Provider and /or legal counsel to discuss cybersecurity-related issues or topics; and (vi) reviewing and updating our policies as necessary and on an annual basis.

The Information Security Team carries out risk management primarily by outsourcing risks to those companies and agencies that specialize in handling such risks and that have the appropriate resources to do so. Our IT Provider has more than 20 years of experience in the latest technologies, experiences in a variety of network configurations. The IT Provider also has the ability to analyze cybersecurity presence and technology processes to provide reports as needed. The IT Provider currently manages and monitors our network, configures systems and controls, provides assistance and support during an incident and detects threats through antivirus scans, firewalls and base level spam filters. The Information Security Team meets quarterly with our IT Provider and notifies our IT Provider in real time of any major issues. The Information Security Team has engaged Drawbridge in the past for annual testing.

Governance

Management is ultimately responsible for assessing and managing the Company's cybersecurity risk. The information security program is overseen by the Chief Financial Officer. The Audit Committee of the Board is then briefed each quarter on the occurrence of any cybersecurity incidents. The Board will also be provided an overview of the information security program on an annual basis, including updates on the IT team, IT training, implementation of IT controls, cybersecurity testing, the incident response process and the cybersecurity assets of the Company.

In the last fiscal year, we have not identified any risks from known cybersecurity threats that have materially affected the Company or our financial position, results of operations and/or cash flows. We continue to invest in cybersecurity and the resiliency of our networks and to enhance our internal controls and processes, which are designed to help protect our systems and infrastructure, and the information they contain. For more information regarding the risks we face from cybersecurity threats, please see "Risk Factors."

ITEM 2. PROPERTIES

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

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

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

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

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

ITEM 3. LEGAL PROCEEDINGS

On February 16, 2024, the Company filed a complaint in the United States District Court for the District of Delaware alleging 3i, LP, 3i Management LLC, and Maier Joshua Tarlow engaged in an unlawful securities transaction with the Company as an unregistered dealer under U.S. securities laws.

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

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

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

Our common stock is presently quoted on Nasdaq effective as of February 16, 2021, and the common stock commenced trading on Nasdaq effective as of February 17, 2021 under the symbol "VINO". On April 26, 2024, the closing bid price of our common stock on the Nasdaq was \$0.586 per share.

The Company effected the following reverse stock splits: (i) on February 16, 2021, the Company effected a 1-for-15 reverse stock split of the Company's common stock; (ii) on November 4, 2022, the Company effected a further 1-for-12 reverse stock split of the common stock; and (iii) on September 25, 2023, the Company effected a further 1-for-10 reverse stock split of the common stock (the "Reverse Stock Splits"). All share and per share information has been retroactively adjusted to give effect to the Reverse Stock Splits for all periods presented prior to February 16, 2021, November 4, 2022, and September 25, 2023, unless otherwise indicated. The following table sets forth the range of high and low bids on a post-split basis as reported on the Nasdaq Capital Market from February 17, 2021 through December 31, 2023. The prices reflect inter-dealer prices, do not include retail mark-ups, markdowns or commissions, and may not necessarily reflect actual transactions.

Fiscal Year 2023	High	Low
First Quarter	\$ 54.00	\$ 9.30
Second Quarter	\$ 11.50	\$ 5.50
Third Quarter	\$ 6.60	\$ 1.85
Fourth Quarter	\$ 2.21	\$ 0.47

Fiscal Year 2022	High	Low
First Quarter	\$ 309.60	\$ 158.40
Second Quarter	\$ 333.60	\$ 72.00
Third Quarter	\$ 76.00	\$ 24.00
Fourth Quarter	\$ 36.10	\$ 10.20

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

There were approximately 738 holders of record of the Company's common stock as of April 19, 2024.

Securities Authorized for Issuance Under Equity Compensation Plans

The following table sets forth securities authorized for issuance under equity compensation plans as of December 31, 2023:

Plan category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column(a))
	(a)	(b)	(c)
Equity compensation plans approved by security holders:			
2016 Plan	-	-	-
2018 Plan	2,804	741.67	16,453
Equity compensation plans not approved by security holders	-	-	-
Total	2,804	741.67	16,453

Recent Sales of Unregistered Securities.

The following is a summary of all securities that we have sold in the last year, since January 1, 2023 without registration under the Securities Act of 1933, as amended (the “Securities Act”).

Convertible Promissory Note

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 certain 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 “2021 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 2021 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 2021 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 2021 Note and/or the Letter Agreement #5. All terms not defined herein refer to the defined terms in the 2021 Note Documents, as amended.

On February 20, 2023, the Company entered into an exchange agreement (the “Exchange Agreement #4”) with the Holders in order to amend certain provisions of the 2021 Note Documents, as amended and exchange (the “Exchange” or the “Transaction”) \$100 in aggregate principal amount of each of the Notes, on the basis and subject to the terms and conditions set forth in the Exchange Agreement, for warrants to purchase up to an aggregate of 15,000 shares of the Company’s common stock at an exercise price of \$10.00 (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.

For the full description of the 2021 Note Documents, please refer to our Current Reports on Forms 8-K and the exhibits attached thereto as filed with the SEC on November 8, 2021, March 1, 2022, May 2, 2022, May 13, 2022, July 5, 2022, September 23, 2022, December 1, 2022, February 3, 2023, February 8, 2023, and February 21, 2023 and our Annual Report on Form 10-K as filed with the SEC on April 17, 2023.

During 2023 and pursuant to the 2021 Note Documents, investors converted the following amounts of principal of the 2021 Notes: (i) on February 3, 2023, one investor converted a total of \$859,167 of principal, interest and premium owed on the 2021 Notes and the Company issued 41,667 shares of common stock upon conversion; (ii) on February 6, 2023, certain investors converted a total of \$206,843 of principal and interest owed on the 2021 Notes and the Company issued 8,625 shares of common stock upon conversion; (iii) on February 13, 2022, certain investors converted a total of \$359,950 of principal and interest of the 2021 Notes and the Company issued 23,000 shares of common stock upon conversion; and on (iv) on February 15, 2023, certain investors converted a total of \$145,593 of principal and interest of the 2021 Notes and the Company issued 10,042 shares of common stock upon conversion.

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

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

2023 Convertible 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 Note”), and a series of common stock purchase warrants of the Company, which warrants shall be exercisable into an aggregate of 337,710 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 Purchase Agreement, ancillary agreements, 2023 Note and 2023 Warrants are referred to herein as the “2023 Note Documents”.

The 2023 Note is convertible into shares of common stock of the Company at a conversion price of \$13.40 (subject to adjustment and a floor price of \$2.70). The 2023 Note is due and payable on the first anniversary of the Issuance Date and bear interest at a rate of 7% per annum (increasing to 18% upon and event of default), 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 Note). The investor is entitled to convert any portion of the outstanding and unpaid Conversion Amount (as defined in the 2023 Note) at any time or times after the Issuance Date, but we may not effect the conversion of any portion of the 2023 Note 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 337,710 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 Note therefore, would be \$11,235,956 with total 2023 Warrants to purchase 675,420 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 Note or otherwise pursuant to the terms of the 2023 Note 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 Note 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 Note if such issuance or sale would breach any applicable rules or regulations of the Nasdaq.

The 2023 Note 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 2023 Note.

The shares of common stock that have been and may be issued under the 2023 Note Documents 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.

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

On May 1, 2023, at the election of 3i, \$177,570 of principal and \$12,430 of interest owed on the 2023 Note was converted into 24,676 shares of common stock at a conversion price of \$7.70 per share.

On May 4, 2023, at the election of 3i, \$177,570 of principal and \$12,430 of interest owed on the 2023 Note was converted into 24,392 shares of common stock at a conversion price of \$7.79 per share.

On May 5, 2023, at the election of 3i, \$88,785 of principal and \$6,215 of interest owed on the 2023 Note was converted into 12,196 shares of common stock at a conversion price of \$7.79 per share.

On May 21, 2023, an Event of Default occurred with respect to the 2023 Note. As a result, on August 11, 2023, the Company and 3i entered into an agreement (the “Letter Agreement”) pursuant to which, among other things: (i) 3i agreed to forbear from issuing an Event of Default Notice and Event of Default Redemption Notice; (ii) 3i waived the requirement in the Note to pay Interest on the 2023 Note monthly in cash for a certain period of time; (iii) 3i agreed to waive application of the Default Rate in the 2023 Note for a certain period of time; (iv) 3i agreed to waive the requirement in the 2023 Note for the Company to prepay, redeem, or convert one quarter of the initial Principal and Interest on the 2023 Note by each three (3) month anniversary of the Issuance Date for a certain period of time; (v) the Company adjusted the exercise price of the Warrant from \$13.40 to \$4.50; (vi) 3i may continue to convert the 2023 Note at the Alternate Conversion Price or at \$4.50; (vii) 3i agreed to waive certain requirements under the 2023 Note Documents with respect to the private placement of units on September 15, 2023.

On June 27, 2023, at the election of 3i, a total of \$80,000 of principal, \$7,179 of interest and \$13,077 of premium owed on the 2023 Note was converted into 21,614 shares of common stock at a conversion price of \$4.64 per share.

On July 3, 2023, at the election of the Holder, a total of \$120,000 of principal, \$9,980 of interest, and \$19,497 of premium owed on the 2023 Note was converted into 32,943 shares of common stock of the Company at a conversion price of \$4.54 per share.

On August 30, 2023, at the election of the Holder, a total of \$73,141 of principal, \$5,120 of interest and \$11,739 of premium owed on the 2023 Note was converted into 32,300 shares of common stock of the Company at a conversion price of \$2.79 per share.

On September 26, 2023, at the election of the Holder, a total of \$73,141 of principal, \$5,120 of interest and \$11,739 of premium owed on the 2023 Note was converted into 33,335 shares of common stock of the Company at a conversion price of \$2.70 per share and the Company recorded a cash true up liability in the amount of \$20,900.

On September 27, 2023, at the election of the Holder, a total of \$292,564 of principal, \$20,479 of interest and \$46,957 of premium owed on the 2023 Note was converted into 133,334 shares of common stock of the Company at a conversion price of \$2.70 per share, and the Company recorded a cash true up liability in the amount of \$165,933.

On October 3, 2023, at the election of the Holder, a total of \$81,530 of principal, \$5,707 of interest and \$13,086 of premium owed on the 2023 Note was converted into 37,157 shares of common stock of the Company at a conversion price of \$2.70 per share and the Company recorded a cash true up liability in the amount of \$51,457.

On October 4, 2023, 3i at the election of the Holder, a total of \$1,982,286 of principal, \$130,737 of interest and \$316,953 of premium owed on the 2023 Note was converted into and 900,000 shares of common stock of the Company at a conversion price of \$2.70 per share and the Company recorded a cash true up liability in the amount of \$1,246,388.

On October 5, 2023, at the election of the Holder, a total of \$210,732 of principal and \$31,610 of premium owed on the 2023 Note was converted into 150,000 shares of common stock of the Company at a conversion price of \$1.62 per share.

On October 5, 2023, the Company and 3i entered into the First Amendment to the 2023 Note which amends the 2023 Note and lowers the Floor Price from \$2.70 to \$0.40.

On October 9, 2023, the Company and 3i entered into the Second Amendment to the 2023 Note (the "Second Amendment") which amends the 2023 Note and reiterates that the issuance of shares pursuant to the 2023 Note, 2023 Note Documents, First Amendment and Second Amendment are subject to compliance with Nasdaq Rule 5635.

On October 9, 2023, at the election of the Holder, a total of \$73,046 of principal and \$10,957 of premium owed on the 2023 Note was converted into 95,000 shares of common stock of the Company at a conversion price of \$0.88 per share.

On October 16, 2023, at the election of the Holder, a total of \$63,228 of principal and \$9,484 of premium owed on the 2023 Note was converted into 100,000 shares of common stock of the Company at a conversion price of \$0.73 per share.

On October 19, 2023, at the election of the Holder, a total of \$31,296 of principal and \$4,694 of premium owed on the 2023 Note was converted into 48,477 shares of common stock of the Company at a conversion price of \$0.74 per share.

On November 20, 2023, at the election of the Holder, a total of \$181,707 of principal and \$27,256 of premium owed on the 2023 Note was converted into 371,081 shares of common stock of the Company at a conversion price of \$0.56 per share.

On November 27, 2023, at the election of the Holder, a total of \$57,659 of principal, \$2,743 of interest, and \$9,060 of premium owed on the 2023 Note was converted into 135,500 shares of common stock of the Company at a conversion price of \$0.51 per share.

On December 1, 2023, at the election of the Holder, a total of \$57,957 of principal, \$2,857 of interest, and \$9,122 of premium owed on the 2023 Note was converted into 145,000 shares of common stock of the Company at a conversion price of \$0.48 per share.

2022 Equity Line of Credit

As reported on our Current Report on Form 8-K as filed with the SEC on November 9, 2022, on November 8, 2022, the parties terminated the Common Stock Purchase Agreement and Registration Rights Agreement by and between the Company and Tumim Stone Capital LLC (“Tumim”), dated May 6, 2021. On the same date, the parties entered into a new Common Stock Purchase Agreement (the “Purchase Agreement”) and Registration Rights Agreement, pursuant to which the Company has the right to sell to Tumim up to the lesser of (i) \$4,430,897 of newly issued shares of the Company’s common stock, par value \$0.01 per share, and (ii) the Exchange Cap (as defined below) (subject to certain conditions and limitations), from time to time (the “2022 ELOC”). Sales of common stock pursuant to the 2022 ELOC, and the timing of any sales, are solely at the option of the Company and the Company is under no obligation to sell securities pursuant to this arrangement. Shares of common stock may be sold by the Company pursuant to this arrangement over a period of up to 36 months after Commencement (as defined below).

Upon the satisfaction of the conditions in the 2022 ELOC, including that a registration statement that we agreed to file with the SEC pursuant to the Registration Rights Agreement is declared effective by the SEC and a final prospectus in connection therewith is filed with the SEC (such event, the “Commencement”), we will have the right, but not the obligation, from time to time at our sole discretion over the 36-month period from and after the Commencement, to direct Tumim to purchase amounts of our common stock as VWAP purchases as set forth in the 2022 ELOC (each, a “VWAP Purchase”) on any trading day, so long as, (i) at least three trading days have elapsed since the trading day on which the most recent prior notice to purchase common stock under the Purchase Agreement was delivered by the Company to Tumim, and (iii) all shares subject to all prior purchases by Tumim under the ELOC have theretofore been received by Tumim electronically as set forth in the ELOC.

From and after Commencement, the Company will control the timing and amount of any sales of common stock to Tumim. Actual sales of shares to Tumim under the 2022 ELOC will depend on a variety of factors to be determined by the Company from time to time, including, among other things, market conditions, the trading price of the common stock and determinations by the Company as to the appropriate sources of funding for the Company and its operations.

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

Under the applicable rules of The Nasdaq Stock Market LLC (“Nasdaq”), in no event may we issue to Tumim under the 2022 ELOC more than 54,965 shares of our common stock, which represents 19.99% of the shares of the common stock outstanding immediately prior to the execution of the 2022 ELOC (the “Exchange Cap”), unless (i) we obtain stockholder approval to issue shares of common stock in excess of the Exchange Cap or (ii) the average price of all applicable sales of common stock to Tumim under the 2022 ELOC equals or exceeds the lower of (i) the Nasdaq official closing price immediately preceding the execution of the 2022 ELOC or (ii) the arithmetic average of the five Nasdaq official closing prices for the common stock immediately preceding the execution of the 2022 ELOC, such that the transactions contemplated by the 2022 ELOC are exempt from the Exchange Cap limitation under applicable Nasdaq rules. In any event, the 2022 ELOC specifically provides that we may not issue or sell any shares of our common stock under the 2022 ELOC if such issuance or sale would breach any applicable rules or regulations of Nasdaq.

In all instances, we may not sell shares of our common stock to Tumim under the 2022 ELOC if it would result in Tumim beneficially owning more than 4.99% of the common stock.

The net proceeds from sales, if any, under the 2022 ELOC, will depend on the frequency and prices at which the Company sells shares of common stock to Tumim. To the extent the Company sells shares under the 2022 ELOC, the Company currently plans to use any proceeds therefrom for inventory production and marketing for Gaucho Group, Inc., costs of this transaction, operating expenses and for working capital and other general corporate purposes.

In addition, 50% of the proceeds from sales, if any, under the 2022 ELOC will be used to pay down the balance of the 2023 Notes at such time.

EF Hutton, a division of Benchmark Investments, Inc. acted as the exclusive placement agent in connection with the transactions contemplated by the 2022 ELOC, for which the Company will pay to EF Hutton a cash placement fee equal to 8.0% of the amount of the Total Commitment actually paid by Tumim to the Company pursuant to the 2022 ELOC, but not including any amounts of the Total Commitment that are used to pay down the balance of the 2023 Notes.

There are no restrictions on future financings, rights of first refusal, participation rights, penalties or liquidated damages in the 2022 ELOC other than a prohibition on entering (with certain limited exceptions) into a “Variable Rate Transaction,” as defined in the 2022 ELOC. Tumim has agreed not to cause, or engage in any manner whatsoever, any direct or indirect short selling or hedging of the common stock during certain periods.

Pursuant to the terms of the 2022 ELOC, we have agreed to file with the SEC one or more registration statements on Form S-1 to register for resale under the Securities Act the shares of our common stock that may be issued to Tumim under the 2022 ELOC. The 2022 ELOC contain customary representations, warranties, conditions and indemnification obligations of the parties. The representations, warranties and covenants contained in such agreements were made only for purposes of such agreements and as of specific dates, were solely for the benefit of the parties to such agreements and may be subject to limitations agreed upon by the contracting parties.

The 2022 ELOC will automatically terminate on the earliest to occur of (i) the first day of the month next following the 36-month anniversary after Commencement (which term may not be extended by the parties), (ii) the date on which Tumim shall have purchased the Total Commitment worth of shares of common stock, (iii) the date on which the common stock shall have failed to be listed or quoted on The Nasdaq Capital Market or any other “Eligible Market” (as defined in the Purchase Agreement), and (iv) the date on which the Company commences a voluntary bankruptcy proceeding or any Person commences a proceeding against the Company, a Custodian is appointed for the Company or for all or substantially all of its property, or the Company makes a general assignment for the benefit of its creditors. The Company has the right to terminate the 2022 ELOC at any time after Commencement, at no cost or penalty, upon 10 trading days’ prior written notice to Tumim. Neither the Company nor Tumim may assign or transfer its rights and obligations under the 2022 ELOC, and no provision of the 2022 ELOC may be modified or waived by the parties.

A Form D was filed by the Company on November 21, 2022. The Company also filed a resale registration statement on Form S-1 (File No. 333-268829) registering the resale of up to 166,667 shares upon draw downs on the equity line of credit on December 16, 2022, which was declared effective on December 23, 2022 (the “ELOC Registration Statement”).

Between December 28, 2022, and October 5, 2023, the Company requested draw-downs and received gross proceeds of \$937,157 pursuant to the 2022 ELOC and issued 151,684 shares of common stock to Tumim.

Pursuant to the 2022 ELOC, the Company requested draw-downs and issued shares of common stock and received gross proceeds of the following in 2023: (i) January 4, 2023, the Company issued 750 shares of common stock to Tumim for gross proceeds of \$8,734; (ii) on January 9, 2023, the Company issued 730 shares of common stock to Tumim for gross proceeds of \$8,329; (iii) on January 23, the Company issued 670 shares of common stock to Tumim for gross proceeds of \$7,949; (iv) on January 30, 2023, the Company issued 685 shares of common stock to Tumim for gross proceeds of \$7,952; (v) on February 3, 2023, the Company issued 5,936 shares of common stock to Tumim for gross proceeds of \$131,437; (vi) on February 8, 2023, the Company issued 6,300 shares of common stock to Tumim for gross proceeds of \$98,034; (vii) on February 22, 2023, the Company issued 6,838 shares of common stock to Tumim for gross proceeds of \$71,695; (viii) on March 1, 2023, the Company issued 5,598 shares of common stock to Tumim for gross proceeds of \$58,093; (ix) on March 6, 2023, the Company issued 5,797 shares of common stock to Tumim for gross proceeds of \$59,701; (x) on March 14, 2023, the Company issued 3,139 shares of common stock to Tumim for gross proceeds of \$31,371; (xi) April 19, 2023, the Company issued 19,597 shares of common stock to Tumim for gross proceeds of \$144,339; (xii) on May 5, 2023, the Company issued 26,280 shares of common stock to Tumim for gross proceeds of \$172,614; (xiii) on September 29, 2023, the Company issued 29,364 shares of common stock to Tumim for gross proceeds of \$52,988; and (xiv) on October 5, 2023, the Company issued 39,000 shares of common stock to Tumim for gross proceeds of \$76,449.

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.

On February 22, 2022, the Company received notice from Tumim of its election to terminate the 2022 ELOC. While the notice to terminate stated that it was effective immediately, Section 8.2 of the Purchase Agreement requires at least 10 Trading Days prior written notice. Therefore, the Company treated the 2022 ELOC as being terminated by Tumim effective March 7, 2024. No early termination penalties are incurred by either party under the 2022 ELOC.

On April 2, 2024, the Company filed a post-effective amendment to ELOC Registration Statement in order to terminate the effectiveness of the ELOC Registration Statement and to deregister, as of the effective date of amendment, all registered securities that remain unsold under the ELOC Registration Statement as of the date thereof. The amendment was declared effective April 2, 2024.

Private Placement of Common Stock

On November 27, 2023, the Company commenced a private placement of shares of common stock for gross proceeds of up to \$4,000,000 at a price per share which equals the Nasdaq Rule 5653(d) Minimum Price definition, but in no event at a price per share lower than \$0.60 (the "Private Placement").

On November 30, 2023, pursuant to the Private Placement, the Company issued a total of 346,535 shares of common stock for gross proceeds of \$210,000 at \$0.606 per share.

On December 1, 2023, pursuant to the Private Placement, the Company issued a total of 100,000 shares of common stock for gross proceeds of \$60,000 at \$0.60 per share.

On December 4, 2023, pursuant to the Private Placement, the Company issued a total of 711,776 shares of common stock for gross proceeds of \$427,066 at \$0.60 per share.

On December 7, 2023, pursuant to the Private Placement, the Company issued a total of 163,287 shares of common stock for gross proceeds of \$100,000 at \$0.6124 per share.

On December 8, 2023, pursuant to the Private Placement, the Company issued a total of 98,425 shares of common stock for gross proceeds of \$60,000 at \$0.6096 per share.

On December 11, 2023, pursuant to the Private Placement, the Company issued a total of 166,667 shares of common stock for gross proceeds of \$100,000 at \$0.60 per share.

On December 29, 2023, pursuant to the Private Placement, the Company issued a total of 100,000 shares of common stock for gross proceeds of \$60,000 at \$0.60 per share.

As announced in our Current Report on Form 8-K filed with the SEC on March 1, 2024, on February 29, 2024, the stockholders of the Company approved, for purposes of Nasdaq Rule 5635(d), the full issuance of shares of our common stock to be issued in a private placement of common stock for gross proceeds of up to \$7.2 million pursuant to Rule 506(b) of the Securities Act.

Each investor in the Private Placement has certain anti-dilution protections for a period of 18 months following each closing of the Private Placement. If, during the 18-month period following each closing of the Offering, the Company issues or sells any shares of common stock of the Company (a "Dilutive Issuance"), then each participant in the Private Placement will automatically be issued such number of shares of common stock as is necessary to maintain the percentage ownership that such participant would have had if the Dilutive Issuance had not occurred. With respect to the issuance of any securities to 3i pursuant to the 2023 Note Documents as a result of Dilutive Issuances, the participant shall not be entitled to any additional Dilutive Issuances beyond the initial Dilutive Issuance. Further, at such time that the participant disposes of its shares acquired in the Private Placement, all rights to any Dilutive Issuance shall cease.

The Private Placement is conducted pursuant to Section 4(a)(2) of the Securities Act and/or Rule 506(b) of Regulation D promulgated under the Securities Act. The shares are only offered to a small select group of accredited investors, as defined in Rule 501 of Regulation D, all of whom have a substantial pre-existing relationship with the Company and no general advertising or solicitation was used. The Company filed a Form D on December 15, 2023, amended on January 11, 2024, and amended on February 12, 2024.

Other Private Placements of Securities

On February 10, 2023, the Company sold 59,100 shares of common stock for gross proceeds of \$591,000 to accredited investors and warrants to purchase 14,775 shares of common stock at an exercise price of \$10.00 per share. 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.

On September 15, 2023, the Company raised a total of \$405,000 through the private placement of units at \$4.50 per unit, each unit equal to 1 share of common stock and 1/5 of a warrant, not including warrant exercise. A total of 90,000 shares of common stock and warrants to purchase 18,000 shares of common stock were issued. Each whole warrant is exercisable at \$4.50 for two years from the date of issuance. For this sale of securities, no general solicitation was used, no commissions were paid, all persons were accredited investors and have a substantial pre-existing relationship with the Company, and the Company relied on the exemption from registration available under Section 4(a)(2) and/or Rule 506(b) of Regulation D promulgated under the Securities Act with respect to transactions by an issuer not involving any public offering. The Company filed a Form D with the SEC on September 20, 2023.

Please also refer to Item 9B—Other Information, regarding sales of unregistered securities of the Company in 2024.

Purchases of Equity Securities by the Issuer and Affiliated Purchasers

Other than as set forth herein or in the Company's current reports on Form 8-K or quarterly reports on Form 10-Q, there have not been any purchases of equity securities by the Company or its affiliated persons for the year ended December 31, 2023.

Use of Proceeds from Registered Offering

Other than as set forth herein or in the Company's current reports on Form 8-K or quarterly reports on Form 10-Q, there have not been any proceeds from registered offerings by the Company or its affiliated persons for the year ended December 31, 2023.

ITEM 6. [RESERVED]

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS

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

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

A 1-for-12 reverse stock split of the of the Company's common stock was effected on November 4, 2022 (the "2022 Reverse Stock Split"). Another 1-for-10 reverse stock split of the of the Company's common stock was effected on September 25, 2023 (the "2023 Reverse Stock Split"). All share and per share information has been retroactively adjusted as a result of both reverse stock splits for all periods presented, unless otherwise indicated.

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

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

Overview

Gauche 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 is being 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 4,138 acre resort.

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

Recent Developments and Trends

In June 2022, the Company’s leather goods and accessories brand Gaucho – Buenos Aires opened a flagship retail location at 112 NE 41st Street, Suite #106 in Miami, Florida. This location includes a small greenroom utilized by the company’s administrative team as a temporary office space.

On April 19, 2024, the Board of Directors of the Company, as authorized by the stockholders of the Company, approved a 1-for-10 reverse stock split of the Company’s issued and outstanding shares of common stock. The Board of Directors of the Company also approved an amended and restated Certificate of Incorporation (the “Certificate”) to effect the Reverse Stock Split. On April 24, 2024, the Company filed the Certificate with the Delaware Secretary of State with an effective date of 12:01 a.m., Eastern Time, on May 1, 2024.

The accompanying consolidated financial statements have been prepared assuming that we will continue as a going concern, which contemplates the realization of assets and satisfaction of liabilities and commitments in the normal course of business. However, doubt has been raised as to the ability of the Company to continue as a going concern. The Company presently has enough cash on hand to sustain its operations on a month-to-month basis, but if the Company is not able to obtain additional sources of capital, it may not have sufficient funds to continue to operate the business for twelve months from the date these financial statements are issued. Since inception, our operations have primarily been funded through proceeds received in equity and debt financings.

We believe we have access to capital resources and continue to evaluate additional financing opportunities. There is no assurance that we will be able to obtain funds on commercially acceptable terms, if at all. There is also no assurance that the amount of funds we might raise will enable us to complete our development initiatives or attain profitable operations.

Financings

Please also see Item 5 “Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities” and Item 9B “Other Items” for details on securities issued by the Company in connection with private placements.

Between February 3 and February 15, 2023, the holder of the 2021 Note elected to convert an aggregate of \$1,571,553 in principal and interest, of which \$1,335,439, \$124,049, and \$112,065 was principal, interest and premium converted, into 83,333 shares of common stock at prices ranging from \$14.50 to \$24.00 per share.

Between May 2, 2023 and December 1, 2023, the Company converted a total of \$3,822,210 of principal, \$220,996 of interest, \$13,077 of redemption premium and \$1,767,591 of derivative liabilities (including default premium and redemption feature) pursuant to the 2023 Note and the Company issued 2,297,005 shares of common stock upon conversion. The Company recorded cash true up liabilities in the amount of \$1,484,677 representing the excess of the conversion amount over the value of shares issued upon conversion.

On November 27, 2023, the Company commenced a private placement of shares of common stock for gross proceeds of up to \$4,000,000 at a price per share which equals the Nasdaq Rule 5653(d) Minimum Price definition, but in no event at a price per share lower than \$0.60) (the “Private Placement”). Between November 30, 2023 and April 11, 2024, pursuant to the Private Placement, the Company issued a total of 4,741,581 shares of common stock for gross proceeds of \$2,850,000.

In connection with the vesting of RSUs on December 31, 2023, the Company’s CEO and CFO received a total of 7,093 shares pursuant to RSUs issued under the 2018 Equity Incentive Plan with a grant date value of \$11.60 per share.

During the fourth quarter of 2023, the Company entered into agreements (each, a “Lot Deposit Agreement”) with six investors in the Company (each, a “Purchaser”) , pursuant to which (1) each Purchaser agreed to purchase either two or three real estate lots at a purchase price of \$50,000 per lot and pay the full purchase price (the “Purchase Amount”) for the purchased lots, (2) each Purchaser has the right to rescind the Lot Deposit Agreement at any time between twelve months from the date of the Lot Deposit Agreement but prior to the closing of the lot sale. In the event of such rescission, the Company agrees to refund the deposit amount plus interest at a rate of 8.5% compounded quarterly, and agrees to transfer title to one residential lot of the Purchaser’s choosing within 30 calendar days of receiving the Purchaser’s written notice to rescind. The Company sold sixteen real estate lots in connection with the Lot Deposit agreements (of which 5 lots were sold to a holder of more than 5% of the Company’s outstanding common stock) and received Purchase Amounts in the aggregate amount of \$775,000.

Initiatives

We have implemented a number of initiatives designed to expand revenues and control costs. Revenue enhancement initiatives include expanding marketing, investment in additional winery capacity and developing new real estate development revenue sources. Our goal for 2024 is to focus on actions that can result in immediate revenues, such as e-commerce sales, continued deeding of lots and real estate sales and greater distribution of our wines by supporting our importer and their network partners. Cost reduction initiatives include investment in equipment that will decrease our reliance on subcontractors, plus outsourcing and restructuring of certain functions. Our goal is to become more self-sufficient and less dependent on outside financing.

We believe upcoming initiatives for our luxury vineyards estate lot sales program can potentially generate USD 5 million or more in sales in 2024 alone, while our continued build out of the project's infrastructure (a planned 60-room hotel and spa, that is also slated to include 30-50 residences, and for which we seek to co-brand with a luxury hotel brand) could generate an additional \$25 million per year of revenue once complete. With our Masterplan's addition of 200 more lots, ranging in size from 2.47 acres to 6 acres, we anticipate the potential to generate more than \$100 million in revenue.

In the hospitality sector, we have a strategy in place to increase the occupancy and ADR for our hotels in Buenos Aires and Mendoza. This includes income from the recent launch of Algodon Wine Estates vineyard home rental program, allowing private homeowners to list the luxury vineyard homes for rent for short or long-term stays.

Our e-commerce wine sales in 2023 saw increased sales volume, returning customer rates and online sessions, as well as increased distribution channels in both Argentina and the U.S. Our plans for 2024 and beyond include further increasing our distribution channels, our e-commerce sales and our international markets, such as Argentina's neighbor Brazil, which is the world's 3rd largest market for online wine sales.

GGH continues pivoting operations to focus primarily on e-commerce sales of our Gaucho—Buenos Aires brand. Gaucho – Buenos Aires e-commerce looks forward to continuing to scale our e-commerce revenue growth with an aggressive marketing campaign, as well our recent launch of our Resort Collection, a luggage + travel accessories collection. We anticipate rolling out Gaucho – Buenos Aires next collection in the fall of 2024.

Our digital marketing efforts are a crucial aspect for our brand as we seek to reach a wider audience and boost sales. In order to effectively market Gaucho – Buenos Aires, we intend to focus on various essential digital marketing elements, including the ongoing optimization of our e-commerce website, our social media channels showcasing our products, creating engaging content such as blog posts and videos, running targeted ad campaigns on search engines and social media platforms, and leveraging influencer marketing to promote our products to our target audiences. Additionally, Gaucho – Buenos Aires employs email marketing campaigns to keep our customers engaged and informed about new product launches and sales. By investing in these digital marketing strategies, we believe our brand can effectively reach our target audience, increase brand awareness, and drive sales.

In the summer of 2022, our leather goods and accessories brand celebrated the incredible milestone of opening our flagship at one of the world's most renowned luxury shopping malls, the Miami Design District, among the likes of widely recognized luxury retail brands such as Off White, Bottega Veneta, Gucci, and Chanel, and many others.

In addition to presenting at the renowned New York Fashion Week, we also launched our line of luxury home goods, among other notable milestones.

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

We expect that our Gaucho – Buenos Aires brand sales will grow to represent a majority of our revenue, with our wine and real estate business making up the remainder. On March 14, 2024, we announced the launch of our vineyard home rental program, allowing AWE's private homeowners to list the luxury vineyard homes for rent for short or long-term stays.

Consolidated Results of Operations

Year Ended December 31, 2023 Compared to the Year Ended December 31, 2022

The following table represents selected items in our consolidated statements of operations for the years ended December 31, 2023 and 2022, respectively:

	For the Years Ended December 31,	
	2023	2022
Sales	\$ 2,151,014	\$ 1,643,716
Cost of sales	(1,616,063)	(1,475,961)
Gross profit	534,951	167,755
Operating Expenses		
Selling and marketing	960,601	738,399
General and administrative	9,999,102	7,961,065
Depreciation and amortization	403,064	251,941
Impairment of investment - related party	-	7,000,000
Total operating expenses	11,362,767	15,951,405
Loss From Operations	(10,827,816)	(15,783,650)
Other Expense (Income)		
Change in fair value of derivative liability	2,505,731	-
Loss on extinguishment of debt	416,081	2,105,119
Gains from foreign currency translation	(605,531)	(478,500)
Inducement expense	-	3,163,318
Interest income	(71,978)	(142,746)
Interest expense	3,488,113	1,694,457
Other income, related party	(362,222)	(300,000)
Total other expense	5,370,194	6,041,648
Net Loss	\$ (16,198,010)	\$ (21,825,298)

Overview

We reported net losses of approximately \$16.2 million and \$21.8 million for the years ended December 31, 2023 and 2022, respectively. The decrease in net loss is due to the decreases in impairment of investment, inducement expense, loss on extinguishment of debt, and an increase in revenues, partially offset by an increase in the provision for expected credit losses, as discussed in further detail below.

Revenues

Revenues were approximately \$2,151,000 and \$1,644,000 during the years ended December 31, 2023 and 2022, respectively, reflecting a net increase of approximately \$507,000 or 31%. Increases of approximately \$1,972,000 in hotel and restaurant revenues resulted from the hotel and restaurant being fully open during 2023; these were partially closed during much of 2022 while undergoing renovation. The hotel and restaurant also saw increased guest traffic in 2023 and the restaurant benefitted from increased menu prices. Wine sales increased by approximately \$338,000 due to new initiatives in domestic markets as well as increased wine prices. These revenue increases, along with an aggregate increase of approximately \$624,000 in clothing, agricultural and other revenues were partially offset by a decrease of approximately \$2,199,000 resulting from the decline in the value of the Argentine peso vis-à-vis the U.S. dollar. The average exchange rate of the Argentina peso increased from 130.8427 for the year ended December 31, 2022 to 295.1628 for the year ended December 31, 2023.

Total sales from Argentina were approximately ARS \$558.9 million during the year ended December 31, 2023 as compared to approximately ARS \$204.5 million during the year ended December 31, 2022, reflecting a net increase of approximately ARS \$354.4 million or 173%. Lot sales revenues were approximately ARS \$38.6 million and ARS \$20.5 million during the years ended December 31, 2023 and 2022, respectively. Hotel, restaurant and event revenues were approximately ARS \$380.5 million and ARS \$118.8 million during years ended December 31, 2023 and 2022, respectively, representing an increase of approximately ARS \$261.7 million, or 220%. Argentine winemaking revenues were approximately ARS \$69.7 million and ARS \$24.5 million during the years ended December 31, 2023 and 2022, respectively, representing an increase of approximately ARS \$45.2 million or 185%. Other revenues, including golf, tennis and agricultural revenues, were ARS \$70.1 million and ARS \$40.7 million during the years ended December 31, 2023 and 2022, respectively, representing an increase of approximately ARS \$29.4 million or 72%, of which approximately ARS \$16.5 million represents an increase in agricultural revenues, approximately ARS \$10.6 million represents an increase in other revenue, and approximately ARS \$2.3 million represents an increase in golf revenues.

Gross profit

We generated a gross profit of approximately \$535,000 for the year ended December 31, 2023 as compared to a gross profit of approximately \$168,000 for the year ended December 31, 2022, representing an increase of \$367,000, or 218% resulting primarily from the increase in hotel and restaurant revenues as well as the decrease in agriculture costs of sales.

The increase in gross margin from 10% for the year ended December 31, 2022 to 25% for the year ended December 31, 2023 resulted from higher margins earned on agricultural sales in 2023 which increased by approximately 130% or \$233,000 from gross loss of approximately \$213,000 for the period ended December 31, 2022 to gross profit of approximately \$20,000 for the period ended December 31, 2023. The improvement is primarily attributable to an increase of approximately 80% in sales prices for the period ended December 31, 2023.

Cost of sales, which consists of real estate lots, raw materials, direct labor and indirect labor associated with our business activities, increased by approximately \$86,000 from \$1,530,000 for the year ended December 31, 2022 to \$1,616,000 for the year ended December 31, 2023. Increases in cost of sales are due to an increase of approximately \$1,194,000 in hotel and winemaking costs, approximately \$370,000 in food costs, approximately \$261,000 in clothing and other costs, and approximately \$57,000 in lot sales in the aggregate, resulting primarily from increases in related revenues during the year ended December 31, 2023. The aforementioned costs of sales increases were partially offset by a decrease of approximately \$1,725,000 resulting from the impact of the decline in the value of the Argentine peso vis-à-vis the U.S. dollar and a decrease of approximately \$72,000 in costs associated with agricultural sales.

Selling and marketing expenses

Selling and marketing expenses were approximately \$961,000 and \$738,000, for the years ended December 31, 2023 and 2022, respectively, representing an increase of approximately \$223,000 or 30%. Increase of approximately \$338,000 primarily related to events celebrated during the period to promote the GGI brand, as well as marketing expenses for GGI's new retail space were partially offset by a decrease of approximately \$115,000 resulting from the impact of the decline in the value of the Argentine peso vis-à-vis the U.S. dollar.

General and administrative expenses

General and administrative expenses were approximately \$9,999,000 and \$7,961,000 for the years ended December 31, 2023 and 2022, respectively, representing an increase of approximately \$2,038,000 or 26%. The increase in general and administrative expenses is primarily attributed to (i) an increase in credit loss expense of approximately \$2,195,000, which includes \$1,047,000 of expected credit losses in connection with receivables from a related party and approximately \$1,148,000 of expected credit losses in connection with the Company's mortgages receivable (ii) an increase in employee and contractor compensation of approximately \$846,000 resulting primarily from GGI's store being fully open in 2023; (iii) an increase of approximately \$235,000 in professional and consulting fees, and (iv) an increase of approximately \$274,000, in the aggregate, in other operating expenses. The increases in general and administrative expenses were partially offset by (i) an approximate \$580,000 decrease in compensation to the Company's Board of Directors (consisting of decreases of approximately \$96,000 in stock compensation and approximately \$484,000 of cash compensation), and (ii) a decrease of approximately \$933,000 resulting from the impact of the decline in the value of the Argentine peso vis-à-vis the U.S. dollar. All other fluctuations are immaterial individually and in the aggregate.

Depreciation and amortization expense

Depreciation and amortization expense were approximately \$403,000 and \$252,000 during the years ended December 31, 2023 and 2022, respectively, representing an increase of approximately \$151,000 or 60%. An increase of approximately \$353,000 resulting primarily from new asset purchases was partially offset by a decrease of approximately \$202,000 resulting from the impact of the decline in the value of the Argentine peso vis-à-vis the U.S. dollar.

Impairment of investment – related party

Impairment of investment – related party expense was \$0 and \$7,000,000 during the years ended December 31, 2023 and 2022, respectively. The Company held an equity investment in LVH Holdings which was accounted for at cost, less impairment. During the year ended December 31, 2022, management determined that the future cash flows from this investment were not expected to be sufficient to recover its carrying value. As a result, the Company fully impaired the investment in LVH.

Change in fair value of derivative liability

The Company recorded an increase in fair value of derivative liability of approximately \$2,506,000 and \$0 during the years ended December 31, 2023 and 2022, respectively, related to the derivative liability associated with the 2023 Note. The 2023 Note contained a redemption feature upon an event of default, which was bifurcated from the debt host and recorded as a derivative liability. As of the date of issuance of the 2023 Note, management had estimated that the probability of an event of default was negligible; accordingly, the fair value of the derivative liability was de minimis at the date of issuance. The increase in the fair value of the derivative liability results from the occurrence of an event of default on May 21, 2023.

Loss on extinguishment of debt

Loss on extinguishment of debt was approximately \$416,000 during the year ended December 31, 2023 which was comprised of (i) premium paid on the conversion of GGH Notes of approximately \$112,000; (ii) premium paid on the cash redemption of GGH Notes of approximately \$124,000; (iii) premium paid on the 2023 Note for cash redemption of principal in the amount of approximately \$32,000; (iv) premium in the amount of approximately \$13,000 paid on the conversion of an aggregate of \$87,179 of principal and interest owed on the 2023 Note, and (iv) the fair value of approximately \$135,000 in warrants issued in the exchange agreement for the GGH Notes (See Note 14 - Convertible Debt Obligations for additional details). Loss on extinguishment of debt of approximately \$2,105,000 during the year ended December 31, 2022 resulted from reductions in the conversion price of the convertible debt during the period.

Gains from foreign currency remeasurement, net

The Company recorded net gains from foreign currency remeasurement of approximately \$606,000 and \$479,000 during the years ended December 31, 2023 and 2022, respectively, as the result of Argentina's highly inflationary status. The increase of approximately \$127,000 in net gains from foreign currency remeasurement is due to fluctuations in the Argentine peso to United States dollar exchange rates.

Inducement expense

On May 2, 2022, the Company entered into a letter agreement ("Letter Agreement #1") with the holders of GGH Notes which provided for a reduction of the conversion price for shares of the Company's common stock. During the period from May 3, 2022 through May 11, 2022, principal, interest and fees were converted into shares of common stock at the reduced conversion price and the Company recorded inducement expense in the amount of approximately \$198,000 as a result of the conversion of debt and interest pursuant to the letter agreement.

During the period from July 7, 2022 through August 30, 2022 the Company and holders of the GGH Notes entered into another agreement ("Letter Agreement #3") which provided for a reduced conversion price and the Company recorded inducement expense in the approximate amount of \$2,965,000 as a result of the conversion of debt and interest into common shares pursuant to the letter agreement.

The Company did not incur an inducement expense in 2023.

Interest income

Interest income was approximately \$72,000 and \$143,000 during the years ended December 31, 2023 and 2022, respectively, representing a decrease of approximately \$134,000 or 59%, resulting from a decrease in interest income recognized on mortgages receivable related to the lot sales.

Interest expense

Interest expense was approximately \$3,488,000 and \$1,694,000 during the years ended December 31, 2023 and 2022, respectively, representing an increase of approximately \$1,794,000 or 106%. The increase is primarily due to approximate increases of (i) \$1,460,000 increase in amortization of debt discount and \$137,000 increase in interest recorded at stated interest rates on convertible notes, (ii) approximately \$42,000 interest incurred (including amortization of debt discount of approximately \$16,000) during 2023, in connection with Lot Deposit agreements which did not exist in 2022; (iii) increase of approximately \$20,000 in connection loans payable and (iv) increase of approximately \$213,000 incurred in connection with Argentine obligations, and primarily in connection with a payment plan for Argentine payroll taxes, partially offset by a decrease of approximately \$78,000 resulting from the impact of the decline in the value of the Argentine peso vis-a-vis the U.S. dollar

Other income, related party

The Company recognized other income, related party of \$362,000 and \$300,000 during the year ended December 31, 2023 and 2022, respectively, representing an increase of \$62,000 or 21%. The Company received management income from LVH of \$225,000 and \$300,000 during the years ended December 31, 2023 and 2022, respectively. The \$75,000 decrease in management fee income resulted from the suspension of the LVH business on September 27, 2023. Other income during the year ended December 31, 2023 also includes approximately \$137,000 representing the cash distribution received from LVH upon the suspension of its business.

Liquidity and Capital Resources

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

	As of December 31,	
	2023	2022
Cash	\$ 428,000	\$ 300,000
Working capital (deficiency)	\$ (5,363,000)	\$ 595,000
Debt outstanding, gross principal amount	\$ 1,874,000	\$ 2,254,000
Cash true up obligations	\$ 1,485,000	\$ -
Lot sale obligations (refundable upon rescission)	\$ 525,000	\$ -

As of December 31, 2023, we had cash, working capital deficit and accumulated deficit of approximately \$428,000, \$5,363,000 and \$133,789,000, respectively. During the years ended December 31, 2023 and 2022, we incurred a net loss of approximately \$16,198,000 and \$21,825,000, respectively, and used cash in operating activities of approximately \$6,075,000 and \$5,700,000, respectively. Cash requirements for our current liabilities include approximately \$4,465,000 for accounts payable and accrued expenses (including approximately \$1,485,000 of cash true up obligations), approximately \$1,596,000 for convertible debt, approximately \$188,000 for loans payable, approximately \$525,000 for lot sales deposits expected to be refunded, and approximately \$251,000 for operating lease liabilities. Cash requirements for our long-term liabilities include approximately \$36,000 for accrued expenses, \$1,078,000 for operating lease liabilities and approximately \$90,000 for loans payable. Further, our convertible debt matured on February 21, 2024 and we have subsequently received event of default notices demanding immediate payment of all balances owed in connection with the convertible debt, including cash true up obligations. Balances owed in connection with convertible debt remain outstanding as of the date of the filing of this Annual report on Form 10-K.

Based upon our cash and working capital balances as of December 31, 2023, we require additional equity and/or debt financing to sustain operations. These conditions raise substantial doubt about our ability to continue as a going concern.

On November 8, 2022, we entered into a new equity line of credit agreement (the “New ELOC”) with an underwriter, pursuant to which we will had the ability (but not the obligation) to sell to the underwriter an aggregate of up to the lesser of (i) \$4,430,897 of newly issued shares of common stock, and (ii) the Exchange Cap, as defined. On February 22, 2024, the Company received notice from the Underwriter of its election to terminate the ELOC.

In the period after December 31, 2023 and preceding the filing date, the Company sold 3,054,891 shares of its common stock for approximate proceeds of \$1,833,000 in a private placement.

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

Going Concern and Management’s Liquidity Plans

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

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

Availability of Additional Funds

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

Sources and Uses of Cash for the Years Ended December 31, 2023 and 2022

Net Cash Used in Operating Activities

Net cash used in operating activities for the years ended December 31, 2023 and 2022, amounted to approximately \$6,075,000 and \$5,700,000, respectively. During the year ended December 31, 2023, the net cash used in operating activities was primarily attributable to the net loss of approximately \$16,198,000, adjusted for approximately \$8,739,000 of non-cash expenses and \$1,383,000 of cash generated from changes in the levels of operating assets and liabilities. During the year ended December 31, 2022, the net cash used in operating activities was primarily attributable to the net loss of approximately \$21,825,000, adjusted for approximately \$15,056,000 of non-cash expenses and \$1,069,000 of cash generated from changes in the levels of operating assets and liabilities.

Net Cash Used in Investing Activities

Net cash used in investing activities for the years ended December 31, 2023 and 2022 amounted to approximately \$665,000 and \$1,971,000, respectively. During the year ended December 31, 2023 the net cash used in investing activities was primarily attributable to the purchase of property and equipment of approximately \$615,000 and the purchase of intangible assets for approximately \$50,000. During the year ended December 31, 2022 the net cash used in investing activities was primarily attributable to the purchase of property and equipment of approximately \$1,928,000, the purchase of a domain name for approximately \$35,000, and approximately \$8,000 cash used for the acquisition of Gaucho Development S.R.L for the purpose of acquiring and integrating adjoining land.

Net Cash Provided by Financing Activities

Net cash provided by financing activities for the years ended December 31, 2023 and 2022 amounted to approximately \$7,131,000 and \$3,557,000, respectively. For the year ended December 31, 2023, the net cash provided by financing activities resulted from an aggregate of \$4,678,000 of net proceeds from the issuance of convertible debt, approximately \$2,013,000 of net proceeds from the sale of common stock, approximately \$852,000 of proceeds from sale of common stock under the New ELOC, approximately \$525,000 of proceeds from lot sale obligations, and proceeds from loans payable of approximately \$185,000, partially offset by repayments of debt obligations of \$862,000, repayments of loans payable of approximately \$104,000, and redemption premiums paid on convertible debt obligations of \$156,000. For the year ended December 31, 2022, the net cash provided by financing activities resulted from an aggregate of \$3,159,000 of proceeds from the issuance of convertible debt, approximately \$511,000 of net proceeds from the sale of common stock under the Purchase Agreement, approximately \$10,000 of proceeds from sale of common stock under the New ELOC, partially offset by repayments of loans payable of approximately \$117,000, and repayments of debt obligations of approximately \$7,000.

Off-Balance Sheet Arrangements

None.

Contractual Obligations

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

Critical Accounting Estimates

The preparation of financial statements and related disclosures in conformity with U.S. GAAP. These accounting principles require us to make estimates and judgments that can affect the reported amounts of assets and liabilities as of the date of the financial statements as well as the reported amounts of revenue and expense during the periods presented. We believe that the estimates and judgments upon which it relies are reasonably based upon information available to us at the time that it makes these estimates and judgments. To the extent that there are material differences between these estimates and actual results, our financial results will be affected. We evaluate these estimates on an ongoing basis.

We consider an accounting estimate to be critical if: (i) the accounting estimate requires us to make assumptions about matters that were highly uncertain at the time the accounting estimate was made, and (ii) changes in the estimate that are reasonably likely to occur from period to period or use of different estimates that we reasonably could have used in the current period, would have a material impact on our financial condition or results of operations. There are items within our financial statements that require estimation but are not deemed critical, as defined above.

Significant estimates and assumptions include the valuation of investments, equity and liability instruments, the value of right-of-use assets and related lease liabilities and reserves associated with the realizability of certain assets.

Critical Accounting Policies

The accounting policies that reflect our more significant estimates and judgments, and which we believe are the most critical to aid in fully understanding and evaluating our reported financial results, are described below. The following is not intended to be a comprehensive list of all of our accounting policies. Our accounting policies are more fully described in Note 2 – Summary of Significant Accounting Policies, in our financial statements included at the end of this Annual Report.

Revenue Recognition

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

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

Stock-Based Compensation

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

Long-Lived Assets

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

Income Taxes

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

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

Operating Leases

We determine if an arrangement is a lease at inception, and account for rights and obligations related our operating leases in our consolidated balance sheet as right-of-use ("ROU") assets and operating lease liabilities. ROU assets represent the right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are measured at the lease commencement date based on the present value of lease payments over the lease term, using an incremental borrowing rate which represents the estimated rate of interest for collateralized borrowing over a similar term of the lease payments at commencement date. Our lease terms may include options to extend or terminate the lease when it is reasonably certain that we will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

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

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

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

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

None.

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

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

In connection with the preparation of this Annual Report, management, with the participation of our Principal Executive and Accounting Officers, has evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Exchange Act Rule 13a-15(e) and 15d-15(e)). Based upon that evaluation, our Principal Executive and Accounting Officers concluded that, as of December 31, 2023, our disclosure controls and procedures were not effective as set forth below.

Management's Assessment of Internal Control Over Financial Reporting

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

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with policies and procedures may deteriorate. Management conducted an evaluation of the effectiveness of our internal control over financial reporting based on the 2013 framework in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, management concluded that our internal control over financial reporting was not effective as of December 31, 2023 due to the material weaknesses identified below.

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the Company's annual or interim financial statements will not be prevented or detected on a timely basis.

Material Weaknesses in Internal Controls

We did not maintain effective controls over the segregation of duties as a result of being a small company, and over information technology ("IT") general controls used in the financial reporting processes. Specifically, we did not maintain effective controls over information technology (IT) general controls for information systems that are relevant to the preparation of our financial statements with respect to user provisioning and deprovisioning and cybersecurity. These IT deficiencies did not result in a misstatement to our financial statements, however, the deficiencies could impact the effectiveness of IT-dependent controls that could result in misstatements potentially impacting all financial statement accounts and disclosures that would not be prevented or detected.

Changes in Internal Control over Financial Reporting

During the quarter ended December 31, 2023, there were no material changes in our internal controls over financial reporting, or in other factors that could significantly affect these controls, that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Inherent Limitations of Controls

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

ITEM 9B. OTHER INFORMATION

During the Company's fourth quarter, no director or officer adopted or terminated a Rule 10b5-1 trading arrangement or a non-Rule 10b5-1 trading arrangement.

LVH Holdings LLC

As previously disclosed on June 16, 2021, the Company, through its wholly owned subsidiary, Gaucho Ventures I – Las Vegas, LLC ("GVI"), entered into the Amended and Restated Limited Liability Company Agreement of LVH Holdings LLC ("LVH"); on November 16, 2022, entered into the First Amendment to the Amended and Restated Limited Liability Company Agreement of LVH; on June 7, 2022, entered into the Second Amendment to the Amended and Restated Limited Liability Company Agreement of LVH; and on December 12, 2022, entered into the Third Amendment to the Amended and Restated Limited Liability Company Agreement of LVH.

On June 30, 2023, the Company, through GVI, executed a Fourth Amendment to the Amended and Restated Limited Liability Company Agreement of LVH to extend the outside date for execution of the ground lease from June 30, 2023 to December 29, 2023.

On September 27, 2023, the Company, through GVI, executed a Letter Agreement regarding LVH by and between the Company, SLVH LLC, a Delaware limited liability company ("SLVH"), and Timberline Development Partners LLC, a Texas limited liability company ("Timberline"), to suspend its business operations, terminate the development agreement with Timberline, distribute all of its available cash in excess of an agreed reserve, waive the provision requiring dissolution of LVH if no ground lease is signed, and release and terminate certain obligations of the members or their affiliates to contribute capital or perform services to or for the benefit of LVH.

As of the date of this Annual Report, GVI and SLVH LLC comprise all of the members of LVH.

Stockholder Meetings

On May 8, 2023, the Company held a Special Meeting of Stockholders, and the stockholders approved, a measure for purposes of complying with Nasdaq Listing Rule 5635(d), the full issuance and exercise of shares of our common stock to be issued pursuant to the 2023 SPA.

On August 24, 2023, the Company held its annual general stockholder meeting at 12:00 p.m. Eastern Time (the “2023 AGM”). A quorum was present for the 2023 AGM.

At the Company’s 2023 AGM, the stockholders: (i) elected two (2) Class III nominees to the board of directors (Scott Mathis and William Allen) to hold office for a three-year term; (ii) granted the Board of Directors discretion (if necessary to prevent the delisting of the Company’s common stock on Nasdaq) on or before June 30, 2024, to implement a reverse stock split of the outstanding shares of common stock in a range from one-for-two (1:2) up to one-for-ten (1:10), or anywhere between, while maintaining the number of authorized shares of common stock required for Nasdaq listing; (iii) approved on an advisory basis, the Compensation of the Company’s named executive officers; (iv) approved consistent with the Board of Directors’ initial recommendation, for the Company to conduct an advisory vote on the compensation of the Company’s named executive officers every three years until the next vote on the frequency of advisory votes on executive compensation; and (v) ratified and approved the appointment of Marcum LLP as the Company’s independent registered accounting firm for the year ended December 31, 2023.

On February 29, 2024, at the Special Meeting of the Stockholders of the Company, the stockholders: (i) approved, for purposes of complying with Nasdaq Listing Rule 5635(d), the full issuance of shares of our common stock pursuant to the ELOC, without giving effect to the 19.99% cap provided under Nasdaq Listing Rule 5635(d); (ii) granted the Board of Directors discretion (if necessary to prevent the delisting of the Company’s common stock on Nasdaq) on or before June 30, 2024, to implement a reverse stock split of the outstanding shares of common stock in a range from one-for-two (1:2) up to one-for-ten (1:10), or anywhere between, while maintaining the number of authorized shares of common stock at 150,000,000 shares, as required for Nasdaq listing; (iii) approved the full issuance of shares of our common stock to be issued in a private placement of common stock for gross proceeds of up to \$7.2 million pursuant to Rule 506(b) of the Securities Act of 1933; and (iv) declined to approve, for purposes of complying with Nasdaq Listing Rule 5635(d), the full issuance of shares of our common stock to be issued in a private placement of common stock for gross proceeds of up to \$7.2 million pursuant to Rule 506(b) of the Securities Act of 1933, as amended, without giving effect to the 19.99% cap provided under Rule 5635(d). The stockholders did not approve for purposes of complying with Nasdaq Listing Rule 5635(d), the full issuance and exercise of shares of our common stock to be issued pursuant to the 2023 Note Documents by and between the Company and 3i.

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. The Company repaid principal in the amount of \$100,000 on February 22, 2024, and the lender has agreed to being paid \$50,000 and \$35,000 during March and April, respectively.

2023 Convertible Note

Effective February 5, 2024, pursuant to the 2023 Note, 3i elected to increase the cap on its beneficial ownership of the Company from 4.99% to 9.99% per Section 3(d)(i) of the 2023 Note (the “Maximum Percentage”) by providing written notice to the Company. Such increase in the Maximum Percentage will not be effective until the sixty-first (61st) day after such notice is delivered to the Company.

On February 16, 2024, the Company filed a complaint in the United States District Court for the District of Delaware alleging 3i, LP, 3i Management LLC, and Maier Joshua Tarlow engaged in an unlawful securities transaction with the Company as an unregistered dealer under U.S. securities laws in connection with the 2023 Note Documents.

On February 22, 2022, the Company received notice from Tumim Stone Capital of its election to terminate the ELOC. While the notice to terminate stated that it was effective immediately, Section 8.2 of the Purchase Agreement requires at least 10 Trading Days prior written notice. Therefore, the Company will treat the ELOC as being terminated by Tumim effective March 7, 2024. No early termination penalties are incurred by either party under the ELOC.

On February 21, 2024, the Company received an Event of Default Redemption Notice from 3i providing notice of Events of Default arising under the 2023 Note Documents and demanding immediate payment of the Event of Default Redemption Price equal to a minimum of \$3,437,646.

On February 28, 2024, the Company received a second Event of Default Redemption Notice from 3i providing notice of an additional Event of Default arising under the 2023 Note Documents, and demanding immediate payment of the Event of Default Redemption Price equal to a minimum of \$3,450,711.

On February 29, 2024, at the Special Meeting of the Stockholders of the Company, the stockholders: (i) approved, for purposes of complying with Nasdaq Listing Rule 5635(d), the full issuance of shares of our common stock pursuant to the ELOC, without giving effect to the 19.99% cap provided under Nasdaq Listing Rule 5635(d); (ii) granted the Board of Directors discretion (if necessary to prevent the delisting of the Company’s common stock on Nasdaq) on or before June 30, 2024, to implement a reverse stock split of the outstanding shares of common stock in a range from one-for-two (1:2) up to one-for-ten (1:10), or anywhere between, while maintaining the number of authorized shares of common stock at 150,000,000 shares, as required for Nasdaq listing; (iii) approved the full issuance of shares of our common stock to be issued in a private placement of common stock for gross proceeds of up to \$7.2 million pursuant to Rule 506(b) of the Securities Act of 1933; and (iv) declined to approve, for purposes of complying with Nasdaq Listing Rule 5635(d), the full issuance of shares of our common stock to be issued in a private placement of common stock for gross proceeds of up to \$7.2 million pursuant to Rule 506(b) of the Securities Act of 1933, as amended, without giving effect to the 19.99% cap provided under Rule 5635(d). The stockholders did not approve for purposes of complying with Nasdaq Listing Rule 5635(d), the full issuance and exercise of shares of our common stock to be issued pursuant to the 2023 Note Documents by and between the Company and 3i.

On March 6, 2024, the Company received an Event of Default notice from 3i regarding an Event of Default arising under the Note Documents for failure to cure a Conversion Failure for a Conversion Notice submitted by 3i on February 20, 2024, and demanding immediate payment of the Event of Default Redemption Price equal to a minimum of \$3,460,510.

Private Placement of Common Shares with Anti-Dilution Rights

On February 2, 2024, pursuant to the Private Placement, the Company issued a total of 121,557 shares of common stock for gross proceeds of \$72,934 at \$0.60 per share.

On February 6, 2024, pursuant to the Private Placement, the Company issued a total of 50,000 shares of common stock for gross proceeds of \$30,000 at \$0.60 per share.

On February 13, 2024, pursuant to the Private Placement, the Company issued a total of 633,333 shares of common stock for gross proceeds of \$380,000 at \$0.60 per share.

On February 16, 2024, pursuant to the Private Placement, the Company issued a total of 1,000,000 shares of common stock for gross proceeds of \$600,000 at \$0.60 per share.

On March 1, 2024, pursuant to the Private Placement, the Company issued a total of 400,000 shares of common stock for gross proceeds of \$240,000 at \$0.60 per share.

On April 11, 2024, pursuant to the Private Placement, the Company issued a total of 166,667 shares of common stock for gross proceeds of \$100,000 at \$0.60 per share.

As announced in our Current Report on Form 8-K filed with the SEC on March 1, 2024, on February 29, 2024, the stockholders of the Company approved, for purposes of Nasdaq Rule 5635(d), the full issuance of shares of our common stock to be issued in a private placement of common stock for gross proceeds of up to \$7.2 million pursuant to Rule 506(b) of the Securities Act of 1933, as amended (the "Securities Act").

Each investor in the Private Placement has certain anti-dilution protections for a period of 18 months following each closing of the Private Placement. If, during the 18-month period following each closing of the Offering, the Company issues or sells any shares of common stock of the Company (a "Dilutive Issuance"), then each participant in the Private Placement will automatically be issued such number of shares of common stock as is necessary to maintain the percentage ownership that such participant would have had if the Dilutive Issuance had not occurred. With respect to the issuance of any securities to 3i pursuant to the 2023 Note Documents as a result of Dilutive Issuances, the participant shall not be entitled to any additional Dilutive Issuances beyond the initial Dilutive Issuance. Further, at such time that the participant disposes of its shares acquired in the Private Placement, all rights to any Dilutive Issuance shall cease.

On April 11, 2023, the Company issued a total of 47,637 shares of common stock at a price per share of \$0.60 in connection with Dilutive Issuances.

The Private Placement is conducted pursuant to Section 4(a)(2) of the Securities Act and/or Rule 506(b) of Regulation D promulgated under the Securities Act. The shares are only offered to a small select group of accredited investors, as defined in Rule 501 of Regulation D, all of whom have a substantial pre-existing relationship with the Company and no general advertisement or solicitation was used. The Company filed a Form D on December 15, 2023, amended on January 11, 2024, amended on February 12, 2024, and amended on April 17, 2024.

Other Issuances of Securities

On January 22, 2024, the Company issued a total of 34,963 shares of common stock at \$0.4224 per share in settlement of its matching obligations for the year ended December 31, 2023 under the Company's 401(k) profit sharing plan for the benefit of the Company's Chief Executive Officer and Chief Financial Officer.

On February 7, 2024, in connection with the vesting of RSUs on December 31, 2023, certain of the Company's employees, consultants and advisors received a total of 18,410 shares pursuant to RSUs issued under the 2018 Equity Incentive Plan with a grant date value of \$11.60 per share. For this sale of securities, no general solicitation was used, no commissions were paid, all persons were accredited investors, and the Company relied on the exemption from registration available under Section 4(a)(2) and/or Rule 506(b) of Regulation D promulgated under the Securities Act with respect to transactions by an issuer not involving any public offering. A Form D was filed with the SEC on March 30, 2023.

On April 18, 2023, the Company received a deficiency letter from the Nasdaq Listing Qualifications Department notifying the Company that, due to the Company's failure to timely file its Annual Report on Form 10-K for the fiscal year ended December 31, 2023 with the SEC, the Company is not in compliance with Nasdaq's continued listing requirements under Nasdaq Listing Rule 5250(c)(1), which requires the timely filing of all required periodic reports with the SEC.

On April 19, 2024, the Board of Directors of the Company, as authorized by the stockholders of the Company, approved a reverse stock split of the Company's issued and outstanding shares of common stock, par value \$0.01 per share, at a ratio of 1-for-10 (the "Reverse Stock Split"). The Board of Directors of the Company also approved an amended and restated Certificate of Incorporation (the "Certificate") to effect the Reverse Stock Split. On April 24, 2024, the Company filed the Certificate with the Delaware Secretary of State with an effective date of 12:01 a.m., Eastern Time, on May 1, 2024. Please see our Current Report on Form 8-K as filed on April 29, 2024 for additional information.

ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

Not applicable.

PART III

ITEM 10. DIRECTORS, OFFICERS AND CORPORATE GOVERNANCE

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

Name	Age	Entity	Title	Year Appointed
Scott L. Mathis	62	GGH	Chairman, Class III Director, Chief Executive Officer, President	April 1999
		TAR	General Manager ⁽¹⁾	December 2007
		APII	General Manager ⁽¹⁾	March 2009
		AWE	General Manager ⁽¹⁾	July 2007
		GGI	Chairman, Chief Executive Officer, President	September 2016
Maria I. Echevarria	44	GGH	Chief Financial Officer, Chief Operating Officer, Secretary, Treasurer and Compliance Officer	April 2015
		AEU	Chief Financial Officer	April 2015
		GGI	Chief Financial Officer, Treasurer and Secretary	January 2017
Sergio O. Manzur Odstrcil	54	TAR	Chief Financial Officer, Chief Operating Officer ⁽²⁾	March 2011
		APII	Chief Financial Officer	March 2011
		AWE	Chief Financial Officer, Chief Operating Officer ⁽²⁾	September 2010
Peter J.L. Lawrence	90	GGH	Class II Director	April 1999
		AEU	Director	November 2009
		GGI	Director	November 2018
Reuben Cannon	75	GGH	Class I Director	July 2020
Marc Dumont	78	GGH	Class I Director	February 2021
William Allen	64	GGH	Class III Director ⁽³⁾	April 2021

(1) Translation of Argentine statutory corporate office.

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

(3) Mr. Allen left the Board of Directors effective December 31, 2023. Mr. Allen did not resign due to any disagreement with the Company on any matter relating to its operations, policies or practices.

Executive Officers

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

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

Additional Key Personnel

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

Directors

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

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

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

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

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

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

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

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

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

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

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

Family Relationships

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

Term of Office

At the Company's 2023 annual general stockholders' meeting on August 30, 2022, Dr. Moel and Ms. Rodriguez did not stand for re-election and Mr. Mathis and Mr. Allen were both re-elected as Class III directors (their terms expiring at the Company's 2026 annual meeting of stockholders). Effective December 31, 2023, Mr. Allen resigned as a member of the Board of Directors. Mr. Allen did not resign due to any disagreement with the Company on any matter relating to its operations, policies or practices. In addition to Mr. Mathis, the following directors continue to serve the Company: Mr. Lawrence as a Class II director (his term expires at the Company's 2024 annual meeting of stockholders) and Messrs. Cannon and Dumont as Class I directors (their term expires at the Company's 2025 annual meeting of stockholders). All directors will hold office until such director's term has expired and until such director's successor is elected and qualified or until such director's earlier resignation or removal.

Involvement in Certain Legal Proceedings

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

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

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

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

Corporate Governance

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

Board Leadership Structure

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

Role of the Board and the Audit Committee in Risk Oversight

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

Review and Approval of Transactions with Related Parties

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

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

Audit Committee

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

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

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

Nominating Committee

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

Compensation Committee

The Board of Directors established the Compensation Committee effective upon the uplisting of our common stock to Nasdaq and amended the Compensation Committee's charter effective March 25, 2021. In reliance on the exemption provided pursuant to Nasdaq Rule 5605(d)(2)(B), the Compensation Committee consists of three independent directors and one non-independent director, all of whom are all non-employee directors for purposes of Rule 16b-3 of the Exchange Act. As of July 21, 2023, Mr. Allen is no longer a member of the Compensation Committee and the members of our Compensation Committee are Mr. Cannon (chairperson), and Messrs. Dumont, and Lawrence.

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

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

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

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

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

Advisory Board

The Company's Advisory Board consists of Amrita Bhalla and Doug Casey.

Amrita Bhalla is an experienced global HR executive with a distinguished career spanning over two decades. As the Founder and Managing Director of A.B. Consulting, established in 2015, Ms. Bhalla leads a thriving consultancy that specializes in HR advisory services. Her expertise lies in empowering organizations to enhance performance, drive employee engagement, and boost profitability. A.B. Consulting has made a significant global impact, catering to a diverse clientele across various sectors, with a particular focus on workforce development and leadership initiatives in the Caribbean region (www.a-bconsulting.com). Ms. Bhalla's remarkable journey in the luxury hospitality industry has seen her holding executive HR roles with renowned companies such as Four Seasons Hotels and Resorts, Oberoi Hotels and Resorts, and Belmond Hotels. Throughout her career, she has traversed the globe, living and working in Canada, Bermuda, United Kingdom, Thailand, and India, gaining invaluable global insights. A firm believer in strategic leadership and effective governance, Ms. Bhalla actively serves on several boards, contributing her expertise to shape the success of various organizations. Notable board positions she currently holds include the role of Board President for the Rosedale Moore Park Association (RMPA) in Toronto, Canada. She is also a Board Member for the Caribbean Hospitality and Tourism Association Education Fund (CHTAEF), and Advisory Board Member for Women in Tourism and Hospitality Canada (With.org). Ms. Bhalla also shares her knowledge and passion for the industry with future leaders. In 2015, she joined the Ted Rogers School of Hospitality and Tourism, Toronto Metropolitan University, teaching Human Resources Management, Strategic Management and Organizational Behaviour. Her academic qualifications complement her extensive professional experience. She holds a Masters in Industrial Relations (MIR) and a Bachelor of Arts (Honours) from Queens University, Canada.

Doug Casey is a world-renowned investor and author of six books; his "Crisis Investing" was on the New York Times bestseller list for 29 weeks, including 11 weeks at #1. His third book, Strategic Investing, reached #7 on the NYT list. His most recent books are "Totally Incorrect" and "Right on the Money." Mr. Casey is currently completing a series of six novels; the first, "Speculator" is soon to be released. He has been a featured guest on hundreds of radio and TV shows, including David Letterman, Merv Griffin, Charlie Rose, Phil Donahue, Regis Philbin, Maury Povich, NBC News and CNN, and has been the topic of numerous features in periodicals such as Time, Forbes, People and the Washington Post. He is also the founder of the Eris Society, a non-profit organization that for 30 years brought together hundreds of the world's leading thinkers on a wide range of eclectic topics related to the arts, sciences, technology, finance and medicine. His firm, Casey Research, LLC, publishes a variety of publications and web sites with a combined weekly audience in excess of 300,000 individuals, largely high-net-worth investors with an interest in resource-development and international real estate. Mr. Casey has visited over 145 countries, most of them several times, and has lived in ten. He has been active in polo, skydiving, martial arts, scuba, auto racing and competitive shooting. He lives mainly in Cafayate Argentina, Punta del Este Uruguay, and Aspen Colorado.

Code of Business Conduct and Ethics and Whistleblower Policy

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

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

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

Stockholder Communications to the Board

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

Clawback Policy

On November 27, 2023, and effective December 1, 2023, in accordance with Nasdaq Rule 5608 and Section 10D and Rule 10D-1 of the Securities Exchange Act of 1934, as amended, the Board adopted a policy to provide for the recovery of erroneously awarded incentive-based compensation from executive officers (the “Clawback Policy”). The Clawback Policy provides for the mandatory recovery of erroneously awarded incentive-based compensation from our current and former executive officers as defined in the SEC rules in the event that we are required to prepare an accounting restatement. The recovery of such compensation applies regardless of whether such officer engaged in misconduct or otherwise caused or contributed to the requirement of an accounting restatement. Under the Clawback Policy, our board may recoup from such officers erroneously awarded incentive-based compensation received within a lookback period of the three completed fiscal years preceding the date on which we are required to prepare an accounting restatement.

ITEM 11. EXECUTIVE COMPENSATION

Summary Compensation Table

The following table sets forth, for our named executive officers, the compensation earned in the years ended December 31, 2023 and 2022:

Summary Compensation Table for Executive Officers

Name and Principal Position	Fiscal Year	Salary (\$)	Bonus (\$)	Stock Awards (\$) (2)	Option Awards (\$)	All Other Compensation (\$)	Total (\$)
Scott L. Mathis ⁽¹⁾	2023	480,160	-	-	-	11,286	491,446
Chairman of the Board and Chief Executive Officer	2022	479,651	287,790	188,825	-	-	956,266
Maria I Echevarria ⁽³⁾	2023	250,357	-	-	-	19,050	249,407
Chief Financial Officer and Chief Operating Officer	2022	230,000	92,000	58,000	-	-	380,000

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

Outstanding Equity Awards at Fiscal Year End

The following table provides information as to option and restricted stock awards on a post-split basis granted by the Company and held by each of the named executive officers of GGH as of December 31, 2023.

Name	Option Awards			Stock Awards		
	Number of Securities Underlying Unexercised Options Exercisable (#)	Number of Securities Underlying Unexercised Options Unexercisable (#)	Option Exercise Price (\$)	Option Expiration Date	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights that Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units, or Other Rights that Have Not Vested (\$)
Scott L. Mathis	250 ⁽¹⁾	-(1)	693.60	1/31/2024	-(1)	-
	1,228 ⁽²⁾	-(2)	693.60	7/7/2024	-(2)	-
					5,426 ⁽³⁾	62,941
Maria I. Echevarria	42 ⁽⁴⁾	-(4)	693.60	1/31/2024	-(4)	-
	87 ⁽⁵⁾	-(5)	693.60	7/7/2024	-(5)	-
					1,666 ⁽⁶⁾	19,325

- (1) On January 31, 2019, Mr. Mathis was granted an option to acquire 250 shares of the Company's common stock, of which 63 shares underlying the option vested on January 31, 2020, and 16 shares vested every three months thereafter until fully vested as of January 31, 2023.
- (2) On July 8, 2019, Mr. Mathis was granted an option to acquire 1,228 shares of the Company's common stock, of which 307 shares underlying the option vested on July 8, 2020, and 77 shares vested every three months thereafter until fully vested as of July 8, 2023.
- (3) On December 31, 2022, Mr. Mathis was granted a restricted stock unit to acquire 16,278 shares of the Company's common stock, of which 5,426 shares underlying the RSU vested on December 31, 2022, 5,426 shares vested on December 31, 2023, and 5,426 vest on December 31, 2024.
- (4) On January 31, 2019, Ms. Echevarria was granted an option to acquire 42 shares of the Company's common stock, of which 11 shares underlying the option vested on January 31, 2020, and 26 shares vested every three months thereafter until fully vested as of January 31, 2023.
- (5) On July 8, 2019, Ms. Echevarria was granted an option to acquire 87 shares of the Company's common stock, of which 22 shares underlying the option vested on January 31, 2020, and 5 shares vested every three months thereafter until fully vested as of July 8, 2023.
- (6) On December 31, 2022, Ms. Echevarria was granted a restricted stock unit to acquire 5,000 shares of the Company's common stock, of which 1,667 shares underlying the RSU vested on December 31, 2022, 1,666 shares vested on December 31, 2023, and 1,666 vest on December 31, 2024.

Director Compensation

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

	Year	Director Compensation				Total (\$)
		Fees Earned or Paid in Cash (\$)	Bonus (\$)	Stock Awards ⁽¹⁾ (\$)	Option Awards (\$)	
Peter Lawrence ⁽³⁾	2023	23,000	-	37,500	-	60,500
	2022	34,167	-	105,623	-	139,790
Steven A. Moel ⁽²⁾	2023	-	-	-	-	-
	2022	28,473	-	105,623	-	134,096
Reuben Cannon ⁽⁴⁾	2023	25,500	-	37,500	-	63,000
	2022	36,500	-	105,623	-	142,123
Marc Dumont ⁽⁵⁾	2023	26,500	-	37,500	-	64,000
	2022	36,667	-	105,623	-	142,290
Edie Rodriguez ⁽²⁾	2023	-	-	-	-	-
	2022	27,973	-	105,623	-	133,596
William Allen ⁽⁶⁾	2023	26,500	-	37,500	-	64,000
	2022	33,500	-	105,623	-	139,123

(1) Represents the aggregate grant date fair value of 387 restricted stock units granted to each director for the first half of 2022 on June 7, 2022 and 387 restricted stock units granted to each director on August 11, 2022 as compensation for the second half of fiscal year 2022.

(2) At the Company's annual stockholder meeting held on August 30, 2022, Dr. Moel's and Mrs. Rodriguez's terms expired, and neither was re-elected. As a result, Dr. Moel's and Mrs. Rodriguez's service as directors terminated and each director was paid approximately \$4,144 in fees and awarded 1,284 shares on a pro-rata basis for the \$12,500 in base cash compensation and 387 restricted stock units awarded as compensation for the second half of fiscal year 2022.

(3) As of December 31, 2023, Mr. Lawrence held options to acquire 168 shares of the Company's common stock, of which 158 were vested and exercisable.

(4) As of December 31, 2023, Mr. Cannon held options to acquire 56 shares of the Company's common stock, of which 46 were vested and exercisable.

(5) As of December 31, 2023, Mr. Dumont held options to acquire 84 shares of the Company's common stock, of which 74 were vested and exercisable.

(6) As of December 31, 2023, Mr. Allen held no options to acquire shares of the Company's common stock. Mr. Allen resigned as a member of the Board of Directors effective December 31, 2023. Mr. Allen did not resign due to any disagreement with the Company on any matter relating to its operations, policies or practices.

Summary of the Company's Equity Incentive Plans

General Plan Information

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

On July 27, 2018, the Board of Directors adopted the 2018 Equity Incentive Plan (the "2018 Plan"), which was approved by the Company's shareholders on September 28, 2018. The 2018 Plan provides for grants for the purchase of up to an aggregate of 834 including incentive and non-qualified stock options, restricted and unrestricted stock, loans and grants, and performance awards. The number of shares available under the 2018 Plan will automatically increase on January 1 of each year by the amount equal to 2.5% of the total number of shares outstanding on such date, on a fully diluted basis. Further, any shares subject to an award issued under the 2018 Plan, the 2016 Plan or the 2008 Plan that are canceled, forfeited or expired shall be added to the total number of shares available under the 2018 Plan.

On July 8, 2019, the stockholders approved an increase in the number of shares available for awards under the 2018 Plan to 2,999, plus an increase every January 1 of each year by the amount equal to 2.5% of the total number of shares outstanding on such date, on a fully diluted basis. Subsequently on July 8, 2019, the Board of Directors approved an increase in the number of shares available for awards under the 2018 Plan to 33,039 plus an increase every January 1 of each year by the amount equal to 2.5% of the total number of shares outstanding on such date, on a fully diluted basis.

On August 30, 2022, the stockholders approved the increase of the number of shares authorized to be awarded under the 2018 Equity Incentive Plan to 25% of the Company's common stock outstanding on a fully diluted basis as of the date of stockholder approval, which was 84,803 shares. As of December 31, 2023, the number of shares of GGH's common stock available for issuance under the 2018 Equity Incentive Plan is 16,453 shares.

On January 1, 2024, the number of shares available was increased by 234,193 shares pursuant to the automatic annual increase of 2.5% of the total number of shares outstanding on a fully diluted basis, for a total of 250,645 shares available for awards under the 2018 Plan.

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

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

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

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

Gauche Group, Inc. Equity Incentive Plan

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

Up to 800,000 shares of GGI’s common stock is made available for grants of equity incentive awards under the 2018 Gauche Plan. Authorized shares under the 2018 Gauche Plan may be subject to adjustment upon determination by the committee in the event of a corporate transaction including but not limited to a stock split, recapitalization, reorganization, or merger.

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

As of December 31, 2023, no options remain outstanding under the 2018 Gauche Plan. While the 2018 Gauche Plan is still in effect, GGI plans to terminate the 2018 Gauche Plan as a result of the acquisition by the Company of the remaining 21% interest in GGI in March 2022.

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

The following table sets forth certain information regarding our shares of common stock beneficially owned as of April 26, 2024, for (i) each stockholder known to be the beneficial owner of more than 5% of our outstanding shares of common stock (ii) each named executive officer and director, and (iii) all executive officers and directors as a group. A person is considered to beneficially own any shares: (a) over which such person, directly or indirectly, exercises sole or shared voting or investment power, or (b) of which such person has the right to acquire beneficial ownership at any time within 60 days through an exercise of stock options, warrants or convertible debt. Shares underlying such options, warrants, and convertible promissory notes, however, are only considered outstanding for the purpose of computing the percentage ownership of that person and are not considered outstanding when computing the percentage ownership of any other person. Unless otherwise indicated, voting and investment power relating to the shares shown in the table for our directors and executive officers is exercised solely by the beneficial owner or shared by the owner and the owner's spouse or children.

Security Ownership of Certain Beneficial Owners and Management

Name and Address of Beneficial Owner	Position	Amount and Nature of Beneficial Ownership ⁽¹⁾	Percent of Common Stock
Scott L. Mathis, 1445 16th Street, Suite 403, Miami Beach, FL 33139	Chairman, Class III Director, Chief Executive Officer, President	69,558 ⁽²⁾	<1.0%
Maria Echevarria, 14 Benmore Ter., Bayonne, NJ 07002	Chief Financial Officer, Chief Operating Officer, Secretary, Treasurer and Compliance Officer	14,912 ⁽³⁾	<1.0%
Peter J.L. Lawrence, 5 Landsdowne Crescent, London W11 2NH, England	Class II Director	8,482 ⁽⁴⁾	<1.0%
Reuben Cannon, 280 S. Beverly Drive, #208, Beverly Hills, CA 90212	Class I Director	8,253 ⁽⁵⁾	<1.0%
Marc Dumont, 43 rue de la Prétaire, CH-1936, Verbier, Switzerland	Class I Director	9,519 ⁽⁶⁾	<1.0%
William Allen*, 23 Corporate Plaza Dr., Suite 150, Newport Beach, CA 92660	Class III Director	8,048 ⁽⁷⁾	<1.0%
All current directors, directors elect, director nominees, executive officers and named executive officers as a group (five persons)		110,724 ⁽⁸⁾	1.4%

* Mr. Allen resigned as a director effective December 31, 2023. Mr. Allen did not resign due to any disagreement with the Company on any matter relating to its operations, policies or practices. His share ownership numbers are not included in the total for all current directors and officers.

(1) Calculated in accordance with 1934 Act Rule 13d-3. Based on 7,963,839 shares of common stock issued and 7,963,810 shares of common stock outstanding as of April 26, 2024.

(2) Consists of (a) 28,282 shares of our common stock owned by Mr. Mathis directly; (b) 2,594 shares owned by The WOW Group, LLC, of which Mr. Mathis is a controlling member; (c) 10,696 shares owned by Hollywood Burger Holdings, Inc.; (d) 26,758 shares owned by Mr. Mathis's 401(k) account; and (e) the right to acquire 1,228 shares of common stock subject to the exercise of options.

(3) Consists of (a) 4,099 shares of our common stock owned by Ms. Echevarria directly; (b) 10,726 shares owned by Ms. Echevarria's 401(k) account; and (c) 87 shares of our common stock issuable upon the exercise of stock options.

(4) Consists of (a) 8,342 shares of our common stock owned by Mr. Lawrence directly; (b) 6 shares owned by Mr. Lawrence and his spouse as trustees for the Peter Lawrence 1992 Settlement Trust; and (c) 134 shares of our common stock issuable upon the exercise of stock options.

(5) Consists of (a) 8,203 shares owned by Reuben Cannon Productions; and (b) 50 shares issuable upon the exercise of stock options.

(6) Consists of (a) 8,048 shares of our common stock owned by Mr. Dumont directly; (b) 1,171 shares held by Mr. & Mrs. Dumont and Patrick Dumont, JTWROS; (c) 250 shares held by Mr. Dumont and Catherine Dumont, JTWROS; and (d) 50 shares issuable upon the exercise of stock options.

(7) Consists of (a) 8,048 shares of our common stock owned by Mr. Allen directly.

(8) Consists of 110,724 shares of our common stock and 1,549 shares of our common stock issuable upon the exercise of stock options.

Security Ownership of Certain Beneficial Owners

As of April 26, 2024, the following persons who do not serve as an executive officer or director beneficially own more than 5% of its outstanding common stock:

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership ⁽¹⁾	Percent of Common Stock
John I. Griffin, 4221 Way Out West Dr., Suite 100, Houston, TX 77092	1,540,067 ⁽²⁾	19.3%
Jerre Hills, 21005 Highway 30, Filer, ID 83328	759,744 ⁽³⁾	9.6%
Ralph and Mary Rybacki, 21847 N. Tall Oaks Dr., Kildeer, IL 60047	1,174,446 ⁽⁴⁾	14.8%
All 5% beneficial owners, as a group	3,474,924	43.7%

(1) Calculated in accordance with 1934 Act Rule 13d-3. Based on 7,963,839 shares of common stock issued and 7,963,810 shares of common stock outstanding as of April 26, 2024.

(2) Consists of (a) 1,441,017 shares of common stock owned by Mr. Griffin directly, (b) 85,000 shares of common stock owned by JLAL Holdings Ltd., an entity wholly controlled by Mr. Griffin, (c) 14,000 shares of common stock issuable upon exercise of warrants held by JLAL Holdings Ltd., and (d) 50 shares of common stock issuable upon exercise of stock options.

(3) Consists of 759,744 shares of common stock owned by Ms. Hills directly.

(4) Consists of 1,174,446 shares of common stock owned by Mr. & Mrs. Rybacki.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS AND DIRECTOR INDEPENDENCE

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

- **Transaction with LVH.** As previously reported on our Current Report on Form 8-K filed on June 17, 2021, the Company, through its wholly owned subsidiary Gaucho Ventures I – Las Vegas, LLC ("GVI") entered into the Amended and Restated Limited Liability Company Agreement (the "LLC Agreement") of LVH Holdings LLC ("LVH"). LVH was organized on May 24, 2021, with a sole member of SLVH LLC, a Delaware limited liability company ("SLVH"). William Allen, a former director of the Company, is the managing member of SLVH and holds a 20% membership interest in SLVH. GVI holds a minority interest in LVH, with the majority interest owned by SLVH.
- **Transaction with and Ownership in Hollywood Burger Holdings, Inc.** As previously reported on our Current Report on Form 8-K filed on August 31, 2021 and our Current Report on Form 8-K filed on February 25, 2022, on February 3, 2022, the Company, through its subsidiaries, acquired 100% of Hollywood Burger Argentina SRL, now Gaucho Development S.R.L., in exchange for issuing 10,696 shares of its common stock to Hollywood Burger Holdings, Inc. Mr. Mathis is a Chairman and CEO of an affiliate of the Company, Hollywood Burger Holdings, Inc., a private company. He also holds 45.4% of the outstanding shares of HBH. In addition, Ms. Echevarria is CFO of HBH and Messrs. Mathis and Cannon sit on the board of directors of HBH. Mr. Lawrence, who recently stepped down as a director of HBH, and Mr. Cannon, both hold minority interests in HBH. See Item 5 for more information.
- **Transaction with and Ownership in Gaucho Group Holdings, Inc.** As previously reported on our Current Report on Form 8-K filed on August 31, 2021 and our Current Report on Form 8-K filed on March 21, 2022, on February 28, 2022, the Company, holding 79% of the common stock of Gaucho Group, Inc., a Delaware corporation and private company ("GGI") offered to purchase up to 526,651 shares of common stock of GGI in exchange for an aggregate of approximately 8,689 shares of common stock of the Company, upon the terms and subject to the conditions set forth in the Offer to Purchase and in the related Share Exchange and Subscription Agreement. The Company's CEO, Scott Mathis, is CEO, Chairman of the Board, and a stockholder of GGI. Additionally, the Company's current CFO, Maria Echevarria, is CFO of GGI; the Company's current director, Peter Lawrence and former director, Steven Moel, are directors of GGI; and the Company's current directors, Reuben Cannon and Marc Dumont, own nominal interests in GGI. As a result of the foregoing, this is considered a related party transaction. The stockholders of the Company approved this on August 26, 2021, with approval by the independent board of directors of the Company on February 8, 2022. A total of 8,689 shares were issued to the minority holders of GGI on March 28, 2022, of which 31 shares were issued to Mr. Mathis, 42 shares to Mr. Cannon, and 844 shares issued to Mr. Dumont held jointly with his daughter. See Item 5 for more information.

- **Accounts receivable – related parties.** On April 1, 2010, the Company entered into an expense sharing agreement (“ESA”) with a related, but independent, entity under common management, Hollywood Burger Holdings, Inc. (“HBH”), to share expenses with GGH such as office space, support staff and other operating expenses. HBH is a private company founded by Scott Mathis which is developing Hollywood-themed fast-food restaurants in the United States. Mr. Mathis is Chairman and Chief Executive Officer of HBH, and Maria Echevarria is Chief Financial Officer. The ESA was amended on April 1, 2011 and last amended on December 27, 2019 to reflect the current use of personnel, office space, professional services and additional general office expenses. Under this ESA, HBH owed approximately \$1,047,000 and \$1,116,000 as of December 31, 2023 and 2022, respectively. HBH plans to repay the intercompany loan in a period of 6 months with a new capital raise.
- **Ownership in The WOW Group, LLC.** Mr. Mathis is a managing member and holds a controlling interest in an affiliate of the Company, The WOW Group, LLC. Non-managing members include certain GGH consultants and GGH stockholders. The WOW Group’s only asset is its interest in GGH as of December 31, 2023 and December 31, 2021.

Director Independence

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

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

Indemnification Agreements

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

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

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The following table sets forth the aggregate fees billed to us by Marcum, LLP, our independent registered public accounting firm, for the years ended December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Audit fees ⁽¹⁾	\$ 292,717	\$ 322,660
Audit-related fees	-	-
Tax fees	-	-
	<u>\$ 292,717</u>	<u>\$ 322,660</u>

- (1) Represents fees for services performed in connection with our public offering, the audit of the Company's consolidated financial statements for the fiscal years ended December 31, 2023 and 2022, and the reviews of the consolidated financial statements included in the Company's quarterly reports on Form 10-Q during 2023 and 2022.

Audit Committee Policies and Procedures.

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

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

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENTS AND SCHEDULES

EXHIBIT INDEX

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

Exhibit	Description
1.1	Underwriting Agreement, dated February 16, 2021 (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 (23)
3.2	Amended and Restated Bylaws (1)
3.3	Amendment to the Company's Amended and Restated Bylaws as approved on July 8, 2019 (3)
3.4	Amended and Restated Certificate of Incorporation filed with the Delaware Secretary of State effective May 1, 2024 (38)
4.3	2018 Equity Incentive Plan (2)
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 (3)
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 (23)
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 (29)
4.7	Underwriters' Warrant (5)
4.8	Form of Unit Warrant (4)
4.9	Form of Warrant (13)
4.10	Form of Warrant (26)
4.11	Form of Amended and Restated Promissory Note (25)
4.12	Form Amended and Restated Warrant (25)
4.13	Form of Note (27)
4.14	Form Warrant (27)
4.15	Form Warrant (30)
4.16	Form Warrant (30)
4.17	Form Warrant (36)
4.18	Form Warrant (37)
4.19	Description of Capital Stock of the Company*
10.1	Employment Agreement by and between the Company and Scott L. Mathis dated September 28, 2015 (33)
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 (32)
10.4	Commercial Lease Agreement between Gaucho Group, Inc. and Design District Development Partners, LLC, dated April 8, 2021 (8)
10.7	Amended and Restated Limited Liability Company Agreement of LVH Holdings LLC, dated June 16, 2021 (9)
10.8	Securities Purchase Agreement dated November 3, 2021 (10)
10.9	Senior Secured Convertible Notes Issued by the Company (10)
10.10	Security and Pledge Agreement (10)

10.11	Stockholder Pledge Agreement (10)
10.12	Registration Rights Agreement (10)
10.13	First Amendment to Amended and Restated Limited Liability Agreement dated November 16, 2021 (11)
10.14	Second Amendment to Amended and Restated Limited Liability Agreement dated June 7, 2022 (19)
10.15	Third Amendment to Amended and Restated Limited Liability Agreement dated June 7, 2022 (31)
10.16	Quota Purchase Agreement dated February 3, 2022, entered into by and between the Company, INVESTPROPERTY GROUP, LLC, and Hollywood Burger Holdings, Inc. (12)
10.17	Exchange Agreement, dated as of February 22, 2022, by and among Gaucho Group Holdings, Inc. and the subscribers listed therein. (13)
10.18	Share Exchange and Subscription Agreement by and between the Company and the subscribers listed therein (14)
10.19	Offer to Purchase, dated February 28, 2022 (14)
10.20	Position Statement of Gaucho Group, Inc. dated February 28, 2022 (14)
10.21	Letter Agreement between the Company and certain institutional investors dated May 2, 2022 (18)
10.22	Conversion Agreement between the Company and certain institutional investors dated May 12, 2022 (17)
10.23	Letter Agreement, dated as of July 1, 2022, by and among Gaucho Group Holdings, Inc. and the Holders listed therein. (21)
10.24	Exchange Agreement, dated as of September 22, 2022, by and among Gaucho Group Holdings, Inc. and the subscribers listed therein. (26)
10.25	Common Stock Purchase Agreement by and between Gaucho Group Holdings, Inc. and Tumim Stone Capital LLC, dated November 8, 2022 (28)
10.26	Registration Rights Agreement by and between Gaucho Group Holdings, Inc. and Tumim Stone Capital LLC, dated November 8, 2022 (24)
10.27	Exchange Agreement, dated as of November 30, 2022, by and among Gaucho Group Holdings, Inc. and the subscribers listed therein. (30)
10.28	Letter Agreement, dated as of February 2, 2023, by and among Gaucho Group Holdings, Inc. and the Holders listed therein. (34)
10.29	Letter Agreement, dated as of February 8, 2023, by and among Gaucho Group Holdings, Inc. and the Holders listed therein. (35)
10.30	Exchange Agreement, dated as of February 20, 2023, by and among Gaucho Group Holdings, Inc. and the subscribers listed therein. (36)
10.31	Securities Purchase Agreement dated February 21, 2023 (37)
10.32	Form of Senior Secured Convertible Note Issued by the Company (37)
10.33	Form of Security and Pledge Agreement (37)
10.34	Form of Stockholder Pledge Agreement (37)
10.35	Form of Registration Rights Agreement (37)
14.1	Amended Code of Business Conduct and Ethics and Whistleblower Policy (8)
14.2	Audit Committee Charter (8)
14.3	Compensation Committee Charter as amended on May 12, 2022 (18)
14.4	Nominating Committee Charter adopted by the Board of Directors on June 22, 2022 (20)
21.1	Subsidiaries of Gaucho Group Holdings, Inc. (15)
22.1	Subsidiary guarantors and issuers of guaranteed securities and affiliates whose securities collateralize securities of the registrant (15)
23.1	Consent of Marcum LLP dated April 29, 2024*
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**
97.1	Clawback Policy for the Recovery of Erroneously Awarded Compensation*
99.1	Algodon Wine Estates Property Map*
101.INS	Inline XBRL Instance Document
101.SCH	Inline XBRL Schema Document
101.CAL	Inline XBRL Calculation Linkbase Document
101.DEF	Inline XBRL Definition Linkbase Document
101.LAB	Inline XBRL Label Linkbase Document
101.PRE	Inline XBRL Presentation Linkbase Document
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

1. Incorporated by reference from the Company's Registration of Securities Pursuant to Section 12(g) on Form 10 dated May 14, 2014.
2. Incorporated by reference from the Company's Quarterly Report on Form 10-Q, filed on November 19, 2018.
3. Incorporated by reference to the Company's Current Report on Form 8-K filed on July 9, 2019.
4. Incorporated by reference to the Company's Amended Registration Statement on Form S-1/A filed on January 27, 2021.
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 February 25, 2022.
13. Incorporated by reference to the Company's Current Report on Form 8-K as filed on March 1, 2022.
14. Incorporated by reference to the Company's Current Report on Form 8-K as filed on March 21, 2022.
15. Incorporated by reference to the Company's Annual Report on Form 10-K, filed on April 14, 2022.
16. Incorporated by reference to the Company's Current Report on Form 8-K, filed on May 2, 2022.
17. Incorporated by reference to the Company's Current Report on Form 8-K, filed on May 13, 2022.
18. Incorporated by reference to the Company's Quarterly Report on Form 10-Q, filed on May 16, 2022.
19. Incorporated by reference to the Company's Current Report on Form 8-K, filed on June 8, 2022.
20. Incorporated by reference to the Company's Current Report on Form 8-K, filed on June 24, 2022.
21. Incorporated by reference to the Company's Current Report on Form 8-K, filed on July 5, 2022.
22. Incorporated by reference to the Company's Current Report on Form 8-K, filed on August 31, 2021.
23. Incorporated by reference to the Company's Current Report on Form 8-K, filed on November 3, 2022.
24. Incorporated by reference to the Company's Current Report on Form 8-K, filed on November 9, 2022.
25. Incorporated by reference to the Company's Current Report on Form 8-K, filed on October 24, 2022.
26. Incorporated by reference to the Company's Current Report on Form 8-K, filed on September 23, 2022.
27. Incorporated by reference to the Company's Amended Current Report on Form 8-K/A, filed on September 8, 2022.
28. Incorporated by reference to the Company's Current Report as amended on Form 8-K/A, filed on November 14, 2022.
29. Incorporated by reference to the Company's Quarterly Report on Form 10-Q, filed on November 18, 2022.
30. Incorporated by reference to the Company's Current Report on Form 8-K, filed on December 1, 2022.
31. Incorporated by reference to the Company's Current Report on Form 8-K, filed on December 13, 2022.
32. Incorporated by reference to the Company's Current Report on Form 8-K, filed on December 15, 2022.
33. Incorporated by reference to the Company's Quarterly Report on Form 10-Q, filed on November 16, 2015.
34. Incorporated by reference to the Company's Current Report on Form 8-K, filed on February 3, 2023.
35. Incorporated by reference to the Company's Current Report on Form 8-K, filed on February 8, 2023.
36. Incorporated by reference to the Company's Current Report on Form 8-K, filed on February 21, 2023.
37. Incorporated by reference to the Company's Current Report on Form 8-K, filed on February 21, 2023.
38. Incorporated by reference to the Company's Current Report on Form 8-K, filed on April 29, 2024.

* Filed herewith

** Furnished, not filed herewith

ITEM 16. FORM 10-K SUMMARY

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

SIGNATURES

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

GAUCHO GROUP HOLDINGS, INC.

Dated: April 29, 2024

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

Dated: April 29, 2024

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

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

Dated: April 29, 2024

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

Dated: April 29, 2024

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

Dated: April 29, 2024

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

Dated: April 29, 2024

By: /s/ Reuben Cannon
Reuben Cannon
Director

Dated: April 29, 2024

By: /s/ Marc Dumont
Marc Dumont
Director

GAUCHO GROUP HOLDINGS, INC. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Gaucho Group Holdings, Inc. (the “Company”) as of December 31, 2023 and 2022, the related consolidated statements of operations, comprehensive loss, changes in stockholders’ equity and cash flows for each of the two years in the period ended December 31, 2023, and the related notes (collectively referred to as the “financial statements”). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and the results of its operations and its cash flows for each of the two years in the period ended December 31, 2023, in conformity with accounting principles generally accepted in the United States of America.

Explanatory Paragraph – Going Concern

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

Basis for Opinion

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

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

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

/s/ Marcum LLP

Marcum LLP

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

New York, NY

April 29, 2024

GAUCHO GROUP HOLDINGS, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

	December 31,	
	2023	2022
Assets		
Current Assets		
Cash	\$ 427,961	\$ 300,185
Accounts receivable, net of allowance of \$6,649 and \$21,229 at December 31, 2023 and 2022, respectively	41,261	106,156
Accounts receivable - related parties, net of allowance of \$1,517,836 and \$339,503 at December 31, 2023 and 2022, respectively	-	1,115,816
Mortgages receivable, net of allowance \$369,549 and \$46,424 at December 31, 2023 and 2022, respectively	675,512	586,631
Inventory	2,031,880	1,888,962
Inventory deposits	161,531	-
Real estate lots held for sale	615,585	559,487
Prepaid expenses and other current assets	343,199	461,637
Total Current Assets	4,296,929	5,018,874
Long Term Assets		
Mortgages receivable, non-current portion, net of allowance of \$1,067,432 and \$150,126 at December 31, 2023 and 2022, respectively	1,850,405	3,278,617
Prepaid commissions on lot sales	281,783	282,055
Property and equipment, net	7,806,370	7,621,257
Operating lease right-of-use asset	1,218,408	1,449,442
Prepaid foreign taxes, net	953,570	916,823
Intangible assets, net	98,147	69,787
Deposits, non-current	54,713	56,130
Total Assets	\$ 16,560,325	\$ 18,692,985

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

GAUCHO GROUP HOLDINGS, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS, CONTINUED

	December 31,	
	2023	2022
Liabilities and Stockholders' Equity		
Current Liabilities		
Accounts payable	\$ 925,422	\$ 917,270
Accrued expenses, current portion	3,719,798	1,664,816
Deferred revenue	1,471,813	1,373,906
Deferred revenue, related party	250,000	-
Operating lease liabilities, current portion	250,711	202,775
Loans payable, current portion	188,169	164,656
Lot sale obligation, net	541,027	-
Convertible debt obligations, net, current portion	1,320,902	-
Derivative liability	738,140	-
Other current liabilities	254,768	100,331
Total Current Liabilities	9,660,750	4,423,754
Long Term Liabilities		
Accrued expenses, non-current portion	35,527	66,018
Operating lease liabilities, non-current portion	1,077,697	1,328,408
Loans payable, non-current portion	90,372	91,665
Convertible debt obligations, net, non-current portion	-	1,991,459
Total Liabilities	10,864,346	7,901,304
Commitments and Contingencies (Note 20)		
Stockholders' Equity		
Preferred Stock, 902,670 shares authorized; no shares issued and outstanding	-	-
Common stock, par value \$0.01 per share; 150,000,000 shares authorized; 4,807,938 and 365,340 shares issued and 4,807,909 and 365,312 shares outstanding as of December 2023 and 2022, respectively	48,079	3,654
Additional paid-in capital	150,588,124	139,156,522
Accumulated other comprehensive loss	(11,104,706)	(10,842,569)
Accumulated deficit	(133,789,163)	(117,479,571)
Treasury stock, at cost, 29 and 28 shares at December 31, 2023 and 2022, respectively	(46,355)	(46,355)
Total Stockholders' Equity	5,695,979	10,791,681
Total Liabilities and Stockholders' Equity	\$ 16,560,325	\$ 18,692,985

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

GAUCHO GROUP HOLDINGS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

	For the Years Ended December 31,	
	2023	2022
Sales	\$ 2,151,014	\$ 1,643,716
Cost of sales	(1,616,063)	(1,475,961)
Gross profit	534,951	167,755
Operating Expenses		
Selling and marketing	960,601	738,399
General and administrative	9,999,102	7,961,065
Depreciation and amortization	403,064	251,941
Impairment of investment - related party	-	7,000,000
Total operating expenses	11,362,767	15,951,405
Loss from Operations	(10,827,816)	(15,783,650)
Other Expense (Income)		
Change in fair value of derivative liability	2,505,731	-
Loss on extinguishment of debt	416,081	2,105,119
Gains from foreign currency remeasurement, net	(605,531)	(478,500)
Inducement expense	-	3,163,318
Interest income	(71,978)	(142,746)
Interest expense	3,488,113	1,694,457
Other income, related party	(362,222)	(300,000)
Total other expense	5,370,194	6,041,648
Net Loss	(16,198,010)	(21,825,298)
Net loss attributable to non-controlling interest	-	72,261
Net Loss Attributable to Common Stockholders	\$ (16,198,010)	\$ (21,753,037)
Net Loss per Common Share		
Basic and Diluted	\$ (13.06)	\$ (123.26)
Weighted Average Number of Common Shares Outstanding:		
Basic and Diluted	1,240,128	176,483

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

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

	For the Years Ended	
	December 31,	
	2023	2022
Net loss	\$ (16,198,010)	\$ (21,825,298)
Other comprehensive (loss) income :		
Foreign currency translation adjustments	(262,137)	764,877
Comprehensive loss	(16,460,147)	(21,060,421)
Comprehensive loss attributable to non-controlling interests	-	72,261
Comprehensive loss attributable to controlling interests	<u>\$ (16,460,147)</u>	<u>\$ (20,988,160)</u>

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

GAUCHO GROUP HOLDINGS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDER'S EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2023

	Common Stock		Treasury Stock		Additional Paid-In Capital	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount	Shares	Amount				
Balance - January 1, 2023	365,340	\$ 3,654	28	\$ (46,355)	\$ 139,156,522	\$ (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	-	-	-	-	113,487	-	-	113,487
Restricted stock units	7,482	75	-	-	307,073	-	-	307,148
Common stock	27,027	270	-	-	149,730	-	-	150,000
Common stock issued for 401(k) employer matching	2,416	24	-	-	32,593	-	-	32,617
Shares issued under the New ELOC, net of offering costs [1]	150,684	1,508	-	-	850,580	-	-	852,088
Common stock and warrants issued for cash in private placement	1,835,790	18,358	-	-	1,994,708	-	-	2,013,066
Shares issued upon conversion of debt and interest	2,380,338	23,803	-	-	5,886,945	-	-	5,910,748
Relative fair value of warrants issued with 2023 Notes, net of issuance costs [2]	-	-	-	-	1,506,319	-	-	1,506,319
Warrant modification	-	-	-	-	392,273	-	-	392,273
Warrants issued for modification of GGH Notes	-	-	-	-	134,779	-	-	134,779
Reduction of warrant exercise price on new debt issuance	-	-	-	-	63,502	-	-	63,502
Cashless warrant exercise	5,131	51	-	-	(51)	-	-	-
True-up adjustment	28	-	-	-	-	-	-	-
Net loss	-	-	-	-	-	-	(16,198,010)	(16,198,010)
Other comprehensive loss	-	-	-	-	-	(262,137)	-	(262,137)
Effect of reverse stock spit	33,702	336	1	-	(336)	-	-	-
Balance - December 31, 2023	<u>4,807,938</u>	<u>\$ 48,079</u>	<u>29</u>	<u>\$ (46,355)</u>	<u>\$ 150,588,124</u>	<u>\$ (11,104,706)</u>	<u>\$ (133,789,163)</u>	<u>\$ 5,695,979</u>

[1]Includes gross proceeds of \$927,060 less \$74,972 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 consolidated financial statements.

GAUCHO GROUP HOLDINGS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDER'S EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2022

	Common Stock		Treasury Stock		Additional Paid-In Capital	Accumulated Other Comprehensive Loss	Accumulated Deficit	Gaucho Group Holdings Stockholders' Equity	Non- Controlling Interest	Total Stockholders' Equity
	Shares	Amount	Shares	Amount						
Balance - January 1, 2022	82,350	\$ 823	28	\$(46,355)	\$121,641,238	\$ (11,607,446)	\$ (95,726,534)	\$ 14,261,726	\$ (169,882)	\$ 14,091,844
Common stock issued for cash, net of offering costs ^[1]	5,005	50	-	-	511,296	-	-	511,346	-	511,346
Shares issued under the New ELOC	1,000	10	-	-	10,076	-	-	10,086	-	10,086
Stock-based compensation:										
Common stock	5,421	54	-	-	524,946	-	-	525,000	-	525,000
Options	-	-	-	-	259,611	-	-	259,611	10,354	269,965
Restricted stock units	30,000	300	-	-	579,330	-	-	579,630	-	579,630
Common stock issued for 401(k) employer matching	104	1	-	-	27,820	-	-	27,821	-	27,821
Substantial premium on convertible debt	-	-	-	-	1,683,847	-	-	1,683,847	-	1,683,847
Warrants issued for modification of convertible debt principal	-	-	-	-	849,431	-	-	849,431	-	849,431
Shares issued upon conversion of debt and interest	202,082	2,021	-	-	7,903,540	-	-	7,905,561	-	7,905,561
Inducement loss on debt conversions	-	-	-	-	3,163,318	-	-	3,163,318	-	3,163,318
Common stock issued for purchase of minority interest	8,690	87	-	-	(231,876)	-	-	(231,789)	231,789	-
Common stock issued upon exchange of subsidiary stock options	18,394	184	-	-	(184)	-	-	-	-	-
Common stock issued for acquisition of GDS	10,695	107	-	-	2,194,546	-	-	2,194,653	-	2,194,653
Common stock issued for purchase of domain name	861	9	-	-	39,591	-	-	39,600	-	39,600
Effect of reverse stock split	738	8	-	-	(8)	-	-	-	-	-
Net loss	-	-	-	-	-	-	(21,753,037)	(21,753,037)	(72,261)	(21,825,298)
Other comprehensive income	-	-	-	-	-	764,877	-	764,877	-	764,877
Balance, December 31, 2022	<u>365,340</u>	<u>\$ 3,654</u>	<u>28</u>	<u>\$(46,355)</u>	<u>\$139,156,522</u>	<u>\$ (10,842,569)</u>	<u>\$(117,479,571)</u>	<u>\$ 10,791,681</u>	<u>\$ -</u>	<u>\$ 10,791,681</u>

[1] Includes gross proceeds of \$555,811, less \$44,465 cash offering costs.

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

GAUCHO GROUP HOLDINGS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the Years Ended December 31,	
	2023	2022
Cash Flows from Operating Activities		
Net loss	\$ (16,198,010)	\$ (21,825,298)
Adjustments to reconcile net loss to net cash used in operating activities:		
Stock-based compensation:		
Common stock issued for 401(k) employer matching	17,268	32,614
Common stock	300,000	525,000
Options	113,487	269,965
Restricted stock units	307,148	579,630
Non-cash lease expense	231,034	217,767
Gain on foreign currency translation	(605,531)	(478,500)
Depreciation and amortization	451,925	251,941
Amortization of debt discount	2,649,556	1,172,461
Provision for unrealizable assets	2,267,185	100,805
Provision for obsolete inventory	86,001	115,563
Change in fair value of derivative liability	2,505,731	-
Loss on extinguishment of debt	416,081	2,105,119
Impairment of investment	-	7,000,000
Inducement expense	-	3,163,318
Decrease (increase) in assets:		
Accounts receivable and mortgages receivable	(49,808)	(608,286)
Employee advances	(18,405)	4,053
Inventory	(285,017)	(530,487)
Inventory deposits	(161,531)	-
Deposits	1,336	-
Prepaid expenses and other current assets	121,688	(76,691)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	1,474,877	1,862,137
Operating lease liabilities	(202,775)	(175,316)
Deferred revenue	347,907	654,265
Other liabilities	154,437	(60,247)
Total Adjustments	10,122,594	16,125,111
Net Cash Used in Operating Activities	(6,075,416)	(5,700,187)
Cash Flow from Investing Activities		
Cash paid to acquire GDS, net of cash acquired	-	(7,560)
Purchase of property and equipment	(615,398)	(1,928,010)
Purchase of intangible asset	(50,000)	(34,999)
Net Cash Used in Investing Activities	(665,398)	(1,970,569)

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

GAUCHO GROUP HOLDINGS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS, CONTINUED

	For the Years Ended December 31,	
	2023	2022
Cash Flow from Financing Activities		
Proceeds from loans payable	185,000	-
Repayments of loans payable	(103,923)	(116,775)
Proceeds from lot sale obligations	525,000	-
Proceeds from the issuance of debt in private placement	-	1,727,500
Repayments of debt obligations	-	(7,000)
Proceeds from the issuance of convertible debt	5,000,000	1,431,500
Financing costs in connection with the issuance of convertible debt	(321,802)	-
Repayments of convertible debt obligations	(862,541)	-
Redemption premiums paid on convertible debt obligations	(156,161)	-
Proceeds from common stock issued for cash	2,013,066	555,811
Offering costs in connection with common stock issued for cash	-	(44,465)
Proceeds from issuance of shares under the New ELOC, net of offering costs [1]	852,088	10,086
Net Cash Provided by Financing Activities	7,130,727	3,556,657
Effect of Exchange Rate Changes on Cash	(262,137)	764,877
Net Increase (Decrease) in Cash	127,776	(3,349,222)
Cash - Beginning of Year	300,185	3,649,407
Cash - End of Year	\$ 427,961	\$ 300,185
Supplemental Disclosures of Cash Flow Information:		
Interest paid	\$ 323,638	\$ 215,755
Income taxes paid	\$ -	\$ -
Cumulative impact of adoption of ASU 2016-13	\$ 111,582	-
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	\$ -	\$ 834,323
Common stock issued upon conversion of debt and accrued interest	\$ 5,910,748	\$ 7,905,560
Common stock and GGH restricted stock units issued upon exchange of GGI options	\$ -	\$ 1,576,648
Cashless warrant exercise	\$ 51	\$ -
Relative fair value of warrants issued with 2023 Notes, net of allocable issuance costs [2]	\$ 1,506,319	\$ -
Warrants issued and debt principal exchanged upon modification of convertible debt	\$ 63,502	\$ -
Debt discount for warrant modification	\$ 392,273	\$ -
Debt discount for lot sale obligation	\$ 80,096	\$ -

[1]Gross proceeds of \$927,060, less offering costs of \$74,972 for the year ended December 31, 2023.

[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 consolidated financial statements.

GAUCHO GROUP HOLDINGS, INC. AND SUBSIDIARIES

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

On June 14, 2021, the Company formed a wholly-owned subsidiary, Gaucho Ventures I – Las Vegas, LLC (“GVI”). GVI is a party to an agreement with LVH Holdings (“LVH”) to develop a project in Las Vegas, Nevada. The business operations of LVH are currently suspended. See Note 17 – Related Party Transactions for additional details.

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.

Going Concern and Management’s Liquidity Plans

The accompanying consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. The consolidated financial statements do not include any adjustments relating to the recoverability and classification of asset amounts or the classification of liabilities that might be necessary should the Company be unable to continue as a going concern. As of December 31, 2023, the Company had cash of \$427,961 and a working capital deficit of \$5,363,821. During the years ended December 31, 2023 and 2022, the Company incurred a net loss of \$16,198,010 and \$21,825,298, respectively, and used cash in operating activities of \$6,075,416 and \$5,700,187, respectively.

GAUCHO GROUP HOLDINGS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

As of December 31, 2023, future cash requirements for current liabilities include \$4,645,220 for accounts payable and accrued expenses (including cash true up obligations in connection with convertible debt in the amount of \$1,484,677), \$1,595,698 principal owed in connection with convertible debt, \$188,169 for loans payable, \$250,711 for future payments under operating leases, and \$525,000 of lot sale deposits expected to be refunded. Further, the Company's convertible debt matured on February 21, 2024 and the Company has subsequently received event of default notices demanding immediate payment of all balances owed in connection with the convertible debt. Balances owed in connection with convertible debt remain outstanding as of the date of the filing of this Annual report on Form 10-K. Future cash requirements for long-term liabilities include \$1,077,697 for future payments under operating leases, \$90,372 for loans payable, and \$35,527 for accrued expenses.

During the period from January 1, 2024 through April 11, 2024 the Company sold 3,054,891 shares of common stock at \$0.60 per share pursuant to a private placement, for aggregate gross proceeds of \$1,832,934. Also, on February 27, 2024, the Company's equity line of credit was terminated. See Note 22 - Subsequent Events.

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

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

Reverse Stock Splits

On November 4, 2022, the Company effected a reverse stock split wherein each 12 shares of common stock outstanding immediately prior to the effective date was combined and converted into one share of common stock. On September 25, 2023, the Company effected another reverse stock split wherein each 10 shares of common stock outstanding immediately prior to the effective date was combined and converted into one share of common stock. All share and per share amounts in this Annual Report have been adjusted to reflect the effect of these reverse stock splits (hereafter referred to collectively as the "Reverse Stock Splits") as if the Reverse Stock Splits occurred as of the earliest period presented.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

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

Non-Controlling Interest

As a result of 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 8,690 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.

Use of Estimates

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

Highly Inflationary Status in Argentina

The International Practices Task Force ("IPTF") of the Center for Audit Quality discussed the inflationary status of Argentina at its meeting on May 16, 2018 and categorized Argentina as a country with a projected three-year cumulative inflation rate greater than 100%. As a result, the Company transitioned its Argentine operations to highly inflationary status as of July 1, 2018. This status was reconfirmed by the IPTF on May 10, 2023.

For operations in highly inflationary economies, monetary assets and liabilities are translated at exchange rates in effect at the balance sheet date, and non-monetary assets and liabilities are translated at historical exchange rates. Under highly inflationary accounting, the Company's Argentina subsidiaries' functional currency became the United States dollar. Nonmonetary assets and liabilities existing on July 1, 2018 (the date that the Company adopted highly inflationary accounting) were translated using the Argentine peso ("ARS") to United States dollar exchange rate in effect on June 30, 2018, which was 28.880. Since the adoption of highly inflationary accounting, activity in nonmonetary assets and liabilities is translated using historical exchange rates, monetary assets and liabilities are translated using the exchange rate at the balance sheet date, and income and expense accounts are translated at the weighted average exchange rate in effect during the period. Translation adjustments are reflected in income (loss) on foreign currency translation on the accompanying statements of operations. During the years ended December 31, 2023 and 2022, the Company recorded gains (losses) of \$605,531 and \$478,500 respectively, resulting from translation of the Company's Argentine subsidiaries' monetary assets and liabilities.

GAUCHO GROUP HOLDINGS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Foreign Currency

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

Comprehensive Loss

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

Accounts Receivable and Mortgages Receivable

Accounts receivable primarily represent receivables from hotel guests who occupy rooms and wine sales to commercial customers. Mortgages receivable represent receivables from the sale of real estate lots. ASU 2016-13 (see Recently Adopted Accounting Pronouncements, below) requires certain types of financial instruments, including trade and mortgage receivables, to be presented at the net amount expected to be collected based on historical events, current conditions, and forward-looking information. Under ASU 2016-13, the Company applies a current expected credit loss ("CECL") impairment model to its trade and mortgage receivables, in which lifetime expected credit losses on such financial assets are measured and recognized at each reporting date based on historical, current, and forecasted information. Under the CECL model, receivables with similar risk characteristics are analyzed on a collective (pooled) basis.

Expected credit losses are charged to income in amounts sufficient to maintain an allowance for credit losses inherent in the Company's accounts receivable and mortgages receivable. Management's estimate of expected credit losses is based on an evaluation of relevant information about past events, current conditions, and reasonable and supportable forecasts that affect the future collectability of the reported amounts. Any amounts that were previously recognized as revenue and subsequently determined to be uncollectible are charged to bad debt expense included in selling, general and administrative expense in the accompanying consolidated statements of operations and comprehensive loss. Current expected credit losses charged to expense for the years ended December 31, 2023 and 2022 was \$2,307,182 and \$0, respectively.

Inventory

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

GAUCHO GROUP HOLDINGS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

In accordance with general practice within the wine industry, wine inventories are included in current assets, although a portion of such inventories may be aged for periods longer than one year. The Company carries inventory at the lower of cost or net realizable value in accordance with Accounting Standards Codification (“ASC”) 330 “Inventory” and reduces the carrying value of inventories that are obsolete or in excess of estimated usage to estimated net realizable value. The Company’s estimates of net realizable value are based on analyses and assumptions including, but not limited to, historical usage, future demand and market requirements. The Company records an allowance for excess, slow moving, and obsolete inventory, calculated as the difference between the cost of inventory and net realizable value. Inventory allowances are charged to cost of sales and establish a lower cost basis for the inventory. If future demand and/or pricing for the Company’s products are less than previously estimated, then the carrying value of the inventories may be required to be further reduced, resulting in additional expense and reduced profitability. Wine inventory allowances charged to cost of sales amounted to \$0 and \$115,563 during the years ended December 31, 2023 and 2022, respectively.

Property and Equipment

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

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

Buildings	10 - 30 years
Furniture and fixtures	3 - 10 years
Vineyards	7 - 20 years
Machinery and equipment	3 - 20 years
Leasehold improvements	Lesser of 3-5 years or remaining lease term
Computer hardware and software	3 - 5 years

The Company capitalizes internal vineyard improvement costs when developing new vineyards or replacing or improving existing vineyards. These costs consist primarily of the costs of the vines and expenditures related to labor and materials to prepare the land and construct vine trellises. Expenditures for repairs and maintenance are charged to operating expense as incurred. The cost of properties sold or otherwise disposed of, and the related accumulated depreciation are eliminated from the accounts at the time of disposal and resulting gains and losses are included as a component of operating income. Real estate development consists of costs incurred to ready the land for sale, including primarily costs of infrastructure as well as master plan development and associated professional fees. Such costs are allocated to individual lots proportionately based on square meters and those allocated costs will be derecognized upon the sale of individual lots. Given that they are not placed in service until they are sold, capitalized real estate development costs are not depreciated. Land is an inexhaustible asset and is not depreciated.

GAUCHO GROUP HOLDINGS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Real Estate Lots Held for Sale

As the development of a real estate lot is completed and the lot becomes available for immediate sale in its present condition, the lot is marketed for sale and is included in real estate lots held for sale on the Company's balance sheet. Real estate lots held for sale are reported at the lower of carrying value or fair value less cost to sell. If the carrying value of a real estate lot held for sale exceeds its fair value less estimated selling costs, an impairment charge is recorded. The Company did not record any impairment charge in connection with real estate lots held for sale during the years ended December 31, 2023 or 2022.

Investments

Investments in entities which give the Company the ability to exercise significant influence, but not control, over the investee are accounted for using the equity method of accounting. For investments not requiring equity method accounting, if the investment has no readily determinable fair value, we have elected the practicability exception of ASU 2016-01, under which the investment is measured at cost, less impairment, plus or minus observable price changes from orderly transactions of an identical or similar investment of the same issuer. During 2021, the Company made a \$7.0 million investment, representing 11.9% ownership, in LVH Holdings which is accounted for at cost, less impairment (See Note 17 – Related Parties, Amendment to LVH Limited Liability Company Agreement). During the year ended December 31, 2022, management determined that the future cash flows from this investment were not expected to be sufficient to recover its carrying value. As a result, the Company's investment in LVH is fully impaired at December 31, 2023 and 2022.

Convertible Debt

The Company evaluates embedded conversion features within convertible debt to determine whether the embedded conversion feature(s) should be bifurcated from the host instrument and accounted for as a derivative at fair value with changes in fair value recorded in earnings. If an embedded derivative is bifurcated from share-settled convertible debt, the Company records the debt component at cost less a debt discount equal to the bifurcated derivative's fair value. If the conversion feature is not required to be accounted for separately as an embedded derivative, the convertible debt instrument is accounted for wholly as debt. The Company amortizes the debt discount over the life of the debt instrument as additional non-cash interest expense utilizing the effective interest method. Debt issuance and offering costs are recorded as debt discount, which is amortized as interest expense over the term of the convertible debt instrument using the effective interest method.

Stock-Based Compensation

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

GAUCHO GROUP HOLDINGS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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 \$93,878 and \$115,338 at December 31, 2023 and 2022, respectively, which represents cash held in Argentine bank accounts.

Foreign Operations

The following summarizes key financial metrics associated with the Company’s continuing operations (for the Company’s operations in the United Kingdom are immaterial for these financial metrics):

	As of December 31,	
	2023	2022
Assets - Argentina	\$ 12,795,836	\$ 13,434,803
Assets - U.S.	3,764,489	5,258,182
Total Assets	\$ 16,560,325	\$ 18,692,985
Liabilities - Argentina	\$ 1,717,892	\$ 2,188,229
Liabilities - U.S.	9,146,454	5,713,075
Total Liabilities	\$ 10,864,346	\$ 7,901,304

	For the Years Ended December 31,	
	2023	2022
Sales - Argentina	\$ 1,911,436	\$ 1,540,955
Sales - U.S.	239,578	102,760
Total Revenues	\$ 2,151,014	\$ 1,643,716
Net loss - Argentina	\$ (1,184,927)	\$ (1,023,622)
Net loss - U.S.	(15,013,083)	(20,801,676)
Total Net Loss	\$ (16,198,010)	\$ (21,825,298)

GAUCHO GROUP HOLDINGS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Impairment of Long-Lived Assets

When circumstances, such as adverse market conditions, indicate that the carrying value of a long-lived asset may be impaired, the Company performs an analysis to review the recoverability of the asset's carrying value, which includes estimating the undiscounted cash flows (excluding interest charges) from the expected future operations of the asset. These estimates consider factors such as expected future operating income, operating trends and prospects, as well as the effects of demand, competition and other factors. If the analysis indicates that the carrying value is not recoverable from future cash flows, an impairment loss is recognized to the extent that the carrying value exceeds the estimated fair value. Any impairment losses are recorded as operating expenses, which reduce net income. During the year ended December 31, 2022, the Company recorded impairment expense in the amount of \$7,000,000, related to its investment in LVH. See Note 17 – Related Party Transactions for additional details.

Segment Information

The Financial Accounting Standards Board ("FASB") has established standards for reporting information on operating segments of an enterprise in interim and annual financial statements. The Company currently operates in three segments which are the (i) business of real estate development and manufacture (including hospitality and winery operations, which support the ALGODON® brand) (ii) the sale of high-end fashion and accessories through an e-commerce platform and (iii) its corporate operations. This classification is consistent with how the Company's chief operating decision maker makes decisions about resource allocation and assesses the Company's performance.

Revenue Recognition

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

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

GAUCHO GROUP HOLDINGS, INC. AND SUBSIDIARIES

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

	For the Years Ended	
	December 31	
	2023	2022
Hotel rooms and events	\$ 1,023,008	\$ 701,669
Clothes and accessories	239,578	139,305
Restaurants	239,314	173,566
Winemaking	220,911	153,356
Agricultural	162,764	181,029
Real estate sales	154,959	184,658
Golf, tennis and other	110,480	101,133
Total Revenues	\$ 2,151,014	\$ 1,643,716

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.

GAUCHO GROUP HOLDINGS, INC. AND SUBSIDIARIES

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Income Taxes

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

Net Loss per Common Share

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

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

	As of December 31,	
	2023	2022
Options	2,804	4,061
Warrants	396,244	129,913
Unvested restricted stock units	76,127	51,150
Convertible debt	4,079,623 ^[1]	89,904 ^[2]
Total potentially dilutive shares	4,554,798	275,028

[1] Represents shares issuable upon conversion of \$1,595,697 in convertible debt, \$253,079 of redemption premium and \$91,492 of related accrued interest outstanding as of December 31, 2023 at a conversion price of \$0.48 per share, which represents the conversion price in effect as of December 31, 2023. The conversion price of such debt is variable (see Note 14 - Convertible Debt Obligations).

[2] Represents shares issuable upon conversion of principal and interest outstanding in the aggregate amount of \$2,157,687 at a conversion price of \$24.00 per share.

GAUCHO GROUP HOLDINGS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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 Company evaluates its convertible instruments to determine if those contracts or embedded components of those contracts qualify as derivative financial instruments to be separately accounted for in accordance with Topic 815 "Derivatives and Hedging" ("ASC 815") of the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC"). The accounting treatment of derivative financial instruments requires that the Company record any bifurcated embedded features at their fair values as of the inception date of the agreement and at fair value as of each subsequent balance sheet date. Any change in fair value is recorded in earnings each period as non-operating, non-cash income or expense. The Company reassesses the classification of its derivative instruments at each balance sheet date. 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. Bifurcated embedded features are recorded upon note issuance at their initial fair values which create additional debt discount to the host instrument.

Operating Leases

Management determines if an arrangement is a lease at inception. Rights and obligations related to the Company's operating leases are included in right-of-use ("ROU") assets and operating lease liabilities in the accompanying consolidated balance sheets.

ROU assets represent the right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term, using an incremental borrowing rate which represents the estimated rate of interest for collateralized borrowing over a similar term of the lease payments at commencement date. Our lease terms may include options to extend or terminate the lease when it is reasonably certain that we will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

Advertising

Advertising costs are expensed as incurred. Advertising expense for the years ended December 31, 2023 and 2022 was \$458,166 and \$542,110, respectively, and is included in selling and marketing expenses on the accompanying 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.

GAUCHO GROUP HOLDINGS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Recently Issued Accounting Pronouncements

In October 2023, the FASB issued ASU 2023-06, Disclosure Improvements: Codification Amendments in Response to the SEC's Disclosure Update and Simplification Initiative, to amend certain disclosure and presentation requirements for a variety of topics within the ASC. These amendments align the requirements in the ASC to the removal of certain disclosure requirements set out in Regulation S-X and Regulation S-K, announced by the SEC. The effective date for each amended topic in the ASC is either the date on which the SEC's removal of the related disclosure requirement from Regulation S-X or Regulation S-K becomes effective, or on June 30, 2027, if the SEC has not removed the requirements by that date. Early adoption is prohibited. The Company does not anticipate that the ASU will have a material impact on our consolidated financial statements and related disclosures.

In November 2023, the FASB issued ASU 2023-07, Improvements to Reportable Segments Disclosures (Topic 280), which updates reportable segment disclosure requirements, primarily through enhanced disclosures about significant segment expenses on both an annual and interim basis. The guidance becomes effective for the Company on January 1, 2024, with early adoption permitted. Since this new ASU addresses only disclosures, the Company does not expect the adoption of this ASU to have any material effects on its financial condition, results of operations or cash flows. The Company is currently evaluating any new disclosures that may be required upon adoption of ASU 2023-07.

In December 2023, the FASB issued ASU 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures, to enhance the rate reconciliation and income taxes paid disclosures. This ASU requires that an entity disclose, on an annual basis, specific categories in the rate reconciliation and provide additional information for reconciling items that meet a quantitative threshold. For the state and local income tax category of the rate reconciliation, entities must disclose a qualitative description of the states and local jurisdictions that make up the majority (greater than 50 percent) of the category. For the income taxes paid disclosures, entities will be required to disclose, on an annual basis, the amount of income taxes paid (net of refunds received) disaggregated by federal, state, and foreign taxes. The amendments are effective for the Company on January 1, 2026, with early adoption permitted. Since this new ASU addresses only disclosures, the Company does not expect the adoption of this ASU to have any material effects on its financial condition, results of operations or cash flows. The Company is currently evaluating any new disclosures that may be required upon adoption of ASU 2023-09.

Reclassifications

Certain prior year amounts have been reclassified on the Company's accompanying consolidated financial statements. The reclassifications were made to the prior period amounts to conform to the current period financial statement presentation and had no impact on the reported results of operations.

GAUCHO GROUP HOLDINGS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

3. ACQUISITION OF HOLLYWOOD BURGER ARGENTINA, S.R.L.

On February 3, 2022, the Company, through its subsidiaries, acquired 100% of Hollywood Burger Argentina S.R.L., now Gaucho Development S.R.L., (“GDS”) in exchange for issuing 106,952 shares of its common stock, valued at \$2,194,653 at date of issuance, to Hollywood Burger Holdings, Inc, a company with whom GGH shares common management and ownership.

The acquisition was accounted for as an asset acquisition because substantially all of the fair value of the gross assets acquired was represented by a group of similar assets. The total purchase consideration of \$2,204,908 (including \$10,255 of legal fees incurred in connection with the acquisition) was allocated to the assets and liabilities acquired as follows:

Land	\$	1,528,134
Building		635,302
Cash		2,694
Prepaid expenses		674
Deferred tax credits		63,282
Accounts payable		(313)
Taxes payable		(8,154)
Related party payables		(10,686)
Lease deposit payable		(6,025)
	\$	<u>2,204,908</u>

4. MORTGAGES RECEIVABLE

The Company offers loans to purchasers in connection 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 include the related interest receivable and are presented at amortized cost less an allowance for expected credit losses, in the consolidated financial statements.

Management evaluates each loan individually on a quarterly basis, to assess collectability and estimate a reserve for past due amounts. The total allowance for uncollectable mortgages as of December 31, 2023 and December 31, 2022 was \$1,436,981 and \$196,550, respectively. Past due principal amounts of \$497,588 and \$254,683 are included in mortgages receivable, current as of December 31, 2023 and December 31, 2022, respectively.

GAUCHO GROUP HOLDINGS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The following represents the maturities of mortgages receivable as of December 31, 2023:

For the years ended December 31,	
2024	\$ 1,065,808
2025	409,927
2026	440,436
2027	473,215
2028	480,227
Thereafter	<u>1,093,285</u>
Gross receivable	3,962,898
Less: Allowance	<u>(1,436,981)</u>
Net receivable	<u>\$ 2,525,917</u>

As of December 31, 2023 and December 31, 2022, two borrowers had loans outstanding representing 11% and 10%, respectively, of the total balance of mortgages receivable.

The Company recorded interest income from its mortgages receivable of \$62,824 and \$142,746 for the years ended December 31, 2023 and 2022, respectively. As of December 31, 2023 and December 31, 2022, there is \$190,967 and \$185,197, respectively, of interest receivable included in mortgages receivable on the accompanying consolidated balance sheets.

5. INVENTORY

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

	<u>December 31,</u>	
	<u>2023</u>	<u>2022</u>
Vineyard in process	\$ 713,104	\$ 516,096
Wine in process	622,167	797,862
Finished wine	37,636	40,735
Clothes and accessories	638,023	552,581
Other	<u>207,686</u>	<u>82,423</u>
	2,218,616	1,989,697
Less: Reserve for obsolescence	<u>(186,736)</u>	<u>(100,735)</u>
Total	<u>\$ 2,031,880</u>	<u>\$ 1,888,962</u>

The Company had deposits for inventory purchases in the amount of \$161,531 and \$0 as of December 31, 2023 and 2022, respectively.

The Company recorded a provision for obsolete inventory in the amount of \$86,001 and \$115,563 during the years ended December 31, 2023 and 2022, respectively, related to its clothing and accessories inventory.

GAUCHO GROUP HOLDINGS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

6. PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	December 31,	
	2023	2022
Buildings and improvements	\$ 4,393,244	\$ 3,926,884
Real estate development	599,886	541,116
Land	2,202,099	2,194,671
Furniture and fixtures	434,745	425,774
Vineyards	219,766	219,766
Machinery and equipment	770,758	737,433
Leasehold improvements	1,400,663	1,400,663
Computer hardware and software	353,004	312,459
	10,374,165	9,758,766
Less: Accumulated depreciation and amortization	(2,567,795)	(2,137,509)
Property and equipment, net	\$ 7,806,370	\$ 7,621,257

Depreciation and amortization of property and equipment was \$430,285 and \$247,129 for the years ended December 31, 2023 and 2022, respectively, of which \$48,861 and \$54,399, respectively, are included in cost of sales and \$381,424 and \$192,730, respectively are included in operating expenses on the accompanying consolidated statements of operations.

7. INTANGIBLE ASSETS

On February 3, 2022, the Company purchased the domain name Gaucho.com, in exchange for cash consideration of \$34,999 and 861 shares of common stock valued at \$39,600 (see Note 19 – Stockholders’ Equity, Common Stock). The domain name is being amortized over its useful life of 15 years.

On June 15, 2023, the Company purchased a music video to be used in certain marketing mediums for \$50,000 in cash. The music video is being amortized over its useful life of 3 years.

The Company recognized \$21,640 and \$4,812 of amortization expense during the years ended December 31, 2023 and 2022, respectively, related to the domain name and music video purchased. Future amortization of the Company’s intangible assets are as follows:

For the years ended December 31,	
2024	\$ 21,639
2025	21,639
2026	4,972
2027	4,972
2028	4,972
Thereafter	39,953
	\$ 98,147

GAUCHO GROUP HOLDINGS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

8. PREPAID FOREIGN TAXES

Prepaid foreign taxes, net, of \$953,570 and \$916,823 at December 31, 2023 and 2022, respectively, consists primarily of prepaid VAT credits. VAT credits are recovered through VAT collections on subsequent sales of products by the Company. Prepaid VAT tax credits do not expire. Prepaid foreign taxes also include Argentine minimum presumed income tax ("MPIT") credits, which are deemed unrealizable and are fully reserved. MPIT credits expire after ten years.

In assessing the realization of the prepaid foreign taxes, management considers whether it is more likely than not that some portion or all of the prepaid foreign taxes will not be realized. Management considers the historical and projected revenues, expenses and capital expenditures in making this assessment. Based on this assessment, management has recorded a valuation allowance related to MPIT credits of \$223,014 and \$263,011 as of December 31, 2023 and 2022, respectively.

9. INVESTMENTS AND FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

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

The carrying amounts of the Company's short-term financial instruments including cash, accounts receivable, 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, convertible debt obligations and derivative liability approximate fair value, as they bear terms and conditions comparable to the market for obligations with similar terms and maturities.

GAUCHO GROUP HOLDINGS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

10. ACCRUED EXPENSES

Accrued expenses are comprised of the following:

	December 31,	
	2023	2022
Accrued compensation and payroll taxes	\$ 1,803,869	\$ 1,123,070
Accrued taxes payable - Argentina	84,494	270,239
Accrued insurance expense	36,352	26,096
Accrued consulting fees	74,512	-
Accrued commissions	66,267	44,465
Accrued interest	130,280	78,368
Accrued cash true up obligation (see Note 14)	1,484,677	-
Other accrued expenses	39,347	122,579
Accrued expenses, current	3,719,798	1,664,817
Accrued payroll tax obligations, non-current	30,003	66,018
Other long term accruals	5,524	-
Total accrued expenses	<u>\$ 3,755,325</u>	<u>\$ 1,730,835</u>

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 \$75,769 and \$209,938 as of December 31, 2023 and 2022, respectively, which is included in accrued taxes payable – Argentina, above. The non-current portion of accrued payroll tax obligations represents payments under the plan that are scheduled to be paid after twelve months. The Company incurred interest expense of \$115,562 and \$90,141 during the years ended December 31, 2023 and 2022, respectively, related to these payment plans.

11. DEFERRED REVENUE

Deferred revenue is comprised of the following:

	December 31,	
	2023	2022
Real estate lot sales deposits	\$ 1,436,758	\$ 1,179,654
Hotel deposits	32,657	44,252
Prepaid management fees	-	150,000
Other	2,398	-
Total	1,471,813	1,373,906
Real estate lot sales deposits from related party	250,000	-
	<u>\$ 1,721,813</u>	<u>\$ 1,373,906</u>

GAUCHO GROUP HOLDINGS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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 for seventeen additional lots and recorded deferred revenues in the amount of \$662,063 during the year ended December 31, 2023 (of which \$250,000 for the purchase of five lots was received from a related party in connection with a Lot Deposit Agreement; see Note 12 – Lot Sale Obligations, below). The Company executed new agreements for the sale of five additional lots during the year ended December 31, 2022 and recorded deferred revenues in the amount of \$557,201. Revenue is recorded when the sale closes, and the deeds are issued. The Company recorded revenue upon the closing of the sale of real estate lots in the amount of \$154,959 and \$184,658 during the years ended December 31, 2023 and 2022, respectively.

12. LOT SALE OBLIGATIONS

The following table summarizes the activity in connection with the Company’s lot sale obligations during the year ended December 31, 2023:

	Lot Sale Obligations		
	Lot Sale Obligations	Debt Discount	Lot Sale Obligations, net of discount
Balance at January 1, 2023	\$ -	\$ -	\$ -
Proceeds in connection with Lot Deposit Agreements	525,000	-	525,000
Cost of lots transferrable upon rescission of Lot Deposit Agreements	80,096	(80,096)	-
Amortization of debt discount	-	16,027	16,027
Balance at December 31, 2023	\$ 605,096	\$ (64,068)	\$ 541,027

Lot Deposit Agreements

During the fourth quarter of 2023, the Company entered into agreements (each, a “Lot Deposit Agreement”) with five investors in the Company (each, a “Purchaser”), pursuant to which (1) each Purchaser agreed to purchase either two or three real estate lots at a purchase price of \$50,000 per lot and provide a deposit in an amount equal to the full purchase price (the “Purchase Amount”) of the lots to be purchased, (2) each Purchaser has the right to rescind the Lot Deposit Agreement at any time between twelve months from the date of the Lot Deposit Agreement but prior to the closing of the lot sale. The lot sale is expected to close approximately eighteen months after the execution of the Lot Deposit Agreement. In the event of such rescission, the Company agrees to refund the Purchase Amount plus interest at a rate of 8.5% compounded quarterly and agrees to transfer title to one residential lot of the Purchaser’s choosing within 30 calendar days of receiving the Purchaser’s written notice to rescind.

The Company entered into Lot Deposit Agreements for the purchase of eleven lots and received Purchase Amounts in the aggregate amount of \$525,000, which is recorded as Lot Deposit Obligations on the accompanying consolidated balance sheet. A Purchase Amount of \$25,000 is receivable as of December 31, 2023, and will be recorded as additional Lot Sale Obligation when received. The \$80,096 aggregate cost of the lots to be transferred in the event of rescission of the Lot Deposit Agreements was recorded as a discount to the lot sale obligations and is being amortized over twelve months using the effective interest method.

Interest Expense on Lot Sale Obligations

The Company recorded interest expense in the amount of \$28,864 related to lot sale obligations during the year ended December 31, 2023, which consisted of \$12,657 interest accrued at the stated rate of 8.5%, plus amortization of debt discount in the amount of \$16,027.

GAUCHO GROUP HOLDINGS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Lot Deposit Agreements with Related Parties

On October 30, 2023, the Company entered into a Lot Deposit Agreement with a holder of more than 5% of the Company's outstanding common stock (the "Related Party Purchaser") pursuant to which (1) the Related Party Purchaser agreed to purchase five real estate lots at a purchase price of \$50,000 per lot and paid a deposit equal to the full purchase price for the purchased lots, (2) the Related Party Purchaser had the right to rescind the Lot Deposit Agreement at any time between twelve months from the date of the Lot Deposit Agreement but prior to the closing of the lot sale. The lot sale is expected to close approximately eighteen months after the execution of the Lot Deposit Agreement. In the event of such rescission, the Company agrees to refund the Purchase Amount plus interest at a rate of 8.5% compounded quarterly and agrees to transfer title to two residential lots of the Related Party Purchaser's choosing within 30 calendar days of receiving the Related Party Purchaser's written notice to rescind.

Management believes it is not probable that the Related Party Purchaser will rescind his Lot Deposit Agreement; therefore, the \$250,000 proceeds received in connection with the Related Party's Lot Deposit Agreement are recorded as deferred revenues, related party on the accompanying consolidated balance sheet.

13. LOANS PAYABLE

The Company's loans payable are summarized below:

	December 31,	
	2023	2022
EIDL	\$ 93,541	\$ 93,541
2018 Loan	-	111,137
2022 Loan	-	51,643
2023 Loan	185,000	-
Total Loans Payable	278,541	256,321
Less: current portion	188,169	164,656
Loans Payable, non-current	\$ 90,372	\$ 91,665

GAUCHO GROUP HOLDINGS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Future minimum principal payments under the loans payable are as follows:

For the years ending December 31,	
2024	188,169
2025	2,195
2026	2,278
2027	2,365
2028	2,447
Thereafter	81,087
	<u>\$ 278,541</u>

2023 Loan

On January 9, 2023, the Company received \$185,000 in proceeds on the issuance of a one-year, non-convertible promissory note with a January 9, 2024 maturity date. The note bears interest at a rate of 8% per annum. The Company repaid principal on the 2023 Loan in the amount of \$100,000 on February 22, 2024, and the lender has agreed to receive repayment of the remaining balance in August 2024.

EIDL Loan

On May 22, 2020, the Company received a loan in the principal amount of \$94,000 (the “EIDL Loan”) pursuant to the Economic Injury Disaster Loan (“EIDL”) assistance program offered by the SBA in response to the impact of the COVID-19 pandemic on the Company’s business. The EIDL Loan bears interest at 3.75% per annum. Proceeds from the EIDL are being used for working capital purposes. The EIDL Loan is secured by a security interest in all of the Company’s assets.

On July 20, 2022, the federal government notified the Company that installment payments on the remainder of the balance of the EIDL Loan would be required starting 30 months from the date of the loan, which is October 19, 2022. The EIDL loan matures on May 22, 2050. On October 3, 2022 the Company made a payment of \$459 on the EIDL loan. No additional payments have been made. The Company is currently in default on the EIDL Loan, and the loan is payable upon demand.

2018 Loan

On January 25, 2018 the Company received a bank loan in the amount of \$525,000 (the “2018 Loan”), denominated in U.S. dollars. The 2018 Loan bears interest at 6.75% per annum and was due on January 25, 2023. The Central Bank of Argentina issued a rule instructing the deferral of loan payments for any loan outstanding in April of 2020 due to COVID. The deferral extended the maturity date to October 2023. Pursuant to the terms of the 2018 Loan, principal and interest is to be paid in 60 equal monthly installments of \$10,311, beginning on February 23, 2018. During the year ended December 31, 2023, the Company paid \$111,137 on the 2018 Loan. As of December 31, 2023, the 2018 Loan has been paid in full.

GAUCHO GROUP HOLDINGS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2022 Loan

On December 23, 2022, the Company received a bank loan in the amount of \$51,643 (the “2022 Loan”), denominated in 9,000,000 Argentine pesos. The loan is payable in twelve installments of principal and interest at a rate of 7.00% of outstanding principal per month. The first payment was due on January 23, 2023 and the last payment is due on December 25, 2023. During the year ended December 31, 2023, the Company paid \$9,226 on the 2022 Loan and recorded an additional decrease of \$42,417 in the balance of the 2022 Loan as the result of changes in the exchange rate during the period, which is included in gains from foreign currency translation on the accompanying consolidated statement of operations. As of December 31, 2023, the 2022 Loan has been paid in full.

Interest Expense on Loans Payable

The Company incurred interest expense related to the loans payable in the amount of \$30,651 and \$10,642 during the years ended December 31, 2023 and 2022, respectively. As of December 31, 2023 and December 31, 2022, there is accrued interest of \$38,787 and \$9,437, respectively, related to the Company’s loans payable.

14. CONVERTIBLE DEBT OBLIGATIONS

Activity related to the Company’s convertible debt obligations is as follows:

	GGH Notes	Investor Notes	October Notes	2023 Note	Total Principal	Debt Discount	Convertible debt, net of discount
Balance at January 1, 2022	\$ 6,480,000	\$ -	\$ -	\$ -	\$ 6,480,000	\$ (751,652)	\$ 5,728,348
Notes issued	-	1,727,500	1,431,500	-	3,159,000	-	3,159,000
Note principal exchanged for warrants	(900)	-	-	-	(900)	(848,531)	(849,431)
Debt principal converted to common stock	(4,481,191)	(1,727,500)	(1,431,500)	-	(7,640,191)	-	(7,640,191)
Amortization of debt discount	-	-	-	-	-	1,172,461	1,172,461
Extinguishment loss	-	-	-	-	-	421,272	421,272
Balance at December 31, 2022	<u>1,997,909</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,997,909</u>	<u>(6,450)</u>	<u>1,991,459</u>
Notes issued	-	-	-	5,617,978	5,617,978	(2,509,601)	3,108,377
Warrant modification in connection with Letter Agreement	-	-	-	-	-	(392,273)	(392,273)
Debt principal converted to common stock	(1,335,439)	-	-	(3,822,210)	(5,157,649)	-	(5,157,649)
Principal repayments	(662,470)	-	-	(200,071)	(862,541)	-	(862,541)
Amortization of debt discount	-	-	-	-	-	2,633,529	2,633,529
Balance at December 31, 2023	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,595,697</u>	<u>\$ 1,595,697</u>	<u>\$ (274,795)</u>	<u>\$ 1,320,902</u>

GGH Convertible Notes

On November 3, 2021, the Company sold senior secured convertible notes of the Company, in the aggregate original principal amount of \$6,480,000 (the “GGH Notes”), for gross proceeds of \$6,000,000. The GGH Notes were due and payable on the first anniversary of the issuance date (the “Maturity Date”), bore interest at 7% per annum and were originally convertible into shares of common stock of the Company at a conversion price of \$420.00 per share (subject to adjustment for standard anti-dilution events). Interest is payable in cash quarterly in arrears. Holders of GGH Notes may convert any portion of outstanding and unpaid principal and interest at any time, subject to a 4.99% beneficial ownership limitation.

GAUCHO GROUP HOLDINGS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The GGH Notes ranked senior to all outstanding and future indebtedness of the Company and its subsidiaries and were secured by all existing and future assets of the Company, as well as shares of common stock and certain options to purchase common stock of the Company owned by the President and CEO of the Company. Holders of GGH Notes were entitled to certain registration rights, pursuant to a registration rights agreement between the holders of the GGH Notes and the Company, dated November 9, 2021.

Upon the issuance of the GGH Notes, the Company recorded a debt discount at issuance in the aggregate amount \$950,813, consisting of (i) the \$480,000 difference between the aggregate principal amount of the GGH Notes and the cash proceeds received, and (ii) financing costs in the aggregate amount of \$470,813. The debt discount was amortized using the effective interest method over the term of the GGH Notes.

The GGH Notes included several embedded features that require bifurcation. However, management has determined that the value of these bifurcated derivatives was de minimis as of November 3, 2021 (date of the agreement) and December 31, 2022.

Pursuant to the original terms of the GGH Notes, beginning on February 7, 2022, the Company was to make nine monthly payments consisting of principal in the amount of \$720,000, plus (i) accrued interest and (ii) a make-whole amount equal to the additional interest that would accrue if the entire GGH Notes principal remained outstanding through the Maturity Date.

On February 22, 2022, the Company entered into an exchange agreement (the "Exchange Agreement") with holders of GGH Notes. Pursuant to the Exchange Agreement, the Company was able to defer monthly principal payments until May 7, 2022 and make six monthly payments in the amount of \$1,080,000, plus accrued interest and make-whole amount. As consideration for entering into the Exchange Agreement, \$300 of aggregate principal amount the GGH Notes was exchanged for three-year warrants (the "GGH Warrants") for the purchase of an aggregate of 6,250 shares of the Company's common stock at an exercise price of \$210.00 per share, which had an aggregate grant date value of \$731,856. The Exchange Agreement was accounted for as a debt modification and the grant date value of the GGH Warrants less \$300 principal exchanged for the warrants was recorded as additional debt discount.

On May 2, 2022, the Company entered into a letter agreement with the holders of GGH Notes (the "Letter Agreement #1"). The Letter Agreement #1 provided for the reduction of the conversion price for shares of the Company's common stock from \$420.00 to \$162.00 between May 3, 2022 through May 13, 2022. During the period from May 3, 2022 through May 11, 2022, principal, interest and fees in the amount of \$357,498 were converted into 2,207 shares of common stock at a conversion price of \$162.00 per share. The Company recorded inducement expense in the amount of \$198,096 as a result of the conversion of debt and interest pursuant to the Letter Agreement.

On May 12, 2022, the Company entered into a conversion agreement with the holders of GGH Notes (the "Letter Agreement #2") pursuant to which the parties agreed to reduce the Conversion Price to \$114.00 and the holders of GGH Notes have committed to converting principal outstanding under the GGH Notes in an amount equal to 4.90% of the outstanding shares of common stock of the Company. The reduction in conversion price was accounted for as debt extinguishment. The Company recorded a loss on extinguishment of debt of \$2,105,119, which consisted of (i) \$421,272 to eliminate the debt discount related to the cancelled notes, plus (ii) \$1,683,847, which represented the difference between the previous net carrying amount and the fair value of the modified debt instrument. On May 13, 2022 principal, interest and fees in the amount of \$1,165,099 were converted into 10,220 shares of common stock at conversion price of \$114.00 per share, of which 4,968 shares had been previously issued as pre-delivery shares on November 9, 2021 and the remaining 5,252 shares were issued on May 13, 2022.

GAUCHO GROUP HOLDINGS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The fair value of the modified debt instrument at the extinguishment date was determined to be \$7,831,248, which consisted of principal in the amount of \$6,147,401 and the fair value of the embedded conversion option (“ECO”) of \$1,683,847. The fair value of the ECO was determined using the Black Scholes Option Pricing Model (which is considered to be a Level 3 fair value measurement) with the following assumptions used: contractual term - 0.48 years; expected volatility – 61%; expected dividends – 0%. The fair value of the ECO was recorded as additional paid in capital.

On July 1, 2022, the Company entered into another letter agreement with the holders of GGH Notes (the “Letter Agreement #3”). The Letter Agreement #3 provided for the reduction of the conversion price for shares of the Company’s common stock from \$114.00 to \$36.00 between July 5, 2022 through September 5, 2022.

During the period from July 7 through August 30, 2022, GGH Notes with principal, interest and fees in the amount of \$3,201,894 were converted into 88,942 shares of common stock at a conversion price of \$36.00 per share. The Company recorded inducement expense in the amount of \$2,965,222 as a result of the conversion of debt and interest pursuant to Letter Agreement #3.

On September 22, 2022, the Company and the Holders of the GGH Notes entered into another exchange agreement (the “Exchange Agreement #2”) with the Holders in order to amend and waive certain provisions of the Existing Note Documents and exchange \$300 in aggregate principal amount of the GGH Notes, on the basis and subject to the terms and conditions set forth in the Exchange Agreement #2, for three-year warrants to purchase up to 9,092 shares of the Company’s Common Stock at an exercise price of \$38.20. The Exchange Agreement #2 amended the original terms of payment of the Existing Notes and waived payment of principal and interest due on each of September 7, 2022 and October 7, 2022. All principal, interest, and fees became due on the maturity date of November 9, 2022. The Exchange Agreement #2 was accounted for as a debt modification and the grant date fair value of the warrants valued at \$102,167 less \$300 principal exchanged for the warrants was recorded as additional debt discount.

On November 30, 2022, the Company and the Holders entered into another exchange agreement (the “Exchange Agreement #3”) with the Holders in order to amend and waive certain provisions of the Existing Note Documents and exchanged \$300 in aggregate principal amount of the GGH Notes, on the basis and subject to the terms and conditions set forth in the Exchange Agreement #3, for three-year warrants to purchase up to 4,381 shares of the Company’s Common Stock at an exercise price of \$24.00 and warrants to purchase up to 4,381 shares of the Company’s Common Stock at an exercise price of \$60.00. The Exchange Agreement #3 extended the maturity date of the Existing Notes from November 9, 2022 to February 9, 2023 and waived all other payments due until February 9, 2023. The Exchange Agreement #3 was accounted for as a debt modification and the grant date fair value of the warrants valued at \$15,108 less \$300 principal exchanged for the warrants was recorded as additional debt discount.

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.

Between February 3 and February 15, 2023, the holders elected to convert an aggregate of \$1,571,553 in principal and interest, of which \$1,335,439, \$124,049, and \$112,065 was principal, interest and premium converted, into 83,333 shares of common stock at prices ranging from \$14.50 to \$24.00 per share. The premium converted in connection with the GGH Notes was recorded as a loss on extinguishment.

GAUCHO GROUP HOLDINGS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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 15,000 shares of the Company’s common stock at an exercise price of \$1.00 were issued as consideration for extending the 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 consolidated statement of operations.

On February 21, 2023, the Company redeemed the remaining GGH Notes for \$905,428, which consisted of \$662,470 of principal, \$118,909 of accrued interest and \$124,049 of redemption premium, the latter of which was charged to extinguishment loss. As of December 31, 2023, there are no remaining obligations pursuant to the GGH Notes.

Investor Notes

During the period from July 13, 2022 through August 30, 2022, the Company issued convertible promissory notes to certain investors (the “Investor Notes”) in the aggregate amount of \$1,727,500. Pursuant to the terms of the Investor Notes, if the stockholders approve for purposes of complying with Nasdaq Listing Rule 5635(d), the issuance of shares of up to 125,000 of the Company’s common stock upon the conversion of the Investor Notes, without giving effect to Nasdaq’s 20% Rule, the Investor Notes were to be automatically converted into units consisting of one share of common stock and one warrant to purchase one share of common stock at a price equal to the lesser of (a) \$66.00 per unit or (b) the three-day volume weighted average closing price (“VWAP”) of the Company’s common stock beginning on the date that is two days prior to stockholder approval of such conversion at the 2022 annual stockholder meeting.

At the annual stockholder meeting held on August 30, 2022, the Company obtained the requisite stockholder approval, and the Investor Notes comprised of \$1,727,500 and \$8,252 in interest, were automatically converted into an aggregate of 45,459 units based on a conversion price of \$38.20, which represents the three-day VWAP of the Company’s common stock beginning on the date that is two days prior to stockholder approval of such conversion at the 2022 annual stockholder meeting. Each warrant issued upon the conversion of the Investor Notes is exercisable at a price of \$38.20 and expires one year from the date of issuance. There is no balance outstanding related to the Investor Notes as of December 31, 2023 or 2022.

GAUCHO GROUP HOLDINGS, INC. AND SUBSIDIARIES

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October Notes

On October 22, 2022, the Board of Directors approved an offering of up to \$1.5 million of 7% convertible promissory notes with a one-year maturity to accredited investors (the “October Notes”).

The October Notes were to be mandatorily converted upon the earlier to occur of: (i) the date of execution of a ground lease in connection with the previously announced agreement to develop a project in Las Vegas, Nevada (see Note 1 - Business Organization and Nature of Operations); or (ii) the date the Company obtains stockholder approval to issue shares of the Company’s common stock in accordance with Nasdaq Listing Rule 5635(d) (each, a “Mandatory Conversion Event”).

Upon a Mandatory Conversion Event, the October Notes will be converted into units (“Units”), with each Unit consisting of one share of common stock and a one-year warrant for the purchase of one share of common stock, exercisable at \$60.00 per share, at a conversion price equal to the lower of (a) \$25.20 per share or (b) the three-day volume weighted average closing price beginning on the date that is two days prior to the Mandatory Conversion Event, subject to a floor price on conversion of \$24.00 per share.

On December 19, 2022, at a special meeting of the stockholders of the Company, the stockholders approved, for purposes of complying with Nasdaq Listing Rule 5635(d), the issuance of up to 125,000 shares of the Company’s common stock upon the conversion of the October Notes without giving effect to the 19.99% cap provided under Nasdaq Rule 5635(d).

Also on December 19, 2022, October Notes representing a total of \$1,431,500 of principal and \$13,817 of interest were mandatorily converted into 60,223 units (“Units”) at a conversion price of \$24.00 per Unit. There is no balance outstanding related to the October Notes as of December 31, 2023 or 2022.

2023 Convertible Note

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 a senior secured convertible note (the “2023 Note”) of the Company in the aggregate original principal amount of \$5,617,978, and a three-year common stock purchase warrant exercisable into an aggregate of 337,710 shares of common stock of the Company at an exercise price equal to \$13.40 (the “2023 Note Warrant”). In addition to other terms, conditions and rights, both the Company and the Investor have the right to initiate additional closings for up to \$5 million of cash for additional 2023 Notes and warrants.

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

Pursuant to the SPA, the exercise price of certain warrants for the purchase of 6,250 common shares exercisable at \$210.00 per share and warrants for the purchase of 4,381 shares exercisable at \$60.00 per share was reduced to \$10.00 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 Note.

GAUCHO GROUP HOLDINGS, INC. AND SUBSIDIARIES

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Upon the issuance of the 2023 Note, 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 Note 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 Warrant. The debt discount is being amortized using the effective interest method over the term of the 2023 Note.

The 2023 Note is convertible into shares of common stock of the Company at a conversion price equal to the lower of (i) \$13.40 (subject to adjustment for standard anti-dilution events, the non-exempt issuance of common stock for less than \$13.40 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 five days preceding conversion (collectively the "Conversion Price"), subject to a floor price of \$2.70. If the Conversion Price in effect on the date of conversion is less than \$2.70, 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 Investor may convert any portion of outstanding and unpaid principal and interest owed on the 2023 Note at any time, subject to a 4.99% beneficial ownership limitation (see Note 22 – Subsequent Events).

The 2023 Note matures on the first anniversary of the issuance date (the "Maturity Date") and bears interest at a rate of 7% per annum (increasing to 18% upon event of default), 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 Note principal remained outstanding through the Maturity Date.

The 2023 Note is 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 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 on the 2023 Note, the Conversion Price is reduced to the lesser of (a) \$13.40 (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 the 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 \$2.70 (the "Event of Default Conversion Price"). In addition, the Investor may require the Company to redeem the 2023 Note using the same formula that would be used for a Company-initiated redemption, described above.

The Event of Default Conversion Price represents a redemption feature, which was bifurcated from the debt host and recorded as a derivative liability. As of the date of issuance of the 2023 Note, management had estimated that the probability of an event of default was negligible; accordingly, the fair value of the derivative liability was de minimis at the date of issuance.

Pursuant to the terms of the 2023 Note, 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.

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On May 21, 2023, an Event of Default occurred with respect to the 2023 Note as a result of not making the required quarterly payment due on that date (the “May 2023 Default Event”). On August 11, 2023, the Company and the Investor entered into a letter agreement pursuant to which, among other things: (i) the Investor agreed to forbear from issuing an Event of Default Notice and Event of Default Redemption Notice; (ii) the requirement in the 2023 Note to pay interest monthly in cash is waived for payments due August 1, 2023 through December 31, 2023; (iii) the application of the default interest rate (18%) on the 2023 Note is waived for the period from May 21, 2023 through December 31, 2023, (iv) the requirement for the Company to prepay, redeem, or convert one quarter the initial principal owed on the 2023 Note, plus any outstanding interest and make-whole amount by each three-month anniversary of the issuance date was waived through December 31, 2023; (v) the Company adjusted the exercise price of the 2023 Note Warrant from \$13.40 to \$4.50; and (vi) the Investor may continue to convert the 2023 Note at the Event of Default Conversion Price or at \$4.50. The reduction of the exercise price of the 2023 Note Warrant represented a warrant modification resulting in incremental value in the amount of \$392,273, which was recorded as additional debt discount and will be amortized over the remaining term of the 2023 Note.

Pursuant to the SPA and 2023 Note, on October 5, 2023, the Company and the Holder entered into the first amendment to 2023 Note which amends the 2023 Note and lowers the floor price for conversion of the 2023 Note from \$2.70 to \$0.40.

During the year ended December 31, 2023, the Company made redemption payments in the aggregate amount of \$246,186 related to the 2023 Note, which included principal repayments of \$200,071, accrued interest of \$14,004 and redemption premiums of \$32,111. The Company recorded a loss on extinguishment for the amount of redemption premiums paid.

During the year ended December 31, 2023, the Company issued 2,297,005 shares of its common stock with a value at issuance of \$4,339,195 upon the conversion of \$3,822,210 of principal, \$220,996 of interest, \$13,077 of redemption premium and \$1,767,591 of derivative liabilities (including default premiums and redemption feature, see Derivative Liability, below) in connection with the 2023 Note (the “Conversion Amount”) at conversion prices between \$0.48 and \$7.79 per share. The \$1,484,677 excess of the Conversion Amount over the value of the shares issued represents a liability for the cash true up payment owed to the holder in connection with the Cash True Up Provision described above, and is included in accrued expense, current portion in the accompanying consolidated balance sheet. The \$13,077 of redemption premium converted is included in loss on extinguishment of debt on the accompanying consolidated statement of operations.

Derivative Liability

The Event of Default Conversion Price represents a redemption feature, which was bifurcated from the 2023 Note host and recorded as a derivative liability. During the year ended December 31, 2023, the Company has recorded \$2,505,731, in connection with the change in fair value of the derivative liability, which represents the difference between shares issuable upon conversion with no event of default, and the value of shares issuable upon conversion of debt at the Event of Default Conversion Price.

GAUCHO GROUP HOLDINGS, INC. AND SUBSIDIARIES

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The following table sets forth a summary of the changes in the fair value of the derivative liability that are measured at fair value on a recurring basis:

Balance at January 1, 2023	\$	-
Fair value of derivative liability upon issuance of 2023 Notes		-
Add: change in fair value of derivative liability upon May 2023 Default Event		2,141,117
Add: fair value of derivative associated with convertible interest accrued during the period		364,614
Less: fair value of derivative associated with 2023 Note balances converted during the period		(1,767,591)
Balance at December 31, 2023	\$	<u>738,140</u>

Interest Expense on Convertible Debt Obligations

The Company incurred total interest expense of approximately \$3,281,676 and \$1,683,815 related to its convertible debt obligations during the years ended December 31, 2023 and 2022, respectively.

Interest expense during the year ended 2023 consisted of (i) \$648,145 of interest and make-whole interest accrued at stated interest rates and (ii) amortization of debt discount in the amount of \$2,633,531. Interest expense during the year 2022 consisted of approximately (i) \$510,851 of interest and make-whole interest accrued at stated interest rates; (ii) amortization of debt discount in the amount of approximately \$1,172,461.

15. INCOME TAXES

The Company files tax returns in United States (“U.S.”) Federal, state and local jurisdictions, plus Argentina and the United Kingdom (“U.K.”).

United States and international components of income before income taxes were as follows:

	For The Years Ended	
	December 31,	
	<u>2023</u>	<u>2022</u>
United States	\$ (15,084,612)	\$ (20,801,676)
International	(1,113,398)	(1,023,622)
Loss before income taxes	<u>\$ (16,198,010)</u>	<u>\$ (21,825,298)</u>

GAUCHO GROUP HOLDINGS, INC. AND SUBSIDIARIES

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The income tax provision (benefit) consisted of the following:

	For The Years Ended December 31,	
	2023	2022
Federal		
Current	\$ -	\$ -
Deferred	1,457,695	(5,845,450)
State and local		
Current	-	-
Deferred	(1,057,573)	1,643,976
Foreign		
Current	-	-
Deferred	3,419	35,005
Income tax provision (benefit) before valuation allowance	403,541	(4,166,469)
Change in valuation allowance	(403,541)	4,166,469
Income tax provision (benefit)	\$ -	\$ -

For the years ended December 31, 2023 and 2022, the expected tax expense (benefit) based on the statutory rate is reconciled with the actual tax expense (benefit) as follows:

	For The Years Ended December 31,	
	2023	2022
U.S. federal statutory rate	(21.0)%	(21.0)%
State taxes, net of federal benefit	4.3%	(6.5)%
Permanent differences	9.8%	8.9%
Write-off of deferred tax assets	1.6%	2.8%
Prior period true up	5.3%	(7.4)%
Other	(0.2)%	4.1%
Change in valuation allowance	0.2%	19.1%
Income tax provision (benefit)	0.0%	0.0%

As of December 31, 2023 and 2022, the Company's deferred tax assets consisted of the effects of temporary differences attributable to the following:

	December 31,	
	2023	2022
Net operating loss	\$ 23,207,533	\$ 24,283,176
Stock based compensation	654,475	156,631
Argentine tax credits	31,777	35,196
Receivable allowances	484,279	306,698
Total deferred tax assets	24,378,064	24,781,701
Valuation allowance	(24,378,064)	(24,781,605)
Deferred tax assets, net of valuation allowance	-	96
Excess of book over tax basis of warrants	-	(96)
Net deferred tax assets	\$ -	\$ -

GAUCHO GROUP HOLDINGS, INC. AND SUBSIDIARIES

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As of December 31, 2023, the Company has approximately \$86,744,000 of gross U.S. federal net operating losses (“NOLs”). Approximately \$50,519,000 of the federal NOLs will expire from 2023 to 2037 and approximately \$36,225,000 have no expiration date. These NOL carryovers are subject to annual limitations under Section 382 of the U.S. Internal Revenue Code because there was a greater than 50% ownership change, as determined under the regulations, on or about June 30, 2012. We have determined that, due to those annual limitations under Section 382, an additional \$6,300,000 of NOLs will expire unused and are not included in the available NOLs stated above. Therefore, we have reduced the related deferred tax asset for NOL carryovers by approximately \$2,810,000 from June 30, 2012 forward. The Company’s NOLs generated through the date of the ownership change on June 30, 2012 are subject to an annual limitation of approximately \$1,000,000. The Company remains subject to the possibility that a greater than 50% ownership change could trigger additional annual limitations on the usage of NOLs. As of December 31, 2022, the Company had approximately \$85,374,000 of gross U.S. federal net operating losses (“NOLs”), which included approximately \$4,100,000 of GGI NOLs.

As of December 31, 2023, the Company has Florida, New York State and New York City NOLs of approximately \$15,816,000, \$53,689,000 and \$30,130,000, respectively. These NOLs include approximately \$0 of GGI NOLs. As of December 31, 2022, the Company had gross Florida, New York State and New York City NOLs of approximately \$9,049,000, \$56,193,000 and \$32,597,000, respectively. The Florida NOLs will expire from 2041 – 2043. All of the New York State and New York City NOLs will expire from 2035 to 2038. During the year ended December 31, 2021, the Company re-established nexus in New York State and New York City as the Company has employees located there. The previously written off NOL’s and related deferred tax assets (that have been reduced by a valuation allowance of a corresponding amount) have been reinstated.

In assessing the realization of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will be realized. The ultimate realization of deferred tax assets is dependent upon the future generation of taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income, and taxing strategies in making this assessment. Based on this assessment, management has established a full valuation allowance against all of the net deferred tax assets for each period, since it is more likely than not that all of the deferred tax assets will not be realized. The valuation allowance for the year ended December 31, 2023 and 2022 (decreased) increased by approximately (\$403,500) and \$4,200,000, respectively.

Management has evaluated and concluded that there were no material uncertain tax positions requiring recognition in the Company’s consolidated financial statements as of December 31, 2023 and 2022. The Company does not expect any significant changes in its unrecognized tax benefits within twelve months of the reporting date. The Company has U.S. tax returns subject to examination by tax authorities beginning with those filed for the year ended December 31, 2019 (or the year ended December 31, 2023 if the Company were to utilize its NOLs). No tax audits were commenced or were in process during the years ended December 31, 2023 and 2022. The Company’s policy is to classify assessments, if any, for tax related interest as interest expense and penalties as general and administrative expenses in the consolidated statements of operations.

GAUCHO GROUP HOLDINGS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

16. SEGMENT DATA

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

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

The following tables present segment information for the years ended December 31, 2023 and 2022:

	For the Year Ended December 31, 2023			
	Real Estate Development	Fashion (e-commerce)	Corporate	TOTAL
Revenues	\$ 1,911,436	\$ 239,578	\$ -	\$ 2,151,014
Revenues from Foreign Operations	\$ 1,911,436	\$ -	\$ -	\$ 1,911,436
Depreciation and Amortization	\$ 111,905	\$ 222,379	\$ 68,780	\$ 403,064
Loss from Operations	\$ (1,712,798)	\$ (1,695,224)	\$ (7,419,794)	\$ (10,827,816)
Interest Income	\$ (71,978)	\$ -	\$ -	\$ (71,978)
Interest Expense	\$ 166,276	\$ -	\$ 3,321,837	\$ 3,488,113
Net Loss	\$ (731,276)	\$ (1,695,224)	\$ (13,771,510)	\$ (16,198,010)
Capital Expenditures	\$ 577,859	\$ 5,173	\$ 32,366	\$ 615,398
Total Property and Equipment, net	\$ 6,651,946	\$ 1,154,424	\$ -	\$ 7,806,370
Total Property and Equipment, net in Foreign Countries	\$ 6,651,946	\$ -	\$ -	\$ 6,651,946
Total Assets	\$ 13,004,982	\$ 3,110,117	\$ 445,226	\$ 16,560,325

GAUCHO GROUP HOLDINGS, INC. AND SUBSIDIARIES

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	For the Year Ended December 31, 2022			
	Real Estate	Fashion	Corporate	TOTAL
	Development	(e-commerce)		
Revenues	\$ 1,540,955	\$ 102,760	\$ -	\$ 1,643,716
Revenues from Foreign Operations	1,540,955	-	-	1,540,955
Depreciation and Amortization	152,183	58,279	41,479	251,941
Loss from Operations	(1,516,746)	(1,622,122)	(12,644,782)	(15,783,650)
Interest Income	(142,746)	-	-	(142,746)
Interest Expense	99,366	-	1,595,091	1,694,457
Net Loss	(7,694,866)	(1,622,122)	(12,508,310)	(21,825,298)
Capital Expenditures	894,251	974,544	59,215	1,928,010
Total Property and Equipment, net	6,234,856	1,369,205	17,196	7,621,257
Total Property and Equipment, net in Foreign Countries	6,234,856	-	-	6,234,856
Total Assets	\$ 13,504,914	\$ 3,522,415	\$ 1,665,656	\$ 18,692,985

17. RELATED PARTY TRANSACTIONS

Accounts Receivable – Related Parties

As of December 31, 2023 and December 31, 2022 the Company had accounts receivable – related parties of \$0 and \$1,115,816 net of allowances for expected credit losses of \$1,517,836 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 years ended December 31, 2023 and 2022, the Company made advances in the amount of \$187,144 and \$272,920, respectively, to the related entities, and paid expenses on behalf of the related entities (pursuant to the expense sharing agreements discussed below) in the amount of \$579,661 and \$742,943, respectively. The Company received repayments from the related parties in the amount of \$704,288 and \$825,000 during the years ended December 31, 2023 and 2022, respectively.

The Company recorded an allowance of \$111,582 for related party credit losses upon the adoption of ASU 2016-13 on January 1, 2023. The Company recorded additional credit losses related to accounts receivable, related parties of \$1,066,751 during the year ended December 31, 2023, which is reflected within general and administrative expenses on the on the accompanying consolidated statements of operations. Credit losses charged to expense in connection with accounts receivable related parties was \$0 for the year ended December 31, 2022.

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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 years ended December 31, 2023 and 2022, the Company recorded a contra-expense of approximately \$705,994 and \$742,943, respectively, related to the reimbursement of general and administrative expenses as a result of the agreement.

Investment in Related Party

On June 16, 2021, the Company, through its wholly owned subsidiary, GVI, entered into the Amended and Restated Limited Liability Company Agreement (the “LLC Agreement”) of LVH Holdings LLC (“LVH”), for the purpose of developing a project in Las Vegas, Nevada (the “Las Vegas Project”) in order to pursue opportunities in lodging, hospitality retail and gaming. The LLC Agreement, as amended, required the dissolution of LVH if LVH was not successful in executing a ground lease for the project by December 31, 2023. LVH was organized on May 24, 2021 pursuant to the Delaware Limited Liability Act (the “Delaware Act”) with a sole member of SLVH LLC, a Delaware limited liability company (“SLVH”).

The managing member of SLVH (the “SLVH Member”) holds a 20% membership interest in SLVH and was a member of the Company’s Board of Directors (the “Board”) as of the date of the LLC Agreement. Pursuant to the Company’s Related Party Transactions Policy, adopted as amended on March 25, 2021 by the Board of Directors of the Company, this SLVH Member was considered a related party with respect to this transaction and provided notice of his interest to the Board. The disinterested members of the Board unanimously approved the transaction pursuant to such Related Party Transactions Policy and the Code of Business Conduct and Ethics and Whistleblower Policy, also adopted by the Board on March 25, 2021. The SLVH Member resigned from the Company’s Board effective December 31, 2023.

Pursuant to the terms of the LLC Agreement, upon the execution of the LLC Agreement, GVI made an initial capital contribution to LVH, in cash, in the amount of exactly \$1 million and received 56.6 limited liability company interests (the “LVH Units”) in LVH. On July 16, 2021, the Company made an additional capital contribution to LVH in the amount of \$2.5 million and received an additional 141.4 LVH Units, and on November 10, 2021, the Company made an additional capital contribution to LVH in the amount of \$3.5 million and received an additional 198 LVH Units. On June 7, 2022, the Company, through GVI, executed a Second Amendment to the Amended and Restated Limited Liability Company Agreement of LVH to modify the rules for distributions to the members of LVH, and modify the number, amount and timing of GVI’s additional capital contributions to LVH. As of December 31, 2023 and 2022, the Company owned an aggregate of 396 LVH Units, representing 11.9% ownership of LVH.

The aggregate capital contribution of \$7,000,000 as of December 31, 2021 was included within investment – related parties on the consolidated balance sheet. As of December 31, 2022, LVH had not yet executed a lease for the Las Vegas project, and the Company determined that its investment in LVH was likely not recoverable. Accordingly, the Company recorded impairment expense in the amount of \$7,000,000, such that the carrying amount of the Company’s investment in LVH is \$0 as of December 31, 2023 and 2022.

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Letter of Agreement with LVH

On September 27, 2023, the Company through its wholly owned subsidiary, GVI, executed a Letter Agreement between the Company and LVH to (i) suspend the business operations of LVH; (ii) to waive the provision requiring the dissolution of LVH if no ground lease is signed, (iii) release and terminate certain obligations of the members or their affiliates to contribute capital or perform services to or for the benefit of LVH, and (iv) to return all available cash to GVI. GVI received cash in the amount of \$137,222 representing the return of cash in excess of agreed upon reserves, which is included in other income on the accompanying consolidated statement of operations.

Management Fee Income

During the years ended December 31, 2023 and 2022, the Company recorded income of \$225,000 and \$300,000 respectively, representing management fees received from LVH pursuant to a June 2021 agreement with LVH. As of December 31, 2023 and 2022, the Company has deferred revenue in the amount of \$0 and \$150,000, respectively, related to prepaid management fees received from LVH.

18. BENEFIT CONTRIBUTION PLAN

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

A participant is always fully vested in their account, including the Company’s contribution. For the years ended December 31, 2023 and 2022, the Company recorded a charge associated with its contribution of approximately \$17,268 and \$32,614, respectively. This charge has been included as a component of general and administrative expenses in the accompanying consolidated statements of operations. The Company issues shares of its common stock to settle these obligations based on the fair market value of its common stock on the date the shares are issued. On January 23, 2023, the Company issued 2,416 shares valued at \$13.50 per share in satisfaction of \$32,617 of 401(k) contribution liabilities. On March 31, 2022, the Company issued 104 shares at \$267.51 per share in satisfaction of \$27,821 of 401(k) contribution liabilities.

19. STOCKHOLDERS’ EQUITY

Authorized Shares

Common Shares Authorized

The Company is authorized to issue up to 150,000,000 shares of common stock, \$0.01 par value per share, pursuant to the Amended and Restated Certificate of Incorporation filed with the Secretary of State of Delaware on September 22, 2023 (the “Amended and Restated Certificate of Incorporation”).

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 “2022 Reverse Stock Split”). There were 738 fractional shares issued as a result of the 2022 Reverse Stock Split, which were rounded up to the nearest whole number.

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On September 25, 2023, the Company effected a reverse stock split in the ratio of 1 share of common stock for 10 previously issued shares of common stock, pursuant to the Amended and Restated Certificate of Incorporation.

As of December 31, 2023 and 2022, there were 4,807,938 and 365,340 shares of common stock issued, and 4,807,909 and 365,312 shares outstanding, respectively.

Preferred Shares Authorized

Effective September 16, 2022, the Company filed an amended and restated certificate of incorporation (the “2022 Amended and Restated Certificate of Incorporation”) with the Secretary of State of the State of Delaware to reflect the reduction in the number of authorized shares of preferred stock from 11,000,000 shares to 902,670 shares as a result of the previous conversion of the Series A Convertible Preferred into shares of common stock of the Company. There were no shares of preferred stock issued or outstanding at December 31, 2023 and 2022.

Equity Incentive Plans

On July 27, 2018, the Board of Directors adopted the 2018 Equity Incentive Plan (the “2018 Plan”), which was approved by the Company’s shareholders on September 28, 2018. The 2018 Plan provides for grants for the purchase of up to an aggregate of 10,000 shares, including incentive and non-qualified stock options, restricted and unrestricted stock, loans and grants, and performance awards. The number of shares available under the 2018 Plan will automatically increase on January 1 of each year by the amount equal to 2.5% of the total number of shares outstanding on such date, on a fully diluted basis. Further, any shares subject to an award issued under the 2018 Plan, the 2016 Stock Option Plan or the 2008 Stock Option Plan that are canceled, forfeited or expired shall be added to the total number of shares available under the 2018 Plan.

On August 30, 2022, the stockholders approved an increase of the number of shares authorized to be awarded under the 2018 Equity Incentive Plan to 25% of the Company’s common stock outstanding on a fully diluted basis as of the date of stockholder approval. As a result of the stockholder’s approval, the number of shares authorized to be awarded was 84,803 shares.

As of December 31, 2023, there were 16,453 shares available for issuance under the 2018 Equity Incentive Plan. On January 1, 2024, the 2.5% automatic increase to available shares provided for an additional 234,193 shares.

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

On October 5, 2018, GGH, as the sole stockholder of GGI, and the Board of Directors of GGI approved the Gaucho 2018 Equity Incentive Plan (the “2018 Gaucho Plan”). The 2018 Gaucho Plan provides for grants for the purchase of up to an aggregate of 8,000,000 shares of GGI’s common stock, including incentive and non-qualified stock options, restricted stock, performance awards and other stock-based awards. On June 22, 2022, a total of 5,502,500 options for the purchase of GGI common stock were exchanged for 183,942 vested shares of GGH common stock and 26,278 restricted stock units vesting through December 18, 2022.

GAUCHO GROUP HOLDINGS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

No equity awards were granted pursuant to the 2018 Gaucho Plan during the years ended December 31, 2023 or 2022. As of December 31, 2023, no options remain outstanding under the 2018 Gaucho Plan. While the 2018 Gaucho Plan is still in effect, GGI plans to terminate the 2018 Gaucho Plan as a result of the acquisition by the Company of the remaining 21% interest in GGI in March 2022.

Common Stock

On February 3, 2022, the Company issued 125 shares of common stock and paid \$34,999 cash as consideration for the purchase of the domain name Gaucho.com. The seller is entitled to additional shares if the closing price per share is less than \$316.80 on August 14, 2022, such that the collective value of the total shares issued to the seller has a fair market value of \$39,600. (See Note 7 - Intangible Assets). On August 14, 2022, the closing price per share was \$43.20. As a result, the Company issued 736 additional shares to the seller of the domain name.

On February 3, 2022, the Company issued 10,695 shares of its common stock, valued at \$2,194,653, to Hollywood Burger Holdings, Inc, a company with whom GGH shares common management, in exchange for a 100% ownership interest in Hollywood Burger Argentina S.R.L., now Gaucho Development S.R.L. (see Note 3 - Acquisition of Hollywood Burger Argentina S.R.L.). The purpose of the acquisition was to acquire certain real property held by Gaucho Development S.R.L.

On March 28, 2022, the Company issued 8,690 shares of its common stock, valued at \$2,419,268, to the minority holders of GGI, in exchange for the remaining 21% non-controlling interest in GGI. The acquisition of the remaining shares of GGI resulted in a decrease of non-controlling interest to zero, and an adjustment to additional paid-in capital to reflect the Company's increased ownership in GGI.

On June 7, 2022, the Company issued an aggregate of 5,421 immediately-vested shares of its common stock, with a grant date value of \$525,000, as compensation to the non-executive members of its board of directors.

On June 22, 2022, the Company issued (i) 18,394 vested shares of its common stock valued at \$1,379,568 and (ii) 2,628 restricted stock units valued at \$197,081 (see Restricted Stock Units, below), in exchange for, and upon the cancellation of, options for the purchase of 5,502,500 shares of GGI common stock (the "GGI Stock Options"). As of the date of this exchange, the value of the cancelled GGI options approximated the value of the common stock and restricted stock units issued to the GGI Option holders.

On February 2, 2023, the Company issued 5,131 shares of common stock upon the cashless exercise of 13,473 warrants at exercise prices ranging from \$24.00 to \$38.20.

On July 17, 2023, the Company issued an aggregate of 27,027 shares immediately-vested shares of its common stock, with a grant date value of \$150,000, as compensation to the non-executive members of its board of directors.

During the year ended December 31, 2023, the Company sold 149,100 shares of common stock and warrants to purchase 32,775 shares at an exercise price of \$4.50 for aggregate proceeds of \$996,000. The warrants are immediately exercisable and expire two years from the date of issuance.

On November 27, 2023, the Company commenced a private placement of shares of common stock for gross proceeds of up to \$4,000,000 at a price per share not lower than \$0.60 per share (the "Private Placement"). During the period from November 30, 2023 through December 31, 2023, the Company sold 1,686,690 shares of common stock for aggregate proceeds of \$1,017,066 in connection with the Private Placement (see Note 22 – Subsequent Events).

See Note 14 – Convertible Debt Obligations for additional details regarding common shares issued during the year ended December 31, 2023.

GAUCHO GROUP HOLDINGS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Common Stock Purchase Agreement and Registration Rights Agreement

On May 6, 2021, the Company entered into a Common Stock Purchase Agreement (the “Purchase Agreement”) and a Registration Rights Agreement (the “Registration Rights Agreement”) with an underwriter (the “Underwriter”) Pursuant to the Purchase Agreement, the Company has the right to sell to the Underwriter up to \$50,000,000 (the “Total Commitment”) in shares of the Company’s common stock, subject to certain limitations and conditions set forth in the Purchase Agreement. The Company has the right, but not the obligation, from time to time at the Company’s sole discretion over a 36-month period from and after the commencement (the “Commencement Date”), to direct the Underwriter to purchase up to a fixed maximum amount of shares of Common Stock as set forth in the Purchase Agreement (each, a “Fixed Purchase”), on any trading day, in addition to other requirements set forth in the Purchase Agreement. In consideration for entering into the Purchase Agreement, the Company issued 1,003 shares of common stock (the “Commitment Shares”) to the Underwriter with an issuance date fair value of \$500,000, which was recognized as a debit to additional paid-in capital.

The Purchase Agreement limits the sale of shares of the Company’s common stock to the Underwriter, such that no shares can be sold to the Underwriter under the Purchase Agreement if it would result in the Underwriter beneficially owning more than 4.99% of the then then total outstanding shares of the Company’s common stock.

The purchase price of the shares of common stock that the Company elects to sell to the Underwriter pursuant to a Fixed Purchase under the Purchase Agreement will be determined by reference to the market prices of the common stock during the applicable Fixed Purchase Valuation Period for such Fixed Purchase as set forth in the Purchase Agreement, less a fixed 7% discount. The purchase price of the shares of common stock that the Company elects to sell to the Underwriter pursuant to a VWAP Purchase under the Purchase Agreement will be determined by reference to the lowest daily volume weighted average price of the common stock during the three consecutive trading day-period immediately following the date on which the Company timely delivers the applicable VWAP Purchase notice for such VWAP Purchase to the Underwriter (the “VWAP Purchase Valuation Period”) as set forth in the Purchase Agreement, less a fixed 5% discount.

The Company engaged a placement agent to help identify and engage the Underwriter. The Company has agreed to pay its placement agent a fee of 8% of the amount of the funds raised pursuant to the Purchase Agreement. During the year ended December 31, 2022, the Company sold an aggregate of 5,005 shares of the Company’s common stock to the Underwriter for gross proceeds of \$555,811, less the 8% placement agent fee of \$44,465.

On November 8, 2022, the parties terminated the Common Stock Purchase Agreement and Registration Rights Agreement by and between the Company and the Underwriter, dated May 6, 2021. On the same date, the parties entered into a new Common Stock Purchase Agreement and Registration Rights Agreement (the “New ELOC”) with the Underwriter. Under the New ELOC, the Company has the right to sell to the Underwriter up to the lesser of (i) \$4,430,897 of newly issued shares of the Company’s common stock and (ii) the Exchange Cap, as defined, from time to time at a price equal to 95% of the lowest daily VWAP during the three consecutive trading days immediately following the date that the Company provides notice to the Underwriter, directing the Underwriter to purchase shares. The New ELOC expires on November 8, 2025. The Company’s registration statement required under the New ELOC was declared effective on December 27, 2022.

GAUCHO GROUP HOLDINGS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The Company has agreed to reimburse the Underwriter for reasonable out-of-pocket expenses (including legal fees and expenses), up to a maximum of \$35,000. The Company has agreed to pay the placement agent a fee of 8% of the amount of the funds raised pursuant to the Purchase Agreement.

On December 31, 2022, the Company sold 1,000 shares of the Company's common stock to the Underwriter for net proceeds of \$10,086, pursuant to the New ELOC.

During the year ended December 31, 2023, the Company issued an aggregate of 150,684 shares of the Company's common stock for gross proceeds of \$927,060, less placement agent fees of \$74,972, pursuant to the New ELOC. See Note 22 - Subsequent Events, regarding the termination of the New ELOC.

Accumulated Other Comprehensive Loss

For the years ended December 31, 2023 and 2022, the Company recorded a (loss) gain of \$(262,137) and \$764,877, respectively, related to 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 year ended December 31, 2023 is presented below:

	Number of Warrants	Weighted Average Exercise Price	Weighted Average Remaining Life in Years	Intrinsic Value
Outstanding, January 1, 2023	129,913	\$ 57.70		
Issued	385,485	12.72		
Exercised	(13,473)	33.58		
Expired	(105,681)	50.62		
Cancelled	-	-		
Repriced ¹	(348,341)	17.51		
Repriced ¹	348,341	4.67		
Outstanding, December 31, 2023	<u>396,244</u>	<u>\$ 5.35</u>	<u>2.0</u>	<u>\$ -</u>
Exercisable, December 31, 2023	<u>396,244</u>	<u>\$ 5.35</u>	<u>2.0</u>	<u>\$ -</u>

¹ On February 21, 2023 in connection with the SPA, the exercise price of certain warrants for the purchase of 6,250 common shares exercisable at \$210.00 per share and warrants for the purchase of 4,381 shares exercisable at \$60.00 per share was reduced to \$10.00 per share. On August 11, 2023, the Company adjusted the exercise price of the 2023 Note Warrant exercisable for the purchase of 337,710 common shares, from \$13.40 to \$4.50 per share. See Note 14, Convertible Debt Obligations.

See Common Stock, above, and Note 14 – Convertible Debt Obligations for additional details regarding warrants issued during the year ended December 31, 2023.

GAUCHO GROUP HOLDINGS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

A summary of outstanding and exercisable warrants as of December 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
\$ 4.50	Common Stock	355,710	2.1	355,710
\$ 10.00	Common Stock	40,406	1.1	40,406
\$ 900.00	Common Stock	128	2.1	128
	Total	<u>396,244</u>	2.0	<u>396,244</u>

Restricted Stock Units

A summary of RSU activity during the year ended December 31, 2023 is presented below:

	Number of RSUs	Weighted Average Grant Date Value Per Share
RSUs non-vested January 1, 2023	51,150	\$ 11.60
Granted	51,002	\$ 0.26
Vested	(25,892)	\$ 11.62
Forfeited	(133)	\$ 11.60
RSUs non-vested December 31, 2023	<u>76,127</u>	<u>\$ 3.99</u>

On January 23, 2023, the Company granted 1,002 restricted stock units (“RSUs”) to certain employees and advisors for their service, of which 389 RSUs vested on the grant date and 306 RSUs will vest on each of the next two anniversaries of the date of the grant.

On October 23, 2023, the Company granted 50,000 RSUs upon the appointment of an advisor to the Company’s advisory board, of which 12,500 RSUs vest on each of the next four anniversaries of the date of grant. The RSUs were issued as a non-plan equity award approved by the Board of Directors on October 23, 2023 and were not granted pursuant to the 2018 Equity Incentive Plan.

During the years ended December 31, 2023, the Company recorded stock-based compensation expense of \$307,148 and \$579,630 respectively, related to the amortization of RSUs.

GAUCHO GROUP HOLDINGS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Stock Options

A summary of stock option activity during the year ended December 31, 2023 is presented below:

	<u>Number of Options</u>	<u>Weighted Average Exercise Price</u>	<u>Weighted Average Remaining Term (Yrs)</u>	<u>Intrinsic Value</u>
Outstanding, January 1, 2023	4,084	853.35		
Granted	-	-		
Exercised	-	-		
Expired	(1,271)	1,098.90		
Forfeited	(9)	970.80		
Outstanding, December 31, 2023	<u>2,804</u>	<u>741.67</u>	<u>0.8</u>	<u>\$ -</u>
Exercisable, December 31, 2023	<u>2,636</u>	<u>\$ 733.78</u>	<u>0.8</u>	<u>\$ -</u>

During the years ended December 31, 2023 and 2022, the Company recorded total stock-based compensation expense of \$113,487 and \$269,965, respectively, related to stock option grants, which is reflected as general and administrative expenses in the consolidated statements of operations. As of December 31, 2023 and 2022, there was \$56,108 and \$169,595, respectively, of unrecognized stock-based compensation expense, all of which is related to GGH stock option grants that will be amortized over a weighted average period of 0.8 years. No stock options were granted during the years ended December 31, 2023 or 2022. The following table presents information related to GGH stock options outstanding as of December 31, 2023:

<u>Options Outstanding</u>		<u>Options Exercisable</u>	
<u>Exercise Price</u>	<u>Outstanding Number of Options</u>	<u>Weighted Average Remaining Life In Years</u>	<u>Exercisable Number of Options</u>
\$ 46.20	55	0.1	55
\$ 70.80	28	2.0	21
\$ 72.00	84	1.8	64
\$ 72.60	56	1.7	46
\$ 693.60	1,887	0.1	1,887
\$ 1,089.60	694	1.7	563
	<u>2,804</u>	<u>0.8</u>	<u>2,636</u>

GAUCHO GROUP HOLDINGS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Gacho Group, Inc. Stock Options

As the result of the Company's issuance of common stock and RSUs upon the exchange of GGI Stock Options on June 22, 2022 (see Common Stock, above), no options to purchase shares of GGI common stock under the 2018 Gacho Plan (the "GGI Stock Options") remain outstanding as of December 31, 2023 and 2022.

During the years ended December 31, 2023 and 2022, the Company recorded stock-based compensation expense of \$0 and \$10,354, respectively, related to GGI stock option grants.

20. COMMITMENTS AND CONTINGENCIES

Legal Matters

The Company may be involved in litigation and arbitrations from time to time in the ordinary course of business. As of December 31, 2023, the Company was not involved in any ongoing litigation (see Note 22 - Subsequent Events). The Company records legal costs associated with loss contingencies as incurred. Settlements are accrued when, and if, they become probable and estimable.

Employment Agreement

On December 14, 2022, the Company and Maria Echevarria, its Chief Financial Officer, entered into an employment agreement to continue to serve as the Company's Chief Financial Officer, effective January 1, 2022 for a three-year term, subject to automatic renewal of successive one-year periods. Pursuant to the employment agreement, Ms. Echevarria will receive a base salary of \$230,000 for 2022; \$250,000 for the second year; and \$275,000 for the third year, which may be increased or decreased from time to time with the approval of the board of directors. In addition, Ms. Echevarria is eligible for an annual cash and equity bonus based on certain key performance indicators, as approved by the board of directors, and she is entitled to participate in the Company's 2018 Equity Incentive Plan, insurance, health, retirement, and other benefit plans.

21. 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 December 31, 2023, the lease had a remaining term of approximately 4.3 years. Lease payments begin at \$26,758 per month and escalate 3% every year over the duration of the lease. The Company was granted rent abatements of 15% for the first year of the lease term, and 10% for the second and third year of the lease term. The Company was required to pay a \$56,130 security deposit.

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

Total operating lease expense was \$331,862 during each of the years ended December 31, 2023 and 2022. Lease expenses are recorded in general and administrative expenses on the accompanying consolidated statements of operations.

GAUCHO GROUP HOLDINGS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Supplemental cash flow information related to the lease is as follows:

	For the Year Ended December 31,	
	2023	2022
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	\$ 202,775	\$ 175,316
Right-of-use assets obtained in exchange for lease obligations:		
Operating leases	\$ -	\$ -
Weighted Average Remaining Lease Term:		
Operating leases	4.3	5.3
Weighted Average Discount Rate:		
Operating leases	N/A	N/A

Future minimum lease commitments are as follows:

	For the Years Ending December 31,	Amount
2024		336,102
2025		357,881
2026		368,617
2027		365,004
2028		120,464
Total future minimum lease payments		1,548,068
Less: imputed interest		(219,660)
Net future minimum lease payments		1,328,408
Less: operating lease liabilities, current portion		250,711
Operating lease liabilities, non-current portion		\$ 1,077,697

The Company is the lessor of a building and land that it purchased in connection with acquisition of GDS, pursuant to an operating lease which expires on August 31, 2031. At the end of the lease, the lessee may enter into a new lease or return the asset, which would be available to the Company for re-leasing. The Company recorded lease revenue of \$40,324 and \$36,005 during the years ended December 31, 2023 and 2022, respectively, related to this lease agreement.

GAUCHO GROUP HOLDINGS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

22. SUBSEQUENT EVENTS

There have been no subsequent events that occurred during the period subsequent to the date of these consolidated financial statements that would require adjustment to our disclosure in the consolidated financial statements as presented, except as described below:

Issuances of Common Stock

During the period from January 1, 2024 through April 11, 2024 the Company sold 3,054,891 shares of common stock at \$0.60 per share pursuant to a private placement, for aggregate gross proceeds of \$1,832,934 in connection with the Private Placement.

On February 7, 2024, the Company issued 18,410 shares of common stock to certain of the Company's employees, consultants and advisors in connection with the December 31, 2023 vesting of RSUS.

On April 11, 2023, the Company issued a total of 47,637 shares of common stock at a price per share of \$0.60 in connection with the anti-dilution provisions of the Private Placement as approved by the Company's stockholders on February 29, 2024.

Convertible Debt

Effective February 5, 2024, the Investor in the 2023 Note elected to increase the cap on its beneficial ownership of the Company from 4.99% to 9.99% effective on the sixty-first day after such notice was delivered to the Company, pursuant to the terms of the 2023 Note.

On February 21, 2024, the Company received an Event of Default Redemption Notice from the Investor, demanding immediate payment of principal, interest and redemptions premiums owed under the 2023 Note equal to a minimum of \$3,437,646. On February 28, 2024, the Company received a second Event of Default Redemption Notice from the Investor providing notice of an additional Event of Default in connection with the 2023 Note demanding immediate payment of principal interest and redemption premiums equal to a minimum of \$3,450,711. On March 6, 2024, the Company received an Event of Default notice from the Investor demanding immediate payment principal, interest and redemptions premiums owed under the 2023 Note equal to a minimum of \$3,460,510.

New ELOC

On February 22, 2024, the Company received notice from the Underwriter of its election to terminate the ELOC. While the notice to terminate stated that it was effective immediately, the terms of the New ELOC require at least 10 Trading Days prior written notice.

Litigation

On February 16, 2024, the Company filed a complaint in the United States District Court for the District of Delaware alleging that the Investor engaged in an unlawful securities transaction with the Company as an unregistered dealer under U.S. securities laws.

Benefit Contribution Plan

On January 22, 2024, the Company issued a total of 34,963 shares of common stock at \$0.4224 per share in settlement of its matching obligations for the year ended December 31, 2023 under the Company's 401(k) profit sharing plan for the benefit of the Company's Chief Executive Officer and Chief Financial Officer.

Reverse Stock Split

On April 19, 2024, the Board of Directors of the Company, as authorized by the stockholders of the Company, approved a reverse stock split of the Company's issued and outstanding shares of common stock, par value \$0.01 per share, at a ratio of 1-for-10 (the "Reverse Stock Split"). The Board of Directors of the Company also approved an amended and restated Certificate of Incorporation (the "Certificate") to effect the Reverse Stock Split. On April 24, 2024, the Company filed the Certificate with the Delaware Secretary of State with an effective date of 12:01 a.m., Eastern Time, on May 1, 2024.

DESCRIPTION OF OUR SECURITIES

The following description summarizes important terms of our capital stock and our other securities. For a complete description, you should refer to our Certificate of Incorporation and bylaws, forms of which are incorporated by reference to this annual report, as well as the relevant portions of the Delaware General Corporation Law (“DGCL”).

Capital Stock

The Company has two classes of stock: common and preferred. The Company’s Amended and Restated Certificate of Incorporation authorizes the issuance of up to 150,000,000 shares of common stock, par value \$0.01 per share, and 902,670 shares of preferred stock, par value \$0.01 per share.

In the discussion that follows, we have summarized selected provisions of our Certificate of Incorporation, amended and restated bylaws (the “Bylaws”), and certificates of designation, and the DGCL relating to our capital stock. This summary is not complete. This discussion is subject to the relevant provisions of Delaware law and is qualified in its entirety by reference to our Certificate of Incorporation and our bylaws. You should read the provisions of our Certificate of Incorporation, our Bylaws, and our certificates of designation as currently in effect for provisions that may be important to you. Please also see “Effect of Certain Provisions of our Bylaws” below.

Common Stock

Each share of common stock entitles the holder thereof to one vote, either in person or by proxy, at a meeting of stockholders. The holders are not entitled to vote their shares cumulatively. The directors are elected by a plurality of votes cast at each Annual Meeting. Accordingly, at a meeting, the holders of 33 1/3% of the issued and outstanding shares of common stock can elect all of the directors of the Company.

Each share of common stock has equal and identical rights to every other share for purposes of dividends, liquidation preferences, voting rights and any other attributes of the Company’s common stock. No voting trusts or any other arrangement for preferential voting exist among any of the stockholders, and there are no restrictions in the articles of incorporation, or bylaws precluding issuance of further common stock or requiring any liquidation preferences, voting rights or dividend priorities with respect to this class of stock.

Effective September 25, 2023, at 12:01 a.m. Eastern Time, the Company filed an Amended and Restated Certificate of Incorporation with the Secretary of State of the State of Delaware to effect a reverse stock split of the common stock at a ratio of 10-for-1 (the “Reverse Split”).

There were no fractional shares issued as a result of the Reverse Split. All fractional shares as a result of the Reverse Split were rounded up to the nearest whole number. The total number of the Company’s authorized shares of common stock or preferred stock were not affected by the foregoing. As a result, after giving effect to the Reverse Split, the Company remains authorized to issue a total of 150,000,000 shares of common stock.

As of December 31, 2023, post-split, there were 4,807,938 shares of common stock issued and 4,807,909 shares of common stock outstanding. A total of 29 shares of our common stock that are held by the Company in treasury are the result of the redemption of WOW Group membership interests and indirectly, GGH’s shares.

All shares of common stock are entitled to participate ratably in dividends when and as declared by the Company’s board of directors out of the funds legally available. Any such dividends may be paid in cash, property or additional shares of common stock. The Company has not paid any dividends on its shares of common stock since its inception and presently anticipates that no dividends on such shares will be declared in the foreseeable future. Any future dividends will be subject to the discretion of the Company’s board of directors and will depend upon, among other things, future earnings, the operating and financial condition of the Company, its capital requirements, general business conditions and other pertinent facts. Therefore, there can be no assurance that any dividends on the common stock will be paid in the future.

Holders of common stock have no preemptive rights or other subscription rights, conversion rights, redemption or sinking fund provisions. In the event of the dissolution, whether voluntary or involuntary of the Company, each share of common stock is entitled to share ratably in any assets available for distribution to holders of the equity securities of the Company after satisfaction of all liabilities.

Preferred Stock

As of December 31, 2023, the Company has authorized 902,670 shares of preferred stock, of which, none are issued and outstanding. The Board of Directors has the ability to issue blank check preferred stock under the Amended and Restated Certificate of Incorporation.

Convertible Promissory Notes and Equity Line of Credit

Convertible Promissory Notes

On November 3, 2021, the Company and certain investors (the “Holders”) entered into that Securities Purchase Agreement (the “2021 SPA”) and the Company issued to the Holders certain senior secured convertible notes in the aggregate original principal amount of \$6,480,000 (each, a “2021 Note” and together with the 2021 SPA, the “2021 Note Documents”). For the full description of the 2021 Note Documents, please refer to our Current Reports on Forms 8-K and the exhibits attached thereto as filed with the SEC on November 8, 2021, March 1, 2022, May 2, 2022, May 13, 2022, July 5, 2022, September 23, 2022, December 1, 2022, February 3, 2023, February 8, 2023, and February 21, 2023 and our Annual Report on Form 10-K as filed with the SEC on April 17, 2023.

On February 2, 2023, the Company and the Holders entered into a fourth letter agreement pursuant to which the parties agreed to reduce the Conversion Price of the 2021 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 pursuant to which the parties agreed to extend the Maturity Date of the 2021 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 2021 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 2021 Note, as amended. All terms not defined herein refer to the defined terms in the 2021 Note Documents, as amended.

On February 20, 2023, the Company entered into an exchange agreement (the “Exchange Agreement #4”) with the Holders in order to amend certain provisions of the 2021 Note Documents, as amended and exchange (the “Exchange” or the “Transaction”) \$100 in aggregate principal amount of each of the Notes, on the basis and subject to the terms and conditions set forth in the Exchange Agreement #4, for warrants to purchase up to an aggregate of 15,000 shares of the Company’s common stock at an exercise price of \$10.00 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 Holders from exercising the warrants to the extent such exercise would result in the Holders together with certain affiliates beneficially owning in excess of 4.99% of the common stock outstanding immediately after giving effect to such exercise.

During 2023 and pursuant to the 2021 Note Documents, the Holders converted a total amount of principal and interest of the 2021 Notes of \$1,571,553 in principal and interest and the Company issued a total of 83,333 shares of common stock. On February 21, 2023, the Company used the proceeds from the 2023 Purchase Agreement (as defined below) to repay all principal, interest, and fees of \$905,428 owing under the 2021 Notes. Upon repayment in full, the 2021 Note Documents were terminated on February 21, 2023.

2023 Convertible Note

On February 21, 2023, the Company entered into a Securities Purchase Agreement (the “2023 Purchase Agreement”) with 3i, LP (the “Initial Closing”), pursuant to which the Company will sell to 3i, LP (“3i”) 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 Note”), and a series of common stock purchase warrants of the Company, which warrants shall be exercisable into an aggregate of 337,710 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 Purchase Agreement, ancillary agreements, 2023 Note and 2023 Warrants are referred to herein as the “2023 Note Documents”.

The 2023 Note is convertible into shares of common stock of the Company at a conversion price of \$13.40 (subject to adjustment and a floor price of \$2.70). The 2023 Note is due and payable on the first anniversary of the Issuance Date and bear interest at a rate of 7% per annum (increasing to 18% upon and event of default), 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 Note). 3i is entitled to convert any portion of the outstanding and unpaid Conversion Amount (as defined in the 2023 Note) at any time or times after the Issuance Date, but we may not effect the conversion of any portion of the 2023 Note if it would result in 3i beneficially owning more than 4.99% of the common stock.

3i also has an option to enter into an additional promissory note for \$5,617,978 and warrants to purchase 337,710 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 Note therefore, would be \$11,235,956 with total 2023 Warrants to purchase 675,420 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 Note or otherwise pursuant to the terms of the 2023 Note 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 Note 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 Note if such issuance or sale would breach any applicable rules or regulations of the Nasdaq.

The 2023 Note 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 3i (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 3i.

In connection with the foregoing, the Company also entered into a Registration Rights Agreement with 3i (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 2023 Note.

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

On May 21, 2023, an Event of Default occurred with respect to the 2023 Note. As a result, on August 11, 2023, the Company and 3i entered into a letter agreement pursuant to which, among other things: (i) 3i agreed to forbear from issuing an Event of Default Notice and Event of Default Redemption Notice; (ii) 3i waived the requirement in the Note to pay Interest on the 2023 Note monthly in cash for a certain period of time; (iii) 3i agreed to waive application of the Default Rate in the 2023 Note for a certain period of time; (iv) 3i agreed to waive the requirement in the 2023 Note for the Company to prepay, redeem, or convert one quarter of the initial Principal and Interest on the 2023 Note by each three (3) month anniversary of the Issuance Date for a certain period of time; (v) the Company adjusted the exercise price of the Warrant from \$13.40 to \$4.50; (vi) 3i may continue to convert the 2023 Note at the Alternate Conversion Price or at \$4.50; (vii) 3i agreed to waive certain requirements under the 2023 Note Documents with respect to the private placement of units on September 15, 2023.

On October 5, 2023, the Company and 3i entered into the First Amendment to the 2023 Note which amends the 2023 Note and lowers the Floor Price from \$2.70 to \$0.40.

On October 9, 2023, the Company and 3i entered into the Second Amendment to the 2023 Note (the “Second Amendment”) which amends the 2023 Note and reiterates that the issuance of shares pursuant to the 2023 Note, 2023 Note Documents, First Amendment and Second Amendment are subject to compliance with Nasdaq Rule 5635.

Between May 2, 2023 and December 1, 2023, at the request of 3i, the Company converted a total of \$3,822,210 of principal, \$220,996 of interest, \$13,077 of redemption premium and \$1,767,591 of derivative liabilities (including default premium and redemption feature) pursuant to the 2023 Note and the Company issued 2,297,005 shares of common stock upon conversion. The Company recorded cash true up liabilities in the amount of \$1,484,677 representing the excess of the conversion amount over the value of shares issued upon conversion.

Effective February 5, 2024, pursuant to the 2023 Note, 3i elected to increase the cap on its beneficial ownership of the Company from 4.99% to 9.99% per Section 3(d)(i) of the 2023 Note (the “Maximum Percentage”) by providing written notice to the Company. Such increase in the Maximum Percentage will not be effective until the sixty-first (61st) day after such notice is delivered to the Company.

On February 16, 2024, the Company filed a complaint in the United States District Court for the District of Delaware alleging 3i, LP, 3i Management LLC, and Maier Joshua Tarlow engaged in an unlawful securities transaction with the Company as an unregistered dealer under U.S. securities laws in connection with the 2023 Note Documents.

On February 21, 2024, the Company received an Event of Default Redemption Notice from 3i providing notice of Events of Default arising under the 2023 Note Documents and demanding immediate payment of the Event of Default Redemption Price equal to a minimum of \$3,437,646.

On February 28, 2024, the Company received a second Event of Default Redemption Notice from 3i providing notice of an additional Event of Default arising under the 2023 Note Documents, and demanding immediate payment of the Event of Default Redemption Price equal to a minimum of \$3,450,711.

On February 29, 2024, at the Special Meeting of the Stockholders of the Company, the stockholders: (i) approved, for purposes of complying with Nasdaq Listing Rule 5635(d), the full issuance of shares of our common stock pursuant to the ELOC, without giving effect to the 19.99% cap provided under Nasdaq Listing Rule 5635(d); (ii) granted the Board of Directors discretion (if necessary to prevent the delisting of the Company's common stock on Nasdaq) on or before June 30, 2024, to implement a reverse stock split of the outstanding shares of common stock in a range from one-for-two (1:2) up to one-for-ten (1:10), or anywhere between, while maintaining the number of authorized shares of common stock at 150,000,000 shares, as required for Nasdaq listing; (iii) approved the full issuance of shares of our common stock to be issued in a private placement of common stock for gross proceeds of up to \$7.2 million pursuant to Rule 506(b) of the Securities Act of 1933; and (iv) declined to approve, for purposes of complying with Nasdaq Listing Rule 5635(d), the full issuance of shares of our common stock to be issued in a private placement of common stock for gross proceeds of up to \$7.2 million pursuant to Rule 506(b) of the Securities Act of 1933, as amended, without giving effect to the 19.99% cap provided under Rule 5635(d). The stockholders did not approve for purposes of complying with Nasdaq Listing Rule 5635(d), the full issuance and exercise of shares of our common stock to be issued pursuant to the 2023 Note Documents by and between the Company and 3i.

On March 6, 2024, the Company received an Event of Default notice from 3i regarding an Event of Default arising under the Note Documents for failure to cure a Conversion Failure for a Conversion Notice submitted by 3i on February 20, 2024, and demanding immediate payment of the Event of Default Redemption Price equal to a minimum of \$3,460,510.

2022 Equity Line of Credit

As reported on our Current Report on Form 8-K as filed with the SEC on November 9, 2022, on November 8, 2022, the parties terminated the Common Stock Purchase Agreement and Registration Rights Agreement by and between the Company and Tumim Stone Capital LLC ("Tumim"), dated May 6, 2021. On the same date, the parties entered into a new Common Stock Purchase Agreement (the "Purchase Agreement") and Registration Rights Agreement, pursuant to which the Company has the right to sell to Tumim up to the lesser of (i) \$4,430,897 of newly issued shares of the Company's common stock, par value \$0.01 per share, and (ii) the Exchange Cap (as defined below) (subject to certain conditions and limitations), from time to time (the "2022 ELOC"). Sales of common stock pursuant to the 2022 ELOC, and the timing of any sales, are solely at the option of the Company and the Company is under no obligation to sell securities pursuant to this arrangement. Shares of common stock may be sold by the Company pursuant to this arrangement over a period of up to 36 months after Commencement (as defined below).

Upon the satisfaction of the conditions in the 2022 ELOC, including that a registration statement that we agreed to file with the SEC pursuant to the Registration Rights Agreement is declared effective by the SEC and a final prospectus in connection therewith is filed with the SEC (such event, the "Commencement"), we will have the right, but not the obligation, from time to time at our sole discretion over the 36-month period from and after the Commencement, to direct Tumim to purchase amounts of our common stock as VWAP purchases as set forth in the 2022 ELOC (each, a "VWAP Purchase") on any trading day, so long as, (i) at least three trading days have elapsed since the trading day on which the most recent prior notice to purchase common stock under the Purchase Agreement was delivered by the Company to Tumim, and (iii) all shares subject to all prior purchases by Tumim under the ELOC have theretofore been received by Tumim electronically as set forth in the ELOC.

From and after Commencement, the Company will control the timing and amount of any sales of common stock to Tumim. Actual sales of shares to Tumim under the 2022 ELOC will depend on a variety of factors to be determined by the Company from time to time, including, among other things, market conditions, the trading price of the common stock and determinations by the Company as to the appropriate sources of funding for the Company and its operations.

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

Under the applicable rules of Nasdaq, in no event may we issue to Tumim under the 2022 ELOC more than 54,965 shares of our common stock, which represents 19.99% of the shares of the common stock outstanding immediately prior to the execution of the 2022 ELOC (the “Exchange Cap”), unless (i) we obtain stockholder approval to issue shares of common stock in excess of the Exchange Cap or (ii) the average price of all applicable sales of common stock to Tumim under the 2022 ELOC equals or exceeds the lower of (i) the Nasdaq official closing price immediately preceding the execution of the 2022 ELOC or (ii) the arithmetic average of the five Nasdaq official closing prices for the common stock immediately preceding the execution of the 2022 ELOC, such that the transactions contemplated by the 2022 ELOC are exempt from the Exchange Cap limitation under applicable Nasdaq rules. In any event, the 2022 ELOC specifically provides that we may not issue or sell any shares of our common stock under the 2022 ELOC if such issuance or sale would breach any applicable rules or regulations of Nasdaq.

In all instances, we may not sell shares of our common stock to Tumim under the 2022 ELOC if it would result in Tumim beneficially owning more than 4.99% of the common stock.

The net proceeds from sales, if any, under the 2022 ELOC, will depend on the frequency and prices at which the Company sells shares of common stock to Tumim. To the extent the Company sells shares under the 2022 ELOC, the Company currently plans to use any proceeds therefrom for inventory production and marketing for Gaucho Group, Inc., costs of this transaction, operating expenses and for working capital and other general corporate purposes.

In addition, 50% of the proceeds from sales, if any, under the 2022 ELOC will be used to pay down the balance of the 2023 Notes at such time.

EF Hutton, a division of Benchmark Investments, Inc. acted as the exclusive placement agent in connection with the transactions contemplated by the 2022 ELOC, for which the Company will pay to EF Hutton a cash placement fee equal to 8.0% of the amount of the Total Commitment actually paid by Tumim to the Company pursuant to the 2022 ELOC, but not including any amounts of the Total Commitment that are used to pay down the balance of the 2023 Notes.

There are no restrictions on future financings, rights of first refusal, participation rights, penalties or liquidated damages in the 2022 ELOC other than a prohibition on entering (with certain limited exceptions) into a “Variable Rate Transaction,” as defined in the 2022 ELOC. Tumim has agreed not to cause, or engage in any manner whatsoever, any direct or indirect short selling or hedging of the common stock during certain periods.

Pursuant to the terms of the 2022 ELOC, we have agreed to file with the SEC one or more registration statements on Form S-1 to register for resale under the Securities Act the shares of our common stock that may be issued to Tumim under the 2022 ELOC. The 2022 ELOC contain customary representations, warranties, conditions and indemnification obligations of the parties. The representations, warranties and covenants contained in such agreements were made only for purposes of such agreements and as of specific dates, were solely for the benefit of the parties to such agreements and may be subject to limitations agreed upon by the contracting parties.

The 2022 ELOC will automatically terminate on the earliest to occur of (i) the first day of the month next following the 36-month anniversary after Commencement (which term may not be extended by the parties), (ii) the date on which Tumim shall have purchased the Total Commitment worth of shares of common stock, (iii) the date on which the common stock shall have failed to be listed or quoted on Nasdaq or any other “Eligible Market” (as defined in the Purchase Agreement), and (iv) the date on which the Company commences a voluntary bankruptcy proceeding or any Person commences a proceeding against the Company, a Custodian is appointed for the Company or for all or substantially all of its property, or the Company makes a general assignment for the benefit of its creditors. The Company has the right to terminate the 2022 ELOC at any time after Commencement, at no cost or penalty, upon 10 trading days’ prior written notice to Tumim. Neither the Company nor Tumim may assign or transfer its rights and obligations under the 2022 ELOC, and no provision of the 2022 ELOC may be modified or waived by the parties.

Between January 4, 2023, and October 5, 2023, the Company requested draw-downs and received gross proceeds of \$927,060 pursuant to the 2022 ELOC and issued 150,684 shares of common stock to Tumim.

On February 22, 2024, the Company received notice from Tumim of its election to terminate the 2022 ELOC. While the notice to terminate stated that it was effective immediately, Section 8.2 of the Purchase Agreement requires at least 10 Trading Days prior written notice. Therefore, the Company treated the 2022 ELOC as being terminated by Tumim effective March 7, 2024. No early termination penalties are incurred by either party under the 2022 ELOC.

Private Placement of Common Shares with Anti-Dilution Rights

On November 27, 2023, the Company commenced a private placement of shares of common stock for gross proceeds of up to \$4,000,000 at a price per share which equals the Nasdaq Rule 5653(d) Minimum Price definition, but in no event at a price per share lower than \$0.60) (the "Private Placement"). Between November 30, 2023 and April 11, 2024, pursuant to the Private Placement, the Company issued a total of 4,741,581 shares of common stock for gross proceeds of \$2,850,000.

Each investor in the Private Placement has certain anti-dilution protections for a period of 18 months following each closing of the Private Placement. If, during the 18-month period following each closing of the Offering, the Company issues or sells any shares of common stock of the Company (a "Dilutive Issuance"), then each participant in the Private Placement will automatically be issued such number of shares of common stock as is necessary to maintain the percentage ownership that such participant would have had if the Dilutive Issuance had not occurred. With respect to the issuance of any securities to 3i pursuant to the 2023 Note Documents as a result of Dilutive Issuances, the participant shall not be entitled to any additional Dilutive Issuances beyond the initial Dilutive Issuance. Further, at such time that the participant disposes of its shares acquired in the Private Placement, all rights to any Dilutive Issuance shall cease.

Warrants

In connection with the public offering, on February 19, 2021, the Company issued broker's warrants to purchase 1,278 shares of common stock to EF Hutton, as placement agent in the offering. Each warrant has an exercise price equal to \$900.00. The warrants are immediately exercisable and will expire on the five-year anniversary of the original issuance date. The warrants may be exercised only for a whole number of shares of our common stock, and no fractional shares will be issued upon exercise of the warrants. The warrants expire February 19, 2026.

On February 10, 2023, the Company sold 59,100 shares of common stock for gross proceeds of \$591,000 to accredited investors and warrants to purchase 14,775 shares of common stock at an exercise price of \$10.00 per share. The warrants are immediately exercisable and expire on February 10, 2025.

On September 15, 2023, the Company raised a total of \$405,000 through the private placement of units at \$4.50 per unit, each unit equal to 1 share of common stock and 1/5 of a warrant, not including warrant exercise. A total of 90,000 shares of common stock and warrants to purchase 18,000 shares of common stock were issued. Each whole warrant is exercisable at \$4.50 for two years from the date of issuance.

In connection with a private placement of convertible notes, on August 30, 2022, the Company issued 45,459 warrants to purchase shares of common stock exercisable at \$38.20. The warrants were immediately exercisable and all expired on August 30, 2023.

On December 19, 2022, the Company issued 60,223 warrants to purchase shares of common stock exercisable at \$60.00. The warrants were immediately exercisable and all expired on December 19, 2023.

Warrants issued in connection with the 2021 Note Documents

On February 22, 2022, the Company issued 6,250 warrants to purchase shares of common stock exercisable at a modified price of \$10.00. The warrants are immediately exercisable and expire on November 8, 2024.

On September 22, 2022, the Company issued 9,092 warrants to purchase shares of common stock exercisable at \$38.20. All of the warrants were exercised before the expiration date of November 8, 2023.

On November 30, 2022, the Company issued 4,381 warrants to purchase shares of common stock exercisable at \$24.00. All of the warrants were exercised before the expiration date of November 30, 2024.

Also on November 30, 2022, the Company issued 4,381 warrants to purchase shares of common stock exercisable at a modified exercise price of \$10.00 per share. The warrants are immediately exercisable and expire on November 30, 2024.

In connection with the Exchange Agreement #4, on February 20, 2023, the Company issued 15,000 warrants to purchase shares of common stock exercisable at \$10.00. The warrants are immediately exercisable and expire on February 20, 2025.

Warrants issued in connection with the 2023 Note

On February 21, 2023, the Company issued 337,710 warrants to purchase shares of common stock exercisable at a modified price of \$4.50. The warrants are immediately exercisable and expire on February 23, 2026.

Restricted Stock Units

On December 24, 2022, the Board approved the issuance of restricted stock units (“RSUs”) pursuant to the 2018 Plan effective December 31, 2022 subject to vesting, representing 76,728 shares of common stock of the Company to certain employees, contractors, consultants and advisors in exchange for services to the Company in the fiscal year 2022. A third of the RSUs vested on December 31, 2022 and a third of the RSUs vested on December 31, 2023. The remaining one-third vests on December 31, 2024.

Outstanding Stock Options, Warrants, and Restricted Stock Units

As of December 31, 2023, there were options to acquire a total of 2,804 shares of common stock granted pursuant to our 2018 equity incentive plan at a weighted-average exercise price of \$741.67, of which 2,636 shares of our common stock are currently issuable upon exercise of outstanding stock options at a weighted-average exercise price of \$733.78 per share. As of December 31, 2023, there were warrants to acquire a total of 396,244 shares of our common stock all of which are currently exercisable, at a weighted-average exercise price of \$5.35. In addition, as of December 31, 2023, there were 76,127 RSUs granted and unvested at a weighted average grant date price of \$3.99.

Effect of Certain Provisions of our Bylaws

Our Bylaws contain provisions that could have the effect of delaying, deferring, or discouraging another party from acquiring control of us. These provisions and certain provisions of Delaware law, which are summarized below, could discourage takeovers, coercive or otherwise.

Our Bylaws provide for our Board of Directors to be divided into three classes serving staggered terms. Approximately one-third of the Board of Directors will be elected each year. This method of electing directors makes changes in the composition of the Board of Directors more difficult, and thus a potential change in control of a corporation a lengthier and more difficult process. A classified board of directors is designed to assure continuity and stability in a board of directors’ leadership and policies by ensuring that at any given time a majority of the directors will have prior experience with our Company and be familiar with our business and operations.

The classified board structure may increase the amount of time required for a takeover bidder to obtain control of the Company without the cooperation of our Board of Directors, even if the takeover bidder were to acquire a majority of the voting power of our outstanding common stock. Without the ability to obtain immediate control of our Board of Directors, a takeover bidder will not be able to take action to remove other impediments to its acquisition of our Company. Thus, a classified Board of Directors could discourage certain takeover attempts, perhaps including some takeovers that stockholders may feel would be in their best interests. Further, a classified Board of Directors will make it more difficult for stockholders to change the majority composition of our Board of Directors, even if our stockholders believe such a change would be beneficial. Because a classified Board of Directors will make the removal or replacement of directors more difficult, it will increase the directors’ security in their positions, and could be viewed as tending to perpetuate incumbent management.

Since the creation of a classified Board of Directors will increase the amount of time required for a hostile bidder to acquire control of our Company, the existence of a classified board of directors could tend to discourage certain tender offers which stockholders might feel would be in their best interest. However, our Board of Directors believes that forcing potential bidders to negotiate with our Board of Directors for a change of control transaction will allow our Board of Directors to better maximize stockholder value in any change of control transaction.

Our bylaws also provide that, unless we consent in writing to an alternative forum, the federal and state courts of the State of Delaware will be the sole and exclusive forum for: (i) any derivative action or proceeding brought on our behalf; (ii) any action asserting a claim of breach of a fiduciary duty owed by any of our directors, officers, or employees to us or our stockholders; (iii) any action asserting a claim arising pursuant to any provision of the Delaware General Corporation Law; or (iv) any action asserting a claim that is governed by the internal affairs doctrine, in each case subject to the court having personal jurisdiction over the indispensable parties named as defendants therein. This exclusive forum provision would not apply to suits brought to enforce any liability or duty created by the Securities Act or the Exchange Act or any other claim for which the federal courts have exclusive jurisdiction. This forum selection provision may limit our stockholders' ability to bring a claim in a judicial forum that they find favorable for disputes with us or our directors, officers, employees or agents, which may discourage such lawsuits against us and our directors, officers, employees and agents even though an action, if successful, might benefit our stockholders.

Our bylaws establish an advance notice procedure for stockholder proposals to be brought before any meeting of our stockholders, including proposed nominations of persons for election to our board of directors. At an annual or special meeting, stockholders may only consider proposals or nominations (i) specified in the notice of meeting; (ii) brought before the meeting by or at the direction of our board of directors or (iii) otherwise properly brought before the meeting by any stockholder who is a stockholder of record on the date of the giving of the notice and on the record date of the meeting and who complies with the notice procedures set forth in our bylaws. The bylaws do not give our board of directors the power to approve or disapprove stockholder nominations of candidates or proposals regarding other business to be conducted at a special or annual meeting of our stockholders. However, our bylaws may have the effect of precluding the conduct of certain business at a meeting if the proper procedures are not followed. These provisions may also discourage or deter a potential acquirer from conducting a solicitation of proxies to elect the acquirer's own slate of directors or otherwise attempting to obtain control of the Company.

Delaware Anti-Takeover Statute

We are subject to the provisions of Section 203 of the DGCL regulating corporate takeovers. These provisions can discourage certain coercive and inadequate takeover bids of the Company by requiring those seeking control of the Company to negotiate with the Board of Directors first. In general, Section 203 prohibits a publicly-held Delaware corporation from engaging, under certain circumstances, in a business combination with an interested stockholder (one who owns 15% or more of the Company's outstanding voting stock) for a period of three years following the date the person became an interested stockholder unless:

- Before the stockholder became an interested stockholder, the board of directors of the corporation approved either the business combination or the transaction which resulted in the stockholder becoming an interested stockholder;
 - On completion of the transaction that resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced with the total number of shares outstanding calculated when the transaction commenced (excluding certain shares owned by officers or directors or under employee stock plans); or
 - At or subsequent to the time of the transaction, the business combination is approved by the board of directors of the corporation and authorized at an annual or special meeting of stockholders, and not by written consent, by the affirmative vote of at least 66 2/3% of the outstanding voting stock which is not owned by the interested stockholder.
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Generally, a business combination includes a merger, asset or stock sale, or other transaction resulting in a financial benefit to the interested stockholder. We expect the existence of this provision to have an anti-takeover effect with respect to transactions that our Board of Directors does not approve in advance and could result in making it more difficult to accomplish transactions that our stockholders may see as beneficial such as (i) discouraging business combinations that might result in a premium over the market price for the shares of our common stock; (ii) discouraging hostile takeovers which could inhibit temporary fluctuations in the market price of our common stock that often result from actual or rumored hostile takeover attempts; and (iii) preventing changes in our management.

Transfer Agent and Registrar

The transfer agent and registrar for our common stock is Continental Stock Transfer & Trust Company. The transfer agent's address is: 1 State Street, 30th Floor, New York, New York 10004-1561. Shares of our common stock offered hereby will be issued in uncertificated form only, subject to limited circumstances.

Market Listing

Our common stock is currently listed on Nasdaq under the symbol "VINO".

Disclosure of Commission Position on Indemnification for Securities Act Liabilities

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to our directors, officers and controlling persons pursuant to the foregoing provisions, we have been informed that in the opinion of the SEC such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable.

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM'S CONSENT

We consent to the incorporation by reference in the Registration Statement of Gaucho Group Holdings, Inc. on Form S-1 (File Nos. 333-233586 and File No. 333-271761) of our report dated April 29, 2024, which includes an explanatory paragraph as to the Company's ability to continue as a going concern, with respect to our audits of the consolidated financial statements of Gaucho Group Holdings, Inc. as of December 31, 2023 and 2022 and for each of the two years in the period ended December 31, 2023, which report is included in this Annual Report on Form 10-K of Gaucho Group Holdings, Inc. for the year ended December 31, 2023.

/s/ Marcum LLP

Marcum LLP

New York, NY

April 29, 2024

**CERTIFICATION OF THE PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Scott L. Mathis, certify that:

1. I have reviewed this annual report on Form 10-K of Gaucho Group Holdings, Inc. for the year ended December 31, 2023;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

April 29, 2024

/s/ Scott L. Mathis

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

**CERTIFICATION OF THE PRINCIPAL ACCOUNTING OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Maria I. Echevarria, certify that:

1. I have reviewed this annual report on Form 10-K of Gaucho Group Holdings, Inc. for the year ended December 31, 2023;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

April 29, 2024

/s/ Maria I. Echevarria

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

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

In connection with the Annual Report of Gaucho Group Holdings , Inc. (the “Company”) on Form 10-K for the year ended December 31, 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: April 29, 2024

/s/ Maria I. Echevarria

Maria I. Echevarria
Chief Financial Officer and Principal Financial Officer
Dated: April 29, 2024

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.

GAUCHO GROUP HOLDINGS, INC.
CLAWBACK POLICY FOR THE RECOVERY OF ERRONEOUSLY AWARDED COMPENSATION

Adopted by the Board of Directors on November 27, 2023

Effective December 1, 2023

Purpose

In accordance with the applicable rules of The Nasdaq Stock Market (the “Nasdaq Rules”), and Section 10D and Rule 10D-1 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), the Board of Directors (the “Board”) of Gaucho Group Holdings, Inc. (the “Company”) has adopted this Policy (the “Policy”) to provide for the recovery of erroneously awarded Incentive-based Compensation from Executive Officers.

Definitions

1. “Accounting Restatement” means an accounting restatement due to the material noncompliance of the Company with any financial reporting requirement under the securities laws, including any required accounting restatement to correct an error in previously issued financial statements that is material to the previously issued financial statements (a “Big R” restatement), or that would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period (a “little r” restatement).

2. “Clawback Eligible Incentive Compensation” means all Incentive-based Compensation Received by an Executive Officer (i) on or after October 2, 2023, (ii) after beginning service as an Executive Officer, (iii) who served as an Executive Officer at any time during the applicable performance period relating to any Incentive-based Compensation (whether or not such Executive Officer is serving at the time the Erroneously Awarded Compensation is required to be repaid to the Company), (iv) while the Company has a class of securities listed on a national securities exchange or a national securities association, and (v) during the applicable Clawback Period (as defined below).

3. “Clawback Period” means, with respect to any Accounting Restatement, the three completed fiscal years of the Company immediately preceding the Restatement Date (as defined below), and if the Company changes its fiscal year, any transition period of less than nine months within or immediately following those three completed fiscal years.

4. “Erroneously Awarded Compensation” means, with respect to each Executive Officer in connection with an Accounting Restatement, the amount of Clawback Eligible Incentive Compensation that exceeds the amount of Incentive-based Compensation that otherwise would have been Received had it been determined based on the restated amounts, computed without regard to any taxes paid.

5. “Executive Officer” means the Company’s president, principal financial officer, principal accounting officer (or if there is no such accounting officer, the controller), any vice-president of the Company in charge of a principal business unit, division, or function (such as sales, administration, or finance), any other officer who performs a policy-making function, or any other person who performs similar policy-making functions for the Company. Executive officers of the Company’s parents or subsidiaries are deemed executive officers of the Company if they perform such policy making functions for the Company. Identification of an executive officer for purposes of this Policy would include at a minimum executive officers identified pursuant to Item 401(b) of Regulation S-K.

6. “Financial Reporting Measures” means measures that are determined and presented in accordance with the accounting principles used in preparing the Company’s financial statements, and all other measures that are derived wholly or in part from such measures. Stock price and total shareholder return (and any measures that are derived wholly or in part from stock price or total shareholder return) shall, for purposes of this Policy, be considered Financial Reporting Measures. For the avoidance of doubt, a Financial Reporting Measure need not be presented in the Company’s financial statements or included in a filing with the SEC.

7. “Incentive-based Compensation” means any compensation that is granted, earned or vested based wholly or in part upon the attainment of a Financial Reporting Measure.

8. “Nasdaq” means The Nasdaq Stock Market.

9. “Received” means, with respect to any Incentive-based Compensation, actual or deemed receipt, and Incentive-based Compensation shall be deemed Received in the Company’s fiscal period during which the Financial Reporting Measure specified in the Incentive-based Compensation award is attained, even if the payment or grant of the Incentive-based Compensation to the Executive Officer occurs after the end of that period.

10. “Restatement Date” means the earlier to occur of (i) the date the Board, a committee of the Board or the officers of the Company authorized to take such action if Board action is not required, concludes, or reasonably should have concluded, that the Company is required to prepare an Accounting Restatement, or (ii) the date a court, regulator or other legally authorized body directs the Company to prepare an Accounting Restatement.

Policy

1. Recovery of Erroneously Awarded Compensation.

(a) In the event of an Accounting Restatement, the Company will reasonably promptly recover the Erroneously Awarded Compensation Received in accordance with the Nasdaq Rules and Rule 10D-1 as follows:

(i) After an Accounting Restatement, the Compensation Committee (if composed entirely of independent directors, or in the absence of such a committee, a majority of independent directors serving on the Board) (the “Committee”) shall determine the amount of any Erroneously Awarded Compensation Received by each Executive Officer and shall promptly notify each Executive Officer with a written notice containing the amount of any Erroneously Awarded Compensation and a demand for repayment or return of such compensation, as applicable.

(A) For Incentive-based Compensation based on (or derived from) the Company’s stock price or total shareholder return, where the amount of Erroneously Awarded Compensation is not subject to mathematical recalculation directly from the information in the applicable Accounting Restatement: (I) the amount to be repaid or returned shall be determined by the Committee based on a reasonable estimate of the effect of the Accounting Restatement on the Company’s stock price or total shareholder return upon which the Incentive-based Compensation was Received; and (II) the Company shall maintain documentation of the determination of such reasonable estimate and provide such documentation to Nasdaq.

(ii) The Committee shall have discretion to determine the appropriate means of recovering Erroneously Awarded Compensation based on the particular facts and circumstances. Notwithstanding the foregoing, except as set forth in Section 1(b) below, in no event may the Company accept an amount that is less than the amount of Erroneously Awarded Compensation in satisfaction of an Executive Officer's obligations hereunder.

(iii) To the extent that the Executive Officer has already reimbursed the Company for any Erroneously Awarded Compensation Received under any duplicative recovery obligations established by the Company or applicable law, it shall be appropriate for any such reimbursed amount to be credited to the amount of Erroneously Awarded Compensation that is subject to recovery under this Policy.

(iv) To the extent that an Executive Officer fails to repay all Erroneously Awarded Compensation to the Company when due, the Company shall take all actions reasonable and appropriate to recover such Erroneously Awarded Compensation from the applicable Executive Officer. The applicable Executive Officer shall be required to reimburse the Company for any and all expenses reasonably incurred (including legal fees) by the Company in recovering such Erroneously Awarded Compensation in accordance with the immediately preceding sentence.

(b) Notwithstanding anything herein to the contrary, the Company shall not be required to take the actions contemplated by Section 1(a) above if the Committee determines that recovery would be impracticable and either of the following two conditions are met:

(i) The Committee has determined that the direct expenses paid to a third party to assist in enforcing the Policy would exceed the amount to be recovered. Before making this determination, the Company must make a reasonable attempt to recover the Erroneously Awarded Compensation, document such attempt(s) and provide such documentation to Nasdaq; or

(ii) Recovery would likely cause an otherwise tax-qualified retirement plan, under which benefits are broadly available to employees of the Company, to fail to meet the requirements of Section 401(a)(13) or Section 411(a) of the Internal Revenue Code of 1986, as amended, and regulations thereunder.

2. Disclosure Requirements. The Company shall file all disclosures with respect to this Policy required by applicable U.S. Securities and Exchange Commission ("SEC") filings and rules.

3. Prohibition of Indemnification. The Company shall not be permitted to insure or indemnify any Executive Officer against: (i) the loss of any Erroneously Awarded Compensation that is repaid, returned or recovered pursuant to the terms of this Policy; or (ii) any claims relating to the Company's enforcement of its rights under this Policy. Further, the Company shall not enter into any agreement that exempts any Incentive-based Compensation that is granted, paid or awarded to an Executive Officer from the application of this Policy or that waives the Company's right to recovery of any Erroneously Awarded Compensation, and this Policy shall supersede any such agreement (whether entered into before, on or after the Effective Date of this Policy).

4. Administration and Interpretation.

(a) This Policy shall be administered by the Committee, and any determinations made by the Committee shall be final and binding on all affected individuals.

(b) The Committee is authorized to interpret and construe this Policy and to make all determinations necessary, appropriate, or advisable for the administration of this Policy and for the Company's compliance with the Nasdaq Rules, Section 10D, Rule 10D-1 and any other applicable law, regulation, rule or interpretation of the SEC or Nasdaq promulgated or issued in connection therewith.

5. Amendment; Termination. The Committee may amend this Policy from time to time in its discretion and shall amend this Policy as it deems necessary. Notwithstanding anything in this Section 5 to the contrary, no amendment or termination of this Policy shall be effective if such amendment or termination would (after taking into account any actions taken by the Company contemporaneously with such amendment or termination) cause the Company to violate any federal securities laws, SEC rule or Nasdaq Rule.

6. Other Recovery Rights. This Policy shall be binding and enforceable against all Executive Officers and, to the extent required by applicable law or guidance from the SEC or Nasdaq, their beneficiaries, heirs, executors, administrators or other legal representatives. The Committee intends that this Policy will be applied to the fullest extent required by applicable law. Any employment agreement, equity award agreement, compensatory plan or any other agreement or arrangement with an Executive Officer shall be deemed to include, as a condition to the grant of any benefit thereunder, an agreement by the Executive Officer to abide by the terms of this Policy. Any right of recovery under this Policy is in addition to, and not in lieu of, any other remedies or rights of recovery that may be available to the Company under applicable law, regulation or rule or pursuant to the terms of any policy of the Company or any provision in any employment agreement, equity award agreement, compensatory plan, agreement or other arrangement.

Exhibit A

ACKNOWLEDGEMENT OF CLAWBACK POLICY FOR THE RECOVERY OF ERRONEOUSLY AWARDED COMPENSATION

I, the undersigned, acknowledge and agree that:

1. I have received and read the attached Clawback Policy for the Recovery of Erroneously Awarded Compensation (the "Policy");
2. I hereby agree to abide by all of the terms of the Policy both during and after by employment with the Company, including, without limitation, by promptly repaying or returning any Erroneously Awarded Compensation to the Company as determined in accordance with the Policy; and
3. In the event of any inconsistency between the terms of the Policy and the terms of any employment agreement to which I am a party, or the terms of any compensation plan, program, or arrangement under which Incentive-based Compensation has been granted, awarded, earned, or paid to me, whether or not deferred, the terms of the Policy shall govern.

Any capitalized terms used in this Acknowledgment that are not otherwise defined shall have the meaning ascribed to them in Policy.

Name:

Date:



ALGODON

WINE ESTATES

PRIVATE ESTANCIAS

PHASE 1 MAP



■ DEVELOPMENT PHASE 1
■ DEVELOPMENT TOTAL

- Lot Available
- Please Inquire
- Deedable
- Building
- Water reservoir
- ▲ Golf Hole
- Vineyards
- Fruit or Nut Orchards
- Garden Estate

4,138 acres (1,675 ha)
Estate Lots, Vineyard Estates
and Private Estancias
From .5 to 7 acres

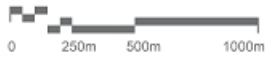
- 1.25 hr flight from Buenos Aires
- 20 min drive from San Rafael Airport
- 15 min drive to downtown San Rafael
- 2.5 hr drive to Mendoza City
- 2.5 hr drive to Las Leñas Ski center



ALGODON
WINE ESTATES
PRIVATE ESTANCIAS



SCALE: 1:17500



- 1 Main entrance and security gate
- 2 Access road
- 3 Existing lodge
- 4 Sport field
- 5 Racquet center
- 6 Winery
- 7 Vineyard
- 8 Out parcel
- 9 Single family residential lots

- 10 Golf course
- 11 Retail village
- 12 Farmers market
- 13 Service area
- 14 Paddock
- 15 Equestrian center
- 16 Equestrian lots
- 17 Lake
- 18 Drainageway

- 19 Luxury Boutique Hotel
- 20 Hotel branded residences
- 21 Golf club
- 22 Driving range
- 23 Fruit trees orchard
- 24 Distillery
- 25 Outfitters club
- 26 Natural reserve
- 27 Pedestrian and bike trail

- 28 Primary Roadway
- 29 Green energy area
- 30 Natural reserve ranches
(5 HA approximately)
- 31 Existing feature roadway
- 32 Service entrance
- 33 Truffle garden
- 34 Equestrian Trail