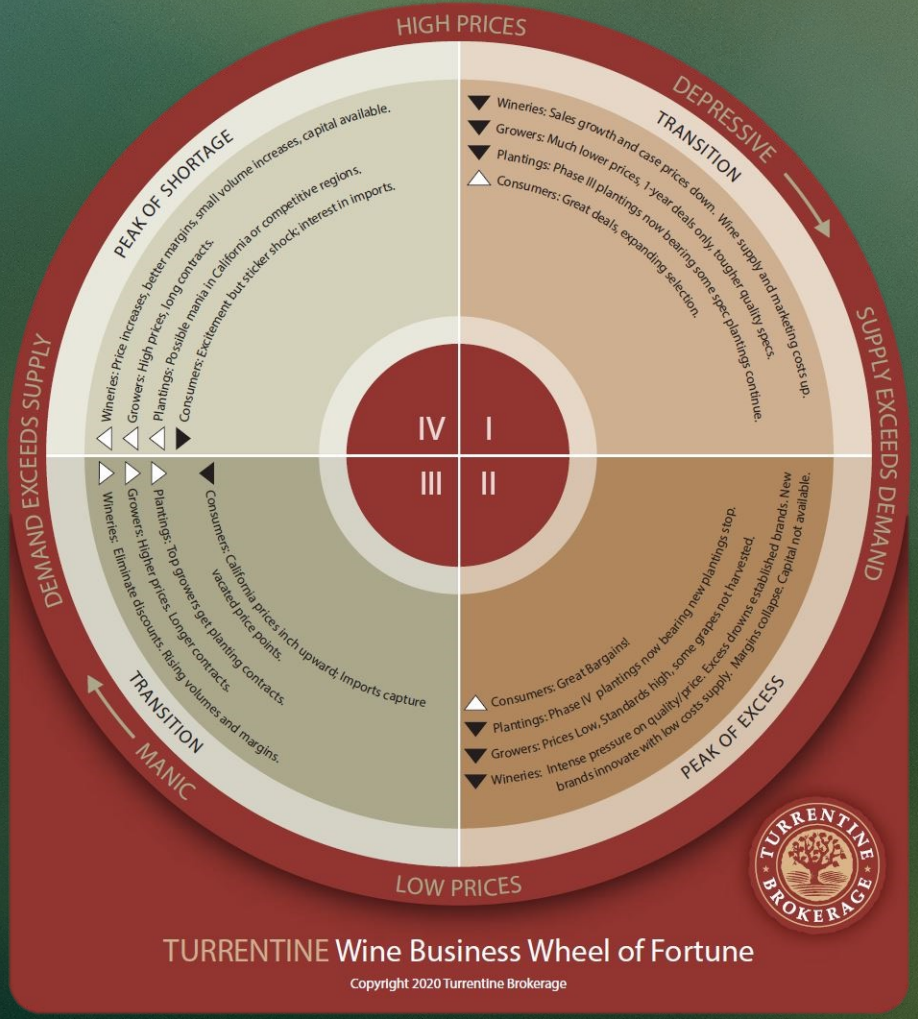
State of the Business

November 16th, 2022

Steve Fredricks, President

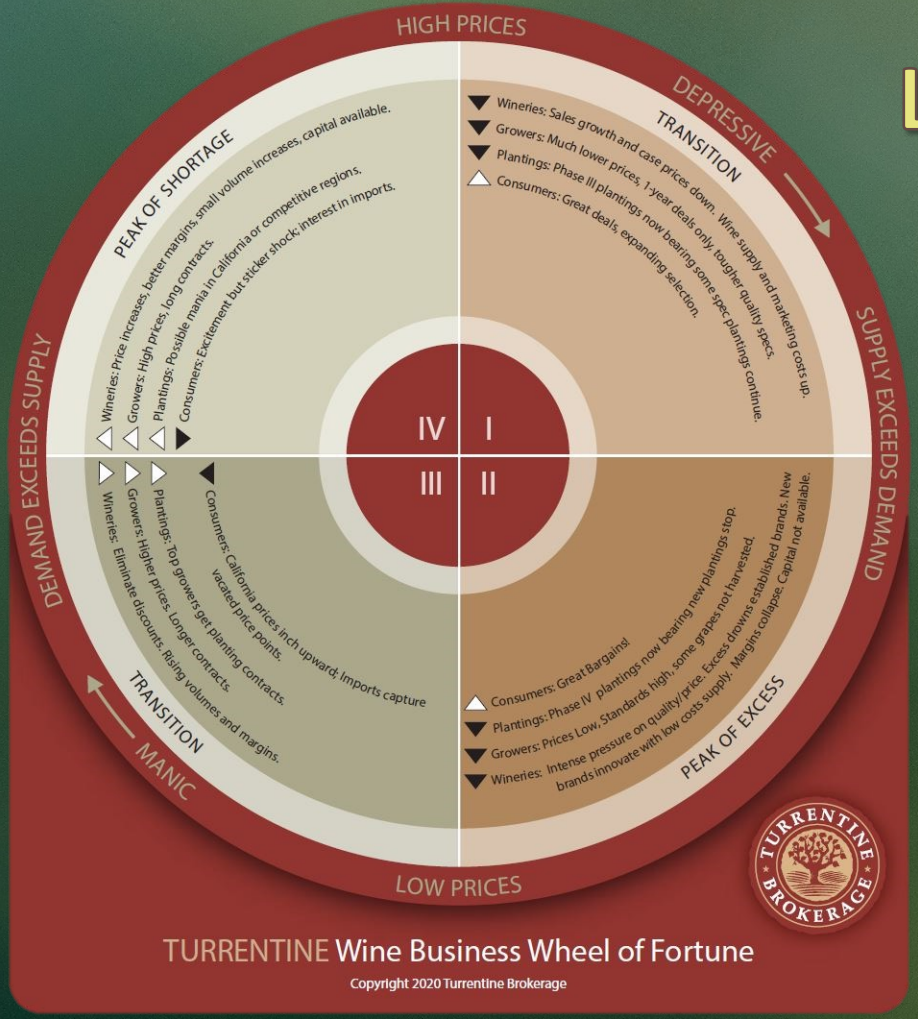
Financial SYMPOSIUM

TURRENTINE BROKERAGE



Drivers of The Wheel

- Consumers
- Plantings
- Growers
- Wineries



Long-term Variables

- Sales growth since 90's
- White to red
- Premiumization shift, NI & Coastal
- Higher production vineyards
- Difficult to change bottle price

Recent Challenges

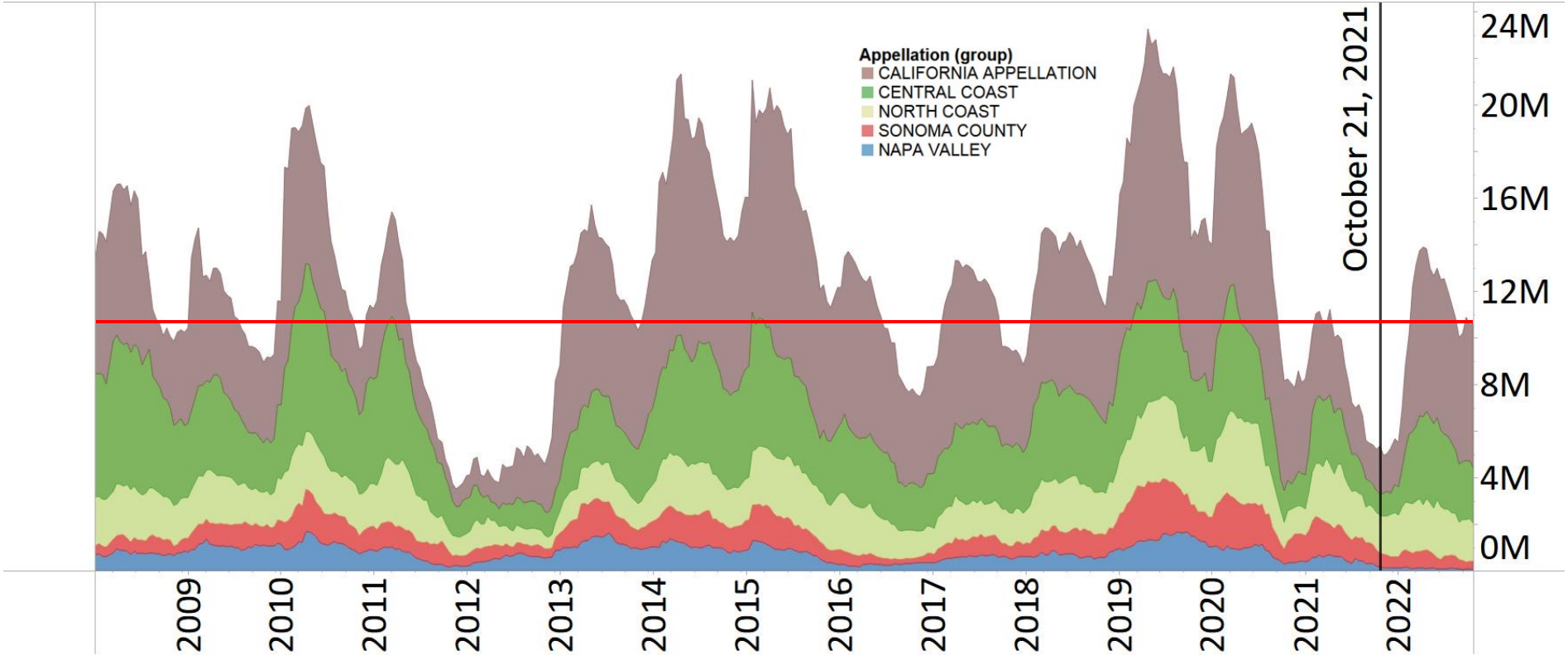
- Light yields and short crops
- Acres removed in the Southern interior
- Escalation of grape & bulk price
- Consumer channel shifting to retail and now back
- Challenging Economic climate
- Actions and variable lags possible

2022 Projected Tons Crushed

	5-Yr Avg	2022 % Chg from 5-Yr Avg
Central Coast	503,000	↘
North Coast	499,000	↘
Interior	2,922,000	↘

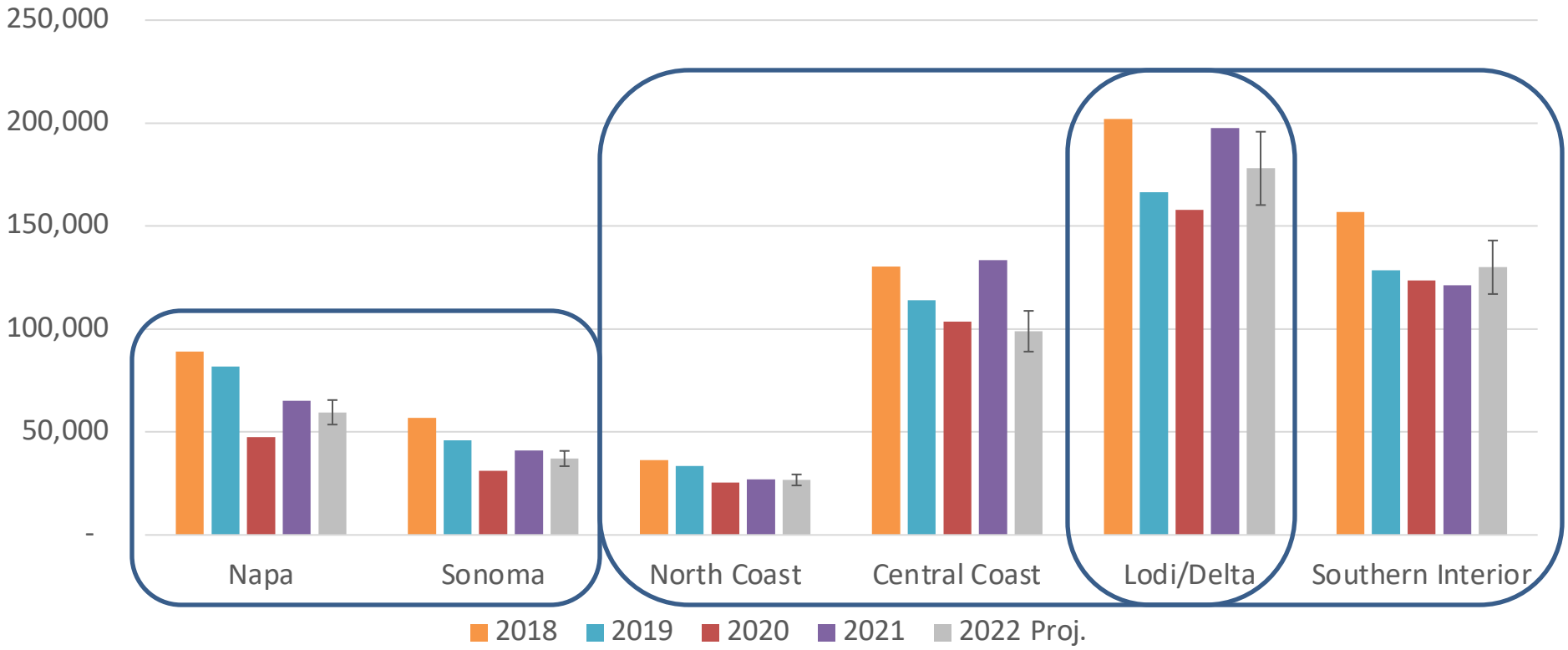
- Yields per acre variable
- Short-term balanced by supply not consumer demand

Bulk by Region

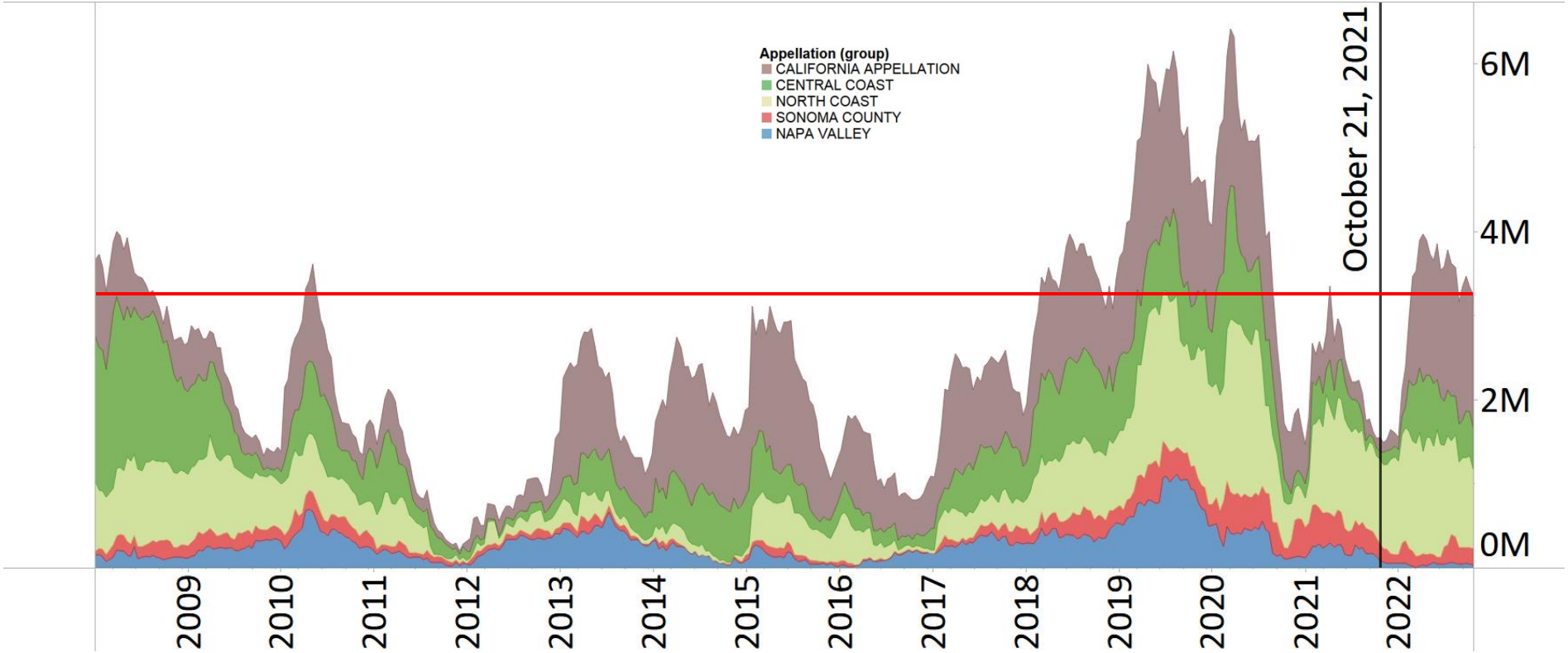


Cabernet Sauvignon

Cabernet Sauvignon
Recent Tons Crushed & 2022 Projection



Cabernet Sauvignon
Bulk Gallons Actively for Sale

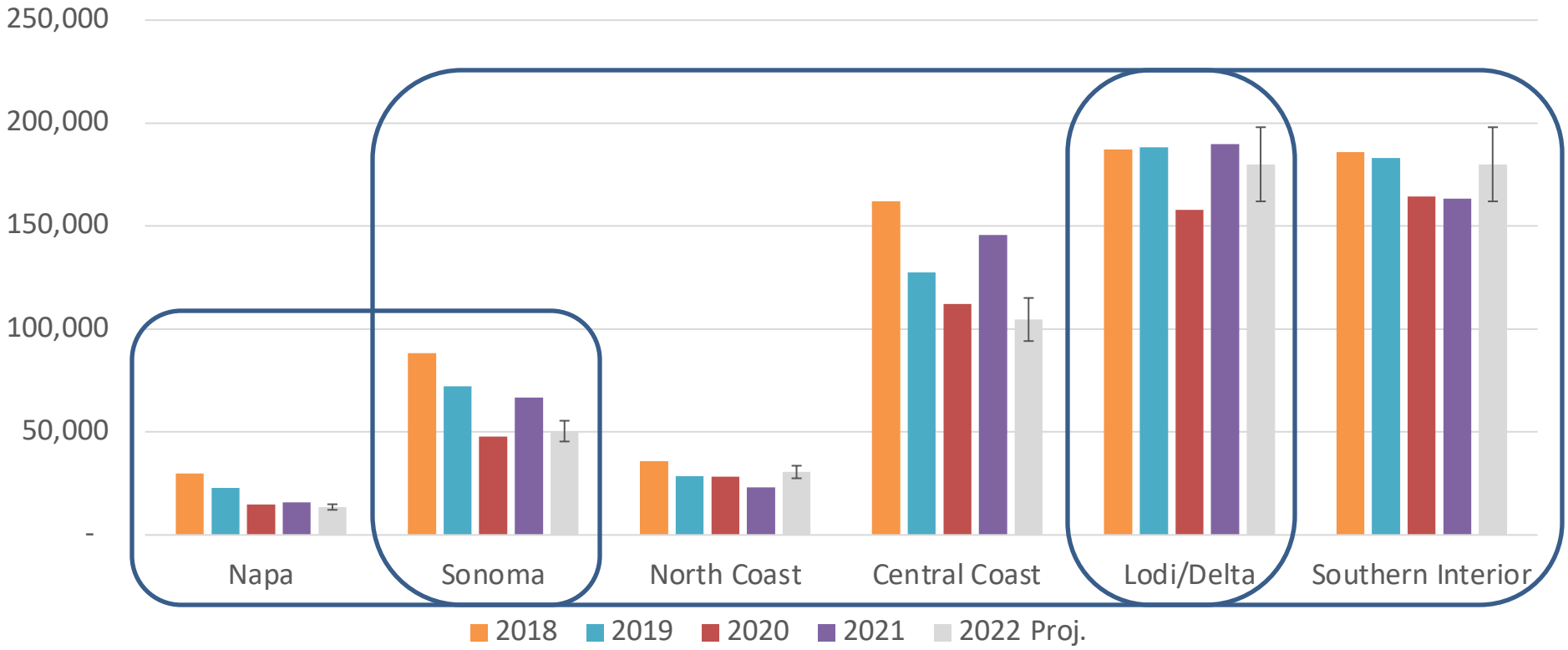


Cabernet Sauvignon Takeaways

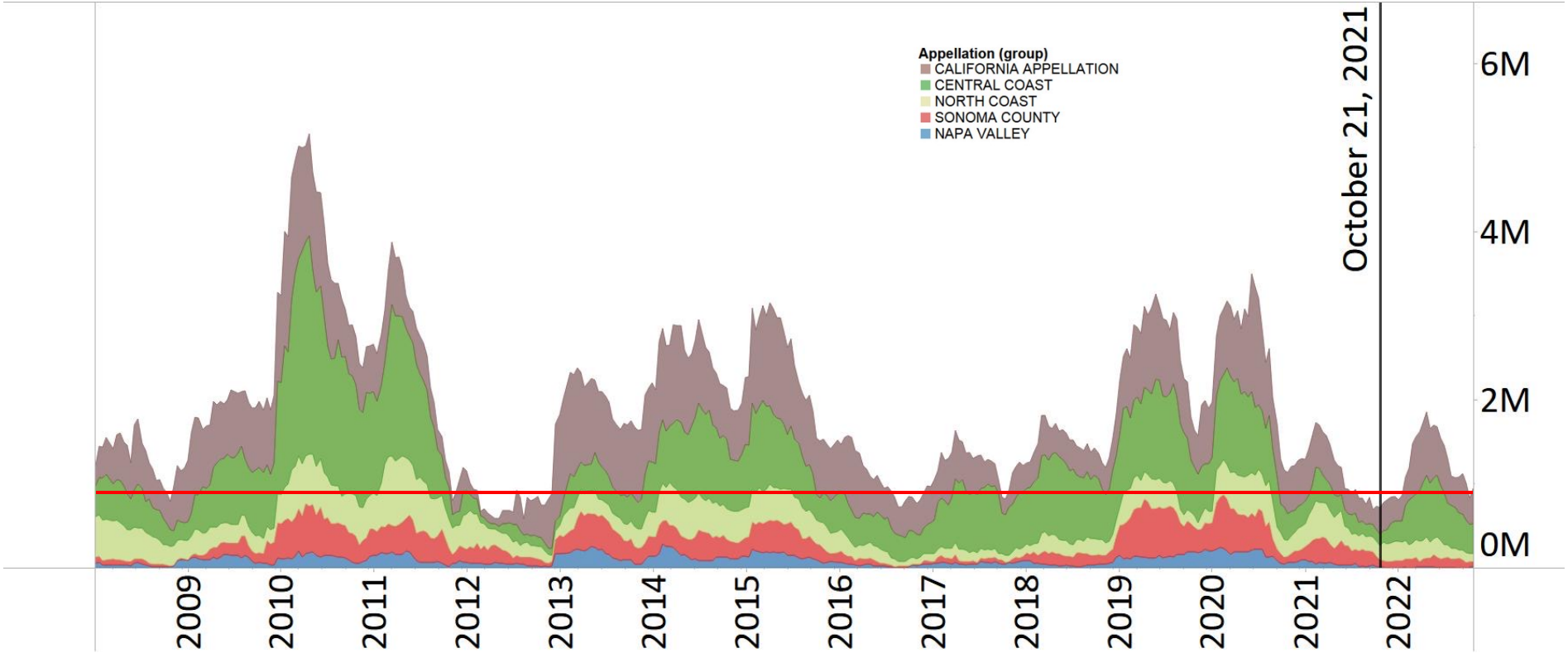
- Luxury
  - Price escalation → variable lag
- Premium
  - 2022 less excess grapes and price improved, but grapes available late
- Value
  - Buyers to sellers of bulk wine and price softened
  - Excess grapes not purchased

TURRENTINE BROKERAGE
Chardonnay

Chardonnay
Recent Tons Crushed & 2022 Projection



Chardonnay
Bulk Gallons Actively for Sale

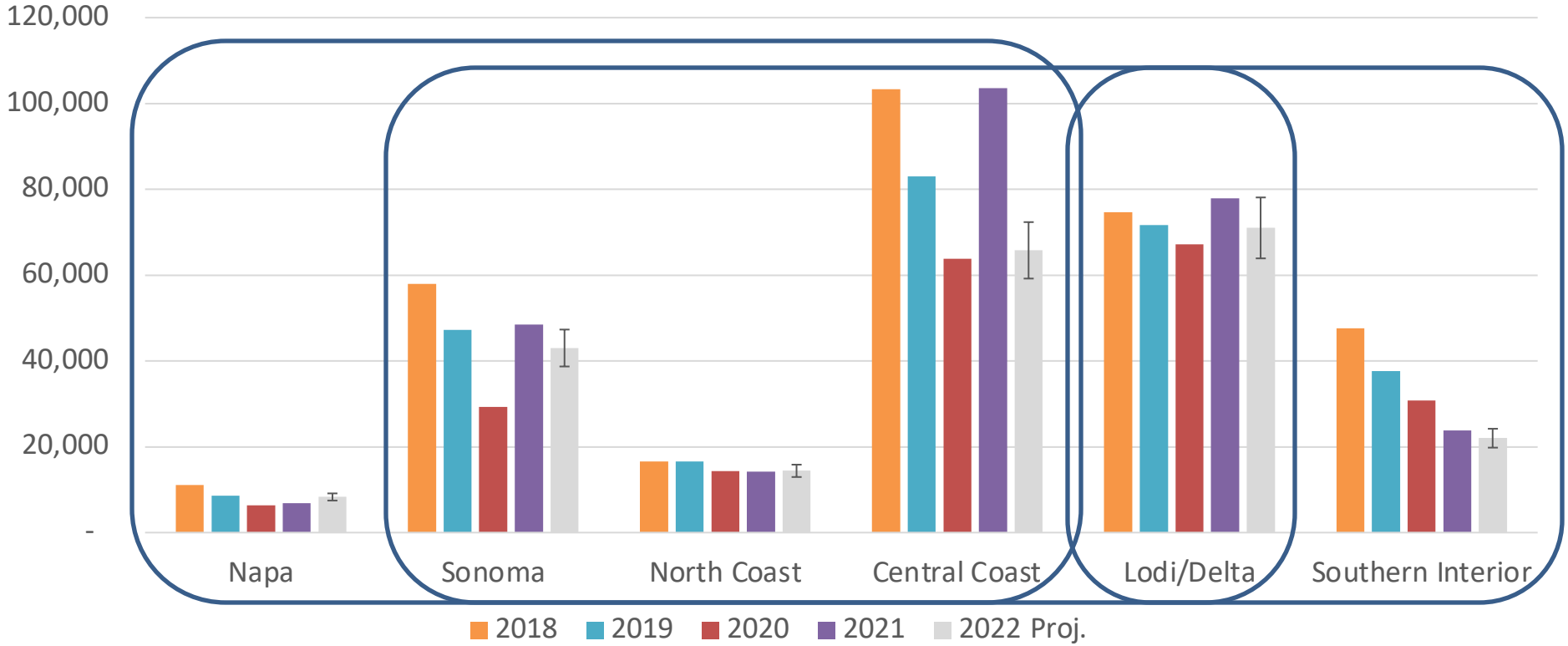


Chardonnay Takeaways

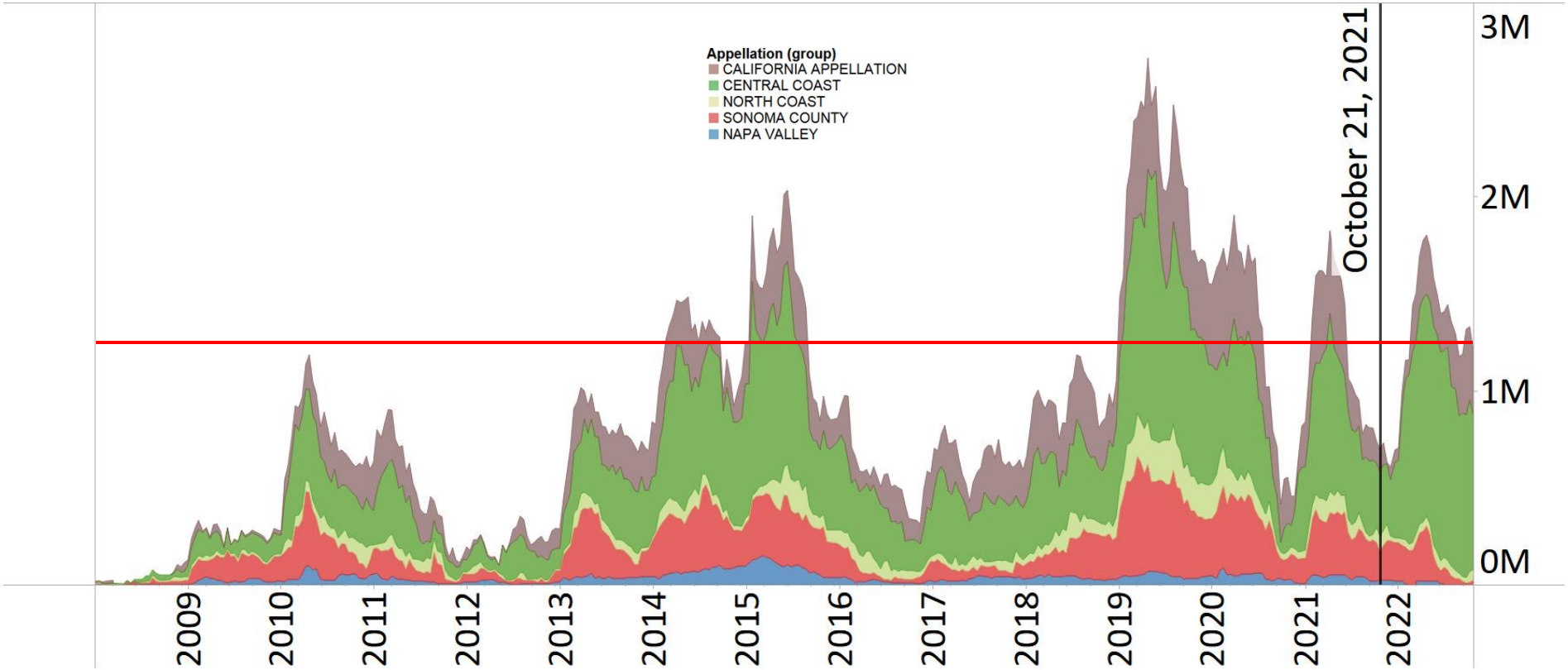
- Luxury
  - Escalation of price→ variable lag
- Premium
  - Bulk wine and grapes available most of the year, grapes purchased late due to light crop
- Value
  - Supply short and Demand price sensitive

Pinot Noir

Pinot Noir
Recent Tons Crushed & 2022 Projection



Pinot Noir
Bulk Gallons Actively for Sale

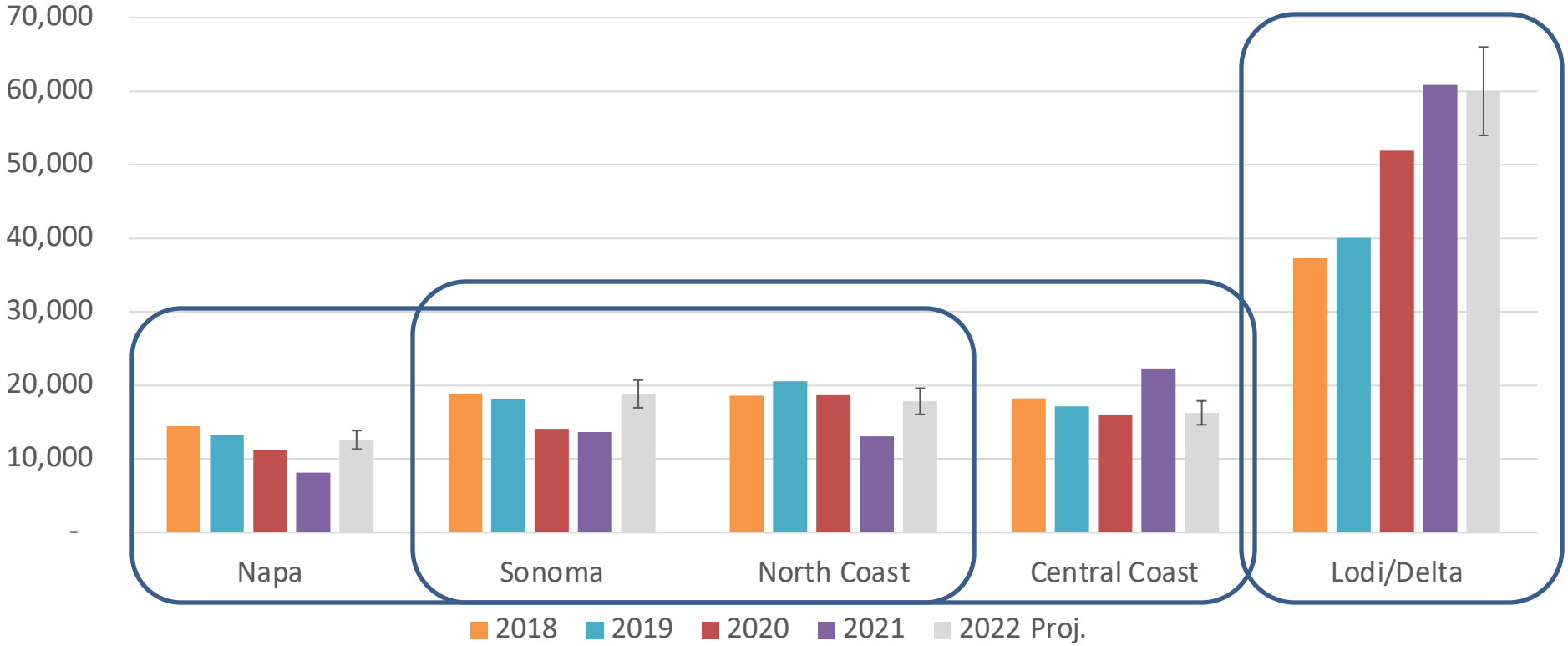


Pinot Noir Takeaways

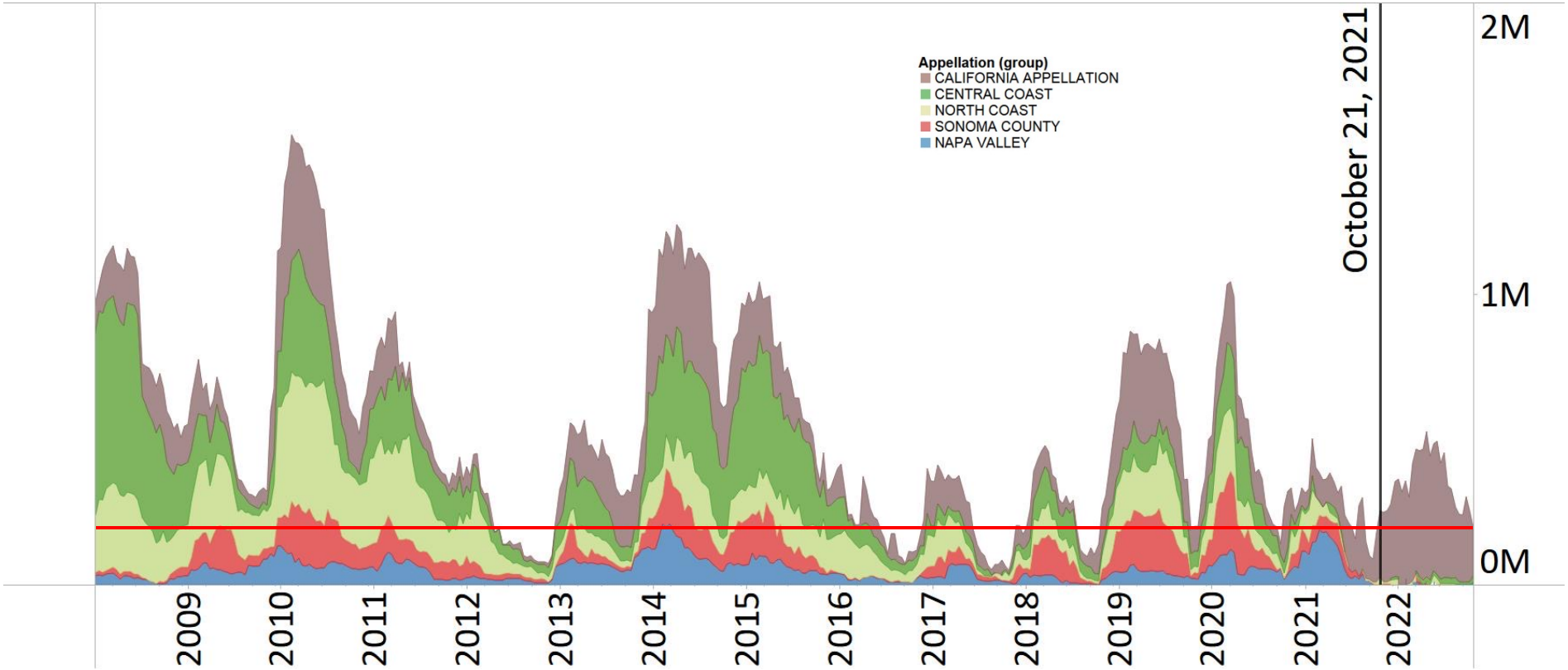
- Luxury
  - Short crop in RRV and Son County
  - Escalation of price is softening bulk demand
- Premium
  - Bulk supply available and demand soft
- Value
  - Bulk and grapes available all year and acres are still not in full production

TURRENTINE
BROKERAGE
Sauvignon
Blanc

Sauvignon Blanc
Recent Tons Crushed & 2022 Projection



Sauvignon Blanc
Bulk Gallons Actively for Sale



Sauvignon Blanc Takeaways

- Luxury
  - 3rd light year
  - Price escalation
- Premium
  - Broad demand for supply in all regions
- Value
  - Oversupply of 2021 bulk wine

Summary

- Harvest not a lot of uniformity in yields 3rd year in a row
- Market more balanced due to short term supply not Consumer Demand
- Challenges to costs of operation and inflation for all
- Escalation of price → variable lag
- Not in an over supply in the short term

Thank You.

Steve Fredricks, President

Financial SYMPOSIUM

TURRENTINE BROKERAGE