2026 SVVGA Annual Grower Seminar

State of the Industry – Winegrape Supply Today & Tomorrow

Chad Clark & Kyle Collins
Allied Grape Growers
Feb 18th, 2026

What's in Store?

- State of Play – Big Picture
- State Supply
- Grower Issues
- North Coast & Luxury Update
- Q&A

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State of the Industry

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The Headwinds are Known…

Headwinds for Wine

- ✓ Consumer Economics/Sentiment
- ✓ Aging Boomers
- ✓ "Abstinent" Young Adults
- ✓ Focus on Health & Wellness
- ✓ Cannabis Use (substitutionary)
- ✓ GLP-1 Use
- ✓ Changes in Socialization
- ✓ Competing Beverages
- ✓ Price Competitiveness
- ✓ Image (old, special, complex or fancy)
- ✓ Unfavorable Demographics

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The Challenge: Identify and Promote the Tailwinds

Tailwinds for Wine

- ✓ Pure, Clean, Wholesome, Plant-based
- ✓ No "Adds" - Low in Sugar, Calories
- ✓ Lifestyle Enhancement
- ✓ "Sustainable"
- ✓ Reputation/Longevity
- ✓ Unique/Craft
- ✓ ???
- ✓ ???
- ✓ ???
- ✓ ???
- ✓ ???

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There's been a net loss of almost 40,000 winegrape acres in the last three years due to pullouts that have been more aggressive than newly bearing acres.

…and a further loss in bearing acreage is projected for 2026.

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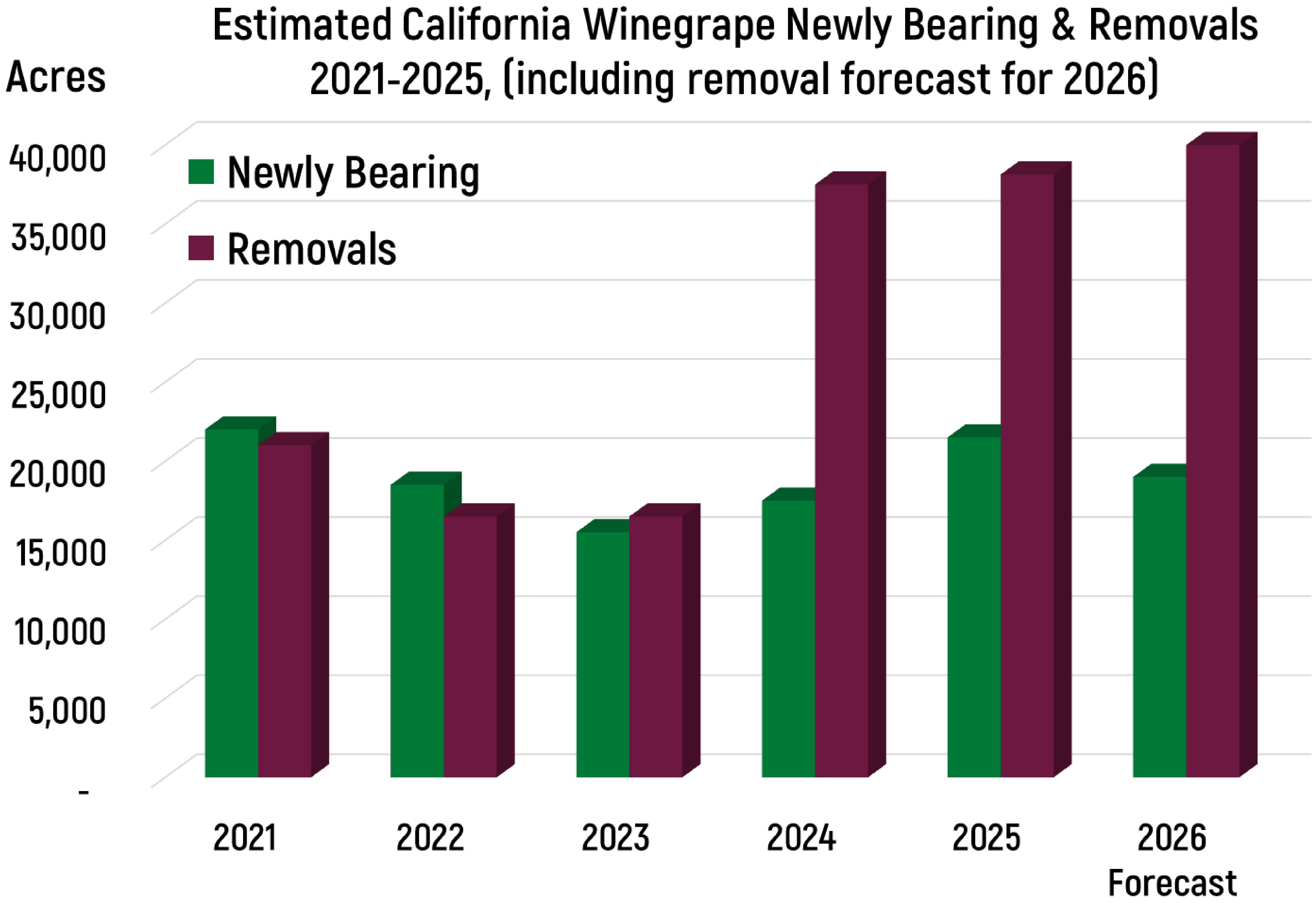
Estimated California Winegrape Newly Bearing & Removals
2021-2025, (including removal forecast for 2026)
Acres
40,000
35,000
30,000
25,000
20,000
15,000
10,000
5,000
-
Newly Bearing
Removals
2021
2022
2023
2024
2025
2026
Forecast

So, from the grower's perspective, the predominant question is:

When is it enough - when might the market balance and grape buyers return, offering sustainable prices?

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Grape Market Reality -

What is driving grape purchase decisions?

~~Pull-outs~~

~~Grape Price~~

~~Sales Forecasts~~

~~Grape Supply~~

~~Banking/ Finance/ Insurance~~

Finished Wine Inventory

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Reviewing Winery Inventory

Historical Data Courtesy of Jon Moramarco - BW 166 and the Gomberg Fredrikson Report (GFR)

2025 Estimated by AGG, excepting California Shipments provided by BW166 & GFR

In Millions of Gallons, by Year	California Shipments	Average Monthly	Total Inventory at Year End	Months Inventory at Year End
2014	659	55	1,056	19.2
2015	664	55	1,024	18.5
2016	670	56	1,025	18.4
2017	673	56	1,075	19.2
2018	681	57	1,080	19.0
2019	650	54	1,086	20.1
2020	651	54	1,007	18.6
2021	651	54	967	17.8
2022	592	49	949	19.2
2023	546	46	986	21.7
2024	552	46	934	20.3
Est. 2025	518	43	819	19.0

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How much does one (1) month
(or 43,000,000 gallons)
of excess inventory translate into
in terms of grapes?
-
Answer: At least 250,000 tons

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Since the two ways to reduce inventory are by selling more or making less, and we all know we aren't selling more…..

the adjustment is coming from the supply side.

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Considering the number of unsold grapes and abandoned vineyards, how do we estimate the size of the 2025 crush?

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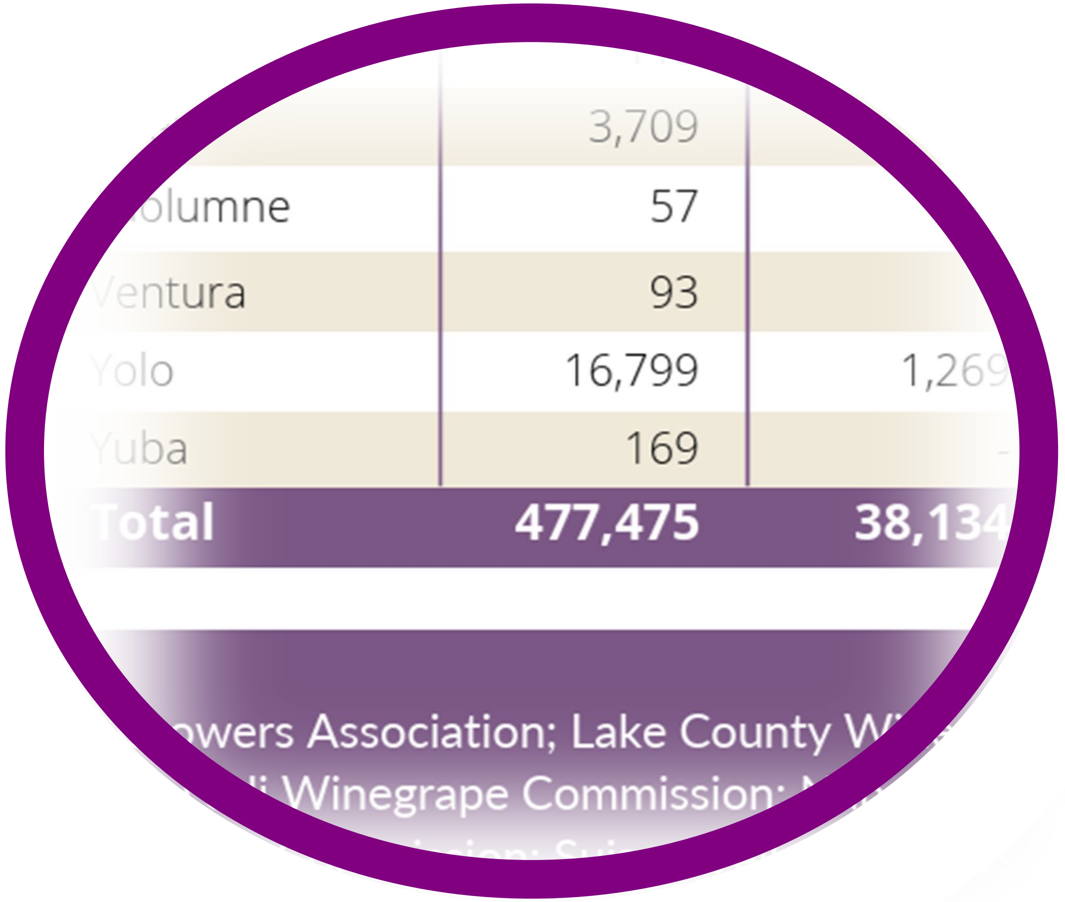
Land IQ acreage survey indicates 477,475 acres as of the 2025 harvest.



2025 STANDING WINEGRAPE ACREAGE

LAND IQ

California Association of Winegrape Growers

In cooperation with the California Association of Winegrape Growers

Released: November 3, 2025

RESULTS

The California Association of Winegrape Growers (CAWG), in partnership with regional grower and vintner associations, commissioned Land IQ to develop an in-season, statewide winegrape acreage assessment. Acreage was assessed as of August 1, 2025.

The acreage estimate takes into account standing vineyards between (October 1, 2024 - August 1, 2025). Standing acreage reflects all vines physically in the ground, including bearing and non-bearing vineyards, as well as vineyards that have been mothballed or abandoned but not yet removed. Removed vineyards have also been determined through spatial analysis for the same period.

As a result, the 2025 statewi… acreage is:

- 477,475 acr… inegrapes
- 38,1… inegrapes

… acreage and removals by county as of … Crush District are included on … and members of

INTRODUCTION

Land IQ has mapped winegrapes as a part of the "Vineyard" crop class for the Department of Water Resources since 2014. This mapping effort differentiates winegrapes from the other Vineyard crops which also includes table grapes and raisins.

APPROACH

Land IQ draws upon on multiple lines of evidence including agronomic and remote sensing knowledge, unique field boundaries, robust on-the-ground verification, customized image analysis, artificial intelligence and machine learning algorithms to classify vineyards.

For each mapped year, Land IQ performs the following steps:

1. Imagery Acquisition
2. Irrigated Field Boundary Delineation
3. Ground Truthing
4. Remote Sensing Analysis
5. Change Analysis and Update

County	Standing Acreage	Removed Acreage
Ala…	[illegible]	[illegible]
Amador	3,428	[illegible]
Butte	156	7
Calaveras	726	45
Colusa	1,470	-
Contra Costa	1,648	28
El Dorado	2,383	38
Fresno	35,430	6,250
Glenn	3	-
Humboldt	127	-
Kern	9,536	872
Kings	2,701	407
Lake	11,415	777
Los Angeles	315	-
Madera	26,980	1,971
Marin	180	-

County	Standing Acreage	Removed Acreage
[illegible]	…29	-
[illegible]	[illegible]	832
Mer…	[illegible]	716
Mono	[illegible]	-
Monterey	[illegible]	…781
Napa	42,4…	…7
Nevada	435	[illegible]
Placer	292	[illegible]
Riverside	2,406	[illegible]
Sacramento	32,045	1,693
San Benito	3,766	26
San Bernardino	417	-
San Diego	1,059	3
San Joaquin	67,845	7,976
San Luis Obispo	44,863	2,34…
San Mateo	139	10…

County	Standing Acreage	Removed Acreage
Santa Barbara	18,354	1,668
Santa Clara	1,423	33
Santa Cruz	589	3
Shasta	108	-
Siskiyou	18	-
Solano	5,506	138
Sonoma	58,301	2,711
Stanislaus	5,606	176
Sutter	35	-
Tehama	[illegible]	-
Trini…	[illegible]	-
[illegible]	3,709	…83
…olumne	57	
Ventura	93	[illegible]
Yolo	16,799	1,269
Yuba	169	-
Total	**477,475**	**38,134**

*Reflects standing acreage only. Some differences may occur between sheets due to rounding.

This project was funded and supported by: CAWG, Allied Grape Growers; Clarksburg Winegrape … Commission; Livermore Valley Winegrowers Association; Lodi District Grape Growers Association; L… Grapegrowers; Paso Robles Wine Country Alliance; Santa Barbara Vintners; Sonoma County Winegrape … Growers Association; and Temecula Valley Winegrowers Association. …rs Association; Lake County Wi…ape … Winegrape Commission; … Valley … Vintners &

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Acreage to Crush Analysis - 2025

Standing Acres - 2025 (Land IQ)	477,475	Acres
Estimated Non-Bearing - 2025	(31,500)	Acres
Estimated Abandoned - 2025	(25,000)	Acres
Estimated Producing - 2025	420,975	Acres
Estimated Average State Yield (7.8 TPA)	3,283,605	Tons
Estimated Unharvested (25%) - 2025	(820,901)	Tons
Potential 2025 crush	2,462,704	Tons

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What amount of production do we really need, as we go forward?

For that, we need to understand our production potential and our industry's "burn rate."

In other words, based on wine shipments, how many tons do we really need to produce annually to match demand?

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Supply-need Mathematics

Estimated 2025 Domestic California Shipments	198,500,000	Nine-liter Cases
Estimated 2025 Exported California Shipments	19,500,000	Nine-liter Cases
Estimated All California Wine Shipments - 2025	218,000,000	Nine-liter Cases
Assume Canadian Market Returns	5,000,000	Nine-liter Cases
Total Assumed Future California Wine Shipments	223,000,000	Nine-liter Cases
Converted to Gallons at 2.38 Gallons per Case	530,294,000	Gallons
Converted to tons at 165 gallons per ton	3,213,903	Tons
Net Utilization of Grapes in Alternative Products	150,000	(Brandy, Concentrate, etc.)
Deduction for Fermentation Facilitation @ 5%	(160,695)	(i.e., Water Adds)
Total Winegrape Crush Needed	3,203,208	Tons

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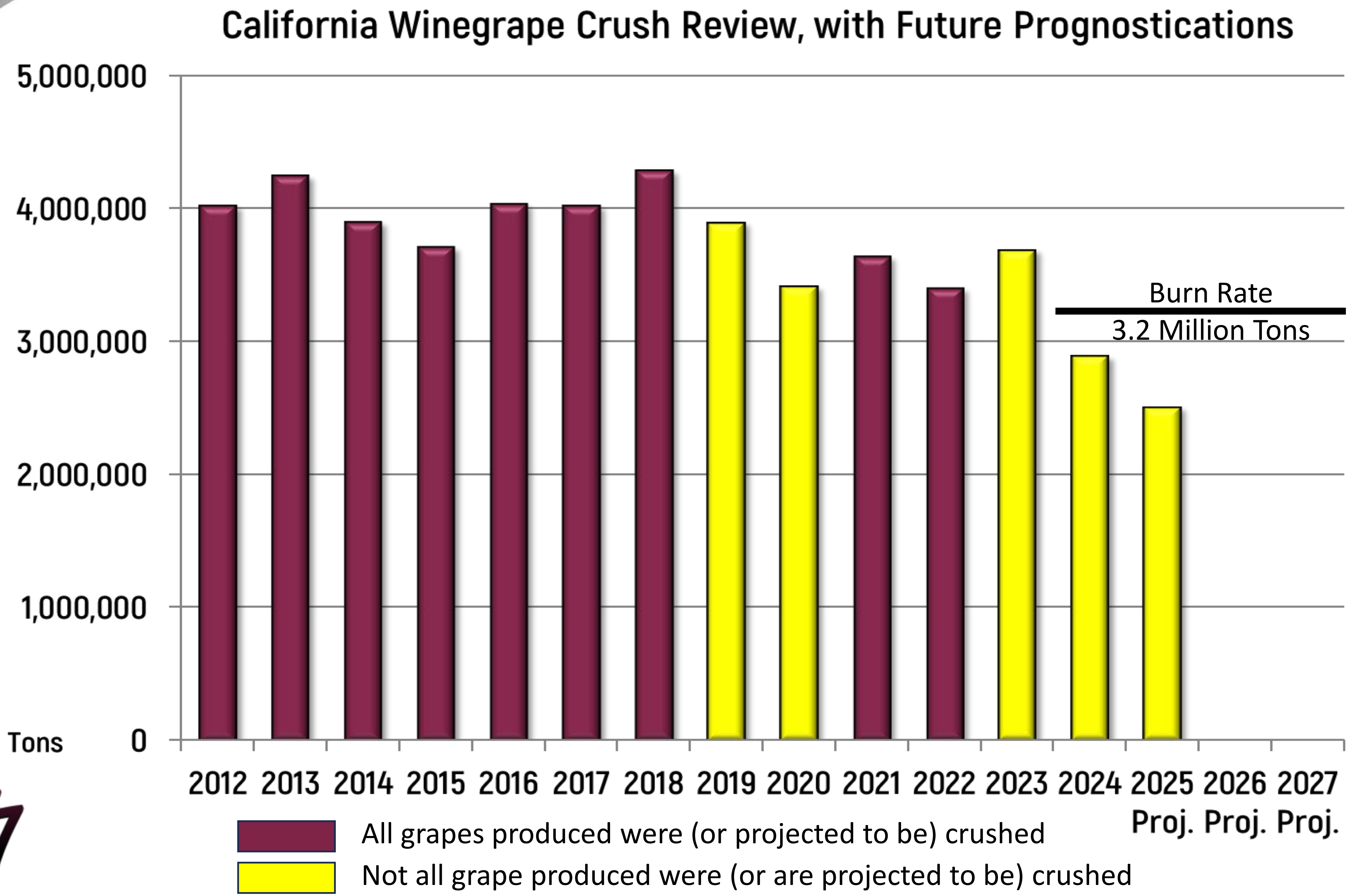
Based on current estimated shipment levels

Shipment Data Source: Jon Moramarco – GFR & BW166



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Deduction for Fermentation Facilitation @ 5%	(160,695)	(i.e., Water Adds)
Total Winegrape Crush Needed	3,203,208	Tons
Average Statewide Yield	7.8	Tons per Acre
Acreage Need Based on Desired Production	410,668	New Bearing Acreage Target

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Based on current estimated shipment levels

Shipment Data Source: Jon Moramarco – GFR & BW166

Projecting Supply/Demand Balance

A look at potential bearing acreage for 2026

"Standing" Acres, 2025 - from Land IQ Survey	477,500
Less Non-Bearing Acres planted in 2024	(12,500)
Less Forecasted Removals	(40,000)
Less Abandonments	(15,000)
Total Potential Bearing Acres 2026:	410,000

There is potential our bearing acreage could reach the target for longer-term market balance, after this year's removals.

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Let's Talk Recovery

Three things need to happen to get to a point of market health/balance for grape growers:

1) **Inventory bubble has to be eliminated (18-months inventory target)**
2) **Bearing acreage reduces to match demand (410,000 bearing acres target)**
3) **Wine shipments stabilize (No more year-over-year declines)**

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Recovery Timing

	2026	2027	2028
Inventory Bubble Behind Us	✗	✓	✓
Balanced Acreage	✓	✓	✓
Stabilized Wine Shipments	✗	?	?

- **Recovery means different things to different people.**
- **It's likely going to be at least another year for most in the industry.**
- **Not all recovery will occur simultaneously across varieties, regions or categories.**
- **Recovery looks more likely in 2027 or 2028 than this year.**

A Focus on Grower Issues….

Current Realities Facing Grape Growers…

- Market Conditions
  - The pass-through conditions wineries face
- Loss of equity (land value) & access to equity (re-fi's)
  - Alternative crops previously drove markets
  - Vineyard-only regions are long on inventory (i.e., land)
  - Banks lowering LTV ratios – less access to capital
  - Reserves running out after 2-3 difficult years
- Difficulty in obtaining operations financing
  - No grape contract – No operating line
- Rising costs and pressure to conform or differentiate
  - Interest rates, wages, inputs
  - Sustainable certifications
- Consolidation of buyers
  - A dozen mergers/acquisitions in last three years alone - removes competing buyers
- Unfavorable government programs and policy
  - Imports and substitutionary products

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Industry Realities Harming Growers

- Unlevel Global Economic Playing Field
- Substitution of Grape Alcohol with Non-grape OTS (other than standard) Alcohol
- Bulk Wine Imports Blended with California Wine
- The Federal Substitution Duty Drawback Program

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Passing the Baton…

- **The industry is going through a corrective time, where <u>all</u> participants have challenges in the wake of declining shipments and stagnant sales.**

- **The production side of the business will need to continue managing supply by removing acres and limiting inventory until we reach equilibrium.**

- **Opportunities come through development, differentiation and exposure; in this environment we have no choice but to compete in order to survive.**