



AZUR

ASSOCIATES

WINE MARKET + M&A REVIEW

2024 SUMMARY + 2025 OUTLOOK

OVERVIEW

| | |
|---|----|
| THE LONG GAME | 3 |
| STRUCTURAL CHANGES | 6 |
| BEVERAGE ALCOHOL & WINE MARKET OVERVIEW | 12 |
| HEALTH & WELLNESS / BETTER FOR YOU | 26 |
| M&A WINE MARKET SUMMARY + OUTLOOK | 31 |

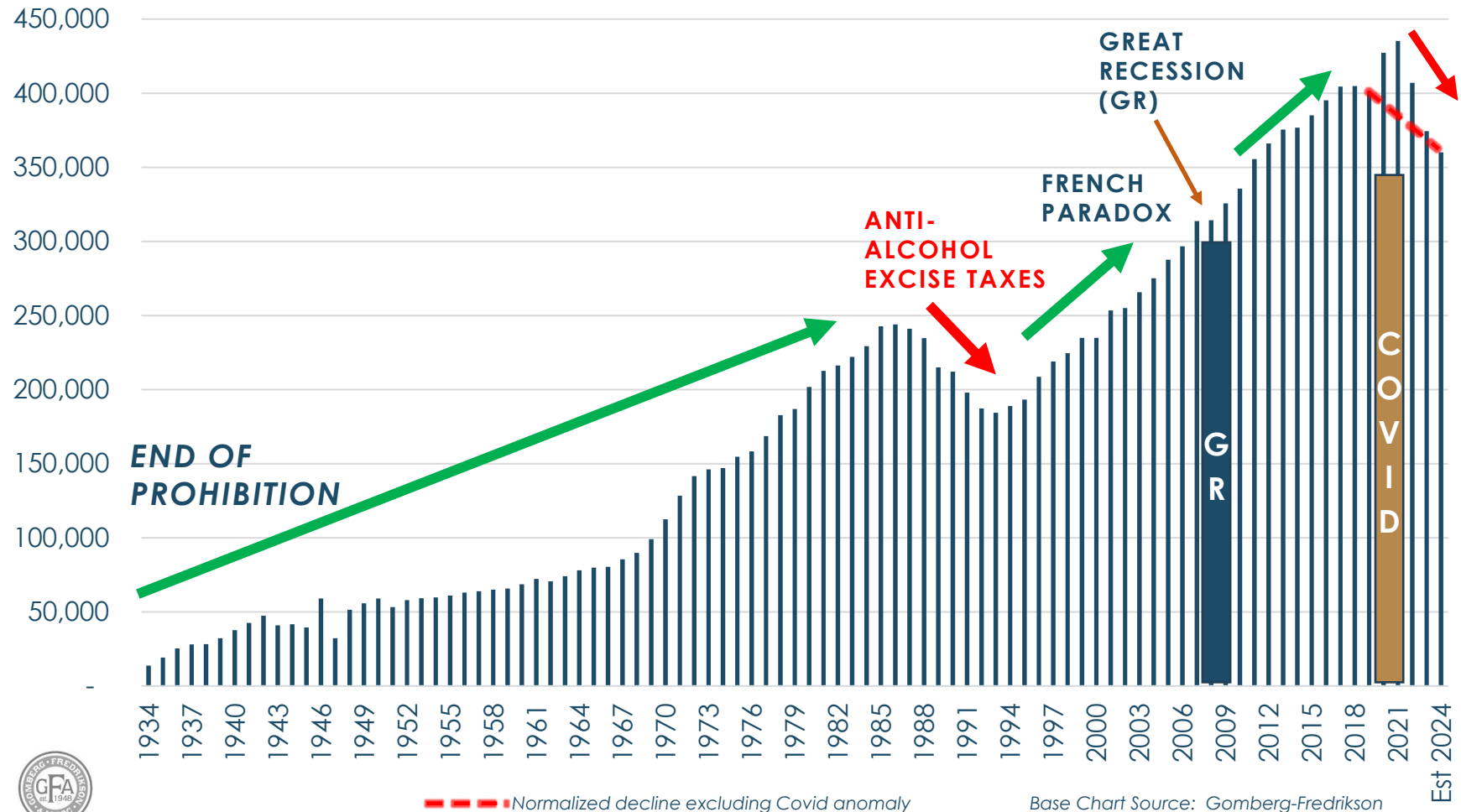


THE LONG GAME

THE LONG GAME | *A Historical Perspective*

- Wine has come a very long way since prohibition.
- This has included **some periods of decline**, particularly in the mid-1980's (more on that later).
- At an estimated **360M cases in 2024**, the category is now about the same size it was in 2012.
- We believe there will be **more decline over the next couple of years**; however, **certain segments and price categories will fare better**.
- Understanding where you fit, using facts and data, and then applying acute focus will **improve your ability to participate in the long game**.

U.S. WINE MARKET – 9L CASES (000s)



THE LONG GAME | *Wine's Unique Role*

“The innovations are designed to reverse a sales slump caused by the continuing U.S. trend towards sobriety. The combination of health consciousness, concern about drunk driving and the young-professional work ethic has given the alcoholic-beverage industries their toughest test since Prohibition.”

**The above quote could sound familiar from recent literature.
*It's an excerpt from Time Magazine in 1986.***

WINE IS UNIQUE

- While the global picture and consumption for wine and beverage alcohol overall has changed significantly since 1986, it is important to **maintain a long-view of the wine category** in particular.
- **Wine holds a unique place in the beverage alcohol landscape, offering more than just a drink** – it carries deep emotional and societal significance. Its ability to enhance a meal, create shared experiences, and evoke a sense of mystery makes it truly special. Embracing these qualities allows wine to bring people together in a way unlike any other beverage.
- We are entering the first period in our societal history with true “digital natives” that currently lack face to face connection more than we've ever experienced. Over time **the ability to cultivate togetherness is something that should be embraced.**

**Wine aligns well with this narrative for brands that can effectively engage consumers:
(i) where they are; (ii) with messaging that resonates; (iii) on the right occasions.**

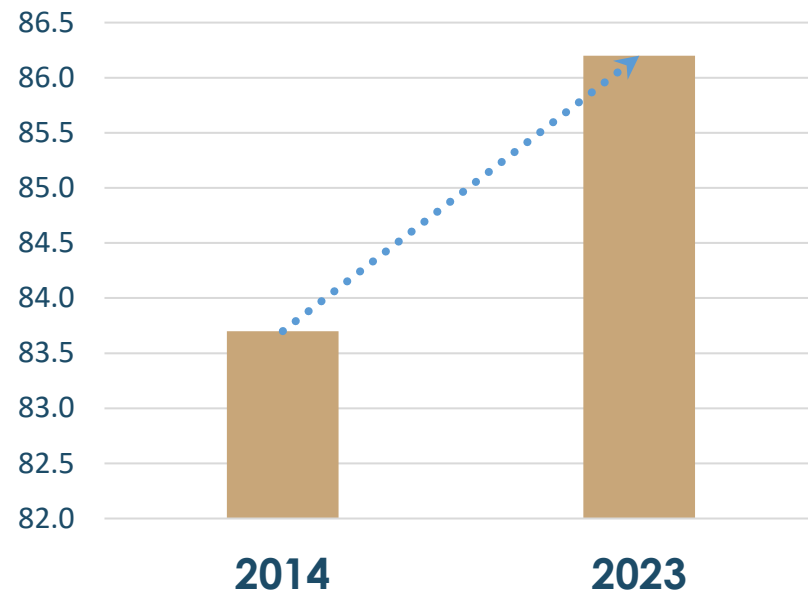


STRUCTURAL CHANGES

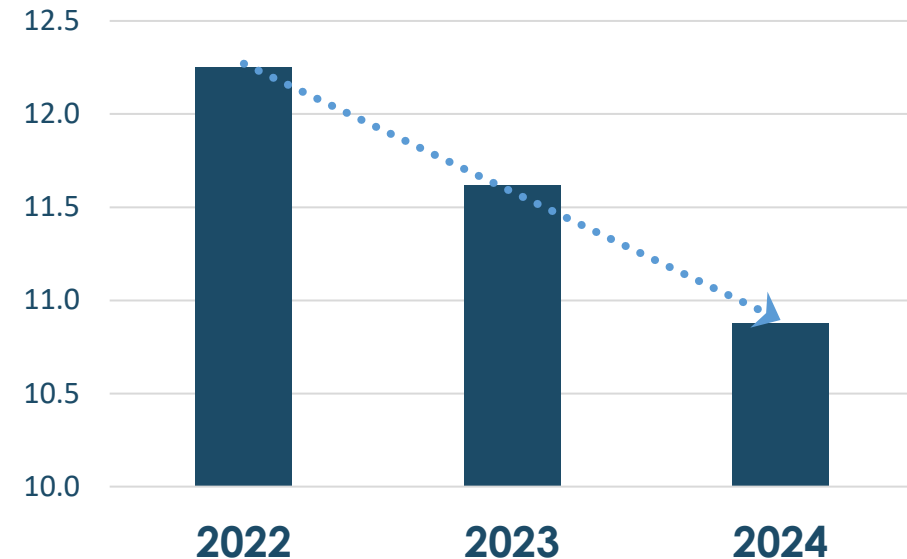
STRUCTURAL CHANGES | *Alcohol Pie is Shrinking AND Fragmenting*

In the long run, the primary challenge is not the total number of wine drinkers – it's the declining frequency of wine occasions among them

WINE DRINKERS - MM
(Core + Marginal)

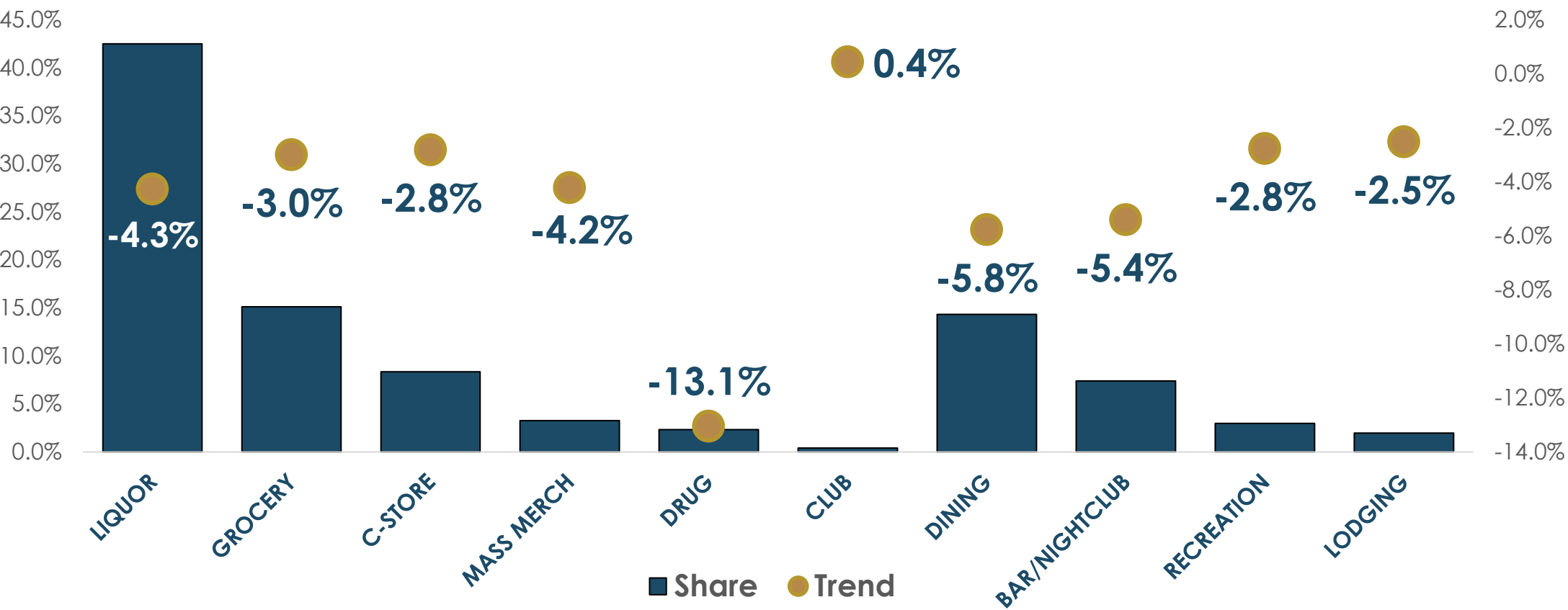


**WINE SHOPPING/PURCHASE
OCCASIONS PER BUYER
OFF PREMISE**
(# of times bought during year)



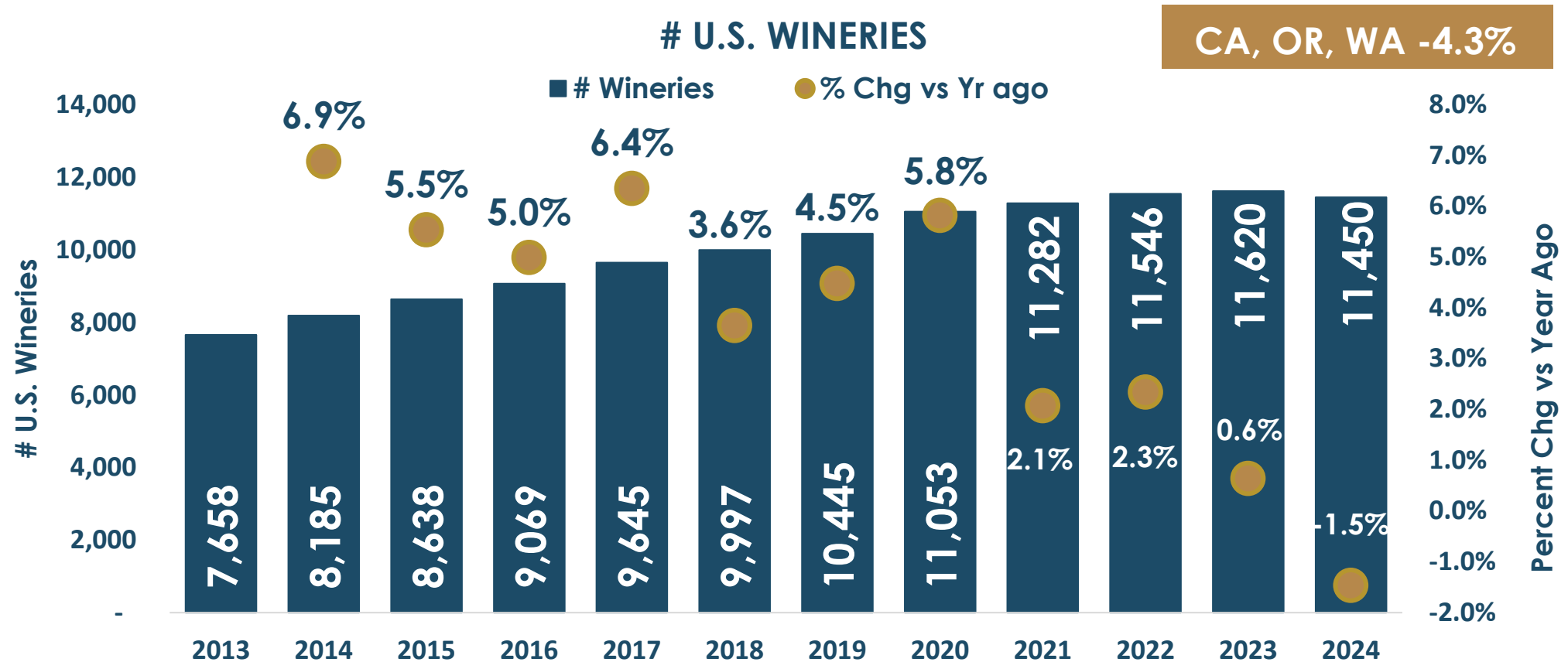
STRUCTURAL CHANGES | *Wine & Spirits Points of Distribution (PODS) in Decline*

Securing shelf space and on-premise placements will become increasingly difficult as retailers and restaurateurs continue to focus on cost management via inventory control and category shifts.



STRUCTURAL CHANGES | *U.S. Winery Count in Decline*

For the first time in memory, **the number of wineries declined in 2024**. This trend is likely to continue in 2025 as the industry resets and adapts to changing consumer demand and balances supporting infrastructure.



STRUCTURAL CHANGES | *Strategic Choices & Opportunities*

Implications of structural changes start with acceptance. The old playbook is no longer applicable.
The new reality will require more focus, rigor and strategic choices than ever.

- **Focus – Real Strategic Choices**
 - For winners and those that endure, understanding where you will play and how you will win is imperative. Strategically, it always has been; however, now the margin for error is razor thin.
 - Is what you do best aligned with this? Can you win with what you do best?
 - Do you continually evaluate what to “start, stop and continue?”
 - Do you have brands, SKUs and assets that no longer fit the new structural realities?
- **Financial Transparency & Rigor**
 - Do you have a long-range financial plan with periodic check points vs. your strategy and measures?
 - Does your executive team and operating management have transparency about what drives profitability and what doesn't?
 - Do you have appropriate resources dedicated to ensuring excellent financials and operating metrics?
 - Have you renegotiated everything you can (e.g. suppliers, vendors, banks, distributors, etc.)?
- **Route to Market Alignment**
 - Do you understand your consumer, the route to market and what drives each channel?
 - Have you defined what winning looks like defined (e.g. margins and ROI by channel, program, etc.)?
 - Are the investments in your sales and marketing teams and programs aligned with where you will win?

STRUCTURAL CHANGE WILL REQUIRE NEW WAYS OF PROBLEM SOLVING

Wine is not alone when it comes to new challenges and opportunities. The number of factors converging all at once are certainly daunting. That said, **collaboration and creative solutions will generate new opportunities for those with strong initiative.**

“We saw signs everywhere of new forms of collaboration and new smart solutions to the world’s enduring problems.”

McKinsey & Company | World Economic Forum, 2025



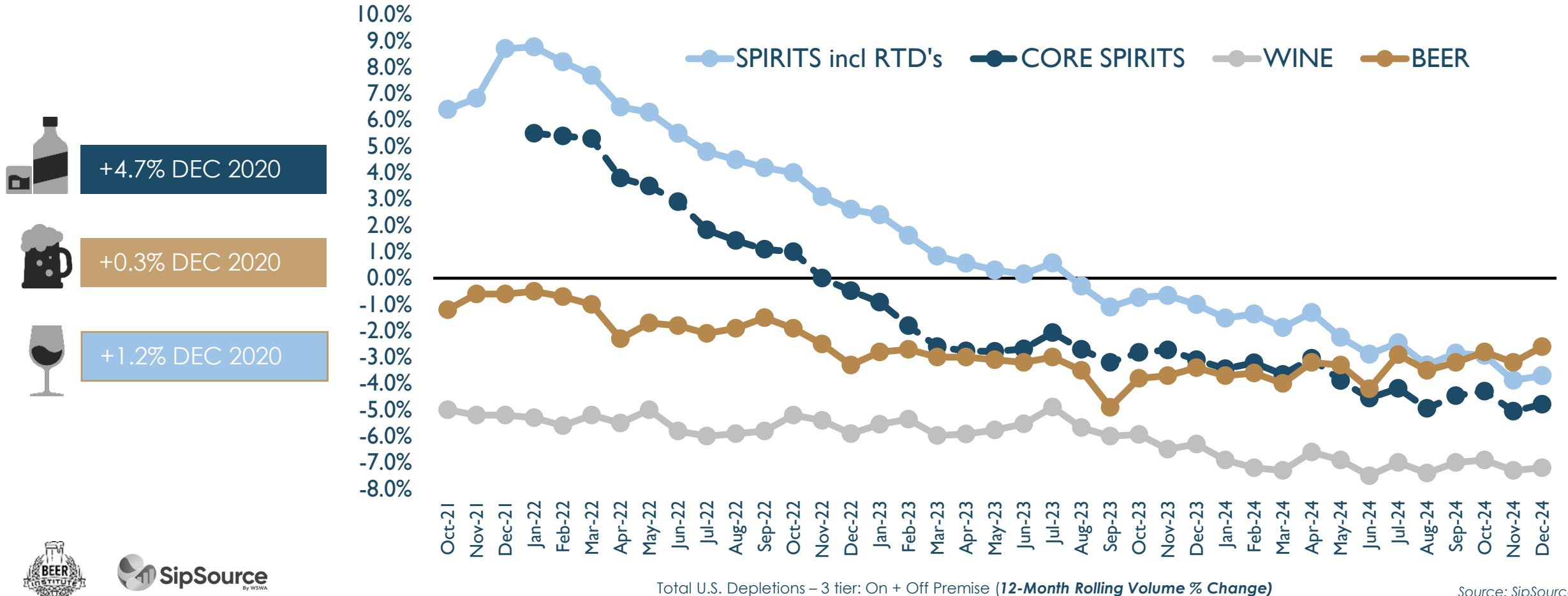
BEVERAGE ALCOHOL & WINE

MARKET OVERVIEW

“Data Is Your Valuable Friend”

U.S. WHOLESALE MARKET | *Growth Rates by Beverage Alcohol Category*

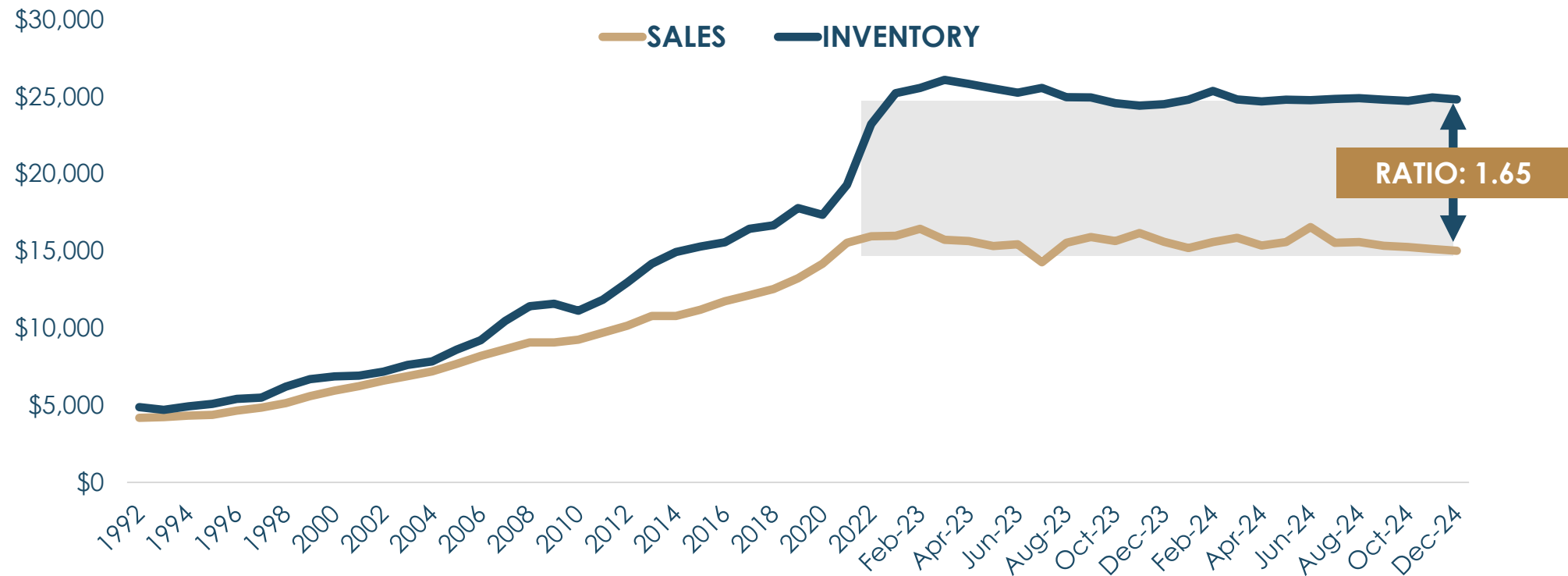
While all Beverage Alcohol category trends are in decline, **trends appear to be stabilizing or improving from prior periods.**



BEVERAGE ALCOHOL WHOLESALE INVENTORY TRENDS

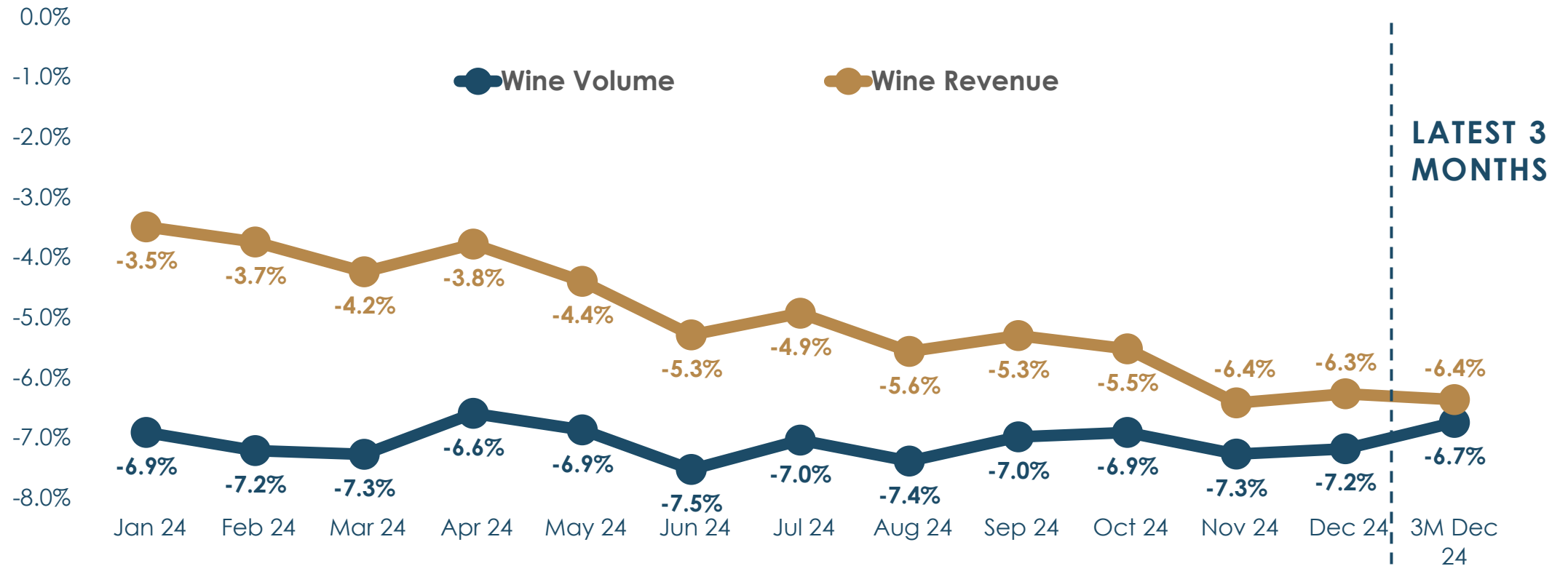
Wholesale inventories expanded sharply ahead of sales starting mid-2022 and remain at **elevated levels**. Inventory levels should be considered in distributor contracts.

BEVERAGE ALCOHOL WHOLESALE INVENTORY VS SALES



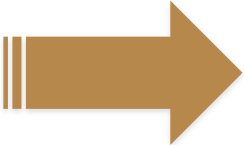
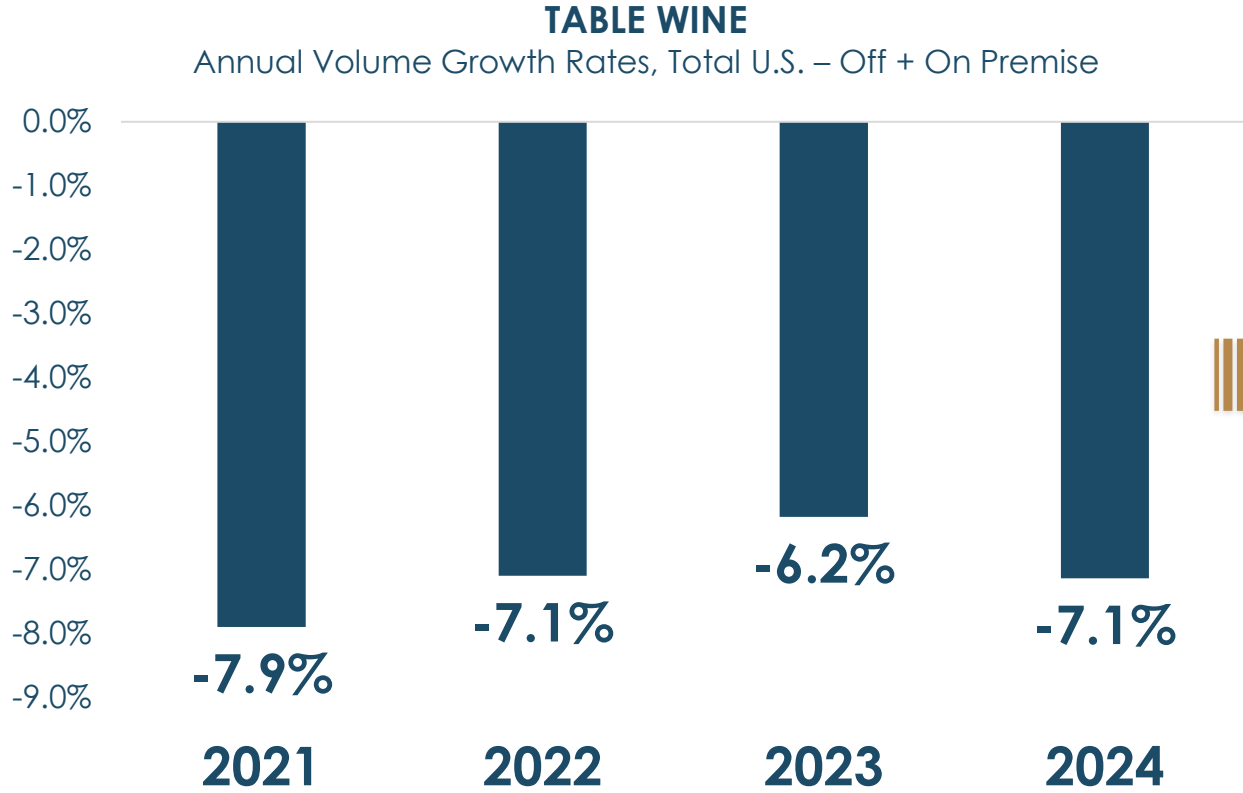
GAP BETWEEN VOLUME + VALUE SHRINKING

The trend gap between revenue and volume has evaporated and category premiumization “trading up” is moderating. Some of this is driven by improvement at lower price points which still accounts for the majority of volume.



U.S. WHOLESALE WINE DEPLETION GROWTH | *by Price Segment*

There have been significant overall volume declines over the last four years, however, that has all been at price points below \$15. **There are still segments of growth at prices above \$15.**

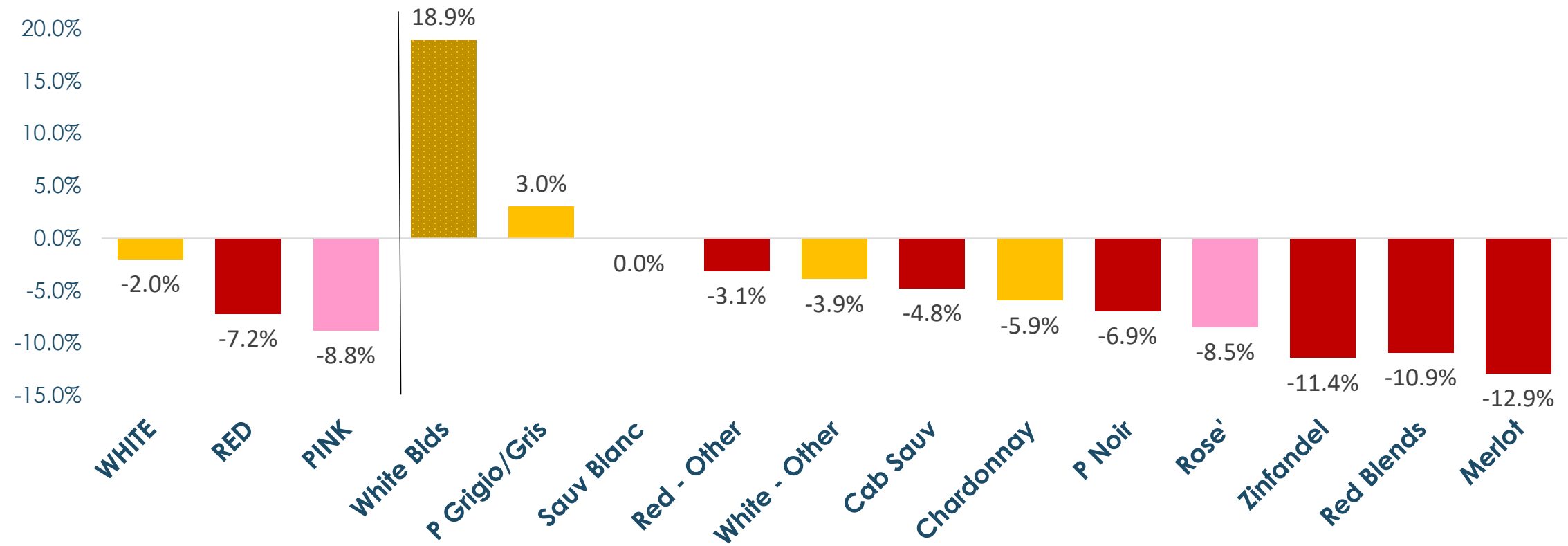


| PRICE TIERS | 2024 vs 2020 |
|---------------|--------------|
| <\$4.50 | -35% |
| \$4.50-\$7.99 | -28% |
| \$8-\$10.99 | -35% |
| \$11-\$14.99 | -13% |
| \$15-\$24.99 | +2% |
| \$25-\$49.99 | +/-0% |
| \$50+ | +29% |

U.S. WHOLESALE WINE DEPLETION GROWTH | *by Varietal Segment*

By varietal type, generally **lighter aromatic white wines are stronger performers.**

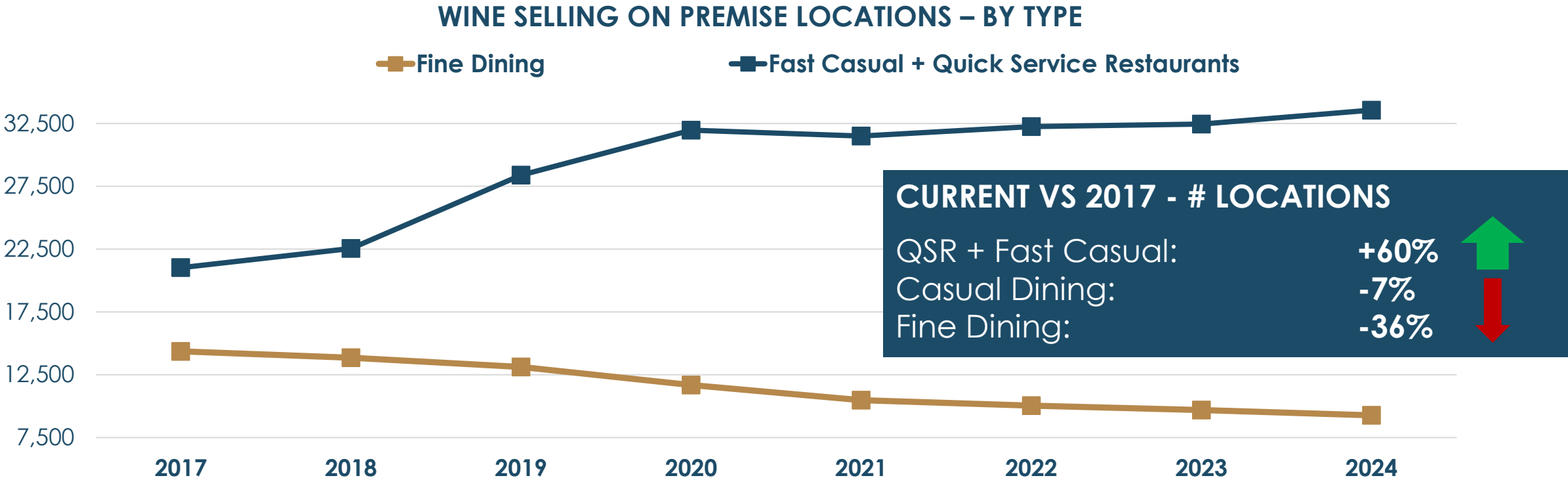
TABLE WINES BY VARIETAL - \$11+ Ordered by Pct Growth Rate Revenue Pct chg vs Yr Ago



U.S. ON-PREMISE SELLING LOCATIONS | *by Dining Location Type*

Fine Dining locations, which are core to wine, continue to decline while Fast Casual locations have increased.

ON PREMISE PRESSURES – RESTAURANT TYPES CHANGING; FINE DINING LOCATIONS 36% LESS THAN IN 2017

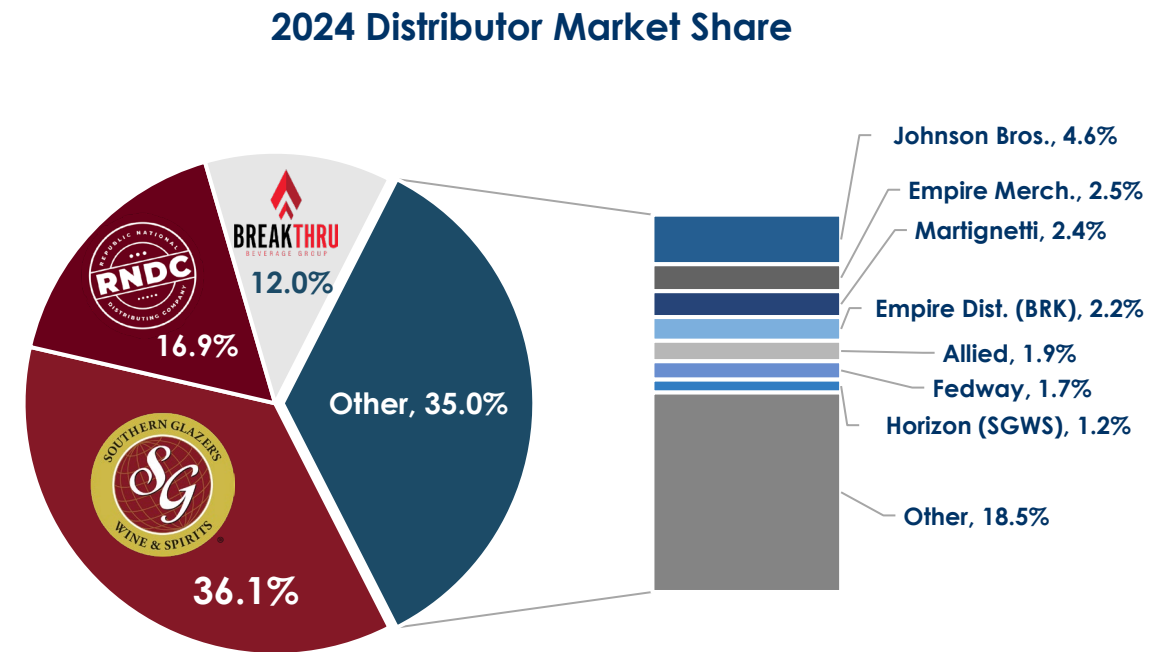
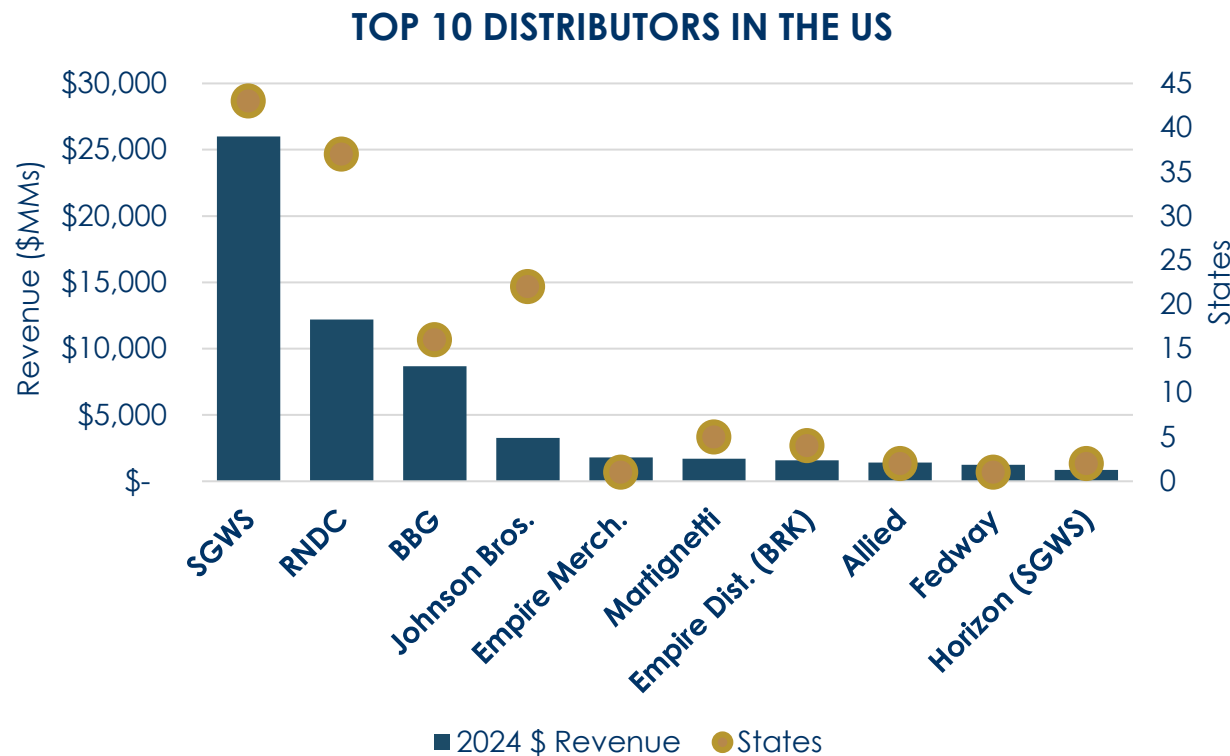


TDLinx – December of each year (Jan 2025 for 2024 number)

Source: NIQ (TDLinx)

WINE & SPIRITS WHOLESAL E DISTRIBUTORS | *Landscape*

In 2024, the Top 3 distributors were about 2/3 of wholesale revenue with Southern Glazer's Wine & Spirits (SGWS) about 2x the \$ revenue of the next traditional ⁽¹⁾ W&S wholesalers. With the category challenges, distributors responded with operational efficiency measures including **reduced staffing, warehousing consolidation, M&A transactions etc.**



⁽¹⁾ Traditional defined here as wholesalers focused on Spirits & Wine.

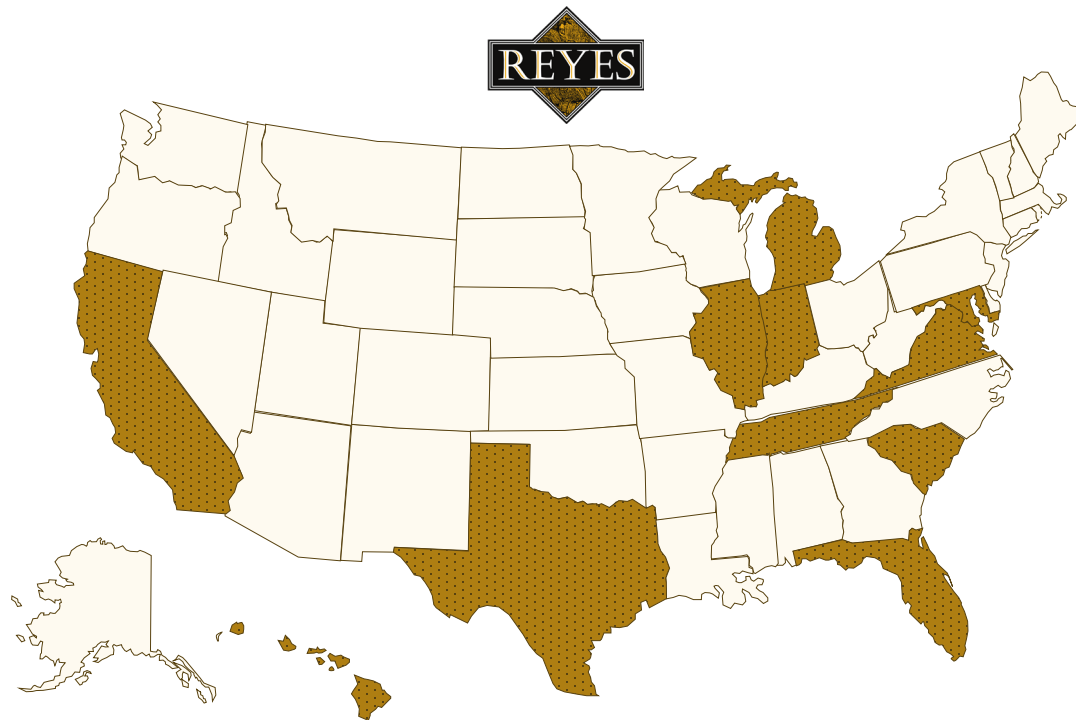
Source: Shanken Impact Newsletter April 2024

“TRADITIONAL” WINE & SPIRITS DISTRIBUTORS | *A New Player In The Market?*

Reyes Beverage group, historically focused on beer and non-alcoholic beverages (e.g. Coca Cola) has recently entered spirits. Is this as much about where the product is delivered?

Distributor Spotlight:

In 2024, Reyes added Sazerac (BuzzBallz) + Tito's in select markets



We have always thought about the Distributor network as being driven by what products they carry. The future may be more about where the product is being delivered.

CURRENT

- Wine
- Beer
- Spirits
- Seltzer
- Cocktails
- Non-Alcoholic

FUTURE

- Convenience
- Restaurant
- Grocery
- Liquor
- Club Store
- Bar/Nightclub
- Country Club

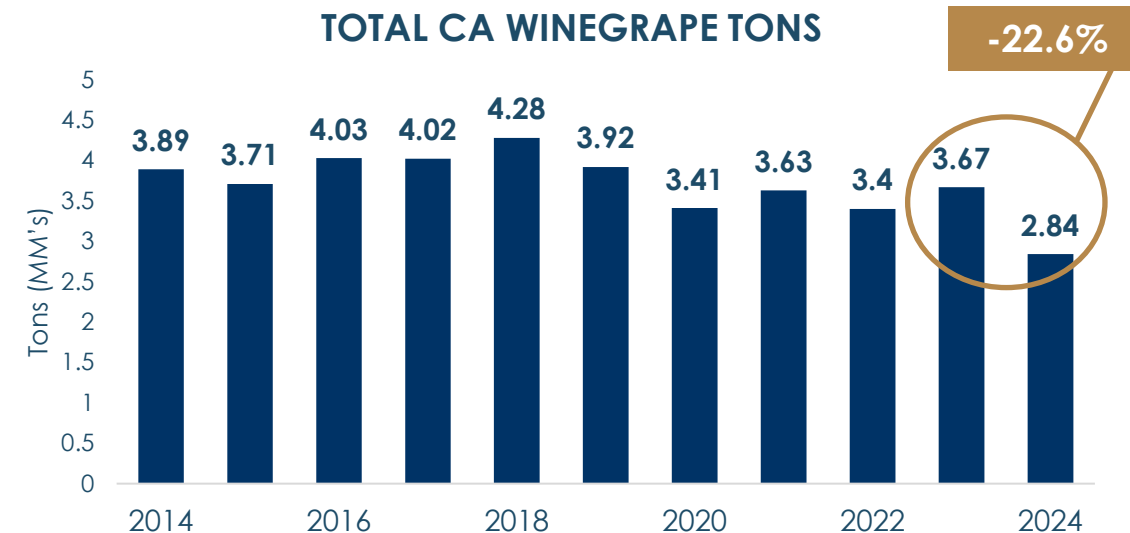
Source: Reyes Beverage Group website

GRAPE SUPPLY STRUCTURAL CHANGES | *In Progress*

While structural changes in grape supply are in progress, we still have a ways to go and **need to remain proactive, in particular for Cabernet from Coastal regions.**

GRAPE SUPPLY CHANGES ARE IN PROGRESS

- The **2.84M ton CA grape harvest was a 23% decline from 2023** and a surprise to the market expecting 3.0M+ tons. The 2.84M tons were the **lowest total in 20 years** (2004 was 2.76M tons). Some of this was driven by a net reduction of about 20k acres between 2023 and 2024, and some was due to fruit that remained unpicked.
- The return to stable demand + pricing **depends largely on a balanced bulk wine market**, which could take from 12-36 months. Europe, South America and Australia moved aggressively and prices have started stabilizing.
- To continue balancing, **additional vineyard removals of approximately 50K acres (22k interior and 28k coastal) are still recommended**. The 2025 opportunity for vineyard owners is to **proactively remove underperforming vineyards and methodically replant to the structural shift in consumer demand** (ex: whites, etc.).



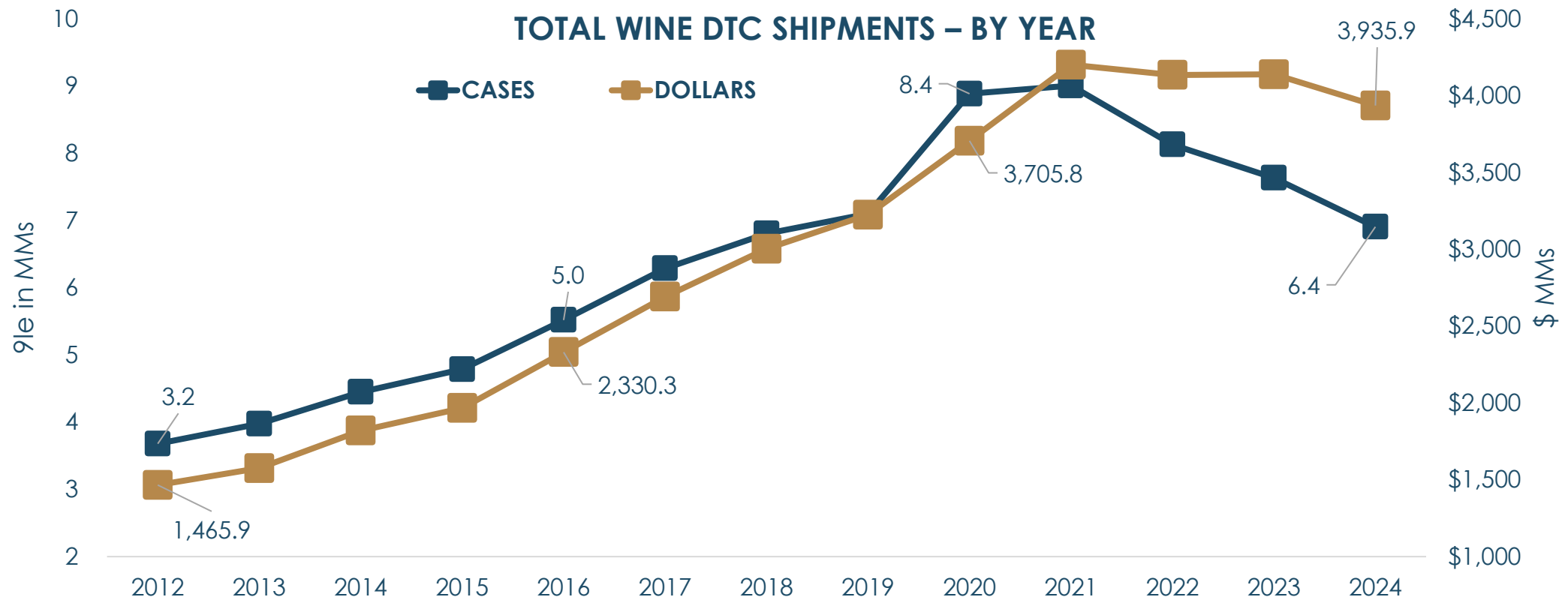
IMPLICATIONS FOR VINEYARD & PRODUCTION VALUE

The combination of **softening overall consumer demand, a continued over-supply imbalance, and rising labor, insurance, regulatory and financing costs** has impacted grower and winery economics. In turn, this has led to **tighter credit from lenders**. Accordingly, **valuations for underperforming and/or non-strategic assets have been significantly impacted**. This presents opportunities and risks for differently positioned industry participants.

Source: Grape Crush Report, USDA NASS, CDFA

DIRECT TO CONSUMER (DTC) US SHIPMENTS | 2012 – 2024

Long-term, DTC shipments continued to grow steadily, accelerated sharply with COVID tailwinds in 2020. Volume has steadily declined since and to a lesser degree in value, however, looking ahead value will be under more pressure as well due to overall demand and inventory pressures.

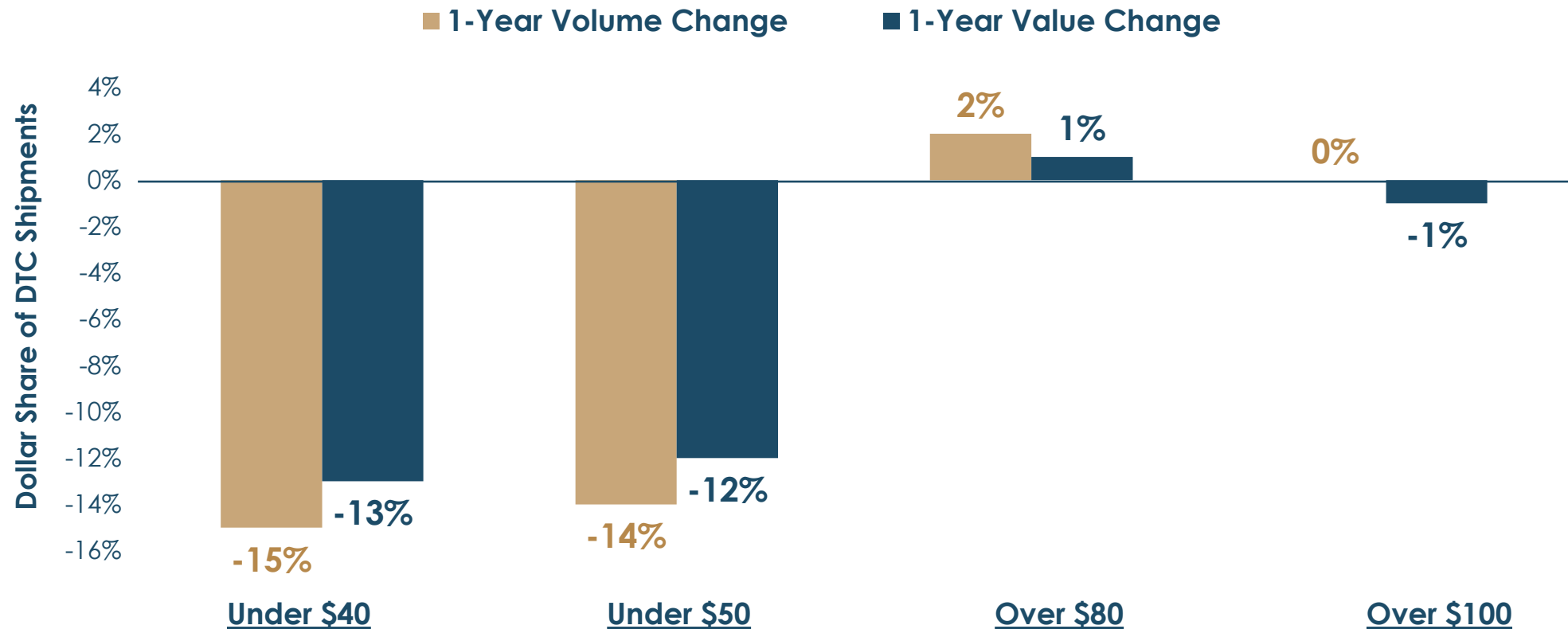


Source: Wine Business Analytics

DIRECT TO CONSUMER (DTC) | *2024 Shipment Trend Detail Volume & Value*

DTC shipments are down significantly at lower ends. Higher end holding steady.

CHANGE IN VOLUME + VALUE BY AVERAGE BOTTLE PRICE



DIRECT TO CONSUMER (DTC) | *Consolidation of DTC Software Sales Platforms*

The acquisition of Wine Direct's SaaS division by Commerce7 represented perhaps the most significant DTC transaction in recent years.

On January 16, 2025, Commerce7 announced they would acquire Wine Direct's SaaS division and retire Wine Direct's ecommerce platform in the next 2 years. Based on input from industry leading DTC consulting firm Hopscotch DTC, the Commerce7 platform (as do other best-in-class platforms) offers the following benefits:

MODERN USER INTERFACE: The platform is continuously innovating, offering wineries the opportunity to consistently experiment with enhanced functionality.

OPEN-SOURCE API: Open-source provides the benefits of integration capabilities with complementary platforms and direct data integration into customer profiles for easy visibility and reporting.

ROBUST CRM CAPABILITIES: Offering a holistic view of the consumer across all channels, wineries have the opportunity to offer a more personalized experience through targeted communications and promotions, potentially leading to increased order frequency and wine club conversion, as well as loyalty.

ENHANCED WINE CLUB FUNCTIONALITY: As noted earlier, consumer preferences are changing and many consumers who are new to the category are not interested in the traditional wine club model. While the traditional club structure is available, so is the ability to offer subscription club functionality, a true user choice experience more aligned with today's consumer. Choosing what they want, when they want it!

DIRECT TO CONSUMER (DTC) | *Takeaways & Looking Ahead*

The DTC wine market has demonstrated robust long-term growth, but recent shifts in consumer demand and economic pressures are driving changes in shipment volumes and market dynamics.

MARKET SATURATION & REGULATORY HURDLES:

The plateau in expansion—exemplified by “no more states to open up”—has led to intensified competition. Combined with recent health advisories, this heightened market pressure underscores the need for proactive messaging, compliance, and differentiation in a more cautious consumer landscape.

EVOLVING VISITOR TRENDS:

Except for Lodi and Southern Oregon, Community Benchmark reports declines in annual visitation and tasting room sales across every other wine region in 2024, suggesting longer term shifts in wine tourism.

EMPHASIS ON AUTHENTICITY & DIGITAL ENGAGEMENT:

Today’s consumers demand authenticity and compelling brand narratives. Investing in data-driven digital marketing and tailored customer experiences will be key for wineries to build loyalty and effectively capture a premium market segment.

STRATEGIC IMPLICATIONS FOR 2025:

These dynamics underscore the need for creative DTC solutions that prioritize different occasions driven by user choice that are authentic and aligned with your place, history, family and brand. These include both digital and in- person strategies.

- With shifting consumer behaviors, how can you create more tailored, experience-driven DTC strategies?
- What role can digital tools (e.g., AI-driven personalization, enhanced e-commerce user experience) play in strengthening customer retention and increasing purchase frequency?

Connect with consumers: (i) where they are; (ii) with messaging that resonates; (iii) on the right occasions

Source: Community Benchmark

WINE CATEGORY | *2025 Outlook*

- Key words for 2025 will be **stabilization (trends)** and **collaboration (action)**
- The industry **will continue to "right size"** across **vineyards, wineries, and brands**
- **\$15-\$25** will remain the **healthiest 'price tier'** for table wine in the 3-Tier/Wholesale channel
- **Alternative wine-based beverages will prosper** while traditional wines remain challenged
- Imported table wine in lower price segments (e.g. <\$12) will continue to outperform Domestic
- The pace of introduction of **products with 'better for you' attributes will accelerate**
- DTC and on-premise channels will continue to struggle for growth
- Wholesalers and Retailers will continue to focus on inventory management
 - New products will get stronger scrutiny
 - Price increases will be more difficult to implement



BETTER FOR YOU



BETTER FOR YOU | *What Is It?*

Non-alcoholic wine and other “better for you” options provide room to expand in the wine category. It is not necessarily “one or the other.”

OPPORTUNITIES

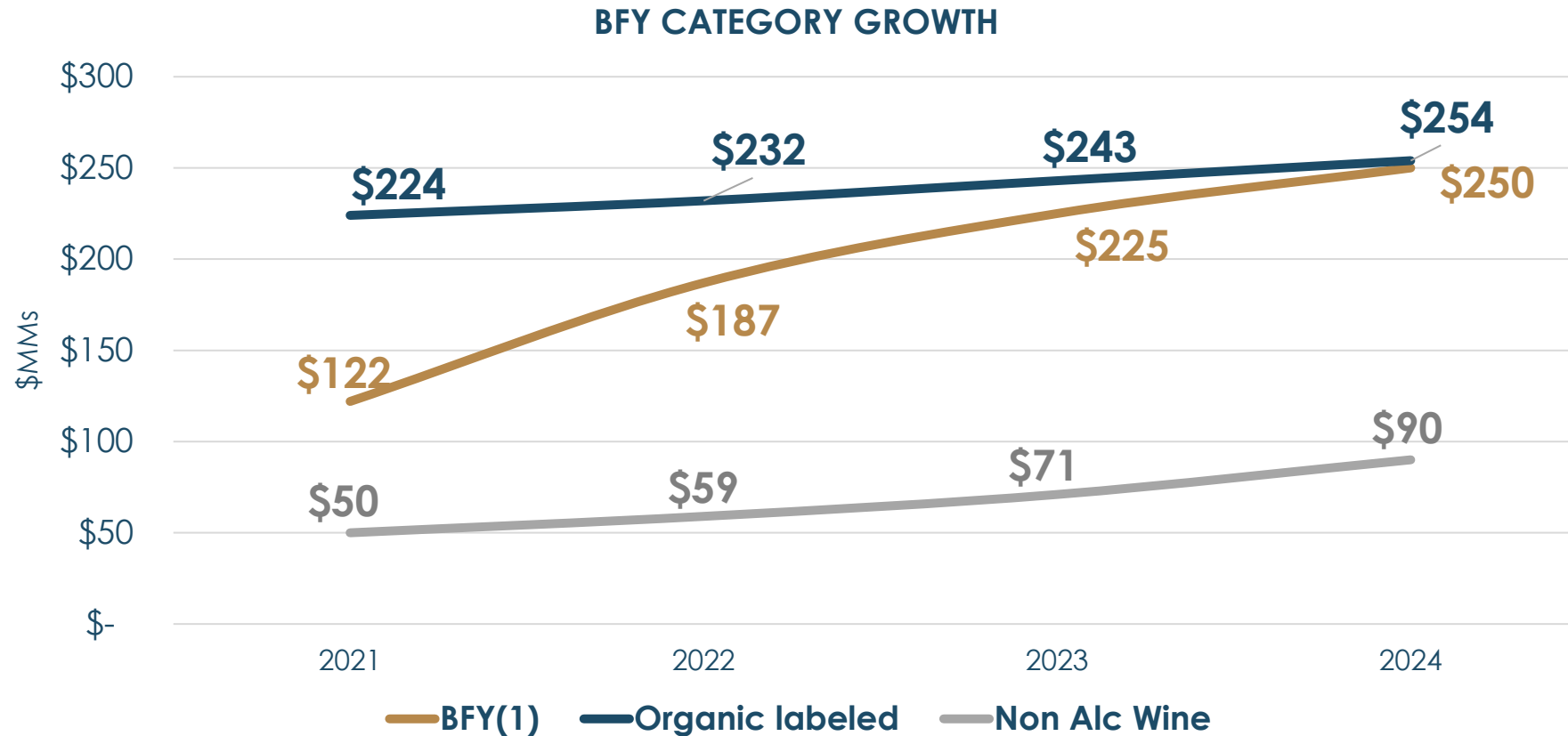
- Cross generations
- Multiple occasions & reasons
- Multiple places; beyond where mainstream wine can be sold
- 93%* of people who drink NA Adult Bev also drink alcohol
- If wine Non Alc share (currently 0.35%) achieved a 2% share (like Beer): opportunity of incremental ~6MM cases



Total U.S. – NielsenIQ Off Premise Measured Channels –
Annual 2024 thru w/e Jan 25, 2025

BETTER FOR YOU | *How Do We Meet Demand?*

Meeting demand in the “better for you” category is still being defined. There are a variety of products that are still in the test and learn phase to meet consumer expectations.



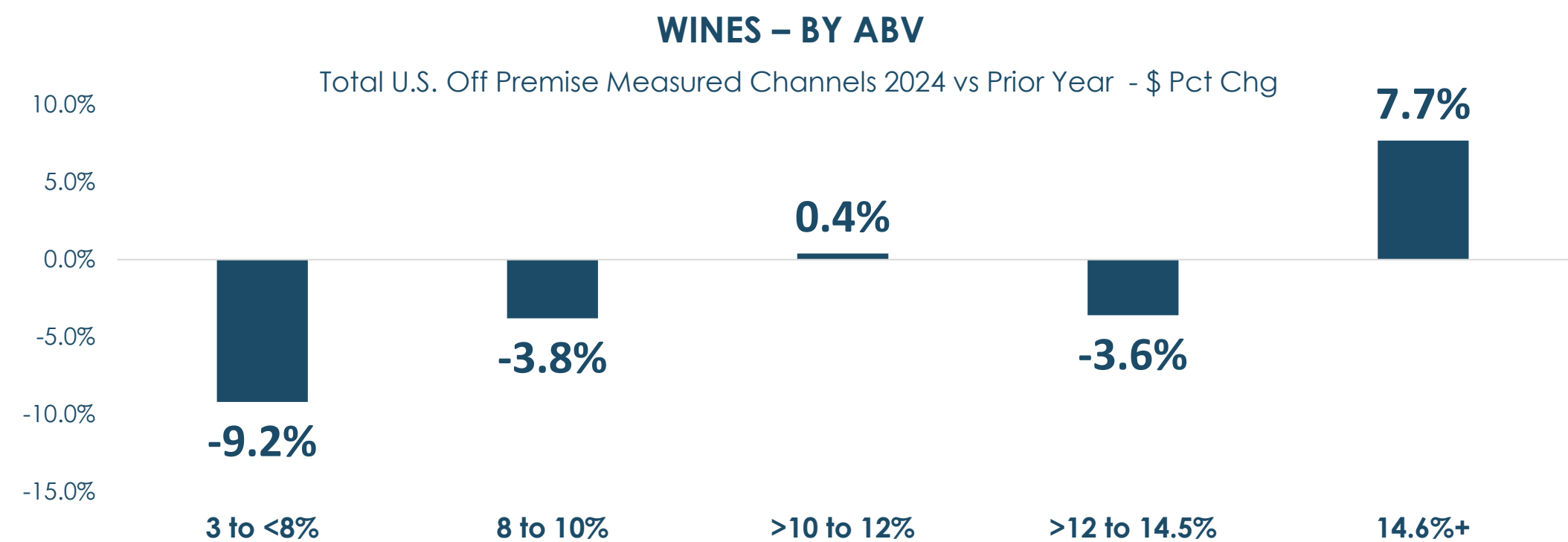
Measured Off Premise Channels – period ending Dec 28, 2024 (Dollars)

(1) Aggregate of select 24 brands/brand extensions

WINE CONSUMERS | *Vary Based on Occasion*

In the wine category, consumers – sometimes the same ones – choose Non-Alc or better for you some of the time. **On other occasions, they go “all out” with higher ABV% choices.**

It's Not All About Lighter/Lower ABV %





M&A WINE MARKET

SUMMARY + OUTLOOK

2024 M&A LOOKBACK | *How Did We Do With Our 2024 Outlook?*

Azur publishes an annual M&A review and outlook. We summarized our predictions in an excerpt from our [2023 Summary & 2024 Outlook](#). Below, we assessed our 2024 outlook vs. actual.

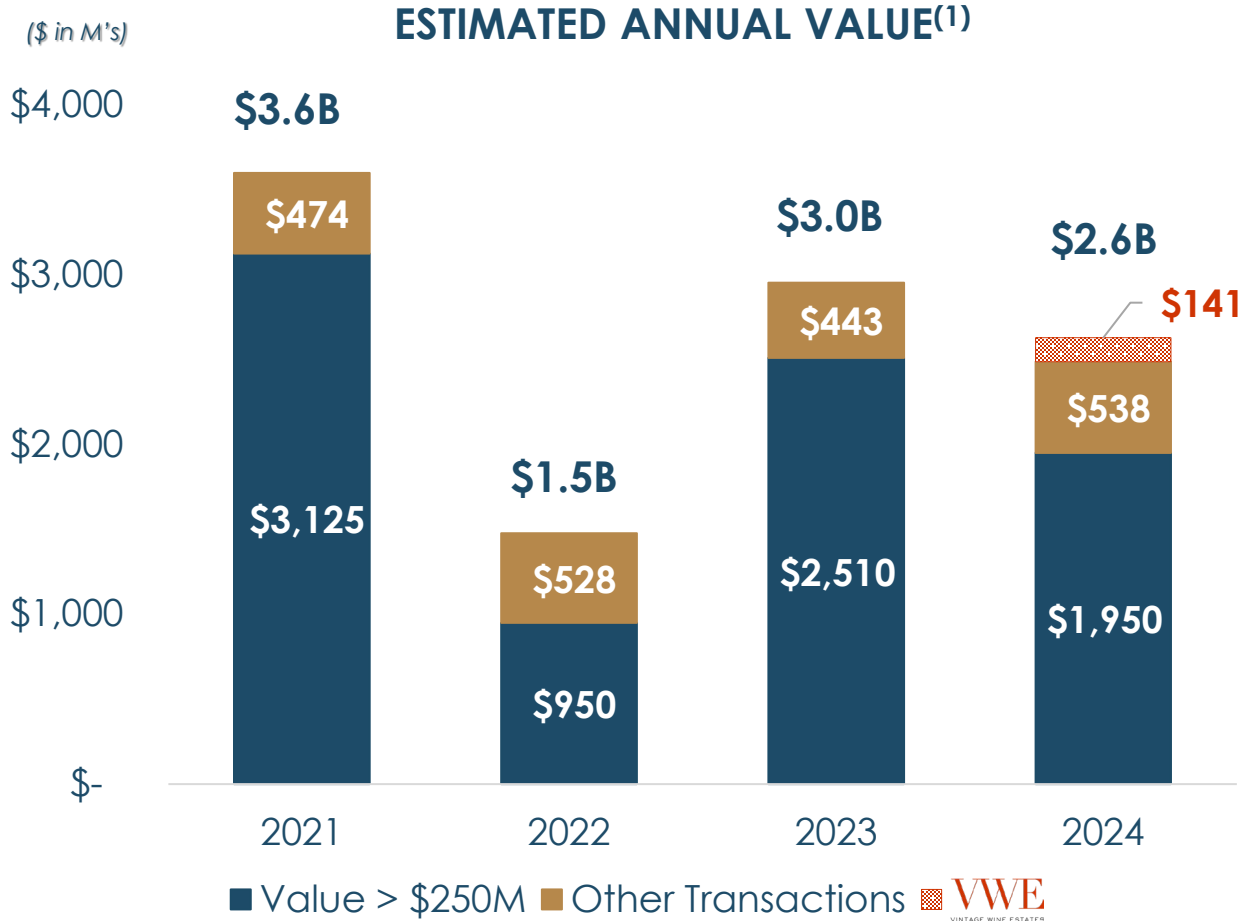
| 2024 OUTLOOK ⁽¹⁾ | ASSESSMENT | COMMENTS |
|---|--------------|---|
| 1. In a flattening category, the “pick and shovel makers” will consolidate more often | CORRECT | Examples include: (i) Fort Point Capital (Yandell) → Eagle Transportation; (ii) Omnia Technologies → ATP Group (CapEx Division); (iii) Refresco → VBC Bottling Co.; (iv) Arcadea Group → AgCode |
| 2. There will be significant diversification and a pivot in Beverage category emphasis by certain larger strategics in wine | MOSTLY RIGHT | Foley Family Wines changed its name to add Spirits. Portfolio adds in Spirits included: El Mexicano Tequila, Loch Lomond Group Scotch and Two Stacks + Killowen Irish Scotch. Gallo expanded in Spirits to become the 4 th largest by volume and entered the beer category (Montucky). |
| 3. A number of wineries that don't transact will be rationalized | CORRECT | As the data shows, the number of wineries in CA, OR and WA decreased by 4.3% in 2024. |
| 4. A+ brands with excellent assets and strong cash flow will still transact | CORRECT | The acquisition of the Duckhorn Portfolio by Butterfly Equity and the acquisition of Sea Smoke by Constellation, both support this theme that we believe to be durable. |
| 5. Premium vineyards in desirable locations will continue to be in demand | LESS IN 2024 | There is still interest in premium vineyards; however, in 2024 outlook was very cautious, valuations lower and activity less. |

(1) 2024 Outlook from Azur 2023 YE M&A Overview

U.S. WINE MARKET M&A | *Transaction Value*

SUMMARY:

- Historically, the majority of annual U.S. wine M&A transaction value⁽¹⁾ is attributed to those transactions of \$250M or greater. In 2024, only one such transaction occurred, Butterfly Equity's acquisition of The Duckhorn Portfolio.
- While there were still a significant number of smaller transactions in 2024, many of those were at lower valuations than historical norms.
- The Vintage Wine Estates (VWE) bankruptcy disrupted market activity during the middle of 2024 and has impacted relative value for like-kind assets.



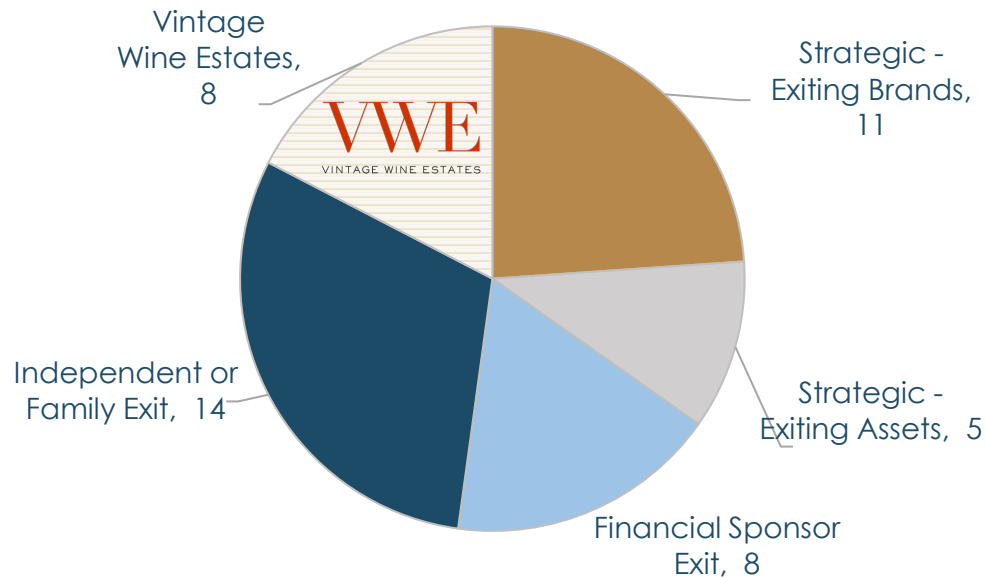
(1) Volume and value estimate of certain select transactions

2024 WINE MARKET M&A | *Summary*

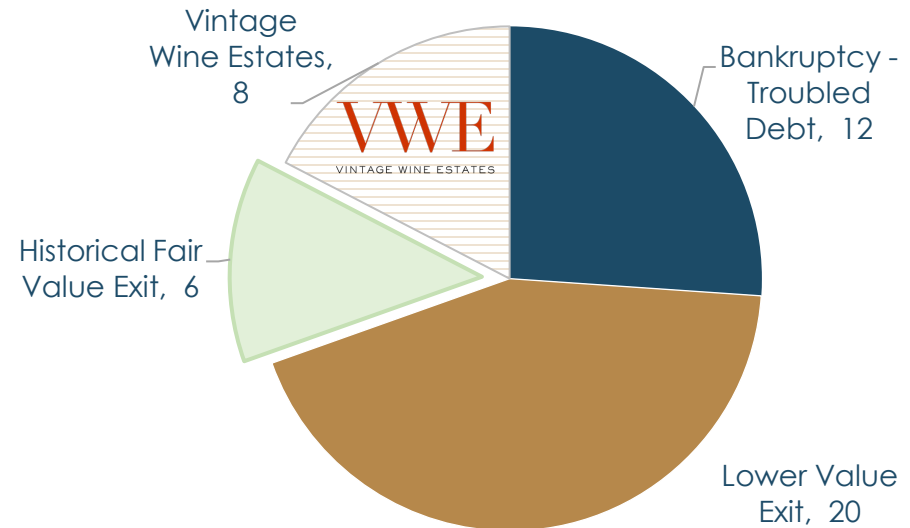
SUMMARY:

- Large strategic wine companies and financial sponsors are rationalizing brands and assets.
- While a few transactions in 2024 resulted in exits close to historical fair value, **the majority occurred at below-average valuations or were significantly discounted** due to bankruptcy or excessive financial leverage.

COMPANY TYPE



EXIT VALUE TYPE



2024 WINE MARKET M&A | *Transaction Review*

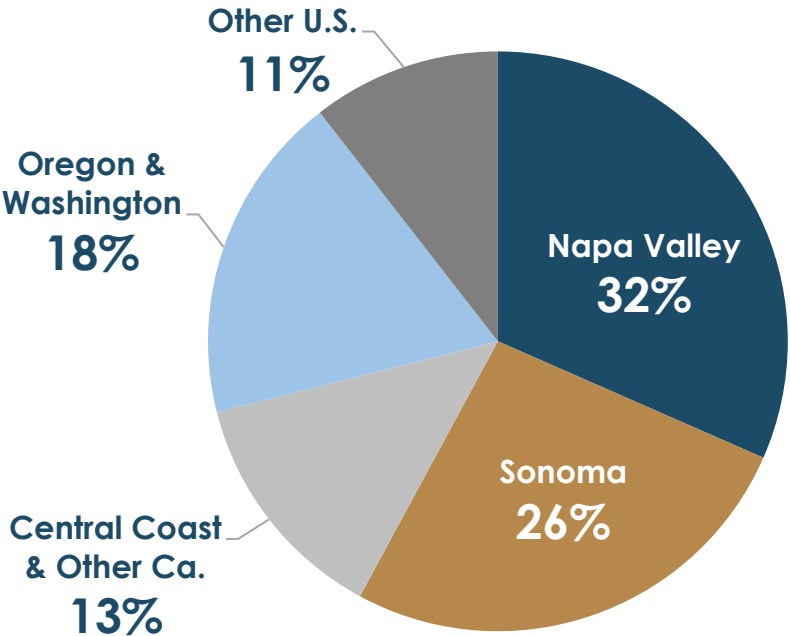
While VWE contributed to a higher number of transactions in 2024, even when excluding those, comparative⁽¹⁾ select transaction volume still saw an increase compared to 2023.

However, estimated annual value decreased, primarily due to only 1 large-scale transaction (>\$250M) in 2024 compared to 4 in 2023.

Geographic distribution of select comparative⁽¹⁾ transactions was as follows:

- Napa Valley (12)
- Sonoma (10)
- Central Coast & Other Ca. (5)
- Oregon & Washington (7)
- Other U.S. (4)

2024 TRANSACTION GEOGRAPHY⁽²⁾



10
Wineries⁽³⁾

8
Estates / Facilities

3
Vineyards

17
Brands

~\$2.6B
Estimated Value

(1) Comparative select transaction volume excluding VWE transactions
(2) Percentages based on select transaction volume
(3) Combination of vineyard, brand and facility



2024 WINE MARKET M&A | *More Significant Transactions*

In 2024, there was only one “large” transaction.⁽¹⁾

In addition, we highlight a few other more significant 2024 transactions below.

| TARGET ⁽¹⁾ | INVESTOR | RATIONALE + TRANSACTION SUMMARY: | INVESTMENT: \$1.95B EV/EBITDA MULTIPLE: Fwd Est. 10-11x |
|---|---|---|--|
|  |  | RATIONALE + TRANSACTION SUMMARY: Butterfly specializes in “seed to fork” investments. In their view, Duckhorn had the best portfolio and strongest fundamentals in the industry. They Believe the company’s portfolio, business model and team set the foundation for scale through organic growth and M&A. | Revenue (Fwd): > \$450M EBITDA (Fwd): >\$175M Vineyards: >2,200 Acres (Napa, Sonoma, And Vly, Or, Wa etc) Wine Facilities: 10 (Napa, Sonoma, Ander Vly, Or, Wa etc.) Hospitality: 8 tasting rooms + wine clubs, hospitality, etc |
| TARGET | INVESTOR | RATIONALE + TRANSACTION SUMMARY: | INVESTMENT: Not available EBITDA Multiple: Not public |
|  |  | RATIONALE + TRANSACTION SUMMARY: Constellation was still in pursuit of consumer-led high-end brands. The acclaimed estate, top quality wines are aligned with the target consumer preferences for the Constellation high-end portfolio. The growth opportunity is aligned with premiumization growth goals. | Revenue: Est. > \$16M EBITDA: Not public Vineyards: >250 Vineyard Acres (Sta. Rita Hills) Wine Facilities: 1 (Lompoc) Hospitality: Mailing list/allocation |

2024 BEVERAGE ALCOHOL M&A | *A Major Transaction*

| TARGET ⁽¹⁾ | INVESTOR | RATIONALE + TRANSACTION SUMMARY: | INVESTMENT: >\$500M ++ EBITDA Multiple: Not public |
|---|---|--|---|
|  |  | RATIONALE + TRANSACTION SUMMARY: A large acquisition, even for Sazerac, BuzzBallz reportedly generated over \$200M in retail across wine & spirit RTD’s which was over 5x what Sazerac was generating in that segment prior. BuzzBallz tapped into portable, single-serve, flavor forward at elevated ABV’s. Already in 50 states and 24 countries, Sazerac plans to leverage its capabilities for further growth. Products range from spirits-based to wine and malt. | Revenue: Unknown EBITDA: Not published Volumes (9l eq): Cocktails >800k Chillers (wine based) >1.3M, Biggies (1.75ml) >600k Facilities: 500k square foot facility (employed 650 people) |

⁽¹⁾ As a smaller value category, for wine we use a transaction value of \$250mm or larger. (Note: In 2023, there were four in this category)

2024 ROUTE TO MARKET | *Structure Shifts Across a Variety of Platforms*

Transaction activity remained steady within the distribution, agency, e-commerce, and DTC subsectors.

| INVESTOR | TARGET | CATEGORY | RATIONALE |
|--|---|---------------|--|
|  |  | DISTRIBUTION | Southern Glazer's Wine & Spirits acquired New England-based alcohol distributor, Horizon Beverage Group. The transaction includes all of Horizon's operations in Massachusetts and Rhode Island, as well as the wine, spirits, and beer portfolio. |
|  |  | IMPORT AGENCY | Carolina Wine Brands, the US subsidiary of Chilean producer Viña Santa Carolina, has merged with the Spanish wine producer, González Byass, via its US subsidiary. |
|  |  | E-COMMERCE | Flaviar acquired US BevAlc e-commerce enablement provider, Speakeasy Co, to bolster its B2B offerings. The company will process over half a million orders this year with 9-figure gross revenue in the US and Europe. |
|  |  | | Full Glass Wine Co. acquired online wine retailers, Scout & Cellar and Splash Wines. The investment bolstered the Full Glass' portfolio and its commitment to the DTC model. |

Perhaps the most significant route to market transaction was in January 2025 (highlighted in the DTC section) with the acquisition of the Wine Direct SaaS division by Commerce7.

WINE MARKET M&A | 2025 Outlook & Looking Ahead

The current wine category structural shift has caused potential buyers to reconsider their M&A approach. This combined with the highly publicized Vintage Wine Estates bankruptcy in 2024 has impacted valuations.

Much of the transaction activity in 2025 will include creative solutions generating new opportunities.

2025 M&A OUTLOOK: A few thoughts about the 2025 M&A market and some areas of interest:

| TRANSACTION TYPE | 2025 OUTLOOK | 2024 REFERENCE |
|---|--|---|
| Winery estate (or portfolio), with great vineyards + facilities and strong⁽¹⁾ brand(s) and cash flows | There are some buyers, however, fewer of them and with lower valuation expectations | Best of class Duckhorn traded at 10-11x forward EBITDA |
| Vineyard assets – “A” Sites | There is still demand. Valuations will range depending on asset scarcity & strategic fit | Darioush's acquisition of a Yountville Crossroad vineyard |
| Winery facilities & hospitality – “A” Assets | A limited pool of buyers with a specific location and asset type need | Kelly Fleming Winery sale to Jayson Woodbridge |
| Brand only – strong⁽¹⁾ | There is demand. Valuations will range widely depending on cash flows & the specific buyer | Wines of Substance sale to O'Neill Vintners & Distillers |













⁽¹⁾**NOTE:** "Strong" brands are those in the "right" price segments, with relevant distribution (regional or national) and significant repeatable cashflows

2025 M&A SUMMARY: For brands and assets not in one of the above categories, valuations will be challenging as will the ability to find an appropriate buyer.

“Wine to me is passion. It’s family and friends. It’s warmth of heart and generosity of spirit.”



















Robert Mondavi, 1999

SELECT WINE-RELATED M&A ACTIVITY | 2024

| ANNOUNCED | TARGET | INVESTOR | STRATEGIC RATIONALE |
|-----------|---|--|--|
| JAN 2024 |  |  | Hayden Creek Capital completed a majority investment in Napa-based Bin to Bottle. BTB provides small-lot custom crush services and offers services for alternative beverage producers. |
| JAN 2024 |  |  | Plata Wine Partners acquired 14 retail wine brands from Purple Brands including Donovan-Parke, Main & Geary, Shiloh Road and more. |
| MAR 2024 | DUTCH HENRY ESTATE |  | The former Dutch Henry Winery estate in Calistoga was acquired and reborn as the home of Parable Wines. The estate is 10.5-acres and includes 2.5-acres planted to cabernet sauvignon and a wine cave network. |
| MAR 2024 |  |  | Third Leaf Wines acquired the Conn Creek Wine brand, including inventory + IP from Ste. Michelle Wine Estates. |
| MAR 2024 |  |  | Continental Wine Collection acquired the 44-acre Wild Horse Winery & Vineyard estate from Gallo within the Templeton Gap district of the Paso Robles AVA. Gallo retained ownership of the Wild Horse brand. |
| MAR 2024 |  | JAMES HALL + INVESTORS | Co-founder of Patz & Hall, James Hall with a group of investors, reacquired the brand, inventory + IP from Washington-based Ste. Michelle Wine Estates. |
| MAR 2024 | DRY CREEK ESTATE |  AESTHETE WINES | Aesthete Wines acquired the former Truett Hurst & VML 24-acre property on Dry Creek Road in Healdsburg, including 13 acres of vineyard land, two tasting rooms and a winery entitlement. |
| MAR 2024 | TRUETT • HURST → Y • M • L ← | PHIL HURST & KEN WILSON | Phil Hurst, in partnership with Ken Wilson of Wilson Artisan Wineries, acquired the Truett Hurst and VML brands. |
| APR 2024 | BRIGHT CELLARS |  | Full Glass Wine, a DTC wine delivery service, raised a \$14mm series A round to progress operations and fund acquisitions. This included the acquisition of Bright Cellars, a subscription-based wine service. |







Note: Based on certain select transaction volume excluding VWE transactions

SELECT WINE-RELATED M&A ACTIVITY | 2024

| ANNOUNCED | TARGET | INVESTOR | STRATEGIC RATIONALE |
|-----------|---|---|---|
| APR 2024 |  |  | Ackley Brands acquired Washington based wineries Columbia Winery and Hogue Cellars from Gallo. |
| MAY 2024 |  |  | WarRoom Cellars acquired the Lyeth Estate brand from the Boisset Collection. Other brands included in the transaction are Lockwood Vineyard, Joliesse, 7 Peaks, and American Vintage. |
| MAY 2024 |  |  | Constellation Brands acquired the Sta. Rita Hills-based Sea Smoke. The transaction includes 256 planted acres, a wine facility, brand, inventory and IP. |
| MAY 2024 |  |  | Ackley Brands acquired Washington based Betz Family Winery. The transaction also includes brands SUNU and The Untold Story, inventory and IP. |
| MAY 2024 | WASHINGTON WINE FACILITY | HORSE HEAVEN WINE COMPANY | Horse Heaven Wine Company acquired a facility formerly owned by Ste. Michelle Wine Estates in Prosser, Washington. |
| MAY 2024 |  |  | Third Leaf Wines merged with European Cellars. The merger furthers Third Leaf's ability to offer unique wines to consumers while allowing a deeper connection between producers and distributors. |
| JUN 2024 |  |  | Burgundy-based Domaine Faiveley completed a second investment in Sonoma County-based Pinot Noir house, Williams Selyem. The investment gives Domaine Faiveley a controlling interest in the Company and comes four years after their original investment. |
| JUN 2024 |  |  | Marchesi Antinori acquired 100% ownership of Washington-based Col Solare Winery. The investment comes after a 50/50 partnership in the estate with Ste. Michelle Wine Estates that began in 1995. |
| JUN 2024 |  |  | The historic Foppiano Vineyards was acquired by Martin Ray Winery. The transaction includes ~130 vineyard acres, winery, production & other facilities, tasting room, brand, inventory + IP. |
| JUN 2024 |  |  | Overshine Wine Co., an emerging wine company focusing on California wines, launched operations through the acquisitions of Armida Winery and Idlewild Wines. |












Note: Based on certain select transaction volume excluding VWE transactions

SELECT WINE-RELATED M&A ACTIVITY | 2024

| ANNOUNCED | TARGET | INVESTOR | STRATEGIC RATIONALE |
|-----------|---|---|--|
| JUN 2024 |  | EUTOPIA ESTATES | The Bouygues family, owners of Bordeaux-based Château Montrose, acquired RdV Vineyards in Virginia under a new entity, Eutopia Estates. The investment represents the first Bordeaux house to enter the Virginia wine market. The transaction included a wine facility and 18-planted acres. |
| JUL 2024 | MADRIGAL FACILITY & VINEYARD | JAYSON WOODBRIDGE | The founder of Hundred Acre, Jayson Woodbridge, acquired the former Madrigal Family Winery in Calistoga as the home for his Fortunate Son brand. The acquisition includes the wine facility, tasting room and a vineyard. |
| JUL 2024 | WINES OF SUBSTANCE |  | O'Neill Vintners acquired the Substance Wine brand from House of Smith. Substance Wine is best known for its Washington appellated wines including 'Cs' Cabernet Sauvignon, 'Sb' Sauvignon Blanc and more. |
| JUL 2024 | NAPA VINEYARD |  | Darioush Winery acquired a 21-acre vineyard in Yountville for \$10M. The vineyard is planted to Cabernet Sauvignon, Merlot, Cabernet Franc and Syrah. |
| JUL 2024 | COSENTINO WINERY ESTATE | GENE WINES | Gene Wines, owned by Brion Wise, acquired the real estate and certain equipment related to Cosentino Winery from Vintage Wine Estates. |
| AUG 2024 |  |  | Seattle-based Ackley Brands acquired the Charles Smith Wines brand. The acquisition includes brands such as Kung Fu Girl, Eve, The Velvet Devil etc. |
| AUG 2024 | OPAL MOON FACILITY | ATLAS WINE CO. | Atlas Wine Co, acquired the 30K sqft Opal Moon custom crush facility based in Sonoma. |
| AUG 2024 | KELLY FLEMING WINERY | JAYSON WOODBRIDGE | Jayson Woodbridge, founder and owner of Hundred Acre Wine Group, acquired the 286-acre Calistoga estate including 12-acres of planted vineyards, a wine facility, a cave network and other hospitality. |
| AUG 2024 |  | JAMES MACPHAIL | James MacPhail acquired his namesake brand from Hess Persson Estates 13 years after selling the brand. |

Note: Based on certain select transaction volume excluding VWE transactions

SELECT WINE-RELATED M&A ACTIVITY | 2024

| ANNOUNCED | TARGET | INVESTOR | STRATEGIC RATIONALE |
|-----------|--|--|--|
| SEP 2024 | DOCTORS VINEYARD |  RIBOLI FAMILY WINES | Riboli Family Wines acquired the Doctors Vineyard in the Santa Lucia Highlands AVA in Monterey, CA. |
| SEP 2024 | BARONS WINERY | CAPITAL CALL VINTNERS | Capital Call Vintners acquired the Walla Walla-based brand, Barons Winery. |
| OCT 2024 |  THE DUCKHORN PORTFOLIO |  butterfly | The Duckhorn portfolio (NYSE: NAPA) was acquired by Los Angeles-based private equity firm, Butterfly Equity, for ~\$2.0B. Butterfly specializes in “seed-to-fork” investments with a portfolio that includes Milk Specialties, MaryRuth Organics, and QDOBA, among others. Duckhorn is expected to become a private company when the transaction closes. |
| OCT 2024 |  LE GRAND COURTAÏGE FRANCE |  BOISSET Collection | Le Grand Courtage French sparkling wines, was acquired by the Boisset Collection. Le Grand Courtage was founded by Tawnya Falkner who has led the brand to numerous accolades and milestones since 2011. |
| OCT 2024 |  PARDUCCI |  WARROOM CELLARS | WarRoom Cellars acquired the Parducci Wine Cellars brand from Mendocino Wine Company. The transaction also included the Paul Dolan Vineyards and True Grit brands. |
| NOV 2024 | WHEELER FARMS | SUZANNE DEAL BOOTH | Suzanne Deal Booth, owner of Bella Oaks Vineyard, acquired the Wheeler Farms estate and J.H. Wheeler brand. The estate includes 6-acres of vineyards, a winemaking facility and hospitality spaces. |
| NOV 2024 |  CORNERSTONE CELLARS NAPA VALLEY | Third Leaf Wines | Cornerstone Cellars, a Napa-based producer of premium was acquired by Third Leaf Wines. |
| DEC 2024 |  CONCANNON VINEYARD | LEMMONS FAMILY & DARCIÉ KENT WINERY | Lemmons Family Vineyards and Darcie Kent Winery acquired the Livermore-based Concannon Vineyard from The Wine Group. Lemmons Family acquired the 230-acre estate vineyards and wine facility while Darcie Kent acquired the Concannon brand via a subsidiary, Almost Famous Wine Company. |
| DEC 2024 | CROSSROADS VINEYARD |  Prudential | Prudential Financial acquired the 107-acre Crossroads Ranch vineyard in the Oakville AVA of Napa from the Komes-Garvey family. |
| DEC 2024 |  FLORA SPRINGS | GINA & JEAN-CHARLES BOISSET | Gina and Jean-Charles Boisset acquired the Flora Springs brand and Tasting Room on Highway 29 in St. Helena. |

Note: Based on certain select transaction volume excluding VWE transactions

VWE VINTAGE WINE ESTATES | *Select Auction Results*

| TARGET | INVESTOR | AMOUNT | STRATEGIC RATIONALE |
|---|--|----------------|---|
| NAPA: CLOS PEGASE & GIRARD SONOMA: B.R. COHN, KUNDE & VIANS | ADAIR WINERY INC | \$85.0M | Dallas-based Adair Winery Inc. acquired Clos Pegase and Girard wineries in Napa Valley as well as B.R. Cohn, Kunde and Viansa wineries in Sonoma Valley for \$85.0M. |
| SONOMA COAST VINEYARDS (W/ TASTINGROOM), COSENTINO, SWANSON, BAR DOG AND CHERRY PIE. |  FOLEY FAMILY WINES | \$15.0M | Foley Family Wines Inc. acquired five brands including Sonoma Coast Vineyards (including its tasting room), Cosentino (brand only), Swanson, Bar Dog and Cherry Pie for \$15.0M. |
| LAETITA & OWEN ROE | EJNAR KNUDSEN | \$9.3M | Ejnar Knudsen, managing partner of AGR Partners has acquired two estates with brands: Laetitia Vineyard and Winery in the Central Coast and Owen Roe in Washington's Yakima County. |
| FIRESTEED CELLARS & CLAYHOUSE WINES | INTEGRATED BEVERAGE GROUP LLC, | \$8.2M | Integrated Beverage Group LLC, a Denver-based wine company, acquired Firesteed Cellars in Oregon and Clayhouse Wines in the Central Coast. |
| MEIER'S WINE CELLARS | BARTOW ETHANOL | \$6.3M | Bartow Ethanol, a Florida-based contract distiller acquired Cincinnati-based Meier's Wine Cellars Inc., the oldest and largest winery in the state of Ohio. |
| LAYER CAKE, CARTLIDGE & BROWNE AND TAMARACK INVENTORY | VINO.COM (DBA TOTAL BEVERAGE SOLUTION) | \$6.0M | Vino.com (DBA Total Beverage Solution) acquired ~169K cases of inventory from Layer Cake, Cartlidge & Browne and Tamarack (brand). |
| CALIFORNIA CIDER CO. | CIDER LEASING LLC. | \$7.6M | Cider Leasing LLC and Ace Cider I LLC: \$7.63 million for California Cider Co., the Sebastopol-based maker of Ace Cider. |
| CAMERON HUGHES AND WINDSOR VINEYARDS | FULL-GLASS LICENSING LLC | \$3.2M | Full-Glass Licensing LLC acquired Cameron Hughes and Windsor Vineyards brands, the Vinesse club, and an undisclosed amount of finished goods. |

We are a team of advisors

with deep mergers & acquisition, strategy, sales, data, marketing, finance and production experience
across the finest beverage companies in the world.



PAT DELONG

Founder & Managing
Partner



ED LEMAY

Principal, Route to
Market



DALE STRATTON

Managing Director,
Strategic Insights &
Data



EMILIE ELIASON

Managing Director,
DTC & Brand Marketing



DORI HAVNER

Associate, M&A +
Financial Planning &
Analysis



MATT PARISH

Managing Director,
Winemaking &
Production



DANNY BRAGER

Managing Director,
Category & Consumer
Insights



GRIFFIN MITCHELL

Vice President, M&A +
Financial Analysis



Our Services

STRATEGIC + FINANCIAL ADVISORY – Strategic + Long-Range Planning + Fractional CFO Services

MERGERS + ACQUISITIONS – Buy-Side & Sell-Side Advisory + Diligence Services

ROUTE TO MARKET CONSULTING – Wholesale + Direct To Consumer Optimization + Fractional DTC Services

AZUR INTELLIGENCE – Fact-Based Business Intelligence & Analytics



DISCLAIMER

This material, including without limitation the statistical information herein, is provided for informational purposes only. The material is based in part on information from third-party sources that we believe to be reliable but that have not been independently verified by us, and for this reason we do not represent that the information is completely accurate or complete. The information should not be viewed as tax, investment, legal or other advice, nor should it be relied on in making an investment or other decision. You should obtain relevant and specific professional advice before making any investment decision. Nothing relating to the material should be construed as a solicitation, offer or recommendation to acquire or dispose of any investment or to engage in any other transaction.



AZUR

ASSOCIATES

1219 Coombs Street, Suite 200, Napa, CA 94559

azur-associates.com | 707.719.0323

| | | | |
|------------------|--------------|--|--|
| PAT DELONG | 707.738.2086 | | pat.delong@azur-associates.com |
| ED LEMAY | 630.484.1000 | | ed.lemay@azur-associates.com |
| DALE STRATTON | 415.272.3509 | | dale.stratton@azur-associates.com |
| MATT PARISH | 707.363.6917 | | matt.parish@azur-associates.com |
| DORI HAVNER | 510.853.2654 | | dori.havner@azur-associates.com |
| DANNY BRAGER | 949.632.8947 | | danny.brager@azur-associates.com |
| EMILIE ELIASON | 415.307.9642 | | emilie.eliason@azur-associates.com |
| GRIFFIN MITCHELL | 707.321.5527 | | griffin.mitchell@azur-associates.com |