



2023 State of the Wine Industry Report – Ontario, Canada; Survey Results and Benchmarks*

Special Report for Respondents

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*Based on 2022 survey data



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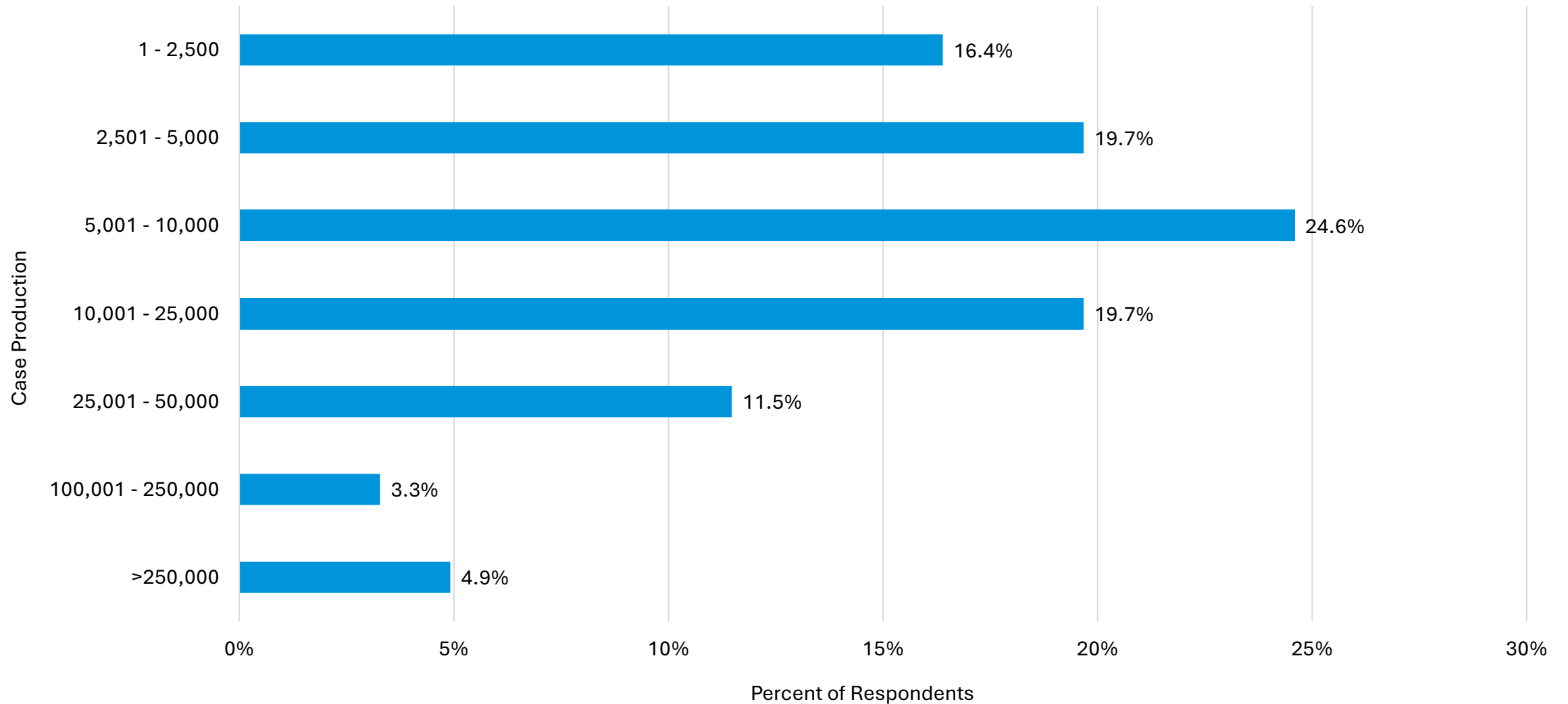
Survey Respondent Profile

Survey Respondent Profile

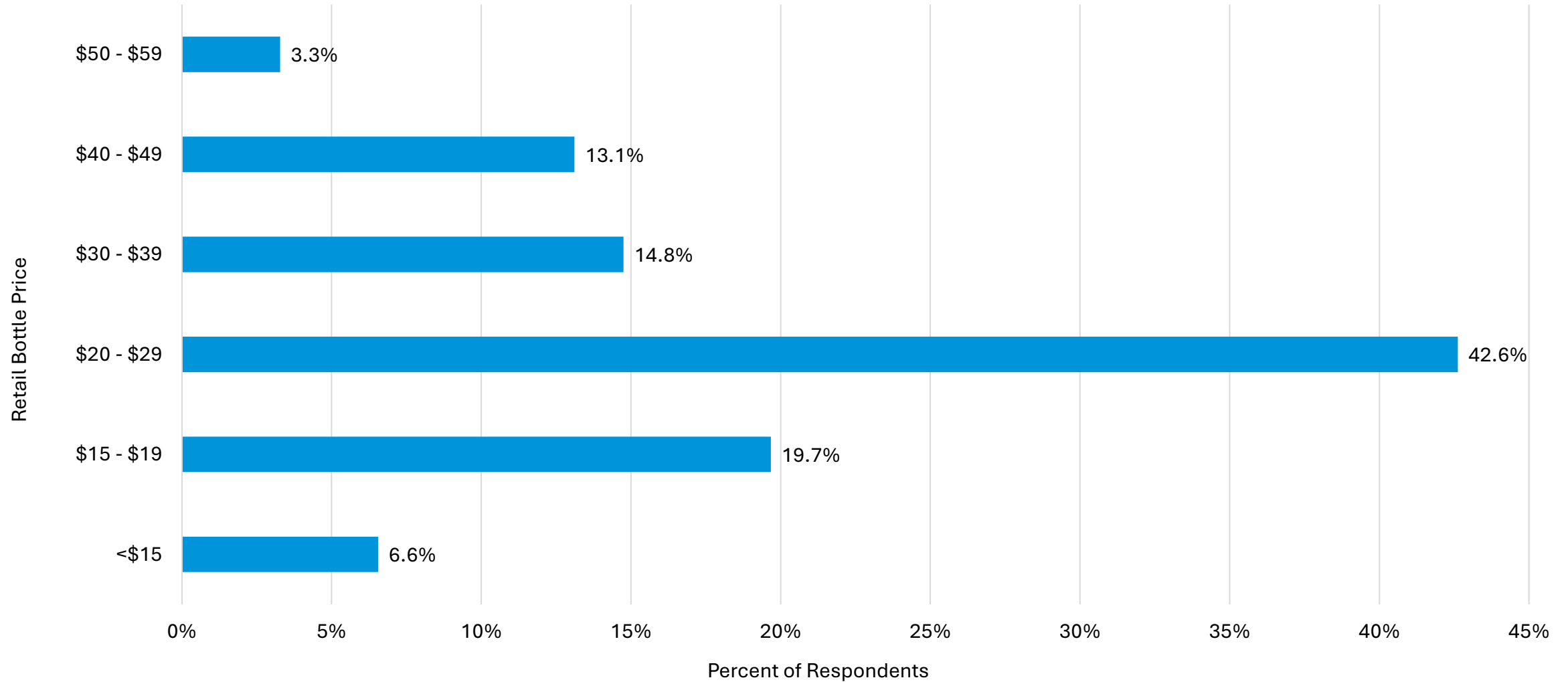
Please note that the accuracy and reliability of research cannot be ascertained in the absence of methodology, so we have included a detailed explanation below:

- Results for this 2023 Silicon Valley Bank State of the Wine Industry Survey are based on voluntary online survey submissions from [September 27 - October 19, 2022](#), resulting in a sample of **634** wine producers after scrubbing for outliers and duplicates.
- The survey responses are reflective of the national profile of more than **11,053** US wineries, as provided by Wines Vines Analytics. The largest production range represented in the survey is **1 - 2,500** cases, with a median production level of **5,000** cases. The most common retail price point range per bottle is **\$20 - \$29** with the median price per bottle of **\$39**. The largest range of years in business is **10 - 14 years** and the average is **21.14** years. The most common region is Napa County, which represents **21.6%** of the survey. See the following slides for more complete descriptions of the ranges.
- **The number of complete winery responses for Canada totaled 61. The largest production range represented in the survey in Canada is 5 – 10,000 cases, the most common average retail price point per bottle is \$20 - \$29 and the largest range of years in business is 10-14 years.**
- If there were too few respondents from a participating region, the data was deemed statistically insignificant due to the small sample size. Therefore, it was placed into the “Other” category, or in some cases combined into a larger region better explained below:
 - **Other:** Arizona, Colorado, Contra Costa County CA, Idaho, Illinois, Indiana, Iowa, Lake County CA, Maryland, Massachusetts, Mendocino County CA, Michigan, Minnesota, Missouri, Montana, New Jersey, New Mexico, North Carolina, Pennsylvania, Southern California, Southern Central Valley CA, South Dakota, Tennessee, Texas, Wisconsin and Wyoming
 - **Santa Barbara:** Santa Barbara, Sta. Rita Hills and Santa Ynez Valley CA
 - **Santa Cruz and Monterey:** Monterey, San Benito, Santa Clara and Santa Cruz Counties CA
 - **Sierra Foothills:** Amador, Calaveras, El Dorado, Nevada and Placer Counties CA

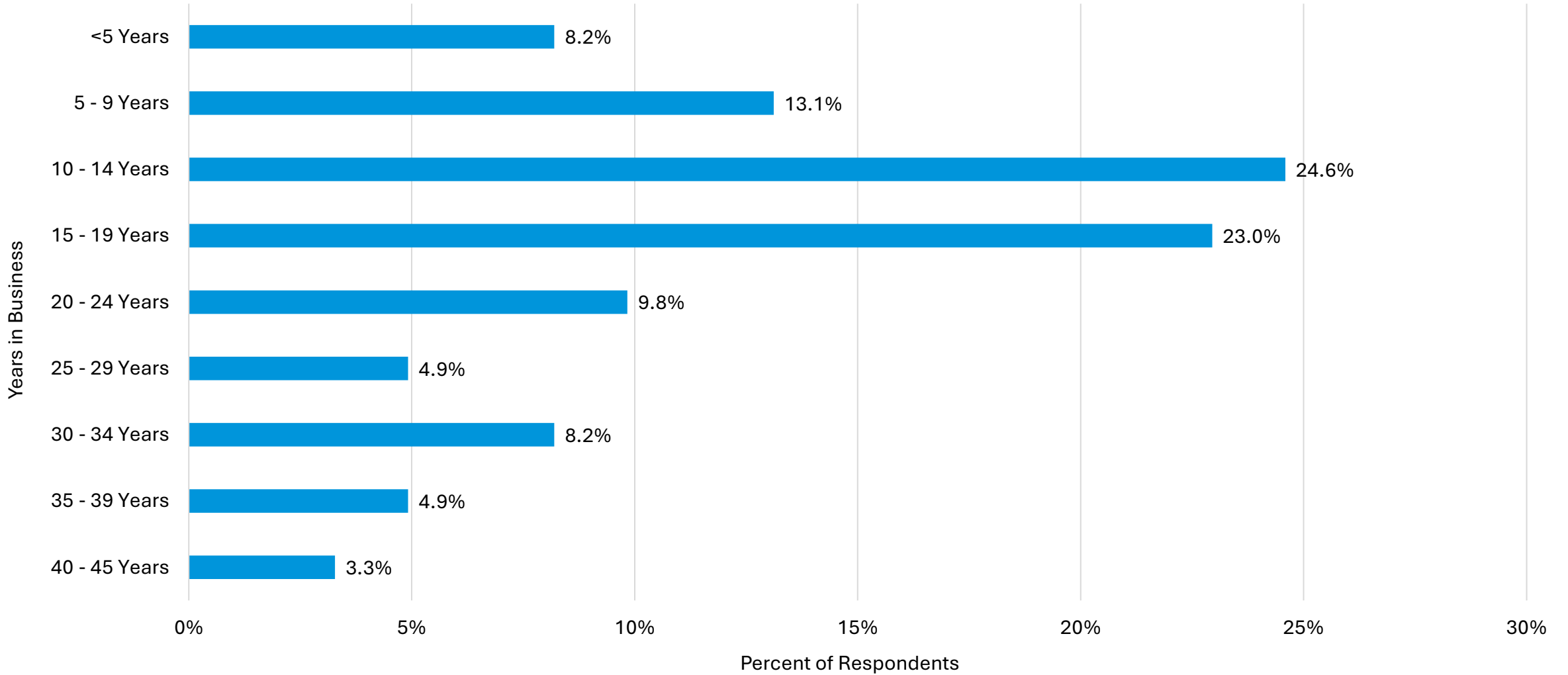
Production Levels - Canada



Average Retail Price Point - Canada

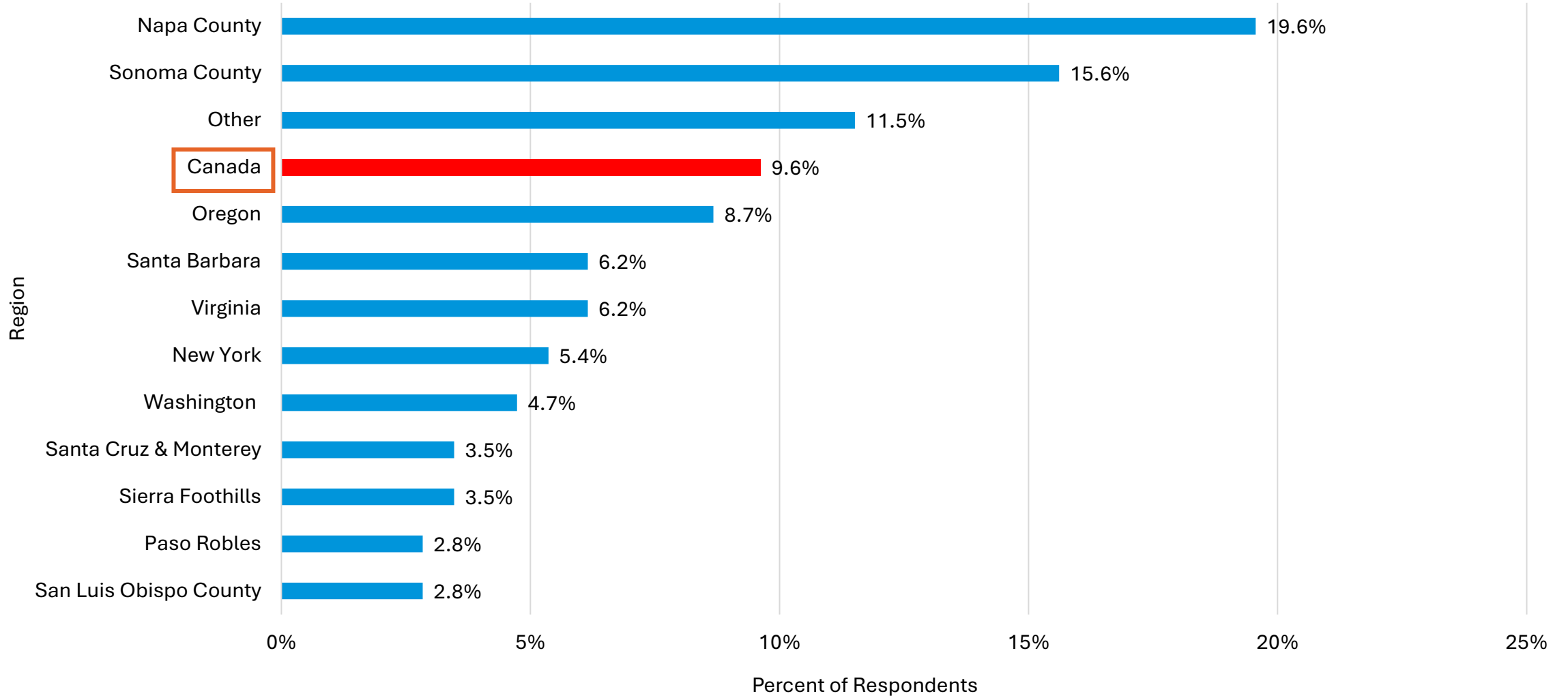


Years in Business - Canada



Source: SVB State of the Wine Industry Survey

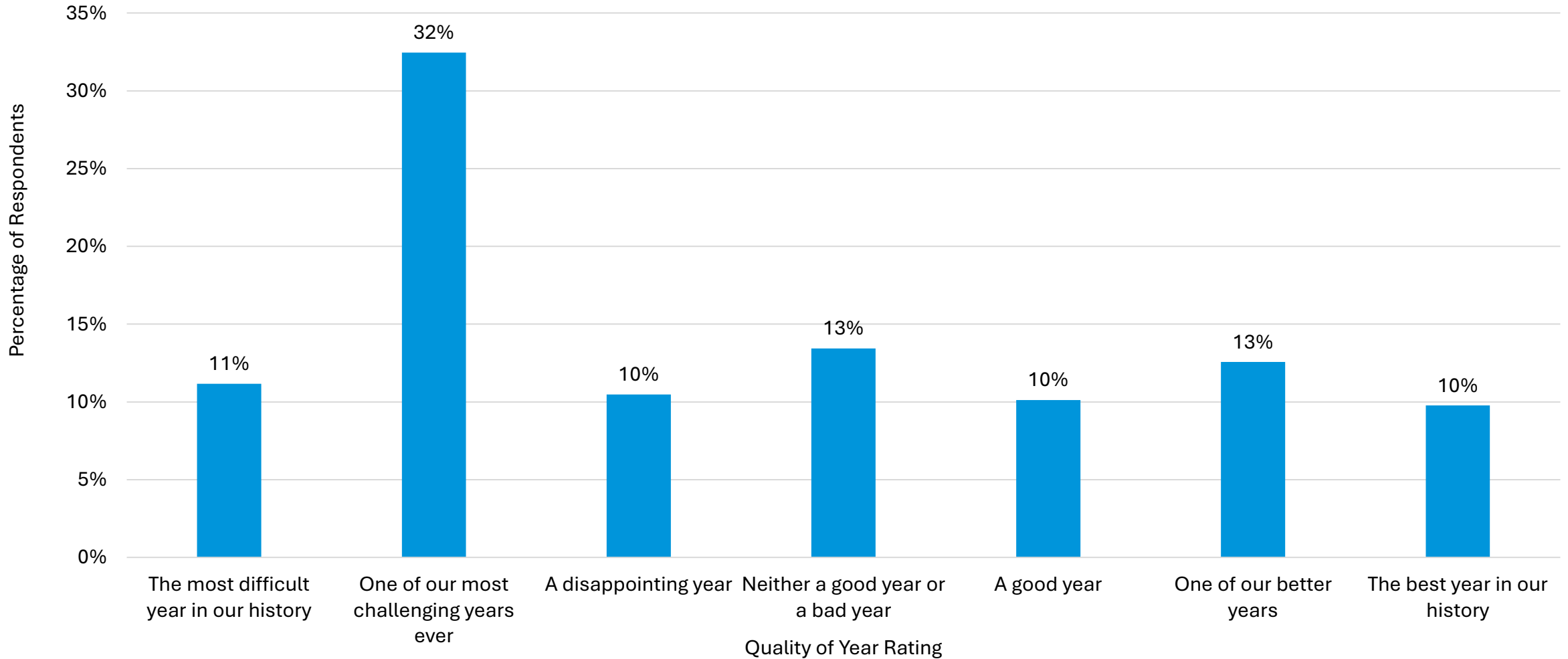
Regional Participation



Business Health

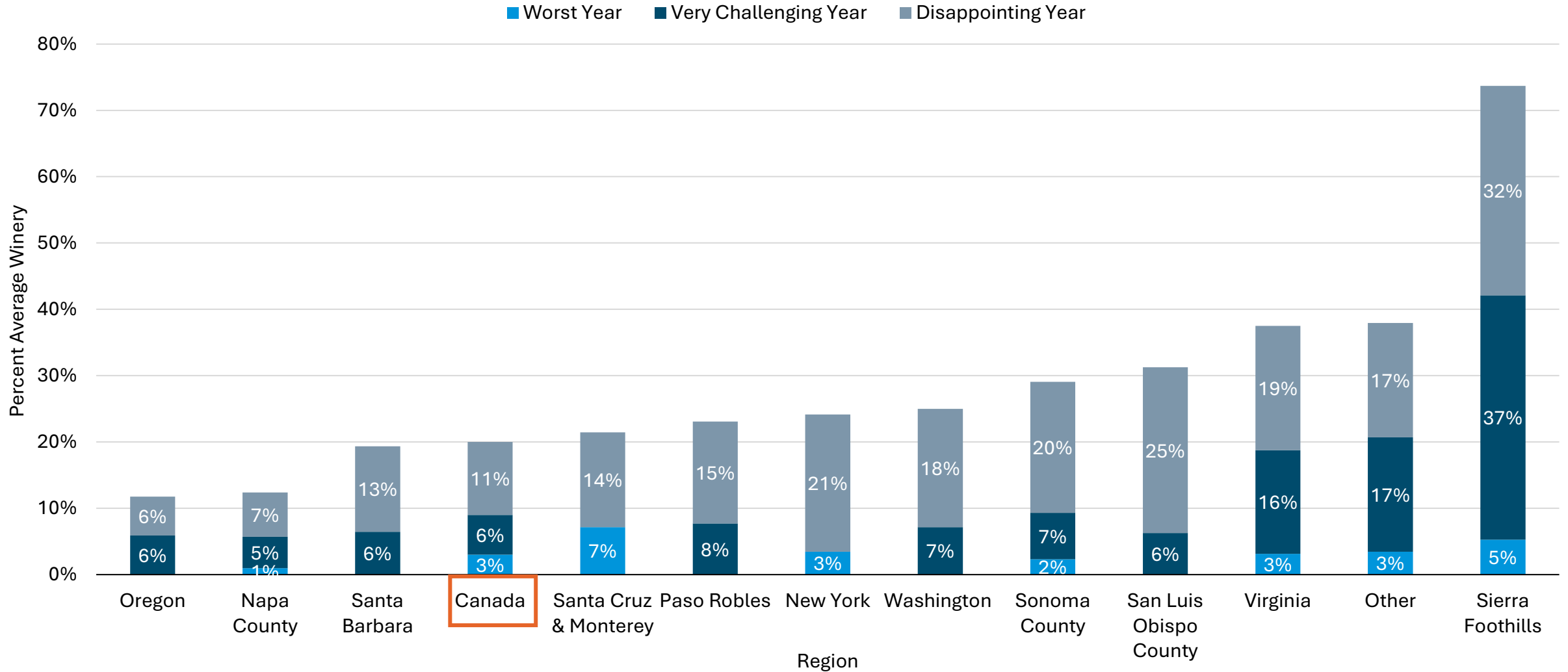
2022 Overview

How was your year? - Canada



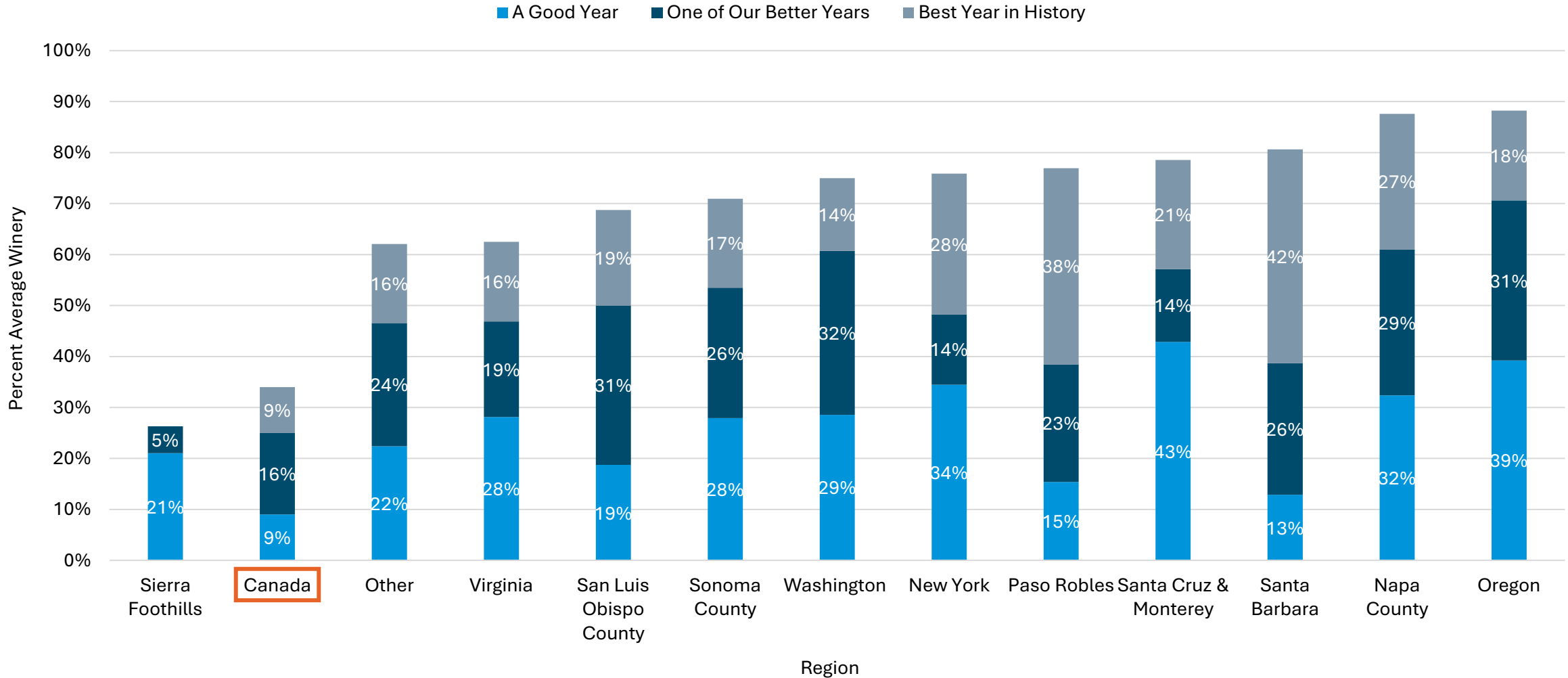
Challenging Year Experienced by Region

*Data is broken out from previous slide "How was your year?" responses

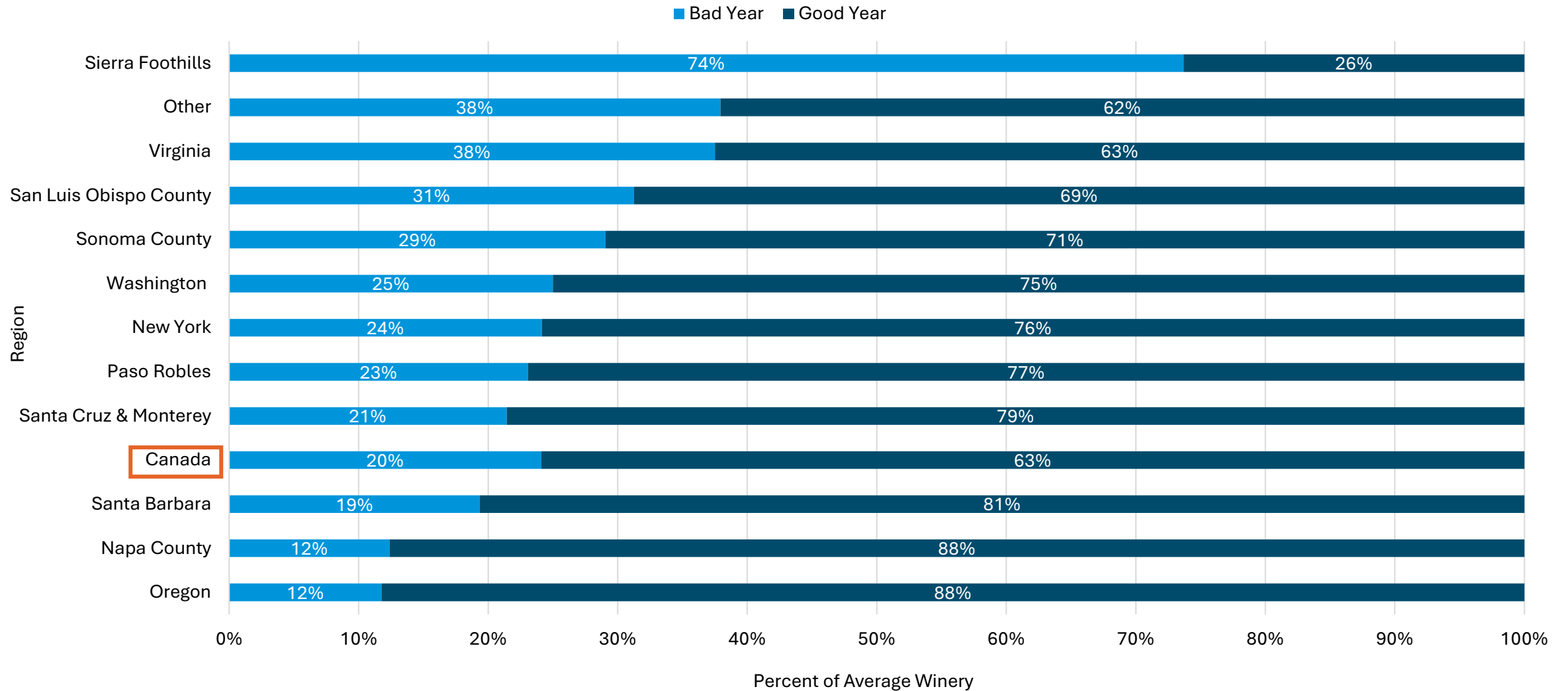


Successful Year Experienced by Region

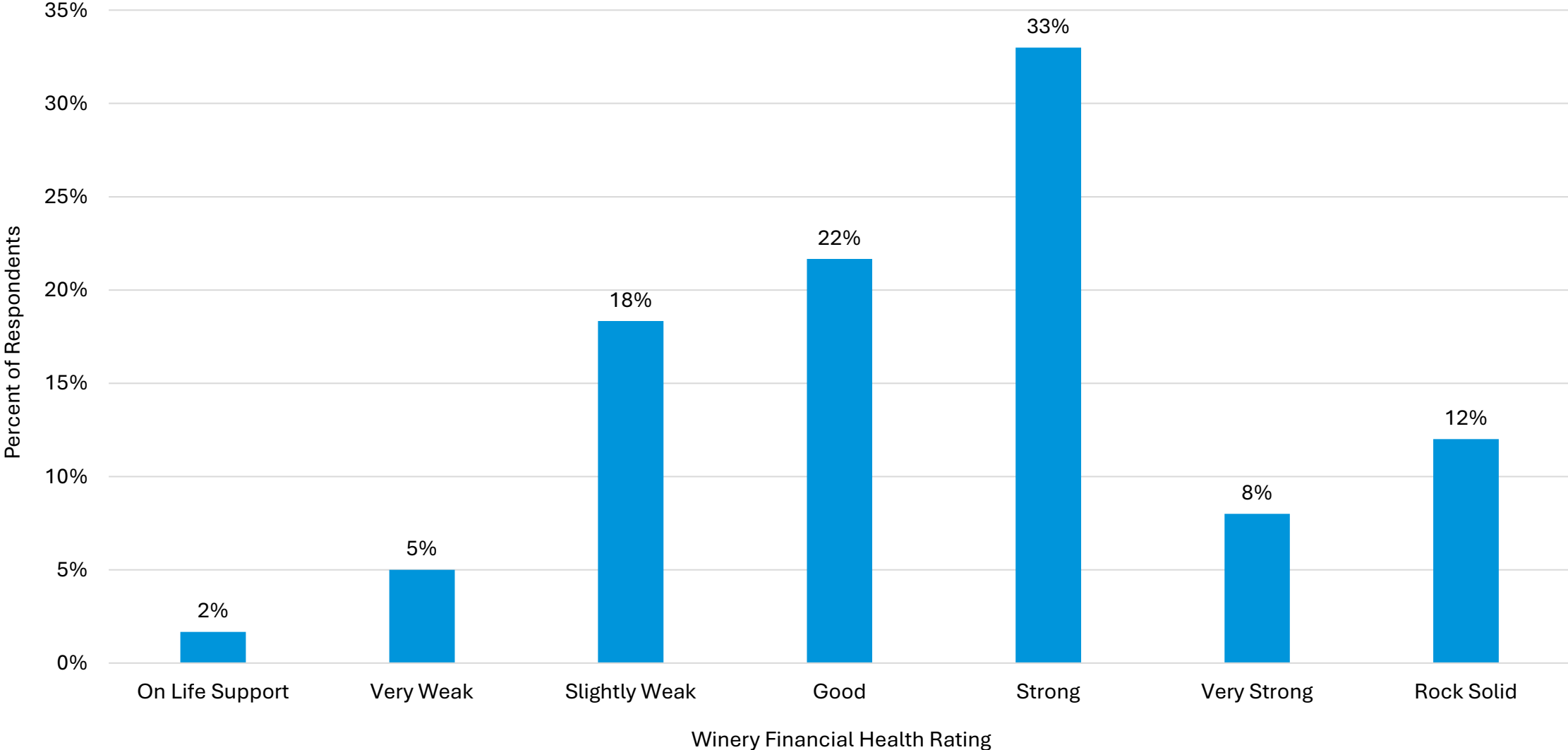
*Data is broken out from previous slide "How was your year?" responses



How good was 2022?

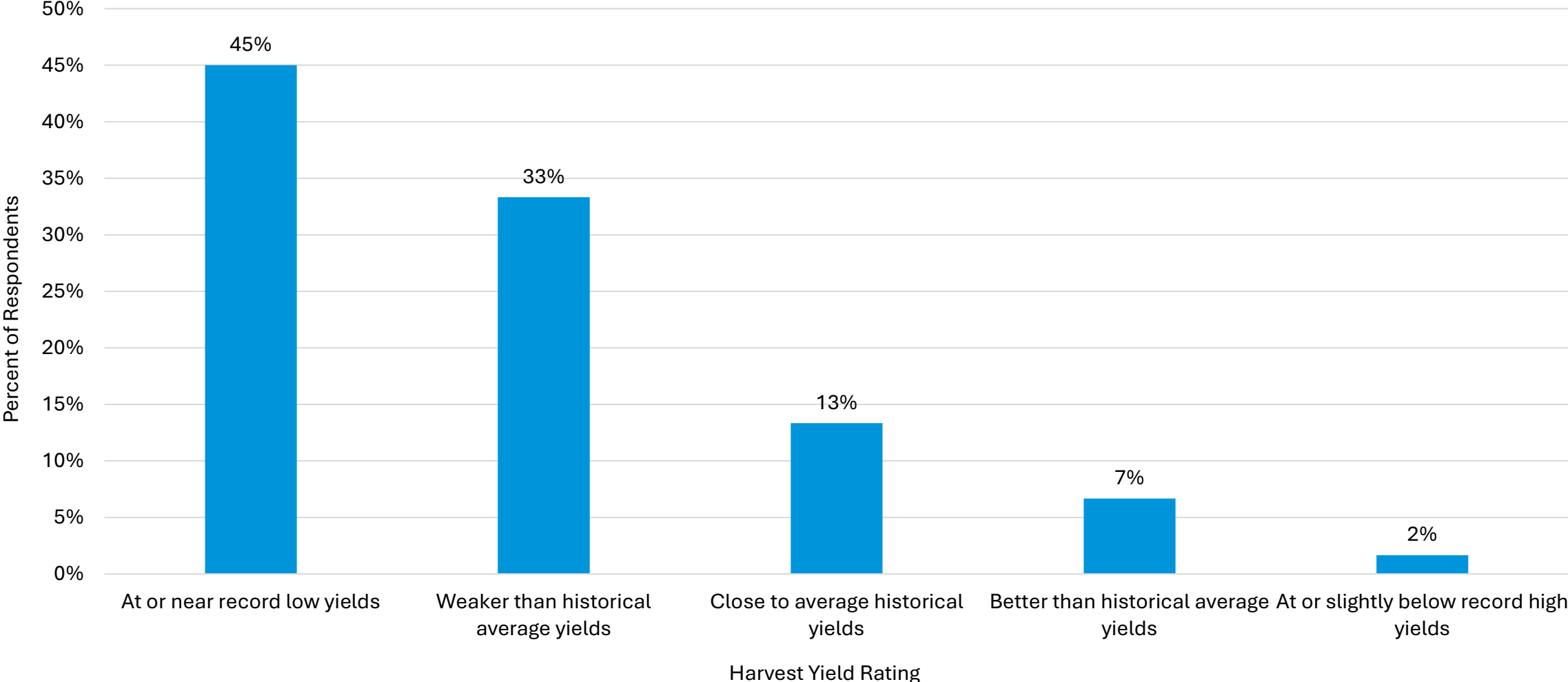


2022 Winery Financial Health – Canada

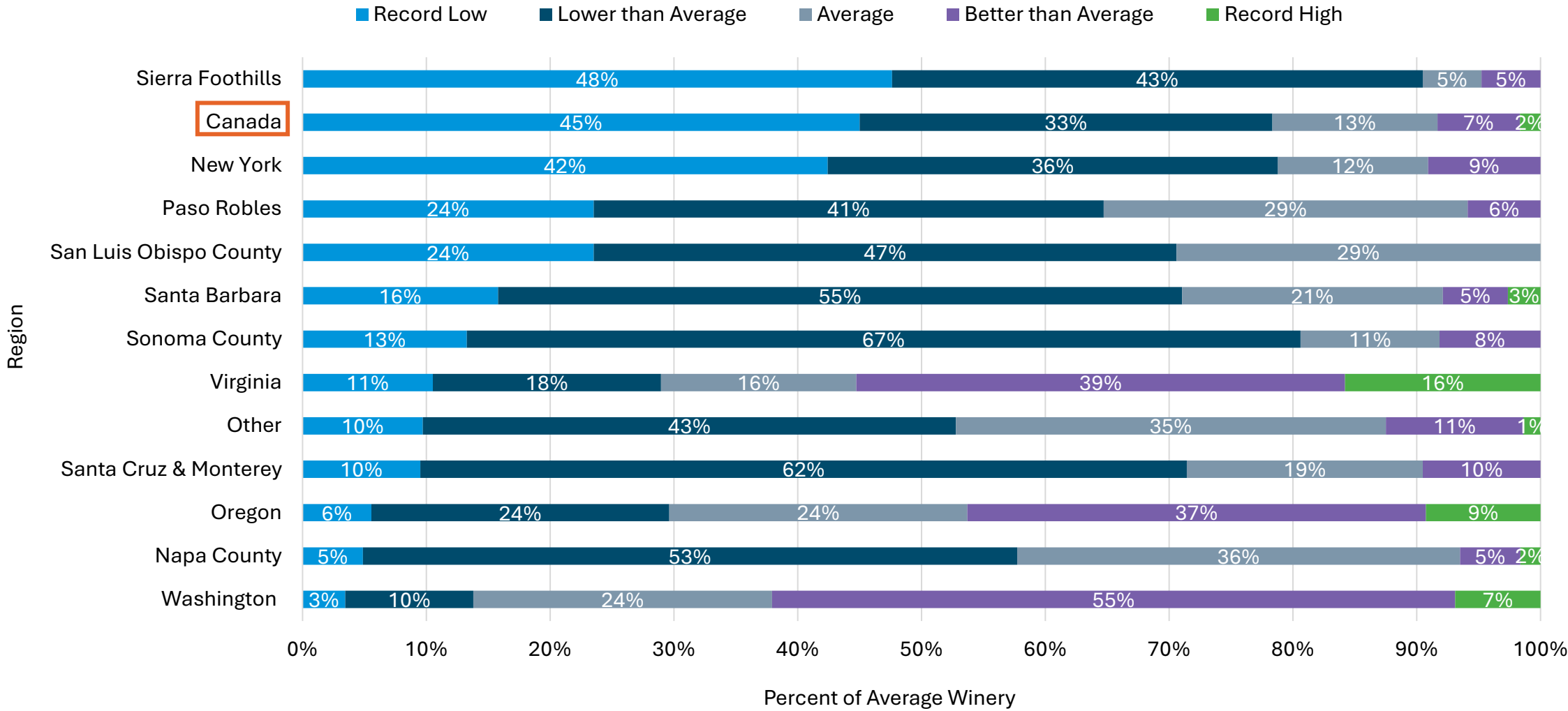


Source: SVB State of the Wine Industry Survey

2022 Harvest Yields - Canada



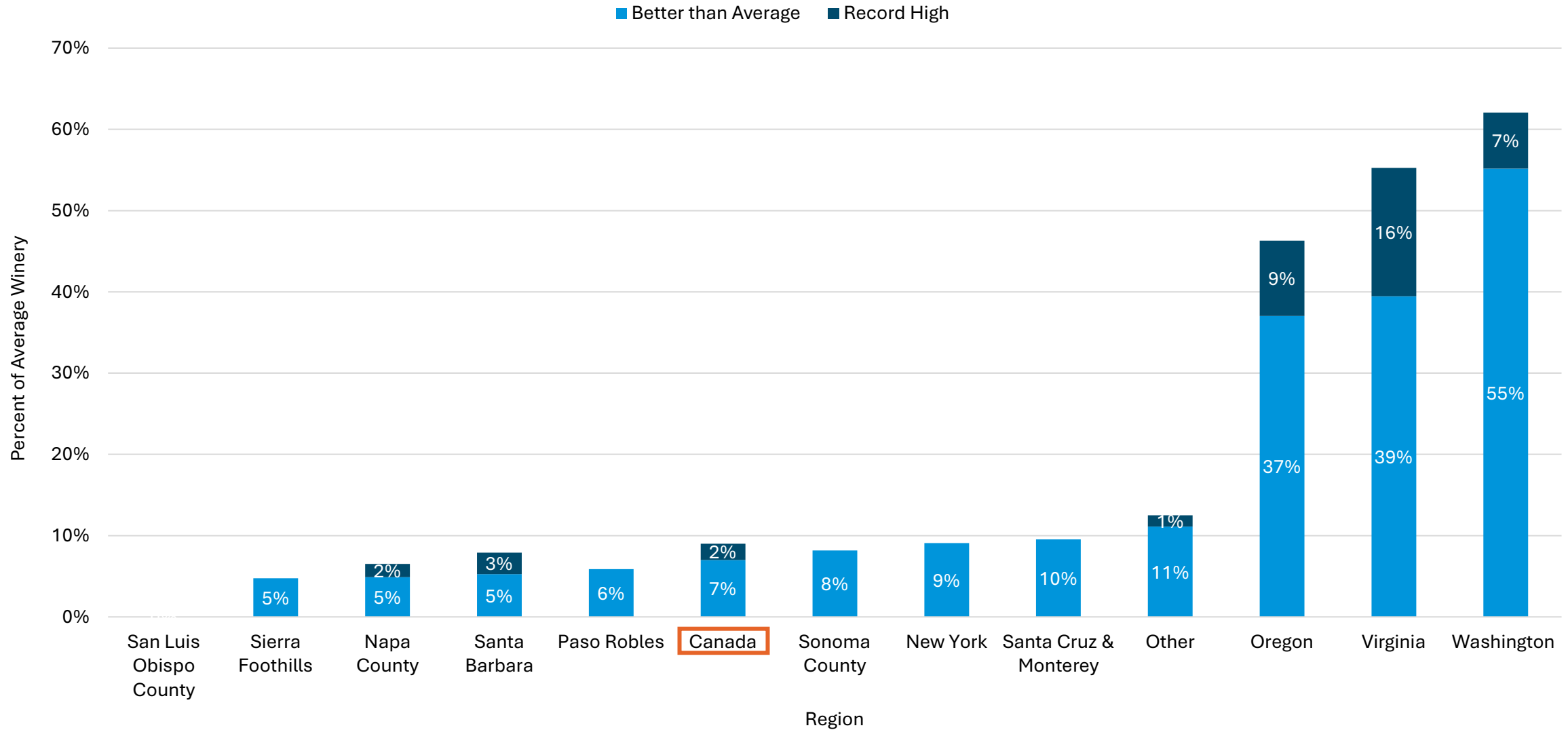
2022 Harvest Yield by Region



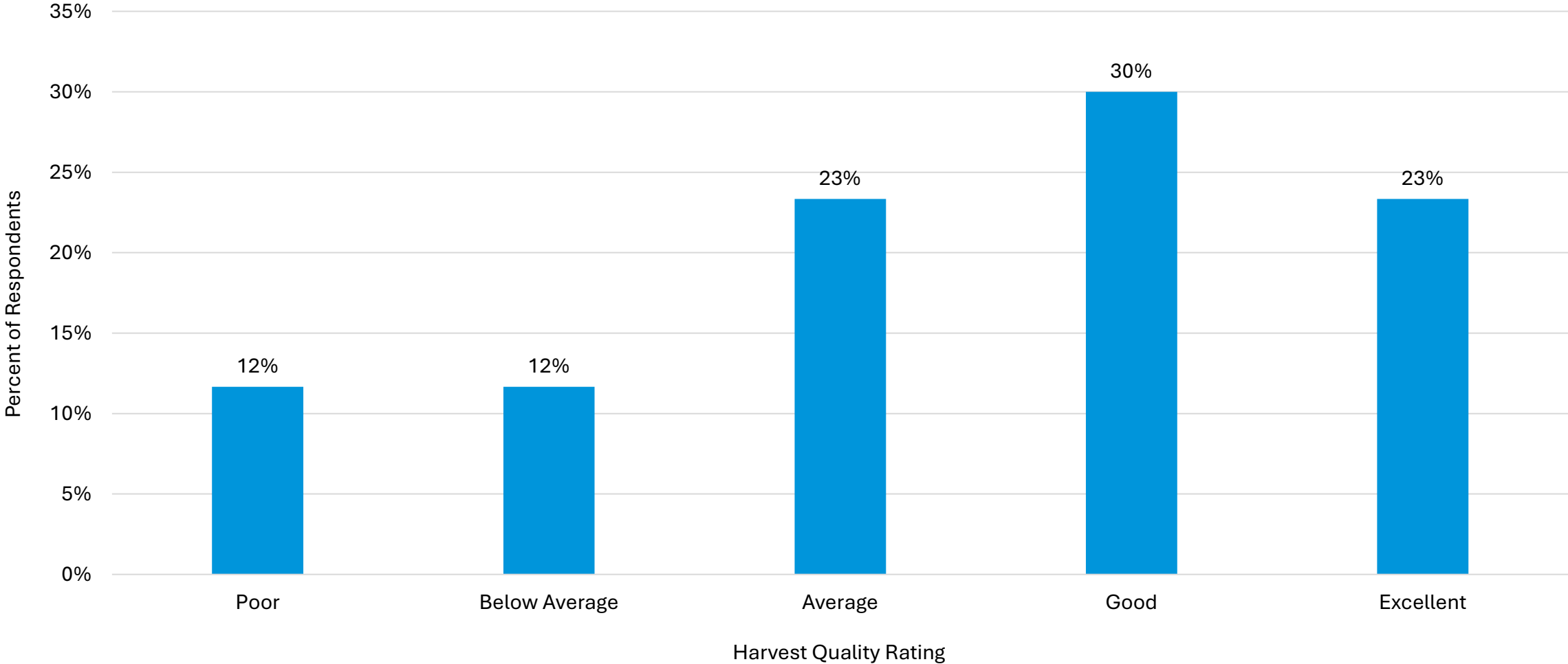
Source: SVB State of the Wine Industry Survey

2022 Above Average Harvest Yields by Region

*Data pulled from prior slide "Harvest Quality by Region" looking at "Better than Average" and "Record High" only

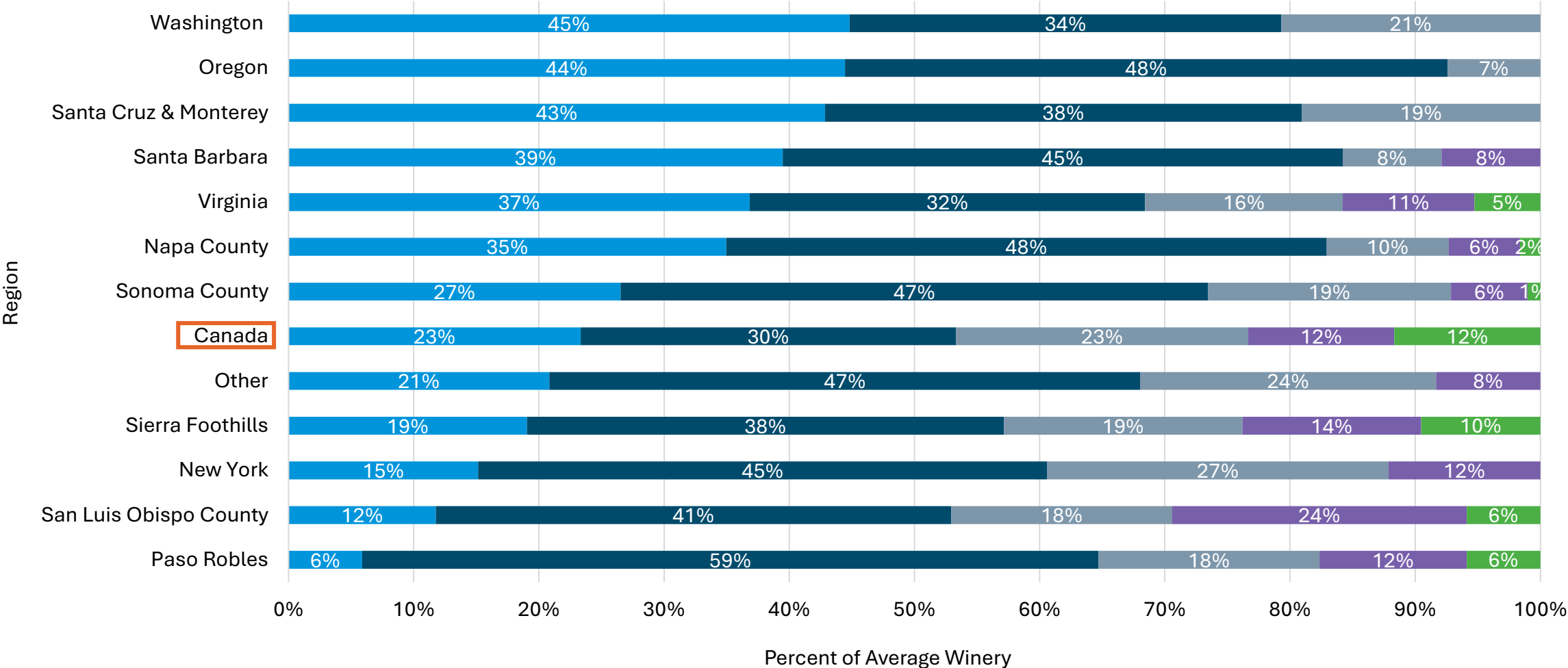


2022 Harvest Quality - Canada



2022 Harvest Quality by Region

■ Excellent
 ■ Good
 ■ Average
 ■ Below Average
 ■ Poor

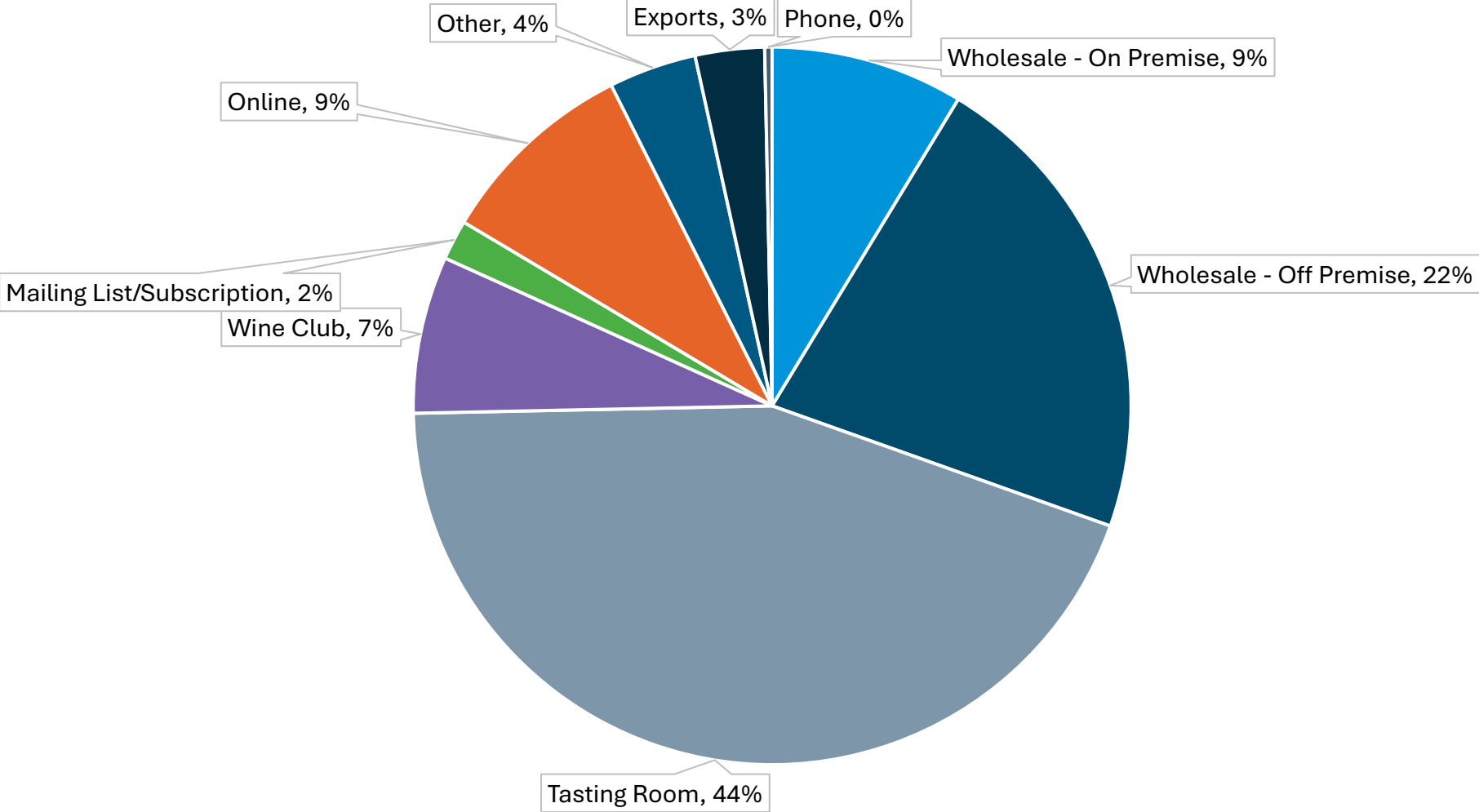


Source: SVB State of the Wine Industry Survey

2022 Sales Channel Mix

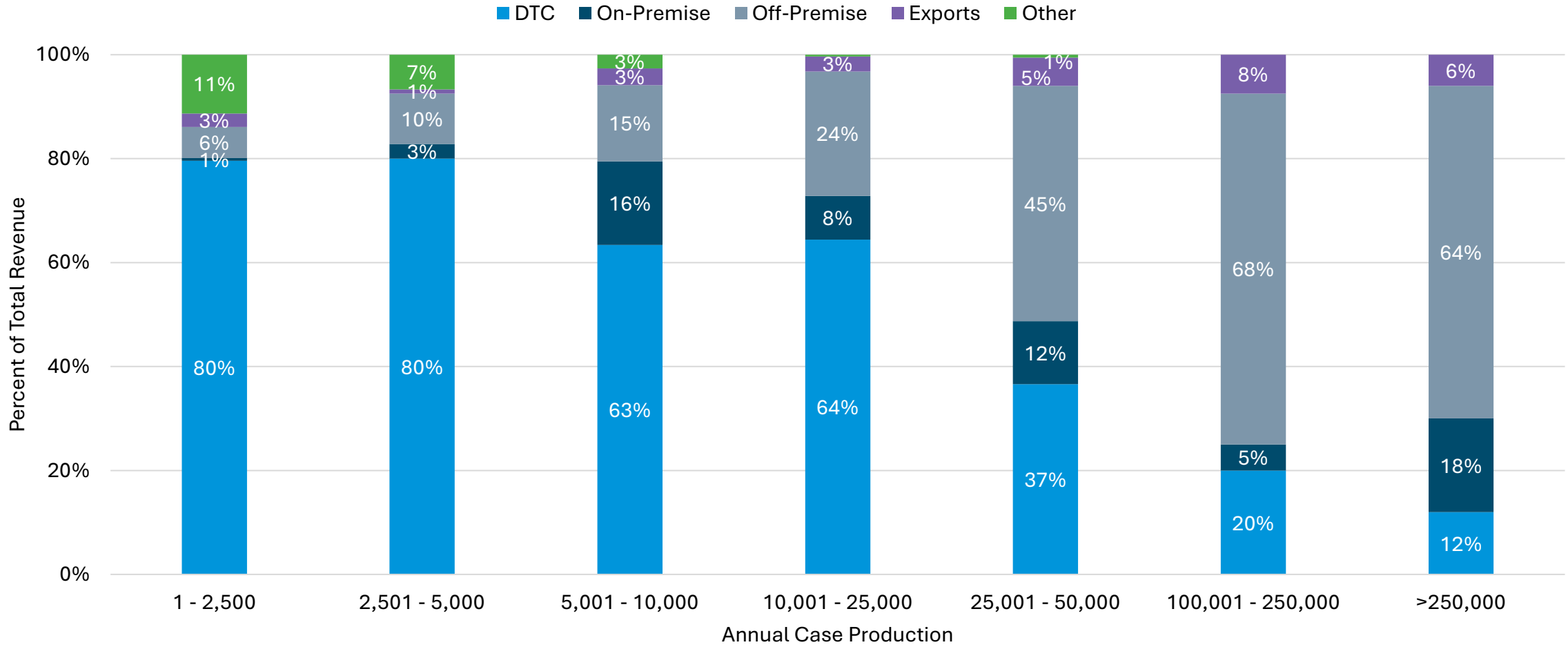
Tasting Room, Wine Club, Mailing List, Phone, Online
Wholesale, Export and Other

Average Winery in Canada Channel Mix for 2022

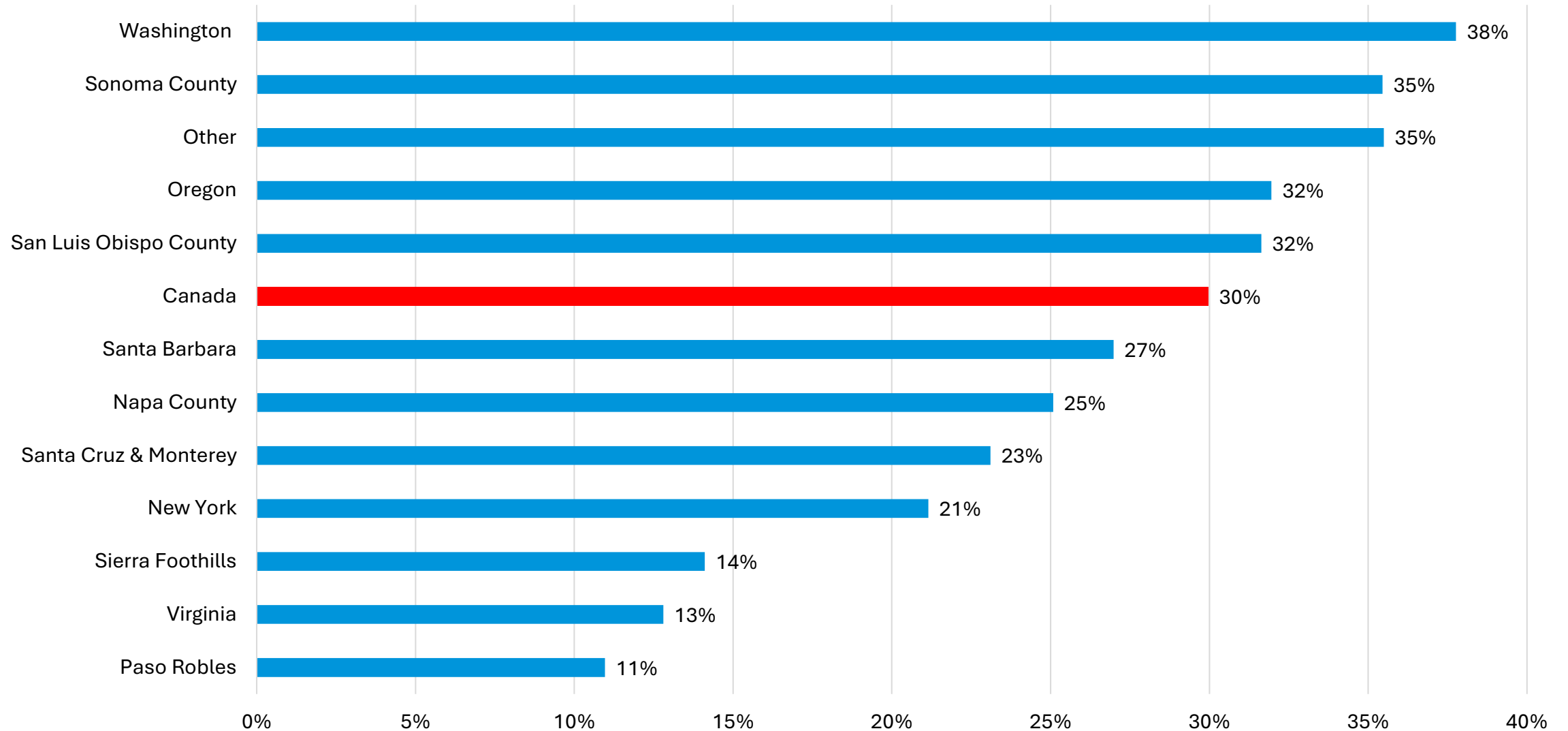


2022 Sales Channel Mix by Case Production - Canada

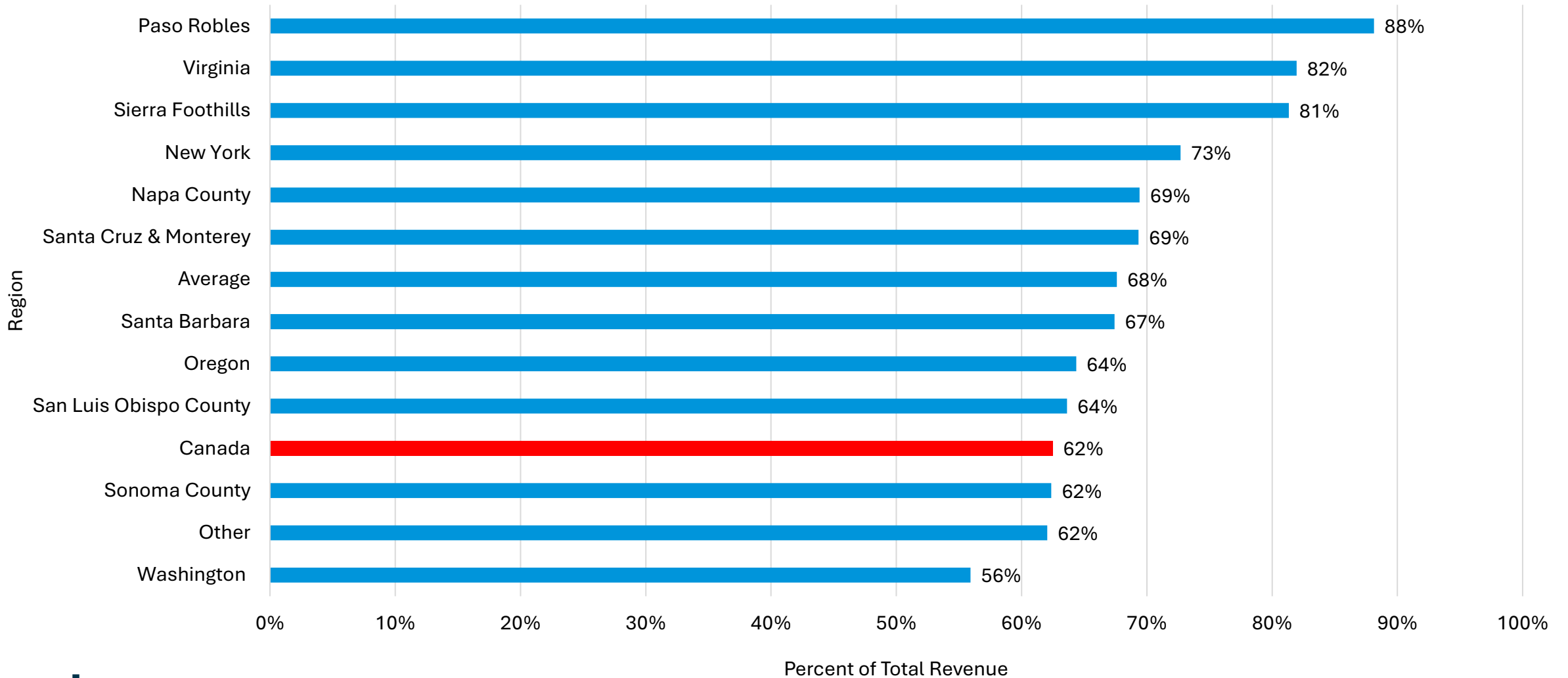
Average Sales Channel Mix by Case Production



Percent of Revenue from Wholesale Sales by Region

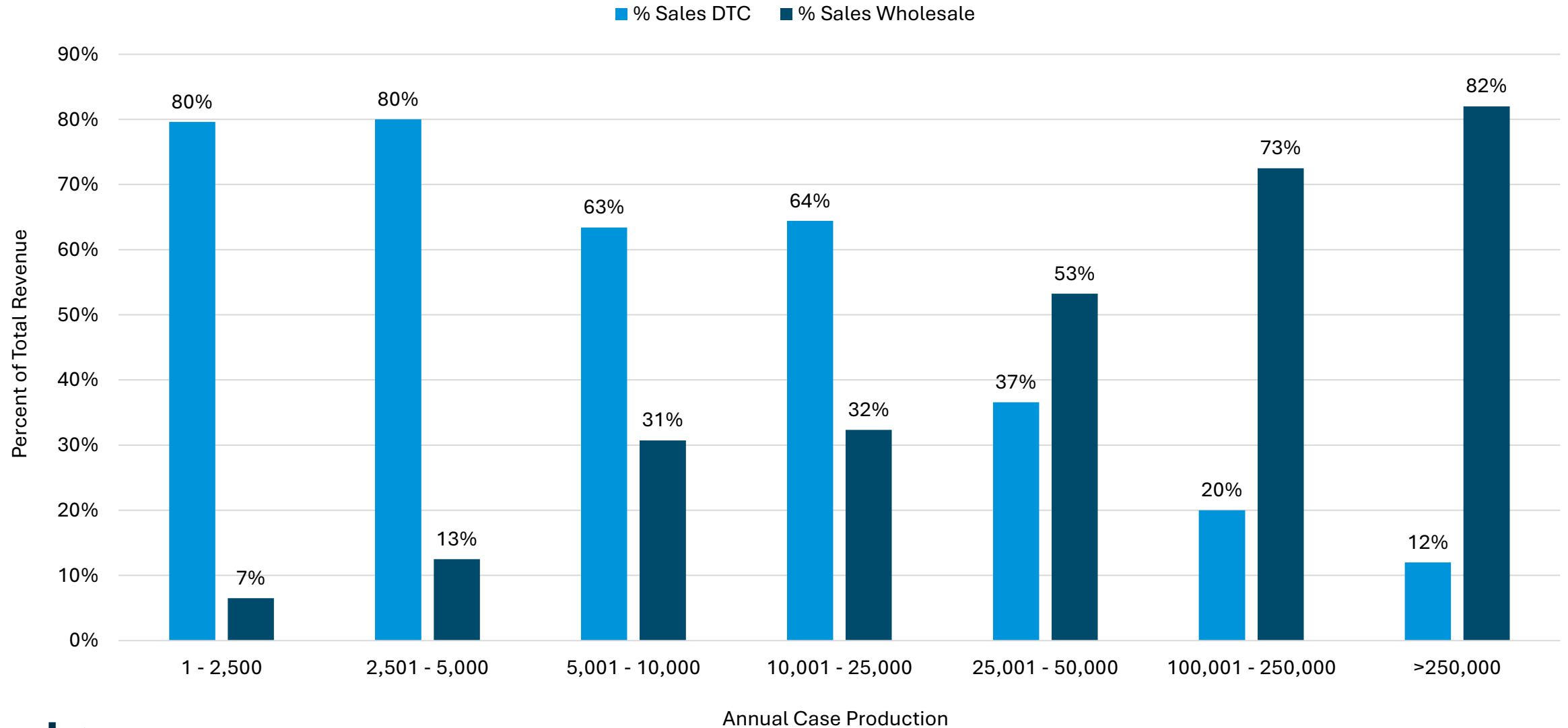


Percent of Revenue from DTC Sales by Region

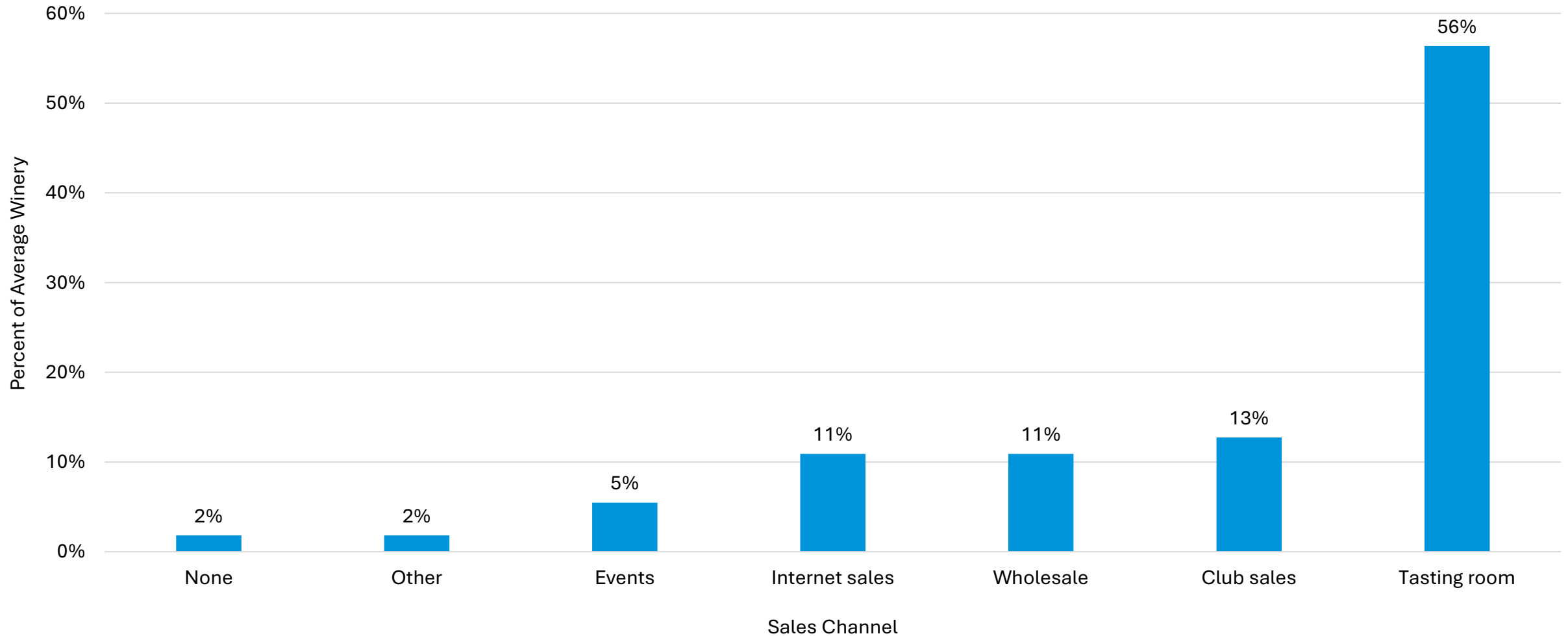


Percent of Revenue from DTC vs Wholesale by Case Production

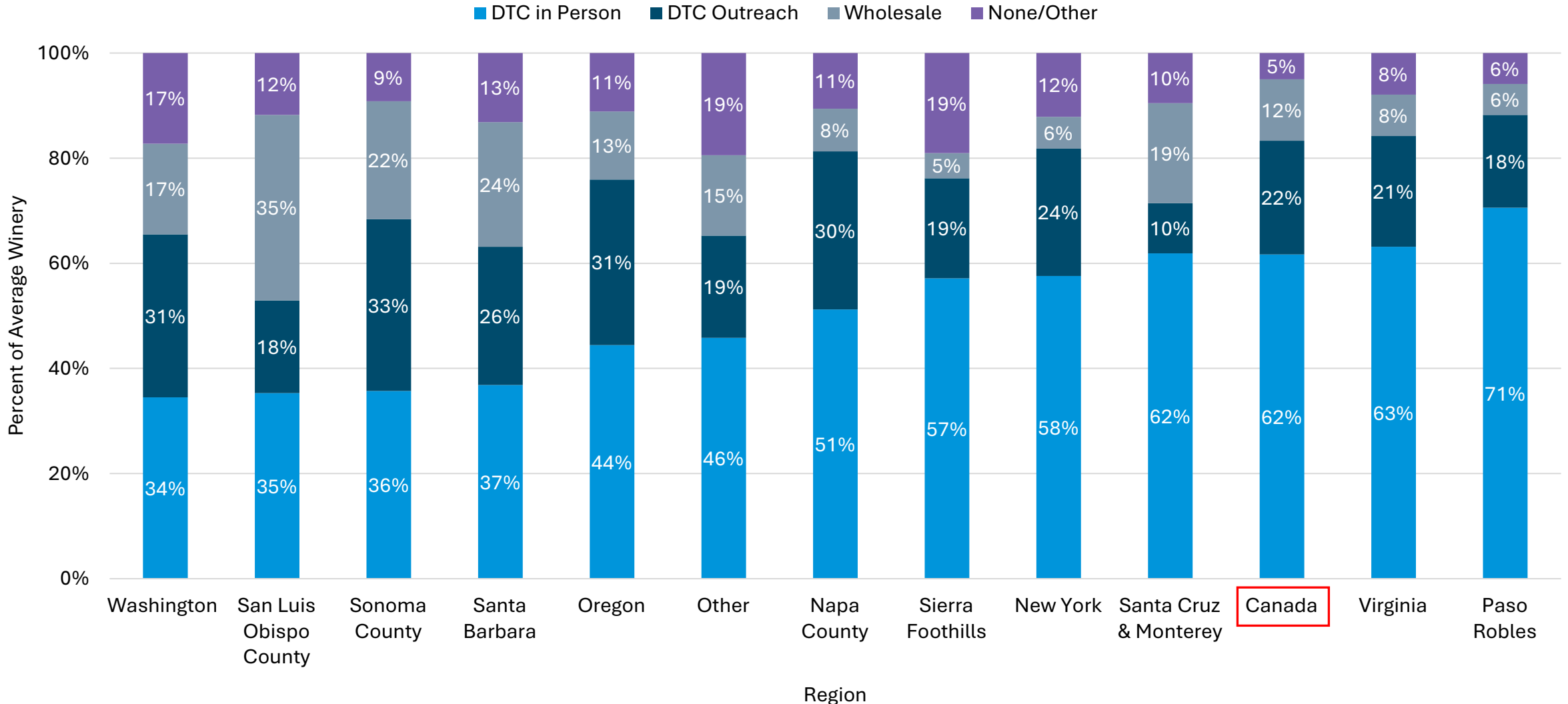
*Data excludes sales from "Export" and "Other" category



Greatest Incremental Sales Growth – Post Pandemic in Canada

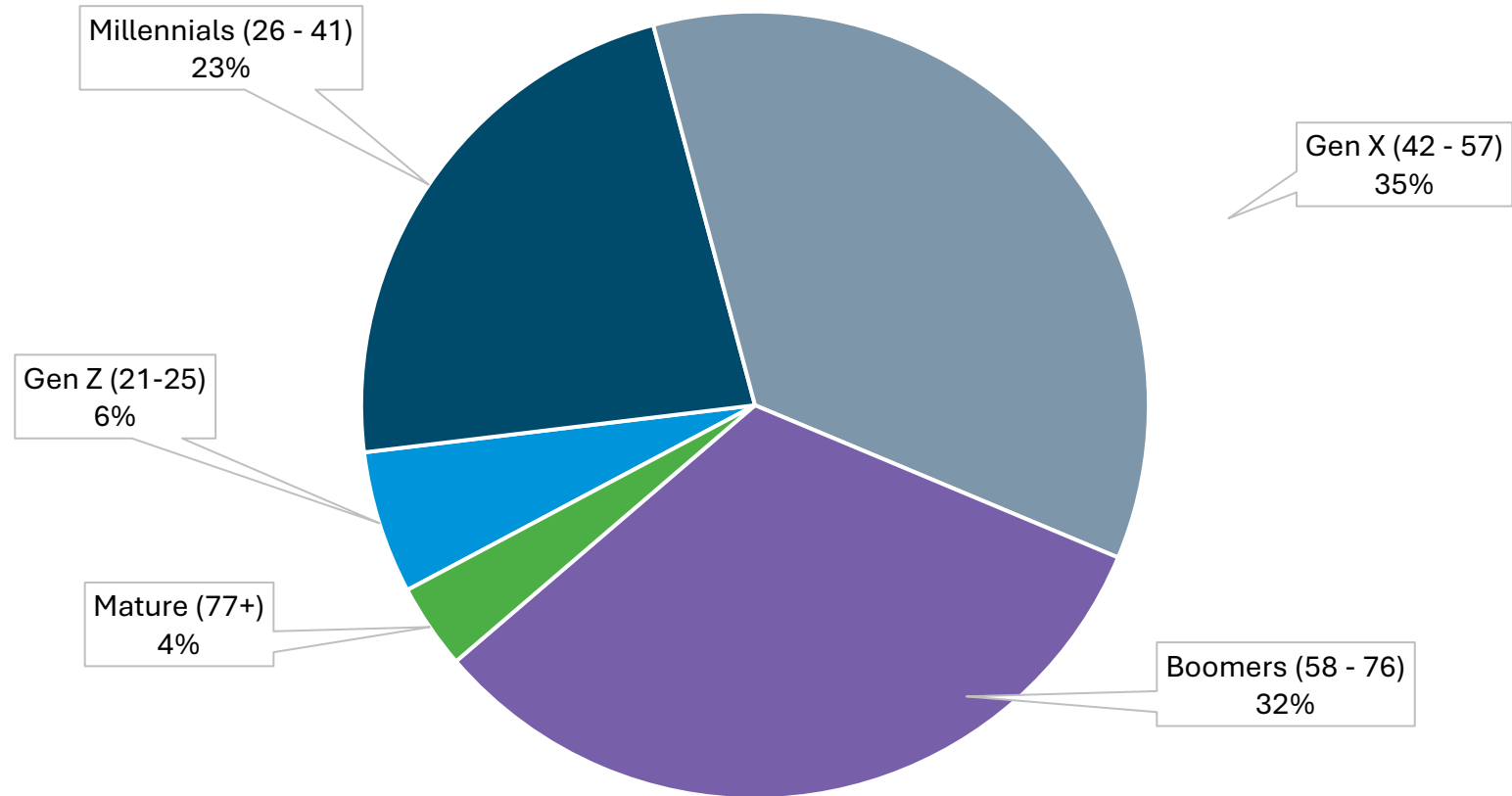


Greatest Incremental Sales Growth – Post Pandemic by Region

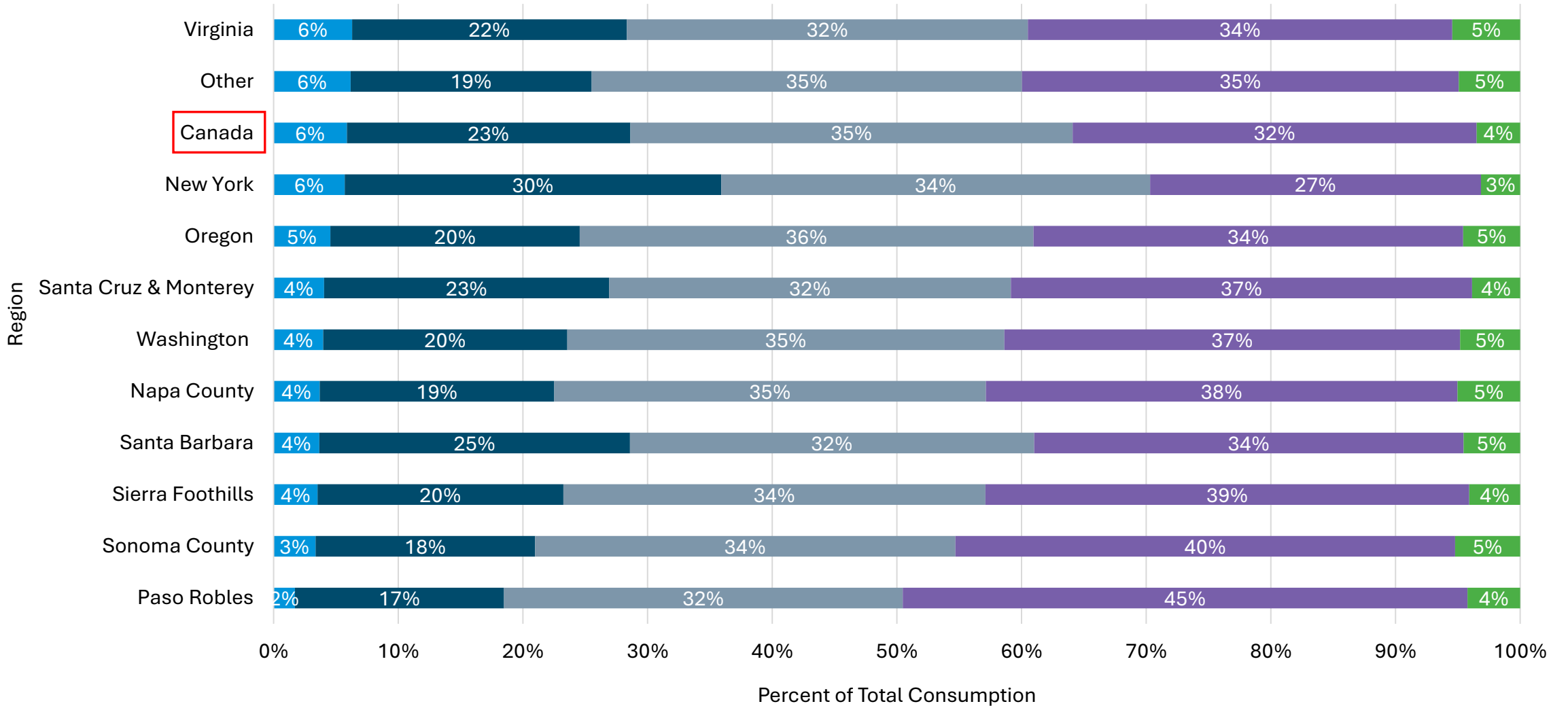


Consumer Demographics

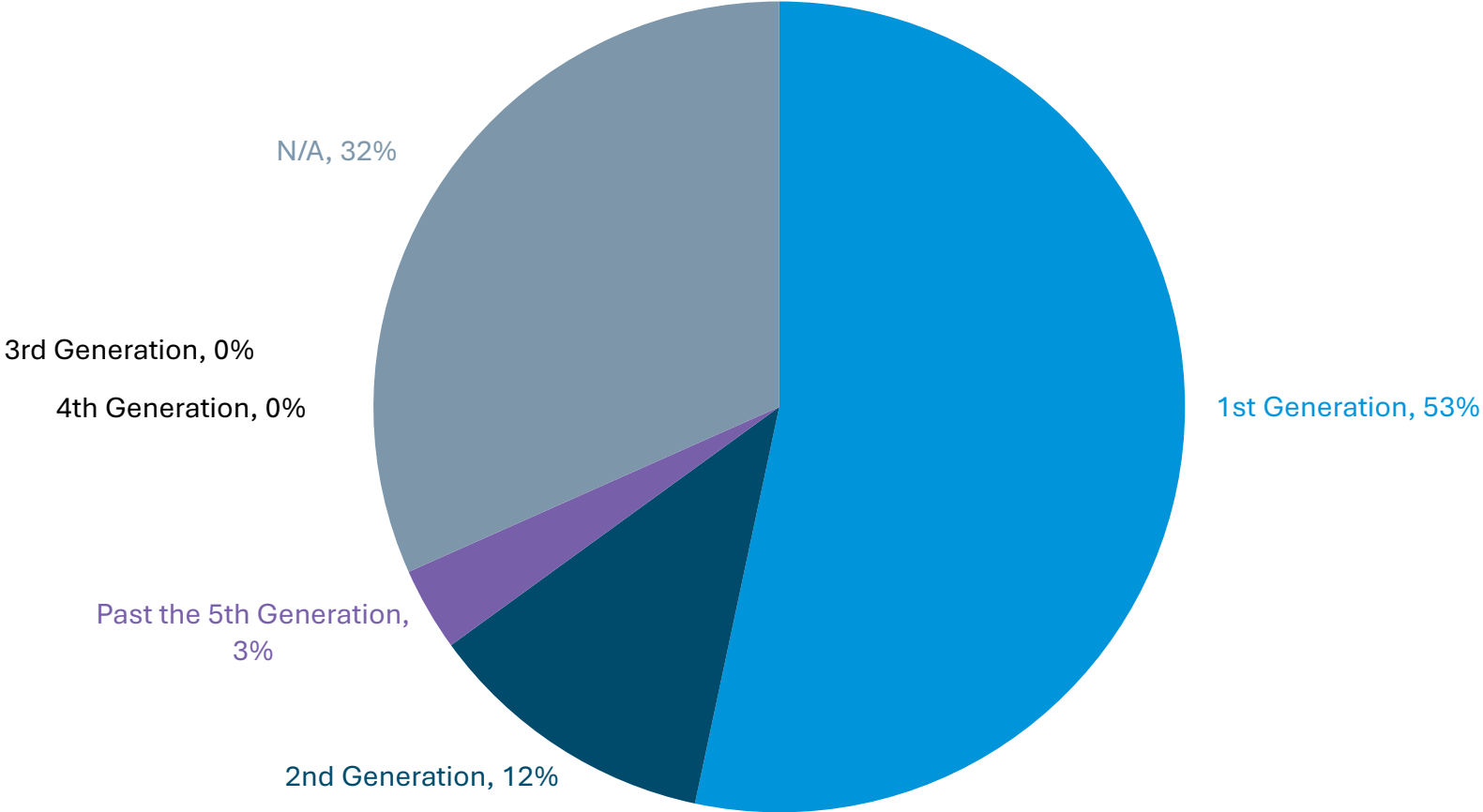
2022 Consumer Demographics - Canada



Regional Consumer Demographics in 2022

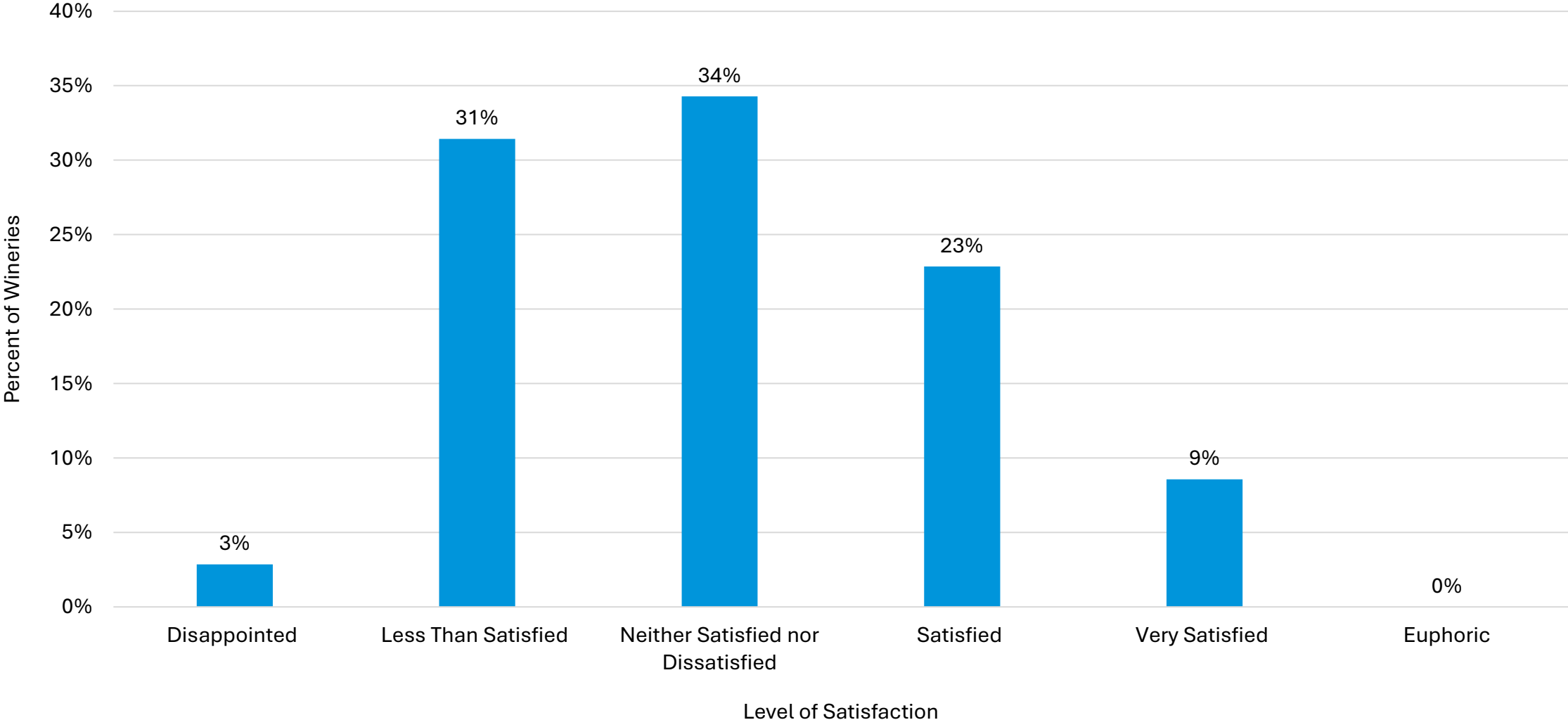


What Generation is Currently Running your Winery?



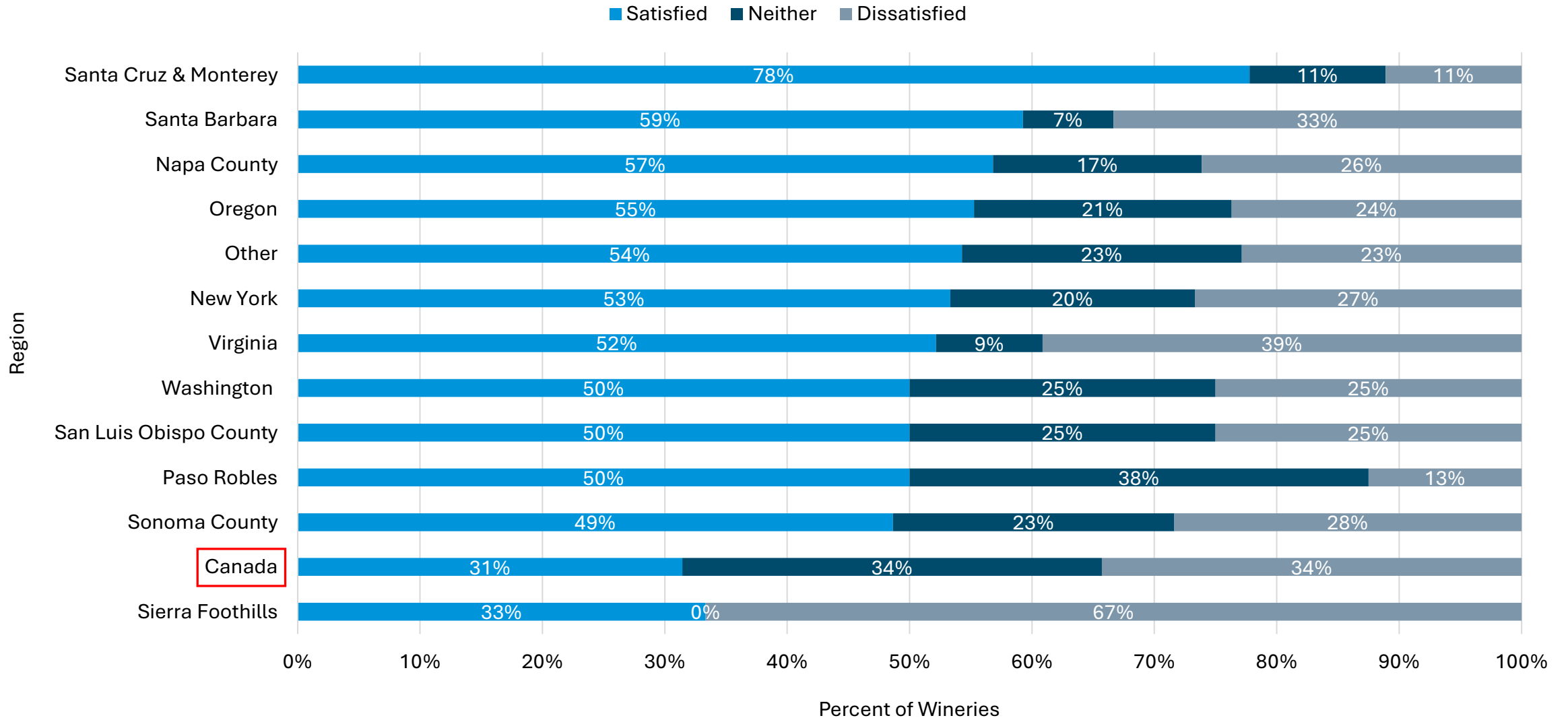
Wholesale Representation and Satisfaction

Wholesale Satisfaction Levels in 2022 - Canada



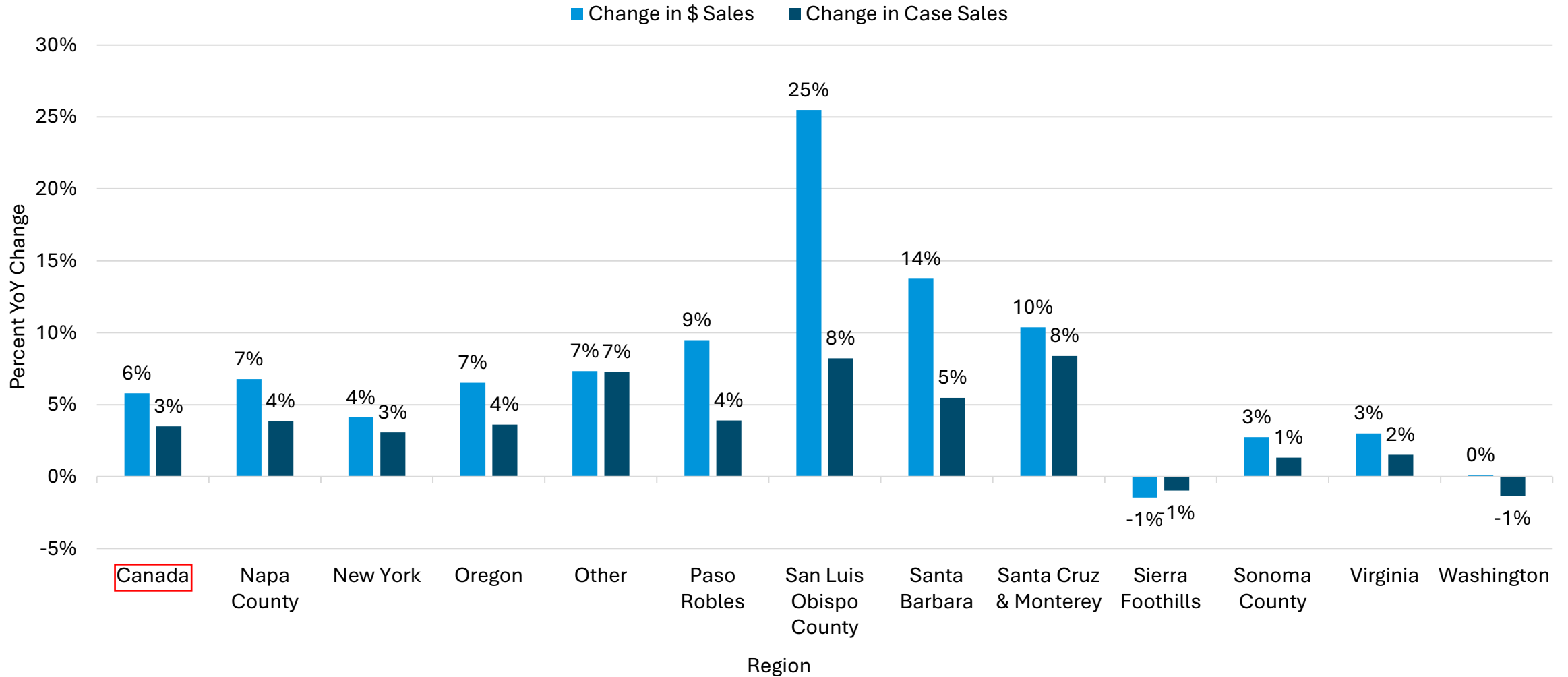
Source: SVB State of the Wine Industry Survey

Wholesale Satisfaction by Region

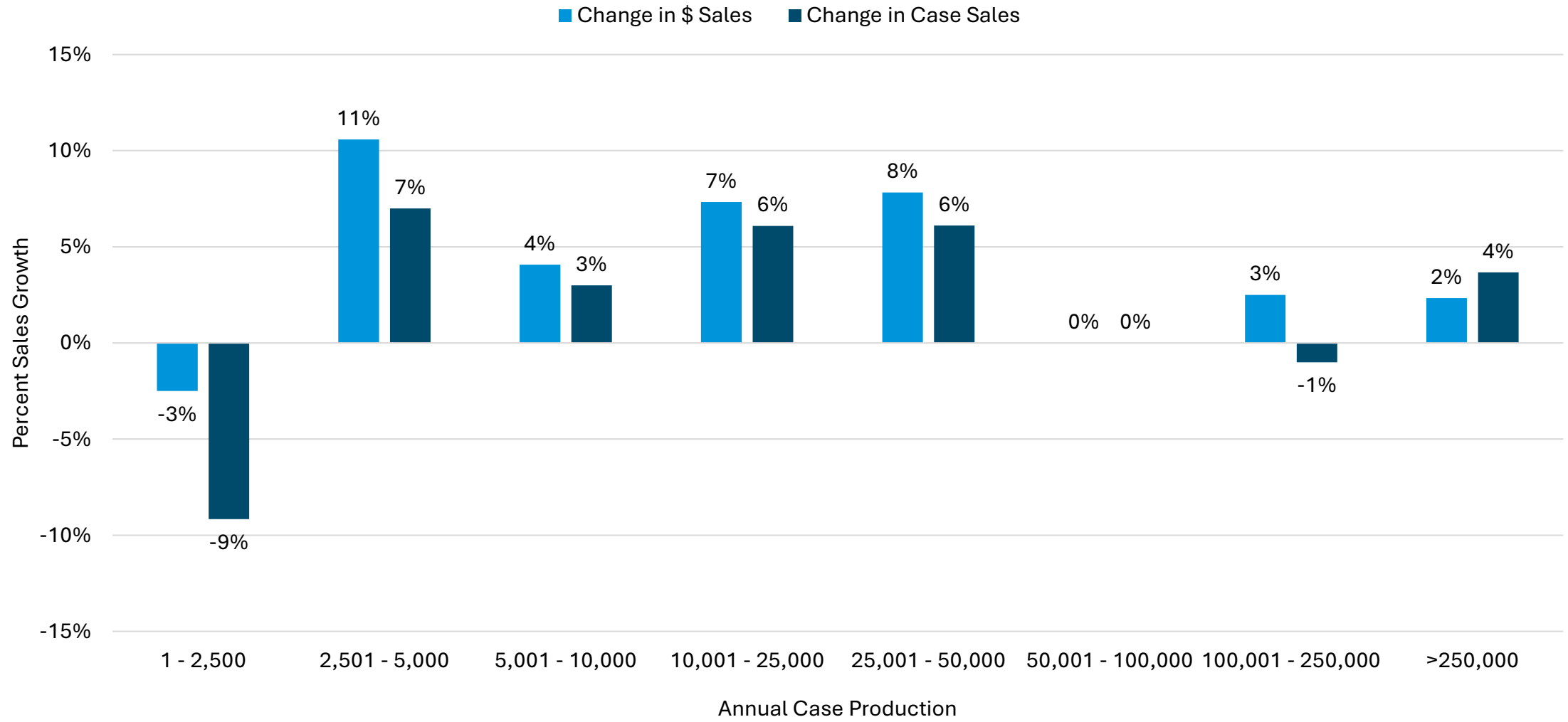


2023 Estimated Sales and Case Growth

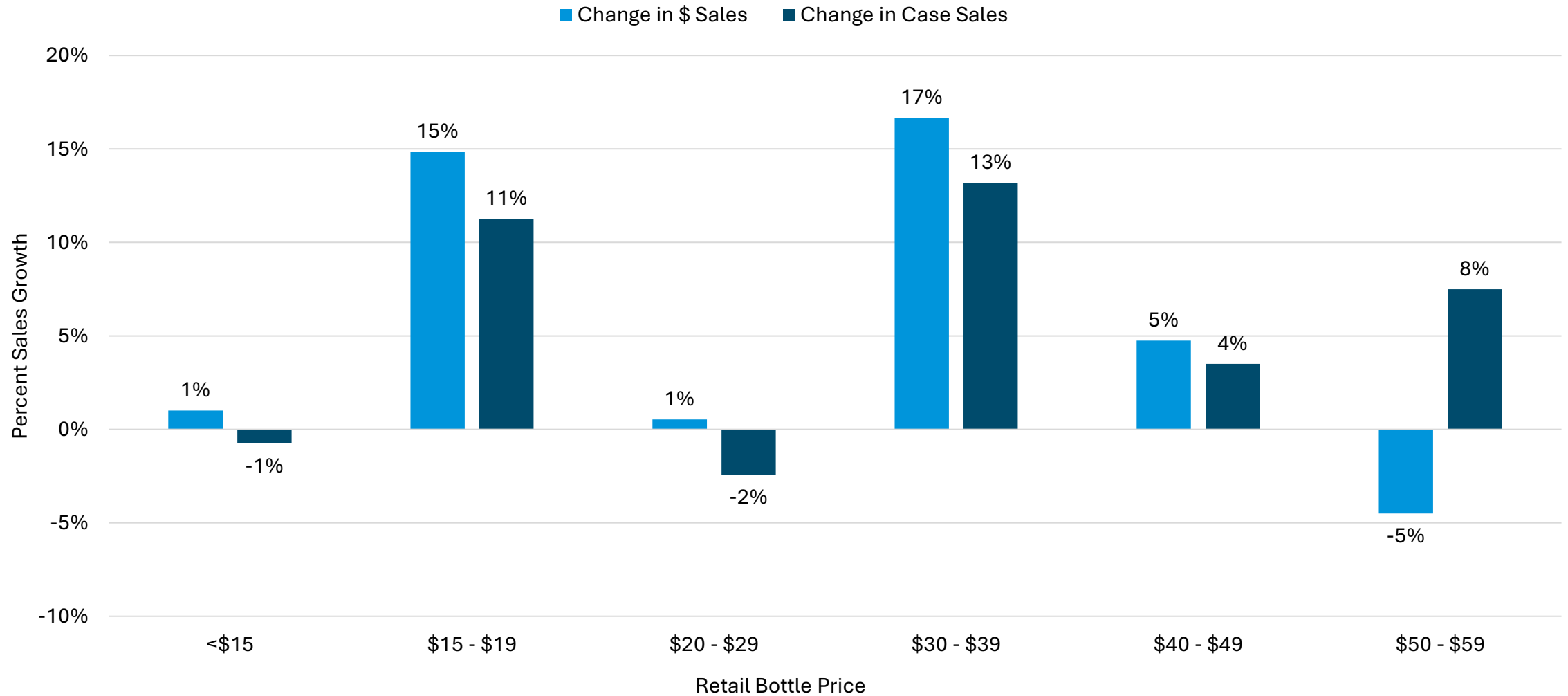
Year-Over-Year Volume and Value Changes



Projected Sales Growth in 2023 by Production Size - Canada



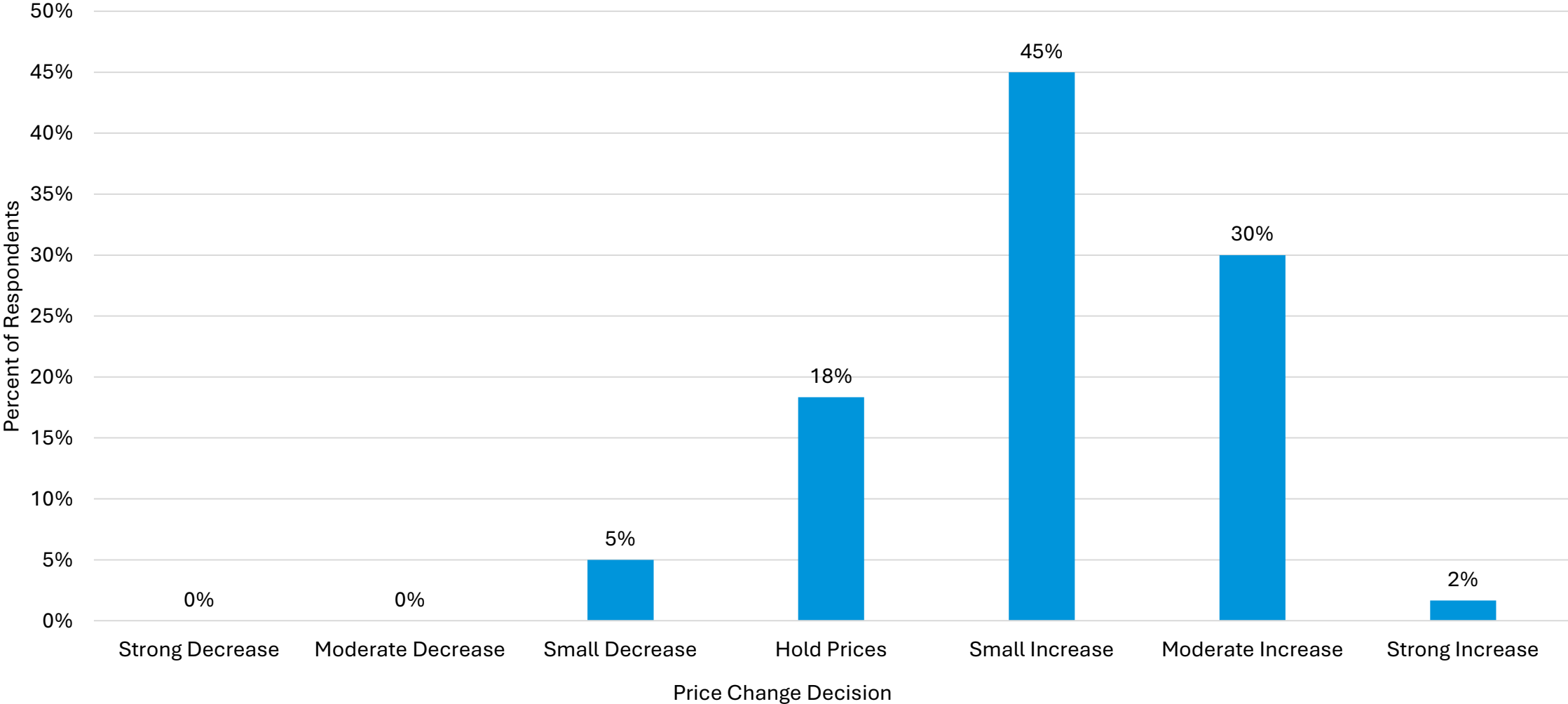
Projected Sales Growth in 2023 by Retail Bottle Price - Canada



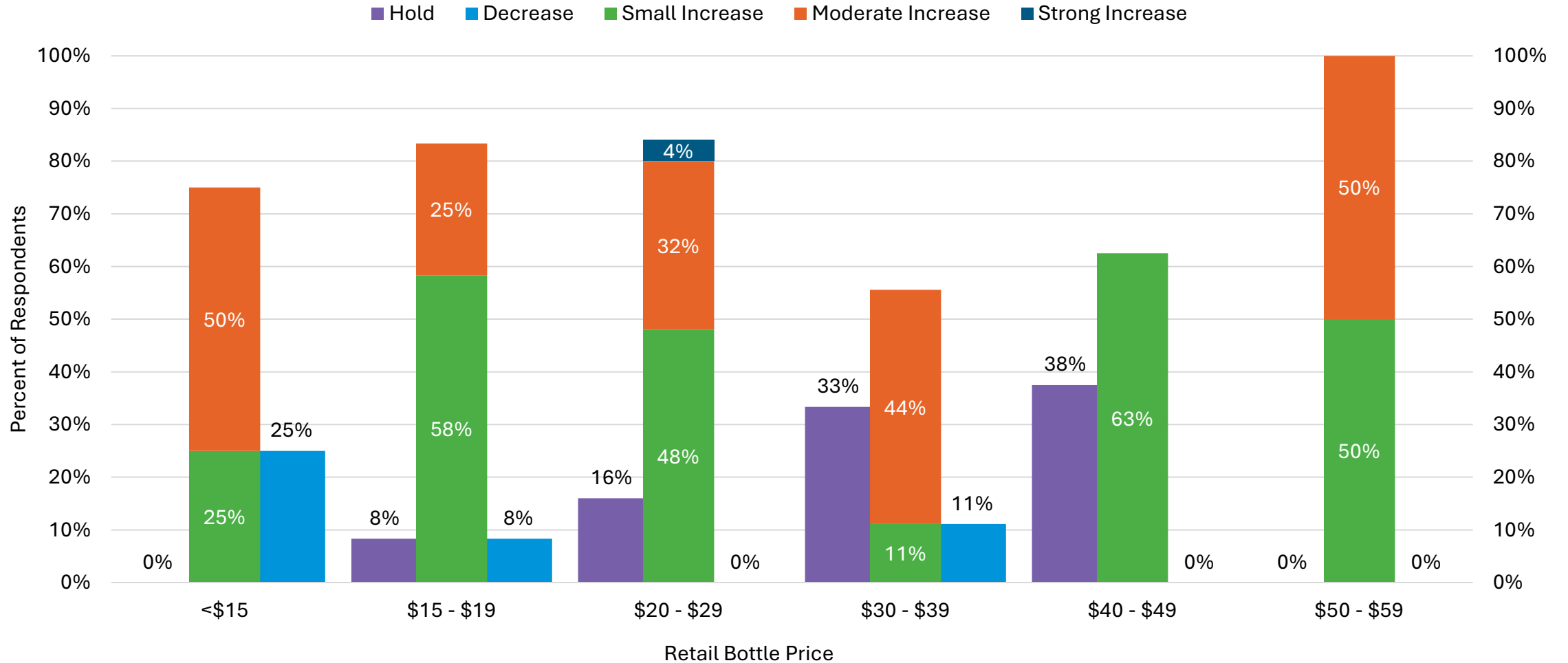
2022 Net Retail Price Changes

Projected Increases/Decreases to Retail Bottle Price

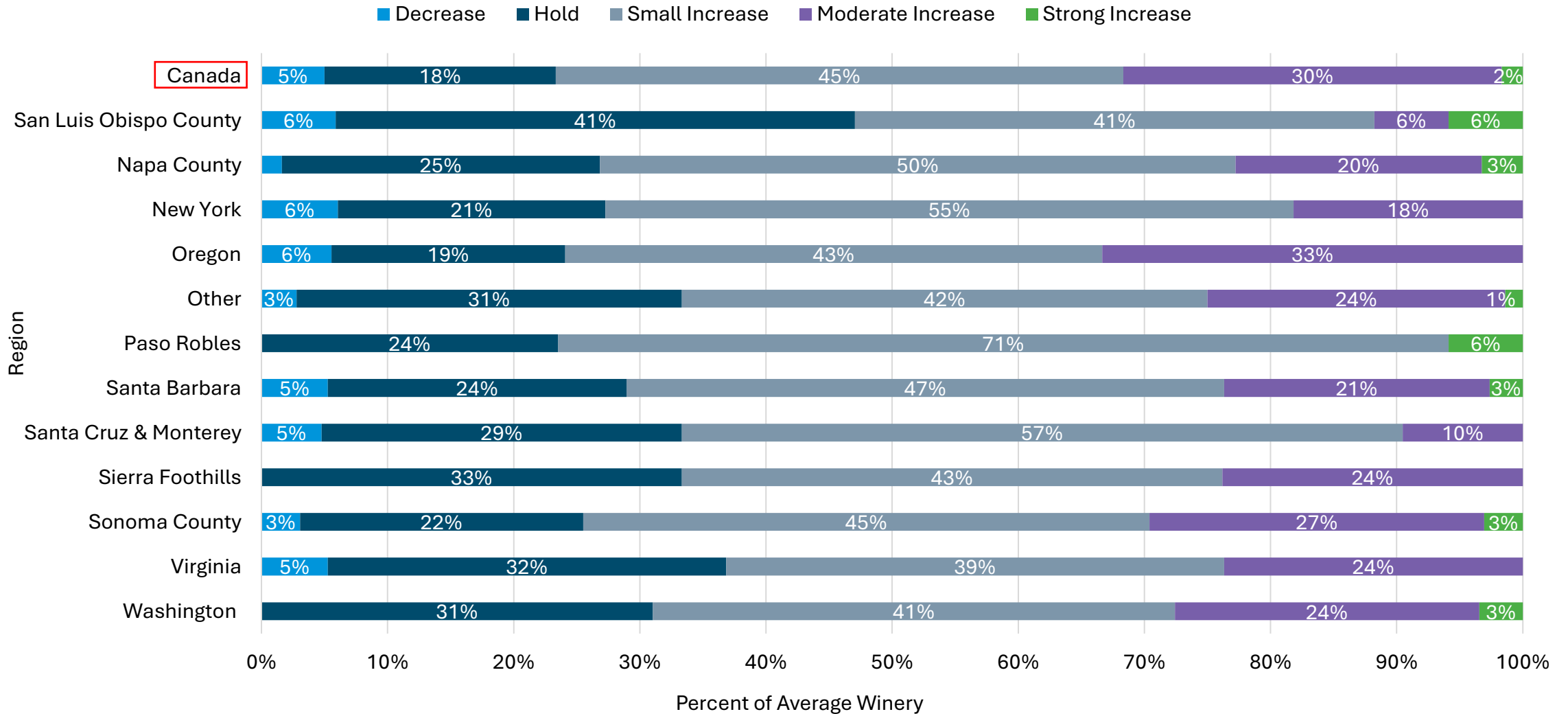
Size of Projected Retail Price Changes in 2023 - Canada



Retail Price Increases in 2023 by Bottle Price - Canada

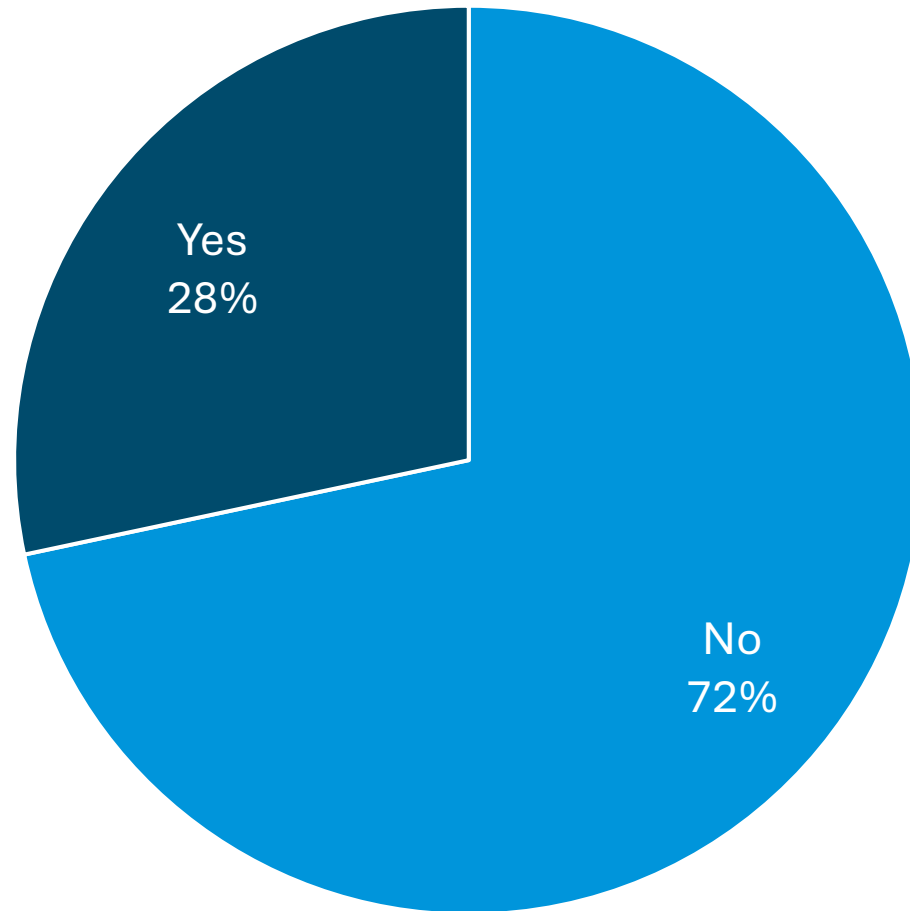


Projected 2023 Retail Price Changes by Region

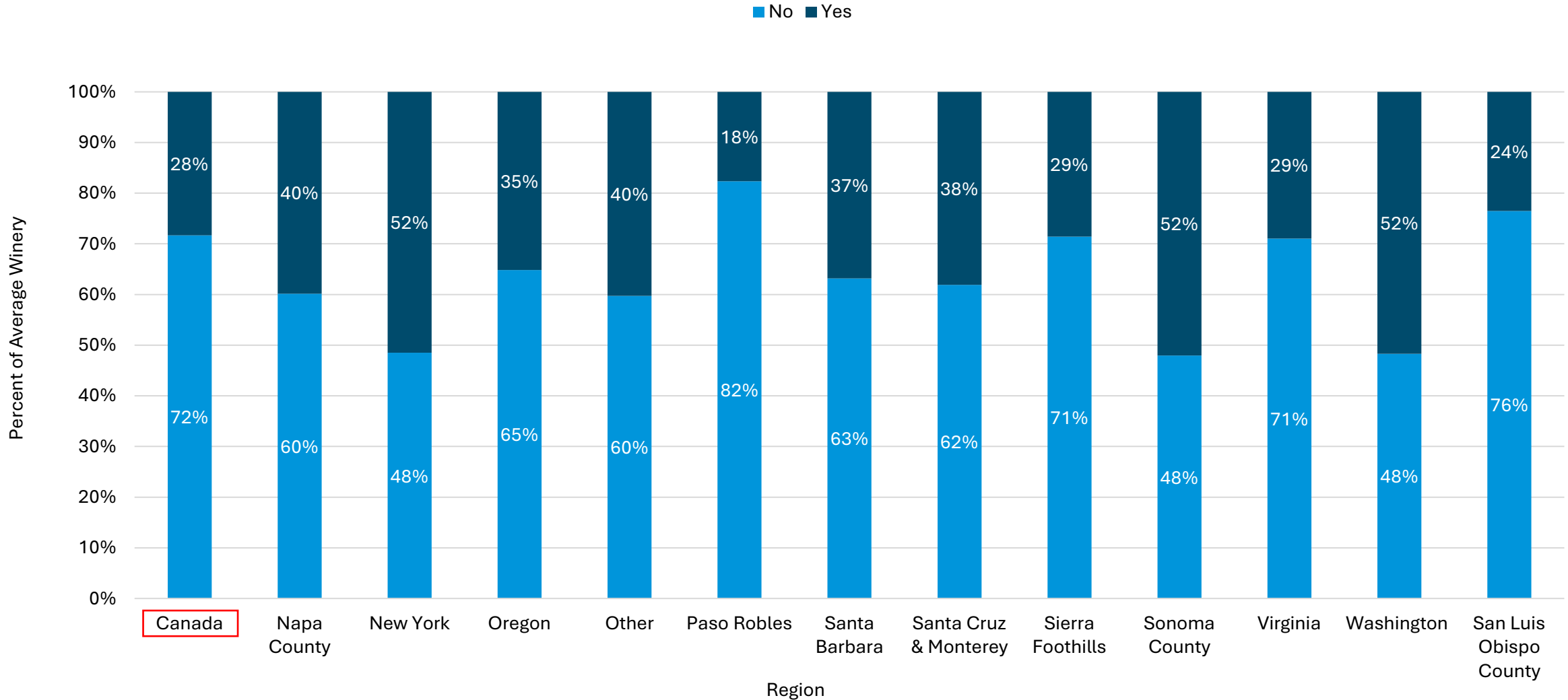


Sales and Acquisitions

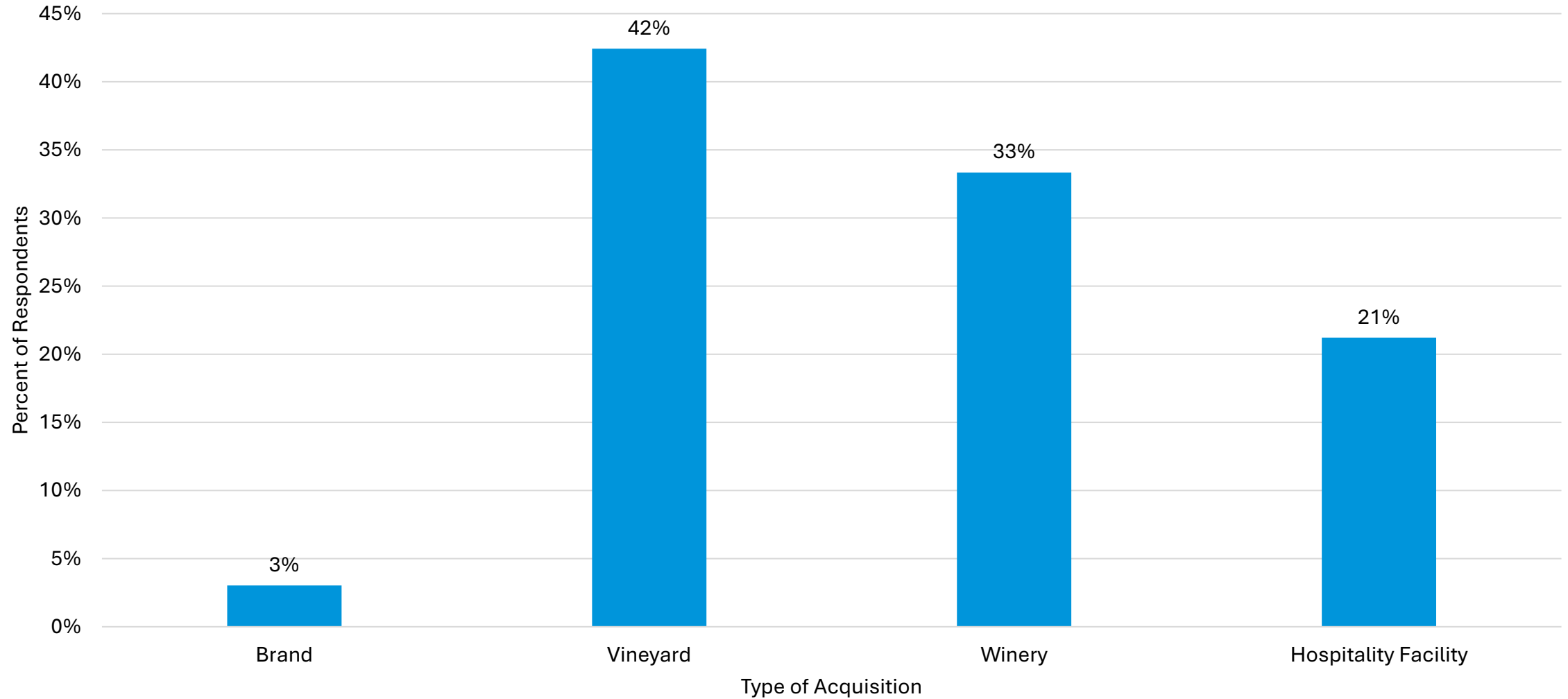
Interest in Acquisition within 5 Years - Canada



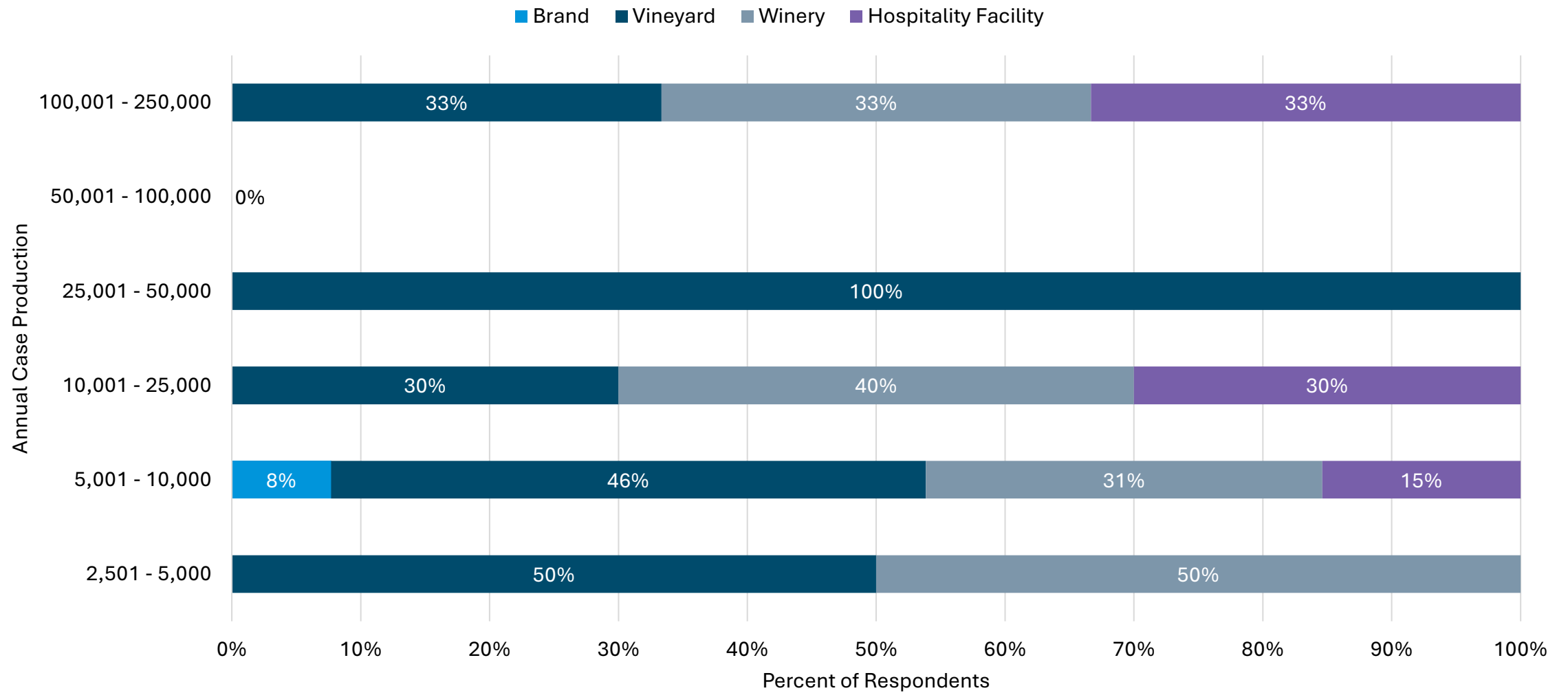
Regions with Greater Interest in Acquisition



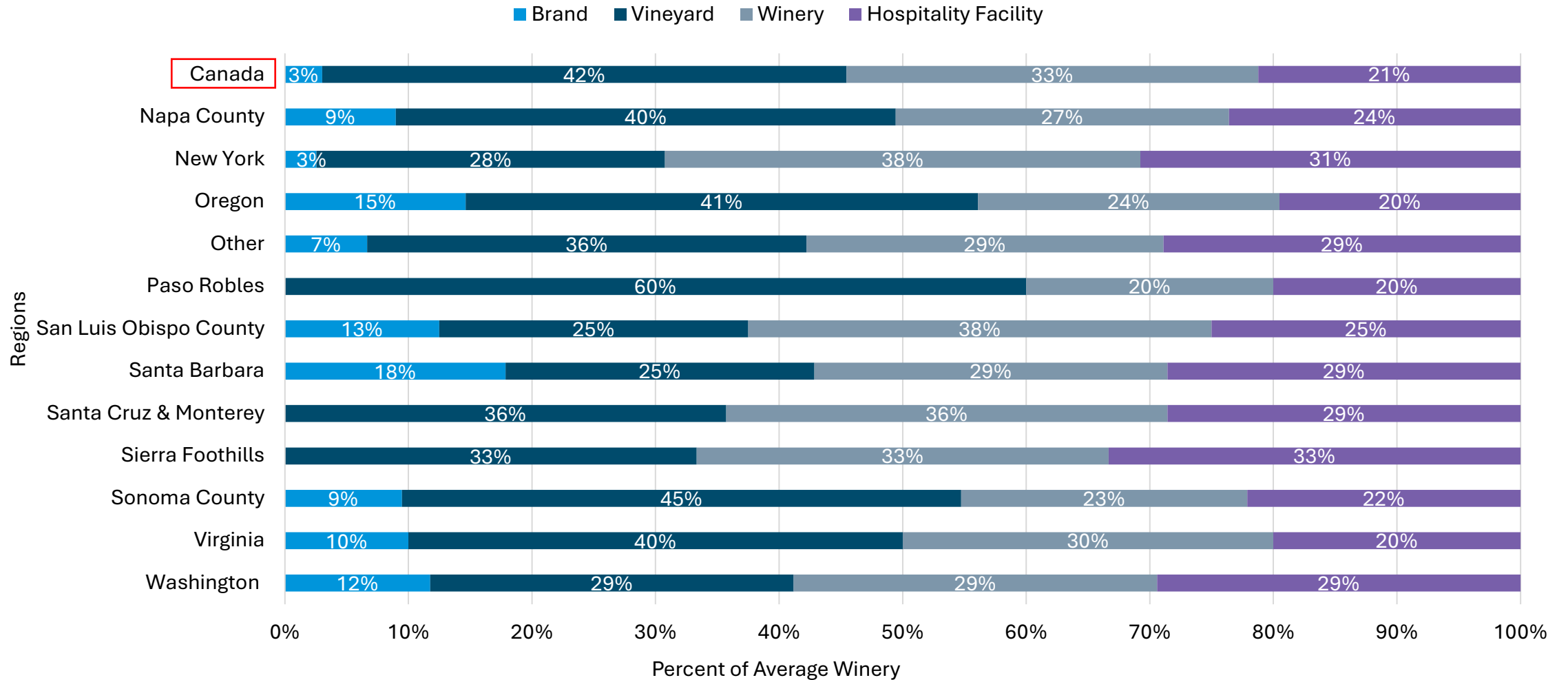
Interest in Acquisition Would Include - Canada



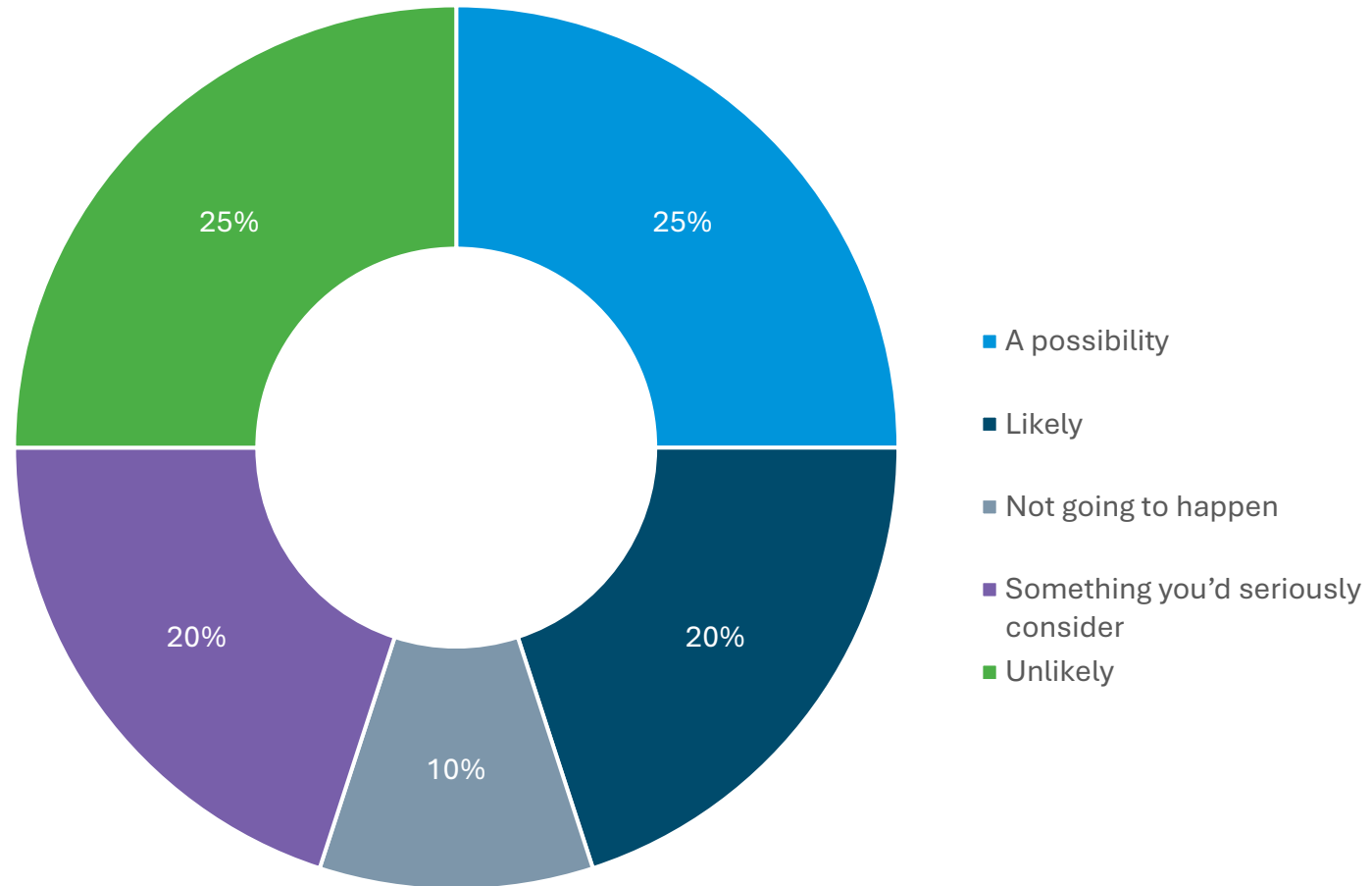
Interest in Acquisition by Case Production - Canada



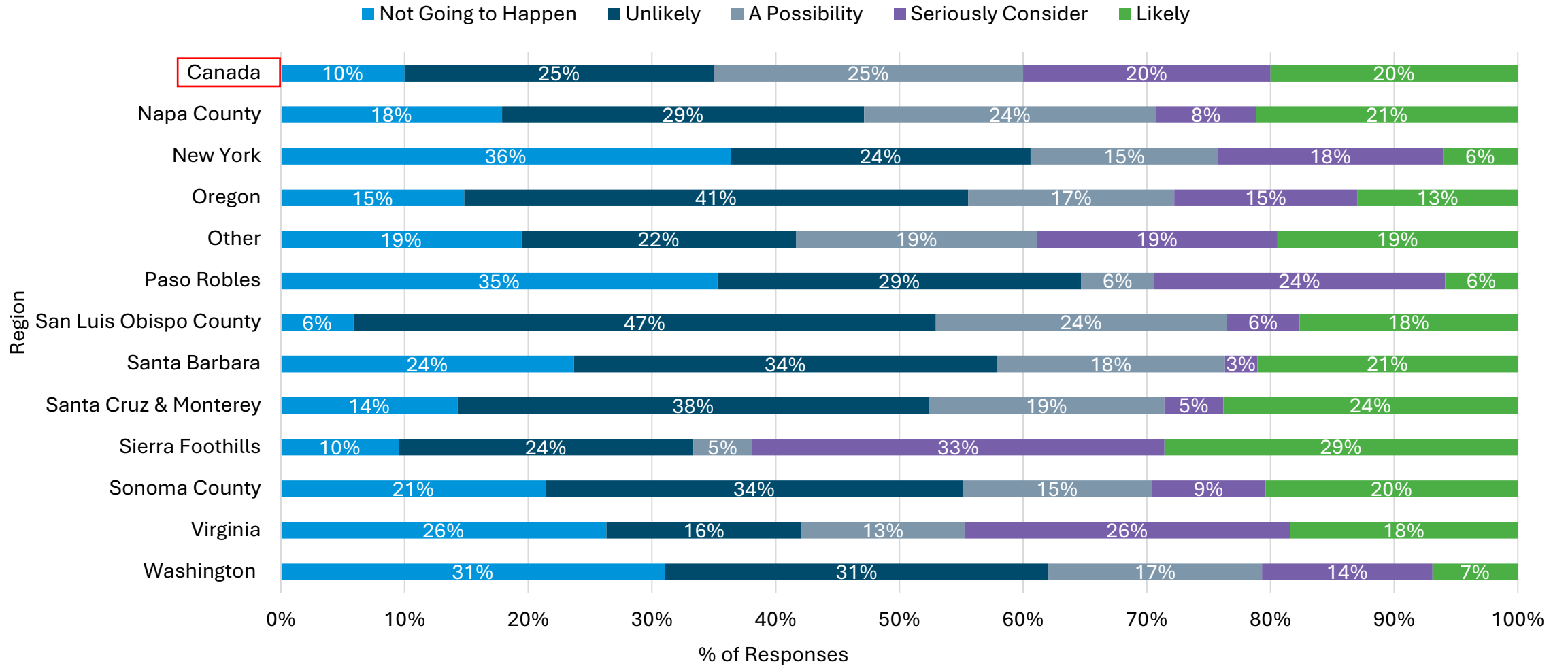
Regional Interest in Acquisition



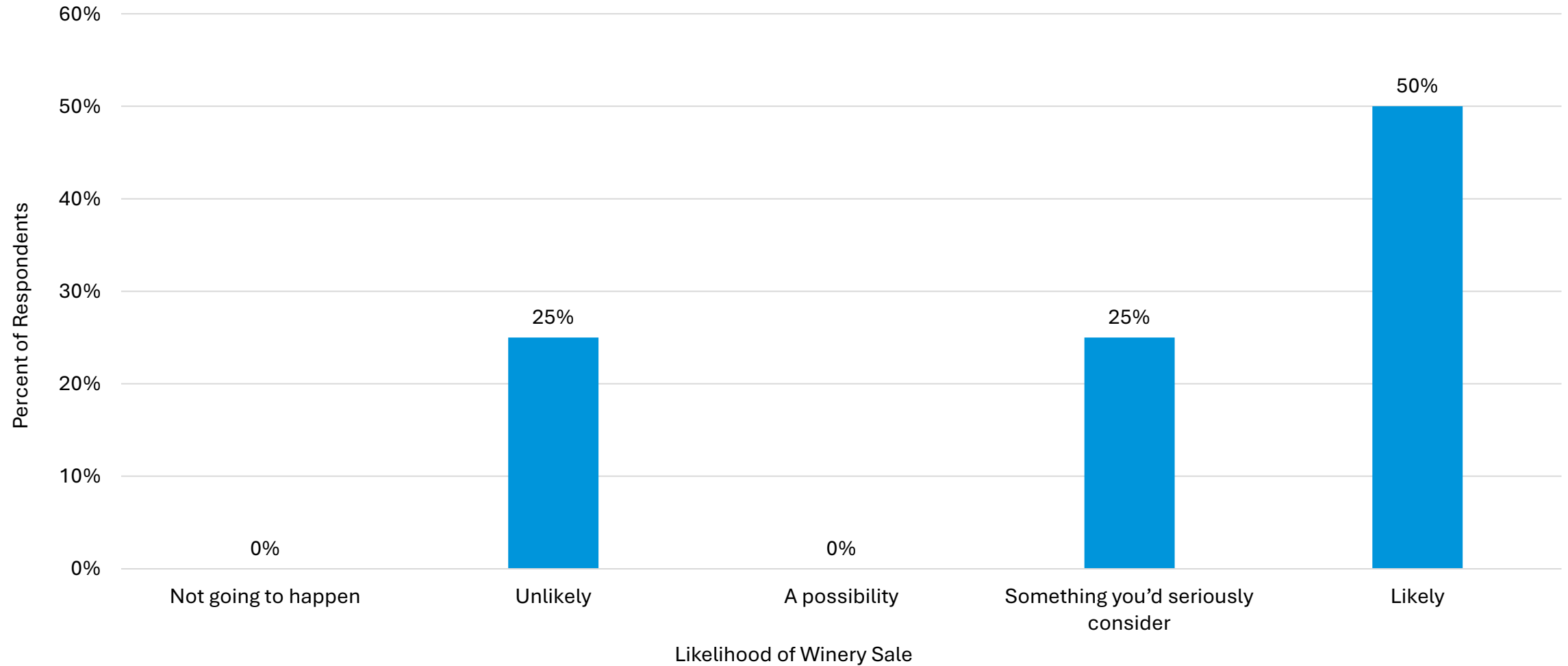
Likelihood of Winery Sale - Canada



Likelihood of Winery Sale by Region



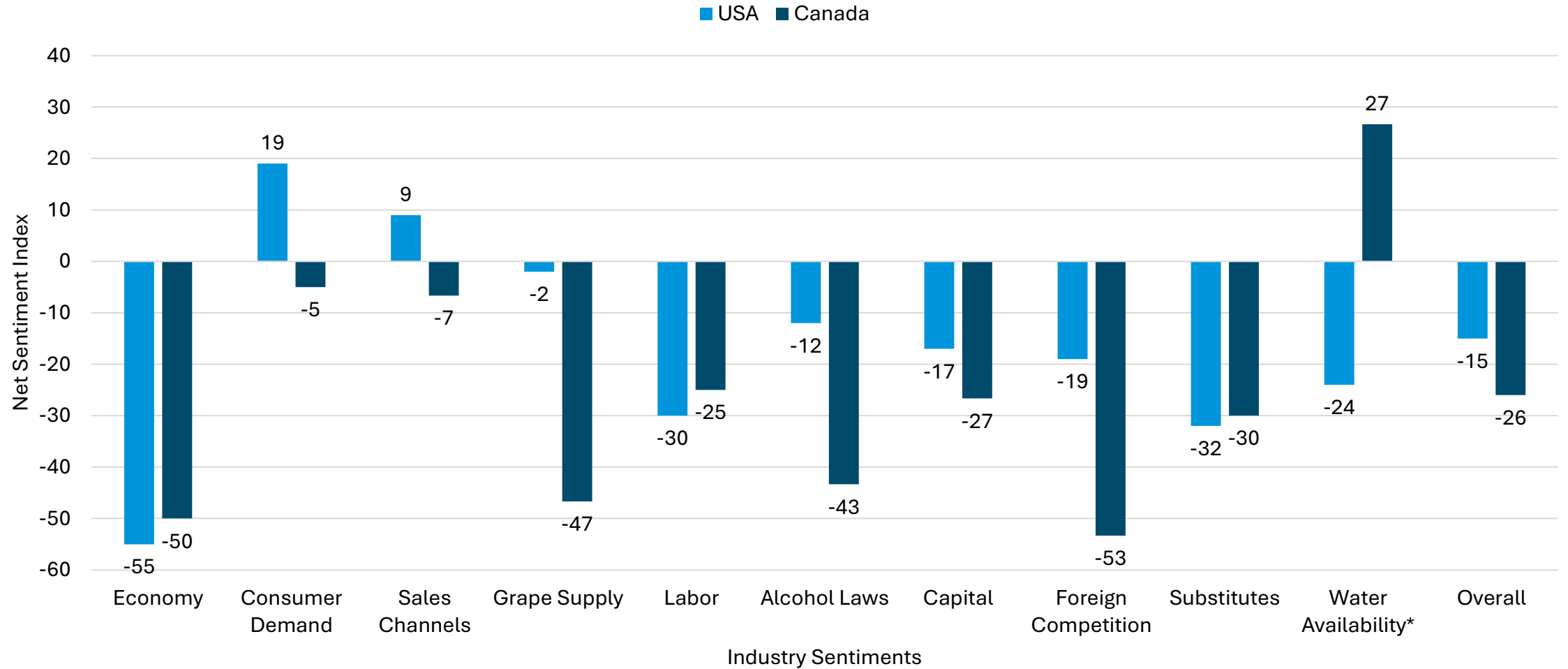
Likelihood of Winery Sale – Wineries with Weak Financial Performance - Canada



Winery Confidence Rating

Overview of Industry Sentiments – Canada vs USA

Total “Positive” responses to each category, minus total “Negative” responses to each category divided by total responses



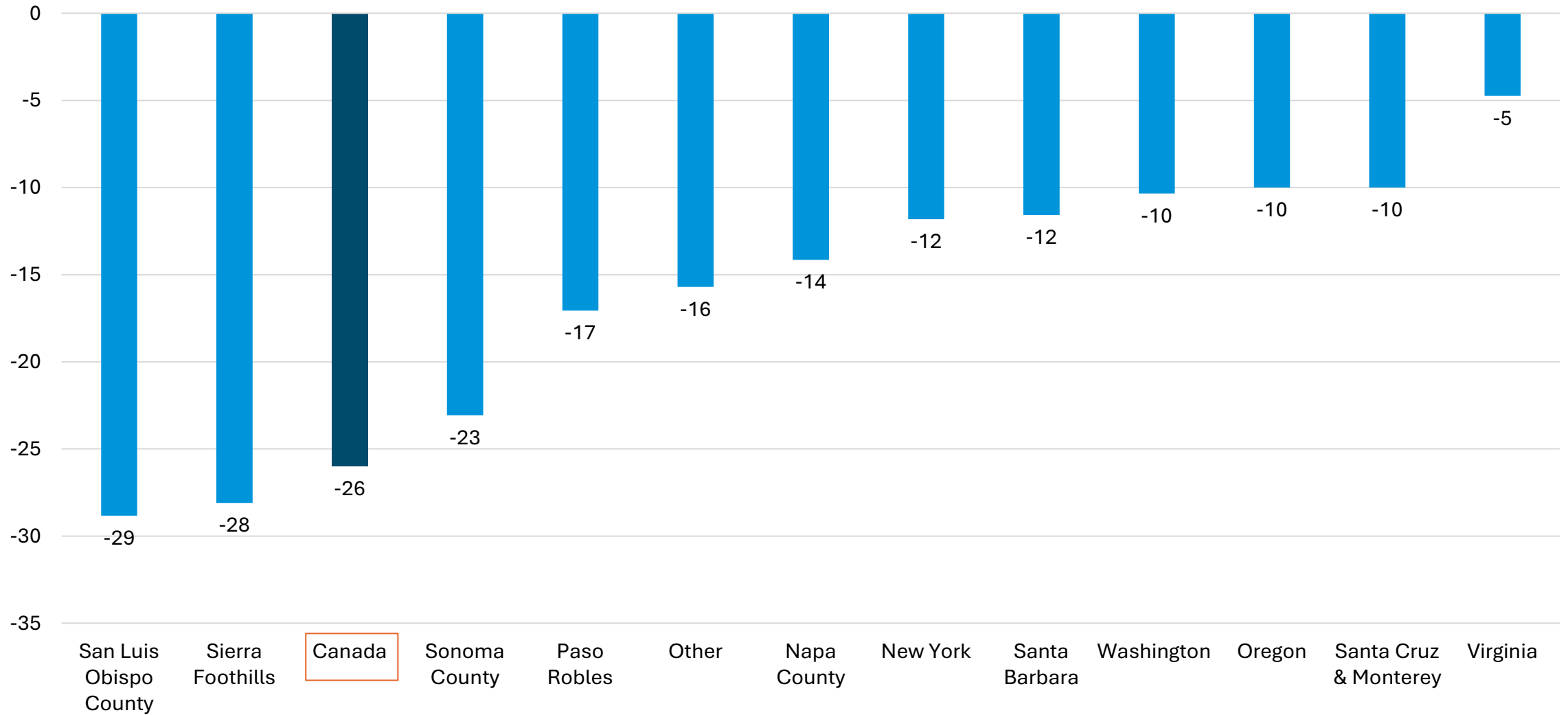
*Water Availability first tracked in 2021



Source: SVB State of the Wine Industry Survey

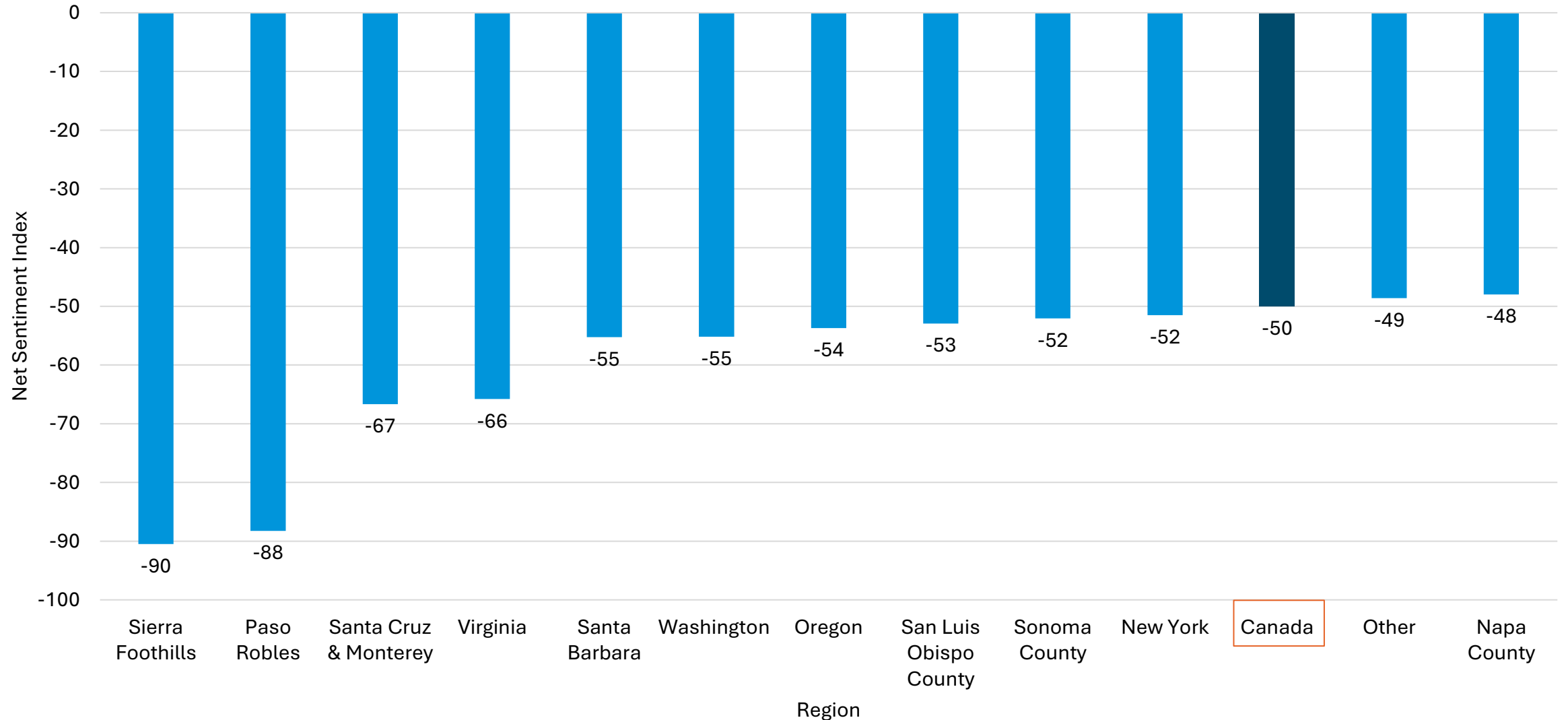
2022 Overall Industry Sentiments

Total “Positive” minus total “Negative” responses for each region, divided by total responses from that region multiplied by 100.



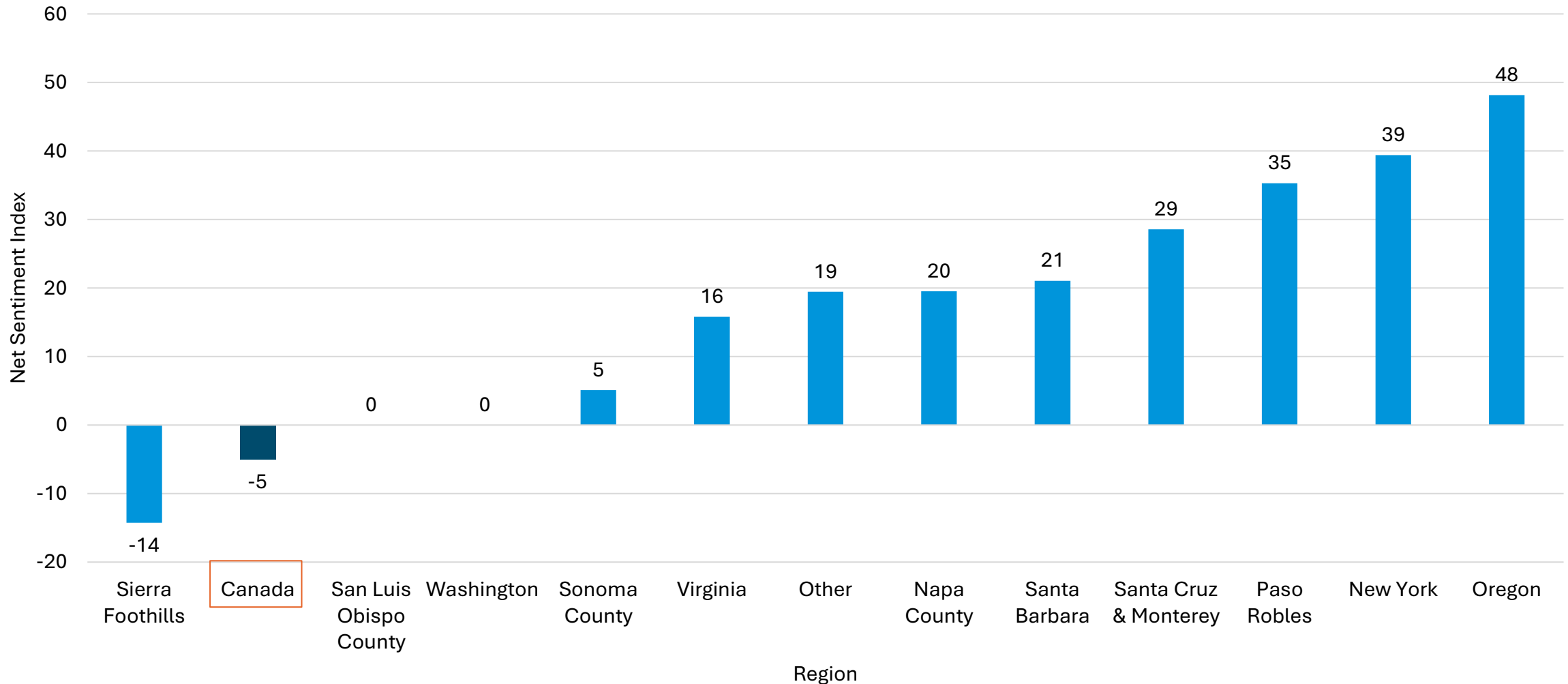
2022 Industry Sentiments Regarding the Economy

Total "Positive" minus total "Negative" responses for each region, divided by total responses from that region



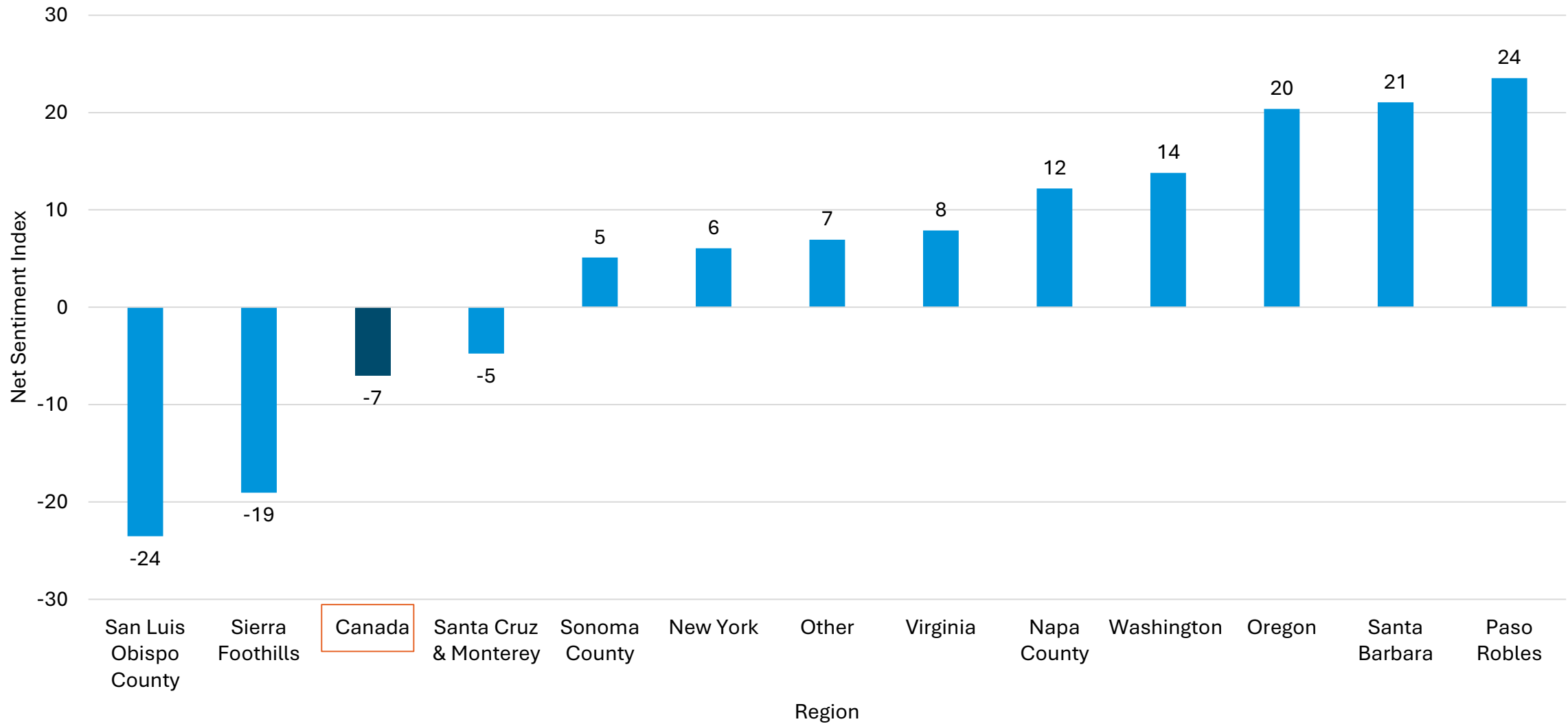
2022 Industry Sentiment Regarding Consumer Demand

Total “Positive” responses minus total “Negative” responses for each region, divided by total responses from that region



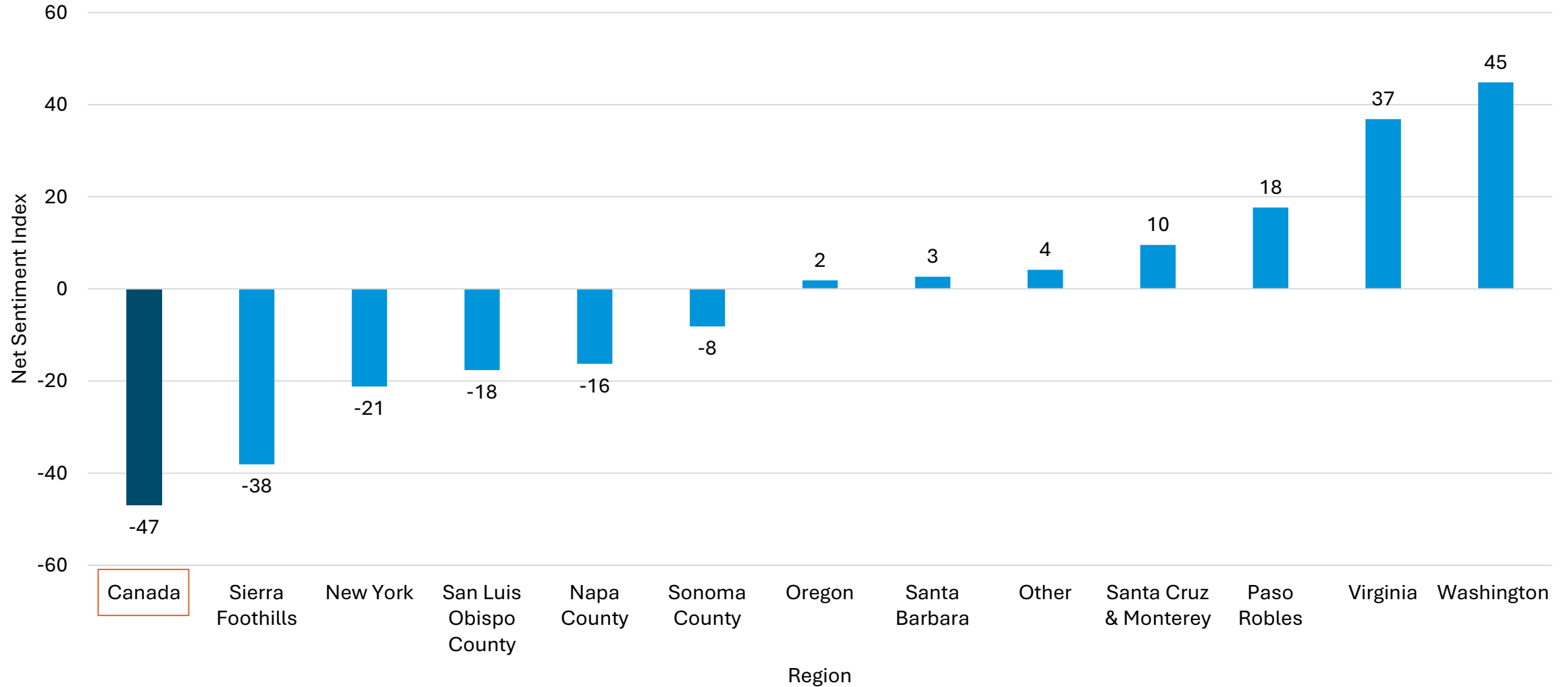
2022 Industry Sentiments Regarding Sales Channels

Total “Positive” responses minus total “Negative” responses for each region, divided by total responses from that region



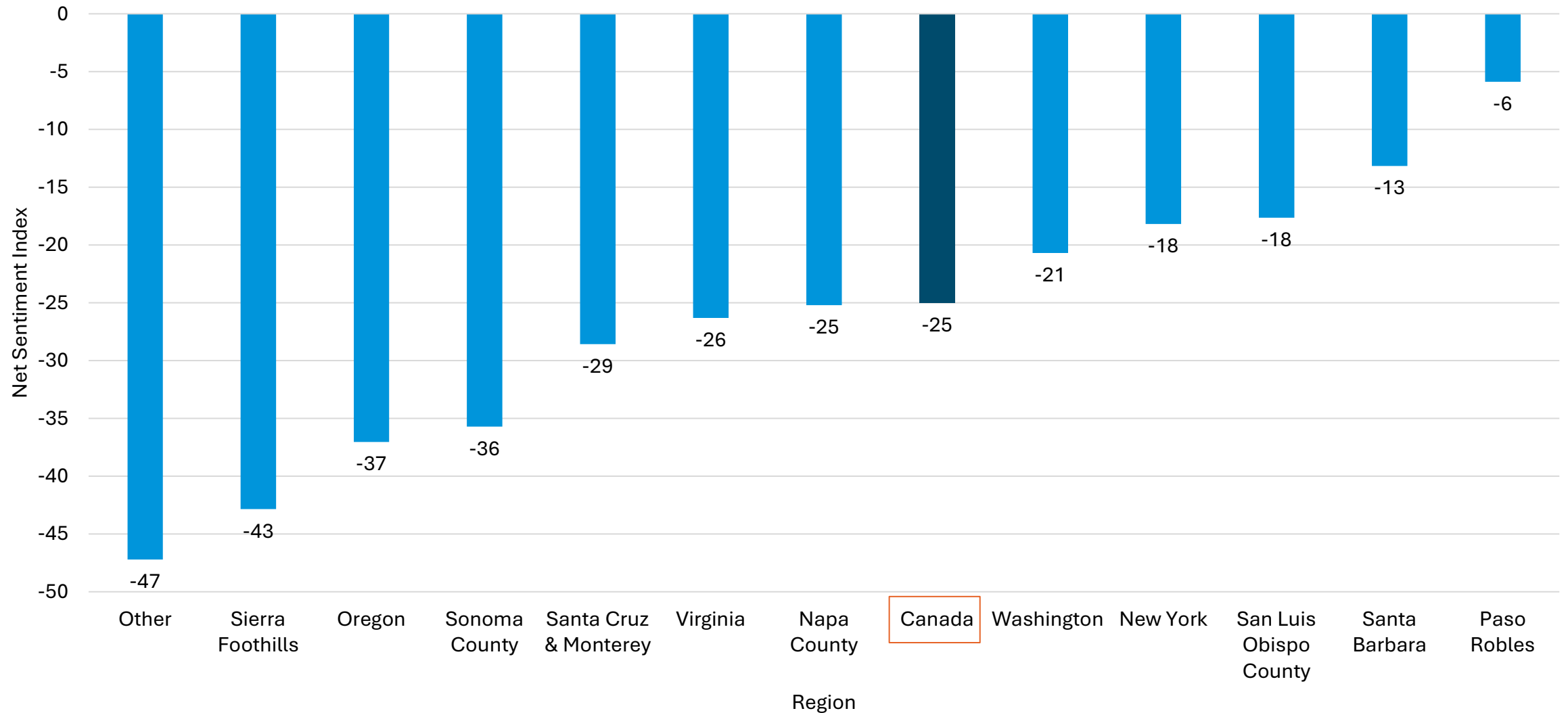
2022 Industry Sentiments Regarding Grape Supply

Total “Positive” responses minus total “Negative” responses for each region, divided by total responses from that region



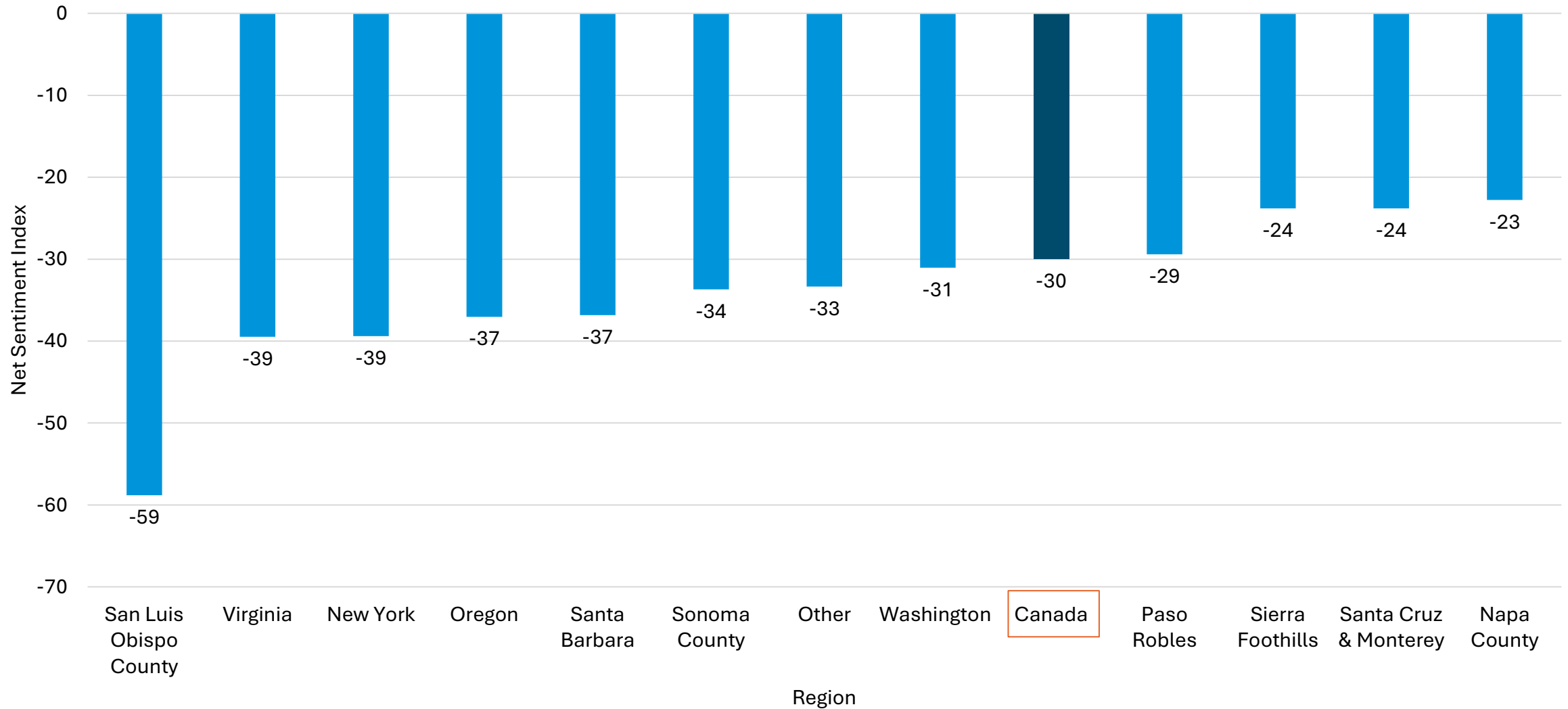
2022 Industry Sentiments Regarding Labor

Total “Positive” responses minus total “Negative” responses for each region, divided by total responses from that region



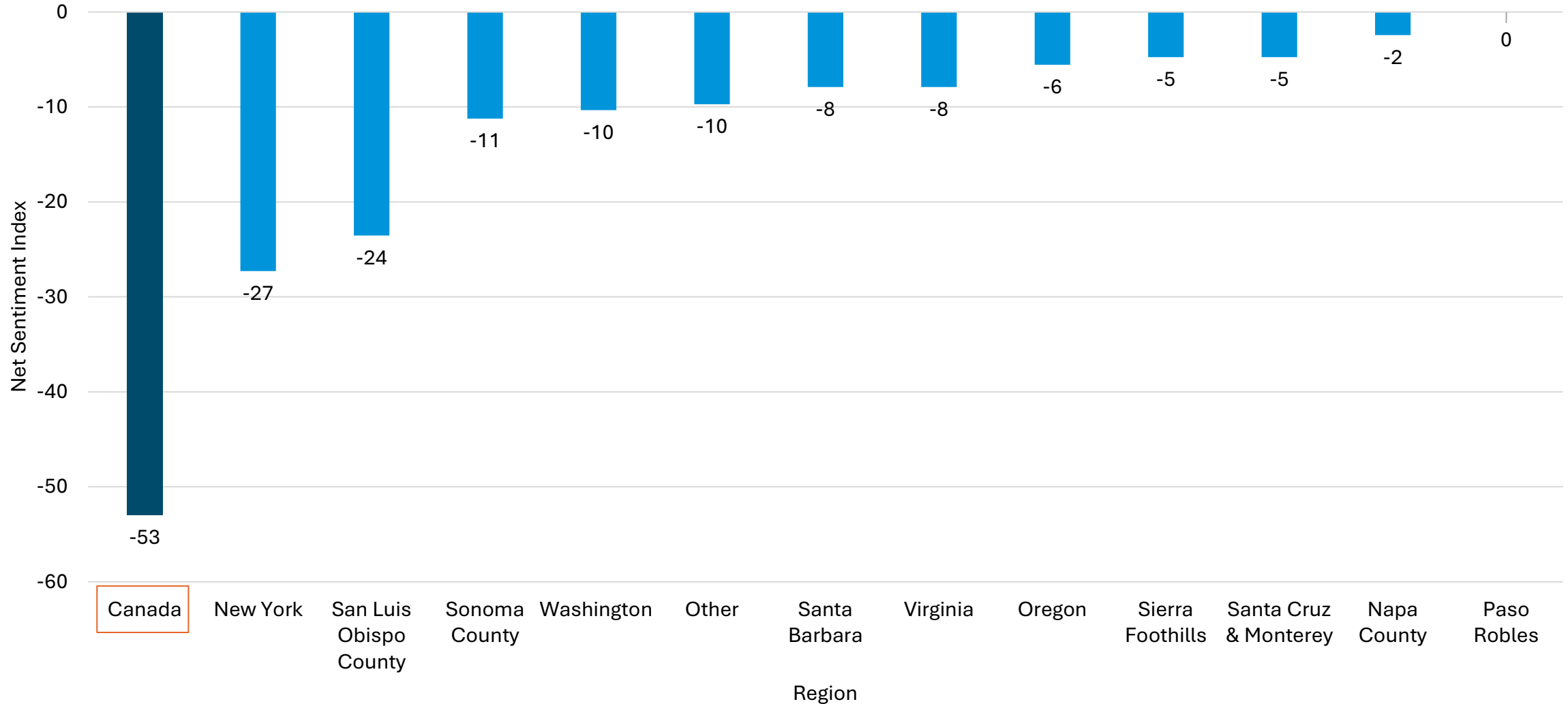
2022 Industry Sentiments Regarding Substitutes

Total “Positive” responses minus total “Negative” responses for each region, divided by total responses from that region



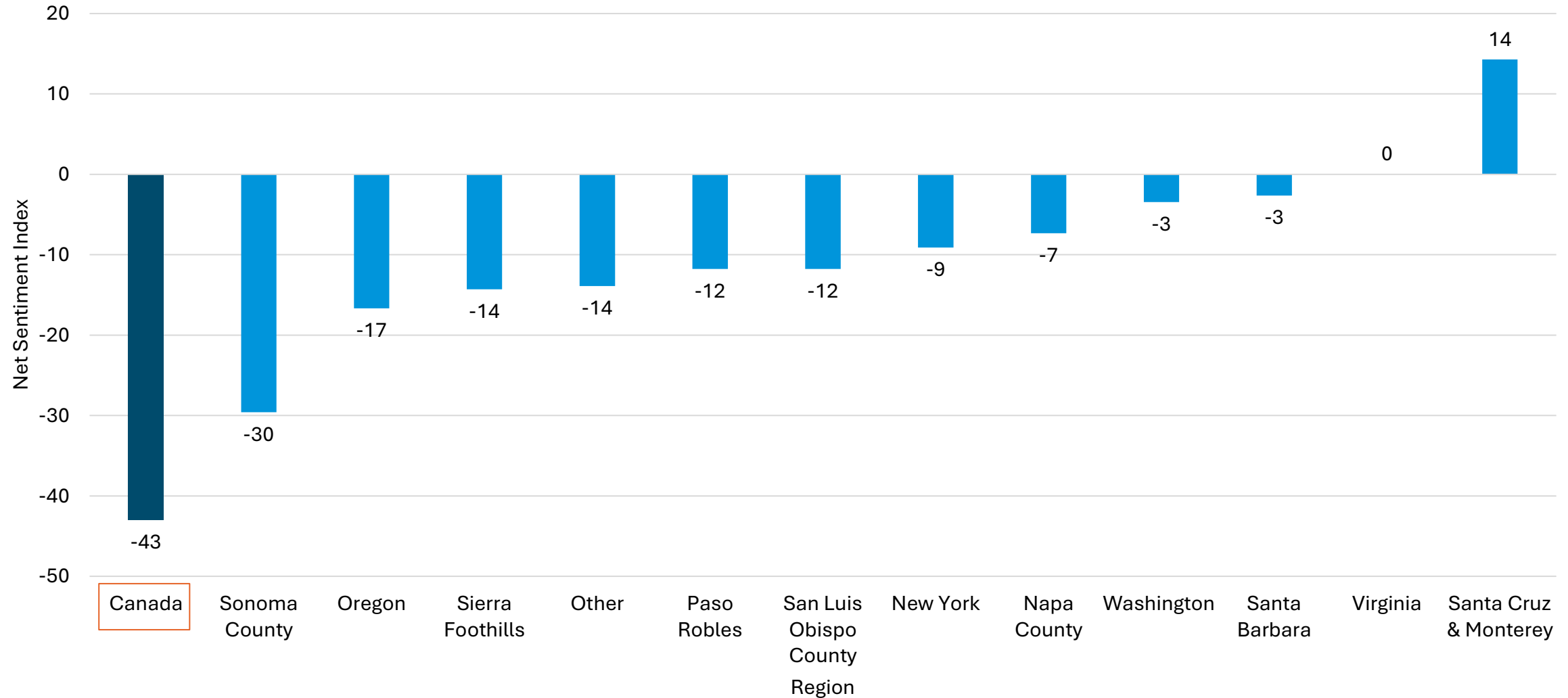
2022 Industry Sentiments Regarding Foreign Competition

Total “Positive” responses minus total “Negative” responses for each region, divided by total responses from that region



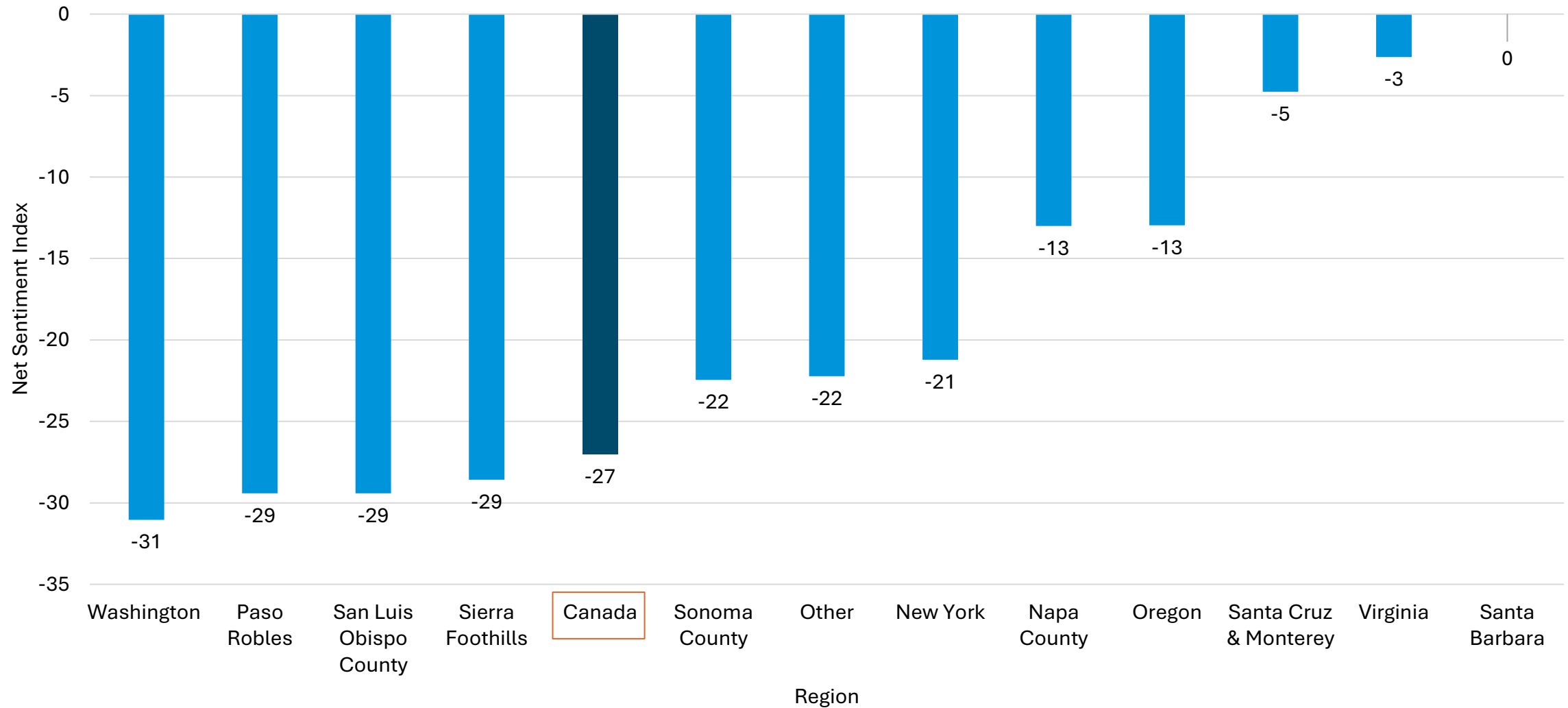
2022 Industry Sentiments Regarding Alcohol Laws

Total “Positive” responses minus total “Negative” responses for each region, divided by total responses from that region



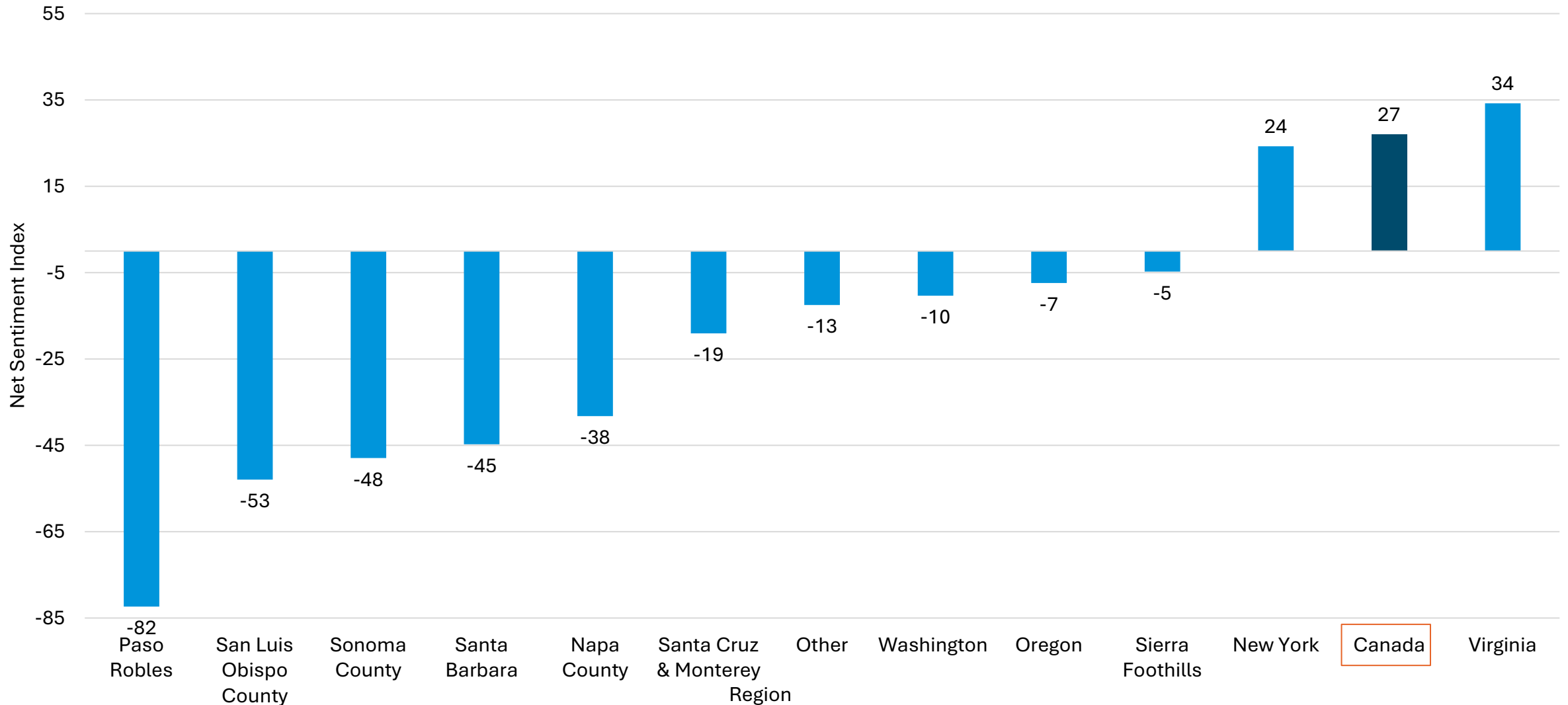
2022 Industry Sentiments Regarding Capital/Debt

Total “Positive” responses minus total “Negative” responses for each region, divided by total responses from that region



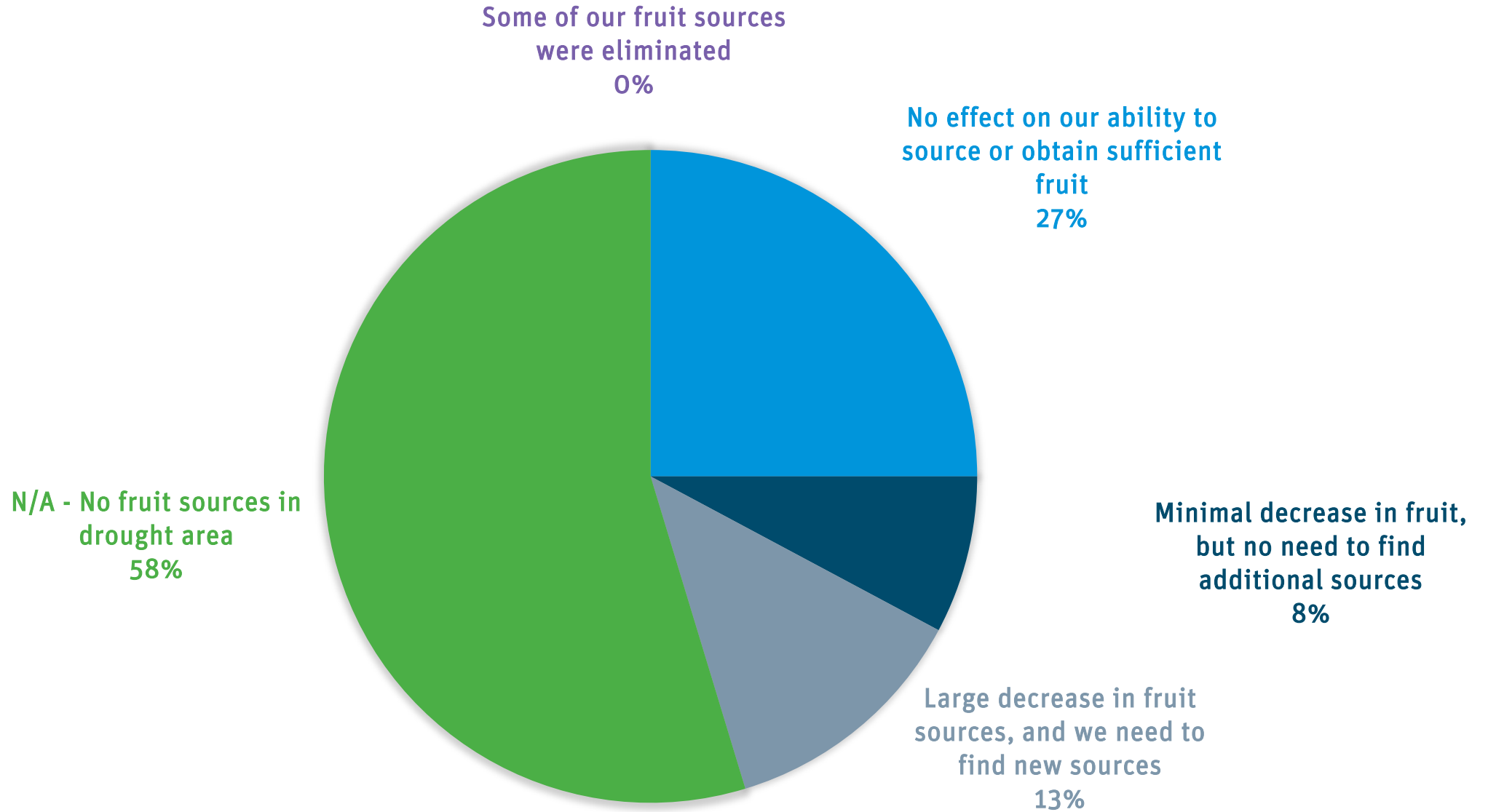
2022 Industry Sentiments Regarding Water Availability

Total “Positive” responses minus total “Negative” responses for each region, divided by total responses from that region

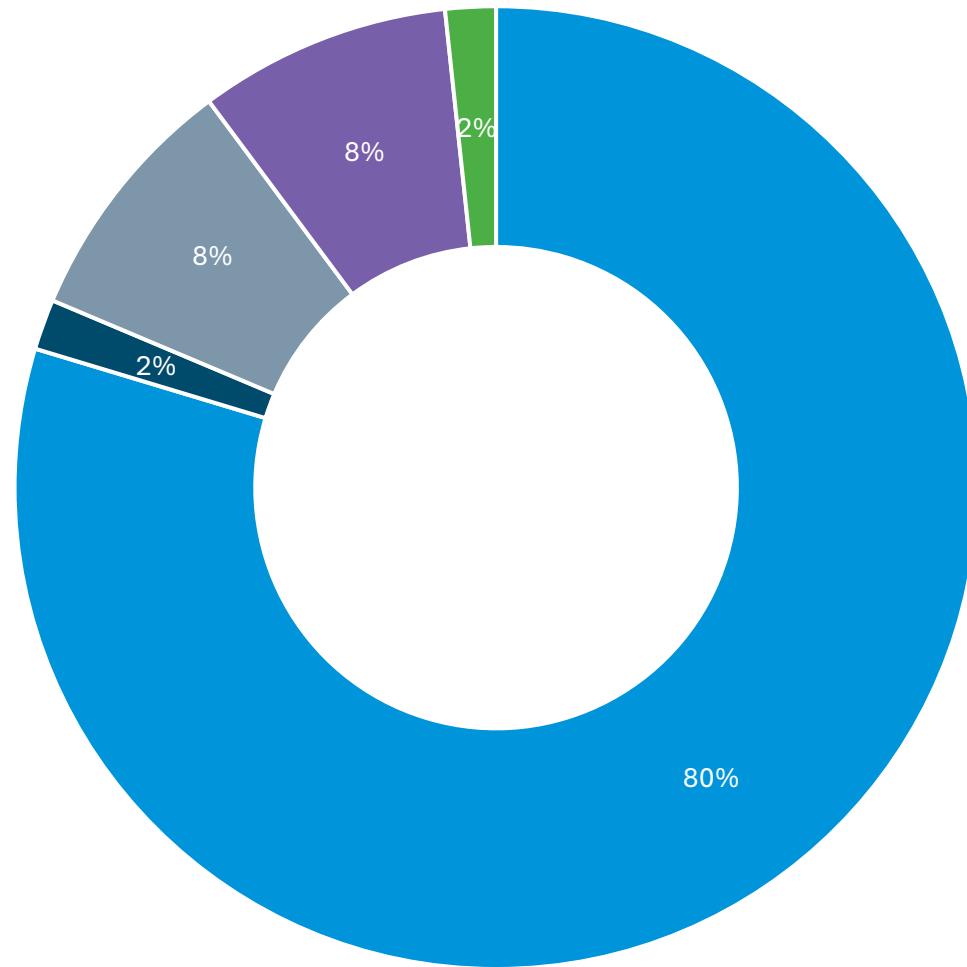


Climate Impacts

2022 Impacts on Fruit Sources - Canada

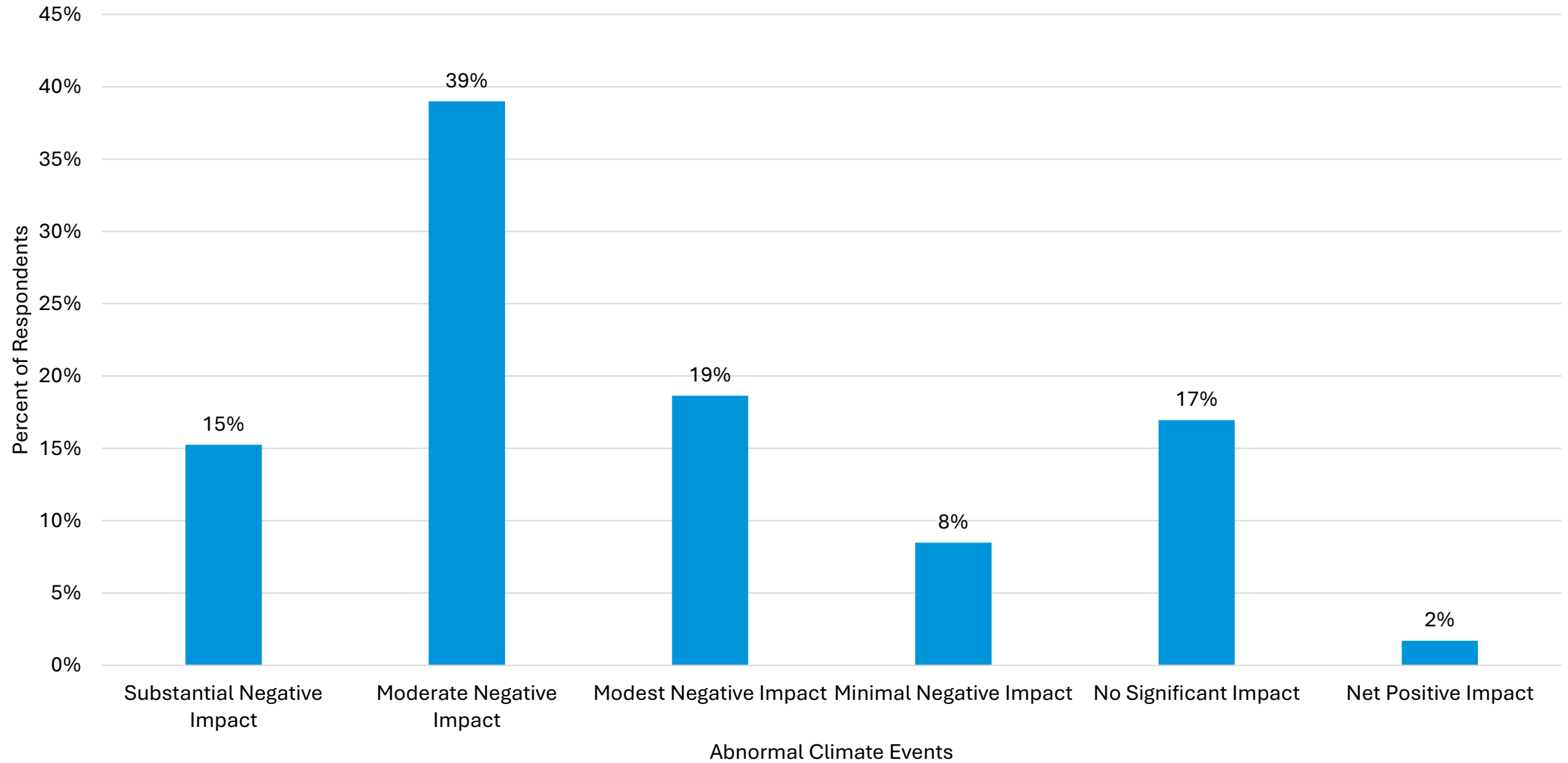


2023 Water Supply Concerns - Canada



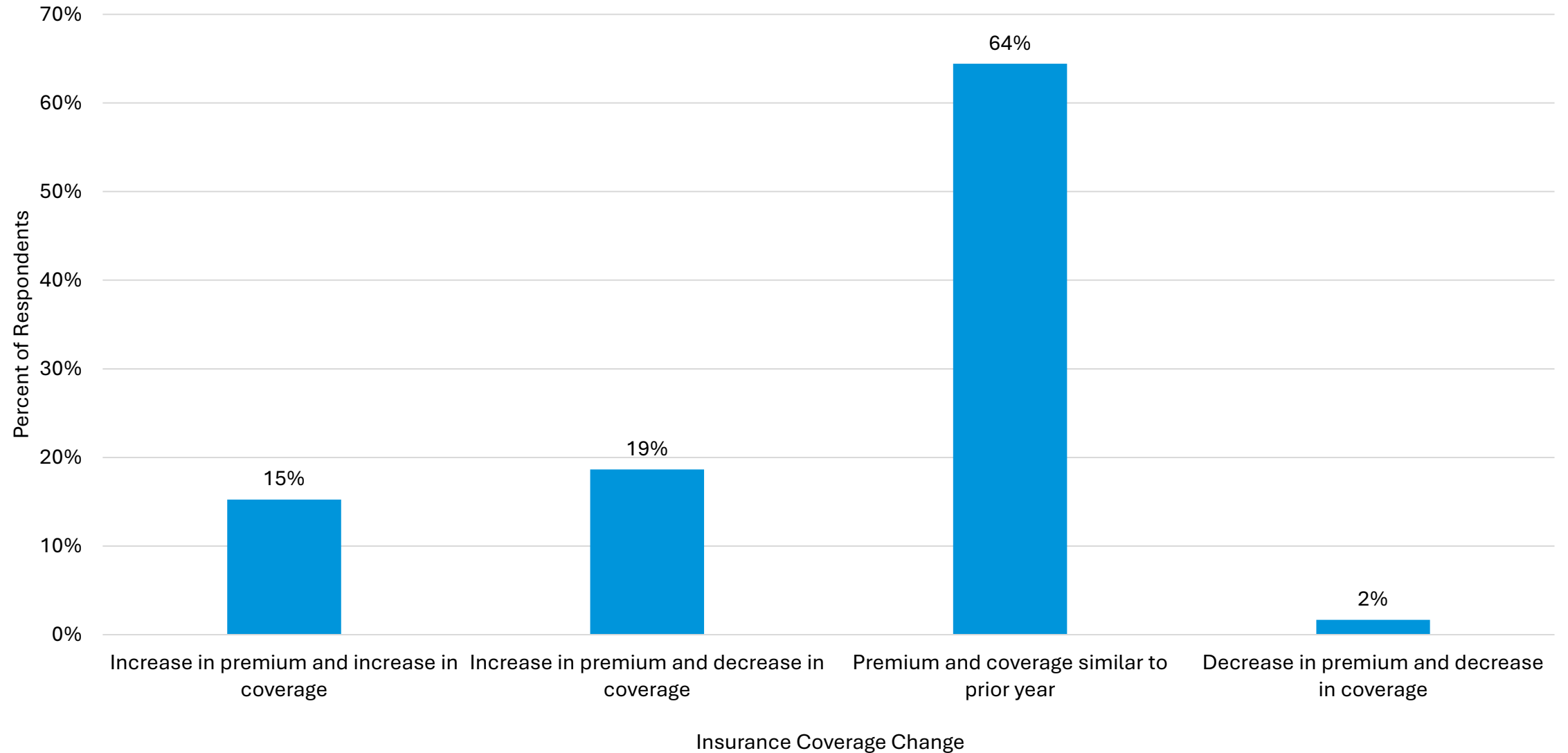
- N/A – Not currently in a drought area
- Very concerned, potential for serious water shortage issues
- Concerned, but should have enough water supply
- Neutral
- Confident, have had no water issues thus far and expect that to continue

2022 Impacts of Abnormal Climate Events - Canada



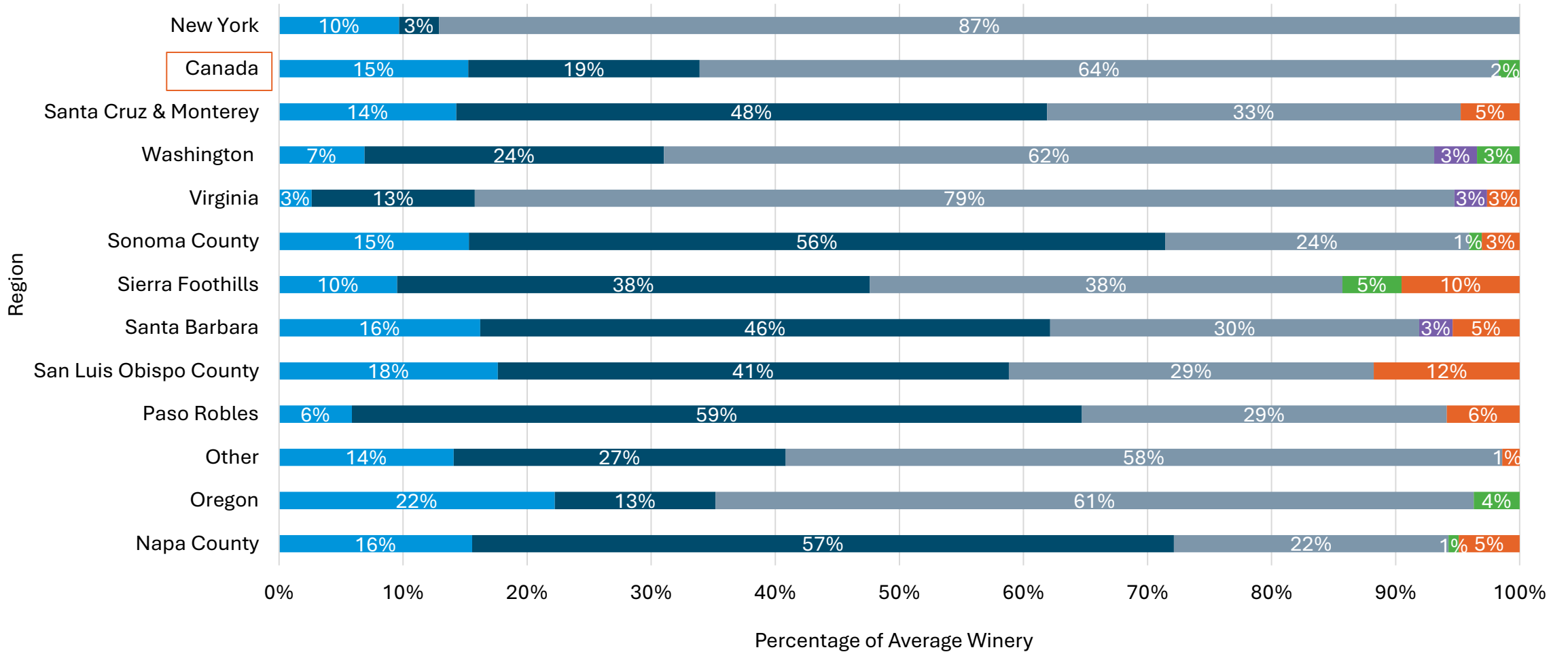
Insurance Impacts

2022 Property Insurance Coverage - Canada

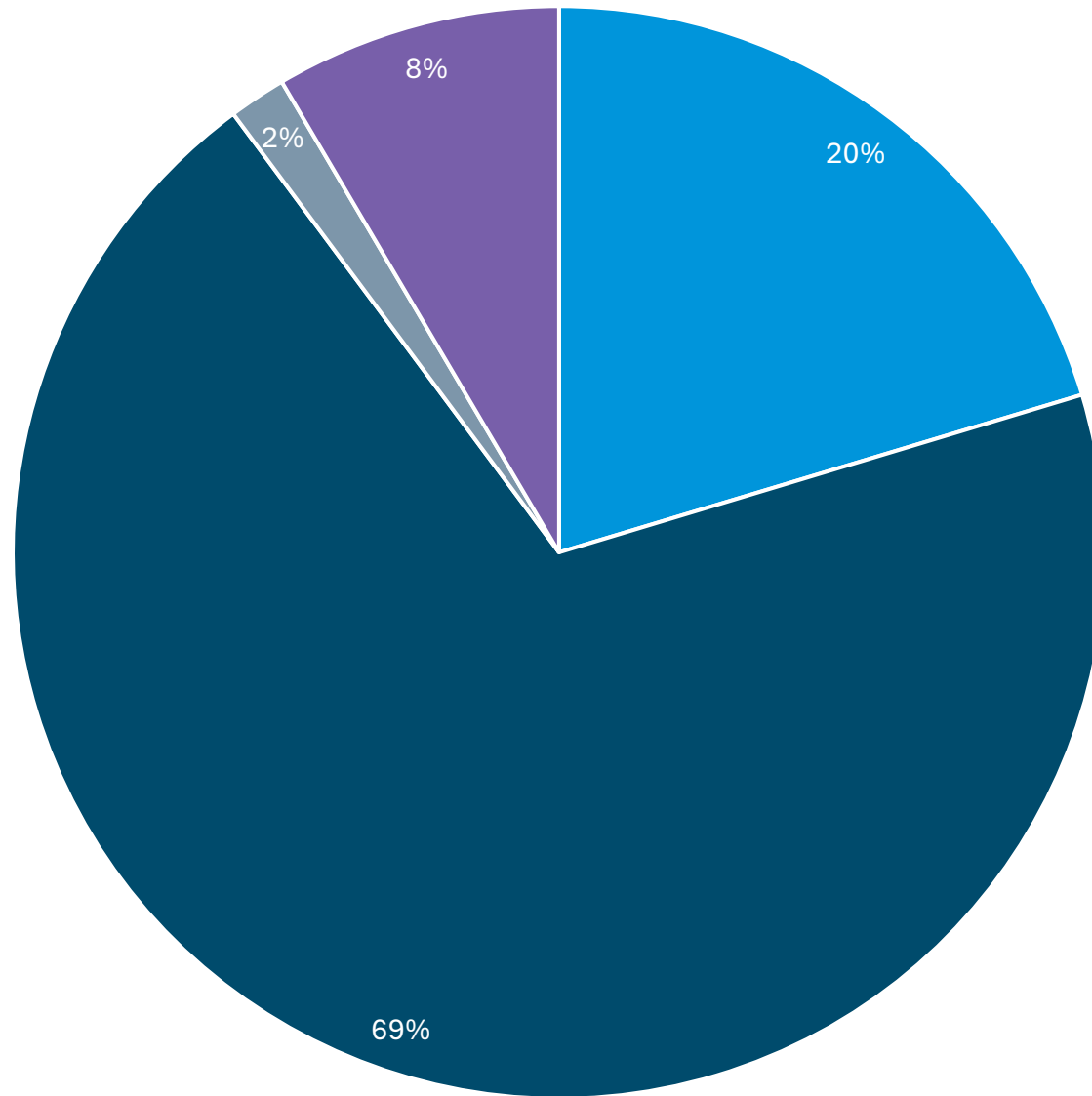


Property Insurance Coverage by Region

- Increase in premium and increase in coverage
- Increase in premium and decrease in coverage
- Premium and coverage similar to prior year
- Decrease in premium and increase in coverage
- Decrease in premium and decrease in coverage
- Could not acquire property insurance



2022 Crop Insurance Coverage - Canada

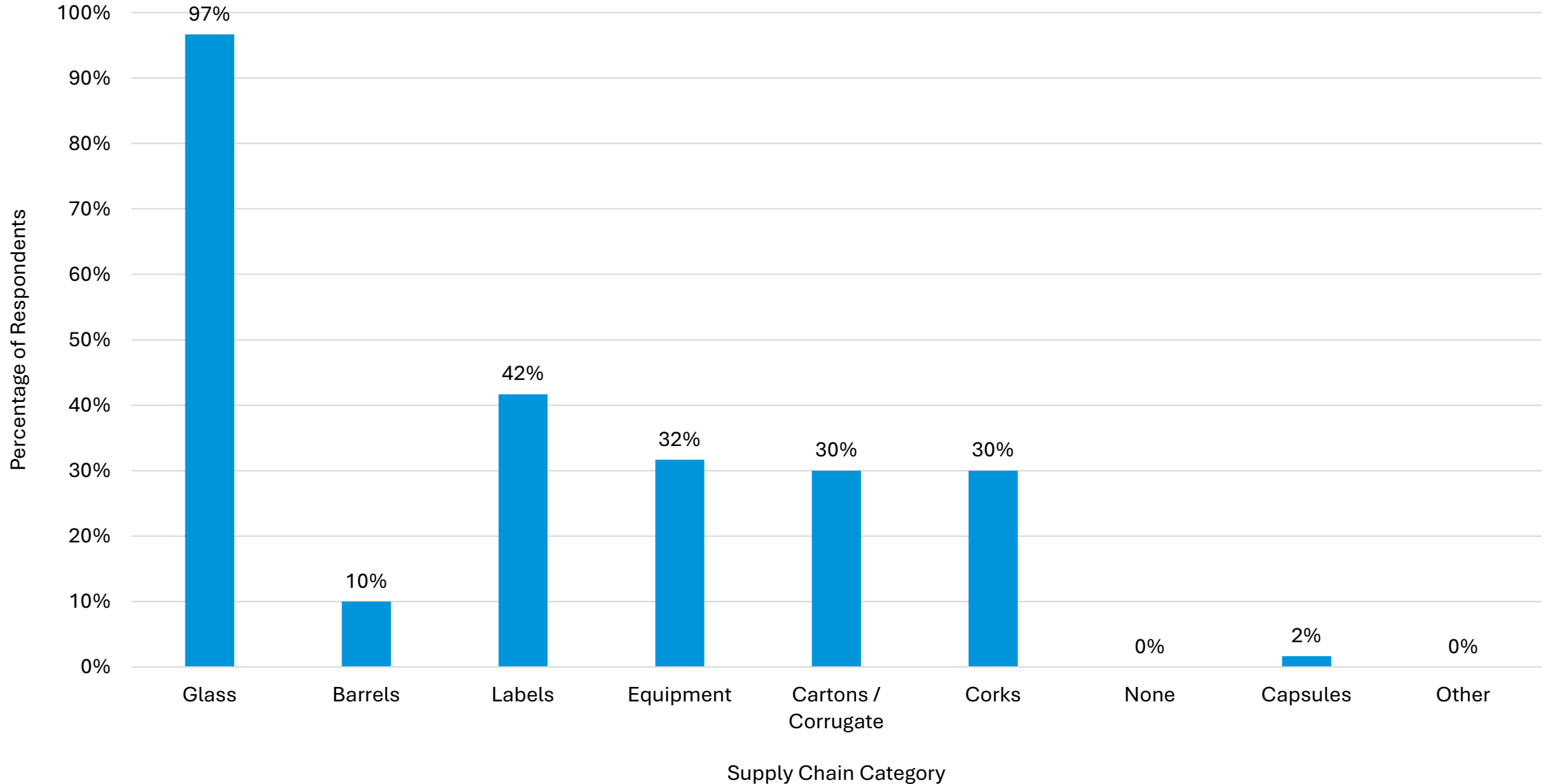


- No coverage in 2021; no coverage in 2022
- Coverage remained relatively the same
- Increase in coverage in 2022
- N/A - Do not own our own vineyard

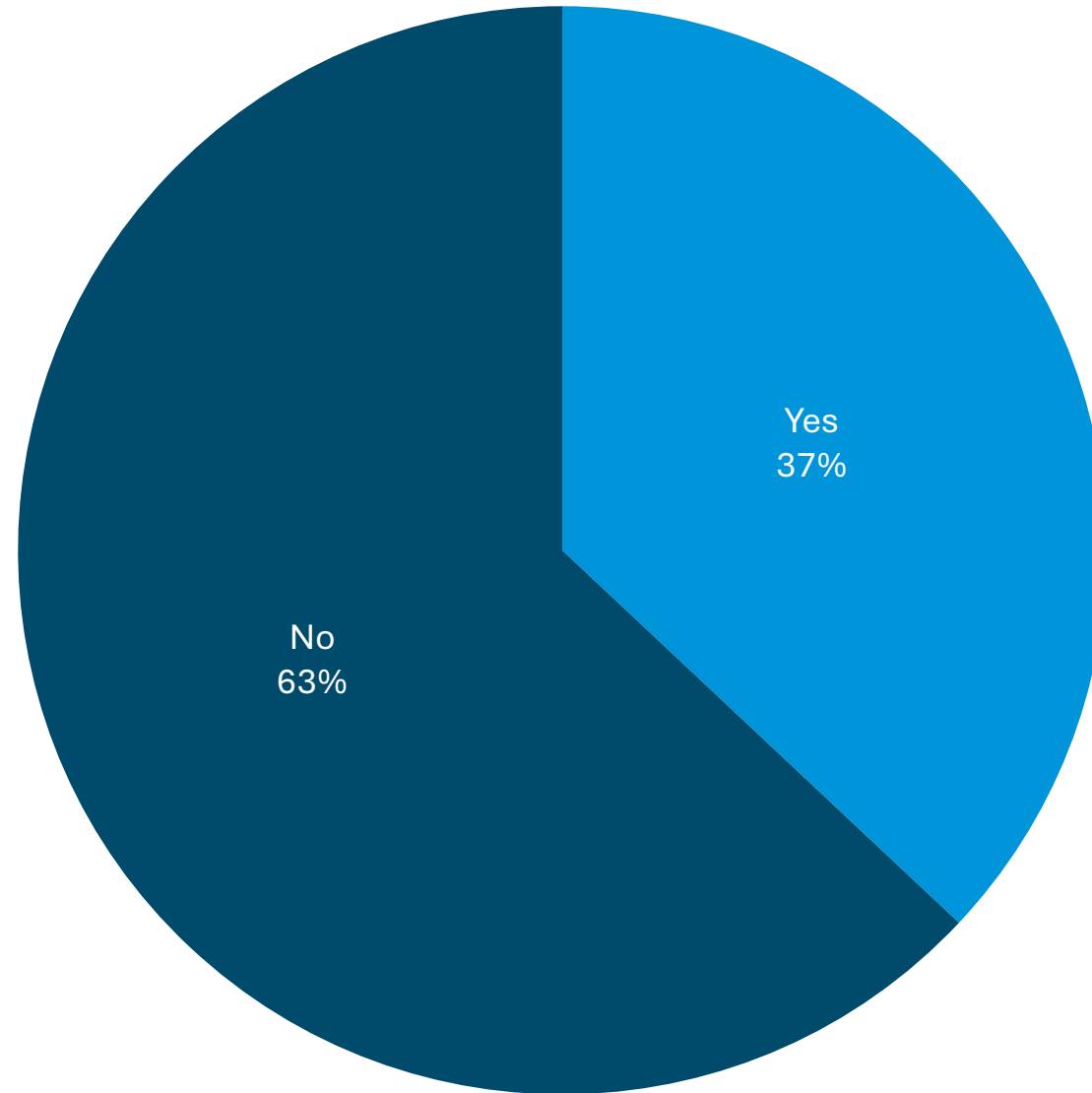
Supply Chain Impacts

Wineries Experiencing Supply Chain Issues by Category

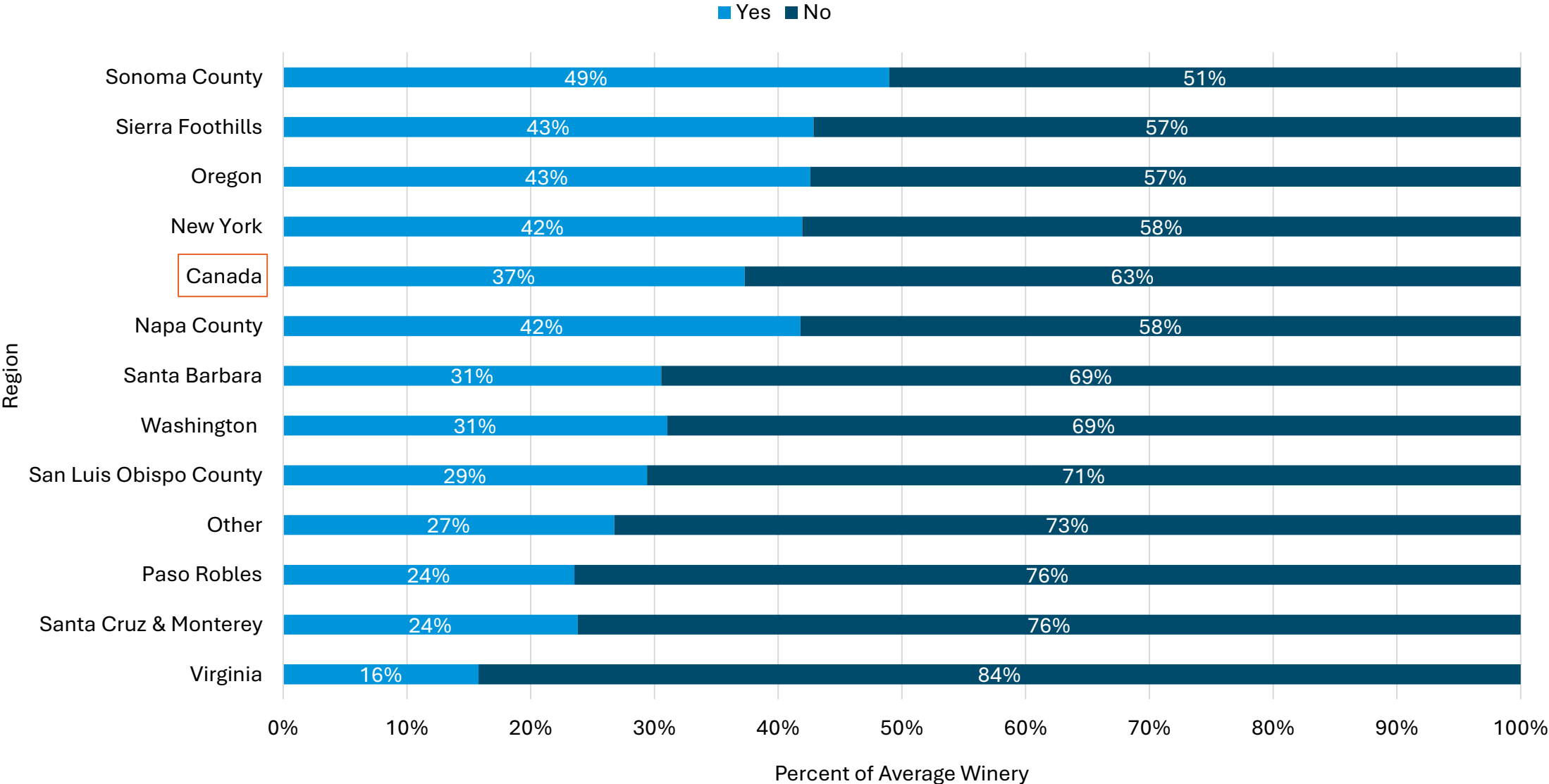
Respondents Could Choose More Than One Option



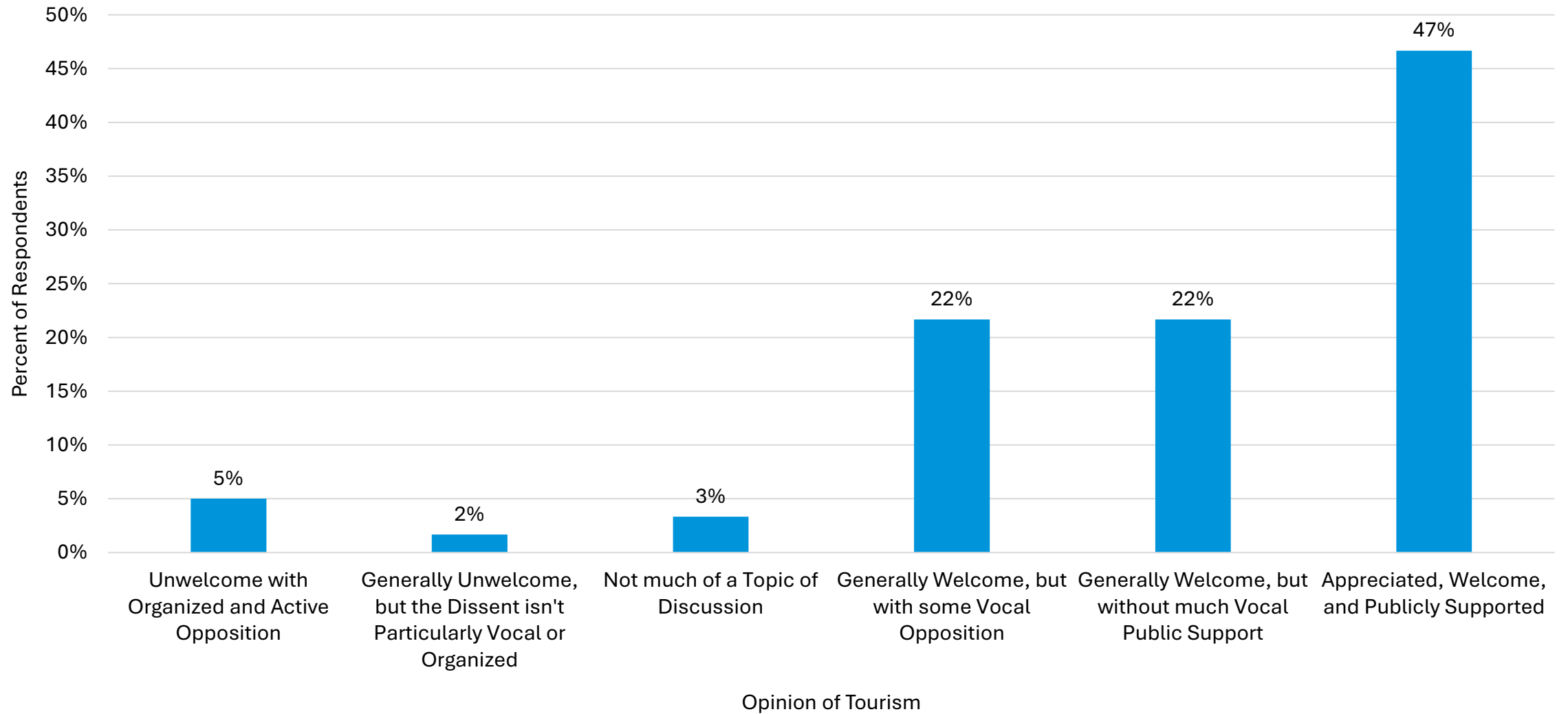
Do you expect an Inventory Shortage in the next 3 years? - Canada



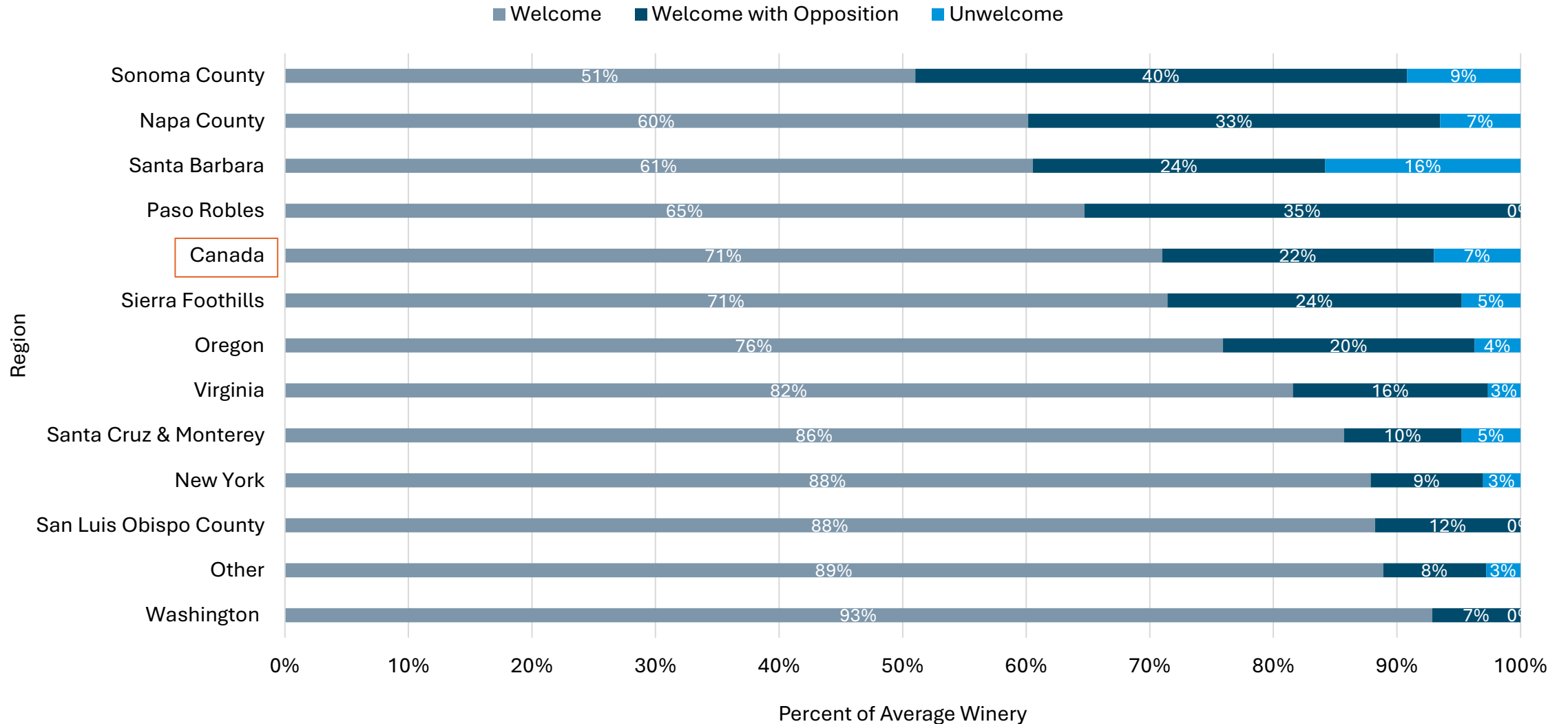
Do you expect an Inventory Shortage in the next 3 years?



Local Opinion of Tourism - Canada



Local Opinion on Tourism by Region





About Silicon Valley Bank's Wine Division

Silicon Valley Bank is the premier commercial bank for emerging, growth and mature companies in the technology, life science, venture capital, private equity and premium wine industries. Its Wine Division specializes in commercial banking for premium wineries and vineyards and the industries that support them.

SVB has the largest team of commercial bankers dedicated to the wine industry of any bank nationwide. Founded in 1994, SVB's Wine Division has offices in Napa and Sonoma counties and serves clients in the fine-wine producing regions of California, Oregon and Washington. By virtue of its dedication to the wine industry, Silicon Valley Bank is able to support its clients consistently through economic and growth cycles, and offer guidance on many aspects of their business, beyond traditional banking services. Silicon Valley Bank is a member of the FDIC and the Federal Reserve System.

Silicon Valley Bank is the California bank subsidiary of SVB Financial Group (Nasdaq: SIVB). More information on the company can be found at www.svb.com.



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Thank you.