

Twisted Oak Winery Executive Summary

Twisted Oak Winery, located in Vallecito, California, (between the historic towns of Angels Camp and Murphys, Calaveras county) was founded by Jeff and Mary Stai in 2001. It is a vertically integrated boutique producer of principally Rhone and Spanish varietal wines. While Napa Valley in Napa county may be known for Cabernet Sauvignon and Russian River Valley in Sonoma county known for Chardonnay and Pinot Noir, California's gold country in the foothills of the Sierra is known for its bold, flavorful red and white varietals. The Rhone varietals (Grenache, Syrah, Petite Sirah, Mourvedre, Viognier) and Spanish varietals (Tempranillo, Graciano, Garnacha, Touriga Nacional, Albarino) are the niche of Twisted Oak wines.

Grapes are sourced from its estate vineyard or purchased on a contract basis. Bulk wine opportunities may be utilized as they arise. The combination of the grape's terroir, minimalist winemaking at its state of the art, gravity feed winery and market niche for these varietal wines and blends positions Twisted Oak well against competitors offering mainstream varietals like Chardonnay, Sauvignon Blanc, Cabernet or Merlot.

The wines are priced in the ultra-premium and luxury categories. However, while the quality and winemaking of Twisted Oak wines may be serious, the brand and consumer experience is fun and engaging. Humor is a main theme which resonates with and enhances the consumer experience. The wines fanciful names, packaging and particularly the back labels are engaging with a story or vignette about the liquid treasure inside the bottle. The words on the back label of the Viognier for example is best sung to the 1960's television show theme song of Gilligan's Island.

The stage is set as visitors arrive on property with signs of SLOW-Adults at Play or references to the winery's infamous rubber chicken. The non-wine "twisted" merchandise often has visitors laughing within minutes of entering the tasting room. It is these genuine elements that drive consumer engagement, create a memorable experience and a desire to buy wine or non-wine offerings.

Twisted Oak has a second tasting room ideally situated in the middle of the town of Murphys.

Direct to consumer sales (DTC) through the tasting rooms and wine club represent the largest sales channels. Tourism is the major driver of the Gold Country's economy with the area often compared to Napa Valley or the city of Carmel on the Pacific coast. Based upon the uniqueness and scarcity of the wines and relationship with the customer helps reinforce the Twisted Oak brand and is a key reason Wine Club member retention is above industry norms.

DTC case and dollar volume is summarized below by per bottle price point:

\$ Bottle Price	Case Volume	\$ Volume
45-55	9%	13%
35-44	34%	40%
25-34	57%	47%

Targeted wholesale distribution in key geographies and on and off-premise accounts acts as a marketing tool to increase brand awareness and winery visits. Current California distribution is in the immediate area - Calaveras, Amador, Tuolumne - as well as the Central Valley from Modesto to

Fresno. Given the population shift from the expensive coastal cities, California's Central Valley represents a significant opportunity for wine, events, and tourism in general.

Similarly, northern Nevada represents another major territory. Twisted Oak's proximity to this location is the closest wine country to the booming areas of Reno/Sparks, Carson City, and Minden/Gardnerville. Key retail accounts include Whole Foods and Total Wine, and many independent shops and bars. Northern Nevada's Trade Joe's store may be the next key account added to the retail portfolio.

Calaveras County is a vibrant tourism destination and Twisted Oak is well known in the Central Valley communities. It has been named the Best Winery by 209 Magazine (reference to area code) for the third year in row. Twisted Oak will be featured later this year in a Murphys episode of the new KVIE (PBS) series Walkin' California and Visit California (CA state tourism bureau) recently completed filming a vineyard tour segment scheduled to be released fall 2019.

Unlike restrictions in Napa or Sonoma county limiting winery events, there are no such issues in Calaveras county. The winery and vineyard's setting is an ideal venue for weddings and related events an opportunity to leverage asset utilization. Twisted Oak hired the most experienced local event and wedding coordinator in the area. The winery is listed on theknot.com, a leading wedding website, which is producing a steady stream of inquiries not just limited to weddings. The event opportunity is also seeing traction as the winery and local caterers coordinate rehearsal dinners which utilize the facility during non-peak hours.

The wedding web page:
<https://www.twistedoak.com/visit/weddings-private-events/>

The winery and vineyard is comprised of 120 +/- acres, 60 +/- acres deer fenced, with 8.8 acres planted and yields approaching 2,000 +/- nine liter cases of estate wine. Additional plantable acreage is conservatively believed to be at least 30 acres. The production facility has a practical capacity of approximately 15,000 nine liter cases (250 tons). Grapes are processed by a gravity feed system which reduces winemaking handling and significantly improves quality. Barrel storage is in an underground cave approximately 300 feet (4,500 square feet) in length.

Excess winery capacity represents an opportunity to perform custom crush services, generate additional revenues and reduce production costs. A concerted effort was made in the 2019 harvest and represents the beginning of what could be a top and bottom-line contributor.

The proposed transaction represents an opportunity to acquire a fractional or total ownership interest in the assets or stock of the company. The current owners would like to remain actively involved in the business with their new investment partner or Buyer. Production from the 2019 harvest focused on estate grapes with outside procurement limited to the bulk market for selected white wine programs. The reduced production preserved cash and helped balance inventories. Sparkling wine procured as finished goods from an established Sonoma county producer under the Twisted Oak label has been introduced to complement events.

This Executive Summary should be read in conjunction with the company's historical financial statements, financial projections, Use of Proceeds, Vineyard Plantings & Yields, 2019 retail sales exhibits and other information available upon request.