Scheid Vineyards Inc.

305 Hilltown Rd., Salinas CA 93908

(831) 455-9990
www.scheidvineyards.com
info@scheidfamilywines.com

Quarterly Report

For the Period Ending: May 31, 2025
(the "Reporting Period")

As of May 31, 2025, the number of shares outstanding of our Common Stock was:

Class A: 784,343
Class B: 132,551
Total Common Shares: 916,894

As of February 28, 2025, the number of shares outstanding of our Common Stock was:

Class A: 784,343
Class B: 132,551
Total Common Shares: 916,894

Shell Status
Indicate by check mark whether the company is a shell company (as defined in Rule 405 of the Securities Act of 1933 and Rule 12b-2 of the Exchange Act of 1934 and Rule 15c2-11 of the Exchange Act of 1934):

Yes: ☐ No: ☒

Indicate by check mark whether the company's shell status has changed since the previous reporting period:

Yes: ☐ No: ☒

Change in Control
Indicate by check mark whether a Change in Control of the company has occurred over this reporting period:
Yes: ☐ No: ☒

1) Name and address of the issuer and its predecessors (if any)

Issuer: Scheid Vineyards Inc.

Predecessors: None

Current State and Date of Incorporation: July 15, 1997 in the state of Delaware.

Standing in Jurisdiction: Active.

Describe any trading suspension orders issued by the SEC concerning the issuer or its predecessors since inception:

None

List any stock split, stock dividend, recapitalization, merger, acquisition, spin-off, or reorganization either currently anticipated or that occurred within the past 12 months:

None

The address of the issuer's principal executive office: 305 Hilltown Rd., Salinas CA 93908

The address of the issuer's principal place of business: 1972 Hobson Avenue, Greenfield, CA 93927

Check box if principal executive office and principal place of business are the same address: ☐

Has the issuer or any of its predecessors been in bankruptcy, receivership, or any similar proceeding in the past five years?

Yes: ☐ No: ☒

2) Security Information

Transfer Agent

Name: Equiniti Trust Company LLC
Phone: 718 921-8200
Email: laura.bomensatt@equiniti.com
Address 1: 6201 15th Avenue
Address 2: Brooklyn, NY 11219

Publicly Quoted or Traded Securities:

Trading symbol:	SVIN	
Exact title and class of securities outstanding:	Class A Common Stock	
CUSIP:	806403200	
Par or stated value:	$.001	
Total shares authorized:	4,000,000	as of date: 05/31/2025
Total shares outstanding:	784,343	as of date: 05/31/2025
Total number of shareholders of record:	102	as of date: 05/31/2025

All additional class(es) of publicly traded securities (if any): None

Other classes of authorized or outstanding equity securities that do not have a trading symbol:

Exact title and class of the security:	Scheid Vineyards Inc. Class B Common Stock	
Par or stated value:	$.001	
Total shares authorized:	2,000,000	as of 05/31/2025
Total shares outstanding:	132,551	as of 05/31/2025
Total number of shareholders of record:	11	as of 05/31/2025

Exact title and class of the security:	Scheid Vineyards Inc. Preferred Stock	
Par or stated value:	$.001	
Total shares authorized:	2,000,000	as of 05/31/2025
Total shares outstanding:	0	as of 05/31/2025
Total number of shareholders of record:	0	as of 05/31/2025

Security Description

Each share of Class A Common Stock is entitled to one vote and each share of Class B Common Stock (not publicly traded) is entitled to five votes on all matters submitted to a vote of the stockholders. The holders of the Class A Common Stock, voting as a separate class, elect 25% of the total Board of Directors of the Company, rounded up to the nearest whole number, and the holders of the Class B Common Stock, voting as a separate class, elect the remaining directors. Each share of Class B Common Stock is convertible into one share of Class A Common Stock at the option of the holder or automatically upon transfer to a person other than certain specified persons. Except for the differing voting rights, the shares of Class A and Class B common stock have substantially identical rights, preferences and privileges.

The Board of Directors has the authority, subject to any limitations prescribed by law, without further action by the stockholders, to issue up to an aggregate of 2,000,000 shares of Preferred Stock in one or more series and to fix the rights, preferences, privileges and restrictions granted to or imposed upon any unissued shares of Preferred Stock and to fix the number of shares constituting any series and the designations of such series. The Board of Directors has not yet designated any series thereof or any rights, preferences, privileges or restrictions attaching thereto. The Company has no present plan to issue any Preferred Stock.

3) Issuance History

A. Changes to the Number of Outstanding Shares for the two most recently completed fiscal years and any subsequent period.

<table>
<tr><td colspan="3">Shares Outstanding as of Second Most Recent
Fiscal Year End: February 28, 2023

Opening Balance:

Common: 913,894
Preferred: 0</td><td colspan="7"></td></tr>
<tr><th>Date of Transaction</th><th>Transaction type (e.g. new issuance, cancellation, shares returned to treasury)</th><th>Number of Shares Issued (or cancelled)</th><th>Class of Securities</th><th>Value of shares issued ($/per share) at Issuance</th><th>Were the shares issued at a discount to market price at the time of issuance? (Yes/No)</th><th>Individual/ Entity Shares were issued to (entities must have individual with voting / investment control disclosed).</th><th>Reason for share issuance (e.g. for cash or debt conversion) -OR- Nature of Services Provided</th><th>Restricted or Unrestricted as of this filing.</th><th>Exemption or Registration Type.</th></tr>
<tr><td>June 1, 2023</td><td>New Issuance</td><td>500</td><td>Class A</td><td>$16.70</td><td>No</td><td>Sylvia Bronson</td><td>Stock Issued as Compensation</td><td>Unrestricted</td><td>n/a</td></tr>
<tr><td>June 1, 2023</td><td>New Issuance</td><td>1,500</td><td>Class A</td><td>$16.70</td><td>No</td><td>Tony Stephen</td><td>Stock Issued as Compensation</td><td>Unrestricted</td><td>n/a</td></tr>
<tr><td>June 1, 2023</td><td>New Issuance</td><td>1,000</td><td>Class A</td><td>$16.70</td><td>No</td><td>Michael Thomsen</td><td>Stock Issued as Compensation</td><td>Unrestricted</td><td>n/a</td></tr>
<tr><td colspan="3">Shares Outstanding on Date of This Report:

Fiscal Year End: May 31, 2025

Ending Balance:

Common: 916,894
Preferred: 0</td><td colspan="7"></td></tr>
<tr><td colspan="3"></td><td colspan="7"></td></tr>
</table>

B. Convertible Debt

None

4) Issuer's Business, Products and Services

The purpose of this section is to provide a clear description of the issuer's current operations. In answering this item, please include the following:

A. Summarize the issuer's business operations (If the issuer does not have current operations, state "no operations"). Scheid Vineyards is a family-owned and operated, estate-driven wine company founded in 1972. Based in Monterey County, California, Scheid is uniquely integrated to bring high quality estate grown wines to the marketplace from its sustainably certified vineyards and innovative luxury level winery. Scheid's winery and bottling operations are powered by 100% renewable wind energy generated by a 400-foot-tall wind turbine, which also supplies energy to many homes in the local community. The Scheid Family Wines globally distributed portfolio includes Scheid Vineyards, Sunny with a Chance of Flowers, District 7, Ryder Estate, Metz Road, and VDR. Scheid Family Wines also produces many regionally distributed brands for specific clients and distributors.

B. List any subsidiaries, parents, or affiliated companies.

   100% owned Subsidiary: Scheid Vineyards California Inc

C. Describe the issuers' principal products or services. Bottled Wine, Bulk Wine, Wine Grapes, Custom Winemaking Services.

5) Issuer's Facilities

Scheid Vineyards operates approximately 3,000 acres of wine grape vineyards near the city of Greenfield in Monterey County, California, as well as a 30,000-ton capacity, 80,000 square foot winery facility, and an 48,000 square foot bottling and warehouse facility. The Company owns approximately 50% of its vineyard land and leases the remaining 50% under long-term vineyards leases. The winery and bottling warehouse are owned by Scheid Vineyards. The Company also leases its corporate headquarters in Salinas, California, a 70,000 square foot warehouse in Salinas, California, and a tasting room in Carmel, California.

6) All Officers, Directors, and Control Persons of the Company

Individual Name or Entity Name	Position/Company Affiliation	City and State	Number of Shares Owned	Class of Shares Owned	Percentage of Class of Shares Owned	Note
Alfred Scheid **	Past Chairman of Board	Deceased	66,395	Class A	8.5%	Father of Scott Scheid and Heidi Scheid
Alfred Scheid **	Past Chairman of Board	Deceased	84,883	Class B	64.0%	Father of Scott Scheid and Heidi Scheid
Scott Scheid	Chairman of the Board, President, CEO	Salinas, CA	78,687	Class A	10.0%	Son of Alfred Scheid
Scott Scheid	President, CEO, Director	Salinas, CA	21,692	Class B	16.4%	Son of Alfred Scheid
Heidi Scheid	Executive VP, Director	Manhattan Beach, CA	84,521	Class A	10.8%	Daughter of Alfred Scheid

Heidi Scheid	Executive VP, Director	Manhattan Beach, CA	25,137	Class B	19.0%	Daughter of Alfred Scheid
John Crary	Director	Sausalito, CA	14,974	Class A	1.9%	
Jon Fredrikson	Director	Woodside, CA	1,000	Class A	0.1%	
John Hawkins	Director	St. Helena, CA	2,000	Class A	0.2%	
Tony Stephen	Chief Sales Officer, Director	Hopland, CA	4,700	Class A	0.6%	
Michael Thomsen	Chief Financial Officer	Salinas, CA	3,900	Class A	0.5%	
Roy Brady	5% Shareholder	Providence, RI	132,746	Class A	16.9%	
William Fuhrmeister	5% Shareholder	Dallas, TX	47,899	Class A	6.1%	

** **Alfred Scheid passed away March 31, 2023. His shares are currently held by his estate.**

The information in this table matches our public company profile on www.OTCMarkets.com.

7) Legal/Disciplinary History

A. Identify and provide a brief explanation as to whether any of the persons or entities listed above in Section 6 have, in the past 10 years:

1. Been the subject of an indictment or conviction in a criminal proceeding or plea agreement or named as a defendant in a pending criminal proceeding (excluding minor traffic violations);

N/A

2. Been the subject of the entry of an order, judgment, or decree, not subsequently reversed, suspended or vacated, by a court of competent jurisdiction that permanently or temporarily enjoined, barred, suspended or otherwise limited such person's involvement in any type of business, securities, commodities, financial- or investment-related, insurance or banking activities;

N/A

3. Been the subject of a finding, disciplinary order or judgment by a court of competent jurisdiction (in a civil action), the Securities and Exchange Commission, the Commodity Futures Trading Commission, a state securities regulator of a violation of federal or state securities or commodities law, or a foreign regulatory body or court, which finding or judgment has not been reversed, suspended, or vacated;

N/A

4. Named as a defendant or a respondent in a regulatory complaint or proceeding that could result in a "yes" answer to part 3 above; or

N/A

5. Been the subject of an order by a self-regulatory organization that permanently or temporarily barred, suspended, or otherwise limited such person's involvement in any type of business or securities activities.

N/A

6. Been the subject of a U.S Postal Service false representation order, or a temporary restraining order, or preliminary injunction with respect to conduct alleged to have violated the false representation statute that applies to U.S mail. N/A

B. Describe briefly any material pending legal proceedings, other than ordinary routine litigation incidental to the business, to which the issuer or any of its subsidiaries is a party to or of which any of their property is the subject. Include the name of the court or agency in which the proceedings are pending, the date instituted, the principal parties thereto, a description of the factual basis alleged to underlie the proceeding and the relief sought. Include similar information as to any such proceedings known to be contemplated by governmental authorities.

None

8) Third Party Service Providers

Please provide the name, address, telephone number and email address of each of the following outside providers:

Securities Counsel

Name: Craig Tighe
Firm: DLA Piper LLC
Address 1: 2000 University Avenue
Address 2: East Palo Alto, CA 94303
Phone: 1 (650) 833-2000
Email: craig.tighe@dlapiper.com

Auditor

Name: Rae Paulson
Firm: Baker Tilly US, LLP
Address 1: 3558 Round Barn Blvd, Suite 300
Address 2: Santa Rosa, CA 95403
Phone: (707) 527-0800
Email: rae.paulson@bakertilly.com

Investor Relations

None

Other Service Providers

None

9) Disclosure & Financial Information

A. This Disclosure Statement was prepared by (name of individual):

Name:	Michael Thomsen
Title:	Chief Financial Officer
Relationship to Issuer:	Officer

B. The following financial statements were prepared in accordance with:

☒ U.S. GAAP
☐ IFRS

Consolidated Balance Sheets
Consolidated Statements of Operations
Consolidated Statements of Cash Flows
Consolidated Statements of Changes in Stockholders' (Deficit) Equity
Notes to Consolidated Financial Statements

C. The financial statements for this reporting period were prepared by (name of individual):

Name:	Michael Thomsen
Title:	Chief Financial Officer
Relationship to Issuer:	Officer

Describe the qualifications of the person or persons who prepared the financial statements: Certified Public Accountant

SCHEID VINEYARDS INC. AND SUBSIDIARY

CONSOLIDATED FINANCIAL STATEMENTS

THREE MONTHS ENDED MAY 31, 2025 AND 2024

SCHEID VINEYARDS INC. AND SUBSIDIARY
CONSOLIDATED FINANCIAL STATEMENTS INDEX

SCHEID VINEYARDS INC. AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS
MAY 31, 2025 AND 2024
(amounts in thousands, except share data)

	2025	2024
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 1,530	$ 1,562
Accounts receivable, trade	8,307	9,373
Accounts receivable, other	142	660
Inventories	56,621	58,579
Supplies, prepaid expenses and other current assets	439	682
Total current assets	67,039	70,856
LEASE RIGHT-OF-USE ASSETS	29,522	30,747
PROPERTY, PLANT AND EQUIPMENT, net	64,662	69,174
OTHER ASSETS, net	1,677	2,540
TOTAL ASSETS	$ 162,900	$ 173,317
LIABILITIES AND STOCKHOLDERS' (DEFICIT) EQUITY		
CURRENT LIABILITIES:		
Current portion of debt	$ 120,719	$ 111,468
Current portion of lease liabilities	1,093	1,027
Accrued interest	13,365	1,808
Accounts payable and accrued liabilities	3,978	10,106
Total current liabilities	139,155	124,409
DEBT, NET OF CURRENT PORTION	—	—
LEASE LIABILITIES, NET OF CURRENT PORTION	29,580	30,315
DEFERRED INCOME TAXES	—	309
Total liabilities	168,735	155,033
STOCKHOLDERS' (DEFICIT) EQUITY:		
Preferred stock, $.001 par value; 2,000,000 shares authorized; no shares issued and outstanding		
Common stock,		
Class A, $.001 par value; 4,000,000 shares authorized; 784,343 shares outstanding		
Class B, $.001 par value; 2,000,000 shares authorized; 132,551 shares issued and outstanding	1	1
Additional paid-in capital	23,038	23,038
(Accumulated deficit) retained earnings	(17,095)	7,024
Less: treasury stock; 467,039 Class A shares at cost	(11,779)	(11,779)
Total stockholders' (deficit) equity	(5,835)	18,284
TOTAL LIABILITIES AND STOCKHOLDERS' (DEFICIT) EQUITY	$ 162,900	$ 173,317

See accompanying Notes to Consolidated Financial Statements.

SCHEID VINEYARDS INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF OPERATIONS
THREE MONTHS ENDED MAY 31, 2025 AND 2024
(amounts in thousands, except per share data)

	2025	2024
NET REVENUES	$ 12,273	$ 14,945
COST OF SALES	(9,639)	(11,083)
GROSS PROFIT	2,634	3,862
Sales and marketing expenses	(2,167)	(2,686)
General and administrative expenses	(1,597)	(1,689)
LOSS FROM OPERATIONS	(1,130)	(513)
Interest expense, net	(4,317)	(1,946)
Proceeds from termination of processing agreement	—	3,613
Gain on sale of property, plant and equipment	—	27
(LOSS) INCOME BEFORE PROVISION FOR INCOME TAXES	(5,447)	1,181
PROVISION FOR INCOME TAXES	(19)	(331)
NET (LOSS) INCOME	$ (5,466)	$ 850
(LOSS) INCOME PER SHARE	$ (5.96)	$ 0.93
WEIGHTED AVERAGE SHARES OUTSTANDING	917	917

See accompanying Notes to Consolidated Financial Statements.

SCHEID VINEYARDS INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' (DEFICIT) EQUITY
THREE MONTHS ENDED MAY 31, 2025
(amounts in thousands, except share amounts)

	Common Stock Outstanding					
	Number of Class A Shares	Number of Class B Shares	Amount	Additional Paid-in Capital	Accumulated Deficit	Treasury Shares
BALANCE, March 1, 2025.....	784,343	132,551	$ 1	$ 23,028	$ (11,629)	$ (11,779)
Net loss ……….……..…….	—	—	—	—	(5,466)	—
BALANCE, May 31, 2025 …..	784,343	132,551	$ 1	$ 23,038	$ (17,095)	$ (11,779)

See accompanying Notes to Consolidated Financial Statements.

SCHEID VINEYARDS INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
THREE MONTHS ENDED MAY 31 2025 AND 2024
(amounts in thousands)

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net (loss) income	$ (5,466)	$ 850
Adjustments to reconcile net (loss) income to net cash used in operating activities:		
Depreciation and amortization	1,157	1,077
Non-cash operating lease expense	315	331
Gain on sale of vineyards and equipment	—	(27)
Deferred income taxes	—	309
Changes in operating assets and liabilities:		
Accounts receivable, trade and other	1,161	271
Inventories	358	(301)
Supplies, prepaid expenses and other current assets	174	49
Accounts payable and accrued liabilities	(3,324)	(3,359)
Accrued interest	4,316	1,436
Operating lease liability	(250)	(498)
Net cash (used in) provided by operating activities	(1,559)	138
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of vineyards and equipment	—	27
Additions to property, plant and equipment	(18)	(691)
Other assets	—	(2)
Net cash used in investing activities	(18)	(666)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayment of debt	(1,000)	—
Net cash used in financing activities	(1,000)	—
Decrease in cash and cash equivalents	(2,577)	(528)
CASH AND CASH EQUIVALENTS, beginning of period	4,107	2,090
CASH AND CASH EQUIVALENTS, end of period	$ 1,530	$ 1,562

	2025	2024
SUPPLEMENTAL CASH FLOW INFORMATION:		
Cash paid during the year for:		
Interest	$ —	$ 512

See accompanying Notes to Consolidated Financial Statements.

SCHEID VINEYARDS INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
THREE MONTHS ENDED MAY 31, 2025 AND 2024
(amounts in thousands, except per share data)

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

***Basis of Presentation* —** Scheid Vineyards Inc. (the “Company”) conducts all of its business through its wholly-owned subsidiary, Scheid Vineyards California Inc., a California corporation. All significant intercompany balances have been eliminated in consolidation. The Company’s fiscal year end is the last day of February.

***Organization* —** The principal business of the Company is the production of premium varietal wine grapes and wine, the operation of a custom crush winery facility, and the sale of bottled wine through wholesalers and directly to consumers. The Company currently operates premium wine grape vineyards in Monterey County, California.

Going Concern — The accompanying consolidated financial statements are prepared in accordance with generally accepted accounting principles applicable to a going concern, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. As more fully described in Note 4, the Company did not meet certain financial covenants or make principal payments due under the terms of its debt agreements. The Company is thus in default on these agreements, and one of the Company’s lenders has filed a notice of default and acceleration on other loans.

Management is currently attempting to negotiate forbearance periods with its current lenders and is also attempting to find alternative financing arrangements. In addition, the Company is actively endeavoring to sell certain assets to reduce its debt and cure defaults. There can be no assurance that the Company will be successful in these actions and, if unsuccessful, the Company may not be able to fund its operations and may be forced to seek bankruptcy protection.

As a result of these uncertainties, management has concluded that there is substantial doubt about the Company’s ability to continue as a going concern within one year as of the date these consolidated financial statements are issued. The consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might result from the outcome of this uncertainty.

Cash and Cash Equivalents — The Company considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. At May 31, 2025 and 2024, substantially all cash balances were on deposit with the Company’s two major banks. Cash held at a bank is at times in excess of the amount insured by the Federal Deposit Insurance Corporation. Management does not expect to incur any losses on balances in excess of the limit.

***Allowance for Credit Losses* —** The Company’s policy is to identify all specific customers from whom a payment would be considered doubtful based upon the customer’s financial condition, payment history, credit rating and other relevant factors and reserve for the portion of those outstanding balances where collection does not seem likely. There was no reserve for credit losses on May 31, 2025 and 2024. The balances at May 31, 2025 and 2024, are included on the consolidated balance sheets.

2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Inventories — Inventories are stated at the lower of FIFO (first-in, first-out) cost or net realizable value. Cost includes the cost of grown grapes, harvesting, production, aging and bottling, and tasting room merchandise. Bulk and bottled wine inventories are classified as current assets in accordance with recognized trade practice although certain inventories will be aged for periods longer than one year. Crop costs associated with farming vineyards prior to the harvest are deferred and recognized in the year the grapes are harvested. Net realizable value is defined as estimated selling prices in the ordinary course of business, less reasonably predictable costs of completion, disposal, and transportation. On a quarterly basis, the Company evaluates the cost of its inventories and reduces such inventories to net realizable value if required. At May 31, 2025 the Company had a reserve of $10.8 million against its held-for-sale bulk wine inventory to reduce its value and properly reflect current bulk wine market values. Due to the inherent uncertainties in this reserve estimate, which is based on current market assumptions, actual results could vary significantly from the Company's estimates.

Major Customers — One of the Company's customers accounted for 22% of total revenues during the three months ended May 31, 2025, and 15% of outstanding receivables on May 31, 2025. The same customer accounted for 21% of total revenues during the three months ended May 31, 2024, and 18% of outstanding receivables on May 31, 2024.

Property, Plant and Equipment, net — Property, plant and equipment are stated at cost and are depreciated using straight-line and accelerated methods over the estimated useful lives of the assets. Vineyards generally have estimated depreciable lives of 25 to 30 years, buildings 30 to 39 years, and furniture and equipment 5 to 20 years. Development costs incurred during the development period of a vineyard, including related interest, are capitalized. Depreciation commences in the initial year the vineyard becomes commercially productive, generally in the fourth year after planting. Any revenue generated prior to a vineyard becoming commercially productive reduces the capitalized cost of the vineyard. The Company's winery consists of a building and the related equipment necessary to operate the facility.

Accounting for Impairment or Disposal of Long-Lived Assets — Whenever facts and circumstances indicate that the carrying value of a long-lived asset may not be recoverable, the carrying value is reviewed. If this review indicates that the carrying value of the asset will not be recovered, as determined based on projected undiscounted cash flows related to the asset over its remaining life, the carrying value of the asset is reduced to its estimated fair value. There were no such losses for the three months ended May 31, 2025 and 2024.

Revenue Recognition — The Company recognizes revenue when obligations under the terms of a contract with its customer are satisfied. Generally, this occurs when the product is picked up or title passes to the customer, when control of the promised product or service is transferred to the customer, and collectability is reasonably assured. Revenue is measured as the amount of consideration expected to be received in exchange for transferring products. The Company's products are generally not sold with a right of return unless the product is spoiled or damaged. Historically, returns have not been material to the Company. Substantially all revenues of the Company are derived from customers within the United States.

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Company generally recognizes revenue from grape sales upon delivery to the customer's winery. The Company does not have any allowance for returns because grapes are tested and accepted upon delivery. The Company generally recognizes revenue from the sale of bulk wine on the speculative market at the time the wine is shipped to the customer and the customer obtains control of the bulk wine. Revenue from wine sold under bulk wine purchase contracts is recognized when title and control has been transferred to the customer, the price is determined, and collectability is reasonably assured. Title transfers to the customer upon receipt of the required amount of the contract price and acceptance of the wine. Revenues are deferred when payments or deposits are made by the customer before the delivery of grapes or wine has occurred, or title and control have not transferred to the customer. Winery processing, storage revenues, vineyard management, services and other revenues arerecognized over time using the input method as the service is performed and product specific performance obligations are met.

The Company sells its wine to wholesale distributors and retailers under purchase orders. The Company transfers control and recognizes revenue for these orders upon pick up of wine by the customer from the Company's facility or a third-party warehouse facility. Payment terms to wholesale distributors typically range from 30 to 60 days. The Company pays depletion allowances to its distributors based on sales to their customers, and there is generally no other variable consideration. The Company records depletion allowances in the month the related sales are recorded, and sales are reported net of depletion expenses. Depletion allowance payments are made when completed incentive program requests are received from the customers.

The Company sells its wine and other merchandise directly to consumers through wine club memberships, at the winery's tasting rooms, and through the internet. Wine club membership sales are made under contracts with customers, which specify the quantity and timing of future wine shipments. Customer credit cards are charged in advance of wine shipments in accordance with each contract. Tasting room wine sales are paid for and revenue is recognized at the time of sale. The Company transfers control and recognizes revenue for wine club shipments and internet sales upon receipt of wine by the customer.

Fair Value of Financial Instruments — The fair values of accounts receivable and accounts payable approximate book value because of their short duration. Long-term debt approximates book value because such financial instruments have variable, market driven, interest rates.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value hierarchy is established based on the type of inputs used in arriving at fair value.

The three levels of inputs that may be used to measure fair value are as follows:

Level 1: Quoted prices in active markets for identical assets or liabilities.

Level 2: Observable inputs other than Level I prices, such as quoted prices for similar assets or liabilities; quoted prices in active markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Level 3: Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Use of Estimates — The preparation of the consolidated financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported revenues and expenses during the reporting period. Actual results could differ from reported amounts of assets, liabilities, revenues, and expenses.

Earnings Per Share and Classes of Common Stock — Weighted average shares outstanding includes both Class A and Class B Common Stock outstanding.

Income Taxes — Income taxes are recognized using enacted tax rates and are composed of taxes on financial accounting income that is adjusted for requirements of current tax law and deferred taxes. Deferred taxes are the expected future tax consequences of temporary differences between the financial statement carrying amounts and tax bases of existing assets and liabilities. A valuation allowance reduces any deferred tax assets to the amount of future tax benefit that is more likely than not to be realized.

The Company accounts for uncertain tax positions using a two-step approach to recognize and measure tax positions taken or expected to be taken in a tax return. The first step is to determine if the weight of available evidence indicates that it is more likely than not that the tax position will be sustained in an audit, including resolution of any related appeals or litigation processes. The second step is to measure the tax benefit as the largest amount that is more than 50% likely to be realized upon ultimate settlement. Interest and penalties related to uncertain tax positions are recognized in the provision for income taxes.

Excise Taxes, Sales Taxes and Shipping and Handling — Excise taxes are levied by government agencies on the sale of alcoholic beverages, including wine. These taxes are not collected from customers but are instead the responsibility of the Company. Excise taxes are expensed at the time of sale of the related product and totaled $437 and $347 for the three months ended May 31, 2025 and 2024, respectively. The Company collects applicable sales tax from nonexempt customers and remits the entire amount to the state where the sales tax is collected. Shipping and handling costs are included in cost of sales.

Leases — Transactions give rise to leases when the Company receives substantially all of the economic benefits from, and has the ability to direct the use of, the specified property and equipment. The Company has lessee activities that are classified as operating leases. Operating leases are included in lease right-of-use assets, current portion of lease liabilities, and lease liabilities, net of the current potion on the consolidated balance sheet.

(amounts in thousands, except per share data)

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Company recognizes a right-of-use asset and lease liability for each lease with a contractual term greater than 12 months at the time of lease inception. Leases with an initial term of 12 months or less are not recorded on the consolidated balance sheet but continue to be recognized as rent expense on a straight-line basis over the lease term. Leases often include options to extend, which are included in the determination of lease terms when they are reasonably certain to be exercised.

Right-of-use assets and liabilities are recorded based on the present value of lease payments over the lease term. When discount rates implicit in leases cannot be readily determined, the Company uses the applicable risk-free rate at lease commencement to perform lease classification tests and to measure lease liabilities and right-of-use assets. Lease expense for operating leases is recognized on a straight-line basis over the lease term. Total lease costs recorded as rent include fixed operating lease costs, variable lease costs and short-term lease costs. Fixed operating lease costs are recognized on a straight-line basis over the lease term. Variable lease costs may include common area maintenance, taxes, and insurance.

Union Agreement — The United Farm Workers, AFL-CIO (“UFW”) has represented the Company’s farm workers since 1993. The current contract with the UFW expires on December 31, 2027. Approximately 25% of the Company’s full-time employees are represented by the UFW.

Subsequent events — Subsequent events are events or transactions that occur after the consolidated balance sheet date but before consolidated financial statements are available to be issued. The Company recognizes in the consolidated financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the consolidated balance sheet, including the estimates inherent in the process of preparing the consolidated financial statements. The Company’s consolidated financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the consolidated balance sheet but arose after the consolidated balance sheet date and before the consolidated financial statements were available to be issued.

2. INVENTORIES

Inventories consist of the following:

	2025	2024
Bulk wine	$ 34,109	$ 34,007
Cased goods inventories	14,022	15,046
Deferred crop costs	5,432	7,076
Cased goods supplies	671	1,001
Vineyard supplies	750	418
Winery supplies	1,045	672
Direct sales inventories	592	359
Total	$ 56,621	$ 58,579

(amounts in thousands, except per share data)

3. PROPERTY, PLANT AND EQUIPMENT, net

Property, plant and equipment consists of the following:

	2025	2024
Vineyard land and buildings	$ 11,184	$ 11,316
Vineyard improvements	45,157	45,065
Vineyard machinery and equipment	13,459	13,445
Winery buildings	47,133	47,133
Winery machinery and equipment	44,949	44,873
Construction in progress	1,531	1,477
Tasting room building and equipment	2,290	2,287
Office furniture and equipment	3,630	3,625
Leasehold improvements	721	705
Total	170,054	169,926
Accumulated depreciation and amortization	(105,392)	(100,752)
Property, plant and equipment, net	$ 64,662	$ 69,174

4. DEBT

Rabobank — The Company has a borrowing facility with Rabobank, N.A. ("Rabobank") for up to $40 million in borrowings, which is intended to fund the annual operating costs of the Company. This note is secured by the cash, receivables, crop and other inventories of the Company. There was $36.944 million and $34.944 million outstanding under this portion of the facility on May 31, 2025 and 2024, respectively. Interest on the facility was payable at 0.25% over the bank's prime rate or the SOFR rate plus 3.50% through February 29, 2024, when the note became due.

This facility expired on February 29, 2024, and the Company was unable to repay the amounts due and thus was in default under the terms of the facility. In November 2024, the Company entered into an amended loan and forbearance agreement which extends the due date of the agreement to July 31, 2025. Under the terms of an amendment and forbearance agreement, interest is being accrued at the lender's default interest rate which was 14.32% at May 31, 2025.

PGIM — The Company has a $90 million real estate financing package with PGIM Real Estate Finance ("PGIM"), the commercial and agricultural financing business of Prudential Financial, Inc. The three notes ("Note 1", "Note 2" and "Note 3") from this facility are secured by deeds of trust and leasehold interests in the Company's vineyards, as well as a deed of trust on the Company's winery building and equipment. Note 1 and Note 2 are payable in annual installments each March 1st totaling $2.4 million and was originally set to mature on September 1, 2033, with interest payable at 4.71%. Note 3 is a real estate line of credit that had outstanding borrowings of $19.14 million and was due on February 29, 2024. Interest on Note 3 was payable at the SOFR rate plus 3.25%.

The Company was unable to repay Note 3 on February 29, 2024 or make the principal and interest payments on Notes 1 and 2 when they became due. In June 2024, PGIM issued a notice of default on the facility and accelerated the due date on Note 1 and Note 2. In November 2024, the Company entered into a forbearance agreement which extends the due date of the notes to July 31, 2025. As part of the forbearance agreement, a total of $7.192 million in interest was capitalized into the principal of the loans. All amounts under these notes are classified as a current liability on the consolidated balance sheet.

(amounts in thousands, except per share data)

4. DEBT (Continued)

The amount borrowed under this facility at May 31, 2025 was as follows:

Note #	Amount Borrowed	Interest Rate at May 31, 2025
1	$ 41,999	14.00%
2	20,999	14.00%
3	20,934	14.00%
Total due	$ 83,932	

The outstanding principal balance of debt as presented on the consolidated balance sheets is net of unamortized loan fees of $158 and $216 on May 31, 2025 and 2024, respectively. These loan facilities prohibit the payment of dividends without the consent of the lenders and contain various financial covenants, including debt service coverage ratios, and the amount of total liabilities to tangible net worth. The Company continues to be in violation of these financial covenants at May 31, 2025.

5. LEASES

Vineyard land leases cover approximately 1,000 acres, with initial terms ranging from 24 to 30 years. The land leases provide for options to renew ranging from 10 to 20 years and contain provisions for rent adjustments based upon the prevailing market rate or CPI, and also provide for payments of taxes, insurance and maintenance costs. The Company has also entered into leases for office and warehouse space with terms of 3 to 5 years. In addition, the Company has entered into lease agreements for vineyard and winery equipment which had been classified as finance leases. These leases were paid off in fiscal 2023.

Total lease costs are comprised of the following:

	Three Months Ended May 31,	
	2025	2024
Operating lease expense ………………..…...……	$ 486	$ 511
Short-term lease expense ………………………....	32	22
Variable lease expense …………………...…….....	8	—
Total ……………………………………………...	$ 526	$ 533

Other quantitative disclosures are as follows:

	May 31, 2025	May 31, 2024
Weighted average remaining lease term (in years)	31.2	31.6
Weighted-average discount rate ……….….…….	2.2%	2.3%

(amounts in thousands, except per share data)

5. LEASES (Continued)

At May 31, 2025, the undiscounted future cash payments over the lease term for operating leases, along with a reconciliation of the undiscounted cash flows, were as follows:

2026	$	1,669
2027		1,692
2028		1,582
2029		1,497
2030		1,114
Thereafter		36,054
Total undiscounted cash flows		43,608
Less: present value discount		(12,935)
Total lease liabilities	$	30,673

6. PENSION PLANS

The Company has two 401(k) Profit Sharing Plans. The first plan covers the Company's non-union employees. All non-union employees of the Company are eligible to participate in the plan after six months of employment. Employees may contribute between 1% and 15% of their annual compensation. The Company matches 4% for every dollar of employee contribution up to 6% of their annual salaries, subject to the limitations imposed by the Internal Revenue Code. The Company's contribution to this plan amounted to $96 and $114 for the three months ended May 31, 2025 and 2024, respectively.

The second plan is for the benefit of the Company's employees who are covered by the United Farm Workers of America Collective Bargaining Agreement. All union employees of the Company are eligible to participate after having worked 500 hours within a one-year period. The Company contributes a minimum of 20 cents for each hour worked by eligible employees, subject to the limitations imposed by the Internal Revenue Code. The Company's contribution to the union employees' plan amounted to $7 and $10 for the three months ended May 31, 2025 and 2024, respectively.

7. COMMON STOCK

Each share of Class A Common Stock is entitled to one vote, and each share of Class B Common Stock is entitled to five votes on all matters submitted to a vote of the stockholders. The holders of the Class A Common Stock, voting as a separate class, elect 25% of the total Board of Directors of the Company, rounded up to the nearest whole number, and the holders of the Class B Common Stock, voting as a separate class, elect the remaining directors. Each share of Class B Common Stock is convertible into one share of Class A Common Stock at the option of the holder or automatically upon transfer to a person other than certain specified persons. Except for the differing voting rights, the shares of Class A and Class B common stock have substantially identical rights, preferences and privileges.

(amounts in thousands, except per share data)

8. BUSINESS SEGMENT INFORMATION

The Company operates in three reportable segments based on distinct sales channels and strategic focus areas: Finished Goods Sales, Production Sales, and Direct Sales. These segments reflect how the Company's operations are managed and evaluated by the Chief Executive Officer, who is the Company's Chief Operating Decision Maker ("CODM"), in alignment with the internal organizational structure and financial reporting practices.

- Finished Goods Sales consist of wholesale transactions of finished packaged wine products sold primarily through distributors.
- Production Sales consist of bulk wine and grape sales, and winery custom crush and storage services.
- Direct Sales represent transactions directly to the consumer, including tasting room, wine club, and online sales.

The CODM evaluates segment performance using gross profit analysis and contribution to margin, which provide insight into pricing, allocation of available capacities, production efficiencies, and operational spending. Selling and marketing expenses that are directly attributable to each segment are included in segment reporting. General and administrative expenses are not allocated and are reflected in the unallocated column. Intra-segment transactions are not material and are not separately disclosed.

The following tables present financial information by segment for the three months ended May 31, 2025 and 2024.

	Three Months Ended May 31, 2025				
	Finished Goods Sales	Production Sales	Direct Sales	Unallocated	Total
Net revenues	$ 9,633	$ 1,785	$ 855	$ —	$ 12,273
Cost of sales	(8,033)	(1,475)	(131)		(9,639)
Gross profit	1,600	310	724	—	2,634
Sales and marketing expenses	(1,375)	(358)	(434)	—	(2,167)
Contribution to margin	225	(48)	290	—	467
General and administrative expenses	—	—	—	(1,597)	(1,597)
Income (loss) from operations	$ 225	$ (48)	$ 290	$ (1,597)	$ (1,130)

	Three Months Ended May 31, 2024				
	Finished Goods Sales	Production Sales	Direct Sales	Unallocated	Total
Net revenues	$ 11,006	$ 3,004	$ 935	$ —	$ 14,945
Cost of sales	(9,558)	(1,340)	(185)		(11,083)
Gross profit	1,448	1,664	750	—	3,862
Sales and marketing expenses	(1,875)	(338)	(473)	—	(2,686)
Contribution to margin	(427)	1,326	277	—	1,176
General and administrative expenses	—	—	—	(1,689)	(1,689)
(Loss) income from operations	$ (427)	$ 1,326	$ 277	$ (1,689)	$ (513)

10) Issuer Certification

Principal Executive Officer:

I, Scott D. Scheid certify that:

1. I have reviewed this Disclosure Statement for Scheid Vineyards Inc.;

2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and

3. Based on my knowledge, the financial statements, and other financial information included in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

7/14/2025

/s/ Scott D. Sched

Principal Financial Officer:

I, Michael S. Thomsen certify that:

1. I have reviewed this Disclosure Statement for Scheid Vineyards Inc.;

2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and

3. Based on my knowledge, the financial statements, and other financial information included in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

7/14/2025

/s/ Michael S. Thomsen