TRUE CHARACTER

oregon wine

EST — 1847

2021 Oregon Wine Review

Prepared by: Danny Brager

Based upon: NielsenIQ and Sovos ShipCompliant/WVA data

March 15, 2022

or.

Great performance; Great story!!!

or.egon wine

Some measurement sources referred to

NielsenIQ	SipSource By WSWA	SOVOS ShipCompliant WINES VINES ANALYTICS
Retail sales: selected off premise selected channels	3 tier depletions; both off and on trade premise channels	Direct to consumer shipments – projected to TOTAL DtC shipments
• xAOC: Food, Drug, Mass Merch, Club (ex Costco), Military PLUS • Liquor (7 state/market geographies & 20 Liquor chains) Convenience	Breakthru, Columbia, Fedway, Great Lakes, Heidelberg, Henry A Fox, Kentucky Eagle, Lipman, Major Brands, Martignetti, RNDC/Youngs, Southern Glazers, Virginia Imports • several others to be added in 2022	Aggregate of… • online orders placed at Winery website • winery wine club shipments to their members • tasting room purchases shipped to consumers
Reporting by segment (price tiers, varietals, origin, etc), as well as supplier, brand, item	Reporting by segment; share and trend Expect key state origin breakout by year end including **OREGON**	Reporting by Wine segment (price tiers, varietals, origin, destination states)
Impacted by channel shifting Off (vs On) premise	NOT impacted by channel shifting	Impacted by channel shifting Shipments vs Carry-out

or.

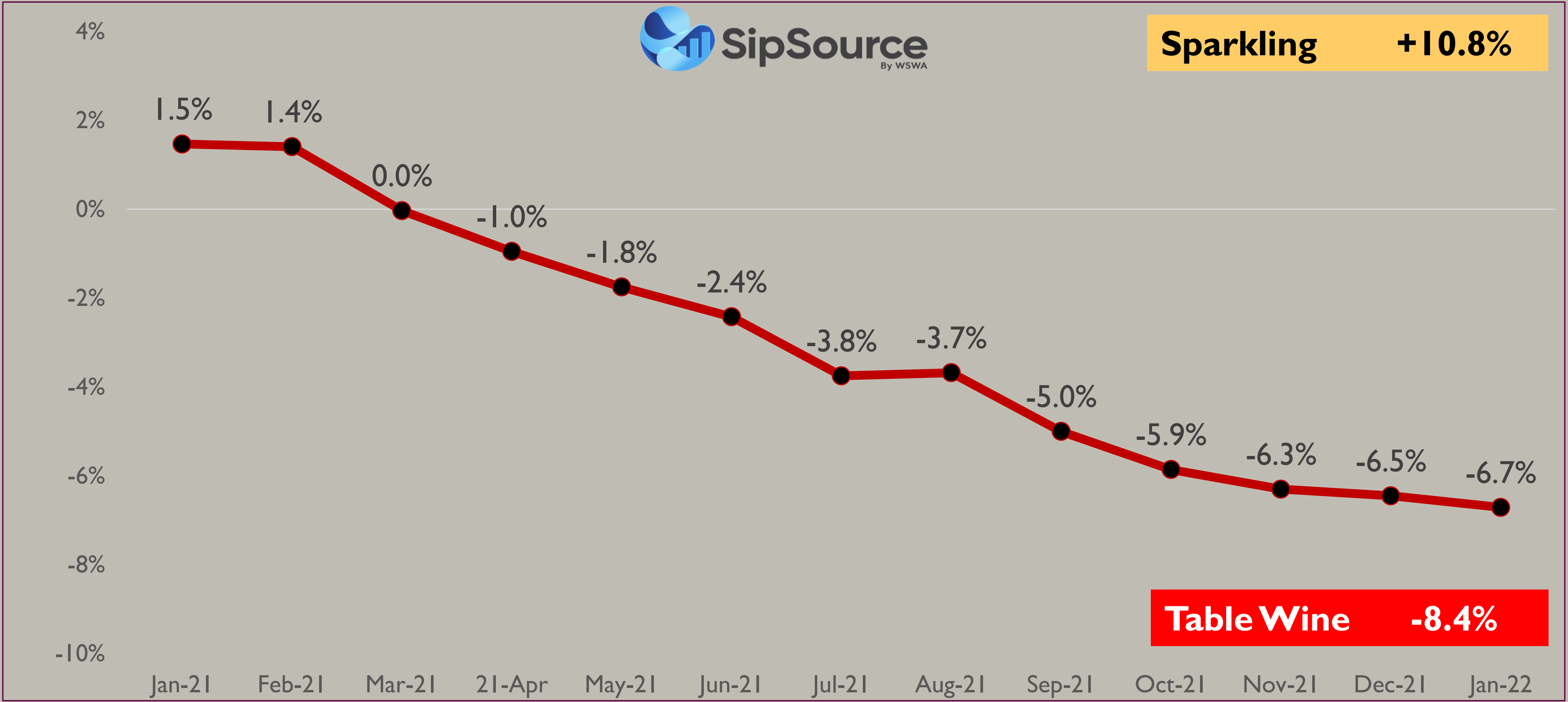
THE BIG, BIG PICTURE

or.

7 Broad Consumer Drivers

	Driver		
1	Total Beverage Alcohol	Growing cross category drinking	
2	Experience	Authenticity; Discovery; Entertainment	
3	Flavors	Flavor seekers – what's new	
4	Convenience	Shopping	Right pack type/size
5	Wellness – for 'me' & 'we'	Healthier choices/ transparency	Sustainability/CSR
6	Trading up	Drinking "better"	
7	Demographics	Age/Gender/Ethnicity	

Total Wine - On PLUS Off Premise depletions: 12 Month Rolling % Change



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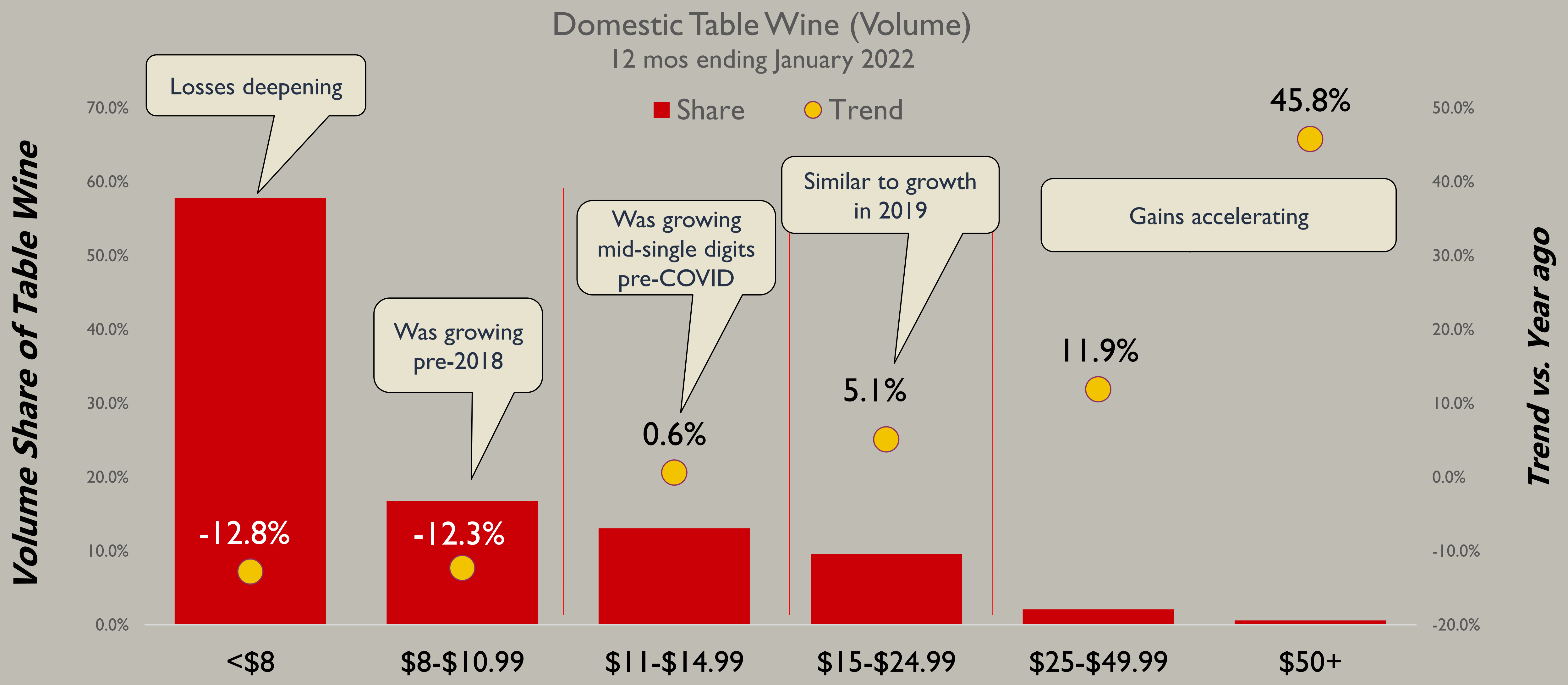
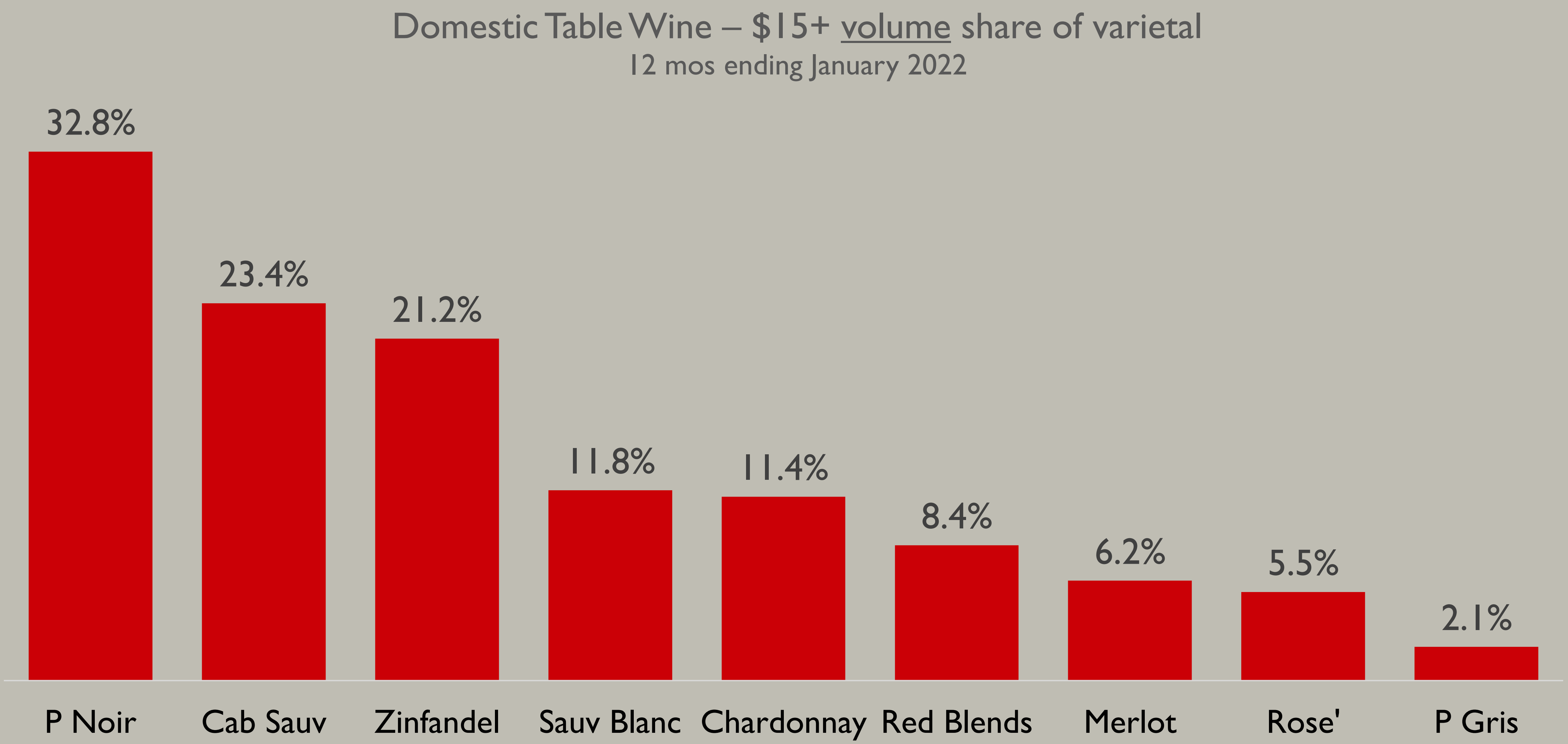
Lower end price tiers declining; $15+ gains accelerating

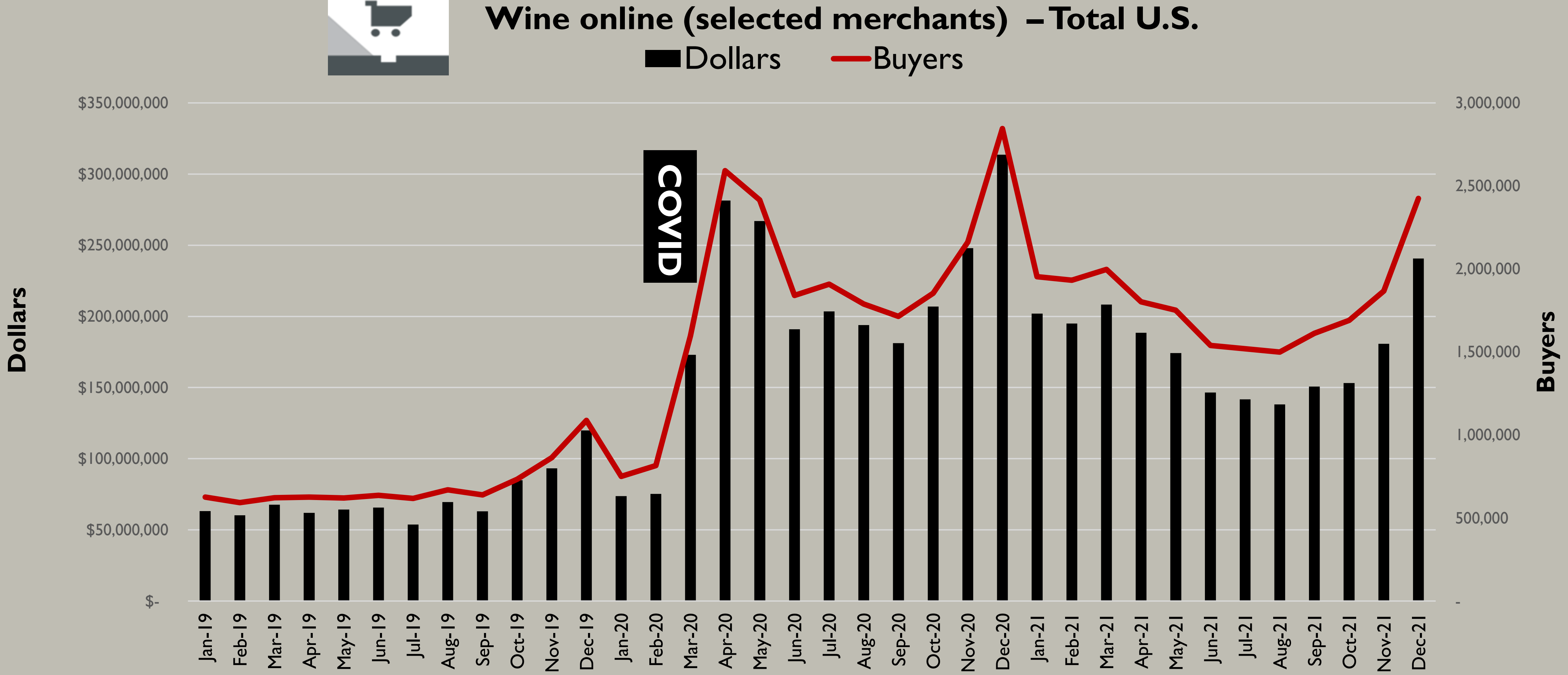


$15+ best developed within P Noir, Cab, and Zinfandel



SipSource By WSWA

Wine E-commerce almost 2.5x larger now than pre-COVID; driven by more 'new to online for Wine' buyers



NielsenIQ

Source: NielsenIQ Total Off Premise e-commerce measurement (largely 3-tier in Nielsen measurement)

Rabobank

Rabobank estimates e-commerce share of off premise Wine (3 tier + DtC) - 10.9% of U.S. wine sales

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Direct to Consumer Shipments

Total U.S. – 2021

8.5 million Number of 9L cases sold;
+1.4% vs 2020; 2MM more cases than 2019
25 states grew volume vs 2020; **23** did not

$4.2 billion Dollar value

+13.3% vs 2020; +$1 billon more than 2019

$41.16 avg price paid per bottle

+$4.33 vs 2020

DtC (with carryout) now >10% of Wine $

WINES VINES ANALYTICS SOVOS ShipCompliant

On-Premise – despite wine +45% (2021 vs 2020) - still in a state of recovery…

- On Premise channel share **25% below** its pre-COVID norm
  - All sub-channels lagging; lodging and transportation the most
  - Pacific and Northeast parts of country the most impacted
- Open on-premise accounts **down -10%** vs Jan 2020 (40K less accounts); fine dining even moreso
- Labor staffing issues
- Assortment streamlined; 2021 listings reduced by **-16% BTG** and **-17% BTB**
- Some consumer behaviors likely shifted re: where consumers choose to eat/drink, and persisting

OREGON OVERALL

RETAIL OFF PREMISE

NielsenIQ

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NielsenIQ Retail Off Premise Coverage –what's included

Channel	Sub-Channel	Examples
xAOC (All Outlets Combined)	**Food (total U.S.)**	Ahold Delhaize (all banners), Albertsons (all banners), Giant Eagle, Kroger (all banners), Meijer, Publix, Smart & Final, Wakefern, Wegmans, Whole Foods
	Drug (total U.S.)	CVS, Walgreens, Rite Aid
	Mass Merchandisers	Target, Walmart
	Select Dollar retailers	Family Dollar, Dollar General
	Select Warehouse Clubs	Sam's Club, BJ's
	Military Exchanges	AAFES, Nexcom, MCX, CGX, DeCA
Convenience (Ttl U.S.)		7-11, Circle K, Caseys, AM/PM, Chevron
Select Liquor **NielsenIQ off premise estimated Wine category coverage: 65%**	• ***7 geographies – CO, FL, MD, MA, MN, NJ, NY City AND*** • ***20+ Liquor chains today across the country***	ABC Liquor, Beverages and More, Belmont Beverage, BevMax, Binnys, Blanchards, Bottle King, Coborns/Cashwise, Crown Liquors, Cub Liquors, Fiesta Liquor, Gabriels, Goody , Kappys, Lees, Payless Liquors, Specs, Total Wine and More, Twin Liquors, Wine.com, Yankee Spirits

NielsenIQ

or.

OREGON
Retail Off Premise Measurement

$325MM

1.6MM 9L CASES

380 BRANDS/1,373 ITEMS

$17 AVG RETAIL PRICE

Channel Shifting & Comps: COVID chaos

- **Channel shifting to & from – to varying degrees, at various time, in various markets…**
  - On Premise restrictions
  - Consumer concerns about being "out"
  - Leading to hypered off premise purchasing

- **On Premise improved in 2021/2022 to date, but still below pre-COVID**

Where does that leave Off Premise generally?

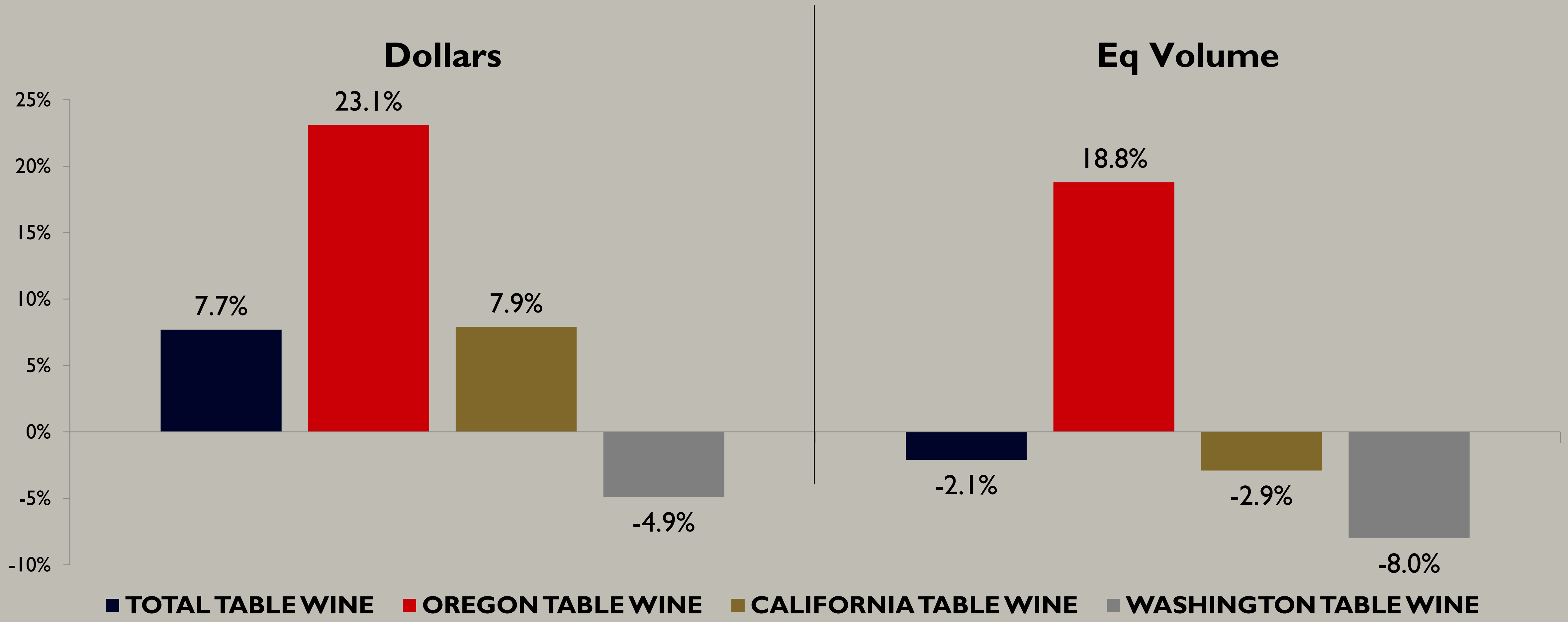
2021: vs 2020 ↓ vs 2019 ↑

For Nielsen Off Premise analysis, we'll compare sales levels vs 2 YAG

GROWTH BY TABLE WINE ORIGIN: NATIONAL

Latest 52 weeks vs 2 YAG

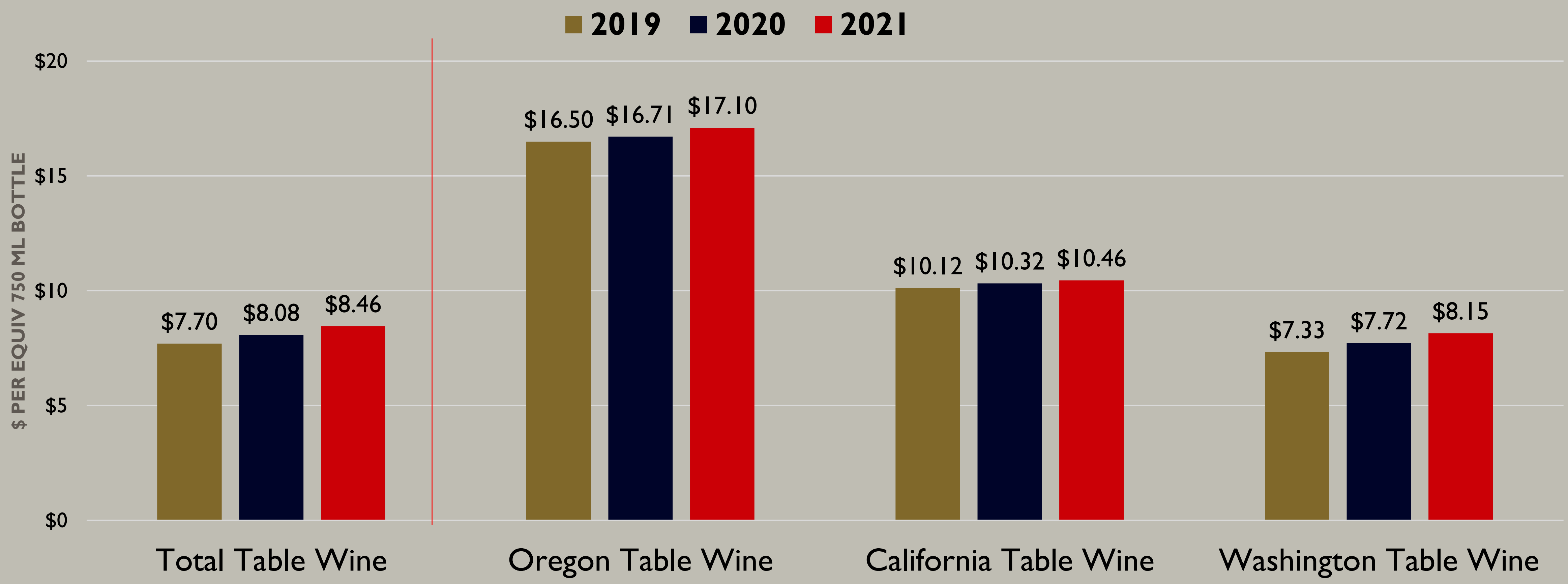
Oregon growth leads, with price/mix still moving upward (dollar growth>volume growth)



Source: Total US xAOC + Liquor Plus, 52 w/e 1-29-2022

AVERAGE PRICE PER 750ML: NATIONAL

OREGON's average retail price is significantly higher than others, a key factor insulating our business given broader Wine premiumization price tier trends



NielsenIQ **Source:** Total US xAOC + Liquor Plus, 52 w/e 1-29-2022

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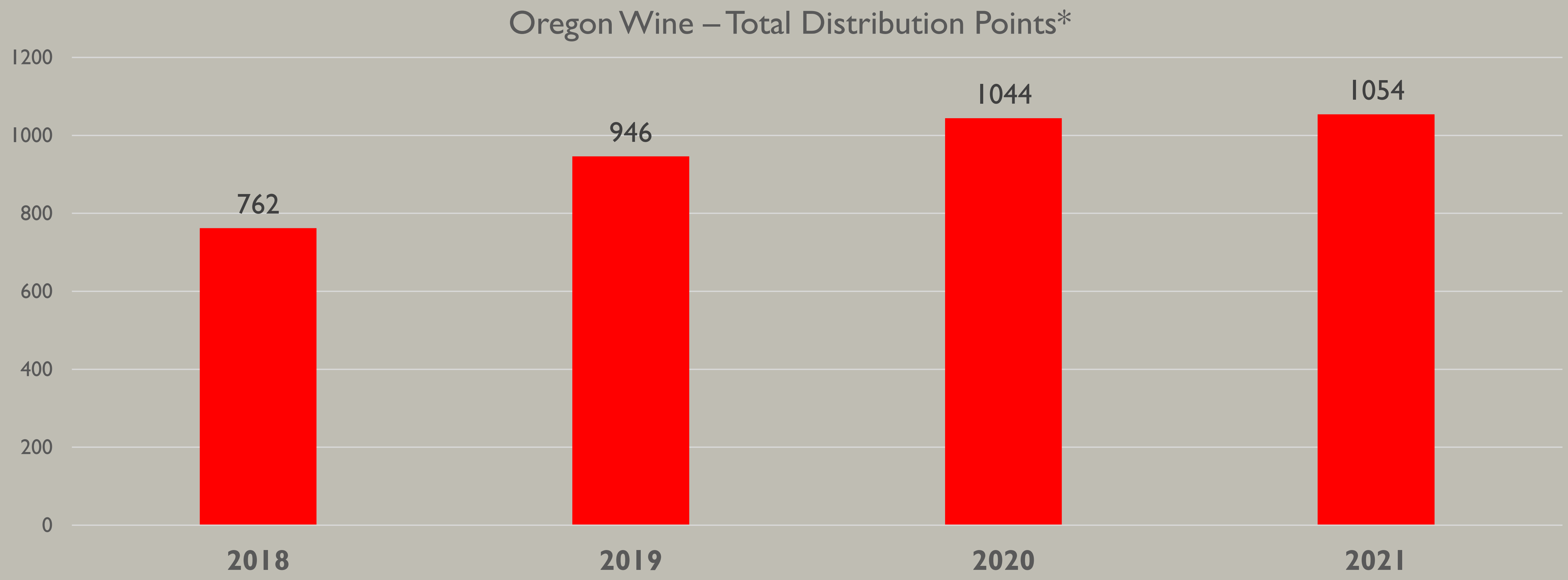
TOTAL DISTRIBUTION POINTS – OREGON WINES

OREGON wines continue to expand their National distribution over time



*Total Distribution Points is calculated by aggregating the Nielsen U.S. Off Premise ACV distribution of all individual Oregon wines on the Nielsen dbase.

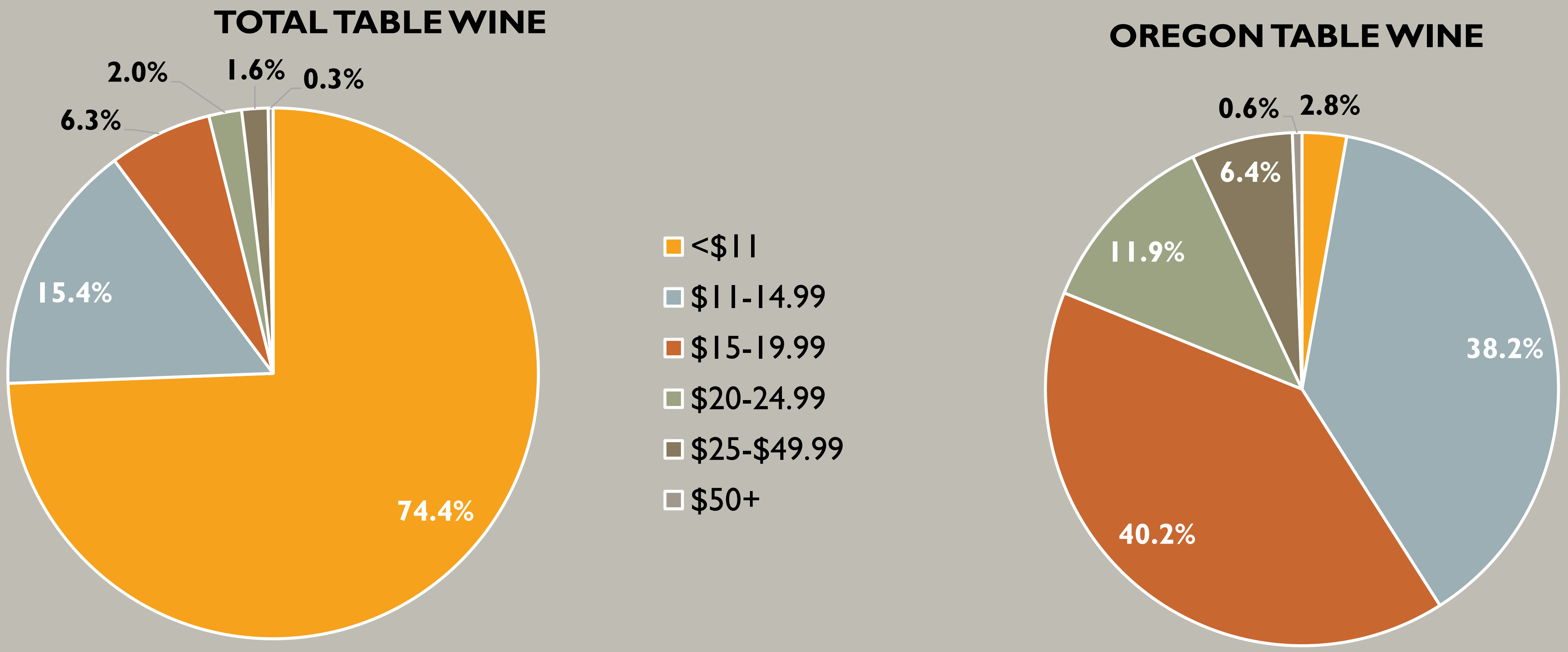
ACV (All Commodity Volume) is the total dollars of ALL goods sold by a store.
% ACV Distribution is the percentage of a geographic market or trading area's ACV which scanned at least one unit during the specific time period

Source: Total US xAOC + Liquor Plus, Annual time periods

PRICE TIERS

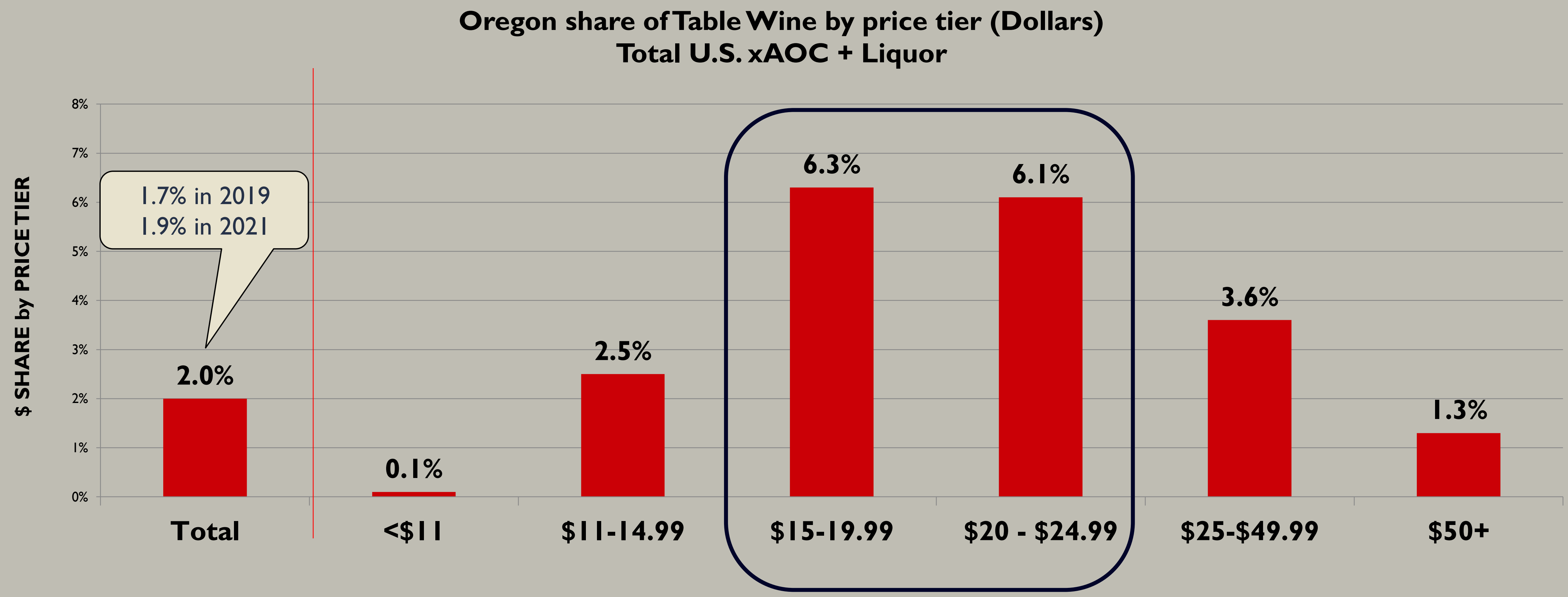
% VOLUME SOLD BY PRICE TIER: NATIONAL

Within retail off premise, almost all of our business is $11+ (and 60% $15+), compared to only ¼ of the overall table wine category volume above $11



OREGON SHARE BY PRICE TIER: NATIONAL
Latest 52 weeks/Dollars

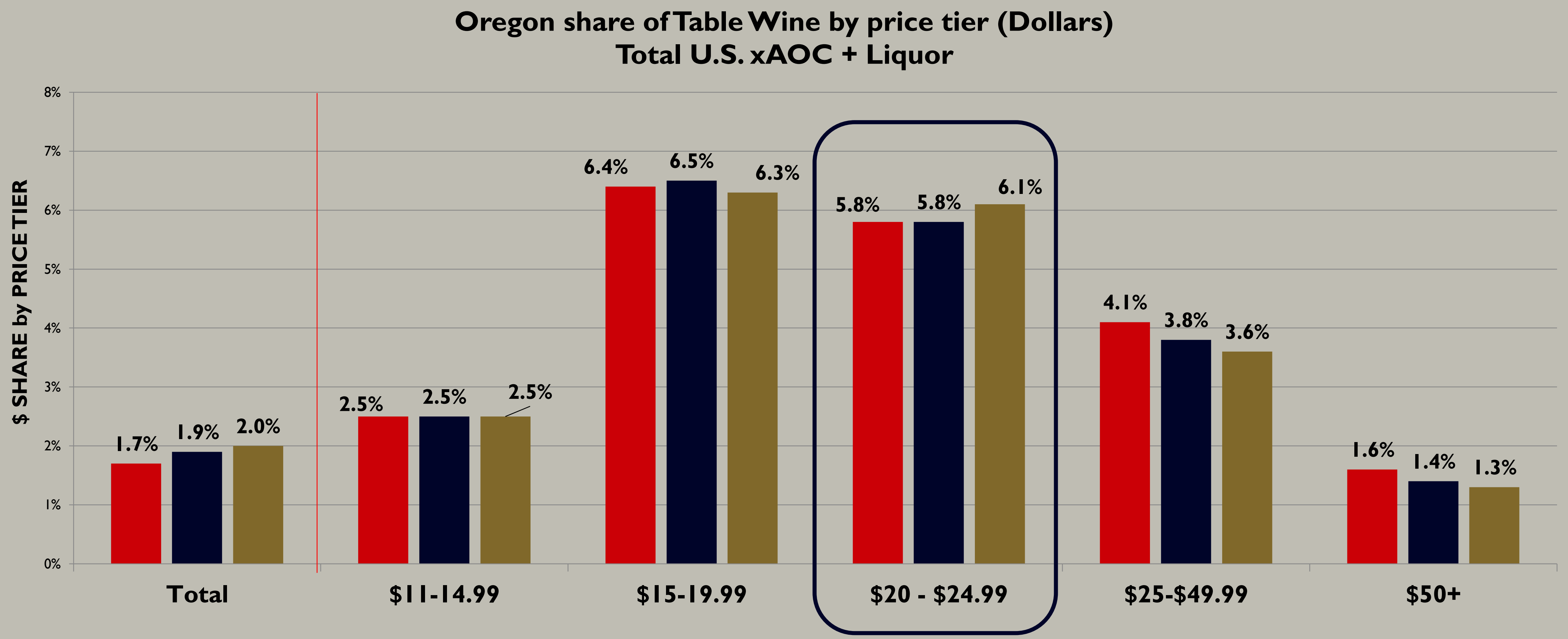
Oregon has a significant share particularly of the $15-$25 retail table wine business



Source: Total US xAOC + Liquor Plus, 52 w/e 1-29-2022

OREGON SHARE TREND BY PRICE TIER: NATIONAL (Dollars)

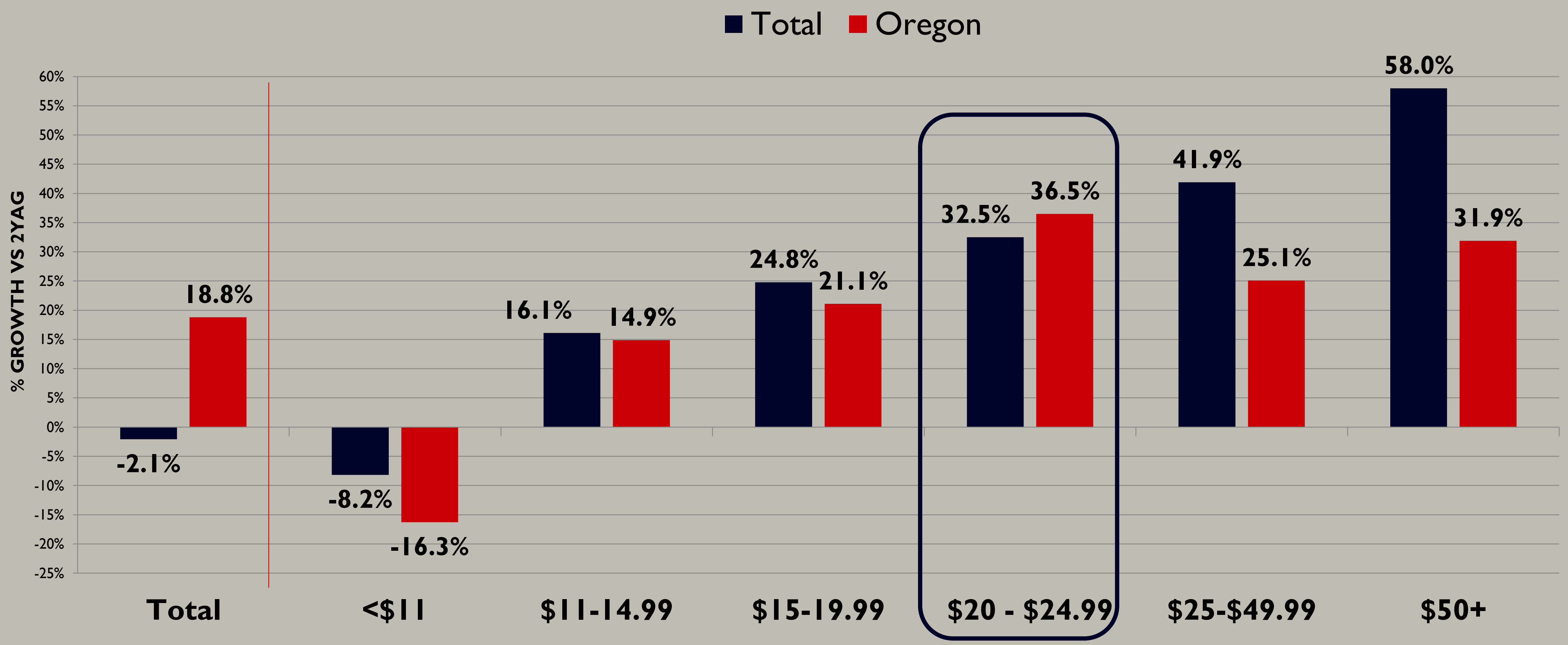
Oregon's largest share gains are in the $20-$25 table wine segment



Source: Total US xAOC + Liquor Plus, 52 w/e 1-29-2022

TABLE WINE VOLUME GROWTH BY PRICE TIER: NATIONAL

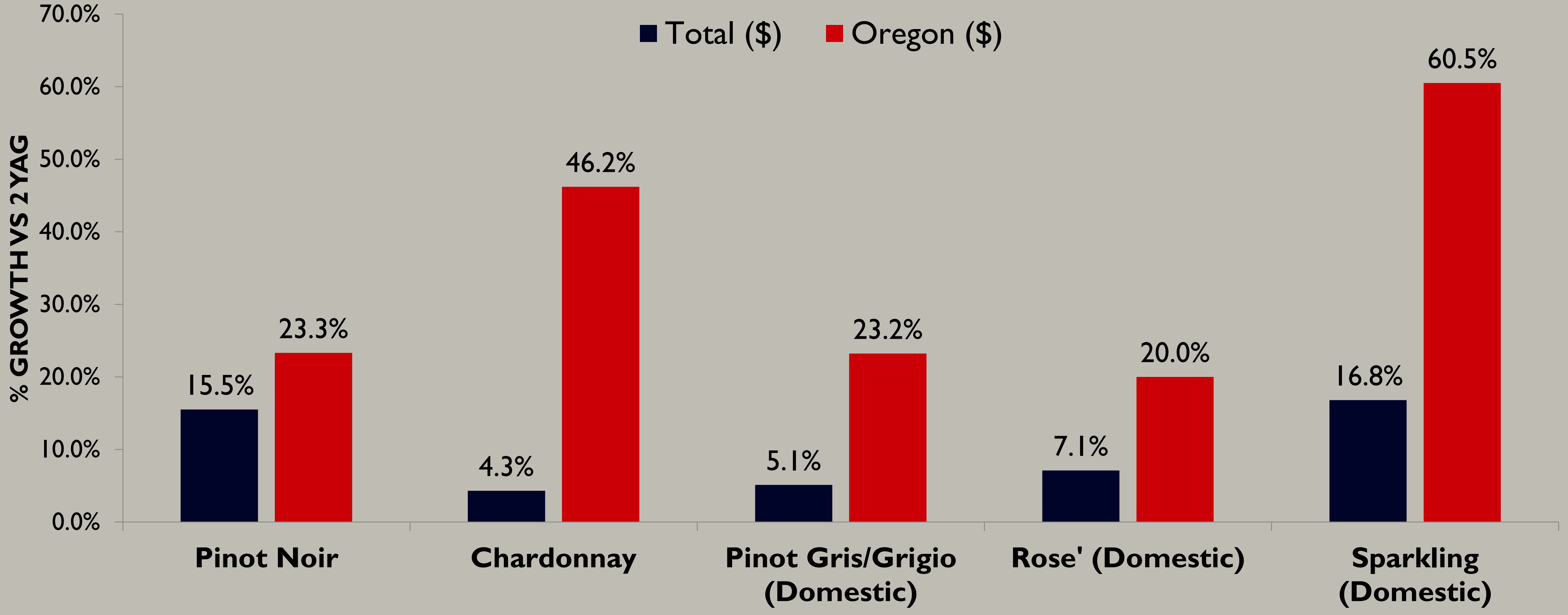
Oregon's price tier trends tend to generally 'mirror' overall Table Wine trends – but unlike Oregon, total table wine trends are weighted heavily to the 'bottom' tiers



VARIETALS

GROWTH BY VARIETY: NATIONAL (Dollars)

In ALL cases, Oregon's growth by variety betters the total market



NielsenIQ

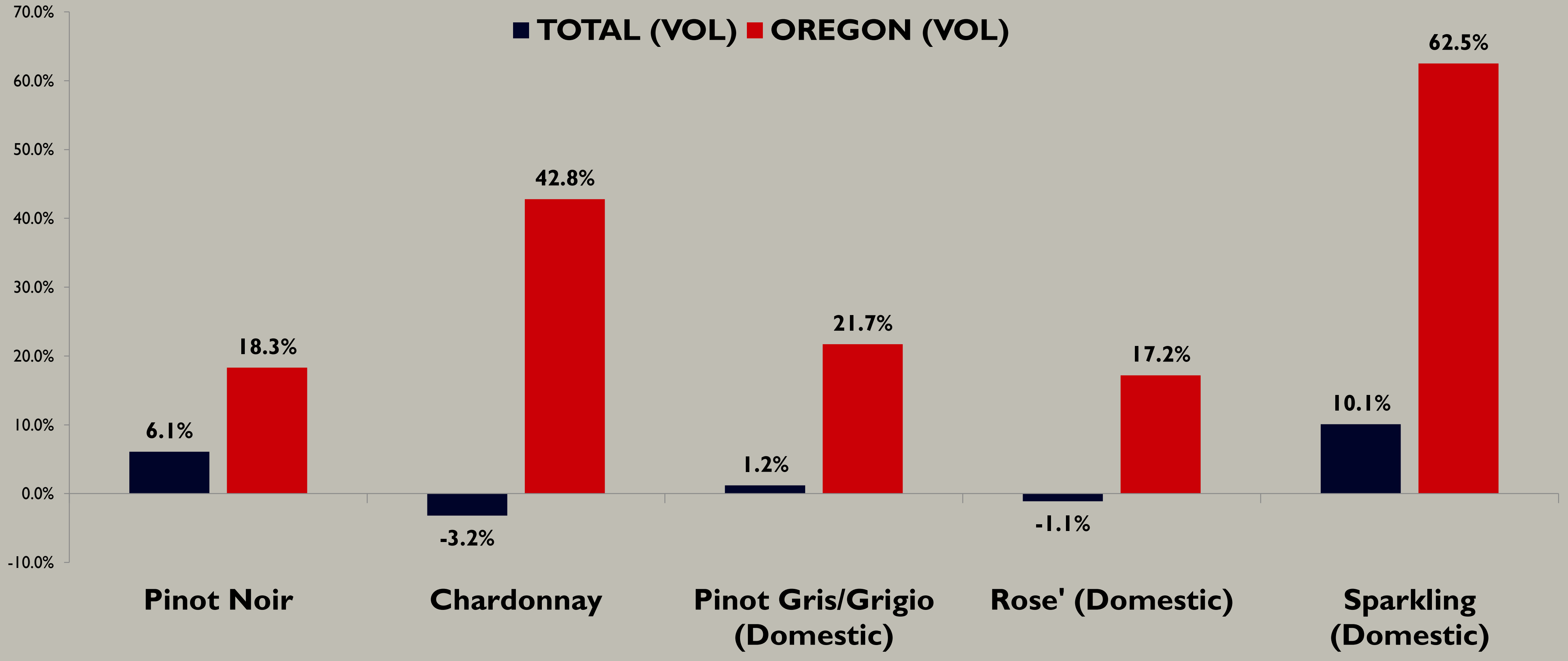
Source: Total US xAOC + Liquor Plus, 52 w/e 1-29-2022

or.

GROWTH BY VARIETY: NATIONAL (Volume)

Latest 52 weeks vs 2 YAG

In ALL cases, Oregon's growth by variety betters the total market



NielsenIQ

Source: Total US xAOC + Liquor Plus, 52 w/e 1-29-2022

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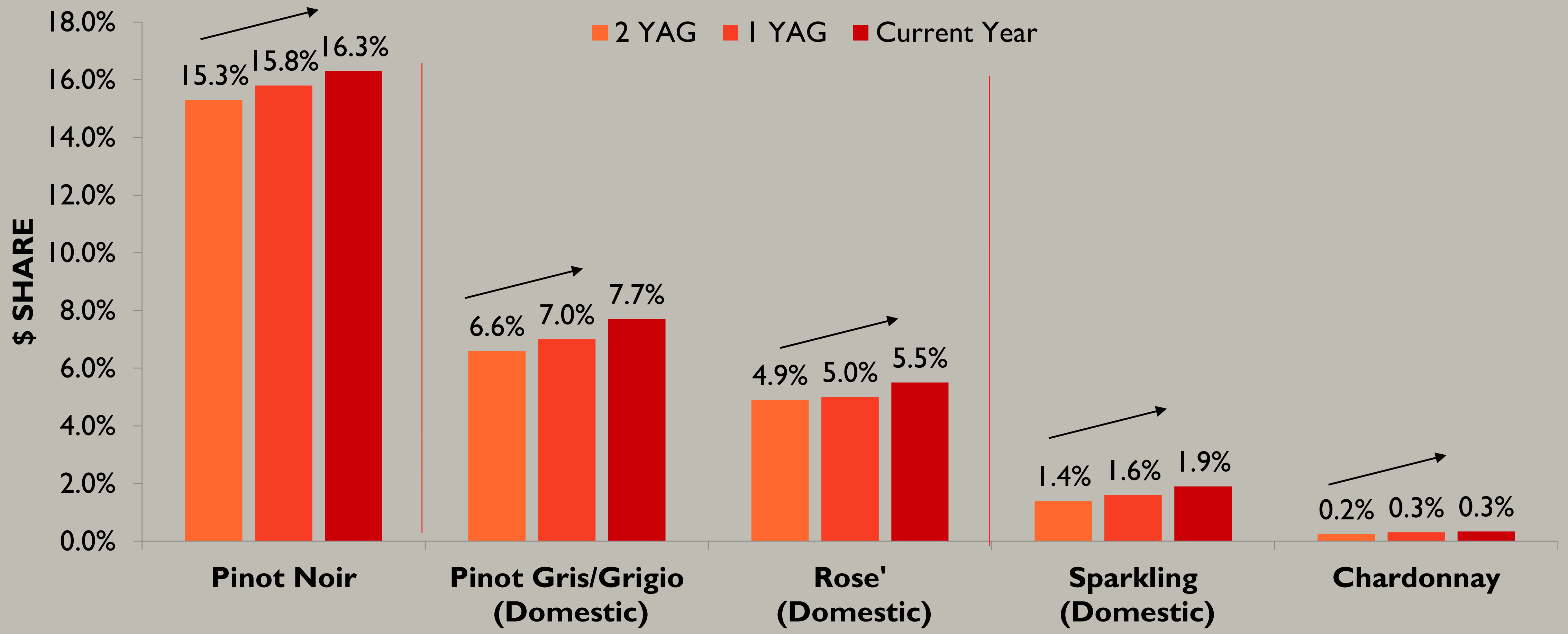
OREGON SHARE BY VARIETY: NATIONAL (Dollars)

Oregon's share of each variety continues to expand



Source: Total US xAOC + Liquor Plus, 52 w/e 1-29-2022

OREGON – within and beyond

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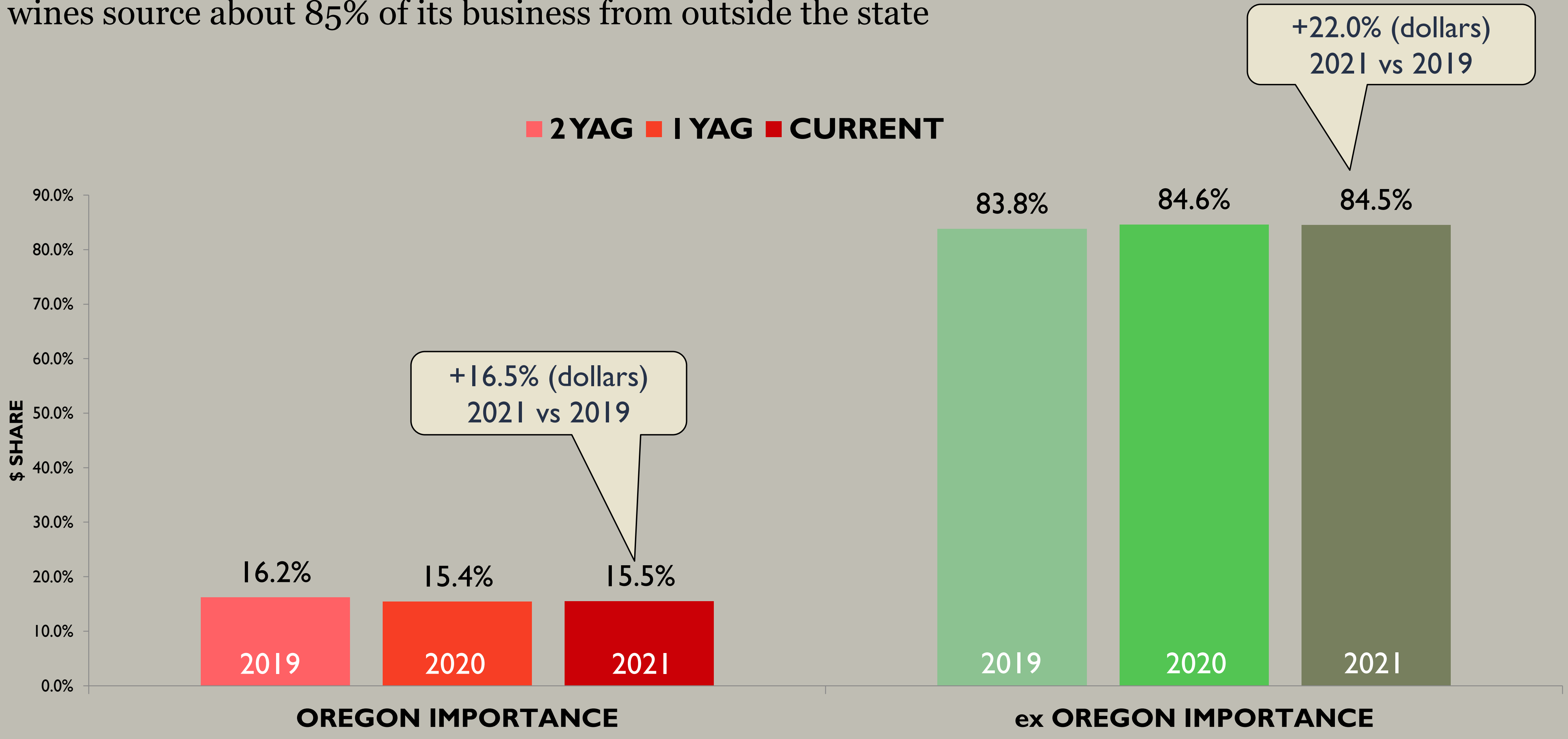
IMPORTANCE to OREGON TABLE WINE (Dollars)

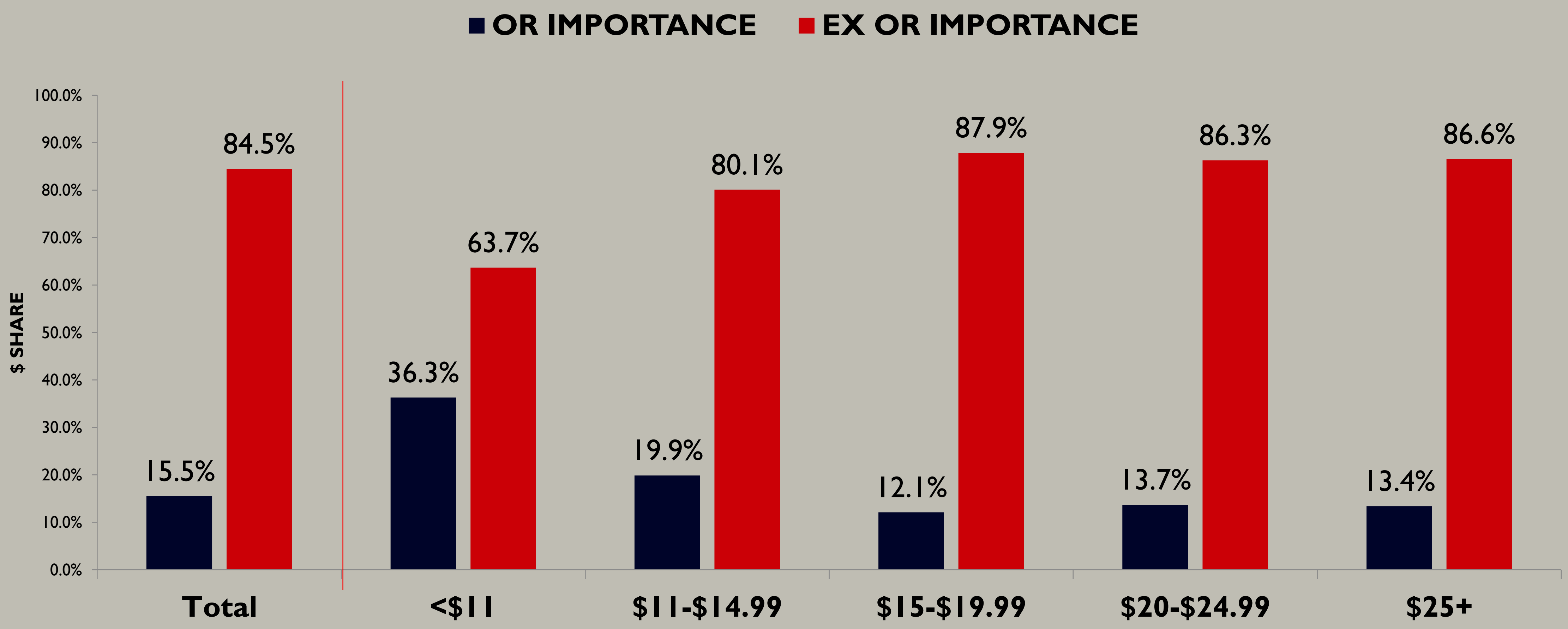
Oregon wines source about 85% of its business from outside the state



 Source: xAOC markets; 52 w/e 1-29-2022

IMPORTANCE to OREGON TABLE WINE (Dollars)

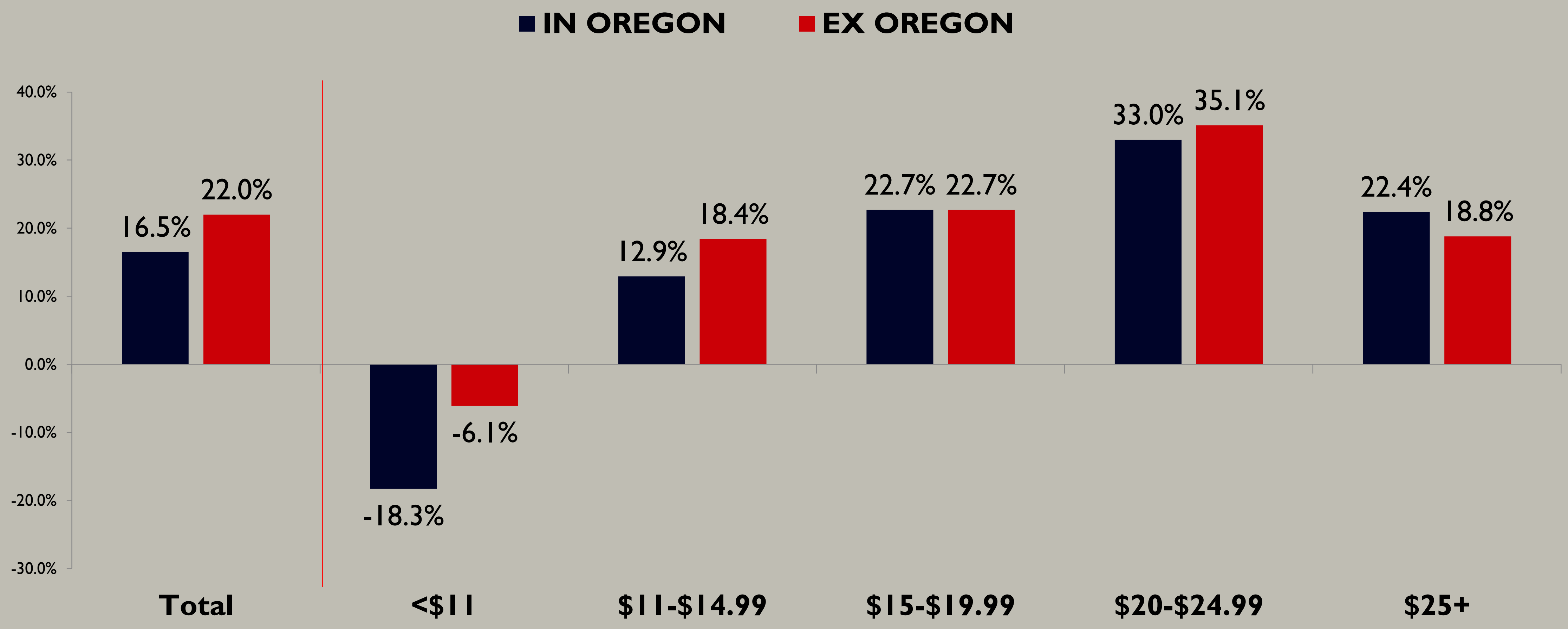
Over $15, states beyond our borders account for 85-90% of our business



GROWTH of OREGON TABLE WINE (Dollars)

Latest 52 weeks vs 2 YAG

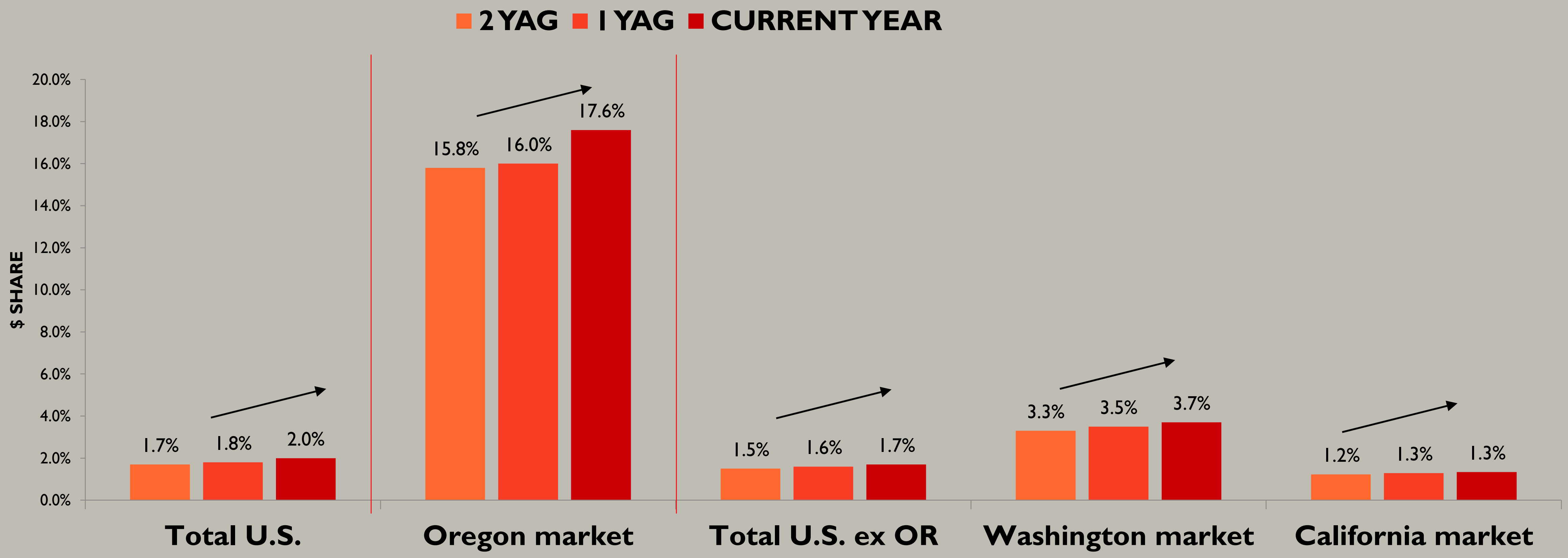
Oregon wines >$15 have grown strongly both within and beyond OREGON



Source: xAOC markets; 52 w/e 1-29-2022

OREGON SHARE BY MARKET: (Dollars)

Both within, and beyond Oregon, Oregon's share continues to expand



CA	52.2	51.6	51.4
WA	15.3	15.0	14.2
Imports	16.6	17.3	16.7

Source: xAOC markets; 52 w/e 1-29-2022

GOING DEEPER – beyond OREGON borders

NielsenIQ

1. Los Angeles
2. San Francisco
3. San Diego
4. Sacramento
5. Fresno

.

	Largest OR table wine $ (ex OR)	Largest OR table $ share (ex OR)
1	CA (xAOC)	WA (xAOC)
2	FL (xAOC + Liquor)	CO (Liquor)
3	TX (xAOC + Liquor)	MT (xAOC)
3	WA (xAOC)	ID (xAOC)
4	NYC (Liquor)	MN (Liquor + xAOC)
5	CO (Liquor)	MD (Liquor)
6	MA (Liquor + xAOC)	

Min: >$10MM annual

Min: 2% $ share

TOTAL WINE VOLUME RANK – by STATE

Group	Largest Wine states
1	California
2	Florida New York
3	Texas Illinois New Jersey Massachusetts
4	Washington Virginia Ohio
5	Michigan Pennsylvania

Sources: Bev Info Group/Impact Databank

DIRECT TO CONSUMER

SOVOS ShipCompliant

WINES VINES ANALYTICS

SOVOS ShipCompliant
WINES VINES ANALYTICS

OREGON
Direct to Consumer Wine Shipments

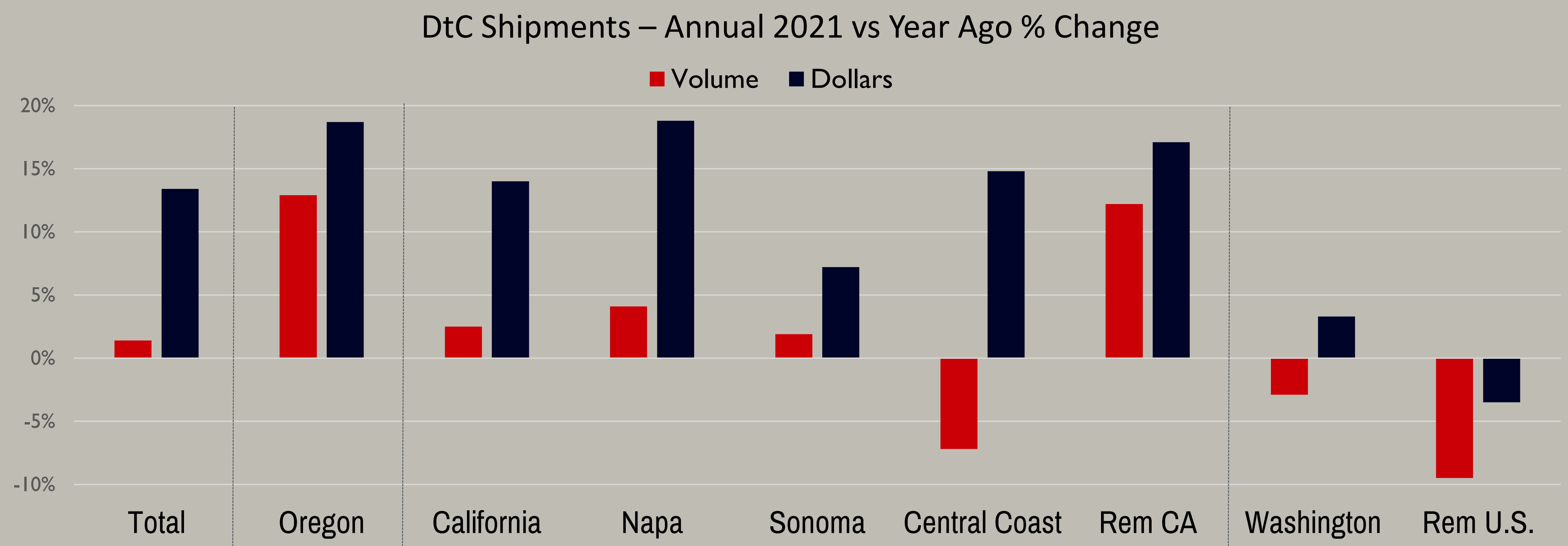
$285 MM

560K 9L CASES

$42 AVERAGE PRICE

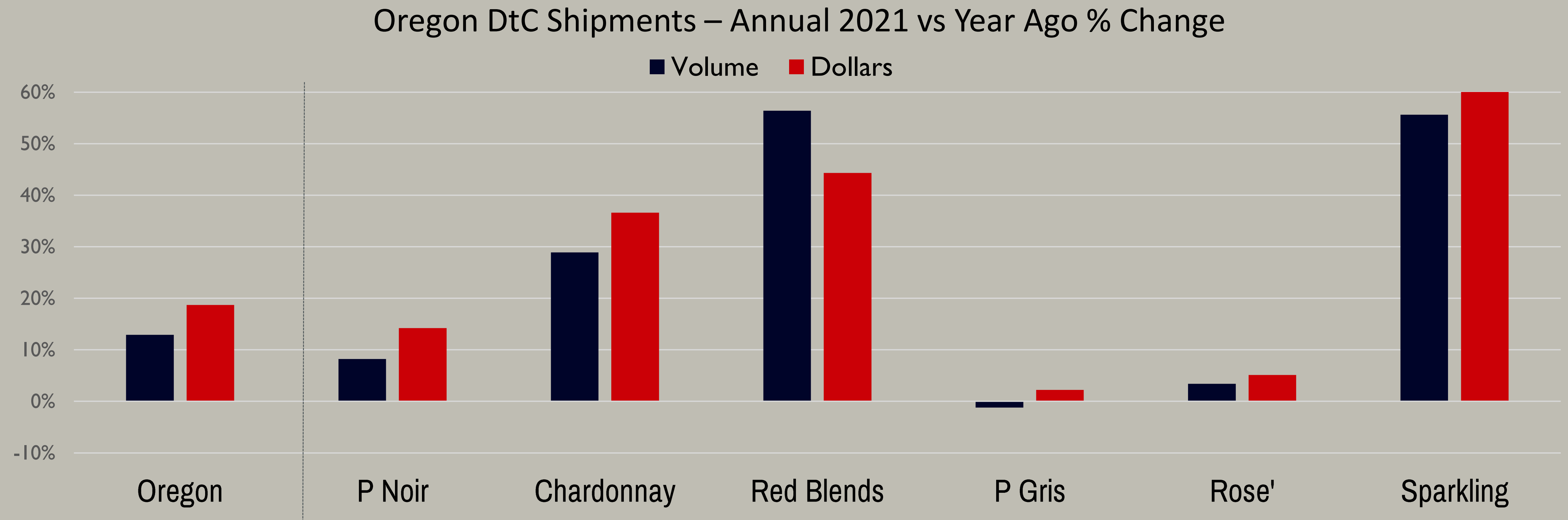
or.

Oregon DtC strong shipment growth in 2021 (vs COVID hypered 2020) is relatively well balanced on both volume and value



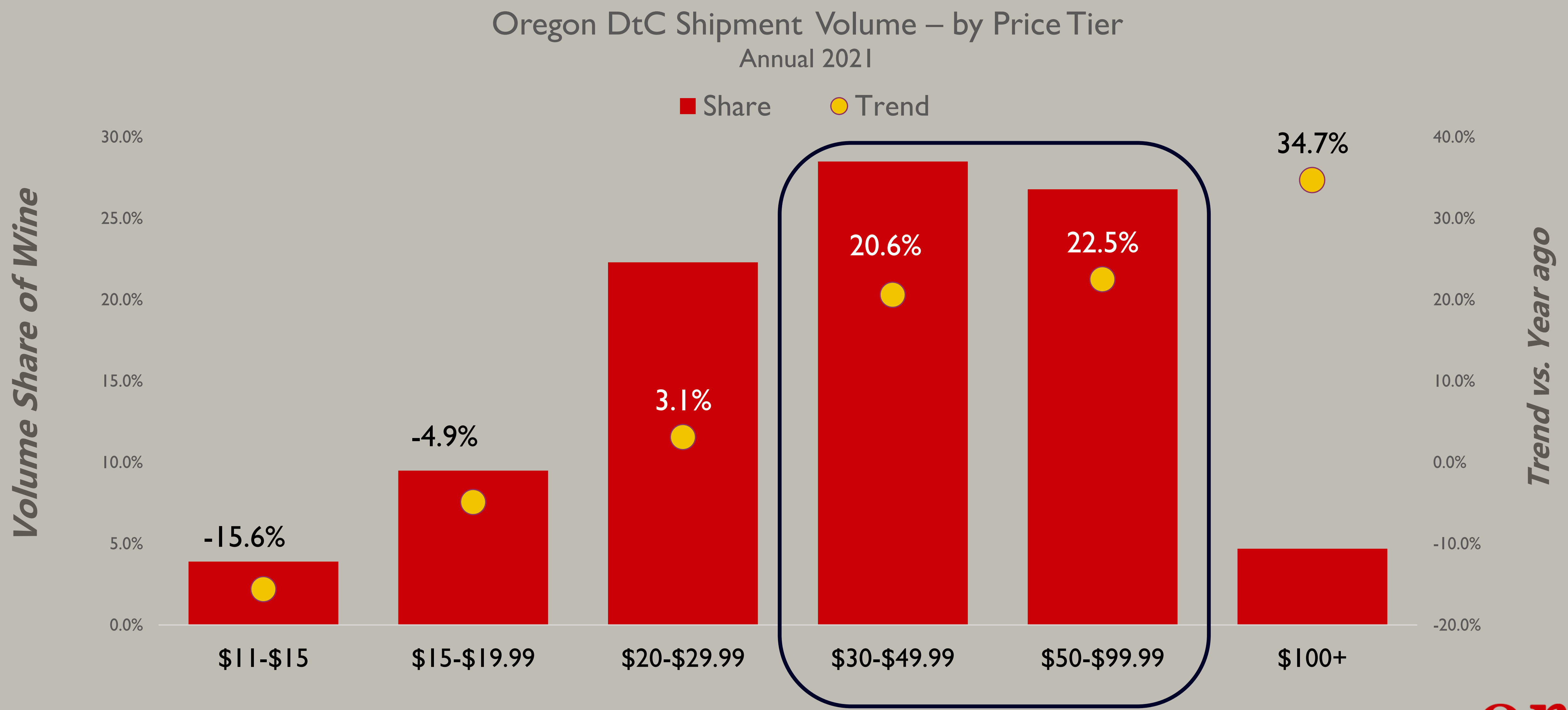
Avg. Price	**$42.25**	**$43.94**	**$72.41**	**$28.02**	**$42.14**	**$24.37**	**$35.89**	**$22.47**
$ change vs Yr Ago	**+$2.07**	**+$4.73**	**+$8.97**	**+$1.38**	**+$8.07**	**+$1.01**	**+$2.15**	**+$1.39**

Oregon DtC shipment percentage gains led by Chardonnay, Red Blends, and Sparkling, but P Noir leads in absolute increases

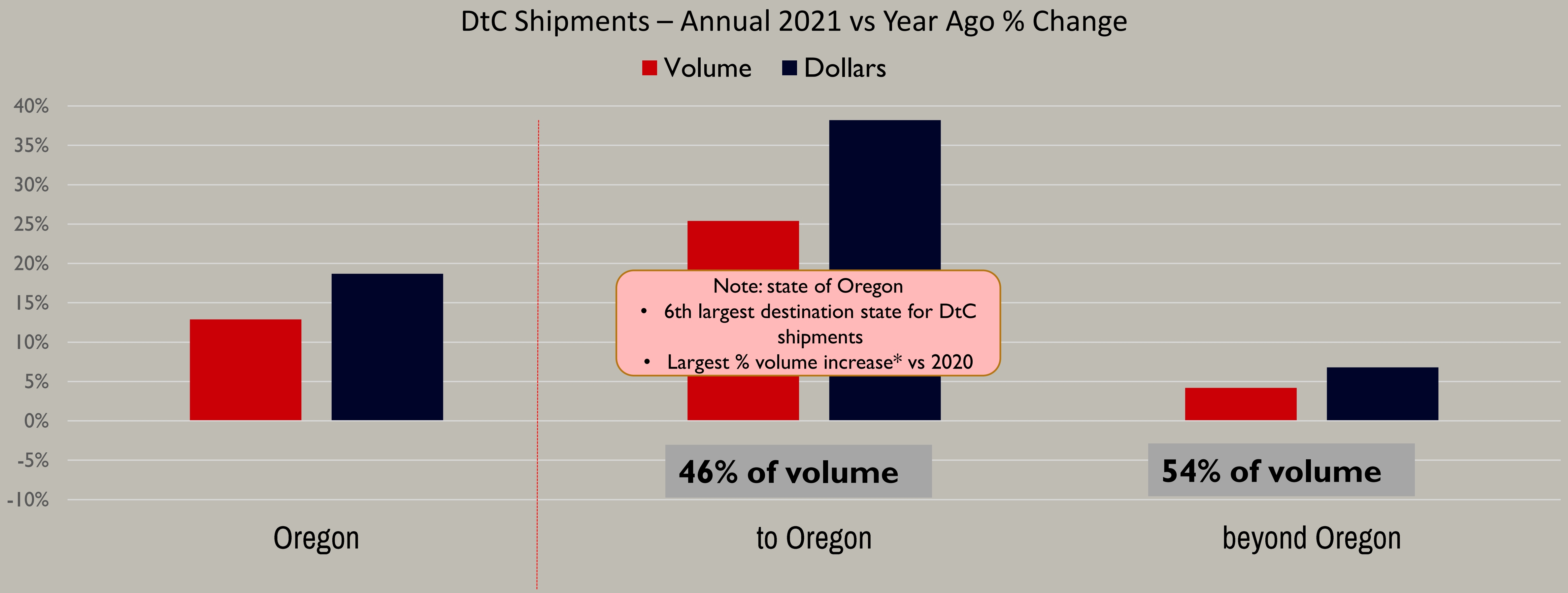


Avg. Price	**$51.38**	**$42.85**	**$26.72**	**$20.43**	**$23.91**	**$40.00**
Volume Share	**54.7%**	**10.3%**	**5.9%**	**4.6%**	**4.5%**	**4.1%**
Actual Volume Chg (000)	**+23.3**	**+13.0**	**+12.0**	**-0.3**	**+0.8**	**+8.1**

Wines $30 - $100 the sweet spots (size & growth) for OR shipments



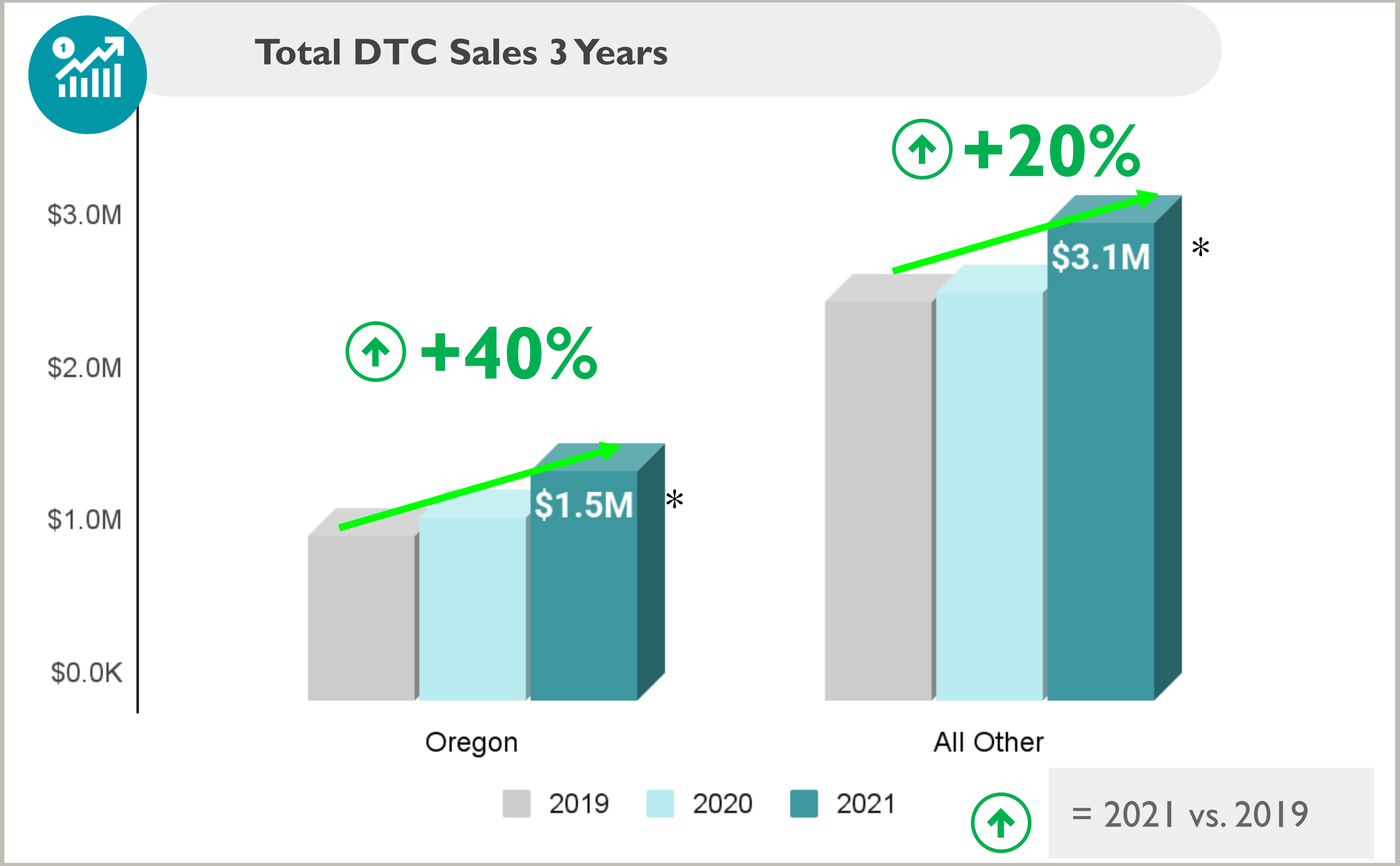
Oregon DtC shipment growth in 2021 was much higher within Oregon than beyond (the opposite of 2020): close to a 50/50 split overall



Avg. Price	$42.25	$41.07	$43.60

* Excludes states that just allowed DtC shipments in 2020 or 2021

OR grew DtC 2X faster – albeit on a smaller base
(based upon Oregon data set of 100 wineries: ALL DtC types)



- Oregon leads all other Community Benchmark reported regions in DTC growth
- Club Shipments (+47%); Tasting Room (+22%) – vs 2019; in both cases ahead of 'all other'
- Oregon online sales tripled; again ahead of 'all other'

* Average size individual winery in dataset

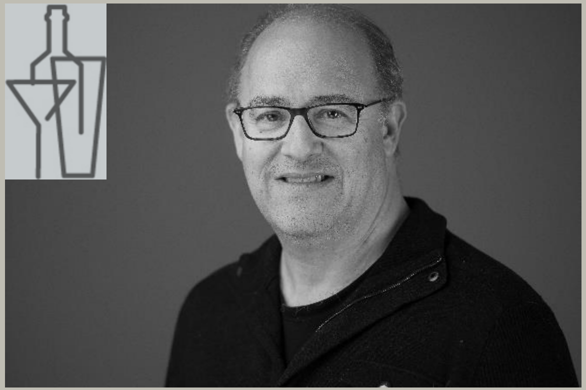
The Oregon Wine story – a VERY GOOD one!!!

OREGON

- …is growing faster than the category – both Retail and DtC
- …is a 'premium' player – a key participant and driver of "growth" at the premium end of the Wine market (higher price tiers)
- ….is a meaningful retail/3 tier and DtC player (and DtC in general is commanding a larger OVERALL channel share within Wine)
- …has a signature varietal (P Noir) but is making further inroads elsewhere
- .. share has expanded both WITHIN and BEYOND Oregon borders (retail off premise)

Want to go deeper? Reach out to me

Danny Brager
bragerdanny@gmail.com



Brager Beverage Alcohol Consulting

- Nielsen scan (ad hoc or via iDIG)
- Direct to Consumer Shipments
- SipSource
- Other data sources

Thank you.