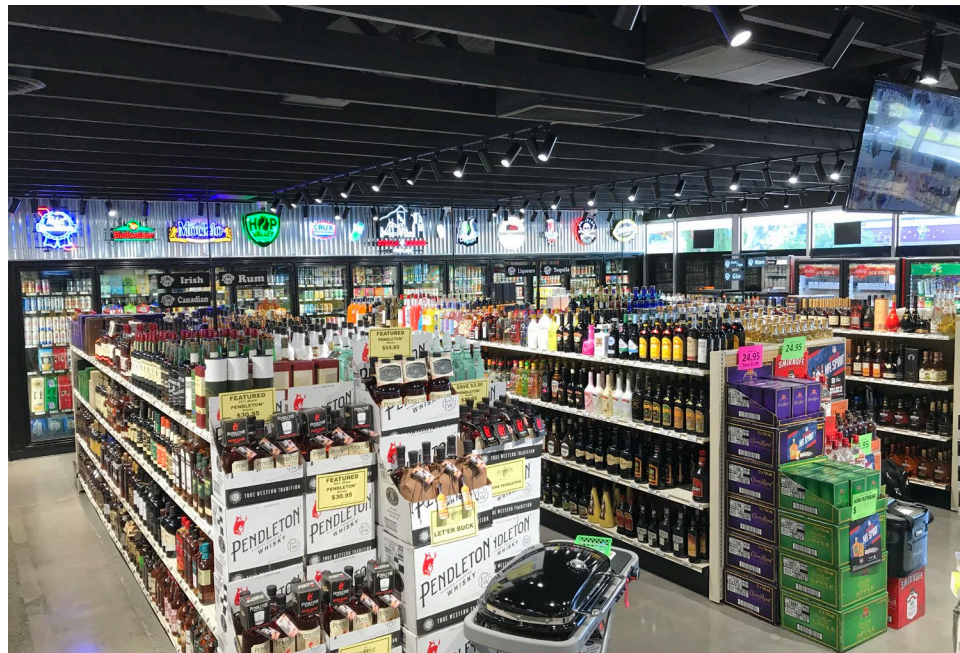


DISTILLED SPIRITS PROGRAM Q3 2022 ECONOMIC BRIEFING

Distilled Spirits Program Director - Chris Mayton | December 2022



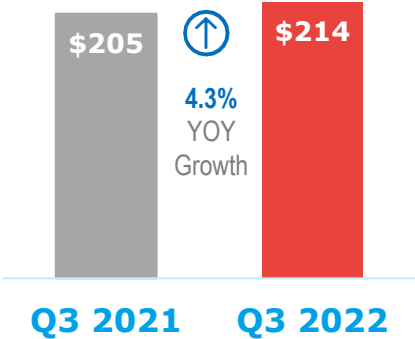
MARKETPLACE TRENDS



Q3 2022 - OREGON SPIRITS INDUSTRY CONTINUED GROWTH IN TOTAL VALUE, AND DECLINE IN OVERALL VOLUME

Revenue Increased by
\$8.8M

Dollars, Millions



Volume Decreased by
8.8k

750ml Bottle Equivalents

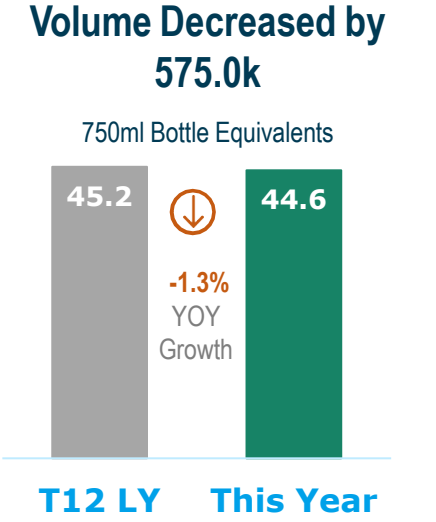
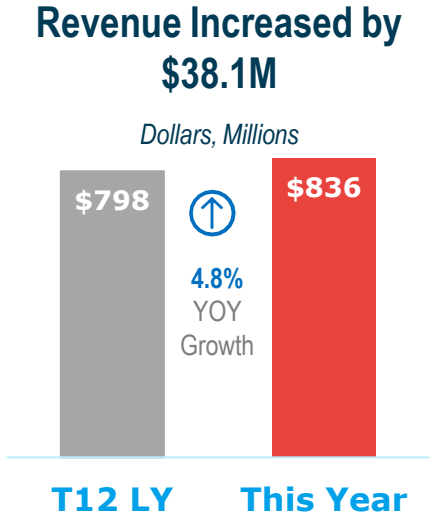


2 main drivers of
Distilled Spirits
revenue growth

- On-Premise Sales
- Premiumization Across Categories



TRAILING 12-MONTHS ENDING Q3 2022 - CONTINUED GROWTH IN VALUE, AND DECLINES IN OVERALL VOLUME



2 main drivers of Distilled Spirits revenue growth

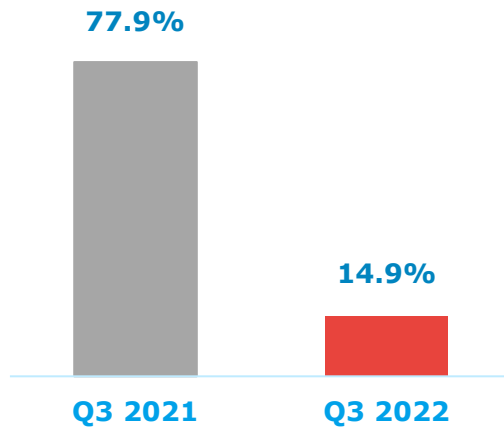
- On-Premise Sales
- Premiumization Across Categories



Q3 2022 - LICENSEE REVENUES RETURN TO NEAR NORMAL

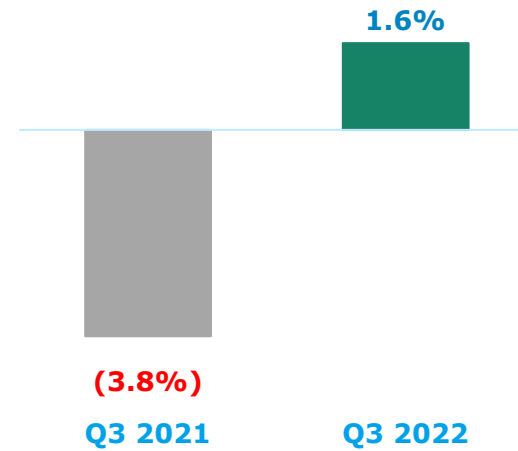
Licensee Revenue

Year-Over-Year Revenue Growth

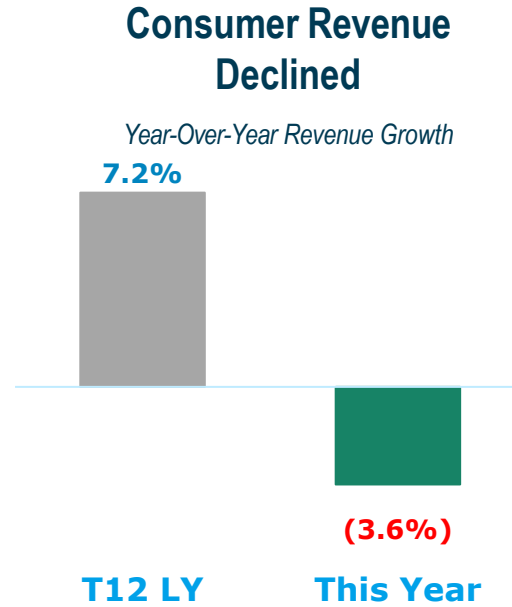
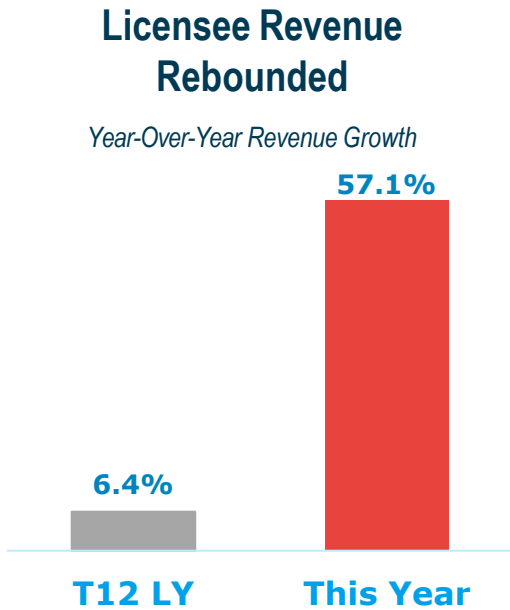


Consumer Revenue

Year-Over-Year Revenue Growth



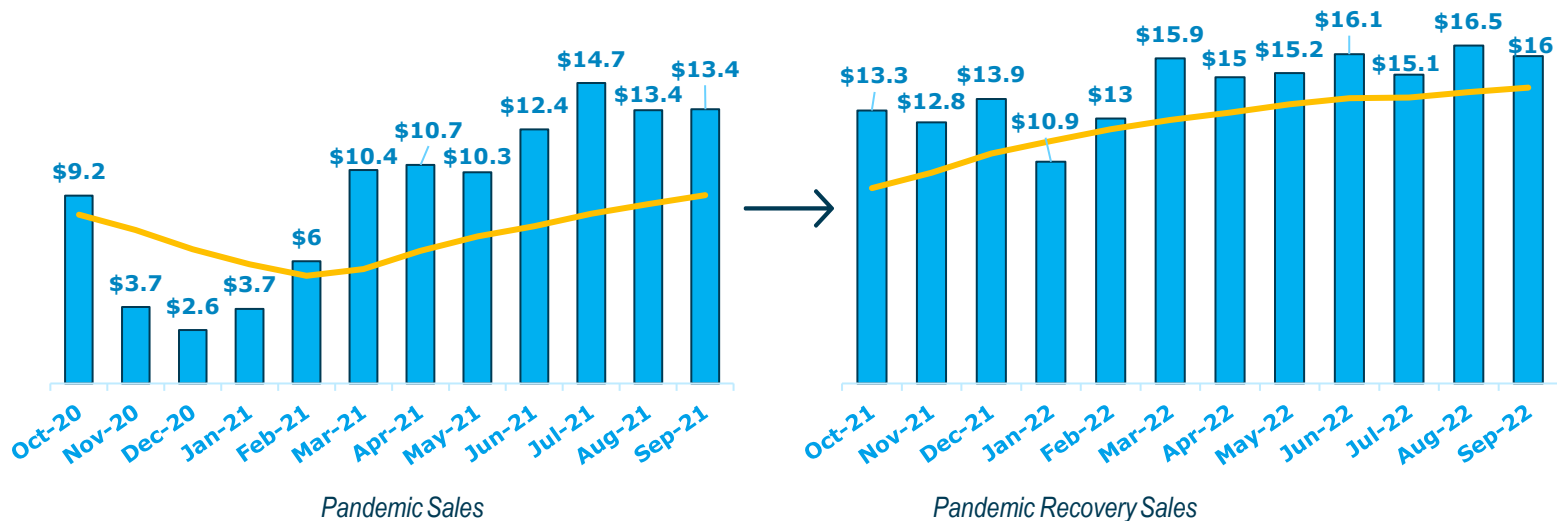
TRAILING 12-MONTHS ENDING Q3 2022 - LICENSEE REVENUES REBOUND FROM COVID-19 CLOSURES; CONSUMER REVENUES RETURN TO PRE-PANDEMIC LEVELS



THE RESTAURANT INDUSTRY IS RECOVERING; HOWEVER, CHALLENGES REMAIN (LABOR RECRUITMENT & RETENTION, CONSUMER DEMAND)

Oregon Licensee Sales Compared to Pre-Pandemic Levels

Millions of Dollars





CONSUMER TRENDS

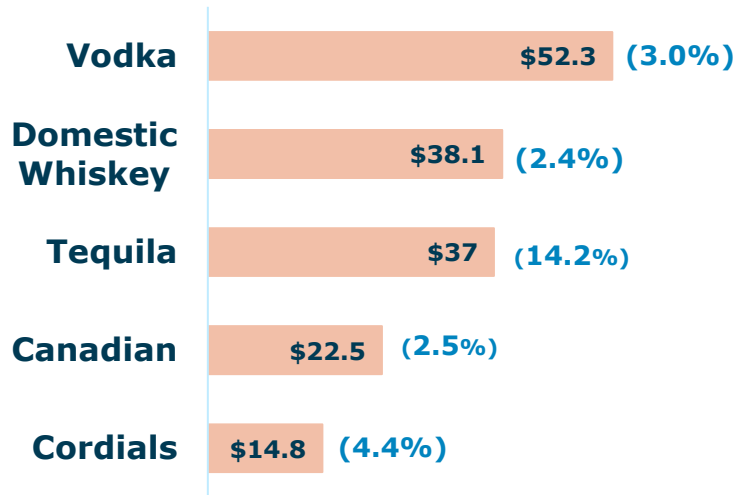
KEY TRENDS CONTINUE AS CONSUMERS EMBRACE AT-HOME COCKTAILS, RTDS, PREMIUM SPIRITS, CONVENIENCE, AND THE RETURN TO DINING OUT.



VODKA REMAINS THE TOP SPIRITS CATEGORY IN BOTH REVENUE AND VOLUME DURING Q3 2022

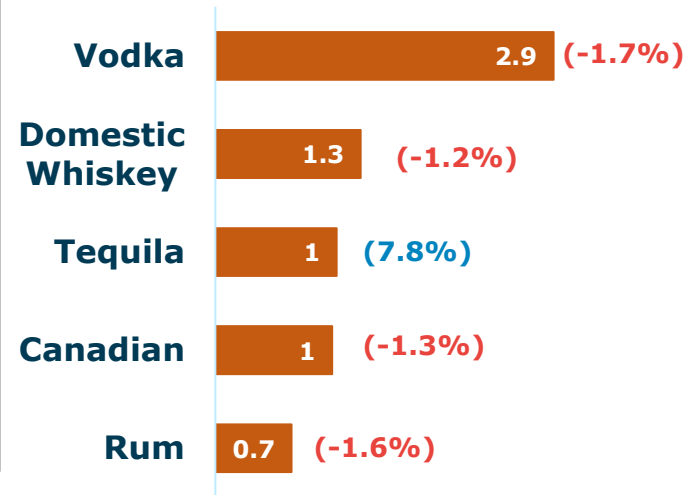
Top 5 Spirits by Revenue

Dollars, Millions (Year-Over-Year Growth Rate)



Top 5 Spirits by Volume

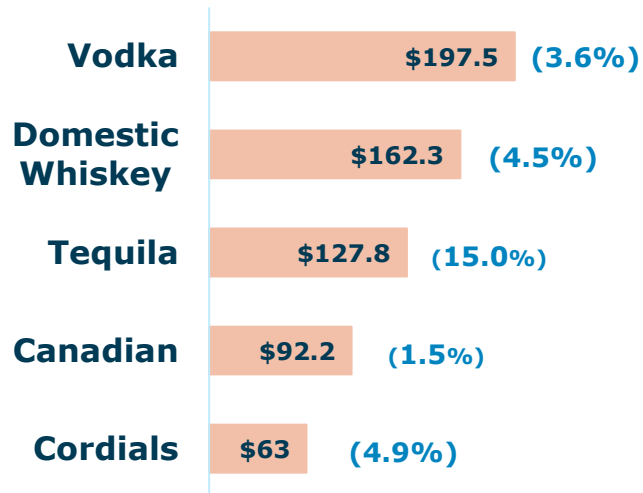
Milliliters, Billions (Year-Over-Year Growth Rate)



VODKA REMAINS THE TOP SPIRITS CATEGORY IN BOTH REVENUE AND VOLUME DURING THE TRAILING 12-MONTHS ENDING Q3 2022

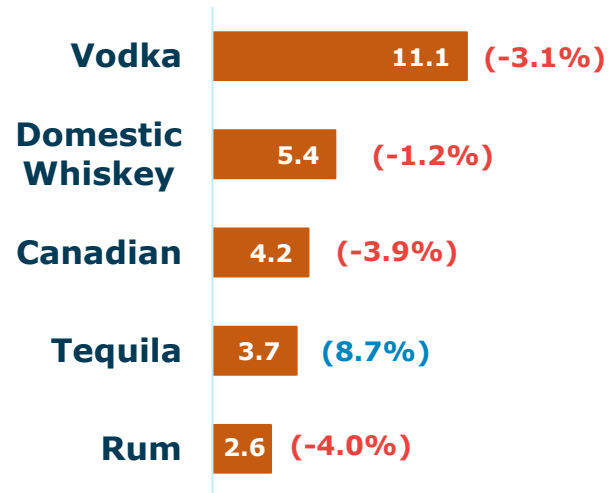
Top 5 Spirits by Revenue

Dollars, Millions (Year-Over-Year Growth Rate)



Top 5 Spirits by Volume

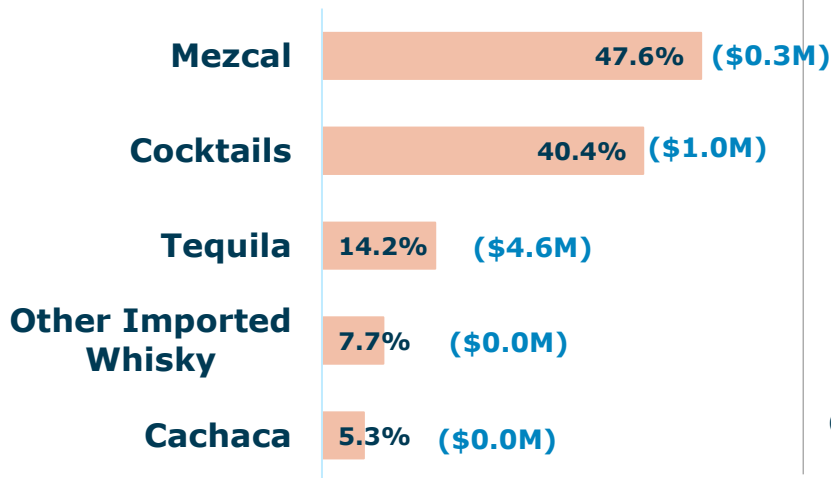
Milliliters, Billions (Year-Over-Year Growth Rate)



MEZCAL WAS THE FASTEST GROWING SPIRITS CATEGORY IN BOTH REVENUE AND VOLUME GROWTH DURING Q3 2022

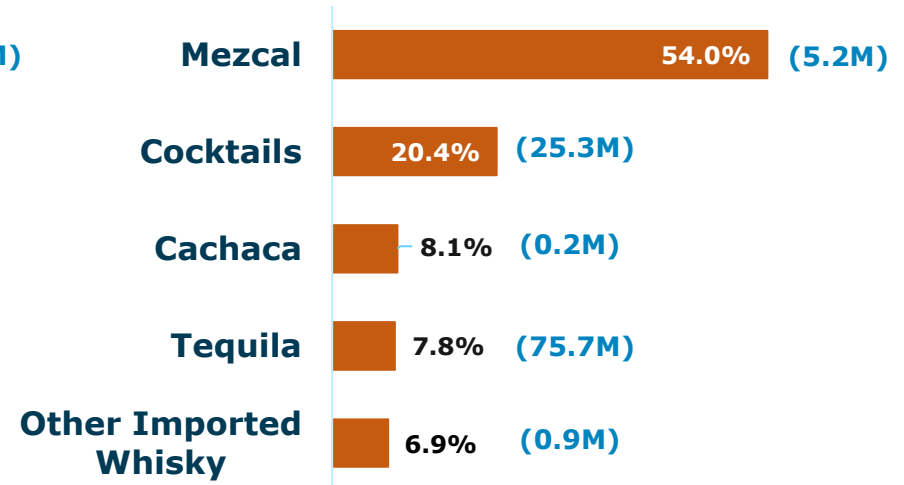
5 Fastest Growing Spirits by Revenue

Year-Over-Year Growth Rate (Change in Revenue)



5 Fastest Growing Spirits by Volume

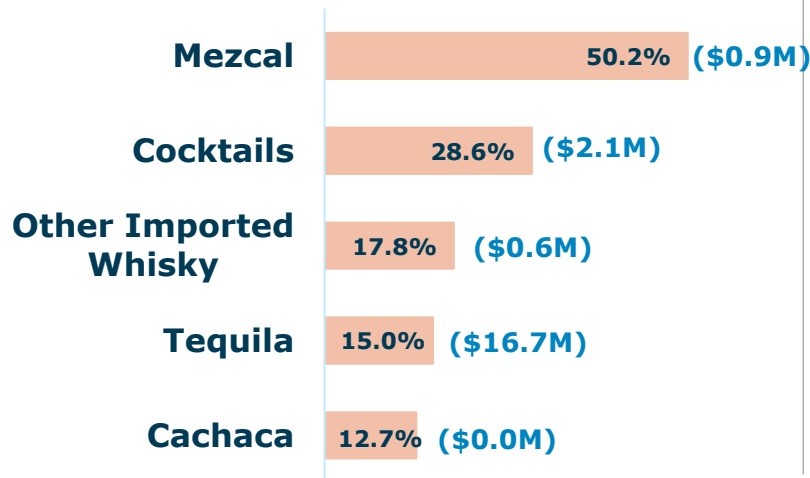
Year-Over-Year Growth Rate (Change in Milliliters)



MEZCAL WAS THE FASTEST GROWING SPIRITS CATEGORY IN BOTH REVENUE AND VOLUME GROWTH DURING THE TRAILING 12-MONTHS ENDING Q3 2022

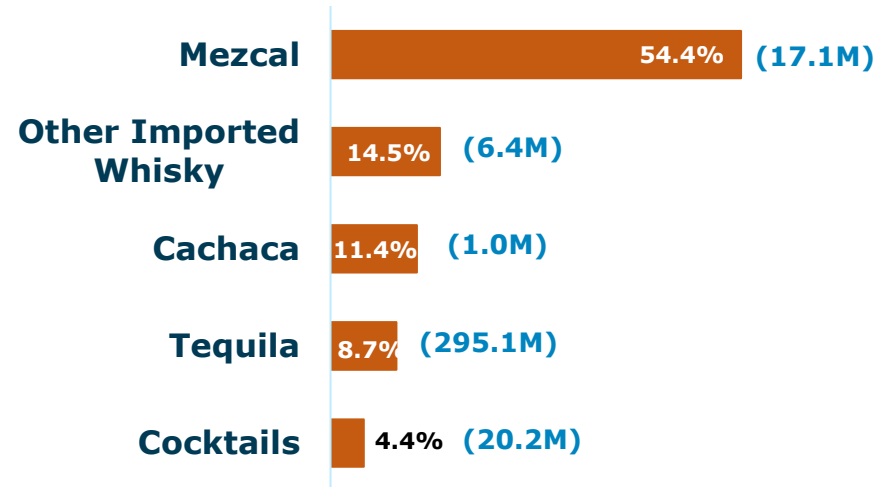
5 Fastest Growing Spirits by Revenue

Year-Over-Year Growth Rate (Change in Revenue)



5 Fastest Growing Spirits by Volume

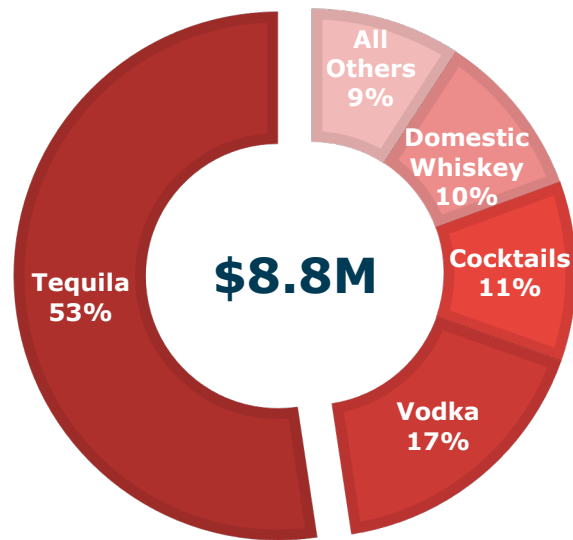
Year-Over-Year Growth Rate (Change in Milliliters)



Q3 2022 - TEQUILA DROVE SPIRITS GROWTH, ACCOUNTING FOR 52% OF THE TOTAL REVENUE GROWTH DURING THE THIRD QUARTER

Tequila Revenue Grew \$4.6M

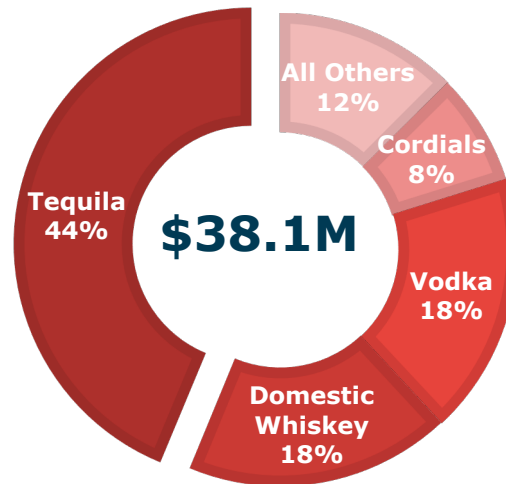
Contribution to Revenue Growth



TRAILING 12-MONTHS ENDING Q3 2022 - DURING THIS PERIOD, TEQUILA DROVE SPIRITS GROWTH, ACCOUNTING FOR 44% OF THE TOTAL REVENUE GROWTH

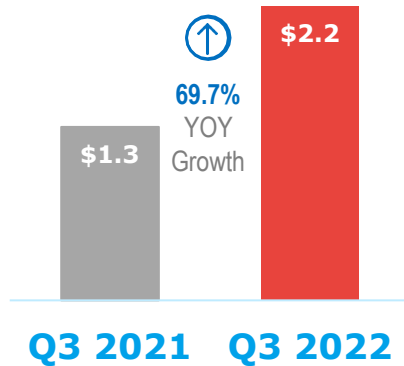
Tequila Revenue Grew \$16.7M

Contribution to Revenue Growth

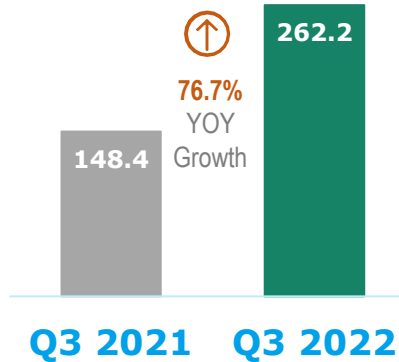


Q3 2022 - SPIRITS-BASED RTDS (CANNED COCKTAILS) CONTINUE TO EXPAND

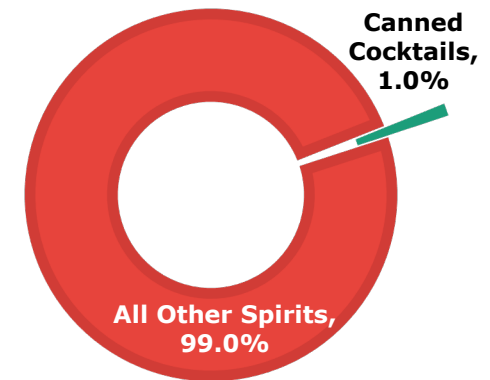
Canned Cocktails Revenue Rose
\$0.9M
Dollars, Millions



Canned Cocktails Volume Rose
113.8M
Milliliters, Millions



Canned Cocktails are a small portion of the overall spirits business
Market Share

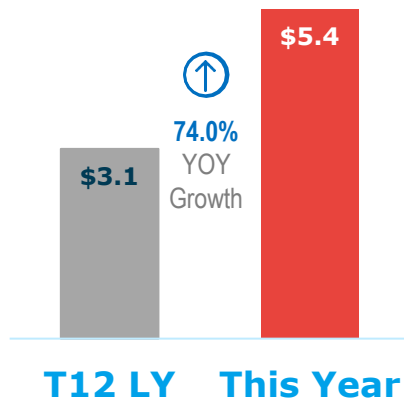


TRAILING 12-MONTHS ENDING Q3 2022 - SPIRITS-BASED RTDS (CANNED COCKTAILS)

Canned Cocktails Revenue Rose

\$2.3M

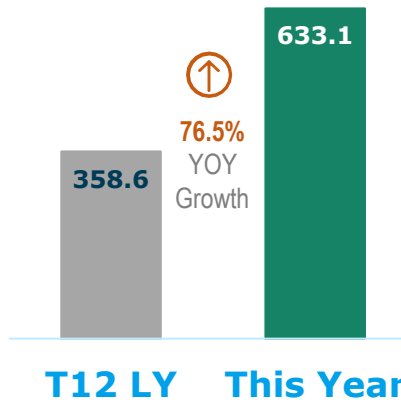
Dollars, Millions



Canned Cocktails Volume Rose

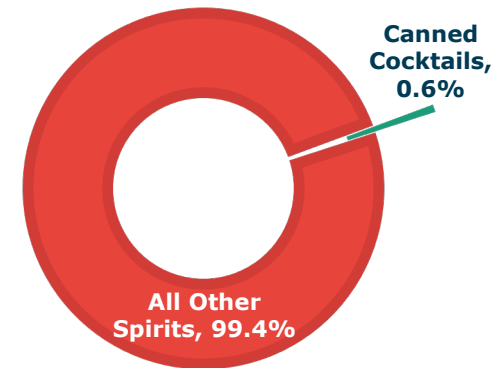
274.5M

Milliliters, Millions



Canned Cocktails are a small portion of the overall spirits business

Market Share



MACROECONOMIC TRENDS IMPACTING FUTURE GROWTH



MACRO FACTORS FORECASTED TO IMPACT THE ECONOMY IN Q4



Inflation is likely to remain a concern. While lower energy prices push down headline inflation, core inflation has remained high. The baseline scenario of the forecast presents an optimistic view of core inflation moderating by next year. But there is a significant possibility that it will take longer for inflation to settle back to an acceptable level.



Workforce shortages continue. Employment is above the pre-pandemic level, and business commentary is full of talk about labor shortages and stories about employers struggling to find workers.



Supply chain issues eased in Q3. Supply chain issues eased in Q3 and are expected to be less problematic in the next 12 months. Although, 1 in 4 still report supply chains as a “significant” issue for their business.



Consumer spending remains positive. Consumers continue to spend down the massive savings they accumulated during the pandemic. The recovery from the pandemic doesn't appear to be over just yet.



Real disposable income is still higher than pre-pandemic levels. Economic growth is slowing, but the economy will continue to grow in the second half of 2022.



QUESTION & ANSWER