Recapping 2021 trends

2021 Year in Review

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March 2022

NielsenIQ

ecrm

NielsenIQ retail off premise measurement

NielsenIQ

Off premise

xAOC

- **Food** (Total US)
- **Drug** (Total US)
- **Mass Merchandiser** (e.g. Target)
- **Walmart**
- **Dollar** (e.g. Family Dollar, Dollar General)
- **Select Warehouse Club Stores** (Sam's, BJ's)
- **Whole Foods Market**
- **Military Exchanges** (AAFES, Nexcom, MCG, CGX)

- **Convenience** (Total US)
- **Liquor*** (selected geographies/retailers)
  · 7 geographic markets & 20+ Liquor chains ·
- **Wine.com**
- **Ecommerce** (powered by Rakuten)
- **Direct-to-Consumer** reports

Off Premise – Channel Shifting

vs 1 year ago ▼ vs 2 year ago ▲

6 broad consumer drivers

Total Beverage Alcohol	Significant - & growing <u>cross</u> category drinkers
Experience	Authenticity; exploration/discovery; entertainment
Flavors	Flavor seekers – traditional + new/different
Convenience	Shopping | Right pack type/size
Wellness – for ‘me’ & ‘we’	*Healthier* choices/desire for transparency | Sustainability/corporate social responsibility
Premiumization	Drinking better – not necessarily more – with rational price/value decisions

$88 billion

Off premise alcohol sales in 2021

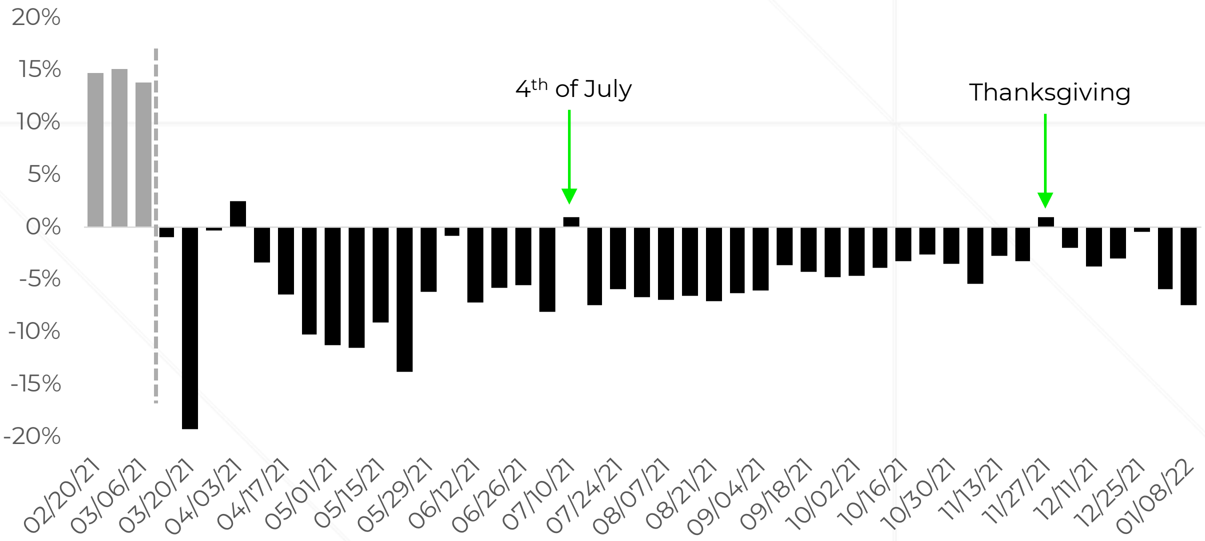
Down $2.5 billion vs 2020

Source: NielsenIQ Scan Off Premise Channels; latest 52 weeks ending 1/8/2022

Off-premise alcohol growth rates dropped dramatically beginning March 2021

Beverage alcohol dollar percent change vs year ago

NielsenIQ off-premise channels

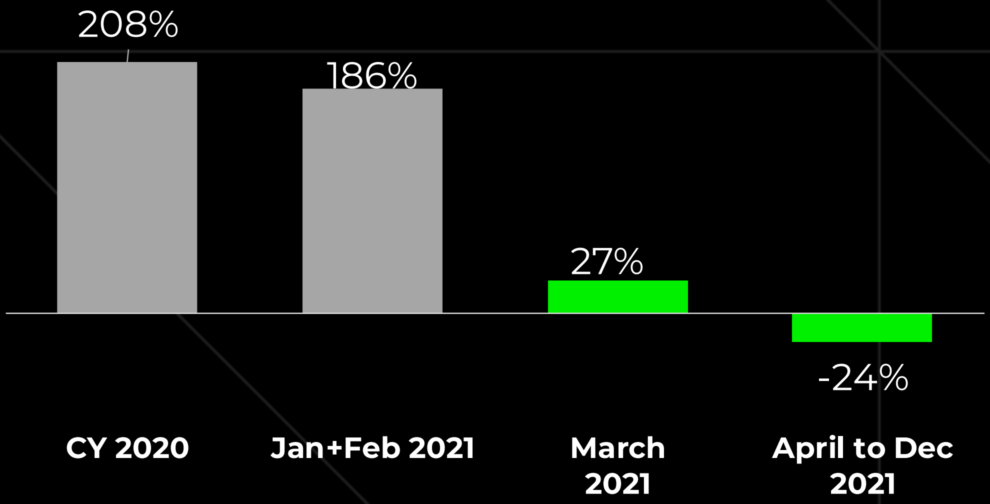


- Growth rates **lapped last year's record-breaking pantry loading weeks**, and therefore, the industry expected declines beginning March 2021
- Declines remained through the end of the year, with the exception of **4th of July** and **Thanksgiving**
- During this time, consumers **returned to bars and restaurants**, and purchased less alcohol for at-home consumption.

Source: NielsenIQ off-premise channels; weekly data

Online alcohol declined while lapping the unprecedented growth in the early months of the pandemic

Online alcohol sales
Dollar percent change vs year ago



Growth of online sales declined in 2021, with difficult comps from the record-breaking sales of 2020.

A drop in the # of orders is the biggest driver of declines from April to Dec.

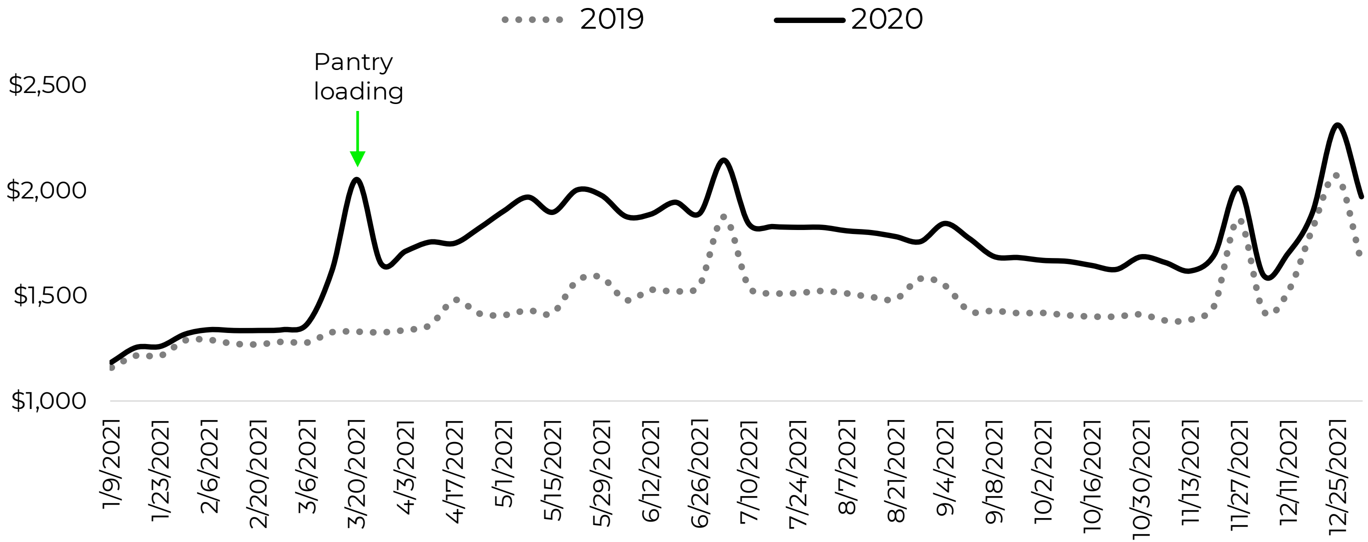
Smaller basket rings and decline in buyers is also driving declines in recent months.

Source: NielsenIQ Total US Ecommerce measurement powered by Rakuten Intelligence; month ending Dec 2021

Off-premise alcohol sales remained heightened through 2020

Beverage alcohol weekly dollars (millions)

NielsenIQ off-premise channels



2020 (52 w/e 01/09/21)

Off-premise alcohol up

19%

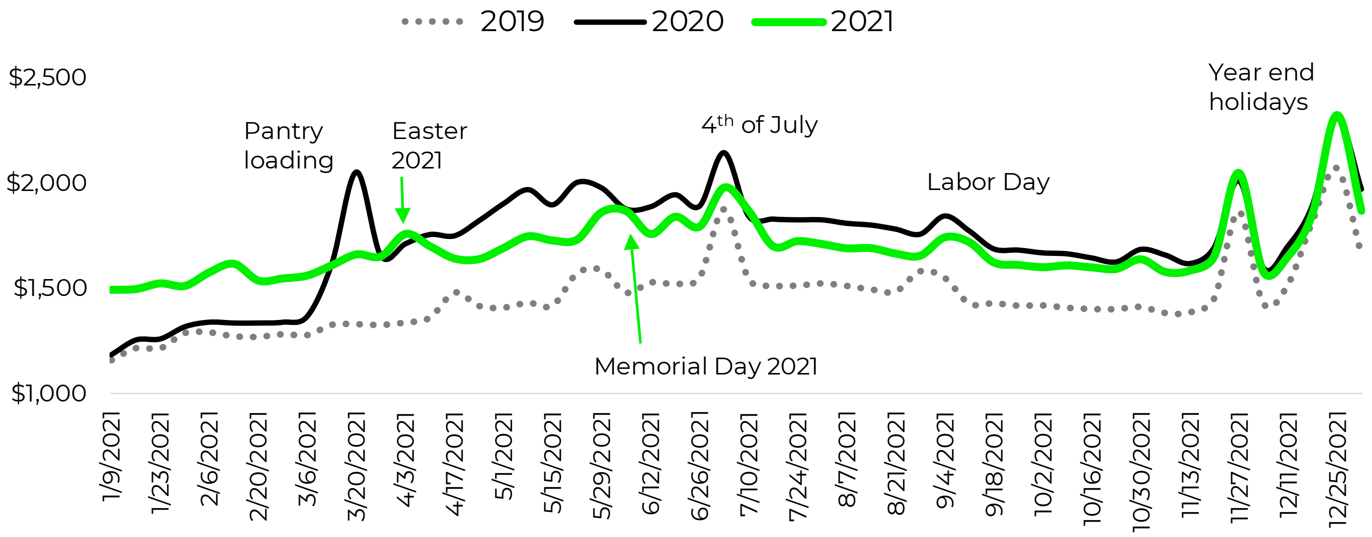
vs 2019

Source: NielsenIQ off-premise channels; weekly data

2021 off-premise alcohol sales remain above the norm from previous years

Beverage alcohol weekly dollars (millions)

NielsenIQ off-premise channels



2021

Off-premise alcohol up

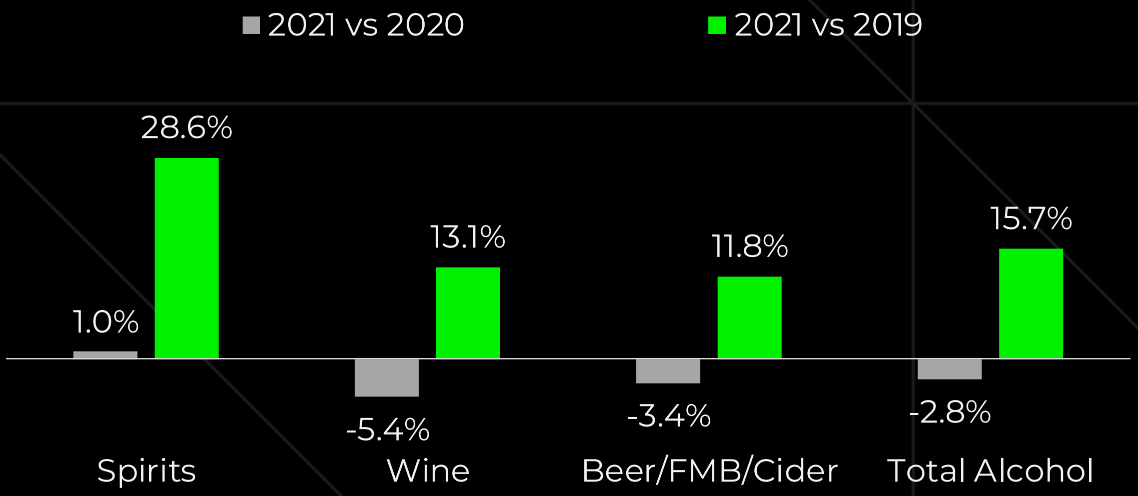
16%

vs 2019

Source: NielsenIQ off-premise channels; weekly data

Spirits led off-premise growth in 2021

Dollar percent change vs year ago and 2 years ago
NielsenIQ off-premise channels

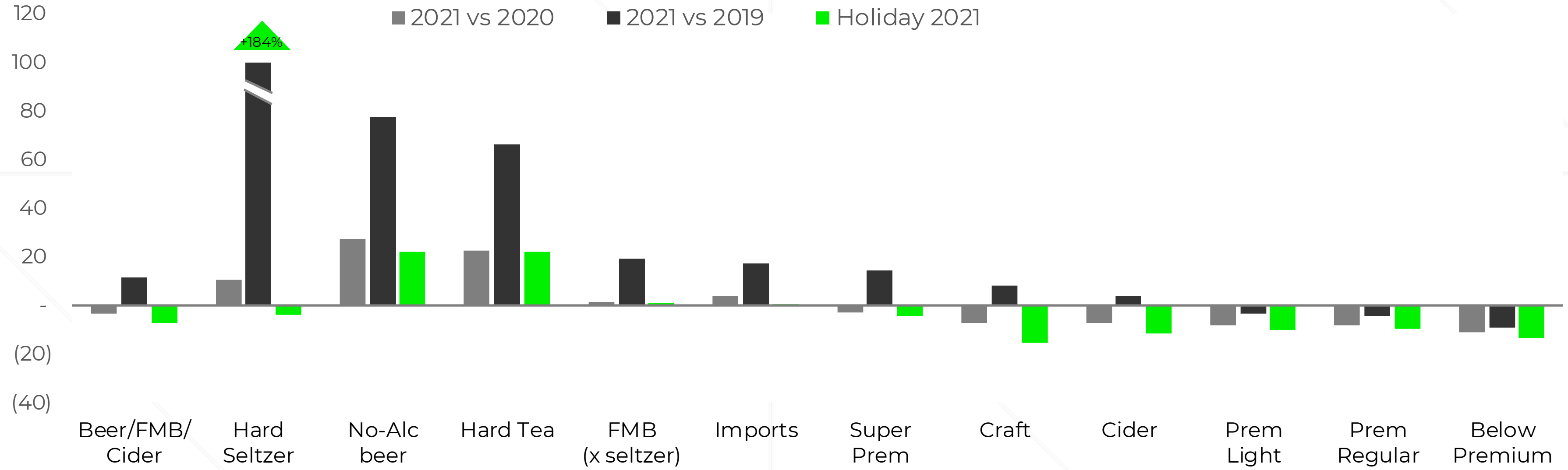


Source: NielsenIQ Scan Off Premise Channels; latest 52 weeks ending 1/8/2022

“Beyond beer” and imports led growth for beer/FMB/cider

Beer segments – Dollar % change

NielsenIQ off premise channels



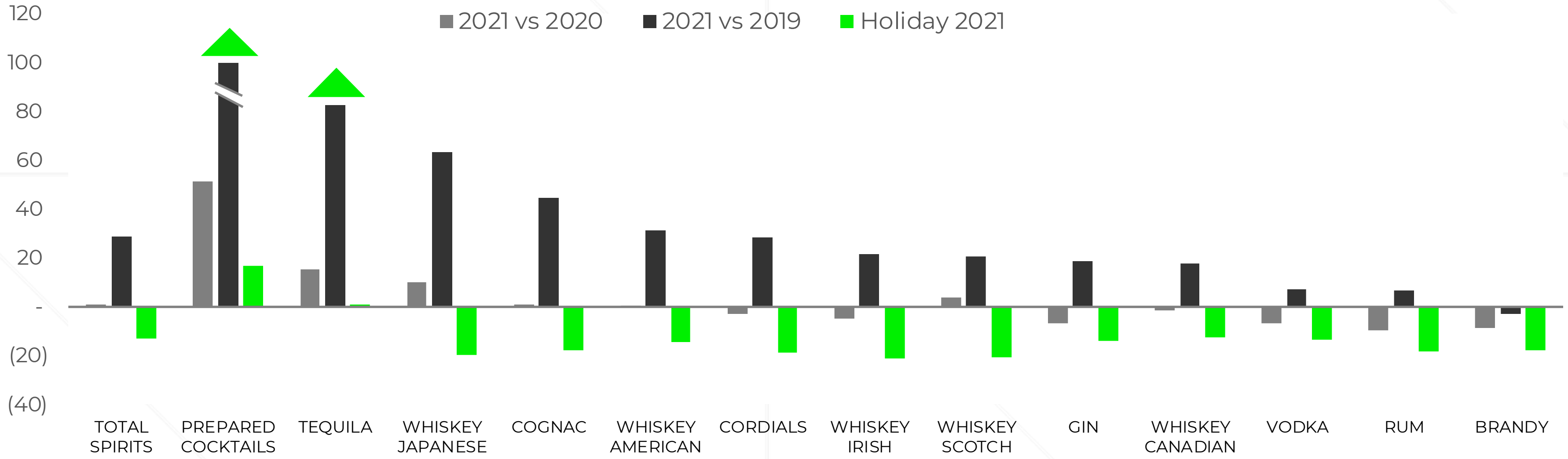
L52 $ Share Change	1.2	0.2	0.3	0.3	1.4	0.1	-0.5	-0.1	-1.1	-0.3	-1.0

Source: NielsenIQ Scan Off Premise Channels; WE 1/8/22

Prep cocktails (incl. RTDs) & tequila gained share among spirits

Spirits categories – Dollar % change

NielsenIQ off premise channels

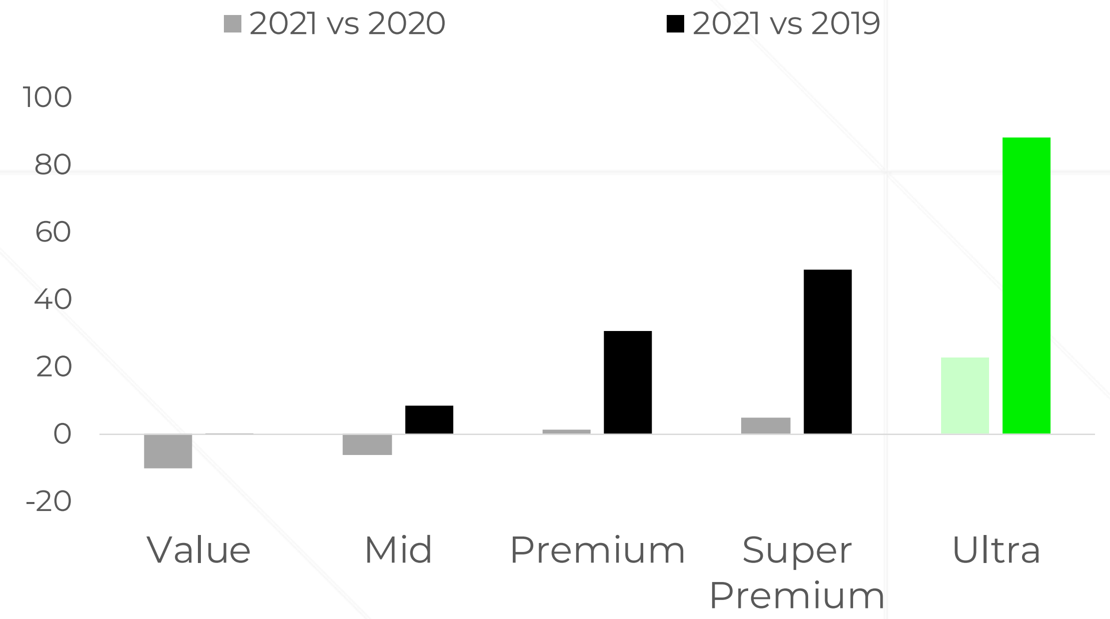


L52 $ Share Change	1.7	1.6	0.0	0.0	-0.1	-0.3	-0.2	0.2	-0.3	-0.2	-1.8	-0.8	-0.2

Source: NielsenIQ Scan Off Premise Channels; WE 1/8/22

High-end price tiers continue to drive growth in spirits

Spirits price tiers – Dollar % change
NielsenIQ off premise channels



- Spirits **ultra** price tier is up 88% in dollar growth compared to 2019
- **Super premium** and **ultra** price tiers gained 5.8 share points in two years

Source: NielsenIQ Scan Off Premise Channels; L52 weeks vs. year ago vs. 2 year ago

Wellness emerging within Spirits but still limited transparency within the category; Non-Alc big gains but on a very small base

On Label	% Growth vs 2 YAG	$
Organic Certified	+72%	$9.1M
Free from Artificial Sweeteners	+107%	$6.0M
Free from Artificial Colors	+375%	$3.6M
Low Calorie	+72%	$754k
eCo Friendly	+274%	$277k

$3.9M

Non Alc Spirits

Off premise dollars 2021

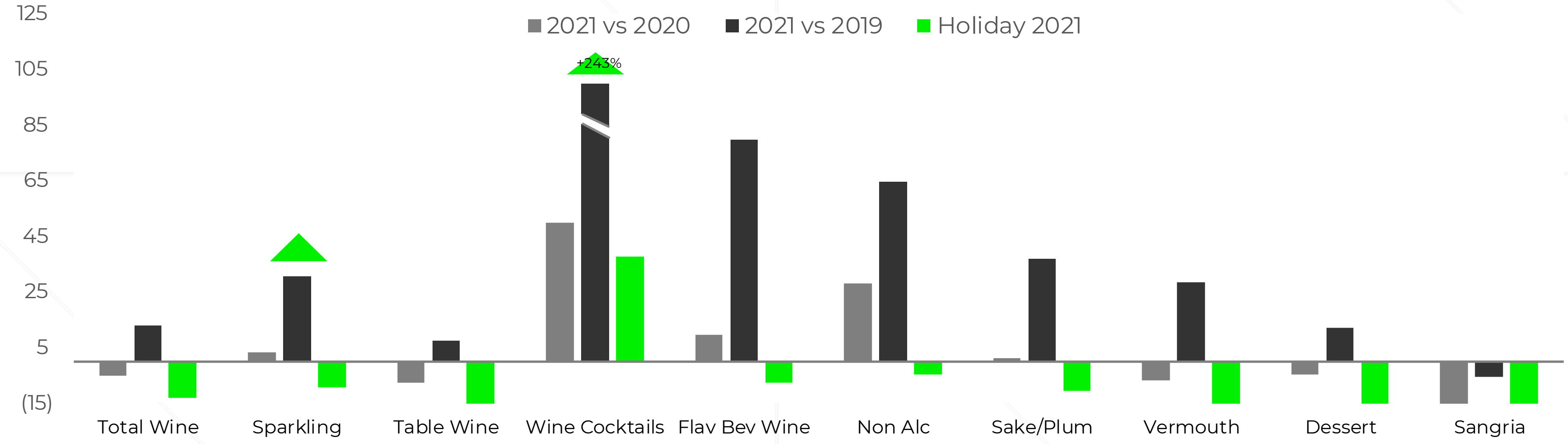
+87% vs YA

Source: NielsenIQ Scan Off Premise Channels; 52 wks ending 1/15/22, Nielsen Product Insider

Sparkling continued to see growth in 2021; Table wine declined

Total Wine – Dollar % change vs. year ago

NielsenIQ off premise channels

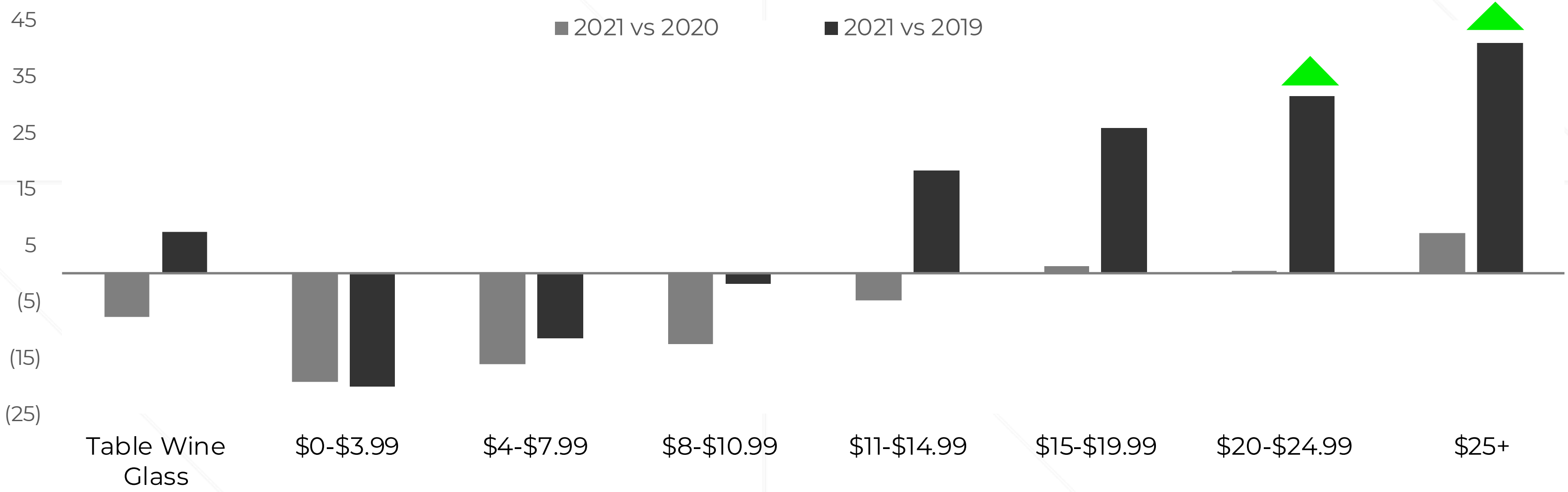


L52 $ Share Change	1.0	-2.1	0.8	0.4	0.1	0.0	0.0	0.0	-0.2

Source: NielsenIQ Scan Off Premise Channels; WE 1/8/22

Despite declines in Table Wine, high end price tiers are growing

Table Wine price tiers – Dollar % change vs. year ago
NielsenIQ off premise channels



L52 $ Share of Total Wine Change	-0.4	-1.8	-1.3	0.	0.6	0.2	0.8

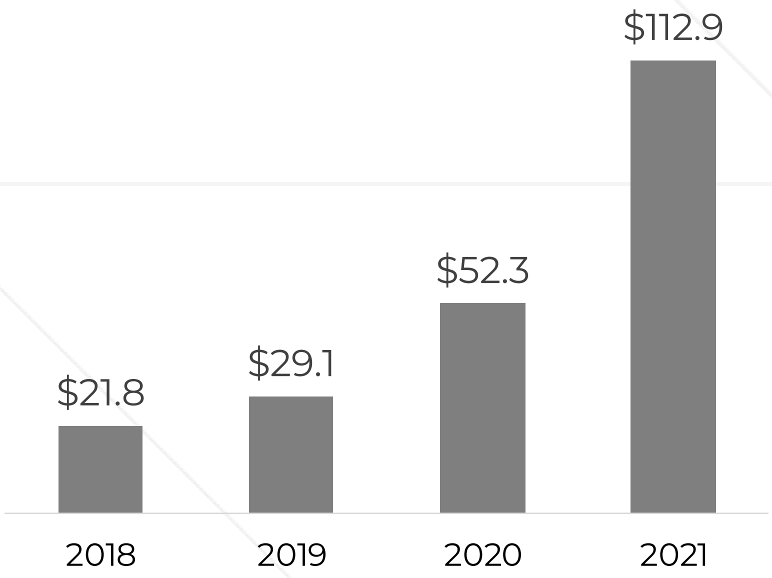
Source: NielsenIQ Scan Off Premise Channels; Week Ending 8/7/21

Better for you means different things to different people, but brands connected to consumers seeking healthier lifestyles on the rise

On Label	% Growth vs 2 YAG	$ Share
<10% ABV	+25%	11.9%
Gluten Free	+110%	1.8%
Organic	+24%	0.8%
Low Calorie	+468%	0.6%
Vegan	+167%	0.6%
Seltzers/Spritzers	+35%	0.3%
Low/No Sugar	+438%	0.3%
Non Alc	+65%	0.2%
Low Carb	****	0.1%

Nielsen measured off premise channels – 52 w/e 1-8-2022

Selected "BFY" positioned brands – Annual $MM sales
NielsenIQ off premise channels



Selected brands include:
Avaline; Babe 100; Bev; Bota Box Breeze; Brancott Flight Song; Cupcake Lighthearted; Evenly Fit Vine; Girl Go Lightly; Kim Crawford Illuminate; Lifevine; Liquid Light; Mind & Body; Skinny Dipping; Skinny Fiz; Skinny Freezer; Skinny Vine; Thomson & Scott Skinny; Social; Starborough Starlite; Yellow Tail Pure Bright

Trending now

Ready-to-drink dollar sales up 11% in 2021 vs. 2020

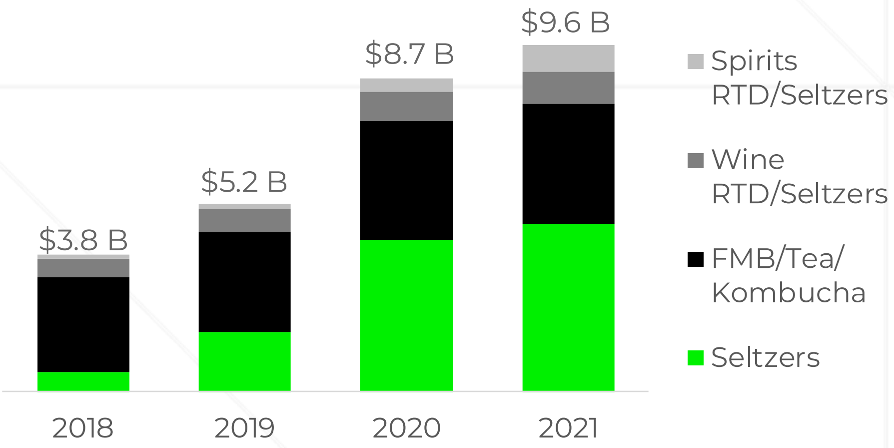
$9.6 billion in off-premise sales in 2021

vs. $8.7 billion in 2020

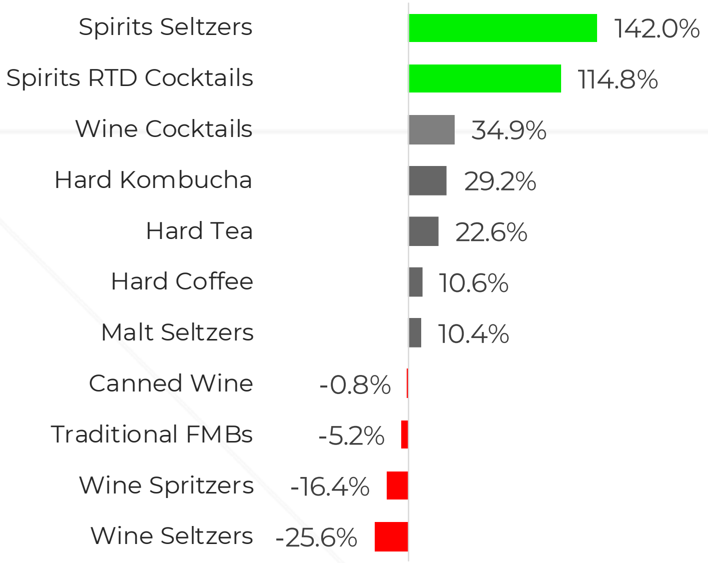
Source: NielsenIQ Scan Off Premise Channels; latest 52 weeks ending 1/8/2022

Spirits-based seltzers and cocktails led growth across all RTDs

Ready-to-drink dollar sales
NielsenIQ off premise channels



Ready-to-drink dollar growth
NielsenIQ off premise channels

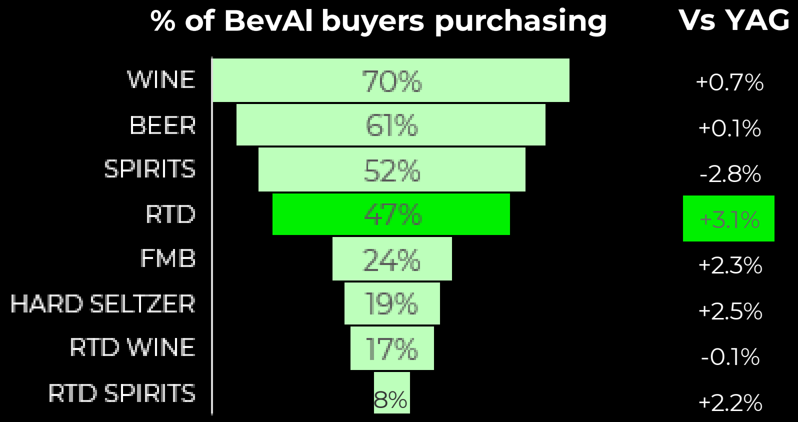


Source: NielsenIQ Scan Off Premise Channels; latest 52 weeks ending 1/8/2022

Ready to Drink cross purchasing

47%

of **alcohol** buyers are purchasing some form of Ready to Drink



NIQ Homescan Premium Panel – Cross Purchasing: Total Off Premise Outlets; Total US; 52 weeks ending 09/25/21

While still dominated by Vodka base, Tequila and Whiskey RTD's are high performers in Spirits RTDs

Spirits-based RTD dollars by alcohol base

Latest 52 weeks absolute $ (in millions) & % change vs. year ago

Dollar share of Spirits RTDs	58.1%	16.6%	6.4%	4.8%	4.6%	4.1%	3.5%	0.8%	0.7%	0.3%	0.0%
Dollar share chg.	-1.9 pts	+1.7 pts	+0.5 pts	-1.9 pts	+4.1 pts	+0.1 pts	0.0 pts	-1.8 pts	-0.5 pts	-0.2 pts	0.0 pts

Source: NielsenIQ Scan Off Premise Channels; latest 52 weeks ending 1/8/22 vs. year ago

28%

Dollar growth of **non-alcoholic** beer, wine, and spirits in off premise channels in 2021

No-alc segment is still relatively small, with ~$349 million in off-premise sales for the latest year. However, new entrants and innovation continue to drive growth.

Source: NielsenIQ Scan Off Premise Channels; latest 52 weeks ending 1/8/2022

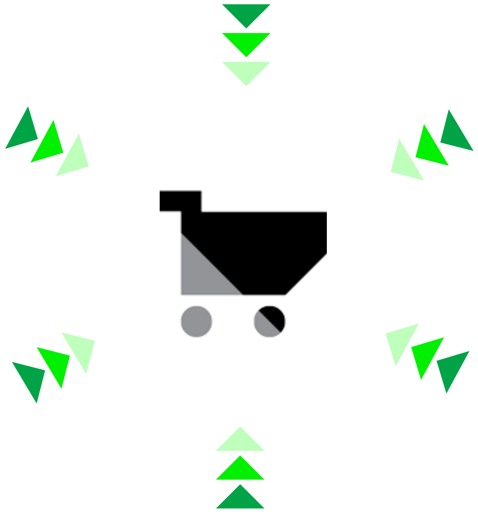
2022 Consumer Outlook

Ongoing pressures facing retail landscape of 2022

Case driven labour shortages

Supply chain disruption

Inflationary pressures



Ongoing demand for online shopping & delivery

Constrained wallets

Changed consumer priorities & preferences

64% of consumers in the US have re-evaluated their priorities

31%

have a **totally different set of priorities** than 2019 which will impact future buying behavior significantly

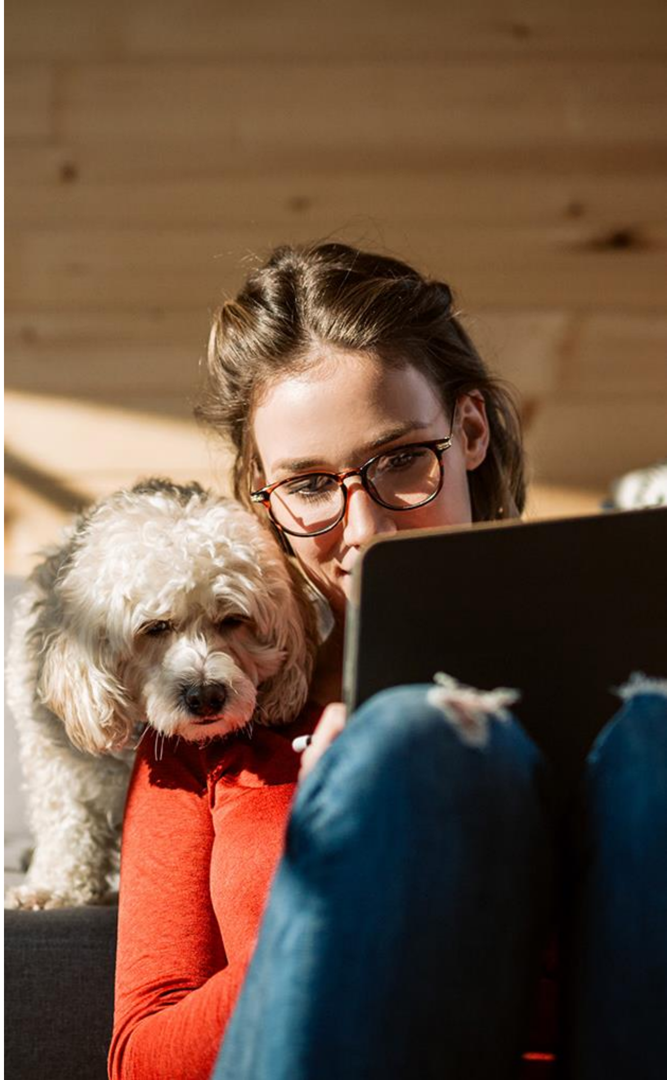
33%

have re-evaluated **a number of things** which might influence future buying behavior

36%

say their buying behavior **won't change** in 2022.

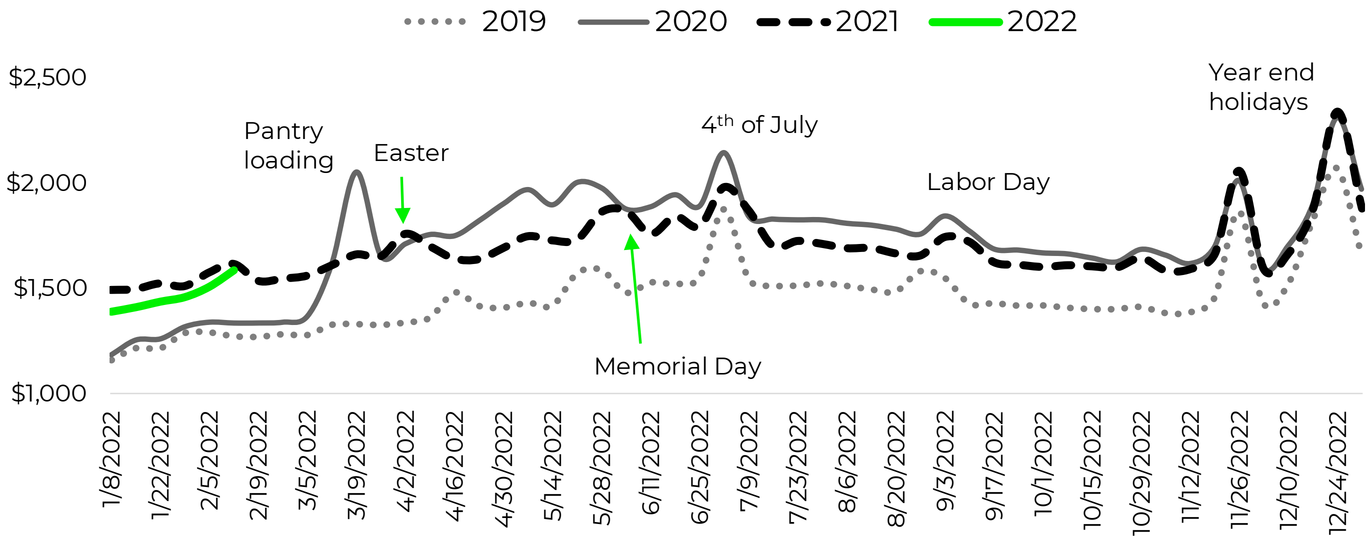
Source: NielsenIQ 2022 Consumer Outlook Survey, Dec 2021
Q. Which of the following statements best describes the impact that COVID-19 has had on your daily living and priorities?



Early 2022 off-premise alcohol sales falling just below 2021 levels

Beverage alcohol weekly dollars (millions)

NielsenIQ off-premise channels



YTD 2022

Off-premise alcohol down

-4.8%

vs YTD 2021

Source: NielsenIQ off-premise channels; weekly data

What to expect in bev al in 2022

Alternatives

An increased focus on **health & wellness** among consumers, especially for bev al products, is driving consumers to seek transparency in the bev al products they consume. Younger generation LDAs are driving trends towards "better for me" and "better for we." **Non alcoholic** beer, wine, and spirits will grow as consumers move towards sober curious consumption.

Blurring lines

Lines will continue to blur among beer, wine, and spirits, and even non alcoholic beverages as **brands launch across categories**. We are seeing proliferation of brands that are leveraging brand identities across categories.—especially among RTDs and Malternatives.

Channel changes

With consumers seeking convenience in purchasing, shifts in purchasing to **ecommerce** channels will occur. Understanding sales shifting between online and offline will be critical for manufacturers and retailers. Also with **convenience channel** share on the rise due to increased foot traffic and availability of RTDs, cooler space will become critical across categories.

Thank you!

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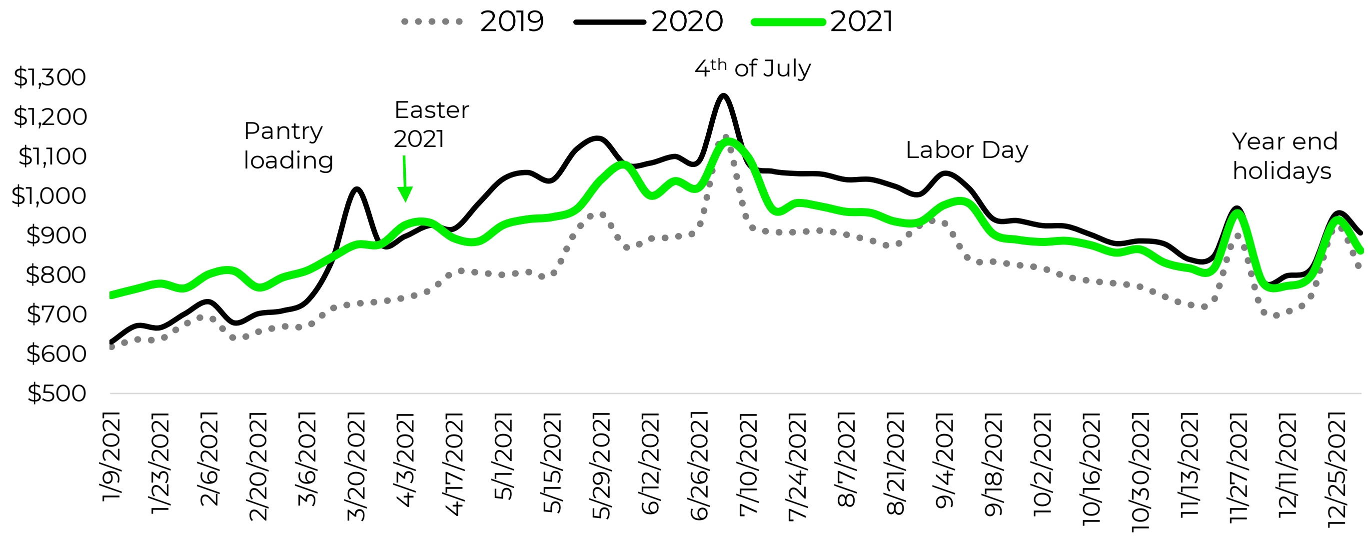
Appendix

BEER - 2021 sales often below heightened 2020 sales levels

Total Beer/FMB/Cider weekly dollars (millions)
NielsenIQ off-premise channels



2021

Off-premise Beer up

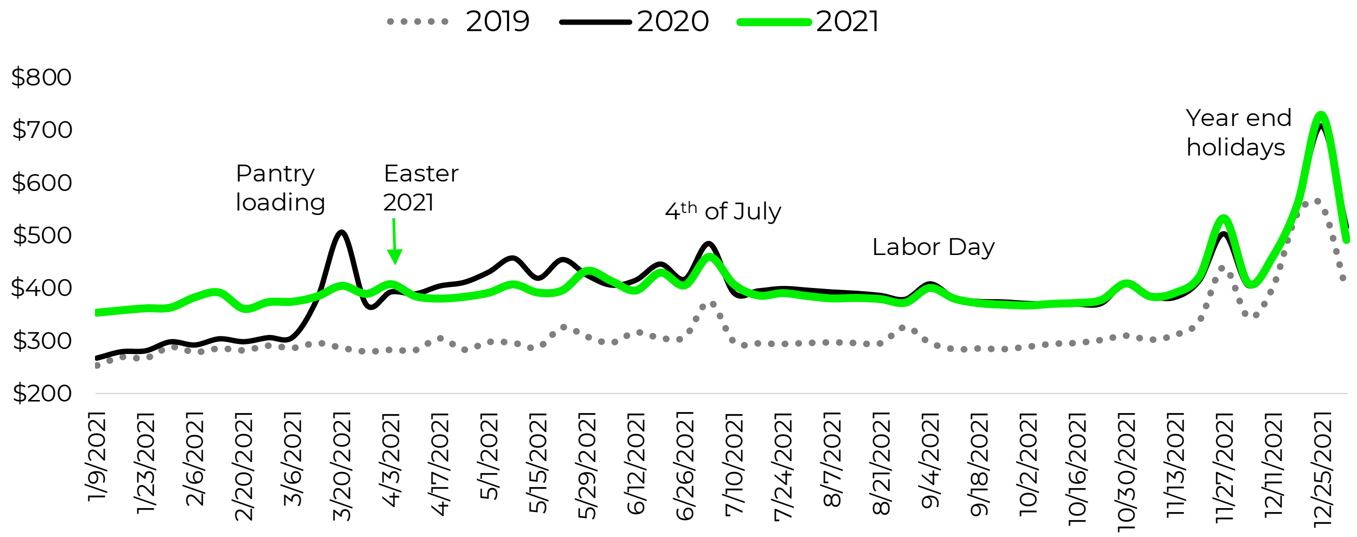
12%

vs 2019

Source: NielsenIQ off-premise channels; weekly data

SPIRITS – 2021 sales often even with COVID hyped 2020

Total Spirits weekly dollars (millions)
NielsenIQ off-premise channels



2021

Off-premise Spirits up

29%

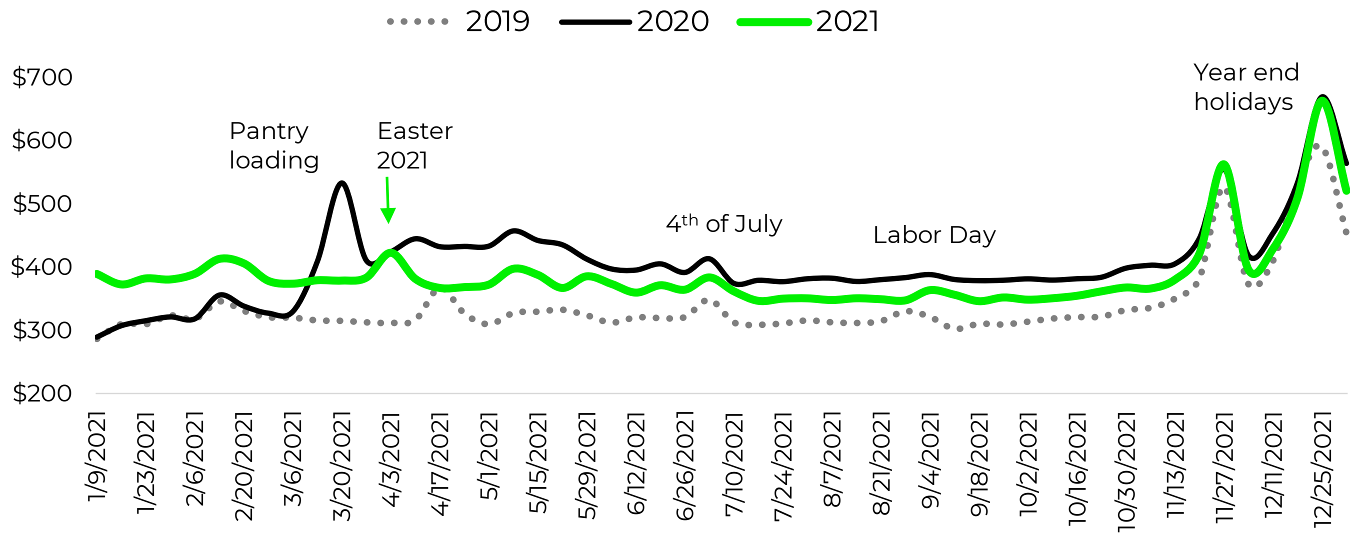
vs 2019

Source: NielsenIQ off-premise channels; weekly data

WINE - 2021 sales most often below COVID hyped 2020 levels

Total Wine weekly dollars (millions)

NielsenIQ off-premise channels



2021

Off-premise Wine up

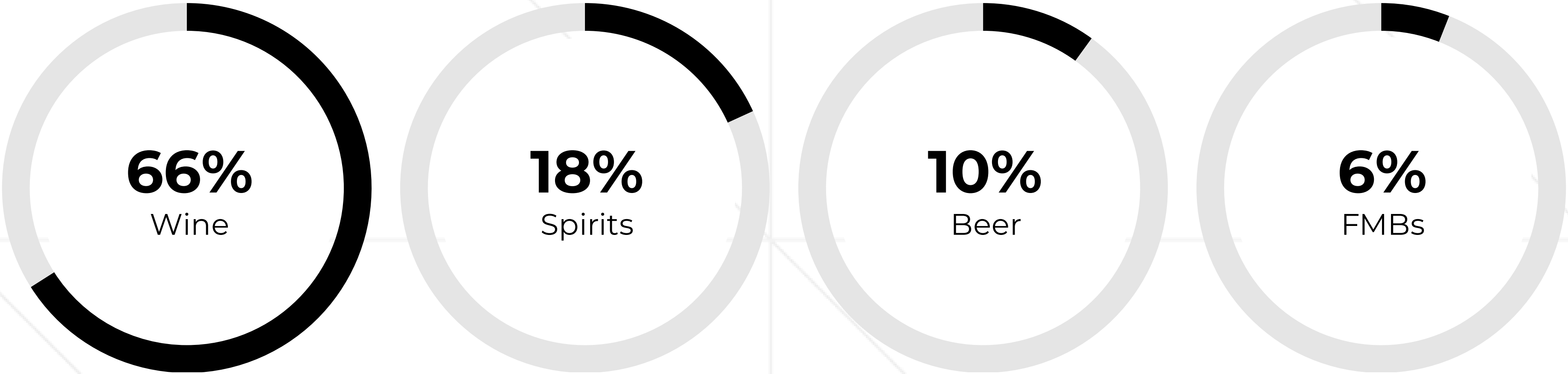
14%

vs 2019

Source: NielsenIQ off-premise channels; weekly data

Wine is losing share to Spirits, Beer & FMBs in ecommerce sales

Alcohol ecommerce dollar share by category



-2.3
Wine Share vs. YA

+0.6
Spirits Share vs. YA

+0.6
Beer Share vs. YA

+1.1
FMB Share vs. YA

Source: NielsenIQ E-Commerce measurement; Current (YTD thru Nov 2021)