Wine – DtC Shipments & Retail Off Premise

February 2021

SOVOS ShipCompliant

WINES VINES ANALYTICS

NielsenIQ

Wine off premise sales measurements

An exclusive collaboration between NielsenIQ, Wines Vines Analytics, Sovos Shi

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Retail Off Premise Sales Reporting
$21 Billion/212MM cases*

Aggregate of..

- Food; Drug, Mass Merchants, Convenience, Dollar, Military Exchanges, Select Warehouse Clubs
- Liquor channel (7 geographic markets, and 20+ key Liquor retail chains, incl Wine.com)

* Annual 2020

Direct to Consumer Shipment Reporting
$3.7 Billion/8.4MM cases*

Aggregate of...

- online orders placed at Winery website
- winery wine club shipments to their members
- tasting room purchases shipped to consumers
- Does not include - Tasting room carry out ; Events carry out; Online retailers; Non winery aggregating wine clubs (e.g. WSJ, LA Times Clubs)

Reporting by...

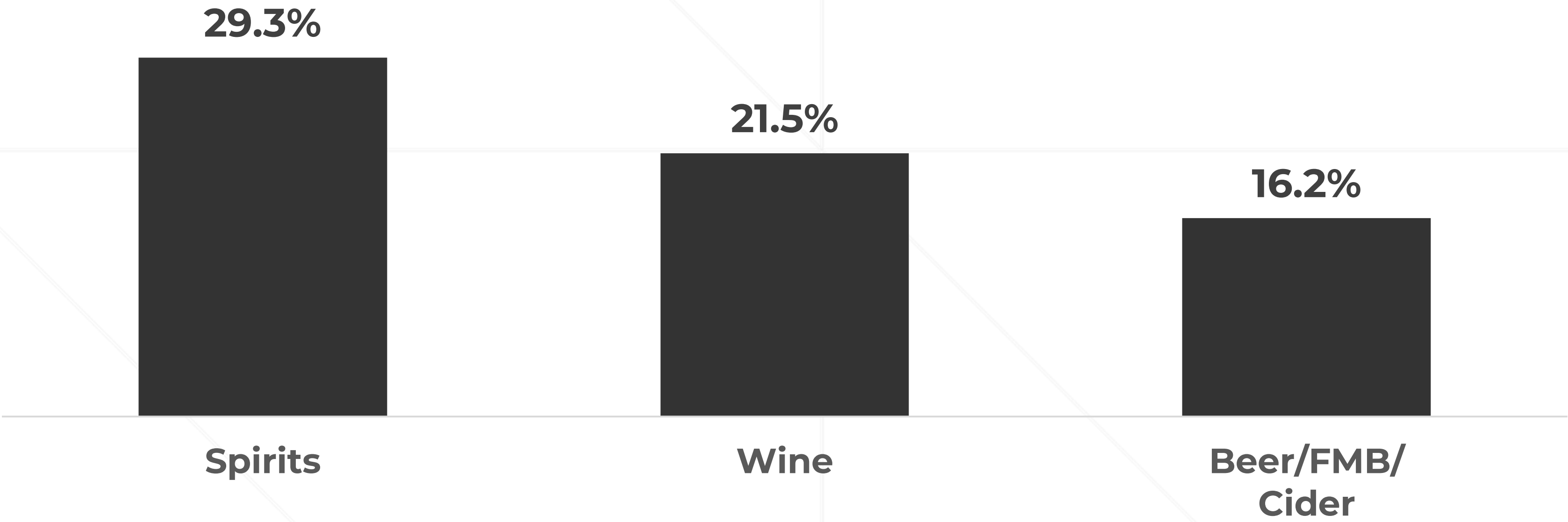
- Price tiers; Key Varietals; Key Origins (& combinations)
- States (where sold/where shipped)
- Winery size segment (DtC)

Monthly updates – with 5 yrs history

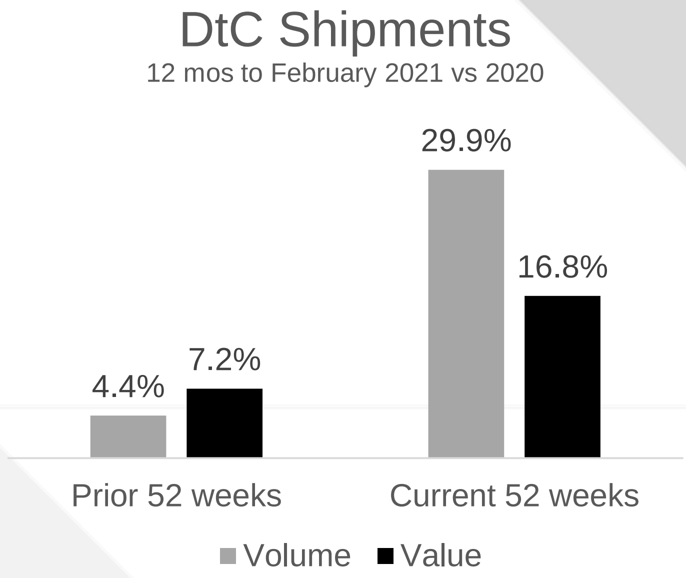
Massive shifts from on premise fueled growth off premise, led by Spirits

Retail Off premise measured channels

Dollar percent change vs year ago



Source: NielsenIQ Scan Off Premise Channels; COVID to date (w/e March 7, 2020 thru w/e Feb 27, 2021)
Measured channels: Total U.S. Food, Drug, Mass Merchandiser, Convenience, Club (BJ's, Sam's), Dollar (Dollar General, Family Dollar), Selected Liquor channel geographies and 20+ Liquor chains
Beer includes flavored malt beverages, hard seltzers, hard cider, hard tea, hard kombucha and hard coffee



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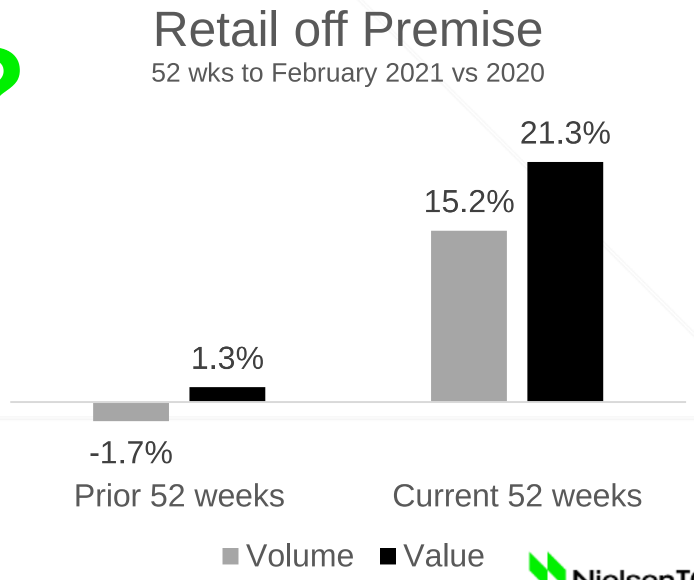
March 2021?



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**One year later…
the March mountain comps are just about here! What's next?**

Commentary – February 2021

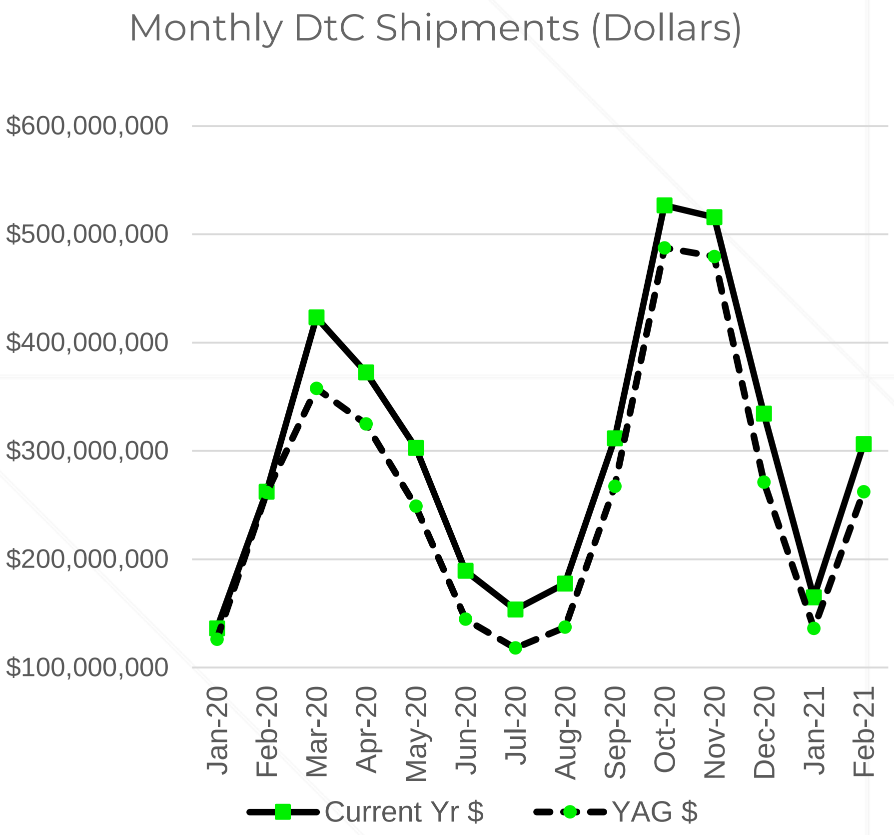
DtC Shipment Channel

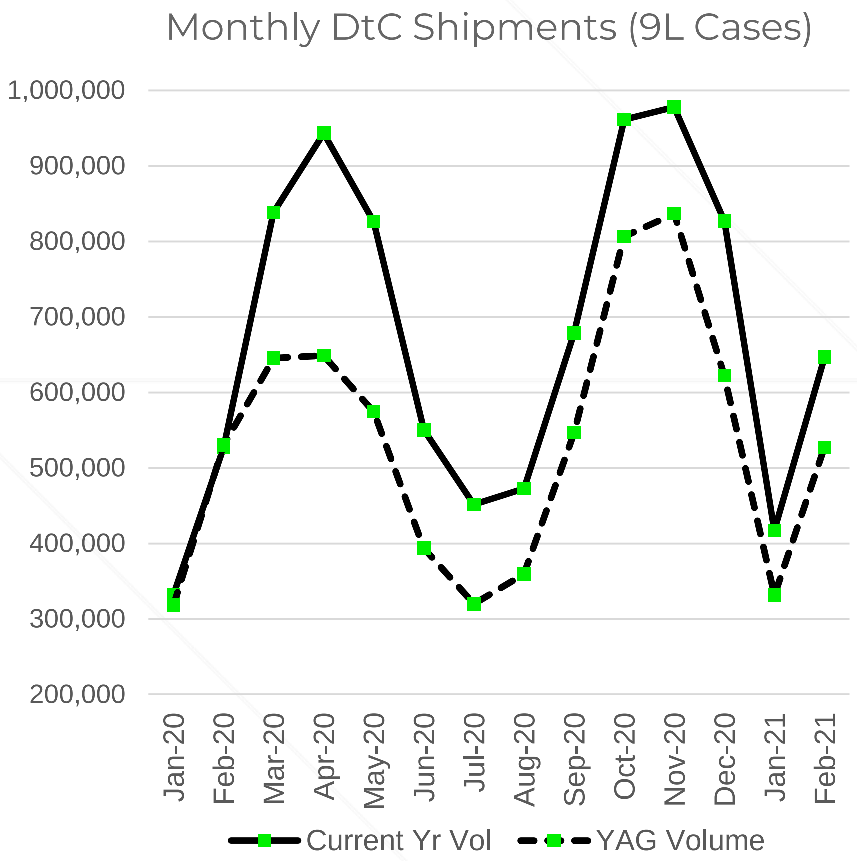
- February 2021 DtC Shipment year on year growth continued to be strong – on both dollars (+16.8%) and volume (+22.6%), though a few points short of January 2021 growth
- Average bottle price at $39.49 was down almost -$2 vs year ago, with that reduction primarily sourcing to Sonoma, Remaining CA, and Oregon
- Almost ALL price tiers – from low to high – reported double digit growth, except for the $50-$100 tier which only grew single digits
- Of Wine origins reported separately, Oregon and Rem U.S. (states beyond the West Coast) grew fastest with increases above +30%, on both dollars and volume. At the other end, Napa and WA state reported the lowest growth rates, though still in positive territory
- Of the larger Wine types, Sauvignon Blanc and Sparkling led all others; Rose' and Zinfandel shipments actually were lower than year ago levels in Feb 2021
- "Large" wineries (>500K annual cases in total) – and Ltd Production wineries (<1K cases) led all winery size tiers in both dollar and volume growth, by a wide degree

Retail Off Premise Channels

- Still reflecting COVID related channel shifting, Wine retail off premise sales growth during the first couple months of 2021 were strong at double digit levels on both dollars and volume, though still well below DtC shipments growth percentages
- With price tiers north of $11 again leading the way as in all prior months, and thus dollar growth exceeding volume growth by a significant degree, the retail off premise environment continued to premiumize, albeit at levels well below DtC prices
- In the last 4 week period, standout growth leaders were…
  - Napa and Oregon regions (similar to January)
  - Sparkling with both dollar and volume growth north of +20%; following that, Sauvignon Blanc, Rose', and Pinot Noir

DtC Wine Shipments – Jan 2020 thru Feb 2021 (vs Year Ago)





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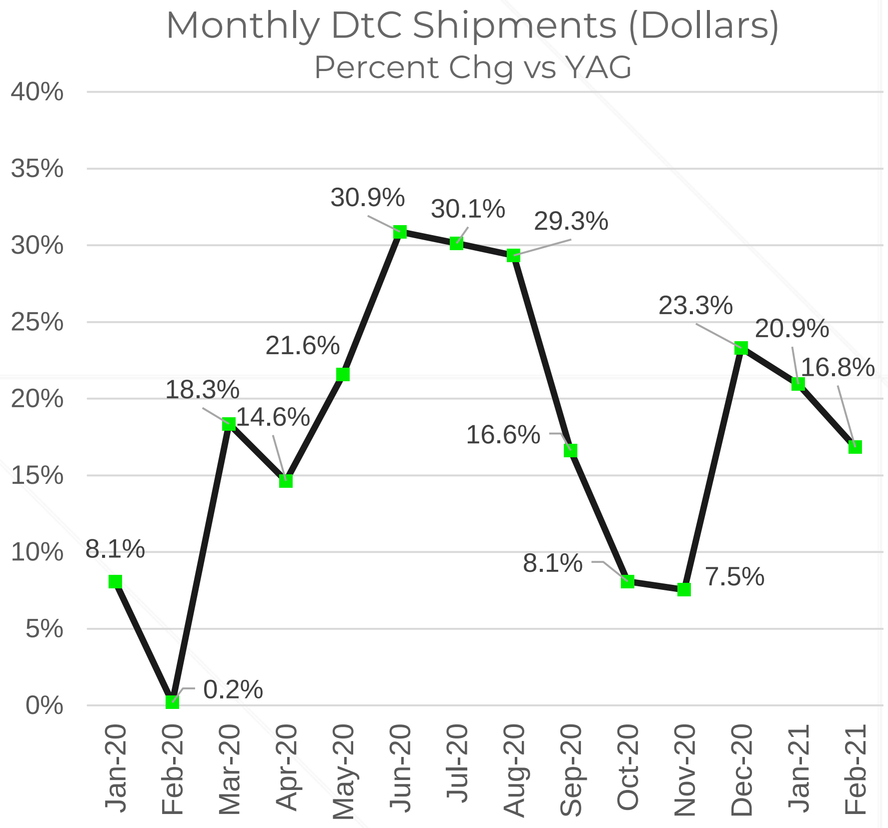
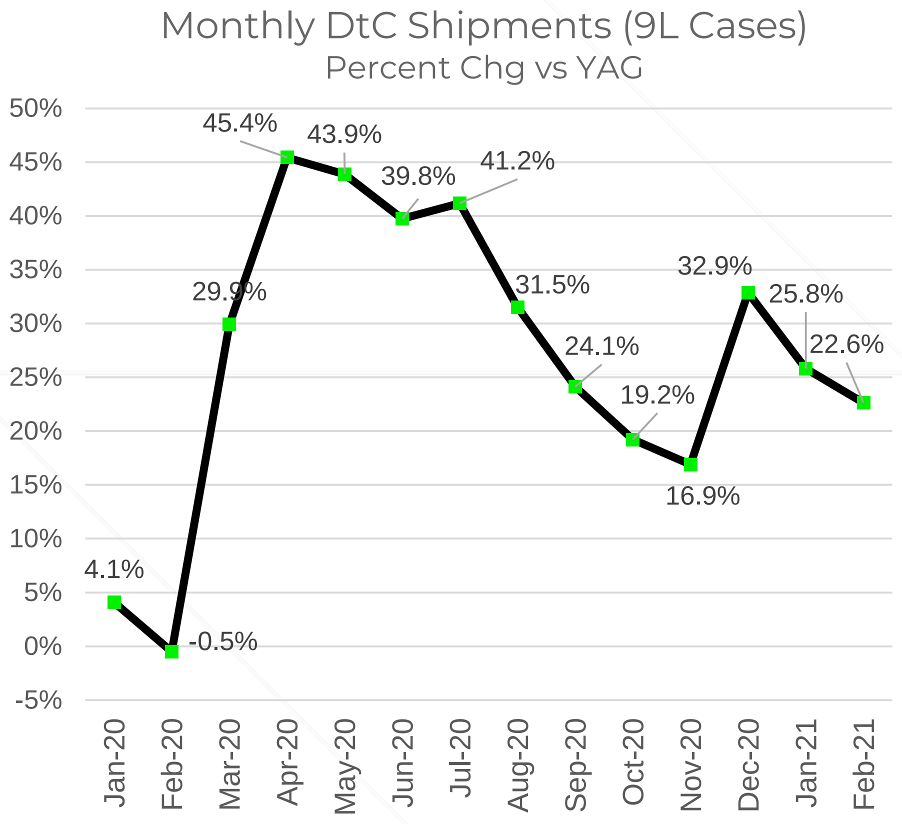
DtC Wine Shipments – Jan 2020 thru Feb 2021 (vs Year Ago)





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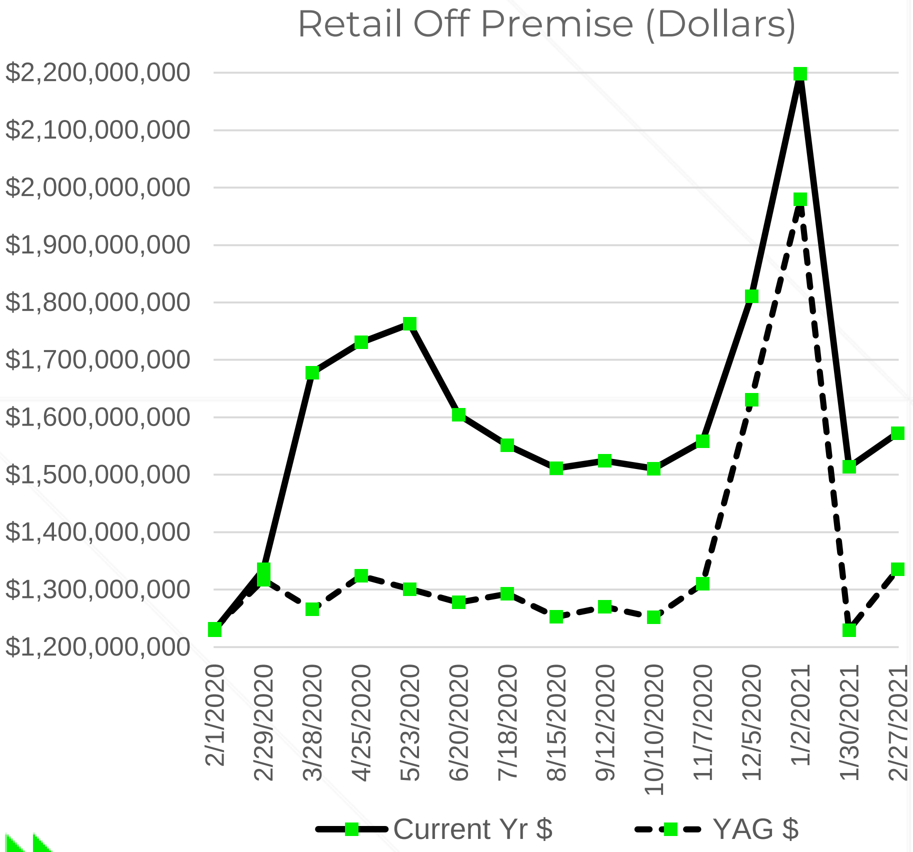
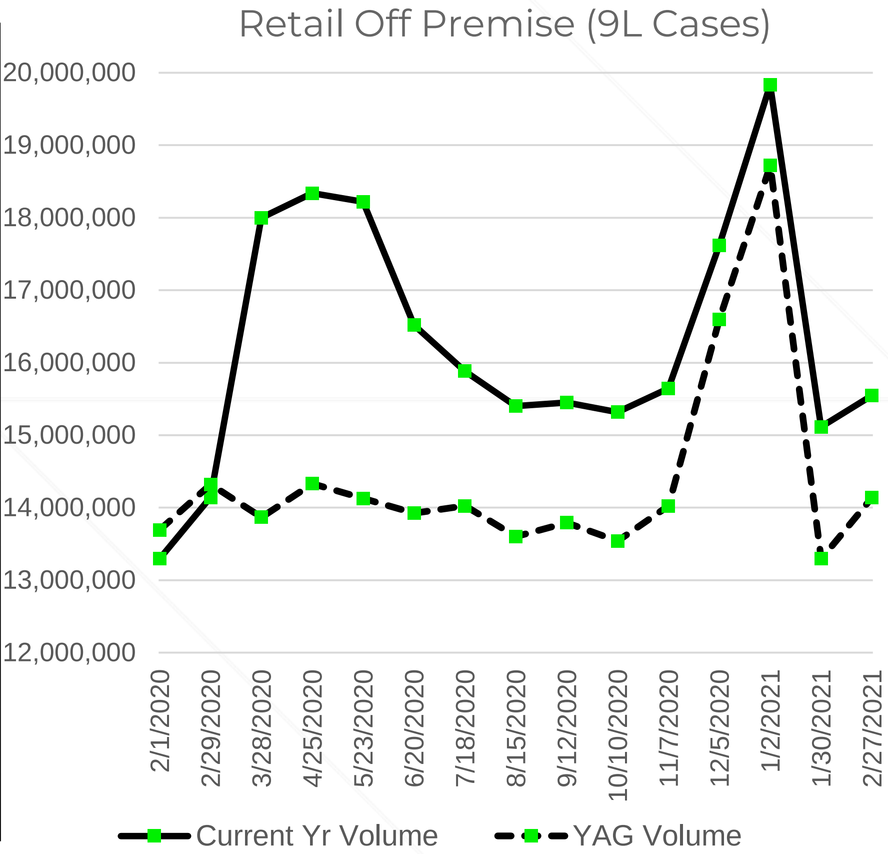
Retail Off Premise – Jan 2020 thru Feb 2021; (vs Year Ago); 4 week end periods





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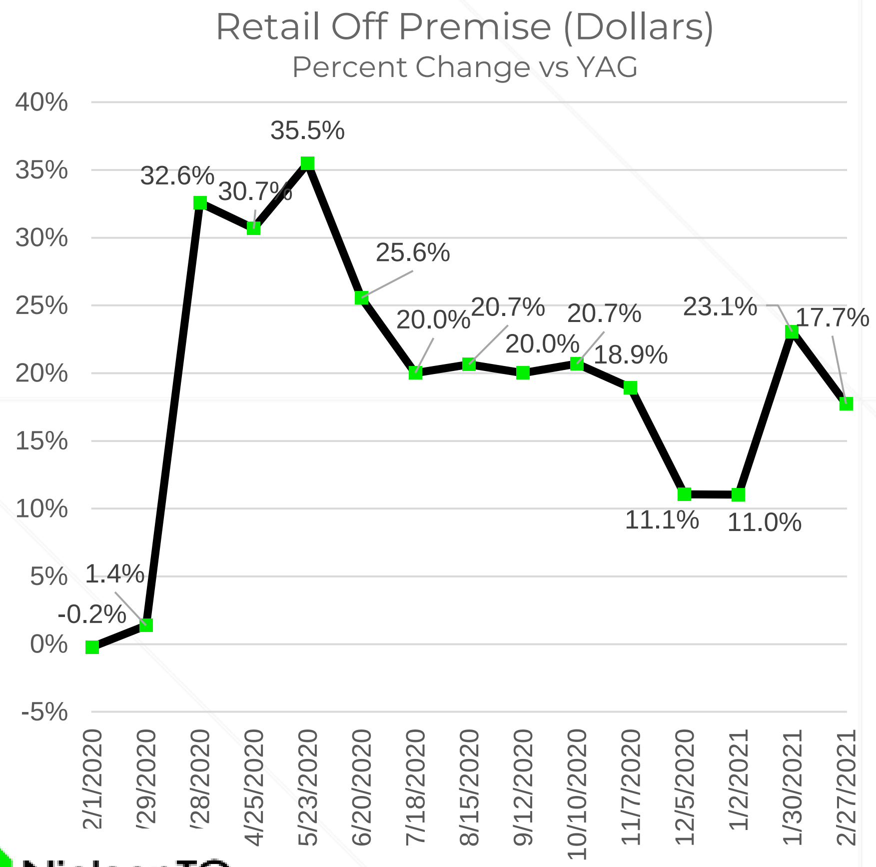
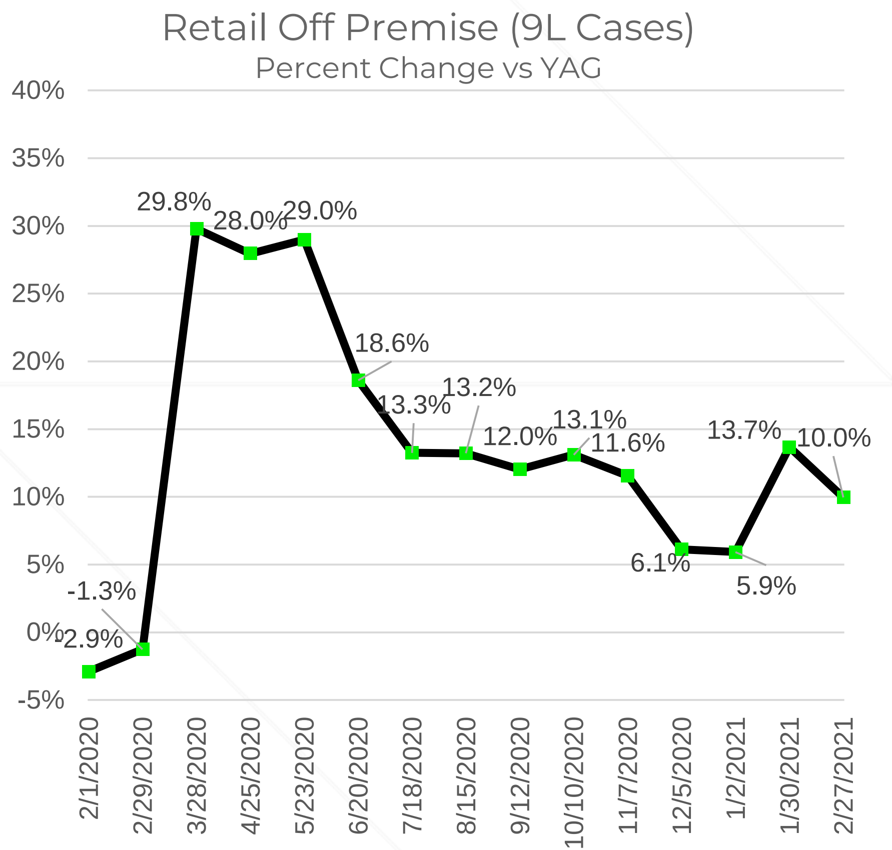
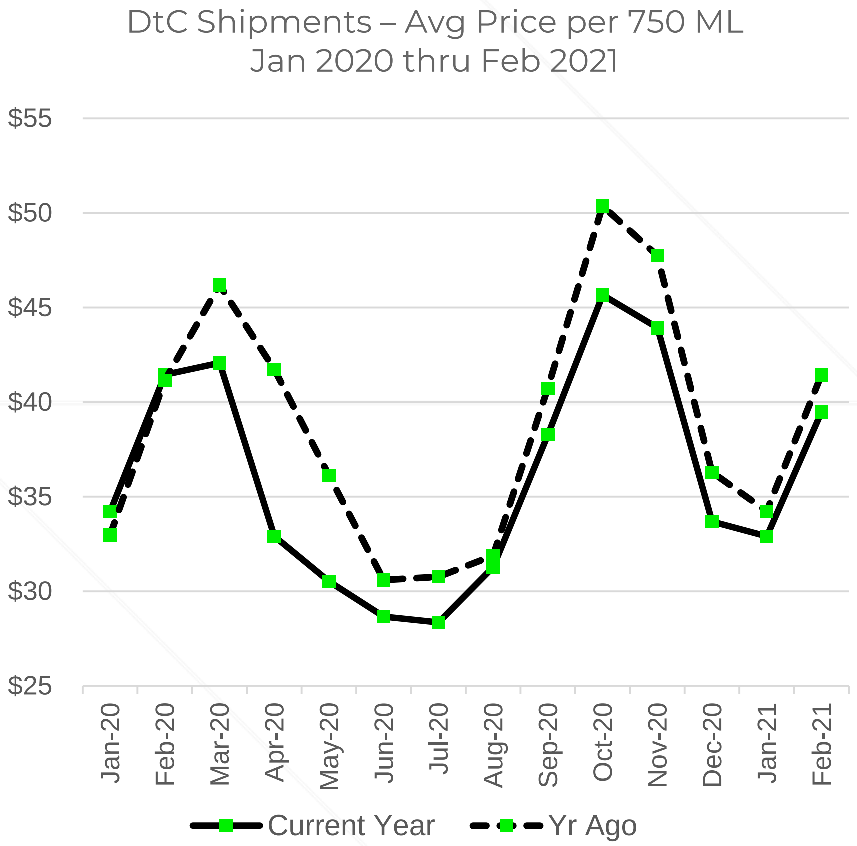
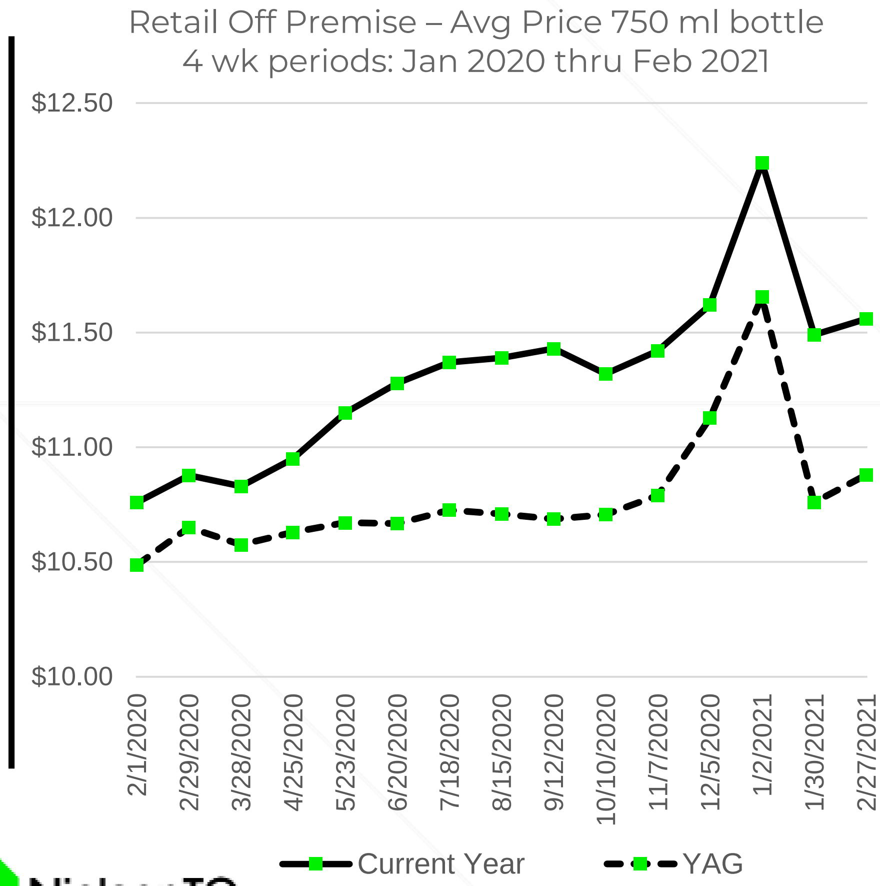
Retail Off Premise – Jan 2020 thru Feb 2021 (vs Year Ago); 4 week end periods





DtC average price has decreased; Retail average price increased





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Interested in going deeper?

Performance by…

- Price Tiers?
- Varietals?
- Origin?
- Winery size?
- Destination markets (States)

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DtC Shipments vs Retail Off Premise Scorecard – Jan 2020 thru Feb 2021

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	Monthly periods													
DtC Shipments	**Jan-20**	**Feb-20**	**Mar-20**	**Apr-20**	**May-20**	**Jun-20**	**Jul-20**	**Aug-20**	**Sep-20**	**Oct-20**	**Nov-20**	**Dec-20**	**Jan-21**	**Feb-21**
Value % chg	8%	+/-0%	18%	15%	22%	31%	30%	29%	17%	8%	8%	23%	21%	17%
Vol % chg	4%	-1%	30%	45%	44%	40%	41%	32%	24%	19%	17%	33%	26%	23%
Avg Price	$34.23	$41.45	$42.08	$32.91	$30.53	$28.66	$28.36	$31.29	$38.29	$45.67	$43.94	$33.68	$32.91	$39.49
Price $ chg vs YAG	$1.26	$0.29	($4.11)	($8.84)	($5.60)	($1.95)	($2.41)	($0.53)	($2.46)	($4.70)	($3.82)	($2.61)	($1.33)	($1.96)

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	4 week ending periods														
Retail Off Premise	**2/1/2020**	**2/29/2020**	**3/28/2020**	**4/25/2020**	**5/23/2020**	**6/20/2020**	**7/18/2020**	**8/15/2020**	**9/12/2020**	**10/10/2020**	**11/7/2020**	**12/5/2020**	**1/2/2020**	**1/30/2020**	**2/27/2021**
Value % chg	+/-0%	1%	33%	31%	36%	26%	20%	21%	20%	21%	19%	11%	11%	23%	18%
Vol % chg	-3%	-1%	30%	28%	29%	19%	13%	13%	12%	13%	12%	6%	6%	14%	10%
Avg Price (750 ml bottle only)	$10.76	$10.88	$10.83	$10.95	$11.15	$11.28	$11.37	$11.39	$11.43	$11.32	$11.42	$11.62	$12.24	$11.49	$11.56
Price $ chg vs YAG	$0.27	$0.23	$0.25	$0.32	$0.48	$0.61	$0.64	$0.68	$0.74	$0.61	$0.63	$0.49	$0.58	$0.73	$0.68