Summary Version

Ready To…

A mid-year update on Beverage Alcohol
Ready to Drink and ***Ready to Serve***

NIQ Beverage Alcohol Vertical
Thought Leadership

July 2023

Summary Version

Ready to...

Definition Debrief

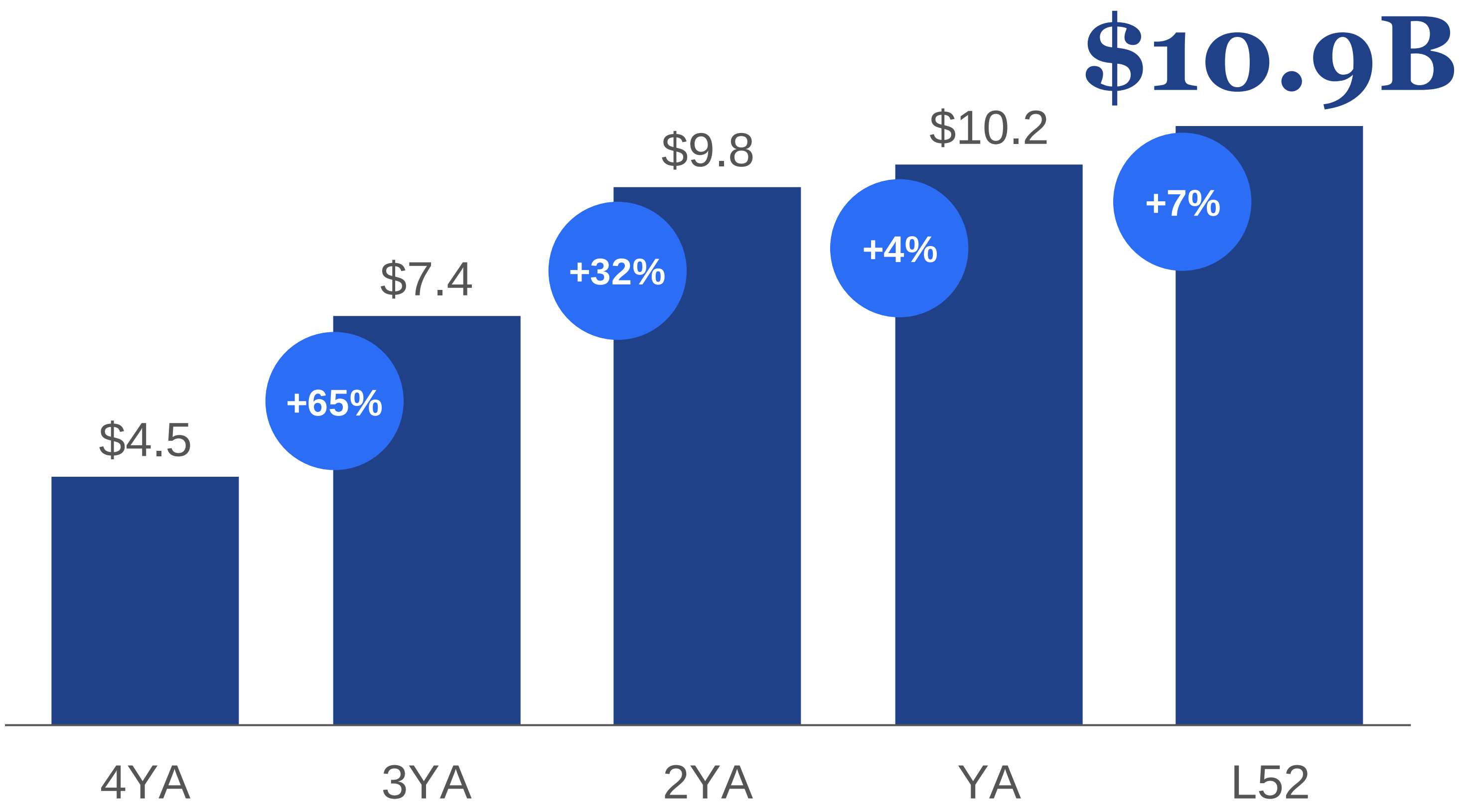
Ready to...	**For this analysis, there will be an upfront section that looks at the broader "Ready to" category, which is a combination of Ready to Drink and Ready to Serve categories, as defined below.**
Ready to Drink	***Ready to Drink (RTD)*** **items are typically single-serve to two serving offerings in portable package types. RTDs include Hard Seltzers, Flavored Malt Beverages, Spirits Canned Cocktails, and small size Wine and Canned Wine.**
Ready to Serve	***Ready to Serve (RTS)*** **items are pre-mixed spirits-based cocktails in large size offerings, typically with greater than two servings. These items may also be defined as multi-serve cocktails containing alcohol that are ready for consumption.**

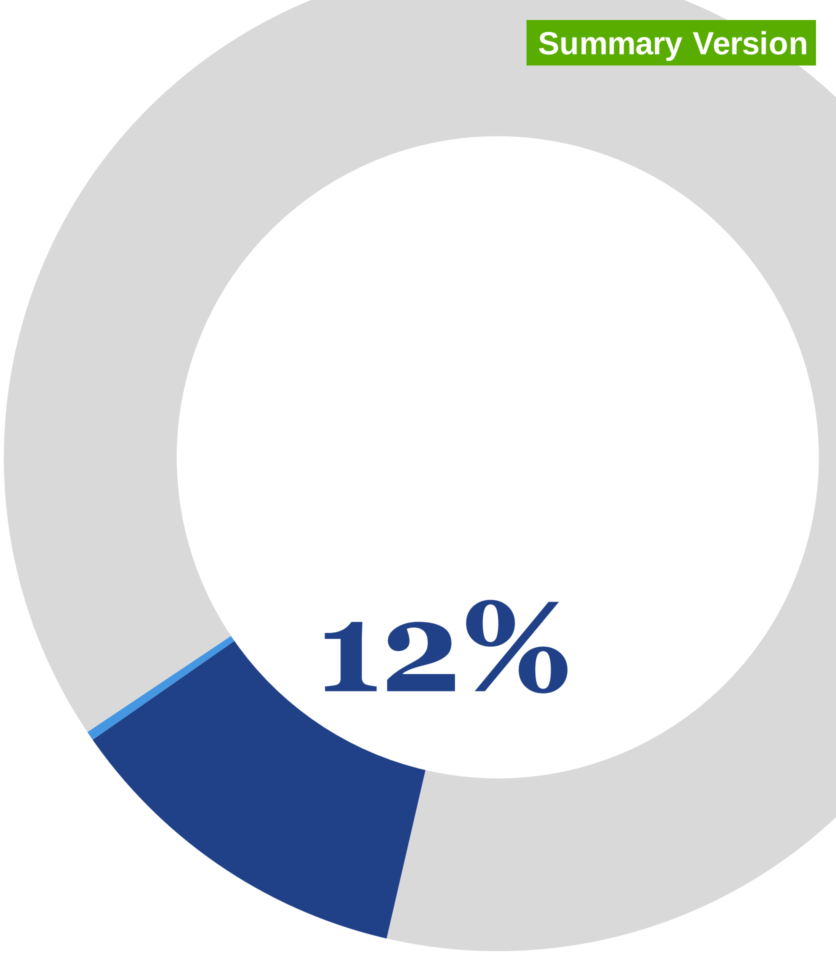
NIQ

Ready to… products approaching $11 billion with strong growth

Many products in this segment are now lapping full distribution comparisons

Ready to… Dollar Sales (in Billions) and % Change vs YA
NIQ Off Premise Channels





$ share of Total Alcohol

Source: NIQ Discover Integrated Database; Scan Off Premise Channels; L52 weeks ending 07/08/2023 vs. year ago

Summary Version

How do *Ready to…* segments stack up against other Beverage Alcohol categories?

FMBs and Hard Seltzers are mature segments vs other top BevAl segments

Top Beverage Alcohol Segments (in $ Billions)

NIQ Off Premise Channels

$ % CYA	+1.4%	+9.9%	+7.0%	0.0%	-0.8%	+21.1%	+3.1%	-14.0%	-0.9%	+7.2%	+0.6%	+55.4%	+3.3%	-0.1%

Source: NIQ Discover Integrated Database; Scan Off Premise Channels; L52 weeks ending 07/08/2023 vs. year ago

Ready to *Drink*

Ready to *Drink*

Definition Debrief

Ready to Drink

Ready to Drink (RTD) **items are typically single-serve to two serving offerings in portable package types. RTDs include Hard Seltzers, Flavored Malt Beverages, Spirits Canned Cocktails, and small size Wine and Canned Wine.**

Examples of RTD products:

Utilizing the ALC Ready To Drink **characteristic to include:** Hard Seltzer, Flavored Malt Beverages (including hard tea, hard coffee, hard kombucha, hard soda), Spirits-based Ready-to-Drink Cocktails, Spirits Seltzers, Shooters, Frozen Novelties, Pods, All wine (except sake, dessert, vermouth) in 355 ML size or smaller (includes cocktails, table, sparkling) for any container type, All wine (except sake, dessert, vermouth) in non-glass size 375 ML, and Wine cocktails in 500 ML tetra pak.

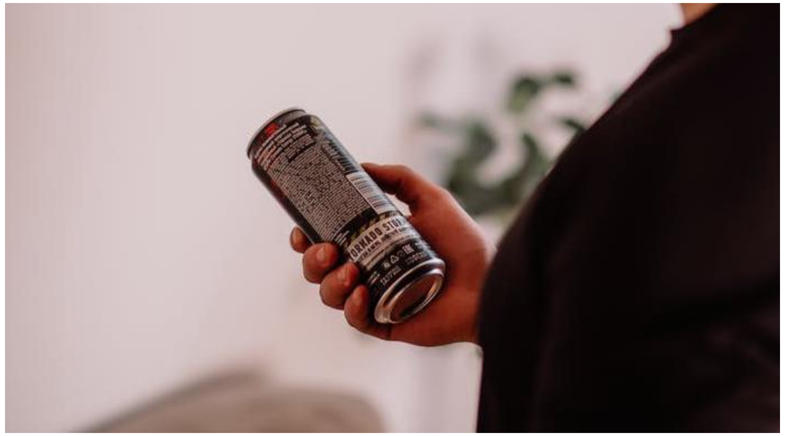
Ready to *Drink*

The single serve Ready to Drink business is looking bright for the remainder of 2023, as well as the next 4-5 years. Given the vast amount of UPC proliferation, there is a need for significant SKU rationalization. Suppliers and retailers will need to test and learn what mix of RTD products are best for sales maximization in the longer term.

Convenience, portability, flavor variety, and a consumption choice towards moderation, are all key benefits that continue to drive this segment of beverage alcohol. When shopping for RTDs, category planning tends to be lower than Beer, Wine, and Spirits, which is an indication that the shopper is more likely to make a decision at the shelf.

Premium RTD offerings, as well as those with functional benefits, are going to see some of the best growth in the back half of this year and in to 2024. Consumers are aligned with the RTD trend and innovation will proliferate, making it dynamic and interesting to watch.

Top consumer needs driving Ready to Drinks

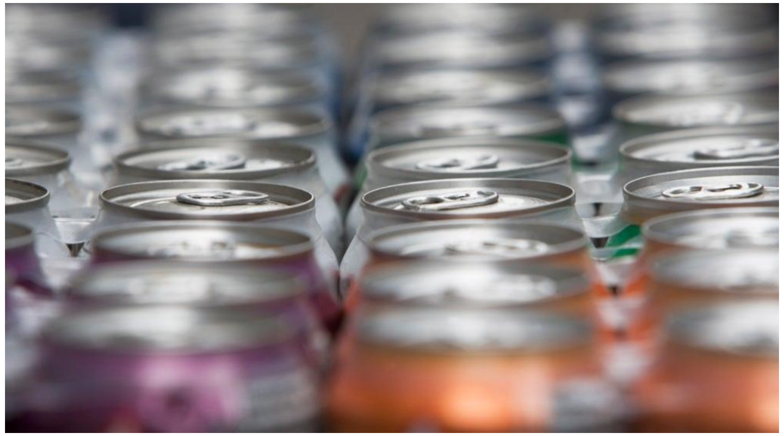


Wellness

- **Desire for transparency** with inclusion of "free from" stated attributes
- Lower calorie alternatives
- **Sustainability** and corporate responsibility

Convenience

- Can or bottle options in the **right pack size** for the type of offering
- Ease of purchasing and **availability in the channels** for friction-free shopping experience



Premiumization

- **Drinking better**, not more
- **Authenticity** in cocktail offerings

Summary Version

$10.6 billion

Off premise **Ready to Drink** in the latest 52 weeks

+7.2% vs year ago

Ready to Drink is 11.7% of total alcohol dollar sales

Source: NIQ Discover Integrated Database; Scan Off Premise Channels; L52 weeks ending 07/08/2023 vs. year ago

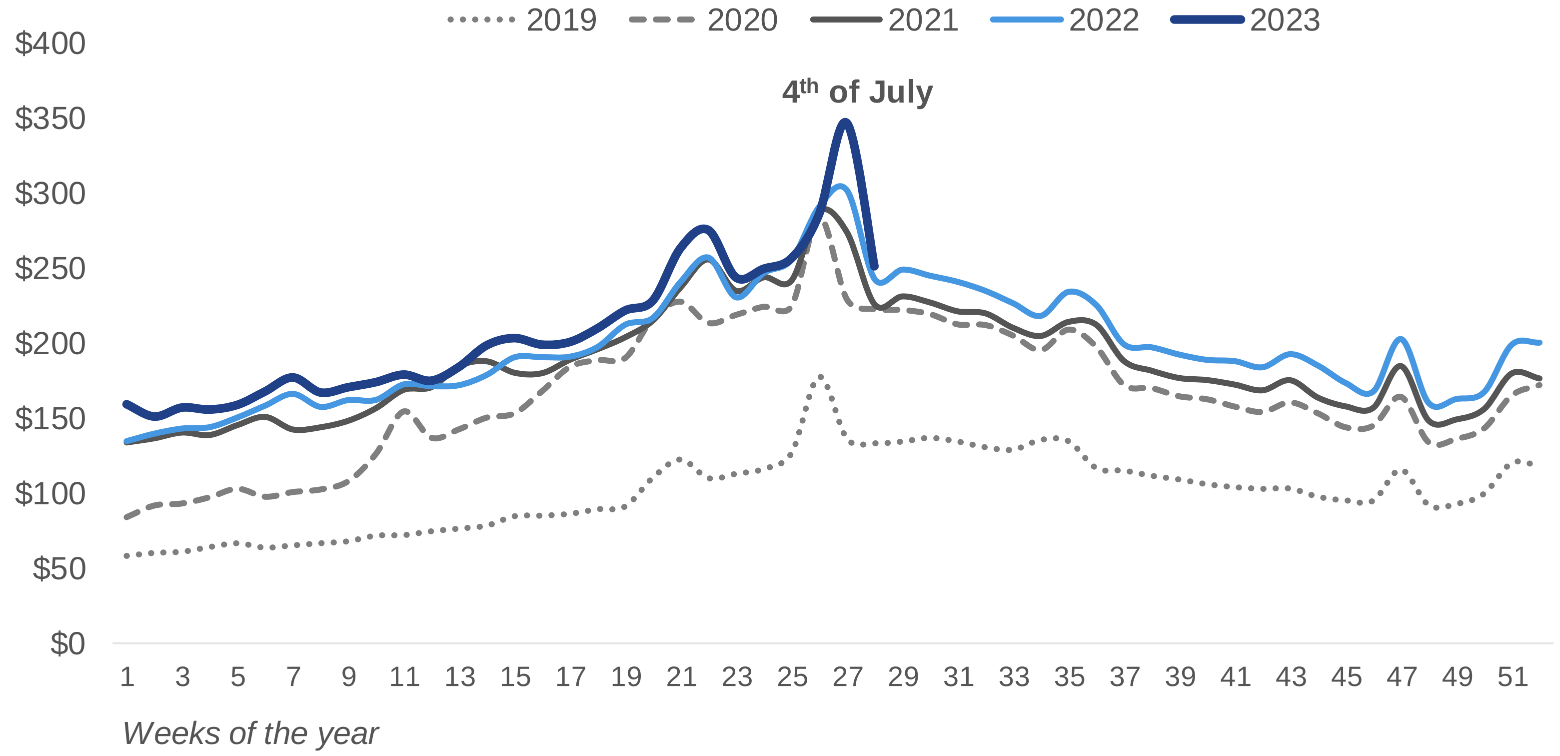
Summary Version

L52 Off-premise **Ready to Drink** up **+7.2%** vs YA

Ready to Drink sales peak in summer and key holidays

Ready to Drink Weekly Dollars

Ready to Serve Weekly Dollars (millions)
NIQ Off-Premise Channels



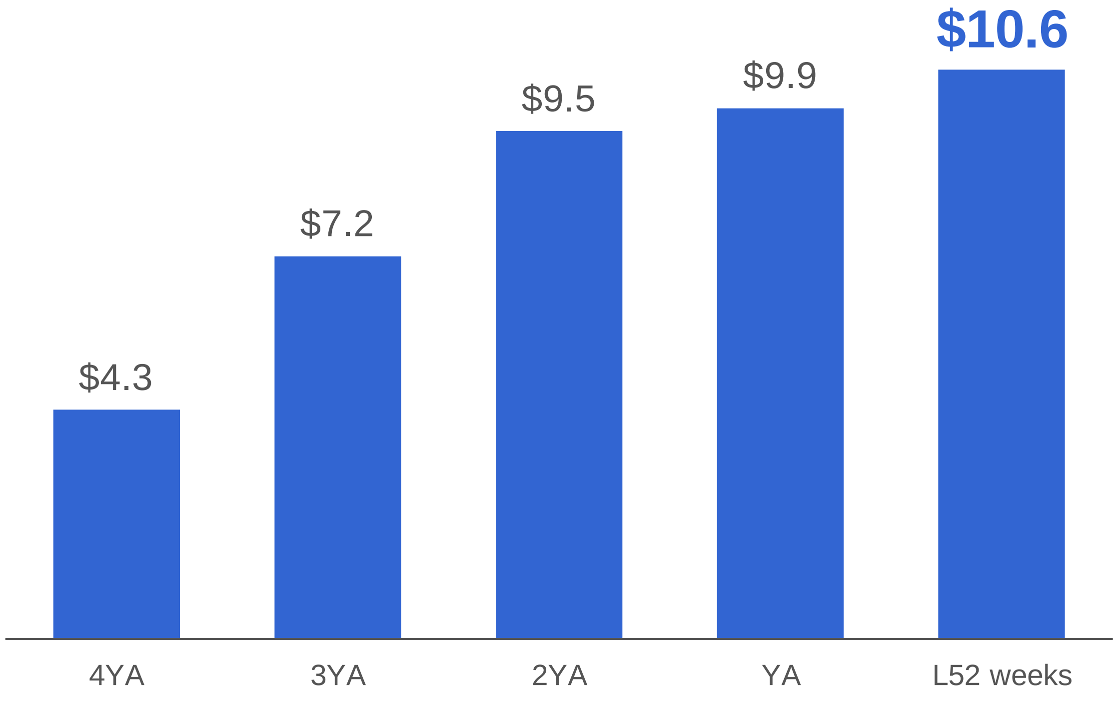
Source: NIQ Discover Integrated BWS Database; off-premise channels; weekly data

RTDs continue to climb, exceeding $10 billion in the latest 52 weeks

SKU rationalization and increased innovation will continue to support category growth

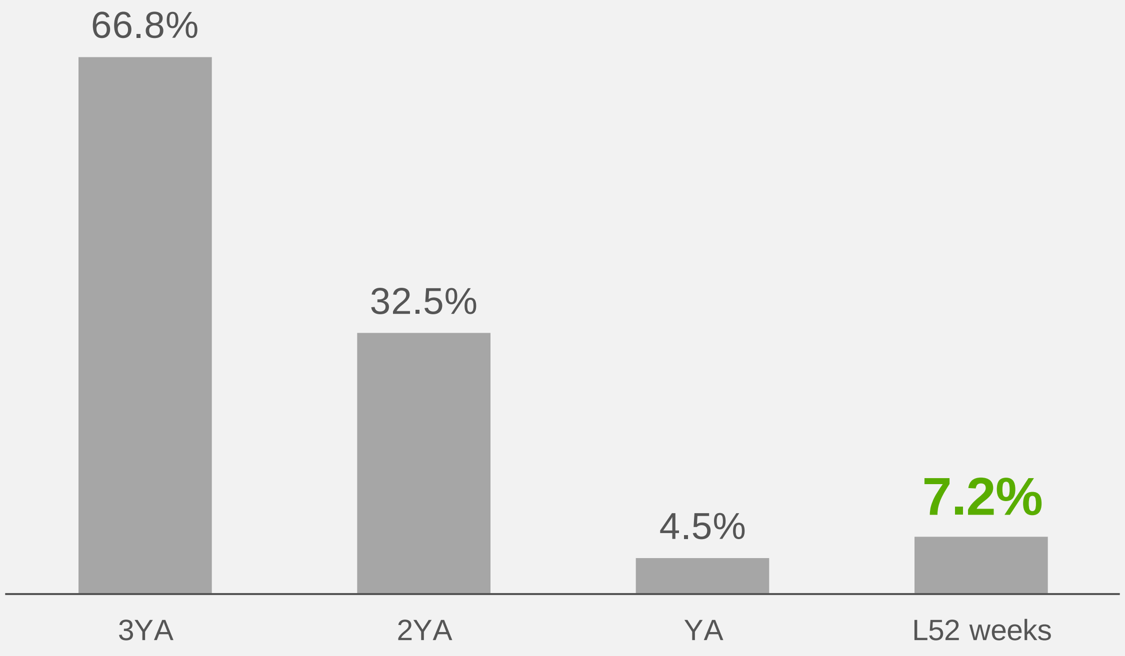
RTD Trended Dollars (in billions)

NIQ Off Premise Channels



RTD Dollar % Change vs Year Ago

NIQ Off Premise Channels



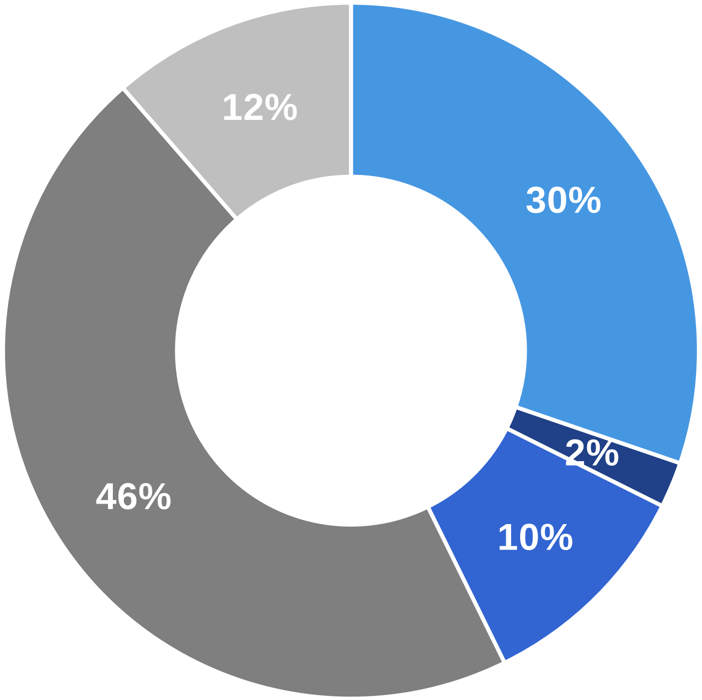
Source: NIQ Discover Integrated Database; Scan Off Premise Channels; L52 weeks ending 07/08/2023 vs. year ago

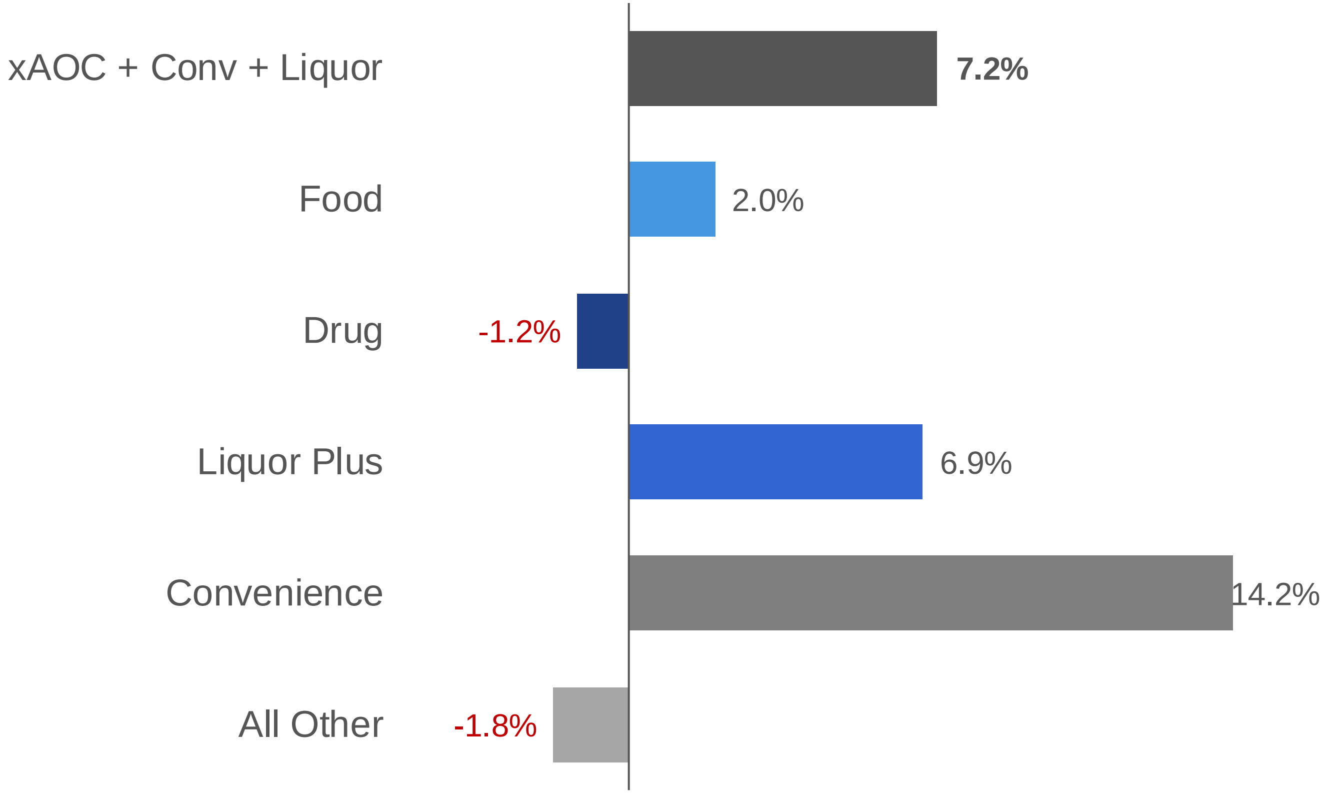
Convenience channel is very important for RTDs, driving a large portion of growth

Convenience channel faces “where legal” challenges when it comes to Spirits-based offerings

Total RTD – Channel Share

$ Share | % Change vs. Year Ago





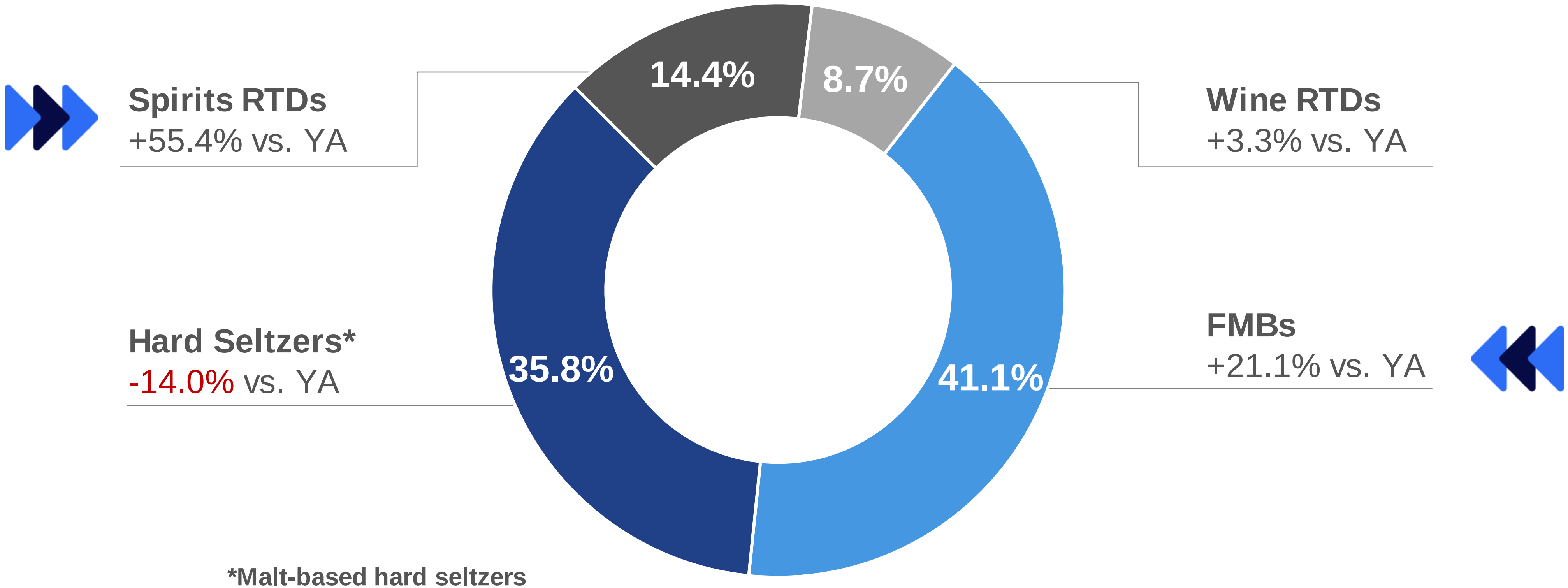
Source: NIQ Discover Integrated Database; Scan Off Premise Channels; L52 weeks ending 07/08/2023 vs. year ago

Summary Version

Spirits RTDs and FMBs gaining share at Hard Seltzers expense

FMB share surpassed Hard Seltzers share

Total RTD – by Alcohol Base $ Share
NIQ Off Premise Channels



*Malt-based hard seltzers

Source: NIQ Discover Integrated Database; Scan Off Premise Channels; L52 weeks ending 07/08/2023 vs. year ago