

## Eastside Distilling, Inc. (OTCQB: ESDI)

Consumer Goods / Beverages - Wineries & Distillers

August 2016

### Company Statistics (as of 08/16/16)

Stock Price:	\$0.095
52 Week Range:	\$0.04 - \$0.51
Market Capitalization*:	\$9.05M
Avg. Daily Vol. (3m):	205,037
Shares Outstanding (a/o 6/30/16)*:	95.3M

\*Includes 40M common shares issued in connection with a financing completed in June 2016. Does not include any additional shares issuable upon conversion or exercise of outstanding series A preferred stock, warrants and options.

### Financial Summary\*

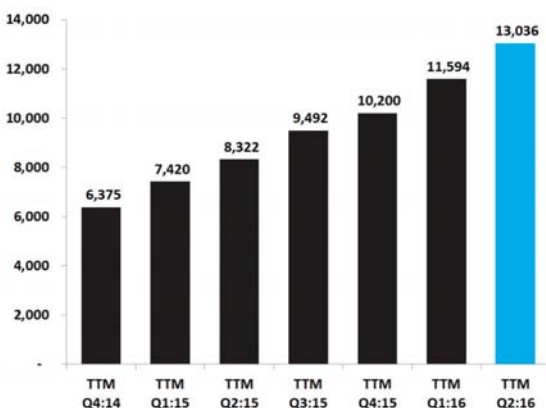
Rev (\$M)	2013A*	2014A	2015A	2016A
Q1	--	\$0.182	\$0.425	\$0.622
Q2	--	\$0.258	\$0.428	\$0.627
Q3	--	\$0.299	\$0.492	
Q4	--	\$0.697	\$0.982	
FYE	\$0.880	\$1.435	\$2.327	

EPS	2013A*	2014A	2015A	2016A
Q1	--	(\$0.00)	(\$0.02)	(\$0.02)
Q2	--	\$0.00	(\$0.02)	(\$0.02)
Q3	--	(\$0.01)	(\$0.03)	
Q4	--	(\$0.10)	(\$0.01)	
FYE	\$0.00	(\$0.12)	(\$0.08)	

\*On November 19, 2014 the company became publically traded.

### Eastside Distilling Cases Shipped (TTM)



### Company Description

Eastside Distilling, Inc. (OTCQB: ESDI) is located in Southeast Portland's Distillery Row, and has been producing high-quality, master crafted spirits since 2008. Makers of award winning spirits, the Company is unique in the marketplace and distinguished by its highly decorated product line-up that includes Barrel Hitch American Whiskies, Burnside Bourbon, Below Deck Rums, Portland Potato Vodka, and a distinctive line of infused whiskeys. All Eastside spirits are master crafted from natural ingredients for unparalleled quality and taste. The Company currently distributes its products in 20 states (Oregon, Washington, California, Nevada, Texas, Virginia, Indiana, Illinois, New York, New Jersey, Massachusetts, Connecticut, Minnesota, Georgia, Pennsylvania, Rhode Island, New Hampshire, Maine, Vermont, and Maryland) and is authorized to distribute its products in Idaho and Ontario, Canada as well. The Company offers tastings, tasting room and distillery tours, and maintains retail stores in shopping centers in the Portland area.

### Eastside Distilling Second Quarter Fiscal Year 2016 Financial Results

In the Company's earnings press release issued on August 15, 2016, Eastside Distilling reported the following second quarter fiscal year 2016 highlights:

#### Second Quarter 2016 Financial Highlights

- Sales in Q2 2016 increased 47% to approximately \$627,000 from \$428,000 in the year-ago period. Sales in the first six months of 2016 were up 47% from the comparable 2015 period to approximately \$1.2M. On a net sales basis (less excise taxes), sales were up 66% to \$504,000 in Q2 2016 versus the year-ago quarter. Net sales in the first six months of 2016 were up 54% from the comparable 2015 period to \$968,000. The increase in both periods was primarily due to expanded distribution into new states along with continued growth in the company's home Oregon market.
- Adjusted EBITDA (earnings before interest, taxes, depreciation and amortization, stock based compensation, and gain on spin-off) totaled a loss of \$1.6M in Q2 2016 compared to a loss of \$1.4M in Q2 2015 (see discussion in Company's earnings press release).
- The second quarter also included significant unusual expenses, both non-cash and cash expenses, primarily associated with various financing efforts and prior debt payoff. The Company estimates that if it were to exclude those additional unusual costs from of the adjusted EBITDA, it believes the cash burn during the second quarter would have been less than \$650,000.

#### Second Quarter 2016 Performance Highlights

- Total shipments increased 72% to 3,374 cases from 1,930 cases in the year-ago quarter.
- National rollout advanced with new listing approval and initial distribution into California, the nation's top liquor consumption state where spirit sales exceed 25M cases annually.
- Eastside's major East Coast distributor placed its fifth purchase order since it came online in late February, and launched Eastside's distribution into Massachusetts, Rhode Island, New Hampshire, Maine and Vermont.
- Eastside spirits are now approved for sale and distribution in 20 states, double the count at the end of Q2 2015.
- Appointed Jay Harkins, who brings more than two decades of experience in the spirits industry, to the new position of executive vice president of sales, where he will be responsible for implementing sales strategies for the Eastside's portfolio of spirits and overseeing the expansion of the company's ongoing national rollout campaign.
- Completed equity and debt financings totaling \$2.9M in net cash proceeds to support Company's continued national rollout, including inventory expansion, sales and marketing, general operations, and elimination of certain high-interest convertible debt.



## Eastside Distilling Product Line

### Eastside Distilling Product Line

Eastside Distilling has been producing high quality hand-crafted spirits on since 2008. The Company has a diverse product line offering of more than eleven premium craft spirits, many of which have won awards for taste and/or product design.

**Burnside Bourbon: Burnside Bourbon and Oregon Oak Burnside Bourbon.** Burnside Bourbon is aged in oak barrels, is 96 proof, and won a Gold Medal in the MicroLiquor Spirit Awards in 2014 and another from Beverage Tasting Institute. Oregon Oak Burnside Bourbon is produced in limited quantities and aged for an additional 90 days in Oregon heavily charred oak barrels. Burnside Bourbon brands accounted for approximately 35% and 40% of revenues for fiscal years 2015 and 2014, respectively.

**Barrel Hitch American Whiskey: Barrel Hitch American Whiskey and Barrel Hitch Oregon Oaked Whiskey.** Eastside's whiskey is 80 proof and won a triple-Gold Medal and best of show in the MicroLiquor Spirit Awards in 2015. The Oregon Oak version is produced in limited quantities and aged for an additional 90 days in Oregon heavily charred oak barrels. The Company's Whiskey brand was introduced in July of 2015 and accounted for approximately 7% of revenues for 2015.

**Distinctive Specialty Whiskeys: Cherry Bomb Whiskey and Marionberry Whiskey.** The Company's Cherry Bomb Whiskey combines handcrafted small batch whiskey with a blast of real Oregon cherries. Cherry Bomb Whiskey won a gold medal from the American Wine Society and was also awarded a gold medal for taste and a silver medal for package design in the MicroLiquor Spirit Awards. The Company's Marionberry whiskey combines Oregon marionberries with premium aged whiskey and was awarded two silver medals in the MicroLiquor Spirit Awards for taste and package design. The Company's distinctive whiskeys accounted for approximately 15% and 10% of revenues for fiscal years 2015 and 2014, respectively.

**Below Deck Rums: Below Deck Silver Rum, Below Deck Spiced Rum, Below Deck Coffee Rum and Below Deck Ginger Rum.** Below Deck's Silver Rum is Eastside's original rum. Below Deck Spiced Rum is double-distilled from molasses and infused with exotic spices and won a triple gold medal for taste and a bronze medal for package design in the Micro-Liquor Spirit Awards. Below Deck Coffee Rum is double-distilled and infused with coffee flavors from Arabica bean and won a silver medal at the San Francisco World Spirits Competition. Below Deck Ginger Rum is infused with natural ginger. Below Deck Rums accounted for approximately 12% and 10% of revenues for fiscal years 2015 and 2014, respectively.

**Premium Vodka: Eastside Portland Potato Vodka.** The Company's vodka which is distilled from potatoes rather than grain and as such is gluten free. Eastside Portland Potato Vodka was awarded a silver medal from the American Wine Society as well as a gold medal from the Beverage Tasting Institute which also gave it a "Best Buy" rating. Portland Premium Vodka accounted for approximately 14% and 30% of revenues for fiscal years 2015 and 2014, respectively.

**Seasonal/Limited Edition Spirit.** Eastside creates seasonal and limited-edition handmade products such as Advocaat (eggnog) Liqueur, Peppermint Bark Liqueur, Bier Schnapps and Holiday Spiced Liqueur. Seasonal/Limited Edition Spirits sales accounted for approximately 10% of revenues for each of 2015 and 2014 fiscal years.



**Talent & Experience:** For Eastside, the Master Craft method of distilling spirits means that every bottle that leaves its premises reflect the creative ingenuity, special skill and unique talents of its master distiller, an artisan fully dedicated to the craft.

**Authentic & Scalable:** Master Crafted spirits are all about originality, authenticity, personal attention, along with the ability to scale production while preserving the original flavor profile.

**Commitment to High Quality:** Eastside spirits are created with passion. The Company continuously seeks new ways to create and deliver high quality, innovative products.

**Broad Portfolio:** Eastside is one of only a few craft distillers with a multi-brand product portfolio—many have only 1-3 products. Eastside’s robust product portfolio is especially attractive to distributors, as it “de-risks” their exposure to any one product.

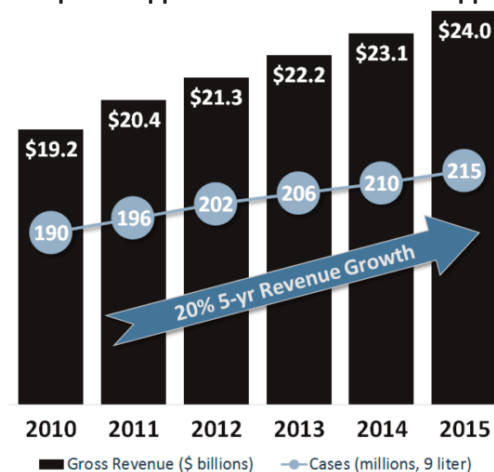
**Generate Customer Loyalty:** All of these factors support Eastside in attracting loyal & enthusiastic customers, along with major distributors.

## U.S. Distilled Spirits Industry Overview

### U.S. Distilled Spirits Industry Overview

Sales of distilled spirits is currently at an all-time high, having grown 20% over the last five years, to a record 215 million cases sold in 2015, representing \$24.0 billion.<sup>1</sup> Within this market, a major opportunity has emerged for “craft spirits” similar to the explosive growth over the last 15 years in the craft beer category, where local favorites have become national brands. Small and independent brewers commanded 11% of the total beer market in 2014, the first year of double-digit market share. Craft distillers, such as Eastside, (i.e. distilled spirits plants (DSP) bottling less than 100,000 gallons annually) rose to 729 DSPs in 2014 from less than 100 DSPs in the first quarter of 2010. In addition, craft distillers produced 3.5 million 9-Liter cases in the 12 months ended 2014 from 700,000 cases in 2010. The global distilled spirits industry is very competitive, with companies competing based on taste, product quality, brand image, and price.

### U.S. Spirits Supplier Revenues & Cases Shipped



1. Distilled Spirits Council Of The United States (DISCUS), Feb. 3, 2015  
2. MarketLine

- Number of small U.S. distillers have grown from 92 in 2010 to 700+ in 2014<sup>1</sup>
- Growing consumer interest in spirits continues to create opportunities for small distillers
- Small distillers represent 1.7% of total spirits market by volume<sup>2</sup>
- Products tend to be at higher price points, so market share by revenue is higher<sup>2</sup> than market share by volume
- Majority of craft distillers are small producers
- 2014 Key stats:<sup>2</sup>
  - 712 distillers, each produced <50k cases annually
  - Only 17 distillers produced 50k -100k cases annually
  - Total volume: ~3.5 million cases (up from 700k in 2010) producing revenues of \$400-\$450 million

1) American Craft Spirits Association






2) Distilled Spirits Council Of The United States (DISCUS), Feb. 3, 2015

## U.S. Distribution Overview

### U.S. Distribution Overview

Producers of beverage alcohol in the U.S. must sell their products through a three-tier distribution system. Typically, an imported brand is first sold to a U.S. importer, who then sells it to a network of distributors, or wholesalers, covering the U.S., in either “open” states or “control” states. In the 33 open states, the distributors are generally large, privately-held companies. In the 18 control states, the states themselves function as the distributor, and regulate suppliers such as Eastside. The distributors and wholesalers in turn sell to individual retailers, such as liquor stores, restaurants, bars, supermarkets and other outlets licensed to sell beverage alcohol. In larger states such as New York, more than one distributor may handle a brand in separate geographical areas. In control states, importers sell their products directly to state liquor authorities, which distribute the products and either operate retail outlets or license the retail sales function to private companies, while maintaining strict control over pricing and profit.

The U.S. spirits industry has consolidated dramatically over the last ten years due to merger and acquisition activity.

U.S Wine & Spirit Wholesalers	Revenue (2014P)	Market Share % (2014P)	Total States Covered	Accessible Market %	Largest Markets (>\$250mm)
 <i>Southern Wine &amp; Spirits</i> <small>Dedicated to Sales &amp; Service</small>	\$11.4B	22.2%	35	72.2%	AZ, CA, CO, FL, ID, IL, KY, NV, NY, WA
 <b>REPUBLIC NATIONAL</b> DISTRIBUTING COMPANY	\$5.8B	11.4%	20	35.9%	CO, FL, IN, LA, MD, SC, TX, VA
 <b>THE</b> HARMER SUNBELT GROUP	\$5.3B	10.4%	14	36.4%	CO, FL, MD, NJ, NY
 <b>Glazer's</b>	\$3.6B	7.0%	13	22.9%	LA, MO, TX
 <i>Young's Market Company</i>	\$2.9B	5.8%	10	22.5%	CA, WA

- The nation's Top 5 distributors generate ~57% of the industry's revenue
- Southern Wine & Spirits leads the category with revenues of \$10+ billion
- Top 5 states for 9-Liter case volumes: CA, FL, NY, TX and IL
- We have successfully established relationships with 4 of the major players and are approved in 3 of the top 5 states (NY, TX, and IL)
- Note: Glazer's has recently been acquired by Southern Wine & Spirits

All companies are required by law to sell their products through wholesale distributors in the U.S. As a result, Eastside depends on distributors for sales, for product placement and for retail store penetration. All of the distributors also distribute the Company's competitors' products and brands. As a result, Eastside must foster and maintain relationships with its distributors. Through an internal sales team, the Company has established relationships with wholesale distributors in the twenty states where it sells its products, and products are sold in the U.S. by seven wholesale distributors, as well as by various state beverage alcohol control agencies.

## Eastside Distilling Distribution Channels

### Eastside Distilling Revenue Sources

Eastside primarily derives revenue from the wholesale distribution of its products with additional revenue coming from its distillery tasting room and corporate retail sales.

#### Wholesale Distribution



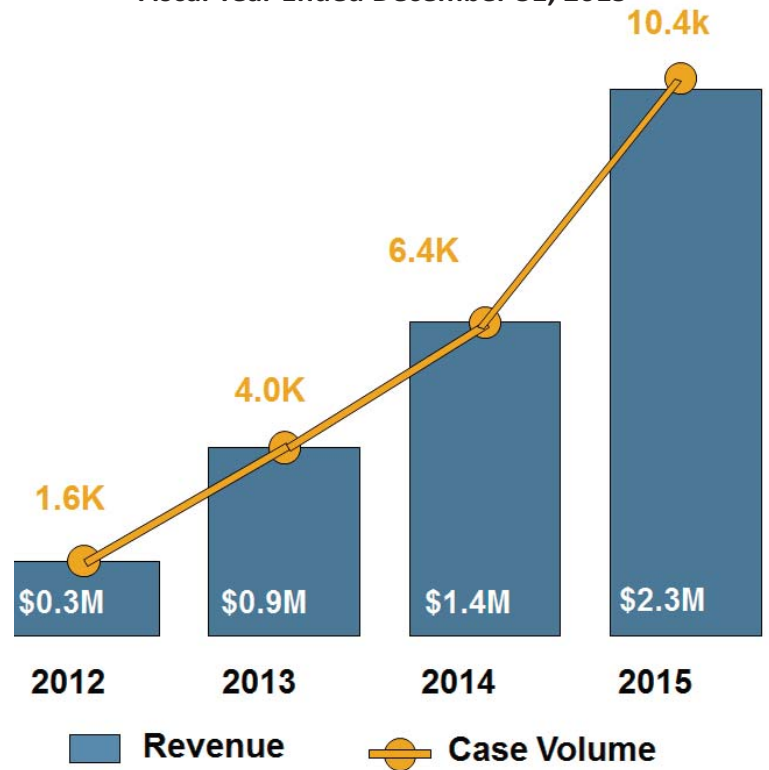
Distillery Tasting Room



Corporate Retail Stores



### Revenue & Cases Shipped Fiscal Year Ended December 31, 2015



## National Roll-Out Campaign

### National Roll-Out Campaign

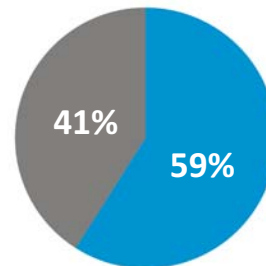
The Company's fully integrated marketing campaign includes product roll-out and brand development aimed toward national sales and distribution. The Company's management team is experienced in the government-regulated sales and distribution systems that operate in each state ensuring a fast time-to-market.

#### ESDI Current Distribution

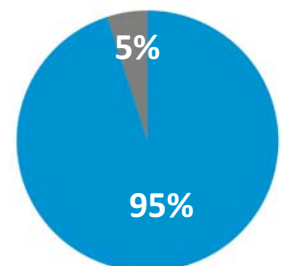
Currently in



#### Eastside Distilling Q216 Sales



#### Eastside Distilling Q215 Sales



## Production



*Illustration of completed production build out.*

### Production

In January 2015 the company began the build-out of a new 41,000 sq. ft. facility on Portland's Distillery Row — the largest production facility for craft spirits in the Pacific Northwest. New state-of-the art, bottling and packaging systems are being designed to accommodate annual production capacity of up to 1 million cases.

## Recent M&A Activity in the Spirits Industry

### Recent M&A Activity in the Spirits Industry

Large Producers have shifted focus from brand building to brand extension by acquisition.

Year	Brand	Acquirer	Cases ('000 9L)	Acquisition Price	Price/Case	Revenue Multiple
2015	ANGEL'S ENVY Bourbon	Bacardi	45	N/A	N/A	N/A
2012	Pinnacle & Calico Jack	Beam	3,000	\$605M	\$202	4.9X
2011	Skinny Girl	Beam	110	\$90M	\$818	11.2X
2010	Zacapa	Diageo	100	\$200M	\$2,000	15.8X
2007	Cabo Wabo	Campari	56	\$91M	\$1,429	9.6X
2007	Ketel One	Diageo	1,700	\$1,800M	\$1,059	8.4X
2007	Svedka	Constellation	1,100	\$384M	\$349	8.4X
2006	42 Below	Bacardi	90	\$91M	\$1,011	13.0X

Source: Eastside Distilling Presentation March 2016

### EASTSIDE DISTILLING, INC.

#### Income Statement

(\$ in millions)

	FY 2014				FY 2015				FY 2016		FY13 Dec	FY14 Dec	FY15 Dec
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2			
	Mar	June	Sep	Dec	Mar	June	Sep	Dec	Mar	June			
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual
Sales	\$ 0.182	\$ 0.258	\$ 0.299	\$ 0.697	\$ 0.425	\$ 0.428	\$ 0.492	\$ 0.982	\$ 0.622	\$ 0.627	\$ 0.880	\$ 1.435	\$ 2.327
Less excise taxes	0.035	0.050	0.043	0.252	0.100	0.123	0.140	0.261	0.158	0.123	0.139	0.380	0.624
Net Sales	0.147	0.208	0.256	0.445	0.325	0.304	0.352	0.721	0.463	0.504	0.742	1.055	1.703
Cost of sales	0.095	0.032	0.163	0.205	0.218	0.158	0.168	0.352	0.256	0.268	0.303	0.495	0.870
Gross profit	0.052	0.176	0.093	0.240	0.107	0.147	0.185	0.369	0.207	0.236	0.438	0.561	0.832
Selling, general, and administrative expenses	0.077	0.165	0.342	0.782	0.987	0.832	1.587	0.943	1.051	1.314	0.348	1.366	4.374
Goodwill impairment	0.000	0.000	0.000	3.246	0.000	0.000	0.000	0.000			0.000	3.246	0.000
Income (loss) from operations	(0.025)	0.010	(0.249)	(3.788)	(0.880)	(0.685)	(1.403)	(0.574)	(0.844)	(1.078)	0.091	(4.052)	(3.542)
Other income (expense) - net	(0.000)	(0.000)	(0.002)	0.000	0.049	(0.003)	(0.010)	(0.096)	(0.171)	(0.232)	0.004	0.004	(0.060)
Income (loss) before income taxes	(0.025)	0.010	(0.252)	(3.789)	(0.831)	(0.688)	(1.413)	(0.669)	(1.015)	(1.310)	0.087	(4.056)	(3.601)
Provision for income taxes	0.000	0.000	0.000	0.002	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.002	0.000
Net income (loss)	(\$0.025)	\$0.010	(\$0.252)	(\$3.790)	(\$0.831)	(\$0.688)	(\$1.413)	(\$0.669)	(\$1.015)	(\$1.310)	\$0.087	(\$4.057)	(\$3.601)
Dividends on convertible preferred stock	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	(0.018)	0.000	0.000	0.000
Net income (loss) available to common shareholders	(0.025)	0.010	(0.252)	(3.790)	(0.831)	(0.688)	(1.413)	(0.669)	(1.015)	(1.327)	0.087	(4.057)	(3.601)
Basic and diluted net income (loss) per common share	(\$0.00)	\$0.00	(\$0.01)	(\$0.10)	(\$0.02)	(\$0.02)	(\$0.03)	(\$0.01)	(\$0.02)	(\$0.02)	\$0.00	(\$0.12)	(\$0.08)
Basic and diluted weighted average common shares outstanding	32,000,000	32,000,000	32,000,000	37,451,223	45,512,500	45,547,115	45,829,783	46,104,674	46,568,451	57,101,502	32,000,000	33,374,007	45,750,363

# Eastside Distilling, Inc. (OTCQB: ESDI)

Consumer Goods / Beverages - Wineries & Distillers

August 2016

## EASTSIDE DISTILLING, INC.

### Balance Sheet

(\$ in millions)

	FY 2014		FY 2015				FY 2016		FY13	FY14	FY15		
	Q4	Q1	Q2	Q3	Q4	Q1	Q2	FY13				FY14	FY15
	Dec	Mar	June	Sep	Dec	Mar	June	Dec				Dec	Dec
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual			
<b>ASSETS</b>													
Current assets:													
Cash	\$ 1.082	\$ 0.368	\$ 0.146	\$ 0.085	\$ 0.141	\$ 0.013	\$ 1.014	\$ 0.030	\$ 1.082	\$ 0.141			
Trade receivables	0.138	0.059	0.067	0.064	0.142	0.183	0.266	0.063	0.138	0.142			
Inventories	0.377	0.842	0.850	0.814	0.684	0.622	0.779	0.059	0.377	0.684			
Prepaid expenses	0.174	0.189	0.235	0.214	0.164	0.100	0.067	0.000	0.174	0.164			
Total current assets	1.771	1.458	1.298	1.177	1.131	0.918	2.125	0.152	1.771	1.131			
Property and equipment - net	0.081	0.077	0.086	0.110	0.112	0.113	0.108	0.022	0.081	0.112			
Other assets	0.194	0.151	0.108	0.064	0.049	0.048	0.048	0.000	0.194	0.049			
<b>Total Assets</b>	<b>\$ 2.046</b>	<b>\$ 1.686</b>	<b>\$ 1.491</b>	<b>\$ 1.351</b>	<b>\$ 1.292</b>	<b>\$ 1.080</b>	<b>\$ 2.281</b>	<b>\$ 0.174</b>	<b>\$ 2.046</b>	<b>\$ 1.292</b>			
<b>Liabilities and Stockholders' Equity</b>													
Current liabilities:													
Accounts payable	\$ 0.207	\$ 0.640	\$ 0.914	\$ 0.989	\$ 1.301	\$ 1.293	\$ 1.145	\$ 0.014	\$ 0.207	\$ 1.301			
Accrued liabilities	0.073	0.100	0.185	0.401	0.564	0.869	0.577	0.010	0.073	0.564			
Deferred revenue	0.008	0.002	0.005	0.007	0.001	0.002	0.003	0.015	0.008	0.001			
Current portion of note payable	0.004	0.004	0.004	0.004	0.004	0.004	0.004	0.002	0.004	0.004			
Related party note payable	0.000	0.000	0.000	0.000	0.013	0.013	0.013	0.000	0.000	0.013			
Convertible notes payable - net of debt discount	0.150	0.150	0.150	0.442	0.456	0.467	0.105	-	0.150	0.456			
Total current liabilities	0.441	0.896	1.258	1.841	2.338	2.647	1.846	0.041	0.441	2.338			
Preferred stock deposit	0.000	0.000	0.000	0.000	0.000	0.151	0.000	0.000	0.000	0.000			
Note payable - less current portion	0.023	0.022	0.021	0.019	0.018	0.016	0.149	0.030	0.023	0.018			
Total liabilities	0.464	0.918	1.279	1.861	2.355	2.815	1.996	0.071	0.464	2.355			
Stockholders' equity:													
Series A convertible preferred stock	0.000	0.000	0.000	0.000	0.000	0.000	0.757	0.000	0.000	0.000			
Common stock	0.005	0.005	0.005	0.005	0.005	0.005	0.009	0.003	0.005	0.005			
Additional paid-in capital	5.538	5.554	5.687	6.378	6.494	6.836	9.423	0.002	5.538	6.494			
Accumulated deficit	(3.961)	(4.792)	(5.480)	(6.892)	(7.562)	(8.576)	(9.904)	0.098	(3.961)	(7.562)			
Total stockholders' equity	1.582	0.767	0.212	(0.509)	(1.064)	(1.735)	0.285	0.103	1.582	(1.064)			
<b>Total Liabilities and Stockholders' Equity</b>	<b>\$ 2.046</b>	<b>\$ 1.686</b>	<b>\$ 1.491</b>	<b>\$ 1.351</b>	<b>\$ 1.292</b>	<b>\$ 1.080</b>	<b>\$ 2.281</b>	<b>\$ 0.174</b>	<b>\$ 2.046</b>	<b>\$ 1.292</b>			



## The Eastside Distilling Team

### **Steven Earles, Chief Executive Officer & Director**

Steven joined the Eastside team in 2009. As CEO, Steven is responsible for Eastside's day-to-day operations as well as overseeing the company's brand development and financial strategy. Steven is committed to maximizing long-term value, ensuring a balanced portfolio of growth initiatives, and maintaining the high level of integrity and transparency. With over two decades of executive experience, Steven has orchestrated the development and building of one of the largest land development companies in southern California. Steven has played key roles in numerous successful start-up companies as well as overseeing 400 employees.

### **Steve Shum, Chief Financial Officer**

Steve Shum has over twenty years of executive experience with finance, operations, public company reporting. Prior to joining Eastside Distilling in 2015 as chief financial officer, Steve served as a director and CFO/COO of a global renewable energy company. BS in Finance and BS in General Management, Portland State University.

### **Martin Kunkel, Chief Marketing Officer**

Prior to joining Eastside, Martin Kunkel has most recently served as Vice President of Player Development/Casino Marketing with the Hard Rock Hotel Casino in Las Vegas, Nevada. Martin Kunkel has spent over 23 years in the luxury brand segment of the gaming and hospitality industry in executive level management and marketing positions. In addition, Martin Kunkel has been involved in the successful opening of several major luxury Hotel/Casinos on the Las Vegas Strip. Martin brings his expertise of brand building affluence to the Eastside executive team serving as the Chief Marketing Officer.

### **Mel Heim, Master Distiller**

Mel has found her true calling in craft distilling. The Portland native joined Eastside Distilling in the summer of 2012 after completing her apprenticeship and successful stint as Head Distiller at Rogue Distillery and Public House in Portland's Pearl District. She is one of a few female distillers in the American craft distilling movement and the first female to masterfully tame the stills west of the Mississippi. Mel's liberal arts education fuels her passion for the artistic intricacies, history and philosophy of distillation and is apparent in her modest yet highly decorated pedigree. One can find Mel with her crew tending to the numerous barrels, sampling new blends, reciting proper whiskey nomenclature or doing what she loves best of all: creating world class spirits.

### **Jay Harkins, Executive Vice President of Sales**

Jay founded Blackheath Beverage Group and served as its CEO for four years. Blackheath was the first of its kind sales and marketing platform designed specifically for independently owned spirits brands. Prior to forming Blackheath, Jay held various senior roles within the industry, as VP of Sales - Spirits with Domaine Select Wine Estates, Director of Sales with Southern Wine and Spirits, as well as other management roles with Peerless Importers/E&J Gallo, and Cognac Ferrand.

### **Grover Wickersham, Chairman**

Mr. Wickersham is also Vice Chairman of S&W Seed Company and served as Chairman of its Board from October 2009, leading its IPO in May of 2010, with sales growing during his tenure from \$6 million to approximately \$95 million in the current fiscal year. Since late 2015, Mr. Wickersham has served as Vice Chairman of SenesTech, a developer of a non-lethal pest control technology, as a Director of Verseon Corporation, a U.S. company traded in London that uses "computational chemistry" to create pharmaceuticals. Mr. Wickersham was from 1996 to mid-2016 the Chairman of Purisima Fund, a mutual fund advised by Ken Fisher and Fisher Investments. He is a former Branch Chief of the U.S. Securities and Exch. Comm. and a practicing securities lawyer for many years, with clients including Genentech, Cree, and U-Haul. He has an A.B. from the U. C. Berkeley, an MBA from Harvard Business School and a Jur.Dr. from U.C. (Hastings.) Mr. Wickersham serves on the Board of Trustees of Hastings Law School.

### **Pat Roth, National Sales Manager**

Pat joins Eastside Distilling after 15 years with Republic National Distributing Company, the nation's second largest beverage alcohol distributor of premium wines and spirits, where he served as one of the company's marketing managers out of its Indiana office. Over the course of his career, Roth has led numerous product initiatives, including launching new brands, extending distribution channels, insuring successful product performance, managing brand portfolios, developing and training of regional sales teams, and performing key management functions. We are thankful that Pat agreed to re-locate with his wife and young daughter to guide Eastside through the next phases of our growth.

### **Carrie Earles, Chief Branding Officer**

Carrie grew up in the rural high desert of southern California surrounded by mountain vistas and sunshine. Growing up in a naturally beautiful setting activated her appreciation for visual imaging and its importance in delivering concepts. Carrie's has 10 plus years of branding and sales experience with a national retail organization. Her ability to conceptualize trends strategically with utmost care and also bring merchandise exposure to multiple demographics is why she serves as Eastside's Chief Branding Officer. Carrie collaborates with all company departments to deliver and develop Eastside's appearance as a whole organization. She is relied upon to keep a pulse on the spirits industry's highly nuanced marketplace and maintain Eastside's branding relevance.

## Eastside Distilling, Inc. Safe Harbor Statement

Certain matters discussed in this document may be forward-looking statements. Such matters involve risks and uncertainties that may cause actual results to differ materially, including the following: changes in economic conditions; general competitive factors; the Company's ability to continue as a going concern; acceptance of the Company's products in the market; the Company's success in obtaining new customers; the Company's ability to obtain additional capital, the Company's success in product development; the Company's ability to execute its business model and strategic plans; the Company's success in integrating acquired entities and assets, and all the risks and related information described from time to time in the Company's filings with the Securities and Exchange Commission, including the financial statements and related information contained in the Company's Annual Report on Form 10-K for the year ended December 31, 2015 filed with the Securities and Exchange Commission on April 13, 2016. Examples of forward-looking statements in this release may include statements related to our strategic focus, product verticals, anticipated revenue and profitability. Further, such forward looking statements in this report include but are not limited to: that the Company's growth will continue on its current trajectory; the stage is set for significant growth and improved bottom line performance ahead and beyond; that the second half is traditionally our busiest of the year where the Company typically generates close to 70% of our business in the second half. The Company assumes no obligation to update the cautionary information in this report.

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