

EASTSIDE DISTILLING

CORPORATE PRESENTATION

PREMIUM
CRAFTED SPIRITS
SINCE 2008

September 2017

NASDAQ: ESDI



FORWARD LOOKING STATEMENTS

Except for historical information contained herein, this presentation contains forward-looking statements, which reflect the expectations of management of Eastside Distilling, Inc. ("Eastside") with respect to potential future events. Forward-looking statements consist of statements that are not purely historical, including any statements regarding beliefs, plans, expectations or intentions regarding the future. Such forward-looking statements include, but are not limited to comments regarding: (i) Eastside's plans to become a national spirits company; (ii) proposed changes in Eastside's distilling, location and new facility, and the impact that such changes will have on Eastside's market position, business operations and ultimate success; (iii) Eastside's plan to establish a relationship with a leading distributor, partner, and/or agent which will enhance scalability, and sales and marketing efforts; (iv) Eastside's product expansion, if any; (v) Eastside's strategic growth plan for coming years, including accelerating the growth of spirits sold on a national level; (vi) Eastside's predictions of its national growth potential of the sales of its products; (vii) Eastside's marketing initiatives, including a national campaign featuring print, billboards, radio, television, and social media to build brand awareness and drive sales. These forward-looking statements are subject to risks and uncertainties that may cause actual results, performance or developments to differ materially from those contained in the statements. Actual results and the timing of events could differ materially from those anticipated in the forward-looking statements as a result of such risks and uncertainties, which include, without limitation; general economic conditions and economic uncertainty in the global markets; current and continuing trends in the spirits industry; continued demand for and success of Eastside's products and reputation; unexpected increases in the price of raw materials or their reduced availability; Eastside's ability to sustain its past growth or manage its future growth; Eastside's ability to retain its key management personnel; continued protection of Eastside's intellectual property; legal, regulatory, political and economic risks; the highly competitive market for spirits and other products proposed to be developed and launched by Eastside; Eastside's inability to deliver its products to the market and to meet customer expectations due to problems with its distribution system or other unanticipated problems; Eastside's failure to obtain any future financing it requires to fund and grow its business; Eastside's inability to expand its sales or product lines; Eastside's inability to generate growth of the sales of its current and future products; Eastside's inability to penetrate and generate successful operations on a national level; and other risk factors. You are urged to consider these factors carefully in evaluating the forward-looking statements contained herein and are cautioned not to place undue reliance on such forward looking statements, which are qualified in their entirety by these cautionary statements. In addition, the use of comparables in this presentation are in no way indicative of Eastside's future financial or operating results or potential. Readers are cautioned that the foregoing factors are not exhaustive. Forward-looking statements in this presentation are made as of the date hereof and Eastside disclaims any intent or obligation to update publicly such forward-looking statements.

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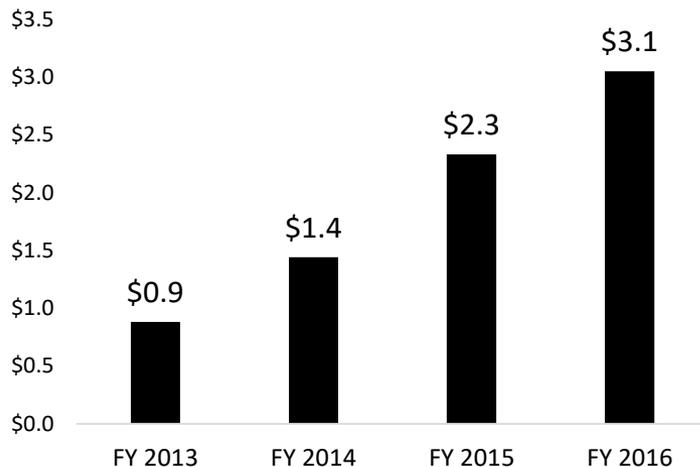
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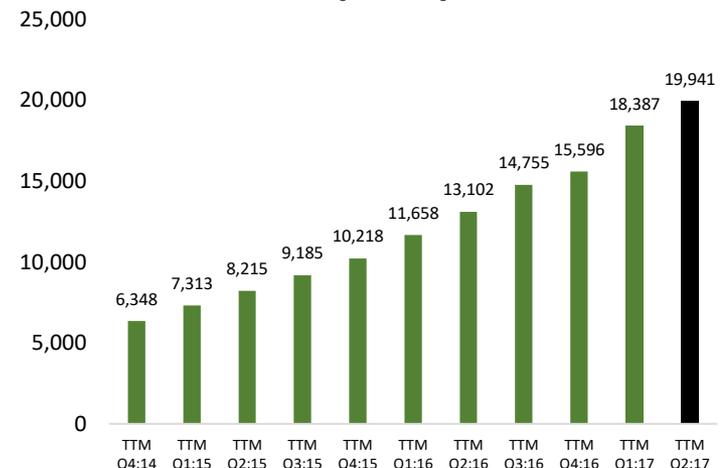
EASTSIDE DISTILLING

- **Founded in 2008 - Portland, Oregon**
- **Grown to 3rd largest producer in state of Oregon, *and on track to overtake #2***
- **Recently rated best distillery in Portland**
- **Our master distiller recently honored as 40 under 40**
- **Large insider investment**

Annual Sales (\$ in Millions)



Cases Shipped (TTM)



OUR STRATEGY FOR CREATING SHAREHOLDER VALUE

- **Create a “Brand Factory” to develop and grow emerging spirits and Ready-to-Drink (RTD) brands**
- **Be an acquisition platform for the fragmented craft spirits industry**
- **Build cash flow in Pacific Northwest home market and with our bottling subsidiary**

OUR IMPLEMENTATION

- **World Class Spirit Rebranding**
 - Major rebranding by Sandstrom Partners to drive H2 2017 growth
 - Portland-based Sandstrom track record includes Bulleit Bourbon, St. Germaine, Stillhouse, and Aviation Gin
- **Grow Organically and by Acquisition**
 - 31% Y/Y revenue growth in 2016 to \$3.0 million
 - Shipments increased 53% in 2016 to 15,596 cases;
 - 46% case growth in Q2 2017
 - Two accretive acquisitions in 2017 to date
- **Monetize our diverse and growing portfolio**
- **Reduce Operating and Fixed Costs**
 - More than \$1 million in annualized cuts in fourth quarter
- **Margin Improvement**
 - Combine production at MotherLode & Bulk purchasing to reduce COGS
- **Accelerate our strong double digit growth in core markets; expand opportunistically international markets**
- **Bulk whiskey is an appreciating asset**

OUR APPROACH TO CRAFT

We create and deliver high-quality, innovative products targeted at growing markets.

True to our Oregon and Pacific Northwest “roots” by shunning artificial additives, locally sourcing ingredients such as our high-quality water and Oregon oak, and relying on local artisans.

Commitment to Quality

Natural, local ingredients, local Oregon Oak

Targeting Trends

- Millennials, with growing disposable income, are seeking new taste experiences that only craft can provide.
- Consumers increasingly prefer spirits over wine and beer
- 37%+ of U.S. whiskey drinkers are currently women⁽¹⁾
- Women favoring flavored spirits, like Cherry Bomb, our flavored whiskey

Authentic yet Scalable

Eastside knows how to scale production, while keeping flavor profiles consistent.

Talent & Experience

Our spirits express the creativity and palates of our distillers Mel Heim, Travis Schoney & Ted Pappas

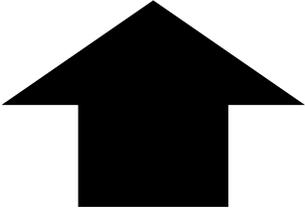
Multi-Spirit Portfolio

Most craft distillers have only 1-3 products, we have 20+

⁽¹⁾ Market estimates by TTB, Park Street and US Census Bureau

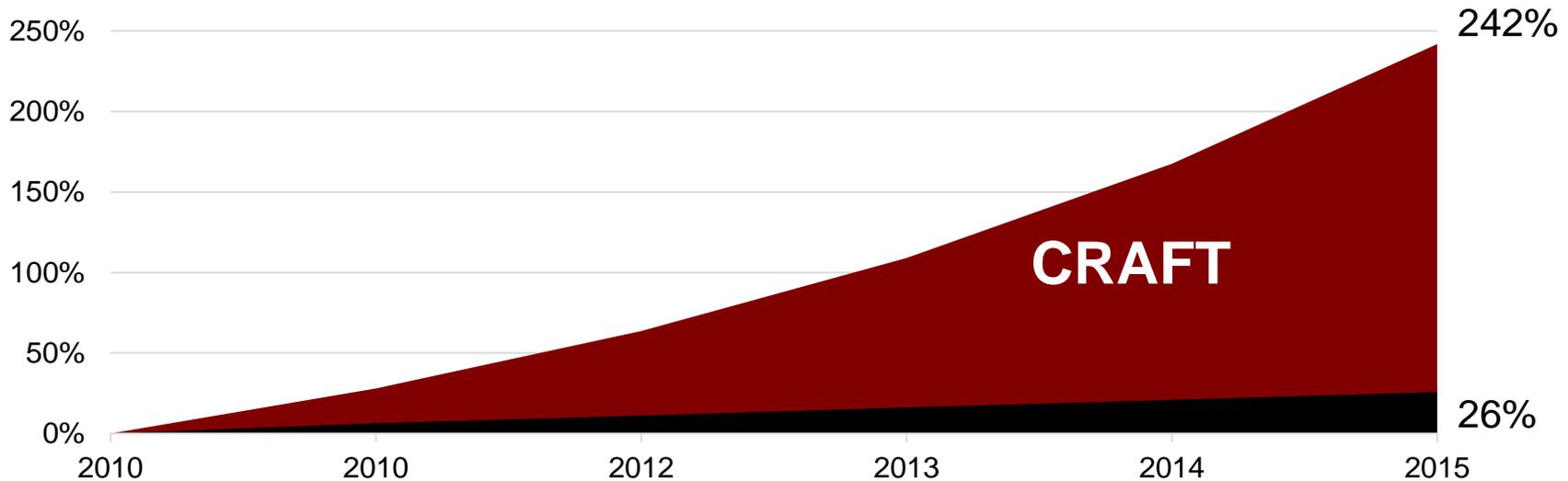
CRAFT SPIRIT EXPLOSION

- **Between 2010 and 2015 (5 years)**
 - **959 new producers**
 - **879 were small**
 - **215 just in 2015**



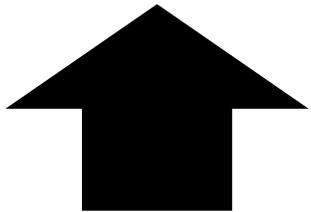
41% CAGR

Craft Spirits Sales Growth versus Spirits Overall U.S. Industry



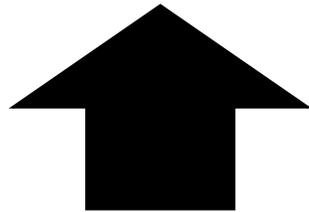
■ Craft ■ Industry Distilled Spirits Council of The United States (DISCUS) and American Craft Spirits Association data

KEY INDUSTRY GROWTH TRENDS



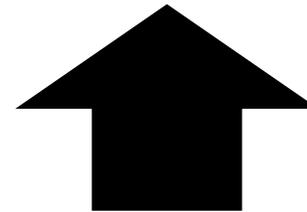
SPIRITS

- \$24.1 B Industry
- Domestic sales up more than 25% since 2010
- Taking share from wine and beer



CRAFT

- Craft market share doubled in last 2 years
- Expected to hit 8% of total spirits market in 2020 vs 1.7% currently



FLAVORED

- Flavored spirits growing 14% compared to 3.6% industry growth
- Marionberry & Cherry Bomb



FORWARD STRATEGY TO DRIVE PREMIUM MULTIPLE

- Target industry growth trends
- Innovative product, packaging and branding additions
- Be local - First expand sales in core region
- Expand geographically and online
- Increase production efficiencies
- Pursue accretive acquisition opportunities



DIVERSIFIED PRODUCT LINEUP

BOURBON



WHISKEY



RYE



VODKA



RUM



GIN



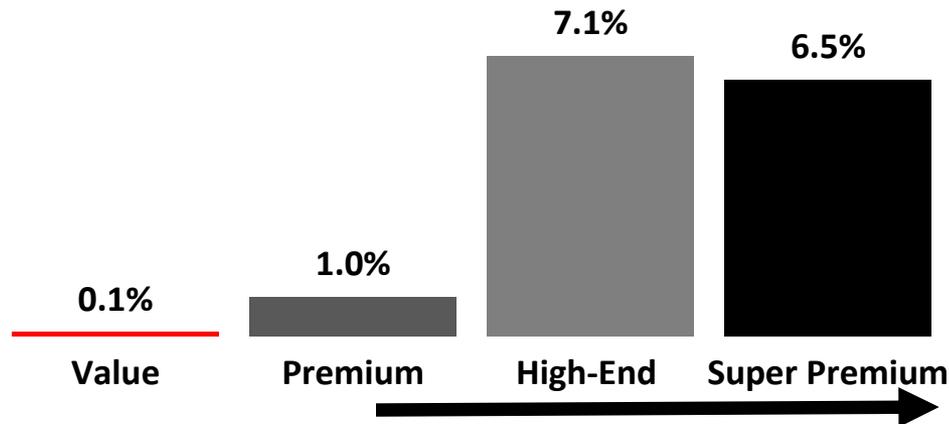
FLAVORED WHISKEY



PROVIDE VALUE IN GROWTH CATEGORIES

- We target the high-growth premium (\$12-20 per bottle) and high-end (\$20-30 per bottle) market segments with premium quality at attractive pricing.
- In the super premium category (above \$50 per bottle), we intend to have limited production offerings that we believe also deliver exceptional value.

2015 Market Volume Growth by Price Category¹



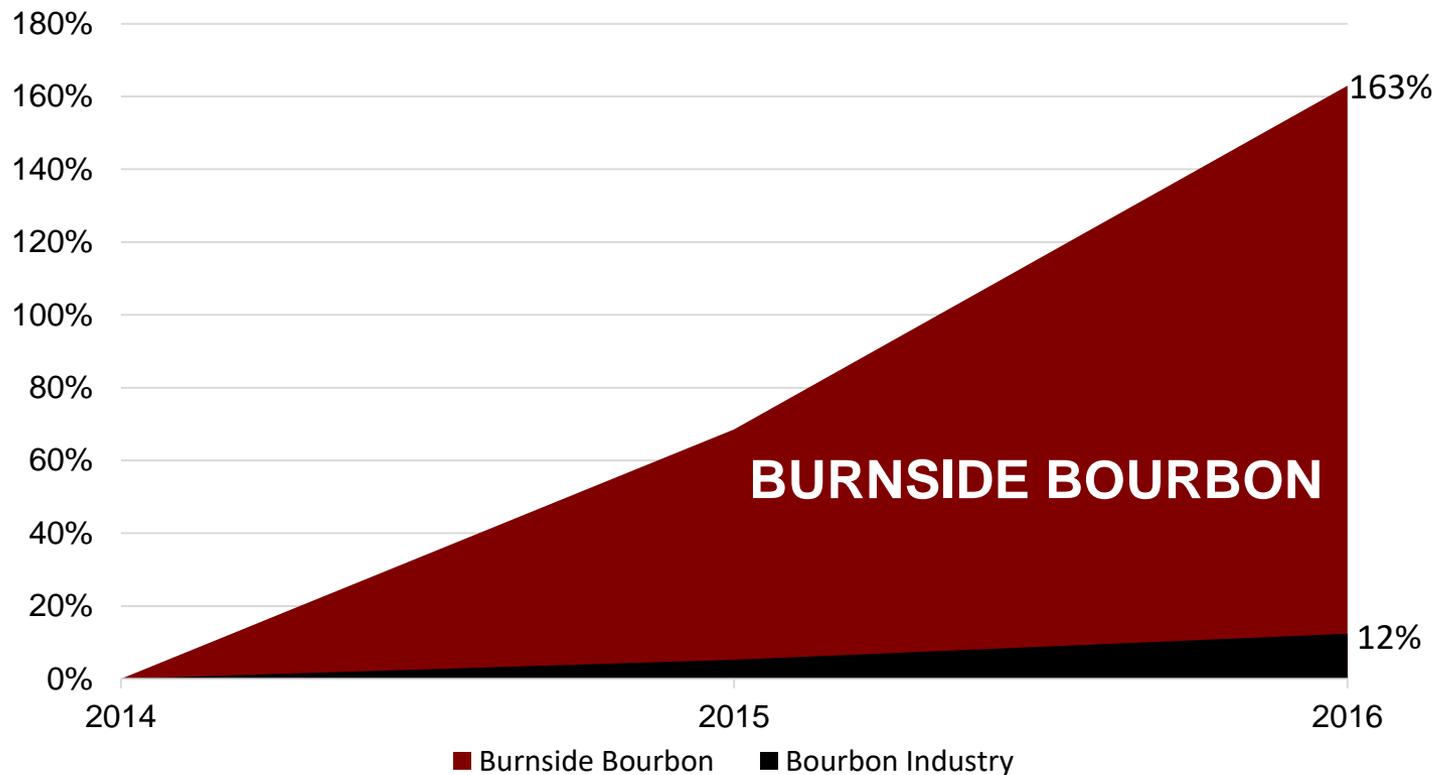
WAREHOUSE SERIES

SINGLE BARREL CASK STRENGTH
AMY'S VINEYARD
ANCIENT VINE
REDWOOD VALLEY
WILD BILL
PROJECT X
SINGLE BARREL 191
RED TAPE
LAB SERIES

1) Distilled Spirits Council of The United States (DISCUS), Feb. 2016 report. Volume is per 9-liter case. Industry revenue in gross dollars.

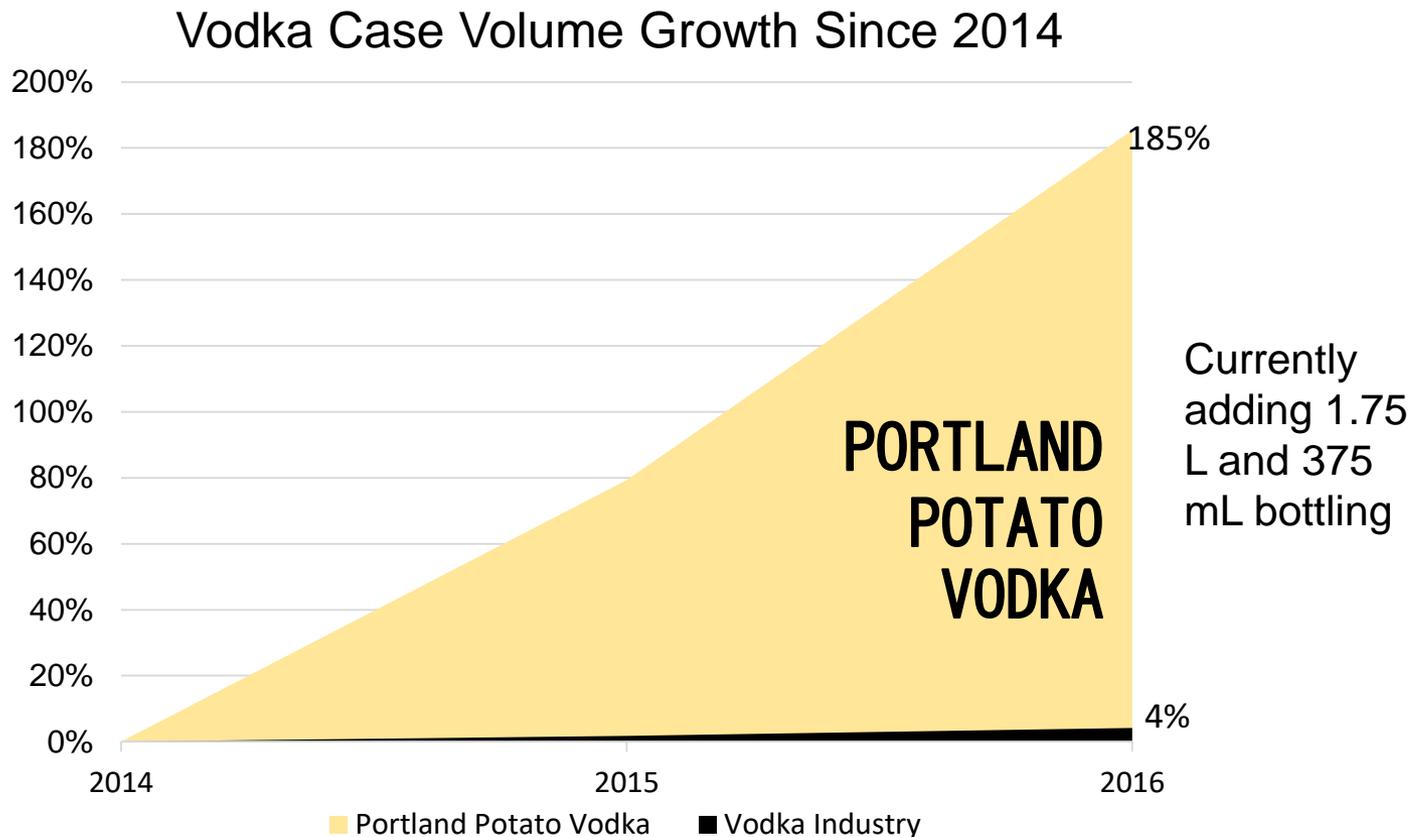
ORGANIC GROWTH: BURNSIDE BOURBON GROWTH OUTPACING INDUSTRY

Bourbon Case Volume Growth Since 2014



ORGANIC GROWTH: (With legacy packaging)

PORTLAND POTATO VODKA INCREASING SHARE



IMPROVED PACKAGING DRIVES SALES



RAGS TO RICHES REBRANDING STORY

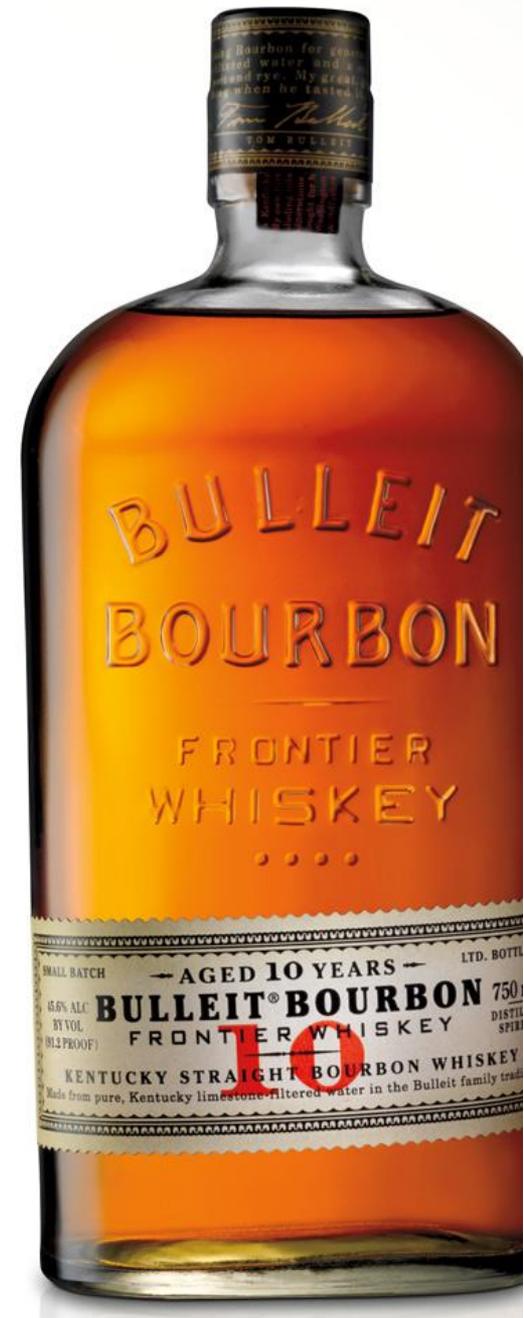
- Fireball Cinnamon Whiskey has been around about 30 years
- Previously under banner of Dr. McGillicuddy brand
- In 2007, rebranded as “Fireball Cinnamon Whiskey.”
- Sales increased at retail from \$1.9 million to \$131 million in 2014; \$863.5 million including bar/restaurant sales



<https://www.fool.com/investing/general/2015/10/06/how-fireball-cinnamon-whiskey-became-a-billion-dollar.aspx>

EASTSIDE HAS OUTSOURCED SPIRIT BRANDING TO SANDSTROM PARTNERS

- Portland-based Sandstrom Partners is recognized as preeminent in spirits brand development
- Full range of brand development services, including:
 - Research, strategy, brand identity, package design, environments, advertising, as well as digital design and development
- Have become significant shareholders in Eastside Distilling



THE LIST OF SANDSTROMS SPIRIT BRANDING CLIENTS IS A WHO'S WHO OF THE INDUSTRY

- Stillhouse Distilling
- St-Germain
- Bulleit Bourbon
- Aviation Gin
- Brown-Forman
- Brown Forman/Chambord and Old Forester
- Diageo
- Miller Brewing
- Pernod Ricard
- Bacardi Oakheart

Stillhouse[®]
AMERICA'S
FINEST



ST-GERMAIN



BULLEIT[™]
BOURBON



AVIATION
: AMERICAN GIN :



SANDSTROM / EASTSIDE PRODUCTS

Burnside Bourbon



Coffee Rum



STRENGTH OF CORE MARKETS

- **3rd largest spirits producer in Oregon**
 - 45% wholesale sales growth during FY 2016
- **Strong distribution with Eastside products available in more than numerous locations**
- **First shipments to Alaska during Q1 2017, extension of Pacific Northwest focus**
- **Innovative retail concepts**
 - Five Eastside tasting room concepts create unique growth element, with room for more
- **Active events staff provides high visibility to the Eastside brand**



LEVERAGE PUBLIC MARKETS FOR STRATEGIC ACQUISITIONS

1,163 craft producers in 2015

	1,163 craft producers in 2015	
Small	1,067	Less than 5,000 cases
Medium	73	5,000 to 52,000 cases
Large	23	52,000 to 400,000 cases

- **Accretive opportunities with small distillers looking for exit strategies**
- **Leverage our distribution channels (including retail stores), production and distilling capabilities, and overall infrastructure**



MOTHERLODE BOTTLING:

MARCH 2017

- **High profit center**
 - Gross margins on independent bottling are strong
 - Eastside to locate operations to MotherLode's facility with \$200,000 in expected cost reductions and savings annually
 - Pneumatic bottling line allowing for a 5x increase in bottling rate and further improvement of gross margins
- **MotherLode offers services and support to craft distilleries**
 - Contract blending and formulation
 - Bottling, packaging, & delivery services
 - Private brand & label programs
 - New canning line to drive additional opportunities
- **Accretive on many levels**
 - Payback expected in 12 to 18 months
- **Industry veteran Allen Barteld to continue running operations**



BIG BOTTOM DISTILLING: MAY 2017

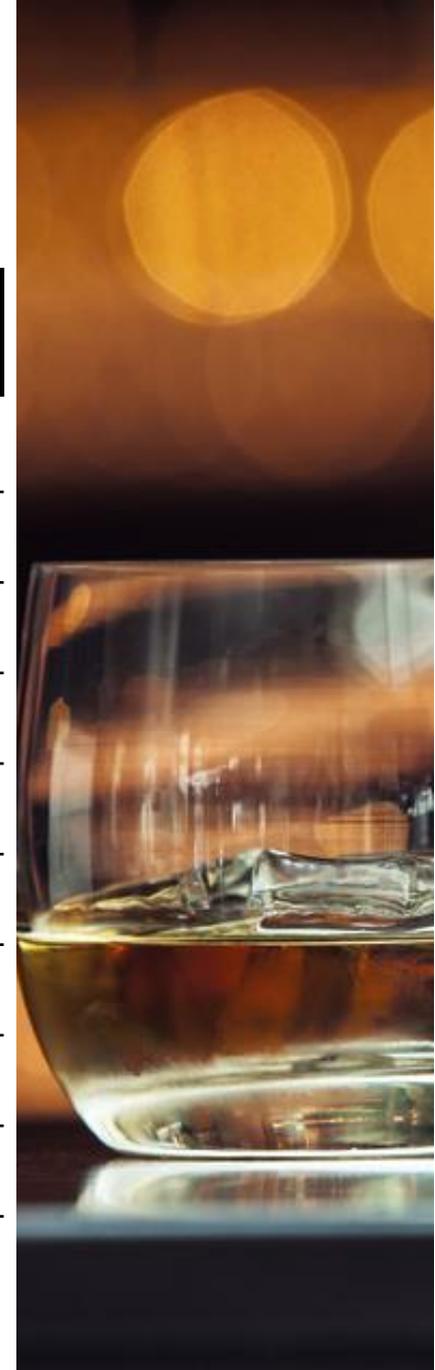
- **High respected craft distiller with lineup of 10 complementary spirits**
 - Ted Pappas, founder of Big Bottom, was previously President of Oregon Craft Distillers Guild
 - Fills gaps in our spirit lineup with Gins, Whiskeys and Brandy's
- **Provides distilling capabilities**
 - Travis Shoney, distiller for Big Bottom, was previously senior distiller at High West which was acquired by Constellation for \$160 million
- **Synergistic distribution opportunities**
 - Introduce Big Bottom products into Eastside's retail and distribution channels to drive immediate growth



FINANCIAL SUMMARY

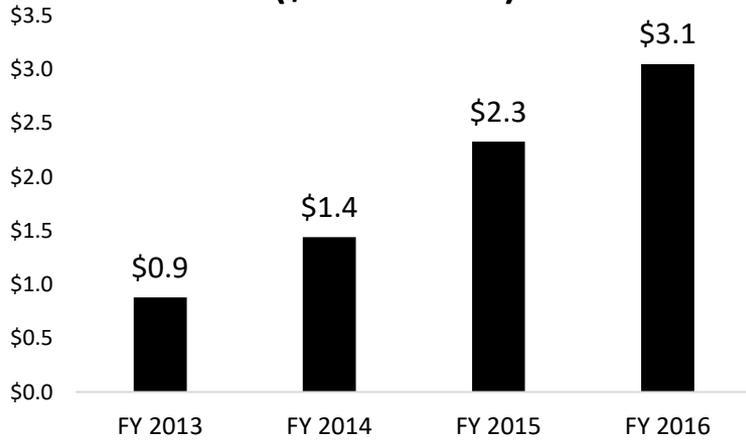
Issuer	Eastside Distilling, Inc.
Market Cap	\$20 million
Stock Price (1) 52-Week Range	\$4.05 \$1.16 - \$7.50
Basic Shares Outstanding	4.8 million
Warrants	2.6 million avg. ex price \$5.998
Options	0.32 million avg. ex price \$6.97
FD Shares Outstanding	7.7 million
Debt Outstanding	\$1.36 Million – <i>mostly long-term</i>
Cash (6/30/17)	\$1.32 million* + \$6.21million gross proceeds in August 2017
EBITDA	(\$0.77) million – MRQ

Note: (1) As of September 8, 2017

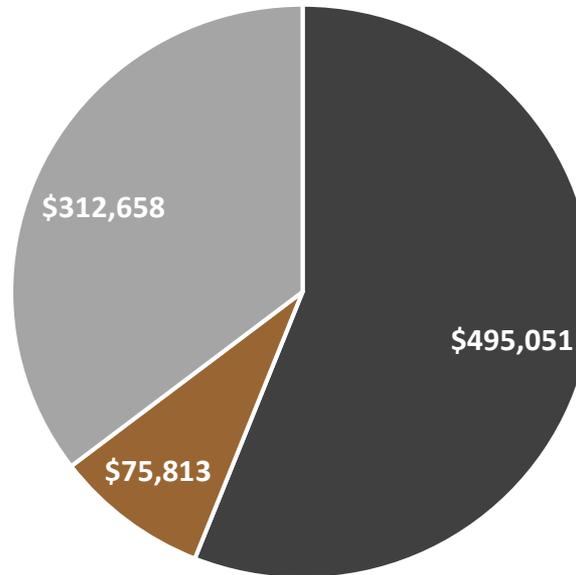


RAPID REVENUE GROWTH

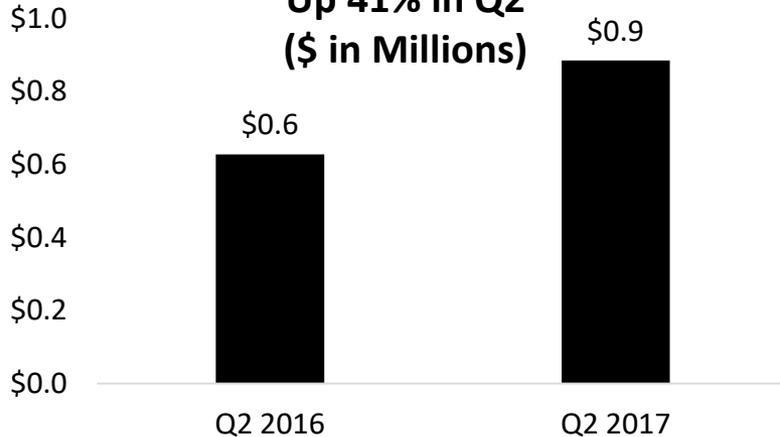
**Annual Sales
Over 50% CAGR
(\$ in Millions)**



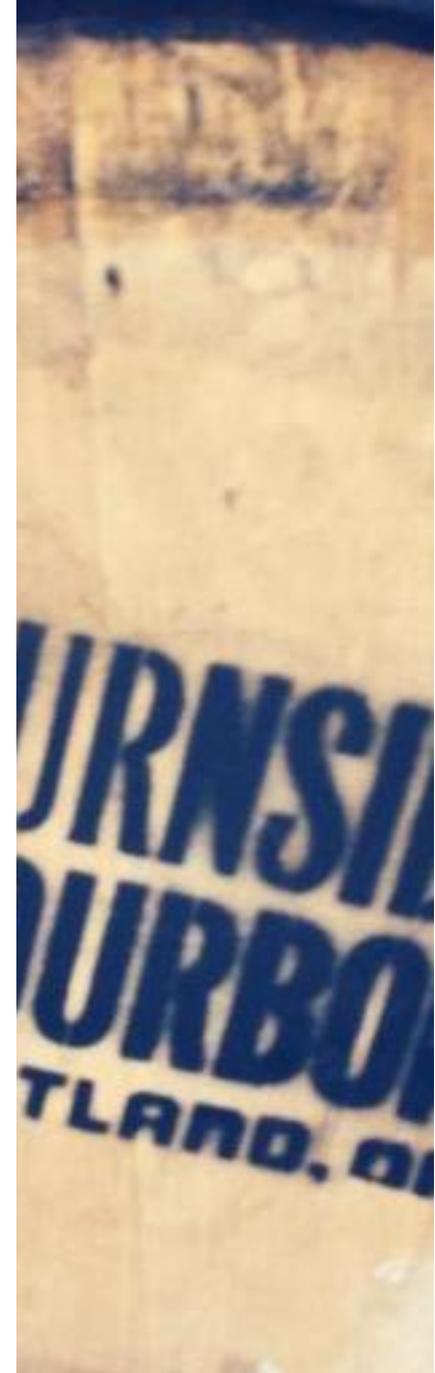
**Breakdown of Revenue
Q2 2017**



**Quarterly Sales
Up 41% in Q2
(\$ in Millions)**

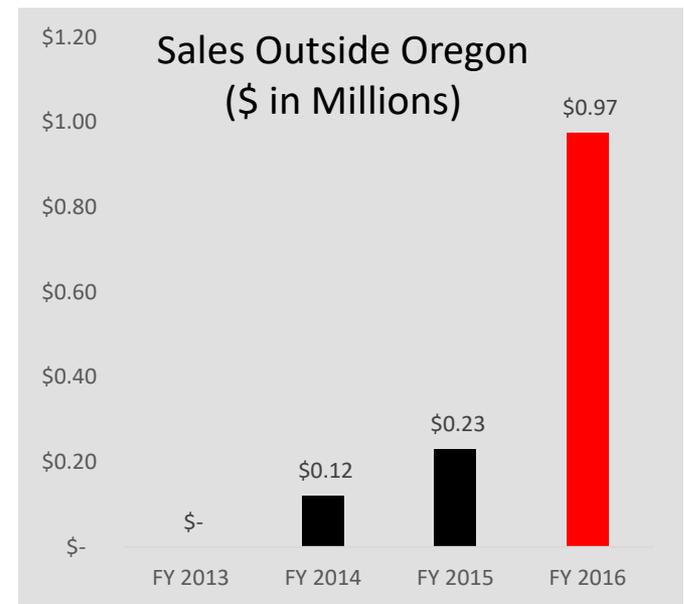
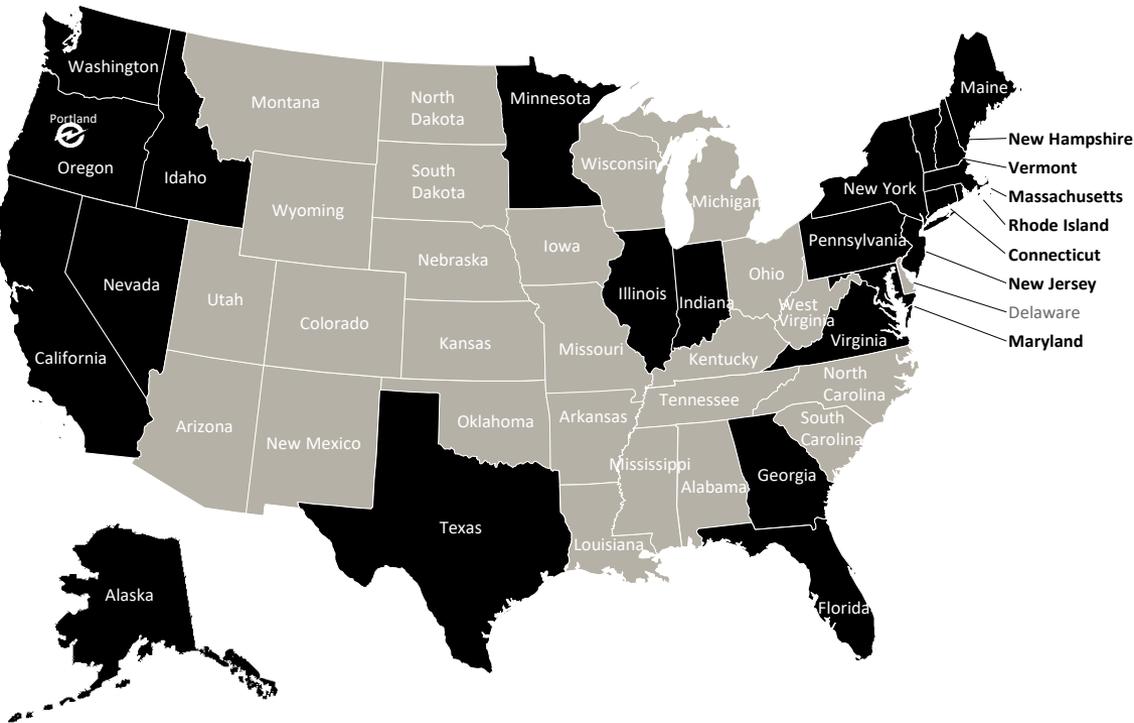


- Wholesale
- Private Label
- Retail/Special Events

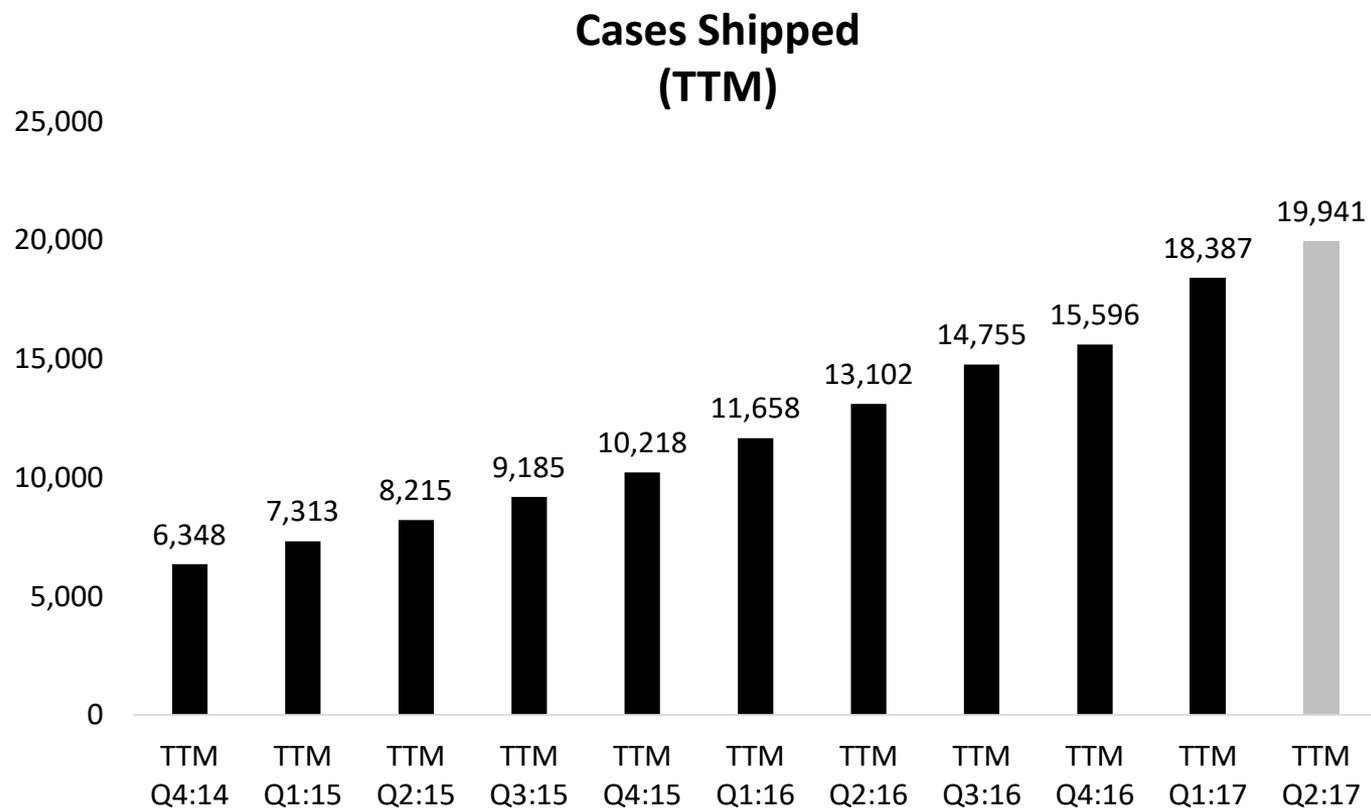


EXPANDING GEOGRAPHICALLY AND ONLINE

- U.S. expansion through key distribution partners and “boots on the ground” support
- We are partnering with retailers that market heavily online and investing resources into e-commerce and digital marketing.
- International expansion underway with Canada shipments and China registration



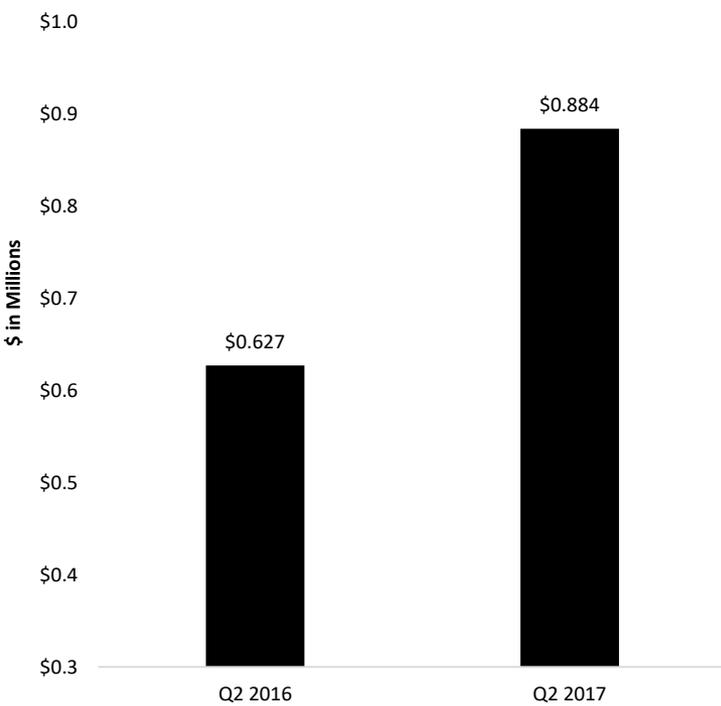
KEY METRIC: CASE SHIPMENTS



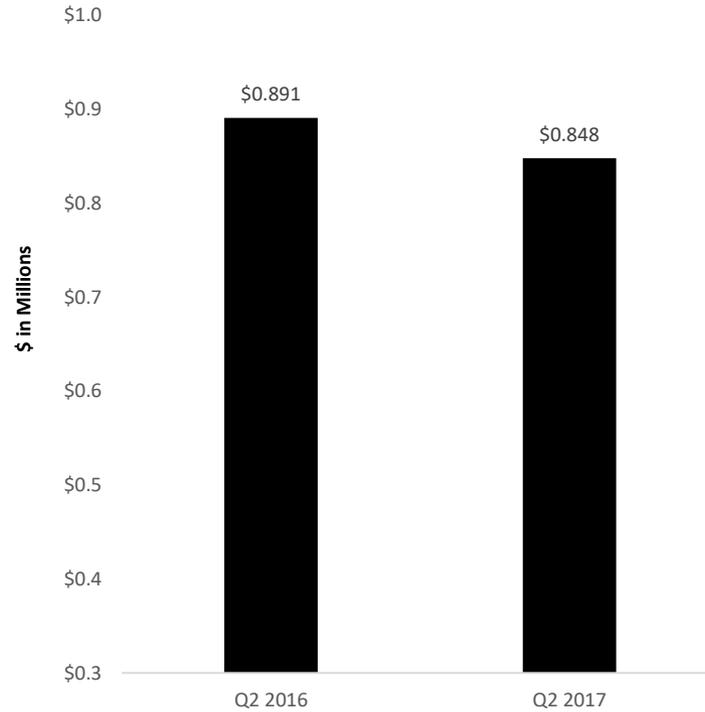
GROWTH & EFFICIENCY

Q2 2017 vs Q2 2016

Revenue Growth



G&A Efficiency



PREMIUM INDUSTRY MULTIPLES

- **Public company's in the spirits industry trade for approximately 5-6X revenue and 16-20X EBITDA.**
 - **No sales growth (down 1.3% in their recent fiscal years)**
- **As an emerging growth company we should have same or higher with 30%+ growth in most recent year**

	Enterprise Value	TTM Revenue	EV/Revenue	TTM EBITDA	EV/EBITDA	Sales Growth
Diageo plc	\$84,080	\$13,990	6.01	\$4,480	18.8	-8.7%
Pernod-Ricard	\$40,730	\$9,440	4.31	\$2,780	14.7	-6.4%
Constellation Brands	\$40,280	\$7,250	5.56	\$2,400	16.8	+12.0%
Brown-Forman	\$20,280	\$3,030	6.69	\$1,090	18.6	-2.0%
Remy Cointreau	\$4,890	\$1,140	4.29	\$230	21.3	+4.7%
			5.4		28.0	-1.3%

ACTIVE M&A MARKET

- Recent acquisition in the industry as high as 15X revenue
- Large companies are BUYING brands, **NOT BUILDING** them

Year	Brand	Acquirer	Cases ('000 9L)	Acquisition Price	Price/Case	Revenue Multiple
2017	Casamigos	Diageo	120	\$700M+	\$5,833	~20X
2017	Bulldog Gin	Group Campari	150	\$58M	\$387	4.9X
2016	High West	Constellation	70	\$160M	\$2,285	~6X
2015	Ballast Point (San Diego, CA)	Constellation	N/A	\$1B	N/A	~10X
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



CASAMIGOS TEQUILA

Acquired for ~20X Sales

- Casamigos Tequila, partially owned by George Clooney, was purchased by Diageo in 2017
- Purchase price of \$700 million in cash and debt upfront and another \$300 million more over ten years if the brand meets undisclosed performance measures
 - According to SEC filings, the company sold 120,000 cases last year and is on track to sell 170,000 by the end of this year.
 - **~\$5,833 per case**
 - **Estimated 41% case growth**
 - Analysts at Citigroup and Credit Suisse estimate that the price that Diageo agreed to for Casamigos amounts to **20 times annual sales**

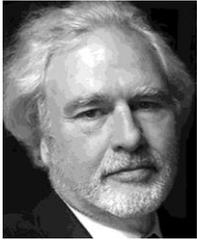


INVESTMENT HIGHLIGHTS

- **High Growth Rate, supported by:**
 - *Strong organic growth*
 - *Accretive Acquisition strategy*
- **Experienced Team**
 - *Strong public company and SEC knowledge*
 - *Experienced production, blending, and distilling leadership*
- **Favorable Industry Trends**
 - *Huge, multi-billion industry*
 - *Craft = significantly faster growing category*
 - *Substantial number of new entrants, but most are small and lack resources to make it big = attractive acquisition environment*
- **Major New Product Launch**
 - *Supported by best-of-breed branding partner, Sandstrom*
 - *Leverage product quality and industry trends*
- **Highly Attractive Industry Valuations**
 - *Broad brand portfolio provides multiple opportunities for a “hit” product*



MANAGEMENT TEAM



Grover Wickersham
Chairman & CEO

Long career building emerging growth companies

Advised numerous well known growth companies, including Genentech, Cree and U-Haul

Former SEC branch chief and Harvard MBA

Bought and took public S&W Seed Company and grew it from \$6 million in sales to \$85 million in sales through acquisition



Melissa “Mel” Heim
EVP Ops &
Master Distiller

10+ years as a distillery blender

Joined Eastside in 2012

Leader in craft spirits

First female master distiller west of the Mississippi

Winner of scores of industry awards

One of only people in spirits named to “40 under 40” by a major wine and spirits industry publication



Steve Shum
Chief Financial
Officer

20+ years of executive experience with finance, operations, public company reporting

Prior to joining Eastside 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



Jarrett Catalani
Vice President of Sales

27 years experience specializing in launching new spirits brands

Dieago veteran and member of team that launched Bulleit Bourbon and Ciroc Vodka

As SVP of sales for Russian Standard, lead the U.S. launch of Russian Standard Vodka

Other brand rollouts include Pete’s Wicked Ale and the U.S. launch of Czech Beer Pilsner Urquell