

FLORICULTURE MARKET UPDATE

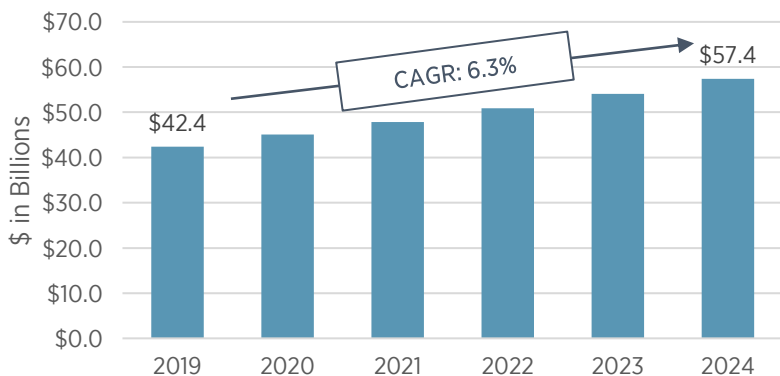
INDUSTRY OVERVIEW

The floriculture market is experiencing significant change as investment capital pours into the space from strategic and financial acquirors to take advantage of the growing market. Economies of scale are lowering costs throughout the industry and access to capital resources is crucial to compete in the market. Global consolidation is expected to continue due to the revenue and cost synergies available from owning multiple suppliers across both product lines and geographies.

KEY FACTS

- The global floriculture market is expected to grow at a CAGR of 6.3% through 2024 - increasing demand for cut flowers for personal use, special occasions, and gifts is expected to boost the growth of the industry. Due to stay-at-home restrictions from Covid-19, many households took up gardening in 2020 and are expected to remain active consumers of floriculture products in 2021 and beyond.
- In North America, the consolidation of the retail landscape over the past few years, combined with its preference to do business with a limited number of suppliers, has triggered a consolidation among growers.
- Consolidation has led to the 100 largest growers having a combined floriculture greenhouse market share of 60% in the U.S.
- In addition to the changing supplier, wholesaler, and retail landscape, several other market dynamics are expected to impact the world of growers, including increased technology standards, shifting consumer preferences, and increased importance of sustainability.
- Several benefits of increased scale include:
 - Achieve enhanced logistics
 - Gain efficiency/productivity and cost reduction
 - Attract skilled personnel and improve continuity
 - Diversify risks
 - Expand assortment to become a one-stop-shop for retail

GLOBAL FLORICULTURE MARKET SIZE



Sources: USDA, ProVerde Market Research, Oaklins

KEY U.S. STATISTICS



55% of American adults are currently gardening



\$4.4B 2019 US wholesale value of floriculture crops



5,200 number of producers in the US

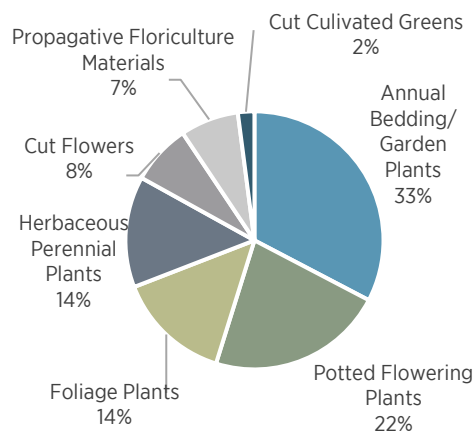


9% increase in potted flowering plants for indoor or patio uses



9% increase in gardening retail sales in 2020

U.S. REVENUE BREAKDOWN



Note: US Operations with \$100,000+ Sales (2019)



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M&A OVERVIEW

ACCELERATING INVESTOR INTEREST

Floriculture in the U.S. is a large, stable, and fragmented market that is gaining strong interest from strategic and financial investors.

- Attractive features of the market include:
 - Vast number of family-owned businesses with uncertain succession plan
 - Highly fragmented market with ample opportunities to expand through acquisitions
 - Valuation spread between small and advanced businesses
 - Growth market with strong post-COVID visibility
 - Potential for value chain integration

RECENT M&A ACTIVITY

Date	Acquirer	Target	Location
Jan, 2021	Novus Capital	AppHarvest	KY
Jan, 2021	Illinois Foundation Seed	D&D Seed	WA
Jan, 2021	Broadband Capital Management	Hydrobuilder	CA
Dec, 2020	Central Garden & Pet	Hopewell Nursery	NJ
Dec, 2020	Central Garden & Pet	Green Garden Products	MA
Dec, 2020	BFG Supply	Gard'N-Wise Distributors	CO
Nov, 2020	Teays River Investments	Grimmway Farms	CA
Jun, 2020	Costa Farms	DeLeon's Bromeliads	FL
Jun, 2020	Sunshine Bouquet	Esmeralda Group	USA & Intl.
Feb, 2020	Profile Products	HydroStraw	WA
Jan, 2020	Incline Equity Partners	BFG Supply	OH

SELECT PRIVATE EQUITY PLATFORMS



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