

ECOMMERCE MARKET UPDATE

INDUSTRY OVERVIEW

The \$800B U.S. eCommerce industry is expected to continue its torrid growth in 2021 increasing by another almost 15%, according to eMarketer, reaching sales levels that were not expected until 2024 or 2025. Drivers include accelerated adoption among the most attractive consumer demographics, advances in the online user experience, acceptance of mobile commerce and new shopping platforms on social media sites. This attracts private equity investors, further driving industry consolidation, in what remains a highly fragmented target-rich market.

MILLENNIAL CONSUMPTION WAVE †

- Projected spending by Millennials is one of the most important drivers underpinning the ongoing eCommerce disruption.
- As Millennials enter their peak consumption years and Baby Boomers live longer, the two will provide a consumptive boost.
- Alongside increased disposable income, Millennials prefer the wide assortment and quick product fulfillment that is provided by the convenience of eCommerce.

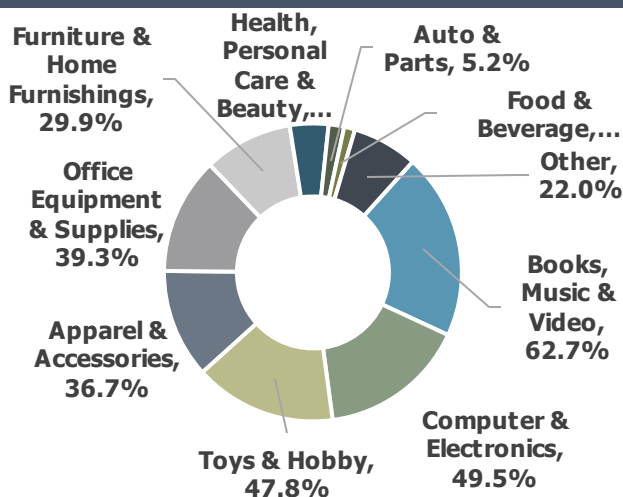
RAPID ADOPTION OF ECOMMERCE

- Online sales have seen double digit growth rates since 2010.
- COVID-19 has permanently accelerated the adoption of eCommerce. Consumers have been driven toward new purchasing behaviors that will stick going forward.
- Etsy added 1.9 million new sellers in 2020, up from 1 million in 2019. It finished the year with 80 million products, up from 60 million at the start of 2020.
- Walmart announced a partnership with Shopify and added more than 1,200 Shopify stores to the Walmart marketplace.
- Since 2016, sales made via mobile devices has increased by 15%. Recent estimates approximate that 73% of eCommerce sales will take place on a mobile device in the coming years.
- Social media will continue to have an evolving role in eCommerce as platforms add online stores to their sites.
- China is the largest eCommerce market (3x the size of the US market) having grown 27% year-over-year.

ECOMMERCE SEGMENTATION

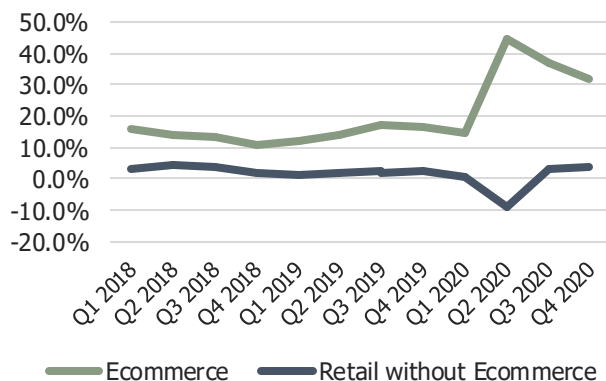
- In 2020, Books, Music & Video product category represented the highest percentage of sales in the US.
- The fastest growing category of products was Food & Beverage, poised for a 58% surge, while Health, Personal Care & Beauty sales are expected to grow over 30%.
- Amazon, Walmart, and eBay represent over 48% of the total eCommerce retail market share in the US.
- Amazon, grew 40% and remains the market share leader, but other major online retailers are growing at faster rates in 2020. These include Best Buy (106%), Walmart (79%), Target (104%), Etsy (128%), Wayfair (67%), and Shopify (96%).

US ECOMMERCE MARKET SHARE BY CATEGORY



Note: eCommerce as a % of total retail sales by product category

ECOMMERCE AND RETAIL SALES GROWTH



Note: Compared to a year earlier; US Census Bureau Analysis

† Javelin Strategy & Research



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M&A OVERVIEW

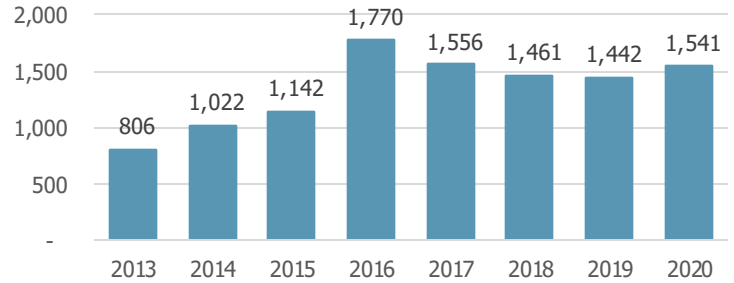
ACCELERATING INVESTOR INTEREST

eCommerce in the U.S. is a growing, fragmented market with favorable conditions to support strong post-COVID growth performance. Some of the characteristics that attract investors include:

- Valuation arbitrage opportunities between small and established businesses
- Data-driven, efficient customer acquisition and retention infrastructure
- Best-in-class, seamless user experience
- Scalable order fulfillment capable of meeting increasingly demanding consumer requirements
- Established and aggressive multi-marketplace distribution strategies

ECOMMERCE M&A ACTIVITY

Ecommerce transactions continued at an aggressive pace in 2020 despite uncertainty created by COVID. Online consumer retail deals jumped from 19% of the total in 2019 to 27% in 2020, indicative of the surging interest in online shopping.



Source: 451 Group; S&P Capital IQ.

SELECT 2020 PRIVATE EQUITY INVESTMENTS

Health, Personal Care & Beauty



Apparel & Accessories



Furniture & Home Furnishings



CASCADE PARTNERS' SELECT TRANSACTIONS

Sell-Side Advisor

Craig Frames Inc. has secured a strategic investment from

Financing

has secured a \$50 million unitranche investment from

Financing

has secured unitranche financing from

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