



March 25, 2021

Dear Valued Mayesh Customer:

Many of you know about and have personally experienced the short supply of flowers affecting our industry right now. The supply-demand imbalance for flowers is unprecedented in the last 30 years, so I want to take this opportunity to explain what is causing the tight market conditions and how it might impact Mother's Day and the weeks and months that follow.

Primary Causes of Supply Challenges

Flower Supply: One year ago, the entire world confronted a massive disruption from the Covid pandemic. The global economy ground to a halt and many U.S. florists and flower distributors shut down, at least temporarily. Around the world, flower growers were impacted as well, as flower demand collapsed and nobody could predict what would happen next. As a result, many growers made decisions in 2020 which both reduced cost and pared back production volumes. We are still dealing with the downstream effects of those decisions. Exacerbating the supply constraints, several large-scale grower/bouquet makers supplying mass markets have acquired South American farms thus reducing product available to the florist channel. On top of all that, Mother Nature has weighed in with inclement weather conditions in Colombia and Ecuador recently, which has further reduced the production of many flower commodities.

Logistics Bottlenecks: The pandemic also wreaked havoc with supply chains and logistics companies throughout the world. Passenger flights have been dramatically reduced, forcing increased demand to cargo airlines for freight. In some cases, cargo planes themselves have been redeployed from South America to other regions of the world to accommodate spiking demand. The result – higher prices for air cargo and less availability of space. To complicate matters, trucking companies in the U.S. have been struggling to hire drivers for years, but the explosion of e-commerce in the past year has driven the overall demand for drivers to an all-time high.



Increased Flower Demand: All of the above is happening just as consumer interest in flowers has caught fire. Americans have been nesting at home and have been separated from loved ones for over a year. As a result, the beautiful products that we sell have seen a spike in demand. That is great news and something we hope will be sustained. The challenge, of course, is that the spiking demand for flowers is occurring at precisely the time when flower supply is in a trough.

The Current Situation

Mayesh has strong and resilient relationships with growers around the world and partnerships with cargo agents, airlines and trucking companies that go back decades. We are confident that we are well-positioned to compete for great flowers. That said, everyone in the industry is affected by the conditions described above. So, we want you to know that, while Mayesh will do everything in our power to fill orders precisely as we have taken them, there will occasionally be a need for flexibility with respect to substitutions and even delivery dates. We can guarantee that we will make every effort to be 100% on the mark, but we know the situation will make it difficult for us and for everyone in our industry to achieve that goal. We also know that flowers will be more expensive until this supply-demand imbalance returns to normal. So, we ask that you bear with us as we move through this unusual period. We will be communicating proactively during this time, as always. We hope that this resurgence in consumer demand continues and look forward to a more normal level of supply in the months ahead.

Sincerely,

Patrick Dahlson

Mayesh CEO