Emerging Category King of Next-Gen Supply Chain Systems

April 2021

Hanhaa's ParceLive is the solution

Hanhaa's ParceLive supply chain solution delivers **complete visibility** and **connectivity** to provide **accurate, consistent** and **affordable** insights

The only **tracking solution** in the world that is **truly scalable, reusable** and **sustainable**

Sensors collecting critical real-time live customer data

Security

- Shock
- Free fall
- Box opening
- Accessory connection(1)
- AI(1)

Environment

- Temperature
- Humidity
- Tilt / orientation
- Velocity
- Step count
- External data feed(1)

Location

- GPS
- Bluetooth(1)
- WIFI(1)
- GSM location services(1)

Constantly recording, constantly sharing. Hanhaa owns and leases the data to customers that drives fulfilment across entire network for all deliveries – transforming the customer delivery experience

Note(s): (1) Feature to be rolled out with ParceLive Gen2

Hanhaa is creating a utility-based approach to logistics

Customers buy access to the data, which Hanhaa owns. They don't buy any hardware or data

- Hanhaa does **not sell hardware.** It **provides an end-to-end data solution**
- **No software-only company (yet) can collect and own this level of data and insights**
  - A separate Intel / Microsoft / IBM does not (yet) exist in supply chain insights pace – so **hardware is required**
- The ParceLive solution generates **80% gross margins** – hardware-dependant businesses don't generate these type of margins

Hanhaa is building a utility-based approach to logistics, which has been missing from the ecosystem. With the integration of Blockchain technology, Hanhaa is essentially creating an "e-Passport for goods"

Why now?

- **Paradigm shift in global supply chains**

  In 2020, companies in more than **80%** of global sectors experienced **supply chain disruptions** as a direct result of the pandemic[1]

- **Transparency across the entire supply chain journey is vital**

  Now, more than ever, ca **70% of consumers say the ability to track an order** is in their top 3 considerations when buying products online[2]

- **Innovations in the communications infrastructure are transforming the ability to track supply chains**

  Connectivity, security and speed, 5G data collection and **analytics**

Note(s): (1) Bank of America; (2) Metapack

From old to new: supply chain tracking is changing

The OLD – Fleet / CONTAINER tracking

- When you ship something from A to B, you can't tell:
  - How the data was generated or the process behind it
  - Where the liability lies with shipment failure
  - Where there is a systematic failure of process
- Designed for fleet and inventory management

The NEW – End-to-end ASSET tracking

- Precise, real-time asset tracking across land, sea, air, rail
- Mission-critical insights – location, temperature, humidity, pressure, tilt, shock
- Same sensors for the entire journey means consistency
- Flexible to diverse dispatch and transports around the world

Live data as a service

ParceLive's unique datasets can provide crucial insights for multiple sector applications

Hedge Funds

- Trade flow analysis
- Transactions' speed information

Insurance Companies

- Shipment integrity analysis
- Insurance claim analysis

Shipping Companies

- Shipment integrity analysis
- Live integrity and tracking data

Consulting Firms

- Trading market analysis
- Macroeconomic insights

Public Authorities
Trading Departments

- Trading market analysis
- Border control integration

ParceLive's data capabilities can facilitate decision making across several industries by providing unique data points collected and treated in-house

Better solution than its closest competitors

Track record of beating Tive, Roambee and Sensitech in winning tenders…

	PARCELIVE	roambee	tive	SENSITECH	Why it matters
System-focused, continuous refurbishment and renewal	✓	✗	✗	✗	Reusability is the key to scalability Can't easily be replicated
Secure, dedicated network	✓	✗	✗	✗	Critical communications never cross public networks
Temperature, humidity, pressure and tilt sensors	✓	✗	✗	✗	The more use cases, the bigger the addressable market
Long battery life (30+ days)	✓	✗	✓	✓	
Airline certifications	✓✓✓	✓	✓	✓✓	Meets stringent airline standards (difficult to get certifications)
Native blockchain integration	✓	✗	✓	✗	Efficient end-to-end shipment transaction history and regulatory compliance
Integrated customs documents	✓	✗	✗	✗	
Price per journey	**$21**(2),(3)	$33	$79	$33	Swift market capture

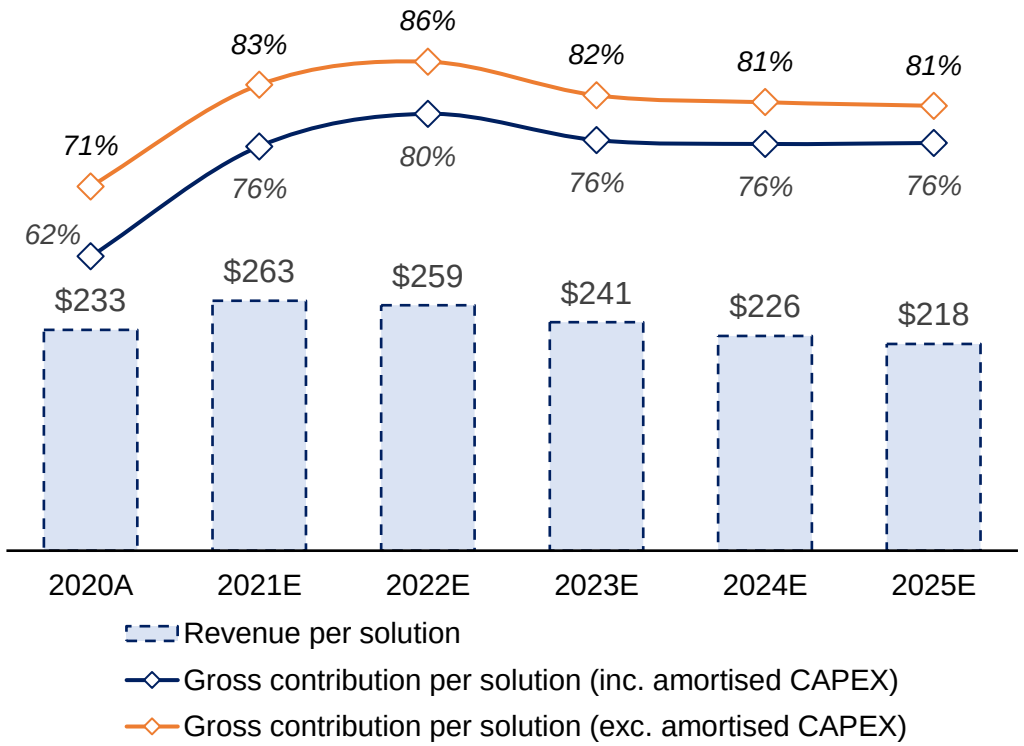
Note(s): (1) Dependent on product range; (2) Estimated cost per journey based on a two-year lease $218 charge for a 24-month lease of a minimum of 250 solutions, with a refresh fee per journey of $12; (3) Figures converted at EUR / USD FX rate of 1.18 as at 8 March 2021

ParceLive's attractive unit economics

Business plan focused on already existing customer relationships

Per solution sold (annual)[1]	2020A	2021E
Revenue per solution per year	**$233**	**$263**
Based on 2-year lease	$109	$125
Refresh fee[2]	$84	$92
Annual support fee	$30	$33
Branding and other logistics fees[2]	$10	$13
Cost per solution per year	**$88**	**$64**
Production cost (3-year amortisation of CAPEX)	$20	$20
Infrastructure cost	$68	$44
Gross contribution per year (incl. CAPEX amortisation)	**$144**	**$199**
Gross margin (incl. amortised CAPEX) (%)[3]	*62%*	*76%*
Gross margin (excl. amortised CAPEX) (%)[3]	*71%*	*83%*

2021-2025E unit economics outlook



- Revenue per year reflects increases in efficiencies and the number of journeys per tracking solution, as well as price reductions due to the expected increased competition from 2022 onwards
- Costs will decrease from 2022 onwards as Hanhaa in-houses its fulfilment and servicing

Note(s): (1) Assumes every leased solution is used at full capacity, i.e., customers track the maximum possible number of journeys every year; (2) Based on number of journeys per tracking solution – 7 journeys per solution in 2020 and 2021, 9 journeys in 2022 and 11 journeys from 2023 onwards; (3) Difference in gross margin (%) relative to 2020A and 2021E financials results from the gross contribution from ParceLive Journey Model (tracker leased on a single-journey model) and its other business line, Hanhaa XG, the company's data network operating centre

ParceLive customers are the biggest names in logistics

Selected customers[1]

- **7 out of the top 10** (and half of the top 50) **3PL[2] companies in the world use ParceLive**

- **Small and mid-tier players** will look to follow the market leaders in adopting the solution

Note(s): (1) Approved re-seller of ParceLive; (2) Third-party logistics

Logistics customers provide ParceLive to the Fortune 500

Selected client engagements

TESLA
McLaren
PORSCHE
SAMSUNG
Microsoft
Hermes
FACEBOOK
الإتحاد ETIHAD AIRWAYS
SOUTHERN GLAZERS WINE AND SPIRITS
IBM
FERRERO
DÜMMEN ORANGE
SHISEIDO GINZA TOKYO
Vital can LA NUTRICIÓN INDICADA
Cooksongold Heimerle + Meule Group
Mondelēz International

Certified and approved by the top global freighters

- **These certifications take <u>several years to obtain</u>**, and require extensive vetting and testing

Note(s): (1) Approved re-seller of ParceLive; (2) Third-party logistics

Product so good its customers put ParceLive on website

DS Smith

Buy online | 400.07 GBp -1.44 | Worldwide

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Five ways we were Redefining Packaging in 2020

Our Purpose of Redefining Packaging for a Changing World is our reason for being. By innovating and adapting, our packaging will meet the changing needs of our customers and consumers.

4. Tracked, measured and optimised delivery with ParceLive

Last year we launched an exclusive partnership with Hanhaa for the use of the innovative ParceLive technology to track, measure and optimise delivery and conditions across the supply chain. Data is sent to an online platform allowing customers to understand where their products are in real-time, as well as the current condition of the packaging.

ParceLive is an advanced multi-sensory tracker which travels within the packaging and continuously records real-time data linked to supply chain conditions, such as temperature, humidity, location, and even if the parcel is

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Could this be the answer to Brexit-related supply chain delays?

by Beth McLoughlin | Transportation and Logistics - 7 minute read / March 11, 2021

Hanhaa and HERE are working together to track supplies between the UK and the European Union

Arrow Services | Services | Solutions | Products | Company | Resources | Alliances | Get In Touch

Bringing you Global Supply Chain Visibility – ParceLive by Hanhaa

Tracking shipments across geographies to safeguard against damage and theft and reduce costs is crucial. Arrow works with you to create a scalable, low-risk infrastructure for worldwide shipping and delivery – leaving you free to focus on your core business.

Download Brief

PARCELIVE™

ParceLive is a global shipment tracking service that enables you to determine the exact location, condition, and security of your consignment in real-time. Sensors in ParceLive trackers monitor location, temperature, humidity, orientation, shock, and box-opening. With the scale and granularity of the data collected, you optimize your supply chain at an unparalleled level.

hellmann Worldwide Logistics

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Smart Visibility

With the new Smart Visibility Tracker, Hellmann revolutionizes the real-time monitoring of transports of all kinds. The live shipment tracking service makes it possible to determine the exact location, condition, and security of shipments anywhere in the world. The devices provide data on humidity, temperature, the incidence of light, vibration, and door opening and thus offer a detailed control option. Installation is simple and allows the device to be integrated into the supply chain in no time without IT or personnel effort.

The tracking device is universally applicable for all transport units, such as containers, trucks, pallets, and parcels - even if your shipments are not handled by us. It enables seamless tracking of your goods, even on the high seas, and comes with an automated digital returns management: After use, the postcard-sized device may simply be dropped into the next mailbox. Alternatively, we offer Smart Visibility as a disposable device in case a return is not possible. Thanks to the pay-as-you-go approach, Smart Visibility is also interesting for companies with fluctuating mail volumes.

At a Glance

- Universally applicable tracking device, also as a disposable device
- For containers, trucks, pallets, or packages
- Shipment tracking in real-time, even at sea
- Data on humidity, temperature, light incidence, vibration, and door opening

Your contact

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Widely recognised as the best solution in the world

DS Smith

"We explored all other tracking solutions available, but **ParceLive is the most intelligent, all-in-one solution on the market**"

TRANS AURIGA

"…we feel **ParceLive is the ideal solution to maximize customer satisfaction**"

ARROW

"**Full supply chain visibility is a must**! Through **ParceLive**, we know the location and condition of all our shipments and, most importantly, **it's made simple**!"

PEGASUS Logistics Group

"…**Hanhaa** and their **ParceLive** tracker have a unique and **forward-thinking approach to technology"**

hellmann Worldwide Logistics

"We looked at solutions from **Roambee**, **Sensitech** and others, but **none matched the simplicity and capabilities of ParceLive**"

GEODIS

"**ParceLive**…has **made our services much more valuable to our clients** and put our company at a **distinct advantage in the highly demanding marketplace**"

here

"Together with Hanhaa, **we are taking away the operational complexity of shipment tracking** in order to enable a **truly scalable & efficient supply chain**"

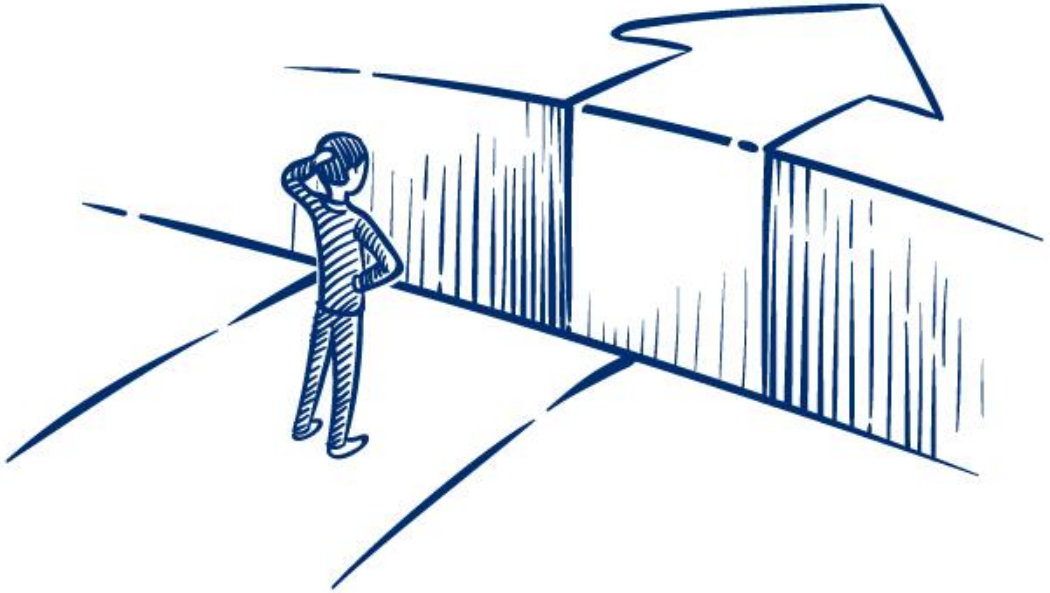
Track iQ

"The product is **ahead of its time**…**Unlike Roambee's, Tive's or Sensitech's devices**, ParceLive's innovative returns process means we don't have to set up internal teams to deal with [the process], **saving time and money**"

How easy is it for competitors to do what Hanhaa can do?

To compete with ParceLive, Hanhaa believe competitors would have to:

- Invest between **$50 to $100 million dollars**
- **Reengineer their business**, including product line and customer contracts
- **Build a warehousing system** that has the capabilities of data fulfilment, device recharging, dispatch, refurbishment, etc.
- **Build brand new devices** designed to be part of this return-based **ecosystem** (one cannot retrofit an existing device into a ParceLive system)



Building a system-driven continuous tracking solution required six years of development and did not exist before Hanhaa's ParceLive solution

How easy could customers switch to an alternative solution?

ParceLive customers would struggle to switch because:

- Hanhaa solutions are **deeply connected operationally**, **commercially** and **technically** into the customers' systems
  - This creates a high barrier to exit; **90%[1] of customers renew their leases with ParceLive**
- Changes to the customers' operations and commercials would mean they **would pay at least twice the price** for an equivalent solution
  - Even then, customers would be **unlikely to have a secure network**, and sensing metrics that allow for more use cases, as well as **blockchain integration** and more

ParceLive's solutions are better and cheaper than the competition's, and are fully integrated with customers' supply chain systems

Note(s): (1) Management estimates; (2) Price per journey compared to competitors Roambee, Tive and Sensitech

What makes ParceLive a category leader?

1. Continuous system allows for scalability

Unlike all other competitors which use single-use solutions, ParceLive's solutions can be used multiple times – at an annual ratio of 7 uses to 1[(1)]

2. Proprietary know-how and trade secrets

Hanhaa has been refining and developing its technology and systems since 2015; in its launch year of 2019, ParceLive generated revenue of ca $1 million

3. First-mover advantage

ParceLive is the *first and only continuous tracking solution system*, which means Hanhaa can and will *scale* quickly

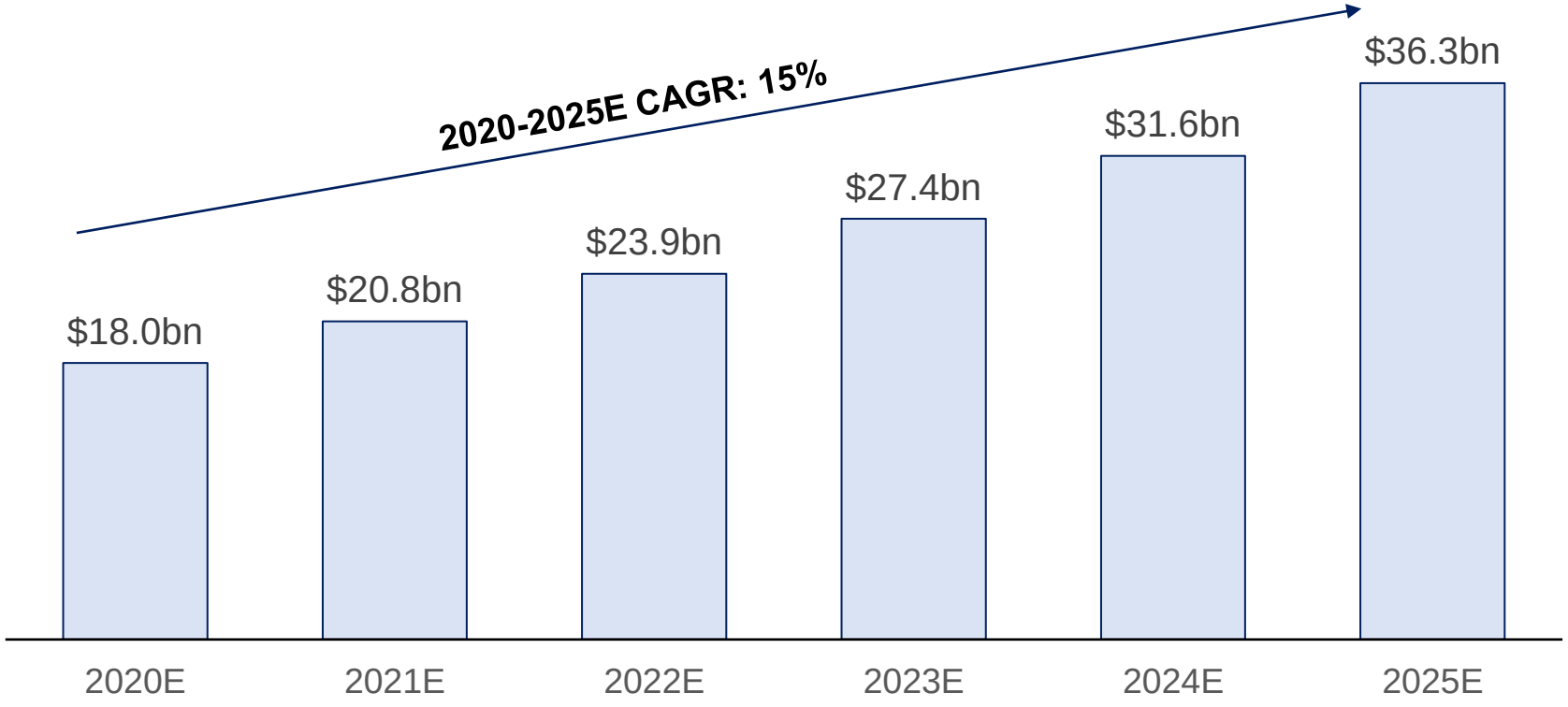
4. Focus on sustainability

Adopting ParceLive's reusable solution helps mitigate the environmental impact caused by single-use solutions – the disposal of millions of batteries and plastic casings

Note(s): (1) Management estimates ca 7 annual journeys per tracker, though this could be more, and will increase year on year as the business becomes more efficient

Market worth $18bn today, and growing rapidly

- The **global asset tracking market** was expected to grow at 15% from 2020 to 2025
- The need for supply chain resilience will result in an even higher increase in demand for tracking and connected solutions



*The logistics market is made up **of billions of journeys every year** – servicing even 1% of this would mean **tracking millions of journeys monthly***

Source(s): Research and Markets (Mar 2020)
Note(s): (1) Size of global asset tracking market

Strong financial performance and proven traction

Hanhaa's P&L reflects ParceLive's attractive unit economics evolving to include competitive pricing starting in 2022, strict OPEX management and economies of scale

$m (CY) (1),(2),(3)	2019A	2020A	2021E	2022E	2023E	2024E	2025E	CAGR 21-25E
Total Revenue	1.2	1.6	*4.7*	*41.3*	*198.7*	*550.9*	*1,136.0*	295%
yoy growth (%)	n.a.	31.9%	*193.9%*	*785.2%*	*380.9%*	*177.2%*	*106.2%*	
Gross Profit	0.9	0.8	*4.2*	*38.8*	*184.5*	*490.1*	*954.0*	
Margin (%)	72.9%	53.0%	*89.0%*	*93.9%*	*92.9%*	*89.0%*	*84.0%*	
SG&A	2.1	1.3	*6.1*	*28.7*	*80.5*	*175.0*	*297.6*	
SG&A % revenue	173.8%	82.5%	*131.0%*	*69.4%*	*40.5%*	*31.8%*	*26.2%*	
R&D	0.3	0.1	*3.1*	*4.8*	*16.9*	*49.0*	*100.0*	
R&D % revenue	21.7%	8.8%	*55.1%*	*9.8%*	*9.1%*	*8.9%*	*7.2%*	
EBITDA	(1.5)	(0.6)	*(5.0)*	*5.4*	*87.1*	*266.1*	*556.4*	
Margin (%)	n.a.	n.a.	*n.a.*	*13.0%*	*43.8%*	*48.3%*	*49.0%*	
EBIT	(1.9)	(0.6)	*(5.0)*	*3.8*	*78.7*	*240.5*	*505.8*	
Margin (%)	n.a.	n.a.	*n.a.*	*9.3%*	*39.6%*	*43.7%*	*44.5%*	
CAPEX	0.0	0.0	*0.4*	*8.3*	*33.7*	*63.5*	*85.9*	

Note(s): (1) Profit and loss statement for the entire company, including revenues and costs from ParceLive Journey Model (tracker leased on a single-journey model) and its other business line, Hanhaa XG, the company's data network operating centre; (2) FYE November; (3) Difference in gross margin (%) relative to the unit economics analysis results from the absence of amortised CAPEX costs and the gross contribution from the ParceLive Journey Model and Hanhaa XG

Strong financial performance and proven traction

- 2019 – 1st year operations - generated **$1m+ in revenue**
  - **2020 – $1.6m**
  - 2021 – **$4m+**
- 2020 – only spent $1.3m in SG&A
  - Plan to spend **4x this in 2021** based on Series A funding ($6m), so we can….
  - ….**fulfil existing demand** and hit our 2022 sales target **($41m)**
- In 2022, as a result of **10x'ing revenue** with **80% gross margins….**
  - ...we can spend >$25m in 2022 to scale sales & marketing to **hit our <u>revenue target of $200m in 2023</u>**

Go to market is effectively done; “pedal just needs a push”

Raising $11 million to strengthen and expand existing customer relationships

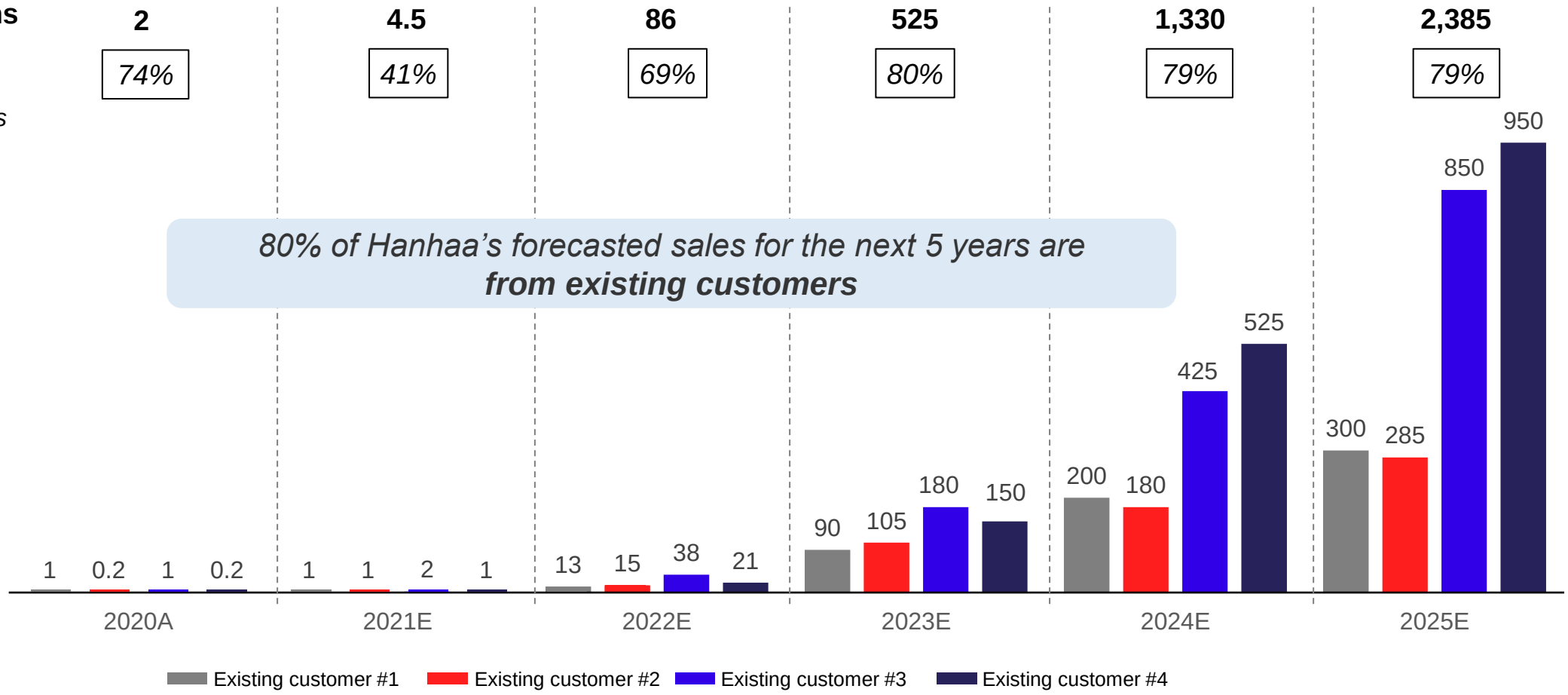
Solutions sold to top 4 existing customers, 2021-2025E (in 000s)

Total new solutions sold[1], top 4

% of new solutions sold[1] to all customers

Hanhaa’s two closest customers, **Geodis** and **DSV**

- have 380,000 clients that can use ParceLive
- have begun offering the solution to its clients



Note(s): (1) Including client lease renewals

World class management team with sector knowledge

Azhar Hussain MBE

Founder & CEO

- Founded Hanhaa in 2015
- Serial entrepreneur for ca 20 years
  - 2013: Founded eBaracus, developer of high energy batteries for automotive, defence and oil & gas. Sold the business in 2014 to focus on Hanhaa
  - 2009: Founded TTXGP, the world's first zero carbon / clean emissions racing series. Awarded an MBE for services to motorsport
  - 2000: Founded one of the first companies in the UK to go live with GPRS, in collaboration with BT Cellnet
- Raised $7m before leading an MBO to regain ownership of Hanhaa in 2020
- Extensive background in supply chain and connectivity

Ricardo Chedrauy

CCO

- At Hanhaa since 2015, CCO since 2018
- Head of ParceLive business division
- Responsible for onboarding sales and managing customer relationships

Matthew Travers

CTO

- At Hanhaa since 2019, CTO since 2020
- Previously a Senior Engineer at Frazer-Nash Consultancy

Mark Bennett

CFO

- At Hanhaa since 2021
- 15+ years' experience in Finance and Accounting

Perfect timing for a capital raise

Raising $11 million to fully leverage the "pedal"

Use of funds:

- Expand sales and marketing teams and ensure supply of tracking devices
- Product development – Gen2 with 4G/5G, improved global coverage, security and in-building coverage
- Software platform development – ML, AI, better third-party integration
- Develop data analysis capabilities and hire dedicated in-house team

Funds will be used primarily to expand the sales team in order to execute the existing business plan – Hanhaa is planning in June to extend offers and fully onboard personnel by August

ParceLive - Now Shipping “Truth at Scale”

Today

Fragmented, inconsistent and unreliable tracking systems

2025

Accurate, consistent and transparent tracking and insights

HANHAA

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Hanhaa GenX is a company registered in England and Wales

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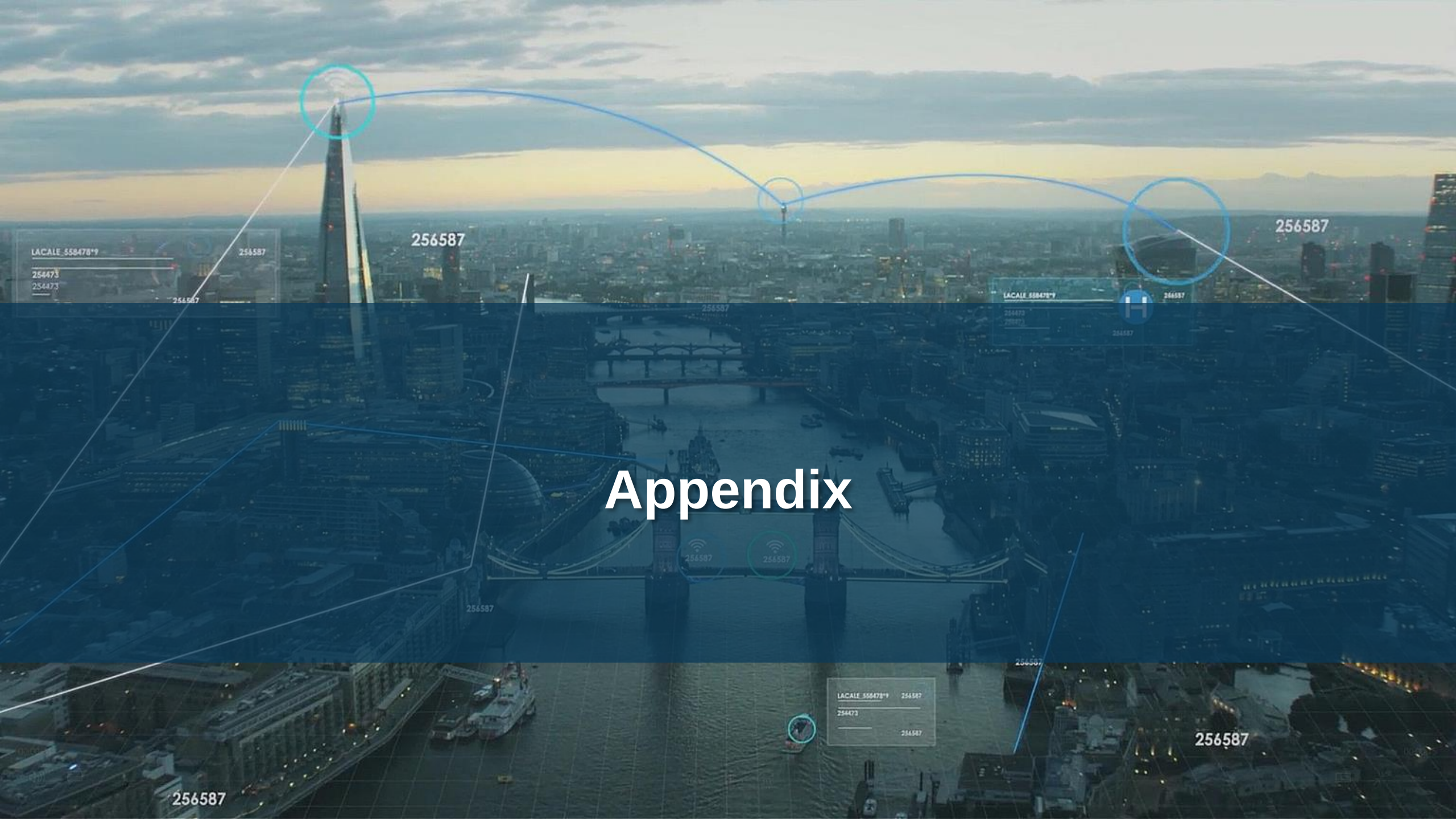


Appendix

Unparalleled tracking solution that's different

PARCELIVE™

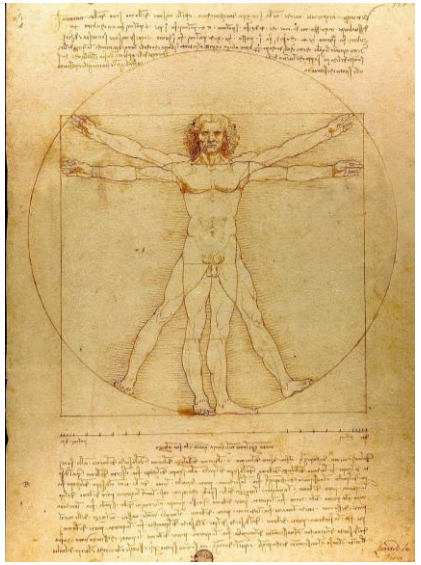
1. **Sustainability – Unlike any other provider**, ParceLive is not a **single-use** solution, minimising environmental impact
2. **Maritime, trucking, rail, and air – Live** tracking across all modes of transportation
3. **Secure – Critical** communications **never cross public networks**
4. **Tailored insights –** API integration allows customers to get **personalised data**
5. **Live data as a service** – Shippers can **add more value to customers** by offering data insights, because Hanhaa can license its data
6. **Native blockchain integration –** Ensures **end-to-end shipment transaction history** and **regulatory compliance**

Handling some of the most sensitive shipments globally

Flowers, live animals, luxury cars, priceless violins, and treasured works of art…

Hanhaa's customers entrust Hanhaa with the **safety** and **security** of some of the most sensitive and valuable products in the world

Example engagements:



Tracking the Vitruvian Man from Venice to Paris

(with Arterìa)

Tracking Stradivarius violins from Italy to Mexico

(with Beta 80 Group)

Tracking Porsche cars from Germany to China

(with Hellman Logistics)

Mission-critical insights and accountability

GPS – Monitor location with GPS accuracy, even from within warehouses

Temperature – Track temperatures from -30^0 to +50^{0}C (-22^0 to 122^{0}F)

Orientation – Record which way the shipment is facing and if it is tilted

Shock – Each alert will display the g force value between 2 and 16 g's

Free Fall – Trigger an alert if any shipment undergoes freefall over 0.4 seconds

Box opening – Verify that a shipment has not been opened. An alert is triggered when the tracker is exposed to more than 4.0 LUX

Humidity – Monitor humidity from 0-100 rh

ParceLive – Dual business model

Lease Model

- Enables customers to lease the solutions on an upfront and fixed monthly cost

Upfront 24-month lease cost per solution	$218
Minimum quantity order	250 units
Refresh fee per journey	$12
Estimated cost per journey	$21

Instant Launch

- "Instant launch" solution enables customers to offer ParceLive to their clients instantly, without a long-term commitment

Journeys	Price
5,000	$38 / per journey
2,000	$41 / per journey
1,000	$45 / per journey
500	$53 / per journey
50	$59 / per journey

Note(s): Figures converted at EUR / USD FX rate of 1.18 as at 8 March 2021