

HDS Global

HDS Ecommerce **RoboFS™**

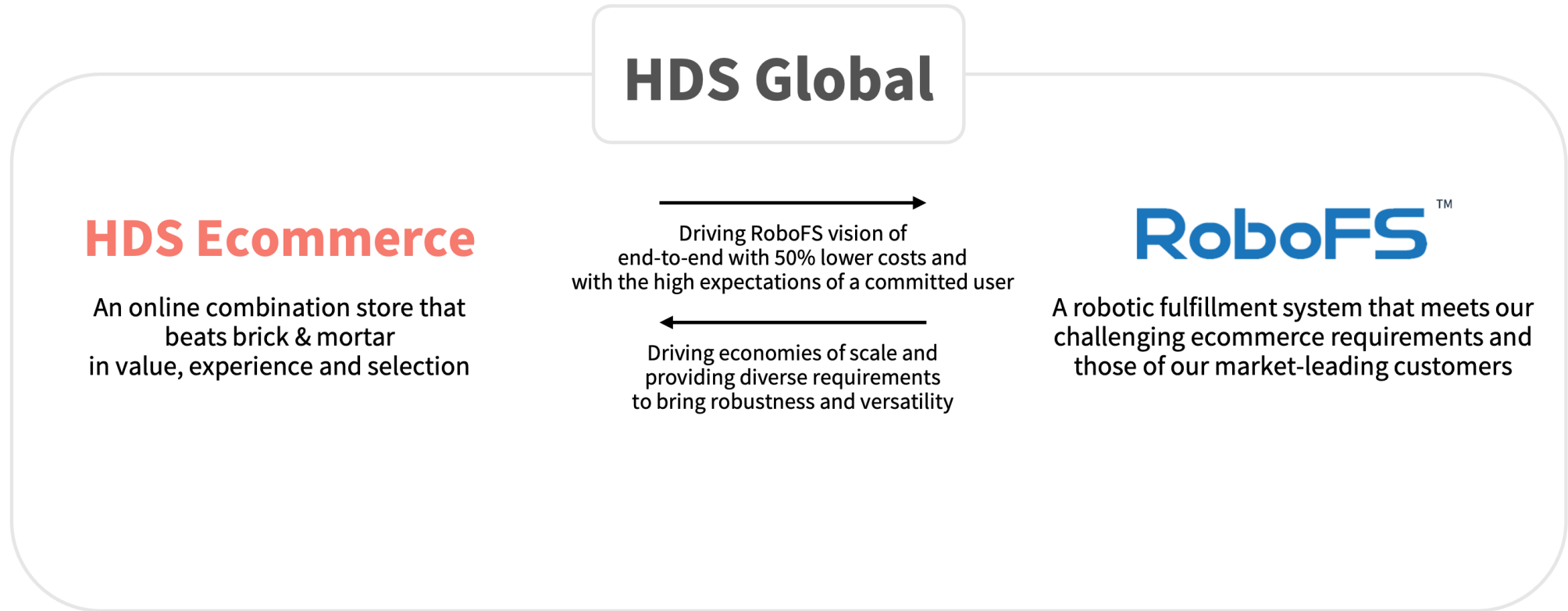
An Online Combination Store

A Robotic Fulfillment System

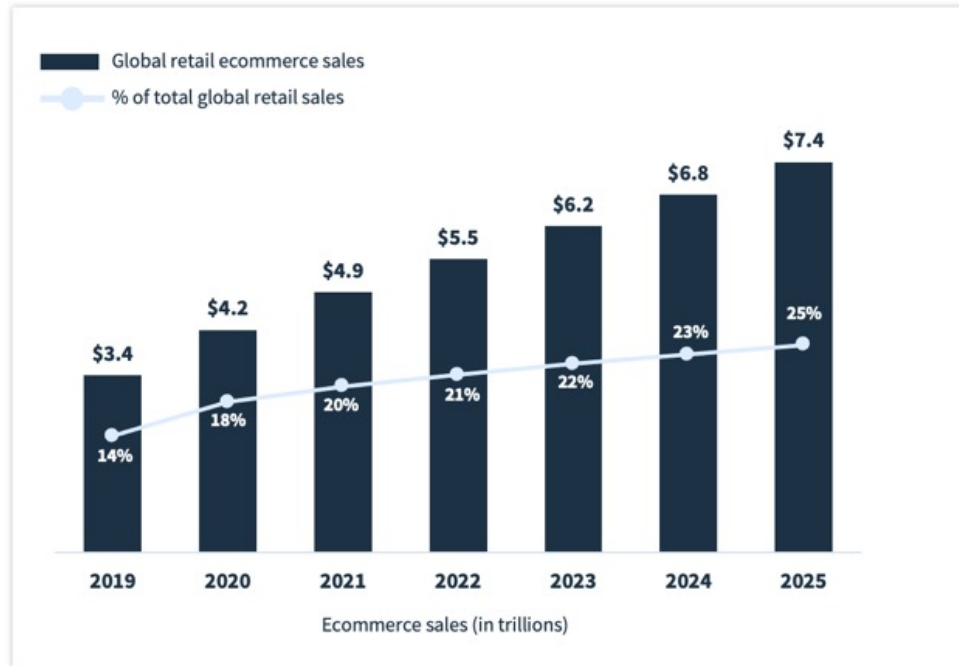
**Transforming ecommerce
with robotics and AI**

April 2024

Our company

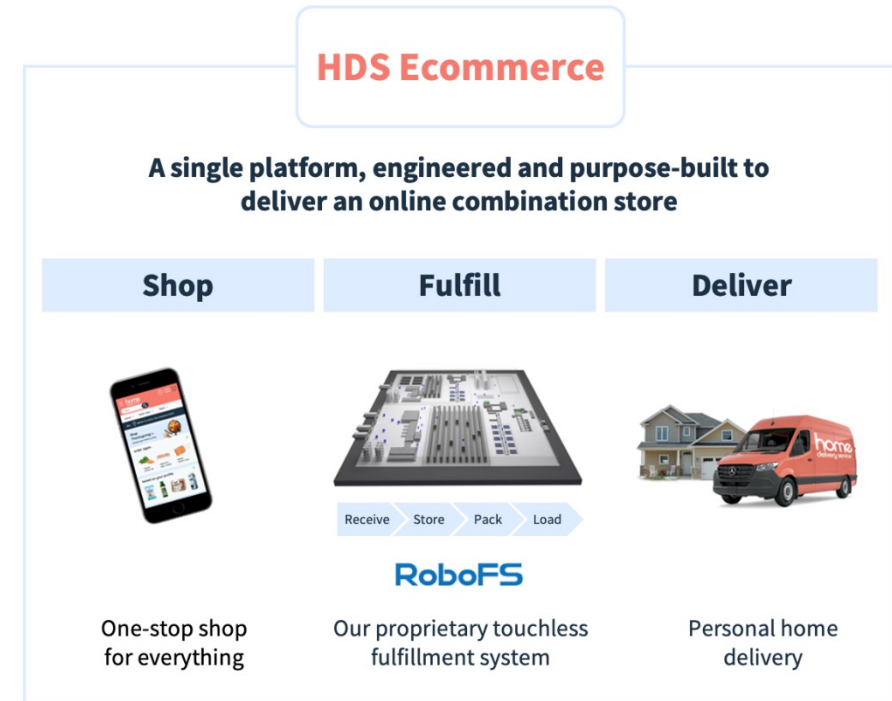


A massive white space opportunity



Source: eMarketer, May 2021.

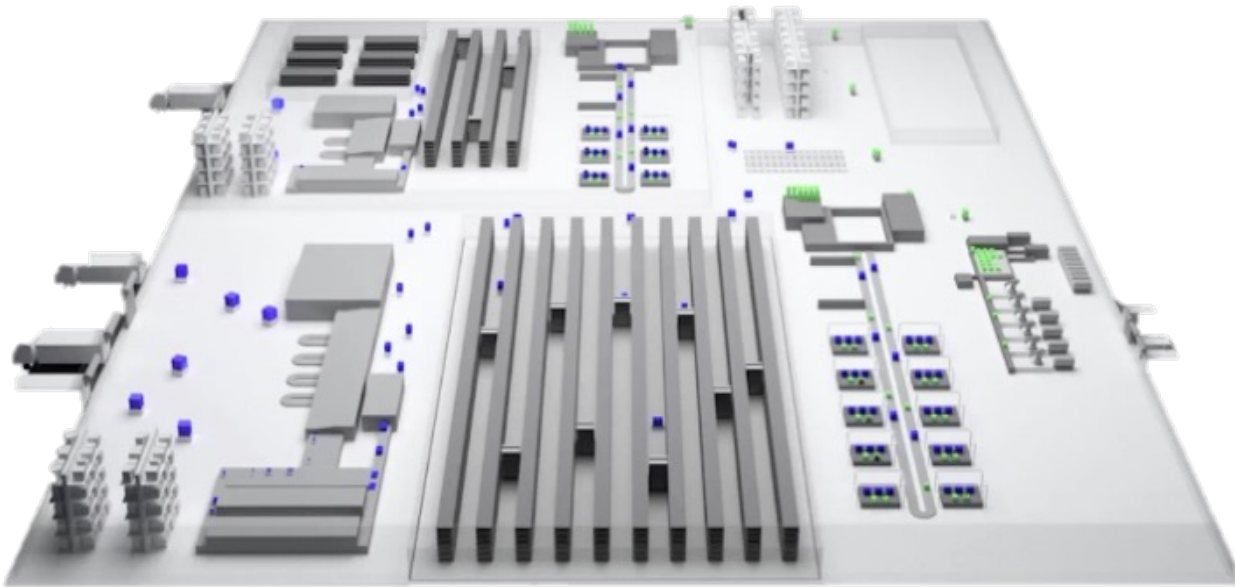
- Walmart proved in brick & mortar that a combination store with fresh groceries & general merchandise is the path to market dominance
- Our vision of an online combination store that beats brick & mortar in value, experience and selection can do the same in ecommerce and is an unmet opportunity



- The gap is today’s fulfillment technology and we developed **RoboFS**, which fills that gap, and we attracted market leaders with large-scale fulfillment operations to help us create a general-purpose, revolutionary system
- We formed a separate business unit to sell **RoboFS** installations to these market leaders and to gain a long-term competitive advantage, following Amazon’s model with AWS

An end-to-end, touchless fulfillment solution

RoboFS



Our RoboFS business unit has economies of scale which delivers a better fulfillment system for our ecommerce



Our early partners guided us to a more advanced solution

- ✓ General-purpose
- ✓ High performance
- ✓ Modular, factory-built
- ✓ Fully configurable
- ✓ Superior to competing technologies in labor reduction, throughput and footprint

Founder led, highly accomplished team



Louis Borders

Founder & CEO
Founder of Borders Books
Founder, CEO Webvan
to IPO & \$7B market cap



Chris Visnic

President, RoboFS
VP Sales of Seegrid | Led Seegrid to #1 in
autonomous mobile robots | Ex Autodesk
Multiple successful s/w company exits



Mitchell Weiss

Chief Robotics Officer
CTO of Seegrid | CTO of Brooks
Automation | 3X Founder | 2X Exits
1X IPO | 31 patents



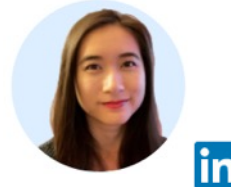
Norm Cook

VP, People & Talent
High performance startup team building
Ex Google, Credit Sesame | Attracted
investments by a16z, Kleiner, Google



Abhishek Raman

VP, Engineering
Planning, scheduling, logistics
s/w leader | Ex Apple, IBM
SME in AI, ML, OR | 10 patents



May Chinavanichkit

VP, Business Ops
Tech startup ops leader HR, QA,
Sourcing, Finance & Due Diligence
MPS Food Science Cornell



Rudy Salas

CEO Advisor, Licensing Operations
LatAm & US Operations, GM,
Commercial, Customer, Bottler Sales
Coca-Cola, KOFBA, E&J Gallo

The background features a dark blue color with two sets of decorative, wavy white lines. One set of lines is located in the upper right quadrant, and another set is in the lower left quadrant. Both sets consist of multiple thin, parallel lines that curve and flow across the page.

Ecommerce

Consumers love ecommerce services despite many issues

Shop



Incomplete basket - many orders, many vendors, many packages



Many post-order out-of-stocks, erratic substitutions

Fulfill



Markups from store prices plus subscriptions and onerous fees



Poor quality perishables

Deliver



Excessive cardboard waste, not ESG compliant



Sketchy delivery, returns hassle

Retailers struggle with innumerable supply chain challenges

Shop



Impossible to accurately track in-store inventory



Inflexible, not adaptive to changing consumer demands

Fulfill



Labor shortage magnified by highly manual processes



High labor costs, little profit even with markups & fees

Deliver



Unsafe temperature control



Many handoffs, poor quality

The combination store is the ultimate in convenience

- No tips, store prices, professional service
- No cardboard, reusable totes
- No private label products
- Unlimited selection, deep brands, no affiliates
- Same day service, one-hour window
- 1-hour premium express service



Pervasive automation positions HDS to be an ecommerce leader

A combination store with rapid home delivery.
Fresher-than-store groceries.
Deep selection of general and brand-name merchandise.
Same as or lower-than-store prices with no fees or tips.

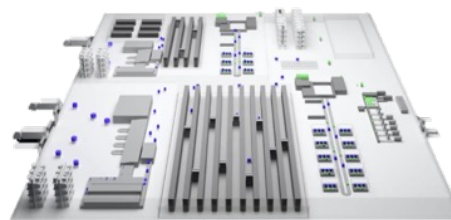
Shop



- One-stop shop
- Personalized produce, meats and prepared foods
- No private label, grey market or counterfeits; a founding principle
- Weekly scheduled orders, add anytime, no more shopping list

Fulfill

RoboFS



- RoboFS - a proprietary full-stack solution built on AI and robotics
- 66% less labor, high density, close to customer for low delivery costs
- Validated as a large-scale fulfillment solution by Toyota and Ingram Micro

Deliver



- Personal service by employees with hassle-free returns
- Safe food handling with tri-temp control to the home
- Reusable totes, no more cardboard
- Premium express service

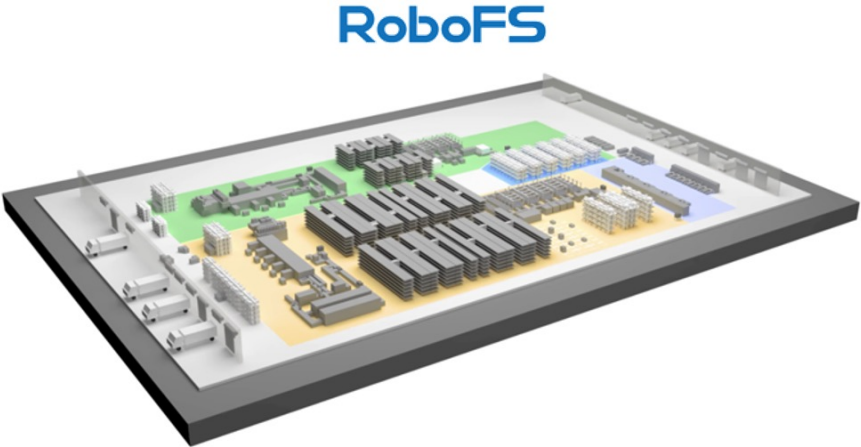
Compelling unit economics, organic market growth

Deep selection of grocery and general merchandise



SKUs stocked 100,000
 SKUs sold but not stocked Unlimited
 Gross margins at scale 31%

Low labor, tri-temperature, high-capacity fulfillment centers (FC)



Annual FC revenue \$200,000,000
 Size of facility (square feet) 150,000
 Investment (payback) \$40M (18 months)

Rapid delivery with short drive times



Darker green, more lucrative market

FCs in initial SF Bay rollout 6
 Annual metro revenue \$1.2B
 Annual operating profit (op ex) \$160M (13.6%)

The first that can cross the chasm in grocery

Mainstream (better-than-store) in:

Value

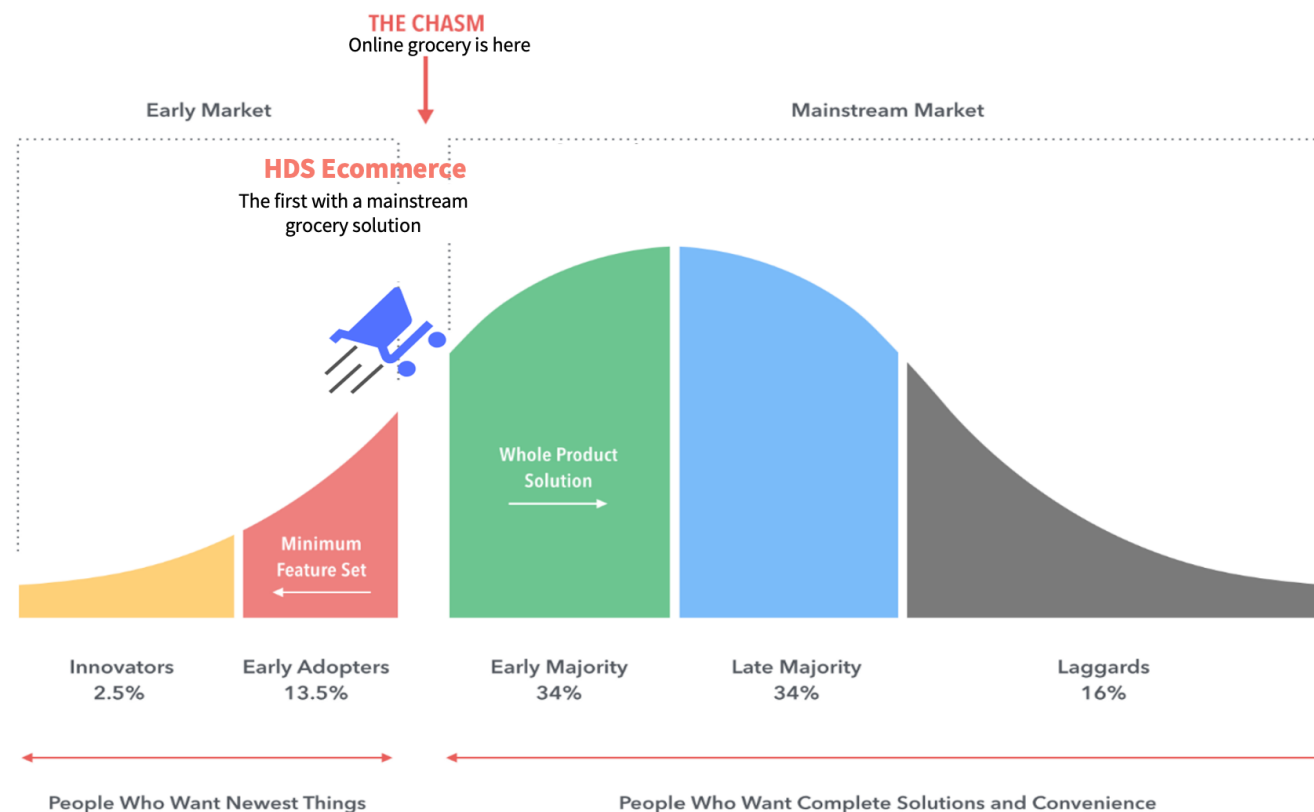
Store prices with free delivery and without fees or tips.
20% lower prices than the market leader

Experience

Avoid store shopping, reliable product availability,
fresher perishables, no cardboard, professional
delivery by HDS employees, hassle-free returns

Selection

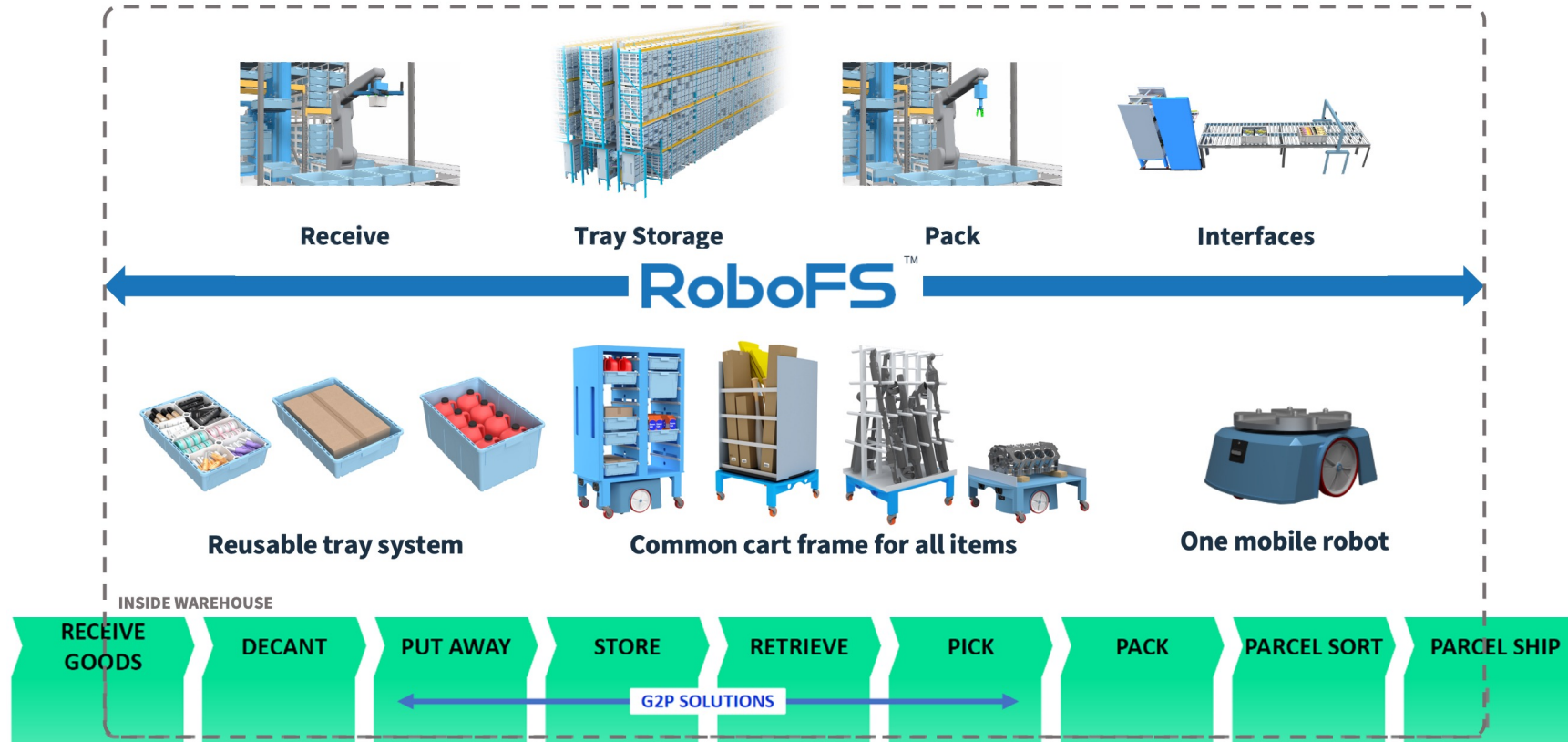
Equivalent to hundreds of stores in one place, all
of your grocery and general merchandise needs, long-
tail selection, a deeper brand selection than today's
mass retailers



The image features a dark blue background with two sets of white, wavy, parallel lines that create a sense of motion and depth. The lines are positioned in the upper and lower portions of the frame, framing the central text. The text 'RoboFS' is centered in a clean, white, sans-serif font.

RoboFS

RoboFS delivers end-to-end coverage



Source: STIQ Ltd Research & Analysis, G2P is Goods-to-Person

- Reusable tray system with compartments provides high density, and eliminates cardboard
- Our cart is the common interface between modules that holds sorted batches of trays, and its movement is fully automated with our mobile robot
- Our unified design supports automated case and single item fulfillment
- Hardware and software built as one system avoids the brittleness and high maintenance costs of multiple vendor systems

Today's automation buyers have tough choices, RoboFS is a new option



- **Legacy integrations** have long lead times and create a challenging work environment reflected in high turnover and labor shortages
- **Point solutions** mean disparate systems that are difficult to maintain and provide only incremental benefits
- **RoboFS** is a single technology stack and, by standardizing its mobile transport and container system, has a seamless flow of goods between modules

One architecture to receive, store, sort, convey and pack



Tray system

Removable compartments, up to 8 SKUs per tray, shippable, reusable, palletize-able



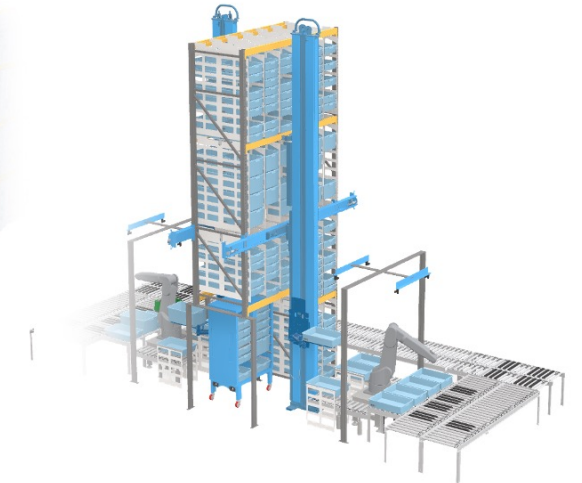
Cart & AMR

A sorted batch of trays, mobile transport, anytime anywhere, eliminating sorters and conveyors



Tray storage

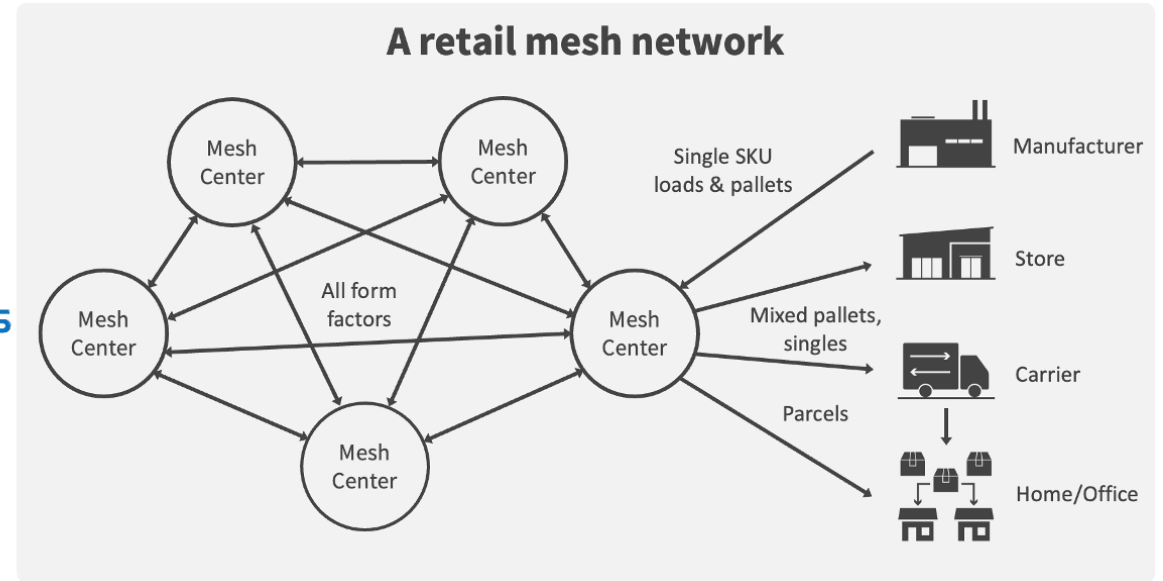
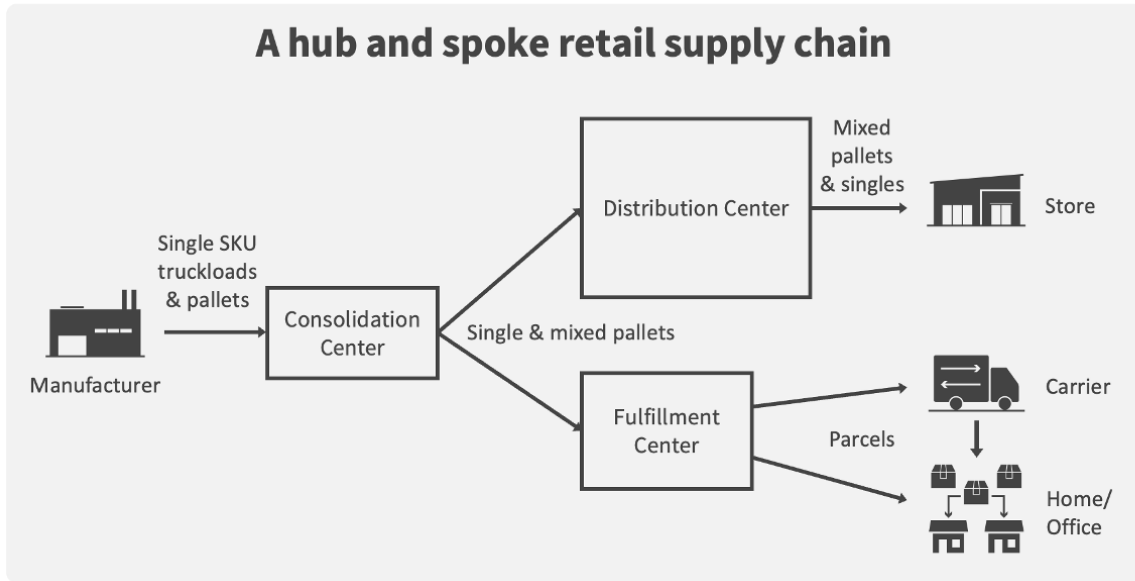
Dense, shelf-less storage (RAM), high-speed extractor, sorting and storage in one process



Receiving and Pack

Re-use of the core technology in the tray storage module, high capacity buffer (cache)

RoboFS enables a mesh facility network to transform logistics



A more robust facility

- Each RoboFS facility can perform the functions of consolidation, distribution, and fulfillment by inbound receipts of all shipment sizes and fulfilling all order types in an interleaved way

Benefits

- Significant reduction in transportation costs
- Retail mesh networks have the same improved resiliency, stability and other benefits that mesh networks of routers have enjoyed for decades

Selling RoboFS to market leaders is a path to excellence

| Benefit | RoboFS Customer | HDS and RoboFS Business Unit |
|------------------------------|--|---|
| Robotics Innovation | Transform fulfillment operations with an AI/robotics-based, end-to-end, turnkey solution | Market leading RoboFS partners drive versatility and enhancements |
| Cost Savings | We are targeting to reduce the total cost of fulfillment by 50% over today's systems | Increased purchasing power reduces equipment costs and increases engineering investment |
| Competitive Advantage | RoboFS made available to a limited number market leaders in non-competing verticals | Wider RoboFS usage a better, lower cost fulfillment solution for HDS ecommerce |



"RoboFS is the most innovative fulfillment technology that I have seen. Companies such as Toyota and Ingram Micro have invested because they see this technology as their path to the future. Silicon Valley is disrupting the auto industry and I'm expecting RoboFS to do the same to the supply chain industry."

Roy Vasher – HDS Advisor. Author of Toyota's Supply Chain Management: A Strategic Approach to Toyota's Renowned System

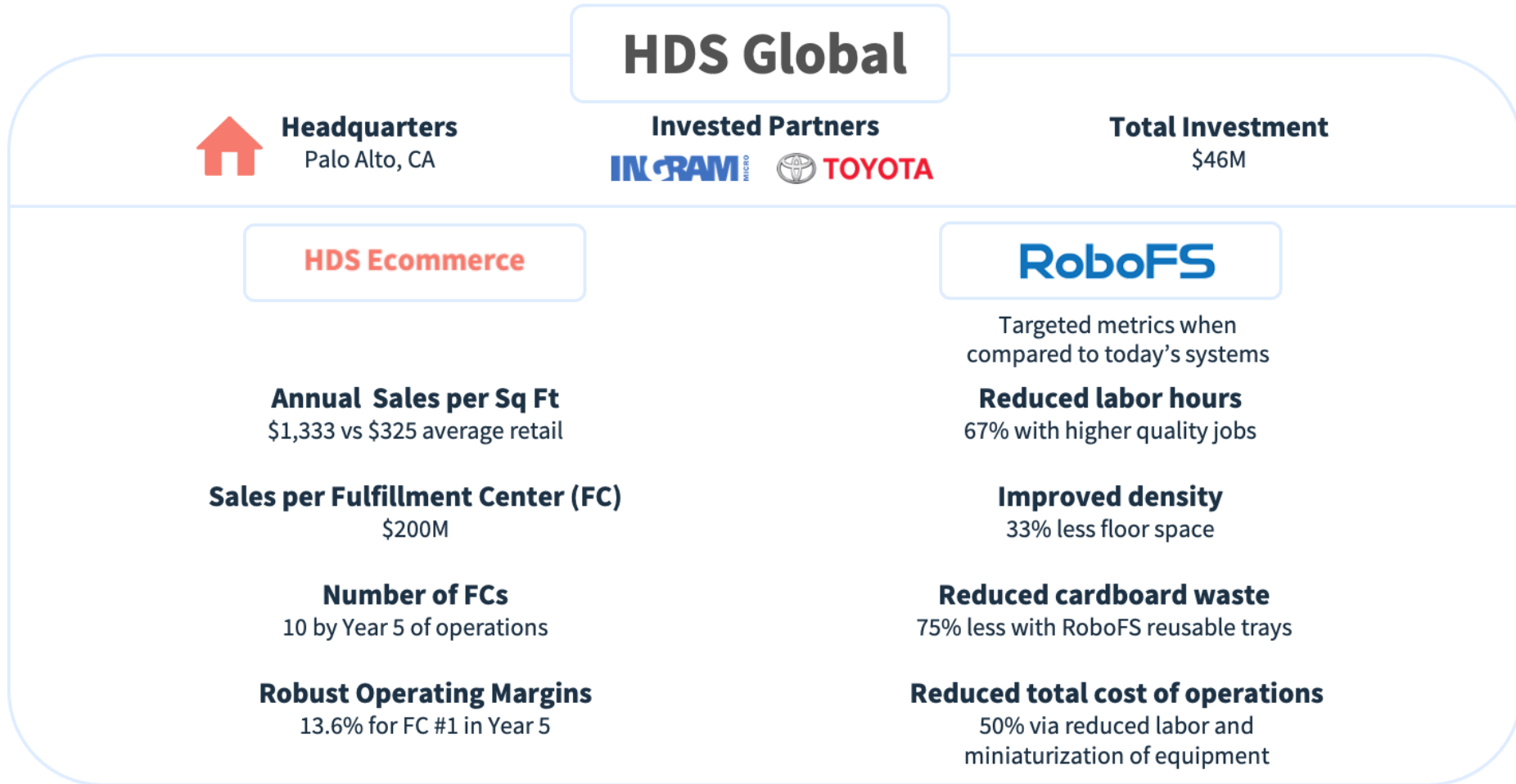
Strategy

- Similar to Amazon's AWS strategy, provide RoboFS technology to commercial accounts to leverage technology investment and achieve a unique competitive advantage



Summary

At-a glance



HDS Global

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