

Fr8App Investor Webinar

February 23, 2022

LHA: [00:00:00] Good afternoon. And thank you for joining us on today's webinar to discuss Freight App, Inc, a wholly owned subsidiary of Hudson Capital, Inc. and its vision for 2022. During today's presentation, you will hear from Mike Flinker, President Javier Selgas, CEO and Paul Freudenthaler CFO.

LHA: Before we begin I would like to remind you that today's discussion includes forward looking statements. These forward looking statements may involve significant risks and uncertainties that could cause the actual results to differ materially from those discussed in the forward looking statements for a list of risk factors, please refer to the press release issued on February 22nd, 2022

LHA: Announcing this webinar. Or on slide two of this presentation. You may access this presentation on the investor section of the Freight App website at fr8.app/investors. [00:01:00] Now I'd like to turn over the presentation to Mike Flinker, President of Freight App, Mike?

Mike: Just to give a bit of a background on myself. My name is Mike Flinker and I was one of the co-founders of FLS transportation services, where I spent the last 32 years of my career. I sold the business Avary partners and, left FLS and decided to join Freight App in September of 2020. These, I think it's got tremendous potential.

Mike: The industry. Is moving towards very much towards a digital platform. And in my 30 plus years of being in the cross-border logistics business, and as well as being the domestic logistics business in the us, I noticed that trend, uh, prior to my sell sale of the business. And I realized it was essential [00:02:00] to the part of an organization that was headed in that.

Mike: My principal role for the last 30 odd years was develop relationships with fortune 1000 companies. And that's what my role with the Freight App will be. Um, I expect to bring these relationships to the table. Next slide please.

Mike: Freight App is a technology company. And as I said, I'm really excited to be part of this business because we're revolutionizing. Logistics having been involved in the industry for the last four decades. I can tell you when I started, it was finding trucks was an incredibly laborious process, took a lot of time, energy, and paper, and it was very, very inefficient today.

Mike: Freight App is created a [00:03:00] digital platform that will save clients money time, human resources and we'll be frankly much better for the planet visits. It's fully digital. Next slide please. So who is Freight App? We're headquartered in Texas. We serve north America with a specialty in US-Mexican cross border business. Our tech is AI powered and can make logistic transportation much more efficient.

Mike: Before market before the digital platforms became available, the market was very inefficient. And as I said, it was an extremely laborious process for both shippers and carriers to move loads and Freight App solves that problem.

Mike: Next slide please. We aspire to be the most connected and intelligent B2B be freight platform for cross-border shipping and then [00:04:00] after region. We have a strong foothold, and all the border crossing boards, our platform solves a lot of our customers problems and it will make it easier to reduce costs and as a result, make more money.

Mike: Next slide please. We are changing the industry and building market leadership. We have a huge market opportunity. And our goal is to be a disruptor. The United States, Mexico cross-border business is estimated to be \$385 billion. We have a scalable and differentiated platform, the Freight App platform, which makes it very, very easily for customers to adopt the platform.

Mike: I'll have Javier Selgas our CEO talk more about that shortly. And we're driving [00:05:00] growth, our preliminary revenue for 2020 grew 130%. Over 2020. Paul Freudenthaler our CFO will be talking about that later. Next slide please. As I mentioned earlier, the opportunity is extremely large and COVID has really created more opportunities.

Mike: The world was very dependent on Asia prior to COVID striking. And then supply chains got very, very severely disrupted and caused inventory disruptions, empty shelves. It was really a nightmare for both shippers, for importers, for manufacturers. And as a result, all those groups have taken a different position now and are [00:06:00] now setting up secondary supply chains.

Mike: So that in the event of another potential outbreak, this will never happen. Again. Disruption, the disruption was just an incredible cost and so Mexico finds itself in a terrific place. To set up that secondary supply chain you can get, um, anywhere from Mexico to Canada, the United States within seven days versus Asia, where it takes you probably a minimum of 30 days.

Mike: And then you have to wait for the goods to be fabricated. So you could be looking at 60. The Mexican domestic business is 34 billion. And the U S domestic business is 732 billion. If you look at the three markets collectively, we are talking about 1.1 trillion dollars. Its an immense market place. Next slide please

Mike: one of our key [00:07:00] differentiators is our marketplace, which is already established in Mexico and throughout the US and Canada as well. Whereas the competitive with digital marketplace and traditional logistic brokers are all brokers are all focused on US. We've decided to pursue Mexico because it's a relatively untapped market and it's immense, as I said, you've got the ability to tap into a \$385 billion cross-border business and a \$34 billion domestic business.

Mike: So that by itself is an excess of 400 billion. It's a huge opportunity for us without a lot of competition. Next slide please

Mike: Mexico is a rapidly growing market and is now displays Canada as the US largest trading partner. As I mentioned earlier, we are disrupted the market dynamics for both domestic and cross border transportation are complex and [00:08:00] challenging, and they were certainly exasperated by COVID, which created operational nightmares.

Mike: Resulting in excessively high costs. While COVID may or may not go away, it certainly underscores the need for United States and Canada to have manufacturing in very close proximity. And as a result, that creates an enormous opportunity Freight App. some of the challenges these importers and truckers face or supply chain issues, driver shortages, inefficient, matching the inability to see where the product is at any given moment in time.

Mike: The complexity of customs and regulations at a very fragmented market. I'll now turn over the presentation to our CEO Javi Selgas. Thank you.
[00:09:00]

Javier: Thank you very much, Mike. And thank you all for your time today. I am Javier Selgas. I'm the CEO of the company. And I started, this adventure more than two years ago.

Javier: Uh, when I joined this company as a CTO and prior to that, I was, I've spent half of my life in Asia. And the other half in Europe, always developing technology for large corporations and also consulting firms and small startups.

As Mike said before, there are many talents in the transportation logistics industry while we could do well.

Javier: We've created a platform that can connect CBRE's carrier. And also third-party players involved in the cross-border transactions in order to make all the process more efficient between each other. Our mission is to revolutionize the cross-border shipping, [00:10:00] providing technology that can increase growth opportunities for shippers and carriers.

Javier: We do have this platform accessible via desktop on a mobile app, and we are revolutionizing cross-border CPNs. Uber did with personal travel, for example. we do have three main products that can make the magic happens. Uh, we have the freight FMS accessible by a mobile lab, um, um, via decks. We do have the freight DMS for shippers freight, the pharmacies for, for carriers.

Javier: And also we do have fun API to connect with those third party providers and players involved in the cross border. We have a solution for each one and they can all connect to the same platform, sharing data with total [00:11:00] transparency in real time, making their operations more. Automated and efficient freight TMS.

Javier: What is freight TMS? freight TMS is the solution that we have built for shippers to handle their operations. TMS means transportation management system and is the tool is the product, the solution that we've built for them to connect to our marketplace. In the other hand, we have a freight FMS fleet management system is this solution that we have created for four carriers to connect to the marketplace.

Javier: And catch loads. There is a, there is a very interesting thing here. There is a challenge in the, in the insert, in the industry for a truck driver when they arrive to the destination. They need a load to come back home. The return trip is the most [00:12:00] challenging part in, in a road trip for a truck driver. You get paid from A to B, but you need to go back home.

Javier: I'm moving there from B to A is going to be very expensive for them. So with out solution, we allow them to catch loads from the mobile app. Once they arrived to the destination. And they can find the better or the most appropriate load for them to go back home. We also have freight data. That is a tool that can analyze and learn from the data that we are saving in our platform.

Javier: One of the most interesting things of our project is that we are receiving data from shippers, from carriers, uh, with seasonality, with, uh, pricing with all

information needed in, in, in a cross-border transaction. So now we can analyze data and provide tools for shippers to analyze their own data and [00:13:00] make better business decisions.

Javier: One of the key things of our platform as I said before, we have developed a public API that allows us to connect easily, very fast with third party systems. Those logos that you are seeing here are the majority of them are technology companies. There are couple of, of carriers that are tech based and we directly integrate with their systems, but also.

Javier: Systems, uh, and tech companies in the US and Mexico that provides data and solutions for, for all the process.

Javier: What we are expecting in 2022. Well, we've already launched freight private fleet for dedicated capacity. That is a product that allows us to, to provide [00:14:00] dedicated trucks, to a shipper through our platform. Uh, we are very proud to announce that our first contract with, uh, for freight private fleet is, uh, Kimberly-Clark in Mexico.

Javier: We are going to increase our artificial intelligence and big data solutions, uh, much in learning and that our keys in our, in our business, we are going to release the third version of the freight app. The EDI integrations with carriers, we are going to develop the, the EDI interface now for the carriers. We have it for shippers and now we are going to do it for carriers also

Javier: and we will continue increase in our API integrations with key players in the industry, and also with tech companies that can make our platforms more powerful when once they are integrated. [00:15:00] Mother earth. Something really, really important for us. Something that I've learned, building technology all my life is that technology.

Javier: If you use the technology in manual process, there is always a benefit for the planet. Now in our industry, we are reducing the carbon footprint optimizing the empty miles. As I said before, moving is the most expensive thing for carriers and is very, very contaminating for the planet.

Javier: Also in the cross-border transaction, there are tons of papers that we are reducing. We are eliminating those papers, having this platform that connects and digitalize all the processes since the very beginning and all the paperwork. Has been made in our platform. So no paper needed

Javier: having said that. I want to [00:16:00] turn the presentation over to Paul, our CFO. That is going to explain a little bit more about our success and growth strategy. Thank you.

Paul: Thanks, Javi. My name's Paul Freudenthaler, I'm chief financial officer of Freight App and Hudson Capital. I've been a CPA in the state of Texas for over 30 years.

Paul: And I have a MBA in finance from the Wharton school of business. I've been involved in a, in a number of, uh, capital market transactions over the span of time. But some of my experience that is a little more, uh, germane to what we're doing with Freight App is I spent, uh, quite a bit of time with Macquarie as their CFO.

Paul: In Mexico for their infrastructure fund and for their capital advisor side, I was with a company called old mutual, uh, a behemoth, a financial [00:17:00] services company, um, in charge of Latin America as their CFO for Latin America, which covered, uh, Mexico all the way down to the Southern cone and most recently I was with a investment, uh, of the private equity group, Warburg Pincus.

Paul: We had a four-year turnaround on a successful exit and a company that was actually based here in Houston, Texas as well.

Paul: And I think about executing growth strategy. You have a slide in front of you with five banners. I think of it is, uh, three buckets for the five banners and the first two banners, um, basically have to do with the inputs and outputs, uh, on our platform, uh, carrier and shipper accounts. And I'll share with you some KPIs in a second on how we're looking at that.

Paul: So far. The middle banner as [00:18:00] the experienced team, I call that our human category or human bucket. And the last two, which Javi went into in some depth is related to the technology, um, side of the equation for our business.

Paul: These are all metrics or KPIs that have to do with what we call the basics of the business. Every one of them shows whether or not we are seeing increased use or increased traffic on our platform. The loads carried that we had from 2020 to 2021 increased by a factor of 3x. The average miles traveled increased by 50%.

Paul: And why is that important? The longer the miles traveled per segment is usually resulting in higher revenues per segment, and higher returns to scale for us for the effort. the shipper client count that we have is up [00:19:00] three X over the prior year, telling us that the demand for our services is there

Paul: And it also has resulted and that's been able to conclude that our shipper client-based comes back time over time. they get on our platform, they enjoy our services and benefit from our services and continue to come back and build up a relationship with us and get stickier in terms of the use of our application.

Paul: Our carrier partners are up 40% year over year. Uh, Javier, Jaiv, talked about some of the alliances we worked on and with some of the carrier partners that we're working with, some of our new products, like Freight Fleet by design, partially to appeal to an additional segment of the market the owner operator carriers are attracted to our freight fleet product as our small business [00:20:00] companies with one to five trucks.

Paul: On the human element. Uh, we have an outstanding management team, uh, from left to right. Javier Selgas is our CEO. He shared with you some of his background, and I think of him as the technology backbone and part of what makes us tick and has the advantage that we do and bring the sophistication that we do.

Paul: And the ease to do to our platform. He's also a strong leader in setting our company culture. Mike Flinker also shared with you some of his background, Mike is an industry veteran. He's been there, done that in those, everybody in the, in the sector, in the United States and in Canada has an incredible Rolodex.

Paul: And is literally one call away from just about anybody in the logistics sector, in the United States, and Canada.[00:21:00]

Paul: I shared with you some of my background and last in our team, uh, Luis Lopez came on as our chief operating officer in, uh, August of last year in August of 2021 Luisa is one of the leading executives in the logistics industry in Mexico, similar to Mike. She knows everybody, everybody knows her and.

Paul: She is literally one phone call away from just about anybody in the sector that we need to reach out to. This came of all four of us has been together only since the arrival of Luisa. Mike, Javi and I have been together since, at least since my arrival in September, 2020 and so far, we think we've been pretty successful and executing on our strategy.

Paul: Also on the human element, there's freight university. We recognized [00:22:00] early on, uh, that we are in a business that is similar to a lot of businesses, but it's different enough that we need to work on investments in our labor force. Freight university, uh, was started last year and it involves bringing in all of our new employees and training them in our industry and the technology that we have and how our platform works and what value add we bring to the different people that work with us, the shippers, the carriers, and other people in between.

Paul: It's something that we've decided to invest a significant amount of time and money and resources. And so far, we've had over 20 graduates from Freight university, which is about a quarter of our labor force,

Paul: uh, revenue growth trends, 2019. We were at 4.2 million. We increased that by 119% to [00:23:00] 9.2 million in 2020, we increased that in 2021 by 134% to preliminary numbers of 21.5 million. Just last week, we gave guidance to 2022 of 40 million in revenues for the calendar year of 2022 an 86% plus increase over the prior year.

Paul: We expect that behavior and the revenues for 2022 to basically ramp up over the course of the year. Um, with first quarter being slightly lower than the second quarter, and then leading on to the third and fourth quarter with growth stacking on over the course of the calendar year. Next slide please

Paul: On comparables really the, the exercise here is we try to look at some comparables within the industry, which in our case is very difficult because our footprint is very different from many of [00:24:00] the other people within the logistics sector that said, we have a bunch of comparables for the us domestic business, and we have others involved in both Mexico and in Brazil

Paul: And the exercise you go through here is to look at the revenue multiples of each company and see where they lie, uh, with respect to each other. The basic premise here is that as we execute this business plan, we would expect evaluation more in line with our peers

Paul: investment rationale. We have a huge market. We are in the middle of a huge market. Mike, uh, shared with us some of the numbers. It's 385 billion cross border. And you add that to the Mexico domestic and the US domestic. And you have over 1.1 trillion. There are no dominant players in the cross-border [00:25:00] US market and is a chaotic, is a pulverized sector and it is just ripe for disruption.

Paul: And that disruption is going to come in the form of some technology. Our technology is scalable and it's differentiated. We've proven that we can provide carriers and shippers with competitive advantages. Shippers once they use us, they keep coming back. Carriers once they use this, they keep coming back.

Paul: Our platform is unique. Not only do we do what we do for our shippers and carriers, we can help them do it better with our analytics. We have an open architecture where anything that is complimentary to our platform can plug and play, whether it be a, an ancillary service or ancillary, um, provision of service or another shipper or another carrier or some other type of entity.

Paul: And lastly, our framework is scalable. [00:26:00] We can do the same thing for 10 trucks as per 10,000 trucks for 10 shippers as for 10,000 shippers. And it's all there and ready to go.

Paul: Our market position. We believe that we're the first mover in this sector in Mexico. We're going into 2022 as strong as we've ever been. We have a record number of shipper clients. We have a record number of carriers. We've demonstrated that we have the ability to carry loads from Mexico all the way up to Canada and back.

Paul: And we have the ability to expand the lanes in which we operate with a five X increase in lanes operated on a year-over-year basis. So we have a huge market. We have incredible technology, and we think that we're really posed in a very sweet spot in the market. So what else can we do to make sure that we have a successful growth [00:27:00] strategy?

Paul: Javier mentioned the number of product offerings that we're looking at for 2022. Javier also mentioned that we've been working with key players in the industry on the shipper side, on the carrier side and with industry trade groups and last but not least while we are a technology company,

Paul: We are investing in our human capital. People do make a difference and they will make a difference and making us implement our successful growth strategy. And with that I'm going to wrap it up and thank you for your time and attention. And I think we are ready for questions.

LHA: Thank you, Paul. And thank you all for joining apologies for the technical difficulties we experienced today, we will now begin our Q&A session. We have received several investor [00:28:00] questions in addition to questions from sell side analyst, Brian Dobson at Chardan. Our first question comes from Brian.

LHA: Many have drawn comparisons between freight app to Uber or Lyft. Do you believe that is fair? What are the similarities and differences in your business model and/or approach?

Javier: Think I can take this one. Uh, thank you, Brian for submitting questions. I think that is a great comparison. We are a technology company disrupting the freight shipment ecosystem

Javier: And we have just begun, Our technology works similarly to consumer area in that our platform allows all users to match loads based on their locations, a shipper puts a request, post a load in the platform and the carrier chooses the loads they want to accept, and those they want to decline if the client, uh, the next carrier is in the queue [00:29:00] gets the truck load.

Javier: Uh, the main difference is that we are a B2B company and, uh, Uber is or Lyft they are a B2C platforms.

LHA: Brian followed up with this question. How does digitizing this legacy industry benefit both independent truckers and shippers?

Mike: in the beginning of the industry, or when I started the industry some 42 years ago, it was a very laborious process. It was a lot of paper, a lot of phone calls. It was a real pain staking process to book a load for both smaller shippers, even larger shippers when they used up their capacity at the same issues, the same goes for the trucking companies and the small logistics companies.

Mike: Everybody was busy. Pounding the phones sending faxes. It was, it was an incredibly laborious process, extremely inefficient, [00:30:00] and took an endless amounts of time. With this process, we've eliminated all the, the phone calls and the needless paperwork ended up saving the planet as well as it, there was so much time spent.

Mike: As I said, sending a request for, to see people wanting to pick up a load. We've now created a platform that allow companies to find carriers just almost instantaneously and carriers will be much more efficient as a result. The small carriers can now go after major clients, the fortune 1000 companies and be successful.

Mike: Whereas if they didn't have this technology, they would become outmoded. The other aspect of technology is that the large customers, even midsize and smaller ones are now requesting visibility for their freight almost

all the time. And without technology, you don't know where the freight is and they can't live with that scenario.[00:31:00]

Mike: So technology is critical for anybody who wants to grow in the industry and wants to secure a major client. Thank you.

LHA: Thanks. Here are a few more questions we got from investors. First of all, where is your company based?

Paul: I'll take that Dusty. Um, we're based in Houston, Texas. It's actually just north of Houston, Texas in, uh, in the Woodlands, Texas.

Paul: Uh, we also have a large operation center in Monterey, Mexico under the name of Freight App de Mexico. And we have a sprinkling of employees throughout the US, Canada and Spain. Uh, Hudson capital was before the merger and continues to be domiciled in the British Virgin islands. And we'll, we, we will remain a core and filer, uh, for the time being, uh, at the time of the merger, Freith apps board also voted on to the [00:32:00] Hudson board.

LHA: Thanks. Next question. What is your relationship with Hudson? What else does Hudson do? Will you pursue any of Hudson's legacy operations?

Paul: Thanks again, Dusty. Really the, the relationship of Hudson. Hudson is a legal company that owns a hundred percent Hudson capital, Inc. Is the publicly listed company on the NASDAQ, uh, with the ticker symbol, HUSN

Paul: Freight app of is the only operating business that is contributing on an ongoing basis to Hudson capitals results. Um, Freight app started speaking of Hudson capital on this situation about two years ago, and this was before COVID, the world really was quite a bit different than it is today. Uh, the Hudson operations in China appeared to be at the time of [00:33:00] strategic value.

Paul: however as Mike reviewed and I think Javi touched on it as well. Uh, some of the global trends really have shifted away over time, away from Asia and towards Mexico and Canada that therefore our board is evaluating that. And since the legacy operations and this light and the book value of the legacy operations really is negligible.

LHA: Thank you. Next question. What is your SEC filings roadmap?

Paul: I'll take the third one in a row, it, one thing that, uh, the investing world has to remember and all of our investors need to keep in mind is that as of the end of the calendar year 2021, we were still separate companies straight up and Hudson capital. So we have to file. We have to complete our year end audits as separate companies.

Paul: So our first priority out of the goal [00:34:00] race is that we need to get a Hudson's 20 F and a lot of the financials filed as well as complete Freight Apps financial statements for 2021 with both of those is behind us because they will can now look towards filing additional registration statements, uh, which really upon the approval of the sec, I'm going to provide our legacy investors with liquidity

LHA: Thanks. Paul, another question came in from Brian Dobson. Do you believe that your local market knowledge is a competitive advantage compared with us companies seeking to operate in the Mexican trucking industry?

Javier: Yeah, absolutely. Our presence in Mexico and local market knowledge is some major advantageous as we know the players, the regulations. So we are far more efficient than, than outsiders. Uh, this is, uh, one of many [00:35:00] advantageous as Paul reviewed in a more prepared remarks. We have assembled a management team of experts in each field

Javier: We have Luisa in Mexico, uh, in trucking operations and logistics, um, in that part of the border, and Mike has four decades in leading successful trucking businesses and knows all the key accounts personally and Paul our super CFO has lead several international financial teams And I'm a, I'm a tech engineer.

Javier: and designed SOPs and lead several tech companies speaking of technology, that will be our biggest advantage, uh, for all of all. For sure. We started development in 2016, given us almost yes, more than five [00:36:00] years, almost six years. And the stock on the players who are starting to enter the market today.

Javier: There are a few players in the U S and in Mexico and for cross border, we are the only app that actually does, uh, automatic matching Uh, finally we offer solutions for, for the relations and freight app, can manage all the paperwork in, uh, in a cross border transaction through our platform.

LHA: Thanks. Javier, a final question from Brian Dobson, what mega trends are driving the international freight market?

LHA: How is freight app positioned to benefit from those trends?

Mike: I'll answer that Dusty. So as I alluded to earlier in the presentation, COVID 19 has had a severe impact on the supply chain. The supply chain was really concentrated in Asia and when COVID struck. Everybody's supply chain got disrupted. It was a disaster.[00:37:00]

Mike: There was shortages of inventory there. In some cases, it wasn't even inventory on the shelves. And it made companies realize two things that they were going to have to carry more inventory. And they were going to have to have a secondary supply chain no longer could. They put all their eggs in one basket.

Mike: And even if COVID 19 does end and we never see it again, the thought process. That's ensued as a result of COVID-19 will change those habits forever, and it will make Mexico a fantastic place to develop secondary supply chains. We're already seeing a lot of factories being built. We're seeing a lot of distribution centers being opened up.

Mike: And the reason for that there's a couple of key factors. Mexico is seven days from any point in the US the farthest point in the US and the farthest point in Mexico by truck you're likely to get credit terms for the Mexican shipper or exporter, and therefore [00:38:00] you can get your goods a lot faster.

Mike: And you know, if you look at Asia, you're going to probably have to order goods 90 days before you actually receive them and ended up paying with a letter of credit. So when you're looking at a \$1 trillion market, \$1 trillion plus market Mexico is a fantastic place to be and we were one of the first ones there.

Mike: So we're really well positioned to take advantage of this, of the situation. Thank you.

LHA: Thanks. And one final investor question. Can you please review your guidance for 2022?

Paul: Yeah. Uh, our guidance for 2022, we announced that in a February 9th, 2022, a press release, we're expecting 40 million in revenues. It's top line growth of about 86% over 2021.

Paul: And I think, uh, really the story here is we expect Q2 over Q1 and sequential growth on a quarter over quarter basis throughout the [00:39:00] entire year. And as you start seeing this in, as we start maturing, you're going to

see the sequential growth phenomenon. It's really something that you see in other tech companies.

Paul: And it's a reflection of many of our clients who start ramping up on through usage of our platform. And we start benefiting from what we call a network team effect and building up a critical mass.

LHA: Thanks Paul. That concludes our Q&A portion. If you have additional questions, please reach out to LHA investor relations at fr8app@lha.com. Now I will turn it back over to Javier for closing remarks.

Javier: Thank you dusty. Thank you to everyone for joining today, we are very, very, very excited to have accomplished this major milestones of, of becoming, uh, becoming a public company. We are really disrupting the [00:40:00] trucking industry as a well-positioned technology company with a scalable platform. So please stay tuned for more to come.

Javier: Thank you very much.