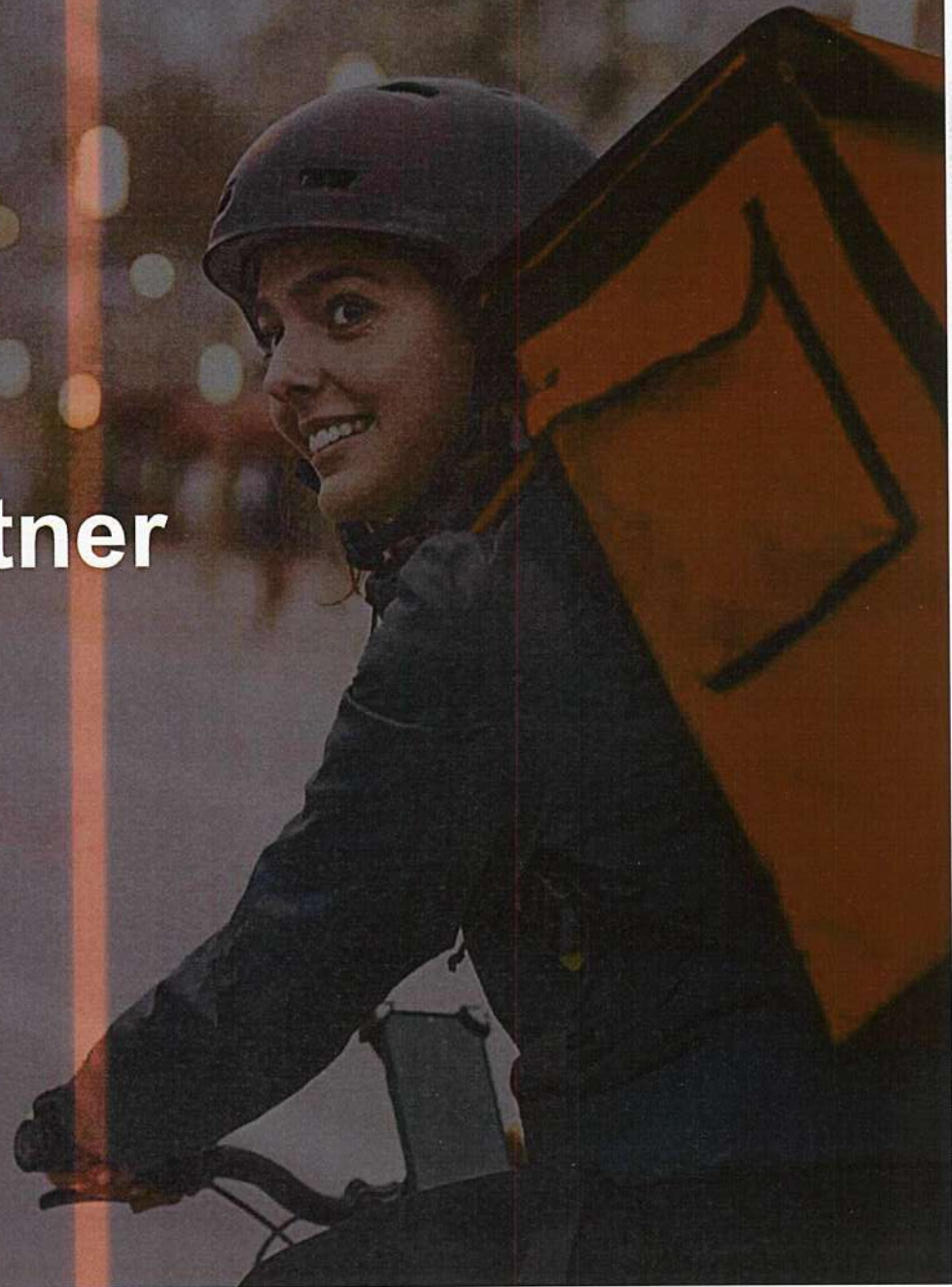




Strategic last mile partner to Amazon.com.au

Proposal – 8 August 2022



Executive Summary

Background

- Over 10 years, Parcelpoint has built a holistic logistics technology platform, network of 1,300 locations and comprehensive last mile delivery capability. Consumers love Parcelpoint with a NPS of 80 and 4.5 Google rating.
- Parcelpoint has been a partner and logistics provider to Amazon since 2014. In FY22 Parcelpoint handled >400k parcels for Amazon across multiple services including Pickup (85k), Returns (190k) and Doorstep Delivery (135k). Amazon volumes with Parcelpoint are growing rapidly (up 107% YoY in FY21, and 52% in FY22).
- Amazon is Parcelpoint's largest customer, with 5 services established and strong feedback from the Amazon team.

Challenge

- Parcelpoint has developed a capital-light network for reliable and efficient last mile distribution. Recent network upgrades have enabled Doorstep Delivery, which expands the opportunity by transforming the business to a mainstream home delivery service addressing the majority of online customer orders.
- However, the upgraded network is not economic with current volumes. An incremental 150-350k parcels per month (depending on service mix) is required for the network to break-even and eliminate Parcelpoint's cash burn.

Opportunity for Amazon

- Parcelpoint services are complementary to existing AMZL solutions, filling gaps where Amazon is otherwise reliant on traditional carriers who are not meeting service expectations (e.g. regional areas, congested urban/'vertical' suburbs, and potential label-free/box-free customer returns). Parcelpoint could also utilise Flex drivers within its network.
- Amazon has the volume to take Parcelpoint to profitability without disrupting AMZL rollout plans (e.g. Amazon has already expressed interest in a wider rollout of Parcelpoint's regional Doorstep solution after a successful pilot).
- Parcelpoint is offering Amazon an opportunity to become a "baseload" partner, securing additional volume (building to 300k parcels/month within 2 years) in return for a material equity position in Parcelpoint (for no cash investment).
- On the basis of a firm commitment by Amazon, existing shareholders will inject additional capital into Parcelpoint to fund the path to break-even.
- Over a 3 year period, with support from the Amazon volume, Parcelpoint can emerge as a credible competitor to Aus Post for the eCommerce market, this is expected to create a business with an enterprise value >\$100m.



The Parcelpoint last mile experience



Reliable next day, time-window delivery



More flexibility and control for customers



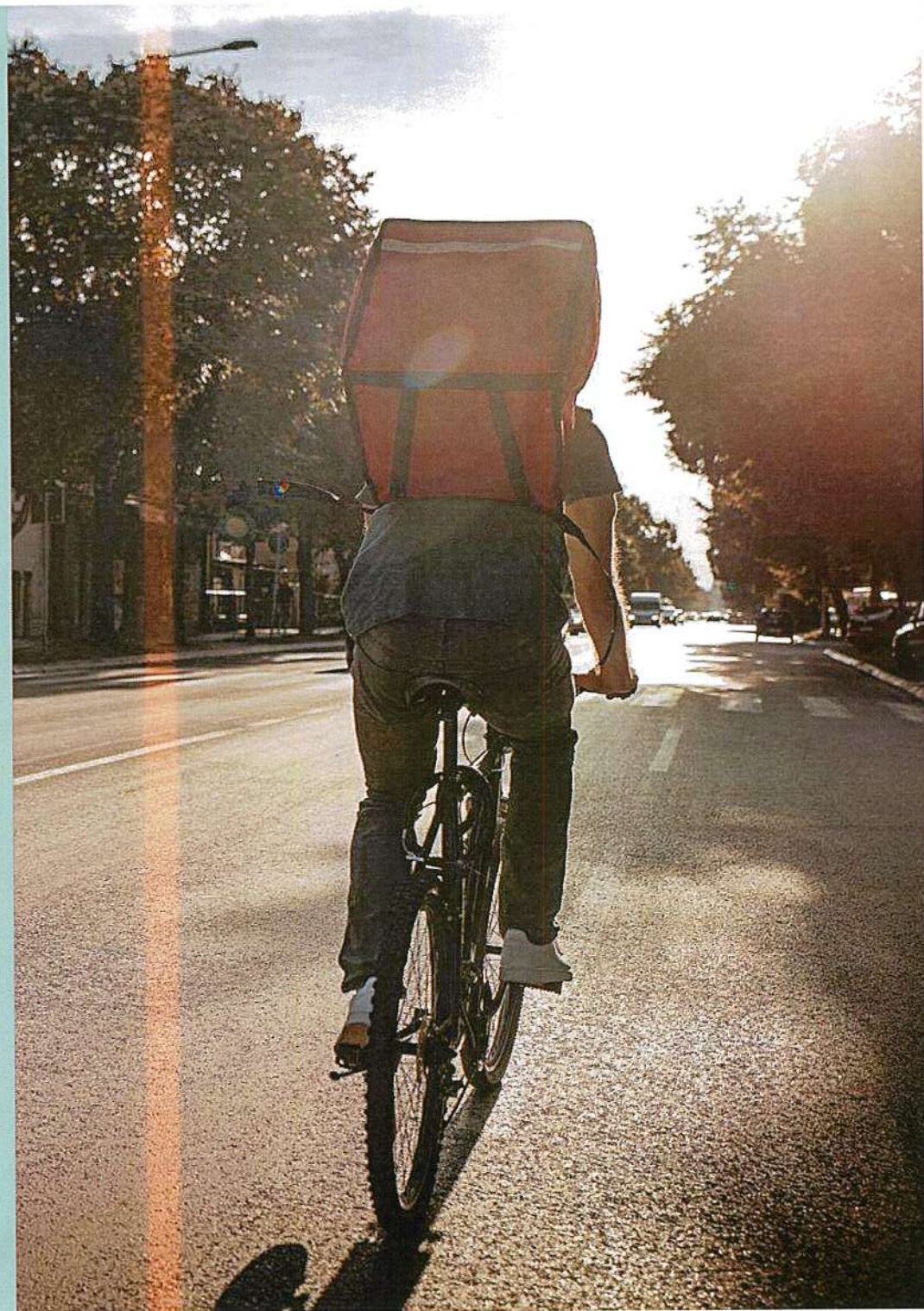
Easiest returns in market



Greener, lower emissions



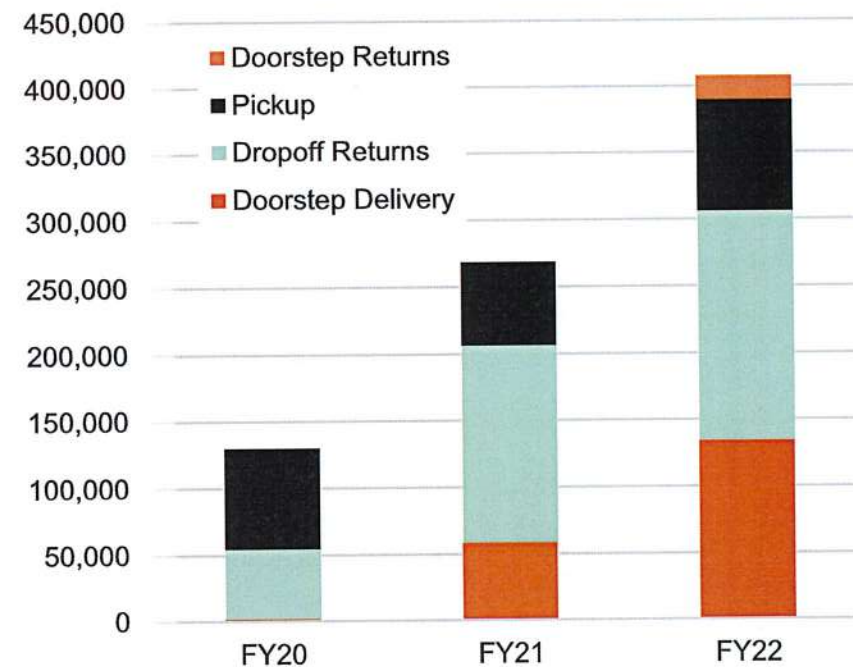
Community-based, supporting local businesses



Innovation partner to Amazon since 2014

- 2014 – commenced partnership as exclusive Australian Pickup Points network for Amazon.com (US entity).
- 2018 – launch partner and exclusive Pickup Points network for Amazon.com.au.
- 2019 – label-free customer returns dropoff experience built for Amazon.
- 2020 – commenced rollout of 'Doorstep' (home) delivery service, with Amazon as launch partner.
- 2021 – developed bicycle solution for central urban/vertical suburbs where cars struggle with congestion and parking.
- 2022 – launched regional solution to extend Prime next day delivery to new regional towns (e.g. Orange, Nowra).

Amazon parcel volume – last 3 years



Millions of customers love the experience

80

Net Promoter Score

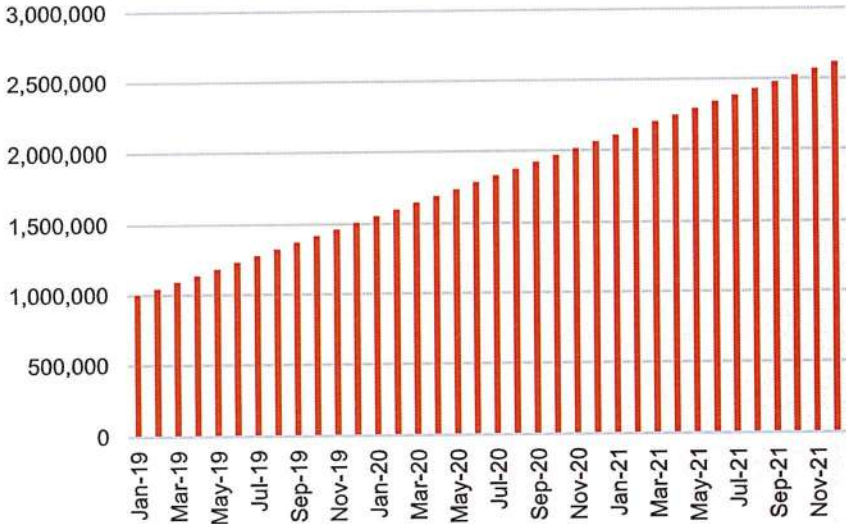
4.5 stars



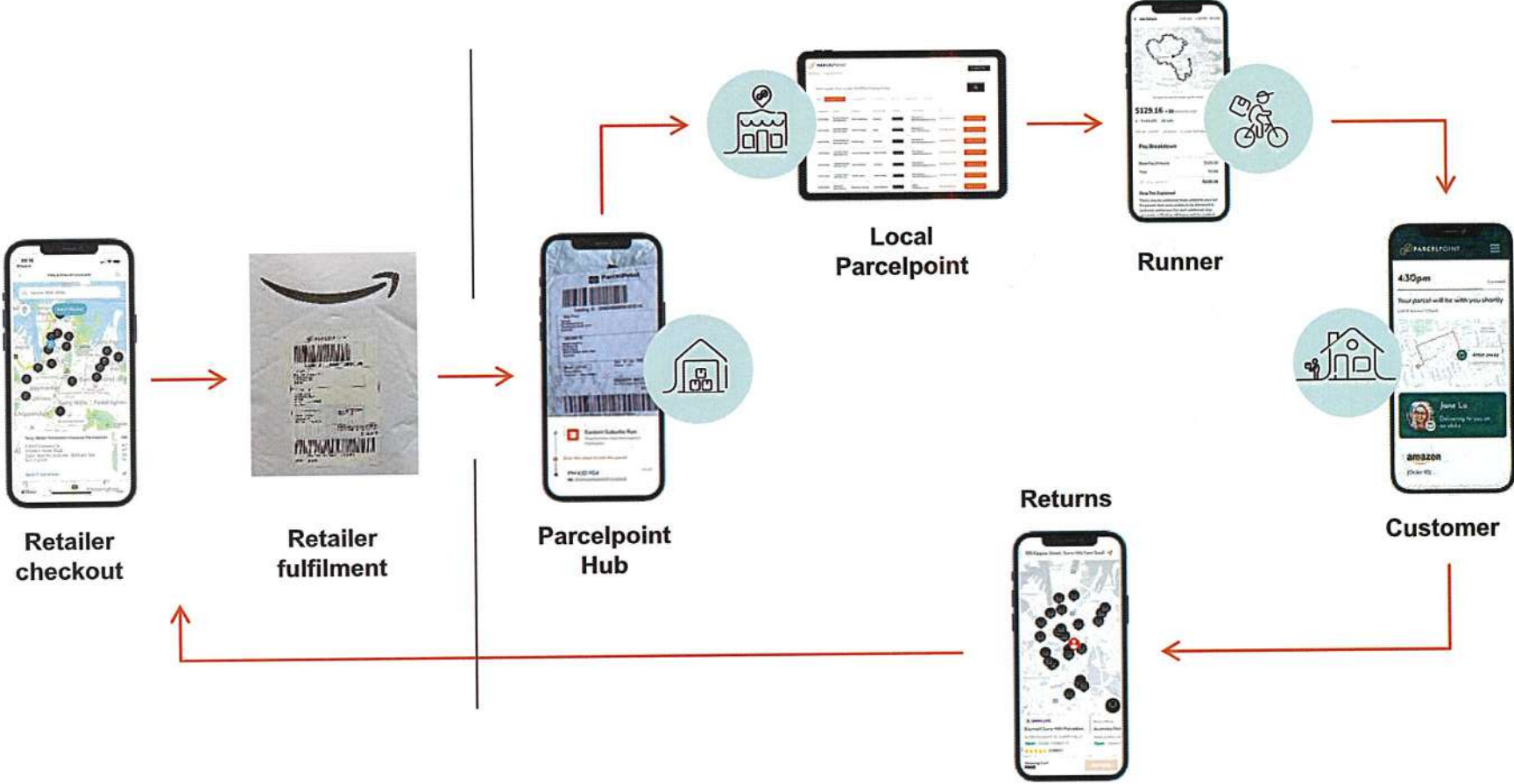
4.4 stars



Customers over time (cumulative unique users)



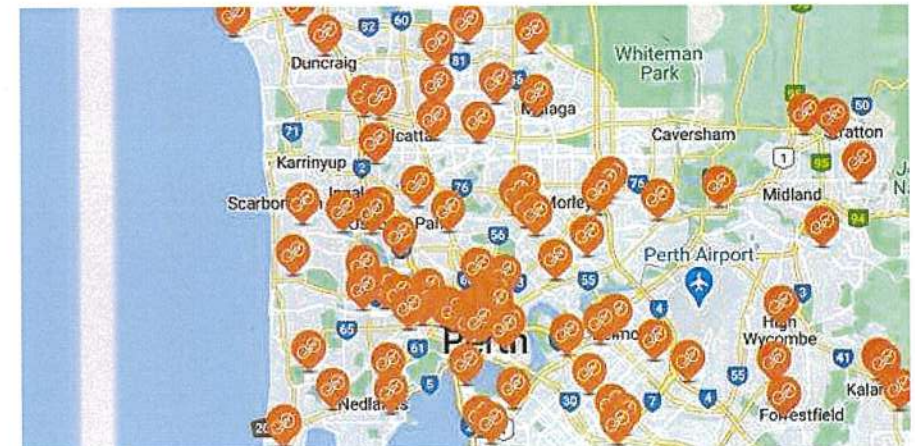
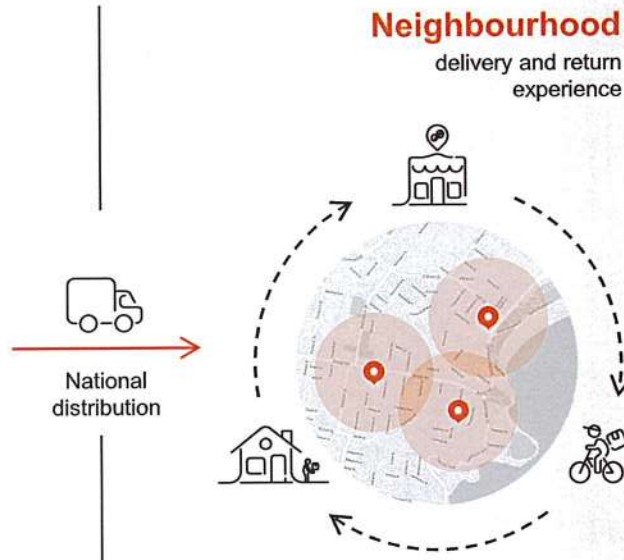
Technology drives the customer experience and orchestrates the operations



Our local network makes us different

- 1,300+ locations, reaching 75% of online shoppers.
- Open 21 hours longer per week than the post office, for evening/weekend customer pickup and drop-off.
- Independent community stores such as pharmacies and convenience stores, providing friendly local service.
- Existing Parcelpoints now converting to Minihubs, facilitating last mile dispatch for localised Doorstep service.

Online
shopping experience

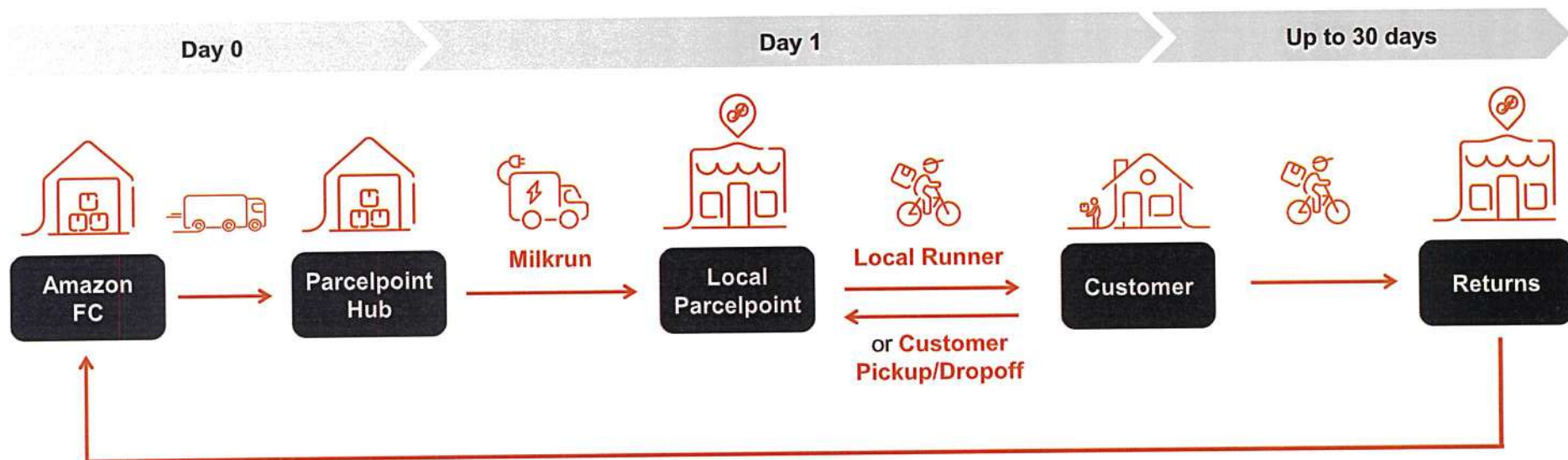


'Doorstep' service is a unique home delivery solution for urban/vertical and regional areas

Milkrun van provides efficient consolidated delivery from central Hub (where runs are sorted) to local 'Minihub' in the customer neighbourhood.

Customer has option to pick up at their local Parcelpoint (adoption is significantly higher as post-purchase option than 'click & collect' at checkout)

Final mile delivered via bike or car, depending on suburb density and size of parcel. Time-window delivery with live tracking.



200k+ Doorstep parcels delivered for Amazon, demonstrating the capabilities and benefits

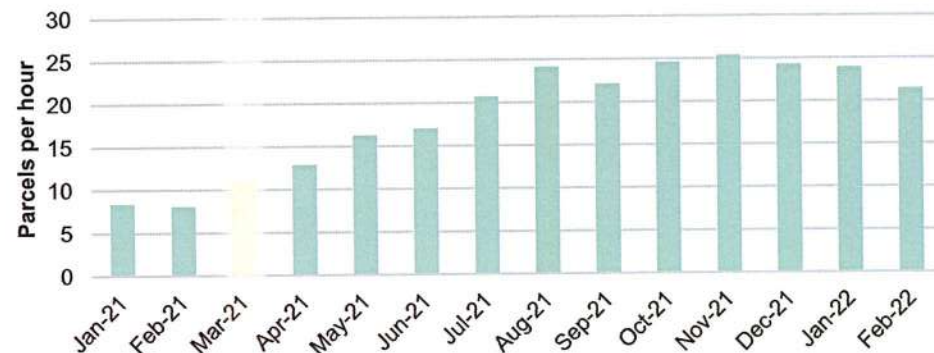
Unique multi-leg distribution model enables:

- **Flexible transport modes** – increases efficiency and available supply at each stage of the journey (e.g. nimble bicycles in dense urban areas, bulk pickups from FCs).
- **Wider next day reach** – Milkrun can deliver to a regional town like Orange (250km+ from a central Hub) in time to hand over to local runner for delivery to the customer that day). Lightweight hub-and-spoke network is cost-effective where traditional depots are not sustainable.
- **Shorter final mile** – meaning more precise and flexible delivery window experience for customers.
- **Customer pickup option** – reduces last mile cost and improves experience (incl. failed deliveries).
- **Lower emissions** – without major capital outlay.

KPIs achieved with Amazon:

- **98% next day delivery** during peak Prime Week 2022.
- **20+ deliveries per hour** in central urban areas via bike.
- **\$7 regional next day delivery cost**.
- **23% customer early pickup** (when parcel is available for pickup on day 1, or home delivery on day 2).

Local Runner deliveries/hr (SYD & MEL via bike)



Long-established as Amazon's trusted partner for Pickup Points and customer returns


- **Primary customer return option**
 - Default option and label-free customer experience.
 - 17k returns per month, integrated for both AU and Global returns (US end-to-end service).
 - Network suited to enable 'Label-free/Box-free' for Amazon (currently live with another customer), offering improved customer experience and logistics savings.
- **Majority of customer Pickup Points**
 - Exclusive 3rd party network, complementing Amazon Locker/Hub.
 - Majority of pickup locations; delivery experience of choice for 85k customer orders per annum.
 - Adoption building with staged rollout of guaranteed next day pickup experience.

Example: 75% of the Amazon pickup locations in Sydney CBD are Parcelpoints

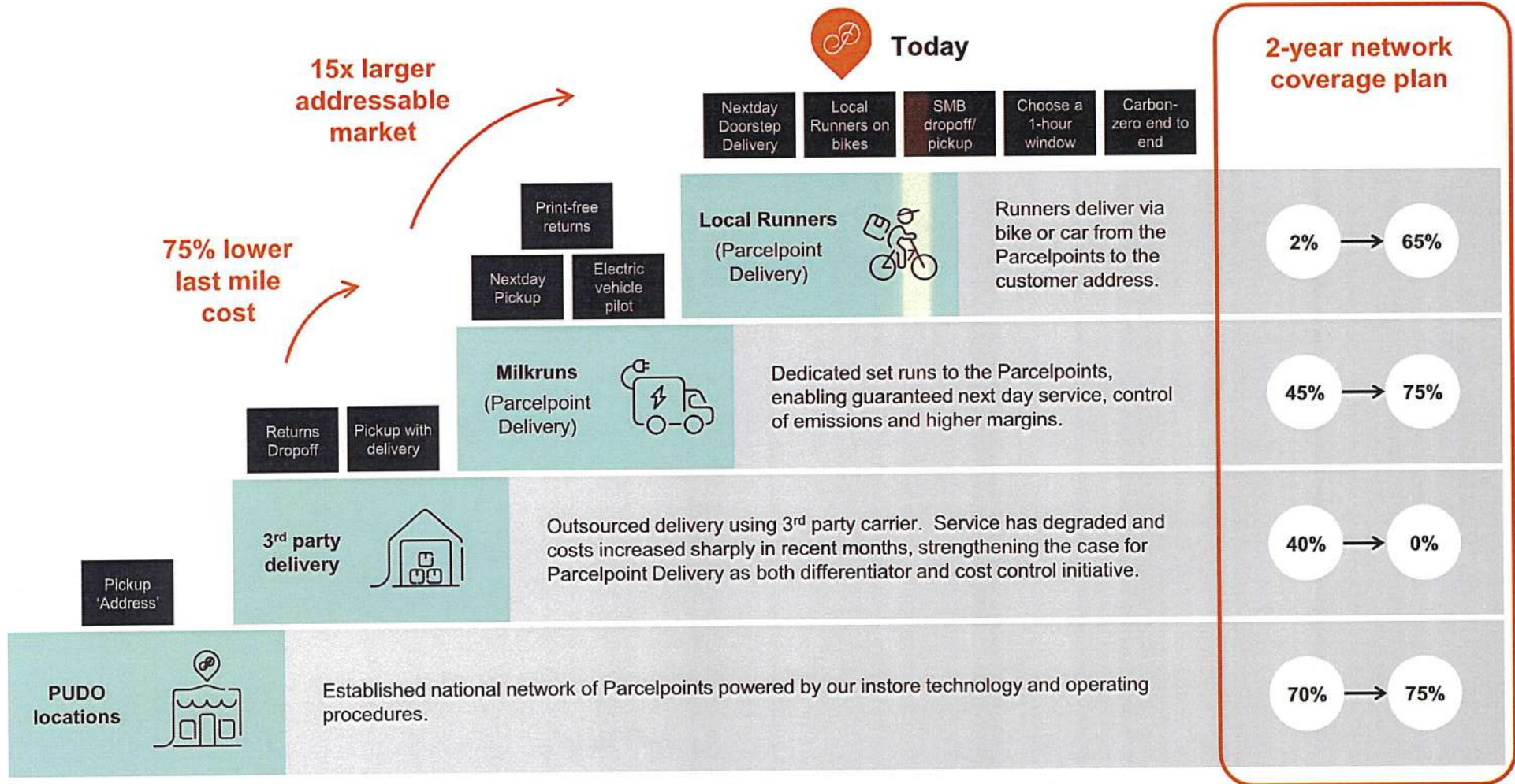
Find pickup locations near:
George St, Sydney, New South Wales, Australia

Use lower lockers?

3	Terry White Chemmart Clarence Parcelpoint	499.4 m
S 1/100 Clarence St, SYDNEY, NSW, 2000		
Mon-Fri: 08:00 - 18:00		
Show details		
Pick up here		
4	Gateway Digital Solutions Parcelpoint	703.2 m
GF, 499-501 Kent St, SYDNEY, NSW, 2000		
Mon-Fri: 09:00 - 17:00		
Show details		
Pick up here		
5	Pharmacy 4 Less Town Hall Parcelpoint	711.7 m
295-301 Pitt Street, SYDNEY, NSW, 2000		
Mon-Fri: 08:00 - 20:00		
Sat-Sun: 10:00 - 18:00		
Show details		
Pick up here		



Our network evolution provides more end-to-end control as volumes build



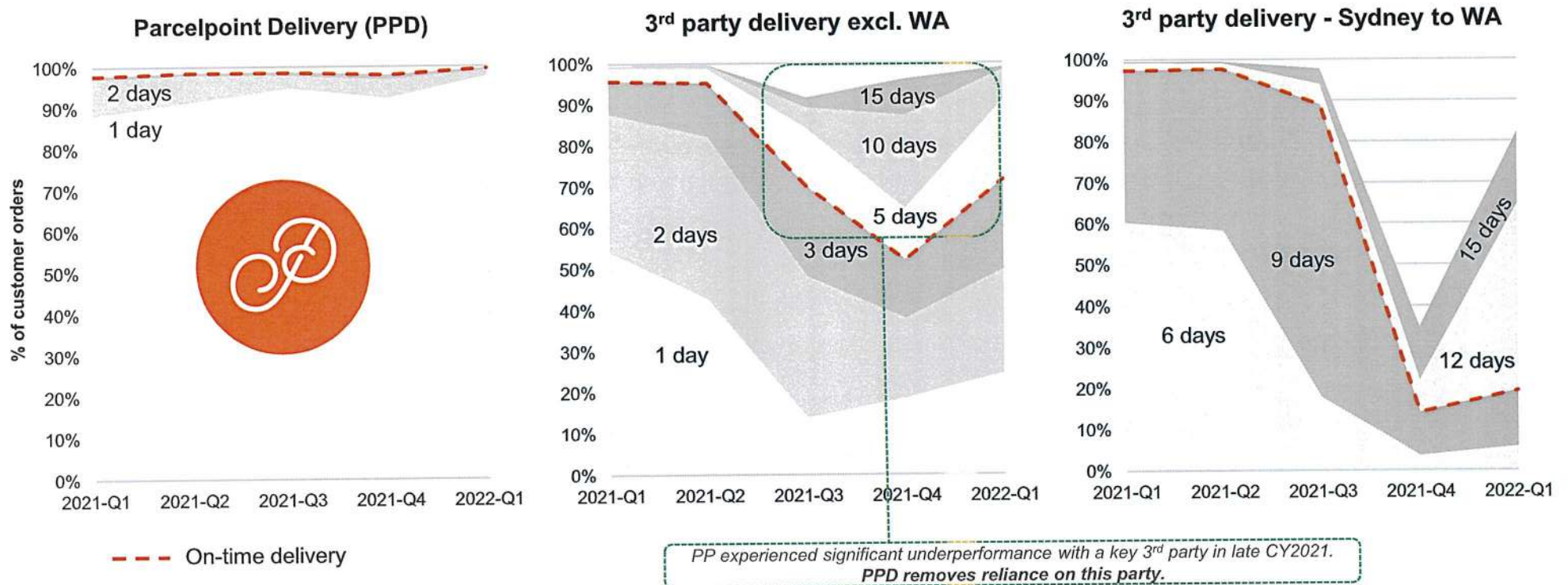
*PUDO = Pickup/Dropoff (i.e. a local Parcelpoint is a customer PUDO location).

Network capability
 Service offering



On-time performance via 'Parcelpoint Delivery' is streets ahead of traditional carriers

Business days to deliver (outbound parcels, all retailers)



Reliance on 3rd party carriers was a key issue for us in FY22. Plan to transition to 100% PPD this year, which is tried and tested in Sydney and Melbourne.



Now seeking a volume partner (or owner) to secure base volume into the network

- Parcelpoint Delivery (where we control delivery, rather than outsource to 3rd party carriers) builds operating leverage in our network, enabling a path to >30% gross margin as we scale volumes. This network upgrade introduces new minimum volume and density thresholds to cover fixed costs such as minimum shift fees for delivery people.
- Depending on service mix, we need 150k-350k incremental volume per month into the network to reach profitability, based on a more widespread rollout of Parcelpoint Delivery (Milkruns and local runners). This volume could comprise of:
 - **250k/month Pickup and Returns parcels** (150k incremental to current) across our existing national network of Parcelpoints, based on expanding Milkruns from Sydney and Melbourne to all cities and close regional towns.
 - or **~350k/month Doorstep parcels**.
- Working closely with a strategic volume partner means we can deploy base volumes in a more targeted way, enabling us to optimise efficiency and margin, to achieve break-even at lower volumes.
- We are looking for 1 or 2 volume partner(s) to commit a total 3-4m parcels into the network over 2 years. With this volume committed, we have investor support to fund the business to break-even.
- This takes us into a position where the business is profitable, and generating 20-30% gross margin from new customers added above the base load.



We believe Amazon/Parcelpoint make a great match for a more strategic partnership

- Amazon is Parcelpoint's no. 1 existing customer, with 5 services established in commercial partnership today.
- Feedback from the Amazon team recognises Parcelpoint as quality service provider, and trusted innovation partner with aligned values around customer experience. We already have a strong relationship.
- Parcelpoint services are complementary to existing AMZL solutions, filling gaps where Amazon is otherwise reliant on traditional carriers who are not meeting service expectations. Potential focus areas:
 - Next day delivery reach beyond the areas that AMZL delivery stations / Flex can service (e.g. regional towns, dense urban/vertical suburbs).
 - Integrate with existing AMZL capability to enable Flex drivers to deliver to/from Parcelpoints, or Parcelpoint Milkrun vans to service high-volume Amazon Lockers.
 - Label-free/Box-free returns, offering customers a choice of zero-hassle local drop-off or doorstep collection.
- Amazon has the volume to take Parcelpoint to profitability without disrupting existing AMZL rollout plans. e.g. Amazon has already expressed intent to use our regional Doorstep solution more extensively on a purely commercial basis.
- Opportunity to build a platform the e-commerce market needs, creating option value for the future:
 - Potential to take full control of the network later, or exit a sizeable stake at an estimated \$100m+ enterprise value within 3 years.
 - Open network model has potential to transform Amazon's last mile from cost centre to profit centre (other retailers pay for the network, Amazon parcels travel for free).
 - Innovative micrologistics distribution model that could be developed as part of Amazon's global playbook.



Key deal terms

Volume commitment – for material equity stake

- 3m parcels committed over 2 years
- Steady ramp to 300k monthly volume over the 2-year term (from 50k actual volume in July 2022)
- Doorstep volumes concentrated into ~300 postcodes (suburb-level plan to be jointly agreed, aligned with AMZL existing plans and PP density requirements)
- Predictable volumes within an agreed freight profile to maximise network efficiency during rollout phase and expedite path to break-even.
- Pre-payment monthly in advance.

With this commitment in place, we have validated that we can raise capital from financial investors to secure our path to break-even.





Thank you

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