

## Advent eModal 2022 Year in Review

### Achievements

Advent eModal [AeM] successfully ended 2022 with unprecedented growth. Record revenues, solid profit margins, and dramatic customer expansion fueled a 34% year-over-year revenue gain. While outperforming historical performance, this followed a prior year peak which saw tripling of revenues and a seven-fold increase in operating profits.

In the first half of 2022, North American ports benefited from continued record cargo volumes. However, this growth was coupled with extreme congestion as experienced by Marine Terminal (MTO), Port, Motor Carrier, and Shipping Line (SSL) trading partners. As a hangover from 2021, inland distribution centers could not receive the cargo and Marine Terminal Operators became “*de facto*” storage yards at a great cost to the overall intermodal supply chain.

AeM assisted in managing and navigating such supply chain inefficiencies for our direct customers and the overall marine intermodal ecosystem. This certainly provided an associated lift to AeM’s financial results. The revenue expansion was heavily influenced by an ever-expanding FinTech stakeholder, product, and geographic footprint, as well as targeted product investments to help mitigate congestion issues. In addition, new federal and state legislative and regulatory demands drove increased product development, commercial engagement, and client retention.

Driven by a combination of economic tailwinds, regulatory changes, and continuing supply chain congestion, gross fee processing volumes grew to nearly \$1 billion. This included the addition of nearly \$265 million in new Ocean Carrier collections.

We do not foresee this “sugar high” market condition continuing into 2023. Interest rates have risen substantially, consumer confidence is substantially lower, and inventory levels for most retailers have been “right sized.” Therefore, we are planning on more normalized market and operational conditions moving forward, including a significant softening of import container volumes in 2023. While we are cautious and realistic about economic conditions, we plan to outpace the growth of both the market and our competitors.

As a basis of long-term growth, a key strategic initiative was geographic diversification including East Coast and Gulf fee collection deployments. Additionally, entry into the European rail market and the installation of the eModal PreGate application across seven (7) intermodal terminals in the United Kingdom planted the seeds for dramatic expansion of the eModal software-as-a-service (SaaS) applications, as well as Professional Service support. Finally, the launch of Envio 360 expanded AeM’s market reach with Beneficial Cargo Owner (BCO / Shipper), Forwarder, and Motor Carrier freight orchestration services to eModal users who are not currently direct revenue customers. We plan to assist this customer set with accounts payable services, automated fee payments, appointment setting, drayage optimization and cargo visibility utilizing an API forward market approach.

### Additional Achievements

In 2022, AeM remained laser-focused on platform stability, scalability, and reliability. Advent eModal worked diligently on its mission to deliver a market leading stable, secure, and scalable technology platform that connects stakeholders and digitizes all intermodal container transactions.

Following the 2020-2021 modernization of eModal applications and migration to serverless Azure environment, eModal has enjoyed stability and the crucial scalability required to keep up with the unprecedented 2021-2022 transaction volume increases. The cloud migration, while not without pain, was necessary and a key commercial differentiator.

The activities of AeM’s Core Technology Group helped drive this stability and cloud scalability of the eModal platform. The favorable market conditions required rapid scaling as the eModal user base grew to over 215,000 active monthly users. This necessitated growth in AeM’s Customer Success organization to manage customer

relationships and deliveries while establishing new client services and customer success engineering capabilities to meet the demand generated by the commercial team.

Furthermore, AeM's People Office and Learning Center of Excellence moved into high gear as the global team expanded by 40% with the addition of 57 team members crossing 200 total within the organization. This included talent emerging from AeM's graduate training program in both India and South America. The People Office deployed a "Knowledge, Connection & Balance" strategy to drive significant investment in learning development, career pathing, goal setting and capacity utilization, considering the work / life balance requirements within AeM's virtual workplace.

This led to a ten (10) fold increase in AeM's Learning Management System utilization with 96% of learning focused on technical upskilling specific to primary IT certifications, web development, cloud certifications, programming languages, software testing & development and analytics. In addition, soft skill development was centered around leadership development, managerial training, operations & project management, and communication skills.

The modern workforce, specifically in engineering space, requires a robust offering in these areas. With the investment, growth, and commitment to these developmental programs, AeM is well positioned to attract and retain top talent in the USA and abroad.

Core to AeM's Guiding Principles, this growth occurred while maintaining continuity of EBITDA profit margin contribution!

Supporting the above, AeM successfully built depth and understanding of our "reason of being" through cultural adoption, training, digital support, and overall reinforcement of the AeM Foundations, per below. We introduced the AeM Organizational Touchstones which evolved into our everyday vernacular. This helped to keep the teams on focus and provide individualized decision-making power while driving demanding partnership between interdependent teams.

## Advent **eModal** FOUNDATIONS

- VISION:**  
Optimize the supply chain by digitizing the flow of intermodal freight and funds
- MISSION:**  
Deliver a market-leading, stable, secure and scalable technology platform that connects stakeholders and digitizes all intermodal transactions.
- OUTCOMES:**
- Reliable and predictable departure and arrival of Intermodal Freight
  - Frictionless electronic payments for all intermodal B2B transactions

GUIDING PRINCIPLES	BUILDING BLOCKS	ORGANIZATIONAL TOUCHSTONES
 GROWTH	 PEOPLE GROWTH	<input checked="" type="checkbox"/> PEOPLE MATTER
 CONTINUITY	 TECHNOLOGY PROWESS	<input checked="" type="checkbox"/> DO THE RIGHT THING
 PROFIT	 COMMERCIAL AWARENESS	<input checked="" type="checkbox"/> BUILD TRUST IN ALL INTERACTIONS
	 BRAND STRENGTH	<input checked="" type="checkbox"/> GROWTH-MINDED FOCUS
		<input checked="" type="checkbox"/> OWN IT, DON'T PUNT
		<input checked="" type="checkbox"/> BRING SOLUTIONS, NOT PROBLEMS
		<input checked="" type="checkbox"/> MAKE THE COMPLEX SIMPLE

## Advent **eModal** 2022 PLAN & OVERVIEW

**GROWTH FOCUS**

- Solidify and build upon the terminal operator position of strength
- Expand FinTech and collection activities
- Expand operational toolsets outward from the terminal

### ONE PLATFORM — MANY APPS

 TERMINAL APPOINTMENTS	 PAYMENT PROCESSING	 CARGO VISIBILITY	 BUSINESS INTELLIGENCE	 STAKEHOLDER APIs
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GROWTH	CONTINUITY	PROFIT
<p><b>What does this mean?</b></p> <ul style="list-style-type: none"> <li>Revenue growth</li> <li>People growth</li> <li>Market share growth</li> </ul>	<p><b>What does this mean?</b></p> <ul style="list-style-type: none"> <li>Talent growth and retention</li> <li>Roadmap health</li> <li>Customer relationship health</li> <li>Growth-focused deliveries</li> </ul>	<p><b>What does this mean?</b></p> <ul style="list-style-type: none"> <li>ROI for our people</li> <li>ROI for our company</li> <li>ROI for our customers</li> </ul>
<p><b>How is this measured in results?</b></p> <ul style="list-style-type: none"> <li>10% minimum YOY revenue growth</li> <li>Individual goal performance</li> <li>Learning library metrics</li> <li>Graduate program results</li> </ul>	<p><b>How is this measured in results?</b></p> <ul style="list-style-type: none"> <li>Individual goal achievement</li> <li>Roadmap delivery</li> <li>Customer delivery</li> <li>Skill development and recruiting metrics</li> </ul>	<p><b>How is this measured in results?</b></p> <ul style="list-style-type: none"> <li>Skill retention &amp; growth</li> <li>30+% EBITDA financial return</li> <li>Margin improvement</li> <li>Customer retention</li> </ul>

## Improvements

As we transition to 2023, AeM is focused on our “Building Blocks” to drive commercial, operational and product enhancements, as such:

**People Growth** – Ensuring the highest return on investment in AeM’s single largest expense, *People!* AeM has established a balanced scorecard, metrics, and measures in the following areas:

- **Knowledge** – We will continue our focus on creating a culture and expectation of continual learning and growth of new skills through hands-on technical training, introduction of new technologies, self-growth, product training, cross-roll and cross-functional learning interactions and experimentation to learn and outpace the market.
- **Connection** – We will expand meaningful interactions between teams, peers, customers, and industry stakeholders by fostering an environment to bring people together to learn, share, problem solve and have fun to drive the AeM focus and strategic priorities.
- **Balance** – We aim to keep the AeM workforce highly productive while feeling appreciated and avoiding “burn-out” by giving variation in team workloads and identifying needed time off or rest, revival, and mental health without guilt. Further, we will ensure above-industry talent retention.

## Technology Prowess –

- **Compliance Readiness** – This focus is for both AeM fee processing and cybersecurity, as well as customer State of California and Ocean Shipping Reform Act legislative and Federal Maritime Commission regulatory compliance.
- **FinTech Optimization** – We will support revenue expansion by stakeholder, geography, and fee type (including exports and empty charges), as well as cost of goods sold (COGS) processing optimization.
- **PreGate User Experience** – Our goal is to ensure eModal’s long-term position as the “Best in Class” pre-gate appointment and at-gate automation solution for both Terminal and Trucker operations.
- **Port Operations / Business Intelligence (BI) Visibility** – We will pursue defined initiatives to improve data quality for all eModal applications, including the finalization of a data lake solution and framework and Professional Services to productize the delivery of BI solutions.
- **Product Engineering Cost Optimization** – There will be an optimization of the Microsoft Azure spend as well as the allocation and productivity of talent resources, especially for Quality Assurance and Site Reliability Engineering automation.
- **System Stability** – As AeM continues to push for unparalleled system stability, following senior “C-Level” AeM, Microsoft and Biden Administration communications and meetings, AeM has established a direct vendor relationship with Microsoft to improve response to Severity One (1) issues and clear-cut guidelines for secondary failover to minimize system downtime in the event of Microsoft service failures or Cosmos database degradation.

## Commercial Awareness –

- **Meet & Exceed Budgeted Revenue Targets** – As AeM enters a transitional market condition with container freight flow headwinds, every commercial opportunity must be converted and delivered with a sense of organizational urgency.
- **Envio 360 Market Launch** – Capitalizing on early adopter customers and pipeline sales opportunities including Amazon, Expeditors, Home Depot, IMC Companies, and others we will drive market awareness of the Envio 360 brand awareness and market offering to spearhead

new “white space” revenue opportunities. We will grow the Envio dedicated team with thoughtfulness and mindfulness.

- **Commercially Driven Product Mindset** – Customer Success and Commercial teams will focus on driving a “Voice of the Customer” and market awareness into the product development, engineering, delivery, and support teams to move from “Best Overall Cost” to “Best Overall Product / Solution” positioning.

**Brand Strength –**

- **Marketing and Communications Refresh** – Leveraging a 2022 marketing and communications strategy study, we will guide the necessary website, commercial visuals, storyboards, case studies, social media presence, speaking engagements to properly build the envisioned forward brand promise and presence.
- The marketing goal is to establish AeM subject matter expertise and unaided name recognition within the targeted customer considered set to put eModal as the “Best and Only Choice” industry solution for the product / market combinations we treat and serve.
- We will leverage common suppliers to ensure continuity of messaging and take advantage of synergies within the group.

**Opportunities**

Advent eModal is working to optimize the supply chain by digitizing the flow of both intermodal freight and the supporting transfer of funds. As we turn the new year, 2023 provides an opportunity to pursue continuity of growth and profitability, while leveraging the growth plan that has remained solid over time:

**1. Solidify & build upon the terminal operator position of strength**

- Pre-Gate application feature sets, Rail expansion & technical modernization.
- Gate automation through data visibility business & intelligence toolsets.
- Professional services for system implementations & data integrations.



**2. Expand FinTech & collection activities**

- Diversify stakeholders (esp. Lines & Shippers), New fee types & payment methods, New North American & Global geographies.
- Envio 360 automation & OSRA / CA AB 2406 regulatory compliance.



**3. Expand operational toolsets outward from the terminal**

- **Envio 360** to provide freight orchestration and operational control to shippers & logistics service providers.
- The Envio 360 movers are fee payment & appointment automation via API forward system & 3rd Party integrations with drayage optimization to follow.



The goal is to facilitate the reliable and predictable departure and arrival of containers and provide frictionless electronic payments for all intermodal B2B transactions.

Commercial initiatives have been advanced through engagement across the intermodal supply chain to provide operational toolsets, business intelligence and data centric solutions. AeM's core position of strength in terminal and port operations presents a large opportunity to leverage extensive datasets available in the eModal Platform. This provides invaluable insights for port stakeholders regarding cargo flows, port operations, and predictable planning intelligence for supply chain optimization.

In addition to expanding the Ocean Carrier customer base, the growth focus in 2023 will include a push to extend landside to the North American Class I Railroads and further expansion of European intermodal operations. Envio 360 will provide us with the opportunity to "reverse monetize" interactions with BCOs, Forwarders and the larger Motor Carriers.

In addition, inland international and domestic intermodal stakeholders offer a logical channel for expansion of AeM's FinTech offerings with order to cash processing for Rail Operators, Intermodal Marketing Companies, Bi-Modals, SSLs, Dray Motor Carriers, Forwarders and BCOs.

Well-funded competitors are becoming more and more visible. AeM will continue to "deepen the moat" around our core business and position of strength and has acute awareness of where we will be attacked. Customer intimacy will be paramount in the next 1-3 years.

Despite the anticipated market headwinds, Advent eModal enters 2023 with a healthy commercial pipeline stocked with opportunity for growth outpacing our traditional market and expansion into new revenue areas while diversifying the customer portfolio.

