

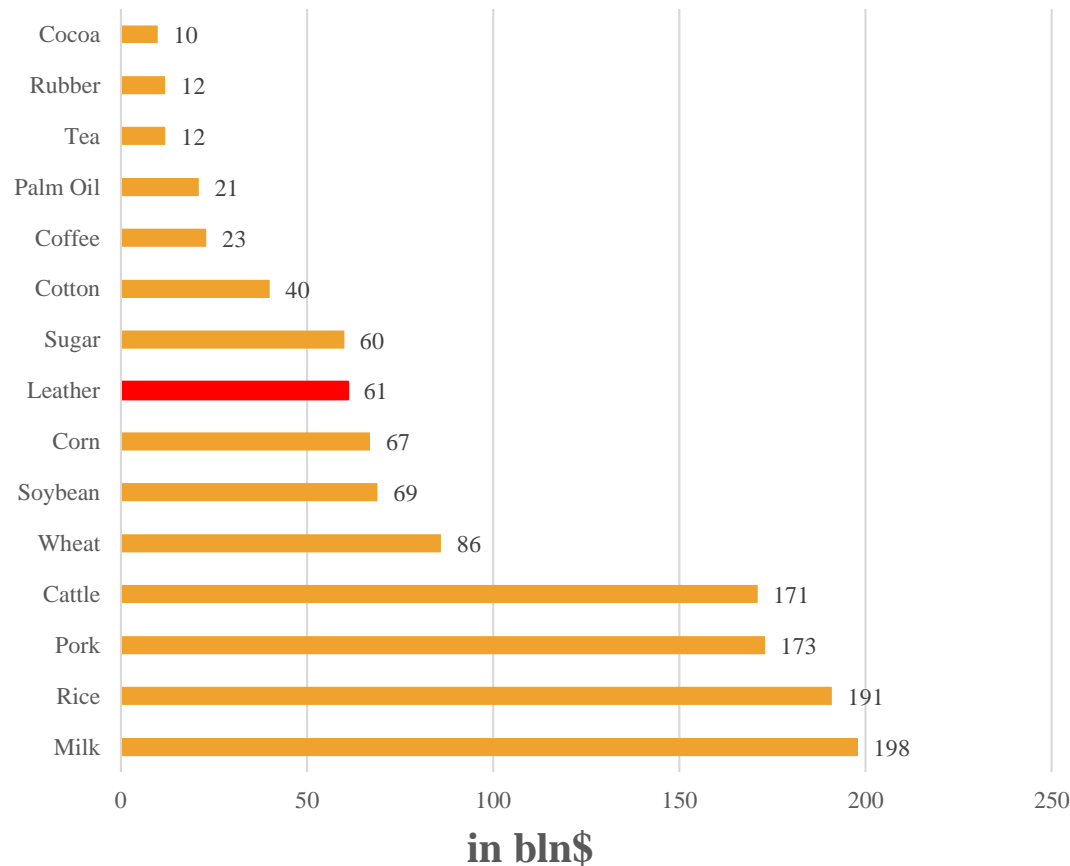


## A \$60-bln market going online

The B2B Electronic Spot Commodity Exchange the Leather industry was missing

## TOP 15 SOFT COMMODITIES

2018 MARKET



The top 15 soft commodities  
all trade on a  
commodity spot exchange...

... but one - **Leather**

The #8 largest soft commodity  
market,

- ✓ over a billion hides,  
\$60bn+ traded yearly
- ✓ without a commodity  
exchange...

How is it possible?

# Exchange tradable ?      The issue is fungibility



Fungible means interchangeable:

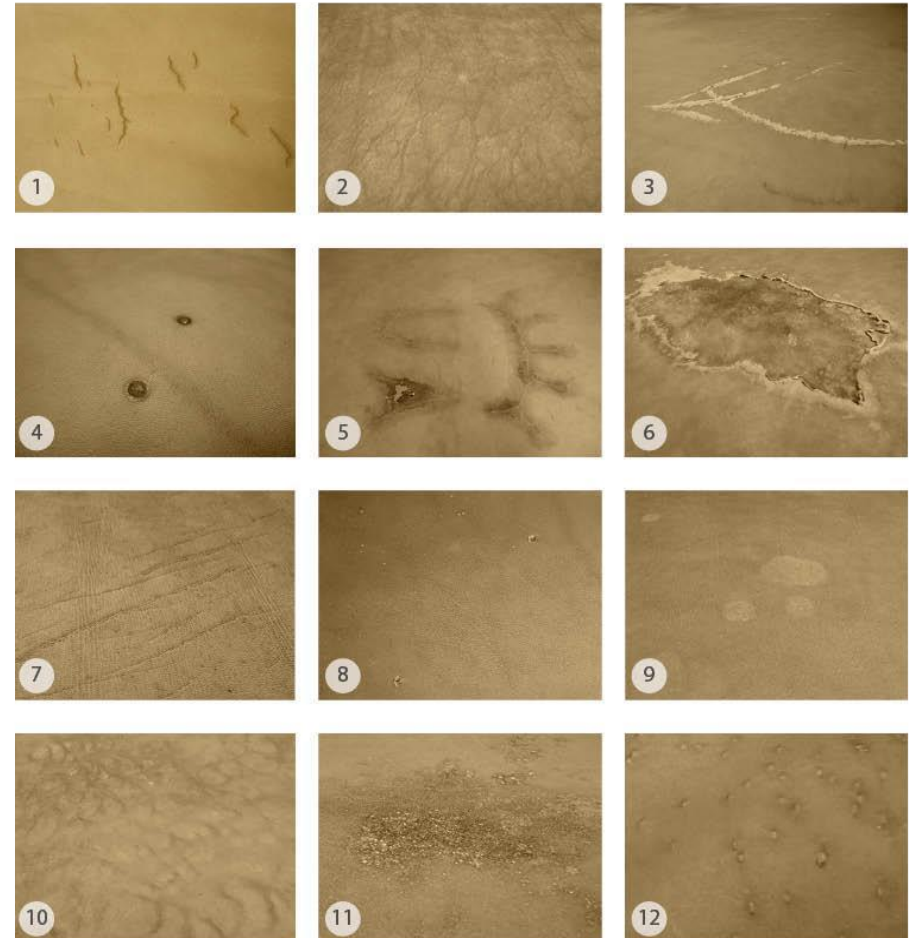
- Two lots of the same good are interchangeable in their industrial use only if they share identical specifications, i.e. if they are of the same specific **grade**.
- Fungible or 'graded' goods simplify the exchange and trade processes, as fungibility implies equal value between the exchanged goods.

**Only fungible goods can be traded on a commodity exchange.**

While corn grains are all identical to each other, making corn a fungible commodity...

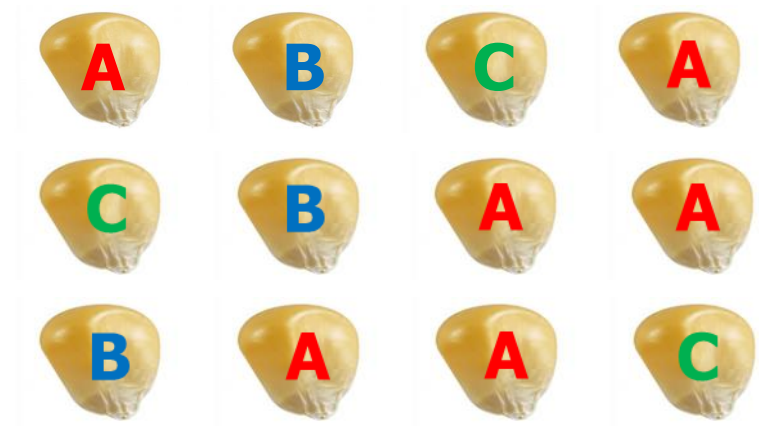
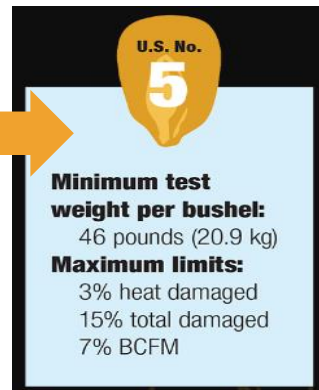


... hides all differ in function of the quantity and topology of random flaws on their grain and surface. They are not fungible.





Grading of fungible corn grains is a statistical process, i.e. performed by means of random sample checks.



When samples are not homogenous, statistical grading does not work and individual grading is then required.



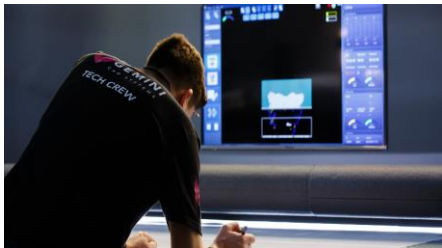
Thanks to its IP-protected leather parametric normalization process, **HideXe** aims at:



**In-situ acquisition** of topological flaws via digital scanning of **every hide processed**



**Centralised grading** of all processed hides in fungible batches, ready for spot exchange



Transforming tannery products into **fungible tradable commodities**



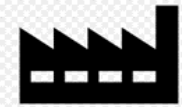
1. Developing the single independent global **Electronic Tannery Spot Commodity Exchange**



2. Enabling efficient and transparent Comex transactions between:
  - Licensed Sellers equipped with our **HiSo** technology, and,
  - Authorized User buyers.

## HiXe LICENSED SELLERS

- \*slaughterhouses
- \*tanneries
- \*leather integrators



Production  
Seller Units



On-site  
HiSo scanner



**BID**

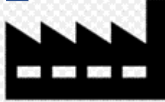


Hides Image  
Data

**SELL**



On-site  
HiSo scanner



### IMAGE DATA COLLECTION & STORAGE

PRODUCT QUALITY,  
TRACEABILITY,  
PRICE BENCHMARKING,  
TRANSPARENCY

## HIDEXE

Electronic Tannery Spot  
Commodity Exchange



Independent  
Hide Grading



HiSo

HiXe Graded  
Inventory



Optimised  
Graded Lot

Comex  
Transaction



HiSo Grading  
Platform

HiXe Exchange



HiXe

### TRANSACTION DOCUMENTATION

STANDARD SPA CONTRACT  
INDEPENDENT HiXe  
CERTIFICATION  
TRANSACTIONS HISTORY

## HiXe AUTHORISED BUYERS

- \*tanneries
- \*leather integrators
- \*(traders)



Quality Assurance

Production  
Buyer Unit



**ASK**



**BUY**

On-site  
HiSo scanner



Input Quality  
Control

**HIDE XE** provides to licensed Members and authorized Users



## A B2B Market Place

For authorized USERS

Operational starting in 2021

- ✓ For exchange of non-graded leather products or
- ✓ For transactions between HiSb Authorized Users (but not HiXe Members)
- ✓ Sellers pay \$100 to place an offer on the Market Place
- ✓ Buyers pay \$100 to bid on an offer

### TRANSACTION COSTS

\$100 Seller to place an offer  
\$100 Buyer to bid on an offer



## A B2B Electronic Exchange

For licensed MEMBERS

Operational starting in 2022

- ✓ For exchange of HiSo optically-graded leather products only  
(**Transaction Control**)
- ✓ For sales performed only
  - by HiXe licensed Members of the Exchange
  - equipped with HiSo optical grading technology

### TRANSACTION COSTS

\$1.50 per Grading Certificate  
+ 1% of transaction price



## A Quality Grading Center

For licensed MEMBERS

Operational starting in 2022

- ✓ For interactive online quality control and grading
  - Before HiXe transactions
  - During the production process  
(**In-Process Control**)
- ✓ For Licensed Members of the HiXe Exchange only

### IN PROCESS CONTROL FEE

\$0.50 per Tannery Control or  
\$1.50 per Integrator Control

## HiXe LICENSED MEMBERS GAIN

**Pay** **\$2.00** per hide (\$1.50 grading certificate + \$0.50 transaction fee)  
**Gain** **\$19.00 to \$20.00** by saving on:

- **Marketing / Procurement travel costs.** \$2.00 of travel expenses.
- **Commissions.** \$0.50-\$1.00 of trader commission (1% to 2% in average).
- **Logistics.** \$1.50-\$2.00 as there is no need to ship and store unnecessary inventories thanks to digitalization of inventories and on-site digital grading certification.
- **Unsold inventories.** \$15.00 based on 30% probability that eventually the hide finds no buyer or is returned by the buyer because it does not match its specifications.

## HiSo LICENSED MEMBERS GAIN

**Pay** **\$0.50 (tanners) or \$1.50 (integrators)** per HiSo hide control/grading  
**Gain** **\$2.75 (tanners) and \$17.50 (integrators)** by saving on:

- **Error costs.** \$2.50 for tanners as manual control currently comes with an average selection error of 10% implying an average \$25.00 variation of the price of the hide.
- **Human costs.**
  - \$0.25 for 2 tannery operators testing 300 hides (wet blue) per hour or
  - \$7.50 for 2 leather operators testing 10 hides (finished leather) per hour.
- **Cutting yield.** \$10.00 by reducing cutting wastage by 5% thanks to superior HiSo scanning precision of 1 mm vs average 5 cm with manual control.
- **Time.**
  - 10 seconds spent in average by tannery sorting operators vs no delay with HiSo
  - 6-10 minutes spent in average by leather controllers vs 8 seconds with HiSo.

## Before 2028 (9 years) HideXe plans to:

- Equip with HiSo online scanners for **optical quality grading** of products sold on HiXe Exchange and for **optical in-process quality control**:
  - ✓ 354 licensed member **tanneries**
  - ✓ 263 licensed member **leather integrators**
  - ✓ 164 licensed member **slaughterhouses**
- Reach an annual trade processing activity of:
  - ✓ 76 246 000 (7% market share) HiXe **Transactions** of graded products between HiXe Exchange licensed members, plus
  - ✓ 92 798 000 (9% market share) automatic HiSo **In-Process quality Controls** at HiXe Exchange licensed members facilities, plus
  - ✓ 62 234 000 (6% market share) HiSb **Transactions** of non-graded products between Exchange authorized users
- Generate **\$267 million** of fees revenues in 2028 from Transaction fees and Control fees related to its patented technology

As of today, HideXe competitors consist of:

## OFFLINE

### ✓ Trade fairs

+	Physical meetings between sellers and buyers
+	Physical contact with the product
-	High cost of participation
-	Time consuming
-	Limited in time (a few days per year)
-	No capacity to aggregate homogenous lots

## ONLINE

### ✓ Internet sites of largest leather traders

+	Better than nothing
-	Limited sourcing / market opportunities
-	No quality control
-	No capacity to aggregate homogenous lots

**No hide and leather spot exchange exists as of today**

**HideXe will access the market and rapidly reach the necessary critical mass using four principal channels**

Professional network of the  
Gilet family



Specialized media, such as ILM  
(International Leather Maker)



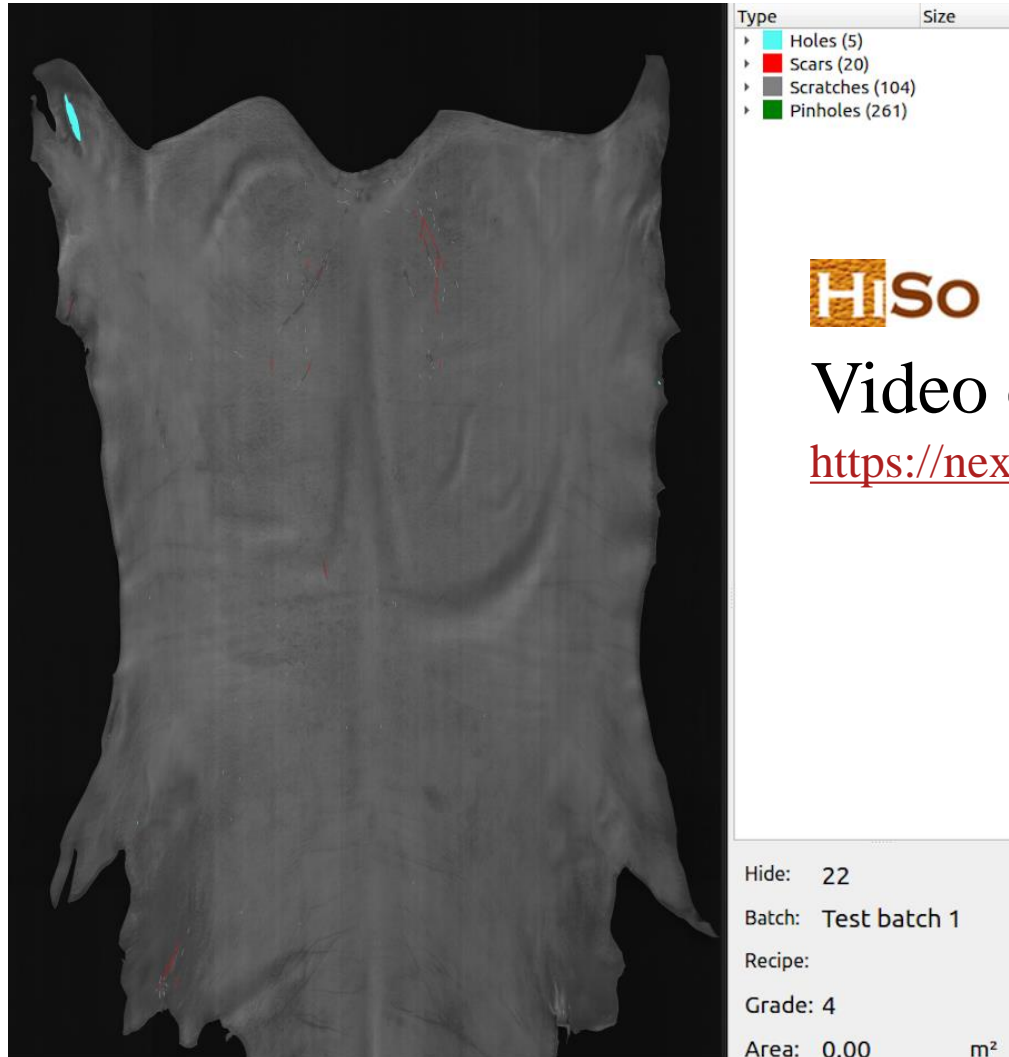
Professional fairs and  
exhibitions



Partnership with LWG (Leather  
Working Group)



## HiSo Digital scanning and optical grading technology



Video demo HiSo techno:

<https://nextcloud.mir0.net/s/WcHcqQ46a85e33d>



Belgium's Sopraco NV group is a fully integrated (from farm to fork) meat company and one of the main suppliers of meat in Europe with annual sales of about € 500 mln.

Sopraco is also the owner of Rompa Leather, a tannery based in the Netherlands and exporting its products around the world.

[www.sopraco.eu](http://www.sopraco.eu)

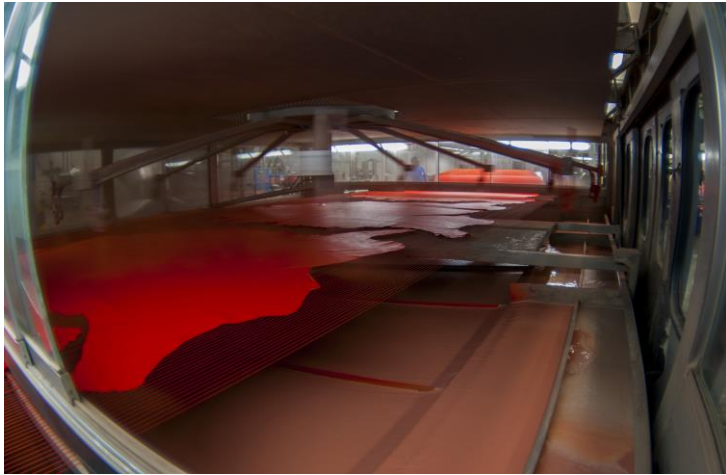


*“As our business continually grows, we produce thousands of raw hides every month and face, in absence of an open and organized hide market, significant marketing issues:*

- No price benchmark, no price transparency – **are we selling at the right price?***
- Limited access to buyers, no competition between them – **how could we get more clients?***
- Many potential buyers remain themselves excluded from the supply chain – **how could we access them?***
- An ever-increasing risk of building unsold inventories, weighing on our company's balance sheet*

*We therefore look forward to getting immediate and direct access, via **HiXe's** global electronic market, to a greater number of buyers and to finally knowing real market prices based on actual transactions performed through the **HiXe** exchange.”*

Tjèri Rutten, Sales Responsible Hides & Skins



Founded in 1959 in Arzignano leather district by the Pretto family, Pasubio Spa is a specialized producer of luxury automotive upholstery and manufactured leather. It produces finished articles from wet-blue or wet-white leather. Pasubio also produces high quality leather for furniture, yachts interiors and fashion accessories.



*“I am a strong believer in the benefits digital scanning and artificial intelligence can bring to our industry.*

*Pasubio processes 9000 hides per day and optimizing our process for sorting incoming materials is of the utmost importance to us. By implementing **HiSo** digital grading technology on their sites, both suppliers and buyers in the tannery industry shall be able to suppress the error factor frequently occurring during the visual control of exchanged hides, therefore making the supply chain more fluid and our transactions much more efficient.*

*The more precise and unquestionable the control data extracted with the help of **HiSo**, the more business value shall be delivered by **HiXe** electronic exchange by lowering costs, improving speed, accuracy and business efficiency.”*

Luca Pretto, CEO



Couro Azul is a family-run company based in Portugal. It supplies high-quality leather to the automotive, rail and aircraft industries in Europe and beyond.



*“We buy more than 35,000 of hides per month to produce high-quality leather, seeking to achieve the highest standards with the greatest possible cost effectiveness.*

*While we assume full control of our process from raw hide to finished and cut leather, we remain much dependent on the quality of purchased raw hides and constantly aim at improving our supply chain. A big challenge in this process is the ability to build with our suppliers a shared quality referential for all the products we exchange. Hence the need of a technology enabling us to share objectively measured quality and grade specifications on a trading platform, so we can exchange only the right products, only at the right price.*

*Another major challenge for us is to enhance cutting yields and we trust digital mapping and software analysis will help us achieve higher yields and cost efficiency.*

*We really hope to test **HiSo** grading solution and **HiXe** electronic exchange very soon and will be among your first users.”*

Antonio Carvalho, Industrial & Purchasing Manager



Founded in 1995, ISA TanTec is an eco-friendly leather manufacturer represented by its trademarked LITE (Low Impact To the Environment) manufacturing concept. With 4 ultra-modern tanneries located in USA, Vietnam, China and Italy, they have been globally recognized by the world's top footwear brands as a supplier of high-quality leathers.



*“We buy more than 100,000 of wet blue hides per month to produce high-quality leather, seeking to achieve the highest standards with the greatest possible cost effectiveness.*

*While we assume full control of our process from wet blue hides to finished and even partly cut leather, we remain much dependent on the quality of purchased wet blue hides and constantly aim at improving our supply chain.*

*A big challenge in this process is the ability to build with our suppliers a shared quality referential for all the products we exchange. Hence, a technology enabling us to share objectively measured quality and grade specifications on a trading platform would bring trade advantages and transparency, for quality and price.*

*We really hope to test **HiSo** grading solution and **HiXe** electronic exchange very soon and would be proud to be one of the first users of such new systems.”*

Uwe Hutzler, CEO



Leolux is a Dutch furniture manufacturer specializing in high-concept and fashionable furniture for the contemporary market. With over seventy years of experience, it developed from a small factory focusing on classical furniture to become one of the top household names in the luxury seating.



## Leather Integrator - Leolux

*“Despite surging amounts of hides hitting the market, efficient sourcing remains a major issue due to our leather industry’s inability to properly measure the value, price of millions of hides it purchases every year and the rapidly decreasing availability of “know how” inside the raw hide and finished leather markets.*

*To this day, raw hide market intel and controls are still performed manually by skilled workers, market sponsored driven websites and based on an experience level which is on a down trend.*

*Their subjective measurements are not reproducible, as experience tells us that different testers always deliver different assessments of the same product, and their error margin remains above 30%.*

*If one does not have “operational boots in and on the operational floor from farmer till final product producer”, there will be a significant required need in having a technology to supplement subjective manual controls with in-line automatic controls delivering objective measurements of the quality and cutting plans of hides processed on our production sites.*

*We as Leolux will remain having our operational market intel from the different markets but hope that suppliers soon start uploading objectively controlled product information onto an electronic exchange to allow the formation of a true **HiXe** price benchmarking.*

*We are very excited by the opportunity to test the Beta version of your **HiSo** digital control technology and **HiXe** electronic exchange as soon as available.”*

Robert Olislaegers, Executive Purchase Manager



Martin Ricker, Content Director



**theSauerReport**<sup>TM</sup>  
established 1985

# Testimonial

*We at Edify Digital Media Ltd (owners of **ILM** and **theSauerReport**) really think your project has a strong opportunity in the global marketplace.*

*From our side we look forward to helping you establishing the **HideXe** brand and concept among our international industry specific audience of 20,500+ professionals. This can be conducted via a coordinated promotional campaign across all our platforms, including print, online and events. Initially, it will establish your new brand and brand identity/image and over time will help raise the profile of your trading website across the whole leather supply chain with a focus on the key decision makers representing hide/skin suppliers, tanners, brands, retailers and OEMs.*

*We have a team of market experts, who understand how the market is structured, how it works as well as database of key industry contacts and decision makers.*

To ramp up sales and capture strategic market shares as soon as possible, we will implement a **two-pronged marketing strategy** :


## Intensive targeting

### Large strategic partners

Involve large stakeholders of the tannery industry (slaughterhouses, tanners, leather integrators), operating global businesses and performing large trading volumes, thanks to the reputation and privileged relationship of the Gilet family.

## Extensive targeting

### Partnership with ILM

- ✓ Reach out to 20,000+ users of ILM's Sauer Report promotion tool and give them free access to the Beta version of our  B2B Market Place to create extensive market awareness in a very short lapse of time.
- ✓ Capture 1,000 users within 3Y and 4,000 users within 5Y.

# Financial Projections Traction

## KEY METRICS

HISB

MARKET PLACE

HISB

MARKET PLACE

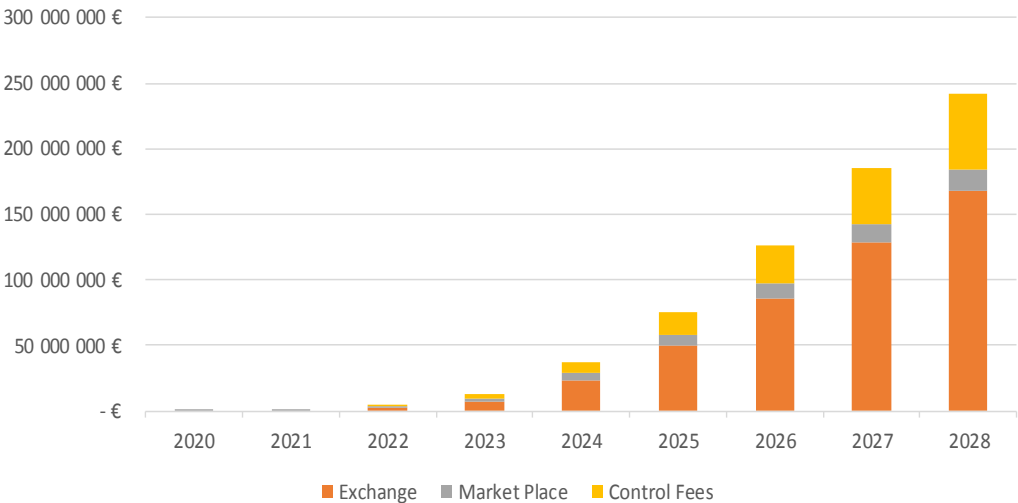
plus

HIXE

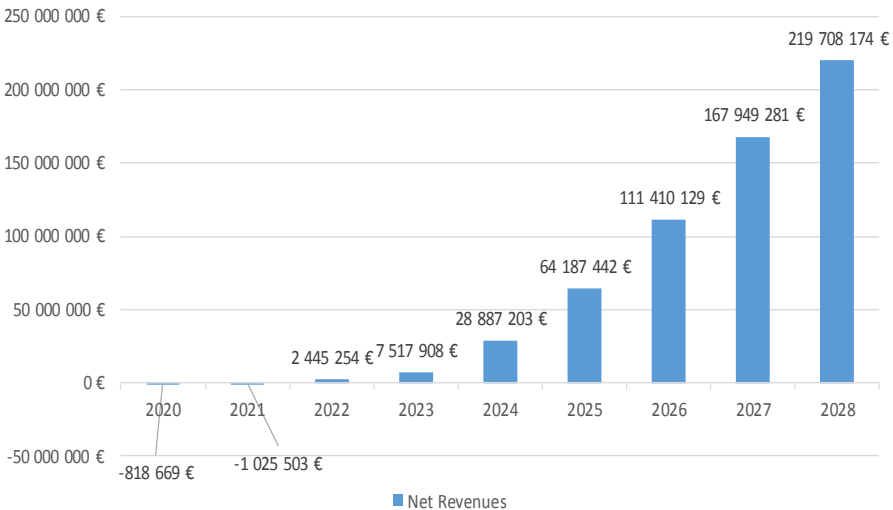
SPOT EXCHANGE

		Member	Exchange	Market Place	Control Fees	Gross Revenues	Net Revenues	EBITDA
Y1	2020	5	- €	280 335 €	- €	280 335 €	-818 669 €	-818 669 €
Y2	2021	10	- €	420 503 €	- €	420 503 €	-1 025 503 €	-1 040 503 €
Y3	2022	25	2 354 468 €	1 682 013 €	1 001 691 €	5 038 171 €	2 445 254 €	2 404 754 €
Y4	2023	85	7 077 197 €	2 803 354 €	2 764 374 €	12 644 925 €	7 517 908 €	7 185 058 €
Y5	2024	187	23 018 716 €	5 606 709 €	8 088 513 €	36 713 937 €	28 887 203 €	27 982 058 €
Y6	2025	308	49 937 925 €	8 410 063 €	17 061 764 €	75 409 752 €	64 187 442 €	62 229 985 €
Y7	2026	437	85 776 984 €	11 213 417 €	29 111 226 €	126 101 627 €	111 410 129 €	108 467 866 €
Y8	2027	559	128 314 220 €	14 016 772 €	43 207 417 €	185 538 409 €	167 949 281 €	164 141 460 €
Y9	2028	617	167 871 812 €	16 820 126 €	56 743 042 €	241 434 980 €	219 708 174 €	215 245 020 €

Gross Revenue per Year



Net Revenue per Year

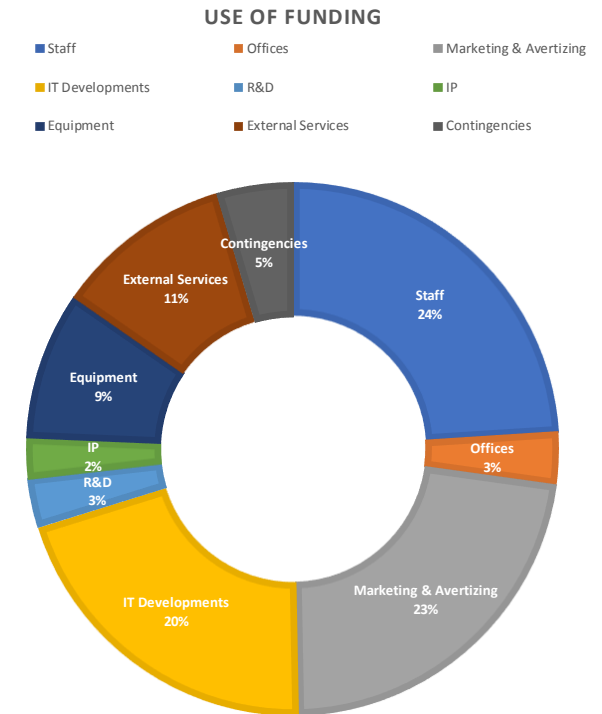


# Financial Projections Funding

## HIDE XE FUNDING NEEDS

Use of Funding	HXE FUNDING			Total
	2020	2021	2022	
Staff	430 000 €	530 000 €	240 000 €	1 200 000 €
Offices	44 000 €	86 000 €	29 500 €	159 500 €
Marketing & Avertizing	375 000 €	550 000 €	200 477 €	1 125 477 €
IT Developments	150 000 €	800 000 €	75 000 €	1 025 000 €
R&D	0 €	100 000 €	50 000 €	150 000 €
IP	50 000 €	30 000 €	43 750 €	123 750 €
Equipment	55 000 €	115 000 €	278 750 €	448 750 €
External Services	200 000 €	250 000 €	87 500 €	537 500 €
Contingencies	54 950 €	72 300 €	102 772 €	230 023 €
<b>Total</b>	<b>1 358 950 €</b>	<b>2 533 300 €</b>	<b>1 107 750 €</b>	<b>5 000 000 €</b>

25%





## **Jo Gilet – President & Chief Marketing Officer**

Since 1979, Jo has acquired a broad and considerable experience in virtually all areas of the development, procurement and production of tannery products. He has also built an incredible relationship with the leather industry at a truly global level.

Over the years he has set up full procurement and supply chains of hides, wet blue and crust from Brazil, Argentina, USA, Canada, Colombia, Venezuela, Czechoslovakia, Poland, Lithuania, Russia, China, Egypt for tanneries located in Italy, the Netherlands, Spain, Germany, Austria, Turkey, Korea, China, Thailand, and former Comecon states. He has implemented production supervision and quality control at tanneries located in the USA, Lithuania, Russia, Brazil and Germany. He was a supplier to EADS / Sogerma (Airbus VIP department), Greiner Aviation, Lufthansa, Porsche, Daimler, McLaren, and most of the major automotive and aviation leather tanners worldwide.

In 2006 Jo founded MAGI (Luxembourg) S.A., a consulting practice offering its unique knowledge of the entire procurement, development, certification and manufacturing chain from the raw material to the leather article.

Among many prestigious clients, he has been Porsche leather consultant for more than 10 years - securing leather supply for Panamera & Cayenne models, setting up direct price and supply negotiations (10 truckloads per week) between Porsche and slaughterhouses, monitoring prices, quality, schedules, payments, new suppliers/tanneries in order to increase the supplier base for Porsche from 3 to 8 today, introducing a new leather supplier as main supplier for the Macan and Cayenne models, performing continuous leather training for purchasing, design and prototype departments.

In 2015 he founded LESA and initiated the development of HideXe, an internet spot exchange platform for hides, leather and derivatives. He applied in 2019 for patent FR1910088 protecting a technology to perform on-site automatic acquisition of topological flaws via digital scanning, centralised IE grading of hides, and electronic trading of graded and exchangeable lots of hides.

Jo holds an engineering degree in leather technology from Westdeutsche Gerberschule Reutlingen and has been a member of the American Leather and Chemist Association since 1985.



## **Jean-Marie Billiotte – CEO**

MD & CIO of Lupercale (PE) Fund, CIO of Probus Capital Management (fund man.co) in Luxembourg. Before, Jean Marie served as CTO at 4 technology-focused EU companies (Magnisense, Stochastics Financial Software, Airinspace, Centaure Robotics), and as the CEO of 2 industrial companies (Mupi and Gontek). Jean-Marie was also a partner in the leading French/US patent & technology transactions firm Kessler, and adviser to a wide range of European, American and Japanese companies with a focus on Aeronautics, Mechanics and Energy (Boeing, US Steel, Rolls Royce, General Electric, Technicon, Olympus, Johnson & Johnson, Salomon, etc.).

As co-inventor, Jean Marie was granted by the USPTO 15 patents in the fields of scanners for electronic industry, life science, medical diagnostic, fintech, industrial processes and data.

Jean Marie holds a MSc Eng. from Ecole Centrale de Paris with a major in Energy Physics.



## **Korian Edeline – CTO**

System Engineer and Software Engineer (Industrial Computer Vision) at MAGI (Luxembourg) S.A., Korian has developed the prototype of the HiSo digital grading system and supervises the design of HiXe electronic exchange and HiSo digital grading technologies. His competencies embrace networking, computer vision, machine learning, computer security, software optimization, big data, virtualization and computer systems in general.

Korian's scholarly achievements include a PhD thesis on characterization and modeling of transport-based middleboxes (University of Liège, Belgium) and a Master thesis on malware network behavior analysis and inference (Symantec Research Labs at Eurecom, Sophia Antipolis, France)

Korian holds a PhD in Computer Sciences from the University of Liège and he is a Post-Doctoral Researcher at the University of Liège, Belgium.



## **Felix Gilet – Chief Software Development Officer**

Software Development Engineer at MAGI (Luxembourg) S.A., Felix has developed the prototype of the HiXe electronic exchange system.

Felix programs in C, Java, Python, C++ and bash scripting, he is proficient in version control tools (git) and has an excellent knowledge in network technologies as well as Debian based linux distributions. He is experienced in using containerization solutions such as Docker, virtualization technologies (KVM, VMware), building and querying REST API. Felix has also a good knowledge of database technologies RDBMS (MySQL, PostgreSQL)

Felix holds a Bachelor in Computer Sciences and Systems with a major in Telecom & Networks from the Haute Ecole de la Province de Liège.



## **Alexandre Starinsky – Chief Financial Officer**

Head of Research at Probus Invest, helps manage up to 400 mln USD in equity and bonds, advisor to Lupercal (PE) Fund in Moscow. Before, Alexandre founded and managed Softline, a system integrator of multiservice network solutions with global vendors including Alcatel, Cisco, Siemens, Ingenico and General Electric in FSU countries. He also served as Marketing & Innovation Director with French startup company Airinspace and founded and managed a distribution company (partner of Philip Morris Inc. and British American Tobacco) in Ukraine. He started his career in 1993 as financial controller with Nexans in a cable manufacturing JV near Moscow.

Alexandre holds a MSc in Physics from the Université Paris VII. He graduated from Sciences Po Paris with a MA in Economics & Finance.

# TIMELINE

**HIDE**XE

**2020**

*April*

**Funding Closing**

5 mln € raised  
HideXe team ready to start

**Hi**Sb

**2020**

*October*

**Launch HiSb**

First trades on HiSb B2B Market Place

**Hi**So

**2021**

*November*

**Launch HiSo**

First HiSo scanners installed in tanneries

Start of HiSo systematical grading

**Hi**XE

**2022**

*January*

**Launch HiXe**

First trades on HiXe B2B Electronic Spot Comex

**HIDE**XE

**2028**

*December*

**Exit Investment**

\$ 573 mln cash generation  
\$ 215 mln EBITDA

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- ✓ These forward-looking statements involve a number of risks, uncertainties and other factors that could cause actual results, opportunities and growth potential to differ materially from those suggested by the forward-looking statements.
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Appendixes containing useful information about:

- ✓ The tannery industry and market
- ✓ Financial projections of the HideXe project

shall be made available only after the signature of a Non-Disclosure Agreement.



**LESA SA**

**THANK  
YOU!**

**Jean Marie  
Billiotte**

*Email:*  
**jeanmbilliotte@gmail.com**

*Phone:*  
**+352 691 262710**