



The Global Language of Business

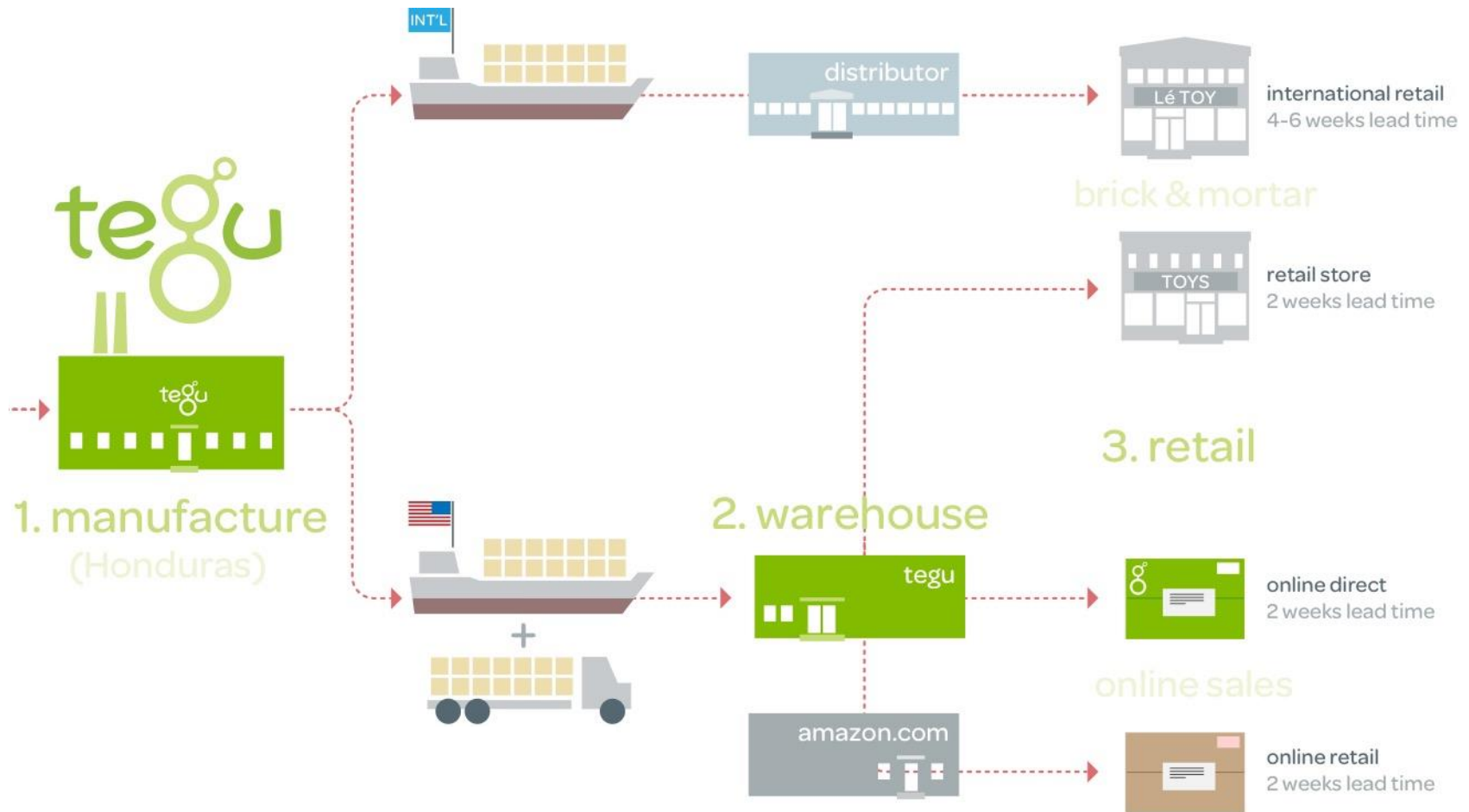
GS1 Connect 2016 | June 1-3

True Measures of EPC/RFID Success Beyond the Sales Lift

Chris Haughey, Tegu



Tegu's Vertically-Integrated Business Model



Special Retail Initiative – Solving a Sales Challenge

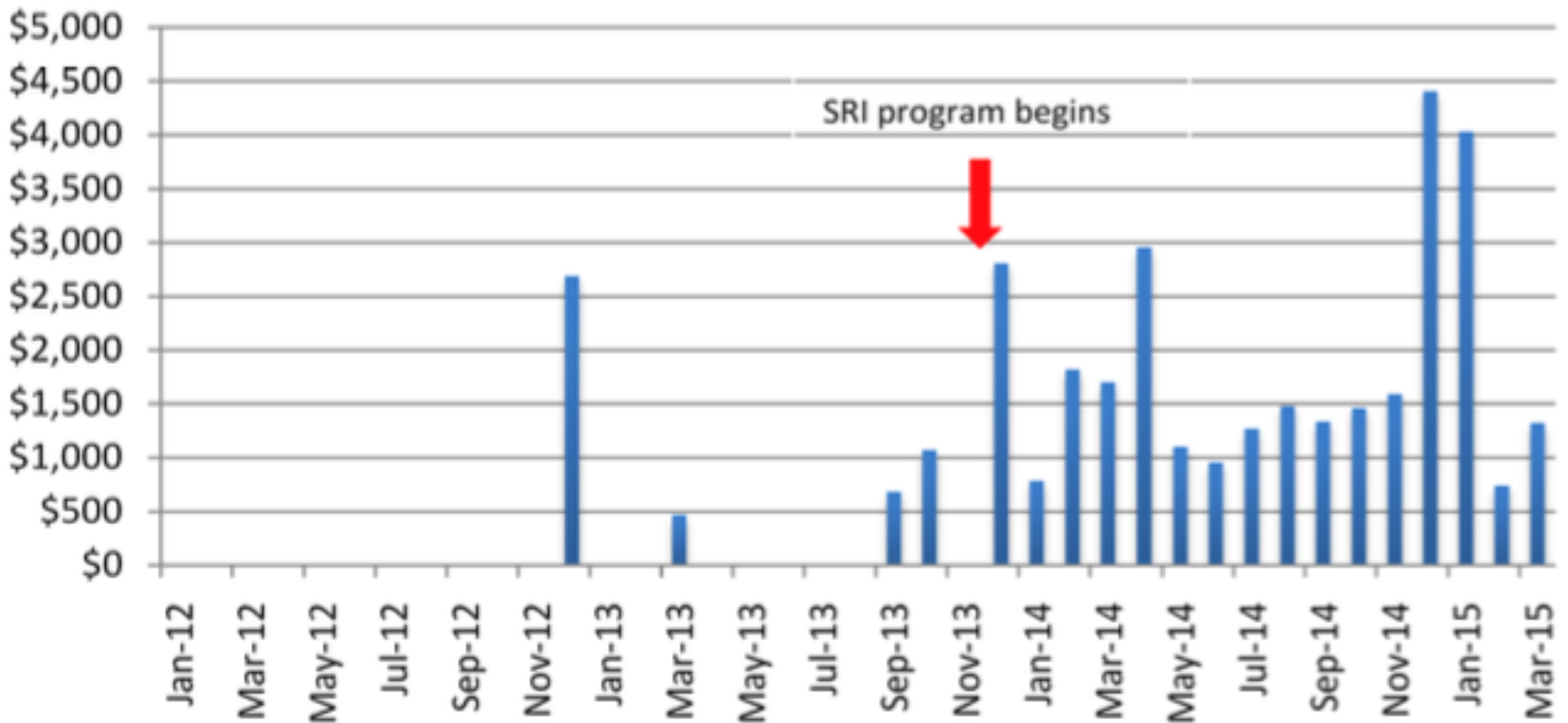
Challenges faced by Tegu in the Specialty Retail channel:

- Premium product line difficult for small retailers to stock consistently
 - Highly seasonal industry
 - “It’s a Q4 product” perception on the part of store owners
 - Cash flow issues constrain some customers’ purchasing
- Retailers unwilling to showcase more than a handful of SKU’s
- Small retailers often challenged to re-stock proactively

“SRI” consignment model kills multiple birds with one stone

- Robust, curated SKU assortment, presented prominently and elegantly
 - Help consumers understand the system / portfolio
- Automatic replenishment takes ordering off customers’ hands
- Reduce seasonality / lumpiness of sales

“SRI 1.0” Piloted Starting Late 2013 – Illustrative Results from a Pilot Store



“SRI 2.0” – Scale Requires Technology – Independence from Retailer’s Infrastructure

HERE’S HOW IT WORKS:

1

We provide you with a full assortment of Tegu product on consignment.



2

Tegu will send you a beautiful display fixture large enough to showcase and stock the entire SRI assortment.



3

Recorded sales and on-hand inventory are seamlessly reported to Tegu. We will invoice you periodically, only charging you for prod-

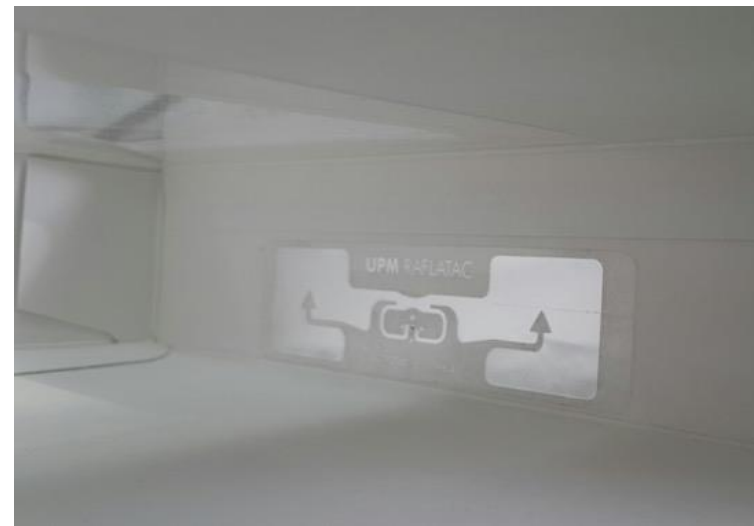


4

With SRI, you will never stock out. Once inventory levels dip below a safe amount, replenishment merchandise is automatically shipped to you.



RFID Technology at the Heart of the Tegu SRI System



SRI 2.0 Now Up and Running in ~40 Stores



SRI 2.0 Results and Advantages To-Date

Benefits derived by Tegu

- Due to consignment model, SRI is an easy sell with most cash-conscious specialty toy / retail customers
- Daily precise inventory data flow – creates the confidence needed for a scaled consignment program
 - Enables efficiency of fulfillment model
- Complete independence from retailer's systems and practices
- Sales increase of 2-10x depending on store / customer
- Smoothing of seasonality and reduction in loss of potential revenue
- More profitable model for servicing customer – fewer internal resources spent against both sales and service
- Inventory sitting on shelves in front of consumers rather than in racks in a warehouse – generating greater brand awareness

SRI ENABLES A TRUE WIN-WIN – CUSTOMERS ARE DELIGHTED
AND TEGU GROWS RAPIDLY AND PROFITABLY