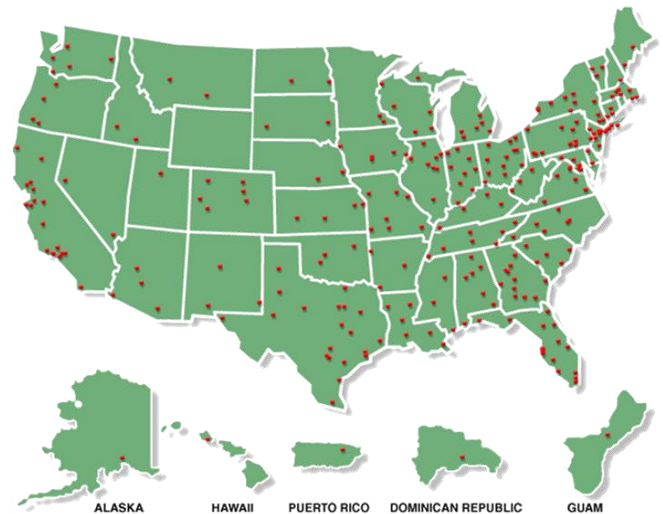




Seeonic and Interstate Batteries Deliver Autonomous Inventory Monitoring System June 2014

INTERSTATE Batteries is an iconic American company, having been in business for over 60 years and risen to status of being the #1 replacement automotive battery in North America. Interstate sells over 17 million batteries per year; recycles 25 million, and has annual revenue of approximately \$1.5B. Year after year Frost and Sullivan's annual survey indicates that professional automotive technicians prefer Interstate at least 5 to 1 over any other brand. With



300 distributors and over 200,000 dealers, Interstate has an extremely large, complex and diverse distribution system. Interstate does not have access to the point of sale system for the majority of these dealers, making replenishment a very imprecise and inefficient process.

Interstate is dedicated to providing world-class products and service to its dealers so they can focus on exceeding their customers' expectations. Having access to a dealer's actual inventory is a critical component of modernizing to staying competitive in today's fast-paced market. Interstate recognized the need to innovate to stay out in front. Building upon and transforming its current business model required a reliable method of reading the inventory at a dealer level on a daily basis.

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“Seeonic had created an extremely ingenious core technology that was unmatched in capability and versatility by anything else in a market place. Seeonic and Interstate partnered together to design, develop and manufacture a comprehensive system that is now a commercially viable product.” (Bruce Hellen, Director of Business Practices, Interstate Batteries)

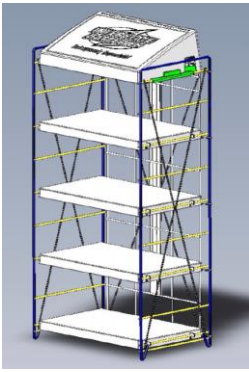
The patented RFID-powered solution consists of following components:

1. **IBSmartRack®** – A specially designed battery rack equipped with an electronic controller (**SightWare®**). The system sleeps all day, wakes up on command, reads the inventory and then calls the data into a cloud server (**Seeniq®**). To enable reliable inventory reads, IBSmartRacks are outfitted with uniquely designed and patented antennas created by Seeonic.
2. **Seeniq** – Manages the IBSmartRacks and processes the data.
3. **Optics/Analytics and Business Action Software** – For the Interstate Validation Phase test Seeonic is processing some of these functions and Interstate is responsible for others.

INTERSTATE had a clear set of goals for its Validation Phase:

- **Establish** a solution that would be minimally invasive to its dealer and distributor operations while providing unparalleled inventory insight and visibility
- **Reduce** inventory replenishment costs, out of stocks and costly special deliveries caused by insufficient inventory
- **Deliver** the battery before the customer needs it
- **Deploy** the initial pilot of 2,000 IBSmartRacks in an efficient manner to provide viability, stability and usability
- **Leverage** learnings from this pilot program to develop a business case for deploying this solution on a larger scale
- **Understand** how this solution can empower a replenishment system based upon real-time market demand to create a unique competitive advantage

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In November 2013 Interstate deployed 2,000 IBSmartRacks in 5 diverse test markets from the east coast to the west coast (urban, rural, etc.). In support of this program Interstate has produced over 2,000,000 SmartLabels encompassing 500 different products.

Initial field testing by distributors using the system has produced an accuracy rate well above 99%. Distributors are so confident in the accuracy of the data they have ceased any form of further verification testing.

Additionally, the IBSmartRacks communicate on multiple cellular networks providing a connection rate of over 99%. In short, the technology is proven and rock-solid.



Interstate and Seeonic have applied this technology to 29 distribution vehicles and created the industry's first IBSmartTruck®. A typical distribution truck carries 350-400 batteries, making inventory verification a time-consuming challenge. IBSmartTrucks are drastically improving this process.

What does Interstate expect to achieve from using the IBSmartRack and IBSmartTruck information?

- 1. 33% reduction in the required number of dealer replenishment visits while providing better overall service**
- 2. 20% reduction in fuel costs by carrying smaller loads**
- 3. 45 minutes saved per day/per truck in inventory management**
- 4. 10% sales lift by ensuring product is properly replenished**

Beyond these measurable items, this creative, state of the art solution for remotely tracking inventory also opens up the potential for several other valuable changes Interstate could make to its model. Two noteworthy examples are the use of smaller/fewer vehicles and managing aged product more effectively. Initial indicators are very favorable that Interstate will achieve all of these goals. Interstate will continue testing

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through the fall of 2014 and assess the results. If the ROI and the value generated are as expected, then Interstate will complete its feasibility assessment for deploying this technology on a larger scale.

“Using this patented and autonomous inventory monitoring system is not merely a normal evolutionary step in a company’s life cycle. Rather, this is a revolutionary idea that creates a whole new world of possibilities regarding how certain aspects of a businesses can operate. This system creates real value for all stakeholders. Companies must see the value from a holistic perspective. This system is not designed to merely serve as a data feed into an existing business model. To the contrary, the value is in seeing the new things a company can accomplish with this information. The purpose of Interstate’s Validation Phase is to affirm what we believe to be true: the value of this system far exceeds the cost. Interstate is proud to be Seeonic’s development partner and is excited about what this technology can potentially accomplish for our company.” (Bruce Hellen, Director of Business Practices, Interstate Batteries)

“Interstate identified modernizing and enhancing its supply chain as a catalyst to help drive more profitable dealer growth and adding value to their customer engagement. The definitive impact this technology is already having at Interstate extends itself well to those markets and manufacturers that would benefit from automated, real-time inventory visibility. Possessing actionable intelligence is a proven enabler with immense potential. We are very proud to partner with Interstate on this solution.” (Kevin Gorman, CEO, Seeonic)

About SEEONIC

Seeonic is one of the leading providers of autonomous RFID solutions that provide item-level intelligence for the retail, healthcare and automotive aftermarket industries. Our comprehensive solution provides unprecedented inventory visibility for better business decisions. With industry leading patents covering the technologies we have developed, our products provide solutions for item-level inventory data collection, alerting and predictive analytics.

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