



Filling the Financing Void for the Next Revolution in Retail

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Introductions



Troy Propes

Founder & CEO

Prior to Ralston Creek Capital, Troy built an industry leading home fragrance manufacturing, distribution, and sales organization that served the world's largest retailers.



Scott Storey

President

Scott has spent his entire career in the financial services industry in capital raising, mergers and acquisitions, and consulting capacities.



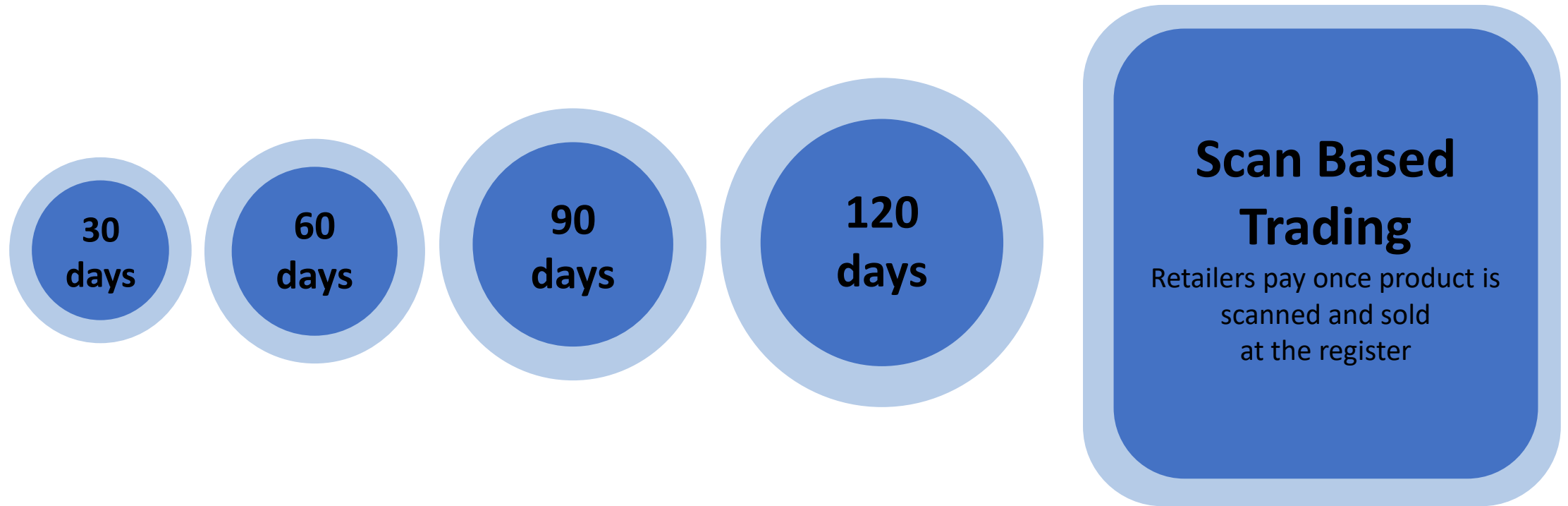
Louis Bagdonas

Analyst

Louis comes from a background in analytics and informatics primarily focused in the healthcare industry.

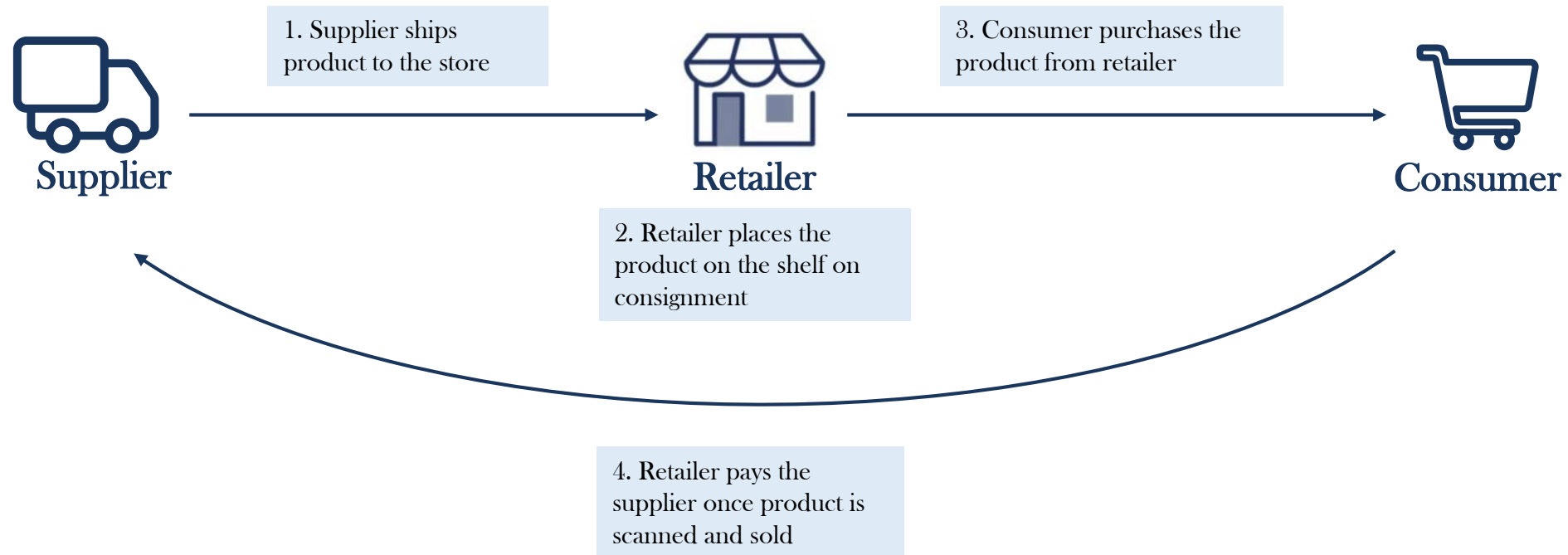
Scan Based Trading – Next Evolution in Retail

Over time retailers have continued to extend payment terms for their suppliers



Scan Based Trading (“SBT”)

- Scan Based Trading is the process in which suppliers maintain ownership of inventory within retailers’ stores until items are scanned at the point of sale



Benefits the Retailer and Supplier

Retailer Benefits

- No cash outlay for inventory
- Produce the best sales per square foot
- Adjust to a leaner inventory model
- Aligns retailer and supplier to maximize sales

Supplier Benefits

- Achieve preferred status with retailer
- Gain competitive advantage
- Improve in store stock position, service levels, and inventory management
- Increases sales as a result of improved inventory visibility, accurate replenishment, and less out of stocks

The Growth of SBT

- There is a resurgence of retailers across North America partnering with suppliers to engage in Scan Based Trading
 - Traditionally SBT was utilized for products that were perceived as too difficult to manage
 - As e-commerce applies increasing pressure to retailers, SBT is expanding to mainstream categories
- Forward thinking suppliers have partnered with retailers to engage in SBT programs
- SBT has expanded into most categories and now typically includes non-DSD and slower turning inventory



Providing Working Capital to Suppliers for SBT

- Traditional banks do not lend against SBT inventory
 - Suppliers don't have the working capital to meet SBT terms and grow their business
- Ralston Creek Capital ("RCC") will provide financing to suppliers to meet the increasing demand for capital in the growing SBT market
- Ralston Creek Capital is a leading lender of capital to suppliers engaged in scan based trading supporting their growth and partnership with top retailers



RCC Fills the Working Capital Void

Asset Based Loan

| | | | |
|----------------------------|--------------------------|------------------|---------------------|
| | | Sold to retailer | |
| Asset: | \$750,000 | → | \$1,000,000 |
| | Finished Goods Inventory | | Accounts Receivable |
| Advance Rate: | 65% | | 85% |
| Bank Working Capital Line: | \$487,500 | | \$850,000 |



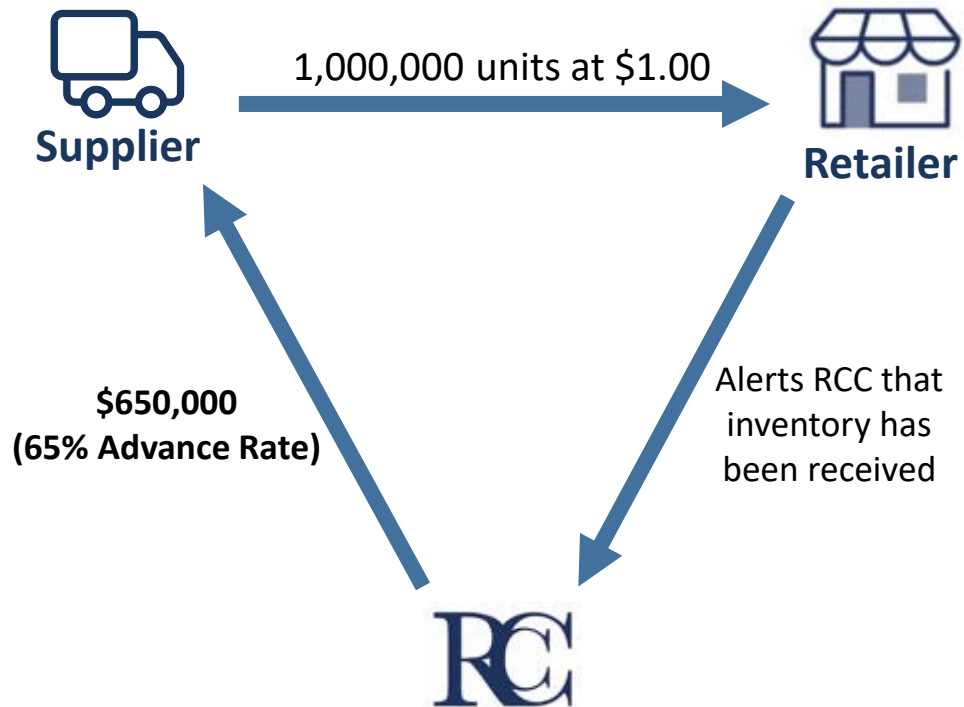
Scan Based Trading

| | | | |
|----------------------------|--------------------------|-----------------------|------------------------|
| | | Consignment Agreement | |
| Asset: | \$750,000 | → | \$1,000,000 |
| | Finished Goods Inventory | | Inventory on the Shelf |
| Advance Rate: | 65% | | 0% |
| Bank Working Capital Line: | \$487,500 | | \$0 |

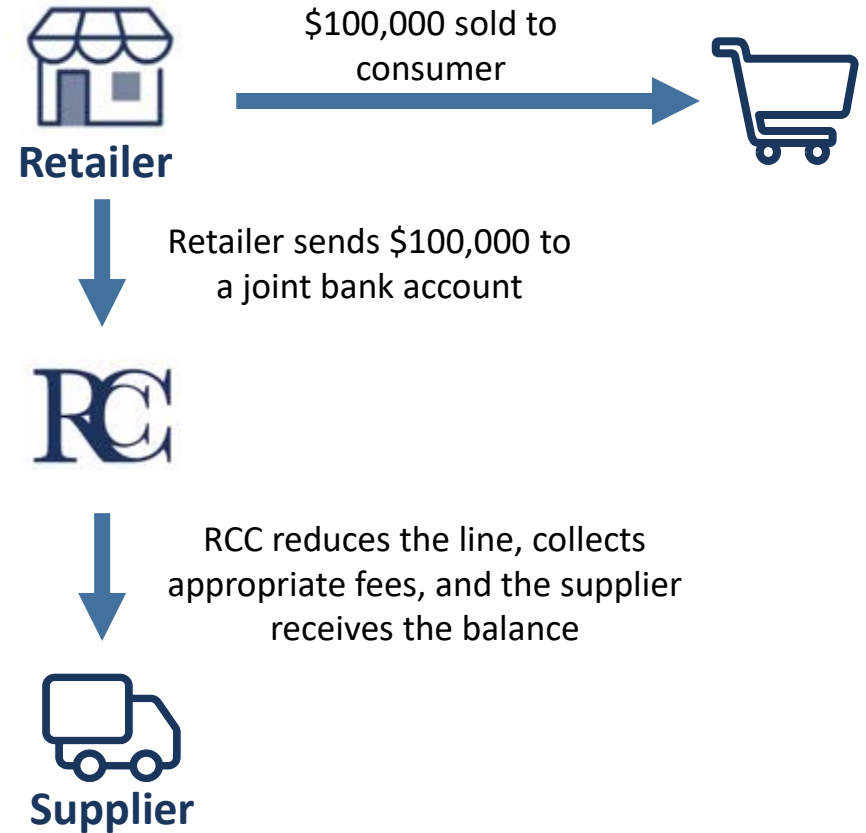
RCC will lend against the SBT inventory to fill this void

RCC Loan Process

Supplier ships 1,000,000 units



Retailer sells \$100,000



**This is for illustrative purposes only. RCC advance rates may vary greatly based on product type, margin, and retailer agreements.*

Recent Case Study – Automotive Aftermarket Products in a Value Chain

- A large value store pushed for an automotive aftermarket company to agree to do Scan Based Trading
- The supplier had to continually turn down the opportunity because it was against their bank's policies
- The supplier turned to RCC to fund the \$5mm program
 - Sales are expected to double in 2019



Recent Case Study – Apparel at a Drug Store Chain

- A national drug chain designated its apparel as Scan Based Trading
- Seeing an opportunity to acquire a new significant customer, a supplier proposed selling its product utilizing SBT
- The supplier turned to Ralston Creek Capital to help fund \$3mm of inventory in several thousand stores



Ralston Creek Capital Fills the SBT Finance Gap



- Filling the financing void for the next evolution in retail
- RCC specializes in SBT financing
- Partnership with Park City Group
- RCC is the preferred capital provider to the SBT industry



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