



Podcast

Shared Savings Program



DISA Limited



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Combating Return Fraud Through Innovation

RFID and Single-Scan Serialization in Action



How RFID and DiSa's single-scan serialization technology ("3S Technology") is being used to curb return fraud in the retail industry?



Update on DiSa's new business model, shared savings program ("SSP") and how it works

Background

Initial Serialization Rollout

DiSa signed a master service agreement with a major retailer in the United States (“US”) to combat return fraud in 2017

Adoption was slower than anticipated, due to:

- Absence of mandate from retailer to their vendors
- Vendors were expected to bear the cost of implementing the 3S Smart Barcode

Market Shift Since 2022



US Retail RFID Mandate

Top retailers introduced mandatory RFID tagging for their vendors.

Mandate expanded across product categories:

- Apparel
- Home goods
- Sporting goods
- Electronics
- Toys, and many others

Today, billions of products are tagged annually across the retail sector!

Strategic Repositioning:

Integrating Serialization into RFID Tags

Piggyback on RFID rollout



- Partnered with leading RFID printers
- Offer serialized RFID tags at no cost to vendors
- Seamlessly integrates serialization into existing RFID tags
- Simplified adoption while ensuring compliance with mandates

Implementation Progress



- Approved by major retailer
- About 50% of SKUs* currently using serialized RFID tags
- Adoption growing as mandate extends to more product categories

*A stock-keeping unit (SKU) is a scannable barcode, most often seen printed on product labels in a retail store. The label allows vendor to automatically track the movement of inventory.

New Business Model

“No cure, no pay” under **SHARED SAVINGS PROGRAM**

- Serialization solution offered at no upfront cost
- DiSa earns a share of cost savings from fraud prevention
- Based on retail value of fraudulent returns prevented through DiSa 3S Technology



WIN-WIN-WIN MODEL

It is a win-win-win solution for DiSa, its retail partners and the vendors, as return fraud continues to rise.



2024 Consumer Returns in the Retail Industry

MERCHANDISE SALES, RETURNS, AND FRAUD AND ABUSE

\$5.19 Trillion

United States Census Bureau
Total US Retail Sales

\$685 Billion

Amount of merchandise returned
as a % of total sales. (avg. 13.21%)

\$103 Billion

Amount of fraudulent returns
and claims as a % of total returns.
(avg. 15.14%)

Source: Apriss Retail and United States Census Bureau

Impact of DiSa's Serialization Technology

Used by a major retailer since 2017

- US\$159 million in return fraud savings
- Average of approximately US\$20M saved per annum, nearly 1% of total return fraud





NEXT STEPS

- Expand SSP across more product categories
- Work with retailer to identify high-fraud-risk SKUs
- Scale serialization adoption via RFID partnership



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