

2021 Retail Engagement

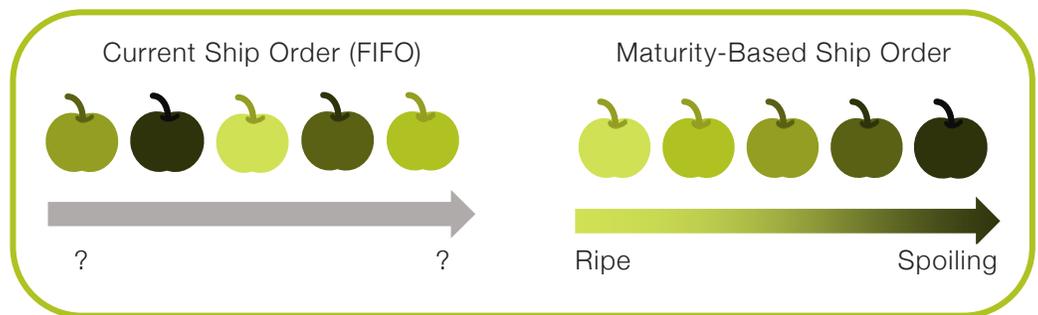
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OVERVIEW

Produce presents a challenge for retailers due to its inherent variability. Inconsistent produce quality and lack of data generates shrink, increased carrying inventory, and reduced consumer satisfaction. Strella creates technology that predicts produce shelf life, enabling first-expiry first-out inventory (FEFO) management to provide retailers with actionable data to reduce inefficiencies in their supply chain.

Our current customers represent the largest retail suppliers in the US. Strella currently works with 60% of all upstream apple and pear packing houses to sequence fruit inventories based on maturity. Our core sensor technology enables precise and constant measurements of gas emissions from produce as it matures. With this high-resolution data, we can assess the velocity and remaining timeline of the perishable item to assist in inventory decision-making.



PILOT PROGRAMS

Strella is currently running pilot studies in retail to estimate shrink and markdown reductions using FEFO order in DCs.

Pilot Actions

- › Strella will utilize upstream sensor data to monitor inbound fruit pallet shelf life to a retail DC in a commodity of choice.
- › This information will be used to retroactively reorder the traditional FIFO inventory sequence to a FEFO sequence based on maturity.
- › QC sampling procedures will be used to validate Strella's predictions.

Outcome

- › Strella will provide retailer with an estimate of potential shrink/markdown reduction with maturity-based sequencing.

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POTENTIAL FOR GROWTH

Strella's technology is most compatible with fruits and vegetables that generate 30% of all retail shrink/markdowns, such as avocados, bananas, kiwis, pears, stone fruit, mangoes and many others.

We are system agnostic and integrate seamlessly into any FDC WMS backend.

Shelf life estimates can enable business decisions at multiple points along a retailer's supply chain other than FEFO inventory management:

Sourcing:

- › Strella's upstream supply chain data can be used to direct a retailer to high quality fruit as it is received.

Inbound:

- › Truck-level or upstream supply chain data can be used to inform non-random QC sampling of potential rejections, removing inbound issues.