

Rabbit Launches Bulk Business "Gomla"

Gomla is the Company's Foray into the potential EGP 5Bn Bulk Buying Market in Egypt

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Cairo, Egypt

Rabbit, the e-commerce platform, announced today that they have launched Gomla, a new product offering customers that buy in bulk the cheapest prices across Egypt, and next-day delivery.

Rabbit launched Gomla in response to a shift in global consumer behavior towards bulk buying, strongly reflected in the Egyptian market. Market data indicates that bulk buying is set to evolve into an EGP 5 billion market by 2024. Originally triggered by the pandemic, the trend has been sustained driven by inflation and added price pressure¹. Other reasons include availability (with some supply chain challenges persisting)², and families spending more time at home with hybrid work. Consumers are buying both bigger quantities and larger package sizes (average volume per unit is up 2.1% year on year)³. The most popular products for bulk buying are paper products (55%), household cleaning products (35%), shelf staples (26%) and personal care items (22%)⁴.

"We created Gomla to fulfill the growing need for great savings, something users across all segments presently are focusing on, especially ahead of Ramadan," said Ismail Hafez, Co-Founder and COO of Rabbit.

"Whether it's a large family household, or a young couple looking for great deals on their monthly restock, Gomla caters to a new user segment altogether, and brings more choice to existing users of our 20 and 60 minute offerings in a different consumer moment," said Ahmad Yousry, Co-Founder and CEO of Rabbit.

¹ <u>Surging Food Prices Turn More Shoppers Into Bargain Hunters - WSJ</u>

² Why Consumers are Still Buying in Bulk - The Food Institute

³Two Years Into Pandemic, Shoppers Are Still Hoarding - WSJ

⁴Consumers continue to buy in bulk to save money



Costco, the wholesale club brand that has become synonymous with bulk buying, is currently the third largest retail player globally (after Walmart and Amazon), with \$222.7Bn of net sales⁵ across 14 countries⁶ around the world in 2022, a 40% increase over 2 years. Wholesale clubs (sometimes referred to as warehouse clubs) were originally popularized in the US in the 1970s. The business model, selling consumer goods in bulk at deeply discounted prices exclusively to members paying an annual fee, has stood the test of time. However, a myriad bulk buying options have been made available by both online and offline retailers around the world.

"Gomla is essentially Costco sans the membership fee," elaborates Hafez.

Prices for products on Gomla are less than or in line with major supermarket chains that compete heavily on price. Customers enjoy the additional savings in transportation costs, and added convenience of doorstep delivery.

Whether membership based or not, the model works by keeping operational costs down and passing on the savings to the end consumer. To this end, Rabbit works directly with over 200 suppliers to eliminate middlemen and reduce margin leakage across the value chain. Moreover, the no-frills operation via "dark stores": compact, tech-enabled and highly efficient neighborhood warehouses, eliminates the massive costs associated with large brick-and-mortar stores.

By working directly with suppliers, Rabbit is also able to ensure the authenticity of the products sold, and their compliance with applicable standards - which has emerged as a concern as of late.

Finally, focusing on a smaller, meticulously curated selection is another success factor. For example, Costco limits its assortment to 4,000 SKUs (compared to 142,000 at Walmart⁷).

About Rabbit: Launched in October 2021, Rabbit is a just-in-time e-commerce company with the promise of delivering groceries, cosmetics, electronics and more

⁵ Costco 2022 Annual Report

⁶ Costco Wholesale Corporation Reports January Sales Results

⁷ Our Retail Divisions



whenever the consumer wants it. The company raised \$11Mn in its pre-seed round in 2021, and was able to achieve operating profitability within 1 year of launch.

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